

Capital cover and Liquidity

2011-03

Ikano Bank SE
Reg no 517100-0051

IKANO
BANK

Capital Adequacy and Liquidity, Periodic information, 31 March 2011

Information regarding capital adequacy and liquidity for Ikano Bank SE, corporate identity number 517100-0051, refers to such periodic information which shall be submitted in accordance with the Swedish Financial Supervisory Authority's regulations and general guidelines regarding public disclosure of information concerning capital adequacy and risk management (FFFS 2007:5).

Capital Adequacy

For the establishment of the statutory capital requirements, the Swedish Capital Adequacy and Large Exposures Act (2006:1371) and the Swedish Financial Supervisory Authority regulations and general guidelines (FFFS 2007:1) regarding capital adequacy and large exposures apply.

The rules help to strengthen resistance to financial losses and thereby protect the bank's customers. The rules mean that the bank's capital base must cover the prescribed minimum capital requirement by a margin, which for Ikano Bank includes the capital requirement for credit risks, operational risks and currency risks. The capital requirement also includes further identified risks in the operations in accordance with the bank's capital evaluation and the requirements imposed on operations by the Board of Directors.

When estimating the capital requirement in accordance with Financial Supervisory Authority regulations, the bank uses the standardised approach for credit risks and the base indicator approach for operational risks. Ikano Bank's aim

is to ensure that the capital adequacy quota always exceeds 1.50, i.e. 50 percentage points higher than the statutory capital requirement. This buffer constitutes an additional margin which is in line with the bank's risk profile, identified risks on the basis of probability and economic effects, stress tests, anticipated lending expansion, strategic freedom of action and changes in the surrounding environment.

Supervision of the bank's capital planning forms an integral part of the work carried out on the bank's annual business plan. The plan is monitored continuously during the year and an overall risk analysis is carried out annually.

The bank has a capital base of 230 mEUR compared to the capital requirement of 142 mEUR, which means a margin of 62 percentage points. The bank therefore has very good capital adequacy which fulfils both statutory and internal requirements. The bank has no exposures to report in accordance with the Swedish Large Exposures Act.

Summary of Capital Base and Capital Requirement

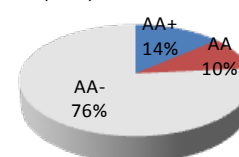
kEUR	31 March, 2011
Tier 1 capital	
Equity recognised in the balance sheet	157 428
Tax allocation reserve (73.7% thereof)	25 224
Deductions	-14 418
Total Tier 1 capital	168 234
Tier 2 capital	
Subordinated liabilities	61 690
Total Tier 2 capital	61 690
Total capital base	229 924
Capital requirement	
Capital requirement credit risk according to the standardised method	112 377
Capital requirement operational risk according to the base indicator approach	22 354
Capital requirement currency risk	7 099
Total capital requirement	141 830
Capital adequacy quotient	1,62

Liquidity

Summary of Liquidity Reserve

kEUR	31 March 2011
Cash and balances with central banks and other banks	55 678
Securities issued by public units	2 228
Securities issued by non financial companies	32 334
Securities issued by financial companies	22 324
Liquidity reserve (according to definition in FFFS 2010:7)	112 564
Securities (not included in reserve stated above)	130 231
Total liquidity reserve (according to Icano Bank's definition)	242 795
Other liquidity creating measures	
Unused credit limits	208 000

Rating for securities included in liquidity reserve FFFS 2010:7

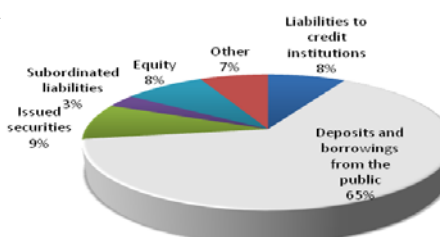


In the Swedish Financial Supervisory Authority's directives regarding managing liquidity risks FFFS 2010:7, requirements and definitions of the liquidity reserve are stated. The composition and size of the bank's total liquidity reserve is regulated by the financial policy, which is approved by the Board of Directors. The bank's total liquidity reserve will always be

at least 7.5% of deposits from the public. All securities in the reserve are issued in Swedish kronor and are of high quality. The assets are liquid in the private markets or eligible with the Riksbank. None of the assets are utilised as collateral. Valuation has been made at market value.

Summary of Funding Sources

kEUR	31 March 2011
Liabilities to credit institutions	163 034
Deposits and borrowings from the public	1 289 367
Issued securities	171 960
Subordinated liabilities	61 689
Equity	169 830
Other	143 135
Total	1 999 015



Other Information

kEUR	31 March 2011
Total assets	1 999 015
Loans to the public	1 324 177
Deposits and borrowings from the public	1 289 367
Ratio Deposits/Total assets	65%
Ratio Liquidity reserve/Deposits	19%

The long-term financing plan aims at a well-diversified funding taking into account the allocation of risks and financing costs. The bank's long-term goal ratio deposits / total assets will amount to 70%. Additional information about the bank's

capital adequacy and liquidity risk management can be found in the Annual Report for 2010, and the information on risk and capital adequacy for 2010. The documents are published on the bank's website www.ikanobank.se.