

Annual report
2015



Jenny Frelin
Clearing & Settlement

Britta Rosenqvist
Third party distribution

Eric Narfström
Customer support

Contents

Avanza in brief	4
Quarterly snapshot	5
CEO's statement	6
From business idea to vision	8
Business model	9
Investment case	10
Market	12
Targets and outcomes	16
Our customers	18
Customer promise	20
Product development and range	22
Employees	27
Avanza in society	30
Sustainability report, GRI index	32
Risks	35
The Avanza share	39
Chair's comment	43
Corporate governance report	44
Board of Directors and auditors	52
Group management	53
Administration report	55
Consolidated income statements	62
Consolidated balance sheets	63
Changes in the Group's shareholders' equity	63
Consolidated cash flow statements	64
Parent company income statements	65
Parent company balance sheets	65
Changes in the Parent company's shareholders' equity	66
Parent company cash flow statements	66
Notes to the accounts	67
Proposed allocation of profits	96
Audit report	98
Annual General Meeting	100
Definitions	101
Financial calendar	102

This annual report is published in Swedish and English.
In the event of any difference between the two versions,
the Swedish original shall prevail.

Avanza in brief

Avanza was founded in 1999 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.

Avanza should be the natural choice for those who care about their money. With us, customers can get a better return on their savings than with any other bank – due to our low fees and our wide range of savings products. This means satisfied and active customers and gives long-term shareholder value.

- Sweden's most satisfied customers within savings for six consecutive years according to the Swedish Quality Index (Svenskt Kvalitetsindex, SKI)
- Listed on the Nasdaq Stockholm Mid Cap list
- Largest Swedish bank on the Stockholm Stock Exchange in terms of number of transactions, and during the second half of the year also the largest Swedish bank in terms of turnover*
- Low risk profile
- Avanza falls under the supervision of the Swedish Financial Supervisory Authority and is covered by the government's deposit insurance scheme
- Head office in Stockholm complemented by occupational pension and Private Banking-offices in Gothenburg and Malmö
- No fixed account, annual or deposit charges
- Brokerage fee from SEK 1
- The market's widest range of savings products and pension solutions
- Trade in almost 1,300 funds from 120 fund companies
- Trade on all Nordic exchanges, in the USA and Canada online and on other exchanges by telephone
- No individual advice – our customers make their own investment decisions
- Offer trading applications and decision-making support such as tools, analysis and news
- Current news and impartial guidance from the independent online magazine Placera and the weekly stockpicking magazine Börsveckan

Five-year summary	2015	2014	2013	2012	2011
Operating income, SEKm	923	696	597	562	695
Operating profit, SEKm	485	296	226	201	341
Operating margin, %	53	43	38	36	49
Net inflow, SEKm	25,200	20,100	10,900	5,380	6,460
Savings capital, SEKm	191,600	141,900	112,600	85,800	74,200
Operating income/Savings capital, %	0.55	0.54	0.61	0.70	0.88
Operating expenses/Savings capital, %	0.26	0.31	0.38	0.45	0.44
No. of customers	467,600	371,200	316,500	283,300	263,000
No. of new customers	96,400	54,700	33,200	20,300	26,200
Average number of employees	323	283	269	269	256



Awarded the most popular fund



Educator of the year



Highest score among financial operators according to the Sustainability Index 2015



People's favorite at Bankbetyg

* Nasdaq Stockholm including First North

Quarterly snapshot

Q1

- Surpasses 400,000 active customers
- Opens a new office in Malmö focusing on occupational pensions and Private Banking
- Avanza Zero named "The Readers' Favorite 2014" in a vote held by privataaffarer.se
- Avanza's fund of funds surpasses SEK 1 billion in managed capital
- Voted "The People's Favorite 2014" at Bankbetyg.se
- Avanza Forum attracts 6,000 visitors to the Globe Arena in Stockholm, with further 50,000 viewing the webcast
- Placera.se breaks its record for number of visitors

Q3

- Receives the highest score among Swedish banks in a survey of trust conducted by Privata Affärer
- Achieves a new top score in the running survey of customer satisfaction (Net Promoter Score)
- The CEO of Avanza Pension is named "Influencer of the Year" at Strategitorget Försäkring, a forum for decision-makers in the Swedish insurance industry

Q2

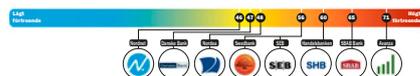
- Avanza Markets is launched, offering brokerage-free trading in certificates and Mini Futures
- The Portfolio Generator is launched, a digital service that allows fund savers to create a fund portfolio with a good risk diversification
- Receives the highest score among financial operators in the "Sustainability Index 2015" study
- Awarded "Best service in financial services" in the ServiceScore survey
- New mobile apps for iOS and Android are launched
- Reduced brokerage fees for trading on foreign markets
- MTG Sweden chooses Avanza's occupational pension plans for around 1,000 employees

Q4

- For the sixth consecutive year, Avanza wins the savings category award for "Sweden's Most Satisfied Customers" in the annual survey conducted by SKI
- Named "Educator of the Year 2015" for the launch of the Avanza Academy
- Largest Swedish bank in terms of both turnover and number of transactions on Stockholm Stock Exchange
- Highest trust among Sweden's financial companies, including banking and insurance enterprises, in the 2015 "Reputation Barometer"
- Issues a subordinated bond of SEK 100 million in order to strengthen the capital base
- Martin Tivés informs the Board of Directors that he will resign from his position as CEO of Avanza during 2016



Best service in financial services



Highest trust among Swedish banks according to the Reputation Barometer



Most satisfied savings customers for the sixth consecutive year

CEO's statement

A record-breaking year from several perspectives

2015 has been an intense year in terms of business development, manifested in over 1,300 improvements to our website, the launch of new mobile trading services, Avanza Markets, the Portfolio Generator and a new pricing plan for foreign trading, as well as a multitude of process improvements. We also opened a new sales office in Malmö for occupational pensions and Private Banking. We have also continued to make operations even more scalable and efficient, including improvements to underlying systems and stability measures, positioning Avanza to manage a higher growth rate and the high levels of trading activity resulting from the record-breaking numbers of logins and transactions. In spite of spiking volumes, we delivered a service uptime of 99.96 per cent for the full year. All of these developments are part of our efforts towards our mission – to create a better, simpler and cheaper alternative for Sweden's savers. Our efforts this year have resulted in all-time high scores in both customer satisfaction and growth rate, as well as market shares and operating profit. 2015 was the best year in Avanza's history so far.

High level of trust and exceptional customer satisfaction

During 2015, we welcomed more than 96,000 new active customers and saw a net inflow of over SEK 25 billion, more than quadrupling our growth rate in just four years. Despite the strong flow of incoming customers, we were honored to receive the Swedish Quality Index's award for "Sweden's Most Satisfied Customers" in the savings category, for the sixth consecutive year. Our results in this year's survey were better than ever; we won all seven categories, covering loyalty, customer satisfaction, service and product quality. In the autumn we also came out on top in the "Reputation Barometer" survey, enjoying the highest level of trust among Swedish banks with regard to openness and transparency, as well as being named the Sweden's most sustainable company in the banking and insurance sector in the results of the "Sustainability Barometer" survey. In my eyes, this is proof that our strategy is working. That we have managed to oversee the intense growth in volumes during the year without compromising on either quality or service, is thanks to the great advances in digitisation within the operations.

Prevailing low interest rate an advantageous growth climate

A growing dissatisfaction with banks and a palpable cost consciousness have resulted in more customers than ever transferring their savings to Avanza. I believe that our customer promise holds a clue to one of the reasons behind the strong customer growth – that our customers can get a better return on their savings than with any other bank or pension company



Martin Tivéus
CEO

– which has been in focus in all of the functions and services we launched during the year. In addition, the low repo rate creates an advantageous growth climate for Avanza, as more savers turn to the stock market and mutual funds in order to achieve a better return. The low interest rates also put the significance of fees in sharper focus. Our updated price list for stock trading means that our savers can trade in equities for a fraction of the price charged by the major banks.

Market-leading scalability demonstrated in financial performance

The advances above would not be possible without market-leading scalability and meticulous cost consciousness, which have been facilitated by our endeavours in digitisation and building up the market's most cutting-edge IT systems. Although the customer base expanded by 26 per cent, and trading volumes have almost doubled during the year, operating costs increased by just 10 per cent. Given that income increased by 33 per cent, our operating margin went from 43 up to 53 per cent, and operating profit rose by 64 per cent compared with 2014. On the other hand, we have not yet reaped the full benefits of the substantial increase in savings capital, as the low market interest rates continue to impact our net interest income.

Prioritised areas for 2016

1. Maintain the strong growth rate

There is a clear long-term correlation between growth in savings capital and growth in operating income. Maintaining the strong growth rate we have enjoyed over the last year without compromising on customer quality is, therefore, one of our high-priority areas. An aspect of our work in this area will be a reorganisation of Private Banking, such that we can further strengthen the growth in this important segment. Other aspects are the digitisation of the process for new customers to transfer their occupational pensions to Avanza and the continued push for an even simpler and more optimised mobile presence.

2. Further improvements to digital decision-making support

As the leading digital bank for savings and investments, we aim to offer our customers the market's best digital experience. Forthcoming regulatory amendments will increase transparency requirements and costs for personal financial advice, while consumers of financial services are becoming ever more cost conscious. The combination of these trends is expected to boost demand for both digital advisory and decision support tools the coming years. The Portfolio Generator launched in 2015 was our first-generation digital decision-making support tool, directed towards fund savings. In 2016, we will intensify development of these tools, in order to create the best possible customer experience within an area that we believe will be an important driver of growth in the future.

3. Cost control and internal efficiency

In order to keep being able to offer our customers the market's best savings services at the market's lowest prices – and concurrently create value for our shareholders – we need to be more cost-effective than any other bank on the market. By continuing to focus on efficiency enhancements and improved scalability, we can achieve decreased unit costs expressed as a cost to savings ratio. We intend for expenses to increase at a rate of 8-10 per cent in 2016. This interval will function as the gas pedal or the brake for meeting the market conditions with the investments required.

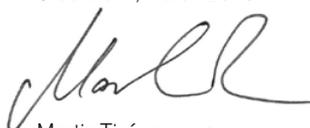
Future outlook

New regulations which increase requirements with regard to consumer protection and transparency are gaining ever more impact in the industry and represent a particular challenge for traditional banking advice activities. We anticipate that operators will increasingly choose to counteract this challenge by replacing personal advice with digital decision-making support, in pace with increases in costs. At the same time, trends such as savers' increased focus on fees, a growing interest in low-price funds and increased demand for good digital services will continue. Avanza has a strong competitive advantage in these areas and we see significant potential to strengthen our position and continue to grow.

Negative market interest rates have had a considerable impact on pushing down our interest income during the year. Historically, upturns in interest rates have coincided with slight downturns in customer growth, while operating profit is given a lift by increases to net interest income. From a shareholder perspective, we are still waiting to harvest those benefits. Until then, our work to attract new customers by concentrating on our prioritised areas will continue.

Finally, I would like to extend my sincere gratitude to all of our employees, shareholders and customers for their faith in Avanza and for making our journey possible. This is my last annual report as CEO after four and a half intensive and extremely enjoyable years. I am incredibly proud of what we have achieved together and of the fantastic teamwork that Avanza represents. A team that is ready for a new captain. Thank you!

Stockholm, March 2016

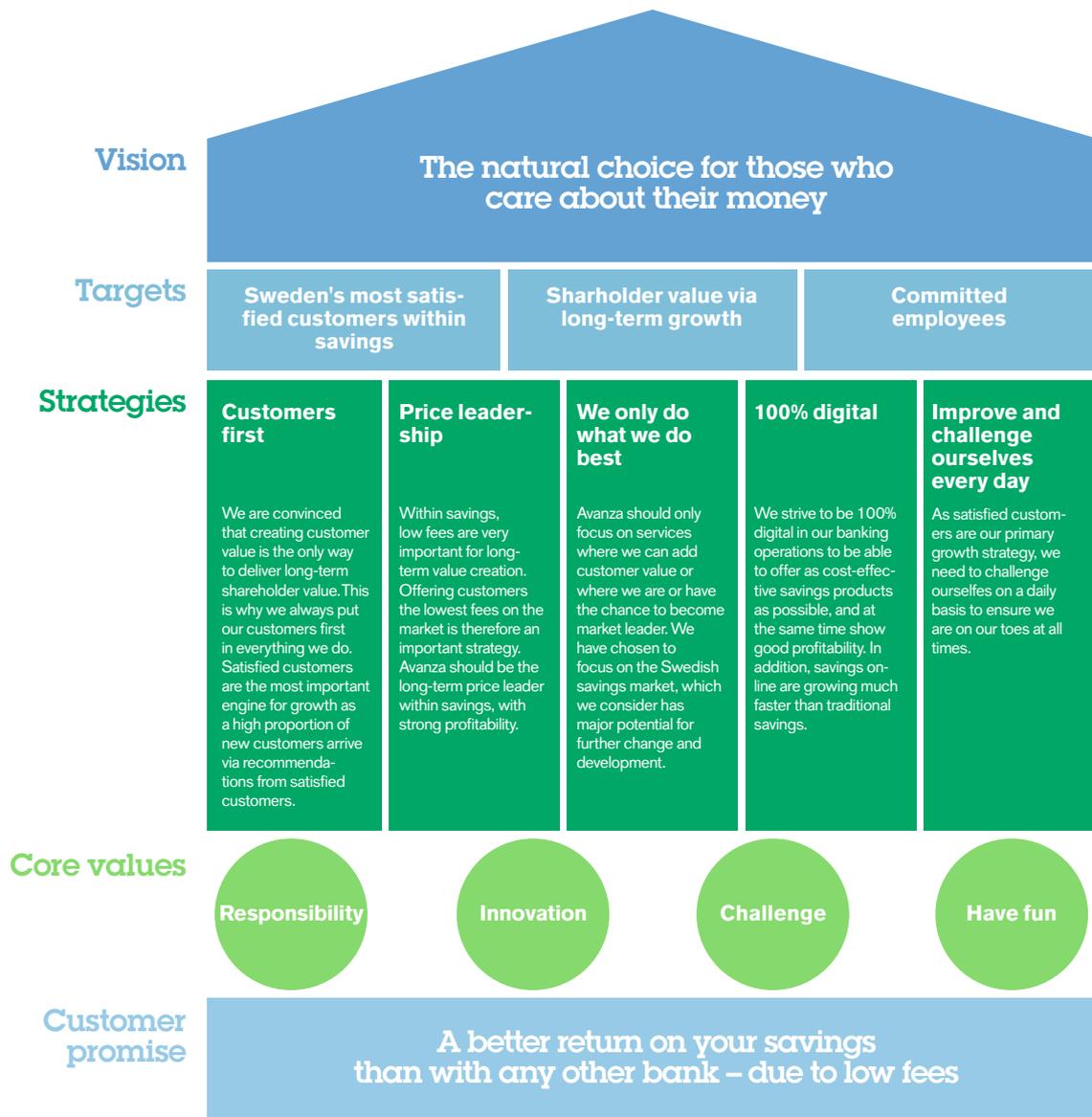


Martin Tivéus
CEO

From business idea to vision

Avanza is a digital bank challenging the traditional banks and insurance companies on the Swedish savings market. We primarily aim to serve private customers. Our vision is to be the natural choice for those who care about their money. With us, customers can get a better return on their savings than with

any other bank – due to our low fees and wide range of savings products. We have a strong customer focus, which is natural and important to us. In addition to a strong corporate culture, we also need clear and concrete strategies, and quantifiable targets to ensure we keep developing in the right direction.



Business model

Avanza has an Internet-based business model that is based on the law of large numbers. By 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 optimal conditions for long-term profit growth.

Income

It costs nothing to become a customer at Avanza. Unlike traditional banks, we do not have any fixed fees or deposit 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, foreign exchange income and other remunerations from suppliers of investment products. In the short and medium term, income is heavily dependent on stock exchange developments and interest rates. In the long-term, operating income growth is generated by underlying growth in savings capital.

Costs

Avanza's cost base is based on a high percentage of fixed costs, primarily personnel costs. To ensure our long-term ability to be a price leader with strong profitability, our ambition is to have the industry's lowest cost per transaction and customer. One of the prerequisites to achieve this is the underlying technology behind our website, which was completely replaced in 2013 – and which is now one of the banking world's most cutting edge. Scalability facilitates a reduced unit cost in conjunction with growing volumes. The cost to savings capital ratio decreased in 2015 from 31 to 26 basis points. We currently have the industry's lowest cost position and work actively on following up on costs in relation to budgets and forecasts. In addition, we continuously modernize our IT platform to allow for more cost-effective growth in the future.

Business risks

The risk that our current income will develop worse than expected and impact Avanza's financial performance is comprised mainly of:

- customer's trading activity
- lending volume
- deposit volume
- repo rate
- savings capital

More information about Avanza's risks can be found in the sections Investment case, Risks and in note 36 Financial risks.

Seasonal effects

Avanza's operations are to some extent affected by seasonal variations. Customer inflows and the net inflow, for example, are normally high at the beginning of the year while activity has historically been lower during the summer months. The latter trend has, however, decreased in recent years in conjunction with the introduction of mobile services, making it possible to actively manage savings during holidays. The impact of these seasonal variations on Avanza's operations is not necessarily reflected in the company's financial results, which tends to be more affected by cyclical market effects such as stock market development and the level of the repo rate.

Investment case

From Internet broker to the largest platform for savings and investments

Avanza was founded in 1999 following the deregulation of the banking market, with the aim of facilitating online trading in equities for private savers at low prices.

Over the last ten years, Avanza has progressed from being Sweden's largest Internet broker to being Sweden's largest saving and investment platform. Today, we offer the market's widest range of savings products at the market's lowest fees, a strong pension offering and mortgages directed to Private Banking customers.

Avanza's customers can get a better return on their savings than with any other bank or insurance company in Sweden - due to low fees.

A savings market with high growth potential

Our primary focus is on private individuals in the Swedish savings market. Sweden has one of the highest proportions of equity and fund savers in the world. Approximately 80 per cent of the population saves money in equity or funds, either directly or indirectly. In the course of a normal year, around two million Swedes execute at least one transaction involving equities or funds.

The Swedish savings market amounts to SEK 6,600 billion* and growth is assessed at 4-8 per cent annually. Avanza currently controls just below three per cent of the Swedish savings market and sees good growth potential. More information can be found in the Market section.

Avanza uniquely positioned for long-term growth

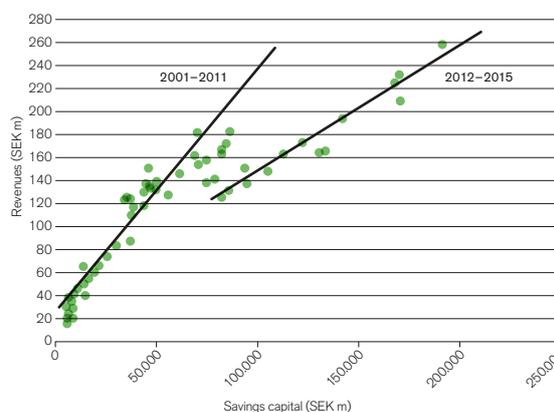
Avanza is uniquely positioned to meet the rising demand for low-price digital services within the savings market. Without old, sluggish IT systems or an expensive office network, we can respond quickly to changes in the market, update our digital services with constant improvements, and launch new products and services more quickly than our competitors. Our new, modern IT platform also enables us to continue to offer the market's lowest prices. The continuous maintenance and development of systems and internal processes is also of extreme importance for stability, while at the same time creating economies of scale and forming the foundations that enable us to continue providing a high quality of delivery – even with strong customer growth and increasing volumes.

We have identified three main areas that are crucial to us maintaining our position and creating long-term shareholder value, strong growth in savings capital, good scalability and profitability.

1. Growth in savings capital

Long-term growth in our savings capital is essential for growth in operating income.

Quarterly revenues in relation to savings capital, 2001–2015 (SEK m)



Growth in savings capital is driven by growth in value of customer savings and net inflow. As growth in value is dependent on both the stock exchange and customers' investments, net inflow is the single most important KPI that we can influence ourselves to create long-term growth in operating income.

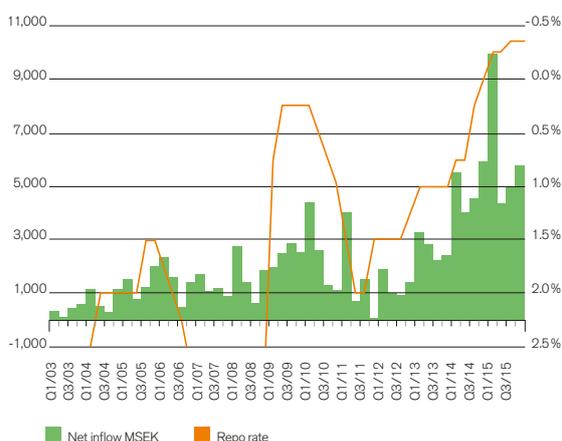
Net inflow is driven by savings from new customers and a greater commitment and savings made by existing customers, something we can measure in terms of number of accounts per customer and customer satisfaction. Satisfied customers stay longer, recommend Avanza to others and tend to increase their commitment and savings over time. Avanza therefore aims to have Sweden's most satisfied savings customers according to the Swedish Quality Index, an ambition since 2010. Our target for customer growth as of 2016 is a minimum growth of 10 per cent of the customer base at the beginning of the year. As regards the net inflow, the target is a market share of at least 7 per cent of the Swedish savings market. Our growth targets apply over the course of one business/interest rate cycle.

On average, customer savings at Avanza have increased at a significantly faster rate than the overall savings market in Sweden – an average of 18 per cent per year over the last 10 years, compared with 7 per cent for the savings market as a whole. The growth in capital on the savings market is not decisive for Avanza's growth, as a large portion of the net inflow of capital will originate from customers moving existing savings capital from other banks or pension companies to Avanza. This entails that we have significant opportunities to increase our market share regardless of the overall growth of the market.

There is a correlation between the repo rate and the net inflow. Periods with a low or falling repo rate normally affect our growth conditions positively. This is because fees take on more significance when market interest rates are low, which benefits Avanza, and affect customers' disposable savings capital positively.

* Source: Sparbarometern, published with a lag, the latest refers to 30-09-2015

Correlation between repo rate and net inflow



At the same time, low interest rates create ideal conditions for increased income within securities trading, as the potential returns offered on the stock market become more attractive. On the other hand, this does put a certain amount of negative pressure on our interest income.

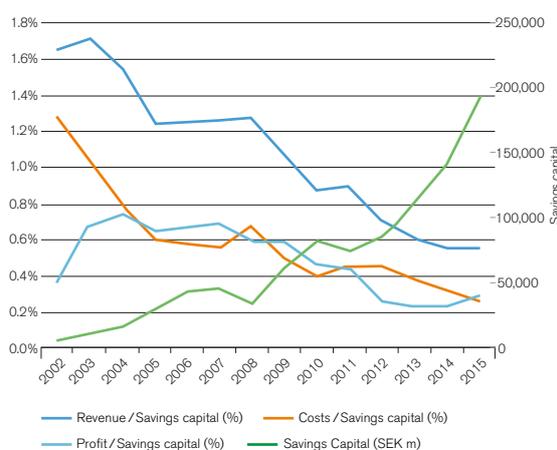
During periods of higher or rising market interest rates, the situation is reversed, with higher interest income and at the same time, in general, slightly weaker conditions for customer growth. The overall sensitivity in Avanza's interest income in the event of a change in the repo rate of 1 percentage point, was approximately SEK 200-230 million in income on an annual basis at year-end. The sensitivity in the event of a reduction in savings capital due to a downturn on the stock exchange is difficult to assess, as income is dependent on, among other things, how customers choose to invest their savings capital.

2. Scalability

High scalability depends on a modern IT platform, increased digitisation of customer processes and a constant focus on efficiency and good cost control. Avanza fulfills all of these criteria and has, thanks to the industry's most cutting edge IT platform, good conditions for high scalability allied with continued growth.

The income per savings capital over the past five years has fallen by 9 per cent per year from 87 to 55 basis points due to mix effects in savings, a falling repo rate, reduced fees and variations in trading activity on the stock exchange. Given today's low interest rates and brokerage levels, we anticipate that the income per savings capital will fall at a lower rate than previously. However, we foresee continued mix effects in the savings capital, as we believe that fund savings and interest-bearing investments will increase, at the expense of savings in equities. This is a consequence of changes in trading behavior and the gradual increase of pension capital.

