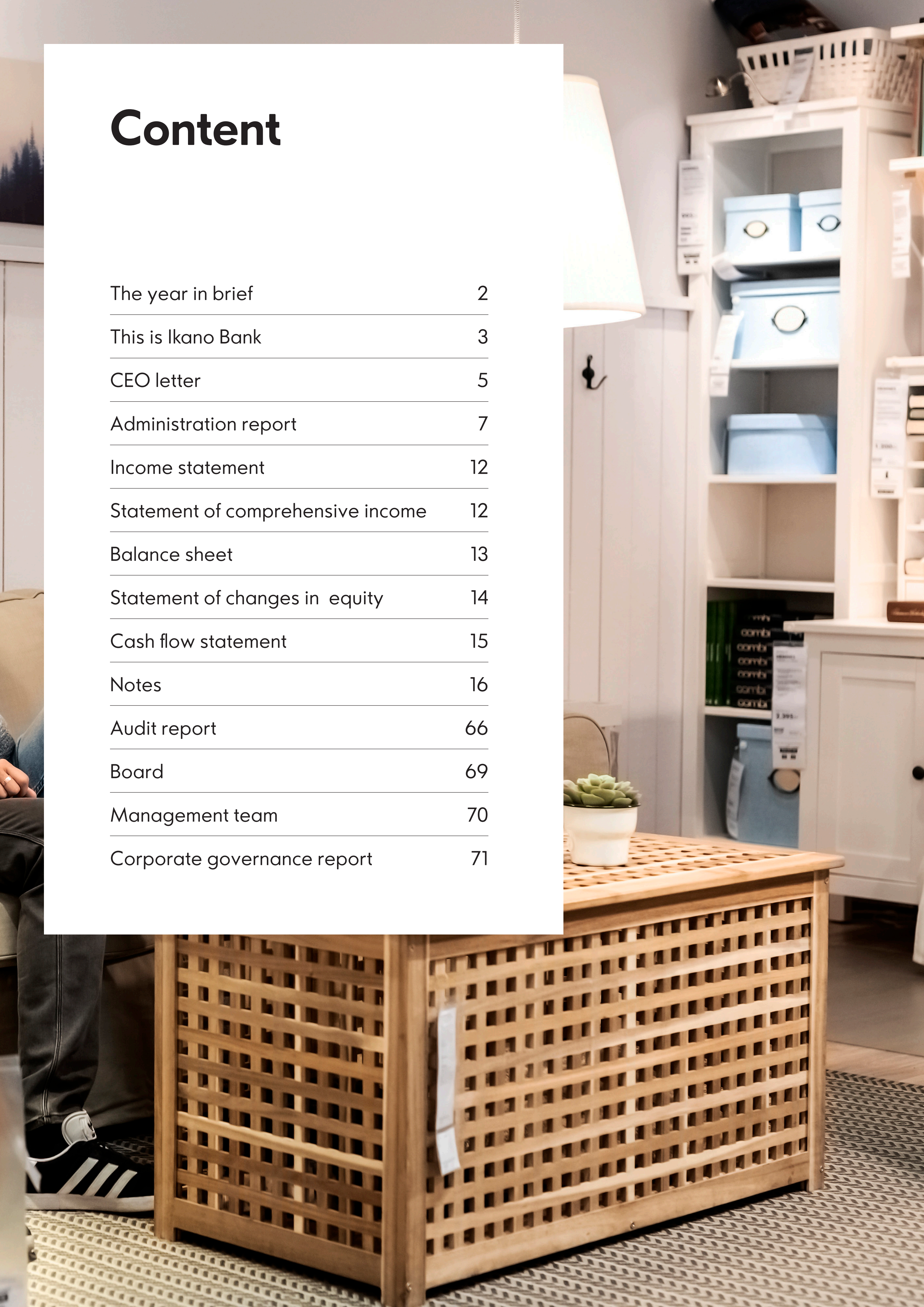
Annual Report

2021

IKANO BANK



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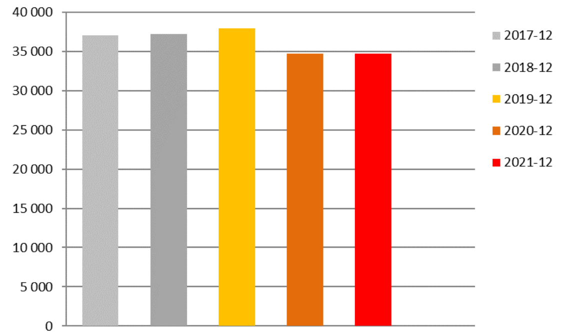
The year in brief

- Lending, including leasing, amounted to SEK 34,329 m (34,745)
- Deposits from the public amounted to SEK 26,909 m (26,223)
- Profit before loan losses decreased to SEK 303 m (799)
- C/I-ratio before loan losses was 88.6 percent (70.2)
- Operating result decreased to SEK -211 m (23)
- Loan losses decreased to SEK -496 m (-775)
- Net interest income decreased to SEK 1,695 m (1,837)
- Common equity Tier 1 ratio of 29.5 percent (17.6)
- Extensive and long-term investments made to become a fully digital sustainable bank
- In June, the Ingka Group became 49 percent part-owner in the bank
- Launched the first two products based on new technology, and one of these allows us to offer mortgages again in Sweden
- Awards such as the Fairness Award in Germany and nominated for several product awards for newly launched credit solution in the UK

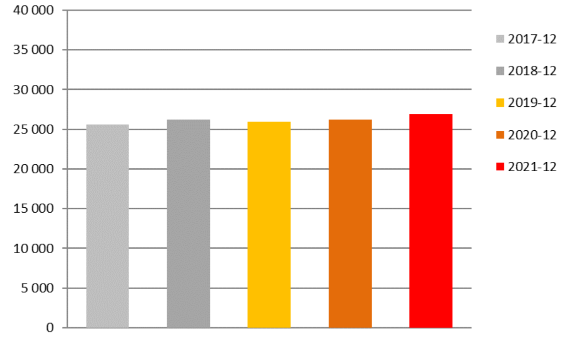
Business volume in sek billions: **61.2**

Key ratios	2021	2020
Total Capital ratio	29.5 %	17.6 %
Common equity Tier 1	29.5 %	17.6 %
Investment margin	3.9 %	4.1 %
Return on adjusted equity	-2.1 %	0.3 %
Leverage ratio	21.6 %	12.7 %
C/I-ratio before loan losses	88.6 %	70.2 %
Loan loss ratio	1.4 %	2.1 %

Lending including leasing in million sek



Deposits from the public in million sek



This is Ikano Bank

Our financing services to consumers and businesses are offered directly and indirectly via partners. We also provide savings for consumers. We operate in Sweden, Norway, Denmark, Finland, the United Kingdom, Germany, Austria and Poland.

Ikano Bank is a part of Ikano Group who owns 51 % of the Bank. Ingka Group, a strategic partner in the IKEA franchise system, operating 392 IKEA stores and 73 IKEA Shops and IKEA planning studios in 32 countries, owns the remaining 49 % of Ikano Bank.

In Ikano we are driven by a common vision and our values; working together, common sense and simplicity, and daring to be different. We work together to deliver on our promise to customers, partners and each other; everything we do should be done on fair terms.

Our vision is to create possibilities for better living for the many people.

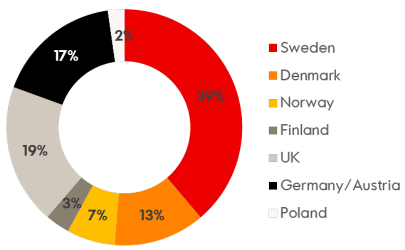
Business lines

Consumer
We offer private customers simple and smart banking services for savings and loans, such as loans for private consumption, credit cards and savings accounts.

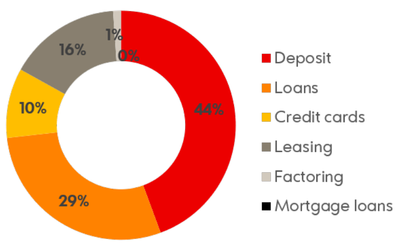
Sales finance
We offer sales supporting finance solutions, including loyalty programmes, loyalty cards and instalment payment solutions, to retail trade partners. Our services enable our partners to increase loyalty and generate additional sales, as well as offer their end-customers increased financial flexibility.

Businesses
We offer leasing and factoring services to companies through direct sales as well as via partners. Our services give customers greater financial flexibility. Our solutions enable customers to free up capital and finance their growth. In turn, our partners increase their sales.

Lending per country



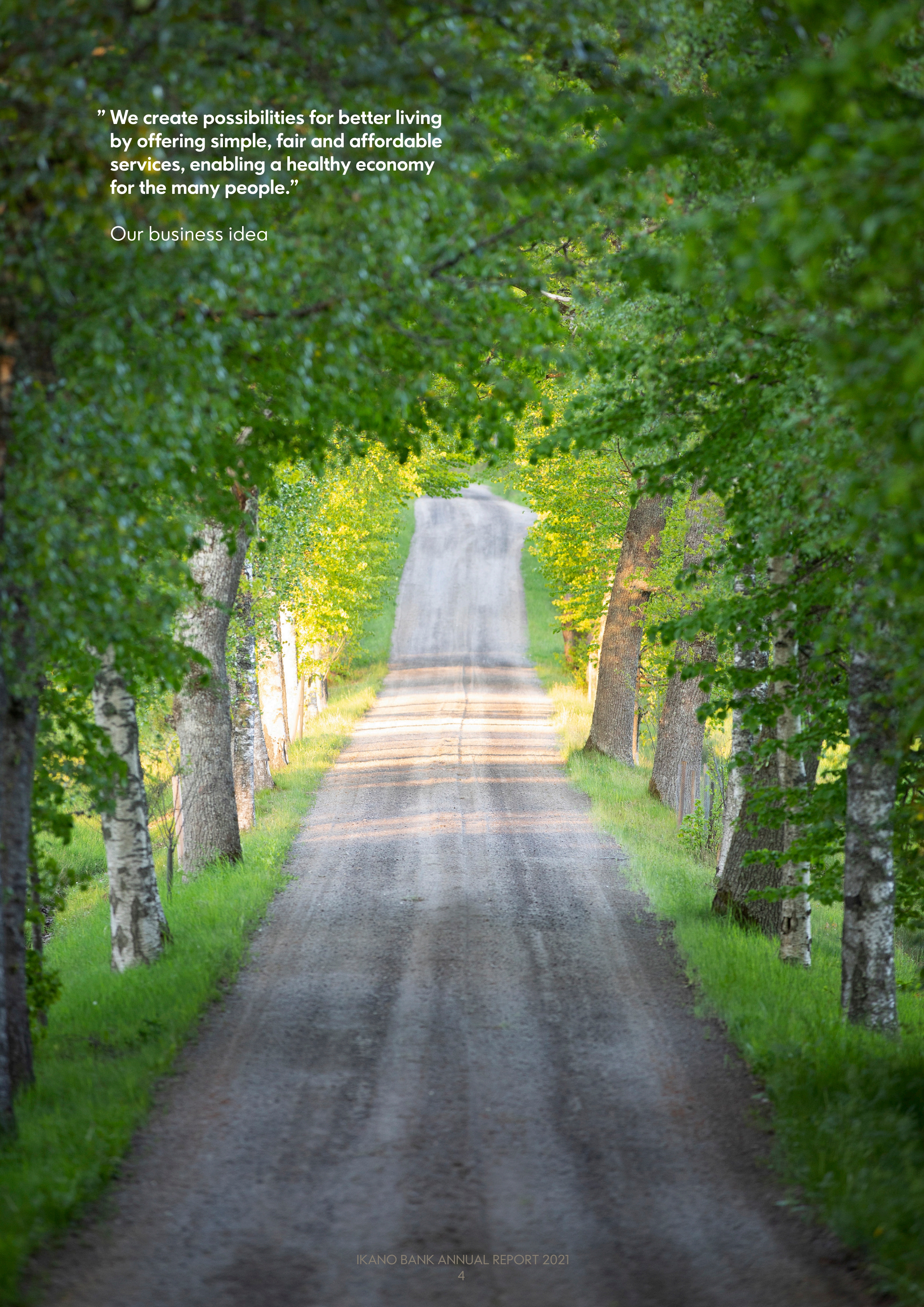
Business volume per product area



Geographic presence

” We create possibilities for better living by offering simple, fair and affordable services, enabling a healthy economy for the many people.”

