

Capital cover and Liquidity

2011-09

Ikano Bank SE
Reg no 517100-0051

IKANO
BANK

Capital Adequacy and Liquidity, Periodic information, 30 September 2011

Information regarding capital adequacy 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 directives and general guidelines on the disclosure of capital cover 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 229 mEUR compared to the capital requirement of 144 mEUR, which means a margin of 59 percentage points. The bank therefore has very good capital adequacy which fulfils both statutory and internal requirements.

Summary of Capital Base and Capital Requirement

kEUR	30 Sep 2011
Tier 1 capital	
Equity recognised in the balance sheet	157 451
Tax allocation reserve (73,7% thereof)	25 224
Deductions	-14 266
Total Tier 1 capital	168 409
Tier 2 capital	
Subordinated liabilities	60 838
Total Tier 2 capital	60 838
Total capital base	229 247
Capital requirement	
Capital requirement for credit risk according to the standardised method	114 953
Capital requirements for operational risk according to the base indicator approach	22 354
Capital requirements for currency risk	6 933
Total capital requirements	144 240
Capital adequacy quotient	1,59

Liquidity

Ikano Bank SE's liquidity is handled within the framework of the bank's liquidity portfolio. The liquidity portfolio consists of balances with banks, short term loans to credit institutions and investments in highly liquid interest bearing securities, which at short notice can be realised and turned into cash. The liquidity portfolio does not contain unused credit limits. Composition and size of the bank's liquidity portfolio is regulated by the Financial Policy, which was approved by the Board of Directors. The liquidity portfolio should according to this policy always be at least 7.5% of deposits from the public of which 40% will be held as a liquidity reserve. The liquidity reserve and the excess liquidity are invested in interest bearing securities in the Swedish market.

FSA has in rules on liquidity risk management, FFFS 2010:7, introduced a definition of the liquidity reserve, which in the table below entitled "Liquidity Reserve (according to definition in FFFS 2010:7)".

The liquidity portfolio amounted to 310.3 mEUR the 30 September 2011. Of this is the

bank's liquidity reserve (according to Ikano Bank's definition) 241.1 mEUR all invested in interest-bearing securities. Of these investments are 27.4 mEUR qualified in the liquidity reserve according to definition of the Financial Supervisory Authority. These assets are liquid in private markets and refinancing with the Riksbank. None of the assets are utilized as collateral. Valuation has been made at market value.

Limits exist for the issuer in accordance with the Board's instructions. Placements have been assessed keeping a good credit quality and no doubtful debt exists.

In addition to the liquidity portfolio unused credit limits provided to a total amount of 188.5 million.

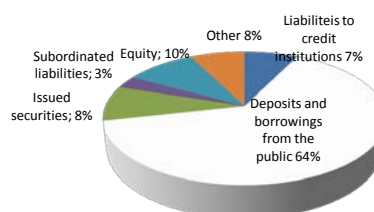
Stress test are performed regularly to ensure that the bank has procedures, processes and liquidity under conditions that deviate from normal conditions.

Summary of Liquidity Reserve

kEUR	30 Sep 2011
Cash and balances with banks	69 175
Securities issued by municipalities and other public units	5 433
Covered bonds	5 554
Securities issued by financial companies	16 427
Liquidity reserve (according to definition in FFFS 2010:7)	96 589
Securities (not included in reserve stated above)	213 696
Total liquidity portfolio	310 285
Other liquidity creating measures	
Unused credit limits	188 495

Summary of Funding Sources

kEUR	30 Sep 2011
Liabilities to credit institutions	149 319
Deposits and borrowings from the public	1 305 056
Issued securities	172 534
Subordinated liabilities	60 838
Equity	193 594
Other	152 855
Total	2 034 196



Other Information

kEUR	30 Sep 2011
Total assets	2 034 196
Loans to the public	1 279 487
Deposits and borrowings from the public	1 305 056
Ratio Deposits/Total assets	64%
Ratio liquidity portfolio/Deposits	24%

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.