In order to counteract the pressure these developments will entail on income, we need to ensure good scalability and cost control in the future, and to create the conditions to reduce the cost to savings capital ratio in pace with the growth of savings capital. Given continued strong growth, we see positive opportunities that the cost to savings capital ratio over the coming three to five years can be decreased to under 20 basis points, from today's 26 basis points.



During the coming years, we estimate that costs will increase by approximately 8-10 per cent per year, in line with the average of 9 per cent over the last five years. Avanza's long-term target is that cost increases are not to exceed income increases, although this may be the case in the event of a downturning stock market or if we are required to contend with new conditions on the market necessitating new investments or marketing efforts.

3. Profitability

By charging our each customer a little, we attract more customers. Strong customer growth, combined with good cost control and the market's lowest cost per customer and transaction, creates good conditions for profitability and long-term shareholder value.

Avanza's good profit development has facilitated a high share dividend, long constituting either the entirety of or even more than net profit for the year. Higher capital adequacy requirements and a higher growth rate mean that this is not sustainable in the long term. Avanza's long-term policy of distributing a minimum of 70 per cent of profits to our shareholders remains.

Market

Avanza focuses on the Swedish savings market. Sweden has one of the highest proportion of equity and fund savers in the world. An estimated 80 per cent of the population save in equities or funds

directly or indirectly via pension savings. In the course of a normal year, around two million Swedes execute at least one transaction involving equities or funds.

Swedish savings market

	2006-2015*	Expected growth
Net inflow, % of savings capital at the start of the year	5 %	2-5 %
Value growth	2 %	2-3 %
Annual growth	7 %	4-8 %

A savings market with high growth potential and digital development

The Swedish savings market amounts to SEK 6,600 billion, of which 48 per cent is made up of direct savings and 52 per cent* is made up of pension savings. Normally the market is expected to grow by around 4-8 per cent per year, in line with growth over the last ten years.

The Swedish savings market is at a very high level of Internet maturity and penetration among both businesses and individuals. Many, and ever more high-worth savers, today manage an increasing part of their savings via the Internet. This, combined with a strong domestic telecom industry, has meant that the demand for Internet and mobile-based savings solutions has exploded and that online savings are growing significantly faster than the overall savings market.

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.

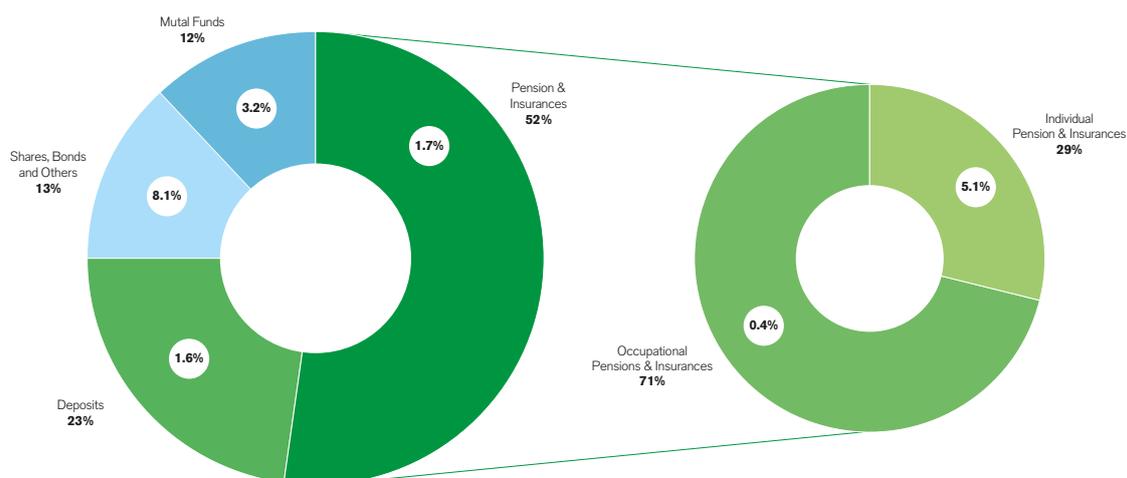
This shift to greater individual savings also involves a greater focus on a better range, choice and the significance of the fees. This is where the Internet, with its economies of scale is particularly well placed to meet these needs.

Factors which can limit a continued high net inflow to the Swedish savings market include increased global economic uncertainty, falling property prices, rising interest rates and an amortization requirement on mortgages which, cumulatively, may cause Swedes to want to save more by paying off their mortgages, and to a lesser extent introducing new capital to the savings market.

Trends

In pace with falling market interest rates seen in recent years, traditional savings accounts have become less attractive. The historical decrease to minus interest in 2015 has resulted in more savers being attracted by the stock exchange. 2015 was a good year on the stock exchange, if somewhat turbulent, with a total

Swedish savings market 30 September 2015



The white circles in the graphs relate to Avanza's share of each market
 * Sparbarometern, published with a lag, the latest refers to 30-09-2015

return of 10 per cent. Trading activity on the Stockholm Stock Exchange was 27 per cent higher than during 2014, and trading volumes were 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 reached a record level in 2015. Interest in mixed funds has been high, and has constituted one of the largest forms of fund savings in Sweden during four of the last five years.

Savers also choose savings alternatives incurring lower taxes. We have seen a record number of new investment savings accounts (ISK), which attracted the majority of new savers in 2015. 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 government's deposit insurance scheme. Savings in ISK are expected to increase even more as a consequence of the discontinuation of deduction rights for individual pension savings from 2016.

The pensions and insurance-based savings segment is the single largest, constituting almost 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 and many people also have difficulties in understanding 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 realize 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, in Sweden it is still not possible to transfer pension savings without restrictions. Today's transfer rights only cover pension policies signed after 2007. Transferable 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, a state-planned life insurance review presented a proposal for enhanced transfer rights for pension 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 situation since then, the issue has not been given priority. We therefore consider it unlikely that any new decisions will be made before 2017.

Given the new savings behavior, we do not foresee a return to the higher revenues per saved SEK which the industry experienced up until a couple of years ago. Our assessment is that price competition in the coming years will continue. Maintain-

ing competitiveness and profitability through a reduced cost to savings ratio is a challenge facing the industry as a whole. At the same time, costs are increasing due to new legislative and regulatory requirements and due to increased demand for accessibility via various channels.

Avanza uniquely positioned for long-term growth

Market trends are moving towards a growing need for simple and transparent information, and relevant tools to enable savers 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 25 per cent per year during the period 2001-2015, which is much faster than the total savings market in Sweden.

Avanza is affected by the mood on the stock exchange and savers' general attitude towards risk. In times when there is a higher risk appetite, net inflow tends to be stronger, trading activity higher and the allocation to mutual and emerging market funds tends to increase. In the light of an increasingly broad product range, not least in interest-bearing 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 fluctuations.

Another factor impacting Avanza's conditions for growth is regulation. We are in the middle of a period of comprehensive regulatory changes in the financial sector, driven by the EU. The forthcoming MiFID 2 regulations, together with other legislative measures, are intended to increase requirements with regard to consumer protection and transparency. Among their effects, these requirements are expected to increase both complexity and costs for financial institutions associated with financial advice for private individuals. These regulations will probably be a driving force behind increased digitisation in general, and digital decision-making support in particular. Other trends pushing development in the same direction are the increased cost consciousness and lower readiness to pay among savers, plus the increased fragmentation of the financial services market.

All in all, we believe that these developments are positive for Avanza's premises for growth. They will probably speed up the transition from physical meetings with a bank official to digital services, in which Avanza has a strong competitive advantage.

Competitors

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

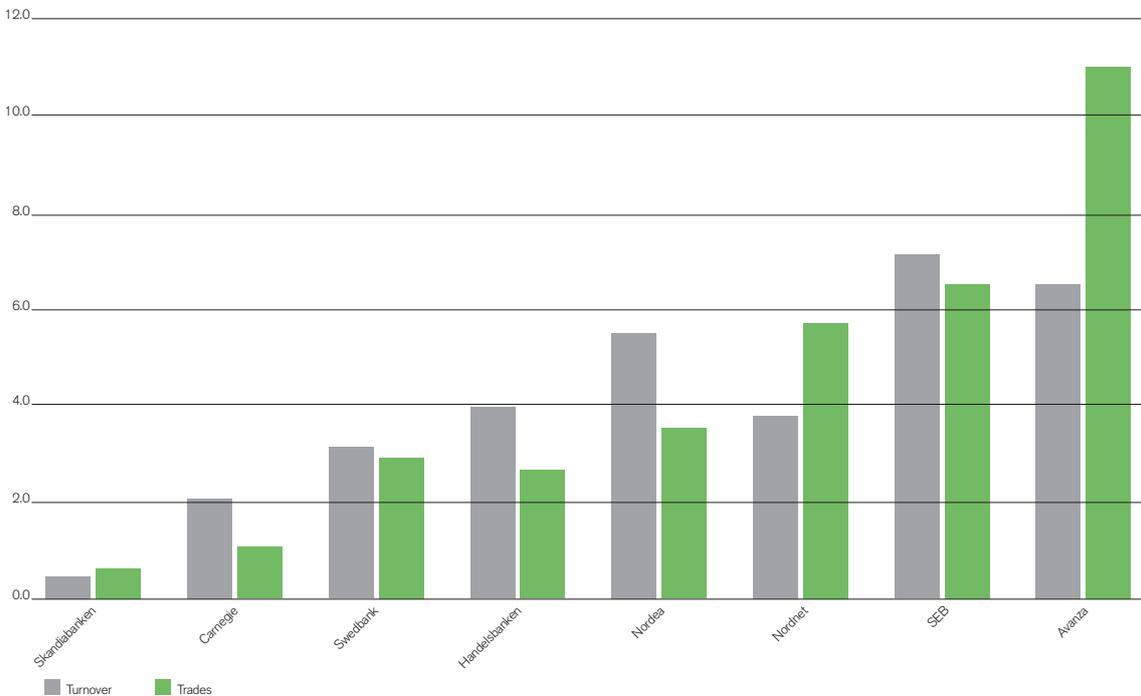
Market shares

Avanza is the largest Swedish bank in terms of number of transactions on Nasdaq Stockholm, including First North. In 2015, 10.9 (7.6) per cent of the total amount of transactions were made through Avanza. In terms of turnover, Avanza was the second largest Swedish bank, with a market share of 6.4 (4.2) per cent.

Avanza's market share of savings capital was 2.7 (2.3) per cent of the total savings market in Sweden.** Our share of the total net inflow to the Swedish savings market during the period October 2014 up to and including September 2015 amounted to 8.8 (8.9) per cent, well in excess of our long-term target of 7 per cent.

Avanza Pension has grown by 27 per cent this year and today has a 6 (5) per cent market share of the premium inflow to the life insurance market.***

Market shares in Sweden 2015*



* Nasdaq Stockholm including First North

** Source: Sparbarometern, published with a lag, the latest refers to 30-09-2015

*** Source: Svensk Försäkring, published with a lag, the latest refers to 30-09-2015



Anna Zachrisson
Finance

Britt Lundin
Human Resources

Targets and outcomes

Avanza's 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

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

Satisfied customers

One of Avanza's long-term targets is to win SKI's award for "Sweden's most satisfied savings customers", which we have now succeeded with for six consecutive years. Once again, Avanza was awarded the highest marks within all categories in 2015; image, expectations, product quality, service, value for money, satisfaction and loyalty. To top it off, this year we even achieved a new record in satisfaction and loyalty.*

Long-term shareholder value

By achieving a market share of at least 7 per cent of the net inflow to the Swedish savings market, we ensure positive growth and an ongoing increase of our market share of the total savings market from today's 2.7 per cent.

A driving factor behind the net inflow is customer growth, for which our target the last two years has been 30,000 to 40,000 new customers a year. A target which we surpassed by a good margin in both 2014 and 2015.

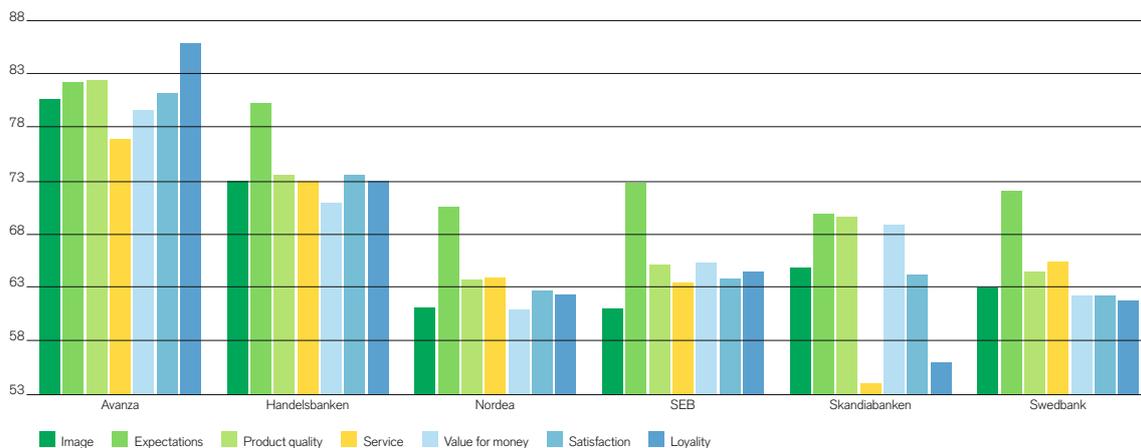
As of 2016, we have decided to amend our target to an annual customer growth of at least 10 per cent of the customer base at the beginning of the year. A target which grows with time, in contrast to our previous static growth target.

Our long-term target that costs should not grow at a faster rate than income is still in place, as is our dividend policy of distributing at least 70 per cent of the profit for the year.

Committed employees

A prerequisite for having satisfied customers is proud and committed employees. Net Promoter Score (NPS), also known as the "ambassador index" is an international measure of employee loyalty that Avanza started using to measure employee satisfaction in 2014. A score of over 40 is the highest possible and is an excellent result, with a very high number of ambassadors amongst employees.* Avanza's score of 46 for 2015 is therefore towards the top of the scale.

Customer Satisfaction (Swedish Quality Index) 2015



* Source: Quicksearch

Long-term targets		2015	2014	2013	2012	2011
Customers						
Sweden's most satisfied savers according to the Swedish Quality Index (SKI)		√	√	√	√	√
Customer satisfaction according to SKI		81.3	78.6	72.0	75.0	76.2
Shareholders						
<i>Growth in savings capital</i>						
Market share of at least 7 per cent of the total net inflow to the Swedish savings market*		8.8%**	9.2%	5.7%	2.9%	3.8%
30,000 – 40,000 net new customers per year*, and as of 2016 an annual customer growth of at least 10 per cent of the customer base at the beginning of the year		96,400	54,700	33,200	20,300	26,200
<i>Scalability and profitability</i>						
Costs should not grow at a faster rate than income	Income growth	33%	17%	6%	-19%	12%
	Cost growth	10%	8%	3%	3%	20%
Dividend of at least 70 per cent of the profit for the year		74%	81%	120%	143%	97%
Employees						
A Net Promotor Score (NPS) over 40		46	46	–	–	–

* In 2014 Avanza's target regarding market share was adjusted upwards from 5 per cent, and regarding the number of new customers from 20,000 – 30,000

** Source: Sparbarometern published with a lag, October 2014 - September 2015

These are long-term targets and may be impacted by short-term fluctuations in the market. This occurred in 2011 for example, when the market crashed, impacting our income growth due to the fact that we were not able to prevent the drastic downturn in equity trading. For this reason, costs increased at a greater rate than income during this particular year.

Our customers

Avanza serves private customers and companies in Sweden and had 467,600 customers at year-end. For the sixth consecutive year Avanza won the award for "Sweden's most satisfied customers" in

the savings category of SKI's annual survey. The survey also found 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 activity level.

1. Benefit level

Our customers are automatically categorized in accordance with their level of benefits, depending on the amount of accumulated savings they have or brokerage fees they pay. The customers can affect their own level of benefits by depositing money or transferring equities, funds or a pension from other banks or insurance companies. The higher the level of benefits, the better the interest rates as well as the rates on products and services.

2. Brokerage fee class

We always aim to offer the lowest prices on the market, regardless of the size of the customer's equity transactions or the customer's type of savings. Our price list for trading in securities, such as equities, derivatives and exchange traded products, means, that the customer can choose to trade in equities from only SEK 1, or choose to never pay more than SEK 99 regardless of the size of the transaction.

We have four brokerage fee classes, which are divided up into different price ranges, depending on trading behavior. The customers, through their choice of brokerage class, can influence the brokerage fees to be paid. Customers can move between the various brokerage classes once a month without cost. 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

Avanza's Private Banking offer is suitable for individuals and companies, with a savings capital in Avanza exceeding

SEK 3 million. Avanza does not offer individual advisory services, our Private Banking customers have chosen to make their own investment decisions and wish to maintain full insight and control over their transactions.

The beneficial conditions offer customers a low variable brokerage fee (0.055 per cent), competitive interest rates, tax advice, legal aid and personal services through a direct number to our account managers, our specialised customer services and brokers. We also offer mortgage loans for our Private Banking customers. At year-end the mortgage had an effective interest of only 0.99 per cent, applicable on a loan-to-value of up to 50 per cent.

Pro

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

Corporate customers

Avanza offers corporate solutions for occupational pensions and endowment insurance, without any fixed fees. Companies and their employees, can save for their retirement from among the wide range of funds and other securities.

Corporate customers 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 equity and derivative transactions. Avanza also offers Corporate Finance services such as IPOs, ownership diversification and new share issues, whereby all of our customers constitute a strong platform for cost-effective ownership diversification.

1. Our benefit levels



Bronze

No minimum deposit or number of transactions requirements.



Silver

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



Gold

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



Platinum

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

2. Our brokerage fee classes

<p>MINI</p> <p>Variable brokerage fee 0.25%</p> <p>Lowest brokerage fee SEK 1</p> <p>Suitable for trades below SEK 15,600</p> <p>With our MINI brokerage fee, you can trade shares for just SEK 1 per order up to SEK 400. For trades over SEK 400, you pay a floating fee of 0.25 per cent instead.</p>	<p>SMALL</p> <p>Variable brokerage fee 0.15%</p> <p>Lowest brokerage fee SEK 39</p> <p>Suitable for trades of SEK 15,601- 46,000</p> <p>With our SMALL brokerage fee, you can trade shares for just SEK 39 per order up to SEK 26,000. For trades over SEK 26,000, you pay a floating fee of 0.15 per cent instead.</p>	<p>MEDIUM</p> <p>Variable brokerage fee 0.069%</p> <p>Lowest brokerage fee SEK 69</p> <p>Suitable for trades of SEK 46,001-143,500</p> <p>With our MEDIUM brokerage fee, you can trade shares for just SEK 69 per order up to SEK 100,000. For trades over SEK 100,000, you pay a floating fee of 0.069 per cent instead.</p>	<p>FLAT FEE</p> <p>Variable brokerage fee –</p> <p>Flat brokerage fee SEK 99</p> <p>Suitable for trades over SEK 143,501</p> <p>With our FLAT brokerage fee you never pay more than SEK 99 per trade.</p>
--	---	---	---

Customers' opinions are important

We invest a lot in being responsive to customers' requests and constantly meeting new customer needs. Better mobile presence and better decision-making support have been two areas where customers have stated that they would like to see improvements made. Accordingly, we launched an entirely new iOS app and an updated Android app, both with improved login functionality via mobile BankID, fund trading and trading in US securities. With regard to decision-making support, we launched the Portfolio Generator during the summer, a tool which allows our customers to create five-star fund portfolios with good risk diversification in mere minutes.

Our customer service team is passionate about helping our customers. Avanza's customer service division includes an employee dedicated to identifying and compiling customers' viewpoints and suggestions and presenting these to product owners and management. This gives us the opportunity to adjust individual functions in line with customer feedback. We have made over a thousand improvements during the year in order to make things simpler and more positive for our users.

We regularly ask our customers to complete surveys, both general in nature and specific to products, services or functions. In addition, we carry out user testing prior to any new launches, where we invite a relevant target group for interviews. In 2015, Avanza received the award for "Best service in financial services" in the ServiceScore survey.

High customer satisfaction

Satisfied customers are fundamental to Avanza's business concept and the operations are undertaken with a consistent focus on what is best for our customers. In December, SKI named Avanza's customers as "Sweden's most satisfied" in the savings category, for the sixth consecutive year.

In a trust survey undertaken by Privata Affärer during the year, Avanza received the highest score among Swedish banks and was voted "The People's Favorite 2014" at Bankbetyg.se. Avanza was awarded top marks in all categories; customer care, services, technology, fees and recommendation.

Also Avanza's own surveys clearly indicate customer satisfaction. In 2015 Avanza set new ground with an NPS (Net Promoter Score, or "ambassador index") of 68. The index, which measures how loyal customers are, range from -100 to 100 and is a measure of customers' recommendation rate. A result between 0-50 is good and a result exceeding 50 is extremely good. In 2015 Avanza also set a new customer satisfaction record with an SCI (Satisfied Customer Index) of 87.

Customer promise

Our promise to customers is, more for you, less for the bank, exactly as it should always be. The best interests of our customers is always Avanza's primary focus. The rate of innovation is high and where there are needs or imbalances in the system that do not favor our customers, we develop new products and services.

1. Lowest fees on the market

We always strive to offer our customers the lowest fees on the market, without compromising on quality. Our customers should never have to pay unnecessary or hidden fees. Accordingly, we have no fixed account, annual or deposit charges. In 2014, we launched a new price list with the market's lowest fees, irrespective of the size of the securities dealings. We offer trade in Swedish equities from SEK 1. In 2015, we also reduced the minimum brokerage fee for trade in the US to USD 1. We also have different benefit levels where our customers automatically get better terms and conditions, the more active they are, or the more savings they have with Avanza. We believe in full transparency in our customer relationships. In 2015, our customers saved over SEK 1 billion in fees compared with if they had done their business with any of the larger banks. Our pension savers can also accrue up to SEK 1 million more in their pension pot thanks to our low fees.

2. Better decision-making support

We believe our customers make the best decisions concerning their own investments and savings and we do therefore not offer any individual financial advice. On the other hand, we do spend a great deal of time to develop and to be able to offer the best conceivable decision-making support. We highly value general advice tools and services that help our customers take charge of their own investments and savings in a simpler, cheaper, more enjoyable and smarter way. In 2015, we launched our very well-received "Portfolio Generator" tool, which helps our customers to quickly and easily create a diverse five-star fund portfolio. Our customers also get access to news and analysis along with buy and sell tips, via the independent online magazine Placera and the financial weekly Börsveckan. If a customer wish a contact us, our renowned customer service team is available to answer questions via phone, email and social media.

Examples include our award-winning charge-free fund Avanza Zero, a mortgage with an interest rate of just 0.99 per cent, as well as our Savings account+ with a five fold deposit guarantee. Our offer is based on four underlying factors: the lowest fees on the market, better decision-making support, simplicity and greater freedom of choice.

3. Simplicity

Our aim is to make everything as simple as possible for users of our services. 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 hard-bitten market professional or an enthusiastic novice, you should find Avanza an easy experience. For instance, this means that we always communicate in an easily understandable way without using complicated financial jargon. Customers should be able to quickly gain a general overview of their securities, savings accounts and pension savings, get help with their income tax return and access to news and guidance. With the help of our new apps for iOS and Android, it is possible to manage the majority of the savings and investments via mobile devices. If our customers still would like help to manage their savings, this is available through our partnerships with external investment managers.

We have a tool for corporate customers that allows them to quickly and easily manage their employees occupational pensions directly online, with no forms to fill in.

4. Greater freedom of choice

Our aim is that customers should always find the best savings options with us. Therefore, we offer the widest range of savings products on the market, by for example assembling the largest selection of funds in Sweden. We also offer digital trading on all Nordic stock exchanges, in the US and Canada, and on other markets through our brokers. Of course, at the lowest fees on the market. We also collaborate with other institutions and suppliers to offer products and services such as, for example, Savings account+, Credit Linked Notes and funds of funds. All to be able to offer our customers the best terms and conditions, irrespective of how they choose to invest and save.

