

# Interim Report 2021-06



**IKANO**  
**BANK**

# Ikano Bank AB (publ) Interim Report 30 June 2021

## Results for the first half-year 2021

(comparative figures in brackets are as of 30 June 2020 unless otherwise stated)

- Business volume amounted to SEK 60,623 m (61,584).
- Lending, including leasing, amounted to SEK 33,952 m (33,534)
- Deposits from the public amounted to SEK 26,671 m (26,050)
- Operating result before loan losses amounted to SEK 270 m (387)
- Net interest income amounted to SEK 855 m (936)
- The common equity Tier 1 capital ratio was 16.8 percent (17.1) and the total capital ratio was 30.9 percent (19.6) due to new share issue
- The liquidity reserve increased to SEK 3,950 m (2,788) and the total liquidity portfolio amounted to SEK 9,980 m (5,617)
- Loan losses amounted to SEK 209 m (468)

### Outlook for the remainder of 2021

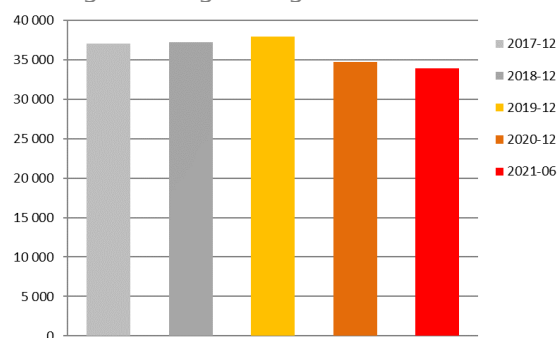
Extensive investments will be made and with Ingka as a part-owner we have the opportunity to further accelerate the transformation of the bank which aims to streamline and improve the bank's competitiveness. The goal is to become a fully digitalised sustainable bank for the many people.

### Key ratios

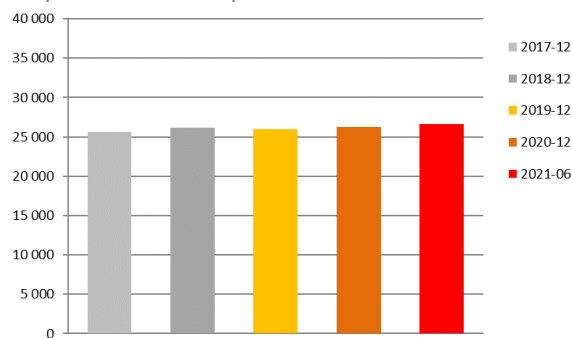
	30 Jun 2021	30 Jun 2020	31 Dec 2020
Total Capital ratio	30.9%	19.6%	17.6%
Common equity Tier 1 Capital ratio	16.8%	17.1%	17.6%
Investment margin	3.8%	4.2%	4.1%
Return on adjusted equity	1.2%	-2.1%	0.3%
Leverage ratio	11.3%	12.7%	12.7%
C/I-ratio before loan losses	78.2%	72.1%	70.2%
Loan loss ratio	1.2%	2.5%	2.1%

For definitions of alternative performance measures used to describe the Bank's operations see the Bank's Annual Report for 2020, available on the Bank's website: [www.ikanobank.se/om-banken/ekonomisk-information](http://www.ikanobank.se/om-banken/ekonomisk-information).

Lending including leasing, SEK m



Deposits from the public, SEK m



Ikano Bank's Interim Report is available on the Bank's website: [www.ikanobank.se/om-banken/ekonomisk-information](http://www.ikanobank.se/om-banken/ekonomisk-information).

## Statement by the CEO

Results as expected, continued investments in digital solutions, and Ingka new part-owner

The first half of 2021 has been a successful phase in our strategic renewal journey. We are on our way to become a fully digitalised, sustainable bank. In the spring, our first product was successfully launched on the new platform. In June, we brought in Ingka as part-owner. The closer partnership with Ingka makes it possible to further accelerate the transformation of the Bank. Together, we now have even more power to accelerate towards the future.

### New part-owner provides great opportunities

In June, following approvals from the Swedish FSA and relevant competition authorities, the transaction was completed where the Ingka Group, operating 378 IKEA-stores and its e-commerce platform in 31 countries, through Ingka Investments B.V. acquired shares in Ikano Bank for approximately SEK 4.55 billion, corresponding to an ownership of 49%. Our new owner opens up fantastic opportunities for us at the Bank. The deepened collaboration with Ikea and the possibility to accelerate the transformation also benefits our other customers and partners in the Bank. We are proud to develop new solutions together with Ikea, one of the world's most well-known brands, and further focus on the customer's best interests.

### Investments in new digital solutions intensifies

The result for the first half year is in line with our expectations, considering continued heavy investments in new digital solutions and the impact of Covid-19 on sales. This has also had an impact on the C/I ratio. In 2020, provisions were made for expected credit losses related to the pandemic. Fortunately, however, the losses have been lower than expected and we see the results of our determined work with credit management, improved processes and a clear strategy. During the spring, pandemic restrictions and uncertainty continued to affect our sales. On the other hand, the situation has accelerated the development of e-commerce solutions, where our new digital solutions have an important role to play.

With great determination we have continued to deliver on our strategy. The end goal of the transformation is an entrepreneur-driven, sustainable bank with good relevance in the market and high cost-efficiency. That is also the path to long-term good profitability for the Bank.

### Launch of new financial services in the UK

In May, we launched the first product on the new

platform on the UK market. It is a digital loan service in collaboration with Ikea, where customers can apply for and get loans approved in a more flexible way. It was an immediate success. Developing a completely new technical solution is always a challenge, but the launch has far exceeded expectations, both technically and how well the service has been received by the market. During the first two months, thousands of loans have been granted, a proof of how well we meet people's needs for available financial solutions on fair terms, in store and online. In the coming year, we will continue to develop and roll out new financial services on more markets. We will also expand the offer in the UK with a credit card solution.

### Will offer mortgages again

As co-owner of the fintech company Borgo, we look forward to soon being able to offer mortgages to our customers in Sweden again. We expect to launch our mortgage offer at the end of the year and start an exciting journey in this area as well.

### Looking forward to meeting again

During the current situation with Covid, driving the business forward and at the same time implementing a major change is not an easy task, and I am proud and happy for the commitment from our employees, customers and suppliers who have made this possible. This autumn we look forward to enjoy a more normal everyday and continue the creation of a fully digitalised, sustainable bank. A bank that can contribute to a healthy economy for the many people in an even better way.

Henrik Eklund

## About Ikano Bank

Ikano Bank offers simple and fair banking and financing solutions for the many people and businesses. Our offer to consumers includes cards, loans and savings accounts.

We deliver sales finance and customer insight services to retail partners, with Ikea as its largest partner, and provide businesses with leasing and factoring solutions.

Ikano Bank has operations in Sweden, the UK, Norway, Denmark, Finland, Germany, Austria and Poland. The largest market is Sweden, where the Bank also has the broadest offering. Ikano Bank offers a selection of the Bank's services in other geographical markets. Ikano Bank delivers its services online and has no physical offices for customers.

## The bank's results for the first half-year 2021 compared to the corresponding period of 2020

### Operating result decreases

The result before loan losses decreased with 30.3 percent and amounted to SEK 270 m (387). Operating results for the first half of 2021 increased to SEK 61 m (-81). Several of the bank's markets are still being impacted by the Covid-19 pandemic in the form of declining new sales and lower revenues. A large part of the bank's lending volumes comes from the retail industry and its closure, as an infection-limiting measure, has led to a decrease in new sales. At the same time, the bank has seen an increase in deposit volumes as account deposits is seen as a safer form of savings in uncertain times. The bank's total revenues decreased by 3.4 percent and expenses increased by 0.5 percent.

### Reduced revenues

In total, revenues decreased by SEK 105 m and amounted to SEK 2,990 m (3,094). Net interest income decreased and amounted to SEK 855 m (936), mainly driven by a decrease in Germany, the UK and Denmark.

Net commission income decreased with 35.2 percent and amounted to SEK 119 m (183). The decrease is mainly explained by lower lending and insurance commissions.

Net leasing income decreased by 4.0 percent compared to the same period last year and amounted to SEK 236 m (245).

### Increased expenses

Operating expenses increased by 0.5 percent and amounted to SEK 2,720 m (2,707). The increase is partly explained by higher IT expenses (SEK 48 m) and partly offset by lower marketing costs (SEK -35 m).

### Net Loan losses

Net loan losses have decreased to 209 m (468) partly as a consequence of lower actual loan losses than expected. The fact that actual net loan losses are low can be attributed to several factors, both external and internal. External factors such as government support and changing consumption patterns have contributed to lower losses. Internally improved credit management has also further accelerated the decline in credit losses during the year. In both absolute and relative terms, actual losses show lower levels than both 2020 and 2019. The Bank's view of this is that the year, from a credit perspective, should be considered an anomaly and generalizations of the trends we see should be used with caution. The changes in loan loss provisions are also lower than last year when the uncertainty was the greatest. The reserved levels have decreased partly due to an improved macroeconomic situation in general, partly due to a lower loan book as individual markets have

been closed during the Covid-19 pandemic. At the beginning of the pandemic the Bank granted significant moratoria and payment reliefs to customers. A small part of those reliefs remain, especially towards the hospitality sector, and the Bank still sees an increased risk in these exposures when state support is phased out and society returns to a new reality. Most of the increased provisions for future loan losses that were reserved in 2020 due to Covid-19, are retained as it is still too early to conclude that the risk is over.

