



More to you, less to the bank.

Annual report
2014



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Avanza was founded fifteen years ago and has since then grown from being a small, online stock broker to becoming an online bank that is challenging the larger banks and insurance companies on the Swedish savings market. A market which still has considerable growth potential.

Our vision is to be the natural choice for you who care about your money. We achieve this with our mission; with us you will have more money left in your pockets than with any other bank. Satisfied and active customers, in turn, produce long-term shareholder value.

Facts

- Sweden's leading online bank for savings and investments with Sweden's most satisfied customers within savings for five years in a row*
- Listed on the Nasdaq Stockholm Mid Cap list
- Largest Swedish bank on the Stockholm Exchange by number of transactions**
- Low risk profile; no trading on own account and self financing via shareholders' equity and borrowings from customers
- Avanza is subject to Swedish Financial Supervisory Authority inspection and is covered by the government deposit guarantee scheme
- Voted best internet broker in Sweden***
- 371,200 customers
- SEK 141,900m in savings capital
- 283 in average number of employees
- Head office in Stockholm
- Pension and Private Banking offices in Gothenburg and Malmö
- Primarily targeting private savers in Sweden
- No fixed account, annual or deposit charges
- Brokerage fees from SEK 1
- Broadest range of savings products and pension solutions on the market
- Trading in more than 1,300 funds from 130 fund companies
- Trading on all Nordic exchanges, in USA and Canada online and on other exchanges by telephone
- Decision-making support such as tools, analysis, news and software
- Current news and impartial advice from independent online magazine Placera and the weekly stockpicking magazine Börsveckan
- Product range selection:
 - Avanza Zero – Sweden's first zero-fee index tracker fund
 - Superlånet – the lowest interest rate on the market with the customer's securities as collateral
 - Superbolånet – Sweden's cheapest mortgage, with interest rate directly linked to the repo rate and with unique flexibility****
 - Sparkonto+ – higher interest rates and five fold deposit guarantee via our partners
 - Up to SEK 1m in additional pension*****



* Source: Swedish Quality Index (SKI)

** Source: Measured as the number of transactions on Nasdaq Stockholm including First North

*** Source: Aktiespararen magazine, February 2013

**** Source: 0.99 per cent as of 31 December 2014

***** We can show that a 30-year-old can get twice as much from their pension with us compared to the largest pension provider in Sweden

Q1

- Net inflow of SEK 5.5 bn (+68 per cent YoY), the highest to date in Avanza's history
- 14,500 new customers (+63 per cent YoY), the highest inflow to date in Avanza's history
- We open our new office in Gothenburg with the focus on occupational pensions and Private Banking. We also expand our sales team within occupational pensions in Stockholm, doubling our sales force compared with the previous year
- Avanza Zero passes the 200,000 savers mark with SEK 10 bn under management
- Avanza Forum, the largest private finance savings event in Sweden, is held at Globen, Stockholm attracting 5,000 visitors (+40 per cent) and 30,000 webcast viewers
- Launch the lowest trading fees for US shares in Sweden

Q3

- Net inflow of SEK 4.6 bn (+102 per cent YoY)
- 12,800 new active customers (+49 per cent YoY)
- Annika Saramies new CEO of Avanza Pension
- Peter Strömberg new CIO
- Announce further investment in pensions and Private Banking with a new office in Malmö from January 2015
- Establish a treasury department for more efficient management of surplus liquidity
- Raise the ceiling for lending volume for mortgages by SEK 1bn to be able to meet demand

Q2

- Net inflow of SEK 4.0 bn (+41 per cent YoY)
- 11,500 new customers (+89 per cent YoY)
- Surpass our long-term target of 20,000 – 30,000 new customers per year and revise our long-term target to 30,000 – 40,000 new customers
- First Swedish bank to launch currency trading
- Launch a new website for Avanza's corporate clients in our occupational pension offer
- Pension capital increases by 45 per cent in the first six months of the year, making Avanza Sweden's fourth largest pension company by net capital inflow
- Cutting of the repo rate lowers our mortgage rate to a record low 1.24 per cent

Q4

- Net inflow of SEK 5.9bn (+139 per cent YoY), which is the highest in Avanza's history
- Savings capital amounts to SEK 142bn (+26 per cent YoY), which is the highest in Avanza's history
- 16,900 new active customers (+66 per cent), the highest growth in Avanza's history
- Cutting of the repo rate lowers our mortgage rate to a record low 0.99 per cent
- Reduce fees for share trading and launch brokerage fees, from SEK 1
- Avanza wins "Price Cutter of the Year Award" by the publication Privata Affärer
- "Sweden's most satisfied customers in savings" according to SKI for the fifth consecutive year!

Five-year summary

	2014	2013	2012	2011	2010
Net inflow, SEK million	20,100	10,900	5,380	6,460	9,570
Operating income, SEK million	696	597	562	695	621
Operating income, SEK million	296	226	201	341	331
Operating margin, %	43	38	36	49	53
Savings capital, SEK million	141,900	112,600	85,800	74,200	82,000
Income to savings capital ratio, %	0.54	0.61	0.70	0.88	0.87
Cost to savings capital ratio, %	0.31	0.38	0.45	0.44	0.41
Number of customers	371,200	316,500	283,300	263,000	236,800
Number of new customers	54,700	33,200	20,300	26,200	34,200
Average number of employees	283	269	269	256	225

A word from the CEO

You reap what you sow

If I were to sum up 2014 as a feeling, it would be pride. With more than 800 website improvements, new product launches, a completely new disruptive price plan for stock trading, numerous process improvements and a new sales office in Gothenburg for pensions and Private Banking, we have implemented more initiatives this year than any year before. Initiatives that have already begun to bear fruit. In 2014, we managed to exceed our long-term targets while delivering on all the priorities that we set up for the year. You can read about this on page 11 under Goals and outcomes.

Net inflow doubled

Going into 2014, we set the bar high with the ambition to beat the previous year's SEK 10.9b in net inflow, our highest growth rate to date, without compromising on customer service quality. The harvest this year exceeded all of our expectations. With 55,000 net new active customers and more than SEK 20b in net inflow, we almost doubled last year's strong growth rate. As a consequence, we increased our market share to 9 per cent of the total net inflow to the Swedish savings market. Despite the strong customer growth, we succeeded for the fifth consecutive year in winning SKI's award for Sweden's most satisfied savings customers. This time with better results than ever by winning all seven sub-categories such as loyalty, customer satisfaction, service and product quality. A few days before Christmas, we were also rewarded with the business magazine Privata Affärer's award "Price Cruncher of the Year" for our launch of SEK 1 as the lowest minimum brokerage fee for stock trading.

A favorable growth climate combined with strong customer focus

The strong customer growth of 2014 can be attributed partly to the fall in the repo rate, which has favored growth as savers have once again started to move back to the stock market and equity funds to receive better returns, at the same time as low interest rates put greater focus on the importance of fees. It can also be partly attributed to our strong customer focus forming the very basis of our mission – that you should have more money left in your pockets with us than with any other bank. Which is something that customers have experienced due to hundreds of customer-driven improvements that we have introduced during the year.

Excellent cost control

The above would not have been possible without excellent cost control. Despite the fact that we adjusted the annual



cost increase from three to eight per cent, due to accelerating growth rate, the rate of increase in costs was still moderate compared with 11 per cent in average the last five years. With a revenue growth of 17 per cent, we have increased the operating margin from 38 to 43 per cent and the operating profit by 26 per cent compared to 2013. And this does not include full payout of the substantial increase in savings capital, as that the low market interest rates continues to put pressure on our net interest income.

Priority areas for 2015

In 2015, we will focus on the following three areas:

1. *Maintain the strong growth momentum*

In the long term, there is a clear, foundational relationship between underlying growth in savings capital and growth in operating profit. Consequently, high growth in customers and net inflow are the single most important factors to increase operating income in the long term. Maintaining the strong growth momentum we have had in the past year, without compromising on customer perceived quality, is thereby one of the company's highest priorities. In addition to opening a new office in Malmö in January with a focus on pension and Private Banking, we will also continue to improve our customer experience, our customer acquisition processes as well as our customer value proposition.

2. *Creating a world class digital experience*

As the leading digital bank for savings and investments, our ambition is offer our customers the best digital experience on the market. Our work on a new mobile presence that began in the autumn of 2014. The first results, in form of new native apps for both the Iphone- and Android platforms, will be launched to the summer. The increase in customers who log in on mobile devices has been explosive and we need to be prepared and competitive to be able to meet demand effectively. At the same time, we will continue to develop and implement improvements to our website in order to create the best digital services in savings.

3. *Cost control and internal efficiency*

The prerequisite needed to continue to offer our customers the best savings services at the market's lowest fees, at the same time as we create value for our shareholders, is to be more cost-effective than any other bank on the market. With a continued focus on efficiency improvements and enhanced scalability, we predict a continued fall in unit cost, expressed in terms of cost per savings capital ratio, in 2015. We intend to maintain the cost growth rate at 6-8 per cent during 2015. This interval serves as our accelerator or brake in order to respond to market conditions with the efforts that are needed.

Future outlook

Over the past few years we have seen a clear consumer trend towards an increased focus on the importance of fees for savings, a growing interest in low-cost funds and a growing demand for digital services for savings. Trends that we believe will continue to develop and strengthen our position and our growth prospects.

At the same time, the Swedish Riksbank has declared that interest rates will stay low until the end of 2016, which will continue to put pressure on our net interest income. Historically, customer growth has slowed slightly when interest rates have gone up, while operating profit has received a boost upward with rising net interest income. From a shareholder perspective, the harvest can be even better from a revenue perspective. So until market rates go up again, we will continue to focus on attracting new customers at the same rate as in 2014, as well as concentrate on our prioritised areas.

Finally, I would like to address a big thank you to all employees, investors and customers who believe in Avanza and who make our continued journey possible.

Stockholm, February 2015



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Which bank is best for your investments?

Well if you ask our customers over the past ~~4~~ years, there is no doubt.

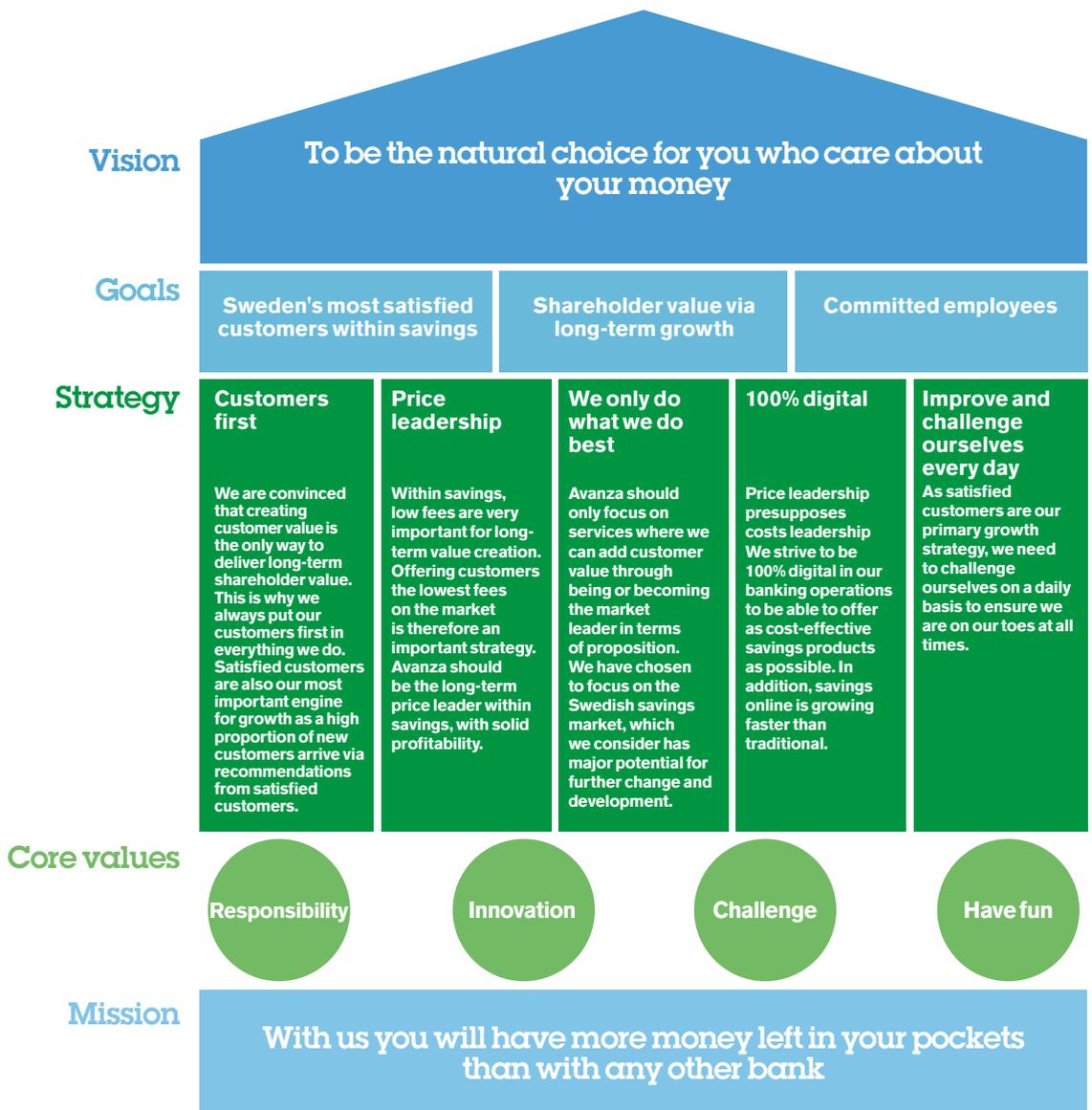
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From mission to vision

Our vision is to be the natural choice for you who care about your money. We will achieve this with our mission; with us you will have more money left in your pockets than with any other bank. To achieve this, we have a strong customer focus, which is part

of our core values. However, in addition to a strong corporate culture, we also have clear and concrete strategies, plus quantifiable long-term targets to ensure we keep developing the company in the right direction.



Goals and outcomes

Our revenues are difficult to predict and forecast in the short to medium term, as they are dependent on stock market growth and market interest rates. We therefore focus on areas which we can influence to create long-term growth. Our long-term goals extend

beyond one economic- and interest rate cycle. We believe that satisfied and active customers, together with committed employees and cost control, lead to long-term shareholder value.

Customers: One of Avanza's long-term goals is to win SKI's award for "Sweden's most satisfied savers customer". Avanza even improved its results this year and gained the highest marks in all areas for the first year; image, expectations, product quality, service, value for money, satisfaction and loyalty.

20,000 – 30,000 for the period 2010-2013 to 30,000 – 40,000. Our long-term target for cost increase not to exceed the income growth rate remains, but may be affected by the market situation, which was the case from 2010-2012 due to the financial crisis that followed the bursting of the US housing bubble and the collapse of Lehman Brothers. Alternatively if Avanza needs to make new investments to meet new market conditions.

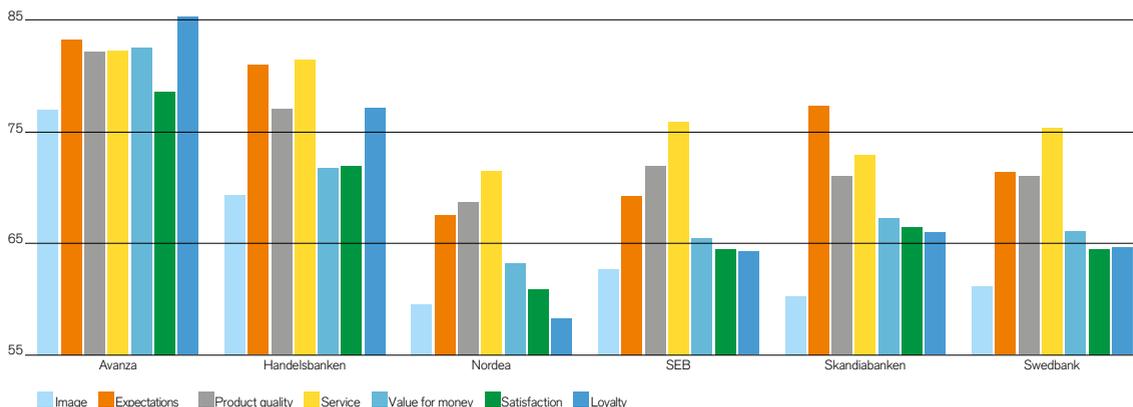
Shareholders: In 2014, we modified two of our long-term goals as, in our assessment, our rate of growth is becoming structurally higher irrespective of the market situation. The market share, of total net inflow to the total Swedish savings market, was adjusted from a minimum five per cent, that applied for the period 2010-2013, to seven per cent. The goal for the number of net new customers has been increased from

Our employees: Net Promoter Score (NPS) is an international measure of employee loyalty that Avanza started using in 2014. The highest score is 40+ which means excellent results with a very high number of ambassadors amongst employees.* Our result 46 is a top grade in that category.

Stakeholder group

		2014	2013	2012	2011	2010	
Customers	Sweden's most satisfied savers according to the Swedish Quality Index (SKI – Svenskt Kvalitetsindex)	Yes	Yes	Yes	Yes	Yes	
Shareholders	1. Market share of at least 7 per cent of the overall net inflow to the Swedish savings market	8,9	5,7	2,9	3,8	6,2	
	2. 30,000 – 40,000 net new customers per year (net)	54,000	33,200	20,300	26,200	34,200	
	3. The dividend shall amount to at least 70 per cent of this year's profit	81	120	143	97	97	
	4. In the long term, cost increase shall not exceed revenue growth	Revenue growth, % Cost increase, %	17 8	6 3	-19 3	12 20	21 23
Employees	Net Promoter Score (NPS) over 40	46	N/A	N/A	N/A	N/A	

Customer satisfaction SKI (Swedish Quality Index) 2014



*Source: Quick search

**Source: Sparbarometer October 2013 - September 2014

The business model

Our mission; with us you will have more money left in your pockets than with any other bank, is the cornerstone in our business model. Therefore, Avanza has an Internet-based business model that is based on the law of large numbers, that is to say, charging each customer as little as possible, thereby attracting an ever larger customer base. Strong customer growth, combined with the lowest cost per customer and transaction, high scalability and cost control creates excellent conditions for long-term profitable growth.

Income

It doesn't cost anything to become a customer of Avanza. Unlike traditional banks, we do not have any fixed fees or custodial fees, we only charge our customers when they carry out transactions themselves. Income is thereby generated primarily through brokerage fees from securities trading, net interest income from deposits and lending, fund commissions, and other remunerations from suppliers of savings products. In the short and medium term, income is heavily dependent on stock

market developments and interest rates, which are difficult to predict and forecast. In the long-term, operating revenue growth is generated by underlying growth in savings capital.

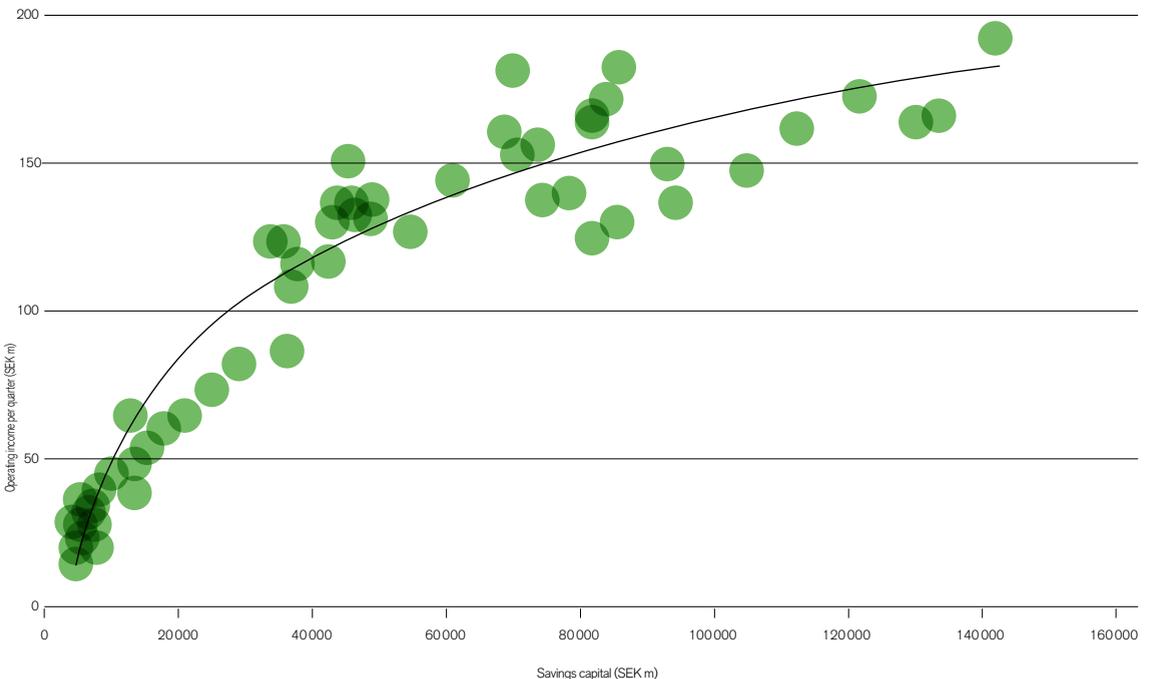
Costs

Avanza's cost base is based on a high percentage of fixed costs in form of staff costs and low unit costs. Growing volumes mean decreasing unit costs. To ensure our long-term ability to be a price leader with strong profitability, our goal is to have the industry's lowest cost per transaction and customer. We are currently the cost leader on the market and work actively to follow up on costs in relation to budget and forecasts. In addition, we are continuously modernising our IT platform to allow for improved scalability and more cost-effective growth in the future.

Factors behind value creation

Growth opportunities on the Swedish savings market are considered to be good. In order to create long-term shareholder value, Avanza's work is focused on those areas that we can influence, which promote the company's underlying growth, coupled with

Operating income in relation to savings capital per quarter, 2001-2014



strong cost control. We believe that there are three main areas that play a vital role in creating long-term shareholder value: *growth in savings capital, high scalability of business operations and satisfied customers.*

1. Growth in savings capital

In the long term, there is a clear correlation between growth in savings capital and growth in operating revenues. Growth in savings capital is driven by a growth in value of customer savings and net inflow.

As the growth in value is dependent on the stock market and customers' investments, net inflow is the single most important key figure that we can influence ourselves to create long-term growth in operating income. Net inflow is driven partly by savings from new customers, partly by a greater commitment and deposits made by existing customers, something we can measure in terms of number of accounts per customer and customer satisfaction.

Periods with a low or falling repo rate normally affect our growth conditions positively. This is because fees will become more important when market interest rates are low and because periods of low interest rates affect both new and existing customers' disposable savings capital positively. For example

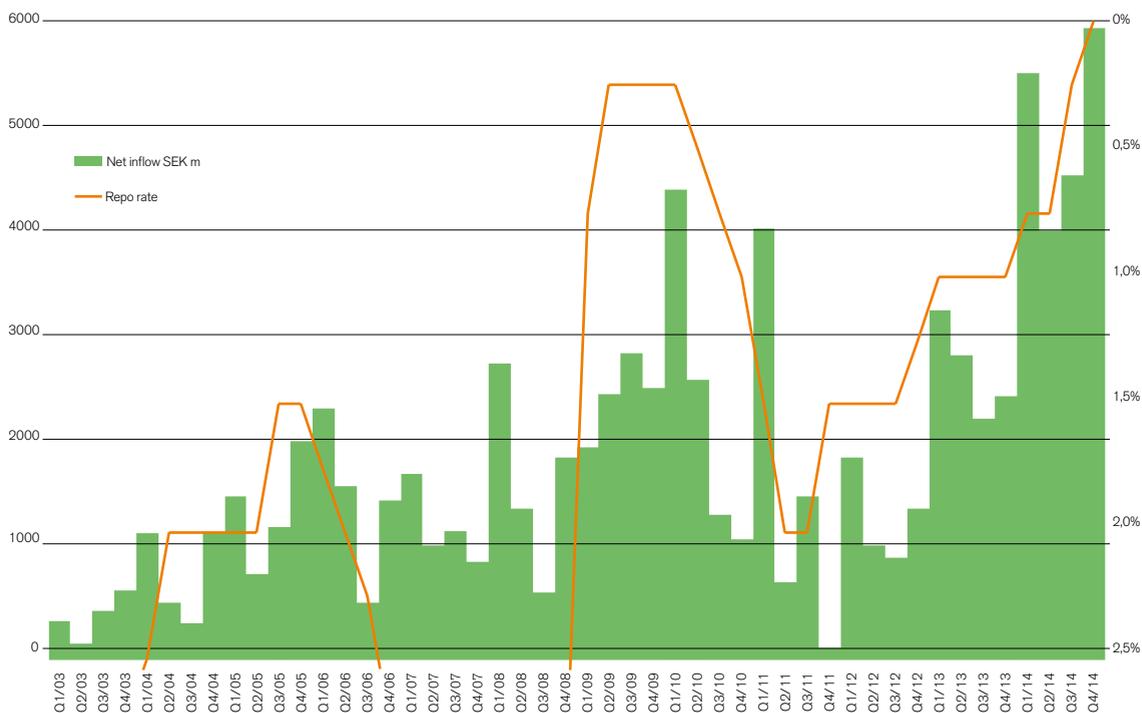
through lower housing costs. At the same time, low interest rates puts pressure on our net interest income. During periods of higher or rising market interest rates, the situation is reversed, with higher interest income and at the same time, in general, some weaker conditions for growth. Our long-term growth targets apply over a business- and interest rate cycle.

On average, customer savings at Avanza have increased significantly faster than the overall savings market in Sweden. However, Avanza's growth opportunities are not limited by the growth of the savings market. This is because Avanza only has a 2.4 per cent share* of the Swedish savings market and the fact that a large proportion of the net inflow comes from customers who move their existing savings capital from other banks, to Avanza.

2. Scalability and cost control

High scalability depends on a modern IT platform, continued digitisation of customer processes and a constant focus on efficiency and good cost control. The income to savings capital ratio over the past five years has fallen by an average of nine per cent per year from 87 to 55 basis points due to mix effects in savings, a falling repo rate, an increased focus on fees along with variations in trading activity on the stock market. Given today's zero interest rate situation we estimate that income to

Correlation between repo rate and net inflow

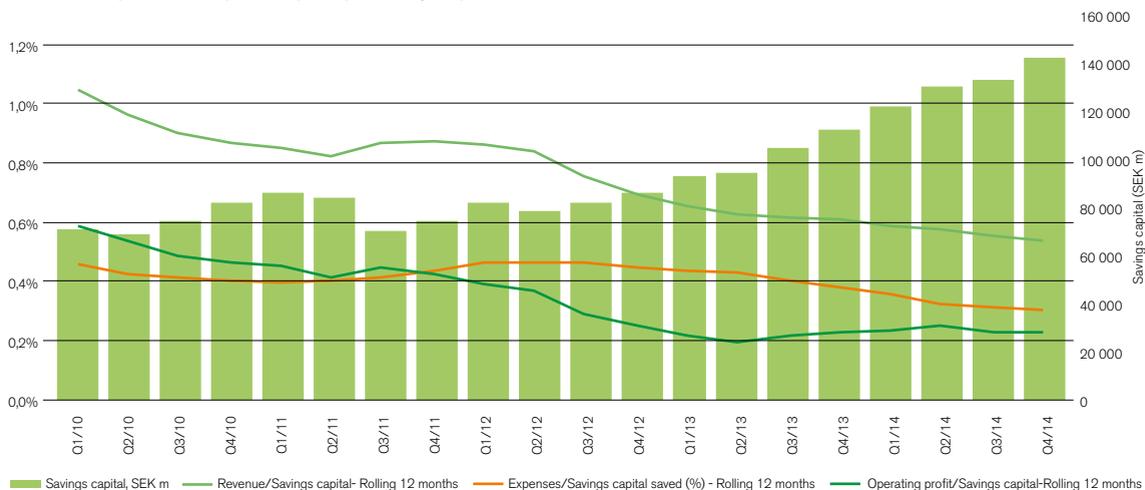


* Source: Sparbarometer as of 30 September 2014



Marielle Ramel
Pension Sales representative

Revenues, expenses and operation profit per savings capital



savings capital ratio will fall at a lower rate than historically from today's level. However, we foresee continued mix effects in the savings capital, as we evaluate that fund-based savings and interest-bearing investments will increase in the future, at the expense of stock trading. This is a consequence of changes in trading behaviour and that we are convinced that pension capital's share of the total savings capital will increase.

As a result of the efforts to modernise the Internet bank and the underlying IT systems during recent years, together with a net new customer inflow at current level, we estimate annual cost increases of 6-8 per cent over the next few years. That compares with an average of 11 per cent over the past five years. Given continued growth in customers and savings capital, we estimate that the cost per saving capital ratio over the coming years is likely to fall to 20-25 basis points, from today's 31 basis points.

3. Satisfied customers

The financial services industry spends large amounts of money on media and advertising. Purchasing share of voice within the banking industry is consequently associated with high costs. Avanza, on the contrary, works to retain and increase our very high recommendation rate, which provides for conditions that promote cost-effective customer growth, as well as a low customer churn. Satisfied customers also remain customers for longer and tend to increase their commitment and savings over time. We work active with, for example, Customer Relationship Management (CRM) to be able to customize relevant offers to ensure a continued satisfaction. In addition, we focus to always keep our customer promise, read more on page 22.

Business risks

Business risk is the risk that there will be a deterioration in income that is worse than expected which thereby affects the capital adequacy ratio. The most important factors that may affect earnings for Avanza include:

- customer activity in share-based and fund investments
- lending volume (securities lending)
- the repo rate
- savings capital

The overall sensitivity in the event of a change in customer activity in share-based investments (trade volumes) of 10 per cent, was approximately SEK 30m on an annual basis at year-end.

The overall sensitivity in the event of a change in customer securities lending of 10 per cent, was SEK 10-15m on an annual basis at year-end.

The total interest rate sensitivity of Avanza's net interest income, in the event of a change in the repo rate of 1 per cent, was approximately SEK 100-120m in revenue on an annual basis at year-end.

See pages 36-29 and note 36 Financial risks for more information about Avanza's other risks and risk management.

Seasonal effects

Avanza cannot identify any seasonal effects, as the company is dependent on the stock market which is impossible to predict. In previous years it was possible to discern a reduced trade flow pattern during the summer months, but this trend was interrupted in the summer, with a significant increase in demand for our mobile services; a development we think will continue.

Avanza focuses on the Swedish savings market. Sweden has one of the highest proportion of equity and fund investors in the world. An estimated 70 per cent of the population save in shares or funds directly

or indirectly via pension savings. In a normal year, two million Swedes are estimated to make at least one equity or fund purchase or sale.

Swedish savings market

	2004-2014	Expected growth
Net inflow, % of savings capital at the start of the year	5%	2-4%
Value growth	3%	3-4%
Annual growth	8%	4-8%

A savings market with high growth potential and digital development

The Swedish savings market amounts to SEK 6,000b, of which 48 per cent is made up of direct savings and 52 per cent* is made up of retirement savings. Normally the market is expected to grow by around 4-8 per cent per year.

As national and collective pensions and welfare systems reduce in scope, the need for individual savings is increasing along with the need for guidance, decision support and advice. This shift to greater individual savings also involves a greater focus on better variety, choice and the significance of the fees.

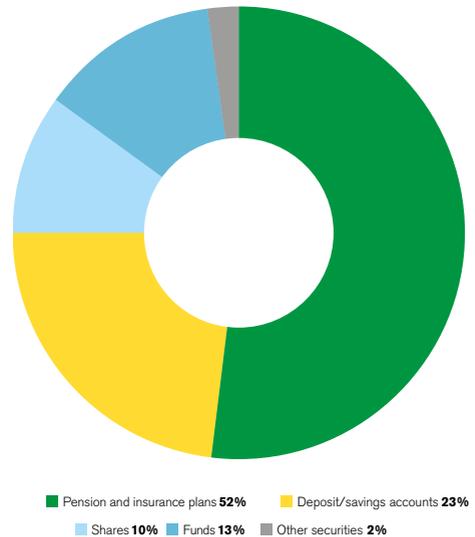
This is where the Internet with its economies of scale is particularly well placed to meet these needs. The Swedish savings market is at a very high level of internet maturity and penetration among both businesses and individuals. Today many Swedes manage some parts of their savings online and gradually transfer increasing amounts. In addition, a larger share of mature and wealthy savers are also starting to use online banks. That, combined with a strong domestic telecom industry, has meant that the demand for Internet and mobile-based savings solutions is explosive and that online savings are growing significantly faster than the overall savings market. About 1 million Swedes save online.

Factors which can limit a continued high net inflow to the Swedish savings market include increased global economic uncertainties, falling property prices, rising interest rates and an increase in mortgage repayments requirements which cumulatively may cause Swedes to want to save more by paying off their mortgages, and to a lesser extent adding new savings to the savings market.