**We save over
1 billion on
behalf of our
customers.**



Every year.

Product development and range

Development in 2015 was intensive, with a numerous new services and functions. Development was primarily driven by changes in user behavior and new regulation. At the same time, our pronounced customer focus has resulted in improvements in the customer experience, largely based on the feedback from our customers.

A clear trend in recent years is that more and more customers manage their financial dealings via mobile devices. In 2015 Avanza launched new mobile apps, introducing the possibility of trading on foreign markets in the palm of your hand to mention one of the features. Product development work has also concentrated on decision-making support and inspiration to facilitate the execution of investments without expensive advisory services. Decision-making support is also in significant demand during times of volatile stock markets. The Portfolio

Generator, which was launched during the year, helps fund savers to easily create a fund portfolio with good risk diversification. The aim of these functions, on both our website and mobile devices, is to offer a world-class digital experience.

We also recognize the value of working with external parties when this creates benefits for our customers. During the year, we launch Avanza Markets in cooperation with the issuing house Morgan Stanley, while in the autumn we hosted the Avanza Tech event, at which technology enthusiasts were presented with a description of how Avanza creates a better future for hundreds and thousands of people with the help of the latest technology. Below we present a selection of Avanza's services and products. For more information and price list, please visit our website avanza.se.

TRADING

Equities

- Trading via our website or mobile apps on exchanges in the Nordic countries, the US and Canada
- Trading via our trading desk on other markets across the globe
- Sweden's lowest brokerage fees from SEK 1 on the Stockholm Stock Exchange
- Reduced lowest brokerage fees for trade in the US and Canada at USD 1
- Reduced lowest brokerage fees for trade in Europe at EUR 1
- Reduced lowest brokerage fees for trade in Norway and Denmark at NOK 1 and DKK 1, respectively
- Streamed real time market data for all Nordic securities, at zero cost

Funds

- Around 1,300 funds worldwide and Sweden's broadest range of low-cost funds, all available for trade on our website or apps
- Avanza Zero, Sweden's first fund with zero fees
- Both actively and passively managed funds of funds with professional managers who regularly review the funds' holdings
- Monthly saving accounts where you automatically buy funds each month
- ETF's which follow various stock indices and which are traded similarly to equities

Other securities

- Trade in over 10,000 ETP's which cover indices across the globe, raw materials, currencies and individual shares
- Bull & Bear certificates, Trackers, Mini Futures and Warrants from 8 issuers
- Brokerage-free trade (over SEK 1,000) with Avanza Markets
- On our website you can trade directly in most securities online, including bonds, derivatives and futures, warrants, certificates and structured products

INTEREST-BEARING INVESTMENTS

Saving accounts

- Simple and safe interest-bearing investment with no minimum savings period or deposit requirement
- Savings account+ offers a competitive interest rate and a choice of minimum savings periods for your savings thanks to our partnerships with Klarna, Nordax, Santander, Collector and Resurs Bank
- The government's deposit guarantee of EUR 100,000 applies to all our different savings accounts, which means multiple deposit guarantees via external partners

FX linked

- Offer a high rate of interest paid quarterly. Apart from the interest, the return is also affected by currency exchange rate changes in the underlying currency compared with the SEK
- Free of charge only at Avanza, traded in blocks of SEK 10,000. Traded on Nasdaq Stockholm in the same way as equities

Credit Linked Notes

- A form of saving, with quarterly interest payments, that offers higher interest than savings accounts but with lower risk than shares
- Free of charge only at Avanza, traded in blocks of SEK 10,000. Traded on Nasdaq Stockholm in the same way as shares

LOANS**Mortgage loans**

We offer Private Banking customers a mortgage loan at a rate determined by the Swedish Central Bank repo rate (minimum 0 per cent) plus 0.99 per cent, 3 months floating. It 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 1 million

Securities loans

Our Super Loan has the lowest borrowing rate in Sweden for securities. 1.75 per cent*. It has no minimum savings period or associated charges

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

Trade in equities, funds and other securities without having to declare your dealings in your tax return. Instead you pay a low standard tax on the value of your holdings and deposits made during the year. You can also exercise the voting rights of your holdings at company shareholder meetings

Endowment insurance

With an endowment insurance you can trade equities, funds and other securities without fixed fees and without having to declare your dealings in your tax return. Instead a standard tax deduction is made against your savings each quarter. 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 insurances

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 a company owner can choose to use one of our standard occupational pension packages. You can also create individual pension plans. Our corporate 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

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 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

Individual pension plan

A private pension plan without an insurance element allowing you to save in equities and funds. You pay a low yield tax instead of capital gains tax and you do not need to declare this on your tax return. 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

* Per 30 December 2015. The effective interest applies to the Platinum benefit level.

INSPIRATION AND DECISIONMAKING SUPPORT

The Portfolio Generator	The Portfolio Generator is a decision-making support tool that helps you to quickly and easily create a well-diversified fund portfolio of five-star funds, free of charge
Equity inspiration	With the help of themed lists, most popular lists and specific portfolios, we have made it simpler and more fun to identify new favorite shares
Avanza Academy	Everything you need to know, plus a little more, about saving in equities, funds and other securities – for those thirsty for knowledge
Savings and investment events	Our events are designed to provide information on savings, with focus on our offering. They are held in Stockholm, Gothenburg and Malmö and are streamed live. Annually, we organise Sweden's largest event within private savings, Avanza Forum, at the Stockholm Globe Arena. This is an opportunity for our customers to meet CEOs, analysts, ministers, journalists and other commentators with views and insights into the economy, as well as companies behind the savings products at avanza.se
Placera	The online magazine Placera offers research and comments on the state of the economy, equities, funds and current market phenomena. Placera gives you plenty of advice and numerous tips on how to invest your money. Placera is editorially independent of Avanza and is the third largest online financial magazine in Sweden. Placera also offers several research services via, e.g. Redeye, Investtech, SME Direkt and Introduce
Börsveckan	Börsveckan is a pure stockpicking publication that provides research and specific buy and sell recommendations on over 240 companies each year, with its own fictional equity portfolio that readers can follow. The past five years, the portfolio has grown by 29 per cent a year, outperforming OMXSGI's 14 per cent
Apps	With our iOS and Android apps, you can quickly get an overview of your savings and can trade funds and equities in Sweden, the Nordic countries, the US and Canada. You can create and follow your own watch lists, which are automatically synced with the website, and stay up to date on the latest news from Placera and the Direkt news agency. Simple login with your user name or mobile BankID
Trader programme	We offer the hottest trader and trading applications 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. Each page is packed with information with a breakdown of your holdings in different charts and tables
Real time market prices	We show real time prices for Nordic securities on the website and apps, free of charge. For American equities, real time prices are shown in association with placing orders
Monitoring and alarm	You can make your own watch list of your favorite shares and set alarm triggers via your account. This enables you to stay updated on the stock exchange also by smart phone and email
Tax return	We offer several services that make it easier for you to complete your tax return
Signal list	A newsletter with daily buy and sell signals for all equities listed on the stock exchange is sent to you by email, so you can quickly check movements on the exchange. Contains a brief analysis of the market situation

OTHER SERVICES

Corporate Finance

Corporate Finance offers advice to small and medium-sized companies in association with rights issues and fund raising. We also offer advice in association with ownership and capital structure issues and strategic development. Avanza's digital platform and many customers contribute to liquidity in the share and a cost-effective ownership diversification

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



Leonardo Delejon
IT operations

Ann Bernhardsson
IT development

Elias Lindholm
IT development

Employees

Unique culture

To succeed with our customer promise – to get a better return on your savings than with any other bank in Sweden, due to low fees – we need a special culture and dedicated employees who genuinely want to make a difference. Our culture is founded 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

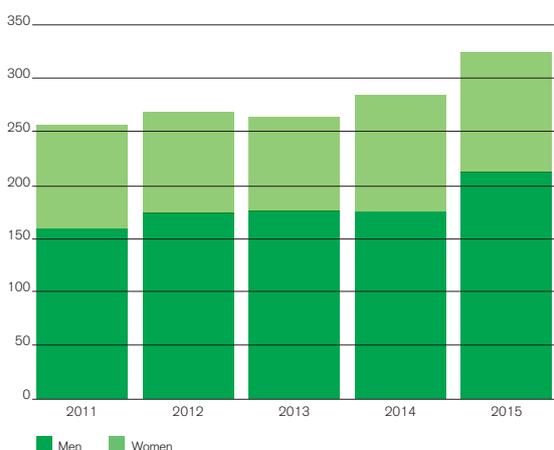
Every quarter we nominate an employee who has demonstrated the ability to act in accordance with Avanza's guiding principles. The aim is to encourage and nurture the innovative entrepreneurial spirit that has taken us from being a small challenger to the bank that handles the largest number of transactions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

Our employees

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

In 2015, Avanza had, on average, 323 (283) employees, of whom 34 (37) per cent were women and 66 (63) per cent were men. The majority of Avanza's employees come from the traditionally more male dominated finance and IT sectors. At year-end, the number of full-time employees, excluding those on leave of absence and parental leave, was 334 (296). The average Avanza employee was 33 (33) years old.

Distribution average number of employees



Leadership and employee profile shows the way

Our leadership profile clarifies 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. Our leaders undergo a four-day management training course and take part in our yearly management days, where the content is designed according to the leadership profile. In 2015, the leadership profile was adapted for all employees within Avanza. Our view is that each of us is a leader and an ambassador, even though the demands on leaders with personnel responsibility are higher.

Diversity makes us richer

For us it is essential 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. 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 is an important part of our managers' responsibilities, which includes performance management planning.

This year's employee survey revealed that 93 per cent find Avanza an equal workplace. 42 per cent of Avanza's managers are women. The corresponding figure for Group Management is 38 (38) per cent, with three women and five men.

Development and competence

Defined goals, feedback and individual effort-based rewards are critical for employee motivation and their ability to satisfy our customers. All employees have individual goals that are linked to the overall targets of the team and Avanza. Performance is followed up through quarterly development discussions, even though we encourage a closer dialog through "one-to-one" talks, ideally every week. It is the manager who calls the meeting and the employee who sets the agenda.

Competence 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, while new employees in customer support undergo a three-week programme.

We encourage internal mobility in order to develop employees and Avanza. In 2015, a total of 17 (45) positions were appointed internally, which is equal to an internal movement of 5.3 (15.9) per cent. We work in a structured manner to identify and develop key employees.

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 feel it is fun to go to work

Health provides success

Health and well-being are important, for the employees themselves and for their ability to do their best at work. Absence due to illness at Avanza has been low for a long time; 3.0 (2.3) per cent. This is most likely due to our many 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 a good work-life balance.

- Preventative 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 a health 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. Multiple births receive an allowance for an additional 90 days. The allowance is 10 per cent of the annual salary up to 10 times the price base amount. For the part of the annual salary exceeding 10 price base amounts, Avanza provides 80 per cent in compensation for up to 360 days
- Flexible working hours: Given the nature of the work, employees have the opportunity to influence their own working hours

Employee surveys

One of Avanza's overall targets is to have satisfied and committed 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 are a clear signal if we are on the right track. The response rate for 2015 was very high as usual, 96 (95) per cent, which indicates that our employees know that their opinions matter. The results are expressed as a total index, which this year amounted to 80 (78). The industry index is 74 for the banking sector and 75 for the IT sector*.

Last year, we introduced a new employee survey which emphasizes the employee's own responsibility for his or 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 characterized by mutuality. Some examples of important findings in this year's employee survey are:

- Visions and targets, leadership and customer focus were highly valued and breathes through 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 towards the top of the scale*

The results are broken down at departmental level, and each department prioritizes 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.

* Source: Quicksearch

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

As a complement to the annual employee survey, we have 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 motivation to do a really good job.

During the year we conducted two measurements, which overall showed good results. These measurements provide managers and Group Management with an insight into our employees' work situation and an opportunity to manage and fix problems at an early stage.

Creative forms of dialog

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 express their own opinions, make proposals or present ideas for change, and receive answers on matters relating to the business. Another initiative is "Questions to Group Management", where employees email questions which are responded to at the monthly meetings in which all employees participate. The monthly meetings also include a point on the agenda where employees are given the opportunity to praise colleagues' achievements.

**We only do
what we do best**

Avanza in society

Broad-based personal finance

Avanza benefits its customers, and indirectly society, by doing what we do best, namely offering savings and pension products with the lowest fees on the market. This means Avanza customers have more money over for other things. For example, no fixed fees 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. In 2015, our customers saved over SEK 1 billion in fees compared with if they had used any of the large banks to execute their transactions.

Pioneer in the savings market

Our quest is to challenge established structures that 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.

Avanza coined the concept 'savings economist' with Claes Hemberg and we have helped savings issues gain more media coverage. Claes blogs, writes books, lectures and takes part in educational TV shows. He 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. We are convinced that our customers are capable of managing their own savings themselves. In order to help investment decisions, we provide access to relevant information instead of expensive advice. During 2015 we have extended our focus on digital decision-making support with the launch of the Portfolio Generator service for fund savers and the Stock Inspiration service for equity savers. Avanza Academy was also launched during the year, aiming to broaden access to and increase knowledge of savings and investments. For Avanza Academy and its ongoing

work to spread knowledge through social media, Avanza won the award "Educator of the Year" from Privata Affärer. Our customers are also able to select funds that report according to the ESG profile. The profile is a sustainability profile drawn up by SWESIF, an organisation which works to promote sustainable investments in Sweden.

Avanza owns Placera Media, publisher of Placera, the third largest independent website on personal finances and saving in Sweden, plus the weekly stockpicking magazine Börsveckan. Börsveckan runs its own portfolio that readers can follow. Over the past five years, the portfolio has grown by 29 per cent a year, outperforming the stock exchange's 14 per cent.

Avanza's site also offers inspiration for savers in the form of podcasts, blogs, education, tips and most popular lists, where readers can see how others have invested their savings.

Avanza's products and services, together with investments in modern technology, help individuals to learn more about savings and investments.

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 2015, we organised a total of 50 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. These include CEOs of publicly listed companies, analysts, ministers, journalists and our partners. This year's Avanza Forum was the 10th edition of the event and attracted 6,000 visitors and reached a further 50,000 via the live stream.

Strictly regulated business

Avanza's business activities are strictly regulated and subject to the Swedish Financial Supervisory Authority inspections and control. The employees are informed of applicable rules

Financial value created and distribution per stakeholder group

SEKm	Stakeholder	2015	2014
Revenues with interest costs deducted	From customers	960	739
Distributed financial value			
Operating costs, excluding personnel costs	To suppliers	-174	-166
Salaries and other benefits excluding social insurance contributions	To employees	-205	-184
Interest costs	To creditors	-37	-43
Tax and social insurance contributions	To society	-129	-96
Dividend	To shareholders	-308*	-202
Retained financial value		107	48
<i>Dividend as a proportion of the profit for the year</i>		<i>74%</i>	<i>81%</i>

* Proposed dividend

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 guiding principles. Acting with integrity at all times and manage our business and our operation in a responsible and sustainable manner is essential for Avanza to retain the trust of the world around us.

Totally reliant on the trust of our stakeholders

Our ability to live up to our mission to strive for a better savings market in the long term is totally reliant on the trust of our stakeholders. Avanza's primary stakeholders are our customers, employees and shareholders. What we do for our stakeholders and the Swedish savings market, should ultimately also benefit society in general.

Our business is totally digitised. Information security is thus of extreme importance. 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's deposit guarantee scheme and operates with low financial risk taking. This means, for instance, that we do not engage in trading on our own account. Read more in the Risk section.

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 when they join the company and at regular intervals thereafter. A whistleblower function is in place to enable employees to anonymously report alleged suspected improper behavior.

Total emissions, tonnes CO ₂ e	2015	2014
Flights	61	58
Company cars	12	8
Other business trips	3	1
Heating office premises	32	25
Energy consumption data centres and office premises	0	0
Printouts	2	3
Total	111	95

Avanza's climate analysis for 2015 show that business travelling impact the most. These increased mainly due to our new offices in Gothenburg and Malmö. Our offices and data centers are powered by 100 percent renewable energy.

Christmas charity

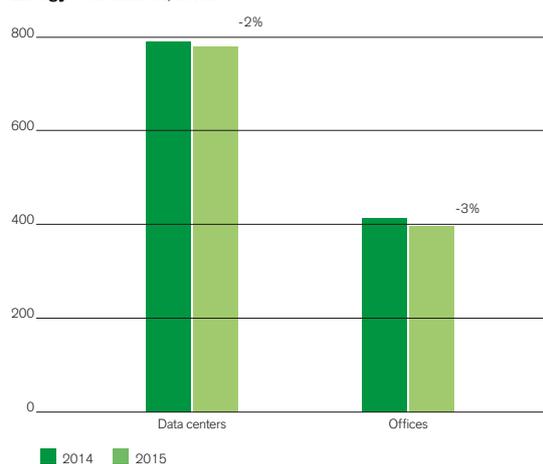
Each Christmas, Avanza makes a donation to a charity rather than giving Christmas gifts to employees. This year we donated to Stadsmissionen, and also contributed to UNICEF's work on the migrant and refugee crisis. Avanza customers can also donate equity dividends to charitable causes.

Limited environmental impact

Avanza operates solely as an online bank. Without branches, and using 100 per cent renewable energy in our data centres, our environmental impact is limited. The vast majority of communications with customers is digital. Our business does not entail much travel or transport either, as Avanza's business is operated in Sweden.

Avanza's environmental impact primarily relates to the offices in Stockholm, Gothenburg and Malmö, plus IT operations and physical customer events. As our environmental impact is limited, we do not have any formal environmental governance. This years climate analysis, executed by an independent analytical company, confirms the limited impact. The analysis is based on the computation methodology stipulated in the Greenhouse Gas Protocol (GHG Protocol). This methodology is recommended by the Global Reporting Initiative (GRI).

Energy consumption, MWh



Energy consumption decreased since last year, despite an increased number of employees and a new office in Malmö.

Sustainability report

Sustainability policy

Since 2014, Avanza has been a part of the UN Global Compact and its ten principles on human rights, employment law, environment and anti corruption. In 2014, Avanza developed a sustainability policy that was embedded in 2015. The policy forms the basis for Avanza's continued strategic work within sustainability aspects, closely related to our business model.

The Sustainability Barometer 2015 awarded Avanza as the best financial company. Avanza had highest points in openness and transparency. Avanza received a score of 72 on a scale of 0-100. Our closest competitor within the banking sector had a score of 59 and, within insurance, 62.

GENERAL STANDARD INFORMATION		Page
Strategy and analysis		
G4-1	CEO comment	6-7
G4-2	Main impact as well as risks and opportunities	35-37
Organisation profile		
G4-3	Name of organisation	4, 55
G4-4	Main brands, products and services	18-25
G4-5	Registered address of organisation	67
G4-6	Countries where the organisation operates, or otherwise are of material importance to the business	4
G4-7	Ownership structure and legal structure	40, 44-46
G4-8	Markets	12-14
G4-9	Size of organisation	4, 27, 62-66
G4-10	Employees	27-29
G4-11	Share of employees covered by collective bargaining agreements	None
G4-12	Organisation supplier chain	32-33
G4-13	Material changes concerning the ownership structure, the size and structure of the organisation or supplier chain	N/A
G4-14	Application of the precautionary principle	31
G4-15	Externally developed financial, environmental or social articles of association, principles or other initiatives that the organisation is signed up to	N/A
G4-16	Memberships with significant involvement	30
Identified material aspects and boundaries		
G4-17	Units that are included in the organisation's consolidated financial statements	55
G4-18	Process for defining the contents of the report and aspect limitations	32-33
G4-19	Material aspects	32-33
G4-20	Limitation per material aspect	32-33
G4-21	Limitation per material aspect, outside the organisation	32-33
G4-22	Repetitions from previous reports	N/A
G4-23	Material changes related to scale and aspects limitations	N/A
Stakeholder engagement		
G4-24	Stakeholder groups	31
G4-25	Identification and selection of stakeholders	31
G4-26	Methods of cooperation with stakeholders	18, 27-29, 30-31
G4-27	Main areas and issues raised by stakeholders, and how the organisation has addressed them	22, 27-29, 33
Report profile		
G4-28	Reporting period	32-33
G4-29	Date of most recent previous report	32-33
G4-30	Reporting cycle	32-33
G4-31	Contact person for the report of its contents	33
G4-32	GRI index	32-33
G4-33	Policy and application related to external audit of sustainability report	32-33
Governance		
G4-34	Governance, including committees with responsibility for decisions related to environmental aspects	44-49
Ethics and integrity		
G4-56	Values, principles, standards and norms of behaviour such as code of conduct and codes of ethics	30-31

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 material areas. We apply the fourth version of the Global Reporting Initiative (GRI G4) guidelines, plus the specific GRI guidelines for our sector (the Financial Services Sector Supplement). The GRI index provides references to revised standard disclosures and indicators.

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 the sustainability policy to lead to further development of our sustainability work.

The sustainability report has not been reviewed by a third party.

SPECIFIC STANDARD INFORMATION			Page
Material aspects	Sustainability management and indicators		
Economic aspects			
Economic performance	G4-EC1	Created and delivered financial value	30
Environmental aspects			
Environment	FS2	Procedures for evaluating and auditing environmental and social risks in business areas	30-31
Energy	G4-EN3	Energy consumption within the organisation	31
Working conditions and working terms and conditions			
Employees	G4-LA1	Total number and number of new employees as well as turnover of employees, by age group, gender and region	27-28
Employees	G4-LA2	Benefits given to full-time employees, which are not offered to temporary or part-time employees	28
Diversity and equality	G4-LA12	Composition of Board and management and division of employees per employee category, according to gender, age-group, (ethnicity) and/or other diversification indicators	27, 46-47
Health and safety	G4-LA6	Absence due to illness/type of injury and share of injuries, work-related illness, lost days, absence (and total number of work-related fatal accidents) per region and gender	28
Training and education	G4-LA11	Share of employees receiving regular evaluation and monitoring of their performance and career, by gender and employee category	27-29
Complaint mechanisms/whistle-blower (relating to working conditions)	G4-LA16	Number of complaints regarding the workplace/employment that have been received, handled and resolved through formal mechanisms for managing complaints	28, 31
Anti.corruption			
Anti-corruption	G4-SO3	Total number of and share of operations that have been reviewed with regards to corruption risk, and identified significant risks	35-37
Anti-corruption	G4-SO4	Communication and training with regards to anti-corruption	31
Product responsibility			
Labelling fo products and services	FS16	Initiatives for increased knowledge about finance	24, 30
Customer satisfaction	G4-PR5	Results from customer survey	5, 19

Contact

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

Sofia Svavar, Head of Investor Relations

E-mail: sofia.svavar@avanza.se

Tel: +46 8-409 420 17



Leonardo Delejon
IT operations

Risks

Our risk profile

Avanza has a conservative approach to risk, as reflected in our risk profile and low risk appetite.

We are mainly 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 as mortgages with a low loan to value ratio.

Avanza is a digital bank, where almost all of our operations are undertaken digitally and over the Internet. Information security is thus of extreme importance. This entails that information must be readily available, be correct and kept confidential. The availability of our site was improved during 2015 to 99.96 per cent. In order to reduce the risk of fraud, we introduced two-step authorization for withdrawals during 2015. This is a supplement to our previous security measure, that withdrawals can only be made to an account in another bank under the name of the same account holder, which further reduces the risk of fraud. At Avanza, unlike other banks and institutions, we do not offer electronic payment services, unsecured credits or cards, which means that the risk of fraud is significantly lower.

During 2015 we continued to work actively with our excess liquidity. The aim is to reduce the capital adequacy requirement and to strengthen the liquidity coverage ratio. Previously, liquidity was primarily invested with Nordic credit institutions. Excess liquidity is now invested mainly in covered bonds issued by Swedish banks, and in Swedish government, municipal and county council bonds. This entails a slight increase to the interest rate risk, but that the concentration on individual counterparties decreases at the same time as the yield will improve to some extent.

Avanza Pension offers a variety of insurance products with 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.

Risk management

Avanza's risk management work is intended to prevent and allow for taking controlled risks. An important part of the Risk Control function's work is to engender a strong risk culture and good risk awareness in the Board, Group management and throughout the operations by ensuring that the requisite risk management processes, control systems and reporting procedures are in place. This is achieved by continuously reviewing and improving internal rules, routines and processes.

