

# Remuneration Report – Avanza Bank Holding AB (publ)

Remuneration report for Avanza Bank Holding AB (publ), corporate identity number 556274-8458, (Avanza) according to Chapter 8, Section 53 a of the Swedish Companies Act (2005:551).

## 1. Introduction

This remuneration report gives an overview of how the guidelines for remuneration to senior executives of Avanza (Remuneration Guidelines), adopted by the annual general meeting 2020, have been applied in 2020. The remuneration report also contains detailed information about the remuneration to Avanza's CEO and deputy CEO. In addition, the report also contains a compilation of Avanza's outstanding share-based incentive programs. The report has been prepared in accordance with Chapter 8, Section 53 a of the Swedish Companies Act (2005:551), the Swedish Code of Corporate Governance and the Swedish Corporate Governance Board's Rules on Remuneration of the Board and Executive Management and on Incentive Programmes.

Information according to Chapter 5, Sections 40–44 of the Annual Reports Act (1995:1554) are available in Note 9 on pages 78–80 in Avanza's Annual Report for 2020 (Annual Report 2020).

The board of directors has appointed a remuneration committee consisting of Mattias Miksche, Sven Hagströmer and Catharina Eklöf. The members of the remuneration committee are independent in relation to Avanza and the company's management. Information regarding the remuneration committee's work in 2020 can be found in the corporate governance report, which can be found on pages 42–54 in the Annual Report for 2020.

Remuneration to the board of directors of Avanza is not covered by this report. Remuneration to the board of directors is resolved annually by the annual general meeting of Avanza and is reported in Note 9 on page 79 in the Annual Report 2020. The board of directors receives no remuneration in addition to remuneration resolved by the annual general meeting, except for travel expenses in connection with board meetings.

Avanza's CEO and deputy CEO are employed both in the parent company Avanza Bank Holding AB and in the wholly-owned subsidiary Avanza Bank AB. The remuneration reported for these persons in this report refers to total remuneration from all companies in the Avanza Group. As the majority of the Avanza Group's employees are employees of the wholly-owned subsidiaries Avanza Bank AB, Försäkringsaktiebolaget Avanza Pension and Avanza Fonder AB, comparisons with other employees are reported at group level in this report.

## 2. Significant events in 2020

### Avanza's development in 2020

Avanza's CEO summarizes the company's development in his statement on pages 5–7 in the Annual Report 2020.

### Overview of the application of the guidelines for remuneration to senior executives in 2020

A successful implementation of Avanza's business strategy and the safeguarding of the company's long-term interests, including its sustainability, require that the company can recruit and retain qualified employees. In order to do this, the company needs to be able to offer market-based remuneration. The Remuneration Guidelines enable senior executives to be offered market-based remuneration.

According to the Remuneration Guidelines, the remuneration to the company's management must be market-based and may consist of a fixed cash salary, pension benefits and other benefits. In addition,

the annual general meeting may - and regardless of the Remuneration Guidelines - resolve on, for example, share and share price-related remuneration or incentive programs based on warrants, as well as remuneration to the board of directors. The Remuneration Guidelines adopted by the annual general meeting 2020 can be found on pages 61–62 in the Annual Report 2020. The auditor's report on whether the Remuneration Guidelines have been followed is available on Avanza's website <https://investors.avanza.se/en/about/about-avanza/>.

The remuneration committee has evaluated the performance of the CEO and deputy CEO in 2020 and prepared the board of director's resolution on remuneration for these persons as well as for other persons in the company's management. Furthermore, the remuneration committee has reviewed the Remuneration Guidelines. The remuneration committee has also reviewed the company's remuneration structures and remuneration levels, including the company's incentive program. A long-term ownership interest in the company is encouraged through the possibility for the company's management to purchase warrants in the incentive program that is aimed at all employees.

In 2020, Avanza did not make any deviations from the decision-making process that, according to the Remuneration Guidelines, must be applied to determine the remuneration. Neither has Avanza deviated from the Remuneration Guidelines for special reasons.