Our business idea



A renewed bank in the clouds

We are on our way to become a fully digitalised sustainable bank. In 2021 we successfully launched the first two products based on new technology. The completed part-ownership by Ingka Group creates huge possibilities, and we have accelerated the transformation further. The goal is to have a new bank in place within a few years, with all local legacy systems shut down. We base our actions on a long-term strategy and perform accordingly to offer simple and fair financial solutions based on the latest technology, giving more of the many better access to financing. Thanks to our committed co-workers we have made great progress on our journey towards the future.

First launch on our new platform
Over the past year, the Bank's transformation journey has been focused on establishing and rolling out our new digital platform. The first fully digital loan product on the new platform was successfully launched in May for IKEA's customers in the UK. In 2022, the loan product will be launched in additional countries, and we continue to develop more accessible products for our B2C customers. New financial products will also be developed for our business customers in the Nordics based on new technology, to improve our offering even further.

Cooperation with IKEA Retail provides new opportunities
The Ingka Group became 49 % shareholder in June 2021, through a new share issue. The deepened cooperation with IKEA Retail, part of the Ingka Group, opens new opportunities to get closer to our customers through customised financial services, contributing to a healthy economy for more of the many people.

Financial strength and long-term thinking
During the autumn the pace of the development and transformation work at the Bank accelerated. We will thus become a fully digitalised and sustainable bank much faster and grow our sales and results in a more efficient way in all 8 markets. From 2021 and the following years, the result is burdened due to the roll out of our new bank platform whilst our legacy platform remains active. In addition, the result is affected by non-recurring items, such as write-downs of previously made IT investments.

” We are on our way to become a fully digitalised sustainable bank. In 2021 we successfully launched the first two products based on new technology.”

Through all changes the Bank has the strength of a stable underlying profitability. We continue to use our strong financial position to make acquisitions. One example is the purchase of the loan portfolio from Basisbank in Denmark, worth approximately DKK 2 billion, announced during the autumn and completed in the beginning of 2022.

Breaking new ground with mortgage offer

From autumn 2021 we have again offered mortgages to our Swedish customers. With a fully digital mortgage process we break new ground, through our part-ownership in the fintech mortgage company Borgo. Together with our partners we look forward to creating a new large digital competitor on the Swedish mortgage market.

One sustainable bank

We have set our strategic direction and a new business plan for the coming three years. In our long-term ambition for 2030 sustainability remains in the centre, where our main contribution is to enable a healthy economy for the many people and give more people the possibility to have access to financing on fair terms.

Our strategy going forward also means taking advantage of our international presence, by acting as one bank in all our countries. Work is underway to achieve economies of scale with common systems, processes and structures, and to introduce new innovative solutions to our customers in a cost-effective way.

Making it happen together

Our technical development and new products create a competitive offering for the Bank, but our real strength is the commitment of all amazing colleagues, making all this possible. Based on our values and a common vision, we create a sustainable bank for the future together.

Our transformation journey affects the entire bank, and I am proud of all the creativity and innovative power we have in our organisation. We have, for example, continued to deliver fantastic results in our over 30 agile development teams in the digital function.

In conclusion, I would like to thank all colleagues, partners, suppliers and customers for the past year. At the time of writing, we all have a great concern for the current situation in the world and it is more important than ever that we show solidarity and work together for a sustainable future.

Malmö, April 2022

Henrik Eklund
CEO, Ikano Bank AB (publ)

Administration report

The Board of Directors and the CEO of Ikano Bank AB (publ), corporate registration number 516406-0922, hereby present the annual accounts for the period from 1 January to 31 December 2021.

Owner and operating structure

Ikano Bank AB (publ) ("Ikano Bank" or the "Bank") is a limited liability company licensed to conduct banking business with registered domicile in Älmhult, Sweden, and head office in Malmö, Sweden. 51% (100%) of Ikano Bank is owned by Ikano S.A with registered domicile in Luxemburg, and since June 29 2021 49% is owned by Ingka Investments B.V. with registered domicile in Leiden, Netherlands. Originally part of IKEA, Ikano S.A. with its subsidiaries (the "Ikano Group") became a separate Group in 1988 with operations in banking, real estate, production, insurance and retail. Ikano Bank has operated its business under a banking license from the Swedish Financial Supervisory Authority since 1995 and is present in Sweden, Denmark, Norway, Finland, the UK, Germany, Austria and Poland. The foreign operations are branches of the Swedish entity. The Bank's Business in UK, after the end of the transitional period, valid from the entry into force of the Brexit exit agreement until December 31 2020, requires authorisation from the British supervisory authorities. From January 1 2021 and during the processing of the bank's British authorisation application, the bank operates under the so-called Temporary Permissions Regime in the UK.

Operations

The Bank's operations are followed up based on geographic markets; see note 4, Operating segments.

There are three business lines within the Bank's operations: Corporate, Sales Finance and Consumer.

Corporate

Within the Corporate business line financial solutions for corporate clients in the form of leasing agreements, object financing, invoice purchasing and factoring are offered. These operations are primarily conducted through partner arrangements. This business line is represented in Sweden, Denmark, Norway and Finland.

Sales Finance

Services for financing and sales support, mainly to the retail sector, are managed and marketed within the Sales Finance business line. This business line is represented in all geographic markets. The services offered comprise of consumer finance for sales support in the form of store cards and credit cards with Visa and MasterCard, loyalty cards, bonus management and information services for sales support. The largest partner within Sales Finance is IKEA Retail, part of the Ingka Group.

Consumer

The Consumer business line is aimed at private individuals and offers simple, beneficial products and services for savings and loans. The customers carry out part of the work themselves on the internet or by telephone, which enables an efficient handling whereby the Bank can offer customers cost-efficient and competitive products.

Lending is offered as unsecured loans and Visa credit cards. Lending is provided as unsecured loans and card products in Sweden, Denmark, Norway and Germany. Unsecured loans are also offered in the UK market. Deposits are offered in the Swedish, Danish, German and UK markets. The Bank offers, through an associated company, mortgages on the Swedish market.

Significant events during the year

Over the past year, the Bank's transformation journey has been focused on establishing and rolling-out our new digital platform. The first fully digital loan product was launched in May for IKEA's customers in the UK.

In June, following approvals from the Swedish FSA and relevant competition authorities, the transaction was completed where the Ingka Group through Ingka Investments B.V. acquired shares in Ikano Bank for approximately SEK 4.55 billion, corresponding to an ownership of 49%.

In October the bank agreed to purchase a loan portfolio from Basisbank in Denmark, worth approximately DKK 2 billion.

The Bank has, together with a number of partners, continued to invest in the fintech company Borgo. During the year Borgo gained authorisation from the Swedish FSA and since December 2021 has offered mortgage loans in Sweden.

Total assets and business volumes

The Bank's total assets increased during the year by SEK 914 m and amounted to SEK 43,879 m (42,965).

The Bank's equity increased by SEK 4,409 m to SEK 10,259 m (5,851), mainly due to Ingka's acquisition of new issued shares during the year.

Overall business volumes of loans to the public, deposits from the public and leasing assets increased slightly to SEK 61,238 m (60,968). The Bank's loans to the public decreased by 1 percent to SEK 24,737 m (25,031) after provisions for loan losses. The level of decrease varied across the Banks' marketswith loans to the public in Sweden and Germany decreasing the most during the year.

Leased assets held on customers' behalf decreased by 1 percent to SEK 9,592 m (9,714), mainly driven by decline in the Swedish market.

Deposits from the public increased by 3 percent to SEK 26,909 m (26,223). Deposit volumes increased in the Swedish, Danish and German market while the deposit volumes decreased in the UK. Deposits are an important part of the Bank's funding. At year-end, deposits from the public corresponded to 61 percent (61) of the Bank's total funding.

The Bank regularly obtains funding from the capital markets. The Bank's volume of issued securities decreased by SEK 2.6 bn to SEK 3.8 bn (6.4). Demand for the Bank's short-term commercial paper (CP) programme as well as for the Bank's bond programme (Medium Term Note programme) has been greater than the need as the bank has had reduced lending due to the Covid-19 pandemic as well as receiving capital from Ingkas acquisition of new issued shares. In 2021, 2 (1) new bond with maturity of three years has been issued.

The Bank's liquidity portfolio totalled SEK 7,379 m as of 31 December 2021 (6,246), which corresponds to 28.0 (24) percent of the Bank's total deposits from the public.

The Bank's development over a five-year period is reported on page 10.

Result

In 2021, the extensive transformation work continued. The pandemic and subsequent shutdowns continued to have a negative effect on the inflow of new loans, while investments in the transformation increased according to plan, both contributing to a decreased operating profit of SEK -211 m (23). However, the underlying profitability of the bank is stable and is supported by well-established financing operations.

In 2021, revenues decreased by1.1 percent to SEK 6,030 m (6,098). Costs increased with 8 percent to SEK 5,727 m (5,300). The result for 2021 was positively affected by a decrease in loan loss, SEK -280 m or 36.1 percent.

Net interest income decreased by SEK 142 m to SEK 1,695 m (1,837). The decrease is driven by a combination of lower lending volumes as well as reduced margins due to a change in product mix.

Leasing income net after depreciation decreased by 2.7 percent to SEK 466 m (479), mainly driven by volume declines in the Swedish market, while the rest of the markets made a positive contribution.

Net commission income decreased by 28.6 percent to SEK 235 m (329). The decrease is mainly explained by reduced lending commissions. Net commission income decreased in all markets.

Operating expenses, excluding deprecation on leased assets held on behalf of customers, increased by 16.2 percent to SEK 2,185 m (1,881). The increase is primarily attributable to increase cost for IT related to the transformation, but also higher depreciation of leased assets on behalf of customers.

Loan losses measured as a percentage of average total lending decreased to 1.4 percent (2.1). Net loan losses decreased to SEK 496 m (775). Loan losses in the Income statement for 2020 year were affected by provisions directly related to the Covid-19 pandemic.

Employees

Our values are the foundation of everything we do and how we create the best possibilities for our emplyees to preform and contribute to the development of the Bank. A prioritized area to keep our competitiveness and attractiveness as an employer is competence development. The Bank works continuously with competence development with in-house training as well as external online training available for all employees. Newly appointed and newly hired managers participate in Ikano's Culture and Leadership Programme. During the year an updated training for leaders about leading in change. The Bank also has a common introduction programme for all employees.

The Works Council, which is the Bank's forum for participation in transnational topics, meet regularily during the year. During 2021 the Works Council was gathered for information forums when key changesimpacting several countries were planned. The Works Council consists of elected representatives from each country, together with the CEO and the Chief People and Communications Officer.

The number of employees, based on full-time workers, totalled 1,069 (932) as an average during the year. Information regarding principles and processes relating to remuneration and benefits to key personnel can be found in note 12 General administrative expenses.

Management and Board of Directors

The Board of Directors expanded on June 29, 2021 with Krister Mattsson and Mikael Palmquist, both representatives from Ingka.

Since December 1, 2021 Niclas Olsson joined the bank as CFO and thereby became part of the Bank's management team.

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 uncertain long-term consequences. This has caused new risks and put further focus on credit risk. The pandemic forced a lock down on most of the Bank's operating markets and payment holidays were requested by a number of customers, both corporates and consumers. The customers have recovered and hence the effects are so far are marginal. Long-term impacts are more uncertain but the Bank expects to see increased actual credit losses in 2022.

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 tolerances set by the Board of Directors. The Bank's risks are monitored 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 independent risk control function is responsible for monitoring and evaluating risk management.

Credit risk is the Bank's main risk and is defined as the risk that the counterparty does not fulfil its obligations and the risk that collateral doesn't cover the receivable. Through good management of credit risk, profitability in the lending operations can be optimised.

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, human error, systems or external events. This definition also includes legal risk, but not strategic and reputational risk. The goal is to ensure effective processes and maintain a high level of security and accessibility for the Bank's customers and other stakeholders.

Business risk is the risk that the Bank's earnings deteriorate and are not sufficient to cover operating expenses. Business risk also includes reputation risk, which is the risk of financial loss due to customers, partners and/or lenders losing confidence in the Bank, its brand, or the industry as a whole, for example due to adverse publicity or periods of system stress.

In the various geographic markets in which the Bank operates, there are risk departments that report risks the Bank faces locally to the local management groups. The independent risk control function is responsible for following up and evaluating risk management and reports monthly to the Bank's management team and quarterly to the Board of Directors. The Bank's Internal Capital and Liquidity Adequacy Assessment Processes (ICAAP/ILAAP) are updated quarterly and presented to the management team and Board of Directors. Objectives and policies for the Bank's risk management are further described in note 3, Risks and risk management.