The risk control function, which is independent of operations, is responsible for the identification, quantification, analysis and reporting of all risks. Annually, Avanza determines its goals and focus for risk management, in order to maintain a low risk profile.

Risk management is part of the day-to-day work, and builds on a well-developed risk management process based on the principle of three lines of defense. Read more on the three lines of defense and risk management in the corporate governance report on pages 44-54. Some of the improvements implemented in risk management during 2015 were:

- Updating of Försäkringsbolaget Avanza Pension's framework for risk management to comply with the Solvency 2 Directive according to the international standard ISO 31000
- Procured new system support for GRC (Governance, Risk & Compliance) with the aim of creating better conditions for stronger internal governance and control, as well as to enhance the efficiency of risk management going forward
- Clarified roles and responsibilities in the operations to increase awareness of risks and bring conciseness to the reporting

Risk management process



The risk management process entails the identification, analysis and valuation of the risk in question, in order to inform the design of any necessary risk management plans. Throughout the entire process, the results are communicated to the relevant interested parties, and the results of the various stages are followed up and evaluated continuously by Risk Control. Group Management and the Board are provided with regular reports, see illustration at the previous page.

Internal capital and liquidity assessment

Each year, Avanza performs an internal capital and liquidity assessment (ICLA). The aim of the ICLA is to ensure that Avanza has sufficient capital to cover unexpected expenses, even under stressed circumstances. The ICLA presumes that systems, processes and employees will aim to prevent risk for the benefit of both our customers and investors. The internal capital assessment increases risk awareness in Avanza's Board of Directors and Group management, and pertains to all risks. The liquidity assessment aims to ensure that we have sufficient liquidity and assets of lasting value to meet customers' liquidity requirements. In the assessment, Avanza is stressed for the risk of a rush for withdrawals caused by a lack of trust, and for a huge increase of investments in equity and funds.

The size of Avanza's capital and liquidity is ultimately linked to the financial strength and resilience of the business model. The ICLA therefore models income statement and balance sheet in a realistic basic scenario and in three stressed scenarios over a three-year period.

The assumptions in the basic scenario are also stressed to guarantee realism. When performing these stresses, both positive and negative deviations from realistic expectations are of interest. In the most negative stress scenario, market interest rates rise sharply due to geopolitical unrest, and the stock exchanges experience a heavy slump. This impacts the savings market, our customers' savings and asset allocation, as well as Avanza's income and costs. In the positive stress scenario, Swedish exports rise above expectations, increases employment and results in unexpected growth of the savings market, while both market interest rates and equities simultaneously rise. The result of 2015's ICLA indicates the resilience of Avanza's business model, even under highly stressed conditions. Avanza's capital base does not at any point fall below the capital adequacy requirements stipulated by the financial supervisory authorities.

Capital planning/conservation

The Board has decided that Avanza must at all times have a capital base that exceeds the amount required by the Financial Supervisory Authority's minimum capital adequacy requirement and buffer requirement by at least two per cent - a so-called internal capital planning buffer. This will minimize the risk of dividend restrictions, implemented if the capital base encroaches on the buffer requirement. The internal buffer is also required for the maintenance of a good risk profile, preparedness for continued growth and for ensuring the ability to comply with new legislation.

The capital requirement is based on a future-oriented capital plan, according to the ICLA. In the event that Avanza's capital base falls below the minimum capital adequacy requirement and the buffer requirement, a capital conservation plan comes into effect, which can be summarized as follows:

- Avanza's exposures can be shifted from high risk-weighted exposures to low risk-weighted exposures. For example, excess liquidity can be invested in the Swedish state, instead of systematically important Swedish banks
- The capital base can also be strengthened through the issuance of subordinated bonds or other types of instruments
- Even the dividends to Avanza's shareholders can be adapted, or alternatively, we can request capital from our owners

Overview of Avanza's risks

Avanza's risks are described on the following page. For more information about our risks, refer to note 36 Financial risks. Our business risks are described in the Business model section.

Description	Risk profile	Risk management
Credit risks The risk of borrowers failing to meet their financial obligations towards Avanza and of pledged assets not covering the claim. Credit risk also includes counterparty risk, concentration risk and liquidation risk.	Securities lending: Avanza lends money to the general public, secured by realizable listed financial collateral. Most of the collateral is comprised of listed equities with good liquidity. The greatest risks in the credit portfolio are related to specific concentrations with regard to a security (e.g. an equity on the Stockholm Stock Exchange's most actively traded list).	In addition to the customers' repayment capacity, the value of the collateral and the customer's risk margin is followed up daily. The process for handling a lack of collateral is also monitored and checked. Credit risks are stress tested daily and Avanza uses credit limits and risk indicators to ensure that credit risks are managed in accordance with the applicable risk framework. Avanza also applies a large risk margin on the collateral's market value, protecting both the bank and the customer from credit losses.
	Mortgages: Mortgages are offered our high-net-worth customers at a maximum loan to value of 50 per cent at the time the loan is authorized. This, together with requirements on having the only pledge on the property, ensures a low risk profile. Borrowers have also been subject to a customary credit check, whereby a calculation has been executed ensuring that the borrower has sufficient funds to live on. The calculation assesses the customer's ability to repay the loan using a computation of the current interest rate +6 per cent, giving an estimation of the borrower's financial durability in relation to the loan amount applied for.	The market value of a property is arrived at through a statistical evaluation, purchased from external parties. The market value is reassessed annually, most recently in November 2015. 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.
	Excess liquidity management: Avanza has a surplus of liquidity due to having a greater level of deposits than loans to the general public. Excess liquidity is invested in covered bonds and in bonds issued by the Swedish government, municipalities and county councils, as well as in systematically important Nordic banks.	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 Swedish Central Bank.
Market risks The risk of Avanza's earnings, equity or value decreasing due to changes in risk factors on the financial market. Market risk includes share price risk, interest rate risk and currency risk.	Avanza does not conduct proprietary trading aimed at making money, but only conducts trading on behalf of its customers. 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). Avanza has, in principle, no own exposure to foreign currencies.	Share price risk and currency risk can occur if Avanza makes a human error (a so-called trading error). We have processes and procedures in place to minimize the possibility of this type of risk arising. The risk is classified as an operational risk. 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. In conjunction with a 2 per cent parallel shift, the interest rate risk may never exceed eight per cent of the capital base. According to the internal capital evaluation, the risk that the Company would be required to divest bonds due to a high liquidity buffer is deemed to be very low.
Liquidity risk The risk of incurring a loss due to the fact that the liquidity of the market is not high enough.	Avanza funds itself primarily through equity and customer deposits. Deposits from the general public exceed lending, which creates a large amount of excess liquidity (see above). Deposits from the general public are considered to be one of the most secure sources of financing.	In order to cope with short-term fluctuations in lending to/deposits from the general public, a significant part of the assets is held in cash (spot/maturing on the following business day).
Operational risks The risk of loss as a result of inappropriate or inadequate internal processes or routines, human error, faulty systems or external events. Operational risk also includes legal risk and the risk of inadequate regulatory compliance.	Operational risks are present in all operations. It is neither possible nor cost effective to try to eliminate all operational risks. Avanza strives to minimize the operational risks, to create as efficient and automated processes as possible, which also contributes to cost effectiveness. Substantial losses and incidents may impact many of Avanza's customers.	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, structured and proactive manner to prevent negative events. The proactive part is future-oriented and can be summed up as a strong risk culture, incident reporting, risk indicators, continuity management, process for approval (NPAP) and risk management process. Operational risks are managed with consideration given to Avanza's strategy and risk appetite, in accordance with an internal framework.
Actuarial risk Operational risks in the insurance operations or actuarial risks.	The insurance risks in the 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, Avanza provides in-house life insurance linked to the endowment insurance contracts. Payment to the survivor of the policy holder amounts to 101 per cent of the sum assured upon death.	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. The risk premium has so far more than covered the risk cost associated with endowment insurance payments arising from deaths.
IT and information security risks The risk that information is leaked (confidentiality), is incorrect (accuracy) or not accessible.	Avanza conducts most of its business digitally and via the Internet. Information security is thus of extreme importance. Unlike other banks and institutions, Avanza has no electronic payment services, unsecured credits or cards, which means that the risk of fraud is significantly lower.	For Avanza, protecting information ensures that the operations continued existence are not threatened. Avanza uses a framework to manage these risks based on the Swedish Financial Supervisory Authority's regulations.



Elias Lindholm
IT development

The Avanza share

Equity trading

Avanza Bank Holding AB (publ) is listed on Nasdaq Stockholm Mid Cap in the Financial Services sector under the short name AZA. During 2015, 92 per cent of the trading occurred on the Stockholm Stock Exchange. The share was also traded to a limited extent on European MTFs, such as BATS Chi-X and Turquoise. In total 11,587,239 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 2015, Avanza's share price increased by 42 per cent and ended at SEK 367.50. In December the share reached an all time high SEK 408.50. The total return on the Avanza share, including dividends paid, amounted to 46 per cent during the year, compared to the SIX Return Index of 10 per cent.

The Avanza share has been continuously followed by financial analysts at Carnegie, SEB, Handelsbanken and Nordea.

Share capital

As of 31 December 2015, share capital amounted to SEK 73 million divided between 29,344,088 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 repurchases of shares have taken place during the year.

The share capital and the number of outstanding shares increased during the year due to the redemption of warrants.

Incentive programme

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

Avanza share total return relative SIX Return Index



upon full exercise. All warrants are issued on market terms. The value is determined using the Black & Scholes model. The warrant programme is divided into three sub-programmes and runs from May 2013 to September 2018. More information about the outstanding warrant programmes is provided in note 30.

Change in share capital

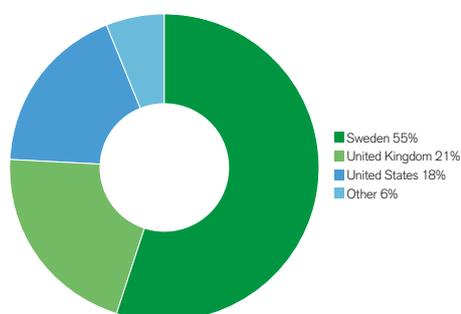
Year	Changes	Changes in number of shares	Total number of shares	Changes in share capital, SEK	Total share capital, SEK
2001	New issue	4,425,907	25,415,478	11,064,767	63,538,695
2001	New issue	1,207,396	26,622,874	3,018,490	66,557,185
2005	New issue	842,800	27,465,674	2,107,000	68,664,185
2007	Repurchase 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
2015	New issue	433,296	29,307,043	1,083,240	73,267,607
2015	New issue	37,045	29,344,088	92,613	73,360,220

Avanza's shareholders

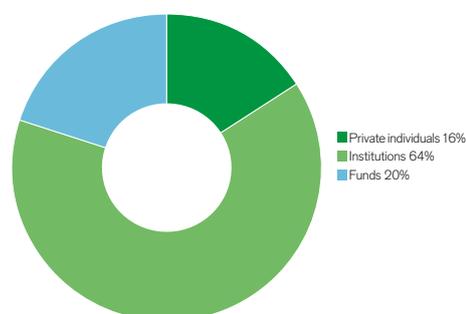
The number of shareholders at the end of the year, according to Holdings (Modular Finance AB), was 15,249. Of these, the ten largest registered owners held 48 per cent. The two largest shareholders were Sven Hagströmer including family and company, and Creades AB, each with a holding of 10.0 per cent. 0.2 per cent of the shareholders represented 73 per cent of the total holdings and votes.

The number of foreign shareholders at the end of the year was 45 per cent. Foreign ownership was most significant in the UK, with 21 per cent, followed by the US, with 18 per cent. Avanza did not own any own repurchased shares as per 31 December 2015.

Shareholding by country, 2015-12-31



Ownership structure, 2015-12-31



The ten largest shareholders, 31 Dec 2015*	Country	No. of shares	Share of capital and votes, %
Sven Hagströmer (incl family and company)	Sweden	2,947,246	10.0
Creades AB	Sweden	2,939,859	10.0
Threadneedle Funds	United Kindom	1,728,672	5.9
The Capital Group Companies Inc.	United States	1,462,502	5.0
Sten Dybeck (incl family and company)	Sweden	1,279,350	4.4
Montanaro Funds	United Kindom	1,202,000	4.1
Swedbank Robur Funds	Sweden	979,387	3.3
The Fourth Swedish National Pension Fund	Sweden	783,249	2.7
Nordea Funds	Sweden	514,299	1.8
The Confederation of Swedish Enterprise (Svenskt Näringsliv)	Sweden	350,000	1.2
Other owners		15,581,620	51.6
Total		29,344,088	100.0

Concentration*, 31 Dec 2015	Share of capital and votes, %
The 10 largest owners	46.9
The 25 largest owners	55.8
The 100 largest owners	60.7

* In terms of ownership groups

Distribution of shares, 31 Dec 2015	No. of shareholders	Owners, %	No. of shares	Shares, %
1 - 100	9,714	63.7	288,246	1.0
101 - 1 000	4,420	29.0	1,652,100	5.7
1 001 - 10 000	962	6.3	2,539,915	8.7
10 001 - 100 000	110	0.7	3,320,609	11.3
100 001 - 1 000 000	37	0.2	9,960,364	33.9
> 1 000 001	6	0.0	11,582,854	39.5
Total	15,249	100.0	29,344,088	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 fulfill the requirements that the nature, scope and risk of the activities place on the size of equity and the Company's consolidation requirements, liquidity and position in general, or to develop activities. The dividend may be combined with other measures, such as redemption or share buybacks.

As a consequence of new capital requirements within the financial sector, the requirement for Avanza Bank AB (publ) (Basel 3) increased during 2015. At the end of the year, Avanza Bank AB issued a subordinated bond of SEK 100 million in order to strengthen the capital base. In addition, measures were implemented to reduce the capital adequacy requirement with regard to liquidity management. The new Basel 3 or Solvency 2 regulations which are effective from 1 January 2016 are not deemed to give rise to any further requirements to increase the capital base, neither for Avanza's banking nor insurance company.

Avanza's positive profit development has facilitated a high share dividend. For several years constituting either almost 100 per cent or more of the Group's profit. The increased capital adequacy requirements together with Avanza's high growth rate mean that this is not sustainable in the long term. Avanza's policy of distributing a minimum of 70 per cent of profits to our shareholders remains.

The Board of Directors of Avanza Bank Holding AB (publ) proposes that the Annual General Meeting resolve on a cash dividend of SEK 10.50 (7.00) per share for 2015. This is equivalent to a dividend of a total SEK 308 (202) million and a dividend ratio of 74 (81) per cent. 7 April 2016 is proposed as the record day for the dividend entitlement. The last day for trade in the Avanza share, with the right to a dividend, is thus 5 April 2016. 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 12 April 2016. The Board of Directors' statement on the proposed allocation of profits is given on page 96.

Share data	31 Dec 2015
Share capital, SEK	73,360,220
No. of outstanding shares	29,344,088
Quotient value, SEK	2.50
Market cap, MSEK	10,784
Share price, SEK	367.50
Highest closing price (2015-12-02), SEK	408.50
Lowest closing price (2015-01-07), SEK	248
P/E multiple	26
Dividend yield, %	2.9
Turnover rate, %	39
Earnings per share, SEK	14.23
Earnings per share after dilution, SEK	14.10
Equity per share, SEK	38.37
Proposed dividend per share, SEK	10.50
No. of outstanding warrants	1,470,000

For definitions, see page 101.



Sven Hagströmer
Chairman of the Board

Chair's comment

Always improving!

One of the most remarkable features, and really the core of Avanza's culture, is our employees' unbending customer focus and eagerness to satisfy our customers. They are unflagging in their work to tweak a little here and fix a little there to help us be even better. 2015 saw a record-breaking number choose to become customers of Avanza. New customers who, given the prevailing low interest rates, have maybe seen how much the high fees charged by other banks chip away at their savings capital. Even after a record-breaking year like 2015, we cannot rest on our laurels, but must constantly strive to continue developing better customer benefits. The challenge ahead of us is to maintain the same level of customer satisfaction while continuing to grow.

There are two main factors driving change in the financial sector, and which contribute to Avanza's growth – ignoring macroeconomic factors for a moment. These two factors are technological development and changes in regulatory frameworks. In 2015, a buzzword in the business world was Fintech, or financial technology. Fintech describes exactly what Avanza has always worked with. This entails using the technological tools to create products and services that make saving as simple, effective and cheap as possible. Avanza's business model builds on large-scale operations. To ensure that we are cheaper than our competitors, we have to be extremely cost-effective, which is why we strive to have the industry's lowest cost per commission note and customer. Our ambition is to stay at the forefront of technological development and to never let our systems become so outdated that the threshold to replace them becomes too high. Three years ago, we built a new technological platform and launched our new site, after which we have been able to benefit from significantly better scalability and quicker updates to our range of products and services. Avanza's cost to savings ratio fell from 0.31 to 0.26 per cent in 2015. Our long-term ambition is to bring this down below 0.20 per cent. Market-leading scalability and cost levels are a prerequisite for long-term price leadership.

And while Fintech creates opportunities, it also means increased competition from new operators and results in a more fragmented market. New competitors, active in both the domestic and international markets, are moving in on parts of the savings market. This is a challenge, but it means we have to stay on our toes and stimulates our innovative streak, at the same time as raising demands as regards customer benefit. We have not seen any negative impact from these developments, having so far maintained our new customer flow, inflow of capital and market shares.

The Board work 2015

On the agenda for the Board during the year have been changes in regulatory frameworks, such as a potential ban on advisory fees and increased transparency requirements. A ban on advisory fees will probably benefit Avanza, when customers become aware of how much they are paying for advice, and as banks advisory services to private individuals becomes even more costly. Avanza does not provide advisory services to individuals, as we believe it to be a much more productive approach to invest more time and effort on the development of simple, accessible decision support. We also work with accessible education among the general public to improve understanding of saving, and through the independent online magazine Placera media and the Börsveckan magazine professional tips and advice are provided. We have also invested time into adapting the operations to meet higher capital adequacy requirements. These measures include the issuance of a SEK 100 million subordinated loan, which strengthened the capital base and gives us the premises to meet continued strong customer growth.

Lisa Lindström stepped down from the Board during the autumn. Lisa has been a large contributor, not least her support in the renewal of Avanza's web services in 2013. She was replaced at an extraordinary general meeting in December by Sophia Bendz, who has several years of experience in the IT and marketing sectors, most notably with Spotify.

In December, Martin Tiveus announced that he has chosen a new career path involving an international assignment. Martin has been CEO for close to five, particularly successful years, during which time both growth and profitability have risen sharply. I would like to thank Martin for his hard work with both renewing and holding together Avanza during a period of strong growth. Martin leaves behind him a solid management team and an organisation in the best possible condition, and I feel fully confident of Avanza's continued success as we begin the process to identify the next CEO of the Company.

The development of Avanza's earnings over the years has facilitated a high share dividend year after year. The Board proposes a dividend of SEK 10.50 for 2015, with consideration given to the increased capital adequacy requirements and Avanza's growth rate. The dividend is in line with Avanza's dividend policy of distributing 70 per cent of profits.

Stockholm in March 2016



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), taken into account the amendments to the Code effective from 1 November 2015. 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. For details about the Code, please refer to 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. Those 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 IFRS.

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

The capability to fulfil our mission towards long-term improvements in the savings market is built on our stakeholders trust in Avanza. The most important stakeholders are our customers, employees and shareholders. Avanza is motivated by its desire to challenge accepted structures for creating customer benefit by offering savings products with the market's lowest fees. Avanza's products and services, allied with investments in modern technology, contribute to ever more people increasing their knowledge of savings and investments. In the long-term, we believe that what we do for our stakeholders and for the Swedish savings market will also benefit society as a whole.

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 2015 amounted to SEK 73,360,220 represented by 29,344,088 shares and votes. The ownership is presented on page 40 of the Annual Report for 2015. The largest shareholders, Sven Hagströmer with family and company, and Creades AB, are represented on the Nomination Committee and thus in the nomination process for the election of Board members and auditor (see the table below).

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

The nomination process for the election of Board members and the auditor, as established at the AGM 2015, 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 5 October 2015, which was six (6) months prior to the AGM 2016. The appointment was based on the ownership participations known immediately before the announcement.

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

If, after the publication 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, and the shareholders who have recently become one of the four largest shareholders will, instead, be offered a seat on the Committee. Marginal changes 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 AGM:

- 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, Board members, and any remuneration for committee work
- proposal for auditor
- proposed fees for the Company's auditors
- proposal for any changes in the procedure for appointing the Nomination Committee

Committee members are not remunerated for their work, however Avanza will fund reasonable costs which the Committee deems necessary to undertake its duties. During 2015, Sven Hagströmer increased his ownership participation and replaced Creades AB as largest shareholder. The Committee

COMPOSITION OF THE NOMINATION COMMITTEE

Name	Representing	Holding 2015-10-05	Holding 2015-12-31
Erik Törnberg (Chairman of the Nomination Committee)	Creades AB	2,939,859 (10.02 %)	2,939,859 (10.02 %)
Sven Hagströmer (Chairman of the Board of Avanza)	Hagströmer family and companies	2,937,000 (10.01 %)	2,947,246 (10.04 %)
Sten Dybeck	Dybeck family and companies	1,277,100 (4.35 %)	1,279,350 (4.36 %)
Henrik Schmidt	Montanaro Asset Management	1,312,931 (4.47 %)	1,202,000 (4.10 %)

has agreed that Erik Törnberg, Creades AB, will remain in the position of Chairman of the Committee.

The Nomination Committee's proposals, as well as a report on its work, are published in conjunction with the notice of the AGM. Shareholders may contact the Committee with proposed nominations. Such proposals may be sent by email to valberedningen@avanza.se or by post to:

Avanza Bank Holding AB (publ)
F.A.O.: Valberedningen
Box 1399
111 93 Stockholm

The Nomination Committee has held two recorded meetings during 2015, 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 (AGM)

The right of shareholders to decide on the Company's affairs is exercised at the AGM. The AGM 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 AGM is held in Stockholm during the spring. The AGM 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. Notice of the AGM is issued no earlier than six weeks and no later than four weeks prior to the AGM.

In order to exercise their vote at the AGM, 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 notice.

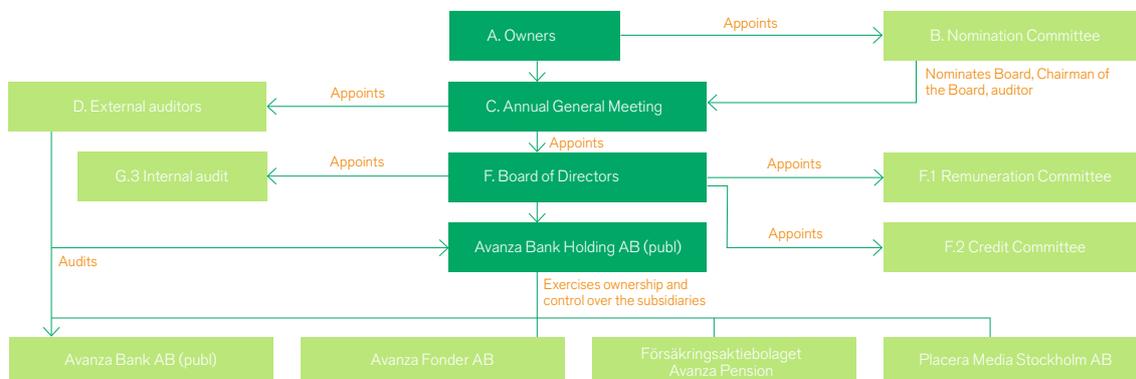
Decisions at the meeting are made by a simple majority, that is, more than half of the total number of votes, unless the Swedish Companies Act specifies otherwise.

Shareholders wishing to add a matter to the agenda at the AGM may submit a written request. Such requests should have been received by the date indicated on Avanza's website, which for the AGM 2016 was 16 February 2016. Requests are to be sent to:

Avanza Bank Holding AB (publ)
F.A.O: Bolagsjuridik
Box 1399
111 93 Stockholm

The date and time of the next AGM, and information on how the shareholders can exercise their right of initiative, is made available on the Company's website under the Corporate Governance section, in conjunction with the publication date of the third interim report of the year preceding the AGM, at the very latest. Minutes and supporting documentation from previous AGMs are also available from the same section.

