# PROPOSED APPROPRIATION OF EARNINGS AND THE BOARD OF DIRECTORS' STATEMENT IN RELATION TO THE PROPOSAL

**Proposal of appropriation of earnings:**
The Board of Directors and the Chief Executive Officer propose that

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|---|---|
| The disposable profit brought forward | SEK 3,444,859,746 |
| profit/loss for the year | SEK -9,327,150 |
| **Total** | **SEK 3,435,532,596** |

be appropriated as follows;

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|---|---|
| To be distributed to shareholders, | |
| a dividend of SEK 9.75 per share | SEK 412,312,768[1] |
| to be carried forward | SEK 3,023,219,828 |
| **Total** | **SEK 3,435,532,596** |

The consolidated and Parent's financial statements will be presented for adoption by the Annual General Meeting on May 30, 2018.

**Statement on the proposed dividend**
The Board of Directors has proposed that the 2018 Annual General Meeting approves an appropriation of profits under which the shareholders will receive a dividend of SEK 9.75 per share. The proposed dividend therefore totals approximately SEK 412 million. The objective is for the dividend in the long term to correspond to 30-50 percent of consolidated profits after tax, while always considering AAK's long-term financing requirements. The Parent has no financial instruments valued under Chap. 4, Section 14 a of the Swedish Annual Accounts Act (1995:1554). The Board of Directors hereby makes the following statement regarding the proposed dividend, in accordance with Chap. 18, Section 4 of the Swedish Companies Act (2005:551).

Retained profits from the previous year total SEK 3,445 million and the profit for the 2017 financial year totals SEK -9 million (SEK 1,212 million for the Group). Provided that the 2018 Annual General Meeting approves the Board's proposed appropriation of profits, a total of SEK 3,023 million will be carried forward. The Company's restricted equity will be fully covered after distribution of the dividend.

It is the view of the Board that the Company and the Group will retain sufficient equity after distribution of the proposed dividend in relation to the nature, scope and risks associated with its business operations. In making this assessment, the Board has taken account of the historical development of the Company and the Group, budgeted performance and the economic situation.

It is the Board's opinion that the Company and the Group are in a position and have the capacity, in both the short and long terms, to meet all their obligations. The proposed dividend represents a total of 11 percent of the Company's equity and 5 percent of the Group's equity attributable to the Parent's shareholders.

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[1] Calculated based on the number of outstanding shares as per the balance sheet date.

After payment of the dividend, the equity/assets ratio of the Company and the Group will be 69 percent and 44 percent, respectively. These ratios are good in relation to other businesses in our industry. The Board of Directors considers that the Company is in a good position to meet future business risks as well as withstand possible losses. Distribution of the dividend will not negatively affect the ability of the Company and the Group to make further investments as planned by the Board of Directors.

The proposed dividend distribution will have a temporary negative effect on the Company's and Group's ability to meet certain current liabilities. However, the Company and Group have sufficient access to both short and long-term credit that can be obtained at short notice.

The Board of Directors therefore considers that the Company and the Group are prepared for likely changes to liquidity, as well as unforeseen events. In addition, the Board of Directors has considered other known circumstances that may materially affect the financial position of the Company and the Group. No circumstance has arisen that makes the proposed dividend distribution appear unjustifiable.

It is proposed that the record date for the dividend shall be June 1, 2018, and it is estimated that the dividend will be received by the shareholders on June 7, 2018.

Malmö in May 2018
***The Board of Directors***

**AAK AB (publ.)**