Loan losses as a percentage of average total lending per 30 June 2021 decreased to 1.2 percent (2.5).

## The bank's position as of 30 June 2021 compared to 31 December 2020

### Decreasing loans to the public

Loans from the public decreased by 3.3 percent to SEK 24,206m (25,031) after provisions for loan losses. New lending, driven by the retail industry, decreases. This in turn leads to reduced lending volumes.

Leasing assets held on behalf of customers increased by 0.3 percent to SEK 9,746 m (9,714) as a result of higher demand for financing from our partners.

### Stable deposits from the public

Deposits from the public are an important part of the bank's funding and has been stable for many years. Deposits from the public increased with 1.7 percent during the first half of 2021 to SEK 26,671 m (26 223). Deposit volumes increase in the majority of the Bank's markets. Interest margins remain stable.

### Good liquidity and capital position

The Bank's liquidity portfolio increased compared to year-end 2020 mainly due to the new share issue and amounted to SEK 9,980m (5,618), which equals 37.8 percent of the bank's total deposits from the public.

The bank continuously obtains funding in the Swedish capital market. In addition to ongoing issuance of commercial papers, no new MTN bonds were issued as the market was characterized by both volatility and uncertainty as a consequence of the Covid-19 pandemic. This has been made possible by the bank's strong liquidity and maturity profile on outstanding capital market funding.

Own funds amounted to SEK 9 974 m per 30 June 2021 (5 577), compared to the capital requirement of SEK 2 583 m (2 542). The total capital ratio increased to 30.9 percent (17.6) and the Common Equity Tier 1 ratio was 16.8 percent (17.6). Capital from new share issue is included as Tier 2 capital until the Swedish Financial Supervisory Authority has given permission to include it as Common Equity Tier 1.

## Other information

Ikano Bank AB (publ), corporate identity number 516406-0922, is an incorporated bank with its registered office in Älmhult and its head office in Malmö, Sweden. Ikano Bank is owned to 51 percent by Ikano S.A. with its registered office in Luxembourg. Originally part of IKEA, Ikano S.A. (the "Ikano Group") became a separate group in 1988. Ikano Group conducts business within banking, real estate, production, insurance and retail. Ikano Bank has operated its business under a banking license since 1995.

Through a directed new issue of shares on June 29, 2021, Ingka Investments B.V. became owner of 49 percent of Ikano Bank AB (publ).

## Operations

Ikano Bank AB (publ) conducts banking operations regulated by the financial supervisory authorities of Sweden, the UK, Norway, Denmark, Finland, Germany, Austria and Poland. The Bank provides financing solutions to the consumer and corporate markets through partnerships, finance brokers and direct sales. The operations in Denmark, Norway, Finland, the UK, Germany and Poland are operated as branches, while Austria is serviced under cross-border operations.

Through its holdings in associated companies, Ikano Bank AB (publ) is a partner in Borgo AB, which in March 2021 received authorization to conduct financing business. Ikano Bank will offer mortgages through Borgo AB.

## Board of Directors and management

The bank's Board of Directors was expanded on June 29 by Krister Mattsson and Mikael Palmquist.

During the first half of 2021 there have been no changes to the bank's management team. Pontus Sardal leaves the bank in September 2021 and will be replaced at the end of 2021 by Niclas Olsson in the role of CFO.

## Outlook

Extensive investments will be made and with Ingka as a part-owner have the opportunity to further accelerate the transformation of the bank which aims to streamline and improve the bank's competitiveness. The goal is to become a fully digitalised sustainable bank for the many people.

## Next reporting date

Ikano Bank reports its results half-yearly. The Year-end Report for 2021 will be available on the bank's website at the end of February 2022. Ikano Bank publishes information on capital adequacy and liquidity on a quarterly basis on its website.

This Interim Report has not been reviewed by the bank's auditors.

## Income statement

SEK 000	Note	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Interest income	3	988 693	1 132 380	2 182 414
Interest expense	3	-133 474	-196 164	-345 546
<b>Net interest income</b>		<b>855 219</b>	<b>936 217</b>	<b>1 836 868</b>
Leasing income	4	1 984 288	1 953 161	3 898 213
Commission income	5	249 175	311 469	581 523
Commission expense	5	-130 304	-128 045	-253 007
<b>Net commission income</b>		<b>118 871</b>	<b>183 425</b>	<b>328 516</b>
Net gains and losses on financial transactions		5 149	-5 290	-23 828
Other operating income	6	26 151	26 816	58 418
<b>Total income</b>		<b>2 989 678</b>	<b>3 094 328</b>	<b>6 098 187</b>
General administrative expenses		-872 598	-853 600	-1 630 887
Depreciation/amortisation and impairments of tangible and intangible assets	4	-1 800 682	-1 770 694	-3 537 386
Other operating expenses		-46 389	-82 640	-131 407
<b>Total expenses before loan losses</b>		<b>-2 719 669</b>	<b>-2 706 934</b>	<b>-5 299 680</b>
<b>Profit before loan losses</b>		<b>270 010</b>	<b>387 394</b>	<b>798 507</b>
Loan losses, net	7	-209 163	-467 919	-775 469
<b>Operating result</b>		<b>60 847</b>	<b>-80 525</b>	<b>23 038</b>
Appropriations		-	-	-
Tax expense	8	32 971	-97 424	-190 143
<b>Net result for the period</b>		<b>93 818</b>	<b>-177 949</b>	<b>-167 105</b>

## Report on total comprehensive income

SEK 000	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
<b>Net profit for the period</b>	<b>93 818</b>	<b>-177 949</b>	<b>-167 105</b>
<b>Other comprehensive income</b>			
<b>Items that can be reclassified to net profit for the period</b>			
Translation difference for the period, foreign branches	-58 378	24 613	-13 754
Change in loss allowance for financial assets valued at fair value via other comprehensive income	5 202	1 559	2 483
Changes in fair value through other comprehensive income	-4 593	352	1 356
Fair value changes for cash flow hedges	9 316	-2 830	-9 323
Tax related to changes in translation differences for the year	12 026	72 587	90 949
Tax related to changes in fair value of cash flow hedges	-1 919	606	-204
Tax related to changes in financial assets valued at fair value via other comprehensive income	946	-75	1 688
<b>Other comprehensive income for the period, net of tax</b>	<b>-37 399</b>	<b>96 812</b>	<b>73 195</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>56 418</b>	<b>-81 138</b>	<b>-93 910</b>

# Balance sheet

SEK 000	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>Assets</b>				
Cash		20 866	25 062	151
Treasury bills		2 196 143	1 614 951	1 796 121
Loans to credit institutions		4 903 699	2 145 891	1 932 483
Loans to the public	9	24 205 604	25 535 299	25 030 764
Bonds and other interest-bearing securities		3 087 093	1 838 156	2 605 234
Shares and participations in associated companies		25 528	12 446	20 980
Shareholdings in other companies		48 354	43 732	43 632
Intangible assets		563 217	380 822	493 883
Tangible assets		9 754 710	10 010 288	9 723 541
- Leasing assets		9 746 139	9 998 831	9 713 802
- Equipment		8 571	11 458	9 738
Other assets		879 449	1 185 841	976 555
Deferred tax assets		60 104	99 376	62 218
Prepaid expenses and accrued income		361 039	298 005	279 883
<b>Total assets</b>		<b>46 105 806</b>	<b>43 189 869</b>	<b>42 965 445</b>
<b>Liabilities, provisions and equity</b>				
Liabilities to credit institutions		680 428	1 543 027	1 485 643
Deposits from the public	10	26 671 328	26 049 901	26 223 293
Issued securities	11	5 098 321	6 623 980	6 383 642
Other liabilities		1 715 693	765 431	793 442
Accrued expenses and deferred income		1 245 498	1 229 982	1 172 699
Provisions		134 683	162 836	128 687
- Provisions for pensions		37 370	36 702	36 957
- Deferred tax liabilities		68 132	95 496	63 987
- Other provisions		29 182	30 638	27 743
Subordinated liabilities		0	854 256	830 357
<b>Total liabilities and provisions</b>		<b>35 545 952</b>	<b>37 229 414</b>	<b>37 017 763</b>
<b>Untaxed reserves</b>		<b>96 957</b>	<b>96 957</b>	<b>96 957</b>
<b>Equity</b>				
<b>Restricted equity</b>		<b>901 385</b>	<b>616 061</b>	<b>744 289</b>
Share capital		78 994	78 994	78 994
New share issue		75 899	-	-
Statutory reserve		193 655	193 655	193 655
Fund for development expenses		552 838	343 412	471 640
<b>Non-restricted equity</b>		<b>9 561 511</b>	<b>5 247 438</b>	<b>5 106 436</b>
Share premium reserve		4 479 854	-	-
Fund for fair value		274 906	335 923	312 306
Retained earnings		4 712 933	5 089 465	4 961 236
Net result for the period		93 818	-177 949	-167 105
<b>Total equity</b>		<b>10 462 897</b>	<b>5 863 499</b>	<b>5 850 726</b>
<b>Total liabilities, provisions and equity</b>		<b>46 105 806</b>	<b>43 189 869</b>	<b>42 965 445</b>