Trends

The savings trend we have seen over the last three years has been marked by a somewhat lower risk appetite than before, along with declining actual and expected returns. This also, to a degree, was the case in 2014, which was a good, albeit somewhat shaky stock market year, with a total return on the stock exchange of 16 per

Swedish savings market Q4 2014
Total SEK 6bn

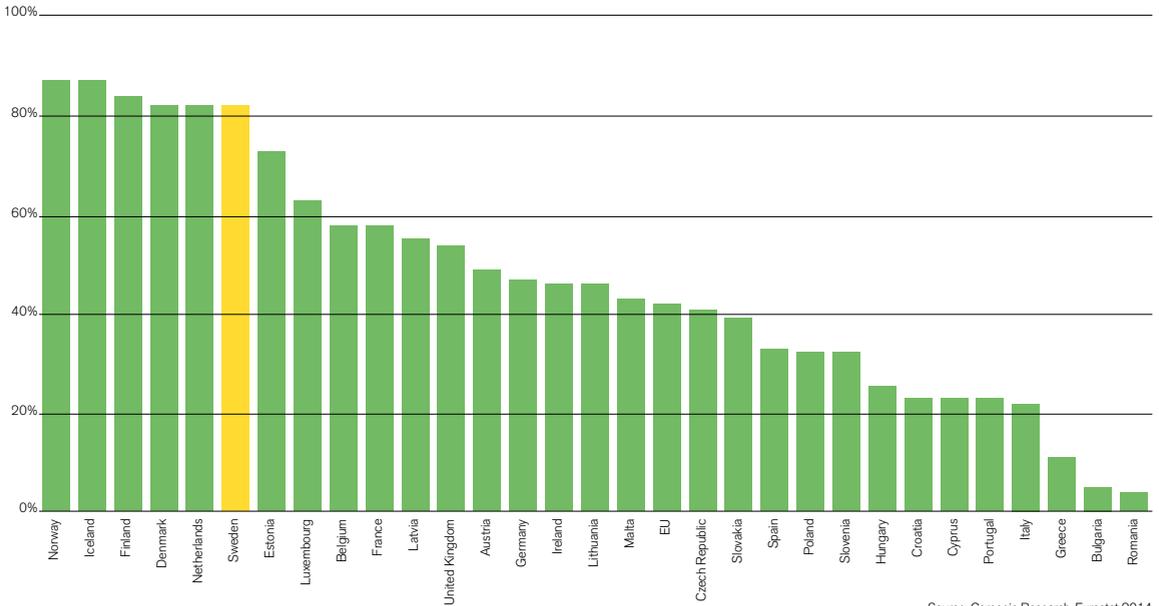


cent over the full year. Customers were primarily weighted towards saving in mutual funds with an increased interest in stocks and a reduced interest in fixed income products and deposits. Trading activity on the stock market has continued to recover since the crash in the autumn of 2011, driven by a positive stock market and falling market interest rates. The trading volumes during the year have been the highest since 2011.

The trend within fund savings is that customers are becoming more active and cost conscious. This has been stimulated by the active fund choices that PPM has to offer and different forms of retirement savings, as well as the general debate about the impact of fund fees. The demand for index funds is still growing and in 2014, for the first time, every tenth Swedish krona invested in funds was put into index funds. The demand for US funds has also been strong during the year in

* Source: Sparbarometer as of 30 September 2014

Europe: Online banking penetration



Source: Carnegie Research, Eurostat 2014

the wake of high growth and a strengthened dollar. Interest in the big emerging markets, on the other hand, declined as a consequence of the crisis in the Ukraine and falling oil prices.

We are not seeing, given the new savings behaviour, a return to the level of income to savings capital ration that the industry had become used to up until a couple of years ago. Our assessment is that price pressure in the coming years is likely to continue to a limited extent. Ensuring competitiveness and profitability, through reducing cost to saving capital ratio, will be a challenge for the industry at large. This will not least be the case in the light of upward cost pressures relating to regulatory aspects and the adherence to rules and regulations following the financial crisis, and increased accessibility requirements via various channels and mobile devices.

Since 2012, the new investment savings account, ISK, has attracted the majority of new savings throughout 2014. ISK is taxed at a low annual standard tax rate and unlike an endowment insurance policy, the saver may vote for the shares held and is entitled to the state deposit guarantee. Savings in ISK are expected to increase further given the low interest rate level, as the standard tax rate will be as low as 0.27 per cent in 2015. In addition, the right to deduct SEK 12,000 for IPS will be reduced to SEK 1,800 from 2015 and will disappear completely in 2106; this will most likely have a positive effect on ISK as an alternative savings form.

The pensions-and insurance-based savings segment is the single largest, constituting 50 per cent of the savings market but is also the form of savings that interests the Swedes the least. Savers perceive pension products as complex. Many

people also have difficulties in overviewing their total retirement savings, which has contributed to a low level of engagement. Since the public pension system is gradually deteriorating, more and more people are beginning to realise that their financial situation in retirement will be dependent on active savings choices made today. This has increased activity and awareness among savers who are looking for cheaper and more flexible pension products. However, the Swedes still cannot transfer their retirement savings between different insurance companies without restrictions. Today's transfer rights only cover pension policies effected after 2007 and movable capital is thereby limited to a fraction of the pension and insurance market today, even though this will gradually increase over time. In the autumn of 2012, the life insurance review presented a proposal for enhanced transfer rights for retirement savings, a decision that is still awaiting approval by the Swedish parliament. With the elections that took place in September 2014 and the politically turbulent autumn, the issue has not been given priority. We therefore consider that it is unlikely that any new decisions will be made before 2016 at the earliest.

Avanza is uniquely positioned for long-term growth

Avanza is, with low fees, uniquely positioned to meet the growing demand for modern and transparent online banking services. In addition, the company will benefit as more responsibility is transferred from the national and collective pension and welfare systems to the individual. There is a growing need for simple and transparent information, and relevant tools to enable savers



Emma Vikström
Project Manager

to make the right investment choices. This is where Avanza is at the forefront; with continuous digital distribution and the most modern IT system on the market we can respond to changing market conditions, improve our website and launch new products and services faster and at a lower cost than our competitors. Avanza increased its savings capital by an average of 24 per cent per year during the period 2001 to 2014, which is much faster than the total savings market in Sweden.

The company is affected by the mood on the stock market and savers' general attitude towards risk. In times when there is a higher risk appetite, net inflow tends to be stronger, trading activity tends to be higher and the allocation to shares and emerging market funds tends to increase. In the light of an increasingly broad product range, not least in fixed income investments, Avanza today finds it easier to meet savers' ever changing demands. In addition, the increased focus on pensions, means that there is a long-term shock absorber in the event of market swings. A decision regarding extended transfer rights for occupational pension would improve Avanza's growth prospects because customers would then have the opportunity to move all or part of their savings to Avanza.

After the financial crisis, Avanza has also become known as a more secure banking operation, due to the low level of risk in its balance sheet compared with other players on the banking market.

Avanza's competitors and market share

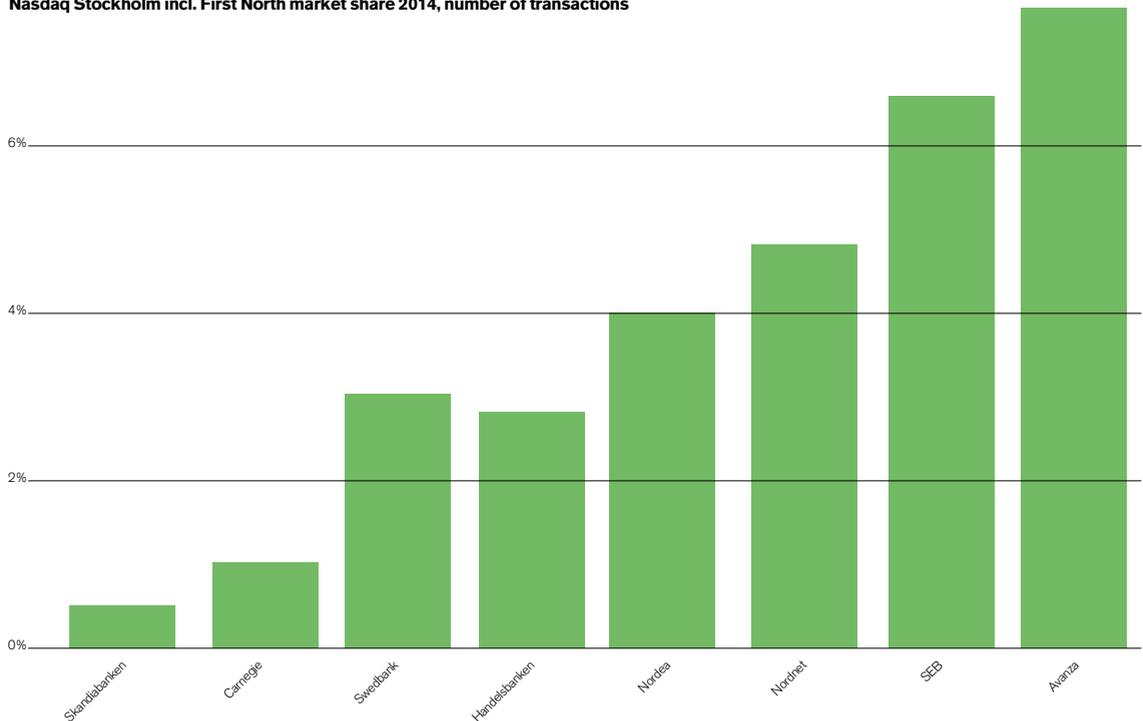
The Swedish savings market is still dominated by the major banks, SEB, Nordea, Swedbank and Handelsbanken, plus the major insurance brokers such as Söderberg & Partners and MaxMatthiessen. These are the companies Avanza regards as its primary competitors. In addition, there are a variety of niche players such as small banks and insurance companies, mutual fund companies, asset managers, stockbrokers and insurance brokers. Of these, Nordnet in particular is our secondary competitor.

Avanza is the largest Swedish Bank in terms of number of transactions on NASDAQ Stockholm, including First North. In 2014, 7.6 (7.3) per cent of the total amount of transactions were made through Avanza. In terms of turnover, Avanza was the fourth largest player, with a market share of 4.2 (4.1) per cent.

At year-end, Avanza's customers had SEK 141,900 (112,600) million invested in various forms of saving, which is equivalent to 2.3 (2.1) per cent of the total savings market in Sweden. Our share of the total net inflow to the Swedish savings market in 2014 amounted to 8.9 (5.7) per cent, the highest share since Avanza was established.

Avanza Pension has grown by 45 per cent this year and today has a 5 (4.2) per cent market share of the premium inflow to the life insurance market.

Nasdaq Stockholm incl. First North market share 2014, number of transactions



Customer segments

Today, Avanza has more than 366,000 customers. We serve private customers and companies in Sweden. In the annual survey carried out by Swedish Quality Index (SKI), Avanza won the award for “Sweden's most satisfied customers” for the fifth consecutive year. The survey also pointed out that our customers are more loyal than customers of other banks.

Private customers

Our customers has access to different levels of benefits, which is dependent of the amount of savings capital and acitivity level.

Different benefit levels

Our customers are automatically categorised in accordance with their level of benefits, depending on the amount of accumulated savings they have or brokerage fees they pay. The customer can affect his/her own level of benefits by depositing money or transferring shares, funds or a pension. The higher the level of benefits, the better the interest rates as well as the rates on products and services.

Customers can chose brokerage fee class

We always aim to offer the lowest prices on the market, regardless of the size of the customer's share transactions or the customer's type of savings. For that reason, in 2014 we launched a new price list for trading in securities, such as shares, derivatives and exchange traded products. It means, for example, that the customer can choose to trade in shares from only SEK 1, or never pay more than SEK 99 regardless of the size of the share transaction.

We have four brokerage fee classes, which are divided up into different price ranges, depending on how actively the customer trades on the Stockholm Stock Exchange and First North. The customer, through his choice of brokerage class, can influence the brokerage fees to be paid. You can move between the various brokerage classes once a month without cost.

Our benefit levels



Bronze

No minimum deposit or number of transactions requirements.



Silver

SEK 100,000 in accumulated savings savings or SEK 100 in brokerage fees per month.



Gold

SEK 250,000 in accumulated savings savings or SEK 250 in brokerage fees per month.



Platinum

SEK 1,000,000 in accumulated savings savings or SEK 1,000 in brokerage fees per month.

Customers who only trade in funds do not have to take brokerage classes into account, as we do not charge any commission on fund trading.

Private Banking (PB)

Avanza's Private Banking offer is suitable for individuals and companies, with a savings capital in Avanza exceeding SEK 3m. In 2014, The PB segment grew by 20 per cent.

Our PB customers prefer to make their own investment decisions and want total insight and control over their transactions. Conditions are particularly advantageous, as customers are offered a low variable brokerage fee (0.055%), competitive interest rates, tax advice, legal aid and personal services through a direct number to our account managers, our specialised customer services and brokers. In 2013, we also launched Sweden's cheapest mortgage – Superbolånet – for our Private Banking customers. At year-end the Super mortgage had a current yield of only 0.99 per cent, applicable to up to 50 per cent of the market value of your home.

Pro

The Pro offering targets Avanza's more active customers and professional day traders. The offer includes a low brokerage fee (0.034 per cent or less) for securities trading, training, quick order completion, a number of specialist financial information services and personal service from specialised account managers and brokers. In addition, Pro customers receive free access to several market-leading trading programs, such as Online Trader and SIX Edge.

Corporate clients

Avanza offers corporate solutions for occupational pensions and company-owned endowment insurances, without any fixed fees, where companies large and small, along with their employees, can save for their retirement from among the wide range of funds and other securities.

Our brokerage fee classes

MINI

Variable brokerage fee
0.25%
Lowest brokerage fee
1 SEK

With our Mini brokerage fee class, you can trade shares for just SEK 1 per order up to SEK 400. For trades over SEK 400, you pay a brokerage fee of 0.25% instead. This brokerage fee class is best if you make really small trades.

SMALL

Variable brokerage fee
0.15%
Lowest brokerage fee
39 SEK

With our Small brokerage fee class, you can trade shares for just SEK 39 per order up to SEK 26,000. For trades over SEK 26,000, you pay a brokerage fee of 0.15% instead. This brokerage fee class is suitable for customers who mostly trade in small share posts.

MEDIUM

Variable brokerage fee
0.069%
Lowest brokerage fee
69 SEK

With our Medium brokerage fee class, you can trade shares for just SEK 69 per order up to SEK 100,000. For trades over SEK 100,000, you pay a brokerage fee of 0.069%. This fee class is suitable if you make small to medium trades.

FLAT FEE

Variable brokerage fee
–
Flat brokerage fee
99 SEK

With our Flat fee brokerage fee class, you never pay more than SEK 99 per trade. This brokerage fee class is suitable if you make slightly larger trades or your orders vary in size.

Corporate clients can also use Avanza's services to manage their excess liquidity, as well as their long-term investments. Banks and asset managers sometimes use our services for share and derivative transactions.

Avanza offers Corporate Finance services to companies in conjunction with IPOs, ownership distribution and equity issues. We have a significant competitive advantage within Corporate Finance, as our private customers constitute a solid platform for reaching new groups of potential owners in a cost-efficient manner.

Customers' opinions are important

We are investing a lot in being responsive to customers' requests and constantly meeting new customer needs. Work with our new website last year, avanza.se, was carried out in the

open; customers were able to follow the process and become involved in the development activities, which many did.

Our customer services team is committed to helping our customers, and there is also a person who is dedicated to coordinating, capturing and regularly presenting customers' comments and suggestions to the product owner and management. As a result, it is possible to adjust individual functions according to customer feedback.

We also send out questionnaires of a general nature to customers on a regular basis, where they can provide suggestions for improvements which can be specifically related to a particular product, service or functionality. Additionally, we perform usability testing prior to new product launches where we invite a group of customers who represent a relevant audience which we then interview.

**I think Avanza are
just like Zlatan –
they are in a league
of their own**

Christer, an Avanza customer since September 2013

Customer promise

Our customer promise is - More for you, less for the bank. The best interests of our customers is always our primary focus, exactly as it should be. The rate of innovation is high and where there are needs or imbalances in the system that do not favour customers, we develop new products and services. Examples include

our award-winning charge-free fund Avanza Zero and Sweden's cheapest mortgage, Superbolånet, with an interest rate of just 0.99%, plus Sparkonto+ with a five fold deposit guarantee. Our offer is based on four underlying factors:

1. Lowest fees on the market

We always strive to offer you the lowest prices on the market, without compromising on quality. You should never have to pay unnecessary or hidden fees. Accordingly, we have no fixed account, annual or deposit charges etc., and in the case of loans, we have the lowest rates on the market, with securities or a mortgage as collateral. In 2014, we launched a new price list that enables you to trade at the lowest available transaction fee, irrespective of the scale of your securities dealings. We also have a sliding scale of benefits where you automatically get better terms and conditions, the more active you are, or the more savings you have with Avanza. We believe in full transparency in our customer relationships.

2. Better decision-making support

We believe you as an individual are the person who can make the best decisions concerning your own investments and your own savings and we do therefore not offer individual financial advice. On the other hand, we do spend a great deal of time and development on providing you with the best possible decision-making support. General advice, tools and services that help you take charge of your investments and your savings in a simpler, cheaper, more enjoyable and smarter way is something we value highly. Plus, you can access news and analysis along with buy and sell tips etc., via the independent online magazine Placera. If you wish to contact us directly, our much appreciated and professional customer service team is available to answer questions via phone, email and social media.

3. Greater freedom of choice

Our aim is that customers should always be able to find the best savings options with us. To this end, we offer the widest range of savings products on the market by assembling the largest selection of funds in Sweden and by offering digital trading on all Nordic stock exchanges plus USA and Canada. Of course, to the lowest charges on the market. What's more, we have developed products and services in cooperation with other institutes and suppliers such as e.g. Sparkonto+, Credit Linked Notes and fund of funds. All to be able to offer you the best terms and conditions, irrespective of how you choose to invest and save.

4. Simplicity

Our aim is to make everything as simple as possible for you as a user of our services. Unlike the big banks, we see it as our job to make things that may seem difficult and complicated as simple and user-friendly as possible. Whether you are a hardbitten market professional or an enthusiastic novice, you should find Avanza an easy experience. For instance, this means that we should always communicate in a way you understand without using complicated financial jargon. You should be able to gain a general overview of your securities, savings accounts and pension savings quickly and easily, get help with your tax return and access to news and guidance. If you still would like help to manage your savings, you can obtain this through our partnerships with external investment managers.

**We only do
what we do best**



Maria Christofi-Johansson
Head of Customer Service

Range of products and development

Below we present a selection of Avanza's services and products. For more information please visit our website avanza.se.

TRADING

Equities

- Trading via our site on stock exchanges in the Nordic countries, USA and Canada, and via our apps for the Nordic stock exchanges
- Trading via our trading desk on other markets
- Sweden's lowest brokerage fees from SEK 1
- Streamed real time market data for all Nordic securities, at zero cost

Funds

- Over 1,300 funds worldwide and Sweden's broadest range of low-cost funds
- Avanza Zero, Sweden's first fund with zero fees
- Both actively and passively managed Fund of funds that, unlike a standard fund package (where holdings are not changed over time) has professional managers who regularly review holdings
- Monthly saving accounts where you automatically buy fund units each month

Currency trading

With us you can trade directly in the most popular currencies such as EUR, USD, JPY, GBP, CHF, AUD, NOK, DKK and SEK

Other securities

You can trade directly in most securities online on our website, including bonds, options and forward contracts, warrants, certificates, credit linked notes, currency trading and structured products

INTEREST PAYING

Savings account

- Our savings account is a simple and safe fixed income investment with no minimum savings period or minimum deposit requirement
- Our Savings Account+ offers you a very competitive interest rate and a choice of minimum savings periods, thanks to our partnership with other credit institutes such as Klarna and Nordax, Santander, Collector and Resurs Bank
- The government deposit protection guarantee of EUR 100,000 applies to all our different savings accounts, which means multiple deposit protection guarantees via our external partners

FX linked notes

- Our FX linked notes offers a high rate of fixed interest that is paid quarterly. Apart from the interest rate, your return will also be affected by currency exchange rate changes between the underlying currency,
- Trades are free of charge only at Avanza

Credit Linked Notes

- A form of saving that offers higher interest than a savings accounts but with lower risk than equities, with quarterly interest payments
- Trades are free of charge only at Avanza for trades of SEK 10,000 and are traded on Nasdaq Stockholm in the same way as equities

LOANS/ BORROWINGS

Mortgages

We offer our Private Banking customers the opportunity to take out the cheapest mortgage in Sweden, Superbolånet (Super Mortgage Loan). The loan is offered at a rate determined by the Riksbank repo rate plus 0.99%, and is fixed for 3 months. It also has a unique flexibility that means you can withdraw or deposit funds up to your approved credit limit whenever you like, without a new application and credit check. The maximum flexibility ceiling is SEK 1m

Securities loans

Our Super Loan has the lowest borrowing rate in Sweden for securities. 1.75%*. It has no minimum savings period or associated charges. Your securities act as collateral for your loan.

* Source: Per 30 September 2014. Note that the effective annual interest rate only apply for our benefit level Platinum

ACCOUNT TYPES

Share and fund account

Traditional holding account where you can offset profits against losses in your tax return, and exercise your share voting rights. You do not pay any capital gains tax on the value of your equities and funds until you sell them.

Investment-savings account (ISK)

In an ISK you can trade equities, funds and other securities without having to declare your dealings in your tax return. You pay a low standard tax on the value of your holdings each quarter instead. You can also exercise the voting rights of your holdings at company shareholder meetings.

Endowment insurance

With an endowment policy you can trade equities, funds and other securities without having to declare your dealings in your tax return. A standard tax deduction is made against your savings each year instead. You can make withdrawals free of charge from day one and you can also name any beneficiary of the policy in the event of the death of the policyholder. Companies can also take out endowment policies.

Child savings

Save on behalf of children or grandchildren and give them a good start to adult life. Child Savings is an endowment insurance where the child is the beneficiary.

Occupational pension

To take out an occupational pension scheme for your employees, you as the company owner can choose whether to use one of our standard occupational pension packages. You can also create individual pension plans. Our business customer website is a tool for business customers to manage their occupational pension scheme directly online without forms, enabling occupational pension plans for employees to be managed quickly and easily.

Individual pension plan (IPS)

IPS is a private pension plan without an insurance element. You do not have to declare profits and losses in your tax return and can deduct up to SEK 12,000 per year (up to and including 2014, from 2015, the deduction against tax is SEK 1,800 per year). You can choose a limited circle of beneficiaries who are covered by repayment protection. If no beneficiary is nominated, the money will be paid to the estate. You do not pay any flat charges at Avanza

Pension Insurance

If you wish to invest in equities and funds in your pension insurance. You pay a low yield tax instead of capital gains tax, you can deduct up to SEK 12,000 per year against tax (up to and including 2014, from 2015 the deduction against tax is SEK 1,800 per year) and you do not need to declare this on your tax return. You can choose whether or not to have repayment cover. In the event of death, the capital can only be paid out to a limited circle of beneficiaries, otherwise the amount passes to the pension company that pays the amount in the form of inheritance gains to individuals without repayment protection as part of their plan. You do not pay any flat charges with us.

INSPIRATION AND DECISION-MAKING SUPPORT

Savings and investment events

Avanza savings and investment events are designed to provide information on saving, with the focus on what we offer, and are held in Stockholm, Gothenburg and Malmö. Sweden's and our largest event within private savings, Avanza Forum, is organised annually at the Stockholm Globe Arena, Stockholm. This is an opportunity for our customers to meet CEOs of publicly listed companies, analysts, ministers, journalists and other commentators with views and insights into the economy, as well as companies behind savings and investment products at avanza.se

Placera

Independent online magazine Placera offers analysis and comments on the state of the economy, equities, funds and current market phenomena. If you are not sure what to do with your money, the online magazine offers plenty of advice and numerous tips. Placera is editorially independent of Avanza and the third largest online financial magazine in Sweden. We also offer several analyst services via Placera from e.g. Redeye, Investtech, SME Direkt and Introduce

Börsveckan	Börsveckan is a pure equities publication that provides analysis and specific buy and sell recommendations on over 300 companies each year, with its own fictional equities portfolio that readers can follow. Over the past five years, the portfolio has grown by 27 per cent a year, outperforming the 12 per cent of the OMXSGI
Apps	Via a smartphone, you can make a quick check on your investments, trade Swedish equities or listed funds, create and follow your own watch lists and stay updated with the latest news from Placera and the news agency Direkt. We are in the process of a comprehensive upgrade and will launch an updated and significantly improved user experience for smartphones in the summer of 2015
Trader program	We offer the hottest trader and trading apps on the market, SIX Edge and Online Trader, at extremely competitive prices
Portfolio report	The portfolio report gives you a unique picture of your savings and investments. Each page is packed with information on the breakdown of your holdings in different charts and tables
Real time market prices	We show real time prices for Nordic securities on the whole site, free of charge. In the case of American equities, real time prices are shown in association with placing orders
Monitoring and alarm	You can develop your own share watch list of your favourite shares and set alarm triggers via your account. This enables you to stay updated on the stock exchange by smartphone and email too
Tax return	We offer several services that make it easier for you to complete your tax return, including a practical K4/K11 service
Signal list	A newsletter with daily buy and sell signals for all shares listed on the stock exchange is sent to you by email, so you can quickly check movements on the exchange, together with a brief analysis of the market situation

OTHER SERVICES

Corporate Finance	Avanza Corporate Finance offers advice to medium-sized companies in association with capital acquisition transactions. We also offer advice in association with ownership and capital structure issues and strategic development
Institutional trading	Avanza offers institutional investors a very price competitive, high-quality and high service level option with fast and secure order processing by phone, via our user-friendly online service and our various trader apps
Group insurance	Avanza's group insurance in association with Euro Accident represents good value for money and is a simple way of giving you and your family genuine financial protection in the case of illness, accident or death

Modern Technology & Product Development

After replacing our old system last year, we now have the most modern IT platform in Sweden. The aim was to secure our competitiveness and to ensure that we will continue to have the right platform to be able to offer the lowest rates on the market and the highest level of service going forward, as we are continuing to grow. This new platform also means that we

can develop and offer new types of services and functions, which we were not able to do with the previous technology. It also gives us the opportunity to develop a concept from idea to complete service more quickly than our competitors and with higher quality than before. This is something that is business critical for us, as we are an innovation led business and therefore need to be fast moving.



Peter Aronsson
Head of Private Banking & Pro

Unique culture

To achieve our mission – with us you will have more money left in your pockets with us than with any other bank – we need a special culture and dedicated employees who want to make a difference. Our culture is built on four guiding principles:

- We help a colleague to help a customer
- We take responsibility
- We challenge conventions and think along new lines
- We feel that it is fun to go to work

In this year's employee survey, we asked an open-ended question about the best thing about working at Avanza and in first place were our guiding principles. Every quarter we nominate an employee who has demonstrated the ability to act in accordance with Avanza's guiding principles. The aim is to encourage and nurture the innovative entrepreneurial spirit that has taken us from being a small challenger to a bank that handles the largest number of transactions on the Nasdaq Stockholm exchange.

Avanza's employees work primarily in three areas: service and sales, development of products and services as well as support functions such as human resources, investor relations, risk management, regulatory compliance, back office and administration.

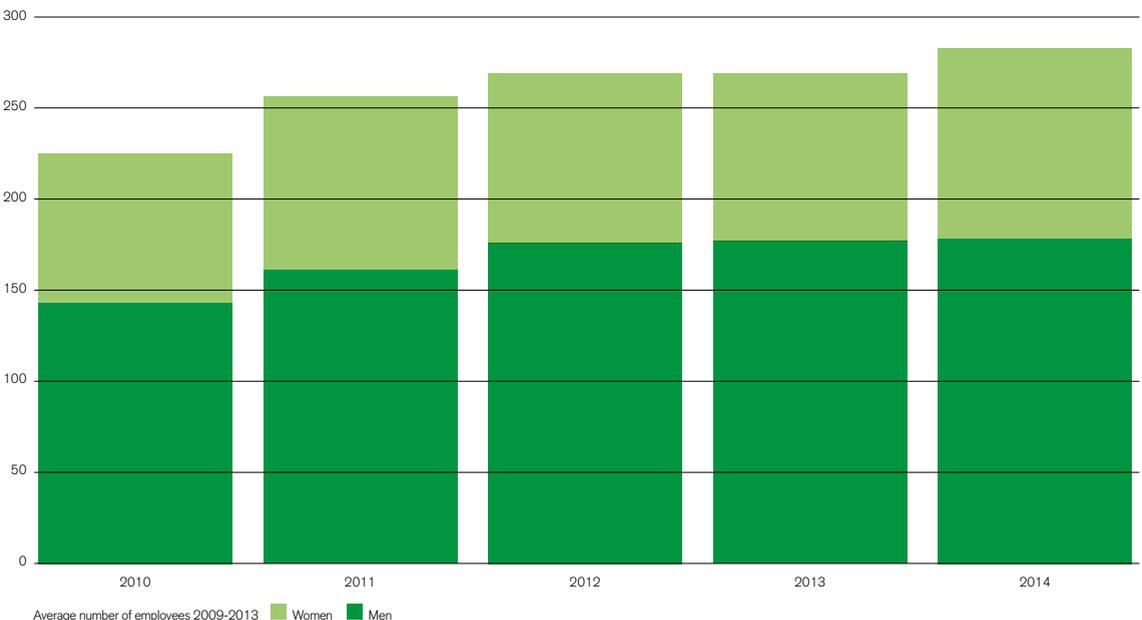
In 2014, Avanza had, on average, 283 (268) employees, of whom 37 (34 per cent were women and 63 (66 per cent) were men. It is a relatively even distribution, given that the majority of Avanza's employees come from finance and IT sectors.

At year-end, the number of full-time employees, excluding those on leave of absence and parental leave, was 273 (264). The average Avanza employee was 33 (34) years old.

New leadership profile shows the way

In 2013, we developed a new leadership profile with the purpose of clarifying what is expected of leaders within Avanza. Leadership at Avanza is about understanding and taking responsibility for our business, being a good ambassador for Avanza, having the ability to help others develop and being a good communicator. All leaders at Avanza undergo a four-day management training course and take part in our yearly management days, where the content is designed according to the manager's individual profile. The next step will be to adapt the leadership profile for all employees within Avanza; we believe that each of us is a leader and an ambassador, even though the demands on leaders with personnel responsibility are higher.

A survey of how managers meet Avanza's leadership profile was introduced this year. Each manager had to assess himself/herself and his/her contribution based on the leadership criteria. The results were then compared with how the manager was perceived by his/her employees, as can be seen in the new employee survey, see section New employee survey. The differences between the current situation and the desired situation, and how this gap can be reduced and closed, was raised in discussions between the manager concerned and his/her employees. The outcome of the survey will form the basis for the managers' own objectives and future performance appraisals.



The Avanza formula for success is:



A = All of us at Avanza

We help a colleague to help a Customer · We take Responsibility ·
We challenge and think New · We think it is Fun to go to work

Diversity makes us richer

For us it is a matter of course that everyone should have equal conditions and equal opportunities regardless of gender, gender identity or expression, ethnicity, religion or other beliefs, disability, sexual orientation or age.

We believe that teams, comprised of people with different experiences and perspectives, are more dynamic which in turn leads to greater efficiency and profitability. To form well organised teams at Avanza is an important part of our managers' responsibilities and forms a part of the company's long-term competence planning.

This year's employee survey revealed that 95 per cent find Avanza an equal workplace. 40 per cent of Avanza's managers are women. The corresponding figure for the management is 38 (29) per cent, with three women and five men.

Development and competence

Clear goals, feedback and effort-based rewards are critical for employee motivation and their ability to satisfy customers. All employees have individual goals that are linked to the overall goals of the team and the company. Performance is followed up through quarterly development discussions and we encourage a closer dialogue through "one-to-one" talks every week or every two weeks. It is the manager who calls the meeting and the employee who sets the agenda.

All skills development at Avanza is driven by needs and aims to enhance effectiveness and results. We offer both internal and external solutions, as well as the opportunity to exchange experiences. New employees are introduced to Avanza over the course of 1.5 days. New employees in customer support undergo a three-week programme.

We encourage internal mobility in order to develop employees and Avanza. In 2014, a total of 38 (41) positions were appointed internally, which is equal to an internal movement of 13 (16.6) per cent. Creating development opportunities internally is a priority in Avanza's employee strategy. We work in a structured manner to identify and develop key employees.

Opportunity for additional remuneration

In addition to their fixed monthly salary, all employees have the opportunity to earn additional remuneration. The variable com-

ponent is based on performance in relation to individual goals, the department's goals and the company's overall goals. The remuneration also includes an occupational pension, insurances and the opportunity to participate in warrant programmes and mortgages that are made available by the company.

Health provides success

Health and well-being are important, not only for the employees themselves but also for their ability to do their best at work. Absence due to illness at Avanza has been low for a long time; 2,3 (2,1) per cent. This is most likely because the company has young employees and because employee well-being and health are given priority.

