

# Aktia Bank plc's corporate governance report

This report was approved by the Board of Directors of Aktia Bank plc on 27 February 2017. The report is drawn up separately from the Report by the Board of Directors and it has been discussed in the Audit Committee.

This report is prepared in compliance with the Corporate Governance Code 2015. This report as well as other information required in the Corporate Governance Code, the company's financial statements, the report by the Board of Directors and the audit report are available on the company's website [www.aktia.com](http://www.aktia.com).

## Recommendations concerning corporate governance

In addition to complying with legislation in force and the company's articles of association, Aktia follows the corporate governance code for listed companies issued by the Finnish Securities Market Association 2015 ("Corporate Governance Code 2015") entered into force 1 January 2016. The Corporate Governance Code is publicly available on the website of the Finnish Securities Market Association at [www.cgfinland.fi](http://www.cgfinland.fi). Aktia is a supporting member of the Finnish Securities Market Association.

Aktia complies with the recommendations laid down in the Corporate Governance Code 2015 with the exception of recommendation 5 (Election of the Board of Directors), recommendation 18a (Nomination Committee) and 22 (Decision-making relating to remuneration).

## Deviations from recommendations and the grounds for them

By way of deviation from recommendations 5 and 22 in the Corporate Governance Code 2015, the Board of Supervisors is appointed by Aktia's annual general meeting. The tasks of the Board of Supervisors include for example appointing Aktia's Board of Directors and making decisions on remuneration to the members of the Board of Directors and issues which involve the significant restriction or expansion of operations. These decision-making arrangements have been adopted by Aktia's shareholders in current articles of association. A simplification of the company's administration structure through phasing out of the Board of Supervisors is under way in 2017.

Aktia's Board of Directors has not set up a nomination committee in itself, which means that Aktia is deviating from recommendation 18a of the Corporate Governance Code 2015. The reason for this deviation is that the members of the Board of Directors are appointed by the Board of Supervisors, the presiding officers of which prepare issues that relate to the composition, appointment and remuneration of the Board of Directors. Decisions concerning deviations are taken in Aktia's articles of association.

## Aktia Bank plc's administration structure



## Composition and tasks undertaken by the Board of Directors

In keeping with the provisions of the articles of association, Aktia's Board of Directors encompasses a minimum of 5 and a maximum of 12 ordinary members, whose term of office is one calendar year. No person who turns 67 before the beginning of the term can be elected as a board member. Aktia's Board of Directors is appointed by the Board of Supervisors for one calendar year at a time. The Board of Supervisors also appoints the chair and vice chair of the Board of Directors. No members of the Board are appointed through special order of appointment.

### Aktia's Board of Directors 2016:

Name:	Born:	Education, title and main occupation:
Dag Wallgren, Chair	1961	M.Sc. (Econ.), Managing Director of The Society of Swedish Literature in Finland
Nina Wilkman, Deputy Chair	1958	LL.M., Attorney-at-Law, postgraduate student, doctoral program
Christina Dahlblom (From 1 April 2016)	1978	M.Sc. (Econ.), Managing Director of Milton Sparks Ltd
Stefan Damlin	1968	M. Sc. (Econ.), Managing Director of Wärtsilä Finland Ltd
Sten Eklundh	1960	M.Sc. (Econ.)
Kjell Hedman	1951	Business Economist
Catharina von Stackelberg-Hammarén	1970	M. Sc. (Econ.), Managing Director of Marketing Clinic Ab
Lasse Svens	1962	M.Sc. (Econ.), CEO for Åbo Akademi University Endowment
Arja Talma	1962	M.Sc. (Econ.), eMBA

### The independence of Board members and diversity

None of the members of the Board of Directors was or is employed by the company. The Board of Directors deems all board members 2016 of Aktia to be independent in relation to Aktia within the meaning of the Corporate Governance Code 2015. Further, the Board of Directors deems all board members of Aktia, with the exception of Lasse Svens who is a member of the Board of Directors of Pension Insurance Company Veritas, to be independent in their relationships with significant shareholders (shareholders who hold at least ten per cent of the total number of shares or votes).

The Board of Directors has, on 8 December 2016, approved the principles concerning diversity with the objective to ensure the competence and diversity of the Board of Directors required by a sound corporate culture, to preserve shareholder value through effective monitoring of business operations, and to increase shareholder value with insight and strategic thinking. The principles concerning diversity are available on the company's website [www.aktia.com/en/johto-ja-hallinto](http://www.aktia.com/en/johto-ja-hallinto).

