

Year-end Report

2022



IKANO
BANK

Ikano Bank AB (publ) Year-End Report 2022

Second half year 2022

- Profit before loan losses amounted to SEK 151 m (33) due to increased revenue.
- Interest income increased to SEK 1,190 m (963). Interest expense increased to SEK 266 m (120).
- Net commission income increased by 49 percent to SEK 172 m (116). The increase is mainly explained by higher lending commissions.
- Loan losses increased to SEK 335 m (286) which results in a loan loss ratio of 1.9 percent (1.7).
- Operating result amounted to SEK -284 m (-272).

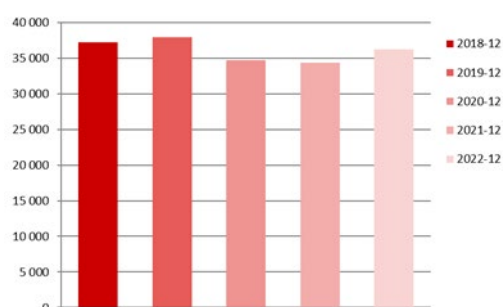
Full year 2022

- Profit before loan losses amounted to SEK 307 m (303).
- Interest income increased to SEK 2,229 m (1,952) driven by a combination of both higher lending volumes and higher margins. Interest expense increased to SEK 404 m (249).
- Loans to the public increased to SEK 26,331 m (24,737) as a result of loan portfolio acquisition in Denmark.
- Loan losses has increased to SEK 633 m (496) partly as a result of provisions related to loan portfolio acquisition in Denmark.
- Operating result amounted to SEK -337 m (-211).

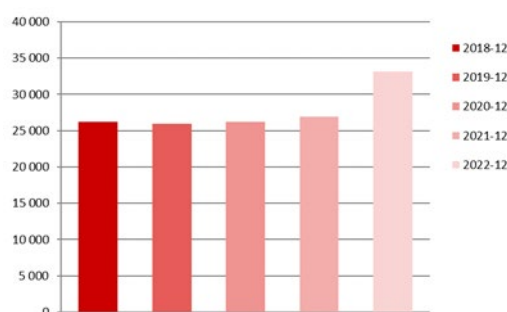
SEK 000	Jul-Dec 2022	Jul-Dec 2021	Δ	Jan-Dec 2022	Jan-Dec 2021	Δ
Total operating income	3 196 837	3 044 120	5%	6 250 509	6 038 507	4%
<i>where of net interest income</i>	924 215	843 462	10%	1 825 374	1 703 389	7%
<i>where of comission net</i>	172 092	115 787	49%	299 286	234 658	28%
<i>where of leasing income</i>	2 052 996	2 023 992	1%	4 030 612	4 008 280	1%
Operating expense before loan losses	-3 046 040	-3 010 719	1%	-5 943 322	-5 735 096	4%
Operating result before loan losses	150 797	33 401	351%	307 188	303 411	1%
Loan losses	-334 648	-286 371	17%	-633 014	-495 534	28%
Impairment of financial assets	-	-18 944	-100%	-11 571	-18 944	-39%
Operating result	-183 852	-271 915	-32%	-337 397	-211 068	60%

Key ratios	Jul-Dec 2022	Jul-Dec 2021	Δ	Jan-Dec 2022	Jan-Dec 2021	Δ
C/I-ratio before loan losses	89.3%	98.8%	-9.5%	89.1%	88.6%	0.5%
Return on adjusted equity	-2.9%	-5.3%	2.4%	-2.6%	-2.1	-0.5%
Loan loss ratio	1.9%	1.7%	0.2%	1.8%	1.4%	0.4%
Common equity Tier 1 ratio	25.8%	29.5%	-3.7%	25.8%	29.5%	-3.7%

Lending including leasing, SEK m



Deposits from the public, SEK m



CEO Statement

A new bank is emerging

We are well on our way to deliver on our long-term goal of strengthening the Bank's commercial relevance. Our extensive transformation is carried out to increase customer satisfaction, growth and profitability. A transformation that has accelerated further since Ingka stepped in as a co-owner during the summer of 2021. Step by step digitisation is increasing and I am happy to state that we are delivering according to plan while at the same time keeping our customers in focus.

New products and satisfied customers

During 2022 our new products had a strong growth. Our loan product with IKEA in the UK, launched 2021, increased to over SEK 1 billion in lending. We have also launched new products, for example through our part-ownership in the fintech and mortgage company Borgo, where we mediated loans of over 2 billion, which also has had a positive effect on our brand awareness.

We also see a positive increase in customer experience, i.e. how easy it is to use our products. Digitisation has resulted in increased customer satisfaction and recognition from our customers. Not least in awards won such as for best credit product in the UK together with IKEA, Fairness Award in Germany and first place in the Swedish Quality Index (SKI) for best private loan in Sweden.

In 2023, we take the next step in the digital transformation, with among other things an increased focus on our corporate business with the rollout of a new platform for financing services. Our close collaboration with IKEA, after Ingka's acquisition in 2021, is constantly developing and we see good opportunities for increased lending in all areas and markets.

The result is weighed down by investments

As planned, the Bank's financial results are negatively affected by the investments we are making for the future. With a new technical banking platform and new digital products, we are well on our way to growth, in parallel with time and effort being spent on phasing out old system solutions. This results in increased costs over a period of time, at the same time as the underlying business is gradually strengthened.

We assess that the economic situation in society at large will continue to be strained going forward. Our goal is as always to support customers in a responsible way, on fair terms. Something that is especially important in tougher

financial times in order to be a secure financial partner. We can do that as a long-term player. In addition, a weaker economy can lead to interesting business opportunities and potential acquisitions for us.

One sustainable bank

During 2022, we left the history of eight local banking operations and run Ikano Bank as one organisation. The customers are in focus, while the structure and processes around regulations have been fine-tuned.

Conducting our business more efficiently as one company is part of our long-term ambition. Another part is sustainability as we want to contribute to a healthy economy for more people and be an active part of a sustainable society where we can make a difference. This year we have taken further steps in our lending to give more of the many people access to financial services on fair terms.

Agile culture in a changing world

With external factors such as pandemic, war, high inflation, rising interest rates and a looming recession in Europe, we must constantly be prepared to adjust and change. We now work completely functionally, which gives us good opportunities for coordination across our 8 markets. More and more parts of the bank are working agile, which gives us the conditions to adapt to the changing world that surrounds us.

2023 will be a year of continued large investments and intensive work for even better customer experiences and sustainable growth. Thanks to my fantastic colleagues, we are well on our way to meeting the long-term goals we have set for the Bank.