As an employee at Avanza you have access to a range of benefits which promote health and facilitate work-life balance:

- Preventive health care: We offer contractual occupational health service which includes telephone support. Employees are also offered medical examinations, support from an ergonomist, massage, naprapathy and annual vaccinations.
- Exercise: Everyone receives an exercise allowance and discounted memberships at the gyms Avanza collaborates with. We also have our own sports association.
- Parental benefits: With full parental leave, an allowance is paid for a maximum of 360 days. Those who have more than one child receive an allowance for an additional 90 days. The allowance is 10 per cent of the annual salary up to 10 times the basic amount. For the part of the annual salary exceeding 10 basic amounts, Avanza provides 80 per cent in compensation for up to 360 days.
- Flexible working hours: Where possible, given the nature of the work, employees have the opportunity to influence their own working hours.

New employee survey

One of Avanza's overall goals is to have satisfied employees. That is why our guiding principle, to think along new lines in everything we do, is also important when it comes to being an even better employer. The results of our employee survey will be a clear signal whether we are on the right track. The response rate for 2014 was very high as usual, 95 (94) percent, which indicates that our employees know that their opinions matter. The results are

expressed as a total index, which this year amounted to 78. The industry index is 74 for the banking sector and 73 for the IT sector*.

This year, we introduced a new employee survey which focuses on leadership, organisation, customer focus, working climate, visions and goals. The new survey also stresses the employee's own responsibility for his/her working situation and the importance of communicating needs to their immediate manager. Responsibility is one of our guiding principles and the relationship with our employees should be characterised by mutuality rather than passivity. Some examples of important findings in this year's employee survey:

- Visions and goals, leadership and customer focus were highly valued and permeate the entire organisation.
- Among the areas for improvement are requests for lower workloads, as well as an improved Intranet.
- 90 per cent of employees would recommend Avanza as an employer. This provides a 'Net Promoter Score' (NPS) of 46, which is at the top of the scale**.

The results are broken down at departmental level, and each department prioritises its specific improvement areas based on the importance of the questions, as well as their impact and feasibility. Action plans are then developed and implemented within a year.

The employee survey also includes questions about equality as well as harassment and discrimination. Avanza has a zero tolerance policy in these areas and any violations are taken very seriously. All managers concerned and their managers in turn, as well as the CEO, are informed and action plans are developed.

We measure our employees' gut feelings

In 2013, we started a so-called 'temperature check' where employees participate in a short online survey. The questions are on topics such as one's gut feeling when going to work, or the incentives to do a really good job.

All managers have continuous access to the results, so that they can work with them. The results are also reported to management. During the year we conducted three measurements, which overall showed good results. The advantage of these measurements is to provide management and executives insight into our employees' work situation and an opportunity to regularly manage and fix problems. This makes these measurements a good addition to the annual employee survey.

Creative forms of dialogue

Avanza is careful to ensure that there is an open atmosphere which promotes discussion. The CEO regularly holds round table breakfast talks with employees where they can raise questions or expressing their own opinions, making proposals or presenting ideas for change, and receive answers on matters relating to the business. A new initiative is "Questions to the management", where employees email questions to Claes Hemberg, Avanza's savings economist. Claes raises the issues and the management provides answers at the company's monthly meetings. The monthly meetings also include a point on the agenda where employees are given the opportunity to praise colleagues' achievements.



*Source Quick search
 **Source: Quicksearch



Tanya Forsstedt
Compliance Officer

Maria Christofi-Johansson
Head of Customer Service

Broad-based private finance

Avanza benefits its customers, and indirectly society, by doing what we do best, namely offering savings and pension products with the lowest charges on the market. This means Avanza customers have more money over for other things. For example, no fixed charges means that the average customer with an Avanza pension plan could end up with over one million Swedish kronor more in their pension pot than with other pension providers.

We manage our business and our operations in a responsible way. We will be helped in this by our new sustainability policy.

We are in the trust-business

The ability of Avanza to live up to its mission to build a better savings market in the long-term is totally reliant on the trust of our stakeholders. Avanza's most important stakeholders are our customers, employees and shareholders. We believe that what we do for our stakeholders and the Swedish savings market, will ultimately also benefit society in general. You can read more about Avanza's customers on page 11, our employees on page 28-31 and our shareholders on page 11.

Pioneer in the savings market

Our quest is to challenge established structures that we feel do not benefit consumers in full. We see ourselves as an independent platform for savings and offer a broad range of savings products so that customers have a good choice whatever the investment climate. In areas where we think the market does not offer products that are good enough, we develop our own. These include award-winning products such as; Avanza Zero, Superbolånet and brokerage fees from minimum SEK 1.

Avanza coined the concept 'savings economist' with Claes Hemberg and we have helped savings issues gain more media coverage. He writes a blog, books, lectures and takes part in educational TV programmes. Claes is the voice of savers in debates on private finance and saving, and is independent of Avanza offers and products.

Information rather than advice

Avanza does not offer individual advice, as we are convinced that our customers are capable of managing their own savings themselves. We provide access to relevant information instead, to help them make their own investment decisions without expensive advice or costly savings products. Avanza owns Placera Media AB that publishes Placera, the third largest independent website on private finances and saving, plus the weekly stock picking magazine Börsveckan. Börsveckan runs its own portfolio that readers can follow. Over the past five years, the portfolio has grown by 27 per cent a year, outperforming the 12 per cent of the stock exchange.

Avanza products and services, together with investments in modern technology, help individuals learn more about savings and investments. Various forms of decision-making support are available at avanza.se, where we also offer savings tips etc. These include podcasts, blogs, courses, tips and league tables showing what other investors are doing.

Events for active savers

Avanza hosts savings and investment evenings with the sole purpose of educating and informing people about saving, with the focus on what we offer. In 2014, we organised around 15 saver meetings in Stockholm, Gothenburg and Malmö.

Sweden's largest event within private savings and investments, Avanza Forum, is organised annually at Globen, Stockholm. This is an opportunity for our customers to meet interesting people with views and insights on the economy, such as CEOs of publicly listed companies, analysts, ministers, journalists and representatives from the companies who are behind products at avanza.se. This year's Avanza Forum attracted 5,000 visitors and a further 30,000 via the internet.

Sustainability policy progress

In 2014, Avanza signed up to the UN Global Compact and its ten principles on human rights, employment law, environment and anti corruption. In November, Avanza developed a sustainability policy that we will embed in 2015. The policy will form the basis for Avanza's continued strategic work within sustainability aspects, which is closely related to our business model.

Financial value created	2014	2013
Customers	739	645
Distributed financial value		
Operating costs	-166	-161
Employees	-184	-164
Loan providers	-43	-48
Society (tax and social insurance contributions)	-96	-79
Shareholders	-202	-231
Retained financial value	48	-38
<i>Proposed dividend as a proportion of the annual profit</i>	<i>81%</i>	<i>120%</i>

Strictly regulated business

Avanza's business activities are strictly regulated and subject to Finansinspektionen, Sweden's financial supervisory authority, inspections and control. Avanza employees are informed of applicable rules and directives, for example via a number of mandatory industry training courses. In addition to this, we arrange tailored internal courses.

The way we work and act is not just about strictly sticking to the rule book. Responsibility is one of our values, which underpins everything we do, and acting with integrity at all times is essential for Avanza to retain the trust of the world around us.

A bank you can rely on

Our business is totally digitalised and as such, guaranteeing the security of customers on our website is critical. Avanza's log in solutions are regularly evaluated to offer good security without compromising on simplicity. Customers are given information on how they can protect themselves against phishing and other fraud. Avanza also has preventative measures in place to combat money laundering and other financial criminality.

Avanza is covered by the government deposit guarantee scheme and operates with low financial risk taking. This means, for instance, that we do not engage in trading, i.e. trading in securities on our own account. Read more about risk management on page 36-39.

Business with integrity

Avanza has a code of conduct that includes the company's ethical guidelines. This code applies to all employees at Avanza and employees are instructed in this both when they join the company and at regular intervals thereafter. A whistleblower function is in place to enable employees to report alleged improper behaviour anonymously.

Avanza actively engages in tax issues – we do not pursue tax planning, as all taxes generated via the company are for the benefit of employees, customers and society.

Limited environmental impact

Avanza operates via avanza.se and as a solely online bank without any physical branches, our environmental impact is limited. The vast majority of communications with customers is also digital. Our business does not entail much travel or transport either, as Avanza's business is operated from Sweden.

Avanza's environmental impact primarily relates to offices in Stockholm, Gothenburg and Malmö, plus IT operations and physical customer events. At this moment in time, we do not have any formal environmental management, something we will look deeper into in 2015.

Christmas charity

Each Christmas, Avanza makes a donation to a charity rather than giving Christmas bonuses to employees. This year we supported Médecins Sans Frontières in their fight against Ebola.

Avanza customers can also donate share dividends to charitable causes.

About Avanza's sustainability report

Avanza's sustainability report is an important part of communicating our position in a transparent and balanced way, along with our activities and achievements within important areas. The following index contains references to reported standard information and indicators.

This is the third Avanza sustainability report and we have elected to apply the fourth version of the Global Reporting Initiatives (GRI G4) guidelines, plus the specific GRI guidelines for our sector (the Financial Services Sector Supplement). The sustainability report has not been audited by a third party.

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The annual sustainability report is based on the same principles as last year. The contents have been defined via a general internal process in which we have evaluated questions from customers, other industry communication and current issues.

Our intention is for our sustainability policy to lead to the continuous further development of our sustainability work.

For example, we see an opportunity to develop the analysis of the Avanza value chain and important areas. Involving our customers and other key stakeholders should contribute to a better understanding of our business activities, and strengthen our reporting and other communications.

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Contact

Questions about the sustainability report and its content will be answered by:

Martin Tivéus, CEO
 Mail: martin.tiveus@avanza.se
 Mobile: +46 70-861 80 04

Our risk profile

Avanza has a conservative approach to risk, as reflected in our risk profile and low risk appetite. We are, for example, self-financed through shareholders' equity and customer deposits. We do not conduct any proprietary trading with our customers' money. Lending to customers is done exclusively against liquid financial assets or mortgages with a low mortgage to value ratio.

Unlike other banks and institutes, Avanza has no electronic payment services, unsecured credits or cards, which means that the risk of fraud is significantly lower than with other banks.

During the year we have decided to work actively with our excess liquidity. The aim is to reduce the capital adequacy requirement and to strengthen the LCR quotient (liquidity coverage ratio). Previously, all liquidity was held in the form of treasury bills with Swedish credit institutions. During the last quarter, we have chosen to move large parts of the bank's liquidity to established bonds with short maturities. This means that the interest rate risk will increase slightly, but that the concentration on individual counterparties will decrease at the same time as the yield will improve to some extent.

Avanza Pension offers a variety of insurance products. These products all have conditional dividends, implying that the insurance liabilities, by definition, follow the development of the value of the insurance assets. As the value of the assets and liabilities within the insurance operations are linked as a result of the design of the insurance products, these products have no impact on the financial risks. Consequently, these products to some degree entail a legal risk, which is estimated to have declined, as the deposit insurance product is established on the market.

Risk management

A strong risk culture and risk awareness is important in order to achieve well-functioning risk management. Each year Avanza sets up goals and develops a risk management strategy to ensure that we maintain our low risk profile. The aim is to

constantly improve and strengthen our internal regulations and processes in order to ensure good governance, risk management and control.

Risk management is handled at an operational level and based on a well-developed risk management process with three lines of defence. You can read more about the three lines of defence and risk management in the corporate governance report on pages 46-53. The risk control function, which is independent of operations, is responsible for the identification, quantification, analysis and reporting of all risks. The function also maintains principles and a framework for how risk management will be implemented in order to facilitate risk assessment.

Avanza has established five high level principles for risk management:

- Governance and risk culture
- Risk appetite and risk tolerance
- The roles of the risk manager and the risk function
- Risk models and integration of risk management areas
- New product approval process

It is these principles that are going to continually improve Avanza's risk management and create a good risk culture. The two main improvements carried out in 2014 were:

- An adaptation of our risk management framework, so that we now comply with the international standard ISO 31000, enabling our business to be analysed easier from a risk management perspective
- An adaptation of our risk management to the new regulatory framework, which strengthened our internal controls and governance. This has, for example, contributed to the improvement and strengthening of our administrative processes with has resulted in reduced operational risks.

Risk management process





Tanya Forsstedt
Compliance Officer

Internal capital assessment of operations

The main task of the Internal Capital Adequacy Assessment Process (ICAAP) is to increase risk awareness in our operations, with management and the Board of directors, by describing Avanza's risk management and risk assessment.

On the basis of internal capital evaluation, the company can annually calculate the capital required to cover both current and future risks for the bank's business operations; even in adverse conditions.

Capital planning

The Board has decided that Avanza at all times must have a level of capital that exceeds the amount required by the Financial Supervision Authority and the amount stipulated by law, by 25 per cent. If the level of capital, expressed as the capital-output ratio and the internal capital output ratio, falls below 1.25, a contingency plan shall be in place so that the desired level of capital can be achieved.

Contingency plan

In order to maintain the right level of capital, the capital base must primarily be based on:

- The bank's risk profile
- The required minimum level of capital and contingency plan
- Stress testing and scenario analyses
- Continued growth
- New legislation

If the level of capital needs to be adjusted, Avanza, as a second course of action, may customise the dividend paid to shareholders.

If Avanza's earnings worsen significantly, with an unsatisfactory capital base as a result, measures shall be taken to inject funds to restore Avanza's capital base.

The CFO is responsible for ensuring that Avanza's capital is managed in accordance with these guidelines.

Overview of Avanza's risks

Avanza's risk function manages the volatility and uncertainty regarding losses and costs incurred. These are the risks we report below. For more information about our risks see note 36 Financial risks. Our business risks are described in the Business model section on page 15.

Avanza's risk profile

Description	Risk profile	Risk management
<p>Credit risks: The risk of borrowers failing to meet their financial obligations towards Avanza and the risk of pledged assets not covering the claim. Credit risk also includes counterparty risk, concentration risk and liquidation risk.</p>	<p>Securities lending: Avanza lends money to the general public, secured by realisable listed financial collateral. Most of the collateral is listed shares with good liquidity on the Swedish stock exchange. Avanza allows a substantial risk margin on the market value of the collateral in order to protect the bank and its customers against credit losses.</p> <p>Mortgage loans: Avanza offers their high-net-worth customers a mortgage loan (so-called Private Banking) if they have at least SEK 3m in assets with Avanza. The maximum lending level is 50 per cent of the market value at the time the loan is authorised, and Avanza requires to act as the only pledge for the home/property. In addition, the borrower must undergo a customary credit check, which involves, among other things, an analysis of what the borrower has left to live on. A scenario is depicted using the current interest rate + 6 per cent to see if the borrower is able to cope financially, bearing in mind the requested loan amount.</p> <p>Excess liquidity management: Avanza has a surplus of liquidity, i.e. Avanza has far more deposits than loans from the general public. Avanza invests excess liquidity on a spot trading basis or until the next business day in accounts in systemically important banks in Sweden. The largest part of the excess liquidity is placed in interest-bearing securities issued by the Swedish government/municipalities/county councils, as well as in established Swedish mortgage bonds issued by Swedish banks. The main purpose of the investments is to reduce the bank's capital requirements, provide better returns and to meet regulatory compliance in respect of the future quantitative LCR ratio in Basel III.</p>	<p>In addition to the customers' repayment capacity and an analysis of the collateral and the safety margin, the value of the collateral and customer risk margin is followed up daily. The process for handling a lack of collateral is monitored and checked. Credit risks are stress tested daily and the bank uses credit limits and risk indicators to ensure that credit risks are managed in accordance with the applicable risk framework. The greatest risks in credit portfolios are related to specific concentrations with regard to a security (e.g. a share on the Stockholm Stock Exchange's most actively traded list), which is also managed on a daily basis as described above.</p> <p>The mortgage loan is aimed at the bank's high-net-worth customers; which in combination with the loan to value ratio being no greater than 50 per cent of the market value when the loan is authorised, as well as requirements on having act as the only pledge for the property, ensures a low risk profile. The market value of a property is arrived at through a so-called statistical evaluation, purchased from external parties. The market value is reassessed annually, the last reassessment took place in November 2014. Mortgage loan repayment requirements are imposed if the loan to value ratio is greater than 75 per cent. If the loan to value ratio exceeds 50 per cent, interest premiums accrue according to a fixed interest rate tier.</p> <p>Avanza has a risk framework to counter the bank's excess liquidity risk. Among other things, the framework regulates the maximum exposure the bank may have to each counterparty and bond issuer. There are also requirements to have a low maximum average interest duration of 3 months, and that the bonds should be allowed as security at the Bank of Sweden.</p>

Continued: Avanza's risk profile

Description	Risk profile	Risk management
<p>Market risks: The risk of bank earnings, equity or value decreasing due to changes in risk factors on the financial market. Market risk includes interest rate risks, currency risks, and equity risks.</p>	<p>Stock price risk: Avanza does not conduct proprietary trading aimed at making money. Avanza only conducts trading on behalf of its clients.</p> <p>Currency risk: Avanza has limited or no own exposure to foreign currencies.</p> <p>Interest risk: Avanza has no fixed interest contracts with its customers on either deposits or loans. As a result of the bank's management of its excess liquidity, Avanza has an interest rate risk when investments are made in bonds, with a fixed and variable coupon (FRN).</p>	<p>Share price risk and currency risk can occur if Avanza makes a human error (a so-called trading error). Avanza has processes and procedures in place to prevent any possible losses from occurring. The risk is classified as an operational error under operational risks.</p> <p>The investment of the bank's excess liquidity is made at a maximum average fixed interest term (interest rate duration) of 0.25, i.e. 3 months. On the interest-rate risk, measured as given a 2 per cent parallel shift of the yield curve never exceed 10 per cent of the bank's capital base.</p>
<p>Liquidity risk The risk of incurring a loss due to the fact that the liquidity of the market is not high enough.</p>	<p>Avanza funds itself through equity and customer deposits. Deposits from the general public exceed lending and create a large amount of excess liquidity. Deposits from the general public are considered to be one of the most secure sources of financing compared to other forms of financing.</p>	<p>In order to cope with short-term fluctuations in the deposits and lending from/to the general public, a significant part of the assets is held in cash (spot/maturing on the following business day).</p>
<p>Operational risks: The risk of loss as a result of inappropriate or inadequate internal processes or routines, human error, incorrect systems or external events. Operational risk also includes legal risk and the risk of inadequate compliance adherence.</p>	<p>Operational risks are present in all operations. It is neither possible nor cost effective to try to minimise all operational risks. Avanza strives to minimise the operational risks, trying to create as efficient processes as possible in order to remain cost effective. Substantial losses and incidents may impact many of Avanza's customers and in order to ensure that we maintain our customer promise and retain a high level of confidence and satisfied customers, Avanza works in a methodical and structured manner to prevent these events. Operational risks should also be managed by taking into account Avanza's strategy and risk appetite.</p>	<p>Avanza has a framework for managing operational risks. Avanza's operational risk strategy is to work methodically and in a structured and proactive manner. The proactive part is forward-looking and can be summed up as follows: A strong risk culture, incident reporting, risk indicators, continuity management, process for approval (NPAP) and risk management process.</p>
<p>Actuarial risk: Operational risks in insurance or actuarial risks.</p>	<p>The insurance risks in business operations are small. Deaths, survivors' pensions, waiver of premium and sickness insurance premium exemption are relayed to an external party and the risks are not borne by Avanza. However, the company provides in-house life insurance, linked to the endowment insurance contracts, where payment to the survivor of the life assured amounts to 101 per cent of the sum assured upon death. Avanza re-insures risks exceeding SEK 250 thousand. The risk premium so far has more than covered the risk cost associated with deaths arising from endowment insurances.</p>	<p>The insurance risk is managed by basing risk premiums on statistical assumptions and through monitoring according to actuarial guidelines. In order to avoid swings in earnings being too large, Avanza re-insures risk costs in excess of SEK 250 thousand.</p>
<p>IT and information security risks: The risk that our IT and information assets are not adequate, accurate or secure.</p>	<p>Avanza conducts most of its business via the Internet, where accessibility, quality and security are of the greatest importance. Avanza has reliable methods and systems in place. The company has no credit or debit cards linked to their services.</p>	<p>Avanza uses a framework to manage these risks based on the ISO 27000 standard. It is best practice on the market and is used by the industry.</p>

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Nordea share
at Nordea for
SEK 99?

When you
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The Avanza share

Equity trading

Avanza Bank Holding AB (publ) is listed on Nasdaq Stockholm Mid Cap in the Financial Services sector under the abbreviation AZA. During 2014, 59 per cent of trading occurred on the Stockholm stock exchange, while 29 per cent was OTC trading. The share was also traded to a limited extent on other European MTFs, such as Chi-X and Turquoise. In total 11,182,631 Avanza shares were sold on the Stockholm stock exchange, which is equivalent to a turnover rate of 39 per cent of the year's average number of outstanding shares.

During 2014, Avanza's share price increased by over 23 per cent and ended at SEK 258.00. In June the share reached an "all time high" of SEK 284.00. The total return on the Avanza share during the year, including dividends paid, amounted to 28 per cent. The SIX Return Index increased by 16 per cent during the same period.

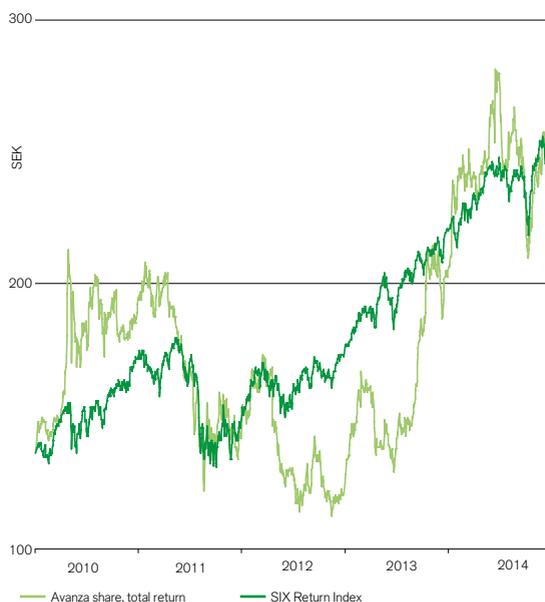
The Avanza share has been continuously followed by analysts at Carnegie, SEB, Handelsbanken and, as of this year, Nordea.

Share capital

As of 31 December 2014, share capital amounted to SEK 72m, divided into 28,873,747 shares with a quotient value of SEK 2.50 per share. The share capital consists of only one share class, in which each share grants entitlement to one vote at the Annual General Meeting. No changes have occurred in the share capital or in the number of shares during 2014. No repurchase of shares has been performed during the year.

Incentive programme

Avanza's warrant programme covers 1,470,000 shares, corresponding to a dilution effect of approximately five percent



upon full exercise. All warrants are issued on market terms, with the Black & Scholes model being applied to determine the value. The warrant programme is divided into three sub-programmes and the total warrant programme runs from May 2012 to September 2017. More information about the outstanding warrant programmes is provided in Note 30 Equity.

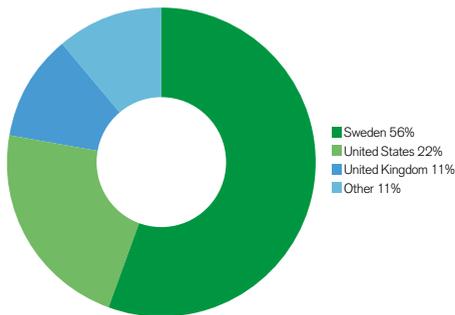
CHANGE IN SHARE CAPITAL

Year	Change	Changes in no. shares	Total no. shares	Changes in share capital, SEK	Total share capital, SEK
2001	New issue	4,425,907	25,415,478	11,064,767	63,538,695
2001	New issue	1,207,396	26,622,874	3,018,490	66,557,185
2005	New issue	842,800	27,465,674	2,107,000	68,664,185
2007	Repurchase of own shares	-305,674	27,160,000	-	68,664,185
2008	Withdrawal of repurchased shares, 2007	-	27,160,000	-764,185	67,900,000
2008	New issue	435,843	27,595,843	1,089,608	68,989,608
2008	Repurchase of own shares	-18,233	27,577,610	-	68,989,608
2009	Withdrawal of repurchased shares, 2008	-	27,577,610	-45,583	68,944,025
2010	New issue	379,860	27,957,470	949,650	69,893,675
2011	New issue	580,603	28,538,073	1,451,507	71,345,183
2011	Repurchase of own shares	-275,524	28,262,549	-	71,345,183
2012	Withdrawal of repurchased shares, 2011	-	28,262,549	-688,810	70,656,373
2012	New issue	611,198	28,873,747	1,527,995	72,184,368

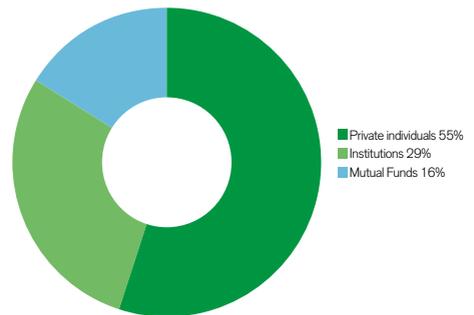
Avanza's shareholders

The number of shareholders at the end of the year, according to SIS Aktieägarservice AB, was 15,568, of which the ten largest registered owners held 53.6 per cent. The largest individual shareholder was Creades AB, with a holding of 10.1 per cent, and the second largest owner was Biovestor AB, with a holding of 10.0 per cent. 0.2 per cent of the shareholders represented 69 per cent of the total holdings and votes.

The number of foreign shareholders at the end of the year was 44 percent, of which 22 per cent were American shareholders and 10 per cent were shareholders from the UK. 55 per cent of the Swedish shareholders were represented by private individuals and 29 per cent by institutions. Avanza did not own any own shares as per 31 December 2014.



Shareholders allocated by country 31 Dec 2014



Swedish shareholders allocated by category 31 Dec 2014

The ten largest shareholders, 31 Dec 2014	Country	No. of shares	Percentage of share capital and votes, %
Creades AB	Sweden	2,924,859	10.1
Biovestor AB	Sweden	2,891,000	10.0
Wellington Management Company LLP	United States	1,504,447	5.2
Capital Group Funds	United States	1,462,502	5.1
Montanaro Funds	United Kingdom	1,451,864	5.0
Threadneedle Investment Funds	United Kingdom	1,390,642	4.8
Sten Dybeck (incl. companies and family)	Sweden	1,283,400	4.4
Swedbank Robur Fonder	Sweden	979,387	3.4
Didner & Gerge Fonder	Sweden	825,000	2.9
Fjärde AP-fonden	Sweden	772,758	2.7
Other owners		13,387,888	46.4
Total		28,873,747	100.0

Concentration, capital*, 31 Dec 2014	Percentage of share capital and votes, %
The 10 largest owners	53.6
The 25 largest owners	66.4
The 100 largest owners	74.1

* In terms of ownership groups

Distribution of shares, 31 Dec 2014	No. of owners	Owners, %	No. of shares	Shares, %
1 - 100	9,568	61.5	296,851	1.0
101 - 1,000	4,748	30.5	1,824,383	6.3
1,001 - 10,000	1,097	7.0	2,907,084	10.1
10,001 - 100,000	118	0.8	3,922,639	13.6
100,001 - 1,000,000	32	0.2	10,557,804	36.6
> 1,000,001	5	<0.0	9,364,986	32.4
Total	15,568	100.0	28,873,747	100.0

Dividend policy

Avanza Bank Holding AB (publ) will issue a dividend to shareholders, comprising the part of the company's profits that is not considered to be necessary to fulfil the requirements that the nature, scope and risk of the activities place on the size of equity and the company's consolidation requirement, liquidity and position in general, or to develop activities. The dividend may be combined with other measures, such as redemption or repurchase of own shares. In the long-term it is expected that at least 70 per cent of profits will be issued as dividends.

As a consequence of new equity rules within the financial sector, the capital requirement for Avanza Bank AB (Basel III) increased during 2014 and will increase further during 2015. As a result of new rules for Försäkringsbolaget Avanza Pension (Solvens II), the solvency margin will increase from 2016. In the last five years, almost 100 per cent or more of the Group's profits was issued in dividends. If the Group continues to grow at the same rate, it will not be possible to maintain that payout

ratio. The increased capital requirement, following changes in rules and growth is not, however, expected to affect the long-term dividend policy of a dividend amounting to at least 70 per cent of the profits.

The Board of Directors of Avanza Bank Holding AB (publ) proposes that the Annual General Meeting agree to a cash dividend of SEK 7.00 (8.00) per share for 2014. This is equivalent to a dividend of a total SEK 202 million (SEK 231m) and a dividend ratio of 81 (120) per cent. 20 March 2015 is proposed as the record day for the dividend entitlement. The last day for trade in Avanza shares, with the right to a dividend, is thus 18 March 2015. If the Annual General Meeting agrees to the Board of Directors' proposal, the cash dividend is expected to be paid via Euroclear Sweden AB on 25 March 2015. The Board of Directors' statement on the proposed allocation of profits is given on page 96.

Share data

	2014
Share capital, 31 Dec 2014, SEK	72,184,367.50
Number of outstanding shares, 31 Dec 2014	28,873,747
Quotient value, SEK	2.5
Market capitalisation, 31 Dec 2014, SEK m	7,450
Share price, 31 Dec 2014, SEK	258.00
Highest closing price (19 Jun 2014), SEK	281.50
Lowest closing price (2 Jan 2014), SEK	209.00
P/E, multiple	29.9
Dividend yield, %	2.7
Turnover rate, %	38.7
Earnings per share, SEK	8.64
Earnings per share after dilution, SEK	8.56
Equity per share, 31 Dec 2014, SEK	28.22
Cash dividend per share (proposal), SEK	7.00
Number of outstanding warrants, 31 Dec 2014	1,470,000

For definitions, see page 100.



**"Contact us on
how we can
improve even
further"**

Sven Hagströmer
Chairman of the Board

Orchestra accompanies a record performance

I would like to liken the Board of Directors to a chamber orchestra with a conductor, hidden away in the orchestra pit, who is leading the performance on the stage. It is important that the orchestra is made up of the right instruments and therefore its composition is very important, so that the right abilities exist to support the different profiles in the Group Management on the stage. In 2014 we strengthened the Board of Directors by appointing Hans Toll, previously Deputy CEO of Avanza, who has wide knowledge within finance and understanding of the company, as well as Birgitta Klasén who has wide knowledge and competence within IT.

It is an incredibly exciting challenge to be the conductor of a company that stands right at its customers' side, a company that is transparent and wants to make a real difference. As Martin mentioned in the CEO's report, we have launched over 800 improvements during the year. This is not just a one-off event; we aim for constant development. We have been rewarded for our efforts with the SKI-award "Sweden's most satisfied savings customers". Having customers who are so pleased with us is unique in an industry where the word 'bank' is otherwise connected with dissatisfaction.

We are truly pleased that so many new customers have chosen Avanza last year, despite the competition on the market. So who are Avanza's largest competitors? The answer might seem a little unexpected. There are certainly other capable companies in the savings market, however the largest competitor is actually, in my opinion, a low level of awareness. Many Swedes currently use discount vouchers in the shops and compare prices for products online, whilst keeping expensive savings and pension solutions where far greater sums are lost every year. Through products such as Sparkonto+ and Avanza Zero, and pensions via insurance accounts, Avanza contributes to higher returns for our customers every day, and we work in a targeted manner to make it cheaper for them to administer their capital.

Comments on Corporate Governance

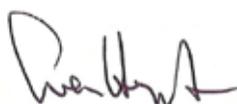
During the year the Board of Directors has focused on supporting and acting as a sounding board in IT-related questions such as IT security, user experience and the upcoming mobile application, as well as matters concerning management of excess liquidity. This work, which has been both enjoyable and important to perform, and involved a CEO and a Group Management who are energetic and goal-orientated, has guided the company to a new record year in many respects.

The Board of Directors' most important responsibility, in addition to supporting management to develop operations, is to ensure that Avanza is run as efficiently as possible for both the shareholders and customers, and that the company follows applicable rules and legislation. The constantly increasing regulatory and capital requirements therefore make it more important than ever for Avanza to have the correct procedures and routines in place so that management and employees can focus on business development and user experience, which is the key aspect of a growth company such as Avanza.

In conclusion, I would like to thank my colleagues in the "chamber orchestra", management and employees for a job well done over the year, and not least you, Avanza's shareholders, for the faith they have shown in us by investing in the company.

I look forward to our shareholders offering tips on how we can improve even further. Please do not hesitate to contact us. I promise to invite those with tips we implement to dinner with Martin and me.

Stockholm, February 2015



Sven Hagströmer
Chairman of the Board

Corporate Governance Report

This Corporate Governance Report has been prepared in accordance with the provisions of the Swedish Annual Accounts Act and Swedish Code of Corporate Governance (the "Code"). The Code is based on the principle of comply or explain, which means that it is permissible to deviate from the Code. Avanza makes no deviations from the Code. For more information about the Code, see corporategovernanceboard.se.

The governance and control of the operations of Avanza Bank Holding AB (publ), hereafter "Avanza", can be described from several different perspectives. As a publicly listed Swedish limited liability company, Avanza's operations are governed by a number of laws and regulations. Laws and regulations regarding internal control include the Swedish Companies Act (SFS 2005:551), the Swedish Annual Accounts Act (1995:1554), the Code, the Nasdaq rules for issuers, as well as International Financial Reporting Standards (IFRS).