### Table 1 – Total remuneration to the CEO and the deputy CEO

Table 1 below sets out the total remuneration to Avanza's CEO and deputy CEO in 2020 (SEK thousand).

Name of director (position)	1 Fixed remuneration*		2 Variable remuneration***	3 Extraordinary remuneration	4 Pension benefits	5 Total remuneration	6 Portion of fixed and variable remuneration****
	Base salary	Other remuneration**					
Rikard Josefson (CEO)	6,718	667	0	0	2,855	10,240	100/0
Birgitta Hagenfeldt (CFO, deputy CEO)	2,590	308	0	0	782	3,680	100/0

\* Avanza's CEO and deputy CEO are employed 50% in Avanza Bank Holding AB and 50% in the wholly-owned subsidiary Avanza Bank AB, and thus receive 50% of their total salary from each company.

\*\* Refers to warrants financing (SEK 660,000 for the CEO and SEK 252,000 for the deputy CEO), health insurance (SEK 7,000 for the CEO and deputy CEO respectively) and home cleaning (SEK 0 for the CEO and SEK 49,000 for the deputy CEO). The warrants financing is an annual one-time payment of 10% of the executive's base salary, only intended for financing the acquisition of warrants in Avanza's incentive program. The warrants financing is conditional on the amount being invested in Avanza's incentive program and may be subject to repayment if the re-purchase of warrants is effected in accordance with the pre-emption agreement for the warrants.

\*\*\* Avanza does not apply variable remuneration for the CEO, deputy CEO, or other senior executives. As variable remuneration does not exist, it has not been relevant to use any opportunity to reclaim variable remuneration in accordance with agreements.

\*\*\*\* Pension benefits in column 4 are based on the base salary and are premium based, and have therefore been counted as fixed remuneration in column 6.

## 2. Share-based remuneration

### Outstanding share and share-related incentive programs

Avanza currently has three outstanding incentive programs with subscription in 2021, 2022 and 2023, respectively. The incentive programs are based on warrants issued to the wholly-owned subsidiary Avanza Förvaltning AB for onward transfer to employees in the Avanza Group. Senior executives in Avanza, including the CEO and deputy CEO, have had the opportunity to acquire warrants in these incentive programs on market terms, like all other employees in the group. The incentive programs have been resolved by the annual general meeting of the company.

The warrants in the respective incentive program have been acquired on market terms with the application of established calculation models (Black & Scholes). Each warrant gives a right to subscribe for one new share in Avanza at a subscription price corresponding to an amount of 120 percent of the weighted average price of the completed trades in Avanza's shares on 30 August 2018 (Incentive program Warrants 2018/2021), on 29 August 2019 (Incentive program Warrants 2019/2022) and 27 August 2020 (Incentive program Warrants 2020/2023). Subscription of shares with the warrants can take place on predetermined dates that occur approximately three years after the acquisition of the warrants.

Avanza's group management, which includes the CEO and deputy CEO, receives, unlike other employees in the Avanza Group, warrants financing for the acquisition of warrants (see Table 1 above for more information on warrants financing). As participation in the programs takes place on market terms and requires the investors' own investment, the incentive programs are not associated with any performance criteria.

One incentive program (Warrants 2017/2020) has expired in 2020. The warrants were acquired on market terms with the application of established calculation models (Black & Scholes). Each warrant gave a right to subscribe for one new share in Avanza at a subscription price corresponding to an amount of 120 percent of the weighted average price of the completed trades in Avanza's shares on 25 August 2017, i.e. SEK 86.20. Subscription of shares with the warrants could take place from 26 August 2020 up to and including 30 August 2020. All allotted warrants were exercised and a total of 1,167,688 shares were subscribed for with the warrants by the employees of the Avanza Group. The dilution of the total number of shares in the company as a result of the subscription of shares amounted to approximately 0.8%.

