

Interim report

January - June 2009

2009

Ikano Bank SE

Registration no 517100-0051

IKANO
BANK

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Continued volume growth

– Deposits increased by 19 per cent

About Ikano Bank SE

Ikano Bank SE forms part of the IKANO group's Business Area Finance. The business area manages banking or financing operations in seven European countries. The owner of Ikano Bank SE is IKANO S.A. - with its head office in Luxembourg - whose parent company is IKANO Holding S.A.

On 2 January 2009 the European company Ikano Bank SE was formed from the former IKANO Banken AB. In connection with this the businesses IKANO Finans A/S in Denmark and IKANO Finans AS in Norway were incorporated into the new banking company where the businesses are now managed as branches of Ikano Bank SE.

Bank, Partner and Leasing

Ikano Bank SE runs banks, manages and markets sales supporting services to retailers and offers financial services such as rental and leasing to companies and organizations.

During the third quarter 2009 the bank will commence factoring services offering invoice-borrowing services to companies.

Results

The period's results amounted to 5 437 tEur. The weak global financial climate has had a

negative impact on results compared with 2008. In addition to this the results have been impacted negatively by an unrealized currency result of 702,4 tEur as a consequence of the bank having changed its accounting currency to euro.

Credit losses amount to 4.1% of average lending. A large amount of the credit losses are assignable to allocations of credit losses in the Danish branch.

Volumes

Deposits from the public have through a successful campaign increased by 120,2 mEur, which means that the volume of deposits is at 736,0 mEur. Public lending has increased on the bank's balance sheet by 256,4 mEur, of which 235,6 mEur is assignable to merged businesses, to 953,7 mEur. The total business volume has increased with 560,7 mEur to 2 442,4 mEur of which 365,0 mEur is assignable to the merged businesses in Denmark and Norway.

Forecast

The results for the second half of the year are expected to be better than the results for the first half.

Profit and loss statement

EUR '000	Not	Comparative year including merged companies			
		Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2008	Jan-Dec 2008
Operating income					
Interest income	1	52 141	35 886	53 856	112 343
Leasing income		62 634	15	55 503	112 613
Interest expense	1	-15 805	-11 897	-21 653	-47 286
Commission income		19 577	11 535	18 071	37 282
Commission expense		-5 798	-4 288	-6 854	-14 332
Net result from financial transactions		-269	-34	-25	-184
Other operating income		3 890	687	3 526	6 156
Total operating income		116 370	31 904	102 424	206 592
Operating expenses					
General administrative expenses		-31 418	-14 783	-26 697	-51 919
Depreciation and write-downs of intangible and tangible assets		-51 728	-237	-46 063	-92 973
Other operating expenses		-4 516	-2 393	-6 144	-11 905
Total operating expenses		-87 662	-17 413	-78 904	-156 797
Result before credit losses		28 708	14 491	23 520	49 795
Net credit losses	2	-21 313	-4 855	-7 730	-22 498
Operating result		7 395	9 636	15 790	27 297
Appropriations		-	-	-	-2 814
Result before tax		7 395	9 636	15 790	24 483
Tax on profit for the period		-1 958	-2 697	-4 458	-6 887
Net result		5 437	6 939	11 332	17 596

Balance sheet

EUR '000	Not	Comparative year including merged companies			
		Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2008	Jan-Dec 2008
Assets					
Loans to credit institutions		71 948	55 551	46 706	71 223
Loans to the public	3	953 707	628 903	858 415	932 937
Bonds and other interest-bearing securities		56 174	20 277	20 277	20 385
Stocks and shares		140	140	140	140
Intangible assets		2 962	1 025	2 606	2 988
Tangible assets	4	294 712	224	238 626	263 071
Current outstanding tax		1 266	317	112	-
Other assets		24 598	14 342	22 675	29 722
Deferred expenses and accrued income		3 618	2 559	8 386	3 123
Total assets		1 409 125	723 338	1 197 943	1 323 589
Equity and liabilities					
Liabilities					
Liabilities to credit institutions		307 461	1 940	320 483	346 354
Deposits and borrowings from the public		735 985	535 917	546 897	615 800
Fair value changes of hedged items in portfolio hedge of interest rate risk		1 060	-1 046	-1 046	1 080
Debt securities in issue		87 516	40 620	40 620	24 453
Current tax liability		-	-	-	162
Other liabilities		72 511	52 640	98 929	141 797
Accrued expenses and deferred income		36 255	17 937	38 113	32 441
Provisions					
Provisions for pensions		2 234	2 023	2 023	2 154
Subordinated liabilities		22 403	-	22 056	22 056
Total liabilities		1 265 425	650 031	1 068 075	1 186 297
Untaxed reserves		16 781	156	13 418	16 781
Equity					
Share capital		9 225	9 223	9 223	9 223
Statutory reserve		22 619	22 619	22 619	22 619
Fund for actual value		984	-91	-91	15
Result carried forward		88 654	34 460	73 367	71 058
Result for the year		5 437	6 939	11 332	17 596
Total equity		126 919	73 151	116 451	120 511
Total equity and liabilities		1 409 125	723 338	1 197 943	1 323 589