The principles concerning diversity have been taken into consideration in the composition of the Board of Directors. The share of female board members was 44 per cent in 2016.

### Tasks undertaken by the Board of Directors

The Board of Directors represents Aktia and is responsible for managing the company in accordance with the provisions of applicable laws, the articles of association and the instructions issued by the Board of Supervisors. Apart from assignments given by the Board of Directors to its members in individual cases, board members do not have individual duties related to the governance of the company.

### Board meetings

The Board of Directors has established written rules of procedure for its work. Board meetings are mainly held at Aktia's headquarters in Helsinki. The Board of Directors may also conduct meetings over the phone or by e-mail and make decisions without convening. In accordance with the rules of procedure for the Board of Directors, the Board convenes when necessary, but in general every month. The Group's strategy is dealt with in one longer meeting per year.

Meetings of the Board of Directors are deemed quorate when more than half the members, including the chair or vice chair, are present. No member of the Board of Directors may be a member of the Board of Supervisors.

The rules of procedure adopted by the Board of Directors define, in greater detail, the general duties of the Board, meeting procedures, meeting minutes, ordinary meeting business, preparation and presentation of matters to be dealt with at Board meetings and reporting procedures.

The Board of Directors convened 12 times in 2016. In addition, the Board of Directors adopted separate decisions on 7 occasions concerning matters that fell under its authority.

Attendance of Board members in 2016:

Wallgren Dag, Chair	12/12
Dahlblom Christina	8/12 (From 1 April 2016)
Damlin Stefan	12/12
Eklundh Sten	12/12
Hedman Kjell	11/12
von Stackelberg-Hammarén Catharina	12/12
Svens Lasse	12/12
Talma Arja	12/12
Wilkman Nina, Vice Chair	12/12

## Composition and tasks undertaken by the Board of Directors's committees

The Board of Directors set up three committees from among its members to take decisions on certain predefined matters and to draw up issues to be resolved upon by the Board of Directors. The committees' rules of procedure are a part of the Board of Directors' rules of procedure. Following the rules of procedure, the committees shall have a minimum of 2 and a maximum of 4 members. Further, the rules of procedure determines the matters prepared by the committees and the matters the committees may decide on.

Within the framework established by the Board of Directors, the risk committee can make independent decisions on risk-taking and risk management issues. In addition, the committee lays down measurement, limit and reporting structures for risk issues, oversees the capital management process and lays down methods for calculating economic capital, plus addresses reporting on risk issues, and draws up risk-related matters for the Board of Directors to pass decision on. The committee convened 12 times in 2016.

Members of the risk committee and attendance in 2016:

Eklundh Sten, Chair	12/12
Hedman Kjell	11/12
Svens Lasse	11/12
Wallgren Dag	12/12

The audit committee draws up matters to be decided upon by the Board of Directors that concern proposals for the financial statements and interim reports. The committee determines the principles for internal auditing, sets down the Group's internal audit schedule and annual plan, and adopts routines and procedures for the compliance function. The committee studies the reports issued by the external auditor, the internal audit unit and the compliance unit and assesses the sufficiency of the other internal reports. The audit committee assesses the independence of the auditor or firm of auditors and, in particular, the provision of accessory services. The committee convened 9 times in 2016.

Members of the audit committee and attendance in 2016:

Wilkman Nina, Chair	9/9
Damlin Stefan	9/9
Talma Arja	9/9

The remuneration and corporate governance committee prepares and puts forward proposals to be decided upon by the Board of Directors concerning guidelines for the remuneration and incentive schemes of executives, approval of the CEO's main duties outside the company, and on matters relating to the development of the Group's administration and control system. The committee convened 3 times in 2016.

Members of the remuneration and corporate governance committee and attendance in 2016:

Wallgren Dag, Chair	3/3
von Stackelberg-Hammarén Catharina	3/3
Dahlblom Christina	3/3

## Holdings by Members of the Board of Directors

Holdings by members of the Board of Directors and persons closely associated with them 31 December 2016:

Name	A-share	R-share
Dag Wallgren	9,124	525
Nina Wilkman	4,000	100
Christina Dahlbom	877	
Stefan Damlin	1,189	
Sten Eklundh	13,328	
Kjell Hedman	4,534	
Catharina von Stackelberg-Hammarén	3,609	
Lasse Svens	1,169	
Arja Talma	2,676	

Information concerning remuneration paid to members of the Board of Directors is included in notes G44 and G46 to the financial statements.