Malmö, February 2023

Henrik Eklund

The Bank's result for the full year 2022

Operating result

Profit before loan losses increased to SEK 307 m (303) whereas operating result decreased to SEK -337 m (-211). In 2022, the extensive transformation work related to investments in IT as well as personnel continued. Sales of new loans developed positively during the year as pandemic restrictions were phased out. The underlying profitability of the bank is stable and is supported by well-established financing operations.

In 2022, total income increased by 3.5 percent to SEK 6,251 m (6,039). Costs increased by 3.6 percent to SEK 5,943 m (5,735). The result for 2022 was negatively affected by an increase in loan loss by SEK 137 m, partly as a result of provisions related to loan portfolio acquisition in Denmark.

Net interest income

Net interest income increased to SEK 1,825 m (1,703). The increase is primarily driven by a combination of higher lending volumes and higher margins as a result of higher market interest rates.

Net leasing and net commission income

Leasing, net after interest income and interest cost, decreased to SEK 359 m (377). Leasing income net after depreciation increased to SEK 498 m (466), driven by volume increase mainly in Finland, Denmark, and Norway.

Net commission income increased to SEK 299 m (235). The increase is mainly explained by higher lending commissions.

Operating expenses

Operating expenses, excluding depreciation on leased assets held on behalf of customers, increased to SEK 2,411 m (2,193). The increase is primarily attributable to increase of personnel costs but also cost for IT in both cases related to the transformation.

Loan losses

Net loan losses increased to SEK 633 m (496), where of SEK 160 m related to the portfolio acquisition in Denmark. Loan losses measured as a percentage of average total lending increased to 1.8 percent (1.4).

The Bank's result for the second half-year 2022

Operating result

The profit before loan losses increased to SEK 151 m (33) and operating result increased to SEK -184 m (-272). The total income increased to SEK 3,197 m (3,044) while costs increased and amounted to SEK 3,046 m (3,011). Loan losses increased to SEK 335 m (286).

Net interest income

Net interest income increased to SEK 924 m (843). The higher interest income in the second half of the year follows the same trend as for the first half-year and full year.

Net leasing and net commission income

Leasing, net after interest income and interest cost, decreased to SEK 177 m (188). Net leasing income increased to SEK 271 m (231) compared with the corresponding period in 2021. Net leasing income increased mainly in Denmark but also somewhat in Finland.

Net commission income increased to SEK 172 m (116). The increase is mainly due to higher loan commission income.

Operating expenses

Operating expenses, excluding depreciation on leased assets held on behalf of customers, increased to SEK 1,264 m (1,218). The expenses trend for the second half-year follows the same trend as for the full year.

Loan losses

Loan losses increased to SEK 335 m (286) due to higher provisions for expected loan losses. Loan losses, measured as a percentage of average total lending, was 1.9 percent (1.7) during the second half of the year.

The Bank's position as of 31 December 2022

Deposits from the public

Deposits from the public increased by 23 percent to SEK 33,112 m (26,909) The increase was driven primarily from the Swedish market.

Deposits are an important part of the Bank's funding. At year-end, deposits from the public corresponded to 68 percent (61) of the Bank's total funding.

Loans to the public

The Bank's loans to the public increased by 6 percent to SEK 26,331 m (24,737) after provisions for loan losses. Increase varies between the Banks' markets, the largest increase is found in loans to the public in Denmark.

Leased assets held on customers' behalf increased by 4 percent to SEK 9,931 m (9,592) driven by increase primarily in Finland but also in Denmark and Norway.

Liquidity reserve and the Bank's bonds

At the turn of the year, the bank's liquidity reserve according to the European Commission's delegated LCR act was 372 percent (281). The measure shows how the bank's highly liquid assets are in relation to the net outflow during a thirty-day period under stressed market conditions. The statutory limit is 100 percent.

The structural liquidity measure, Net Stable Funding Ratio (NSFR), is defined as the relationship between available stable financing and the need for stable financing. For Ikano Bank, the Net Stable Funding Ratio (NSFR) amounted to 137 percent (135) at the end of 2022.

The Bank's liquidity portfolio totalled SEK 9,240 m (7,379) as of year-end, which corresponds to 28.0 percent (27.0) of the Bank's total deposits from the public.

The Bank regularly obtains funding from the capital markets. The Bank's volume of issued securities decreased by SEK 1,400 m to SEK 2,349 m (3,749). In 2022, the bank has issued 1 (2) new MTN bonds with a maturity of three years.

Capital

The Bank's own funds per 31 December 2022 amounted to SEK 9,332 m (9,769) to compare with the regulatory capital requirements of SEK 6,564 m (4,269), that since August 2022 also includes the Pillar 2 guidance. Total Capital Ratio decreased to 25.8 percent (29.5), same as the CET 1 capital ratio. The Bank has no Tier 2 capital.

Other information

Ikano Bank AB (publ), corporate identity number 516406-0922, is a limited liability company licensed to conduct banking business, with its registered office in Älmhult and its head office in Malmö, Sweden. The majority of Ikano Bank's 51 percent is owned by Ikano S.A. with registered office in Luxemburg, and since June 29, 2021, Ingka Investments B.V. with registered office in Leiden in the Netherlands owns the remaining 49 percent. Ikano Bank has operated its business under a banking license since 1995.

Operations

Ikano Bank offers simple and fair banking and financing solutions for the many people and businesses. The offer to consumers includes cards, loans and savings accounts. Ikano Bank delivers sales finance services to retail partners, with IKEA as its largest partner, and provide businesses with leasing and factoring solutions.

Ikano Bank conducts banking operations in Sweden, the UK, Norway, Denmark, Finland, Germany, Austria and Poland under the supervision of the Swedish Financial Supervisory Authority. The largest market is Sweden, where the Bank also has the broadest offering. The Bank delivers its services online and has no physical offices for customers to visit.

The Bank's Business in UK also requires authorisation from the British supervisory authorities and is working under the so-called Temporary Permissions Regime in the UK.

There are three business lines: Corporate, Sales Finance and Consumer. The operations outside Sweden are operated as branches.

Ikano Bank has continued the strategic investment in the fintech company Borgo together with a number of partners in the Swedish market and offers since 2021 mortgage loans in Sweden.

Management and Board of Directors

At the annual general meeting on April 5, 2022, the Bank's board was expanded with Nigel Hinshelwood, who was also elected as vice chairman of the board.

As of May 31, 2022, Krister Mattsson left the bank's board and was replaced by Lone Fønss Schrøder as representative from Ingka.

The Bank's management team expanded in April 2022 with Christian Lund as the new Chief Credit Officer, in November with Henrik Staulund as the new Chief Commercial Officer B2B. From 1 January 2023, Louise von Scheven is the new Chief Commercial Officer B2C.