# Statement of changes in equity

SEK 000	Restricted equity			Non-restricted equity						Total equity
	Share capital	Statutory reserve	Fund for development expenses	Fund for fair value			Cash flow hedge reserve	Retained earnings or losses	Net result for the period	
				Share premium	Fair value reserve	Translation reserve				
<b>Opening balance 2020-01-01</b>	<b>78 994</b>	<b>193 655</b>	<b>293 925</b>		<b>2 960</b>	<b>221 214</b>	<b>14 938</b>	<b>4 673 550</b>	<b>465 401</b>	<b>5 944 636</b>
Appropriation of profits	-	-	-	-	-	-	-	465 401	-465 401	-
Change in fund for development expenses	-	-	177 714	-	-	-	-	-177 714	-	-
Net result for the year	-	-	-	-	-	-	-	-	-167 105	-167 105
Other comprehensive income for the year	-	-	-	-	3 634	77 195	-7 635	-	-	73 195
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 634</b>	<b>77 195</b>	<b>-7 635</b>	<b>-</b>	<b>-167 105</b>	<b>-93 910</b>
Shareholders contribution	-	-	-	-	-	-	-	-	-	-
<b>Closing balance 2020-12-31</b>	<b>78 994</b>	<b>193 655</b>	<b>471 640</b>	<b>6 594</b>	<b>298 409</b>	<b>7 303</b>	<b>4 961 237</b>	<b>-167 105</b>	<b>5 850 726</b>	
<b>Opening balance 2021-01-01</b>	<b>78 994</b>	<b>193 655</b>	<b>471 640</b>	<b>-</b>	<b>6 594</b>	<b>298 409</b>	<b>7 303</b>	<b>4 961 237</b>	<b>-167 105</b>	<b>5 850 726</b>
Appropriation of profits	-	-	-	-	-	-	-	-167 105	167 105	-
New share issue	75 899	-	-	4 479 854	-	-	-	-	-	4 555 753
Change in fund for development expenses	-	-	81 199	-	-	-	-	-81 199	-	-
Net result for the period	-	-	-	-	-	-	-	-	93 818	93 818
Other comprehensive income for the period	-	-	-	-	1 556	-46 352	7 397	-	-	-37 399
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 556</b>	<b>-46 352</b>	<b>7 397</b>	<b>-</b>	<b>93 818</b>	<b>56 418</b>
<b>Closing balance 2021-06-30</b>	<b>154 893</b>	<b>193 655</b>	<b>552 838</b>	<b>4 479 854</b>	<b>8 150</b>	<b>252 057</b>	<b>14 700</b>	<b>4 712 933</b>	<b>93 818</b>	<b>10 462 897</b>

## Cash flow statement

SEK 000	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
<b>Operating activities</b>			
Operating profit	<b>+60 847</b>	<b>-80 525</b>	<b>+23 038</b>
Adjustment for non-cash items	<b>+1 136 217</b>	<b>+2 589 947</b>	<b>+5 354 414</b>
<b>Cash flows from operating activities before changes in working capital</b>	<b>+1 197 064</b>	<b>+2 509 422</b>	<b>+5 377 453</b>
Cash flows from changes in working capital	-538 226	+230 467	-2 382 963
<b>Cash flows from operating activities</b>	<b>+658 838</b>	<b>+2 739 889</b>	<b>+2 994 490</b>
<b>Cash flows from investing activities</b>	<b>-124 572</b>	<b>-92 991</b>	<b>-268 526</b>
<b>Cash flows from financing activities</b>	<b>+2 428 366</b>	<b>-2 382 526</b>	<b>-2 648 191</b>
<b>Cash flow for the period</b>	<b>+2 962 632</b>	<b>+264 372</b>	<b>+77 774</b>
Cash and cash equivalents at beginning of the year	+1 919 367	+1 921 393	+1 921 393
Exchange rate difference in cash and cash equivalents	+29 514	-22 838	-79 799
<b>Cash and cash equivalents at the end of the period</b>	<b>+4 911 513</b>	<b>+2 162 927</b>	<b>+1 919 367</b>

The cash flow statement has been prepared using the indirect method. Reported cash flow includes only transactions that involve incoming or outgoing payments. Cash and cash equivalents are defined as

cash and bank balances with central banks and lending to credit institutions, of SEK 4,925 m (2,171) less deductions for current liabilities to credit institutions of SEK 13 m (8).



# Notes

## 1 Accounting principles

This Interim Report has been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual reporting for credit institutions and securities companies (FFFS 2008:25) and the Swedish Financial Reporting Board's recommendation RFR 2. Accordingly, the Bank applies statutory IFRS. This means that all IFRS and statements approved by the EU have been applied as far as possible within the framework of Swedish law, RFR 2 and FFFS 2008:25. The accounting principles has been applied consistently to all periods presented in the financial statements unless otherwise stated.

Ikano Bank uses the exemption rule for legal entities regarding IFRS 16 in RFR 2. No decided

changes to new standards are expected to have any significant impact on own funds requirements, the capital base, large exposures or the bank's financial reports in 2021 or later.

The Covid-19 pandemic has brought additional risks and uncertainty factors as well as adjustments in valuations and judgment areas, see note 15 for more information. In other respects, the applied accounting policies and assessments in the Interim Report coincide with those applied in the Annual Report for 2020.

This Interim Report is presented in Swedish kronor (SEK), rounded to the nearest thousand (SEK 000) unless otherwise stated.

## 2 Operating segments

Jan-Jun 2021 SEK m	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/Austria	Poland	Shared functions	Total before eliminations	Eliminations	Total
Interest income	365	119	65	13	270	242	28	193	1 296	-307	989
Interest expense	-124	-25	-20	-4	-80	-23	-4	-161	-441	307	-133
<b>Total net interest income</b>	<b>242</b>	<b>94</b>	<b>45</b>	<b>9</b>	<b>190</b>	<b>219</b>	<b>24</b>	<b>32</b>	<b>855</b>	-	<b>855</b>
Payment service commissions	2	0	-	0	-	3	-	-	5	-	5
Lending commissions	68	15	19	9	10	7	0	-	127	-	127
Compensation, mediated insurance	58	10	15	1	0	20	3	-	107	-	107
Other commissions	4	1	3	0	1	0	0	0	9	-	9
<b>Commission income</b>	<b>132</b>	<b>26</b>	<b>37</b>	<b>10</b>	<b>11</b>	<b>30</b>	<b>4</b>	-	<b>249</b>	-	<b>249</b>
Commission expenses	-52	-7	-21	-4	-21	-16	-3	-1	-126	-	-126
<b>Commission, net</b>	<b>81</b>	<b>19</b>	<b>15</b>	<b>6</b>	<b>-11</b>	<b>14</b>	<b>1</b>	<b>-1</b>	<b>123</b>	-	<b>123</b>
Leasing income	1 028	510	289	157	-	-	-	-	1 984	-	1 984
Depreciation on leasing assets	-905	-455	-248	-140	-	-	-	-	-1 749	-	-1 749
<b>Leasing income, net</b>	<b>123</b>	<b>55</b>	<b>40</b>	<b>17</b>	-	-	-	-	<b>236</b>	-	<b>236</b>
<b>Net interest, fee and leasing income</b>	<b>445</b>	<b>168</b>	<b>101</b>	<b>32</b>	<b>179</b>	<b>232</b>	<b>25</b>	<b>31</b>	<b>1 214</b>	-	<b>1 214</b>
Other income	10	6	4	2	0	2	1	405	430	-399	31
Other direct expenses	-15	-4	-7	-2	-8	-11	0	-1	-49	-	-49
<b>Operating margin before net loan losses and operational expenses</b>	<b>441</b>	<b>169</b>	<b>99</b>	<b>32</b>	<b>171</b>	<b>223</b>	<b>26</b>	<b>435</b>	<b>1 596</b>	<b>-399</b>	<b>1 197</b>
Other expenses	-410	-145	-75	-30	-199	-218	-28	-417	-1 523	398	-1 125
Allocated overhead expenses	-4	-1	-1	0	-2	-3	0	0	-11	1	-10
<b>Operating result</b>	<b>27</b>	<b>23</b>	<b>22</b>	<b>1</b>	<b>-29</b>	<b>1</b>	<b>-2</b>	<b>18</b>	<b>61</b>	-	<b>61</b>
Of which:											
<i>Total internal income</i>	<i>61</i>	<i>16</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>0</i>	<i>-</i>	<i>589</i>	<i>666</i>	<i>-666</i>	<i>-</i>
<i>Total external income</i>	<i>325</i>	<i>189</i>	<i>147</i>	<i>42</i>	<i>250</i>	<i>265</i>	<i>33</i>	<i>254</i>	<i>1 505</i>	<i>-</i>	<i>1 505</i>
<i>Total internal expenses</i>	<i>-287</i>	<i>-64</i>	<i>-57</i>	<i>-16</i>	<i>0</i>	<i>0</i>	<i>-10</i>	<i>-35</i>	<i>-464</i>	<i>464</i>	<i>-</i>
Tax	-	-5	-	-	0	4	-2	35	33	-	33
<b>Net result for the period</b>	<b>27</b>	<b>18</b>	<b>22</b>	<b>1</b>	<b>-29</b>	<b>5</b>	<b>-4</b>	<b>53</b>	<b>94</b>	-	<b>94</b>

For more information on segment reporting see note 2 Accounting principles in the Annual Report 2020.

