

Corporate Governance Report

Avanza Bank Holding AB (publ.) ("Avanza Bank") is governed by means of the Annual General Meeting of the shareholders of the company, the Board of Directors and the Managing Director, pursuant to the provisions of the Swedish Companies Act (SFS 2005:551), the Swedish Annual Accounts Act (1995:1554), and in accordance with the Articles of Association and the Swedish Corporate Governance Code ("the Code"). The Corporate Governance Report has been prepared in accordance with the provisions of the Swedish Annual Accounts Act and 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 Bank does not deviate from the Code. For further information on corporate governance, see www.bolagsstyrning.se.

Nomination Committee

A Nomination Committee comprising representatives of the four largest owners and the company's Chairman of the Board was appointed in accordance with the resolution of Avanza Bank's 2012 Annual General Meeting. These owners resolved that the Nomination Committee shall comprise Erik Törnberg, who represents Creades AB, Ulf Hjalmarsson who represents Lannebo Fonder, and Sten Dybeck, who represents the Dybeck family and its companies, and the Chairman of the Board, Sven Hagströmer, who represents the Hagströmer family and its companies. Due to changes in ownership, Sten Dybeck has left the Nomination Committee but remains as an adjunct to the 2013 Annual General Meeting. Henrik Schmidt, who represents Montanaro Asset Management, has been added to the committee.

The Nomination Committee has held four recorded meetings at which all members were present. The Nomination Committee is tasked with, amongst other things, conducting an evaluation of the Board and its work. The size of the Board and its composition, with regard to, for example, industry experience and competence, shall also be evaluated. The Nomination Committee also receives an account from the Chairman of the Board of the manner in which the Board's work was conducted during the financial year.

The Nomination Committee is tasked with discussing the compensation payable to the Chairman of the Board of the company and the Members of the Board, in which context comparisons are made with companies operating in similar spheres and which are of a similar size and complexity. Here, emphasis is placed on the importance of the compensation being reasonable with regard to the responsibility and the work required and to the contribution the Board can make to the development in the value of the company. The Nomination Committee also submits proposals regarding the election of auditors and the fees payable to them.

The Nomination Committee also evaluates the need of remuneration for committee work. Finally, Avanza Bank's Nomination Committee discusses who should chair the company's Annual General Meeting and whether the policies governing the structure of the Nomination Committee should be amended.

Annual General Meeting

Avanza Bank's most superior decision-making body is the Annual General Meeting. The Annual General Meeting elects the company's Board of Directors and appoints Avanza Bank's auditors in accordance with the Articles of Association. The Annual General Meeting's duties also include adopting the company's Balance Sheets and Income Statements, amending the Articles of Association, determining the appropriation of operational profits/ losses, and resolving on discharges from liability for the Members of the Board and the Managing Director.

A total of 131 shareholders participated in Avanza Bank's Annual General Meeting held on 19th April 2012 in Stockholm, representing 52 per cent of the total number of shares and votes in the company. Each share grants entitlement to one vote and there are no limitations on the number of votes that a shareholder may exercise. The company's auditors and the entire Board of Directors, with the exception of Jacqueline Winberg and Nicklas Storåkers, were present at the Meeting. Only one shareholder in Avanza Bank represents, either directly or indirectly, one tenth

or more of the total number of votes for all shares in the company. This owner is Creades AB, which represented 20.68 per cent of Avanza Bank's shares and votes as of 31st December 2012.

At the Annual General Meeting, a resolution was made regarding a live broadcast of the meeting via Avanza Bank's website, the appointment of keepers of the minutes, the adoption of the company's income statement and balance sheet and consolidated income statement and consolidated balance sheet, the number of Board members, fees to the Board and auditors, election of the Board, Chairman and auditor, reduction of share capital, authorisation to the Board to implement the acquisition of the company's own shares and determination of the nomination process and guidelines for remuneration to senior management.

An item on the agenda referred to the reduction of share capital related to the withdrawal of 275,524 shares held by Avanza Bank at the date of the Annual General Meeting, which had been repurchased by the company since the previous Annual General Meeting.