From a shareholder perspective, Avanza is governed by the Annual General Meeting, through the Board of Directors and the Chief Executive Officer (CEO). The Board, elected by shareholders at the Annual General Meeting, sets forth the business framework, appoints the CEO and exercises control of the Company's management. The auditor, appointed by the shareholders, submits an audit report addressing the audit of Avanza's annual accounts, the Company's appropriation of profits or treatment of loss, and the management of the Board of Directors and the CEO.

A. Ownership and voting rights

The share capital consists of one class of shares, whereby all shares confer the same rights. The share capital at the end of 2014 amounted to SEK 72,184,367.50 represented by 28,873,747 shares and votes. Ownership participations are presented in the table on page 42 of the Annual Report 2014. The largest shareholder, Creades AB with a holding of 10.13 per cent as of 31 December 2014, is represented on the Nomination Committee and thus in the nomination process for the proposal of directors and auditors (see the table below).

B. The nomination process for the election of the Board of Directors and the auditor

The nomination process for the election of the Board of Directors and the auditor, as established at the Annual General Meeting 2014, has involved the appointment of a Nomination Committee consisting of one representative from each of the four largest shareholders wishing to appoint a representative.

The names of the committee members, as well as the shareholders they represent, were published on 18 September 2014, which was six (6) months prior to the arranged date of

the Annual General Meeting 2015. The appointment of these members was based on the known ownership participations immediately before the announcement.

The Nomination Committee is mandated to serve until a new Nomination Committee is appointed. The Chairman of the Nomination Committee is, in accordance with the nomination process and in the absence of an agreement on an alternative member by the Nomination Committee, the member representing the largest shareholder.

If, after the publication of the names of the Committee members, the shareholders represented on the Committee are no longer among the four largest shareholders, their representatives are to vacate their seat on the Committee, and the shareholders who have recently become one of the four largest shareholders will, instead, be offered a seat on the Nomination Committee. Marginal changes in ownership participations do not need to be considered. Shareholders appointing a representative to the Committee have the right to dismiss this representative and appoint a new representative in their stead. Any change in the composition of the Committee shall be published.

The Nomination Committee is to prepare proposals on the following issues for resolution at the Annual General Meeting:

- proposal for Chairman of the Meeting
- proposal for Board of Directors
- proposal for Chairman of the Board
- proposal for Board fees, specified for the Chairman and for other Board members, and any remuneration for committee work
- proposal for auditors
- proposed fees for the Company's auditors
- proposal for any changes in the procedure for appointing the Nomination Committee

Nomination Committee members are not remunerated for their work on the Committee, however Avanza will fund reasonable costs which the Committee deems necessary for it to undertake its duties. The Nomination Committee's proposals, as well as a report on its work, are published in conjunction with the notice of the Annual General Meeting. Shareholders may contact the Committee with proposed nominations. Such proposals may be sent by post to:

Avanza Bank Holding AB (publ)
Att: Valberedningen
Box 1399
SE-111 93 Stockholm, Sweden

COMPOSITION OF THE NOMINATION COMMITTEE

Name	Representing	Holding 18 Sep 2014	Holding 31 Dec 2014
Erik Törnberg (Chairman of the Nomination Committee)	Creades AB	2,924,859 (10.13 %)	2,924,859 (10.13 %)
Sven Hagströmer (Chairman of the Board of Avanza)	Hagströmer family and companies	2,901,246 (10.05 %)	2,899,800 (10.00 %)
Henrik Schmidt	Montanaro Asset Management	1,651,889 (5.74 %)	1,647,931 (5.71 %)
Sten Dybeck	Sten Dybeck and companies	1,034,300 (3.58 %)	1,266,400 (4.40 %)

The Nomination Committee has held two recorded meetings during 2014, at which all members were present. The Nomination Committee has also conducted an evaluation of the Board and its work, whereby the size and composition of the Board, with regard to, for example, industry experience and competence, have been evaluated.

When preparing its proposal for Board fees, the Nomination Committee makes comparisons with companies operating in similar spheres and which are of a similar size and complexity. Here, emphasis is placed on the remuneration being reasonable with regard to the responsibility and the work required and to the contribution the Board can make to the development of the value of the Company.

C. The Annual General Meeting

The right of shareholders to decide on the Company's affairs is exercised at the Annual General Meeting. The Annual General Meeting is Avanza's most senior decision-making body and it is here, in accordance with the Articles of Association, that Board members are elected and Avanza's auditors are appointed.

The Annual General Meeting is held in Stockholm during the spring. The Annual General Meeting makes decisions regarding the adoption of the income statement and balance sheet, the adoption of the consolidated income statement and consolidated balance sheet, regarding dividends and other distributions of profit, discharge from liability for members of the Board and the CEO, Board fees and remuneration to auditors, the election of members of the Board and the appointment of auditors, the finalisation of the nomination process, the guidelines for remuneration to senior management, as well as other important issues.

Invitations to the Annual General Meeting should be issued no earlier than six weeks and no later than four weeks prior to the Annual General Meeting.

In order to exercise their vote at the Annual General Meeting, shareholders must be present at the meeting either in person or through a representative. Furthermore, the shareholders must be registered in their own name in the share register on a specified date prior to the meeting and also have registered to attend the meeting in accordance with the Company's procedures.

Decisions at the meeting are made by a simple majority, that is,

more than half of the total number of votes, unless the Swedish Companies Act specifies otherwise with regard to a particular question.

Shareholders wishing to discuss a certain matter at the Annual General Meeting may submit a written request. Such requests must be received by the date indicated on Avanza's website, which in 2015 is before 28 January. Such requests are to be sent to:

Avanza Bank Holding AB (publ)
Att: Bolagsjuridik
Box 1399
SE-111 93 Stockholm, Sweden

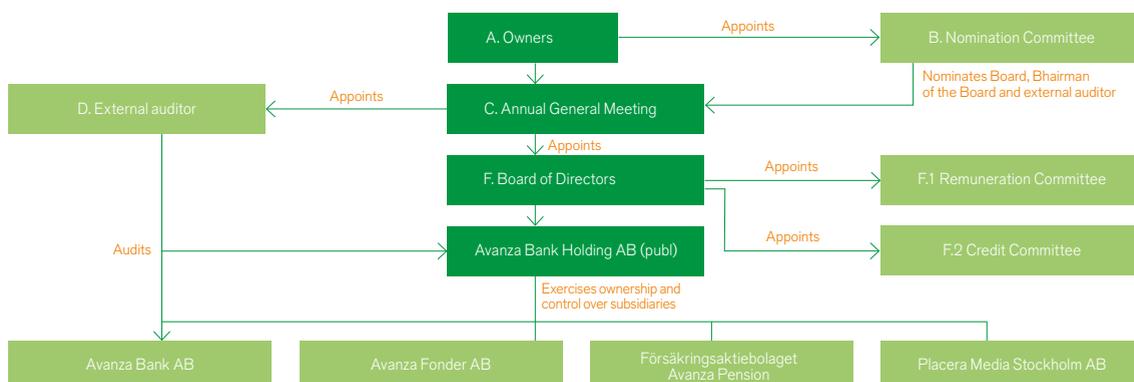
The date and time of the next Annual General Meeting, and information on how the shareholders can utilize their rights, is available on the Company's website under the Corporate Governance section at the time of publication of the third quarterly report of the year preceding the Annual General Meeting, at the very latest. Records and materials from previous Annual General Meetings will also be available on the same site.

Extraordinary General Meetings may be held if the Board deems this necessary or if the Company's auditor or shareholders holding at least ten per cent of the shares require such a meeting.

At Avanza Annual General Meeting 29 April 2014 in Stockholm, a total of 171 shareholders were present, representing a holding equivalent to 49 per cent of the total number of shares and votes in the Company. At the Meeting, the Company's auditor and all directors, except Andreas Rosenlew, were present.

At the 2014 Annual General Meeting, the following resolutions were adopted:

- live coverage of the Meeting via Avanza's website
- adoption of the Company's income statement and balance sheet and the consolidated income statement and consolidated balance sheet
- allocation of profit according to the adopted balance sheet
- discharge from liability for the Board of Directors and the CEO
- determination of the number of Board members



- determination of the Directors' and Auditors' fees
- election of the Board of Directors and Chairman of the Board and appointment of the auditor
- authorisation of the Board to acquire own shares
- determination of the nomination process
- establishment of guidelines for remuneration to Group Management

Prior to the Annual General Meeting, the Board of Directors decided to withdraw its proposal for a warrant issue, intended for the Avanza employee incentive programme, when it became clear that the proposal would not be approved by nine-tenths of the shares and votes represented at the meeting. Once the shareholders, who had reported before the Annual General Meeting that they would vote no to the proposal, received further information, and thus greater understanding of the purpose and aims of the incentive programme, the Board of Directors called an extraordinary general meeting on 13 June 2014. A decision was approved with a nine-tenths majority for a warrant issue intended for the Avanza employee incentive programme, in accordance with the original proposal, at the extraordinary general meeting.

D. External auditor

At the 2014 Annual General Meeting, PricewaterhouseCoopers AB (PwC), with Catarina Ericsson as the Auditor-in-charge, was re-appointed auditor for the period until the Annual General Meeting in 2015.

The auditor examines and presents an Audit Report of its audit of Avanza's annual accounts, the Company's disposition of its results and the administration of the Board and the CEO, and provides a statement regarding the Corporate Governance Report. Reports are submitted and presented to the shareholders at the Annual General Meeting. In addition, the auditor delivers an Audit Report addressing ongoing management and internal control, in writing as well as orally to Avanza's Board, at least twice a year and delivers a report on their audit of annual accounts and the Annual Report.

The audit is conducted in accordance with the Swedish Companies Act and International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC).

The auditor's fee is charged on a time and material contract. In 2014, the compensation to PwC for auditing activities amounted to SEK 1,882,000.

E. The Avanza Group

In addition to the Parent Company, Avanza Bank Holding AB (publ), the Group is comprised of the wholly owned subsidiaries

of Avanza Bank AB, Avanza Fonder AB and Försäkringsbolaget Avanza Pension, the operations of which are supervised by the Swedish Financial Supervisory Authority, and Placera Media Stockholm AB. The total number of employees in the Group at the end of 2014 was 291. Avanza strives for a clear and transparent organisational structure.

Reporting from the subsidiaries takes place on a monthly basis. The Boards of the subsidiaries consist of members of Avanza's Management and Board.

CEO and Group Management

The CEO is responsible for the daily management of the Company in accordance with the Swedish Companies Act and the Board's instructions. The CEO is responsible for keeping the Board informed of the Company's operations and to ensure that the Board has the information the members need to undertake informed decisions. Through continuous dialogue, the CEO also holds the Chairman informed of the Group's development. The CEO of Avanza is also a member of the Board of Avanza and all of its subsidiaries.

At the end of 2014, the Avanza Group Management consisted of eight personnel, of which five were men and three were women. The Group Management consists of Avanza's CEO, and representatives from different parts of the Group as follows:

- Martin Tivéus, CEO of Avanza Bank Holding AB (publ)/ Avanza Bank AB
- Henrik Källén, COO and Deputy CEO Avanza Bank AB
- Birgitta Hagenfeldt, CFO
- Peter Strömberg, CIO
- Annika Saramies, CEO of Försäkringsaktiebolaget Avanza Pension
- Peter Westling, Marketing Director
- Maria Christofi Johansson, Head of Customer Service
- Gustav Berggren, Head of Privatbanken

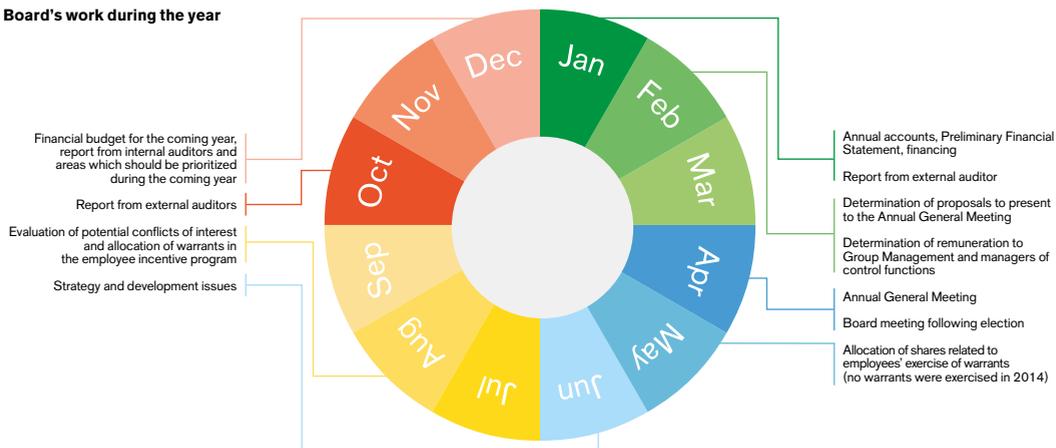
Additional information about the members of the Group Management is available on Avanza's website and on page 55 of the Annual Report 2014.

The CEO and other members of the Group Management hold formal meetings every two weeks, as well as informal meetings when necessary. The management meetings involve discussions regarding the Company's results and questions of strategy, as well as involving regular reports from the control functions Compliance and Risk Control.

E. The Avanza Group



The Board's work during the year



Remuneration to Group Management

The Group Management's remuneration is to consist of a fixed portion and a variable portion. The variable remuneration will be based on a qualitative assessment of individual performance, in relation to established individual targets and the company's earnings. There will be an appropriate balance between the fixed salary and the variable remuneration, and it will be possible to set the variable remuneration at SEK 0. The variable remuneration for members of the Group Management will never exceed 100 per cent of the fixed salary for the same financial year.

Criteria, which govern the potential for variable remuneration, must not encourage anyone to take major risks or encourage anyone to act in a way that may cause conflicts of interest in relation to customers, partners, other companies in the Group or other activities within the company. Remuneration of people in Group Management will reflect the person's experience, competence and performance.

Executives who are members of the Group Management have, in 2014, in accordance with prevailing market conditions, acquired warrants in the sub-program in the warrant program that was decided upon at the Extraordinary General Meeting on 13 June 2014.

Questions concerning the CEO's conditions of employment, remuneration and benefits are prepared by the Remuneration Committee and decided by the Board of Directors. Remuneration of other people, who are part of the Group Management, are decided by the Board of Directors based on a proposal from the Compensation Committee, following consultation with the CEO.

F. Board of Directors

The Board's principal task is to manage the Group's affairs in a manner creating the best possible conditions for a good long-term investment return. The duties of the Board are governed by the Swedish Companies Act, the Code and the procedures that the Board has established for their work.

Avanza's Board makes decisions on matters concerning the Group's strategic direction, as well as on major investments, organizational issues, acquisitions and divestitures. Furthermore, the Board determines policies and guidelines, as well as rules of procedure for the CEO and for those responsible for Risk Control, Compliance and Internal Auditing.

The Board shall consist of not less than five, and not more than eight, members. Avanza's Board of Directors in 2014 initially consisted of six Board members and no deputies. At the Annual General Meeting in 2014 two additional members were elected and previously elected members were re-elected. Since then, the Board has consisted of eight members elected at the Annual General Meeting and no deputies. The Chairman of the Board is Sven Hagströmer. The Board held its first meeting following election on 29 April 2014. Information about the members can be found on Avanza's website and on page 54 of the Annual Report 2014.

The Board's work in 2014

Over the course of the year, the Board held ten meetings, including six scheduled meetings, one meeting following election and three meetings by letter. Board meetings by letter addressed mainly decisions regarding Avanza's incentive programme and remuneration rules.

At the Board's regular meetings, the following points are always discussed:

- financial reporting
- operational reporting
- reporting from the respective control functions Risk Control and Compliance
- credit reporting

In addition to the regularly occurring issues discussed at each regular Board meeting, the Board also discusses questions in accordance with the figure shown on above.

The Board's rules of procedure

The work of the Board of Directors is directed by annually adopted rules of procedure regulating the division of duties, decision-making, signatories, meeting procedures and functions of the Chairman. In addition, the rules regulate the Board's responsibilities and tasks, and how potential conflicts of interest are to be identified and managed.

The work of the Board follows an agenda fulfilling the Board's requirement of information. The agenda is, otherwise, governed by the Board's established procedures regarding the allocation of duties between the Board and the CEO. In addition, the auditor's Audit Report is presented to the Board. In 2014, the Company's auditor was present and reported to the Board at two Board meetings. Company employees participate in Board meetings presenting items and as secretary.

Directors' remuneration and attendance at Board meetings

The 2014 Annual General Meeting resolved that the Chairman and the other members are to receive an annual remuneration of SEK 250,000 each. Furthermore, it was decided that Directors who are also members of subsidiary Boards of Avanza Fonder AB and Försäkringsaktiebolaget Avanza Pension are to receive remuneration of SEK 37,750 each for their work on the respective Boards. A Board member who receives compensation from employment in the Company is not to receive any remuneration, whether it be in the Parent Company or in one of its subsidiaries.

The table below details the Directors' attendance at minuted Board meetings and also indicates their dependence in relation to the Company and its Management, as well as in relation to major shareholders, in accordance with the Code.

F.1 Remuneration Committee

The Board appoints the Remuneration Committee, which during fiscal year 2014, consisted of Sven Hagströmer and Jacqueline Winberg. The Committee is responsible for evaluating and recommending the principles of compensation to the Board. The Committee prepares all proposals for remuneration, both fixed and variable, to Group Management, to the other members of the management of the subsidiaries Avanza Fonder AB and Försäkringsaktiebolaget Avanza Pension, and to the managers of the control functions Compliance and Risk Control. The compensation will be determined by the Board.

In addition, the Committee prepares questions rela-

ting to the CEO's employment terms and benefits, all of which are approved by the Board. The salary for the CEO consists of a fixed portion and a variable portion. The variable portion, which is reviewed annually, is dependent on the achievement of the CEO's individual goals.

In 2014, the Committee held five meetings, at which all members participated. They have also kept regular contact during the year.

F.2 Credit Committee

At the meeting of the Board of Directors in October 2014, the Board of Directors decided to appoint a Credit Committee, consisting of the Board members Sven Hagströmer, Hans Toll and Birgitta Klasén. The committee was tasked with taking ongoing decisions in all credit questions that had previously been decided by the entire Board of Directors. This is with the exception of bad debts, which will continue to be decided by the entire Board of Directors. The committee's meetings and decisions will be minuted, and the minutes will be continuously communicated to the Board of Directors at each subsequent board meeting.

The Credit Committee has since held one meeting, at which all members participated, during the remaining part of 2014.

Audit Committee

Under the Companies Act and the Code, the Board of a public limited liability company is required to either have an Audit Committee, or, alternatively, to jointly perform the work of the Audit Committee. The majority of the Committee members must be independent of the Company and Group Management and at least one Member of the Committee is to be independent in relation to majority shareholders. Avanza's Board has chosen not to establish an Audit Committee, and, instead, has the entire Board perform the work of such a committee.

At the 2006 Annual General Meeting, it was decided that a member of the Board is to participate in the reporting meetings where the Audit Report is presented to the Company's management. Until the 2013 Annual General Meeting, the Board member present at such meetings was the former Board member Anders Ellsäll. Since then, the Chairman, Sven Hagströmer, has been the participating Board member.

As the Company's CEO is a member of the Board, he has not been excluded from meetings in which the Board has carried out the tasks required of an Audit Committee.

ATTENDANCE AT RECORDED BOARD MEETINGS 2014

Member of the Board	Present	In relation to the company and its management	In relation to the company's largest owners
Sven Hagströmer, Chairman	10/10	Independent member	Not independent member
Birgitta Klasén	7/7	Independent member	Independent member
Lisa Lindström	9/10	Independent member	Independent member
Mattias Miksche	10/10	Independent member	Independent member
Andreas Rosenlew	10/10	Independent member	Independent member
Martin Tivéus	10/10	Not independent member	Independent member
Hans Toll	7/7	Not independent member	Independent member
Jacqueline Winberg	10/10	Independent member	Independent member

The Board has ongoing contact with the Company's auditor in order to be informed about the scope of the audit and to discuss the perception of the Company's risks. On two occasions in 2014, the auditor debriefed the entire Board on her examination and submitted her recommendations.

G. Internal control and risk management

The guidelines established by the Board of Directors stipulate that the Avanza Group is to be characterised by good internal governance and control, implying that the operations are to be conducted in an ethically responsible and professional manner while upholding a sound risk culture.

At individual, company-specific level, the Group's subsidiaries should, as a general rule, apply the same values and principles for internal governance and control as those established at Group level, unless otherwise bound by legal or supervisory requirements or when such principles or values may be considered disproportionate with regards to the nature, extent and complexity of the subsidiary's operations.

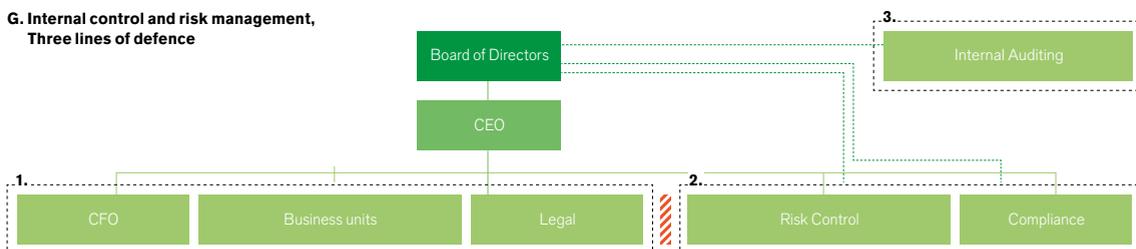
Framework for internal governance and control

In anticipation of new regulations concerning internal governance, risk management and control in credit institutions and groups of companies with credit institutions coming into effect in 2014, the Group further developed its framework for internal governance and control during 2013 and 2014. The framework has been established on the basis of the nature, extent and complexity of the Group's operations, taking into account the structure of the Group and the risks to which it is exposed. The framework is applicable to the entire Group, including the work undertaken by all business, support and control functions, and contributes to providing effective monitoring of the subsidiaries' operations.

The three lines of defence principle

The three lines of defence principle is central to risk management and risk control in the Group and in the respective subsidiaries. This principle entails that the first instance of risk management takes place in the first line of defence, i.e. the operations' business and support functions. The Group's separate functions for Risk Control and Compliance in the second line of defence and Internal Auditing in the third line of defence are independent of each other and independent of all other parts of the operations.

G. Internal control and risk management, Three lines of defence



1. Risk management

Within the framework for internal governance and control, there is a sub-framework for risk management in which guidelines, instructions, routines, processes and limits are presented.

Risk management is to take place within every department according to the three lines of defence principle, implying a clear allocation of responsibilities between the lines of business, the independent control functions and the Internal Auditing function. The risk management work must take place under the supervision of, and in communication with, Risk Control according to five high level principles for risk management:

- governance and risk culture
- risk appetite and risk tolerance
- the roles of the risk manager and the risk function
- risk models and integration of the risk management areas
- new product approval process

Avanza has a conservative approach to risk and strives to keep risks low. In its operations, Avanza is exposed to credit risk, including counterparty risk, concentration risk and settlement risk, as well as towards operational risk, comprehensive information security risk, reputation risk, legal risk, compliance risk and personnel risk. Avanza also has a low exposure to market risk and liquidity risk. For more information on risk management, see page 36-39 and Note 36 Financial risks in the Annual Report 2014.

2.1 Risk Control

Risk Control is one of Avanza's two functions for independent risk control in the second line of defence. The manager of the function reports directly to the CEO and this area comprises a permanent item on the agenda at Board meetings, in addition to providing regular reports to Group Management. The manager can also report directly to the CEO or Chairman of the Board if necessary.

Risk Control is responsible for the supervision, control and reporting of risks, as well as for information on risk issues to the Board of Directors, Group Management and others in need of this information. Furthermore, Risk Control is responsible for establishing, and the following-up of, an appropriate risk policy, as well as the internal framework for the management of risks. For more information about risk control, see pages 36-39 of the Annual Report 2014.

2.2 Compliance

Compliance monitors that the operations requiring a license are run in accordance with laws, regulations, internal regulations, and accepted practice. Compliance reports directly to the CEO and has a permanent item on the agenda at Board meetings and provides regular reports to Group Management. Compliance can also report directly to the CEO or Chairman of the Board if necessary.

Compliance suggests, to the CEO and the Board of Directors, such internal guidelines, routines and measures needing to be introduced in order to minimize the risk of insufficient compliance and to enable the Swedish Financial Supervisory Authority to exercise efficient supervision. Compliance monitors and regularly assesses whether the measures and routines introduced by Avanza are appropriate and effective, and evaluates measures taken to rectify any deficiencies in the Company's regulatory compliance.

Compliance informs the CEO, the Board of Directors and the employees of the rules applicable at any given point in time with regard to the operations conducted by Avanza requiring a license. Knowledge of applicable rules can be disseminated through regulations, training programmes and other types of information.

3. Internal Auditing

In the third line of defense Avanza has a function for Internal Audit which is appointed by and directly under the supervision of the respective Boards of Directors. The work of the internal audit is based on an audit plan decided by the Board. The plan is based on risk analysis and the audit comprises to examine and determine whether systems, internal control mechanisms and routines are appropriate and effective, including work performed by the functions for risk control in the second line of defense. Internal audit also issues recommendations and checks that these recommendations are followed, reporting at least once a year in writing to the CEO and the Board of Directors.

The internal auditing is performed by external consultants for the purpose of ensuring the quality and independence of the evaluation and review. In 2014, this independent review was executed by the external consultancy firm OMEO Financial Consulting AB (OMEO), on commission from the Board of Directors.

During 2014 the Internal Audit focused its investigation on questions relating to Avanza's remuneration regulations, liquidity risks, deposit system, handling of operational risks, methods for internal mapping of procedures, activities performed within the Group as well as the procedure for calculating the NAV fund rate.

At the Board meeting on 12 December 2014, OMEO reported the findings from the independent review for the year to each Board of Directors within the Avanza Group.

Suitability assessment of the Board of Directors and the Group Management

In accordance with the European Banking Authority (EBA) guidelines and Article 16.3 of Directive (EU) no

1093/2010, Avanza has issued internal guidelines for the suitability assessment of Board members, CEO and other members of Group Management and heads of control functions.

These internal guidelines state how Avanza is to evaluate the suitability of individuals that have been appointed to such positions as named. Such assessments are to be made in association with each new appointment, and regularly as required, however background checks are to be made at least once a year.

Such assessments are to check that the person in question has adequate knowledge, insight, experience and is suited to the role, including any potential conflicts of interest. When appointing Board members, the collective expertise of the Board, following the appointment, is also to be considered.

Assessments as above have been performed in 2014 both in connection with the election of two new members onto the Board of Avanza, and in connection with the appointment of three new members of the Group Management. In addition, background checks have been made during the year on all Board members, members of Group Management and heads of control functions.

In 2014, the Board further assessed the skills needs of Board members and a couple of information and training initiatives were organised in the autumn in relation to this.

The Board of Directors' report on internal controls in relation to financial reporting for the 2014 financial year

The Board is responsible, under the provisions of the Swedish Companies Act (SFS 2005:551), the Swedish Annual Accounts Act (1995:1554) and the Swedish Code of Conduct for Corporate Governance ("the Code"), for internal controls of both Avanza Bank Holding AB (publ), referred to below as "Avanza", and the entire Avanza Group. This report is limited to internal controls regarding financial reporting, and constitutes a part of the Corporate Governance Report which shall be appended to the Company's Annual Report.

System of internal controls and risk management in relation to financial reporting

Internal control in relation to financial reporting is a process, the purpose of which is to ensure that the established principles for internal controls and financial reporting are complied with, and that the Company's financial reports are prepared in accordance with laws, regulations, applicable accounting standards and generally accepted accounting principles, as well as all other requirements regarding companies, the transferable securities of which are listed for trading in a regulated market.

Control environment

Control environment, described in the Corporate Governance Report, is fundamental to Avanza's internal controls of the financial reporting. This control environment includes a clear and transparent organisational structure, allocation of responsibilities, and governing documents such as internal policies,

guidelines and instructions. Examples of these include the work procedures for the Board and CEO, the work procedures for Risk Control, Compliance and Internal Auditors, guidelines on internal governance and control, guidelines on reporting, authorisation instructions and information policy.

A further component of the control environment is risk assessment, that is, the identification and management of those risks which may affect financial reporting, as well as control activities aiming to prevent, identify and rectify errors and discrepancies.

Risk management

Risk management within Avanza, which includes risks related to financial reporting, is proactive by nature and carried out on a follow-up basis, with an emphasis on continuous assessments, controls and training schemes. Avanza applies the techniques and methods currently available in a cost-effective manner. Risk management is an integrated part of the business operations.

Control activities

Various control activities are integrated into the process for financial reporting. Control activities include both general and more detailed controls, intended to prevent, identify and rectify errors and discrepancies. Control activities are formulated and documented both company-wide and on a departmental level, based on a reasonable level related to the risk of errors and the effect of such errors. Every departmental manager within Avanza is primarily responsible for managing the risks connected to the operations and processes for financial reporting of their department.

Furthermore, a high level of IT security is a prerequisite for effective internal control of financial reporting. Rules and regulations have been established to ensure the accessibility, correctness, confidentiality and traceability of information in the business systems.

Information and communication

The purpose of the information and communication channels of the Company is to promote full coverage and correctness in financial reporting. Governing documents, such as internal policies, guidelines and instructions on financial reporting, have been made available and known to the appropriate employees through the Company's Intranet and are supplemented by descriptions of relevant routines and processes. Regular sharing of information, dialogue, training schemes and controls, ensure that the employees are made aware of, and understand, the internal regulations. These regulations, which include policies, guidelines and instructions, as well as complementing descriptions of routines and processes, constitute the most important tool for providing information and instructions in order to ensure a high standard of financial reporting. The entire Group applies the same system for financial reporting.

Follow-up

Avanza's Controller function draws up and reports financial and operative figures and analyses for departmental managers, the Group Management and the Board. Furthermore, the department for accounting and control actively follows up on the on-going operational expenses in relation to the budget and prognoses. This work is done in close cooperation with the Group Management and the managers within the organisation.

The control functions Risk Control, Compliance and Internal Auditing follow up on compliance with policies, guidelines and instructions.

At the end of 2006, Avanza established an internal management organisation for the purpose of following up, and assessing, the internal control and risk management focusing on the financial reporting, including the quality of financial reporting, the efficiency of the control structure and compliance with governing documents such as internal rules. The internal management organisation, which held four meetings at which minutes were kept in 2014, consists of representatives from Finance, Back Office, Trade, Pension, IT, Risk Control and Compliance departments.

The Board receives financial reports on a monthly basis, and the Company's and Group's financial situation is addressed at each Board Meeting. Prior to each Board Meeting, the Board receives reports from each of the control functions Risk Control and Compliance. All of these reports are based on an evaluation of the Group's activities and they cover the entire organisation.

The Board also reviews the financial quarterly reports and annual accounts, as well as the observations and conclusions of the external auditors and the internal auditors.

The information and communication channels of the Group are followed up on an on-going basis in order to ensure they are appropriate for financial reporting.

Assessment and positions regarding Internal Audits

Avanza has a function for Internal Audit which is appointed by and directly under the supervision of the Boards of Directors. The work of the internal audit is based on an audit plan decided by the Board. The plan is based on risk analysis and the audit comprises to examine and determine whether systems, internal control mechanisms and routines are appropriate and effective, issue recommendations, check that these recommendations are followed and reporting at least once a year in writing to the Board of Directors and the CEO.

The independent review is performed by external consultants for the purpose of ensuring the quality and independence of the evaluation and review. The Chairman of the Board is responsible for the procurement of the internal audit and has meetings with the internal auditors about issues to focus on.