<b>Jan-Jun 2020</b>											
SEK m	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/Austria	Poland	Shared functions	Total before eliminations	Eliminations	Total
Interest income	409	141	80	14	304	284	31	256	1 517	-385	1 132
Interest expense	-140	-26	-38	-5	-100	-33	-6	-233	-581	385	-196
<b>Total net interest income</b>	<b>268</b>	<b>115</b>	<b>42</b>	<b>8</b>	<b>204</b>	<b>251</b>	<b>25</b>	<b>23</b>	<b>936</b>	-	<b>936</b>
Payment service commissions	3	-	-	-	-	5	-	-	8	-	8
Lending commissions	77	17	22	11	26	8	1	-	162	-	162
Compensation, mediated insurance	76	12	15	1	-	26	2	-	132	-	132
Other commissions	2	1	3	-	1	-	-	-	9	-	9
<b>Commission income</b>	<b>158</b>	<b>31</b>	<b>40</b>	<b>13</b>	<b>27</b>	<b>39</b>	<b>3</b>	-	<b>311</b>	-	<b>311</b>
Commission expenses	-53	-9	-22	-3	-18	-18	-3	-1	-126	-	-126
<b>Commission, net</b>	<b>106</b>	<b>22</b>	<b>18</b>	<b>10</b>	<b>9</b>	<b>21</b>	-	<b>-1</b>	<b>185</b>	-	<b>185</b>
Leasing income	993	539	288	138	-	-	-	-	1 953	-	1 953
Depreciation on leasing assets	-872	-479	-235	-122	-	-	-	-	-1 708	-	-1 708
<b>Leasing income, net</b>	<b>121</b>	<b>61</b>	<b>48</b>	<b>15</b>	-	-	-	-	<b>245</b>	-	<b>245</b>
<b>Net interest, fee and leasing income</b>	<b>495</b>	<b>198</b>	<b>108</b>	<b>33</b>	<b>213</b>	<b>272</b>	<b>25</b>	<b>22</b>	<b>1 367</b>	-	<b>1 367</b>
Other income	7	9	5	2	2	-	1	376	402	-376	26
Other direct expenses	-20	-4	-6	-3	-7	-12	-1	-	-53	-	-53
<b>Operating margin before net loan losses and operational expenses</b>	<b>482</b>	<b>202</b>	<b>107</b>	<b>32</b>	<b>208</b>	<b>260</b>	<b>26</b>	<b>398</b>	<b>1 716</b>	<b>-376</b>	<b>1 340</b>
Other expenses	-520	-181	-99	-50	-264	-233	-31	-410	-1 788	380	-1 409
Allocated overhead expenses	-2	-1	-1	-	-2	-1	-	-	-8	4	-11
<b>Operating result</b>	<b>-40</b>	<b>20</b>	<b>7</b>	<b>-17</b>	<b>-58</b>	<b>26</b>	<b>-6</b>	<b>-13</b>	<b>81</b>	-	<b>-81</b>
Of which:											
<i>Total internal income</i>	72	17	-	-	-	-	-	623	712	-712	-
<i>Total external income</i>	563	220	173	44	297	310	35	68	1 711	-	1 711
<i>Total internal expenses</i>	-216	-65	-78	-19	0	0	-16	-151	-546	546	-
Tax	-	-4	9	-	-	-6	-	-77	-97	-	-97
<b>Net result for the period</b>	<b>-40</b>	<b>16</b>	<b>-2</b>	<b>-17</b>	<b>-58</b>	<b>19</b>	<b>-6</b>	<b>-90</b>	<b>178</b>	-	<b>-178</b>
<b>Jan-Dec 2020</b>											
SEK m	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/Austria	Poland	Shared functions	Total before eliminations	Eliminations	Total
Interest income	801	271	149	27	571	555	55	473	2 902	-720	2 182
Interest expense	-273	-54	-58	-10	-182	-64	-10	-415	-1 065	720	-345
<b>Total net interest income</b>	<b>528</b>	<b>217</b>	<b>91</b>	<b>17</b>	<b>389</b>	<b>491</b>	<b>45</b>	<b>58</b>	<b>1 837</b>	-	<b>1 837</b>
Payment service commissions	5	1	-	1	-	-	-	-	16	-	16
Lending commissions	150	35	41	20	42	13	1	-	301	-	301
Compensation, mediated insurance	139	20	30	3	1	47	5	-	244	-	244
Other commissions	6	3	6	-	2	-	-	-	19	-	19
<b>Commission income</b>	<b>301</b>	<b>59</b>	<b>77</b>	<b>24</b>	<b>43</b>	<b>70</b>	<b>7</b>	-	<b>582</b>	-	<b>582</b>
Commission expenses	-102	-18	-43	-6	-35	-37	-6	-2	-248	-	-248
<b>Commission, net</b>	<b>200</b>	<b>41</b>	<b>34</b>	<b>18</b>	<b>8</b>	<b>33</b>	<b>2</b>	<b>-2</b>	<b>333</b>	-	<b>333</b>
Leasing income	1 994	1 065	559	281	-	-	-	-	3 898	-	3 898
Depreciation on leasing assets	-1 749	-946	-473	-251	-	-	-	-	-3 419	-	-3 419
<b>Leasing income, net</b>	<b>244</b>	<b>118</b>	<b>86</b>	<b>31</b>	-	-	-	-	<b>479</b>	-	<b>479</b>
<b>Net interest, fee and leasing income</b>	<b>972</b>	<b>377</b>	<b>211</b>	<b>65</b>	<b>397</b>	<b>524</b>	<b>47</b>	<b>56</b>	<b>2 649</b>	-	<b>2 649</b>
Other income	13	14	10	3	2	5	2	744	793	-754	39
Other direct expenses	-31	-9	-13	-5	-14	-21	-1	-	-94	-	-94
<b>Operating margin before net loan losses and operational expenses</b>	<b>954</b>	<b>382</b>	<b>209</b>	<b>63</b>	<b>385</b>	<b>508</b>	<b>48</b>	<b>799</b>	<b>3 348</b>	<b>-754</b>	<b>2 594</b>
Other expenses	-942	-338	-192	-78	-463	-443	-55	-794	-3 304	756	-2 549
Allocated overhead expenses	-7	-2	-3	-	-4	-5	-	-	-20	-1	-22
<b>Operating result</b>	<b>6</b>	<b>42</b>	<b>14</b>	<b>-15</b>	<b>-82</b>	<b>61</b>	<b>-8</b>	<b>5</b>	<b>23</b>	-	<b>23</b>
Of which:											
<i>Total internal income</i>	136	35	-	-	68	25	-	1 212	1 510	-1 475	-
<i>Total external income</i>	1 253	424	322	85	549	605	64	0	3 608	-	3 302
<i>Total internal expenses</i>	-438	-128	-143	-25	-238	-180	-40	-282	-1 510	1 475	-
Appropriations	-	-	-	-	-	-	-	-	281	-	-
Tax	-	-18	3	-	-	-25	-2	-148	-4	-	-190
<b>Net result for the year</b>	<b>6</b>	<b>24</b>	<b>17</b>	<b>-15</b>	<b>-82</b>	<b>37</b>	<b>-10</b>	<b>-143</b>	<b>465</b>	-	<b>-167</b>

## External income

SEK m	jan-jun 2021	jan-jun 2020	jan-dec 2020
Corporate	384	392	779
Sales Finance	671	803	1 512
Consumer	442	504	977
Other	8	12	33
<b>Total external income</b>	<b>1 505</b>	<b>1 711</b>	<b>3 302</b>

Ikano Bank, or each segment individually, has no single customer representing 10 percent or more of total revenues.