**Table 2A – Incentive programs based on warrants, CEO**

Name of director, position	Principal terms and conditions of the warrant program				Information about the reported financial year			
					Balance B/F	During the year		Balance C/F
	1 Incentive program	2 Premium paid & allotment date*	3 Subscription period / subscription dates	4 Subscription price & subscription dates for shares**	5 Warrants at the beginning of the year	6 Warrants allotted	7 Warrants exercised	8 Warrants allotted & outstanding
Rikard Josefson, CEO	Warrants 2017/2020	SEK 3.48*** 2017-08-25	2020-08-26 until and including 2020-08-30	SEK 86.20*** 2020-08-28	49,900***	0	49,900***	0
	Warrants 2018/2021	SEK 7.35*** 2018-08-30	2021-08-27 until and including 2021-09-21	SEK 100.86*** Subscription not yet possible	50,000***	0	0	50,000***
	Warrants 2019/2022	SEK 4.31 2019-08-29	2022-08-26 until and including 2022-09-01	SEK 94.80 Subscription not yet possible	80,000	0	0	80,000
	Warrants 2020/2023	SEK 9.86 2020-08-27	2023-08-31 2023-10-26 2023-11-23	SEK 194.09 Subscription not yet possible	0	35,490	0	35,490
				<b>179,900</b>	<b>35,490</b>	<b>49,900</b>	<b>165,490</b>	

\* Premium rounded to two decimal places.

\*\* The subscription price may be subject to recalculation in accordance with the terms and conditions of the incentive programs.

\*\*\* Recalculated in accordance with the terms and conditions of the incentive programs after share split 5:1 resolved by the annual general meeting 2019.

**Table 2B – Incentive programs based on warrants, deputy CEO**

Name of director, position	Principal terms and conditions of the warrant program				Information about the reported financial year			
					Balance B/F	During the year		Balance C/F
	1 Incentive program	2 Premium paid & allotment date*	3 Subscription period / subscription dates	4 Subscription price & subscription dates for shares**	5 Warrants at the beginning of the year	6 Warrants allotted	7 Warrants exercised	8 Warrants allotted & outstanding
Birgitta Hagenfeldt, CFO and deputy CEO	Warrants 2017/2020	SEK 3.48*** 2017-08-25	2020-08-26 until and including 2020-08-30	SEK 86.20*** 2020-08-28	86,027***	0	86,027** *	0
	Warrants 2018/2021	SEK 7.35*** 2018-08-30	2021-08-27 until and including 2021-09-21	SEK 100.86*** Subscription not yet possible	40,800***	0	0	40,800***
	Warrants 2019/2022	SEK 4.31 2019-08-29	2022-08-26 until and including 2022-09-01	SEK 94.80 Subscription not yet possible	69,650	0	0	69,650
	Warrants 2020/2023	SEK 9.86 2020-08-27	2023-08-31 2023-10-26 2023-11-23	SEK 194.09 Subscription not yet possible	0	30,420	0	30,420
					<b>196,477</b>	<b>30,429</b>	<b>86,027</b>	<b>140,870</b>

\* Premium rounded to two decimal places.

\*\* The subscription price may be subject to recalculation in accordance with the terms and conditions of the incentive programs.

\*\*\* Recalculated in accordance with the terms and conditions of the incentive programs after share split 5:1 resolved by the annual general meeting 2019.

### 3. Compliance with the Remuneration Guidelines and application of performance criteria

The company's business strategy is to create long-term growth in operating income through strong customer growth through satisfied customers in combination with a scalable business model with the market's lowest cost to savings ratio. This enables continued development and creates shareholder value.

A successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability, require the company to be able to recruit and retain qualified employees. In order to do this, the company needs to be able to offer market-based remuneration.

Avanza does not apply variable remuneration for senior executives such as the CEO and deputy CEO. Therefore, there are no variable remuneration that is linked to certain performance criteria. Avanza's CEO and deputy CEO have individual goals that are related to the overall goals of the Avanza Group. These goals include areas such as customer satisfaction, shareholder interests and market reputation. The fulfillment of individual goals is evaluated annually by the remuneration committee and the board of directors, and forms, together with the board of directors' evaluation of the CEO's work, the basis for determining the remuneration to the CEO and deputy CEO for the coming year.