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



At Avanza's AGM held on 18 March 2015, 225 shareholders were represented, corresponding to 57 per cent of the total number of shares and votes. Live coverage of the AGM was provided on Avanza's website. The Company's auditor and all Board members, with the exception of Lisa Lindström, were present at the Meeting.

At the AGM 2015, the following resolutions were adopted:

- adoption of Avanza's income statement and balance sheet and the consolidated income statement and balance sheet
- appropriation of profit according to the adopted balance sheet
- discharge from liability for the Board and the CEO
- determination of the number of Board members
- determination of Board fees and auditor's fees
- election of the Board of Directors and Chairman of the Board and appointment of the auditor
- authorisation for the Board to acquire own shares
- determination of the nomination process
- establishment of guidelines for remuneration to Group Management

At an Extraordinary General Meeting held on 2 December 2015, a total of 199 shareholders were represented, acting on behalf of ownership participations equivalent to 56 per cent of the total number of shares and votes in the Company. All Board members, with the exception of Birgitta Klasén, were present at the Meeting. The Extraordinary General Meeting resolved to appoint Sophia Bendz as new Board member.

D. External auditor

At the AGM 2015, Öhrlings PricewaterhouseCoopers AB (PwC), with Catarina Ericsson as Auditor-in-Charge, was re-appointed auditor for the period until the AGM 2016.

The auditor examines and presents an Audit Report of its audit of Avanza's annual accounts, the appropriation of the Company's profit or treatment of its loss and the administration of the Board and the CEO, and provides a statement regarding the Corporate governance report. The aforementioned reports are submitted and presented to the shareholders at the AGM. In addition, the auditor submits 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 the 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 fees are charged on an on-account basis. In 2015, fees paid to PwC for auditing activities amounted to kSEK 1,920.

E. The Avanza Group

Avanza strives to ensure that it has 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 Group Management and Avanza's Board.

CEO and Group Management

The CEO is responsible for the daily management of Avanza in accordance with the Swedish Companies Act and the Board's instructions. The CEO is responsible for keeping the Board informed of the operations and to ensure that the Board has the information the members need to undertake informed decisions. In addition, the CEO ensures that the Chairman is continuously kept abreast of the Group's development. The CEO is also a member of the Board of Avanza and its subsidiaries Avanza Bank AB, Försäkringsaktiebolaget Avanza Pension, and Placera Media Stockholm AB.

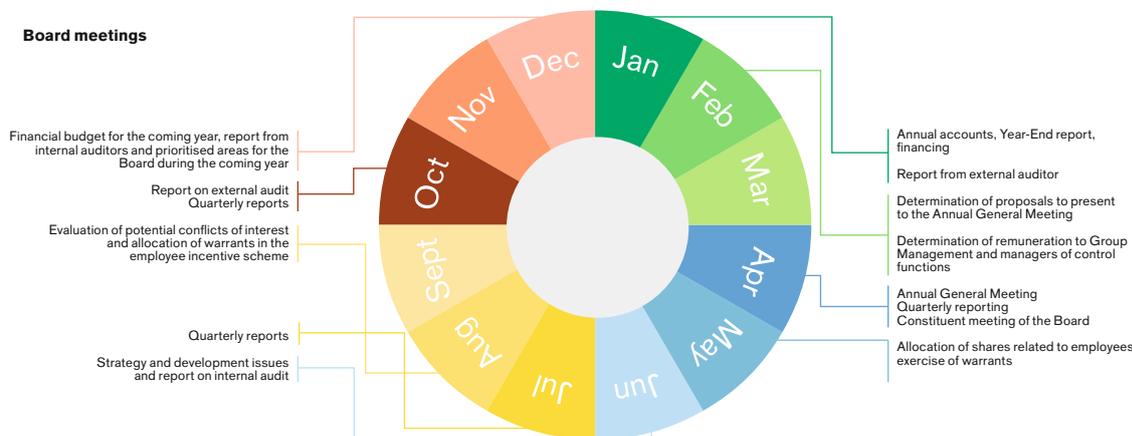
At year-end, Avanza Group Management consisted of five men and three women:

- Martin Tivéus, CEO of Avanza Bank Holding AB (publ)/ Avanza Bank AB (publ)
- Henrik Källén, COO and Deputy CEO of Avanza Bank AB (publ)
- 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 Private Banking

Additional information about Group Management is available on Avanza's website and on page 53.

E. The Avanza Group





Group Management hold formal meetings every two weeks, as well as informal meetings when necessary. The meetings involve discussions regarding results and strategy, as well as regular reports from Compliance and Risk Control.

Remuneration to Group Management

Group Management's remuneration is to reflect the individual's experience, competence and performance. Remuneration comprises a fixed salary and a variable portion based on performance. The variable remuneration is 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. Variable remuneration to members of Group Management may 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 irresponsible risk-taking or encourage behaviour that may cause conflicts of interest in relation to customers, partners, other companies in the Group or other activities within the Company.

Members of Group Management have acquired warrants, in accordance with prevailing market conditions, in the warrant programme that was decided upon at an Extraordinary General Meeting held on 13 June 2014.

Matters concerning the CEO's terms of employment, remuneration and benefits are prepared by the Remuneration Committee and decided on by the Board (without the participation of the CEO). Remuneration to other members of Group Management, is determined by the Board, based on proposals from the Committee, following consultation with the CEO.

F. Board of Directors

The Board's principal duty 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 formal plan that the Board has established for its work.

Avanza's Board makes decisions on matters concerning the Group's strategic direction, as well as on major investments, organisational issues, acquisitions and divestments. Furthermore, the Board determines policies and guidelines, as well as the terms of reference for the CEO and for those responsible for Risk Control, Compliance and Internal Audit.

The Board shall consist of no fewer than five and no more than eight members. Avanza's Board of Directors in 2015 consisted of eight elected Board members and no deputies. At the AGM 2015 all previous Board incumbents were re-elected, with the exception of Andreas Rosenlew, who declined re-election. Jonas Hagströmer was elected as a new Board member. The Chairman of the Board is Sven Hagströmer. The Board held its first meeting following election on 18 March 2015. On 7 October, Lisa Lindström requested to relinquish her position on the Board due to the risk of a conflict of interests between her operational duties in the consulting firm Doberman and her role as Board member. Sophia Bendz was elected as a new Board member at an Extraordinary General Meeting held on 2 December 2015. Information about the members of the Board can be found on Avanza's website and on page 52.

Diversity

The Board has a policy to ensure diversity in the Board. The aim of the policy is to produce a Board of varying ages, with a good distribution of gender and geographical origin, and with differing educational and professional backgrounds, all contributing to an independent, critical and inquisitive Board. Avanza has a Group-wide diversity and equality policy in place to promote diversity and to create a positive, open working environment.

The work of the Board in 2015

Over the course of the year, the Board held a total of thirteen meetings, including six scheduled meetings, one meeting following election and six telephone/mail meetings. Board mee-

tings by telephone/mail addressed mainly decisions regarding Avanza's incentive scheme and remuneration rules.

At scheduled meetings, the following are always discussed:

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

In addition to the permanent items on the agenda for discussion at Board meetings, the Board also discusses the matters detailed in the illustration above. At the end of each calendar year, a Board evaluation is undertaken, with the aim of developing the Board's work procedures, whereby each member is asked to complete two evaluation documents. The results of the evaluation are transmitted to the Nomination Committee and compiled in a report, which then forms the basis for the implementation of any changes or skills development.

Formal work plan of the Board of Directors

The Board operates according to a formal work plan, reviewed and adopted on an annual basis, regulating the division of duties, decision-making, signatories, meeting procedures and the duties of the Chairman. In addition, the Board's responsibilities and duties are regulated, and the identification and management of potential conflicts of interest addressed.

The work of the Board follows a reporting plan fulfilling the Board's information requirements. The plan is otherwise governed by the Boards' established procedures regarding the division of duties between the Board and the CEO. In addition, the auditor presents their audit and observations to the Board. In 2015, the Company's auditor was present and reported to the Board at two Board meetings. Company employees participate in the meetings to present reports or to act as secretary.

Remuneration for Board members and attendance at Board meetings

The AGM 2015 resolved that the Chairman and other Board members are each to receive annual remuneration of SEK

260,000. The fee for work undertaken on the Boards of the subsidiaries Avanza Fonder AB and Försäkringsaktieföretaget Avanza Pension was determined at SEK 39,000 each for respective Board assignments. In addition, fees of SEK 39,000 were determined for members in the Credit Committee and of SEK 35,000 for members in the Remuneration Committee. Board members who receive a salary through their employment in the Company are not entitled to a Board fee.

F.1 Remuneration Committee

The Board appoints the Remuneration Committee, which consisted of Sven Hagströmer and Jacqueline Winberg during the financial year 2015. The Committee is responsible for evaluating and recommending the principles for remuneration.

The Committee prepares all proposals for fixed and variable remuneration to Group Management and to the management of the subsidiaries Avanza Fonder AB and Försäkringsaktieföretaget Avanza Pension, and to the managers of the control functions Compliance and Risk Control. Remuneration is determined by the Board.

In addition, the Committee prepares items relating to the CEO's terms of employment and benefits, all of which are approved by the Board. The CEO's variable salary is reviewed annually and is dependent on the achievement of the CEO's individual goals.

In 2015, the Committee held two meetings, at which all members participated, and have also kept regular contact.

F.2 Credit Committee

The Board appoints the members of the Credit Committee, which during the financial year 2015 consisted of the Board members Sven Hagströmer, Birgitta Klasén and Hans Toll. The Committee is tasked with taking decisions in all credit matters that have previously been presented to the entire Board for resolution. This is with the exception of credit matters, where there is a potential conflict of interest. The Committee's meetings and decisions are recorded, and the minutes provided to the Board each subsequent Board meeting.

In 2015, the Credit Committee held nine meetings, at which all members participated, and have also kept regular contact.

Attendance at recorded board meetings 2015

Member of the Board	Attendance	In relation to the company and its management	In relation to the company's largest shareholders
Sven Hagströmer, Chairman	13/13	Independent member	Not independent member
Sophia Bendz	1/1	Independent member	Independent member
Jonas Hagströmer	12/12	Independent member	Not independent member
Birgitta Klasén	13/13	Independent member	Independent member
Lisa Lindström	9/10	Independent member	Independent member
Mattias Miksche	13/13	Independent member	Independent member
Andreas Rosenlew	1/1	Independent member	Independent member
Martin Tivéus	10/13*	Not independent member	Independent member
Hans Toll	12/13*	Not independent member	Independent member
Jacqueline Winberg	13/13	Independent member	Independent member

* Disqualified from meetings at which resolutions relating to incentive schemes and remuneration rules are taken.

Audit Committee

Under the Swedish Companies Act and the Code, the Board of a public limited liability company is required to have an Audit Committee, or, alternatively, the Board is to perform the work of the 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 major shareholders. Avanza's Board has chosen not to establish an Audit Committee, and, instead, the Board (excl. the CEO) performs the work of such a committee.

At the AGM 2006, it was decided that a member of the Company's Board is to participate in the meetings where the auditor reports to Company management. The Chairman Sven Hagströmer has fulfilled this role since 2013.

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 2015, the auditor reported on the progress of her audit to the Board and presented her recommendations. On two occasions in 2015, the internal audit function reported on the results of the year's independent review to the Board.

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 or complexity of the subsidiary's operations.

Internal regulatory framework for internal governance and control

Due to new regulations concerning internal governance, risk management and control in credit institutions and groups of companies with credit institutions which came into effect in 2014, the Group further developed its regulatory framework for internal governance and control during 2014. The regula-

tory framework is tailored to the nature, extent and complexity of the 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 business, support and control functions, and aims 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 also has separate control functions which are independent of each other and independent of all other parts of the operations. These are Risk Control and Compliance in the second line of defence and Internal Auditing in the third line of defence.

1. First line of defence – risk management by business operations

In the regulatory framework for internal governance and control, there is a sub-framework for risk management with guidelines, instructions, routines, processes and limits.

Risk management is to take place within every department according to the three lines of defence principle, with a clear allocation of responsibilities between the lines of business, the independent control functions and Internal Audit. The risk management work must take place under the supervision of, and in communication with, Risk Control as follows:

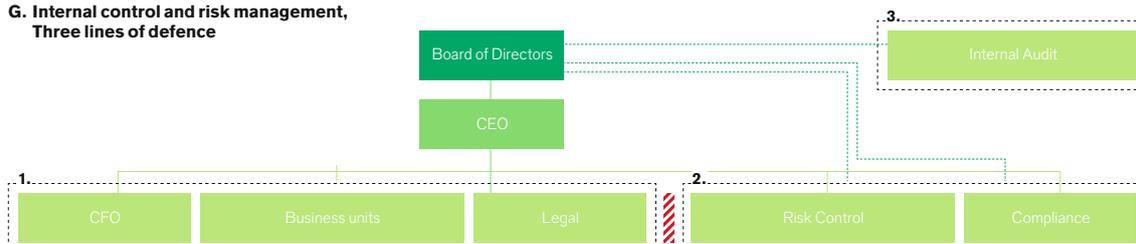
- governance and risk culture
- risk appetite and risk tolerance
- risk models and integration of the risk management areas
- approval process for new products

Avanza has a conservative approach to risk and strives to maintain a low level of risk.

2.1 Second line of defence – Risk Control

The manager of the Risk Control function reports directly to the CEO and presents reports at all scheduled 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. The Risk Control function

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



is responsible for the monitoring, control and reporting of risks and for the dissemination of risk information. Furthermore, the Risk Control function is responsible for the establishment and follow-up of an appropriate risk policy and the internal framework for risk management. For more information about risk management, please refer to pages 35-37 and note 36 Financial risks in the Annual Report for 2015.

2.2 Second line of defence – Compliance

Compliance monitors that the operations requiring a licence are undertaken in accordance with applicable laws, regulations, internal directives and accepted practice. Compliance reports to the CEO and presents reports at all scheduled Board meetings, in addition to providing regular reports to Group Management. The function can also report directly to the CEO or Chairman of the Board if necessary.

Compliance proposes, to the CEO and the Board, such internal guidelines, routines and measures necessary to minimise the risk of regulatory non-compliance and to enable the Swedish Financial Supervisory Authority to exercise efficient supervision. Compliance monitors and regularly assesses whether the measures and routines at Avanza are appropriate and effective, and evaluates measures taken to rectify any deficiencies in the regulatory compliance.

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

3. Third line of defence – Internal Audit

The internal audit function is appointed by and directly under the supervision of the respective Boards of Directors. The work of the internal audit function is based on an audit plan decided by the Board. The plan is based on risk analysis and the work comprises an examination and assessment of whether systems, internal control mechanisms and routines are appropriate and effective, including work performed by the control functions in the second line of defence. The internal audit function 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 2015, the Board of Directors commissioned the external consultancy firm OMEO Financial Consulting AB (OMEO), to execute the internal audit.

During 2015 Internal Audit focused its investigation on questions relating to Avanza's internal process mapping, securities administration, currency trading, new customer registration procedures, deposit system, reporting within the Treasury operations, and the Group's model for allocating income and expenses.

At Board meetings held on 10 June and 16 December 2015, OMEO reported its findings from the independent review for the year to the Board of Directors.

Suitability assessment of the Board of Directors and senior executives

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 guidelines stipulate the manner in which Avanza is to evaluate the suitability of individuals who have the aforementioned positions. These assessments are to be made in conjunction with each new appointment, and regularly as required. Background checks are made at least once a year.

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

Assessments similar to the above were performed in 2015 in connection with the election of two new members onto the Board. In addition, background checks have been made during the year on all Board members, members of Group Management and heads of control functions.

Training requirements among Board members have also been assessed, and a couple of information and education initiatives were organised accordingly during the year.

The Board of Directors' report on internal controls in relation to financial reporting

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 regarding 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 with transferable securities listed for trade in a regulated market.

Control environment

Fundamental to Avanza's internal control of the financial reporting is the control environment described in the Corporate Governance Report, a clear and transparent organisational structure, allocation of responsibilities, and governing internal documents, such as policies, guidelines and instructions. Examples of these include the work plan for the Board and CEO, the work procedures for Risk Control, Compliance and Internal Auditors. In addition, the documents include guidelines for internal governance and control, authorisation instructions and the 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 programmes. Avanza applies the techniques and methods currently available in a cost-effective manner. Risk management is an integrated part of the business operations. Please refer to page 35 for further information.

Control activities

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

Furthermore, a high level of IT security is a prerequisite for effective internal control of financial reporting. For this reason, rules and guidelines 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 in Avanza is to promote completeness and correctness in the financial reporting. Governing documents applying to financial reporting have been made available and known to the appropriate employees through the Company's Intranet and have been supplemented by descriptions of relevant routines and processes. Regular sharing of information, dialogue, training programmes and controls ensure that the employees are aware of, and understand, the internal regulations. This should 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 to departmental managers, 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 forecasts.

This work is undertaken in close cooperation with Group Management and the managers within the organisation.

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

Additionally, since 2006, Avanza has had 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 and efficiency of the control structure and compliance with internal governing documents. The internal management organisation, which held four recorded meetings in 2015, 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 interim financial reports and annual accounts, as well as the observations and conclusions of the external auditors and the internal auditors.

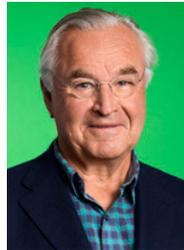
The information and communication channels of the Group are followed up on an on-going basis in order to ensure they are appropriate for financial reporting.

Assessment and positions regarding Internal Audits

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

The internal auditing 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

Born 1943
Elected 1997
Education Studies at Stockholm University

Relevant employment history 1981 Founded Sven Hagströmer Fondkommission. Chairman of Avanza's Board of Directors since 1999

Other significant assignments Chairman of the Boards of Creades AB and Biovestor AB, Board member of Doberman AB and Doberman Group AB

Holdings on 31 December 2015 (incl. family and companies) 5,887,105 (of which Creades 2,939,859)



Sophia Bendz

Born 1980
Elected 2015
Education Business Management and Marketing at Stockholm University, Arts at Baruch College, New York and at Stockholm University, studies at Hyper Island, New York

Relevant employment history 2007-2014 Global Marketing Director at Spotify, 2010-2011 Member of the Board of Happy Socks, 2010-2011 Member of the Board and co-founder of AllBright.se, 2006-2007 PR consultant at Prime PR, 2005-2006 Risk Management Consultant at Deloitte, 2000-2005 Trading Assistant at Handelsbanken Capital Markets

Other significant assignments Executive in Residence of Atomico, Board member of Norstedts and Unibet

Holdings on 31 December 2015 (incl. family and companies) 0



Jonas Hagströmer

Born 1982
Elected 2015
Education MBA, Lund University, studies at Hong Kong University of Science and Technology

Relevant employment history 2012- Investment Manager at Creades AB, 2007-2011 Corporate Finance Associate and Analyst at Keystone Advisers

Other significant assignments Board member of Biovestor AB, DigExam Solutions Sweden AB and Inet AB, Chairman of the Board of Wowallet Sweden AB

Holdings on 31 December 2015 (incl. family and companies) Indirect shareholding via Biovestor and Creades



Birgitta Klasén

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

Relevant employment history 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 significant assignments Senior IT Advisor, Board member of Assa Abloy AB, Acando AB and IFS AB

Holdings on 31 December 2015 (incl. family and companies) 7,000



Mattias Miksche

Born 1968
Elected 2008
Education Master of Science in Business and Economics, Stockholm School of Economics

Relevant employment history 2005-2015 Founder and CEO of Stardoll Inc, 2003-2005 Founder and CEO of Boxman AB, now known as 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

Other significant assignments Board member of Stardoll AB, Dustin Group AB, Euroflorist Intressenter AB and Sportamore AB

Holdings on 31 December 2015 (incl. family and companies) 2,790



Martin Tivéus

Born 1970
Elected 2012
Education Master of Science in Business and Economics, Stockholm School of Economics

Relevant employment history 2008-2011 Sweden Head of Consumer Market at Microsoft, 2004-2008 Marketing Director and then CEO at Glocalnet, 2003-2004 Marketing Director at Snowflake

Other significant assignments CEO Avanza Bank, Board member of Teracom Boxer

Holdings on 31 December 2015 (incl. family and companies) 17,998 and 58,810 warrants equivalent to an equal number of shares



Hans Toll

Born 1970
Elected 2014
Education Master of Science in Business and Economics, Stockholm School of Economics

Relevant employment history 2010-2013 Deputy CEO and Head of Banking & Investments, Avanza Bank, 2002-2010 Portfolio manager at RAM One, Rational Asset Management AB, 1999-2002 Analyst at Investor Trading AB, 1995-1999 Financial analyst at Investor AB

Holdings on 31 December 2015 (incl. family and companies) 25,000



Jacqueline Winberg

Born 1959
Elected 2003
Education Master of Science in Business and Economics, Stockholm School of Economics

Relevant employment history 1996-2005 Partner at Ray & Berndtson, Sweden, 1995-1996 Consultant at Michaël Berglund Executive Recruitment, 1985-1990 Handelsbanken, 1984-1985 PK-banken

Other significant assignments Managing Partner and Board member of Stanton Chase

Holdings on 31 December 2015 (incl. family and companies) 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	Master of Science in Business and Economics, Stockholm School of Economics
Employment history	2008-2011 Sweden Head of Consumer Market at Microsoft 2004-2008 Marketing Director and then CEO at Glocalnet 2003-2004 Marketing Director at Snowflake
Holdings on 31 December 2015 (incl. family)	
Shares	17,998
Warrants (corresponding number of shares)	58,810



Gustav Berggren

Born	1980
Position	Head of Private Banking
Employed	2007
Education	LL.M. European Law, Ghent University Law, Stockholm University Political Science, Stockholm University Business Administration and leadership, Suffolk University
Employment history	2006-2007 Management Trainee at Blendrow Consulting
Holdings on 31 December 2015 (incl. family)	
Shares	–
Warrants (corresponding number of shares)	36,700



Maria Christofi Johansson

Born	1970
Position	Head of Customer Service
Employed	2000
Education	LL.M. Stockholm University
Employment history	1996-2000 Account Manager for external funds at SEB
Holdings on 31 December 2015 (incl. family)	
Shares	8,600
Warrants (corresponding number of shares)	37,420



Birgitta Hagenfeldt

Born	1961
Position	CFO
Employed	2008
Education	MBA, Örebro University
Employment history	2002-2008 Head of Administration at RAM One, Rational Asset Management AB 1980-2002 Authorised Public Accountant and Head of Financial Auditing at KPMG
Holdings on 31 December 2015 (incl. family)	
Shares	39,430
Warrants (corresponding number of shares)	84,810



Henrik Källén

Born	1968
Position	COO, Deputy CEO
Employed	2000
Education	LL.M. Stockholm University
Employment history	1997-2000 Stockbroker at Orkla Securities 1995-1997 Team manager stock trading at Stadshypotek Bank
Holdings on 31 December 2015 (incl. family)	
Shares	22,001
Warrants (corresponding number of shares)	76,880



Annika Saramies

Born	1975
Position	CEO Försäkringsaktiebolaget Avanza Pension
Employed	2007
Education	Studies at University of Western Sydney and Örebro Universitet
Employment history	2005-2007 Corporate Sales at SEB TryggLiv 2001-2004 Pension insurance broker at Max Matthiessen 2000-2001 Pension insurance broker at Jahaya AB 1998-2000 Insurance advisor at Capena Fond och Försäkring
Holdings on 31 December 2015 (incl. family)	
Shares	99
Warrants (corresponding number of shares)	8,050



Peter Strömberg

Born	1972
Position	CIO
Employed	2014
Education	MSc Business Administration & Information Technology, Gotland University College/Stockholm University
Employment history	2010-2014 IT Director, IT-Service Management at RSA Scandinavia 1998-2010 Vice President OMX Technology at Nasdaq OMX
Holdings on 31 December 2015 (incl. family)	
Shares	–
Warrants (corresponding number of shares)	19,100



Peter Westling

Born	1971
Position	Marketing Director
Employed	2012
Education	MBA, Stockholm University
Employment history	2002-2011 CEO, Partner and Communication Strategist at Garbergs advertising firm
Holdings on 31 December 2015 (incl. family)	
Shares	–
Warrants (corresponding number of shares)	38,620

This report is published in Swedish and English. In the event of any difference between the two versions, the Swedish original shall prevail.