## Balance sheet

30 Jun 2021 SEK m	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/ Austria	Poland	Eliminations	Total
Fixed assets other than financial instruments	566	0	0	0	0	4	2	-	572
Deferred tax assets	38	-	-	-	0	22	-	-	60
Other assets	31 247	4 535	2 411	1 148	6 259	6 102	663	-6 892	45 474
<b>Total assets</b>	<b>31 851</b>	<b>4 535</b>	<b>2 411</b>	<b>1 148</b>	<b>6 259</b>	<b>6 128</b>	<b>665</b>	<b>-6 892</b>	<b>46 106</b>
Liabilities and provisions	21 134	4 521	2 336	1 238	6 344	6 089	776	-6 892	35 546

30 Jun 2020 SEK m	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/ Austria	Poland	Eliminations	Total
Fixed assets other than financial instruments	386	1	0	0	0	4	1	-	392
Deferred tax assets	74	-	-	-	0	25	-	-	99
Other assets	33 222	4 875	2 650	1 083	5 864	6 785	504	-12 285	42 698
<b>Total assets</b>	<b>33 682</b>	<b>4 877</b>	<b>2 650</b>	<b>1 083</b>	<b>5 864</b>	<b>6 814</b>	<b>506</b>	<b>-12 285</b>	<b>43 190</b>
Liabilities and provisions	27 787	4 890	2 356	1 179	5 892	6 796	614	-12 285	37 229

31 Dec 2020 SEK m	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/ Austria	Poland	Eliminations	Total
Fixed assets other than financial instruments	498	0	0	0	0	4	1	-	503
Deferred tax assets	36	-	-	-	-	25	-	-	61
Other assets	28 177	4 508	2 483	1 069	6 146	6 548	612	-7 141	42 403
<b>Total assets</b>	<b>28 711</b>	<b>4 508</b>	<b>2 483</b>	<b>1 069</b>	<b>6 146</b>	<b>6 577</b>	<b>613</b>	<b>-7 141</b>	<b>42 965</b>
Liabilities and provisions	22 596	4 512	2 431	1 159	6 199	6 543	718	-7 141	37 018

## 3 Net interest

SEK 000	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
<b>Interest income</b>			
Loans to the public	985 739	1 123 672	2 166 870
Interest bearing securities	2 953	8 708	15 544
<b>Total</b>	<b>988 693</b>	<b>1 132 380</b>	<b>2 182 414</b>
<i>Of which: interest income from financial assets not measured at fair value through profit or loss</i>	985 739	1 123 672	2 166 870
<i>interest income from non-performing loans</i>	13 777	13 991	34 297
<b>Interest expense</b>			
Liabilities to credit institutions	-5 965	-16 506	-24 742
Deposits from the public	-88 986	-102 078	-193 307
<i>Of which: deposit guarantee fee</i>	-16 279	-18 311	-31 625
Issued securities	-23 162	-34 887	-62 911
Derivatives	-9 122	-26 247	-31 348
- <i>hedge accounting</i>	-3 603	-2 717	-4 394
- <i>not hedge accounting</i>	-5 519	-23 530	-26 954
Subordinated liabilities	-1 159	-11 796	-22 918
Other interest expenses	-5 080	-4 649	-10 319
<i>Of which: resolution fee</i>	-4 708	-4 408	-7 631
<b>Total</b>	<b>-133 474</b>	<b>-196 164</b>	<b>-345 546</b>
<i>Of which: interest income from financial assets not measured at fair value through profit or loss</i>	-124 352	-169 916	-314 198
<b>Total net interest income</b>	<b>855 219</b>	<b>936 217</b>	<b>1 836 868</b>

## 4 Leasing income

SEK 000	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Leasing income, gross	1 984 288	1 953 161	3 898 213
Less: Depreciation according to plan	-1 748 758	-1 707 922	-3 418 874
<b>Leasing income, net</b>	<b>235 531</b>	<b>245 238</b>	<b>479 339</b>
Leasing income from financial lease agreements	1 984 288	1 953 161	3 898 213
Depreciation according to plan for assets that are financial lease agreements, but are recognised as operating leases	-1 748 758	-1 707 922	-3 418 874
<b>Leasing income, net for financial lease agreements</b>	<b>235 531</b>	<b>245 238</b>	<b>479 339</b>
Interest income	3 703	5 697	9 990
Interest expenses	-50 126	-61 003	-114 095
<b>Leasing, net</b>	<b>189 108</b>	<b>189 932</b>	<b>375 234</b>

## 5 Net commission

SEK 000	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
<b>Commission income</b>			
Payment service commissions	4 862	8 372	15 766
Lending commissions	128 582	162 325	303 314
Other commissions	115 731	140 772	262 443
<b>Total</b>	<b>249 175</b>	<b>311 469</b>	<b>581 523</b>
<b>Commission expenses</b>			
Payment service commissions	-6 094	-6 602	-11 388
Lending commissions	-100 984	-98 614	-196 718
Other commissions	-23 226	-22 828	-44 901
<b>Total</b>	<b>-130 304</b>	<b>-128 045</b>	<b>-253 007</b>
<b>Commission, net</b>	<b>118 871</b>	<b>183 425</b>	<b>328 516</b>

## 6 Other operating income

SEK 000	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Realised gain arising from the disposal of tangible assets	15 966	9 122	23 369
Other operating income	10 185	17 694	35 049
<b>Total</b>	<b>26 151</b>	<b>26 816</b>	<b>58 418</b>

## 7 Loan losses, net

SEK 000	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
<b>Stage 1 - Assets without significant increase in credit risk since initial recognition</b>			
Change in provisions of receivables from stage 1	4 202	12 437	-6 827
<b>Net cost for the period for loan losses - stage 1</b>	<b>4 202</b>	<b>12 437</b>	<b>-6 827</b>
<b>Stage 2 - Assets with significant increase in credit risk since initial recognition but not credit-impaired</b>			
Change in provisions of receivables from stage 2	46 877	-130 005	-162 810
Write-off and removal of receivables from stage 2	-98 336	-200 949	-322 466
Recoveries from previously determined loan losses for stage 2	44 581	119 474	184 510
<b>Net cost for the period for loan losses - stage 2</b>	<b>-6 878</b>	<b>-211 479</b>	<b>-300 766</b>
<b>Stage 3 - Credit-impaired assets</b>			
Change in provisions of receivables from stage 3	43 056	19 396	-2 717
Write-off and removal of receivables from stage 3	-413 665	-425 139	-721 247
Recoveries from previously determined loan losses for stage 3	164 122	136 866	256 089
<b>Net cost for the period for loan losses - stage 3</b>	<b>-206 487</b>	<b>-268 877</b>	<b>-467 876</b>
<b>Net cost for the period for loan losses - Total</b>	<b>-209 163</b>	<b>-467 919</b>	<b>-775 469</b>

## 8 Tax expense for the period

The total tax expense for the period amounted to SEK 6.7 m. The positive tax in the income and loss statement is due to the fact that non-taxable exchange rate effects are included in operating profit. Tax for the period consists of current taxes, reported in the profit and loss statement, amounting to SEK -29.6 m, change in deferred taxes amounting to SEK 2.4 m and adjustment of taxes for previous periods

amounting to SEK -5.8 m. Tax on taxable exchange rate differences regarding assets and liabilities in foreign branches increases the total tax in profit and loss statement with SEK 42.5 m and is reported in other comprehensive income, as well as tax related to a change in fair value of SEK 0.9 m.

## 9 Loans to the public

SEK 000	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>Outstanding receivables, gross</b>			
- Swedish currency	8 817 969	9 225 551	9 108 234
- Foreign currency	16 080 628	17 044 384	16 682 625
<b>Total</b>	<b>24 898 597</b>	<b>26 269 935</b>	<b>25 790 859</b>
<b>Outstanding receivables per stage, gross</b>			
- stage 1	21 376 606	22 848 990	21 194 509
- stage 2	3 178 943	3 092 314	4 211 277
- stage 3	343 049	328 631	385 073
<b>Total outstanding receivables per stage, gross</b>	<b>24 898 597</b>	<b>26 269 935</b>	<b>25 790 859</b>
<i>Of which: non-performing loans</i>	<i>343 049</i>	<i>328 631</i>	<i>698 578</i>
<b>Provisions</b>			
Provisions for assets in stage 1	-138 072	-124 918	-139 162
Provisions for assets in stage 2	-312 867	-369 353	-362 023
Provisions for assets in stage 3	-242 054	-240 365	-258 910
<b>Total provisions</b>	<b>-692 993</b>	<b>-734 636</b>	<b>-760 095</b>
<b>Carrying amount, net</b>			
- stage 1	21 238 533	22 724 072	21 055 347
- stage 2	2 866 076	2 722 961	3 849 254
- stage 3	100 995	88 266	126 163
<b>Total carrying amount, net</b>	<b>24 205 604</b>	<b>25 535 299</b>	<b>25 030 764</b>

## 10 Deposits from the public

SEK 000	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>Public</b>			
Swedish currency	13 159 621	12 726 034	13 042 852
Foreign currency	13 511 707	13 323 867	13 180 440
<b>Total</b>	<b>26 671 328</b>	<b>26 049 901</b>	<b>26 223 293</b>
<b>Deposits specified by category of borrower</b>			
Corporate sector	1 468 456	1 469 237	1 594 405
Household sector	25 202 873	24 580 663	24 628 888
<b>Total</b>	<b>26 671 328</b>	<b>26 049 901</b>	<b>26 223 293</b>

## 11 Issued securities

SEK 000	30 Jun 2021	30 Jun 2020	31 Dec 2020
Certificates of deposits	249 533	1 275 966	1 129 206
Bonds	4 848 788	5 348 014	5 254 435
<b>Total</b>	<b>5 098 321</b>	<b>6 623 980</b>	<b>6 383 642</b>

The Covid-19 pandemic has resulted in reduced new sales for Ikano Bank, which has enabled the Bank to reduce the number of issued securities. For the period January to June only SEK 650 m has been issued and at the same time issued securities amounting to SEK 1 936 m has expired.