Details of future Annual General Meetings and of the manner in which shareholders can exercise their agenda initiative can be found on the company's website no later than in conjunction with the publication of the Q3 Interim Report, that is, prior to the Annual General Meeting is held. Minutes of previous Annual General Meetings are also available on the website.

The Board of Directors

Avanza Bank's Board of Directors decides on issues that relate to Avanza Bank's strategic orientation, investments, financing, organisational issues, acquisitions and disposals, policies,

guidelines and instructions. The Board's work is regulated by, amongst other things, the Swedish Companies Act, the Articles of Association, and the rules of procedure adopted by the Board for their work and that of the Managing Director.

The Articles of Association state that the Board shall comprise a minimum of five, and a maximum of eight, Members. During 2012, Avanza Bank's Board comprised seven Members elected by the Annual General Meeting and no Deputy Members. Prior to the Annual General Meeting, Nicklas Storåkers declined to stand for re-election, and at the Annual General Meeting of 19th April 2012, Martin Tivéus was elected to the Board of Directors. The Chairman of the Board is Sven Hagströmer. The Board held its first meeting following election on 19th April 2012. Refer to the company's website, avanzabank.se, as well as page 96 of the Annual Report, for details of the individual Board Members.

The work of the Board in 2012

The Board held a total of 15 meetings during the year, 6 of which were ordinary meetings, one was the Board Meeting following election, and 8 were per capsulam. Board meetings per capsulam are exclusively meant for agenda items regarding Avanza Bank's incentive programs and compensation rules. During 2012, there have, consequently, not been any extra meetings of a different nature.

The following items are permanently on the agenda at ordinary Board Meetings: operational reports, financial reports, reports from the Risk Management function, reports from Compliance, and Credit reporting.

Attendance at recorded Board Meetings

Board Members' attendance at recorded Board Meetings and their dependence in relation to the company and its management, and in relation to the company's major shareholders in accordance with the Code, is reported in the table below.

	Present	In relation to the company and its management	In relation to the company's largest owners
Sven Hagströmer, Chairman	15/15	Independent Member	Not Independent Member
Anders Ellsell	15/15	Independent Member	Not Independent Member
Mattias Miksche	14/15	Independent Member	Independent Member
Nicklas Storåkers	4/4	Not Independent Member	Not Independent Member
Andreas Rosenlew	15/15	Independent Member	Independent Member
Jacqueline Winberg	15/15	Independent Member	Independent Member
Lisa Lindström	14/15	Independent Member	Independent Member
Martin Tivéus	11/11	Not Independent Member	Not Independent Member

The Board's rules of procedure

The Board's work is governed by annually adopted rules of procedure regulating the Board's internal division of labour, the decision making structure within the company, company signatories, the format of Board meetings, and the duties of the Chairman.

The Board's work follows an agenda plan fulfilling the Board's information requirements. This agenda plan is otherwise governed by the rules of procedure adopted by the Board with regard to the division of labour between the Board and the Managing Director. In addition, the company's auditor attends Board meetings and reports annually the results from the audit of internal control over financial reporting. During 2012, the company's auditor participated in two meetings and on one occasion met with the Chairman of the Board without the presence of the CEO. Company employees participate in the Board Meetings to present reports or to act as secretaries.

The Board's Remuneration

The 2012 Annual General Meeting approved Board fees of SEK 1,089,000. The Chairman is paid annual remuneration of SEK 184,000 and the other members of the Board are paid SEK 181,000 each. Members of Avanza Bank's Board of Directors who participate when the company's management have reporting meetings with the auditor receive an additional SEK 25,000 in remuneration. In addition, Directors who are also members of subsidiary boards in Avanza Fonder AB and Försäkringsaktiebolaget Avanza Pension will, from these companies, receive a Board fee of SEK 37,000 from each of the respective Boards. Board members who receive remuneration from the company due to employment shall not receive any remuneration, neither in the parent company nor in the subsidiaries.