Stockholm, 10 March 2016

Sven Hagströmer
Chairman of the Board

Sophia Bendz
Board member

Jonas Hagströmer
Board member

Birgitta Klasén
Board member

Mattias Miksche
Board member

Hans Toll
Board member

Jacqueline Winberg
Board member

Martin Tivéus
CEO

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 2015 on pages 44–54 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 combination 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 more limited 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 financial statements.

Stockholm, 10 March 2016

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 2015. A Corporate Governance Report is provided separately from the administration report on pages 44–54. 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 (publ), 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 independent 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. 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 and

currency positions, on savings accounts and pension products (such as endowment insurance, pension insurance and occupational pensions). 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 6,600 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 has 2.7 (2.3) per cent and Avanza's share of the total net inflow to the Swedish savings market during October 2014 – September 2015 amounted to 8.8 (8.9) per cent, which is significantly higher than the goal of taking at least 7 per cent of the total net inflow.*

In 2015 the stock exchange was volatile and by year end the SIX return Index rose by 10 per cent. Turnover on the Stockholm Stock Exchange in 2015 was 27 per cent higher than previous year. Avanza's market share, as measured by the number of transactions on the Stockholm Stock Exchange including First North was 10.9 (7.6) per cent for the full year. This resulted in Avanza being the largest Swedish bank on the

Activity	2015	2014	Change %
Net inflow, SEK m			
Equity & investment fund accounts	3,720	4,280	-13
Investment savings accounts	14,600	8,890	64
Savings accounts	820	1,820	-55
of which, external deposit accounts	710	1,940	-63
Pension- & insurance-based accounts	6,060	5,110	19
of which, endowment insurance	3,740	3,090	21
of which, occupational pensions	2,200	1,550	42
Net inflow	25,200	20,100	25
Standard	20,250	16,200	25
Private Banking	4,320	3,690	17
Pro	630	210	200
Net inflow	25,200	20,100	25
Net inflow/Savings capital, %	18	18	0
No. commission notes per customer & month	3.4	2.3	48
No. transactions per commission note	1.5	1.6	-6
Market shares			
<i>Nasdaq Stockholm including First North</i>			
No. transactions, %	10.9	7.6	3.3
Turnover, %	6.4	4.2	2.2

For definitions see page 101.

* Source: Sparbarometern, published with a lag, the latest refers to 30-09-2015.

Stockholm Stock Exchange in terms of transactions. As a result of record-breaking trading activity among Avanza's customers, with an increase of 48 per cent in the number of transactions per customer and month since the start of 2015, Avanza was also the largest Swedish bank during the fall in terms of turnover. The increased trading among Avanza's customers was a result of, among other things, a large inflow of customers and capital, brokerage fee reductions and a volatile stock exchange. The new mobile apps and expanded communication, with a particular emphasis in the new price list launched in 2014, also contributed to the increased activity.

In the beginning of 2015 the Swedish Central Bank reduced the repo rate in two steps, bringing the rate into negative ter-

ritory. In July, the rate was further reduced to -0.35 per cent. The below-zero rate encouraged a growing number of savers to look for better returns in the stock market, as it became increasingly clear that Swedish savers were not receiving any return from traditional savings accounts. Given the uncertainty on the stock exchange, Avanza's customers in a larger portion chose not to invest, entailing that deposits in Avanza rose by 34 per cent during the year.

The total net inflow in 2015 was SEK 25.2 billion, which was 25 per cent higher than in 2014 and hence the highest yearly inflow in Avanza's history. More than half of Avanza's net inflow in 2015 went to ISK (Investment savings account).

	31-12-2015	31-12-2014	Change %
Customers and accounts			
Standard	451,490	357,520	26
Private Banking	14,300	12,000	19
Pro	1,810	1,680	8
No. customers	467,600	371,200	26
Equity & investment fund accounts	306,100	269,400	14
Investment savings accounts	188,000	80,600	133
Savings accounts	101,700	90,900	12
of which, external deposit accounts	72,800	61,500	18
Pension- & insurance-based accounts	255,900	217,400	18
of which, endowment insurance	135,100	112,100	21
of which, occupational pensions	42,400	29,900	42
No. accounts	851,700	658,300	29
No. accounts per customer	1.82	1.77	3
Savings capital, SEK m			
Equity & investment fund accounts	66,140	56,700	17
Investment savings accounts	46,600	23,500	98
Savings accounts	8,260	7,400	12
of which, external deposit accounts	7,450	6,700	11
Pension- & insurance-based accounts	70,600	54,300	30
of which, endowment insurance	52,400	39,700	32
of which, occupational pensions	8,520	5,930	44
Savings capital	191,600	141,900	35
Standard	109,960	81,200	35
Private Banking	76,300	56,800	34
Pro	5,340	3,900	37
Savings capital	191,600	141,900	35
Equities, bonds, derivatives, etc.	118,940	84,350	41
Investment funds	48,900	40,300	21
Deposits	30,300	22,600	34
of which, external deposits	7,450	6,700	11
Lending	-6,540	-5,350	22
of which, mortgage loans	-2,720	-2,010	35
Savings capital	191,600	141,900	35
Deposits/Lending, %	463	422	41
Net deposits/Savings capital, %	12	12	0
Return, average account since Jan 1 st, %	16	8	8
SIX Return Index since Jan 1 st, %	10	16	-6

For definitions see page 101.

Avanza's customer growth was strong for the full year. The number of customers was 467,600 at year end, which was an increase of 96,400 for the full year. Avanza's long term-target of increasing its customer base by 30,000 – 40,000 net new customers annually was achieved by margin. The number of accounts increased by 193,400 in 2015. More than half of the increase referred to ISK, which more than doubled in 2015. The reduced and soon to be abolished tax deductibility for private pensions has had a positive impact on ISK as an alternative form of savings. The number of accounts per customer increased in 2015 to 1.82 (1.77) accounts at the end of the period. The number of accounts per customer is a good measure of savers' engagement with Avanza and thus also of Avanza's share of customers' savings.

Total customers savings capital at Avanza grew sharply in 2015, driven by the strong customer inflow and the net inflow, coupled with positive stock exchange developments. Savings capital at the end of the period amounted to SEK 191.6 billion, which was an increase of 35 per cent compared with the beginning of the year. Savings capital in ISK nearly doubled and savings capital invested in Occupational pension accounts increased by 44 per cent.

Lending increased by 22 per cent from previous year and at the end of the period the allocation was 58 per cent securities loans and 42 per cent mortgage loans. During the year Avanza raised the ceiling on its mortgage lending volume to SEK 3.5 billion.

Business development and investments

In June Avanza launched the first versions of new apps for iOS and Android. One of the new functions was trading in foreign markets, where Avanza also cut its fees on foreign trades in connection with the launch. Customers' mobile use has increased sharply and during the autumn, mobile users overtook computer users.

In June Avanza also launched the Portfolio Generator, a digital service that helps fund savers to create a five star fund portfolio with a good risk diversification in three stages. Other launches included the Avanza Academy, which provides easy-to-access information on savings and investments, and the Stock Inspiration service, which allows savers to search for investment ideas based on investment themes or get inspiration from different customer groups and portfolios.

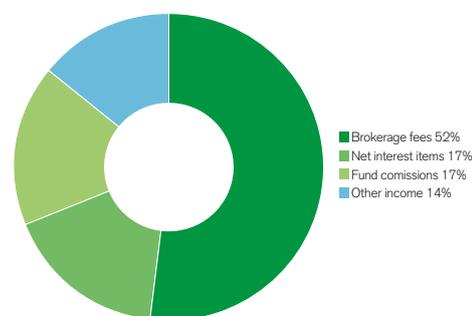
Before the summer Avanza Markets was launched, where Avanza in partnership with the issuer Morgan Stanley offers commission-free trading in commercial paper with Bull & Bear certificates and Mini Futures. The products enable customers to invest in underlying assets such as gold, oil and many global stock market indices without transaction fees. As part of our endeavors to build on our interesting and important collaborations, we hosted the Avanza Tech 2015 event in October. There, Avanza described for hundreds of technologically-minded attendees how Avanza use the latest technology to create a better future for hundreds of thousands of people.

A number of efficiency enhancement measures were also implemented during 2015, including improvements to underlying systems and advanced stability, positioning the company to manage the high levels of trading activity resulting from the record-breaking numbers of logins and transactions. This is in order to continue to create economies of scale and stability and thereby enable the strong pace of growth, with a high quality of the services to customers.

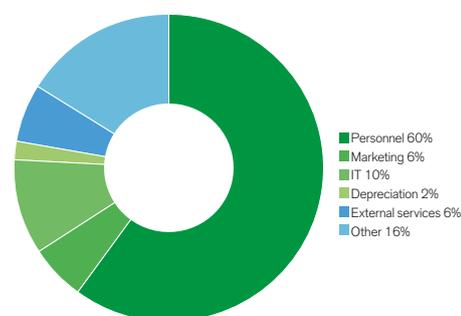
Results

Operating income increased in 2015 by 33 (17) per cent compared with previous year. Avanza's income consists mainly of brokerage fees, which increased sharply as a result of the expanded customer base and increased trading activity. This despite a reduction in brokerage fee per trade of 19 (–4) per cent in 2015, mainly due to the new price plan that was introduced at the end of 2014. Fund commission increased by 40 per cent during the year, and Avanza also reported increased exchange rate income, income from Corporate Finance and commissions from Morgan Stanley related to Avanza Markets.

Net interest income declined compared with previous year as a result of further reductions of key- and market interest rates. The repo rate averaged –0.25 per cent during the year, which was 0.72 percentage points less than in 2014. This was partly offset by higher lending. The increased surplus liquidity, which has previously helped to offset the falling interest margins,



Breakdown of operating income 2015



Breakdown of operating expenses 2015

instead had a negative impact on net interest income since the second quarter due to the negative market interest rates. This despite the fact that Avanza has since late 2014 placed a large portion of its surplus liquidity in Swedish covered bonds to achieve better return and lower capital requirements.

Operating expenses before credit losses increased by 10 (8) per cent for the full year, which is in line with the previously communicated range of cost increases. The increase is mainly due to an increased workforce. Personnel costs increased by 13 per cent, due to, among other things, elevated investments in occupational pensions, including a new office in Malmö, and expanded capacity in IT development. Due to deposit growth Avanza's cost for the government deposit guarantee scheme and the stability fund fee increased.

Revenue growth outpaced cost increases by a significant margin during the year, in line with Avanza's long-term target. The operating profit for 2015 was SEK 485 million (SEK 296m), representing an operating margin of 53 (43) per cent. Operating profit after tax increased by 66 (30) per cent to SEK 415 million (SEK 250m) which corresponds to earnings per share of SEK 14.23 (SEK 8.64). The profit for the year implies a return on shareholders' equity of 45 (32) per cent.

In 2015 Avanza received a decision from the Swedish Tax Agency relating to the VAT investigation for the period 2010-2012 that was initiated in 2014. The decision is in line with the provisions for VAT that Avanza made in 2014.

Outlook for the future

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. Stricter mortgage repayment rules and concerns over falling property prices, coupled with an unstable stock market, could however lead to Swedish customers choosing to save by paying off more on their mortgages instead, which in turn could have a negative impact on the growth of the Swedish savings market. However, Avanza's growth opportunities are not limited by the growth of the savings market. This is due to the fact that Avanza only has a 2.7* per cent market share of the Swedish savings market and the fact that capital that are transferred to Avanza from other savings institutions do not count as part of the net inflow to the Swedish savings market.

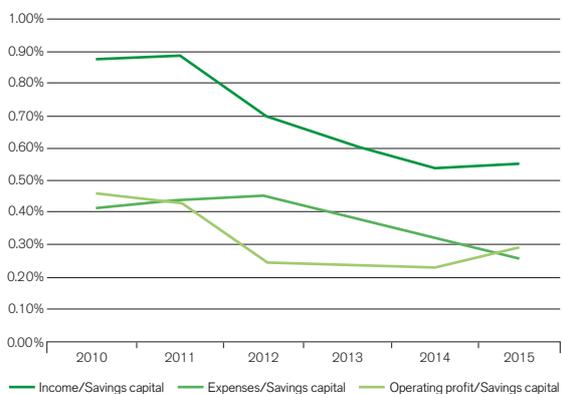
We deem it to be probable that Avanza will experience further capital inflow, not least given the current low interest rates, increased cost consciousness and the reduced willingness to pay among savers. The need for individual savings is increasing as a result of a gradual deterioration of the public pension provisions, leading to a greater demand for enhanced product ranges, freedom of choice and lower fees. This benefits Avanza and, as further capital flows into Avanza, an underlying growth in income will be generated. At the same time, the prevailing low interest rates, even featuring negative rates, negatively impact Avanza's net interest income. Once interest rates finally

go up again Avanza expects to see a positive outcome due to a sharp increase in savings capital, even if growth in customers might slow down slightly.

We are currently going through a period in which financial sector regulations are undergoing major changes driven by the EU. The coming MiFID II directive and several other future regulations are all aimed at increasing consumer protection and transparency requirements in the market. These requirements will likely push development forward towards digitalization in general, and digital decision support in particular. An increased demand for digital services within savings strengthen Avanza's position and growth prospects. Another potential regulation that could possibly have a positive impact on Avanza's growth prospects is an expanded right to transfer pension savings to other providers. It is currently very uncertain whether and when such a right will be introduced but one step in that direction are the new rules on commission based remuneration and stronger consumer protection that will be introduced no later than MiFID II, which is scheduled to take effect in 2018.

The income to savings capital ratio has fallen by 9 per cent per annum, from 87 to 55 points during the last five years, due to falling short-term interest rates, fluctuations in trading activity on the stock market, as well as price pressure coupled with mixed effects on savings.

Outcome per Savings capital



Taking into account the current low interest rate environment, we estimate that the income to savings capital ratio will continue to fall from its present level, but at a lower rate than in the past. We further anticipate continued effects of the product mix in savings capital as we think it is likely that fund savings will increase in the future, in conjunction with further increases in pension capital. On the other hand, price pressure due to competition is expected to be limited. Within the foreseeable future, we are not expecting a return to previous levels of income to savings capital ratio, considering the current behavioural patterns among savers with a lower appetite for risk and a growing cost awareness.

* Source: Sparbarometern, published with a lag, the latest refers to 30-09-2015.

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

Income Statements, SEK m	2015	2014	2013	2012	2011
Net commission	764	492	391	333	432
Net interest income	157	204	205	235	258
Other income	2	0	1	-6	5
Total income	923	696	597	562	695
Operating expenses before credit losses	-438	-400	-370	-360	-348
Profit before credit losses	485	296	227	202	347
Credit losses, net	0	0	-1	-1	-6
Operating profit	485	296	226	201	341
Taxes	-70	-46	-33	-41	-50
Net profit for the year	415	250	193	160	291
Balance Sheets, SEK m	31-12-2015	31-12-2014	31-12-2013	31-12-2012	31-12-2011
Treasury bills eligible for refinancing	250	-	165	-	-
Lending to credit institutions	1,701	4,535	9,078	7,989	8,672
Lending to the public	6,540	5,349	4,188	3,710	2,557
Bonds	11,850	6,070	-	-	-
Shares and participations	0	34	0	0	10
Assets in insurance operations	66,566	50,898	42,573	33,067	27,845
Other assets	1,714	410	631	440	497
Total assets	88,621	67,296	56,635	45,206	39,581
Deposits by the public	20,446	15,038	12,987	11,116	10,561
Liabilities in insurance operations	66,566	50,898	42,573	33,067	27,845
Other liabilities	384	545	281	195	300
Subordinated liabilities	99	-	-	-	-
Total liabilities	87,495	66,481	55,841	44,387	38,706
Shareholders' equity	1,126	815	794	828	875
Total liabilities and shareholders' equity	88,621	67,296	56,635	45,206	39,581
Key ratios	2015	2014	2013	2012	2011
Brokerage per commission note, SEK	55	68	71	75	78
Brokerage per trading day, SEK m	1.9	1.2	1.0	0.9	1.2
Non-brokerage income/Operating expenses, %	101	103	95	96	112
Operating margin, %	53	43	38	36	49
Profit margin, %	45	36	32	28	42
Cost/income ratio, %	47	56	62	64	50
Earnings per share, SEK	14.23	8.64	6.67	5.58	10.28
Earnings per share after dilution, SEK	14.10	8.56	6.67	5.58	10.21
Return on equity, %	45	32	25	19	35
Income/Savings capital, %	0.55	0.54	0.61	0.70	0.88
Expenses/Savings capital, %	0.26	0.31	0.38	0.45	0.44
Earnings per employee, SEK k	1,502	1,046	840	747	1,332
Credit loss level, %	0.00	0.00	0.00	0.00	0.00
Web service operational availability, %	100.0	99.7	99.9	99.6	99.9
Key ratios	31-12-2015	31-12-2014	31-12-2013	31-12-2012	31-12-2011
Equity per share, SEK	38.37	28.22	27.49	28.68	30.97
Capital base/Capital requirement	2.49	1.72	1.82	2.21	2.06
Cash dividend per share, SEK (2015; proposal)	10.50	7.00	8.00	8.00	10.00
No. shares, thousand	29,344	28,874	28,874	28,874	28,263
Average no. shares, thousand	29,172	28,874	28,874	28,665	28,263
Average no. shares after dilution, thousand	29,441	29,139	28,874	28,665	28,473
Market capitalisation, SEK m	10,780	7,450	6,030	3,800	4,650
Share price, SEK	367.50	258.00	209.00	131.50	164.50
No. employees	334	296	264	262	260
Average no. employees	323	283	269	269	256

For definitions see page 101.

Competitiveness and profitability will need to be achieved through reduced cost to savings capital ratio. Avanza is well placed for this future prospect thanks to the company's highly scalable IT-systems, in combination with a high growth rate. To enable us to deliver the highest possible customer service in the future we need to keep our focus on achieving further efficiencies and enhanced scalability in the years to come, as well as extending our IT-development capacity further. We therefore predict costs to increase 8-10 per cent per annum in the coming years, given an equal growth rate. This rate range acts as either an accelerator or a break to be able to combat or confront the market conditions with the necessary efforts, and can be reevaluated if the growth conditions change. Given a continued strong customer growth and growth in savings capital, we estimate that there is scope for lowering the cost to savings capital ratio over the next 3–5 years from today's level of 26 points to under 20 points.

Financial position

Avanza is mainly self-financed by equity and customer deposits. In December 2015, Avanza issued a subordinated bond of SEK 100 million in order to strengthen the capital base in conjunction with increased capital requirements.

All of Avanza's assets have a high level of liquidity. The majority of the assets can be transferred within a couple of days. The assets are deemed to be secure. The surplus liquidity is invested in covered bonds and with systemically important Nordic banks. All lending is secured against listed securities and with pledges on real estate. Of the liquid assets as per the end of the period, SEK 1,701 million, SEK 102 million were pledged as collateral mainly referring to credit institutions and the stock exchange. Between 2001 and 2015 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 Parent Company

Avanza Bank Holding AB (publ) is the Parent Company in the Avanza Group. The operating result for 2015 was SEK –13 million (SEK –8m). The Parent Company does not report any sales. An anticipated dividend regarding 2015 from subsidiaries has been reported to SEK 317 million (SEK 160m).

A dividend payment with respect to 2014 of SEK 202 million (SEK 231m) has been made to the shareholders.

Employees

In 2015, the Avanza Group had, on average, a total of 323 (283) employees of whom 34 (37) per cent were women and 66 (63) per cent men. The average age was 33 (33) years. The Parent Company had, on average, 1 (1) employee during the year. All employees have individual targets, based on Avanza's overall targets, which are followed up through regular development

discussions. An employee survey is 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 35–37 and in note 36 Financial Risks.

Guidelines for determining remuneration payable to senior management

The guidelines for salaries and other remuneration payable to senior management has been decided at the Annual General Meeting 2015 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 5 April 2016, will mainly be in line with remuneration principles in previous years. The Board proposes to the Annual General Meeting 2016 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 Remuneration Committee, following consultation with the CEO.

The Board of Directors and Group Management

The Articles of Association state that the Board shall comprise a minimum of five, and a maximum of eight, members. In 2015,

the Board of Directors initially comprised eight members elected by the Annual General Meeting and no deputy members.

At the Annual General Meeting held on 18 March 2015 Andreas Rosenlew stepped down from the Board of Directors and Jonas Hagströmer was elected as a new board member. The other board members were re-elected together with the Chairman of the Board. In October 2015 Lisa Lindström stepped down from the Board of Directors in order to avoid potential risks of conflicts of interest between her role as a board member and ongoing engagements in other companies. Sophia Bendz was elected as a new Board Member at an extraordinary meeting of shareholders held on 2 December 2015.

In December, Martin Tivéus informed the Board of Directors of his intention to resign from his position as CEO of Avanza during 2016, withdrawing from his assignments in Avanza's Board and executive management. Martin Tivéus will remain in his current role during a six-month notice period. More information about the Board of Directors and executive management is available at avanza.se/ir.

The Avanza share

Avanza Bank Holding AB (publ) is listed on Nasdaq Stockholm Mid Cap. There are a total of 29,344,088 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 2015, Sven Hagströmer including family and company, and Creades AB representing 10 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 share, refer to pages 39–41.

Repurchase of the Company's own shares

On 18 March 2015, the Annual General Meeting decided to authorise the Board of Directors to implement the acquisition of own shares, up to a maximum of 10 per cent of the shares in Avanza Bank Holding AB (publ). The authorisation is valid until the following Annual General Meeting. No shares were

repurchased during 2015 and the company holds no repurchased shares as of 31 December 2015.

Capital surplus

The capital surplus, i.e. the maximum scope available for dividend payments and repurchases of the company's own shares, totalled SEK 821 million as of 31 December 2015.

In December 2015, Avanza issued a subordinated bond of SEK 100 million in order to strengthen the capital base. The bond incurs variable interest of three months' STIBOR plus 300 points and has a tenor of 10 years. Final maturity is 10 December 2025. The subordinated bond is listed at the Corporate Bond list on Nasdaq Stockholm. Avanza Bank AB (publ) has also undertaken other measures during the year with the intention of decreasing capital requirements for liquidity management. No further increases to the capital base are deemed necessary for either Avanza's banking company or insurance company as a result of the new Basel 3 regulation or Solvency 2 directive which were effective from 1 January 2016.

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 10.50 (SEK 7.00) per share for 2015. This is equivalent to a dividend of a total SEK 308 million (SEK 202m) and a dividend ratio of 74 (81) per cent.

7 April 2016 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 5 April 2016. 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 12 April 2016. The Board of Directors' statement on the allocation of profits proposal is given on page 96.

Capital surplus, SEK m	31-12-2015	31-12-2014
Shareholders' equity, the Group	1,126	815
Subordinated bond	78	–
Intangible fixed assets	–38	–26
Deferred tax receivables	–1	–2
Capital requirement with reference to Pillar I	–344	–340
Total capital surplus before dividend	821	447
Capital surplus per share, SEK	27.99	15.49

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. In addition to this there are buffer requirements for regulated units within the banking and securities sector (the consolidated situation). See note 35 Capital base and Capital Requirements.

