









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 a fit for purpose 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 conducted under the supervision of, and communication with, Risk Management. Avanza Bank's risks are divided into the following categories: credit and counterparty risks, market risks, liquidity risks and operational risks.

#### *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 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 obtaining at any given time with regard to the operations conducted by Avanza Bank and which require licencing. 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 commissioned the external consulting company, Grant Thornton Sweden AB, to carry out this independent review.

The independent review in respect of the 2011 financial year focused primarily on a review of credit management and IT control, and the review also covered countering money laundering, compliance, risk management, and following up the observations from the independent review of 2010. 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 19th October 2011.

#### *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 2011 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 give reasonable security with regard to the reliability of the external financial reporting, and the extent to which the financial reporting is produced in conformity with good accounting practice, 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 which covers 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 independent 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 steering 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 carried out on a follow-up basis, with the emphasis on ongoing checks and training input. Avanza Bank maintains a high risk management standard, and applies available techniques and methods in a cost-effective way. Risk management is considered to be an integral part of business operations.

### Control activities

Control activities cover both general and more detailed controls, intended to prevent, discover and correct faults and deviations. Control activities are worked out and documented at company and departmental level. 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. Risk Management carries out ongoing controls to ensure that this risk management works efficiently.

## Information and communication

The company has information and communication pathways 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. 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.

## Following 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 the compliance with steering documents in the form of internal policies, guidelines and instructions in relation to the financial reporting. The internal management organisation, which has held five minuted meetings in 2011 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' 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 2011 (incl. family and companies): Shares: 2,061,034.



*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 2011 (incl. family): Shares: 251,433.



*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, AB avtal 24 and SOS Barnbyar. Holdings on 31st December 2011: Shares: –



*Mattias Miksche*, born 1968. Degree in Economics and Business Administration from the Stockholm School of Economics. Elected: 2008. Managing Director of Stardoll AB. Member of the boards of Dustin Group AB, Celebmedia Posh24 AB, Headweb AB and Sportamore AB. Holdings on 31st December 2011: Shares: 1,000.



*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 and Innograf OY. Holdings on 31st December 2011: Shares: 3,600.



*Nicklas Storåkers*, born 1974. Degree in Economics and Business Administration from the Stockholm School of Economics and legal studies at Stockholm University. Elected: 2000. Chairman of the Board of Jajja Communications AB. Holdings on 31st December 2011 (incl. family): Shares: 358,475. Warrants: corresponding to 172,470 shares.



*Jacqueline Winberg*, born 1959. Degree in Economics and Business Administration from the Stockholm School of Economics. Elected: 2003. Partner at Stanton Chase International. Holdings on 31st December 2011 (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 Decem-  
ber 2011:  
Shares: 4,000.  
Warrants: –

*Ronnie Bodinger*,  
born 1973.  
Degree in Civil Engineer-  
ing, Royal Institute of  
Technology, Stockholm  
and economics studies at  
Södertörn University,  
Stockholm.  
Employed 1999.  
IT Manager  
Holdings on 31st Decem-  
ber 2011:  
Shares: 43,840.  
Warrants: corresponding  
to 138,820 shares.

*Birgitta Hagenfeldt*,  
born 1961.  
Degree in Economics and  
Business Administration  
from Örebro University.  
Employed 2008.  
CFO.  
Holdings on 31st Decem-  
ber 2011 (incl. family):  
Shares: 31,480.  
Warrants: corresponding  
to 67,100 shares.

*Henrik Källén*,  
born 1968.  
LL.B., Stockholm Uni-  
versity  
Employed 2000.  
Managing Director of  
Försäkringsaktiebolaget  
Avanza Pension.  
Holdings on 31st Decem-  
ber 2011:  
Shares: 10,940.  
Warrants: corresponding  
to 129,080 shares.



*Carl Norinder*,  
born 1974.  
Degree in Economics and  
Business Administration  
from the Stockholm  
School of Economics.  
Employed 2008.  
Customer Relations  
Manager  
Holdings on 31st Decem-  
ber 2011:  
Shares: –  
Warrants: corresponding  
to 95,760 shares.

*Hans Toll*,  
born 1970.  
Degree in Economics and  
Business Administration  
from the Stockholm  
School of Economics.  
Employed 2010.  
Deputy Managing Direc-  
tor of Avanza Bank AB  
and  
Bank & Investments  
Manager.  
Holdings on 31st Decem-  
ber 2011:  
Shares: –  
Warrants: corresponding  
to 33,090 shares.

## Auditors

Öhrlings Pricewater-  
houseCoopers AB  
*Catarina Ericsson*,  
born 1966.  
Authorised Public  
Accountant.

Stockholm, 28th February 2012

Sven Hagströmer  
Chairman of the Board

Anders Ellsell  
Member of the Board

Lisa Lindström  
Member of the Board

Mattias Miksche  
Member of the Board

Martin Tivéus  
Managing Director

Andreas Rosenlew  
Member of the Board

Nicklas Storåkers  
Member of the Board

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 2011 on pages 91–100 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, 28th February 2012

Öhrlings PricewaterhouseCoopers AB

Catarina Ericsson  
Authorised Public Accountant