Capital adequacy and leverage ratio

The common equity Tier 1 capital ratio for 2021 was 29.5 percent (17.6), the same as the total capital ratio (17.6) with transitional arrangements related to the Day one effect of the transition to IFRS 9 applied. The transitional arrangements allow for a gradual phase-in of the accounting effect of increased credit impairment provisions in the capital adequacy.

The combined buffer requirement for Ikano Bank is made up of the capital conservation buffer and the countercyclical capital buffer and amounts to SEK 851 m as of 31 December 2021 (817).

The leverage ratio for the Bank was 21.6 percent as of 31 December 2021 (12.7) and thus above the binding minimum level for the leverage ratio of 3 percent.

For more information about the capital adequacy calculation, see note 40 Capital analysis.

Liquidity

At year-end, the Bank's liquidity coverage ratio (LCR) totalled 281 percent (256). 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 for the liquidity coverage ratio is 100 percent.

The Net Stable Funding Ratio (NSFR) is a measure of the bank's structural liquidity, defined as the ratio between available stable funding and required stable funding. A minimum requirement of 100 percent took effect in June 2021. For Ikano Bank, the Net Stable Funding Ratio (NSFR) amounted to 135 percent (107) at the end of 2021.

Corporate Governance Report

Ikano Bank's corporate governance report for 2021 is attached to this Annual Report on page 71.

Sustainability report

With support of The Swedish Annual Reports Act chapter 6, §11, the Bank has chosen to have a Sustainability Report separated from the Annual Report. Ikano Bank's sustainability report for 2021 is published on the Bank's website.

Outlook

We continue to focus on becoming a fully digitalised sustainable bank for the many people. The extensive and long-term investments being made to streamline and improve the bank's competitiveness, customer offering and sales continues. We develop the collaboration together with Ingka Group as a part-owner. Several new digital products are launched and in more markets. The uncertainty in both the macro environment, with increasing inflation and interest rates, and the geopolitical environment, will have an effect on society which will then impact our business.

Proposal appropriation of profits

The following amount is available for distribution by the Annual General Meeting (SEK):

Share premium reserve	4,479,854,913
Fund for fair value	266,489,347
Retained earnings	4,695,867,493
Net result for the year	-101,200,798
Total	9,341,010,955

The Board of Directors proposes that the profits be appropriated as follows (SEK):

To be carried forward	9,341,010,955

5-year summary

SEK m	2021	2020	2019	2018	2017
Income statement					
Net interest income	1 695	1 837	1 944	1 935	1 960
Dividends received	19	-	-	-	-
Leasing income	4 008	3 898	4 011	3 790	3 396
Net commission	235	329	357	353	328
Net gains and losses on financial transactions	17	-24	21	0	-6
Other operating income	56	58	118	152	268
Total operating income	**6 030**	**6 098**	**6 451**	**6 230**	**5 946**
General administrative expenses	-1 859	-1 631	-1 749	-1 749	-1 670
Depreciation/ amortisation and impairments of tangible and intangible assets	-3 754	-3 537	-3 624	-3 437	-3 086
Other operating expenses	-114	-131	-188	-209	-200
Loan losses	-496	-775	-702	-476	-556
Impairment of financial assets	-19	-	-	-	-
Other operating expenses	**-6 241**	**-6 075**	**-6 263**	**-5 871**	**-5 511**
Operating result	**-211**	**23**	**189**	**359**	**435**
Appropriations	97	-	281	320	-
Taxes	13	-190	-4	-137	-151
Net result for the year	**-101**	**-167**	**465**	**541**	**284**

SEK m	2021	2020	2019	2018	2017
Balance Sheet					
Cash	23	0	34	36	7
Loans to credit institutions	1 817	1 932	1 909	2 151	1 814
Loans to the public	24 737	25 031	27 661	27 289	27 799
Interest-bearing securities	5 740	4 401	4 119	3 514	3 277
Tangible assets	9 600	9 724	10 282	9 916	9 318
Other assets	1 961	1 877	1 950	1 825	1 868
Total assets	**43 879**	**42 965**	**45 956**	**44 731**	**44 082**
Liabilities to credit institutions	639	1 486	2 010	2 250	2 504
Deposits from the public	26 909	26 223	25 958	26 206	25 617
Issued securities	3 749	6 384	8 595	7 138	6 825
Other liabilities	876	793	1 003	1 000	1 128
Accrued expenses and deferred income	1 329	1 173	1 323	1 293	1 250
Provisions	118	129	160	181	170
Subordinated liabilities	-	830	865	839	820
Total liabilities and provisions	**33 620**	**37 018**	**39 914**	**38 909**	**38 314**
Untaxed reserves	-	97	97	378	698
Equity	10 259	5 851	5 945	5 444	5 070
Total liabilities, provisions and equity	**43 879**	**42 965**	**45 956**	**44 731**	**44 082**

5-year summary

SEK m	2021	2020	2019	2018	2017
Volumes					
Business volume	61,238	60,968	63,887	63,394	67,863
Change during the year	*0.4%*	*-4.6%*	*0.8%*	*-6.6%*	*6.9%*
Customer-related loans and deposits, leasing and mediated mortage loans					
Loans to the public	24,737	25,031	27,661	27,289	27,799
Change during the year	*-1.2%*	*-9.5%*	*1.4%*	*-1.8%*	*3.6%*
Deposits from the public	26,909	26,223	25,958	26,206	25,617
Change during the year	*2.6%*	*1.0%*	*-0.9%*	*2.3%*	*5.9%*
Capital					
Equity ratio 1)	23.4%	13.8%	13.1%	12.8%	12.7%
Taxed equity +78 % of untaxed reserves in relation to total assets					
Total Capital ratio	29.5%	17.6%	17.7%	17.2%	16.5%
Own funds in relation to risk exposure amount					
Common equity Tier 1 ratio	29.5%	17.6%	15.4%	14.9%	14.3%
Common Equity Tier 1 capital in relation to risk exposure amount					
Leverage ratio	21.6%	12.7%	12.1%	11.8%	10.9%
Tier 1 capital in relation to total exposure measure according to article 429.4 of the CRR					
Liquidity					
Liquidity portfolio in relation to deposits from the public	27.8%	23.8%	23.0%	21.2%	19.7%
Depostis from the public in relation to total assets	61.3%	61.0%	56.5%	58.6%	58.1%
Liquidity coverage ratio (LCR)	281%	256%	276%	191%	229%
Result					
Investment margin	3.9%	4.1%	4.3%	4.4%	4.6%
Net interest income in relation to average total assets					
Return on adjusted equity 1)	-2.1%	0.3%	2.5%	4.9%	6.2%
Operating result after standard tax rate in relation to average adjusted equity					
C/I-ratio before loan losses	88.6%	70.2%	69.6%	71.1%	66.3%
Operating expenses in relation to operating income with lease operations offset in operating income					
Return on total assets	-0.2%	-0.4%	1.0%	1.2%	0.6%
Net result as % of total assets					
Credit quality 2)					
Provision for non performing loans	67.8%	59.3%	55.6%	50.0%	48.1%
Total provision for probable loan losses in relation to non performing loans, gross					
Share of non performing loans	0.6%	0.8%	0.9%	1.5%	1.8%
Non performing loans, in relation to total loans to the public, credit institutions (excluding banks) and lease receivables					
Loan loss ratio	1.4%	2.1%	1.9%	1.3%	1.6%
Loan losses in relation to average loans to the public, credit institutions (excluding banks) and lease receivables					
Other information					
Average number of employees	1,069	932	1,067	846	901

1) Calculated according to each year's applicable tax rate.
2) Accounting and valuation are according to IFRS 9 from 1 January 2018. Previous periods are in accordance with IAS 39.

Income statement

SEK 000	Note	2021	2020
Interest income	*5*	1 952 168	2 182 414
Interest expense	*5*	-257 112	-345 546
Net interest income		**1 695 056**	**1 836 868**
Dividends recieved	*7*	19 262	-
Leasing income	*6*	4 008 280	3 898 213
Commission income	*8*	503 473	581 523
Commission expense	*8*	-268 814	-253 007
Net commission income		**234 658**	**328 516**
Net gains and losses on financial transactions	*9*	17 290	-23 828
Other operating income	*10*	55 628	58 418
Total income		**6 030 173**	**6 098 187**
General administrative expenses	*12*	-1 859 012	-1 630 887
Depreciation/amortisation and impairments of tangible and intangible assets	*23, 24*	-3 753 768	-3 537 386
Other operating expenses	*13*	-113 983	-131 407
Total expenses before loan losses		**-5 726 763**	**-5 299 680**
Profit before loan losses		**303 411**	**798 507**
Loan losses, net	*14*	-495 534	-775 469
Impairment of financial assets	*15*	-18 944	-
Operating result		**-211 068**	**23 038**
Appropriations	*16*	96 957	-
Tax expense	*16*	12 910	-190 143
Net result for the year		**-101 201**	**-167 105**

Report on total comprehensive income for the year

SEK 000	2021	2020
Net result for the year	**-101 201**	**-167 105**
Other comprehensive income		
Items that can be reclassified to net profit for the year		
Translation difference for the year, foreign branches	-8 813	-13 754
Changes in fair value through other comprehensive income	1 645	1 356
Change in loss allowance for financial assets valued at fair value via other comprehensive income	-831	2 483
Fair value changes for cash flow hedges	20 719	-9 323
Tax related to changes in translation differences for the year	-53 622	90 949
Tax related to changes in financial assets valued at fair value via other comprehensive income	-339	-205
Tax related to changes in fair value of cash flow hedges	-4 576	1 688
Other comprehensive income for the year, net of tax	**-45 816**	**73 195**
Total comprehensive income for the year, net of tax	**-147 017**	**-93 911**

Balance sheet

SEK 000	Note	2021	2020
Assets			
Cash		23 386	151
Treasury bills	*17*	2 274 319	1 796 121
Loans to credit institutions	*18*	1 817 046	1 932 483
Loans to the public	*19*	24 737 483	25 030 764
Bonds and other interest-bearing securities	*20*	3 465 763	2 605 234
Shares and participations in associated companies	*0*	95 202	20 980
Shareholdings in other comapnies	*21*	39 502	43 632
Intangible assets	*23*	572 123	493 883
Tangible assets	*24*	9 599 975	9 723 541
- Leasing assets		*9 591 641*	*9 713 802*
- Equipment		*8 334*	*9 738*
Other assets	*27*	892 173	976 555
Deferred tax assets	*16*	21 982	62 218
Prepaid expenses and accrued income	*28*	340 116	279 883
Total assets		**43 879 071**	**42 965 445**
Liabilities, provisions and equity			
Liabilities to credit institutions	*29*	638 686	1 485 643
Deposits from the public	*30*	26 909 171	26 223 293
Issued securities	*31*	3 748 933	6 383 642
Other liabilities	*32*	876 080	793 442
Accrued expenses and deferred income	*33*	1 328 871	1 172 699
Provisions		117 867	128 687
- Provisions for pensions	*34*	*37 594*	*36 957*
- Deferred tax liabilities	*16*	*50 189*	*63 987*
- Other provisions		*30 084*	*27 743*
Subordinated liabilities	*35*	-	830 357
Total liabilities and provisions		**33 619 608**	**37 017 763**
Untaxed reserves	*36*	-	**96 957**
Equity	*37*		
Restricted equity		**918 451**	**744 289**
Share capital		154 893	78 994
Statutory reserve		193 655	193 655
Fund for development expenses		569 903	471 640
Non-restricted equity		**9 341 011**	**5 106 436**
Share premium reserve		4 479 855	-
Fund for fair value		266 490	312 306
Retained earnings		4 695 867	4 961 236
Net result for the year		-101 201	-167 105
Total equity		**10 259 462**	**5 850 726**
Total liabilities, provisions and equity		**43 879 071**	**42 965 445**