Outlook

The uncertainty in the macro environment, with rising inflation and interest rates, as well as in the geopolitical environment, will influence society at large and have an impact on the Bank's business. This situation may also lead to business opportunities and potential acquisitions for the Bank. Ikano Bank continues to focus on becoming a more relevant bank for the many people and businesses. The extensive and long-term investments being made to become more affordable for the many, faster and bring new financial services and solutions to the market continues into 2023. Several new digital products will be launched, and in more markets.

Annual Report

Ikano Bank's Annual Report will be available on the Bank's website 28 March 2023.

Next reporting date

Ikano Bank reports its results half-yearly. The interim report for the first half of 2023 will be available on the Bank's website at the end of August 2023.

The Year-End report has not been subject to review by the company's auditors.

Income statement

SEK 000	Note	Jul-Dec 2022	Jul-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Interest income calculated according to the effective interest method	3	983 781	770 463	1 856 356	1 569 822
Other interest income	3	206 260	193 012	373 086	382 346
Leasing income	4	2 052 996	2 023 992	4 030 612	4 008 280
Interest expense	3	-265 826	-120 013	-404 069	-248 778
Dividends received		139	19 262	10 129	19 262
Commission income	5	287 061	254 298	559 140	503 473
Commission expense	5	-114 969	-138 511	-259 854	-268 814
Net commission income		172 092	115 787	299 286	234 658
Net gains and losses on financial transactions		8 712	12 141	9 664	17 290
Other operating income	6	38 683	29 477	75 445	55 628
Total income		3 196 837	3 044 120	6 250 509	6 038 507
General administrative expenses		-1 030 824	-986 414	-1 990 182	-1 859 012
Depreciation/amortisation and impairment of tangible and intangible assets		-1 909 209	-1 953 086	-3 763 113	-3 753 768
Other operating expenses		-106 007	-71 220	-190 027	-122 317
<i>Of which resolution fee cost</i>		-3 076	-3 625	-7 663	-8 333
Total expenses before loan losses		-3 046 040	-3 010 719	-5 943 322	-5 735 096
Profit before loan losses		150 797	33 401	307 188	303 411
Loan losses, net	7	-334 648	-286 371	-633 014	-495 534
Impairment of financial assets		-	-18 944	-11 571	-18 944
Operating result		-183 852	-271 915	-337 397	-211 068
Appropriations		-	96 957	-	96 957
Tax expense	8	-58 741	-20 061	-3 403	12 910
Net result for the period		-242 591	-195 018	-340 800	-101 201

Statement of total comprehensive income

SEK 000	Jul-Dec 2022	Jul-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net result for the period	-242 591	-195 017	-340 800	-101 201
Other comprehensive income				
Items that can be reclassified to net profit or loss for the period				
Translation difference for the period, foreign branches	-4 856	49 564	-1 832	-8 813
Change in financial assets valued at fair value via other comprehensive income	-32 492	1 645	-32 492	1 645
Change in loss allowance for financial assets valued at fair value via other comprehensive income	6 803	-6 034	6 741	-831
Changes in fair value on financial assets available for sale	32 886	4 593	-	-
Changes in fair value on cash flow hedges	52 597	11 403	139 540	-7 292
Tax related to changes in translation differences for the year	37 964	-65 648	-19 950	-53 622
Tax related to changes in financial assets valued at fair value via other comprehensive income	6 617	-339	6 617	-339
Tax related to changes in fair value of financial assets available for sale	-6 775	-946	-	-
Tax related to changes in fair value of cash flow hedges	-9 750	-2 656	-27 661	317
Other comprehensive income for the period, net of tax	82 994	-8 417	70 963	-68 934
Total comprehensive income for the period, net of tax	-159 598	-203 435	-269 837	-170 135

Balance sheet

SEK '000	Note	31 Dec 2022	31 Dec 2021
Assets			
Cash		30 138	23 386
Treasury bills		2 587 091	2 274 319
Loans to credit institutions		2 380 407	1 817 046
Loans to the public	9	26 331 020	24 737 483
Bonds and other interest-bearing securities		4 495 980	3 465 763
Shares and participations in associated companies		350 561	95 202
Shareholdings in other companies		43 304	39 502
Intangible assets		593 701	572 123
Tangible assets		9 939 561	9 599 975
- Leasing assets		9 931 266	9 591 641
- Equipment		8 295	8 334
Other assets		1 178 529	892 173
Deferred tax assets		121 848	21 982
Prepaid expenses and accrued income		365 285	340 116
Total assets		48 417 424	43 879 071
Liabilities, provisions and equity			
Liabilities to credit institutions		535 309	638 686
Deposits from the public	10	33 112 446	26 909 171
Issued securities	11	2 349 379	3 748 933
Other liabilities		1 056 784	876 080
Accrued expenses and deferred income		1 252 452	1 328 871
Provisions		121 428	117 867
- Provisions for pensions		44 549	37 594
- Deferred tax liabilities		29 111	50 189
- Other provisions		47 768	30 084
Total liabilities and provisions		38 427 798	33 619 608
Equity			
Restricted equity		939 617	918 451
Share capital		154 893	154 893
Statutory reserve		193 655	193 655
Fund for development expenses		591 069	569 903
Non-restricted equity		9 050 009	9 341 011
Share premium reserve		4 479 855	4 479 855
Fund for fair value		314 334	243 372
Retained earnings		4 596 620	4 718 985
Net result for the year		-340 800	-101 201
Total equity		9 989 626	10 259 462
Total liabilities, provisions and equity		48 417 424	43 879 071