## Composition and tasks undertaken by the Board of Supervisors in 2016

The members of the Board of Supervisors, at least 7 and no more than 36, are appointed by Aktia's annual general meeting for a term of three years. No person who turns 67 before the beginning of the term of office can be elected as a member of the Board of Supervisors. All members of the Board of Supervisors are Finnish citizens.

Proposals for decisions to be taken by Aktia Bank's Annual General Meeting concerning members of the Board of Supervisors as well as their remuneration are prepared by a nomination committee, comprising representatives of the three largest shareholders and the Chairman of the Board of Supervisors as expert member.

<b>Name:</b>	<b>Born:</b>	<b>Education, title and main occupation:</b>
Håkan Mattlin, Chair	1948	Lic.Soc. Sc., Honorary Counsellor
Christina Gestrin, Deputy Chair	1967	M. Sc. (Agr. & For.)
Patrik Lerche, Deputy Chair	1964	M.Sc. (Econ.), Managing Director
Clas Nyberg, Deputy Chair	1953	M.Sc. (Eng), Entrepreneur in agriculture and tourism
Jorma J. Pitkämäki, Deputy Chair (Deceased 19 Sep 2016)	1953	M.Sc. (Econ.), Director General
Jan-Erik Stenman, Deputy Chair	1953	LL.M., Managing Director
Bo-Gustav Wilson, Deputy Chair (Until 12 April 2016)	1947	M.Sc. (Econ.)
Harriet Ahlnäs	1955	M.Sc. (Eng), Principal
Mikael Aspelin	1954	LL.M.
Ralf Asplund (From 12 April 2016)	1954	Entrepreneur
Johan Aura	1972	MA (Education), Chief Secretary
Anna Bertills	1979	M.Soc.Sc., Managing Director
Agneta Eriksson	1956	M.A., Director
Håkan Fagerström	1956	Forester, Managing Director
Annika Grannas	1971	M.Sc. (Econ.), Ombudsman
Erik Karls (Until 12 April 2016)	1947	Agrologist, Agricultural Entrepreneur
Peter Karlgren	1969	Agrologist, Agricultural Entrepreneur
Yvonne Malin-Hult	1959	M. Sc. (Econ.), CFO
Stefan Mutanen (Until 12 April 2016)	1953	M.Soc. Sc., Managing Director, Honorary Counsellor
Annika Pråhl (From 12 April 2016)	1954	B.A., cultural
Marcus Rantala (From 12 April 2016)	1977	M.Soc.Sc., partner, senior consultant
Henrik Rehnberg	1965	M.Sc. (Eng), Farmer
Gunvor Sarelin-Sjöblom	1949	M.A., Author, Artist
Peter Simberg	1954	Agrologist
Bengt Sohlberg	1950	Agrologist, Agricultural Entrepreneur, Honorary Counsellor
Solveig Söderback	1955	M. Soc. Sc., Chief Secretary
Sture Söderholm	1949	Lic. Odont.
Lars Wallin	1953	Service Manager
Mikael Westerback	1948	Chamber Counsellor
Maj-Britt Vääriskoski (Until 12 April 2016)	1947	Retired
Kim Wikström	1961	D.Sc. (Tech.), Industrial Management, Professor
Ann-Marie Åberg	1950	Physiotherapist

### Independence of the members of the Board of Supervisors

The Board of Supervisors has broad connections to local owners or Aktia. All members of the Board of Supervisors are deemed to be independent in relation to Aktia. Håkan Mattlin, Mikael Westerback, Patrick Lerche and Jan-Erik Stenman are not independent in their relationships with significant shareholders.

### Tasks undertaken by the Board of Supervisors

The Board of Supervisors is responsible for overseeing the administration of Aktia and comments on Aktia's accounts, the report by the Board of Directors and the audit report at Aktia's Annual General Meeting. The Board of Supervisors makes decisions on matters that involve the significant restriction or expansion of operations, determines the number of members on the Board of Directors, appoints and dismisses the chair of the Board of Directors, the deputy chair and other board members and determines the remuneration of the board members. It may issue instructions to the Board of Directors in matters that are of special importance or fundamentally vital.

## The Board of Supervisors' meetings

The Board of Supervisors has established written rules of procedure for its work. Meetings of the Board of Supervisors are deemed quorate when more than half the members are present. The rules of procedure adopted by the Board of Supervisors define, in greater detail, the general duties of the Board, of Supervisors meeting procedures, meeting minutes, ordinary meeting business, preparation and presentation of matters to be dealt with at meetings of the Board of Supervisors and reporting procedures. Within the Board of Supervisors the presiding officers prepare the election of the Board of Directors. The presiding officers also closely monitor the activities of the Board of Directors and executive management and report their observations to the Board of Supervisors.