Statement of changes in equity

	Restricted equity			Non-restricted equity						
					Fund for fair value					
SEK 000	Share capital	Statutory reserve	Fund for develop-ment expenses	Share premium reserve	Fair value reserve	Translation reserve	Cash flow hedge reserve	Retained earnings or losses	Net result for the year	**Total equity**
Opening balance 2020-01-01	**78 994**	**193 655**	**293 925**	**-**	**2 959**	**221 214**	**14 938**	**4 673 550**	**465 401**	**5 944 636**
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
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**3 634**	**77 195**	**-7 635**	**-**	**-167 105**	**-93 910**
Closing balance 2020-12-31	**78 994**	**193 655**	**471 640**	**-**	**6 593**	**298 409**	**7 303**	**4 961 237**	**-167 105**	**5 850 726**
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**
Appropriation of profits	-	-	-	-	-	-	-	-167 106	167 106	-
Change in fund for development expenses	75 899	-	98 264	-	-	-	-	-98 264	-	-
New share issue	-	-	-	4 479 855	-	-	-	-	-	**4 555 754**
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**	**4 408 736**
Closing balance 2021-12-31	**154 893**	**193 655**	**569 903**	**4 479 855**	**7 068**	**235 974**	**23 447**	**4 695 867**	**-101 201**	**10 259 462**

Cash flow statement

SEK 000	2021	2020
Operating activities		
Operating result	-211 068	23 038
Of which interest paid	*-257 112*	*-345 546*
Of which interest received	*1 952 168*	*2 182 414*
Adjustment for non-cash items	**4 085 695**	**5 354 414**
Depreciation /amortisation	3 753 768	3 537 386
Loan losses	848 452	1 216 346
Other adjustments	-434 435	512 605
Income tax paid	-82 090	88 076
Cash flows from operating activities before changes in working capital	**3 874 627**	**5 377 453**
Cash flows from changes in working capital	**-3 857 423**	**-2 382 963**
Changes in loans to the public	280 766	292 984
Changes in securities	-1 337 081	-279 984
Changes in deposits from the public	144 703	1 031 538
Changes in leasing assets	-3 221 526	-3 214 089
Changes in other assets	154 763	95 106
Changes in other liabilities	120 953	-308 519
Cash flows from operating activities	**17 204**	**2 994 489**
Investing activities		
Sale of financial assets	10 235	-
Investment in financial assets	-71 788	-8 534
Received dividend	318	-
Change of intangible assets	-287 025	-254 443
Sale of tangible assets	-	-4 007
Acquisition of tangible assets	-1 535	-1 542
Cash flows from investing activities	**-349 795**	**-268 526**
Financing activities		
Issuance of interest-bearing securities	1 150 000	1 530 000
Repayment of interest-bearing securities	-3 786 000	-3 744 000
Borrowing from credit institutions	-892 415	-434 191
Amortisation of subordinated liabilities	-830 357	-
New share issue	4 555 753	-
Cash flows from financing activities	**196 980**	**-2 648 191**
Cash flow for the year	**-135 611**	**77 774**
Cash and cash equivalents at beginning of the year	1 919 367	1 921 393
Exchange rate difference in cash and cash equivalents	47 242	-79 799
Cash and cash equivalents at the end of the year	**1 830 999**	**1 919 367**

Additional information about change in liabilities from financing activities

SEK 000	2021-01-01	Cash flows	Foreign exchange movement	2021-12-31
Certificates of deposits	1 129 206	-979 231	-	149 976
Bonds	5 254 435	-1 655 478	-	3 598 958
Borrowing from credit institutions	1 472 376	-892 415	49 291	629 251
Subordinated loans	830 357	-830 357	-	-
Total liabilities from financing activities	**8 686 374**	**-4 357 481**	**49 291**	**4 378 184**

All of the above liabilities in the financing activities are valued at amortised cost

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 1,840 m (1,933), with deductions for current liabilities to credit institutions SEK 9 m (13). Cash and cash equivalents include blocked funds of SEK 169 m (0).

Notes

1 General information

The annual report is made for Ikano Bank AB (publ), corporate registration number 516406-0922, as of 31 December 2021. Ikano Bank is a limited liability banking company with registered office in Älmhult. The head office is located in Malmö with the address Hyllie Boulevard 27, 200 49 Malmö, Sweden. The Bank operates under a banking license from the Swedish Financial Supervisory Authority to carry out banking business in accordance with the law on banking and finance.

The income statement and balance sheet are subject to approval at the Annual General Meeting which will be held by 25 March 2022 at the latest.

Parent company of the Bank is Ikano S.A. with corporate registration number B87.842. The address of the parent company is: 1, rue Nicolas Welter L-2740 Luxemburg. Ikano S.A. prepares the consolidated financial statements for the Group in which the Bank is a subsidiary.

2 Accounting principles

The annual report is prepared in accordance with the Annual Accounts Act (1995:1559) for credit institutions and securities companies (AACS), the Financial Supervisory Authority and general advice on Annual Reports in credit institutions and securities companies (FFFS 2008: 25), as well as the Swedish Financial Reporting Board's recommendation, RFR 2, Accounting for legal entities. On this basis, the Bank applies statutory IFRS. This refers to standards adopted for application with the limits and possibilities for exceptions imposed by RFR 2 and FFFS 2008:25. This means that all EU-endorsed IFRS and statements, to the extent possible, within the framework of ÅRKL, RFR2 and FFFS2008:25 have been applied. The following accounting principles have been applied consistently to all periods presented in the financial statements, unless otherwise stated.

Ikano Bank applies the exemption rule for legal entities regarding IFRS 16 in RFR 2.

The accounting currency of Ikano Bank is Swedish kronor (SEK) and all amounts reported in the financial statements are in Swedish kronor, rounded to the nearest thousand (SEK 000) unless otherwise stated.

Basis for valuation in the preparation of the Bank's financial reports

Assets and liabilities are reported at historical acquisition cost. Financial assets and liabilities are measured at the amortised cost, except for certain financial assets and liabilities measured at fair value or historical acquisition cost.

Financial assets and liabilities reported at fair value are:

- Derivatives
- Financial instruments classified as financial assets or liabilities at fair value through profit and loss
- Financial assets classified at fair value through other comprehensive income

Financial assets valued according to acquisition cost, adjusted for write-downs, are:

- Shares and participations in associated companies

Foreign branches

The Bank has six foreign operations that are operated as branches. The functional currencies of these foreign entities are Danish kronor, Norwegian kronor, British pounds, Euros and Zloty. Translation of income statements and balance sheets for the foreign branches is done from the foreign branch's functional currency to Swedish kronor. Assets and liabilities are valued at closing rate. Revenues and expenses are translated at the period's average exchange rate. The resulting translation differences are reported in other comprehensive income.

Transactions in foreign currencies

Transactions in foreign currencies have been translated into the functional currency based on the exchange rate on the transaction date. Monetary assets and liabilities in foreign currencies have been translated into the functional currency using the exchange rate on the balance sheet date. Non-monetary assets and liabilities that are reported at acquisition cost are translated to the prevailing exchange rate on the transaction date. The resulting exchange rate differences are reported in the income statement within Net gains and losses on financial transactions.

Assessments and estimations in the financial reports

In order to prepare the financial reports in accordance with IFRS rules, as limited by statutes, the company's management must make assessments and estimations, and also make assumptions that affect the application of the accounting principles and the reported amount of assets, liabilities, income and expenses. Estimates and assumptions are based on historical experience and various other factors, which under current circumstances seem reasonable.

The Bank's management has taken into consideration the development of, and information regarding, the Bank's important accounting principles and taken a position on the selection and application of these. No significant changes in the main assessments and estimations have been made compared to 31 December 2020. Significant assessments related to these estimations are detailed in this note as well as note 3, Risks and risk management, Credit risk.

Provisions for future loan losses

Credit impairment provisions are made based on IFRS 9 which is built on a forward-looking model with expected loan losses from the time of origination of the asset based on the credit risk of the financial asset. Credit loss provisions are also made for all financial instruments based on changes in credit risk since the first reporting date. Assets measured at amortised cost and fair value through other comprehensive income as well as credit commitments are also covered by loan loss models in accordance with IFRS 9.

Models and assumptions applied in the provisioning for future loan losses are regularly checked by the Bank's independent function for risk control.

For a detailed description of the Bank's principles for credit impairment provisioning see section New Loan Losses and impairment of financial instruments as well as note 3 Risks and risk management.

New IFRS and interpretations implemented

New and amended standards and interpretations with effect from 1 January 2021 are not considered to have had any significant effect on the bank's financial position, results or disclosures for 2021.

Since Ikano Bank today applies the exception rule in RFR 2 for legal entities, temporary reliefs in IFRS 16 regarding rental discounts as an effect of the pandemic have not affected Ikano Bank's financial reports. The exception rule allows legal persons to report financial leases in the income statement and balance sheet as if they were operational leases. In 2020, relief rules were also introduced in RFR 2 concerning accounting impact of discounts granted as aa result of the Covid-19 pandemic. The Bank have not applied the relief rules. Nor are other news assessed to have a significant impact on the bank's financial reports in 2021 or later.

The bank applies the changes make in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 regarding the Interest Rate Benchmark Reform Phase 2 starting from January 1 2021.

The changes in phase 2 include practical relief rules in the accounting when a financial instrument which referrers to an interest rate benchmark which have been replaced with an alternative interest rate benchmark. If the future contractual cash flows for a financial asset or financial liability valued to amortised cost is changed following a change in interest rate benchmark the bank will update the effective rate in order to reflect this. Changes made in identified hedges and hedge documentation due to change in interest rate benchmark is allowed without needing to close the hedging relationship. See more information in note 39.

The changes have been applied retroactively. The bank has chosen to not recalculate the comparative figures, according to the transition rules. The bank had no transactions which were affected by the interest rate benchmark reform as of December 31, 2020, which is why no effects on the opening balances in equity have been reported.

The changes do not have any material effects on the bank's financial position, result, cash flow or disclosures.

New IFRS and interpretations not yet implemented

New or amended standards and interpretations that only enter into force in the coming financial year have not been applied prematurely in the preparation of these financial statements.

IFRS 17 Insurance contracts was approved by the EU in November 2021 and should be applied starting January 1, 2023. This standard is not expected to have any material effect on the banks result and financial position. No other new or amended IFRS standards or interpretations or changes in Swedish regulations issued but not yet applied are not expected to have a material effect on the Group's financial position, results, cash flow or disclosures.

Segment reporting

Ikano Bank carries out its operations based on seven operating segments coinciding with the geographic markets: Sweden, Denmark, Norway, Finland, UK, Germany/Austria and Poland. Each segment is internally reported on a monthly basis to the Bank's management team and Board of Directors.

The business in Denmark, Norway, Sweden and Finland offers financing solutions to corporate customers with leasing in all four operating areas, as well as factoring in Sweden. In Sweden and Norway Ikano Bank also offers corporate cards via partners. In addition, the operations in Sweden, Denmark, Germany and UK offer loan and savings products to private individuals. Loan products to private individuals are also offered in Norway and Poland. All segments offer sales supporting financing to retailers in the form of credit cards and loan products to consumers.

The operating segments are monitored on the basis of operating results. Income and expenses are attributed directly to the operating segments to which they relate or are distributed based on affiliation. Central expenses that have not been allocated are reported under the Common functions and consist primarily of other expenses. Eliminations relate primarily to the borrowing and lending between the central Treasury function and the segment, IT services and other administrative services. Pricing of internal interest rates is determined based on the Bank's actual cost of funds, administration and financial risk. For IT services and other administrative services, pricing is based on actual costs.

Income

Revenue recognition takes place for interest in accordance with IFRS 9, for leasing in accordance with IFRS 16 and RFR 2 and for commissions in accordance with IFRS 15.

Interest income and expenses

Interest income on receivables and interest expenses on liabilities are calculated and reported using the effective interest method. The effective interest rate is the interest rate applied to ensure that the present value of all estimated future payments received and made during the expected fixed interest rate period are equal to the reported value of the receivables or liabilities.

Interest income and interest expenses include, when applicable, fees received, allocated over a period, which are taken into account in the effective interest rate, transaction costs and other differences between the original value of the receivable or liability and the amount settled on maturity. Interest expenses include direct transaction costs allocated over a period of time.

Income from commissions and fees

Income not treated as interest is included here and consists primarily of services, commissions and fees related to leasing, payment settlements, clearing transactions and account administration. Income from commissions and fees is reported in line with IFRS 15. Income is reported when the performance commitment or commitments are fulfilled by performing the promised service. The income can be reported at a given time, for example payment commissions, or over time as the service is performed, for example brokerage commissions.

Estimated variable remuneration is only included to such an extent that it is very probable that a material reversal of accumulated income that is reported does not arise when the uncertainty associated with the variable remuneration subsequently ceases.

Commission expenses

Commission expenses are reported as costs for services received, such as the cost of credit information and the cost of cards and transactions to the extent that they are not to be regarded as interest. Transaction costs that are taken into account when calculating the effective interest rate are not reported here.