Statement of changes in equity capital

EUR '000

	Restricted equity capital		Non-restricted equity capital			Total
	Share capital	Statutory reserve	Fund for actual value	Result carried forward	Result for the year	
Carried forward equity capital 2008-01-01	9 223	22 619	-151	28 587	10 461	70 740
Appropriations of profits	-	-	-	10 461	-10 461	-
Merger differential	-	-	-	10 222	-	10 222
Available-for-sale financial assets						
Actual value reserve	-	-	219	-	-	219
Conversion differential branches	-	-	8	-	-	8
Tax assignable to items that are reported directly against equity capital	-	-	-61	-	-	-61
Result for the year	-	-	-	-	14 391	14 391
Total changes prior to transactions with the owners	-	-	165	20 684	3 929	24 779
Dividends	-	-	-	-4 549	-	-4 549
Lodged group contributions	-	-	-	-3 184	-	-3 184
Tax referred to group contributions	-	-	-	892	-	892
Total transactions with the owners	-	-	-	-6 841	-	-6 841
Carried forward equity capital 2008-12-31	9 223	22 619	15	42 430	14 391	88 678
Carried forward equity capital 2009-01-01	9 223	22 619	15	42 430	14 391	88 678
Appropriation of profits	-	-	-	14 391	-14 391	-
Merger differential	-	-	-	31 833	-	31 833
Available-for-sale financial assets						
Actual value reserve	-	-	7	-	-	7
Conversion differential branches	-	-	962	-	-	962
Result for the year	-	-	-	-	5 437	5 437
Total changes prior to transactions with the owners	-	-	969	46 224	-8 954	38 239
Issued shares	2	-	-	-	-	2
Total transactions with the owners	2	-	-	-	-	2
Carried forward equity capital 2009-06-30	9 225	22 619	984	88 654	5 437	126 919

Cash flow analysis

EUR '000	Jan-Jun 2009	Jan-Dec 2008	Jan-Jun 2008
Continuing operations			
Operating result	+7 395	+22 862	+9 636
Adjustments for items not included in the cash flow			
Depreciation for operating inventory	+633	+507	+273
Profit (-) at the transfer of intangible and tangible assets	-	-4	-
Increase (+) in provisions	+234	+243	+91
Increase (+) in reserves for credit losses	+18 811	+6 702	+2 250
Increase (-) in outstanding interest	+351	-1	-182
Increase (+) in interest payable	+4 013	+499	+8 467
Result from vendor company before time of merger	-	-956	-
Paid tax	-6 299	-5 517	-3 639
Cash flow from continuing operations before changes in equity capital	+25 138	+24 335	+16 896
Cash flow from changes in equity capital			
Increase (-) in loans to the public	-40 060	-124 477	-60 654
Increase (-)/decrease (+) in securities	-35 789	-693	-1 001
Increase (-) in leasing assets	-30 743	-8 610	-
Increase (-)/decrease (+) in other assets	-2 902	+3 396	+4 367
Increase (+)/ decrease (-) in deposits and borrowings from the public	+120 165	+80 640	-1 183
Increase (+)/ decrease (-) in other liabilities	+3 269	-4 980	-8 659
Cash flow from continuing operations	+39 078	-30 388	-50 233
Investment operations			
Balanced development fees	-371	-458	-273
Acquisition of operating inventory	-183	-75	0
Sale of operating inventory	-	+19	-
Cash flow from investment operations	-554	-514	-273
Financing operations			
Issued securities	+63 063	-5 359	+10 826
Borrowing credit institutions	-7 807	-3 133	-
Borrowing Group company	-89 842	+65 847	+40 937
Disbursed dividend	-	-4 549	-4 549
Disbursed group contributions	-3 184	-4 776	-4 776
Cash flow from financing operations	-37 770	+48 030	+42 438
Cash flow for the year	+754	+17 128	-8 068
Liquid funds at the start of the year	+69 523	+49 643	49 643
Funds taken over in connection with merger	+542	+2 752	-
Liquid funds at the end of the year	+70 819	+69 523	+41 575

The cash flow analysis has been drawn up in accordance with the indirect method. The disclosed cash flow only covers transactions that involve deposits or withdrawals. Short-term "lending to credit institutions" with deductions for short-term "debts to credit institutions" are defined under liquid funds.