The Board of Supervisors convened 4 times in 2016 and the average attendance of members was 73 per cent.

## Composition of and tasks undertaken by the Board of Supervisors' presiding officers

At its first meeting following the annual general meeting, the Board of Supervisors appoints a number of presiding officers.

The presiding officers are tasked with drawing up matters to be dealt with by the Board of Supervisors, studying reports on decisions taken by the Board of Directors concerning overall strategy and studying reports concerning loans and guarantee commitments that have been extended to members of the Board of Directors. The presiding officers include the chair and deputy chairs of the Board of Supervisors. The presiding officers in 2016 were Håkan Mattlin (chair), Christina Gestrin, Patrik Lerche, Clas Nyberg, Jorma J. Pitkämäki (deceased 19 September 2016), Jan-Erik Stenman and Bo-Gustav Wilson (until 12 April 2016). The presiding officers held 4 minuted meetings in 2016, and attendance of the officers was 79 per cent.

## Holdings of the members of the Board of Supervisors

Holdings by members of the Board of Supervisors and persons closely associated with them 31 December 2016:

Name	A-share	R-share
Håkan Mattlin	4,664	525
Christina Gestrin	1,756	
Patrik Lerche	395	
Clas Nyberg	1,489	13
Jan-Erik Stenman	1,758	
Harriet Ahlnäs	747	
Mikael Aspelin	6,193	
Ralf Asplund	344	500
Johan Aura	432	
Anna Bertills	747	
Agneta Eriksson	1,730	
Håkan Fagerström	814	
Annika Grannas	356	
Peter Karlgren	432	
Yvonne Malin-Hult	882	
Annika Pråhl	165	
Marcus Rantala	175	
Henrik Rehnberg	5,487	
Gunvor Sarelin-Sjöblom	-	
Peter Simberg	2,165	52
Bengt Sohlberg	7,958	1,750
Solveig Söderback	435	
Sture Söderholm	836	
Lars Wallin	885	
Mikael Westerback	1,462	87
Kim Wikström	282	
Ann-Marie Åberg	893	

Information concerning remuneration paid to members of the Board of Supervisors is included in note G44 to the financial statements.

## The CEO and his duties

Aktia's CEO was Jussi Laitinen as at 31 December 2016, born 1956, M.Sc. (Econ.), M.Sc. (Eng.), and M.Sc. (Econ.) Martin Backman, born 1969, started as CEO on 6 March 2017.

The CEO is responsible for the day-to-day management of the Aktia Group. The CEO is to attend to his duties of overseeing the bank's day-to-day management in accordance with the instructions issued by the Board of Directors and the Board of Supervisors. The CEO prepares matters for the consideration of the Board of Directors and implements the Board's decisions. The Executive Committee assists the CEO in day-to-day management.

## Executive Committee

### Tasks undertaken by the Executive Committee

The Group's Executive Committee is a consultative body for the Managing Director. The Executive Committee deals with and follows up the outcome of the Group's strategy and the development of results as well as the outcome of significant projects and how the objectives were met.

The Executive Committee has no formal legal status. The Executive Committee comprises the CEO, who acts as chair, and persons in the Group's management as determined by the Board of Directors. The members of the Executive Committee report to the CEO. Each of the members of the Executive Committee has a clear area of responsibility defined according to Group functions or business segments. The Executive Committee convenes every week.

### Composition of the Executive Committee

The Executive Committee had the following members on 31 December 2016:

Jussi Laitinen, b. 1956

CEO, Chair

Member of the Executive Committee since: 2008

At Aktia since: 2008

Education: M.Sc. (Econ)

Taru Narvanmaa, b. 1963

Deputy Managing Director, Managing Director's alternate

Member of the Executive Committee since: 2007

At Aktia since: 2007

Education: M.Sc. (Econ)

Area of responsibility: Products and Group Communications

Carl Pettersson, b. 1979

Deputy Managing Director

Member of the Executive Committee since: 2014

At Aktia since: 2008

Education: B.Sc. (Econ.), eMBA

Area of responsibility: Private and Corporate Customers, Telephone and Web Channels, Private Banking, Marketing, Business Development and Strategy, Card Operations, Aktia Real Estate Services

Mia Bengts, b. 1970

Director, HR and Group Legal

Member of the Executive Committee since: 2015

At Aktia since: 2010

Education: M.Sc. (Econ.), LL.M.