Net result from financial transactions

The item Net result on financial transactions includes the realised and unrealised changes in value arising due to financial transactions. Net result on financial transactions consists of:

- realised results from financial assets measured at fair value through other comprehensive income
- credit impairment provisions for financial assets measured at fair value through other comprehensive income
- realised and unrealised changes in the value of derivatives which are economic hedging instruments but where hedge accounting is not applied
- unrealised changes in fair value of derivatives where hedge accounting to fair value is applied
- unrealised changes in fair value of a hedged item in relation to a hedged risk in hedging of fair value
- the ineffective portion of value changes in hedging instruments in cash flow hedges
- exchange rate fluctuations

Classification of leasing agreements and reporting of leasing income

Leases are classified as operating leases or financial leases based on an assessment of the economic substance of the contractual agreements. If the economic substance of the contractual agreement is that the contract involves financing of an acquisition or an asset, the contract is classified as financial. If the economic substance of the contract is equivalent to a rental contract, the lease is classified as operational. The main factor in assessing the economic substance of the contract is an assessment of whether the risks and economic rewards associated with the tangible asset are essentially transferred from the lessor to the lessee. All leases at the Bank have been classified as financial leases.

Financial leases are reported in the income statement and balance sheet as if they were operating leases, in accordance with the regulations in RFR2. In the item Leasing income, leasing income is reported gross, i.e. before depreciation according to plan. Depreciation according to plan is distributed over time and reported according to the annuity method over the term of the lease contract (see also depreciation principles under Tangible assets).

Taxes

The company’s income tax comprises current and deferred tax. Income tax is reported in the income statement except where the underlying transaction is reported directly in other comprehensive income or equity.

Current tax is the tax payable or refundable for the current year, using tax rates that have been established on the balance sheet date. This also includes the adjustment of current tax attributable to previous periods.

Deferred tax is calculated based on temporary differences between reported and fiscal values on assets and liabilities. The valuation of deferred tax is based on how the underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated at the tax rates and in accordance with the tax legislation established per the balance sheet date.
Deferred tax assets regarding deductible temporary differences and deficit deductions are only reported to the extent that it is likely that these will result in lower tax payments in the future. The value of deferred tax assets is reduced when it is no longer probable that they can be utilised.

Tax on net result for the year includes current tax, deferred tax and tax for previous years.

Financial instruments

Financial instruments reported in the balance sheet on the assets side include loans receivable, accounts receivable, accrued income, interest-bearing securities, stocks and shares as well as derivatives. Among liabilities and equity there are deposits, accounts payable, loan liabilities, issued securities and derivatives.

Recognition and derecognition in the balance sheet

A financial asset is reported in the balance sheet when the Bank becomes a party to the commercial terms and conditions of the instrument.

A financial asset is removed from the balance sheet when the rights in the agreement are realised, expire or the company loses control over them. A financial liability is removed from the balance sheet when the obligation arising from the agreement has been met or has ceased for other reasons.

A financial asset and a financial liability are offset and reported with a net amount in the balance sheet only when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability.

The acquisition and sale of a financial asset is reported on the transaction date, which is the date on which the company commits to acquiring or selling the asset. Loan commitments are not reported in the balance sheet. Loans are reported in the balance sheet when the loan amount is disbursed to the borrower.

Classification and measurement

A financial instrument is classified at the time of acquisition based on the classification rules of IFRS 9. The classification determines how the financial instrument is measured after its initial recognition.

According the classification and measurement rules in IFRS 9, financial assets are measured at fair value through profit and loss, fair value through other comprehensive income or at amortised cost. Classification of financial assets is determined based on the business model for holding financial assets and to the extent underlying contractual cash flows consist solely of payments of capital amount and interest on the outstanding principle amount. Ikano Bank classifies all financial assets at amortised cost, except for financial assets in the Bank's liquidity portfolio which are classified as financial assets measured at fair value through other comprehensive income.

On the asset side equity instruments are measured at fair value through profit and loss, as long as Ikano Bank does not choose to recognise such instruments at fair value through other comprehensive income at initial recognition. Ikano Bank follows the main rule for existing equity instruments in scope for IFRS 9, i.e. measurement at fair value through profit and loss.

Ikano Bank classifies financial liabilities into two categories: Financial liabilities at fair value through profit or loss and Financial liabilities at amortised cost. Financial liabilities are measured at amortised cost unless initially identified as measured at fair value through profit or loss or when this results in more relevant information. Financial liabilities held for trading or which are designated as such at initial recognition are classified as liabilities to be measured at fair value through profit or loss. Derivatives are always treated as held for trading and are therefore classified as liabilities to be measured at fair value through profit or loss. Other financial liabilities in the balance sheet are valued at amortised cost.

Financial assets measured at amortised cost

A financial asset shall be measured at amortised cost if the following two conditions are met:

- The financial asset is held within a business model whose object is to hold financial assets in order to collect contractual cash flow.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In the balance sheet these assets are represented by the items Cash, Loans to credit institutions, Loans to the public as well as Accrued income and Other assets. These assets are measured at amortised cost. Amortised cost is determined based on the effective interest rate at the time of acquisition. Credit impairment provisions in line with IFRS 9 are recognised in profit and loss under Credit losses, net.

Financial assets measured at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if the following two conditions are met:

- The financial asset is held in within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The category Financial assets measured at fair value through other comprehensive income includes interest bearing securities, i.e. Treasury bills, Bonds and other interest bearing securities. Assets in this category are measured at fair value continuously with changes recognised in other comprehensive income and accumulated in the Fund for fair value in equity.

Credit impairment provisions according to IFRS 9 on interest bearing securities are recognised in profit and loss under Net result on financial transactions. Changes in value related to exchange rate differences on monetary items (interest bearing securities) are recognised in profit and loss. At the point of sale of the asset accumulated profit or loss, which previously was recognised through other comprehensive income, is recognised in profit and loss.

Financial assets measured at fair value through profit and loss

A financial asset shall be measured at fair value through profit and loss if the conditions for classification at amortised cost or at fair value through other comprehensive income are not met.

Financial assets and liabilities held for sale are always classified at fair value through profit and loss, as well as financial assets that are managed and performance is evaluated based on fair value. Ikano Bank has no financial assets that are managed and where performance is evaluated based on fair value.

This category includes interest – and foreign exchange swaps for which hedge accounting is not applied as well as equity instruments. Financial instruments in this category are measured continuously at fair value with changes recognised in profit and loss.

Financial liabilities measured at amortised cost

This category is constituted of liabilities to credit institutions, deposits from the public, issued securities, subordinated liabilities as well as other financial liabilities. Other financial liabilities are mainly related to other liabilities and accrued expenses. The liabilities are measured at amortised cost.

Loan commitments and unused credit

Loan commitments refer to a unilateral commitment to provide a loan with predetermined conditions such as the interest rate, in which the borrower can choose to accept the loan.

Non-utilised credit refers to credit facilities granted to our customers. All approved unused credit card accounts can be terminated effective immediately to the extent this is permitted under the Consumer Credit Act. Granted irrevocable loan commitments are valid for a limited time period. Loan commitments and unused credits are not reported in the balance sheet. Loans are reported in the balance sheet when the loan amount is disbursed to the borrower. Credit impairment provisions according to IFRS 9 are recognised in profit and loss under the item Net credit losses as well as in the balance sheet under provisions.

Derivatives

Derivatives are used to hedge the risk of interest rate and currency exposures that the Bank is exposed to. The derivatives that the Bank uses are interest-rate swaps to manage interest rate risk, and currency swaps to hedge the Bank's exposure to exchange rate fluctuations.

Derivatives are initially and subsequently measured at fair value in the balance sheet. If hedge accounting is not applied, changes in value are reported in the income statement and derivatives are categorised on the basis of the provisions of IFRS 9 as holdings for trading purposes, even in the case that they financially hedge risk, but where hedge accounting is not applied. If hedge accounting is applied, changes in value of the derivative and the hedged item are reported as described below.

Hedge accounting

The Bank applies hedge accounting in accordance with IFRS 9 for cash flow hedges as well as IAS 39 for portfolio hedges to fair value in those cases where the income effect would be misleading if hedge accounting was not applied. For the Bank's hedging relationships, hedging is applied at fair value hedge (portfolio hedge) and cash flow hedge.

Fair value hedge

Fair value hedges are recognised according to IAS 39. If an instrument is used for fair value hedge, the derivative is recognised at fair value in the balance sheet and the hedged asset or liability is recognised at fair value with view to the hedged risk. Changes in fair value of hedging instruments and hedged items with respect to the hedged risk are reported in the income item, Net gains and losses on financial transactions.

Hedging instruments consist of interest rate swaps to hedge interest rate risk. Those items that are hedged, and where hedge accounting is applied, are fixed rate deposits (portfolio hedging). The hedged risk is the risk of changes in fair value due to interest rate fluctuations.

The portfolio method applied for hedge accounting of fixed rate deposits means that the deposits are distributed in different time intervals based on expected maturity dates. In each time span, an appropriate amount is allocated to hedging based on the Bank's risk management strategy. An efficiency test of the hedge relationships is performed every month by comparing the change in fair value of the hedged instrument with the change in fair value of the hedged amount in relation to the hedged risk in each time period. If the hedging relationship is discontinued and the hedged item no longer appears on the balance sheet, the previously reported value adjustment of the hedged item is immediately posted to the result. The need for fair value hedges is assessed on an ongoing basis. The Bank has not had any fair value hedges for the reporting period.

Cash flow hedge

Cash flow hedging is recognised according to IFRS 9 and recognised as a hedging relationship only if the requirements for hedge accounting are fulfilled, i.e. the following criteria are met:

- The hedging relationship consists only of eligible hedging instruments and hedged items.
- At the inception of the hedge relationship, formal identification and documentation are in place of the hedge relationship as well as the Bank's objective and strategy for risk management regarding hedging. Documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged as well Ikano Bank's assessment whether the hedging relationship meets the hedge effectiveness requirements (including analysis of potential sources of ineffectiveness and how the hedge ratio is determined).
- The following effectiveness requirements are fulfilled for the hedge relationship:
    - There is an economic relationship between the hedging instrument and the hedged items.
    - The credit risk effect does not dominate value changes that result from the economic relationship.
    - The hedge ratio is the same as the quantity of the hedged item and hedging instrument that the entity actually uses for hedging purposes.

Cash flow hedging can be applied for borrowings at variable rates as the hedged risk is the uncertainty in future interest cash flows. For hedging, interest rate swaps are used. Interest rate swaps are measured at fair value in the balance sheet. In the income statement, accrued and paid interest is reported as interest expense and other changes in value of interest rate swap are recognised in other comprehensive income and accumulated in the fair value reserve in equity to the extent that the hedge has been effective until the hedged item affects profit or loss. All the ineffectiveness of the hedge is recognised in the income statement in Net gains and losses on financial transactions.

If a hedging relationship no longer fulfils the requirements on hedge effectiveness regarding the hedge ratio, but the objective for risk management for the identified hedging relationship remains the same, Ikano Bank shall adjust the hedge ratio to the extent that it fulfils the qualifying criteria again, called rebalancing according to IFRS 9.

If hedge accounting is discontinued, but the hedged cash flow is still expected, the fair value of the hedging-instrument is accrued and accounted in other comprehensive income and accumulated in the fair value reserve until the hedging relationship last met the criteria for hedge accounting, over the period that the expected cash flow is expected to affect profit or loss.

If the hedging is cancelled but the hedged cash flow is no longer expected, the unrealised changes in value of the derivative recognized in other comprehensive income and accumulated in the fair value reserve are recycled to the profit and loss.

Methods for determining fair value

Below is a summary of methods for determining fair value.

Financial instruments listed on an active market

For financial assets that are listed on an active market, the actual value is determined by the asset's listed bid price on the balance sheet day. A financial instrument is considered to be listed on an active market if the listed prices are easily available on an exchange or with a broker, and if these prices represent actual and regularly occurring market transactions under professional business conditions. For financial liabilities, the actual value is based on the listed offer price. Information about fair value reported in the balance sheet based on prices from an active market (level 1) is provided in note 37, Financial assets and liabilities.

Financial instruments not listed on an active market

If the market for a financial instrument is not active, valuation techniques are used to determine fair value. The input data used in valuation techniques are based, to the extent possible, on market information.

The fair value of derivative instruments is calculated using established valuation techniques and observable market interest rates.