The Managing Director and Group Management

The Managing Director manages the operations in accordance with the rules of procedure for the Managing Director. The Managing Director is responsible for keeping the Board informed of the company's operations and for ensuring that the Board has, as far as possible, the necessary and comprehensive basis it requires for decision-making. The Managing Director also maintains an ongoing dialogue with the Chairman of the Board in

order to keep the Chairman informed with regard to the Group's performance.

Avanza Bank's Group management has, during 2012, consisted of seven persons, of whom five are men and two women. Group management's composition consists of Avanza Bank's Managing Director and representatives from different parts of the Group as follows: Vice President (also for Director Banking & Investments), Chief Financial Officer (CFO), Chief Marketing Officer, Managing Director of Försäkringsaktiebolaget Avanza Pension, Head of Customer Relations as well as the Head of IT. Additional information about Group Management can be found on Avanza Bank's website and on page 97 of the Annual Report.

The Managing Director and other members of Group Management hold formal management meetings every other week and informal meetings when necessary. The company's results and strategy issues are addressed at management meetings, and monthly reports regarding Compliance and Risk Management are presented.

The Avanza Bank Group comprises the parent company, Avanza Bank Holding AB (publ.), and five subsidiary companies. All subsidiary companies report continuously on a monthly basis. The Members of the subsidiaries' Boards are, preferably, members of the Group management and the Avanza Bank Board of Directors.

The 2012 Annual General Meeting determined that the remuneration for the Group management shall consist of a fixed portion and a variable, performance based portion. The variable portion may be disbursed for performance exceeding the performance normally expected of members of the Group management on the basis of an evaluation of individual performance and Avanza Bank's reported profits. The extent to which previously adopted goals for the company and the senior executive have been met is taken into account when determining the variable remuneration. A more detailed description of remuneration to Group management is described in the Annual Report, Note 7 General administration costs.

Individuals included in the Group management have been allocated warrants in accordance with the warrant programme approved at the Annual General Meeting of 14th April 2011. The total remuneration for individuals in company management shall be on market terms.

Remuneration committee

For the 2012 financial year, this Committee has comprised Sven Hagströmer, Anders Ellsell and Jacqueline Winberg. The Committee is tasked with reviewing and issuing recommendations to the Board with regard to the principles governing remuneration. The committee prepares all remuneration, both fixed and variable, to the Executive Management and other members of the executive management of the subsidiaries Avanza Fonder AB and Försäkringsaktiebolaget Avanza Pension, as well as for the managers of the control functions Compliance and Risk Management. Remuneration is determined by the Board.

In addition, issues relating to the Managing Director's employment terms and benefits are prepared by the Remuneration Committee and approved by the Board. The pay structure for the Managing Director comprises a fixed portion and a variable portion. The variable portion, which is reviewed annually, is dependent on the Managing Director achieving the goals set for the Managing Director.

The Remuneration Committee has held, during 2012, six meetings which were attended by all members, and has maintained on-going contact during the year.

Audit committee

The provisions of the Swedish Companies Act and the Code require the Boards of public limited companies to appoint an Audit Committee, alternatively the entire Board may fulfill the committee's tasks. The majority of the Audit Committee members should be independent of the company and senior management and at least one member of the committee shall be independent of the company's major shareholders. The Board of Directors of Avanza Bank has elected not to establish an Audit Committee and therefore this type of issue is addressed by the entire Board of Directors. The 2006 Annual General Meeting resolved, however, that one member of the company's Board shall participate when the senior management of the company has reporting meetings with the company's auditors. The Board has appointed Board Member, Anders Ellsell, to be present at such reporting meetings.

The Board found no cause to exclude the company's Managing Director from meetings in which the Board carried out the duties incumbent on an Audit Committee. The Board has on-going contact with the company's auditors in order to familiarise itself with the scope of the audit and to discuss aspects of the company's risks.

External auditors

Öhrlings PricewaterhouseCoopers were re-elected as Avanza Bank's auditors at the 2012 Annual General Meeting, with Catarina Ericsson as the Auditor-in-Charge, for the period until the end of the 2013 Annual General Meeting.

The auditors audit the Board's and the Managing Director's administration of the company and the quality of the company's accounting documents and the Corporate Governance Report.