Area of responsibility: HR and Group Legal

Juha Hammarén, b. 1960

Chief Control Officer

Member of the Executive Committee since: 2014

At Aktia since: 2014

Education: LL.M., eMBA

Area of responsibility: Responsible for the Group's appetite for risk, risk strategy, capital adequacy and balance sheet management, IRBA and credit control, collection and bank legal

Anssi Rantala, b. 1972

Director

Member of the Executive Committee since: 2015

At Aktia since: 2014

Education: Dr. Soc. Sc.

Area of responsibility: Asset management, market analysis and development of the total offering for institutional customers

Fredrik Westerholm, b. 1972

Director, CFO

Member of the Executive Committee since: 2013

At Aktia since: 2007

Education: M.Sc. (Econ)

Area of responsibility: Economy, Treasury and IR, Group services

Magnus Weurlander, b. 1964

Director, CIO

Member of the Executive Committee since: 2011

At Aktia since: 1990

Education: M.Sc. (Econ)

Area of responsibility: IT and Back Office functions

## Holdings of the members of the Executive Committee

Holdings by members of the Executive Committee and persons closely associated with them 31 December 2016:

Name	A-share	R-share
Jussi Laitinen	77,639	
Taru Narvanmaa	74,806	5,000
Carl Pettersson	20,069	
Mia Bengts	1,000	
Juha Hammarén	5,422	
Anssi Rantala	1,000	
Fredrik Westerholm	13,563	
Magnus Weurlander	28,129	

Information concerning remuneration paid to members of the Executive Committee is included in notes G44 and G46 to the financial statements.

## Internal control in the Aktia Group

The internal control in the Aktia Group is tasked with securing that business operations carried out in the Aktia Group comply with regulatory requirements as well as with the guidelines established by the Board of Directors for business operations. Internal control is implemented on all organisation levels. The Board of Directors of Aktia Bank Plc is responsible for appropriate organisation of internal control and that its functions are secured.

In addition to financial reporting processes a functioning internal control in the Aktia Group is secured by Risk Control, Compliance and Internal Audit. All these functions operate independently and separately from business operations, and report directly to the Group's Board of Directors and to the Boards of Directors of the controlled subsidiaries in the Group. In order to secure internal control the Board of Directors establishes internal instructions and working processes which guarantee that Aktia Group's business operations are compliant with legislation.

## Financial reporting

Internal controls in the financial reporting process are based on the following underlying principles: having clear roles, a clear division of responsibility, sufficient understanding of operations in the parts of the organisation concerned and comprehensive and regular reporting procedures in the Aktia Group.

To ensure that the financial reporting is accurate, system-based internal controls, duality and reconciliation have also been built into all key processes where information is recorded. Internal control is supported by observations from the Group's internal audit unit which, by means of random sampling, verifies the accuracy of information flows and the sufficiency of the level of control.

The Aktia Group's operational organisation for financial reporting comprises a finance unit at Group level which is in charge of both external and internal reporting. The unit is responsible for Group consolidation, budgeting, internal follow-up of results, upholding accounting principles and internal reporting guidelines and instructions. For each business segment and/or key individual companies within these units, segment controllers have been appointed with responsibility for financial monitoring and analysis. Group reporting is compiled centralised and based on a common system for financial reporting, comprising both external and internal reporting and contributing to consistent management of financial reporting on different levels on an on-going basis.

Important parts of current accounting activities in companies within the Aktia Group have been outsourced to external companies that provide accountancy services. These accountancy services also include the maintenance of securities, purchasing and fixed asset ledgers and the preparation of accounts in accordance with Finnish accounting standards. The services are rendered in accordance with agreements between the parties and comply with the guidelines and directives issued by the Financial Supervisory Authority and other authorities. In order to develop and assess cooperation, meetings are arranged regularly with service providers. The Aktia Group is represented in different groups and bodies on different organisation levels steering the service providers' development of systems and processes. The Group has a direct ownership interest in the most important IT service provider 2016, Samlink Ltd, and is represented in the company's Board of Directors. Further, Aktia Group has a representative in the Board of Directors of the wholly-owned subsidiary of Samlink Ltd providing and managing accountancy services for Aktia Group.

Within the Aktia Group, duties and responsibilities have been organised so that people involved in the financial reporting process only have very restricted rights of use to the different production systems and business applications in the respective business area. The Aktia Group's Financial Manager, who is in charge of internal and external financial reporting, is not involved in making direct business decisions. His incentives are mainly independent of factors driving the business. The Financial Manager reports to the Aktia Group's Chief Financial Officer, who is a member of the Executive Committee.