Notes

1 Net interest income

EUR '000	Comparative year including merged companies			
	Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2008	Jan-Dec 2008
Interest income				
Loans to credit institutions	196	801	523	1 289
Loans to the public	51 582	34 632	52 729	109 951
Interest-bearing securities	218	453	454	789
Other interest income	145	-	150	314
Total interest income	52 141	35 886	53 856	112 343
Interest expense				
Liabilities to credit institutions	-7 118	-	-9 325	-20 392
Deposits from the public	-7 431	-10 680	-11 099	-24 544
Issued securities	-327	-1 215	-1 215	-2 170
Other interest expense	-929	-2	-14	-180
Total interest expense	-15 805	-11 897	-21 653	-47 286
Total net interest income	36 336	23 989	32 203	65 057

2 Net credit losses

EUR '000	Comparative year including merged companies			
	Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2008	Jan-Dec 2008
Specific provision for individually assessed loan and leasing receivables				
Write-offs for actual credit losses	-486	-2 378	-2 655	-3 671
Reversed previously made provisions for credit losses that in the accounts for the year were disclosed as established credit losses	428	-	364	528
Provision for probable credit losses	-2 339	-	-306	-769
Paid on previously established credit losses	69	-	64	137
Net cost for individually assessed loan receivables	-2 328	-2 378	-2 534	-3 775
Provision by group for individually assessed loan receivables				
Allocation/ dissolution of provision by group	-16 175	-1 214	-6 900	-18 364
Collectively assessed homogeneous groups of receivables				
Write-offs for actual credit losses	-3 458	-227	-3 605	-5 684
Paid on previously established credit losses	1 373	-	3 933	5 528
Allocation/ dissolution of provision	-725	-1 036	1 376	-203
Net cost for collectively assessed homogeneous receivables	-2 810	-1 263	1 704	-359
Net credit losses	-21 313	-4 855	-7 730	-22 498

3 Loans to the public

EUR '000	Comparative year including merged companies			
	Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2008	Jan-Dec 2008
Outstanding receivables gross	1 028 029	663 083	907 288	989 270
Less reservation for probable credit losses	-74 322	-34 180	-48 872	-56 333
Gross value entered in the books	953 707	628 903	858 415	932 937
Bad debts, loans to the public	113 819	47 432	78 474	90 483
Provisions for probable credit losses	-74 322	-34 180	-48 872	-56 333
Bad debts, net	39 497	13 252	29 602	34 150

4 Tangible assets

EUR '000	Comparative year including merged companies			
	Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2008	Jan-Dec 2008
Inventories	3 525	41	1 361	3 626
Leasing objects	291 187	183	237 265	259 445
Closing balance	294 712	224	238 626	263 071

Other information

Accounting and valuation principles

The same accounting and valuation principles have been applied in the interim report as in the annual financial report for 2008.

IKANO Banken AB (publ) was reformed on 2 January 2009 to a European company with the name Ikano Bank SE. In connection with this the bank has been allocated a new corporate identity number but is the same legal entity as previously. At the time of reconstruction to a European company the bank changed its accounting currency from Swedish crowns to Euro. The opening balance sheet in Euro has been recalculated in accordance with the exchange rate at the closing of the books that was used in the group. The comparative year has also been recalculated in Euro using this exchange rate.

The former sister companies IKANO Finans A/S in Denmark and IKANO Finans AS in Norway were merged on 2 January and are now being run as branches of Ikano Bank SE. If no other information are stated the comparative year has not been adjusted in respect of the merged businesses.