The auditors report the results of their audit to the shareholders in the form of an Audit Report and a report detailing their review of the administration of the company, which are presented at the Annual General Meeting. The auditors also submit detailed accounts to the Board at least twice a year, or more often if necessary.

Internal controls

The Board of Directors is responsible for ensuring the existence of an efficient system for internal control and risk management. The Board has delegated responsibility for generating good conditions for working with internal controls and risk management to the Managing Director. Both Group management and managers at various levels within the company are assigned this responsibility within their respective areas. Authorities and responsibilities are defined in policies, guidelines, descriptions of responsibilities, and authorisation rights instructions.

The internal control work is divided up as follows:

Risk Management

Risk Management is Avanza Bank's function for independent risk monitoring. The head of the function reports directly to the CFO and has a permanent item on the agenda at Board meetings, and can report directly to the Managing

Director and the Chairman of the Board. Risk Management is responsible for providing the Board, management and others in need thereof with information on risk-related issues. Risk Management is also responsible for the establishment and monitoring of an appropriate risk policy, and of rules and routines for the company's risk management.

Risk management is carried out within every department in accordance with the principle of three lines of defence, involving clear divisions of responsibility between business lines, independent control and internal audits. Risk management is carried out according to five overall principles for risk management and under the supervision of and communication with Risk Management. Avanza Bank has a conservative approach to risk and strives to keep risks low. In its operations, Avanza Bank is exposed to credit risk, including concentration risk and settlement risk and towards operational risk, comprehensive security risk, reputation risk, legal risk, compliance risk and personnel risk. Avanza Bank also has a low exposure to market risk and liquidity risk.

Compliance

Compliance is responsible for ensuring that those operations for which licences are required are conducted in accordance with legislative and regulatory requirements, internal regulations, and good practice. The head of the function reports directly to the CFO and has a permanent item on the agenda at Board meetings, and can report directly to the Managing Director and the Chairman of the Board. Compliance proposes to the Managing Director and the Board of Directors the guidelines, routines and measures that must be introduced in order to minimise the risk of deficient regulatory compliance and in order to enable the Swedish Financial Supervisory Authority to exercise efficient supervision. Compliance monitors and regularly assesses whether the measures and routines that Avanza Bank has introduced are appropriate and efficient and evaluates measures taken to rectify any deficiencies in the company's regulatory compliance. When performing services in operations monitored by Compliance, the work is carried out independently of such operations.

Compliance shall inform the Managing Director, the Board of Directors and employees of the rules applicable at any given time with regard to the operations conducted by Avanza Bank and which require licensing. Knowledge of applicable regulations can be disseminated through the company's internal instructions, training programmes and other types of information.

Compliance's responsibility does not extend to accounting regulations or tax regulations.

Independent review

Avanza Bank's Internal Audit function comprises an independent review function which is commissioned by the Board to investigate and determine whether systems, internal control mechanisms and routines are appropriate and effective (and which issues recommendations) and checks that these recommendations are followed, and reports at least once a year to the Managing Director and the Board.

The independent review is carried out by a group of external consultants in order to ensure the quality and independence of the evaluation and review. The Board of Directors has assigned the external consulting company, Grant Thornton Sweden AB, to carry out this independent review. Grant Thornton Sweden AB reported the results of its independent review to the various Boards within the Avanza Bank Group at the Board Meeting held on 16th October 2012.

The Finance Department's Controller Function

Avanza Bank's Controller Function compiles and reports financial and operating figures and analyses to department managers, management and Boards of Directors. The Accounting and Controller Department works actively with ongoing monitoring of the business' operating costs in relation to budgets and forecasts. The work is carried out in close cooperation with the management group and the managers throughout the organisation. Avanza Bank has also, in addition to the above-mentioned control functions, established an internal manager organisation to monitor internal control and risk management with regard to financial reporting – see below for further details.