The Aktia Group's internal reporting and monthly financial statements are based on the same structure and are prepared using the same standards as applied to the official interim financial statements and annual accounts. The monthly reports, supplemented by comparative analysis on previous periods, the budget, planned projects and central key figures for analysing the respective business segment are currently distributed to Aktia Group's Board of Directors and management, selected key personnel and the auditors.

The Aktia Group's financial development and performance is addressed each month by the Group's executive committee. Similar detailed review takes place on a quarterly basis by the Group's Board of Directors and its audit committee in the form of interim reports and an annual report. The interim reports and the annual report are scrutinised by the Group's external auditors who report their observations to the audit committee. New or revised accounting principles are to be dealt with and approved by the Group's Board of Directors and its audit committee.

## Risk management

The Board of Directors of Aktia Bank Plc is responsible for appropriate organisation of risk management in the Group. The Aktia Group's risk control unit, which is independent of business operations, oversees and evaluates risk management in the Group and in its subsidiaries and reports to the management and the Board of Directors. The unit is responsible for measuring, analysing and monitoring risks in all areas of operation within the Group, and for evaluating the Group's total risk exposure. The purpose of the reports that the risk control unit provides to the Executive Committee regularly and to the Group's Board of Directors and its risk committee on a quarterly basis encompasses all the central risk exposure and balance sheet items that can have an essential impact on the outcome indicated in the Group's financial reporting. Risk Control also reports to the Boards of Directors of the subsidiaries on a quarterly basis. In the risk control of the subsidiaries, special features of and specific regulation applying to their operations are taken into consideration.

The Board of Directors establishes principles and instructions as well as the risk taking levels for the Group, thus securing the bounds for the risk control unit's operations. The Board of Directors Risk Committee prepares matters relating to risk control to be decided by the Board of Directors.

The main principles for risk management in the Aktia Group and the processes as well as the contact with Internal Control is presented in detail in the Capital and Risk Management Report 2016, CAR, available on the website [www.aktia.com/en/julkaisut](http://www.aktia.com/en/julkaisut).

## The Compliance function

In the Aktia Group, the Compliance function is responsible for monitoring and evaluating compliance in questions relating to Aktia as a company operating on the financial market, excluding regulation supervised by other functions. The Compliance function is a separate function, supporting Aktia's business operations and supervising that operations in the Group comply with legislation. The Compliance function follows the principles for compliance functions as well as the annual plan for the function established by the Board of Directors. The Compliance function submits quarterly reports on its observations and on significant changes in rules applied and their possible impact on the operations of Aktia Bank plc to the Boards of Directors of subsidiaries holding concession and to the Board of Directors' Audit Committee.

As a listed company and issuer, Aktia Bank plc complies with the insider rules of Nasdaq Helsinki Ltd. (Helsinki Stock Exchange) and the market abuse regulation (MAR), and draws up insider lists and list of persons discharging managerial responsibilities and persons closely associated with them. For more information on the insider administration, see Aktia's website <https://www.aktia.com/en/johto-ja-hallinto/sisapiirihallinto>.

In general, credit applications by members of the Board of Directors, the Managing Director and other members of the Executive Committee are processed by Aktia Bank plc's Board of Directors. Transactions with related parties are presented in note G44 in the financial statements.

## Internal audit

In the Aktia Group, Internal Audit is a function independent from business operations. The function monitors sufficiency and efficiency of internal control systems and quality of performed tasks, thus promoting necessary changes (by way of pointing at failures observed and development areas). The Group's Executive Committee decides on the principles for internal audit and the Group's audit schedule annually. Internal Audit reports quarterly about its most significant observations, the follow-up of actions and about the implementation of the internal audit schedule directly to the Board of Directors of the Aktia Group and to its Audit Committee.

Internal Audit is carried out in compliance with the international professional practices framework for auditing, including the definition of internal auditing, the code of ethics and the core principles for the professional practice of internal auditing. Furthermore, other legislation and regulatory requirements in the field are observed.

## Auditor

The firm of authorised public accountants KPMG Oy Ab with Jari Härmälä, M.Sc. (Econ.), APA, as auditor-in-charge, was the auditor of the Aktia Group in 2016. The auditor is appointed by the annual general meeting. Information on remuneration for auditing and on payments for services not directly connected to auditing is given in note G13 to the financial statements.