Capital cover

Information on capital cover for Ikano Bank SE refers to such periodic information which shall be submitted in accordance with the Swedish Financial Supervisory Authority's directives and general advice on the disclosure of capital cover and risk management (FFFS 2007:5)

Statutory capital requirements cover for Ikano Bank capital requirements for credit risk, currency risk and operative risk. In addition to this the bank has an internal capital assessment process in order to ensure that the bank's capital also covers other risks. Statutory capital requirements for Pillar I in accordance with the new capital cover regulations can be summarized in accordance with the following table.

Capital cover

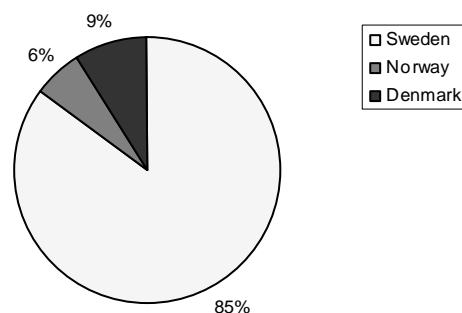
EUR '000	30 Jun 2009	31 Dec 2008
Capital base		
Equity capital, after deductions for proposed dividend	133 809	99 103
Less:		
Intangible assets	-2 962	-2 604
Primary capital	130 847	96 499
Supplementary capital	22 403	6 368
Capital base, net	153 250	102 868
Capital requirements for credit risk in accordance with standard method	78 814	53 093
Capital requirements for currency risk in accordance with standard method	6 556	-
Capital requirements for operative risk in accordance with standard method	21 483	11 916
Total capital requirements	106 853	65 009
Capital cover quota	1,43	1,58
Capital requirements		
Credit risk in accordance with standard method		
Exposure to states and central banks	-	-
Exposure to municipalities and other similar associations and authorities	-	-
Institute exposure	1 976	1 457
Corporate exposure	7 183	1 613
Household exposure	65 431	48 727
Unregulated items	2 711	972
Other items	1 513	324
Total capital requirements for credit risk	78 814	53 093
Currency risk		
Standard method	6 556	-
Total capital requirements for currency risk	6 556	-
Operative risk		
Base method	21 483	11 916
Total capital requirements for operative risk	21 483	11 916
Total minimum capital requirements	106 853	65 009

Key ratio

	30 Jun 2009	31 Dec 2008	30 Jun 2008
Business volume, mEur	2 442	1 882	1 575
Capital cover quota	1,43	1,58	1,37
Profitability on equity capital	9,9%	20,7%	19,3%
Cost/Income figures before credit losses, %	56,0%	58,3%	55,3%
Credit loss level, %	4,1%	1,4%	1,4%
Number of employees at end of period	401	253	175

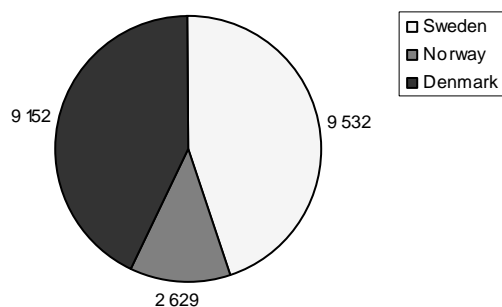
Business volume

EUR '000	30 Jun 2009
Sweden	
Deposits and loans public	1 912 659
Leasing	164 750
Norway	
Loans public	90 177
Leasing	56 516
Denmark	
Loans public	148 348
Leasing	69 922
Total business volume	2 442 372



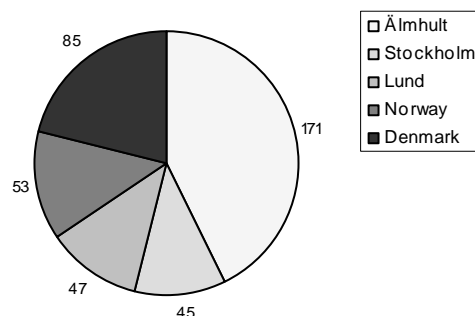
Credit losses

EUR '000	30 Jun 2009
Cost of credit losses divided into geographical markets	
Sweden	9 532
Norway	2 629
Denmark	9 152
Total cost of credit losses	21 313
Credit losses per geographical market	
Sweden	2,2%
Norway	3,9%
Denmark	8,4%
Total credit loss level Ikano Bank SE	4,1%



Number of employees

EUR '000	30 Jun 2009
Älmhult	171
Stockholm	45
Lund	47
Norway	53
Denmark	85
Total	401



Älmhult 24 August 2009

Bo Liljegen
Managing director

The interim report has not been reviewed by the bank's auditors.