

Goodwill – Investor presentation

March 29, 2016

Excerpt from Annual Accounts 2015

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“...strategy, as of the beginning of the year 2016. The *division Large Corporates & Financial Institutions* covers the operations of the former Merchant Banking as well as institutional clients’ business activities from the former Wealth Management division. The *division Corporate & Private Customers* serves small & medium-sized companies and private customers, including Private Banking, in Sweden. The *division Life & Investment Management* supports the customer-oriented divisions. It includes the Life division as well as the investment management operations which were part of the Wealth Management division. The *Baltic division* remains unchanged.

The new organisation will be reflected in the first quarterly report in 2016. As a result of the reorganisation, goodwill will be reallocated to the appropriate cash-generating units. The presentation of the life insurance business will be adjusted and the line item Net Life Insurance Income will be removed and split into Net Fee and Commission Income and Net Financial Income. The deferred acquisition costs will be part of the Net Fee and Commission line item instead of being reported as operating expenses.”

...goodwill...

...life
insurance
business...

Going forward

A new organisation with even more customer focus



President & CEO

Chief Risk Officer

Internal Audit *

Large Corporates & Financial Institutions

Corporate & Private Customers

Baltic

Life & Investment Management

Business Support

Group Staff & Control Functions

** Reports directly to the Board*

Considerations



Method

- Wealth division goodwill must be reallocated.
- Goodwill reallocated, to Cash Generating Units (CGUs) on relevant organizational level and geography, from where it originated.



Model

- As stated in the Annual Report Cost of Equity is 9.5% on Group level, now differentiated on new CGU levels.
- Basis for cash-flow streams taken from Business Plans years 1-3 and projections made beyond that.
- Complete financials on CGU level assured.

CET1 – unchanged

RoE – short term negative; long term positive ~50bps (proforma 2015)

C/I – short term negative; long term unchanged

Allocation of Goodwill to organisational level

