

Report on Avanza Bank's Remuneration Policy for financial year 2012

Avanza Bank's Remuneration Policy and risk analysis is designed in accordance with the Swedish Financial Supervisory Authority's ordinance FFFS 2011:1, which came into effect on 1 March 2011. In this report, the terms "remuneration" and "extra remuneration" have the following meaning:

Remuneration: That which Avanza Bank pays directly, or indirectly, to personnel (for example, monetary salary payments, other monetary compensation, compensation in the form of shares or share-related instruments, pension commitments, severance pay other benefits, etc.).

Extra remuneration: The performance-based portion of remuneration, the amount of which is not determined in advance.

Commission-based salary is not included in extra remuneration in this context.

The Remuneration Policy is designed taking into consideration Avanza Bank's size and internal organisation, as well as considering the nature of the operations, their scope and complexity. The Remuneration Policy agrees with Avanza Bank's business strategy, goals, values and long-term interests, and is adopted on an annual basis.

This report refers to the Remuneration Policy for Avanza Bank Holding AB during financial year 2012. The Remuneration Policy has applied to all of the companies within the Avanza Bank Group (referred to herein as "Avanza Bank"). There are no other interested parties as regards the Remuneration Policy in addition to Avanza Bank.

Försäkringsaktiebolaget Avanza Pension, which is a part of Avanza Bank, is not expressly covered by the Swedish Financial Authority's ordinance FFFS 2011:1 but is, instead, covered by the general recommendations of FFFS 2011:2. The insurance company complies with the requirements of sound practice and risk management by following these recommendations.

This report is to be made public no later than in conjunction with the annual financial statements being published, according to the ordinance and general advice of the Swedish Financial Supervisory Authority, FFS 2007:5, regarding publication of information concerning capital cover and risk management, after the change stipulated in the Swedish Financial Supervisory Authority's ordinance, FFFS 2011:3.

The amounts stated in this report refer to circumstances as at 31 December 2012.

The Remuneration Policy for 2012 and the risk analysis on which it was based was adopted by the Board of Directors in December 2011. No external consultants have been contracted in the preparation of the Remuneration Policy.

The guidelines for remuneration to company management were adopted by the annual meeting of shareholders of Avanza Bank Holding AB (publ) on 19 April 2012.

Remuneration Committee

During the financial year 2012, the Remuneration Committee was comprised of Sven Hagströmer, Anders Ellsell and Jacqueline Winberg.

The Remuneration Committee's duties for financial year 2012 were to:

- Execute an independent assessment of Avanza Bank's Remuneration Policy and remuneration system.
- Prepare the Board of Directors' decision on guidelines for remuneration to Group management.
- Prepare the Board of Directors' decision on measures to follow up the application of the Remuneration Policy by Avanza Bank.
- Prepare the Board of Directors' decision on remuneration to the executive management.
- Prepare the Board of Directors' decision on remuneration to personnel having overall responsibility for any of Avanza Bank's control functions.

In preparing the Board of Directors' decisions, consideration is taken of the shareholders', investors' and other interested parties' long-term interests.

Basic principles for individual goals and extra remuneration

All personnel have individual goals determined annually and which have the focus on the individual's major work duties. These individual goals are to be specific, measurable, accepted by both the manager and personnel, realistic but challenging, and with specific time limits. The individual goals are to mirror the overall goals of Avanza Bank, which are specified according to department, group and, finally, the individual.

Extra remuneration is to function as an incentive and neither individual goals, nor extra remuneration, are to encourage excessive risk taking. Only to a limited degree will revenues be included in the goals and the evaluation of certain personnel in leading positions. Very few other personnel will have revenues as a part of their goals and evaluation.

Total extra remuneration to Avanza Bank's personnel may never be of such a large amount that it limits Avanza Bank's ability to strengthen its capital base.

Balance between salaries and extra remuneration

Avanza Bank strives to achieve an appropriate balance between salaries and extra remuneration. That which is considered to comprise an appropriate balance can vary between the different categories of personnel. In determining the portion of the remuneration comprised of extra remuneration, the amount and cost of extra capital required to cover the risks which can be assumed to impact the period's results, the amount and cost of the liquidity risk (the extra capital required to undertake the actual operations) and the risk that expectations regarding future revenues would not be realised, are to be considered.

Risk analysis

Avanza Bank undertakes, to no degree, or, alternatively, to only a very limited extent, those types of operations usually undertaken by banks and which are characterised by a significant level of risk assumption. By avoiding such operations, Avanza Bank decreases, to a large extent, its exposure to significant risks.

Furthermore, Avanza Bank has no models for extra remuneration based on profits. Revenue is included to only a limited degree in determining the goals and evaluations of certain personnel in leading positions. Few personnel, in addition to these individuals, have revenues as a part of their goals and evaluations.