The Board of Directors' report on internal controls and risk management in relation to financial reporting for the 2012 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 the Avanza Bank Group and Avanza Bank Holding AB (publ). This report has been prepared in accordance with section 7.4 of the Code and is, therefore, limited to internal controls with regard to financial reporting. The report constitutes 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 which is formulated in order to provide reasonable assurance with regard to the reliability of the external financial reporting, and the extent to which the financial reporting is produced in conformity with generally accepted accounting principles, applicable laws and regulations, and other requirements in relation to companies whose transferable securities are listed for trading in a regulated market.

The internal control activity is included in Avanza Bank's administrative routines. Internal control in relation to financial reporting in Avanza Bank can be described in accordance with the following framework:

Control environment

Internal control in Avanza Bank is based on a control environment covering values and management culture, follow-up, a clear, transparent organisational structure, division of work assignments, the principle of duality, quality and efficiency in internal communication, and an inde-

pendent evaluation process. The basis of internal control in relation to financial reporting consists of a control environment with organisation, decision-making pathways, authority and responsibility, which are documented and communicated in governance documents such as internal policies, guidelines and instructions, and job descriptions of controlling functions. Examples include the work procedures for the Board and Managing Director, instructions on Risk Management and Compliance, instructions on internal control and reporting, information policy, authorisation instructions and reporting instructions.

Risk assessment

Risk assessment within Avanza Bank is proactive and is carried out on a follow-up basis, with the emphasis on on-going checks and training input. Avanza Bank maintains a high risk management standard, and applies available techniques and methods in a cost-effective manner. Risk management is considered to comprise an integral part of business operations.

Control activities

Control activities cover both general and more detailed controls, intended to identify, prevent and rectify faults and deviations. Control activities are formulated and documented at company and departmental level based on a reasonable level related to the risk of errors and the effect of such errors. The respective department managers within Avanza Bank are the individuals who are primarily responsible for managing the risks which are connected to their own department's operations and financial reporting processes.

Information and communication

The company has information and communication channels intended to promote full coverage and correctness in the financial reporting, e.g. through steering documents in the form of internal policies, guidelines and instructions in relation to financial reporting being made available and known to the persons affected, via Avanza Bank's Intranet and is supplemented by relevant routine and process descriptions. Internal rules and regulations regarding policies, guidelines and instructions constitute the most important tool for providing information and instructions in order to ensure a high standard of financial reporting.

Follow-up

At the end of 2006, Avanza Bank established an internal management organisation in order to ensure monitoring of the quality of the financial reporting, the efficiency of the control structure, and compliance with governance documents in the form of internal policies, guidelines and instructions in relation to the financial reporting. The internal management organisation, which has held five recorded meetings in 2012 comprises representatives of Accounts, Back office, Trading, Risk Management and Compliance.

The Board receives monthly financial reports, and the company's and Group's financial situation is addressed at each Board Meeting. Prior to each Board Meeting, the Board receives a report from Risk Management and Compliance. All of these reports are based on an evaluation of the Group's activities and the reporting covers the entire organisation.

Internal control in relation to financial reporting is one of many processes involved in evaluating the operations.

The Board also reviews the financial quarterly reports and annual accounts, and the observations and conclusions of the external auditors and those carrying out independent reviews.

Evaluation of and position on internal audits

Avanza Bank's internal audit function comprises an independent audit function which evaluates and reviews the company's compliance with the general guidelines issued by the Swedish Financial Supervisory Authority with regard to the management and control of financial companies (FFFS 2005:1), the regulations issued by the Swedish Financial Supervisory Authority concerning securities operations (FFFS 2007:16) and with regard to investment funds (FFFS 2008:11), at the behest of the Board of Directors. This independent review is carried out by external consultants at the direct request of the Board, and the purpose of the Board's decision to use external auditors, rather than establishing an internal audit within the company, is to ensure the quality and independence of the evaluation and review process.