## 12 Related parties

Transactions with group companies are stated below. Consolidated financial statements are prepared by Ikano S.A., Luxembourg.

Transactions with related parties are priced on

commercial market-based terms. No non-performing loans are attributable to the outstanding receivables from related parties.

SEK 000	Period	Income	Expenses	Receivables with related parties	Liabilities with related parties
Ikano S.A.	<b>30 Jun 2021</b>	-	-8 205	8 172	1 055
Ikano S.A.	<b>30 Jun 2020</b>	-	-9 969	9 931	1 500
Ikano S.A.	<b>31 Dec 2020</b>	-	-19 705	-	2 663
Other Group companies	<b>30 Jun 2021</b>	183	-16 166	7 212	4 734
Other Group companies	<b>30 Jun 2020</b>	1 875	-26 348	2 844	859 670
Other Group companies	<b>31 Dec 2020</b>	1 889	-51 784	8 010	837 533

## 13 Memorandum items

SEK 000	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>Pledged assets</b>			
PRI	739	718	739
<b>Sum</b>	<b>739</b>	<b>718</b>	<b>739</b>
<b>Contingent liabilities</b>			
Loan commitments, irrevocable	4 551 085	6 583 713	2 566 806
Unused credit limits	26 257 150	25 166 177	23 846 533
<b>Sum</b>	<b>30 808 235</b>	<b>31 749 890</b>	<b>26 413 339</b>

Unused credit limits mean card limits and loan commitments arranged externally. Commitments consisting of granted unused credit can be terminated effective immediately to the extent this is permitted under the Swedish Consumer Credit Act. The Bank has no pledged assets.

The bank is subject to claims and in some cases has claims, in a number of civil cases that are

conducted in general court. The assessment is that the litigation will essentially be in the bank's favour. Provisions are made when an outflow of resources is likely. The disputed amounts are not considered to have a material effect on the Bank's position or results.

## 14 Financial assets and liabilities

The following table provides information on the measurement of fair value of the financial instruments that are measured at fair value in the balance sheet (excluding items included in hedge accounting). The breakdown of how fair value is determined is based on the following three levels:

- Level 1: according to prices listed on an active market for the same instrument
- Level 2: based on directly or indirectly observable market data that is not included in level 1
- Level 3: based on input that is not observable in the market

## Financial assets and liabilities

**30 Jun 2021**

<b>SEK 000</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit or loss</b>				
Derivatives		36 857	-	<b>36 857</b>
Shares and participations	46 819	-	1 535	<b>48 354</b>
<b>Financial assets at fair value through other comprehensive income</b>				
Bonds and other interest-bearing securities	2 777 388	309 705	-	<b>3 087 093</b>
Treasury bills	2 066 130	130 013	-	<b>2 196 143</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Derivatives		30 069		<b>30 069</b>

**30 Jun 2020**

<b>SEK 000</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit or loss</b>				
Derivatives	-	133 626	-	<b>133 626</b>
Shares and participations	42 197	-	1 535	<b>43 732</b>
<b>Financial assets available for sale</b>				
Bonds and other interest-bearing securities	1 528 451	309 705	-	<b>1 838 156</b>
Treasury bills	1 484 938	130 013	-	<b>1 614 951</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Derivatives	-	20 271	-	<b>20 271</b>

**31 Dec 2020**

<b>SEK 000</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at fair value through profit or loss</b>				
Derivatives	-	114 833	-	<b>114 833</b>
Shares and participations	42 097	-	1 535	<b>43 632</b>
<b>Financial assets at fair value through other comprehensive income</b>				
Bonds and other interest-bearing securities	1 900 333	704 901	-	<b>2 605 234</b>
Treasury bills	1 362 831	433 290	-	<b>1 796 121</b>
<b>Financial liabilities at fair value through profit or loss</b>				
Derivatives	-	15 826	-	<b>15 826</b>

## Financial instruments that have been offset in the balance sheet or are subject to netting agreements

Ikano Bank is party to derivative contracts under the International Swaps and Derivatives Association's (ISDA) master agreement, which means that when a counterparty cannot fulfil its obligations, the agreement is cancelled and all outstanding dealings between the parties are settled with a net amount. ISDA agreements do not meet the criteria for offsetting in the balance sheet since offsetting is only

permitted due to a party's inability to settle, and also where the intention to reach a net settlement exists.

No amounts have been offset in the balance sheet in 2021.

Ikano Bank receives and submits collateral for derivatives in the form of bank deposits in accordance with the standard terms in the ISDA Credit Support Annex.

Amounts not offset in balance sheet						
<b>30 Jun 2021</b>		Offsetting in the	Net in balance	Netting	Issued/Received	
SEK 000	Gross value	balance sheet	sheet	agreements	collateral	Net value
Derivatives	36 857	-	36 857	-30 069	-141 803	-135 015
<b>Total financial assets</b>	<b>36 857</b>	-	<b>36 857</b>	<b>-30 069</b>	<b>-141 803</b>	<b>-135 015</b>
Derivatives	30 069	-	30 069	-30 069	-	-
<b>Total financial liabilities</b>	<b>30 069</b>	-	<b>30 069</b>	<b>-30 069</b>	-	-
Amounts not offset in balance sheet						
<b>30 Jun 2020</b>		Offsetting in the	Net in balance	Netting	Issued/Received	
SEK 000	Gross value	balance sheet	sheet	agreements	collateral	Net value
Derivatives	133 626	-	133 626	-20 271	-141 803	-28 448
<b>Total financial assets</b>	<b>133 626</b>	-	<b>133 626</b>	<b>-20 271</b>	<b>-141 803</b>	<b>-28 448</b>
Derivatives	20 271	-	20 271	-20 271	-	-
<b>Total financial liabilities</b>	<b>20 271</b>	-	<b>20 271</b>	<b>-20 271</b>	-	-
Amounts not offset in balance sheet						
<b>31 Dec 2020</b>		Offsetting in the	Net in balance	Netting	Issued/Received	
SEK 000	Gross value	balance sheet	sheet	agreements	collateral	Net value
Derivatives	114 833	-	114 833	-15 826	-147 640	-48 633
<b>Total financial assets</b>	<b>114 833</b>	-	<b>114 833</b>	<b>-15 826</b>	<b>-147 640</b>	<b>-48 633</b>
Derivatives	15 826	-	15 826	-15 826	-	-
<b>Total financial liabilities</b>	<b>15 826</b>	-	<b>15 826</b>	<b>-15 826</b>	-	-

## 15 Risks and uncertainty factors

The Bank's earnings are affected by external changes that the company has no control over. The Bank's earnings performance is affected by factors including macroeconomic change such as unemployment, as well as fluctuations in interest and exchange rates. The Covid-19 pandemic is an unexpected event with unforeseen and unclear long-term consequences. This has caused different risks and has increased the focus on credit risk.

Risk management is an integrated component of the Bank's daily operations. In its business operations, the Bank is exposed to several risks such as credit risk, operational risk and business risk, but it must also manage liquidity risk, foreign exchange risk and interest rate risk. The Board of Directors and CEO are ultimately responsible for risk management at Ikano

Bank. Risk management is intended to ensure that the risks do not exceed the risk mandates set by the Board. The Bank's risks are controlled centrally, but the responsibility for risk management rests primarily with local business units. This means that operating businesses own and manage the risk in daily operations. The central risk control function is responsible for monitoring and evaluating risk management.

Apart from what is stated in this Interim Report, more details are provided in Ikano Bank's Annual Report for 2020 and Ikano Bank's annual "Capital adequacy and risk management" report, available at [www.ikanobank.se](http://www.ikanobank.se).



## 16 Capital management and capital adequacy

The below information is provided regarding own funds and own funds requirements in accordance with among others regulation (EU) No 575/2013 and the Swedish Financial Supervisory Authority's (SFS) regulations regarding prudential requirements and capital buffers (2014:12).

The capital requirements regulations help to strengthen resilience against financial losses and thereby protect the bank's customers. The regulations state that the Bank's own funds shall cover the minimum statutory own funds requirements, which for Ikano Bank include the requirements for credit risk, credit valuation adjustment risk (CVA risk), operational risk and foreign exchange risk. In addition, the own funds requirements include further identified risks in the operation in accordance with the bank's internal capital adequacy assessment process and the requirements stipulated by the Board of Directors, also referred to as Pillar 2 requirements and statutory requirements for capital buffers.

Ikano Bank has quantified tolerance levels for the CET 1 ratio and total capital ratio above regulatory requirements. The margins represent buffers adapted to the Bank's risk profile in order to cover identified risks based on probability and financial impact. To meet the anticipated expansion of loans, maintain strategic freedom of action and also handle external changes, the Board of Directors has also expressed target levels for the bank's capital ratios as part of the risk appetite framework.