Because the CEO's and deputy CEO's individual goals are linked to the overall goals of the Avanza Group, these contribute to the company's business strategy and the safeguarding of the company's long-term interests.

The total remuneration to the CEO and deputy CEO in 2020 has been in accordance with Avanza's Remuneration Guidelines. In 2020, Avanza did not make any deviations from the decision-making process that, according to the guidelines, must be applied to determine the remuneration. Neither has Avanza deviated from the guidelines for specific reasons.

#### 4. Comparison of the company's performance and changes in remuneration

**Table 3 – change in remuneration and the company's performance during the last five reported financial years (RFY) (SEK thousand)**

Annual change	2016 vs. 2015	2017 vs. 2016	2018 vs. 2017	2019 vs. 2018	2020 vs. 2019	RFY 2020
Remuneration to senior executives						
Rikard Josefson (CEO)	-699 (-9.14%) <sup>1</sup>	-1,507 (-21.68%) <sup>2</sup>	+3,622 (66.52%) <sup>3</sup>	+671 (+6.89%)	+502 (+5.16%)	10,240
Birgitta Hagenfeldt (CFO and deputy CEO)	- 4	- 4	+283 (+9.18%) <sup>3,5</sup>	-6 (-0.18%)	+321 (+9.56%)	3,680
Avanza's result						
Consolidated operating profit	-20,000 (-4.12%)	-24,000 (-5.16%)	-23,000 (-5.22%)	+102,000 (+24.4%)	+ 1,056,000 (+203.08%)	1,576,000
Customer satisfaction, win the Swedish Quality Index for Sweden's most satisfied customers in the savings category	Won Swedish Quality Index	Won Swedish Quality Index	Won Swedish Quality Index	Won Swedish Quality Index	Won Swedish Quality Index	Won Swedish Quality Index
Average remuneration on a full-time equivalent basis for employees in the Avanza Group <sup>6</sup>						
Employees in the Avanza Group <sup>7</sup>	+12 (+2.15%)	+28 (4.95%)	+11 (+1.88%)	+38 (+6.32%)	+71 (+11.15%)	707

<sup>1</sup> The remuneration in this box refers to total remuneration to the CEO during the relevant year, but the position as CEO was held by different persons during the year. The position as CEO was held in 2016 by Martin Tiveus (1 January – 31 May), Henrik Källén (1 June – 6 November) and Johan Prom (7 November – 31 December).

<sup>2</sup> The comparison in this box refers to total remuneration to the CEO during the relevant year, but the position as CEO was held by different persons during the year. The position as CEO was held in 2017 by Johan Prom (1 January – 5 November) and Rikard Josefson (6 November – 31 December).

<sup>3</sup> In 2018, Avanza relinquished variable remuneration to the group management, which led to an increase of the fixed remuneration.

<sup>4</sup> Up to and including 7 November 2016, Avanza had no deputy CEO and historical figures are therefore not available for these years.

<sup>5</sup> The comparison in this box refers to total remuneration to the deputy CEO during the relevant year, but the position as deputy CEO was held by different persons during the year. The position as deputy CEO was held in 2017 by Henrik Källén (1 January – 19 April) and Birgitta Hagenfeldt (20 April – 31 December).

<sup>6</sup> Figures for all years except 2020 refer to the number of employees and not full-time equivalent basis as historical data on full-time equivalent basis is not available. This means that the comparison between the RFYs in the table are not entirely accurate.

<sup>7</sup> Only six persons are employed in the parent company Avanza Bank Holding AB. These persons are the CEO, deputy CEO and CFO, CRO, CCO and CLO, all of whom are 50% employed in the parent company and the internal auditor, who is 100% employed in the parent company. The remaining part of the Avanza Group's approximately 480 employees are employed in the wholly-owned subsidiaries Avanza Bank AB, Försäkringsaktiebolaget Avanza Pension and Avanza Fonder AB. As it will not be expedient to make a comparison with other employees in the parent company, which is thus only four persons, the comparison with other employees is reported in this table only at group level. Group management has been excluded to provide a better comparison of the CEO's and deputy CEO's remuneration in relation to the average employee.