Board of Directors and Auditors



Sven Hagströmer

Chairman of the Board

Born 1943
Elected 1997
Education Studied at Stockholm University

Previous positions 1981 Founded Sven Hagströmer Fondkommission
Chairman of the Board of Avanza since 1999

Other assignments Chairman of the Board of Creades AB, Member of the Board of Doberman AB and Doberman Group AB

Holdings on 31 December 2014 (incl. family and companies) Shares: 5,824,659 (whereof Creades 2,924,859)



Birgitta Klasén

Born 1949
Elected 2014
Education Master of Science in Engineering KTH in Stockholm, BSc in Economics at the University of Stockholm and Master of Education Stockholm Institute of Education

Previous positions 2006-2008 Member of the Board of Telelogic AB, 2005-2008 Member of the Board of OMX AB, 2004-2005 CIO at EADS, 2000-2005 Member of the Board of Föreningsparbanken, 1996-2001 CIO at Pharmacia & Upjohn, 1995-1996 CIO at Telia, 1976-2004 various posts at IBM including Deputy CEO at an outsourcing company wholly owned by IBM, Responsor AB

Other assignments Senior IT Advisor
Member of the Board of Assa Abloy AB, Acando AB and IFS AB

Holdings on 31 December 2014 (incl. family and companies) Shares: 6,000



Lisa Lindström

Born 1973
Elected 2011
Education Business & Management, Hyper Island School of New Media

Previous positions 2001-2001 Head of Production, Yeah!lab, London
2000-2001 Head of Accounts, Oven Digital, New York

Other assignments CEO and Member of the Board of Doberman AB
Chairman of the Board of Stiftelsen Svensk Industridesign (SVID) and Utbildningsradion

Holdings on 31 December 2014 (incl. family and companies) -



Mattias Miksche

Born 1968
Elected 2008
Education MBA, Stockholm School of Economics

Previous positions 2003-2005 Founder and CEO of Boxman AB, later Lovefilm Nordic
2003-2005 Member of the Board of E*TRADE Sverige
2002-2003 CEO E*TRADE BANK AG (Germany)
2000-2002 CEO E*TRADE Sverige
1998-2000 Product Manager E*TRADE Nordic

Other assignments CEO and Member of the Board of Stardoll AB
Member of the Board of Dustin Group AB and Sportamore AB

Holdings on 31 December 2014 (incl. family and companies) Shares: 600



Andreas Rosenlew

Born 1962
Elected 2005
Education MSc in Economics & Business Administration, The Swedish School of Economics & Business Administration, Helsinki

Previous positions 2004-2006 Global Brand Director, Electrolux AB
1993-2003 Chairman of the Board, Lowe Brindfors AB – Senior Partner, Lowe & Partners Worldwide
1990-1993 CEO, Dreamland Entertainment Inc
1988-1990 CEO, a/h/p Brindfors Oy
1986-1988 Marketing Manager, Nokia Oy

Other assignments CEO and Chairman of the Board of Group Partners AB
Member of the Board of Polarica Holding, och Kioskod Ltd

Holdings on 31 December 2014 (incl. family and companies) Shares: 3,600



Martin Tivés

Born 1970
Elected 2012
Education MBA, Stockholm School of Economics

Previous positions 2008-2011 Sweden Head of Consumer Market at Microsoft
2004-2008 Marketing Director and then CEO of Glocalnet
2003-2004 Marketing Director at Snowflake

Other assignments CEO Avanza, Member of the Board of Ledarstudion

Holdings on 31 December 2014 (incl. family and companies) Shares: 5,000
Warrants: corresponding to 104,720 shares



Hans Toll

Born 1970
Elected 2014
Education MBA, Stockholm School of Economics

Previous positions 2010-2013 Deputy CEO and Head of Banking & Investments, Avanza
2002-2010 Portfolio manager RAM One, Rational Asset Management AB
1999-2002 Analyst, Investor Trading AB
1995-1999 Stock analyst, Investor AB

Holdings on 31 December 2014 (incl. family and companies) Shares: 4,000 (via direct pension)
Warrants: corresponding to 34,950 shares



Jacqueline Winberg

Born 1959
Elected 2003
Education MBA, Stockholm School of Economics

Previous positions 1996-2005 Partner, Ray & Berndtson, Sweden
1995-1996 Consultant, Michaël Berglund Executive Recruitment
1985-1990 Handelsbanken
1984-1985 PK-banken

Other assignments Managing Partner and Member of the Board of Stanton Chase International AB

Holdings on 31 December 2014 (incl. family and companies) Shares: 1,700



AUDITORS

Öhrlings Pricewaterhouse Coopers AB

Auditor in charge: Catarina Ericsson
Born 1966
Authorised Public Accountant

Group Management



Martin Tivéus

Born 1970
 Position CEO
 Employed 2011
 Education MBA, Stockholm School of Economics

Previous positions 2008-2011 Sweden Head of Consumer Market at Microsoft
 2004-2008 Marketing Director and then CEO of Glocalnet
 2003-2004 Marketing Director at Snowflake

Holdings on 31 December 2014 (incl. family)
 Shares 5,000
 Warrants (corresponding number of shares) 104,720



Gustav Berggren

Born 1980
 Position Head of the Private Bank
 Employed 2007
 Education LL.M. European Law, Ghent University Law, Stockholm University
 Political Science, Stockholm University
 Business Administration and leadership, Suffolk University

2006-2007 Management Trainee Blendow Consulting

Shares -
 Warrants (corresponding number of shares) 26,000



Maria Christofi Johansson

Born 1970
 Position Head of Customer Service
 Employed 2000
 Education LL.M., Stockholm University

Shares 8,600
 Warrants (corresponding number of shares) 51,370



Birgitta Hagenfeldt

Born 1961
 Position CFO
 Employed 2008
 Education MBA, Örebro University

2002-2008 Management Head of Administration at RAM One, Rational Asset Management AB
 1980-2002 Authorised Public Accountant and Chief Financial Audit at KPMG

Shares 39,430
 Warrants (corresponding number of shares) 106,120



Henrik Källén

Born 1968
 Position COO, Deputy CEO
 Employed 2000
 Education LL.M., Stockholm University

Previous positions 1997-2000 Stockbroker Orkla Securites
 1995-1997 Team manager stock trading Stadshypotek Bank

Holdings on 31 December 2014 (incl. family)
 Shares 17,000
 Warrants (corresponding number of shares) 83,930



Annika Saramies

Born 1975
 Position CEO Försäkringsaktiebolaget Avanza Pension
 Employed 2007
 Education Studied at University of Western Sidney and Örebro University

2005-2007 Corporate Sales SEB TryggLiv
 2001-2004 Pension insurance broker Max Matthiessen
 2000-2001 Pension insurance broker Jahaya AB
 1998-2000 Insurance advisor Capena Fond och Försäkring

Shares 99
 Warrants (corresponding number of shares) 3,690



Peter Strömberg

Born 1972
 Position CIO
 Employed 2014

M.Sc., Business Administration & Information Technology, Gotland University College/Stockholm University
 2010-2014 IT Director IT-Service Management RSA Scandinavia
 1998-2010 Deputy President OMX Technology/Nasdaq OMX

Shares -
 Warrants (corresponding number of shares) 10,590



Peter Westling

Born 1971
 Position Director of Marketing
 Employed 2012
 Education MBA, Stockholm University

2002-2011 CEO, Partner and Communication Strategist at Garbergs advertising firm

Shares -
 Warrants (corresponding number of shares) 27,710

Stockholm, 16 February 2015

Sven Hagströmer
Chairman of the Board

Birgitta Klasén
Member of the Board

Lisa Lindström
Member of the Board

Mattias Miksche
Member of the Board

Andreas Rosenlew
Member of the Board

Martin Tivéus
CEO

Hans Toll
Member of the Board

Jacqueline Winberg
Member of the Board

Auditor's statement on the Corporate Governance Report

To the Annual General Meeting of Avanza Bank Holding AB (publ), Corporate Identity Number 556274-8458

The Board of Directors is responsible for the Corporate Governance Report for the year 2014 on pages 46–53 and for ensuring that the Corporate Governance Report is prepared in accordance with the Annual Accounts Act.

We have reviewed the Corporate Governance Report, and we believe that this review, in conjunction with our knowledge of the company and the Group, provides a reasonable basis for our opinion. This implies that our statutory review of the Corporate Governance Report has a different focus and is substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

We are of the opinion that a Corporate Governance Report has been prepared, and the statutory information contained therein is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm, 16 February 2015

Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson
Authorised Public Accountant

Administration report

The Board of Directors and the CEO of Avanza Bank Holding AB (publ), Corporate Identity Number 556274-8458, hereby present the annual report for 2014. A Corporate Governance Report is provided separately from the administration report on pages 46–53. Avanza's annual report has been prepared in the form of an electronic document and is available at avanza.se/ir.

Group structure

Avanza Bank Holding AB (publ) is the Parent Company of the Avanza Group. The operational activities are conducted by the wholly-owned subsidiaries Avanza Bank AB, Försäkringsaktiebolaget Avanza Pension ("Avanza Pension") and Avanza Fonder AB, the operations of which are supervised by the Swedish Financial Supervisory Authority, as well as Placera Media Stockholm AB, a media company that publishes topical news and impartial advice in the online magazine Placera and the weekly financial magazine Börsveckan. The subsidiary Avanza Förvaltning AB is responsible for the holding all of the warrants which are to be sold to the personnel under the terms of the established warrant program.

Description of the operations

Avanza offers efficient online savings and investment solutions in

direct savings as well as pension-based savings on the Swedish market. Customers are offered simple and cost-effective ways of saving without fixed account charges, yearly fees or depositing fees in shares, funds, equity-linked bonds, derivatives, currency positions on savings accounts and pension products, such as endowment insurance and pension insurance, occupational pensions and IPS.

In addition to a wide range of savings products and pension solutions, Avanza offers trading on various exchanges and decision-making support, such as share prices and news items in real time, share analyses, portfolio reports, tax return support and software. Avanza primarily targets private investors in Sweden, but also offers services for professional day traders and corporate customers, such as entrepreneurs, banks and asset managers.

Market and sales

The total value of the Swedish savings market is SEK 6,000 billion, of which 48 per cent is comprised of direct savings and the remaining 52 per cent is comprised of pension-based savings*. Of the total savings market in Sweden, Avanza had 2.3 (2.1) per cent and Avanza's share of the total net inflow to the Swedish savings market amounted to 8.9 (5.8) per cent, which was significantly higher than the goal of taking at least 7 per cent of the total net inflow.*

	2014	2013	change %
Activity			
Net inflow, SEK m			
Equity & investment fund accounts,	13,170	7,510	75
of which, investment savings accounts	8,890	5,520	61
Savings accounts	1,820	460	296
of which, external deposit accounts	1,940	520	273
Pension- & insurance-based accounts	5,110	2,930	74
of which, endowment insurance	3,090	1,400	121
of which, occupational pensions	1,760	1,330	32
Net inflow	20,100	10,900	84
Standard	16,200	8,400	93
Private Banking	3,690	2,310	60
Pro	210	190	11
Net inflow	20,100	10,900	84
Net inflow/Savings capital, %	18	13	5
No. commission notes per customer & month	2.3	2.1	10
No. transactions per commission note	1.6	1.7	-6
Market shares			
No. transactions, %**	7.6	7.3	0.3
Turnover, %**	4.2	4.1	0.1

For definitions see page 100.

* Source: Sparbarometer 30 September 2014 and rolling 12-months October 2013 - September 2014

** Source: Nasdaq Stockholm and First North

Total turnover on Stockholm Stock Exchange in 2014 was 10 per cent higher than the previous year. 7.6 (7.3) per cent of the trades on the Nasdaq Stockholm including First North, were made via Avanza, making Avanza the largest Swedish operator measured in terms of trades. Measured in terms of turnover, Avanza was the fourth largest Swedish operator with a market share of 4.2 (4.1) per cent. During the year, the stock market

yield on the Stockholm Stock Exchange was good and the SIX Return Index increased by 16 per cent. During the year customers' trading activity increased and the number of commission notes per customer and month was 10 per cent higher than the previous year.

The Swedish Riksbank reduced the repo rate on two occasions during the year, by a combined total of 0.75 percentage points. On

	31 Dec 2014	31 Dec 2013	change %
Savings Capital, SEK m			
Equity & investment fund accounts,	80,200	61,680	30
of which, investment savings accounts	23,500	11,700	101
Savings accounts	7,400	5,520	34
of which, external deposit accounts	6,700	4,690	43
Pension- & insurance-based accounts	54,300	45,400	20
of which, endowment insurance	39,700	34,200	16
of which, occupational pensions	7,640	5,150	48
Savings capital	141,900	112,600	26
Standard	81,200	63,680	28
Private Banking	56,800	46,100	23
Pro	3,900	2,820	38
Savings capital	141,900	112,600	26
Equities, bonds, derivatives, etc.	84,350	70,390	20
Investment funds	40,300	27,900	44
Deposits	22,600	17,600	28
of which, external deposits	6,700	4,690	43
Lending	-5,350	-3,290	63
of which, mortgage loans	-2,010	-90	2,133
Savings capital	141,900	112,600	26
Deposits/Lending, %	422	535	-113
Net deposits/Savings capital, %	12	13	-1
Return, average account since Jan 1 st, %	8	17	-9
SIX Return Index since Jan 1 st, %	16	28	-12
Customers and Accounts, no.			
Standard	357,520	305,290	17
Private Banking	12,000	10,200	18
Pro	1,680	1,010	66
Customers	371,200	316,500	17
Equity & investment fund accounts,	350,000	277,600	26
of which, investment savings accounts	80,600	36,600	120
Savings accounts	90,900	76,900	18
of which, external deposit accounts	61,500	47,200	30
Pension- & insurance-based accounts	217,400	190,400	14
of which, endowment insurance	112,100	100,800	11
of which, occupational pensions	59,000	47,600	24
Accounts	658,300	544,900	21
No. accounts per customer	1.77	1.72	3

For definitions see page 100.

both occasions, Avanza decided to match the Riksbank cut and reduced the rate on its mortgage product, Superbolånet, to 0.99 per cent. In association with the first cut, the lending volume ceiling was increased by a further SEK 1 billion to SEK 2.5 billion in order to meet customer demand. At year-end, almost all of the lending volume had been approved and SEK 2.0 billion had been paid out.

Customer growth was strong throughout the year. The number of customers at the end of the period amounted to 371,200 which was an increase of 54,700 compared with the beginning of 2014. The number of accounts increased by 113,400 during the year. A large share related to Investment Savings Accounts (ISK), which more than doubled in number. The number of accounts per customer is a good measure of the savers' level of engagement with Avanza and is, thereby, also a good measure of the portion of the customers' total savings with Avanza. The number of accounts per customer increased during the year and now totals 1.77 (1.72).

The net inflow during the year amounted to SEK 20.1 billion, which was 84 per cent higher than 2013, and thus far the highest annual inflow ever. The major portion of the inflow continued to go into investment savings accounts but endowment insurance still remained an account type with large inflows. In relation to the previous year, the inflow to external deposit accounts, Sparkonto+, also rose by a wide margin.

Savings capital grew sharply in 2014, driven by the strong customer inflow and the net inflow, coupled with positive stock exchange developments. Customer savings capital at Avanza at the end of the period amounted to SEK 142 billion, which was an increase of 26 per cent compared with the beginning of the year. Savings capital in ISK doubled and there was also a sharp increase in savings capital invested in Sparkonto+ and Occupational pension accounts. The majority of the savings capital were invested in securities. The trend for customers to choose funds as a way of saving continued in 2014. At the end of the year, 28 per cent of Avanza customers' capital was invested in funds. During the year there was also an increase in lending, mainly due to the introduction of the Superbolånet (Super mortgage loan).

Business development and investments

At the end of March, Avanza launched the lowest prices on trading in US shares in Sweden. Following this reduction of brokerage fees, interest in US shares increased and the number of customers trading in US shares was 73 per cent higher in the second quarter of 2014 compared with the same period in the previous year.

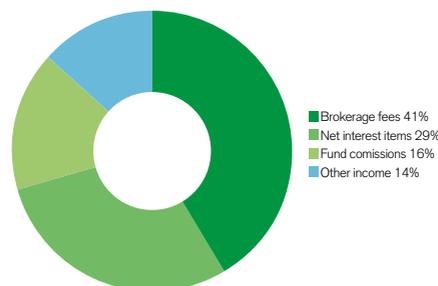
In June, Avanza as the first Swedish bank, launched currency trading for all customers. The product makes it possible to quickly and easily take currency positions in the most popular currencies.

In October, Avanza launched a new price list for trading on the Stockholm Exchange and became the first bank in Swe-

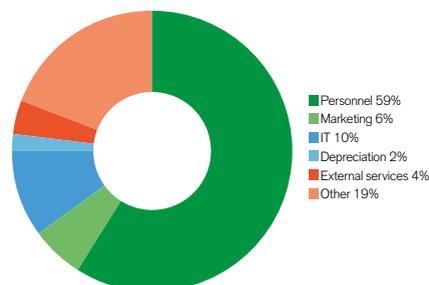
den to offer stock trading with the minimum charge starting at SEK 1. The aim was to consolidate the bank's position as the price leader and to offer more savers the opportunity to trade shares. The price change led to increased trading with more commission notes per customer and more customers than ever trading on the Stock Exchange. In addition, the inflow of new customers rose substantially. In December, Avanza was named "Price Cutter of the Year" by the publication *Privata Affärer* on account of its new tariffs.

During the first quarter, Avanza Pension doubled its sales organisation, serving the occupational pension market, by increasing its sales force in Stockholm and opening a new office in Gothenburg. This investment proved successful and Avanza has therefore resolved to continue this development by opening a sales office in Malmö in early 2015.

In 2014, development work in general focused on fine-tuning and the further development of Avanza's new website which was launched in 2013. A number of measures were taken to increase efficiency and stability, for example, more effective administration for client companies in occupational pensions. Over 800 improvements and minor functions were introduced, largely based on feedback from customers.



Breakdown of operating income 2014



Breakdown of operating expenses 2014

FIVE-YEAR OVERVIEW, SUMMARY OF THE GROUP'S PERFORMANCE

Income Statements, SEK m	2014	2013	2012	2011	2010
Net commission	492	391	333	432	473
Net interest income	204	205	235	258	157
Other income	0	1	-6	5	-9
Total income	696	597	562	695	621
Operating expenses before credit losses	-400	-370	-360	-348	-290
Profit before credit losses	296	227	202	347	331
Credit losses, net	0	-1	-1	-6	0
Operating profit	296	226	201	341	331
Taxes	-46	-33	-41	-50	-60
Net profit for the year	250	193	160	291	271
Balance Sheets, SEK m	31 Dec 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010
Treasury bills eligible for refinancing	-	165	-	-	300
Lending to credit institutions	4,535	9,078	7,989	8,672	6,334
Lending to the public	5,349	4,188	3,710	2,557	3,861
Bonds	6,070	-	-	-	-
Shares and participations	34	0	0	10	14
Assets in insurance operations	50,898	42,573	33,067	27,845	29,093
Other assets	410	631	440	497	641
Total assets	67,296	56,635	45,206	39,581	40,243
Deposits by the public	15,038	12,987	11,116	10,561	10,159
Liabilities in insurance operations	50,898	42,573	33,067	27,845	29,093
Other liabilities	545	281	195	300	178
Total liabilities	66,481	55,841	44,378	38,706	39,430
Shareholders' equity	815	794	828	875	813
Total liabilities and shareholders' equity	67,296	56,635	45,206	39,581	40,243
Key ratios	2014	2013	2012	2011	2010
Brokerage per commission note, SEK	68	71	75	78	82
Non-brokerage income/Operating expenses, %	105	95	96	112	101
Operating margin, %	43	38	36	49	53
Profit margin, %	36	32	28	42	44
Cost/income ratio, %	56	62	64	50	47
Earnings per share, SEK	8.64	6.67	5.58	10.28	9.77
Earnings per share after dilution, SEK	8.56	6.67	5.58	10.21	9.62
Return on equity, %	32	25	19	35	37
Income/Savings capital, %	0.54	0.61	0.70	0.88	0.87
Expenses/Savings capital, %	0.31	0.38	0.45	0.44	0.41
Earnings per employee, SEK k	1,046	840	747	1,332	1,471
Credit loss level, %	0.00	0.00	0.00	0.00	0.00
Web service operational availability, %	99.7	99.9	99.6	99.9	99.9
Key ratios	31 Dec 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010
Equity per share, SEK	28.22	27.49	28.68	30.97	29.07
Equity/assets ratio, %	1	1	2	2	2
Capital base/Capital requirement	1.72	1.82	2.21	2.06	1.84
Cash dividend per share, SEK (2014; proposal)	7.00	8.00	8.00	10.00	9.50
No. shares, thousand	28,874	28,874	28,874	28,263	27,957
Average no. shares, thousand	28,874	28,874	28,665	28,263	27,739
Average no. shares after dilution, thousand	29,139	28,874	28,665	28,473	28,177
Market capitalisation, SEK m	7,450	6,030	3,800	4,650	6,540
Share price, SEK	258.00	209.00	131.50	164.50	234.00
No. employees	291	264	262	260	244
Average no. employees	283	269	269	256	225

For definitions see page 100.

Results

Avanza's income mainly consists of brokerage commissions and net interest income. Operating income increased in 2014 by 17 (6) per cent compared with the previous year. Brokerage income increased as a result of a larger customer base and more transactions per customer which was partially offset by reduced brokerage fees per transaction. Fund commissions increased, mainly due to a growing interest in investing in funds and thereby increased fund capital. Other commission income increased considerably compared with 2013, primarily due to higher revenues from currency exchange and Corporate Finance services. Net interest income decreased slightly compared with the previous year due to a lower base lending rate and lower market interest rates which was, largely, offset by higher lending, mainly due to the introduction of the Superbolånet (Super mortgage loan). On average the base lending rate in 2014 was 0.53 percentage points lower than the previous year.

During the year, Avanza received a request from Skatteverket (the Swedish Tax Agency) regarding VAT for the period 2010–2012 and an investigation was initiated. Consequently, Avanza reported a provision of SEK 8 million during the third quarter. The impact on the profit after tax amounted to SEK 6 million. Expenses before credit losses and provisions for VAT increased by 6 (3) per cent during the year compared with the previous

year, mainly due to higher personnel costs. These increased by 12 per cent, partly as a result of the increased investment in occupational pensions and the subsequent larger sales organization, as well as enhanced capacity in IT development.

Operating profit before tax amounted to SEK 296 million (SEK 226m), an increase of 31 per cent. This corresponds to an operating margin of 43 (38) per cent. The result after tax increased by 30 (21) per cent to SEK 250 million (SEK 193m) which corresponds to earnings per share of SEK 8.64 (SEK 6.67). The profit for the year implies a return on shareholders' equity of 32 (25) per cent.

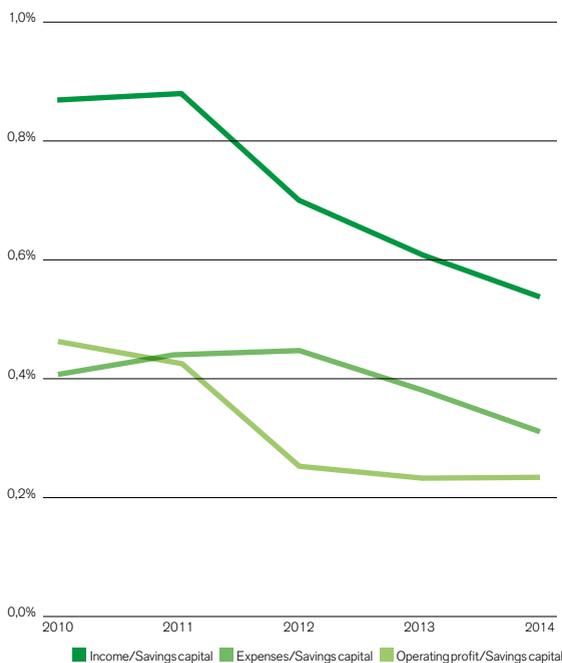
Outlook for the future

The growth prospects for the savings market in Sweden are assessed as good. In order to create long-term shareholder value, the work conducted by Avanza is concentrated on the areas which we are able to impact and which drive the Company's underlying growth, in combination with thorough monitoring of expenses – good scalability in the operations, a strong net inflow, positive customer growth and satisfied customers.

The conditions for future growth in profits in Avanza are impacted by, among other things, the growth of the savings market, which is expected to grow by 4–8 per cent per year. Increased demands for repayment and worries about falling housing prices, in combination with uncertainty regarding the stock market, may imply that more Swedes will choose to save by paying off their mortgage loans, which may have a negative impact on the growth of the Swedish savings market. Avanza's growth opportunities are not, however, limited to the growth of the Swedish savings market. This is because Avanza currently has a market share of only 2.3* per cent of the Swedish savings market, and is also due to the fact that capital transferred from other savings institutions to Avanza is not included in the net inflow to the Swedish savings market.

The pension and insurance market is almost twice the size of the market for direct savings in shares and funds. Meanwhile, today's right to transfer pension capital is limited. In case of an extended right to transfer pension funds, customers would have the ability to transfer all or part of their savings to Avanza. A Parliamentary decision in favour of an extended transfer right would, therefore, have a positive effect on Avanza's growth prospects.

The income to savings capital ratio has fallen by 9 per cent per year over the last five years due to falling short-term interest rates, price pressure, combined with the effects of the product mix of savings and fluctuations in trading activity on the stock market. On the premise that there is no change to the prime lending rate, it is deemed that income to savings capital ratio will, in the future, fall from the current level at a rate lower than the historical rate. It is assessed that fund savings will increase as pension capital increases. Thereby, continued mixed effects are expected in the savings capital, while price pressure due to competition is, on the other hand, believed to be limited. The



* Source: Sparbarometer 30 September 2014

work conducted by Avanza, concentrating on a thorough monitoring and operating efficiencies has resulted in an decrease of the cost to savings capital ratio. Given a continued growth in customers and savings capital, cost to savings capital ratio is expected to decrease further the next couple of years.

Financial position

Avanza is self-financed via equity and customer deposits. All of Avanza's assets have a high level of liquidity. The majority of the assets can, therefore, be transferred within a couple of days. The assets are deemed to be secure. Between 2001 and 2014 total credit losses amounted to SEK 9 million, which is the equivalent, on average, to less than 0.03 per cent per year.

Avanza does not conduct, and has not previously conducted, trading in securities on its own behalf. The statutory protection and guarantees (such as the state deposit guarantee) apply to customers in Avanza in the same manner as applying to other Swedish banks and insurance companies.

The Parent Company

The operating result for Avanza Bank Holding AB (publ) was SEK -6 million (SEK -6m). The Parent Company does not report any sales. Anticipated dividends from subsidiary companies totaling SEK 160 million (SEK 208m) have been reported. A dividend payment of SEK 231 million (SEK 231m) has been made to the shareholders.

Employees

In 2014, the Avanza Group had, on average, a total of 283 (269) employees of whom 37 per cent (34) were women and 63 (66) per cent men. The average age was 33 (34) years. The Parent Company had, on average, 1 (1) employee during the year. All employees have individual goals, based on Avanza's overall goals, which are followed up through regular development discussions. An employee survey is also conducted annually in order to identify Avanza's strengths and areas with potential for development.

Significant risks and uncertainly factors

Avanza has a conservative approach to risk and strives to keep risks low. In its operations, Avanza is mainly exposed to credit risk as well as towards operational risk. These risks are measured, controlled and, where necessary, acted upon, in order to protect the Company's capital and reputation. The manner in which Avanza identifies, follows up and manages these risks has a bearing on the soundness of the business and on the Company's long-term profitability. Additional information about the Group's risk exposure and risk management is provided on pages 36–39 and in Note 36 Financial Risks.

Group Management

At the end of 2014, the Avanza Group Management consisted of eight personnel.

Peter Strömberg assumed the role of CIO at Avanza on 1 September. He replaced Ronnie Bodinger and also became a member of Avanza's Group Management. Peter's most recent position was Head of IT Service Management at RSA Insurance Group. Prior to this, Peter worked for a total of 12 years at Nasdaq OMX, where his roles included, amongst others, Head of Development.

Annika Saramies, formerly Director of Sales at Avanza Pension, assumed the role of CEO at Avanza Pension on 1 September. She also became a member of Avanza's Group Management. Annika replaced Henrik Källén who took on the new role of Deputy CEO and COO of the Avanza Group.

Gustav Berggren, Head of the new "Private Bank" comprising Private Banking, PRO and Corporate Finance, also became a member of Avanza's Group Management.

In conjunction with these developments, David Craelius relinquished his role as Head of Banking and Investments. Accordingly, David is no longer a member of Avanza's Group Management, although he will continue in his role as a Board Member of Avanza Pension.

Guidelines for determining remuneration payable to senior executives

The guidelines for salaries and other remuneration payable to senior management has been decided at the Annual General Meeting and are presented in note 9 Employees and personnel costs. Details of Avanza's remuneration policy are available on avanza.se/ir.

The Board's proposal to the Annual General Meeting, to be held on 18 March 2015, will mainly be in line with remuneration principles in previous years. The Board's proposes to the Annual General Meeting 2015 that the Group Managements' salary consist of a base salary and a performance based remuneration. The variable remuneration will be based on a qualitative assessment of individual performance, in relation to established individual targets and the company's earnings. There will be an appropriate balance between the fixed salary and the variable remuneration, and it will be possible to set the variable remuneration at SEK 0. The variable remuneration for members of the Group Management will never exceed 100 per cent of the fixed salary for the same financial year.

Criteria, which govern the potential for variable remuneration, must not encourage anyone to take major risks or encourage anyone to act in a way that may cause conflicts of interest in relation to customers, colleagues, other companies in the Group or other activities within the company. Remuneration of people in Group Management will reflect the person's experience, competence and performance.

Questions concerning the CEO's conditions of employment, remuneration and benefits are prepared by the Remuneration Committee and decided by the Board of Directors. Remuneration of other people, who are part of the Group Management, are

decided by the Board of Directors based on a proposal from the Compensation Committee, following consultation with the CEO.

The Board of Directors

The Articles of Association state that the Board shall comprise a minimum of five, and a maximum of eight, members. In 2014, the Board of Directors initially comprised six members elected by the Annual General Meeting and no deputy members. At the Annual General Meeting in 2014 two additional members were elected and previously elected members were re-elected. Since then, the Board has consisted of eight members elected at the Annual General Meeting and no deputies. The Chairman of the Board is Sven Hagströmer.

There are no rules in the Articles of Associations regarding the appointment or the discharge of members of the Board. More information about the corporate governance of Avanza is available in the Corporate Governance Report on pages 46–53.

The Avanza share

Avanza Bank Holding AB (publ) is listed on Nasdaq Stockholm Mid Cap. There are a total of 28,873,747 shares in Avanza. Each share entitles to one vote and there are no limitations as to the number of votes a shareholder may exercise at an Annual General Meeting. There is no rule in Avanza's Articles of Association limiting the right to disposal of shares.

Avanza has two owners who each directly or indirectly represents at least one tenth of the voting rights for all shares in the Company on 31 December 2014, Creades AB and Biovestor AB representing 10.1 per cent and 10.0 per cent respectively of the share capital and votes.

Outstanding warrant programmes include 1,470,000 shares corresponding to a maximum dilution effect of approximately five per cent. For further information about the Avanza shares, refer to pages 41–43.

Repurchase of the Company's own shares

The Annual General Meeting, held on 29 April 2014, resolved to authorise the Board of Directors to repurchase the Company's own shares at a maximum amount equivalent to 10 per cent of the shares in Avanza Bank Holding AB (publ). One condition of the authorisation of the Board to implement the acquisition of its own

shares is that both the company's capital adequacy ratio and its liquidity, even after the acquisition of its own shares, will be adequate in relation to the requirements of the field in which the Group operates. The authorisation is valid until the following Annual General Meeting. No shares were repurchased during the year and no shares in the Company were held on 31 December 2014.

Capital surplus

The capital surplus, i.e. the maximum scope available for dividend payments and buybacks of the company's own shares, totalled SEK 447 million (SEK 474 m) as of 31 December 2014.

The new Basel III and Solvency II regulations entail increased capital requirements in the years ahead for both the bank and the insurance company. An almost doubled growth rate during 2014, combined with continued favourable growth conditions for 2015, increases capital needs still further.

Dividend

Avanza Bank Holding AB (publ) shall pay a dividend to its shareholders comprising that portion of the Company's profits which is not deemed necessary to meet the requirements which the nature of the operations, their scope and risks place on the amount of the shareholders' equity, and the Company's consolidation requirements, liquidity and position in general, or to develop the operations. Dividends can be combined with other measures, such as redemption or repurchase of the company's own shares. In the long-term, the dividend can comprise a minimum of 70 per cent of profits.

The Board of Directors of Avanza Bank Holding AB (publ) proposes that the Annual General Meeting agree to a cash dividend of SEK 7.00 (8.00) per share for 2014. This is equivalent to a dividend of a total SEK 202 million (SEK 231 m) and a dividend ratio of 81 (120) per cent.

20 March 2015 is proposed as the record day for the dividend entitlement. The last day for trade in Avanza shares, with the right to a dividend, is thus 18 March 2015. If the Annual General Meeting agrees to the Board of Directors' proposal, the cash dividend is expected to be paid via Euroclear Sweden AB on 25 March 2015. The Board of Directors' statement on the allocation of profits proposal is given on page 96.

CAPITAL SURPLUS, SEK m	31 Dec 2014	31 Dec 2013
Shareholders' equity, the Group	815	794
Intangible fixed assets and deferred tax receivables	-28	-24
Capital requirement with reference to Pillar I	-340	-296
Total capital surplus before dividend	447	474
Capital surplus per share, SEK	15,49	18,08

Intangible fixed assets and deferred tax receivables are not included in the capital base under the capital adequacy rules and are thus not distributable and should be reduced from the equity. See Note 35 Capital base and capital requirements.

Consolidated income statements*

SEK m	Note	2014	2013
Operating income	3		
Commission income	4	577	465
Commission expenses	5	-85	-74
Interest income	6	247	253
Interest expenses	6	-43	-48
Net result of financial transactions	7	0	1
Other operating income		0	0
Total operating income		696	597
Operating expenses			
General administration costs	8-11	-336	-318
Depreciation and write-downs of tangible and intangible fixed assets	22-23	-7	-10
Other operating expenses	12	-57	-42
Total operating expenses		-400	-370
Operating profit before credit losses		296	227
Credit losses, net	13	0	-1
Operating profit		296	226
Tax on the profit for the year	15	-46	-33
Net profit for the year**		250	193
Earnings per share, SEK	16	8.64	6.67
Earnings per share after dilution, SEK	16	8.56	6.67

* Corresponds to total comprehensive income in that no other total comprehensive income exists.