All extra remuneration is determined on a discretionary basis applying a qualitative evaluation of the individual performance and of the individual goals. Avanza Bank works actively to ensure that no individual goals and associated extra remuneration, encourages an excess degree of risk assumption. Avanza Bank does not guarantee any extra remuneration.

In December 2011, the Board of Directors adopted an analysis of those personnel who, by nature of their work duties, can impact Avanza Bank's risk level. This analysis included a mapping of significant risks and of the personnel who can impact these risks. The risks which the Board of Directors have evaluated and which they believe can be considered as significant and as having an impact are operational risks, liquidity risks, credit risks, the risk of crime against property, risks associated with IT operations and reputational risk.

Specially regulated personnel

For financial year 2012, Avanza Bank has divided all personnel who, based on their positions, can usually be seen to be able to significantly impact Avanza Bank's risk level, into the following personnel categories.

- Executive management
- Personnel with leading strategic positions
- Personnel with responsibility for control functions
- Personnel taking risks on behalf of the Bank
- Personnel whose total remuneration amounts to, or exceeds, the total remuneration paid to an individual in the Group management

Postponement and payment of extra remuneration

Payment of at least 40 percent of extra remuneration to senior management included in any of the above mentioned personnel categories will be postponed up to three to five years, if the extra remuneration to the senior management is in excess of SEK 100,000 for a given financial year. If the senior manager is included in the executive management or has a high level of total remuneration, totalling, or exceeding, the total remuneration paid to any member of the executive management, then, instead, payment of 60 percent of the extra remuneration will be postponed three to five years. However, this applies on the premise that the extra remuneration to the senior manager exceeds SEK 100,000 for the financial year in question. A senior manager who is not seen to be able to significantly impact Avanza Bank's risk level can, after providing motivation for an exception, be exempted from the requirement of postponement of payment of the extra remuneration. Such an exemption can never apply to personnel in the executive management.

When Avanza Bank determines the portion of the extra remuneration to be postponed and the length of the postponement, consideration is given to Avanza Bank's position in the economic cycle, the risks implied in its business operations, the personnel's responsibilities and work duties, and the amount of the extra remuneration.

Avanza Bank can choose to pay out the postponed remuneration once a year, evenly divided over the period in which the remuneration is delayed (pro rata). The first payment will first be made one year after the decision on extra remuneration has been taken.

Non-payment of postponed remuneration

Extra remuneration which is postponed will only be paid to personnel to the degree (the entire amount of compensation can also not be paid) that such payment is defensible with regard to Avanza Bank's financial situation, and is motivated considering Avanza Bank's and the personnel's results.

Remuneration 2012

For 2012, Avanza Bank capitalised remuneration according to the following. For personnel in leading positions and personnel who can impact the company's risk level, a total amount of MSEK 2.9 was capitalised referring to salary expenses and a total amount of MSEK 8.6 was capitalised referring to extra remuneration divided between thirteen personnel. These individuals are comprised of eleven personnel in the executive management in the Group's companies, and of the two individuals responsible for the control functions, Risk Management and Compliance. Avanza Bank has chosen, due to the fact that it is only these two personnel working with the control functions who, in addition to the executive management, are seen to be able to impact the company's risk level, not to report their remuneration separately.

Of the extra remuneration to personnel in leading positions and personnel who can impact the company's risk level, a total of MSEK 3.6 has not been paid out as 60, respective 40 percent, of the payment is to be postponed for at least three years, according to the remuneration rules. Avanza Bank pays out postponed remuneration once a year, evenly divided over the period during which the remuneration is postponed (pro rata). The first payment is first made one year after the extra remuneration has

been determined. No determined amount of remuneration has been adjusted in arrears.

For other employees, Avanza Bank has capitalised a total amount of MSEK 113.8 referring to salary costs (including commission-based salary) and MSEK 5.7 in extra remuneration. At the end of the year, the number of personnel in the Group was 262.

The extra remuneration is comprised, 100 percent, of monetary remuneration. No extra remuneratoin in the form of rights to financial instruments exists.

Avanza Bank capitalised, as at 31 December 2012, salary liabilities of MSEK 3.6 referring to 2012. Deferred salary liabilities from previous years amount to MSEK 6.2. No commitments have been made for guaranteed extra remuneratoin during 2012. Capittlised and paid out severance pay during 2012 amounted to MSEK 0.6. During 2012, a further amount of MSEK 1.4 in sevrance pay has been committed to be paid out and this refers to eleven personnel. Severance pay refers to certain personnel in leading positions or personnel who can impact the company's risk level. Severance pay does not apply to new employees. In order to avoid disclosure of any individual's financial circumstances, Avanza Bank has chosen not to disclose the number of personnel involved in the herein mentioned severance pay payments, respective, commitments.

