

# Corporate Governance Report

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

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

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

## A. Ownership and voting rights

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

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

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

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

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

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

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

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

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

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

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

### COMPOSITION OF THE NOMINATION COMMITTEE

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

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

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

### C. The Annual General Meeting

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

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

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

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

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

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

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

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

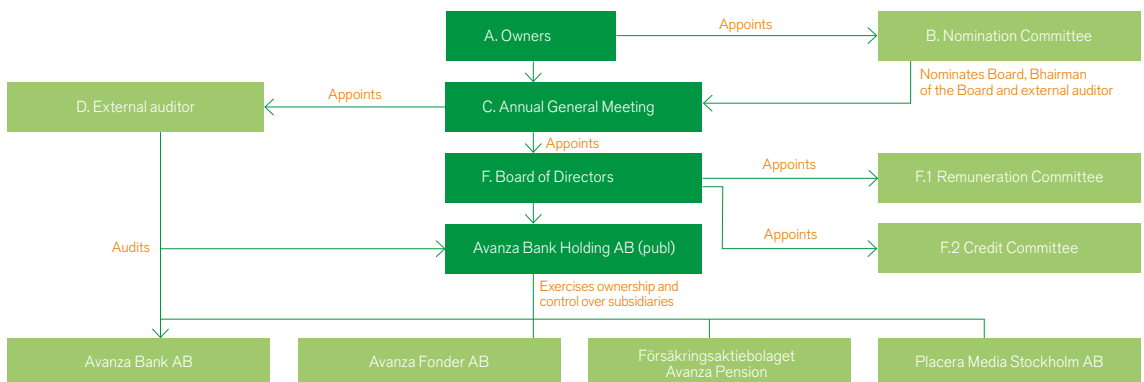
The date and time of the next Annual General Meeting, and information on how the shareholders can utilize their rights, is available on the Company's website under the Corporate Governance section at the time of publication of the third quarterly report of the year preceding the Annual General Meeting,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

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

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

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

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



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

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

#### D. External auditor

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

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

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

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

#### E. The Avanza Group

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

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

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

#### CEO and Group Management

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

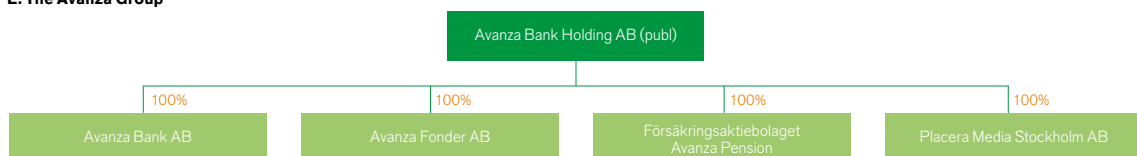
At the end of 2014, the Avanza Group Management consisted of eight personnel, of which five were men and three were women. The Group Management consists of Avanza's CEO, and representatives from different parts of the Group as follows:

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

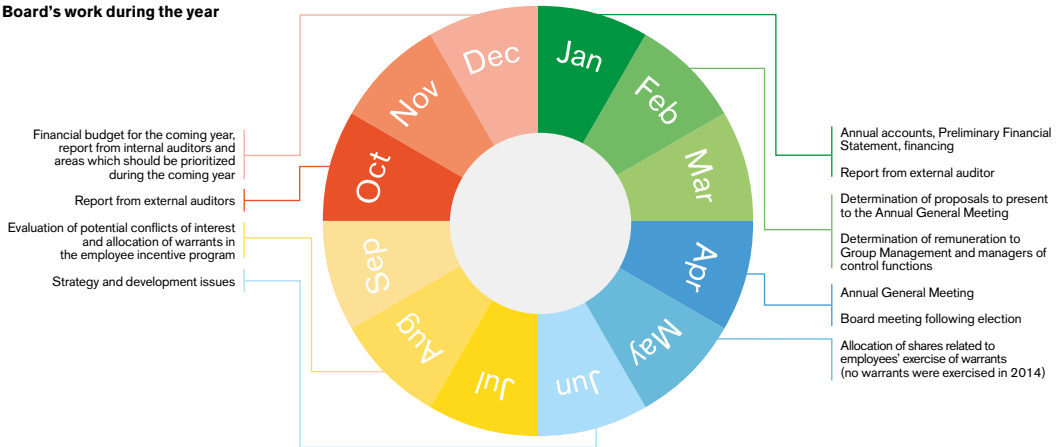
Additional information about the members of the Group Management is available on Avanza's website and on page 55 of the Annual Report 2014.