Statement of changes in equity

SEK 000	Restricted equity				Non-restricted equity					Total equity	
	Share capital	Statutory reserve	Fund for development expenses	Share premium reserve	Fund for fair value			Cash flow hedge reserve	Retained earnings or losses		Net result for the year
					Fair value reserve	Translation reserve					
Opening balance 2021-01-01	78 994	193 655	471 640	-	6 593	298 409	7 303	4 961 237	-167 105	5 850 726	
Adjustment, correction of misstatement	-	-	-	-	-	-	-23 118	23 118	-	-	
Adjusted equity 2021-01-01	78 994	193 655	471 640	-	6 593	298 409	-15 815	4 984 355	-167 105	5 850 726	
Appropriation of profits	-	-	-	-	-	-	-	-167 105	167 105	-	
New share issue	75 899	-	-	4 479 855	-	-	-	-	-	4 555 754	
Change in fund for development expenses	-	-	98 264	-	-	-	-	-98 264	-	-	
Net result for the year	-	-	-	-	-	-	-	-	-101 201	-101 201	
Other comprehensive income for the year	-	-	-	-	475	-62 435	16 144	-	-	-45 816	
Total comprehensive income for the year	-	-	-	-	475	-62 435	16 144	-	-101 201	-147 017	
Closing balance 2021-12-31	154 893	193 655	569 903	4 479 855	7 068	235 974	329	4 718 985	-101 201	10 259 462	
Opening balance 2022-01-01	154 893	193 655	569 903	4 479 855	7 068	235 974	329	4 718 985	-101 201	10 259 462	
Appropriation of profits	-	-	-	-	-	-	-	-101 201	101 201	-	
Change in fund for development expenses	-	-	21 165	-	-	-	-	-21 165	-	-	
Net result for the year	-	-	-	-	-	-	-	-	-340 800	-340 800	
Other comprehensive income for the year	-	-	-	-	-19 134	-21 781	111 879	-	-	70 964	
Total comprehensive income for the year	-	-	-	-	-19 134	-21 781	111 879	-	-340 800	-269 836	
Closing balance 2022-12-31	154 893	193 655	591 069	4 479 855	-12 067	214 193	112 208	4 596 620	-340 800	9 989 626	

Cash flow statement

SEK '000	2022	2021
Operating activities		
Operating result	-337 397	-211 068
Adjustment for non-cash items	+4 511 806	+4 085 694
Cash flow from operating activities before changes in working capital	+4 174 409	+3 874 627
Cash flow from changes in working capital	+1 873 532	-635 897
Cash flow from operating activities	+6 047 941	+3 238 730
Cash flow from investing activities	-4 020 813	-3 571 321
Cash flow from financing activities	-1 539 754	+196 980
Cash flow for the year	+487 374	-135 611
Cash and cash equivalents at beginning of the year	+1 830 999	+1 919 367
Exchange rate difference	+81 169	+47 242
Cash and cash equivalents at the end of the year	+2 399 542	+1 830 999

The cash flow statement has been prepared using the indirect method. The reported cash flow includes only transactions that involve incoming or outgoing payments. Liquid assets are defined as Cash as well as Loans to credit institutions,

SEK 2,410 m (1,840), with deductions for current liabilities to credit institutions SEK 11 m (9). Cash and cash equivalents include blocked funds of SEK 107 m (169).

Notes

1 Accounting principles

The year-end report is prepared in accordance with the Swedish Annual Accounts Act (1995:1559) 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), as well as the Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for Legal Entities. Accordingly, the Bank applies statutory IFRS. This means that all IFRSs 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.

Unless otherwise stated, the accounting principles have been applied consistently to all periods presented in the financial statements.

No material changes in the significant assessments and estimates have taken place compared with 31 December 2021.

New and amended standards and interpretations applicable from 1 January 2022

are not considered to have had any significant effect on the bank's financial position, results, or disclosures for 2022.

Alternative performance measures are used by Ikano Bank when it is relevant to monitor and describe Ikano Bank's financial situation and to provide additional useful information to users of financial statements. For a definition of all measures please see the Annual Report 2022. The year-end report is presented in Swedish kronor (SEK), rounded to the nearest thousand (SEK 000) unless otherwise stated. Comparative figures in parentheses refer to the corresponding period last year unless otherwise stated.

New standards not yet applied

IFRS 17 Insurance contracts was approved by the EU in November 2021 and will be applied starting January 1, 2023.

This standard is not expected to have any material effect on the banks result and financial position.

2 Operating segments

2022	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/Austria	Poland	Shared functions ¹⁾	Total before eliminations	Eliminations	Total
SEK m											
Interest income	842	419	110	29	520	496	130	638	3 183	-954	2 229
Interest expense	-400	-80	-68	-11	-159	-65	-57	-525	-1 366	954	-412
Total net interest income	442	339	42	18	361	431	73	112	1 818	0	1 818
Payment service commissions	8	1	-	0	-	9	-	-	18	-	18
Lending commissions	133	66	40	18	25	11	1	0	295	-	295
Compensation, mediated insurance	122	23	28	1	0	43	7	-	224	-	224
Other commissions	11	3	7	0	0	0	0	-	22	-	22
Commission income	273	94	74	20	25	64	8	0	559	-	559
Commission expense	-105	-16	-51	-9	-34	-32	-6	-2	-255	-	-255
Commission, net	168	78	24	11	-8	32	2	-2	304	-	304
Lease income	1 974	1 082	571	404	-	-	-	-	4 031	0	4 031
Depreciation on leasing assets	-1 714	-960	-498	-360	-	-	-	-	-3 533	-	-3 533
Leasing income, net	260	122	73	44	-	-	-	-	498	0	498
Net interest, fee and leasing income	869	538	138	73	353	463	75	110	2 620	-	2 620
Other income	41	14	25	4	1	2	2	932	1 020	-937	84
Other direct expenses	-39	-12	-10	-5	-46	-23	-1	-2	-136	-	-136
Operating margin before net loan losses and operational expenses	871	541	153	72	308	442	77	1 041	3 505	-937	2 568
Other expenses	-910	-483	-182	-79	-554	-541	-103	-1 001	-3 853	970	-2 883
Allocated overhead expenses	4	2	0	1	2	1	1	-	11	-33	-22
Operating result	-35	60	-28	-5	-245	-98	-25	39	-337	0	-337
Of which:											
Total internal income	0	45	-	-	69	33	-	1 744	1 891	-1 891	-
Total external income ²⁾	1 232	604	282	97	477	529	141	10	3 372	-	3 372
Total internal expenses	-232	-180	-154	-82	-386	-249	-52	-556	-1 891	1 891	-
Appropriations	-	-	-	-	-	-	-	-	-	-	-
Tax expense	-	-17	2	-	-	5	-7	13	-3	-	-3
Net result for the year	-35	43	-26	-5	-245	-93	-32	53	-341	0	-341