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. Information about fair value that is reported in the balance sheet is based on valuation techniques provided in note 37, Financial assets and liabilities. The Bank's valuation of derivatives at fair value is solely based on input data that is directly or indirectly observable in the market.

Instruments that are not listed on an active market can be found in the balance sheet items Treasury bills, Bonds and other interest-bearing securities, Shares and participations in associated companies, Ownership interests in other unlisted companies, Deposits from the public and Other liabilities (derivatives).

Loan losses and impairment of financial instruments

Credit impairment provisions are made based on IFRS 9, which is based on a forward-looking expected loan loss model in which a provision is made already when new loans are granted, based on the financial asset's credit risk.

Assets measured at amortised cost and fair value through other comprehensive income as well as unused credit limits are in scope for impairment requirement.

A key term of impairment regulations is default which for the Bank is defined as those instruments with indications that the borrower is unlikely to fulfil his payment obligations or where those payment obligations are more than 90 days past due. The timing of when an exposure is declared in default because of days past due differs across Ikano Bank’s markets but is never later than 90 days. Following the settlement of payment obligations more than 90 days past due, the instrument is classified as in default a further 90 days before it can be classified as performing if no other deviations are observed. Rules of 90 day quarantine is related to moves from both stage 2 and 3.

No model changes with a material effect on the result have been made during 2021. The increase in loan loss reservations made in 2020 due to the pandemic and to cover payment respites given during the pandemic, have not changed during the year.

Financial assets measured at amortised cost

Financial assets that are subject to the impairment requirement need to be divided into three stages. The credit loss model makes provisions for 12 months expected loan losses for the majority of the portfolio (stage 1) but requires provisions corresponding to the remaining lifetime of financial instruments where a significant increase in the credit risk has occurred since the initial recognition (stage 2) and for credit impaired financial instruments (stage 3), i.e. exposures in default.

The Bank has chosen to apply paragraph 5.5.10 in IFRS 9 regarding financial assets subject to low credit risk exemption for loan commitments not paid out as these remain open for disbursement for a limited time. As a consequence, these exposures are classified as stage 1, if no other assessment is made on the balance sheet date.

The Bank’s criteria for identification of a significant increase in credit risk are a combination of relative changes and thresholds in probability of default. Ikano Bank has chosen a doubling of probability of default from initial recognition to balance sheet date. Qualitative factors not reflected in the models can, as an exception, also be applied to identify an increase in credit risk for customers within the Corporate segment, for example customer information made available to the Bank through contact with the customer or other stakeholders. In addition, financial instruments past due for more than 30 days are regarded to have had a significant increase in credit risk. This applies to all portfolios and instruments not in scope for paragraph 5.5.10 in IFRS 9 in line with comments above.

Models for assessing the probability of default and consequently a significant increase in risk are constructed per market and segment based on the Bank’s instrument specific information and attributes. To a certain extent external attributes are also used; mainly for the Corporate segment but also for some parts of the Consumer segment. Models to predict the probability of default have been complemented with additional statistical models to calculate expected credit loss. Depending on the stage, expected loss is calculated with either a 12 months or lifetime horizon. For lifetime calculations, models have been based on internal historically available data indicating how portfolios and their risk components have developed. Calculations include also a forward looking component adjusting the model based on the macroeconomic situation in the respective country. Lifetime calculations for credit cards are based on the assumption that losses converge over time and remaining losses can be calculated mathematically. A standard formula to calculate credit losses is: [Probability of default (PD) * Exposure at default (EAD) * Loss given default (LGD)]

Exposure at default calculates the future exposure at the time of default considering contractual payments and payments in excess thereof as well as utilisation of committed unutilised credit limits.

Loss given default calculates the economic loss at the time of default considering expected payments and realisation of collateral or guaranties. The model also considers potential costs arising in connection with the realisation of collateral and guarantees. Expected payments are modelled based on historical data and contractual payments where these are relevant. Expected cash flows are then discounted to derive expected losses.

The table below shows a sensitivity analysis of how credit impairment provisions would change if the threshold for probability of default (PD) increased or decreased based on values per 31 December 2021. Instruments in stage 3 remain unaffected by this criterion and currently account for 37 percent (37) of expected credit losses. A halving of the threshold would result in an increase in expected credit losses of 1.3

percent (1.7) or SEK 7.1 m (10.2). Doubling of the threshold would result in a decrease in expected credit losses by 1.9 percent (2.0) or SEK 10 m (12).

Sensitivity analysis of changes in thresholds for determining significant increase in risk

Internal risk classification at initial recognition	PD-band	Impairment provision impact of: Halving of threshold	Impairment provision impact of: Doubling of threshold	Expected credot losses	Share of total portfolio in terms of gross carrying amount
Low	0% - 2%	0.8%	-3.5%	103 138	58%
Medium	>2% - 5%	9.2%	-11.4%	108 430	15%
Higher	>5% - <100%	0.8%	-1.0%	334 449	9%
Total		1.3%	-1.9%	546 016	82%
Financial instruments subject to the low credit risk exemption				3 508	14%
Financial instruments in stage 3				461 772	2%
Manual adjustments				116 897	3%
Total provisions				**1 128 192**	**100%**

The regulatory framework also requires a forward-looking element where macro models have been built for the different markets. Macro variables are collected from official sources and for the Bank include gross domestic product and unemployment. The credit impairment provision in based on three different scenarios, weighted with given and constant probabilities with the most likely scenario assigned a weight of 40 percent and the positive and negative scenarios assigned 30 percent each. The forecast horizon applied to the different scenarios is three years, where after the model regresses to a long term average. The models are based on the Bank's historical data for default or credit losses and for markets without sufficient historical data, time series from official sources have been used as a proxy of defaults.

The macroeconomic model affects probability of default and thereby stage assessment, as well as the resulting expected credit loss. The table below shows the outcome of a positive and negative scenario of macroeconomic variables for the segments, Changes are expressed in relation to the base scenario of credit impairment provisions per 31 December 2021. A positive macro scenario would result in a decrease of existing credit impairment provisions by 5.4 percent (5.4) and a negative scenario would increase the same by 6.4 percent (6.5).

Incorporation of forward-looking macroeconomic scenarios

kSEK	Scenarios	Credit impairment provisions resulting from the scenario	Difference from the recognised probability w eighted credit impairment provisions
Corporate	Upturn	348 765	-3,3%
	Downturn	373 318	3,5%
Sales Finance and Consumer	Upturn	718 324	-6,4%
	Downturn	826 975	7,8%
Total	Upturn	1 067 089	-5,4%
	Downturn	1 200 293	6,4%

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are mainly comprised of bonds and other interest-bearing securities. Impairment is calculated in line with IFRS 9 and recognised in profit and loss on the line item net result on financial transactions.

The Bank has chosen to apply paragraph 5.5.10 in IFRS 9 regarding financial assets subject to low credit risk exemption for the liquidity portfolio. As a consequence, these exposures are classified as stage 1, if no other assessment is made on the balance sheet date. The liquidity portfolio mainly consists of investments in liquid interest bearing securities with high asset quality regulated in the Bank's steering documents and which can be converted into cash at short notice. Asset quality requirements are high and the investments will be divested before it will be regarded to have experienced a significant increase in credit risk.

Reversal of impairments

Impairment is reversed if evidence of a need for impairment no longer exists. Reversals of impairments on loans are reported as a reduction of loan losses and are specified individually in note 14.

Write-off of loan receivables

Loan receivables classified as credit-impaired are written off from the balance sheet when the credit loss is considered to be realised. A credit loss is considered to be realised upon bankruptcy or when the debt has been waived or disposed of. After the write-off, the loan receivables are no longer reported in the balance sheet. Reversals of previously reported write-offs are reported as a reduction of loan losses in the income statement item Loan losses, net. Write-offs on loans with forbearance measures have existed only to a very limited extent since loans are written off on most markets when sold externally.

Shares and participations in associated companies

Shares and participation in associated companies are valued to acquisition value. This means that transaction cost are included in the reported value of shares in associated companies. Any received dividends are accounted for as a revenue. A received dividend is however a possible indication to assess potential impairment.

Impairments are reported in the income statement on the row Impairment of financial assets.

Intangible assets

Intangible fixed assets are reported at the acquisition cost less accumulated amortisation and impairment. The Bank's intangible assets consist of capitalised expenditures for internally generated and acquired software and IT systems.

An asset is capitalised in the balance sheet only if all of the conditions listed below are met:

- The asset is identifiable
- The Bank has control over the asset in the form of legal rights
- The asset is likely to generate future financial benefits that accrue to the Bank
- The acquisition cost of the asset can be calculated reliably

Expenditures relating to maintenance and investigative work are reported as an expense in the income statement.

The reported acquisition value is reduced by straight-line depreciation over the asset's estimated useful life. Depreciation commences from the date the asset is ready for use. A general depreciation period of four-five years is applied, but the useful life is evaluated for each individual asset. The depreciation methods and residual values that are used are reviewed at the end of each year.

Tangible assets

Tangible assets consist of equipment and leasing objects. Equipment is reported at acquisition cost less straight-line depreciation over the asset's estimated useful life. The depreciation periods of 3-20 years are applied as shown below.

- IT equipment 3–5 years
- Furniture 5 years
- Building equipment 20 years

The depreciation methods and residual values of the assets that are used are reviewed at the end of each year.

Any profit or loss arising when an asset is sold or disposed of comprises the difference between the selling price and the asset's reported value less direct selling costs. Gains and losses are reported as other operating income or expense.

Leasing agreements are reported in accordance with RFR 2 as operating leases. Assets for which the leasing agreement has been entered into where the Bank is the lessor are reported in the balance sheet under the item Tangible assets. Where the Bank is the lessee, the leasing fee is expensed over the term of the agreement.

Fixed assets which are leased assets in financial leases where the Bank is the lessor are reported in the income statement and balance sheet as operating leases and are depreciated using the annuity method. Office equipment and other equipment are normally financed for 36 months, with a residual value between 0 and 10 percent.

Assets taken over for protection of claim

Taken over assets are property taken over to protect the claim. In some cases, the bank waives a loan receivable and instead takes over property provided as security for the loan.

An asset that has been taken over to protect the receivable is reported in the balance sheet together with assets of the corresponding type that have been acquired in another way.

All assets taken over to protect the receivable are reported at fair value at the first reporting date and the fair value of the acquired asset is reported under the item Credit losses, net as a recovery. The fair value on the reporting date becomes the asset's acquisition value. During subsequent periods, assets taken over to protect the receivable are valued in accordance with the applicable valuation principles for the asset class.

Impairment of intangible and tangible assets

The need for impairment of an intangible or tangible asset is tested when there is any indication that the asset's value may have declined. For internally developed assets and assets that are under development and not yet finished, an impairment assessment is carried out annually. The test is carried out by calculating the recoverable amount. The recoverable amount is the higher of the fair value less selling costs and the utilisation value.

In the case of impairment or reverse impairment of a leased asset where Ikano Bank is the lessor, the rules for financial leasing agreements apply.

Impairment is reversed if there is an indication that the need for impairment no longer exists and there has been a change in the assumptions constituting the basis for calculating the recoverable amount.

Remuneration to employees

Post-employment benefits

The Bank's pension plans for collective occupational pensions consist of defined contribution and defined benefit plans. According to IAS 19 a defined contribution pension plan, is a plan for post-employment benefits, under which the Bank pays fixed contributions into a separate legal entity and has no legal or informal obligation to pay further contributions if the legal entity does not have sufficient assets to pay all employee benefits relating to what the employees earned in the current period and earlier. A defined benefit plan is classified as plans for post-employment benefits other than defined contribution plan.

The information required for defined benefit plans, ITP 2, contained in collective agreements in accordance with IAS 19 is not obtainable and the Bank therefore applies the exception specified in UFR 10, which entails that defined benefit plans insured through Alecta are reported as defined contribution plans.

There is a provision in the Bank's own balance sheet for portions of the pension plans. The Swedish Pension Obligations Vesting Act for calculating the size of the obligation are applied. The commitment is credit-insured by FPG/PRI.

Pension costs for defined contribution plans are reported as expenses in the income statement as they are earned. The Bank's obligations to pay pensions in the future have been valued in the balance sheet at the present value of future expected pension payments. The calculation has been made for each employee and is based on assumptions such as the current salary level and the degree to which the pension is earned. The cost of insurance premiums for the year is reported in note 32 Provisions for pensions.