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

#### E. The Avanza Group



## The Board's work during the year



### Remuneration to Group Management

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

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

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

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

### **F. Board of Directors**

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

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

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

### The Board's work in 2014

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

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

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

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

## The Board's rules of procedure

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

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

## Directors' remuneration and attendance at Board meetings

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

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

### F.1 Remuneration Committee

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

In addition, the Committee prepares questions rela-

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

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

### F.2 Credit Committee

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

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

### Audit Committee

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

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

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

## **ATTENDANCE AT RECORDED BOARD MEETINGS 2014**

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

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

## G. Internal control and risk management

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

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

### Framework for internal governance and control

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

### The three lines of defence principle

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

## 1. Risk management

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

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

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

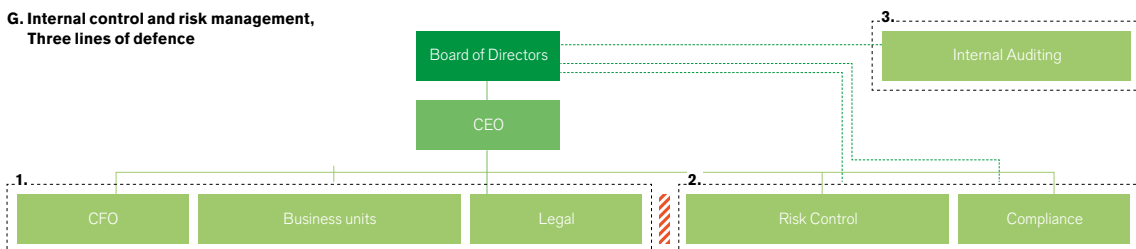
Avanza has a conservative approach to risk and strives to keep risks low. In its operations, Avanza is exposed to credit risk, including counterparty risk, concentration risk and settlement risk, as well as towards operational risk, comprehensive information security risk, reputation risk, legal risk,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

### 2.1 Risk Control

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

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

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



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## 2.2 Compliance

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

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

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

## 3. Internal Auditing

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

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

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

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

## **Suitability assessment of the Board of Directors and the Group Management**

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

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

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

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

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

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

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

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

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

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

### *Control environment*

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

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

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

#### *Risk management*

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

#### *Control activities*

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

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

#### *Information and communication*

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

#### *Follow-up*

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

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

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

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

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

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

#### *Assessment and positions regarding Internal Audits*

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

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

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# Board of Directors and Auditors



**Sven Hagströmer**

Chairman of the Board

Born 1943  
Elected 1997  
Education Studied at Stockholm University

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

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

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



**Birgitta Klasén**

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

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

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

Shares: 6,000



**Lisa Lindström**

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

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

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

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**Mattias Miksche**

1968  
2008  
MBA, Stockholm School of Economics

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

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

Shares: 600



**Andreas Rosenlew**

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

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

CEO and Chairman of the Board of Grow Partners AB  
Member of the Board of Polarica Holding, och Kiosked Ltd