Consolidated Income Statements*

SEK m	Note	2015	2014
Operating income	3		
Commission income	4	882	577
Commission expenses	5	-118	-85
Interest income	6	194	247
Interest expenses	6	-37	-43
Net result of financial transactions	7	2	0
Other operating income		0	0
Total operating income		923	696
Operating expenses			
General administration costs	8-11	-372	-336
Depreciation and write-downs of tangible and intangible fixed assets	23-24	-8	-7
Other operating expenses	12	-58	-57
Operating profit before credit losses		-438	-400
Total operating expenses		485	296
Credit losses, net	13	0	0
Operating profit		485	296
Tax on the profit for the year	15	-70	-46
Net profit for the year**		415	250
Earnings per share, SEK	16	14.23	8.64
Earnings per share after dilution, SEK	16	14.10	8.56

* 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	Note	31-12-2015	31-12-2014
ASSETS	32,33		
Treasury bills eligible for refinancing	17	250	–
Lending to credit institutions	18	1,701	4,535
Lending to the public	19	6,540	5,349
Bonds	20	11,850	6,070
Shares and participations	21	0	34
Assets in insurance operations	22	66,566	50,898
Intangible assets	23	38	26
Tangible fixed assets	24	20	12
Other assets	25	1,543	207
Prepaid costs and accrued income	26	113	165
TOTAL ASSETS		88,621	67,296
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities	32,33		
Deposits by the public		20,446	15,038
Liabilities in insurance operations	22	66,566	50,898
Other liabilities	27	292	454
Accrued costs and prepaid income	28	92	91
Subordinated liabilities	29	99	–
Total liabilities		87,495	66,481
Shareholders' equity	30		
Share capital		73	72
Other capital contributed		367	270
Profit carried forward incl. profit for the year		686	473
Total shareholders' equity		1,126	815
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		88,621	67,296

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, 31-12-2013	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, 31-12-2014	72	270	473	815
Total comprehensive income for the period	–	–	415	415
<i>Transactions with owners</i>				
Dividend paid	–	–	–202	–202
Exercise of share warrants	1	92	–	93
Warrants issue	–	5	–	5
Shareholders' equity, 31-12-2015	73	367	686	1,126

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

Consolidated Cash Flow Statements

SEK m	Note	2015	2014
Operating activities			
Profit before tax		485	296
<i>whereof interest payments received</i>		194	247
<i>whereof interest expenses paid</i>		-37	-43
<i>Adjustment for items not included in cash flow</i>			
Depreciation/write-downs of tangible and intangible fixed assets	23-24	8	7
Income tax paid		-145	134
Cash flow from operating activities before changes in operating activities' assets and liabilities		348	437
Changes in operating activities' assets and liabilities			
Increase (-)/decrease (+) in lending to credit institutions	34	650	-135
Increase (-)/decrease (+) in lending to the public		-1,192	-1,161
Increase (-)/decrease (+) in securities		34	-34
Increase (-)/decrease (+) in other assets		-1,315	160
Increase (+)/decrease (-) in deposits by the public		5,408	2,051
Increase (+)/decrease (-) in other liabilities		-54	149
Cash flow from operating activities' assets and liabilities		3,531	1,030
Cash flow from operating activities		3,879	1,467
Investment activities			
Change in treasury bills eligible for refinancing		-250	165
Acquisition of intangible fixed asset	23	-12	-3
Acquisition of tangible fixed assets	24	-16	-8
Investment in bonds		-5,780	-6,070
Cash flow from investment activities		-6,058	-5,916
Financing activities			
Cash dividend		-202	-231
Subordinated bond		99	-
Warrants issue		93	-
Exercise of share warrants		5	2
Cash flow from financing activities		-5	-229
Cash flow for the year		-2,184	-4,687
Liquid assets at beginning of year		3,783	8,461
Liquid assets at end of year		1,599	3,783
Change		-2,184	-4,678
COMPOSITION OF LIQUID ASSETS, SEK m			
Lending to credit institutions (excluding pledged assets)		1 599	3 783
Total		1 599	3 783

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

Parent Company Income Statements*

SEK m	Note	2015	2014
Operating expenses			
Administration expenses	9	-9	-6
Other operating expenses	10	-4	-2
Operating profit/loss		-13	-8
Profit/loss from financial investments			
Profit/loss from participations in Group companies	14	331	171
Interest income and similar items		0	0
Interest expenses and similar items		0	-
Profit/loss before tax		318	163
Tax on profit for the period	15	0	-1
Net profit/loss for the period		318	162

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

Parent Company Balance sheets

SEK m	Note	31-12-2015	31-12-2014
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>			
Share and participations in Group companies	31	409	408
Total fixed assets		409	408
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		377	166
Current tax receivable		0	0
Prepaid costs and accrued income		1	0
Total current receivables		378	166
Cash and bank balances		0	0
Total current assets		378	166
TOTAL ASSETS		787	574
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	30		
<i>Restricted equity</i>			
Share capital		73	72
Total restricted equity		73	72
<i>Non-restricted equity</i>			
Share premium reserve		347	255
Profit brought forward		41	81
Net profit/loss for the year		318	162
Total non-restricted equity		706	498
Total shareholder's equity		779	570
Current liabilities			
Accounts payable		0	-
Tax liability		1	1
Liabilities to Group companies		1	1
Other liabilities		0	0
Accrued costs and prepaid income		6	2
Total current liabilities		8	4
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		787	574
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, 31-12- 2013	72	255	312	639
Total comprehensive income for the period	–	–	162	162
<i>Transactions with owners</i>				
Dividend paid	–	–	–231	–231
Shareholders' equity, 31-12- 2014	72	255	243	570
Total comprehensive income for the period	–	–	318	318
<i>Transactions with owners</i>				
Dividend paid	–	–	–202	–202
Exercice of share warrants	1	92	–	93
Shareholders' equity, 31-12- 2015	73	347	359	779

Parent Company Cash Flow Statements

SEK m	2015	2014
Operating activities		
Profit before tax	318	163
<i>whereof interest payments received</i>	0	0
<i>whereof interest expenses paid</i>	0	0
<i>Adjustment for items not included in cash flow</i>		
Depreciations/write-downs	0	0
Anticipated dividend	–318	–160
Income tax paid	0	0
Cash flow from operating activities before changes in operating activities' assets and liabilities	0	3
Changes in operating activities' assets and liabilities		
Increase (–) / decrease (+) in other assets	106	228
Increase (–) / decrease (+) in other liabilities	4	0
Cash flow from operating activities' assets and liabilities	110	228
Cash flow from operating activities	110	231
Investment activities		
Acquisition of shares and participations	–	–
Cash flow from investment activities	–	–
Financing activities		
Cash dividend	–202	–231
Exercice of share warrants	93	–
Shareholder contribution paid	–1	–
Cash flow from financing activities	–110	–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.

Notes to the accounts

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 2015 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 2015 financial year were approved for publication on 10 March 2016 by the Board of Directors and the CEO. The Consolidated Accounts and the Annual Report is adopted by the Annual General Meeting on 5 April 2016.

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 (FFFS2008:25).

(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 2015

The *IFRIC 21 Levies* interpretation clarifies when a debt for duties, imposed by a governmental or equivalent body on a company in accord-

ance 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 applied the interpretation for the financial year that starts 1 January 2015. The amendment affects the Group but have not have any significant impact on Avanza's financial statements.

Except from above, 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 2015, are assessed as having had any significant impact on the Group.

IFRS and interpretations to be applied in 2016 or later

The new standards, amendments to standards and statements of interpretation entering into force during the financial year 2016, 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: Regulate how reporting of income will occur. The principles on which IFRS 15 builds on will provide users of financial statements 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 2018. Early application is permitted. The Group has not yet assessed the effects of introduction of the standard.

IFRS 16 Leasing: In January 2016, IASB issued a new lease standard that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities arising from all leases, with some exceptions, to be recognized on the balance sheet. This model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. The accounting for lessors will in all material aspects be unchanged. The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted. EU has not yet adopted the standard. The group has not yet assessed the impact of IFRS 16.

(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 (publ), 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, investment 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.

Interest expenses

Interest expenses regarding lending to credit institutions refer to interest fees for periods with negative interest, which are reported as expenses when incurred, meaning that interest expenses are allocated to the period to which they refer. Interest expenses are also incurred

on deposits from the public and debenture loans which are recorded according to the same principle.

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 real estate.

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 refers to deposits by the public, subordinated bond, accounts payable, and other liabilities. Interest expenses on the subordinated bond are distributed over the tenor of the loan with the application of the effective interest method. 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 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 or 5 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 indeterminate 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. Undertakings in respect of payments to defined-contribution plans are reported as a cost in the Income Statement as they arise. Pension costs refer primarily to health insurance contributions.

(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. 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

SEK m – The Group	2015	2014
Direct savings products	648	429
Indirect savings products	238	169
Other income	37	98
Total	923	696

The operating income breaks down into the product areas and service groups above. 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 individual pension savings accounts and investment savings accounts. Indirect savings products refers to pension and insurance accounts. Other income refers to profit/loss from

exchange income, Corporate Finance income, Avanza Markets, various commission income less commission expenses and interest expenses.

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	2015	2014
Brokerage, gross	550	332
Fund commissions	160	114
Other commissions	172	131
Total	882	577

NOTE 5 COMMISSION EXPENSES

SEK m – The Group	2015	2014
Transaction costs*	-71	-46
Payment services commissions	-23	-15
Other commissions	-24	-24
Total	-118	-85

* Costs directly related to brokerage income.

NOTE 6 NET INTEREST INCOME

SEK m – The Group	2015	2014
<i>Interest income</i>		
Interest income from lending to credit institutions	0	48
Interest income from lending to the public	157	172
Interest income from interest-bearing securities	4	2
Other interest income	33	25
Total interest income	194	247
<i>Interest expenses</i>		
Interest expenses for lending to credit institutions	-16	-
Interest expenses for liabilities to credit institutions	0	0
Interest expenses for deposits from the public	-12	-43
Interest expenses for interest-bearing securities	-9	-
Interest expenses for subordinated bond	0	-
Other interest expenses	0	0
Total interest expenses	-37	-43
Net interest income	157	204

The average lending rate to account customers during the year was 2.00 (3.90) per cent.

The average deposits rate from accounts with surplus liquidity during the year was 0.00 (0.30) per cent.

NOTE 7 NET RESULT OF FINANCIAL TRANSACTIONS

SEK m – The Group	2015	2014
Realised profit/loss in respect of shares, etc	2	0
Exchange rate fluctuations	0	0
Change in value of insurance operations assets*	8,615	4,388
Change in value of insurance operations liabilities*	-8,615	-4,388
Total	2	0

* 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	2015	2014
Personnel costs	-266	-236
Consultancy services purchased	-25	-16
Market information costs	-25	-23
Other general administration costs	-56	-61
Total	-372	-336

NOTE 9 EMPLOYEES AND PERSONNEL COSTS

SEK m – The Group	2015	2014
<i>Personnel costs</i>		
Salaries and other remuneration	-179	-158
Pension costs	-25	-17
Social insurance charges	-54	-49
Other staff overhead	-9	-12
Total personnel costs	-266	-236

The Group has no employees outside Sweden. At the end of the year there was a total of 334 (296) Group employees. Normal employment terms comprise salary and benefits. Occupational pensions are obtained

through defined contribution pension plans are obtained for all employees over 25 years. Pension costs refer primarily to service pension premiums and health insurance premiums.

Notes

Salaries, other remuneration and social insurance charges	2015		2014	
	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>	179	79	158	66
		(25)		(17)
of which the Board of Directors and senior executives	22	12	18	10
		(5)		(5)
<i>Parent Company</i>	6	2	5	1
		(0)		(0)
of which the Board and CEO	5	2	4	1
		(-)		(-)

Average no. employees	No. employees	Of whom, men	No. employees	Of whom, men
Parent Company	1	1	1	1
Subsidiaries	322	214	282	178
Total	323	215	283	179

SEK k - The Group	2015			
	Basic salary/Directors' fees	Variable remuneration	Pension cost	Total
Chairman of the Board	313	-	-	313
Members of the Board	1,586	-	-	1,586
CEO	3,135	2,746	1,770	7,651
Other senior executives	10,201	3,891	3,455	17,547
Total	15,235	6,637	5,225	27,097

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 - Parent Company	2015		2014	
	Directors' fees	Other remuneration	Directors' fees	Other remuneration
Members of the Board				
Sven Hagströmer	313	-	229	-
Sophia Bendz	22	-	-	-
Jonas Hagströmer	195	-	-	-
Birgitta Klasén	287	-	167	-
Lisa Lindström	193	-	228	-
Mattias Miksche	258	-	228	-
Andreas Rosenlew	63	-	228	-
Martin Tivéus	-	-	-	-
Hans Toll	287	-	167	-
Jaqueline Winberg	284	-	228	-
Total	1,902	-	1,475	-

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

Information regarding senior executives

The term, senior executive, refers to the CEO and 7 (7) other persons who hold senior positions. Together, they make up the Group Management. There were 8 (8) 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 2015 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 6.5 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 2015 totalled SEK 6.6 million (SEK 5.6m) of which SEK 2.7 million (SEK 2.5m) was paid to the CEO.

Remuneration to the CEO for the 2015 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 53.

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.

Members of the Group Management have during the year acquired warrants, on market terms in accordance with the warrant programme approved by the the Extraordinary General Meeting held on 13 June 2014. 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 corporate web avanza.se/ir.

FINANCIAL INSTRUMENTS, WARRANTS

Subsidiary programme 2013–2016		Warrants			Market value	
SEK k	Number	Value*	Acquisition	Benefit	31-12-2015	
CEO	28,860	240	240	–	5,443	
Other senior executives	140,170	1,208	1,208	–	26,439	
Total	169,030	1,448	1,448	–	31,882	
Subsidiary programme 2014–2017						
SEK k	Number	Value*	Acquisition	Benefit	31-12-2015	
CEO	5,950	90	90	–	371	
Other senior executives	70,260	1,061	1,061	–	4,381	
Total	76,210	1,151	1,151	–	4,752	
Subsidiary programme 2015–2018						
SEK k	Number	Value*	Acquisition	Benefit	31-12-2015	
CEO	20,000	367	367	–	556	
Other senior executives	91,150	1,670	1,670	–	2,532	
Total	111,150	2,037	2,037	–	3,088	

* Market value on acquisition date.

Subsidiary programmes were acquired at market price in May 2013, August 2014 and August 2015 respectively. The market value has been

calculated in accordance with the Black & Scholes valuation model. For terms and exercise prices, see note 30 Equity.

NOTE 10 AUDITORS' FEES AND REIMBURSEMENT OF EXPENSES

SEK k – The Group	2015	2014
Öhrlings PricewaterhouseCoopers		
Audit engagements	-1,296	-1,772
Audit business over and above audit engagements	-484	-210
Tax consultancy	-140	-36
Other services	-	-30
Total	-1,920	-2,048
SEK k – Parent Company		
Öhrlings PricewaterhouseCoopers		
Audit engagements	-353	-380
Audit business over and above audit engagements	-326	-130
Other services	-	-30
Total	-679	-540

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	2015	2014
<i>Assets held via operational leasing agreements (refers to leasing of premises)</i>		
Minimum leasing charges	-16	-15
Total leasing costs	-16	-15
<i>Agreed future minimum leasing charges in respect of uncancellable contracts and which fall due for payment:</i>		
Within one year	-16	-16
Between one and five years	-7	-24
Later than five years	-	-
Total	-23	-40

NOTE 12 OTHER OPERATING EXPENSES

SEK m – The Group	2015	2014
Marketing costs	-27	-25
Other operating expenses	-31	-32
Total	-58	-57

NOTE 13 CREDIT LOSSES, NET

SEK m – The Group	2015	2014
Year's write-down of confirmed credit losses	0	0
Year's write-down of anticipated credit losses	0	0
Total	0	0

NOTE 14 PROFIT/LOSS ON GROUP PARTICIPATIONS

SEK m – The Group	2015	2014
Dividend received (anticipated)	317	160
Group contribution received	16	12
Group contribution paid	-2	-1
Total	331	171

NOTE 15 TAX ON PROFIT/LOSS FOR THE YEAR

SEK m	The Group		Parent Company	
	2015	2014	2015	2014
<i>Current tax expense (-)/tax income (+)</i>				
Tax expense (-)/tax income (+) for the period	-70	-29	0	-1
Total current tax	-70	-29	0	-1
<i>Deferred tax expense (-)/tax income (+)</i>				
Deferred tax in respect of temporary differences	0	0	-	-
Deferred tax regarding untaxed reserves	-	-17	-	-
Total deferred tax	0	-17	-	-
Total reported tax expense	-70	-46	0	-1
<i>Reconciliation of effective tax</i>				
Profit/loss before tax	485	296	318	163
Tax at current rate of taxation	22.0%	22.0%	22.0%	22.0%
Non-deductible costs	0.1%	0.3%	0.0%	0.0%
Non-taxable income	-0.1%	-0.2%	-22.0%	-22.0%
Other tax base in insurance operations	-7.8%	-7.0%	-	-
Other	0.0%	0.1%	-	-
Effective tax	14.2%	15.3%	0.0%	0.0%

DEFERRED TAX IN TEMPORARY DIFFERENCES AND LOSS CARRY FORWARDS

SEK m - The Group	31-12-2015	31-12-2014
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	2015	2014
Earnings per share before dilution	14.23	8.64
Earnings per share after dilution	14.10	8.56

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 415 million (SEK 250m) relative to a weighted average number of shares outstanding before dilution in 2015, amounting to 29,344,088 (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 415 million (SEK 250m) relative to a weighted average number of shares outstanding after dilution in 2015 amounting to 29,674,995 (29,169,684) shares.

Avanza has three outstanding warrant programmes: 2013–2016 the exercise price of which is SEK 170.06 per share, 2014–2017 the exercise price of which is SEK 316.76 per share and 2015–2018 the exercise price of which is SEK 393.58 per share. For more information, see note 30 Equity. The market price, as of 31 December 2015 was SEK 367.50.

Number of shares	2015	2014
Average no. shares before dilution	29,171,759	28,873,747
Average no. shares after dilution	29,441,281	29,139,284
Outstanding no. shares before dilution	29,344,088	28,873,747
Outstanding no. shares after dilution	29,674,995	29,169,684
No. shares on full dilution	30,814,088	30,343,747

NOTE 17 TREASURY BILLS ELIGIBLE FOR REFINANCING

SEK m – The Group	31-12-2015	31-12-2014
Eligible government securities	250	–
Total	250	–

NOTE 18 LENDING TO CREDIT INSTITUTIONS**The Group**

Client fund receivables, attributable to banking business, amount to SEK 1,085 million (SEK 895m) which are reported net against client fund payables of SEK 1,085 million (SEK 895m).

NOTE 19 LENDING TO THE PUBLIC

SEK m – The Group	31-12-2015	31-12-2014
Account credit with collateral in the form of:		
– securities	3,821	3,345
Mortgage loans with collateral in the form of:		
– houses	1,676	1,194
– tenant-owned apartments	1,043	810
Total	6,540	5,349

Lending to the public is reported after deduction of confirmed and anticipated credit losses. As per year end 31-12-2015, anticipated credit losses amounted to SEK 8 million (SEK 8m), see the table below. Lending to the public is secured through securities and real estate.

In total, SEK 3,333 million (SEK 2,439m) in mortgage loans had been granted as at 31-12-2015, of which SEK 2,719 million (SEK 2,004m) has been paid out, implying that the commitment for granted, undisbursed mortgage loans amounts to SEK 614 million (SEK 435m). See also note 36 Financial risks.

PROVISION FOR BAD DEBTS

SEK m – The Group	31-12-2015	31-12-2014
Provisions at beginning of year	8	8
Provision for anticipated losses	0	0
Provisions at end of year	8	8

NOTE 20 BONDS

SEK m – The Group	31-12-2015	31-12-2014
Issued by municipalities	824	130
Issued by credit institutions	11,026	5,940
Total	11,850	6,070

SEK m – The Group	31-12-2015	31-12-2014
Bonds, quoted	11,850	6,070
Bonds, unquoted	–	–
Total	11,850	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 21 SHARES AND PARTICIPATIONS

SEK m – The Group	31-12-2015	31-12-2014
Shares and participations, quoted	0	34
Shares and participations, unquoted	0	0
Total	0	34

NOTE 22 ASSETS AND LIABILITIES IN INSURANCE OPERATIONS

SEK m – The Group	31-12-2015	31-12-2014
<i>Financial assets in insurance operations</i>		
Shares and participations	58,903	44,957
Interest-bearing securities	1,168	1,173
Liquid assets	6,495	4,768
Total	66,566	50,898
<i>Financial liabilities in insurance operations</i>		
Conditional bonus	66,566	50,898
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 23 INTANGIBLE ASSETS

SEK m – The Group	31-12-2015	31-12-2014
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	30	27
Year's investments	12	3
At end of year	42	30
<i>Depreciation</i>		
At beginning of year	-27	-27
Year's depreciation	-	-
At end of year	-27	-27
Reported value at end of year	15	3
Total intangible fixed assets	38	26

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 consist of software licenses and customer relationships from the acquisition of Placera Media Stockholm AB, which are fully amortized, and capitalized development costs of SEK 15 million for a new trading system, of which SEK 3 million was capitalized in 2014 and SEK 12 million in 2015.

NOTE 24 TANGIBLE FIXED ASSETS

SEK m – The Group	31-12-2015	31-12-2014
<i>Acquisition values</i>		
At beginning of year	77	69
Year's investments	16	8
Year's disposals	–	–
At end of year	93	77
<i>Write-downs</i>		
At beginning of year	–65	–57
Year's depreciation	–8	–8
Year's disposals	–	–
At end of year	–73	–65
Reported value at end of year	20	12

NOTE 25 OTHER ASSETS

SEK m – The Group	31-12-2015	31-12-2014
Securities trading receivables	445	143
Current tax assets	1,019	0
Deferred tax assets	1	1
Other	78	63
Total	1,543	207

NOTE 26 PREPAID COSTS AND ACCRUED INCOME

SEK m – The Group	31-12-2015	31-12-2014
Prepaid costs	18	18
Accrued income	95	147
Total	113	165

NOTE 27 OTHER LIABILITIES

SEK m – The Group	31-12-2015	31-12-2014
Tax deduction	2	1
Securities trading liabilities	194	271
Accounts payable	11	6
Current tax liabilities	8	114
Other	77	62
Total	292	454

NOTE 28 ACCRUED COSTS AND PREPAID INCOME

SEK m – The Group	31-12-2015	31-12-2014
Personnel-related liabilities	49	53
Other	44	38
Total	92	91

NOTE 29 SUBORDINATED LIABILITIES

SEK m – The Group	31-12-2015	31-12-2014
Dated subordinated liabilities	99	–
Total	99	–

Interest rates	Nominal amount	Maturity date
3 month STIBOR + 3 % annually	100	10-12-2025

NOTE 30 EQUITY

The Group

As of 31 December 2015, the registered share capital comprised 29,344,088 (28,873,747) ordinary shares with a quotient value of SEK 2.50 per share. During 2015, 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 adilution of approximately five per cent. The warrant programme is divided into three sub-programmes and the total warrant programme runs from May 2013 to September 2018. Outstanding warrants 2013–2016 grant entitlement to subscribe for a total of 490,000 shares at an exercise price of SEK 170.06 per share. The programme expires on 27 May 2016. The warrants may be exercised from 2 May 2016 to 27 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 programme expires on 1 September 2017. The warrants may be exercised from 25 August 2017 to 1 September 2017. Outstanding warrants 2015–2018 grant entitlement to subscribe to a total of 490,000 shares at an exercise price of SEK 393.58 per share. The expiration date is 3 September 2018. The warrants may be exercised from 27 August 2018 to 3 September 2018. The warrant

programme 2011–2015 had an exercise period from 4 May 2015 to 29 May 2015. The exercise price was SEK 198.10 per share. After recalculating the warrant programme, a total of 470,400 shares were available for subscription. 470,341 shares were subscribed for and all such shares have been issued.

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	2015
At beginning of year	28,873,747
Warrants issue due to exercise of share warrants	470,341
At end of year	29,344,088

NOTE 31 SHARES AND PARTICIPATIONS IN GROUP COMPANIES

MSEK – Moderbolaget	31-12-2015	31-12-2014
<i>Acquisition value</i>		
At beginning of year	414	414
Shareholder contribution	1	–
At end of year	415	414
<i>Accumulated write-downs</i>		
At beginning of year	–7	–7
At end of year	–7	–7
Reported value at end of year	409	408

Subsidiary	Corporate ID no	Registered office	No. shares	% of shares	Book value, SEK m
Avanza Bank AB (publ)	556573-5668	Stockholm	550,000	100	366
Avanza Fonder AB	556664-3531	Stockholm	31,000	100	4
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					409

NOTE 32 TERMS FOR ASSETS AND LIABILITIES

Remaining term (book value)

SEK m – The Group 31-12-2015	Upon request	<3 months	3-12 months	1-5 years	>5 years	Per- petual	Total
<i>Assets</i>							
Treasury bills eligible for refinancing	-	250	-	-	-	-	250
Lending to credit institutions	1,701	-	-	-	-	-	1,701
Lending to the public	-	6,540	-	-	-	-	6,540
Bonds	-	1,145	2,685	8,020	-	-	11,850
Shares and participations	-	-	-	-	-	0	0
Assets in insurance operations*	-	42,320	138	3,055	21,053	-	66,566
Intangible assets	-	-	-	-	-	38	38
Tangible fixed assets	-	-	-	-	-	20	20
Other assets	-	1,543	-	-	-	-	1,543
Prepaid costs and accrued income	-	113	-	-	-	-	113
Total assets	1,701	51,911	2,823	11,075	21,053	58	88,621
<i>Liabilities</i>							
Deposits by the public	20,446	-	-	-	-	-	20,446
Liabilities in insurance operations**	-	42,320	138	3,055	21,053	-	66,566
Other liabilities	-	292	-	-	-	-	292
Accrued costs and prepaid income	-	92	-	-	-	-	92
Subordinated liabilities	-	-	-	-	99	-	99
Total liabilities	20,446	42,704	138	3,055	21,152	-	87,495

* 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. 13 per cent of private pension insurance terms are 1-5 years and 87 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 31-12-2014	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.