Board of Directors



Chairman of the Board

Sven Hagströmer, born 1943. Studied at Stockholm University. Elected: 1997. Chairman of the Board of Creades AB. Member of the Board of eWork Scandinavia AB. Holdings on 31st December 2012 (incl. family and companies): Shares: 8,230,888



Anders Ellsell, born 1957. Degree in Civil Engineering, Royal Institute of Technology, Stockholm, and degree in Business Economics and Management from Stockholm University. Elected: 2001. Financial Analyst, Creades AB. Holdings on 31st December 2012 (incl. family): Shares: 152,000



Lisa Lindström, born 1973. Business & Management, Hyper Island School of New Media. Elected: 2011. Managing Director of Doberman AB. Member of the boards of Nobel Media AB, Hyper Island Capital AB, Sveriges Utbildningsradio AB and SOS Barnbyar. Holdings on 31st December 2012: Shares: –



Mattias Miksche, born 1968. Degree in Economics and Business Administration from the Stockholm School of Economics. Elected: 2008. Managing Director and Chairman of the Board of Stardoll AB. Member of the boards of Dustin Group AB, Headweb AB and Sportamore AB. Holdings on 31st December 2012: Shares: –



Andreas Rosenlew, born 1962. MSc in Economics & Business Administration, The Swedish School of Economics & Business Administration, Helsinki. Elected: 2005. Managing Partner and Chairman of the Board of Grow Partners AB. Member of the boards of Acne Studios Holding AB, Polarica Holding AB, Innograf OY and Kiosked Ltd. Holdings on 31st December 2012: Shares: 3,600



Martin Tivéus, born 1970. Degree in Economics and Business Administration from the Stockholm School of Economics. Elected: 2012. Member of the boards of GodEl i Sverige AB. Holdings on 31st December 2012: Shares: 5,000 Warrants: corresponding to 119,910 shares



Jacqueline Winberg, born 1959. Degree in Economics and Business Administration from the Stockholm School of Economics. Elected: 2003. Managing Partner Stanton Chase International. Holdings on 31st December 2012 (incl. family): Shares: 1,700

Management



Managing Director

Martin Tivéus, born 1970.
Degree in Economics and Business Administration from the Stockholm School of Economics. Employed 2011.
Holdings on 31st December 2012:
Shares: 5,000
Warrants: corresponding to 119,910 shares



Ronnie Bodinger, born 1973.
Degree in Civil Engineering, Royal Institute of Technology, Stockholm and economics studies at Södertörn University, Stockholm. Employed 1999.
IT Manager.
Holdings on 31st December 2012:
Shares: 59,814
Warrants: corresponding to 113,700 shares



Maria Christofi Johansson, born 1970.
LL.B., Stockholm University. Employed 2000.
Head of Customer Relations.
Holdings on 31st December 2012:
Shares: 8,600
Warrants: corresponding to 32,880 shares



Birgitta Hagenfeldt, born 1961.
Degree in Economics and Business Administration from Örebro University. Employed 2008.
CFO.
Holdings on 31st December 2012 (incl. family):
Shares: 39,430
Warrants: corresponding to 71,980 shares



Henrik Källén, born 1968.
LL.B., Stockholm University. Employed 2000.
Managing Director of Försäkringsaktiebolaget Avanza Pension.
Holdings on 31st December 2012: Shares: 28,000
Warrants: corresponding to 103,960 shares



Hans Toll, born 1970.
Degree in Economics and Business Administration from the Stockholm School of Economics. Employed 2010.
Deputy Managing Director of Avanza Bank AB and Bank & Investments Manager.
Holdings on 31st December 2012:
Shares: –
Warrants: corresponding to 68,040 shares



Peter Westling, born 1971.
Degree in Economics and Business Administration from Stockholm University. Employed 2012.
Director of Marketing.
Holdings on 31st December 2012:
Shares: –
Warrants: –



Auditor

Öhrlings PricewaterhouseCoopers AB
Huvudansvarig:
Catarina Ericsson, born 1966.
Authorised Public Accountant.

Stockholm, 26th February 2013

Sven Hagströmer
Chairman of the Board

Anders Ellsell
Member of the Board

Lisa Lindström
Member of the Board

Mattias Miksche
Member of the Board

Andreas Rosenlew
Member of the Board

Martin Tivéus
Managing Director

Jacqueline Winberg
Member of the Board

Auditor's statement on the Corporate Governance Report

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

The Board of Directors is responsible for the corporate governance report for the year 2012 on pages 89–98 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, 26th February 2013

Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson
Authorised Public Accountant