Shares: 3,600



**Martin Tivéus**

Born 1970  
Elected 2012  
Education MBA, Stockholm School of Economics

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

Other assignments CEO Avanza, Member of the Board of Ledarstudion

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



**Hans Toll**

1970  
2014  
MBA, Stockholm School of Economics

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

Shares: 4,000 (via direct pension)  
Warrants: corresponding to 34,950 shares



**Jacqueline Winberg**

1959  
2003  
MBA, Stockholm School of Economics

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

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

Shares: 1,700



## AUDITORS

**Öhrlings Pricewaterhouse Coopers AB**

Auditor in charge: Catarina Ericsson  
Born 1966  
Authorised Public Accountant

# Group Management



**Martin Tivéus**

Born	1970
Position	CEO
Employed	2011
Education	MBA, Stockholm School of Economics
Previous positions	2008-2011 Sweden Head of Consumer Market at Microsoft 2004-2008 Marketing Director and then CEO of Glocalnet 2003-2004 Marketing Director at Snowflake
Holdings on 31 December 2014 (incl. family)	
Shares	5,000
Warrants (corresponding number of shares)	104,720



**Gustav Berggren**

Born	1980
Position	Head of the Private Bank
Employed	2007
Education	LL.M. European Law, Ghent University Law, Stockholm University Political Science, Stockholm University Business Administration and leadership, Suffolk University
Previous positions	2006-2007 Management Trainee Blendow Consulting
Holdings on 31 December 2014 (incl. family)	
Shares	-
Warrants (corresponding number of shares)	26,000



**Maria Christofi Johansson**

Born	1970
Position	Head of Customer Service
Employed	2000
Education	LL.M., Stockholm University
Previous positions	
Holdings on 31 December 2014 (incl. family)	
Shares	8,600
Warrants (corresponding number of shares)	51,370



**Birgitta Hagenfeldt**

Born	1961
Position	CFO
Employed	2008
Education	MBA, Örebro University
Previous positions	2002-2008 Management Head of Administration at RAM One, Rational Asset Management AB 1980-2002 Authorised Public Accountant and Chief Financial Audit at KPMG
Holdings on 31 December 2014 (incl. family)	
Shares	39,430
Warrants (corresponding number of shares)	106,120



**Henrik Källén**

Born	1968
Position	COO, Deputy CEO
Employed	2000
Education	LL.M., Stockholm University
Previous positions	1997-2000 Stockbroker Orkla Securites 1995-1997 Team manager stock trading Stadshypotek Bank
Holdings on 31 December 2014 (incl. family)	
Shares	17,000
Warrants (corresponding number of shares)	83,930



**Annika Saramies**

Born	1975
Position	CEO Försäkringsaktiebolaget Avanza Pension
Employed	2007
Education	Studied at University of Western Sidney and Örebro University
Previous positions	2005-2007 Corporate Sales SEB TryggLiv 2001-2004 Pension insurance broker Max Matthiessen 2000-2001 Pension insurance broker Jahaya AB 1998-2000 Insurance advisor Capena Fond och Försäkring
Holdings on 31 December 2014 (incl. family)	
Shares	99
Warrants (corresponding number of shares)	3,690



**Peter Strömberg**

Born	1972
Position	CIO
Employed	2014
Education	M.Sc., Business Administration & Information Technology, Gotland University College/Stockholm University
Previous positions	2010-2014 IT Director IT-Service Management RSA Scandinavia 1998-2010 Deputy President OMX Technology/Nasdaq OMX
Holdings on 31 December 2014 (incl. family)	
Shares	-
Warrants (corresponding number of shares)	10,590



**Peter Westling**

Born	1971
Position	Director of Marketing
Employed	2012
Education	MBA, Stockholm University
Previous positions	2002-2011 CEO, Partner and Communication Strategist at Garbergs advertising firm
Holdings on 31 December 2014 (incl. family)	
Shares	-
Warrants (corresponding number of shares)	27,710

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**Stockholm, 16 February 2015**

Sven Hagströmer  
*Chairman of the Board*

Birgitta Klasén  
*Member of the Board*

Lisa Lindström  
*Member of the Board*

Mattias Miksche  
*Member of the Board*

Andreas Rosenlew  
*Member of the Board*

Martin Tivéus  
*CEO*

Hans Toll  
*Member of the Board*

Jacqueline Winberg  
*Member of the Board*

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**Auditor's statement on the Corporate Governance Report**

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

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

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

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

Stockholm, 16 February 2015

Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson  
*Authorised Public Accountant*

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