NOTE 33 FINANCIAL INSTRUMENTS

Classification of financial information

SEK m – The Group 31-12-2015	Financial instruments valued at fair value via Income Statement	Investments held to maturity	Loan receivables and accounts receivable	Other financial liabilities	Non financial instru- ments	Total
<i>Assets</i>						
Treasury bills eligible for refinancing	–	250*	–	–	–	250
Lending to credit institutions	–	–	1,701	–	–	1,701
Lending to the public	–	–	6,540	–	–	6,540
Bonds	–	11,850**	–	–	–	11,850
Shares and participations	0	–	–	–	–	0
Assets in insurance operations	66,566	–	–	–	–	66,566
Intangible assets	–	–	–	–	38	38
Tangible fixed assets	–	–	–	–	20	20
Other assets	–	–	523	–	1,020	1,543
Prepaid costs and accrued income	–	8	88	–	17	113
Total assets	66,566	12,108	8,852	–	1,095	88,621
<i>Liabilities</i>						
Deposits by the public	–	–	–	20,446	–	20,446
Liabilities in insurance operations	66,566	–	–	–	–	66,566
Other liabilities	–	–	–	284	8	292
Accrued costs and prepaid income	–	–	–	40	52	92
Subordinated liabilities	–	–	–	99	–	99
Total liabilities	66,566	–	–	20,869	60	87,495

* The fair value amounts to SEK 250 million, of which SEK 250 million is attributed to level 1 and SEK – million to level 2 in the hierarchy for fair value.

**The fair value amounts to SEK 11,806 million, of which SEK 11,806 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 FAIR VALUE

SEK m – The Group 31-12-2015	Level 1	Level 2	Level 3	Total
<i>Assets</i>				
Equities	36,669	0	0	36,669
Fund units	1,384	20,269	–	21,653
Bonds and other interest-bearing securities	12,987	237	–	13,224
Other securities	197	384	–	581
Liquid assets	–	–	–	6,495
Total assets	51,237	20,890	0	78,622
<i>Liabilities</i>				
Liabilities in insurance operations (investment agreements)	–	66,566	–	66,566
Total liabilities	–	66,566	–	66,566

SEK m – The Group Level 3

31-12-2014	0
Change in value	0
Purchase	0
Sale	0
31-12-2015	0

Notes

SEK m – The Group 31-12-2014	Financial instruments valued at fair value via Income Statement	Investments held to maturity	Loan receivables and accounts receivable	Other financial liabilities	Non financial 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 FAIR VALUE

SEK m – The Group 31-12-2014	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**

31-12-2013	
Change in value	0
Purchase	0
Sale	0
2014-12-31	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.

NOTE 34 PLEDGED ASSETS AND CONTINGENT LIABILITIES

SEK m – The Group	31-12-2015	31-12-2014
<i>Pledged assets on behalf of customers</i>		
Securities lending	41	71
Collateral requirement, Nasdaq derivatives	222	161
Nasdaq Default fund	19	10
<i>Other pledged collateral and security</i>		
Securities liquidation, Euroclear	375	325
Securities liquidation, EMCF	88	41
Securities liquidation, APK Finland	9	9
Securities liquidation, Bank of Norway	7	7
Securities liquidation, VP Denmark	24	26
Securities Canada trading	2	2
Swedish Central Bank clearing	25	100
Total pledged assets	812	752

Pledged assets

Pledged assets total SEK 812 million (SEK 752m) which refers mainly to credit institutions and the stock exchange. The pledged assets are comprised of cash and cash equivalents of SEK 102 million (SEK 752m) and bonds of SEK 710 million (SEK – m).

Pledged securities on behalf of customers relate to securities lending, where Avanza pledges security in the form of liquid assets at Swedish banks that offer Avanza customers equity loans, partly bonds 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, and obligations 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.

Funds managed on behalf of third parties (client fund accounts) which are not reported in the balance sheet amount to SEK 1,085 million (SEK 895m).

Contingent liabilities

Avanza has no contingent liabilities as per 31 December 2015.

NOTE 35 CAPITAL BASE AND CAPITAL REQUIREMENTS

Information on capital adequacy regarding Avanza Bank AB (publ) 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 securities 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 (publ) 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 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 securities 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 regulation (EU) no 575/2013 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.

In August 2015, the Board of Directors resolved to strengthen the capital base, for which reason a subordinated bond of SEK 100 million with a tenor of 10 years was issued in December 2015.

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.

It is not deemed to be any further need to increase the capital base for either Avanza Bank AB (publ) or the insurance company Avanza Pension as a result of the new Basel 3 and Solvency 2 regulations, which came into force on 1 January 2016.

SEK m – The financial conglomerate	31-12-2015	31-12-2014
Capital base		
Shareholders' equity, the Group	1,126	815
Proposed/Assumed dividend	-308	-202
Shareholders' equity, the financial conglomerate (Tier 1 capital)	818	613
<i>Added</i>		
Subordinated bond*	78	-
<i>Less</i>		
Intangible assets	-38	-26
Deferred tax receivables	-1	-2
Total capital base	857	585
Capital requirement		
Capital requirement for regulated units within the banking and securities sector	309	306
Capital requirement for regulated units in the insurance sector	35	34
Theoretical capital requirement for non-regulated units	0	0
Total capital requirement	344	340
Capital surplus	513	245
Capital base/Capital requirement	2.49	1.72

* See note 29 Subordinated liabilities.

Internal capital adequacy assessment process (ICAAP)

Avanza Bank AB's (publ), ("Avanza Bank") strategies and methods for assessing and maintaining capital base requirements, in accordance with regulation (EU) no 575/2013, are in line with Avanza Bank'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 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 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'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 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 is to strengthen its risk management and its internal capital assessment. Avanza Bank'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, which was carried out during the fourth quarter of 2015 on the accounts dated 30 September 2015.

The updated internal minimum capital adequacy requirement as per 30 September 2015 amounted, as a starting point, to SEK 370 million (SEK 312m). The legal internal minimum capital adequacy requirement for Avanza Bank as per 30 September 2015 amounted to SEK 359 million (SEK 298m). 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 to fulfil its commercial objectives. The following risks have been assessed:

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

The market risks are insignificant and Avanza Bank 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 is currently mainly 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. The Consolidated position 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 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 (publ)	31-12-2015	31-12-2014
Tier 1 capital		
Shareholders' equity	759	604
Proposed/Assumed dividend	-170	-90
Equity (adjusted for proposed/assumed dividend)	589	514
Intangible assets	-15	-4
Deferred tax receivables	-1	-1
Common equity tier 1 capital	573	509
Subordinated bond*	76	-
Tier 2 capital	76	-
Total capital base	649	509
Capital requirement		
Credit risk according to standardised approach	227	231
Market risk	0	6
Settlement risk	0	0
Operational risk	79	68
Total capital requirement	306	305
Risk exposure amount		
Credit risk according to standardised approach	2,834	2,876
of which Institutions (risk-weight 20 %)	340	906
of which Corporates (risk-weight 100 %)	27	70
of which Households (risk-weight 75 %)	163	346
of which Collateral in real estate (risk-weight 35 %)	952	702
of which Covered bonds (risk-weight 10 %)	1,103	598
of which Other items (risk-weight 100 %)	249	254
Market risk	1	69
Settlement risk	0	0
Operational risk	989	856
Total risk exposure amount	3,824	3,801
Capital ratios and buffers		
Common equity tier 1 ratio, %	15.0	13.4
Tier 1 ratio, %	15.0	13.4
Total capital ratio, %	17.0	13.4
Capital base in relation to capital requirement	2.12	1.67
Institution-specific buffer requirement, %	3.5	2.5
of which capital conservation buffer requirement, %	2.5	2.5
of which countercyclical buffer, %	1.0	-
Total capital requirement including buffer requirement, %	11.5	10.5
Common equity tier 1 capital available for use as a buffer, %	10.5	8.9
Capital surplus after buffer requirement remaining to cover additional Pillar 2 requirements	209	109
Additional requirement with reference to Pillar 2	11	15
Capital surplus after buffer requirement and Pillar 2	198	94

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

* See note 29 Subordinated liabilities.

SEK m – Consolidated situation	31-12-2015	31-12-2014
Tier 1 capital		
Shareholders' equity, the Group	1,126	815
Proposed/Assumed dividend	-308	-202
Equity not part of the consolidated situation	-100	-73
Equity, consolidated situation (adjusted for proposed/assumed dividend)	718	540
Intangible assets	-38	-26
Deferred tax receivables	-1	-2
Avanza Bank Holding AB:s (publ) holding in Försäkringsaktiebolaget Avanza Pension	-39	-39
Common equity tier 1 capital	640	473
Subordinated bond*	78	-
Tier 2 capital	78	-
Total capital base	718	473
Capital requirement		
Credit risk according to standardised approach	234	232
Market risk	0	6
Settlement risk	0	0
Operational risk	80	69
Total capital requirement	314	308
Risk exposure amount		
Credit risk according to standardised approach	2,929	2,902
of which Institutions (risk-weight 20 %)	340	906
of which Corporates (risk-weight 100 %)	27	70
of which Households (risk-weight 75 %)	163	346
of which Collateral in real estate (risk-weight 35 %)	952	702
of which Covered bonds (risk-weight 10 %)	1,103	598
of which Other items (risk-weight 100 %)	344	280
Market risk	1	69
Settlement risk	0	0
Operational risk	995	862
Total risk exposure amount	3,925	3,833
Capital ratios and buffers		
Common equity tier 1 ratio, %	16.3	12.3
Tier 1 ratio, %	16.3	12.3
Total capital ratio, %	18.3	12.3
Capital base in relation to capital requirement	2.29	1.54
Institution-specific buffer requirement, %	3.5	2.5
of which capital conservation buffer requirement, %	2.5	2.5
of which countercyclical buffer, %	1.0	-
Total capital requirement including buffer requirement, %	11.5	10.5
Common equity tier 1 capital available for use as a buffer, %	11.8	7.8
Capital surplus after buffer requirement remaining to cover additional Pillar 2 requirements	267	70
Additional requirement with reference to Pillar 2	11	14
Capital surplus after buffer requirement and Pillar 2	256	56

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

* See note 29 Subordinated liabilities.

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

- The credit risk mitigation applied is comprised of cash and cash equivalents, as well as shares included on indices defined by ESMA as stipulated in CRD IV. Swedish shares are creditable to a maximum of 78 per cent if they are included on the OMXSPI.
- Securities received are revalued 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 (94 per cent), and the majority of the collateral is listed in SEK (90 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.

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 bonds issued by Swedish banks. This work has continued in 2015, and a portfolio of secured mortgage bonds issued by Swedish banks and bonds issued by the Swedish Government, Municipalities and County Councils has been established. 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 3.

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 35-37 and Corporate Governance Report pages 44-54.

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. See also the section Liquidity Management.

On balance day, lending to the general public amounted to SEK 6,540 million (SEK 5,349m). Average lending in 2015 was SEK 5,787 million (SEK 4,503m). Avanza's lending to the general public are in the form of security loans and mortgage loans. The majority of all exposure is to cus-

tomers residing in Sweden. Loans are only made to customers resident outside the Nordic countries in exceptional circumstances.

Lending to the public which comprises securities lending totalled SEK 3,821 million (SEK 3,345m). This amount includes exposures to both households and companies. The corporate exposure before deducted collateral totals SEK 460 million (SEK 359m). 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 2,719 million (SEK 2,004m).

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.

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 3,821 million. The market value of pledged securities was SEK 34,906 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 2015, 28 (28) loans exceeded SEK 10 million. The combined total of these loans was SEK 777 million (SEK 686m), of which the highest was SEK 93 million (SEK 97m).

Lending is monitored on a daily basis. If so called excess leverage 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 excess leverage 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, excess leverage is actioned immediately on the day it arises, through the sale of securities. As of 31 Dec 2015, excess leverage amounted to SEK 0.2 million (SEK 2.6m) or 0.00 (0.08) per cent of security-backed lending. Average excess leverage during the year amounted to SEK 6.1 million or 0.1 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 0m). As of 31 Dec 2015, 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 19 Lending to the general public.

Stress test of credit risk in securities lending

The stress tests Avanza imposes on its securities lending feature a number of hypothetical scenarios. Securities lending portfolios are stress tested in terms of margin losses and losses arising due to a lack of diversification (concentration risk). The method applied for testing margin stress entails that all shares drop in value according to risk class/credit quality pursuant to the loan to value ratio or risk margin.

This stress test indicates anticipated losses of SEK 0.1 million. In the event that the unexpected were to occur, credit losses would be a maximum of SEK 13.3 million.

Two methods are applied to measure concentration risk. The first method hypothesizes that an individual share drops 70 to 100 per cent in value, all other variables remaining constant. This identifies homogeneous concentrations in credit portfolios. This stress test indicates maximum unanticipated losses of SEK 23.9 million. The second method hypothesizes that the collateral in the portfolio drops according to credit quality or the risk margin, while the five largest single concentrations also drop simultaneously in an amount corresponding to the risk margin plus a further 20 per cent from the new market value. Securities with no loan to value ratio are also stress tested, meaning that their value is written down to zero. This stress test indicates unanticipated losses of SEK 15.1 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 31-12-2015	Currency	Market value, SEK m	Lending value, SEK m	Share of balanced exposure, %
Shares	SEK	27,708	13,898	80
Funds	SEK	3,554	1,853	10
Shares	USD	1,195	544	3
Shares	NOK	397	181	1
Other collaterals		2,052	991	6
Total		34,906	17,467	100

Mortgage loans

Avanza's mortgage loans, which were launched at the end of 2013, have increased during the year from SEK 2,004 million to SEK 2,719 million. All mortgage loans are secured with pledges on houses and tenant-owned apartments at an average loan to value ratio of 36 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 2015.

The mortgage loan proposition is targeted at Avanza's high network 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 3.5 billion and exposure to employees a maximum SEK 400 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' (RTLCL) is performed to see whether the borrower satisfies a scenario of the current interest rate plus 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.

Pledged assets mortgage loans 31-12-2015	Credit limit, SEK m	Lending, SEK m	Loan-to-value ratio, %
Houses	1,883	1,676	34
Tenant-owned apartments	1,161	1,043	38
Total	3,044	2,719	36

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 mortgage bonds with a short term, which are issued by Swedish banks, or in interest-bearing securities issued by the Swedish Government, Municipalities, and County Council. The holdings of bonds at the balance sheet date amounted to SEK 11,850 million (SEK 6,070m), of which bond issued by Swedish Municipalities and County Council amounted to SEK 824 million (SEK – m). Other surplus liquidity is invested primarily in systemically important Nordic banks and amounted at year end to SEK 1,701 million (SEK 4,535m), as well as treasury

bills eligible for refinancing amounting to SEK 250 million (SEK – m). 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 or Moody's, except for one bond with bond rating AA+.

**Administration of liquidity
31-12-2015**

	Book value, SEK m	Share, %
Treasury bills eligible for refinancing	250	1.8
Lending to credit institutions	1,701	12.3
Bonds	11,850	85.9
of which government, municipality, country council	824	6.0
of which secured mortgage bonds	11,026	79.9
Total	13,801	100.0

Average duration of bond holders is 0.15.

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 defined as the risk of loss as a result of inappropriate or inadequate internal processes, human error, incorrect systems or external events. The definition includes legal risk.

The work involved in managing operational risks is structured and follows methods and guidelines for identifying risks. This approach facilitates a satisfactory management of risks considered to be serious within the risk appetite applicable at any given time. Avanza works towards preventative operational risk management.

Risks are valued according to a model measuring probability and consequence. The consequences are assessed in three areas: financial impact, customer/reputation impact and regulatory impact. Both qualitative and quantitative measures constitute grounds for determining the risk appetite within operational risk. The risk appetite is determined in the form of limits and a pre-determined risk management process.

Business consequence analyses are undertaken on Avanza's critical processes. By establishing tolerable disruption times in these activities, the requirements in terms of resources such as infrastructure, systems, personnel and premises are clarified.

Avanza's employees are trained in risk management, security, internal control and governance in order to raise understanding and competence in these fields. All employees whose work duties require so are licensed according to the SwedSec AB's requirements. This strengthens the environment for establishing a sound risk culture.

Incident reporting in the operations sharpens the focus on the prevailing situation and the actual outcome of the risks to which Avanza is exposed. The incidents are measured, analyzed and reported to those responsible for managing the risks, in order to facilitate improvements but also to inform the valuation of risks on the operations.

Changes in the operations follow an approval process whereby the relevant considerations are given the appropriate significance. Commercial, technical, legal, risk and security considerations are made before any decision is taken as to implementation.

Avanza's IT risk, i.e. the risk that IT and information assets are not sufficient, correct or safe is of major significance. 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.

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.

On 10 December 2015, Avanza issued a subordinated loan in the form of a bond with a tenor of 10 years. The loan's nominal value is SEK 100 million. The bond holders are paid coupons (interest) on a quarterly basis. The interest on the loan is variable, following STIBOR 3M. It is reset quarterly and the interest mark-up on STIBOR 3M is 300 interest points.

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 surplus liquidity is made at a maximum average fixed 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 8 per cent of the bank's capital base.

Management of surplus liquidity amounted to a value of SEK 13,801 million at year end. The interest sensitivity in the portfolio is measured and reported weekly to the Risk control function and to the CFO. Interest risk is limited, as Avanza intends, and has the capacity, to hold all reported bond holdings to maturity, and therefore incurs a limited risk to need to sell the bond holdings prematurely. Among bonds, 95 per cent have variable coupons (FRN – Floating Rate Notes) with quarterly interest revaluations, and the remaining 5 per cent have fixed interest coupons and a remaining tenor of under one year. 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. 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

The information on liquidity risks comprises information that shall be submitted obliged to be provided annually in accordance with the Swedish Financial Supervisory Authority's regulations (FFFS 2010:7) regarding management of liquidity risks in credit institutions and investment firms.

Avanza has low exposure to liquidity risks. Avanza funds itself through equity, a subordinated bond 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.

Liquidity risk is defined as the risk that the company is unable to meet its payment commitments when due, or is only able to do so by incurring a significantly increased cost. Liquidity risk can be divided into

two aspects. The first aspect is the risk of not being able to finance the operations, and the other aspect is the risk of not being able to convert investment assets to liquidity.

Avanza's Credit and Finance department bears the operational responsibility for Avanza's liquidity risk. The department reports to the CFO and regulatory compliance is guaranteed by the independent Compliance and Risk Control functions.

Avanza's operations are limited in scope and the Company is not a liquidity provider on the financial market. Furthermore, the operations are conducted without significant external financing requirements (excluding the issued SEK 100 million subordinated bond, no other issued bonds are outstanding). The bank's financing is, instead, mainly provided by our private customers. The liquidity risk is reduced by the financing being spread across a large private customer base. Historically, these deposits have exhibited slow movement, a relatively high degree of so called "stickiness". Avanza's current financing structure actually exceeds liquidity requirements many times over, giving Avanza substantial surplus 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. The stress tests build on historical data and are based on a number of scenarios specific to Avanza. Prognoses are performed every single day in order to handle short-term liquidity risks. Special contingency funding plans have been established 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 102 million (SEK 752m) of lending to credit institutions has been established as security, which means that lending to credit institutions, excluding pledged securities, of SEK 1,599 million (SEK 3,783m) 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. The bond portfolio has an even maturity structure, both annually and quarterly and, to a certain extent, monthly, meaning that large, negative changes in surplus liquidity are normally managed with the help of on-going maturities, i.e. the repayment of bonds.

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.

Notes

SEK m	31-12-2015	Term
Treasury bills eligible for refinancing	250	2 days
Lending to credit institutions	1,701	1 day
Lending to the public – securities lending	3,821	1 month
Lending to the public – mortgage loans	2,719	At least 30 years
Bonds	11,850	0.15 years
Deposits, excluding client funds	20,446	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 fluctuations in earnings being too large, Avanza reinsures 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.

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

<i>Transactions with key individuals in senior positions and other related parties</i>	31-12-2015	31-12-2014
Lending, SEK m	34	25
Deposits, SEK m	149	119
	2015	2014
Brokerage fees, SEK k	467	329
Interest income, SEK k	500	240
Interest expenses, SEK k	42	415
Invoicing from related parties' limited companies, SEK k	27	375
	2015	2014
<i>Transactions with subsidiaries</i>		
Parent Company interest income from Group Companies, SEK m	0	0
Parent Company interest expenses to Group Companies, SEK m	0	0
	31-12-2015	31-12-2014
Parent Company receivables from Group companies, SEK m	377	166
Parent Company liabilities to Group companies, SEK m	1	1

NOTE 38 IMPORTANT ESTIMATES AND ASSESSMENTS

According to management, critical assessments regarding the accounting principles applied and the source of uncertainty in estimations primarily refer to credit 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.

Credit assessment

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

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 5 April 2016 agree that profit, in accordance with the established balance sheet, be allocated in such a way that the accumulated profit, including surplus liquidity, of SEK 705,781,805, be allocated so that SEK 10.50 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 ten and fifty (10.50) SEK will be distributed per share,
- 7 April 2016 is the record day, and
- 12 April 2016 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	347,426
Retained profit	40,849
Net profit for the year	317,507
	705,782
The Board of Directors and the CEO proposes that:	
a dividend of SEK 10.50 per share be paid to the shareholders, totalling	308,113
that the following sum be carried forward	80,162
and that the following sum be retained in the share premium reserve	317,507
	705,782

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, 10 March 2016

Sven Hagströmer
Chairman of the Board

Sophia Bendz
Board member

Jonas Hagströmer
Board member

Birgitta Klasén
Board member

Mattias Miksche
Board member

Martin Tivéus
CEO

Hans Toll
Board member

Jacqueline Winberg
Board member

Our Audit Report was submitted on 10 March 2016

Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson
Authorised Public Accountant

Audit report

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 for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 35-37 and 55-97.

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

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the 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 Managing Director 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 judgement, 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 estimates made by the Board of Directors and the Managing Director, 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 audit opinions.

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 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. 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 31 December 2015 and of their 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 meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Avanza Bank Holding AB for the year 2015.

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 Managing Director are responsible for administration under the 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' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the 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 Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director

has, in any other way, acted in contravention of the 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 opinions.

Opinion

We recommend to the annual 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 Managing Director be discharged from liability for the financial year.

Stockholm, 10 March 2016

Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson
Authorised Public Accountant

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 Tuesday 5 April 2016, at 3.00 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 EuroclearSweden AB no later than Wednesday, 30 March 2016,
- have notified Avanza of their intention to attend the Annual General Meeting no later than 30 March 2016.

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 Wednesday, 30 March 2016. 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 Tuesday, 16 February 2016 and should be sent by post to:

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

Definitions

Account

An open account with holdings.

Brokerage income

Brokerage income less direct costs.

Brokerage per commission note

Gross brokerage income for account 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 the 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.

Customer

Individuals or companies with at least one account with holdings.

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 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, Sparkonto+, 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) and management fees from Avanza funds.

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.

Financial calendar

05 **APRIL**
2016

Annual General Meeting

19 **APRIL**
2016

Interim Report, January–March

13 **JULY**
2016

Interim Report, January–June

Contacts

Sofia Svavar, Head of Investor Relations
Telephone: + 46 8 409 420 17
E-mail: sofia.svavar@avanza.se

Birgitta Hagenfeldt, CFO
Telephone: + 46 73 661 80 04
E-mail: birgitta.hagenfeldt@avanza.se

Head office

Visiting address: Regeringsgatan 103, Stockholm
Postal address: Box 1399, SE-111 93 Stockholm
Telephone: + 46 8 562 250 00
Website: avanza.se
Corporate web: avanza.se/ir

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



Regeringsgatan 103, Box 1399, SE-111 93 Stockholm.
Telephone: +46 8 562 250 00, avanza.se