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

Consolidated balance sheets

SEK m	Not	31 Dec 2014	31 Dec 2013
ASSETS	32,33		
Treasury bills eligible for refinancing	17	–	165
Lending to credit institutions	26	4,535	9,078
Lending to the public	18	5,349	4,188
Bonds	19	6,070	–
Shares and participations	20	34	0
Assets in insurance operations	21	50,898	42,573
Intangible assets	22	26	23
Tangible fixed assets	23	12	11
Other assets	24	207	509
Prepaid costs and accrued income	25	165	88
TOTAL ASSETS		67,296	56,635
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities	32,33		
Deposits by the public		15,038	12,987
Liabilities in insurance operations	21	50,898	42,573
Other liabilities	27	454	186
Accrued costs and prepaid income	28	91	78
Provisions	29	–	17
Total liabilities		66,481	55,841
Shareholders' equity	30		
Share capital		72	72
Other capital contributed		270	329
Profit carried forward incl. profit for the year		473	393
Total shareholders' equity		815	794
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		67,296	56,635

Pledged assets and contingent liabilities are reported in Note 34 Pledged assets and contingent liabilities.

Changes in the Group's shareholders' equity

SEK m	Share capital	Other capital contributed	Retained profit/loss	Total
Shareholders' equity, 31 Dec 2012	72	295	461	828
Total comprehensive income for the period	–	–	193	193
<i>Transactions with owners</i>				
Dividend paid	–	–	–231	–231
Warrants issue	–	4	–	4
Adjustment of tax allocation reserve	–	30	–30	–
Shareholders' equity, 31 Dec 2013	72	329	393	794
Total comprehensive income for the period	–	–	250	250
<i>Transactions with owners</i>				
Dividend paid	–	–	–231	–231
Warrants issue	–	2	–	2
Adjustment of tax allocation reserve	–	–61	61	–
Shareholders' equity, 31 Dec 2014	72	270	473	815

There are no minority shareholdings included in the shareholders' equity.

Consolidated cash flow statements

SEK m	Note	2014	2013
Operating activities			
Profit before tax		296	226
<i>whereof interest payments received</i>		247	142
<i>whereof interest expenses paid</i>		-43	-48
<i>Adjustment for items not included in cash flow</i>			
Depreciation/write-downs of financial non-current assets		-	0
Depreciation/write-downs of tangible and intangible fixed assets	22-23	7	10
Income tax paid		134	-32
Cash flow from operating activities before changes in operating activities' assets and liabilities		437	204
Changes in operating activities' assets and liabilities			
Increase (-)/decrease (+) in lending to credit institutions	34	-135	-53
Increase (-)/decrease (+) in lending to the public		-1,161	-496
Increase (-)/decrease (+) in securities		-34	0
Increase (-)/decrease (+) in other assets		160	-199
Increase (+)/decrease (-) in deposits by the public		2,051	1,889
Increase (+)/decrease (-) in other liabilities		149	86
Cash flow from operating activities' assets and liabilities		1,030	1,227
Cash flow from operating activities		1,467	1,431
Investment activities			
Acquisition of intangible fixed assets	22	-3	-
Acquisition of tangible fixed assets	23	-8	-4
Sales of tangible fixed assets		-	0
Investment in bonds		-6,070	-
Cash flow from investment activities		-6,081	-4
Financing activities			
Cash dividend		-231	-231
Change in treasury bills eligible for refinancing		165	-165
Warrants issue		2	4
Cash flow from financing activities		-64	-392
Cash flow for the year		-4,678	1,035
Liquid assets at beginning of year		8,461	7,426
Liquid assets at end of year		3,783	8,461
Change		-4,678	1,035

COMPOSITION OF LIQUID ASSETS

SEK m	31 Dec 2014	31 Dec 2013
Lending to credit institutions (excluding pledged assets)	3,783	8,461
Total	3,783	8,461

See Note 2 Accounting principles for the basis for preparing cash flow statements.

Parent Company income statements* and balance sheets

SEK m	Note	2014	2013
Operating expenses			
Administration costs		-4	-3
Other operating income		-	0
Other operating expenses	10	-2	-3
Operating profit/loss		-6	-6
Profit/loss on financial investments			
Profit/loss on participations in Group companies	14	169	213
Interest income and similar items		0	1
Profit/loss before tax		163	208
Tax on the profit/loss for the year	15	-1	0
Net profit/loss for the year		162	208

* Corresponds to total comprehensive income in that no other total comprehensive income exists.

SEK m	Note	31 Dec 2014	31 Dec 2013
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>			
Share and participations in Group companies	31	408	408
Total fixed assets		408	408
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		166	233
Current tax receivable		0	0
Prepaid costs and accrued income		0	1
Total current receivables		166	234
Cash and bank balances		0	0
Total current assets		166	234
TOTAL ASSETS		574	642
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	30		
<i>Restricted equity</i>			
Share capital		72	72
Total restricted equity		72	72
<i>Non-restricted equity</i>			
Share premium reserve		255	255
Profit brought forward		81	104
Net profit/loss for the year		162	208
Total non-restricted equity		498	567
Total shareholder's equity		570	639
Current liabilities			
Tax liability		1	-
Liabilities to Group companies		1	2
Other liabilities		0	0
Accrued costs and prepaid income		2	1
Total current liabilities		4	3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		574	642
Pledged assets and contingent liabilities			
Pledged assets		None	None
Contingent liabilities		None	None

Changes in the Parent Company's shareholders' equity

SEK m	Share capital	Share premium reserve	Profit brought forward	Total
Shareholders' equity, 31 Dec 2012	72	255	335	662
Total comprehensive income for the period	-	-	208	208
<i>Transactions with owners</i>				
Dividend paid	-	-	-231	-231
Shareholders' equity, 31 Dec 2013	72	255	312	639
Total comprehensive income for the period	-	-	162	162
<i>Transactions with owners</i>				
Dividend paid	-	-	-231	-231
Shareholders' equity, 31 Dec 2014	72	255	243	570

Parent Company cash flow statements

SEK m	2014	2013
Operating activities		
Profit before tax	163	208
<i>whereof interest payments received</i>	0	1
<i>whereof interest expenses paid</i>	0	0
<i>Adjustment for items not included in cash flow</i>		
Depreciations/write-downs	-	-
Anticipated dividend	-160	-208
Income tax paid	0	0
Cash flow from operating activities before changes in operating activities' assets and liabilities	3	1
Changes in operating activities' assets and liabilities		
Increase (-) / decrease (+) in other assets	228	229
Increase (-) / decrease (+) in other liabilities	0	1
Cash flow from operating activities' assets and liabilities	228	230
Cash flow from operating activities	231	231
Investment activities		
Acquisition of shares and participations	-	-
Cash flow from investment activities	-	-
Financing activities		
Cash dividend	-231	-231
Cash flow from financing activities	-231	-231
Cash flow for the year	0	0
Liquid assets at beginning of year	0	0
Liquid assets at end of year	0	0
Change	0	0

See Note 2 Accounting principles for the basis for preparing cash flow statements.

NOTE 1 CORPORATE INFORMATION

The Parent Company, Avanza Bank Holding AB (publ), is a Swedish-registered limited company whose registered office is in Stockholm. The Parent Company's shares are listed on the Mid Cap list of Nasdaq Stockholm. The address of the head office is Regeringsgatan 103, Box 1399, SE-111 93 Stockholm, Sweden. The Consolidated Accounts for 2014 comprise the Parent Company and its subsidiary companies, referred to collectively as "the Group". The Group's operations are described in the Administration Report.

The Consolidated Accounts and the Annual Report for Avanza Bank Holding AB (publ) for the 2014 financial year were approved for publication on 16th February 2015 by the Board of Directors and the CEO. The Consolidated Accounts and the Annual Report is adopted by the Annual General Meeting on 18th March 2015.

NOTE 2 ACCOUNTING PRINCIPLES**(a) Compliance with standards and legislative requirements**

The Consolidated Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretative comments issued by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Commission for application within the EU. The Swedish Financial Reporting Board Recommendation RFR 1, Complementary accounting regulations for corporate groups, has also been applied, together with the directives and general guidelines issued by the Swedish Financial Supervisory Authority regarding the annual accounts of credit institutions and securities companies (FFFS 2008:25).

(b) Preconditions with regard to the preparation of financial reports of the Parent Company and Group

The Parent Company's functional currency is Swedish kronor, which also constitutes the reporting currency for both the Parent Company and the Group. The financial reports are accordingly presented in Swedish kronor. All amounts, unless otherwise indicated, are rounded to the nearest million.

Assets and liabilities are reported at historic acquisition values, with the exception of certain financial assets and liabilities, which are valued at their fair value. Financial assets and liabilities that are valued at their fair value are assets and liabilities within the insurance business and shares and participations.

The accounting principles described below for the Group have been applied consistently to all periods presented in the Group's financial reports, unless otherwise indicated below.

The Parent Company applies the same accounting principles as the Group other than in the cases specified below under section (u), Parent Company accounting principles.

(c) New IFRS and interpretations

Only those IFRS and interpretations that are currently considered relevant to Avanza's consolidated financial statements are reported below.

New IFRS and interpretations introduced in 2014

No new or amended IFRS, IFRIC interpretations or changes as a result of IASB's annual improvement project, which entered into force on 1 January 2014, are assessed as having had any significant impact on the Group.

IFRS and interpretations to be applied in 2015 or later

The new standards, amendments to standards and statements of interpretation entering into force during the financial year 2015, or later, have not been early adopted in the preparation of these financial statements. Only those changes which are assessed as having a possible future impact on the Group are described.

IFRS 9 Financial instruments: Handling classification, assessment and reporting of financial assets and debts. The complete version of IFRS 9 was released in July 2014. This replaces the sections of IAS 39 that concern the classification and evaluation of financial instruments. IFRS 9 contains a mixed assessment approach but simplifies this approach in certain respects. There will be three assessment categories for financial assets, accrued acquisition value, fair value over other total return and fair value over the income statement. How an instrument will be classified depends on the company's business model and the characteristics of the instrument. Investments in own capital instruments must be reported at fair value over the income statement, however there is also the possibility to report the instrument at the first time of reporting at fair value over other total return. No reclassification for the income statement will then occur when divesting the instrument.

IFRS 9 also introduces a new model for calculating the credit loss reserve, which arises from expected credit losses. In the case of financial debts, no classification and assessment is changed, apart from where a debt is reported at fair value over the income statement, based on the fair value alternative. Value changes, attributable to changes in own credit risk, must then be reported in the overall total return. The standard must be applied for the financial year starting 1 January 2018. Previous application is permitted. The Group has not yet assessed the effects of introduction of the standard.

IFRS 15 Revenue from contracts with customers: Regulates how reporting of income will occur. The principles on which IFRS 15 is based will provide users of financial reports with

more useful information on the company's earnings. The extended information obligation means that information on type of income, time of regulation, uncertainties connected with income reporting, as well as cash flow attributable to the company's customer contract, must be supplied. In accordance with IFRS 15, income must be reported when the customer obtains control over the sold goods or service and has the potential to use or obtain benefit from the goods or service. IFRS 15 replaces IAS 18 Incomes and IAS 11 Construction Contracts as well as the related SIC and IFRIC. IFRS 15 enters into force on 1 January 2017. Early application is permitted. The Group has not yet assessed the effects of introduction of the standard.

The IFRIC 21 Levies interpretation clarifies when a debt for duties, imposed by a governmental or equivalent body on a company in accordance with laws/regulations, must be reported. The interpretation states that a debt must be reported when the company has an obligation to pay the duty as a consequence of an event that has occurred. The interpretation entered into force on 1 January 2014 according to IASB, however for the financial year that started after 17 June 2014 according to the EU. The Group has chosen not to introduce interpretation at an early date, but rather to apply it for the financial year that starts 1 January 2015. The amendment is not expected to have any impact on Avanza's financial statements.

d) Segment reporting

A segment is a part of the Group that can be identified in accounting terms and which engages in commercial operations, which receives income and incurs costs for which independent financial information exists, and whose operating profit is monitored by the management.

Avanza's internal monitoring is conducted on the basis of the result for the Group as a whole and expenditure per cost unit. This business is connected with the customers' accounts and Avanza governs based on total customer volume rather than financial information for different product categories. The operating profit is only followed up at a group level. Avanza as a whole, therefore, constitutes a total segment in accordance with the criteria in IFRS 8.

All operations are conducted in Sweden and both income from external customers and fixed assets are attributable to Sweden. See Note 3 Operating income.

(e) Classification

Fixed assets and long-term liabilities in the Parent Company and the Group comprise, in every significant respect, amounts that expects to recover or to be paid more than twelve months after the closing day. Current assets and current liabilities in the Parent Company and the Group comprise, in every significant

respect, amounts that expects to recover or to be paid within twelve months from the closing day.

(f) Consolidation principles

Subsidiary companies are all companies over which the Group has a controlling interest. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company

Subsidiaries are included in the consolidated accounts as from the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated accounts as from the date on which the controlling influence ends.

The acquisition method of accounting is used for reporting the Group's operational acquisitions. The purchase sum for the acquisition of a subsidiary company consists of the fair value of transferred assets, liabilities that the Group assumes to the previous owners of the acquired company and shares issued by the Group. The purchase sum also includes the fair value of all assets and liabilities resulting from any agreement on a conditional purchase sum. Identifiable acquired assets and assumed liabilities in an operational acquisition are initially valued at fair value on the acquisition date. For each acquisition – i.e. acquisition for acquisition – the Group determines whether holdings without controlling influence in the acquired company shall be reported at fair value or as the proportional share of the holding in the reported value of the identifiable net assets of the acquired company. Acquisition-related costs shall be expensed as incurred.

Goodwill is initially valued as the amount with which the total purchase sum and fair value of the holding without controlling influence exceed fair value of identifiable acquired assets and assumed liabilities. If the purchase sum is less than the fair value of the net assets of the acquired company the difference is reported directly in the Income Statement.

Restrictions on the transfer of funds to the Parent Company

The following subsidiary companies – Avanza Bank AB, Försäkringsaktiebolaget Avanza Pension and Avanza Fonder AB – are, in accordance with external regulations and legislative requirements, obliged to maintain a certain amount of shareholders' equity within the company, and restrictions thereby exist on the transfer of funds to the Parent Company, Avanza Bank Holding AB (publ).

Transactions eliminated on consolidation

Intra-group receivables, liabilities and transactions, including income or expenses and unrealised gains or losses arising from Intra-group transactions, are eliminated in their entirety. The accounting principles for subsidiaries have been amended as

appropriate in order to guarantee the consistent application of the Group's principles.

(g) Foreign currencies

Transactions in foreign currencies are converted to Swedish kronor at the exchange rate applicable on the transaction date. Monetary assets and liabilities in foreign currencies are converted to Swedish kronor at the closing day exchange rate. Exchange rate differences arising in conjunction with the conversions are reported in the Income Statement.

(h) Income

Commission income

Commission income primarily comprises brokerage, fund commissions and other commissions. Brokerage is reported as income on the transaction date. Investment fund commission is received from external fund managers and comprises the entry commission reported in conjunction with fund unit purchases and commission based on fund volume, which is recognised as income on a monthly basis, based on actual volume. Other commissions chiefly concern commission arising from the intermediation of securities in conjunction with new share issues and the sale of structured products, as well as guaranteed new share issues, is reported as income upon completion of the transaction in question and currency exchanges relating to customers' trade in securities and funds.

Interest income

Interest income from lending to credit institutions and to the public is reported as income as it is earned, which implies that interest income is allocated to the period to which it refers in accordance with the effective interest method. The effective interest method is a method for calculating the accrued acquisition cost for a financial asset and for allocating interest income to appropriate periods.

Net result of financial transactions

The profit/loss from financial transactions comprises realised and unrealised profits/loss from the sales and holdings of securities, participations and currencies. The profit/loss on assets and liabilities in the insurance operations are also reported here.

(i) Financial instruments

Financial instruments are defined in accordance with IAS 32 as agreements that give rise to a financial asset in a company and a financial liability or equity instrument in another company. A financial asset is an equity instrument in another company or assets that entail a contractual entitlement to immediate receipt of cash or other financial asset. A financial liability is a contractual obligation to pay cash or other financial asset to another company.

A financial asset or financial liability is reported in the Balance Sheet on the transaction date, i.e. when the company becomes party to the instrument's contractual terms. The financial assets and liabilities are eliminated from the Balance Sheet when the rights to cash flows from the financial asset are realised, expire or the company loses control over them in some other way or when the obligation contained in the agreement is fulfilled or otherwise expires. The same applies to any part of a financial asset or financial liability.

Financial instruments are initially reported at the instrument's fair value, which corresponds to the acquisition cost plus direct transaction costs. Those instruments that fall within the category of Financial instruments valued at fair value via the Income Statement are, however, valued excluding transaction costs. Subsequent reporting is determined by the categories within which the instruments have been classified. See Note 33 Financial instruments.

Financial assets valued at fair value via the Income Statement

Assets valued at fair value through the income statement consist of shares and participations, as well as interest-bearing securities held as part of insurance operations.

Interest-bearing securities held as part of insurance operations are assets used as liability coverage for the Group's insurance contracts. Agreements in which significant insurance risks are transferred from the policyholder to the underwriter are referred to as insurance agreements and shall be reported in accordance with IFRS 4. Agreements which have the legal form of an insurance agreement but which do not expose the underwriter to any significant insurance risk are referred to as investment agreements and shall be reported in accordance with IAS 39.

Instruments are valued at fair value and have been identified as financial instruments at fair value via the Income Statement, with deduction for transaction costs. This is done to avoid differing valuations of insurance-related assets and liabilities ("accounting mismatch"). The policyholders are authorised to administer the assets themselves, while at the same time being responsible for all risks concerning changes in value as a consequence of this administration, which is why insurance-related assets and debts are of equal size at all times. The majority of the securities in this category comprise listed securities and the fair value is determined by using the official bid rate on the closing date. The fair value of securities without an active market is determined, initially, by obtaining pricing information from operators who quote daily prices, mainly the net asset values quoted by the fund companies, where the issuer values every individual security, and secondarily, by assessing the most recently completed market transaction between two mutually independent parties.

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

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

- Level 1 – Quoted prices (unadjusted) on active markets for identical assets or liabilities. The majority of the shares pertaining to the insurance operations are included in this category.
- Level 2 – Input data other than the quoted prices included in Level 1, but which are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Funds (not exchange traded) are included in this category. Liabilities in the insurance operations are included in this category as the value of the entire balance sheet item is indirectly related to the value of the assets in the insurance operations.
- Level 3 – Input data from the asset or liability in question that is not based on observable market data (non-observable input data).

The level of the hierarchy for fair values to which a financial instrument is classified shall be determined on the basis of the lowest level of input data of significance to the valuation at fair value in its entirety. See Note 33 Financial instruments.

Investments that are held to maturity

Financial assets that are held to maturity are initially reported in the balance sheet at acquisition value. Following first reporting, instruments in this category are assessed at accrued acquisition value. Financial instruments in this category constitute treasury bills eligible for refinancing and covered bonds which are held as a part of administration of the Group's excess liquidity.

Loan receivables and accounts receivable

This category primarily includes lending to credit institutions, lending to the public, securities trading receivables and accounts receivable.

Loan receivables and accounts receivable are valued at the accrued acquisition value, less confirmed credit losses and probable write-downs. Lending to credit institutions constitutes bank balances. The majority of other assets comprise trading receivables.

Avanza has no corporate financing or consumer credits normally associated with banking operations. Concerning loans to the public, so called account credits have collateral in the form

of securities or cash while mortgage loans have collateral in the form of housing.

Financial liabilities valued at fair value via the Income Statement

Insurance operations liabilities are reported in this category because corresponding assets are valued at fair value via the Income Statement. The liabilities have been identified as financial liabilities valued at fair value via the Income Statement with deductions for transaction costs when the asset was first reported. The valuation is based on the fair value of the underlying assets; see Financial assets valued at fair value via the Income Statement. All insurance agreements within the Avanza Group have conditional dividends in which the policyholder bears the risk of changes in value and these agreements are consequently reported as financial agreements in accordance with IAS 39.

Other financial liabilities

Financial liabilities in this category are primarily reported under the Deposits by the public, Accounts payable, and Other liabilities. Other financial liabilities are, as with loan receivables and accounts receivable, valued at the accrued acquisition value.

(j) Tangible fixed assets

Tangible fixed assets are reported as assets in the Balance Sheet if it is likely that future economic benefits will accrue to the company and the acquisition value of the asset can be reliably calculated.

Tangible fixed assets are reported in the Group at their acquisition value after deductions for accumulated depreciation and any write-downs. The acquisition value includes the purchase price and costs directly attributable to the asset. The accounting principles for depreciation and amortisation are shown below under (l) Depreciation and amortisation and the principles for write-downs under (m) Write-downs.

Tangible fixed assets are eliminated from the Balance Sheet in conjunction with retirement or disposal. Profits and losses are reported as Other operating income/expenses.

(k) Intangible fixed assets

Intangible assets are reported as assets in the balance sheet if it is probable that future financial benefits will accrue in the company and if the acquisition value for the asset can be calculated in a reliable way.

An intangible asset is assessed at acquisition value the first time it is recorded in the balance sheet. After first reporting, an intangible asset is recorded in the balance sheet at acquisition value, following deduction of any accumulated depreciations and accumulated write-downs. Depreciation is linear over the

asset's period of utilisation down to an estimated residual value and depreciation first starts when the asset can be taken into use.

The residual value and period of utilisation of intangible assets are reassessed, regardless of whether a reduction in value is indicated, as a minimum at the end of each financial year, at which time an adjustment of the depreciation time and/or write-down is performed as required. The accounting principles for write-downs are shown below under (m) Write-downs. Intangible assets, which have still not been taken into use, are also annually assessed even if there is no indication of the need for a write-down.

Goodwill

Goodwill represents the difference between the acquisition value of the operational acquisition and the fair value of assets acquired, liabilities assumed, and any contingent liabilities. Goodwill is valued at the acquisition value less any accumulated write-downs.

Development expenditure

Costs recorded in the balance sheet for development work comprise externally purchased services and activated personnel costs. Costs recorded in the balance sheet concern the development of a trading system and other applications that will generate economic advantages for the Group in the long-term, by either increasing incomes or providing cost savings. Costs are reported in the same way as assets when they arise. Activated development costs are entered in the balance sheet at the acquisition value with a deduction for depreciation and write-downs. Depreciation of activated development costs occurs once the asset is ready and over the assessed period of utilisation.

Development expenditures are recognised as an asset in the balance sheet when a number of criteria are met:

- the product or process is technically and commercially viable
- the Company has sufficient resources to complete the development
- the Company has the ability to use or sell the intangible asset
- the acquisition cost can be calculated in a reliable manner

Avanza has spending on market activities for which expenditures is not capitalizable but expensed immediately. In other cases, development expenditure is expensed as incurred.

Customer relations

Customer relations are reported at estimated fair value at the time at which the Group assumed risks and benefits regarding subsidiaries affected. Customer relations have a limited period of use, and are reported at acquisition value less accumulated depreciation and any write-downs.

(l) Depreciation and amortisation

Depreciation and amortisation is reported on a straight-line basis in the Income Statement over the course of the assets' estimated useful lives. The estimate useful life periods are:

• computers and other technical installations	3 years
• equipment	5 years
• patents and trademarks	5 years
• development expenditure	5 years
• customer relations	5 years

An assessment of an asset's residual value and useful life is undertaken annually. Intangible assets subject to amortisation are amortised from the date they become available for use.

(m) Write-downs

The reported values for the Group's assets are assessed on every closing day to determine whether there is any indication of a write-down requirement. If any such indication exists, the asset's recoverable value is calculated. A write-down is reported when the reported value of an asset exceeds the recoverable value. A write-down is charged to the Income Statement.

The recoverable value of goodwill and other intangible assets with indeterminable useful life periods, and intangible assets not yet ready for use, is calculated annually.

Financial receivables no longer covered by collateral are written down to the present value of their expected cash flows. The majority of Avanza's customers are private individuals and the risk of credit losses is related to the collateral of each individual customer. Provisions regarding probable credit losses are reported if the collateral does not cover the amount lent, that is, the principal loan amount plus interest.

Calculation of the recoverable value

The recoverable amount is the greater of the asset's fair value, less selling expenses, and its value in use. When calculating the value in use, future cash flows are discounted using a discount factor that takes into account risk-free interest rates and the risk associated with the specific asset. The recoverable value for the cash-generating unit to which the asset belongs is calculated for any asset that does not generate cash flows that are significantly independent of other assets.

Reversal of write-downs

Write-downs are reversed if a subsequent increase in the recoverable value can objectively be attributed to an event that occurred after the write-down had occurred.

Write-downs on goodwill are not reversed.

(n) Leasing

Operational leasing implies that the financial risks and benefits associated with the ownership of an object remain with the lessor. Payments made during the leasing period are expensed on a straight-line basis in the income statement over the term of the lease. All of Avanza's lease agreements comprise operational lease agreements.

(o) Dividend paid

Dividends are reported as liabilities once the Annual General Meeting has approved the Board's dividend proposal.

(p) Remuneration to employees

Occupational pensions are obtained through defined contribution pension plans, in a manner corresponding to the ITP 1-plan. Pension costs refer primarily to health insurance contributions. Undertakings in respect of payments to defined-contribution plans are reported as a cost in the Income Statement as they arise.

(q) Provisions

A provision is reported in the Balance Sheet when the Group has an existing legal or informal undertaking as a result of an event that has occurred, and it is probable that an outflow of economic resources will be required to regulate the undertaking and a reliable estimate of the amount can be made.

(r) Taxes

Income taxes comprise current tax and deferred tax. Income taxes are reported in the Income Statement except when the underlying transaction is reported under other comprehensive income or is reported directly to shareholders' equity, at which point the associated fiscal effect is reported in the corresponding manner.

Current tax is the tax payable or which is received in respect of the current year, applying the rates of taxation approved, or approved in practice, as of the closing day. This also includes adjustments of current tax attributable to previous periods.

Deferred tax is calculated using the Balance Sheet method on the basis of temporary differences between the reported and fiscal values of assets and liabilities. The following temporary differences are not taken into account: temporary differences that arose in conjunction with the first reporting of goodwill, the first reporting of assets and liabilities that do not constitute operational acquisitions and which, at the time of the transaction, did not affect either the reported or the fiscal profit/loss. The valuation of deferred tax is based on the way in which the reported values of assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying the rates of taxation and taxation rules approved, or approved in practice, as of the closing day. Deferred tax receivables in respect of deductible temporary differences and deficit deductions are

only reported to the extent that it is likely that it will be possible to utilize them.

(s) Contingent liabilities

A contingent liability is reported when there is a possible undertaking that arises from events that have occurred and whose existence is only confirmed by one or more uncertain future events, or when there is an undertaking that is not reported as a liability or provision because it is not likely that an outflow of resources will be required or the size of the undertaking cannot be calculated with sufficient reliability.

(t) Cash flow statement

The cash flow statements for the Group and the Parent Company are prepared using the indirect method and show the payments received and made by the operating activities, the investment activities and the financial activities during the financial year.

Cash flows attributable to the operating activities derive primarily from the Group's revenue-generating operations. The net of the operating activities' payments received and made are calculated by adjusting the operating profit/loss for the year for items that do not affect the cash flow, for changes in operating assets and operating liabilities during the period, and for other items for which the effect on the cash flow can be attributed to the investment or financial activities. The most important types of incoming and outgoing payments attributable to the investing and financing activities, respectively, are registered separately in the cash flow statement. Amounts are reported gross.

Liquid assets

Liquid assets mainly comprise cash and balances held with banks and equivalent institutions that can be reinvested with one day's or a maximum of one month's notice. Treasury bills eligible for refinancing with a term of less than three months are included. From 2014 balances held with banks and equivalent institutions relating to assets pledged as collateral are excluded from liquid assets.

(u) The Parent Company's accounting principles

The Parent Company has prepared its Annual Report in accordance with the provisions of the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2, Accounting for legal entities, of the Swedish Financial Reporting Board. Under RFR 2 the Parent Company, in its annual accounts for the legal entity, shall apply all IFRS regulations and statements approved by the EU, as far as possible, within the framework of the Swedish Annual Accounts Act and with regard to the connection between accounting and taxation. The differences between the accounting principles of the Group and the Parent Company are shown below.

The accounting principles for the Parent Company described below have been applied consistently to all periods presented in the Parent Company's financial reports.

Participations in Group companies

Participations in Group companies are reported in the Parent Company in accordance with the acquisition value method of accounting. Dividends received are reported as income when the right to receive payment is adjudged to be certain.

Group contributions

A Group contribution from Parent Company to subsidiary company is reported as a cost in the Income Statement. The tax effect is reported in the Income Statement in accordance with IAS 12.

Group contributions from subsidiary companies are reported in accordance with the same principles as customary dividends from

subsidiaries. This means that Group contributions are reported as financial income. Tax on Group contributions is reported in accordance with IAS 12 in the Income Statement.

Notes that have no direct reference to Income Statements or Balance Sheets:

Note 1	Corporate information
Note 2	Accounting principles
Note 35	Capital base and capital requirements
Note 36	Financial risks
Note 37	Related parties
Note 38	Important estimates and assessments
Note 39	Events after the closing day

NOTE 3 OPERATING INCOME

The operating income breaks down into the following product areas and service groups:

SEK m – The Group	2014	2013
Direct savings products	429	352
Indirect savings products	169	134
Other income	98	111
Total	696	597

Direct and indirect savings products include brokerage fees, fund commissions, interest income from lending to the public and interest expenses for deposits from the public. Direct savings products refers to shares, investment fund and savings accounts as well as investment savings accounts. Indirect savings products refers to pension and insurance accounts. Other income refers, primarily, to interest income from lending to credit institutions.

There is no single customer who generates income that exceeds 10 per cent of the Group's income. Avanza offers a diversified portfolio of savings services in strongly competitively markets and the Group's reliance on individual customers is, therefore, limited.

NOTE 4 COMMISSION INCOME

SEK m – The Group	2014	2013
Brokerage	332	290
Fund commissions	114	82
Other commissions	131	93
Total	577	465

NOTE 5 COMMISSION EXPENSES

SEK m – The Group	2014	2013
Transaction costs *	-46	-45
Payment services commissions	-15	-11
Other commissions	-24	-18
Total	-85	-74

* Costs directly related to brokerage income.

NOTE 6 NET INTEREST INCOME

SEK m – The Group	2014	2013
<i>Interest income</i>		
Interest income from lending to credit institutions	48	92
Interest income from lending to the public	172	141
Interest income from interest-bearing securities	2	–
Other interest income	25	20
Total interest income	247	253
<i>Interest expenses</i>		
Interest expenses for liabilities to credit institutions	0	0
Interest expenses for deposits from the public	–43	–48
Other interest expenses	0	0
Total interest expenses	–43	–48
Net interest income	204	205

The average lending rate to account customers during the year was 3.90 (4.60) per cent.
The average deposits rate from accounts with surplus liquidity during the year was 0.30 (0.40) per cent.

NOTE 7 NET RESULT OF FINANCIAL TRANSACTIONS

SEK m – The Group	2014	2013
Realised profit/loss in respect of shares, etc.	0	1
Exchange rate fluctuations	0	0
Change in value of insurance operations assets *	4,388	6,141
Change in value of insurance operations liabilities *	–4,388	–6,141
Total	0	1

* Have been identified, in conjunction with reporting, as financial instruments valued at fair value via the Income Statement.

NOTE 8 GENERAL ADMINISTRATION COSTS

SEK m – The Group	2014	2013
Personnel costs	–236	–211
Consultancy services purchased	–16	–24
Market information costs	–23	–23
Other general administration costs	–61	–60
Total	–336	–318

NOTE 9 EMPLOYEES AND PERSONNEL COSTS

SEK m – The Group	2014	2013
<i>Personnel costs</i>		
Salaries and other remuneration	–158	–152
Pension costs	–15	–7
Social insurance charges	–51	–44
Other staff overhead	–12	–8
Total personnel costs	–236	–211

The Group has no employees outside Sweden. At the end of the year there was a total of 291 (264) Group employees. Normal employment terms comprise salary and benefits. Occupational pensions are obtained through defined contribution pension plans, and were obtained for employees from 1st October 2010 and for employees before 1st October 2010 via optional individual salary exchange. Pension costs refer primarily to service pension premiums

for employees with employment contracts entered into as from 01-10-2010 and health insurance contributions. For employment contracts entered into before 01-10-2010 the concept of total compensation is applied which means the total of monthly salary and monthly allocation to service pension where allocation to service pension is made through optional individual salary exchange.