2021	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/Austria	Poland	Shared functions ¹⁾	Total before eliminations	Eliminations	Total
SEK m											
Interest income	716	238	125	27	538	480	61	361	2 544	-592	1 952
Interest expense	-244	-46	-39	-7	-151	-44	-9	-310	-849	592	-257
Total net interest income	472	192	86	19	387	435	53	50	1 695	-	1 695
Payment service commissions	5	1	-	0	-	7	-	-	13	-	13
Lending commissions	135	31	40	18	23	11	2	-	260	-	260
Compensation, mediated insurance	120	19	28	2	0	38	6	-	213	-	213
Other commissions	8	3	6	0	1	0	0	-	18	-	18
Commission income	268	53	74	20	24	57	8	-	503	-	503
Commission expense	-113	-15	-41	-8	-48	-35	-6	-3	-269	-	-269
Commission, net	155	39	33	12	-25	21	2	-3	234	-	234
Lease income	2 069	1 035	578	327	-	-	-	-	4 008	-	4 008
Depreciation on leasing assets	-1 826	-926	-499	-292	-	-	-	-	-3 542	-	-3 542
Leasing income, net	243	109	79	35	-	-	-	-	466	-	466
Net interest, fee and leasing income	871	340	198	66	362	457	55	48	2 396	-	2 396
Other income	36	11	14	4	1	2	1	829	899	-826	73
Other direct expenses	-25	-7	-12	-4	-13	-24	0	-2	-88	-	-88
Operating margin before net loan losses and operational expenses	881	344	200	66	350	436	56	875	3 208	-826	2 381
Other expenses	-929	-319	-176	-72	-481	-478	-59	-905	-3 420	846	-2 573
Allocated overhead expenses	2	1	0	1	0	-2	0	-	1	-20	-19
Operating result	-46	26	24	-5	-131	-44	-4	-30	-211	0	-211
Of which:											
Total internal income	118	32	-	-	60	16	-	1 192	1 419	-1 419	-
Total external income ²⁾	1 129	380	288	86	502	522	71	19	2 997	-	2 997
Total internal expenses	-606	-144	-129	-24	-303	-251	-43	80	-1 419	1 419	-
Appropriations	-	-	-	-	-	-	-	97	97	-	97
Tax expense	5	-3	-11	-	-	10	5	17	13	-	13
Net result for the year	-41	23	13	-5	-131	-35	-8	84	-101	0	-101

External income	2022	2021
SEK m		
Corporate	858	771
Sales Finance	1 340	1 331
Consumer	1 084	876
Other	90	19
Total external income	3 372	2 997

Neither Ikano Bank, nor any individual business line has any single customer representing 10 percent of revenues or more.

Balance sheet

2022	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/Austria	Poland	Eliminations	Total
SEK m									
Fixed assets other than financial instruments	597	0	1	0	0	4	1	-	602
Deferred tax assets	-	8	92	-	-	22	0	-	122
Other assets	32 674	6 376	2 467	1 598	5 658	6 870	1 383	-9 332	47 694
Total assets	33 271	6 384	2 559	1 598	5 658	6 896	1 384	-9 332	48 417
Liabilities and provisions	22 943	6 338	2 568	1 599	5 902	6 993	1 417	-9 332	38 428

2021	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/Austria	Poland	Eliminations	Total
SEK m									
Fixed assets other than financial instruments	575	0	1	0	0	3	2	-	580
Deferred tax assets	0	-	-	-	-	22	-	-	22
Other assets	29 222	4 701	2 429	1 216	6 657	6 563	837	-8 347	43 277
Total assets	29 796	4 701	2 430	1 216	6 657	6 588	838	-8 347	43 879
Liabilities and provisions	19 217	4 682	2 361	1 314	6 850	6 588	954	-8 347	33 620

For more information on segment reporting see note 2 Accounting principles in the Annual Report 2022.

3 Net interest income

SEK '000	Jul-Dec 2022	Jul-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Interest income				
Loans to credit institutions	-	113	-	113
Loans to the public	1 150 059	971 636	2 187 406	1 957 376
Interest-bearing securities	39 982	-8 274	42 037	-5 321
Total	1 190 041	963 475	2 229 443	1 952 168
<i>Of which: Interest income from financial assets not valued at fair value through profit or loss</i>	<i>1 150 059</i>	<i>971 749</i>	<i>2 187 406</i>	<i>1 957 489</i>
Interest expense				
Liabilities to credit institutions	-6 930	-4 327	-13 528	-10 292
Deposits from the public	-174 360	-81 108	-248 072	-170 093
<i>Of which: deposit guarantee fee</i>	<i>-11 755</i>	<i>-14 411</i>	<i>-28 622</i>	<i>-30 690</i>
Issued securities	-32 117	-19 010	-50 020	-42 172
Derivatives	-47 530	-13 891	-87 474	-23 013
- Hedge accounting	11 477	-3 711	8 540	-7 314
- Not hedge accounting	-59 007	-10 180	-96 014	-15 699
Subordinated liabilities	-	-	-	-1 159
Other interest expenses	-4 889	-1 677	-4 975	-2 049
Total	-265 826	-120 013	-404 069	-248 778
<i>Of which: Interest expense from financial assets not valued at fair value through profit or loss</i>	<i>-218 297</i>	<i>-106 122</i>	<i>-316 595</i>	<i>-234 099</i>
Total net interest income	924 215	843 462	1 825 374	1 703 389

4 Leasing income

SEK '000	Jul-Dec 2022	Jul-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Leasing income, gross	2 052 996	2 023 992	4 030 612	4 008 280
Less: Depreciation according to plan	-1 781 976	-1 793 171	-3 532 541	-3 541 928
Leasing income, net	271 020	230 821	498 072	466 352
Leasing income from financial lease agreements	2 052 996	2 023 992	4 030 612	4 008 280
Depreciation according to plan for assets that are financial lease agreements, but are recognised as operating leases	-1 781 976	-1 793 171	-3 532 541	-3 541 928
Leasing income, net for financial lease agreements	271 020	230 821	498 072	466 352
Interest income	4 135	3 784	7 868	7 487
Interest expenses	-98 107	-46 485	-147 337	-96 611
Leasing, net	177 048	188 120	358 603	377 288

5 Net commission

SEK '000	Jul-Dec 2022	Jul-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Commission income				
Payment service commissions	10 134	8 347	18 269	13 209
Lending commissions	148 482	131 115	295 005	259 696
Compensation, mediated insurance	115 864	105 904	223 736	212 738
Other commissions	12 581	8 932	22 131	17 829
Total	287 061	254 298	559 140	503 473
Commission expense				
Payment service commissions	-4 979	-4 717	-9 704	-10 811
Lending commissions	-109 343	-109 278	-209 762	-210 262
Other commissions	-648	-24 515	-40 388	-47 741
Total	-114 969	-138 511	-259 854	-268 814
Net commission income	172 092	115 787	299 286	234 658

6 Other operating income

SEK '000	Jul-Dec 2022	Jul-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Realised gain arising from the disposal of tangible assets	21 637	17 808	38 819	33 774
Other operating income	17 046	11 669	36 626	21 854
Total	38 683	29 477	75 445	55 628

7 Loan losses, net

The table below shows net loan losses including credit impairment provisions for credit commitments and undrawn limits.