To ensure that Ikano Bank's capital situation is satisfactory to cover the risks that the Bank is or may be exposed to, an internal capital and liquidity adequacy assessment (ICAAP/ILAAP) is conducted at least annually. The ICAAP/ILAAP is the Board's tool for assessing the need for changes in the own funds requirement. In the assessment process, stress tests and scenario analyses are carried out to assess potential additional own funds requirements, including strategic decisions or external events that affect the business and its development. As a part of this process, a risk analysis is performed to ensure underlying risks are adequately addressed and mirror the Bank's actual risk profile and capital requirements.

The risk control function is responsible for monitoring the process of the bank's capital adequacy assessment. The capital requirements resulting from the ICAAP are regularly reported to the SFS.

As of 30 June 2021, the Bank's own funds amounted to SEK 9,974 m (6,552) of which SEK 5,418 m (5,698) is Common Equity Tier 1. Ingka Investments

BV has per 29 June 2021 subscribed to share issues at a total subscription price of SEK 4,556 m. This capital is included as Tier 2 capital until the Swedish Financial Supervisory Authority has given permission to include it as Common Equity Tier 1. The statutory own funds requirement for Pillar 1-risk amounted to SEK 2,583 m (2,668). After a statutory minimum for common equity Tier 1 capital has been allocated to cover 75 percent of the total own funds requirement calculated in accordance with Pillar 1, a further SEK 3,481 m (3,697) remain available as common equity Tier 1 capital. The internal own funds requirement requirements (Pillar 2) totalled SEK 508 m (585) and is covered by available capital.

The combined buffer requirement for Ikano Bank consists of the capital conservation buffer and the countercyclical capital buffer. According to the law (2014:966) regarding capital buffers, the capital conservation buffer shall consist of a common equity Tier 1 capital equivalent to 2.5 percent of the Bank's total risk exposure amounts. For Ikano Bank, the capital conservation buffer totals SEK 807 m (834) and is covered by the available common equity Tier 1 capital. The countercyclical buffer is determined by multiplying the total risk exposure amount with the weighted average of the countercyclical buffer rates applicable in those countries where the relevant credit exposures of the Bank are located. The institution-specific countercyclical buffer amounts to 0.07 percent (0.07) or SEK 23 m (25) after weighting the applicable geographic requirements, which for the bank mainly means Norway. Ikano Bank's combined buffer requirement is SEK 830 m (858).

The total capital ratio was 30.9 percent (19.6) with a common equity tier 1 capital ratio of 16.8 percent (17.1). The total capital ratio is positively affected by the new share issue while the Common Equity Tier 1 capital ratio remains unaffected by this. The Common Equity Tier 1 capital ratio is negatively affected by a larger balance sheet.

The new accounting standards IFRS 9 Financial Instruments has been applied since 1 January 2018. Ikano Bank applies the transitional rules introduced with article 473a capital requirements regulation (EU No 575/2013) regarding the Day one effect. The table on page 66 provides a comparison of Ikano Bank's own funds as well as capital and leverage ratios with and without the application of transitional arrangements for IFRS 9. The table is presented in accordance with EBA guidelines 2018/01 for standardised disclosure requirements for transitional arrangements according to IFRS 9.

## Summary of own funds, risk exposure amount and own funds requirements

SEK 000	30 Jun 2021	30 Jun 2020	31 Dec 2020
Tier 1 capital	5 418 034	5 697 991	5 577 416
Tier 2 capital	4 555 753	854 256	-
<b>Own funds</b>	<b>9 973 786</b>	<b>6 552 247</b>	<b>5 577 416</b>
<b>Total risk exposure amount</b>	<b>32 283 550</b>	<b>33 344 794</b>	<b>31 777 238</b>
<b>Total own funds requirements</b>	<b>2 582 684</b>	<b>2 667 583</b>	<b>2 542 179</b>
<b>Total Capital ratio</b>	<b>30.9%</b>	<b>19.6%</b>	<b>17.6%</b>
<b>Tier 1 Capital ratio</b>	<b>16.8%</b>	<b>17.1%</b>	<b>17.6%</b>
<b>Common equity Tier 1 ratio</b>	<b>16.8%</b>	<b>17.1%</b>	<b>17.6%</b>
<b>Available common equity Tier 1 Capital</b>	<b>3 481 021</b>	<b>3 697 303</b>	<b>3 035 237</b>
<b>Available common equity Tier 1 Capital in relation to Total risk exposure amount</b>	<b>0.1%</b>	<b>11.1%</b>	<b>9.6%</b>
Capital conservation buffer	807 089	833 620	794 431
Counter-cyclical capital buffer	23 148	24 595	22 308
Combined buffer requirement	830 237	858 215	816 739

## Specification of own funds

SEK 000	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>Equity reported in the balance sheet</b>	<b>5 907 145</b>	<b>5 863 499</b>	<b>5 850 726</b>
Share capital	78 994	78 994	78 994
Statutory reserve	193 655	193 655	193 655
Fund for development expenses	552 838	343 412	471 640
Fund for fair value	274 906	335 923	312 306
Retained earnings	4 712 933	5 089 465	4 961 236
Net result for the period	93 818	-177 949	-167 105
Untaxed reserves (79.4% of which)	76 984	76 984	76 984
<b>CET1 capital before regulatory adjustments</b>	<b>5 984 128</b>	<b>5 939 707</b>	<b>5 927 710</b>
<b>CET1 capital: regulatory adjustments</b>			
Intangible assets	-563 217	-380 822	-493 883
Cash flow hedge	-14 700	-12 714	-7 303
Unaudited profit	-93 818	-	-
Value adjustments due to the requirements for prudential valuation	-5 413	-3 654	-4 582
Adjustment for IFRS 9 Day 1 effect according to transitional arrangements	111 053	155 474	155 474
<b>Total Common Equity Tier 1 Capital</b>	<b>5 418 034</b>	<b>5 697 991</b>	<b>5 577 416</b>
<b>Total Tier 1 Capital</b>	<b>5 418 034</b>	<b>5 697 991</b>	<b>5 577 416</b>
<b>Tier 2 capital</b>			
Share Capital and Share premium Reserve	4 555 753	-	-
Subordinated liabilities	-	854 256	-
<b>Total Tier 2 Capital</b>	<b>4 555 753</b>	<b>854 256</b>	<b>-</b>
<b>Total own funds</b>	<b>9 973 786</b>	<b>6 552 247</b>	<b>5 577 416</b>

## Specification of risk exposure amount and own funds requirements

SEK 000	30 Jun 2021		30 Jun 2020		31 Dec 2021	
	Risk exposure amount	Own funds requirements	Risk exposure amount	Own funds requirements	Risk exposure amount	Own funds requirements
<b>Credit risk according to the standardised approach</b>						
Exposures to regional governments or local authorities	12 813	1 025	7 769	622	10 975	878
Institutional exposure	1 156 441	92 515	541 067	43 285	535 028	42 802
Corporate exposure	3 718 227	297 458	3 498 446	279 876	3 630 378	290 430
Retail exposure	21 113 797	1 689 104	22 052 516	1 764 201	21 438 465	1 715 077
Equity exposure	112 173	8 974	56 178	4 494	64 612	5 169
Past due items	398 721	31 898	655 592	52 447	425 912	34 073
Covered bond exposure	179 151	14 332	100 510	8 041	111 752	8 940
Other items	420 482	33 639	418 125	33 450	369 614	29 569
<b>Total credit risk</b>	<b>27 111 805</b>	<b>2 168 944</b>	<b>27 330 202</b>	<b>2 186 416</b>	<b>26 586 735</b>	<b>2 126 939</b>
<b>Operational risk according to the basic indicator approach</b>	<b>4 926 047</b>	<b>394 084</b>	<b>5 116 603</b>	<b>409 328</b>	<b>5 116 603</b>	<b>409 328</b>
<b>Foreign exchange risk according to the standardised approach</b>	<b>215 186</b>	<b>17 215</b>	<b>869 974</b>	<b>69 598</b>	<b>54 613</b>	<b>4 369</b>
<b>CVA risk according to the standardised approach</b>	<b>30 512</b>	<b>2 441</b>	<b>28 014</b>	<b>2 241</b>	<b>19 287</b>	<b>1 543</b>
<b>Total</b>	<b>32 283 550</b>	<b>2 582 684</b>	<b>33 344 794</b>	<b>2 667 583</b>	<b>31 777 238</b>	<b>2 542 179</b>

## Leverage ratio

The leverage ratio is a measure that provides an alternative to the risk-based capital requirement. The aim is that there should be a clear and simple measure of capital strength. The measurement shows capital as a percentage of asset size, without the actual risk level of the assets being taken into

consideration. A legal minimum requirement of 3 percent entered into force in June 2021.

The leverage ratio is calculated using the Tier 1 capital as a percentage of total assets. For the Bank, the leverage ratio per 30 June 2021 is 11.3 percent (12.7).