Salaries, other remuneration and social insurance charges	2014		2013	
	Salaries and other remuneration	Social insurance charges (of which pension costs)	Salaries and other remuneration	Social insurance charges (of which pension costs)
SEK m				
<i>The Group</i>	158	66	152	51
		(15)		(7)
of which the Board of Directors and senior executives	18	10	19	6
		(5)		(0)
<i>Parent Company</i>	4	1	3	1
		(0)		(0)
of which the Board and CEO	3	1	2	1
		(-)		(-)
Average no. employees	No. employees	Of whom, men	No. employees	Of whom, men
Parent Company	1	1	1	1
Subsidiaries	282	178	268	176
Total	283	179	269	177

SEK k – The Group	2014			
	Basic salary/ Directors' fees	Variable remuneration	Pension cost	Total
Chairman of the Board	229	-	-	229
Members of the Board	1,455	-	-	1,455
CEO	2,775	2,534	1,705	7,014
Other senior executives	8,134	3,092	2,938	14,164
Total	12,594	5,626	4,642	22,862

SEK k – The Group	2013			
	Basic salary/ Directors' fees	Variable remuneration	Pension cost	Total
Chairman of the Board	186	-	-	186
Members of the Board	804	-	-	804
CEO	2,226	2,522	25	4,773
Other senior executives	9,523	3,942	284	13,749
Total	12,739	6,464	309	19,512

SEK k – Parent Company	2014		2013	
	Directors' fees	Other remuneration	Directors' fees	Other remuneration
Members of the Board				
Sven Hagströmer	229	-	186	-
Anders Ellsén	-	-	68	-
Birgitta Klasén	167	-	-	-
Lisa Lindström	228	-	184	-
Mattias Miksche	228	-	184	-
Andreas Rosenlew	228	-	184	-
Martin Tivéus	-	-	-	-
Hans Toll	167	-	-	-
Jaqueline Winberg	228	-	184	-
Total	1,475	-	990	-

The Board has 8 (7) members, 5 (5) of whom are men.

Information regarding senior executives

The term, senior executive, refers to the CEO and 7 (6) other persons who hold senior positions. Together, they make up the Group Management. There were 8 (7) senior executives in the Group during the year, 5 (5) of whom were men.

Remuneration to senior executives during the financial year

Fees have been paid to the Chairman of the Board and Board Members in accordance with the resolutions of the 2014 Annual General Meeting. The Chairman of the Board has not received any remuneration in addition to Director's fees.

Remuneration to the CEO and other senior executives comprises the basic salary and variable remuneration. Variable remuneration has been paid for performances over and above those normally expected. Deferred variable remuneration that has not fallen due for payment amounts to SEK 7.6 million. The amount has, however, been reported as an expense for the financial year the remuneration refers to. The variable remuneration paid to senior executives in 2014 totalled SEK 5.5 million (SEK 6.5m) of which SEK 2.6 million (SEK 2.5m) was paid to the CEO.

Remuneration to the CEO for the 2014 financial year has been prepared by the Board's Remuneration Committee and decided by the Board of Directors. Variable remuneration to other senior executives has been decided by the Board of Directors after recommendations by the CEO and the Board's Remuneration Committee. The term, senior executives, refers to the seven persons who, together with the CEO, comprise the Group Management at the end of the financial year. For the composition of the Group Management at the end of the financial year, see page 55. Members of the Group Management have acquired warrants on market terms in accordance with the warrant programme approved by the Extraordinary General Meeting held on 13th June 2014. Subsidiary programmes were acquired at market price in May 2012, May 2013 and August 2014 respectively. The market value has been calculated in accordance with the Black & Scholes valuation model. For terms and exercise prices, see Note 30 Equity. The total remuneration paid to members of the Group Management shall be on market terms. Details of the company's remuneration policy are provided on the avanza.se/ir website.

FINANCIAL INSTRUMENTS, WARRANTS

Subsidiary programme 2012–2015 SEK k	Warrants			Market value	
	Number	Value*	Acquisition	Benefit	31 Dec 2014
CEO	69,910	459	459	–	3,275
Other senior executives	98,980	715	715	–	4,638
Total	168,890	1,174	1,174	–	7,913

Subsidiary programme 2013–2016 SEK k	Warrants			Market value	
	Number	Value*	Acquisition	Benefit	31 Dec 2014
CEO	28,860	240	240	–	2,090
Other senior executives	140,170	1,208	1,208	–	10,153
Total	169,030	1,448	1,448	–	12,243

Subsidiary programme 2014–2017 SEK k	Warrants			Market value	
	Number	Value*	Acquisition	Benefit	31 Dec 2014
CEO	5,950	90	90	–	99
Other senior executives	70,260	1,061	1,061	–	1,173
Total	76,210	1,151	1,151	–	1,272

* Market value on acquisition date

The CEO has a 6-month period of notice if the contract of employment is terminated by the CEO himself, and 12 months if the contract of employment is terminated by the company. The period of notice for other senior executives if they themselves terminate their contracts of employment is 6 months, and 6 months if the contracts of employment

are terminated by the company. There are no severance pay agreements for the CEO or senior executives. The retirement age for the CEO and other senior executives is 65. Avanza has no pension commitments for senior executives.

NOTE 10 AUDITORS' FEES AND REIMBURSEMENT OF EXPENSES

SEK k – The Group	2014	2013
Öhrlings PricewaterhouseCoopers		
Audit engagements	–1,772	–1,549
Audit business over and above audit engagements	–210	–178
Tax consultancy	–36	–204
Other services	–30	–16
Total	–2,048	–1,947

SEK k – Parent Company	2014	2013
Öhrlings PricewaterhouseCoopers		
Audit engagements	-380	-345
Audit business over and above audit engagements	-130	-178
Tax consultancy	-	-32
Other services	-30	-16
Total	-540	-571

The term, audit engagement, refers to the auditing of the Annual Report and the bookkeeping and of the administration by the Board of Directors and the CEO, to other duties incumbent upon the company's

auditors, and to the provision of advice or other assistance occasioned by observations in conjunction with such audits or the performance of other such duties.

NOTE 11 LEASING CHARGES FOR OPERATIONAL LEASING

SEK m – The Group	2014	2013
<i>Assets held via operational leasing agreements (refers to leasing of premises)</i>		
Minimum leasing charges	-15	-14
Total leasing costs	-15	-14
<i>Agreed future minimum leasing charges in respect of uncancellable contracts and which fall due for payment:</i>		
Within one year	-16	-15
Between one and five years	-24	-37
Later than five years	-	-
Total	-40	-52

NOTE 12 OTHER OPERATING EXPENSES

SEK m – The Group	2014	2013
Marketing costs	-25	-22
Other operating expenses	-32	-20
Total	-57	-42

NOTE 13 CREDIT LOSSES, NET

SEK m – The Group	2014	2013
Year's write-down of confirmed credit losses	0	0
Year's write-down of anticipated credit losses	0	-1
Total	0	-1

NOTE 14 PROFIT/LOSS ON GROUP PARTICIPATIONS

SEK m – The Group	2014	2013
Dividend received (anticipated)	160	208
Group contribution received	10	8
Group contribution paid	-1	-3
Total	169	213

NOTE 15 TAX ON PROFIT/LOSS FOR THE YEAR

SEK m	The Group		Parent Company	
	2014	2013	2014	2013
<i>Current tax expense (-)/tax income (+)</i>				
Tax expense (-)/tax income (+) for the period	-29	-41	-1	0
Total current tax	-29	-41	-1	0
<i>Deferred tax expense (-)/tax income (+)</i>				
Deferred tax in respect of temporary differences	0	0	-	-
Deferred tax regarding untaxed reserves	-17	8	0	-
Total deferred tax	-17	8	0	-
Total reported tax expense	-46	-33	-1	0
<i>Reconciliation of effective tax</i>				
Profit/loss before tax	296	226	163	208
Tax at current rate of taxation	22.0 %	22.0 %	22.0 %	22.0 %
Non-deductible costs	0.3 %	0.6 %	0.0 %	0.0 %
Non-taxable income	-0.2 %	-0.2 %	-22.0 %	-22.0 %
Other tax base in insurance operations	-7.0 %	-7.6 %	-	-
Other	0.1 %	0.1 %	-	-
Effect of changed tax rate	0.0 %	0.0 %	-	-
Effective tax	15.3 %	14.8 %	0.0 %	0.0 %

DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSS CARRY FORWARDS

SEK m – The Group	31 Dec 2014	31 Dec 2013
Deferred tax receivable	1	1
Deferred tax liability	0	0
Net	1	1

The temporary differences refer to depreciation of computers which are, for accounting purposes, depreciated over three years, and for tax purposes, over five years. There are no loss carry forwards in the Group.

NOTE 16 EARNINGS PER SHARE

SEK – The Group	2014	2013
Earnings per share before dilution	8.64	6.67
Earnings per share after dilution	8.56	6.67

Earnings per share before dilution

The calculation of earnings per share has been based on the profit/loss for the year after tax, which totalled SEK 250 million (SEK 193m) relative to a weighted average number of shares outstanding before dilution in 2014, amounting to 28,873,747 (28,873,747) shares.

Earnings per share after dilution

The calculation of earnings per share after dilution has been based on the profit/loss for the year, after tax, which totalled SEK 250 million (SEK 193m)

relative to a weighted average number of shares outstanding after dilution in 2014 amounting to 29,169,684 (28,873,747) shares.

Avanza has three outstanding warrant programmes: 2012–2015 the exercise price of which is SEK 190.12 per share, 2013–2016 the exercise price of which is SEK 170.06 per share and 2014–2017 the exercise price of which is SEK 316.76 per share. For more information, see Note 30 Equity. The market price, as of 31 December 2014 was SEK 258.00.

Number of shares	2014	2013
Average no. shares before dilution	28,873,747	28,873,747
Average no. shares after dilution	29,139,284	28,873,747
Outstanding no. shares before dilution	28,873,747	28,873,747
Outstanding no. shares after dilution	29,169,684	29,009,306
No. shares on full dilution	30,343,747	30,343,747

NOTE 17 TREASURY BILLS ELIGIBLE FOR REFINANCING

SEK m – The Group	31 Dec 2014	31 Dec 2013
Eligible government securities	–	165
Other eligible securities	–	–
Total	–	165

NOTE 18 LENDING TO THE PUBLIC

SEK m – The Group	31 Dec 2014	31 Dec 2013
Account credit with collateral in the form of:		
– securities	3,345	3,192
– cash and cash equivalents	–	902
Mortgage loans with collateral in the form of:		
– houses	1,194	61
– tenant-owned apartments	810	33
Total	5,349	4,188

Lending to the public is reported after deduction of confirmed and anticipated credit losses. As per year-end 31 December 2014, anticipated credit losses amounted to SEK 8 million (SEK 8m), see the table below.

As per 31 December 2014, a total of SEK – million (SEK 902 m) of lending to the public was fully covered by pledged cash and cash equivalents on endowment insurance. This portion of lending does not have an effect on net interest income, due to the fact that the interest rate for depositing funds is equal to

that of lending. The remaining portion of lending to the public is secured with collateral in the form of securities and housing. In total, SEK 2,439 million (SEK 531 m) in housing loans had been granted as at 31 December 2014, of which SEK 2,004 million (SEK 94m) has been paid out, implying that the commitment for granted, undisbursed housing loans amounts to SEK 435 million (SEK 437m). See also Note 36 Financial risks, the section on Credit risks.

PROVISION FOR BAD DEBTS

SEK m – The Group	31 Dec 2014	31 Dec 2013
Provisions at beginning of year	8	7
Provision for anticipated losses	0	1
Provisions at end of year	8	8

NOTE 19 BONDS

SEK m – The Group	31 Dec 2014	31 Dec 2013
Issued by the state and municipalities	130	–
Issued by credit institutions	5,940	–
Total	6,070	–
SEK m – The Group	31 Dec 2014	31 Dec 2013
Bonds, quoted	6,070	–
Bonds, unquoted	–	–
Total	6,070	–

All bonds can be pledged to the Swedish Central Bank and are traded OTC in which indicative prices are published on Bloomberg.

NOTE 20 SHARES AND PARTICIPATIONS

SEK m – The Group	31 Dec 2014	31 Dec 2013
Shares and participations, quoted	34	0
Shares and participations, unquoted	0	0
Total	34	0

NOTE 21 ASSETS AND LIABILITIES IN INSURANCE OPERATIONS

SEK m – The Group	31 Dec 2014	31 Dec 2013
<i>Financial assets in insurance operations</i>		
Shares and participations	44,957	36,671
Interest-bearing securities	1,173	972
Liquid assets	4,768	4,930
Total	50,898	42,573
<i>Financial liabilities in insurance operations</i>		
Conditional bonus	50,898	42,573
Net	-	-

All assets in insurance operations refer to assets for which the policyholders carry direct investment risk. All liabilities in insurance operations refer to conditional bonuses for which the policyholders bear the direct risk. This means that the policyholders receive yields but also cover the risk entailed by the insurance operations assets and liabilities. The Group has no entitlement to the cash flow attributable to invested funds.

Both the assets and liabilities are valued in accordance with the financial assets and liabilities category valued at fair value via the Income Statement. The net effect on profit/loss of unrealised changes in value, realised changes in value, interest and dividends received and premiums paid and changes in value of the liability is zero.

NOTE 22 INTANGIBLE ASSETS

SEK m – The Group	31 Dec 2014	31 Dec 2013
Goodwill		
<i>Acquisition values</i>		
At beginning of year	26	26
At end of year	26	26
<i>Write-downs</i>		
At beginning of year	-3	-3
At end of year	-3	-3
Reported value at end of year	23	23
Other intangible assets		
<i>Acquisition values</i>		
At beginning of year	27	27
Year's investments	3	0
At end of year	30	27
<i>Depreciation</i>		
At beginning of year	-27	-27
Year's depreciation	-	0
At end of year	-27	-27
Reported value at end of year	3	0
Total intangible fixed assets	26	23

The goodwill in the Group derives from the acquisitions in 2001 of parts of the operations now conducted within the Group and totalling SEK 23 million. No write-down requirement has been identified in this year's impairment testing. The banking operations' profit/loss exceeds the goodwill value by a good margin on a per year basis.

Other intangible assets comprise software licences and customer relations deriving from the acquisition of Placera Media Stockholm AB, which are fully depreciated, and capitalized development costs of a new trading system for which SEK 3 million has been capitalized during 2014.

NOTE 23 TANGIBLE FIXED ASSETS

SEK m – The Group	31 Dec 2014	31 Dec 2013
<i>Acquisition values</i>		
At beginning of year	68	64
Year's investments	8	4
Year's disposals	-	0
At end of year	76	68

SEK m – The Group	31 Dec 2014	31 Dec 2013
<i>Write-downs</i>		
At beginning of year	-57	-47
Year's depreciation	-7	-10
Year's depreciation	-	0
At end of year	-64	-57
Reported value at end of year	12	11

NOTE 24 OTHER ASSETS

SEK m – The Group	31 Dec 2014	31 Dec 2013
Securities trading receivables	143	396
Current tax assets	0	66
Deferred tax assets	1	1
Other	63	46
Total	207	509

NOTE 25 PREPAID COSTS AND ACCRUED INCOME

SEK m – The Group	31 Dec 2014	31 Dec 2013
Prepaid costs	18	21
Accrued income	147	67
Total	165	88

NOTE 26 LENDING TO CREDIT INSTITUTIONS

The Group

Client fund receivables, attributable to banking business, amount to SEK 895 million (SEK 813m) which are reported net against client fund payables of SEK 895 million (SEK 813m).

NOTE 27 OTHER LIABILITIES

SEK m – The Group	31 Dec 2014	31 Dec 2013
Tax deduction	1	1
Securities trading liabilities	271	109
Accounts payable	6	18
Current tax liabilities	114	0
Other	62	58
Total	454	186

NOTE 28 ACCRUED COSTS AND PREPAID INCOME

SEK m – The Group	31 Dec 2014	31 Dec 2013
Personnel-related liabilities	53	52
Other	38	26
Total	91	78

NOTE 29 PROVISIONS

SEK m – The Group	31 Dec 2014	31 Dec 2013
Deferred tax on untaxed reserves	-	17
Deferred tax on losses carried forward	-	0
Total	-	17

NOTE 30 EQUITY**The Group**

As of 31st December 2014, the registered share capital comprised 28,873,747 (28,873,747) ordinary shares with a quotient value of SEK 2.50 per share. During 2014, Avanza did not repurchase any of its own shares. Retained profit, including net profit/loss for the year, includes profits earned in the Parent Company and its subsidiaries.

Warrants

The warrant programme comprises 1,470,000 shares, representing a dilution of approximately five per cent. The warrant programme is divided into three sub-programmes and the total warrant programme runs from May 2012 to September 2017. Outstanding warrants 2012–2015 grant entitlement to subscribe for a total of 490,000 shares at an exercise price of SEK 190.12 per share. The programme expires on 29th May 2015. The warrants may be exercised from 4th May 2015 to 29th May 2015. The programme expires on 30th May 2014. The warrants may be exercised from 2nd May 2014 to 30th May 2014. Outstanding warrants 2013–2016 grant entitlement to subscribe to a total of 490,000 shares at an exercise price of SEK 170.06 per share. The programme expires on 27th May 2016. The warrants may be exercised from 2nd May 2016 to 27th May 2016. Outstanding warrants 2014–2017 grant entitlement to subscribe to a total of 490,000 shares at an exercise price of SEK 316.76 per

share. The expiration date is 1st September 2017. The warrants may be exercised from 25th August 2017 to 1st September 2017. The warrant programme 2011–2014 had an exercise period from 2nd May 2014 to 30th May 2014. The exercise price was SEK 265.16 per share. No shares were subscribed to under this subsidiary programme.

All warrants are issued on market terms, with the Black & Scholes model being applied to determine the value. In applying the Black & Scholes model, the following parameters have been applied:

- Risk-free interest – defined as the interest on a government bond with the same maturity as the warrant
- Exercise price – according to the resolution of the Annual General Meeting, this has been determined as 120 per cent of the weighted average of the share price over a period determined by the General Meeting
- Volatility – based on the historical volatility of the Avanza Bank Holding AB (publ) share on the stock exchange under normal conditions
- Dividend – consideration has been given to the estimated dividend that will be paid during the term of the option
- Liquidity discount – a discount for illiquidity has been applied due to the fact that the options are not traded on an active market

No. outstanding shares – Parent Company**2014**

At beginning of year	28,873,747
At end of year	28,873,747

NOTE 31 SHARES AND PARTICIPATIONS IN GROUP COMPANIES**SEK m – Parent Company****31 Dec 2014****31 Dec 2013***Acquisition value*

At beginning of year	414	414
At end of year	414	414

Accumulated write-downs

At beginning of year	-7	-7
At end of year	-7	-7

Reported value at end of year**408****408**

Subsidiary	Corporate ID no.	Registered office	No. shares	% of shares	Book value, SEK m
Avanza Bank AB	556573-5668	Stockholm	550,000	100	366
Avanza Fonder AB	556664-3531	Stockholm	31,000	100	3
Försäkringsaktiebolaget Avanza Pension	516401-6775	Stockholm	350,000	100	39
Placera Media Stockholm AB	556642-9592	Stockholm	1,000	100	0
Avanza Förvaltning AB	556840-0286	Stockholm	50,000	100	0
Total					408

NOTE 32 TERMS FOR ASSETS AND LIABILITIES

Remaining term (book value)

SEK m – The Group 31 Dec 2014	Upon request	<3 months	3–12 months	1–5 years	>5 years	Per- petual	Total
<i>Assets</i>							
Lending to credit institutions	4,535	–	–	–	–	–	4,535
Lending to the public	–	5,349	–	–	–	–	5,349
Bonds	–	600	1,262	4,208	–	–	6,070
Shares and participations	–	–	–	–	–	34	34
Assets in insurance operations*	–	33,087	112	2,686	15,013	–	50,898
Intangible assets	–	–	–	–	–	26	26
Tangible fixed assets	–	–	–	–	–	12	12
Other assets	–	207	–	–	–	–	207
Prepaid costs and accrued income	–	165	–	–	–	–	165
Total assets	4,535	39,408	1,374	6,894	15,013	72	67,296
<i>Liabilities</i>							
Deposits by the public	15,038	–	–	–	–	–	15,038
Liabilities in insurance operations **	–	33,087	112	2,686	15,013	–	50,898
Other liabilities	–	454	–	–	–	–	454
Accrued costs and prepaid income	–	91	–	–	–	–	91
Total liabilities	15,038	33,632	112	2,686	15,013	–	66,481

* 100 per cent of the distribution of endowment insurance terms is within <3 months, 2 per cent of the terms for endowment pensions are within <3 months, 5 per cent are between 3–12 months, 72 per cent are of 1–5 years and 21 per cent are >5 years, 11 per cent of private pension insurance terms are 1–5 years and 89 per cent are >5 years, 5 per cent of the terms for occupational pensions are 1–5 years and 95 per cent are >5 years

** See also the section on Liquidity risks in Note 36 Financial risks

SEK m – The Group 31 Dec 2013	Upon request	<3 months	3–12 months	1–5 years	>5 years	Per- petual	Total
<i>Assets</i>							
Treasury bills eligible for refinancing	–	165	–	–	–	–	165
Lending to credit institutions	9,078	–	–	–	–	–	9,078
Lending to the public	–	4,188	–	–	–	–	4,188
Shares and participations	–	–	–	–	–	0	0
Assets in insurance operations*	–	29,621	122	2,331	10,499	–	42,573
Intangible assets	–	–	–	–	–	23	23
Tangible fixed assets	–	–	–	–	–	11	11
Other assets	–	509	–	–	–	–	509
Prepaid costs and accrued income	–	88	–	–	–	–	88
Total assets	9,078	34,571	122	2,331	10,499	34	56,635
<i>Liabilities</i>							
Deposits by the public	12,987	–	–	–	–	–	12,987
Liabilities in insurance operations **	–	29,621	122	2,331	10,499	–	42,573
Other liabilities	–	186	–	–	–	–	186
Accrued costs and prepaid income	–	78	–	–	–	–	78
Provisions	–	–	–	17	–	–	17
Total liabilities	12,987	29,885	122	2,348	10,499	–	55,841

* 100 per cent of the distribution of endowment insurance terms is within <3 months, 2 per cent of the terms for endowment pensions are within <3 months, 5 per cent are between 3–12 months, 72 per cent are of 1–5 years and 21 per cent are >5 years, 11 per cent of private pension insurance terms are 1–5 years and 89 per cent are >5 years, 5 per cent of the terms for occupational pensions are 1–5 years and 95 per cent are >5 years

** See also the section on Liquidity risks in Note 36 Financial risks

NOTE 33 FINANCIAL INSTRUMENTS

Classification of financial information

SEK m – The Group 31 Dec 2014	Financial instruments valued at fair value via Income Statement	Investments held to maturity	Loan receivables and accounts receivable	Other financial liabilities	Nonfinancial instruments	Total
<i>Assets</i>						
Lending to credit institutions	–	–	4,535	–	–	4,535
Lending to the public	–	–	5,349	–	–	5,349
Bonds	–	6,070*	–	–	–	6,070
Shares and participations	34	–	–	–	–	34
Assets in insurance operations	50,898	–	–	–	–	50,898
Intangible assets	–	–	–	–	26	26
Tangible fixed assets	–	–	–	–	12	12
Other assets	–	–	206	–	1	207
Prepaid costs and accrued income	–	41	106	–	18	165
Total assets	50,932	6,111	10,196	–	57	67,296
<i>Liabilities</i>						
Deposits by the public	–	–	–	15,038	–	15,038
Liabilities in insurance operations	50,898	–	–	–	–	50,898
Other liabilities	–	–	–	340	114	454
Accrued costs and prepaid income	–	–	–	38	53	91
Total liabilities	50,898	–	–	15,416	167	66,481

*The fair value amounts to SEK 6,061 million, of which SEK 6,061 million is attributed to level 1 and SEK – million to level 2 in the hierarchy for fair value. The valuation principles are the same as for similar instruments that are reported at fair value in the balance sheet, see note 2 Accounting principles chapter (i) Financial instruments.

FINANCIAL INSTRUMENTS VALUED AT FAIRVALUE

SEK m – The Group 31 Dec 2014	Level 1	Level 2	Level 3	Total
<i>Assets</i>				
Equities	26,256	0	0	26,256
Fund units	1,550	16,838	–	18,388
Bonds and other interest-bearing securities	6,903	331	–	7,234
Other securities	134	212	–	346
Liquid assets	–	–	–	4,769
Total assets	34,843	17,381	0	56,993
<i>Liabilities</i>				
Liabilities in insurance operations (investment agreements)	–	50,898	–	50,898
Total liabilities	–	50,898	–	50,898

**SEK m – The Group
Level 3**

31 Dec 2013	0
Change in value	0
Purchase	0
Sale	0
31 Dec 2014	0

SEK m – The Group 31 Dec 2013	Financial instruments valued at fair value via Income Statement	Investments held to maturity	Loan receivables and accounts receivable	Other financial liabilities	Nonfinancial instruments	Total
<i>Assets</i>						
Treasury bills eligible for refinancing	–	165	–	–	–	165
Lending to credit institutions	–	–	9,078	–	–	9,078
Lending to the public	–	–	4,188	–	–	4,188
Shares and participations	0	–	–	–	–	0
Assets in insurance operations	42,573	–	–	–	–	42,573
Intangible assets	–	–	–	–	23	23
Tangible fixed assets	–	–	–	–	11	11
Other assets	–	–	442	–	67	509
Prepaid costs and accrued income	–	–	67	–	21	88
Total assets	42,573	165	13,775	–	122	56,635
<i>Liabilities</i>						
Deposits by the public	–	–	–	12,987	–	12,987
Liabilities in insurance operations	42,573	–	–	–	–	42,573
Other liabilities	–	–	–	186*	–	186
Accrued costs and prepaid income	–	–	–	26	52	78
Provisions	–	–	–	–	17	17
Total liabilities	42,573	–	–	13,199	69	55,841

* Net payment of SEK 0 million to clearing house for derivatives trading included.

FINANCIAL INSTRUMENTS VALUED AT FAIR VALUE

SEK m – The Group 31 Dec 2013	Level 1	Level 2	Level 3	Total
<i>Assets</i>				
Equities	22,833	0	0	22,833
Fund units	1,350	12,158	–	13,508
Bonds and other interest-bearing securities	673	299	–	972
Other securities	133	197	–	330
Liquid assets	–	–	–	4,930
Total assets	24,989	12,654	0	42,573
<i>Liabilities</i>				
Liabilities in insurance operations (investment agreements)	–	42,573	–	42,573
Total liabilities	–	42,573	–	42,573

SEK m – The Group Level 3

31 Dec 2012	0
Change in value	0
Purchase	0
Sale	0
31 Dec 2013	0

Fair value

In the case of financial instruments reported at accrued acquisition cost, incurring variable interest, or with short maturities, the reported value and fair value are equal.

The fair value of those financial instruments reported at fair value through profit and loss, primarily comprising assets within the insurance operations, is determined on the basis of the listed bid prices for the instruments in question on the closing date. If no active market exists, the valuation methods described in Note 2 Accounting principles, are applied.

The value of liabilities within the insurance operations is indirectly linked to the value of assets, for which reason all liabilities pertaining to the insurance operations are reported at level 2.

During the year, 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, investment funds or securities on unlisted securities markets managed electronically by Avanza. The accounting principles regarding financial instruments are described in Note 2, Section (i).

NOTE 34 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK m – The Group	31 Dec 2014	31 Dec 2013
Pledged assets		
<i>In the form of assets pledged on behalf of customers</i>		
Securities lending	71	79
Collateral requirement, Nasdaq derivatives	161	145
Nasdaq Default fund	10	7
<i>Other pledged collateral and security</i>		
Securities liquidation, Euroclear	325	200
Securities liquidation, EMCF	41	45
Securities liquidation, APK Finland	9	9
Securities liquidation, Bank of Norway	7	7
Securities liquidation, VP Denmark	26	24
Securities Canada trading	2	1
Swedish Central Bank clearing	100	100
Total pledged assets	752	617

Pledged assets

Pledged assets total SEK 752 million (SEK 617m) which refers to credit institutions and the stock exchange.

Pledged securities on behalf of customers relate to equity loans, where Avanza pledges security in the form of liquid assets at Swedish banks that offer Avanza customers equity loans, and liquid assets and securities at Nasdaq Stockholm to meet the security requirements of the stock exchange for customer derivative positions. Avanza has, in turn, equivalent coverage in assets pledged by Avanza customers. Other pledged sureties and securities

primarily relate to liquid assets, pledged as security for securities settlement with parties on different markets. These funds are held on account in Swedish banks and arise as a consequence of the security requirements, calculated for participants in the settlement of trades via a central clearing counterpart. Security for settlement of Canada trades relates to liquid assets pledged at Avanza's depository bank in Canada. The Swedish Central Bank clearing relates to sureties for the settlement of transactions via Dataclearing.

Contingent liabilities

Avanza has no contingent liabilities as per 31 December 2014.

NOTE 35 CAPITAL BASE AND CAPITAL REQUIREMENTS**Information on capital adequacy regarding Avanza Bank AB and Consolidated situation**

Information on Avanza's capital adequacy in this note relates to information that must be published in accordance with 6 chap. 3-4 §§ Swedish Financial Supervisory Authority's provisions and general advice (FFFS 2008:25) on annual reports of credit institutions and investment firms and that relates to information in articles 92.3 d and f, 436 b and 438 in regulation (EU) no 575/2013 and of 8 chap. 7 § of the Swedish Financial Supervisory Authority provisions and general advice (FFFS 2014:12) on prudential requirements and capital buffers and column a appendix 6 in Commission implementing regulation (EU) no. 1423/2013. Here, consolidated position means Avanza Bank Holding AB (publ) and subsidiaries Avanza Bank AB and Avanza Fonder AB. Other information, that is mandatory in accordance with FFFS 2014:12 and regulation (EU) no 575/2013, is available at the Avanza website avanza.se/ir.

Information on capital base and capital requirements

The following applies to ratification of Avanza's statutory capital requirements: Act (2014:968) on specific inspection of credit institutions and investment companies, capital adequacy regulation (EU no 575/2013), the Capital Buffers Act (2014:966) and the Swedish Financial Supervisory Authority provisions and general advice on prudential requirements and capital buffers (FFFS 2014:12).

These rules seek to ensure that companies manage their risks and protect their customers. The rules state that Avanza's capital base should cover its

capital requirements, including the minimum capital requirement (capital requirement for credit risk, market risk and operational risk).

The financial conglomerate

In 2008, the Swedish Financial Supervisory Authority ruled that Avanza Bank Holding AB (publ) (Corporate Identity Number 556274-8458) and its subsidiary companies constitute a financial conglomerate. The financial conglomerate comprises all companies within the Group. The largest financial sector for Avanza is the banking and securities sector, while the smallest financial sector is the insurance sector.

The conglomerate's capital base is to cover the prescribed minimum capital requirements, which comprise the capital requirements for credit risks, market risks and operating risks, as regulated in the Swedish Capital Adequacy and Large Exposures Act, and the solvency requirements regulated in the Swedish Insurance Operations Act. The regulations help boost the Group's resistance to financial losses and, thereby, protect the customers.

The conglomerate's capital base and capital requirements

The Swedish Financial Conglomerates Special Supervision Act (2006:531) and the regulations and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2011:26) concerning special supervision of financial conglomerates apply when determining the statutory capital adequacy requirement of the financial conglomerate. The conglomerate's capital adequacy requirement has been calculated using

the consolidation method. The conglomerate's capital based complies with the capital adequacy requirements for the financial conglomerate. The new Basel III and Solvency II regulations entail increased capital requirements in the years ahead for both Avanza Bank AB and insurance

company Avanza Pension. With an almost doubled growth rate in 2014, combined with continued favourable growth prospects for 2015, capital requirements are expected to increase further.

SEK m – The financial conglomerate	31 Dec 2014	31 Dec 2013
Capital base		
Shareholders' equity, the Group	815	794
Proposed dividend	-202	-231
Shareholders' equity, the financial conglomerate	613	563
<i>Less</i>		
Intangible assets and deferred tax receivables	-28	-24
Capital base	585	539
Capital requirement		
Capital requirement for regulated units within the banking and securities sector	306	260
Capital requirement for regulated units in the insurance sector	34	33
Theoretical capital requirement for non-regulated units	0	3
Capital requirement	340	296
Capital surplus	245	243
Capital base/Capital requirement	1.72	1.82

Internal capital adequacy assessment process (ICAAP)

Avanza Bank AB's strategies and methods for assessing and maintaining capital base requirements, in accordance with regulation (EU) no 575/2013, are in line with Avanza Bank AB's risk management. To determine whether internal capital is adequate for current and future business operations, and to ensure the size and composition of the capital base is correct, Avanza Bank AB has its own process for internal capital adequacy assessment (ICAAP). This process is a tool that ensures the company identifies, values and manages all risk that the company is exposed to in a clear and correct way, and makes an assessment of its internal capital requirements in relation to this. As part of this, Avanza Bank AB should have appropriate control and management functions and risk management systems in place. Consideration is given, with regard to the future operations, to both planned operational changes and unexpected external changes. The result of the assessment is approved by Avanza Bank AB's Board of Directors and submitted to the Swedish Financial Supervisory Authority. This ICAAP is used as the basis for decisions regarding the capital structure in conjunction with, for example, decisions to exercise the authorisation granted by the Annual General Meeting to repurchase the company's own shares, and decisions on dividend payments.