Credit impairment provisions recognised at fair value via other comprehensive income amount to SEK 10 m (3.5) and have been recognised in equity against the item fair value reserve. The credit impairment ratio was 1.8 percent (1.4).

The Bank is using a model for incorporating forward-looking information to calculate future expected loan losses in all the bank's markets. When needed it is supplemented with expert statements. Loan losses are higher than previous year, 28 percent. This is mainly explained by the acquisition of Basis Bank in January 2022.

Realized loan losses are at low level compared to what the bank expected when the pandemic started in 2020. The extra provisions that were made then as a result of increased payment deferrals and payment reductions were retained in 2021 for evaluation in 2022. The risk of the pandemic has now been considered to be over and the extra provision which was made has been dissolved. At the same time, the macro situation has been judged to be of a different nature than what the bank's macro model is able to capture. For that reason, the bank has manually increased macro reserves for inflation and rising energy prices. The net of these two transactions is a total dissolution of reserves corresponding to SEK 28 m.

SEK 000	Jul-Dec 2022	Jul-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Stage 1 - Assets not credit impaired since initial recognition				
Change in credit impairment provisions related to stage 1	25 425	-4 913	-15 875	-712
Derecognition of loans stage 1	-3	-	-3	0
Reversal of previous provisions and recoveries stage 1	-	-212	-	-212
Net cost for the period for loan losses - stage 1	25 423	-5 125	-15 877	-924
Stage 2 - Assets with significant increase in credit risk since initial recognition but not credit-impaired				
Change in credit impairment provisions related to stage 2	-10 695	-2 245	16 478	44 632
Derecognition of loans stage 2	-228 300	-116 731	-459 029	-215 067
Reversal of previous provisions and recoveries stage 2	103 898	52 058	211 137	96 639
Net cost for the period for loan losses - stage 2	-135 097	-66 919	-231 414	-73 796
Stage 3 - Credit-impaired assets				
Change in credit impairment provisions related to stage 3	-60 346	-72 946	23 418	-29 890
Derecognition of loans stage 3	-293 755	-237 442	-652 909	-651 107
Reversal of previous provisions and recoveries stage 3	129 128	96 061	243 769	260 183
Net cost for the period for loan losses - stage 3	-224 974	-214 328	-385 723	-420 814
Net cost for the period for loan losses - Total	-334 648	-286 371	-633 014	-495 534

8 Tax expense for the period

Tax on the result for the period of SEK -3,4 m (13) consists of current taxes for the year of SEK -35 m (-42) on items reported in the income statement for the period in the bank's branches, adjustment of taxes for previous periods of SEK -13 m (20) and changes in deferred taxes of SEK 44 m (35). Tax on taxable exchange rate differences regarding assets and liabilities in foreign

branches increases the total tax by SEK 20 m (54) but is reported in other comprehensive income.

Tax losses carried forward for which a deferred tax asset have not been booked as of December 31, 2022, is SEK 133 m (51), based on tax losses carried forward which are not deemed probable to be utilised during the next few years.

9 Loans to the public

SEK '000	2022	2021
Outstanding receivables, gross		
- Swedish currency	8 873 255	8 746 482
- Foreign currency	18 312 107	16 744 196
Total	27 185 363	25 490 678
Outstanding receivables per stage, gross		
- stage 1	22 878 418	21 863 898
- stage 2	3 871 015	3 208 852
- stage 3	435 930	417 927
Total outstanding receivables per stage, gross	27 185 363	25 490 677
<i>Of which: non-performing loans</i>	<i>435 930</i>	<i>417 927</i>
Provisions		
Provisions for assets in stage 1	-166 570	-143 615
Provisions for assets in stage 2	-401 273	-315 590
Provisions for assets in stage 3	-286 500	-293 990
Total provisions	-854 343	-753 195
Carrying amount, net		
- stage 1	22 711 848	21 720 283
- stage 2	3 469 742	2 893 263
- stage 3	149 431	123 937
Total carrying amount, net	26 331 020	24 737 483

10 Deposits from the public

SEK 000	2022	2021
Public		
- Swedish currency	18 860 571	13 060 016
- Foreign currency	14 251 875	13 849 155
Total	33 112 446	26 909 171
Deposits specified by category of borrower		
Corporate sector	1 806 113	1 594 755
Household sector	31 306 333	25 314 416
Total	33 112 446	26 909 171

11 Issued securities

SEK 000	2022	2021
Certificates of deposits	99 997	149 976
Senior unsecured bonds	2 249 382	3 598 958
Total	2 349 379	3 748 933

12 Contingent liabilities

SEK 000	2022	2021
Contingent liabilities		
PRI	891	752
Total	891	752
Commitments		
Loan commitments, irrevocable	2 575 104	4 089 830
Loan commitments, revocable	2 371 751	1 630 218
Unused credit limits	23 846 786	28 202 529
Total	28 793 641	33 922 577

Undertakings that consist of granted unutilized credits can be terminated with immediate effect to the extent permitted by the Consumer Credit Act.

The bank is subject to claims and in some cases has claims, in a number of civil cases that are conducted in a 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 dispute amounts are not considered to have a significant impact on the bank's position or results.

13 Financial assets and liabilities

The following tables provide information on the measurement of fair value of financial instruments that are measured at fair value in the balance sheet (excluding the 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 at fair value in the balance sheet

2022				
SEK 000	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	-	149 367	13 803	163 170
Shares and participations in other companies	41 885	-	1 419	43 304
Financial assets at fair value through other comprehensive income				
Bonds and other interest-bearing securities	3 553 678	942 303	-	4 495 980
Treasury bills	1 889 712	697 379	-	2 587 091
Financial liabilities at fair value through profit or loss				
Derivatives	-	234 381	-	234 381
2021				
SEK 000	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	-	10 074	-	10 074
Shares and participations in other companies	37 967	-	1 535	39 502
Financial assets available-for-sale				
Bonds and other interest-bearing securities	3 015 923	449 840	-	3 465 763
Treasury bills	2 120 361	153 958	-	2 274 319
Financial liabilities at fair value through profit or loss				
Derivatives	-	187 699	-	187 699

The input data used in valuation techniques are based, to the extent possible, on market information.

Derivatives include interest rate and currency swaps as well as an option linked to share holdings in Borgo. The fair value of interest rate and currency swaps is calculated using established valuation techniques and observable market interest rates. The fair value of the option

is calculated using a model where inputs that are not observable in the market are used.

Fair value of financial instruments that are not derivative instruments is based on future cash flows and current market rates on the balance sheet date. The discount rate used is the market-based interest rate for similar instruments on the balance sheet date.

No changes between the levels have occurred during the year.