## Comparison of own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9

SEK m	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>Available capital</b>			
Common Equity Tier 1 (CET1) capital	5 418	5 698	5 577
Common Equity Tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	5 307	5 543	5 422
Tier 1 capital	5 418	5 698	5 577
Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	5 307	5 543	5 422
Total capital	9 974	6 552	5 577
Total capital as if IFRS 9 transitional arrangements had not been applied	9 863	6 397	5 422
<b>Risk-weighted assets</b>			
Total risk-weighted assets	32 284	33 345	31 777
Inphasing	47	72	69
Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	32 237	33 273	31 708
<b>Capital ratios</b>			
Common Equity Tier 1 (as a percentage of risk exposure amount)	16.8%	17.1%	17.6%
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 transitional arrangements had not been applied	16.5%	14.9%	17.1%
Tier 1 (as a percentage of risk exposure amount)	16.8%	17.1%	17.6%
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 transitional arrangements had not been applied	16.5%	14.9%	17.1%
Total capital (as a percentage of risk exposure amount)	30.9%	19.6%	17.6%
Total capital (as a percentage of risk exposure amount) as if IFRS 9 transitional arrangements had not been applied	30.6%	17.2%	17.1%
<b>Leverage ratio</b>			
Leverage ratio total exposure measure	47 846	44 977	43 952
Leverage ratio	11.3%	12.7%	12.7%
Leverage ratio as if IFRS 9 transitional arrangements had not been applied	11.1%	12.4%	12.4%

## 17 Liquidity

Ikano Bank's liquidity is managed within the framework of the Bank's liquidity portfolio. The liquidity portfolio consists of deposits with banks, short-term lending to credit institutions and investments in liquid interest-bearing securities, which can be sold and converted into cash on short notice. The Bank also has other liquidity creating measures at its disposal, such as immediately accessible overdraft facilities as well as committed credit facilities. The composition and size of the Bank's liquidity portfolio and liquidity reserve is regulated in the Bank's steering documents, which are adopted by the Bank's Board of Directors. To ensure that the liquidity of Ikano Bank is adequate, an internal liquidity adequacy assessment (ILAAP) is performed at least annually. This process is a tool used by the Board of Directors to assess the need for changes in the liquidity requirement in the event of changed circumstances.

The liquidity portfolio is divided into three categories: Intra-day liquidity, liquidity reserve and an operational portfolio.

The Bank's liquidity reserve and operational portfolio shall always total at least 10 percent of deposits from the public. In addition to the liquidity reserve, the Bank shall maintain an intra-day liquidity of at least 4 percent of deposits from the public. Consequently, the liquidity portfolio shall always amount to at least 14 percent of deposits from the public.

The liquidity reserve, together with other operating liquidity, is invested in interest-bearing securities in the markets where the Bank operates. Steering documents define that quality levels of securities included in the Bank's liquidity reserve are in line with the LCR Delegated Act. Intra-day liquidity manages the Bank's daily payment commitments. The liquidity in this portfolio shall be available within one day, and shall consist of funds in bank accounts, investments available the next banking day (overnight) and committed bank overdraft facilities in the Bank's cash pool.

The liquidity reserve shall constitute a separate reserve of high-quality liquid assets, which are to be quickly convertible in case of market stress situations that affect the Bank's funding options. The liquidity

reserve is invested in interest-bearing securities with a high credit rating in the Swedish market. The assets are to be available for realisation and conversion into cash at short notice. Unused bank overdraft facilities are not included in the liquidity portfolio.

The Bank's operating liquidity is managed in the investment portfolio. The assets in the portfolio consist of interest-bearing securities in the Swedish market. Investments in this portfolio are to have a minimum rating of BBB+ rating according to Standard and Poor's (or equivalent according to Moody's).

The Bank's liquidity reserve amounts to SEK 3,950 m (2,788) and consists of high-quality assets, liquid in private markets and eligible as collateral with the Swedish Central Bank.

The liquidity portfolio as of 30 June 2021 totalled SEK 9,980 m (5,618) excluding overdraft facilities and constitutes 37.6 percent (21.6) of deposits from the public. It includes cash and balances with banks amounting to SEK 4,680 m (2,156), the liquidity reserve amounting to SEK 3,950 m (2,788) and other interest-bearing securities amounting to SEK 1,170 m (674). None of the assets are being utilised as collateral and no non-performing loans exist. The assets are being valued at fair value. The assets are being valued at fair value.

In addition to the liquidity portfolio, committed credit facilities for a total of SEK 2,244 m (3,119) are available.

The Covid-19 Pandemic has not had any negative impact on Ikano Bank as the liquidity portfolio has been kept at a stable level.

As of 30 June 2021, the Bank's liquidity coverage ratio (LCR) totalled 281 percent (283). This measure shows how the Bank's highly liquid assets relate to net outflows over a thirty-day period under strained market conditions. The statutory limit amounts to 100 percent. The structural liquidity measure, Net Stable Funding Ratio (NSFR), is defined as the relationship between available and the required stable funding. The EU has issued a minimum requirement of 100 percent, which entered into force in June 2021. For Ikano Bank, the Net Stable Funding Ratio (NSFR) on June 30, 2021, was 138 percent (108).

## Summary of liquidity reserve

### 30 Jun 2021

SEK m	Total	SEK	EUR	DKK	GBP	Other
Securities issued by public entities	2 204	1 671	-	172	361	-
Securities issued by financial corporations	5	5	0	-	-	-
Covered bonds	1 741	1 162	515	63	-	-
<b>Liquidity reserve</b>	<b>3 950</b>	<b>2 839</b>	<b>515</b>	<b>235</b>	<b>361</b>	-
Other operating liquidity invested in securities	1 170	1 170	-	-	-	-
Cash and balances in central banks and other banks	4 860	4 222	249	64	222	103
<b>Total liquidity portfolio</b>	<b>9 980</b>	<b>8 231</b>	<b>765</b>	<b>299</b>	<b>583</b>	<b>103</b>
Distribution per currency (%)	100%	82%	8%	3%	6%	1%
<b>Other liquidity-creating measures</b>						
Granted unused credit facilities	2 244	600	741	662	241	-

### 30 Jun 2020

SEK m	Total	SEK	EUR	DKK	GBP	Other
Securities issued by public entities	1 619	1 216	-	37	365	-
Securities issued by financial corporations	163	6	158	-	-	-
Covered bonds	1 005	637	301	67	0	-
<b>Liquidity reserve</b>	<b>2 788</b>	<b>1 859</b>	<b>458</b>	<b>105</b>	<b>365</b>	-
Other operating liquidity invested in securities	674	674	-	-	-	-
Cash and balances in central banks and other banks	2 157	1 512	86	252	208	99
<b>Total liquidity portfolio</b>	<b>5 618</b>	<b>4 045</b>	<b>544</b>	<b>356</b>	<b>574</b>	<b>99</b>
Distribution per currency (%)	100%	72%	10%	6%	10%	2%
<b>Other liquidity-creating measures</b>						
Granted unused credit facilities	3 119	600	1 364	924	230	-

### 30 Dec 2020

SEK m	Total	SEK	EUR	DKK	GBP	Other
Securities issued by public entities	1 799	1 348	-	143	308	-
Securities issued by financial corporations	157	5	151	-	-	-
Covered bonds	1 118	774	280	64	0	-
<b>Liquidity reserve</b>	<b>3 073</b>	<b>2 127</b>	<b>432</b>	<b>207</b>	<b>308</b>	-
Other operating liquidity invested in securities	1 340	1 340	-	-	-	-
Cash and balances in central banks and other banks	1 833	753	460	278	148	194
<b>Total liquidity portfolio</b>	<b>6 246</b>	<b>4 219</b>	<b>892</b>	<b>484</b>	<b>457</b>	<b>194</b>
Distribution per currency (%)	100%	68%	14%	8%	7%	3%
<b>Other liquidity-creating measures</b>						
Granted unused credit facilities	2 410	600	937	649	224	-

The Bank's long-term funding plan aims at a well diversified funding, taking into account the allocation of risks and financing costs.

Deposits from the public are regarded as the main funding source and the Bank aims to maintain a minimum ratio of deposits to total assets of 50

percent. Additional information about the Bank's capital adequacy and liquidity risk management can be found in the Annual Report for 2020 and the information on capital adequacy and risk management for 2020. The documents are published on the Bank's website [www.ikanobank.se](http://www.ikanobank.se).

## 18 Events after the balance sheet day

The Swedish Companies Registration Office has registered the directed new share issue on July 2, 2021 and the Swedish Financial Supervisory Authority has on August 26 approved that the equity contributed through the new share issue can be included in the bank's capital base as Common Equity Tier 1.

The Swedish Financial Supervisory Authority has on August 6, 2021 approved both Krister Mattsson and Mikael Palmquist as members of the Board of Directors.

## Älmhult, Sweden, 27 August 2021

The Board of Directors and the CEO certify that this Interim Report gives a true and fair view of the Bank's operations, financial position and results of operations, and describes significant risks and uncertainties faced by the Bank.

Mats Håkansson  
Chairman

Krister Mattsson  
Board member

Mikael Palmquist  
Board member

Diederick van Thiel  
Board member

Lars Thorsén  
Board member

Yohann Adolphe  
Board member

Heather Jackson  
Board member

Viveka Strangert  
Board member

Lars Ljungälv  
Board member

Henrik Eklund  
CEO