ICAAP is also a description of risk management. Avanza Bank AB has chosen to evaluate and appraise the Bank's collective capital assessment on the basis of five high level principles for risk management:

- governance and risk culture
- risk appetite and risk tolerance
- the roles of the Risk Manager and Risk Function
- risk models and integration of risk management areas
- new product approval process

On the basis of these principles, Avanza Bank AB is to strengthen its risk management and its internal capital assessment. Avanza Bank AB's ICAAP is based on two separate methods: the block method and the scenario model. The block method is based on quantitative stress tests and qualitative assessments with an evaluation horizon of one year, while the scenario model is a dynamic model with an evaluation horizon of three years.

The assessment is based on the capital requirements as per Pillar 1 and additional capital is added as required for other risks. Here Pillar 1 means statutory minimum capital requirements for credit risk, market risk and operational risk. The most recent internal capital assessment for Avanza Bank AB, which was carried out during the fourth quarter of 2014 on the accounts dated 30 September 2014. The updated internal capital adequacy requirement as per 30 September 2014 amounted to SEK 312 million (SEK 281m). The legal requirement for Avanza Bank AB as per 30 September 2014 amounted to SEK 298 million (SEK 259m). The company's equity, consequently, fulfils both the objective of covering the credit and operating risks, and of constituting credibility capital in relation to banks and other investors.

No advanced models (so-called IRB methods) have been used to assess the capital requirement. The assessment is conducted on the basis of the capital required to enable Avanza Bank AB to fulfil its commercial objectives. The following risks have been assessed:

- credit risk
- market risk
- operational risk
- liquidity risk
- insurance risk
- concentration risk
- residual risk
- interest risk
- business risk
- reputation risk
- strategic risk
- other identified risks

The market risks are insignificant and Avanza Bank AB is, in all material respects, obliged to manage only credit risks, concentration risks and operational risks in the course of its day-to-day operations. Operational risks have been assessed in accordance with a model for probability and consistency. The most important thing, alongside the need to comply with the legal capital adequacy requirement, is deemed to be ensuring that the company is sufficiently capitalised to be a credible borrower and a good counterparty. Avanza Bank AB is currently financed on the basis of its equity and customers' deposits. This financing has, historically, exceeded the financing requirement by a wide margin.

An ICAAP has also been created for the Consolidated position, based on the ICAAP created for Avanza Bank AB.

Avanza Bank AB meets the minimum level for the capital base that corresponds to a capital base, amounting to not less than the total minimum capital requirement. Avanza Bank AB has a capital base that exceeds its

start capital of SEK 47.1 million (the capital required when the business was granted its concession to operate a banking business).

SEK m – Avanza Bank AB	31 Dec 2014	31 Dec 2013
Tier 1 capital		
Shareholders' equity	604	529
Additional untaxed reserves	–	60
Assumed/Proposed dividend	–90	–142
Equity	514	447
<i>Less</i>		
Intangible assets and deferred taxes	–5	–1
Common equity tier 1 capital	509	446
Total own funds	509	446
Capital requirement		
Credit risk according to standardised approach	231	189
Market risks	6	0
Settlement risk	0	0
Operational risk	68	70
Total capital requirement	305	259
Risk exposure amount		
Credit risk according to standardised approach	2,889	2,366
of which Institutions (risk-weight 20 %)	906	1,815
of which Corporates (risk-weight 100 %)	70	63
of which Households (risk-weight 75 %)	346	224
of which Collateral in real estate (risk-weight 35 %)	702	33
of which Covered bonds (risk-weight 10 %)	611	–
of which Other items (risk-weight 100 %)	254	231
Market risks	69	0
Settlement risk	0	0
Operational risk	856	873
Total risk exposure amount	3,814	3,239
Capital ratios and buffers		
Common equity tier 1 ratio, %	13.3	13.8
Tier 1 ratio, %	13.3	13.8
Total capital ratio, %	13.3	13.8
Capital base in relation to capital requirement	1.67	1.72
Institution-specific buffer requirement, %	2.5	0.0
of which capital conservation buffer requirement, %	2.5	0.0
Total capital requirement including buffer requirement, %	10.5	8.0
Common equity tier 1 capital available for use as a buffer, %	8.8	9.3

Information is only provided regarding the buffer requirements which have come into force.

SEK m – Consolidated situation	31 Dec 2014	31 Dec 2013
Tier 1 capital		
Shareholders' equity, the Group	815	794
Assumed/Proposed dividend	-202	-231
Equity not part of the consolidated situation	-112	-89
Equity, consolidated situation	501	474
<i>Less</i>		
Intangible assets and deferred taxes	-28	-24
Common equity tier 1 capital	473	450
Total own funds	473	450
Capital requirement		
Credit risk according to standardised approach	233	191
Market risks	6	0
Settlement risk	0	0
Operational risk	69	70
Total capital requirement	308	261
Risk exposure amount		
Credit risk according to standardised approach	2,915	2,393
of which Institutions (risk-weight 20 %)	906	1,816
of which Corporates (risk-weight 100 %)	70	63
of which Households (risk-weight 75 %)	346	224
of which Collateral in real estate (risk-weight 35 %)	702	33
of which Covered bonds (risk-weight 10 %)	611	-
of which Other items (risk-weight 100 %)	280	257
Market risks	69	0
Settlement risk	0	0
Operational risk	862	873
Total risk exposure amount	3,846	3,266
Capital ratios and buffers		
Common equity tier 1 ratio, %	12.3	13.8
Tier 1 ratio, %	12.3	13.8
Total capital ratio, %	12.3	13.8
Capital base in relation to capital requirement	1.54	1.72
Institution-specific buffer requirement, %	2.5	0.0
of which capital conservation buffer requirement, %	2.5	0.0
Total capital requirement including buffer requirement, %	10.5	8.0
Common equity tier 1 capital available for use as a buffer, %	7.8	9.3

Information is only provided regarding the buffer requirements which have come into force.

Information on the calculation of risk-weighted exposure amounts for credit risks secured against listed securities:

- The credit risk protection applied comprises liquid assets and the shares on the OMXSPI index, which are discounted by just over 78 per cent of market value.
- Securities received are re-valued daily in line with current market value. The lending value comprises a certain percentage of this market value.
- Exposure is in SEK and the majority of the securities comprise shares and fund units (98 per cent), and the majority of the collateral is listed in SEK (94 per cent).
- No guarantees are received or issued for customers or other parties. Nor are there any OTC dealings with regard to any types of derivatives.

Lending to the public which comprises securities lending totalled SEK 3,345 million (SEK 4,094m). This amount includes exposures to both households and companies. The corporate exposure before deducted collateral totals SEK 359 million (SEK 476m). All lending is made against collateral in the form of financial instruments and liquid assets. Companies and households provide collateral in the same manner and are subject to the same lending routines. A guarantee undertaking from the owner to the company also exists for the vast majority of the corporate exposure. In addition to securities lending comprises lending to the public of mortgage loans amounting to SEK 2,004 million (SEK 94m).

The capital adequacy requirement for operational risks is calculated using the base method. The requirement comprises 15 per cent of the last three financial years' operating income.

NOTE 36 FINANCIAL RISKS

The Group's exposure to financial risks

Avanza is primarily exposed to credit risk and operational risks but also has a certain exposure to market risks, liquidity risk and actuarial risks.

In late 2014, Avanza established a treasury department to manage surplus liquidity more efficiently. From investing liquidity spot or next business day with Swedish banks, the majority of surplus liquidity is now invested in mortgage backed bonds issued by Swedish banks. This means a slight increase in interest rate risk, but a reduction in concentration risk against individual counterparties. The main purpose of the investments is to reduce the bank's capital requirements, provide better returns and meet regulatory compliance in respect of the future quantitative LCR ratio in Basel III.

Otherwise, there have been no major changes in exposure to risks during the year. For further information on risks and risk management in business operations, see pages 36-39 and Corporate Governance Report pages 46-53.

Credit risks

Avanza's lending business and management of surplus liquidity expose the bank to credit risk, that is to say the risk that borrowers will not fulfill their financial commitments to Avanza (counterparty risk) and the risk that financial securities will not cover the claim (settlement risk). Counterparty risk also arises in customer security trading, which is described further below.

No significant concentrations of risks arise with individual financial security, counterparty, sector or region. The concentration risk that does exist is with credit institutions and interest-bearing investments with Swedish credit institutions, related to surplus liquidity management. Please also see section Liquidity Management.

On balance day, lending to the general public amounted to SEK 5,349 million (SEK 4,188m). Average lending in 2014 was SEK 4,503 million (SEK 3,949m). Avanza loans to the general public are in the form of security loans and mortgage loans. The majority of all exposure is to customers residing in Sweden. Loans are only made to customers resident outside the Nordic countries in exceptional circumstances.

Securities lending

All securities lending are secured against listed securities. As of year end, lending to the general public against listed securities amounted to a total of SEK 3,345 million. The market value of pledged securities was SEK 21,643 million. The financial effects of securities held are calculated on a customer by customer basis and any surplus value in a security against one customer cannot be offset against that of another customer. The majority of such securities are Swedish listed equities with good liquidity that are valued at fair value on the market concerned. Avanza makes an assessment of the appropriate loan to value ratio based on the liquidity of the security, volatility and net asset value

and sets a substantial risk margin to protect the bank and its customers against credit losses.

The repayment capacity of each borrower is evaluated and a credit limit set in line with the borrower's credit score. When lending, a joint limit is set for all borrowers belonging to the same sphere. The spread of lending is very good. There is no great concentration of pledged securities within securities lending. As of 31 Dec 2014, 28 (30) loans exceeded SEK 10 million. The combined total of these loans was SEK 686 million (SEK 610m), of which the highest was SEK 97 million (SEK 87m).

Lending is monitored on a daily basis. If so-called overleverage arises, that is to say where a customer's debt is still covered by the pledged securities but the loan exceeds the value of the security and the security margin is no longer covered, the customer is contacted and notified of the date by which the situation must be rectified. The customer can rectify the overleverage by depositing money or securities or by settling securities. If the customer does not take any action, Avanza has the right to sell enough of the securities pledged as collateral, as required to rectify the problem. In the event of volatile markets or other extreme events, overleverage is actioned immediately on the day it arises, through the sale of securities. As of 31 Dec 2014, overleverage amounted to SEK 3 million (SEK 7m) or 0.08 (0.2) per cent of security-backed lending. Average overleverage during the year amounted to SEK 5.6 million or 0.12 per cent of securities lending.

If pledged securities no longer cover the customer's liabilities, an assessment of the need to write down the loan is made. Write down is determined via an individual assessment of each borrower of what can be expected to be paid. Avanza had credit losses during the year on securities lending of SEK 0 million (SEK 1m). As of 31 Dec 2014, there were no past due loans, no loans written down where security had not yet been utilised and no seized collateral not yet sold. On balance day, accumulated provisions for feared credit losses amounted to SEK 8 million (SEK 8m). Exchange rate gains/losses or other revaluations do not arise. Please also see note 13 Credit losses and note 18 Lending to the general public.

Credit risks are stress tested each day and the bank uses credit limits and risk indicators to ensure that credit risks are managed in accordance with the applicable risk framework. A scenario where pledged securities suffer a sharp loss in value over a couple of weeks would normally not entail a problem for Avanza, however a sudden 30 per cent slump in the market price of all pledged listed securities, without the borrower or Avanza being able to sell the pledged securities, could be expected to result in credit losses of around SEK 8.6 million.

All securities lending to customers is subject to a month's notice and can therefore be given notice to terminate, should exposure need to be rapidly reduced.

Pledged financial assets securities lending, 31 Dec 2014	Currency	Market value, SEK m	Lending value, SEK m	Share of balanced exposure, %
Shares	SEK	17,901	10,761	80
Funds	SEK	2,104	1,395	9
Shares	USD	628	313	3
Shares	NOK	224	93	1
Other collaterals		786	336	7
Total		21,643	12,898	100

Credit risk stress test in securities lending, average 2014	Scenario	Expected credit loss, SEK m
General stress test of pledged assets in the stock market	The value of the collaterals falls by an average of 30 per cent a day before the customer or Avanza can realize the pledged assets	-8.6
Risk-adjusted worst case scenario subordinated collateral quality (liquidity, volatility and size)	The value of the collaterals falls by an average of 42 per cent one day	-9.3
Risk-adjusted worst case scenario subordinated collateral quality with additional stress of pledged collateral concentration	The value of the collaterals falls by an average of 44 per cent one day	-16.2
Worst case scenario of the concentration of collaterals listed on the Large Cap in Sweden or equivalent	A security falls by 70 per cent one day	-12.3
Worst case scenario of the concentration of collaterals listed on smaller lists than Large Cap in Sweden or equivalent	A security falls by 100 per cent one day	-8.7

Mortgage loans

Avanza's mortgage loans, which were launched at the end of 2013, have increased during the year from SEK 94 million to SEK 2,004 million. All mortgage loans are secured with pledges on houses and tenant-owned apartments at an average loan to value ratio of 38 per cent at the end of the year. The market value of a property is calculated through a so-called statistical evaluation, purchased from external parties. The market value is reassessed each year; the last reassessment occurred in November 2014.

The mortgage loan proposition is targeted at Avanza's high networth Private Banking customers, who have at least SEK 3 million in overall savings with Avanza, with a low loan to value ratio of a maximum 50 per cent at the time that the mortgage loan is granted. Avanza employees have staff conditions with

a loan to value ratio of 75 per cent. The lending volume to customers is SEK 2.5 billion and exposure to employees a maximum SEK 300 million. Avanza is required to act as the only pledgee for the security, and normal credit assessment occurs, in which a 'remain-to-live-calculation' (RTL) is performed to see whether the borrower satisfies a scenario of the current interest rate + 6 per cent, given the amount applied for. A mortgage loan repayment requirement is introduced if the borrower's loan to value ratio exceeds 75 per cent. If the loan to value ratio exceeds 50 per cent, interest premiums accrue according to a fixed interest rate tier.

In a credit risk stress test with stress of the market value by 35 per cent, the expected credit loss amounts to SEK 0 million, which is a result of the loan to value ratio being low and the margins significant.

Pledged assets Mortgage loan, 31 Dec 2014	Credit limit, SEK m	Lending, SEK m	Loan-to-value ratio, %
Houses	1,306	1,194	36
Tenant-owned apartments	875	810	43
	2,181	2,004	38

Administration of liquidity

Avanza has considerably more deposits from the general public than lending to the general public. The surplus liquidity is currently invested primarily in secured Swedish mortgage bonds with a short term, which are issued by Swedish banks, or in interest-bearing securities issued by the government, municipality and county council. The holdings of secured bonds at the balance sheet date amounted to SEK 6,070 million (-). Other excess liquidity is still invested in systemically important Nordic banks, and amounted to SEK 4,535 million (SEK 9,078m) at the end of the year. The concentration risk to individual parties has been reduced by a more diversified portfolio.

Liquidity is invested in accordance with the company's Financial Policy, which among other matters regulates Avanza's maximum exposure to the respective counterparties and bond issuers. There are also requirements to have a low maximum average interest duration of 3 months, and that the bonds should be allowed as security at the Bank of Sweden. Comprehensive regulation also safeguards the quality of counterparties and established securities. All secured mortgage bonds have the highest bond rating AAA with Standard & Poor.

Administration of liquidity, 31 Dec 2014	Nominal, SEK m	Share, %	Duration
Lending to credit institutions	3,111	35	0.00
Secured bonds			
- Government and municipality	130	1	0.11
- Swedish banks	5,639	64	0.11
	8,880	100	0.07

Counterparty risk within security trading on customers' behalf

Avanza has a low exposure to counterparty risk within securities trading. Avanza is a member of the Stockholm, Oslo, Copenhagen and Helsinki stock exchanges. The counterparty risks primarily arise as a consequence of business flow in these marketplaces. Avanza only trades on customers' behalf in standardised derivatives, settled over Nasdaq, and no OTC dealings occur. The risks are limited by Avanza's use of recognised clearing organisations in

the respective countries, for example Euroclear and Nasdaq in Sweden, to settle the transactions performed. Avanza also participates in central counterparty clearing via EMCF, which is offered for business in Sweden, Finland and Denmark by the stock exchanges' selected security types. Clearing also means that EMCF receives securities from the clearing members to cover market risks in as yet unliquidated securities transactions.

Operational risks

Operational risks are the risks of loss as a result of inappropriate or inadequate internal processes or routines, human error, incorrect systems or external events, as well as legal risks. Avanza's operational risks primarily constitute information security risks, such as IT risks and fraud risks. Other operational risks are reputational risks, legal risks, the risk of failure to comply with regulation and personnel risks.

It is neither possible nor cost effective to manage all operational risks. Avanza strives to proactively minimise operational risks by creating effective processes, and by methodically and structurally preventing the risks. Some examples are Avanza's risk culture, incident reporting, risk indicators, continuity management, approval process and risk management process. Comprehensive external and internal regulation is applied to manage operational risks for the activities. The risk tolerance is decided by the Board of Directors and Avanza will strive to keep operational risks at low levels. In addition to this, the operating environment require activities to be performed in a manner that engenders confidence.

Operational risks are measured according to probability and consequence. Avanza has chosen to apply five levels of probability and consequence, and together these create a risk level for each individual risk in the activities. Risk taking must be limited within the framework of what is economically justifiable. Measures are introduced to reduce risks that are not considered to be acceptable.

Avanza's IT risk, i.e. the risk that IT and information assets are not sufficient, correct or safe is of major significance, not least as Avanza operates the major part of its activities via the internet. Avanza has appropriate methods and systems in place, and has no credit or payment cards connected to the services. Avanza uses a framework to manage these IT risks, based on the ISO 27000 standard, which is best practice on the market and used in the industry.

The employees' competence and training are also key to managing operational risks. All employees whose work requires licensing are licensed in accordance with the requirements established by SwedSec AB.

Market risks

Market risk is the risk of Avanza's earnings, equity or value decreasing, due to changes in risk factors on the financial market. Market risk includes stock price risk, interest rate risk and currency risk. Avanza is not exposed to any market risk of major significance, which is why in this context no sensitivity analysis has been conducted in accordance with IFRS 7.

Stock price risks

The stock price risk is the risk that the fair value of, or future cash flow from, a share varies due to changes in market prices. Avanza does not conduct any proprietary trading. The company only performs trading on behalf of customers. In addition, the company must manage the market risk that arises as a consequence of 'faulty trades'.

Interest risks

Interest risks occur in the event of an imbalance in the term between the company's assets and debts, as well as in the event of changes in the value of assets and debts, as a consequence of market fluctuations. Avanza has no fixed interest agreements with customers. Avanza's credit granting occurs at a variable interest rate and is adapted to normal market conditions only in accordance with interest changes by the Bank of Sweden. Avanza's credit granting is financed by lending at a variable interest rate.

The lending surplus is invested within the investment restrictions in the company's Financial Policy. In order to facilitate positive administration of the liquidity, the Board of Directors has established a limit as to how much interest

risk may be adopted. The investment of the bank's excess liquidity is made at a maximum average fixed interest term (interest rate duration) of 0.25, i.e. three months. Furthermore, the interest risk, measured as a parallel displacement of two percentage units of the interest curve, may never exceed 10 per cent of the bank's capital base.

During the greater part of the year, Avanza has performed almost all investments on the next banking day with the exception of treasury bills with a term of three months. From October, the administration of excess liquidity has been primarily targeted at secured mortgage bonds with a floating rate (FRN). At the end of the year this amounted to a value of SEK 6,070 million. Interest sensitivity of the portfolio is measured and reported weekly to the Risk Control function and to the CFO. The interest risk is calculated at a percentage unit's parallel displacement of the yield curve. In the stress test at the end of the year, the interest risk in interest-bearing investments, and the related expected financial effect, amounted to SEK 7 million in the event of a change in the market interest rate of one percentage unit. A sensitivity analysis of the portfolio is also performed at the end of each quarter, in connection with submission of an interest report to the Swedish Financial Supervisory Authority.

Currency rate risks

Assets and debts in the balance sheet are chiefly assessed in SEK. The currency trade in Avanza's currency account does not constitute any risk to Avanza, as this does not concern Avanza's currency trading but rather the customers'. Customers may hold foreign currency in their account, including for settling transactions in a foreign currency. Such currency balances are matched in full by the equivalent balance in Avanza's bank account. No significant currency exposure exists outside the balance sheet.

Liquidity risk

Avanza has low exposure to liquidity risks. Avanza funds itself through equity and customer deposits. Deposits from the general public are considered to be one of the most secure sources of financing compared to other forms of financing. Deposits from the general public exceed lending and create a large amount of excess liquidity.

Good payment readiness requires that the asset side of the balance sheet is liquid. In order for Avanza to have sufficient funds at all times to meet its payments and ensure customer withdrawals, Avanza makes continuous prognoses and performs stress tests to assess the need for payment funds. Prognoses are performed every single day in order to handle short-term liquidity risks. Special continuity plans have been created to manage serious disturbances in the liquidity situation.

In order to cope with short-term fluctuations in the deposits and lending from/ to the general public, a significant part of the assets is held in cash with spot/ maturing on the following business day. SEK 752 million (SEK 617m) of lending to credit institutions has been established as security, which means that lending to credit institutions, excluding pledged securities, of SEK 3,783 million (8,461m) can be withdrawn by customers by the next banking day at the latest. In addition to mortgage loans with a usual term of 30 years, Avanza's other larger balance sheet items have a short term. Secured mortgage bonds are managed daily and can usually be converted to cash within a few days. Avanza has no individual large deposit customers, of significance for liquidity, but deposits are spread among many customers and payment readiness is assessed as being very good. See further note 32 Terms for assets and liabilities.

Debts in the insurance business do not affect the liquidity risk. The reason for this is that there are equivalent assets and these are the policyholders' own funds, and thus the customers are responsible for the risk. There is no type of contractual due date.

SEK m	31 Dec 2014	Term
Treasury bills eligible for refinancing	-	2 days
Lending to credit institutions	4,535	1 day
Lending to the public – securities lending	3,345	1 month
Lending to the public – mortgage loans	2,004	At least 30 years
Bonds	6,070	0.11 year
Deposits, excluding client funds	15,038	On spot basis

Actuarial risks

The actuarial risks in business operations are small. Deaths, survivors' pensions, waiver of premium and sickness insurance are relayed to an external party and the risks are not borne by Avanza. However, the company provides in-house life insurance, linked to the endowment insurance contracts, where payment to the survivor of the life assured amounts to 101 per cent of

the sum assured upon death. The risk premium so far has more than covered the risk cost associated with deaths arising from endowment insurances. The insurance risk is managed by basing risk premiums on statistical assumptions and through monitoring according to actuarial guidelines. In order to avoid swings in earnings being too large, Avanza re-insures risk costs in excess of SEK 250 thousand.

NOTE 37 RELATED PARTIES

Transactions with related parties are priced on market terms.

Related party transactions with key individuals in senior positions and other related parties

No transactions, over and above normal account management, have been undertaken by the Group Management, Board of Directors, close family members of the same, or companies over which any of these individuals exercise a controlling influence. Nor have any provisions or costs for bad debts associated with related parties been reported during the financial

year. Remuneration to related parties is shown in Note 9 Employees and personnel costs. Senior executives participate in the Group's warrant programme on market terms, see Note 9 Employees and personnel costs.

Lending to key individuals in senior positions and to other related parties is a normal part of our operations. Invoices issued to Avanza by limited liability companies in which such parties are owners or part-owners are based on market terms.

Transactions with related parties

Transactions with key individuals in senior positions and other related parties	31 Dec 2014	31 Dec 2013
Lending, SEK m	25	8
Deposits, SEK m	119	76
	2014	2013
Brokerage fees, SEK k	329	216
Interest income, SEK k	240	4
Interest expenses, SEK k	415	346
Invoicing from related parties' limited companies, SEK k	375	420
	2014	2013
Transactions with subsidiaries		
Parent Company interest income from Group Companies, SEK m	0	1
Parent Company interest expenses to Group Companies, SEK m	0	0
	31 Dec 2014	31 Dec 2013
Parent Company receivables from Group companies, SEK m	166	233
Parent Company liabilities to Group companies, SEK m	1	2

NOTE 38 IMPORTANT ESTIMATES AND ASSESSMENTS

The assessments and estimations are reviewed regularly. Changes in assessments are reported in the period in which the change is made if such change has had an effect only during that period, or in the period in which the change is made and also in future periods if the change affects both the period in question and future periods.

According to management, critical assessments regarding the accounting

principles applied and the source of uncertainty in estimations primarily refer to credit assessments. The write-down of credit losses is made on the basis of an individual assessment and is based on the management's best estimation of the present value of the cash flow expected to be received. In estimating these cash flows, an assessment is made of the counterparty's financial situation and the sale value of each underlying collateral item.

NOTE 39 EVENTS AFTER THE CLOSING DAY

The Group

No significant events have occurred after the closing day.

Proposed allocation of profits

Dividend policy

Avanza Bank Holding AB (publ) will issue a dividend to shareholders, comprising the part of the company's profits that is not considered to be necessary to fulfil the requirements that the nature, scope and risk of the activities place on the size of equity and the company's consolidation requirement, liquidity and position in general, or to develop activities. The dividend may be combined with other measures, such as redemption or repurchase of own shares. In the long-term it is expected that at least 70 per cent of profits will be issued as dividends.

The Board of Directors' proposal for allocation of the company's profits

The Board of Directors for Avanza Bank Holding AB (publ) proposes that the Annual General Meeting on 18 March 2015 agree that profit, in accordance with the established balance sheet, be allocated in such a way that the accumulated profit, including excess liquidity, of SEK 498,392,327, be allocated so that SEK 7.00 per share is distributed to the shareholders and the remaining sum transferred into new accounts.

The Board of Directors proposes that the following conditions apply to the allocation of the company's profits:

- SEK seven (7) SEK will be distributed per share,
- 20 March 2015 is the record day, and
- 25 March 2015 is the payment day.

The Board of Directors' statement on the proposed allocation of profits

The Parent Company's and group's profit and position are good, which is evident from the most recent profit and loss statement and balance sheet. It is the opinion of the Board of Directors that the proposed dividend is covered by equity, and is within the remit of the company's dividend policy. The capital ratio and liquidity, following the proposed dividend, will be satisfactory in relation to the activities within which the group operates. The Board of Directors thereby considers that the proposed dividend is justified with regards to

1. the requirements, that the nature, scope and risks of the activities (the company's and the group's respectively), place on the amount of equity, and
2. the company's and the group's consolidation requirements, liquidity and position in general.

The Parent Company

The following profits are at the disposal of the Annual General Meeting	SEK k
Share premium reserve	255,427
Retained profit	80,699
Net profit for the year	162,266
	498,392
The Board of Directors and the CEO proposes that:	
a dividend of SEK 7.00 per share be paid to the shareholders, totalling	202,116
that the following sum be carried forward	40,849
and that the following sum be retained in the share premium reserve	255,427
	498,392

The undersigned hereby attest that the consolidated and annual accounts have been prepared in accordance with IFRS international accounting standards, as adopted by the EU, and with generally accepted accounting principles, and that they provide a fair presentation of the Group's and the company's

position and results, and that the consolidated Administration Report constitutes a fair review of the performance of the Group's and the company's operations, position and results, and describe significant risks and uncertainty factors faced by the companies that make up the Group.

Stockholm, 16 February 2015

Sven Hagströmer
Chairman of the Board

Birgitta Klasén
Board member

Lisa Lindström
Board member

Mattias Miksche
Board member

Andreas Rosenlew
Board member

Martin Tivéus
CEO

Hans Toll
Board member

Jacqueline Winberg
Board member

Our Audit Report was submitted on 16 February 2015

Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson
Authorised Public Accountant

To the Annual General Meeting of Avanza Bank Holding AB (publ), Corporate Identity Number 556274-8458

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Avanza Bank Holding AB (publ) for the year 2014. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 36-39 and 57-97.

Responsibilities of the Board of Directors and the CEO for the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation of annual accounts in accordance with the Annual Accounts Act and for the preparation and fair presentation of consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies, and for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting esti-

mates made by the Board of Directors and the CEO, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31st December 2014 and of its financial performance and cash flows for the year then ended, in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the Group as of 31st December 2014 and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting adopt the income statements and the balance sheets for the Parent Company and for the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Avanza Bank Holding AB (publ) for the year 2014.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the CEO are responsible for administration under the Swedish Companies Act and the Banking and Financing Business Act.

Auditors' responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' motivated statement and a selection of supporting documentation in order to assess whether the proposal is in accordance with the Swedish Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO has, in any other way, acted in contravention of the Swedish Companies Act, the Banking and

Financing Business Act, the Annual Accounts Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

We recommend to the Annual General Meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Stockholm, 16 February 2015

Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson
Authorised Public Accountant

Account

An open account with holdings.

Brokerage income

Brokerage income less direct expenses.

Brokerage per commission note

Gross brokerage for accounts customers in relation to the number of commission notes excluding investment fund commission notes.

Capital base

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

Commission note

Daily summary of the buying and selling assignments by a customer involving a specific security. A commission note may comprise one or more transactions. A commission note constitutes the basis on which brokerage charges are levied.

Cost/income ratio

Costs before credit losses in relation to income.

Credit loss level

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

Deposits

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

Dividend yield

Dividend per share relative to share price at year end.

Earnings per share

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

Equity/assets ratio

Equity as a percentage of the Balance Sheet total.

Equity per share

Equity in relation to the number of outstanding ordinary shares before dilution at period end.

External deposits

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

Investment fund commission

Kickbacks from fund management companies. Comprises entry commission and commission based on fund volume.

Lending

Lending to the general public in the balance sheet, with deduction for the portion covered entirely by cash pledged on endowment insurance accounts.

Net deposits/Savings capital

Deposits, including client trust accounts and external deposits, minus lending in relation to the savings capital at the end of the period.

Net interest income/Savings capital

Net interest income in relation to the average savings capital during the period.

Net inflow

Deposits, less withdrawals, of liquid assets and securities.

Net inflow/Savings capital

The period's net inflow on a yearly basis in relation to the savings capital at the beginning of the period.

Non-brokerage income

Income, excluding brokerage income, less direct costs.

Operating expenses

Operating expenses before credit losses.

Operating income/ Savings capital

Operating income in relation to the average savings capital during the period.

Operating margin

Operating profit/loss in relation to operating income.

P/E

Share price in relation to earnings per share.

Profit margin

Profit/loss after tax in relation to operating income.

Profit/loss per employee

Operating profit/loss in relation to the average number of employees.

Return on equity

Profit/loss after tax, in relation to the average equity during the period.

Savings capital

The aggregate value of accounts with Avanza.

Stock market

Refers to the share index SIX Return Index, which shows the average performance on the Stockholm Stock Exchange, including dividends.

Total return

Movements in share price including reinvested dividends.

Transactions

Buying and selling transactions carried out in different markets and involving different securities.

Annual General Meeting

The Avanza Bank Holding AB (publ) ("Avanza") Annual General Meeting will be held in Wallenbergsalen at IVA Konferenscenter (Grev Turegatan 16) in Stockholm on Wednesday, 18 March 2015, at 2.00 pm.

Entitlement to participate in the Annual General Meeting

Shareholders shall be entitled to participate in the Annual General Meeting if they

- are listed in the shareholder register maintained by Euroclear Sweden AB no later than Thursday, 12 March 2015,
- have notified Avanza of their intention to attend the Annual General Meeting no later than 12 March 2015.

How to register as a shareholder

Avanza's shareholder register is maintained by Euroclear Sweden AB. Only owner-registered holdings are listed in the shareholder's own name in the share register.

In order for shareholders with nominee-registered shares to be entitled to participate in the Annual General Meeting, the shares must be registered in the shareholder's own name. Such re-registration is to be completed by Thursday, 12 March 2015. The institution which is responsible for the administration of the shares must be instructed to assist the shareholder with this.

Notification of participation

Shareholders must notify Avanza of their intention to participate at the Annual General Meeting by e-mail at: arsstamma@avanza.se or by telephone on +46 (0)8 562 250 02. The notification is to include the name, Personal/Corporate Identity Number, and e-mail address or daytime

telephone number of the shareholder, as well as the number of shares held and details of any assistants.

If a shareholder intends to be represented by proxy, the power of attorney and other authorising documents are to be sent by post to:

Avanza Bank Holding AB (publ)
Att: Bolagsjuridik
Box 1399
SE-111 93 Stockholm, Sweden

Power of attorney forms are available on the Company's website, avanza.se/ir, and are sent free of charge, upon request, to shareholders who have submitted their postal address or email address.

Entitlement to submit for inclusion in the Meeting's agenda

Shareholders are entitled to submit items for inclusion in the agenda of Avanza's Annual General Meeting, provided that a written request is submitted to the Board in sufficient time for the item to be included in the Notice convening the Meeting.

The shareholders' written request should be submitted to Avanza's Board of Directors no later than Wednesday, 28th January 2015 and should be sent by post to:

Avanza Bank Holding AB (publ)
Att: Bolagsjuridik
Box 1399
SE-111 93 Stockholm, Sweden

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