Severance pay

An expense for payments in conjunction with termination of personnel is reported only if the Bank is unquestionably obliged to prematurely terminate employment in a formal, detailed plan.

When payments are made as an offer to encourage voluntary resignations, these are reported as expenses when the employee has accepted the offer.

Variable remuneration

Ikano Bank has a low level of variable remuneration. It is considered that the criteria existing in order for variable remuneration to be paid, will not contribute to encouraging unsound risk-taking in the operations.

Information on remuneration which is required to be disclosed in accordance with the Swedish Financial Supervisory Authority's regulations is provided on the Bank's website: https://ikanobank.se/om-banken/ekonomisk-information/.

Provisions

Provisions differ from other liabilities with regard to uncertainty concerning the payment date or the size of the amount for the regulation of the provision. Provisions are reported in the balance sheet when there is a legal or informal obligation due to a past event, and when it is likely that a flow of economic resources will be required for the settlement of the provision, and when the amount can be estimated in a reliable manner.

Provisions are made in the amounts representing the best estimates of the amounts required for the settlement of the obligations existing on the closing date. When the effect of the timing of the payment is significant, provisions are calculated by discounting the expected future cash flows at a pre-tax interest rate reflecting current market assessments of the time value of money and, if appropriate, the risks associated with the liability in question.

Provisions for pensions, deferred tax liabilities, credit loss provisions for credit commitments and other provisions are included in this balance sheet item.

Group contributions

Group contributions are reported in accordance with the Swedish Financial Reporting Board, RFR 2 Accounting for legal entities. As a general rule, group contributions are reported directly against retained earnings after deduction for current tax effects and are considered equivalent to dividends paid to the parent company.

Contingent liabilities

A contingent liability is reported when there is a possible obligation arising from past events, the existence of which can only be confirmed by one or more uncertain future events, or when there is an obligation that is not reported as a liability or provision, as it is not probable that an outflow of resources will be required.

3 Risks and risk management

The Bank’s earnings are affected by external changes that are not within the company’s control. The Bank’s earnings performance is affected by factors including macroeconomic change such as unemployment, as well as fluctuations in interest and exchange rates. 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 tolerances 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.

In the Bank the three lines of defence model is implemented where the operational business acts as 1st line of defence with the main responsibility for identification, assessment, mitigation and ownership of risks. Risk Control and Compliance functions is an independent 2nd line of defence and is responsible for oversight and guidance. Internal Audit the 3rd line of defence provides independent assurance to the Board.

The Bank's risk strategy identify, measure, report and mitigate the risks that the Bank deems material. The risk strategy is updated annually and this is done in conjunction with the Bank's business planning and internal capital assessment. The risk strategy is approved annually by the Board. The Bank's CRO (Chief Risk Officer) annually presents a strategy for the development of the Bank's tools and methods to improve the Bank's risk management.

Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, human error, systems or external events. This definition includes regulatory and legal risk, but not strategic risk.

Ikano Bank, as an Internet bank, is strongly dependent on IT systems and technical infrastructure. Follow-up of incidents and improvements in accessibility are prioritised areas. The Bank has an incident reporting system where incidents are reported and monitored. Risks are analysed continuously and policies, guidelines and process instructions are available to prevent and mitigate losses caused by operational risks.

The Risk Control Function is responsible for establishing and maintaining the risk framework and supporting in coordination of the work with operational risk in business operations. Responsibility for managing operational risk lies with each business area. Operational risk assessments are continuously carried out within the Banks identified material processes to ensure that risks are identified, managed and documented with action plans.

The New Product Approval Process (NPAP) is performed to assess and manage risks before introducing new products, services, IT-systems or other systems, processes or markets or making significant changes to existing ones. The goal is to ensure efficient processes and minimise operational risks so that the Bank's customers and other stakeholders are ensured that Ikano Bank has a high level of security and accessibility.

The Bank's risk appetite for operational risk is defined based on a number of different criteria. All criteria are monitored continuously and reported on by the Risk Control Function to the Bank's Board of Directors and management.

Business risk

Business risk is the risk that the Bank's earnings deteriorate and are not sufficient to cover operating expenses. Business risk also includes reputation risk, which is the risk of financial loss due to customers, partners and/or lenders losing confidence in the Bank, its brand, or the industry as a whole, for example due to adverse publicity or periods of system stress.

Business risk also includes strategic risk, i.e. the risk that the organization does not meet its strategic goals.

Credit risk

Credit risk is the Bank's main risk and is defined as the risk that the counterparty does not fulfil his obligations. Credit risk arises in lending operations, the investment of the Bank's operating liquidity, overnight investment and also for derivatives with positive market values.

The credit risk that occurs in trading with financial instruments is called counterparty risk. This is the risk that the counterparty in a financial transaction may be unable to fulfil their payment obligations or deliver the securities in accordance with what has been agreed upon. Exposure per counterparty group is limited through limits and rating requirements.

The Bank's lending operations consist of leasing, factoring, credit card debts and unsecured loans. All products are designed for quantity management. The Bank applies scoring models in the assessment of credit risk. During the application process, the risk of default is calculated before credit is granted. The result of the initial application gives a score on a scale reflecting the probability of default. The assessment is supplemented with details from credit information agencies before the credit is finally approved. Most of the Bank's scoring models are internally developed but there are also externally developed and generic models, mostly corporate models. If the risk exceeds the internally accepted maximum risk exposure, the credit is denied. In addition to application scoring, Ikano Bank utilises various types of behavioural scoring models.

The Bank's expected credit loss models are based on the IFRS 9 framework; see note 2 Accounting principles for a description of the Bank's models. These models are all internally developed and form the foundation for the classification in the tables below.

The business line Corporate primarily comprises leasing of office and production equipment and vehicles. The business line also includes factoring, which is the purchase or borrowing of invoices and is a form of financing that helps companies quickly convert accounts receivable into cash. Ikano Bank has a long-standing cooperation with multiple partners. In many cases, there are repurchase agreements in the event of default by the end customer and also residual value guarantees when the leasing agreement expires. Operations have been concentrated on a few object types, where there is good internal expertise regarding secondary markets where repurchase guarantees are lacking.

The business line Sales Finance consists of credit card loans with small revolving credit and loan products. Credit card loans include store cards with or without either VISA or MasterCard attached. This business line is represented in all geographic markets. Credit and loans are generated by the partners within trade that the Bank cooperates with.

The business line Consumer lending consists of loans from credit cards linked to VISA and unsecured loans to individuals. Sales of the various products are made via the Internet and telephone. Follow-up of the different sales channels is carried out regularly. Most products are sold by individual pricing where the price is a reflection of the risk class that the customer is deemed to belong to at the time of application.

Credit assessment takes place on the basis of the credit information agency's scoring and rating models and customary credit information, purpose to assess the customer's payment capacity. Limits for larger engagements are determined in the local credit committees and the largest engagements are forwarded to the central credit and risk committee. The established limits on partners and large engagements are followed up continuously during the year.

The independent risk control function also monitors exposures against set limits. The Bank's risk appetite for credit risk is and updated annually ab approved by the Board. The risk appetite is split into several portfolios and is measured e.g. according to the Bank's IFRS 9 models. The Bank has a diversified loan portfolio in terms of customer, product and geographical market which means that no significant credit risk concentrations exist.

Realised loan losses are at a lower level than what the bank expected when the current pandemic started. This have three main explenations: Government aid to business and private persons have helped them, changed behaviour and lower sales following lock-down have led to lower volumes, and finally the Bank implemented some changes in the beginning of the pandemic which reduced the risks in the portfolio.

Significant payment holidays and reductions were granted the spring 2020. Many of these have now expired and customers have resumed payments according to the original plan. The realised losses due to the pandemic are still at a low level. Especially in the Business segment there is still some uncertancy regarding how the businesses will manage without government aids and when postponed taxes should be paid. The Bank is expecting to be able to draw more long term concultions regarding these businesses during the first half of 2022.

The Bank's gross and net credit risk exposure is shown below, including concentrations on counterparties as well as carrying amounts per category of borrower. Leasing assets are recognised as tangible fixed assets in the balance sheet. Trade receivables leasing are recognised as Other assets.

Liquidity and transaction accounts in other banks where the liquidity is handled by the Bank's treasury function are exempt from credit impairment provisioning since the credit risk at this point is considered to be immaterial. These accounts are classified as loans to credit institutions below. Accrued interest is reported in the balance sheet item Accrued income. The credit impairment provisions are not material.

The table illustrates the maximum credit exposure before and after credit risk impairment provisioning based on internal risk classification (low, medium or high) or an external credit rating, depending on the counterparty.

Credit risk exposure, gross and net, per risk classification for financial assets, and commitments and undrawn limits

2021 SEK 000	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost according to IFRS 9				
Loans to credit institutions				
AAA	21 771	-	-	21 771
AA	685 390	-	-	685 390
A	1 100 289	-	-	1 100 289
BBB	9 597	-	-	9 597
Credit impairment provisions	-	-	-	-
Total carrying amount	**1 817 046**	**-**	**-**	**1 817 046**
Loans to the public				
Low	17 519 264	393 109	-	17 912 373
Medium	3 397 954	909 902	-	4 307 856
High	843 164	2 009 357	417 927	3 270 449
Credit impairment provisions	-143 615	-315 588	-293 992	-753 195
Total carrying amount	**21 616 767**	**2 996 781**	**123 935**	**24 737 483**
Financial assets measured at fair value according to IFRS 9				
Treasury bills				
AAA	1 189 181	-	-	1 189 181
AA+	547 021	-	-	547 021
AA	305 673	-	-	305 673
AA-	232 444	-	-	232 444
Credit impairment provisions	-1 039	-	-	-1 039
Total carrying amount	**2 273 280**	**-**	**-**	**2 273 280**
Bonds and other interest-bearing securities				
AAA	2 178 419	-	-	2 178 419
AA+	129 221	-	-	129 221
AA-	50 040	-	-	50 040
A+	20 009	-	-	20 009
A	131 770	-	-	131 770
A-	750 599	-	-	750 599
BBB+	205 706	-	-	205 706
Credit impairment provisions	-2 469	-	-	-2 469
Total carrying amount	**3 463 294**	**-**	**-**	**3 463 294**
Total gross carrying amount for financial assets measured at amortised cost or fair value through other comprehensive income	**29 316 471**	**3 312 369**	**417 927**	**33 046 767**
Total credit impairment provisions	**-147 123**	**-315 588**	**-293 992**	**-756 703**
Total carrying amount	**29 169 348**	**2 996 781**	**123 935**	**32 290 065**
Leasing objects including trade recievables leasing				
Low	3 711 866	556 359	-	4 268 225
Medium	1 374 479	2 185 601	-	3 560 080
High	212 110	2 028 708	262 944	2 503 762
Credit impairment provisions	-13 794	-161 179	-167 740	-342 714
Total carrying amount	**5 284 661**	**4 609 489**	**95 203**	**9 989 354**
Commitments and undrawn limits				
Low	27 419 942	137 812	-	27 557 754
Medium	3 131 030	244 149	-	3 375 179
High	890 196	469 231	-	1 359 427
Credit impairment provisions	-12 479	-10 998	-	-23 476
Total commitments and undrawn limits	**31 428 690**	**840 194**	**-**	**32 268 883**

2020 SEK 000	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost according to IFRS 9				
Loans to credit institutions				
AAA	86 397	-	-	86 397
AA	999 290	-	-	999 290
A	837 843	-	-	837 843
BBB	8 954	-	-	8 954
Credit impairment provisions	-	-	-	1 932 483
Total carrying amount	**1 932 483**	**-**	**-**	**-**
Loans to the public				
Low	16 236 983	529 169	.	16 766 152
Medium	3 969 500	1 711 775	.	5 681 275
High	884 502	2 073 856	385 073	3 343 431
Credit impairment provisions	-139 162	-362 002	-258 930	-760 094
Total carrying amount	**20 951 823**	**3 952 799**	**126 143**	**25 030 765**
Financial assets measured at fair value according to IFRS 9				
Treasury bills				
AAA	622 497	-	-	622 497
AA+	731 913	-	-	731 913
AA	250 559	-	-	250 559
AA-	191 153	-	-	191 153
Credit impairment provisions	-895	-	-	-895
Total carrying amount	**1 795 226**	**-**	**-**	**1 795 226**
Bonds and other interest-bearing securities				
AAA	1 269 597	-	-	1 269 597
AA-	71 049	-	-	71 049
A+	20 060	-	-	20 060
A	164 125	-	-	113 329
A-	917 099	-	-	113 329
BBB+	113 329	-	-	113 329
NR	49 974	-	-	49 974
Credit impairment provisions	-3 444	-	-	-3 444
Total carrying amount	**2 601 790**	**-**	**-**	**2 601 790**
Total gross carrying amount for financial assets measured at amortised cost or fair value through other comprehensive income	**27 423 929**	**4 314 801**	**385 073**	**32 123 802**
Total credit impairment provisions	**-143 501**	**-362 002**	**-258 930**	**-764 433**
Total carrying amount	**27 280 428**	**3 952 799**	**126 143**	**31 359 369**
Leasing objects including trade recievables leasing				
Low	3 775 970	700 069	.	4 476 039
Medium	1 196 088	2 110 444	.	3 306 531
High	422 461	1 859 647	313 504	2 595 611
Credit impairment provisions	-9 765	-148 775	-155 097	-313 637
Total carrying amount	**5 384 754**	**4 521 384**	**158 407**	**10 064 545**
Commitments and undrawn limits				
Low	21 369 215	183 493	-	21 552 709
Medium	3 631 331	303 770	-	3 935 101
High	535 684	389 844	-	925 529
Credit impairment provisions	-14 472	-11 675	-	-26 146
Total commitments and undrawn limits	**25 521 759**	**865 433**	**-**	**26 387 192**

The main groups of leasing objects are office equipment, vehicles and production machinery.