Financial instruments offset in the Balance Sheet or 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. In

the balance sheet, no amounts have been offset in 2022.

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

2022 SEK 000	Amounts not offset in Balance sheet					
	Gross value	Offsetting in the Balance Sheet	Net in Balance Sheet	Netting agreements	Issued/Received collateral	Net value
Derivatives	149 367	-	149 367	-234 381	106 958	21 944
Total financial assets	149 367	-	149 367	-234 381	106 958	21 944

Derivatives	234 381	-	234 381	-234 381	-32 915	-32 915
Total financial liabilities	234 381	-	234 381	-234 381	-32 915	-32 915

2021 SEK 000	Amounts not offset in Balance sheet					
	Gross value	Offsetting in the Balance Sheet	Net in Balance Sheet	Netting agreements	Issued/Received collateral	Net value
Derivatives	10 074	-	10 074	-187 699	168 523	-9 101
Total financial assets	10 074	-	10 074	-187 699	168 523	-9 101

Derivatives	187 699	-	187 699	-187 699	-	0
Total financial liabilities	187 699	-	187 699	-187 699	-	0

14 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. As with the Covid-19 pandemic, the war in Ukraine is an event with unforeseen and unclear long-term consequences. This has caused different risks and has increased the focus on credit risk but also other types of risk such as operational risks.

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 Year-End Report, more details are provided in Ikano Bank's Annual Report for 2021 and Ikano Bank's annual "Capital adequacy and risk management" report, available at www.ikanobank.se.

15 Capital management and liquidity

Below information is provided on capital base and capital base requirements according to FFFS 2008:25 which refers to the supervisory regulation (EU 575/2013) and the Financial Supervisory Authority's regulations on supervisory requirements and capital buffers (FFFS 2014:12). According to EU 575/2013, the bank is classified as "other institution" as it neither meets the requirements for "large" nor "small or non-complex" institution. No consolidated situation exists. Ikano Bank applies the IFRS 9 phase-in rules in accordance with article 473a in capital requirements regulation (EU No 575/2013) regarding the Day 1 effect.

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. On August 17, 2022, the Financial Supervisory Authority announced a decision that the bank must meet a special capital base requirement regarding concentration risk for credit risk, interest rate risk and other market risks in other operations of 1.49 percent of the total risk-weighted exposure amount, which is a reduction of 0.1 percentage point compared to the previously conducted internal evaluation. Furthermore, the Financial Supervisory Authority announced that the bank should hold additional capital (pillar 2 guidance) corresponding to 5.50 percent of the institution's total risk-weighted exposure amount and 5.00 percent of the total exposure measure for leverage ratio, which is an increase of approximately 3.5

percentage points compared to the previously conducted internal evaluation. The bank will follow the Financial Supervisory Authority's recommendation.

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 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 SFSA.

As of 31 December 2022, the Bank had own funds of SEK 9,332 m (9,769), all of which is common equity Tier 1 (9,769). The Bank does not have any Tier 2 capital. The statutory own funds requirement for Pillar 1-risk amounted to SEK 2,896 m (2,647). After a statutory minimum for common equity Tier 1 capital, a further SEK 6,436 m remains available as common equity Tier 1 capital. The internal own funds requirement (Pillar 2 requirements) totalled SEK 2,449 m (508), including the Pillar 2 guidance that, which was not included for the comparison period, 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 905 m (827) and is covered by the available common equity Tier 1 capital. The institution specific countercyclical capital 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 capital buffer for the Bank amounts to 0.87 percent (0.07) or SEK 315 m (24) after weighting the applicable geographic requirements, which for the Bank means mainly Sweden, Norway and Denmark. The countercyclical buffer rates for Sweden and Denmark were zero during the comparison period but have increased in 2022 which lead to an increase in the Bank's total weighted rate. Ikano Bank's combined buffer requirement is SEK 1,219 m (851).

Both the total capital ratio and the Tier 1 capital ratio for Ikano Bank were 25.8 percent (29.5). The capital ratios are negatively affected by the negative result for 2022 as well as by increased risk weighted exposures, as a result of an increased loan book.

Summary of own funds and risk exposure amount

	2022		2021	
	SEK 000	%	SEK 000	%
Common equity Tier 1	9 331 513	25,8%	9 768 887	29,5%
Tier 1 capital	9 331 513	25,8%	9 768 887	29,5%
Own funds	9 331 513	25,8%	9 768 887	29,5%
Total risk exposure amount	36 194 527	0	33 085 187	0
Minimum capital requirement (Pillar 1)	2 895 562	8,0%	2 646 815	8,0%
Additional capital requirement (Pillar 2)	631 000	1,7%	771 000	2,3%
Pillar 2 guidance (P2G)	1 990 699	5,5%	0	0,0%
Combined buffer requirement	1 219 499	3,4%	851 162	2,6%
Capital conservation buffer	904 863	2,5%	827 130	2,5%
Counter-cyclical capital buffer	314 636	0,9%	24 032	0,1%
Total capital requirement	6 736 760	18,6%	4 268 977	12,9%
Available common equity Tier 1 Capital	7 159 842	19,8%	7 783 775	23,5%

Specification of own funds

SEK 000	2022	2021
Equity reported in the balance sheet	9 989 624	10 259 462
Share capital	154 893	154 893
Statutory reserve	193 655	193 655
Fund for development expenses	591 069	569 903
Share premium reserve	4 479 855	4 479 855
Fund for fair value	314 335	243 372
Retained earnings	4 596 619	4 718 986
Net result for the year	-340 800	-101 201
CET1 capital before regulatory adjustments	9 989 626	10 259 462
CET1 capital: regulatory adjustments		
Intangible assets	-593 701	-572 123
Cash flow hedge	-112 208	-23 447
Value adjustments due to the requirements for prudential valuation	-7 729	-6 059
Adjustment for IFRS 9 one-off effect according to transitional arrangements	55 526	111 053
Total Common Equity Tier 1 Capital	9 331 514	9 768 887
Total Tier 1 Capital	9 331 514	9 768 887
Total own funds	9 331 514	9 768 887

Specification of risk exposure amount and own funds requirements

SEK 000	2022		2021	
	Risk exposure amount	Own funds requirements	Risk exposure amount	Own funds requirements
Credit risk according to the standardised approach				
Exposures to regional governments or local authorities	1 267	101	13 441	1 075
Institutional exposure	743 553	59 484	452 488	36 199
Corporate exposure	5 297 915	423 833	3 853 039	308 243
Retail exposure	22 278 585	1 782 287	21 312 261	1 704 981
Equity exposure	919 707	73 577	305 924	24 474
Past due items	417 017	33 361	432 732	34 619
Covered bond exposure	143 729	11 498	198 903	15 912
Other items	463 325	37 066	353 427	28 274
Total credit risk	30 265 098	2 421 208	26 922 215	2 153 777
Operational risk according to the basic indicator approach	4 673 247	373 860	4 926 047	394 084
Foreign exchange risk according to the standardised approach	1 233 268	98 661	1 220 521	97 642
CVA risk according to the standardised approach	22 914	1 833	16 404	1 312
Total	36 194 527	2 895 562	33 085 187	2 646 815

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. The legal minimum requirement is 3 percent. Ikano Bank's Pillar 2 guidance from the SFSA. Regarding leverage ratio is 5.0 percent of the total exposure amount.

The leverage ratio is calculated using the Tier 1 capital as a percentage of total assets. For the Bank, the leverage ratio is 19.0 percent (21.6) as of December 31, 2022.

	2022		2021	
	SEK 000	% of total exposure measure	SEK 000	% of total exposure measure
Total exposure measure	49 137 930		45 194 682	
Tier 1 capital	9 331 512	19,0%	9 768 887	21,6%
Overall leverage ratio requirement	1 474 138	3,0%	1 355 840	3,0%

Liquidity coverage ratio

SEK 000	2022-12-31	2022-09-30	2022-06-30	2022-03-31	2021-12-31
Total high-quality liquid assets (HQLA)	4 176 751	2 864 414	3 165 421	3 383 266	4 324 565
Cash outflows	4 489 702	4 302 238	3 992 304	3 993 230	4 063 017
Cash inflows	4 923 066	2 630 472	2 642 661	2 824 474	2 524 193
Total net cash outflows	1 122 426	1 671 766	1 349 644	1 168 756	1 538 824
Liquidity coverage ratio (%)	372%	171%	235%	289%	281%

Net stable funding ratio

SEK 000	2022-12-31	2021-09-30	2021-06-30	2021-03-31	2020-12-31
Total available stable funding	41 397 863	36 694 366	39 141 720	40 196 556	36 958 727
Total required stable funding	30 307 558	28 470 481	28 716 596	28 689 887	27 286 679
NSFR ratio (%)	137%	138%	136%	140%	135%

16 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 3 percent of deposits from the public. Consequently, the liquidity portfolio shall always amount to at least 13 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. Investments in this portfolio are to have a minimum rating of AA- according to Standard and Poor's (or equivalent according to Moody's). 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. 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 4,535 m (4,465) and consists of high-quality assets, liquid in private markets and eligible as collateral with the Swedish Central Bank.

The liquidity portfolio as of 31 December 2022 totalled SEK 9,240 m (7,379) excluding overdraft facilities and constitutes 28 percent (27) of deposits from the public. It includes cash and balances with banks SEK 2,135 m (1,794), the liquidity reserve, SEK 4,535 m (4,465) and other interest-bearing securities, SEK 2,570 m (1,288). None of the assets are being utilised as collateral and no non-performing loans exist. Assets are being valued at fair value.

In addition to the liquidity portfolio, committed credit facilities for a total of SEK 1,046 m (1,051) are available.

As of December 31, 2022, the banks liquidity reserve according to the EU commissions delegated LCR-act amounted to 372 percent

(281). The measurement shows how the banks liquid assets stands in relation to the net outflow during a thirty-day period under stressed market circumstances. The statutory limit is 100 percent.

The structural liquidity measurement, Net Stable Funding Ratio (NSFR), is defined as the relation between available stable funding and the need of stable funding. For Ikano Bank the Net Stable Funding Ratio (NSFR) was 137 percent (135). A minimum requirement is 100 percent.

Additional information about the Bank's capital adequacy and liquidity risk management can be found in the latest Annual Report as well as in Ikano Banks "Capital adequacy and risk management", available on www.ikanobank.se.

Summary of liquidity reserve

2022							
SEK m	Total	SEK	EUR	DKK	GBP	Other	
Securities issued by public entities	2 594	1 786	55	343	410	-	-
Securities issued by financial corporations	503	273	230	-	-	-	-
Covered bonds	1 437	1 292	146	-	-	-	-
Liquidity reserv	4 535	3 351	431	343	410	-	-
Other operating liquidity invested in securities	-	-	-	-	-	-	-
Cash and balances in central banks and other banks	2 570	2 570	-	-	-	-	-
	2135	1 396	135	158	345	103	-
Total liquidity portfolio	9 240	7 316	566	501	754	103	-
Distribution per currency (%)	100%	79%	6%	5%	8%	1%	-
Other liquidity creating measures	-	-	-	-	-	-	-
Granted unused credit facilities	1 046	600	446	-	-	-	-

2021							
SEK m	Total	SEK	EUR	DKK	GBP	Other	
Securities issued by public entities	2 283	1 773	-	104	406	-	-
Securities issued by financial corporations	193	5	188	-	-	-	-
Covered bonds	1 989	1 402	524	63	-	-	-
Liquidity reserv	4 465	3 181	712	167	406	-	-
Other operating liquidity invested in securities	-	-	-	-	-	-	-
Cash and balances in central banks and other banks	1 288	1 288	-	-	-	-	-
	1 625	930	109	35	345	206	-
Total liquidity portfolio	7 379	5 399	820	202	751	206	-
Distribution per currency (%)	100%	73%	11%	3%	10%	3%	-
Other liquidity creating measures	-	-	-	-	-	-	-
Granted unused credit facilities	1 051	600	435	-	-	16	-

17 Related-party transactions

The Bank has related party relationships with companies within the Ikano Group and companies within the Ingka Group. Transactions with these parties are shown below. Transactions with the Ingka Group have, other than what is shown in the below table, also included a capital injection which happened before these entities was seen as related party. The companies within

the Ingka Group are seen as related parties from July 1, 2021.

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 with related parties.

kSEK	År	Sale of goods or services to a related party	Purchase of goods or services from a related party	Other (interest, dividend etc)	Receivables with related parties, December 31	Liabilities with related parties, December 31
Group companies	2022	384	-57 333	-	9 771	907
Group companies	2021	366	-47 812	-	14 150	1 216
Associated companies	2022	938	-755	9 888	938	2 630
Associated companies	2021	-	-	18 944	-	-
Other related parties	2022	252 935	-9 442	-	111 083	2 176 928
Other related parties	2021	75 059	1 524	-	39 549	1 749 237

18 Events after the balance sheet date

No significant events have occurred after the Balance sheet date.

Älmhult, Sweden, February 23, 2023

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
Chairperson

Lone Fønss Schrøder
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

Nigel Hinshelwood
Board member

Henrik Eklund
CEO