No significant changes in the quality of collateral have occurred during the period.

Loan receivables per category of borrower

SEK 000	2021	2020
Loan receivables, gross		
- household sector	24 689 383	24 979 381
- corporate sector	10 988 924	10 987 193
- public sector	144 438	202 466
Total	**35 822 745**	**36 169 040**
Of which:		
Non performing loans	**680 873**	**698 578**
- household sector	386 029	362 683
- corporate sector	290 721	331 497
- public sector	4 123	4 398
Less:		
Specific impairment for individually assessed loans	**1 101 209**	**1 073 731**
- household sector	739 083	751 082
- corporate sector	360 826	320 728
- public sector	1 299	1 921
Loan receivables, net reported value		
- household sector	23 950 300	24 228 299
- corporate sector	10 628 098	10 666 465
- public sector	143 139	200 545
Total	**34 721 536**	**35 095 309**

Credit impairment provisions increased by SEK 27 m during 2021, partly since non-performing loans increase somewhat on the consumer segment as well as increased loan loss provision for one specific business deal.

Credit risk exposure for financial assets not subject to credit impairment provisions

Maximum exposure for credit risk of financial assets not subject to credit impairment provisions derivatives and related collateral, are shown below. See also section financial instruments that have been offset in the balance sheet or are subject to netting agreements below.

SEK 000	Credit risk exposure	Value of collateral	Credit risk exposure after collateral impact
Derivatives	10 074	-168 523	178 597
Total carrying amount	**10 074**	**-168 523**	**178 597**

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

Ikano Bank is party to and enters 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 2021.

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.

2021

				Amounts not offset in Balance Sheet		
SEK 000	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	-	-
Total financial liabilities	**187 699**	**-**	**187 699**	**-187 699**	**-**	**-**

2020

				Amounts not offset in Balance Sheet		
SEK 000	Gross value	Offsetting in the Balance Sheet	Net in Balance Sheet	Netting agreements	Issued/Received collateral	Net value
Derivatives	114 833	-	114 833	-15 826	-147 640	-48 633
Total financial assets	**114 833**	**-**	**114 833**	**-15 826**	**-147 640**	**-48 633**
Derivatives	15 826	-	15 826	-15 826	-	-
Total financial liabilities	**15 826**	**-**	**15 826**	**-15 826**	**-**	**-**

Asset encumbrance

The following tables show the disclosures to be provided for encumbered and unencumbered assets in accordance with EBA's guidelines.

The Bank's encumbered assets consist of collateral in the form of bank deposits in accordance with the standard terms of the International Swaps and Derivatives Association (ISDA) Credit Support Annex with regard to derivatives, as well as a deposit in Central Bank's due to ECB regulations for Euro transactions. Those liabilities that match encumbered assets consist of liabilities to counterparties in connection with derivative transactions in accordance with ISDA standard conditions.

Unencumbered assets and collateral received that may be encumbered is made up of other assets in the Bank's balance sheet and other collateral in the form of bank deposits that the Bank receives in order to reduce counterparty risk arising from derivative transactions.

Ikano Bank AB has not pledged received collateral.

2021 SEK m	Encumbered assets, carrying value	Unencumbered assets, carrying value	Unencumbered assets, fair value	Received encumbered assets, fair value	Received collateral that can be encumbered, fair value
Assets					
Equity instruments	-	135	135	-	-
Interest-bearing securities	-	5 740	5 754	-	-
Other assets	215	37 789	37 789	-	0
Total	**215**	**43 664**	**43 677**	**-**	**0**

	Matching liabilities	Encumbered assets
Carrying amount of selected financial liabilities	188	215

2020 SEK m	Encumbered assets, carrying value	Unencumbered assets, carrying value	Unencumbered assets, fair value	Received encumbered assets, fair value	Received collateral that can be encumbered, fair value
Assets					
Equity instruments	-	65	65	-	-
Interest-bearing securities	-	4 401	4 401	-	-
Other assets	99	38 400	38 400	-	148
Total	**99**	**42 866**	**42 866**	**-**	**148**

	Matching liabilities	Encumbered assets
Carrying amount of selected financial liabilities	16	99

Liquidity risk

Ikano Bank defines liquidity risk as the risk of being unable to make payment when due, without significantly increasing the costs, or ultimately, not being able to meet payment obligations to any degree. The definition is also linked to the risk of being unable to receive renewed financing on maturity, so-called refinancing risk.

The matching of assets and liabilities, both in terms of maturity and volume, along with a good access to multiple funding sources forms the basis of the Bank's liquidity and financing strategy. The liquidity level must always be sufficient; this means there should always be a liquidity reserve and the Bank should always be able to fulfil its payment commitments and be in a position to strengthen liquidity without delay when necessary. The Bank's management and control of liquidity risks are centralised and the liquidity risk is reflected in the Bank's internal pricing.

The Bank's liquidity management and liquidity risk are handled by the Bank's central Treasury function in close cooperation with the local business units. The management of liquidity risk is controlled by the independent risk control function. The Bank's Board of Directors and management receive continuous reporting regarding the liquidity positions and development of liquidity.

Liquidity risk is managed through effective liquidity planning, application of limits, measurement and analysis. Control and monitoring is conducted against the Bank's liquidity limits specified in the Bank's steering documents. Liquidity planning is a significant component of the liquidity management, and forecasts are drawn up regularly in order to manage and control the Bank's total liquidity. Future cash requirements are monitored daily, as is the limit for minimum intra-day liquidity.

The Bank carries out regular stress tests on liquidity in order to increase its preparedness and assess the ability of the Bank to meet its payment obligations under conditions deviating from normal conditions. The analyses are based on the Bank's risk tolerance and include both company-specific and market-wide scenarios with varying degrees of stress and duration. Examples of events analysed include large withdrawals of deposits by the public, as well as market financing ceasing to be available. The Bank has a contingency funding plan containing action plans in the event of disruptions and if the supply of liquidity is limited. The contingency funding plan is used if three or more of the Bank's defined internal risk indicators signal a heightened risk.

Measurement and monitoring of the balance sheet structure and liquidity exposure with respect to the remaining maturity of assets and liabilities are carried out continuously. Both contractual maturity and behavioural-modelled maturity are analysed.

The table on the following page shows the Bank's maturity exposure based on the reported cash flow's contracted remaining maturity as per 31 December 2021. Deposits from the public are comprised of both fixed term and non-fixed term deposits. Most of the deposits from the public are reported in the column On demand since the counterparty in most cases has an option to choose when repayment should take place. Analyses of the behavioural cash flows show, however, that the deposits constitute a long-term, stable source of financing, which implies that the maturity distribution of deposits from the public is, in practice, distributed over several time intervals.

Ikano Bank offers a variety of card products where a majority implies that the customer receives a credit. The unused portion of customer credits and loan commitments are reported within item Loan promises and unused credit limits. Customer behaviour is monitored carefully, and history shows that this item is at a stable level, i.e. customers' utilization rate follows a stable pattern.

The Bank performs monthly stress tests of increased outflow of deposits from the public and increased utilization in customers' unused credit. A liquidity reserve in addition to committed and uncommitted credit facilities is maintained to be able to handle potential changes in the customer's expected behaviour.

The Bank's risk appetite is defined by two different measures of liquidity: The survival horizon is defined as the length of time the Bank can survive without cash inflow in a stressed scenario in regard to both bank-specific situations and the financial markets in general. The model is conservative as it assumes that the Bank will continue to engage in lending activities and to repay funding according to contractual maturity combined with stress assumptions regarding deposit outflow and the customers' use of credits limits. The Bank's risk tolerance is to be able to operate more than two months without seeking external financing. The second measure is the Bank's liquidity coverage ratio, which shall exceed 100 percent. The LCR show how the Bank's high quality liquid assets relate to the net cash outflow during a 30-day period of stress.

Liquidity risk exposure, discounted cash flows – remaining contractual term and expected time of recovery

2021 SEK m	On demand	Not longer than 3 months	Longer than 3 months, but not longer than 6 months	Longer than 6 months, but not longer than 1 year	Longer than 1 year, but not longer than 2 years	Longer than 2 years, but not longer than 3 years	Longer than 3 years, but not longer than 5 years	Longer than 5 years	No maturity	**Total carrying amount**	of which expected recovery time > 12 months
Assets											
Cash and balances with central banks	23	-	-	-	-	-	-	-	-	**23**	-
Treasury bills	-	299	339	204	728	433	271	-	-	**2 274**	1 433
Loans to credit institutions	1 817	-	-	-	-	-	-	-	-	**1 817**	-
Loans to the public	-	2 978	1 503	2 752	3 813	2 425	2 606	3 215	5 447	**24 737**	11 462
Leasing receivables	-	1 435	841	1 546	2 517	1 774	1 597	273	-	**9 984**	6 243
Bonds and other interest-bearing securities	-	604	581	413	865	561	442	-	-	**3 466**	1 868
Derivatives	-	-	-	0	1	2	7	-	-	**10**	10
Other assets	-	-	-	-	-	-	-	-	1 567	**1 567**	-
Total assets	**1 840**	**5 315**	**3 264**	**4 915**	**7 924**	**5 195**	**4 923**	**3 489**	**7 013**	**43 879**	**21 016**
Liabilities and equity											
Liabilities to credit institutions	-	49	40	91	206	206	47	-	-	**639**	459
Deposits from the public	23 993	494	372	764	677	302	308	-	-	**26 909**	1 287
Derivatives	-	164	22	0	2	-	-	-	-	**188**	2
Issued securities	-	150	300	1 550	850	900	-	-	-	**3 749**	1 749
Other liabilities	-	-	-	-	-	-	-	-	688	**688**	-
Accrued expenses and prepaid income	-	-	-	-	-	-	-	-	1 329	**1 329**	-
Provisions	-	-	-	-	-	-	-	-	118	**118**	-
Subordinated liabilities	-	-	-	-	-	-	-	-	-	**0**	-
Equity and untaxed reserves	-	-	-	-	-	-	-	-	10 259	**10 259**	-
Total liabilities and equity	**23 993**	**856**	**733**	**2 405**	**1 735**	**1 407**	**356**	**-**	**12 395**	**43 879**	**3 497**
Loan promises and unused credit limits	29 780	-	-	-	-	-	-	-	-	**29 780**	
Operational lease agreements	-	16	16	31	13	13	26	-	-	**115**	
Total difference	**-51 933**	**4 443**	**2 515**	**2 479**	**6 177**	**3 775**	**4 541**	**3 489**	**-5 381**	**-29 895**	

2020 SEK m	On demand	Not longer than 3 months	Longer than 3 months, but not longer than 6 months	Longer than 6 months, but not longer than 1 year	Longer than 1 year, but not longer than 2 years	Longer than 2 years, but not longer than 3 years	Longer than 3 years, but not longer than 5 years	Longer than 5 years	No maturity	**Total carrying amount**	of which expected recovery time > 12 months
Assets											
Cash and balances with central banks	0	-	-	-	-	-	-	-	-	**0**	-
Treasury bills	-	435	104	136	323	308	490	-	-	**1 796**	1 121
Loans to credit institutions	1 932	-	-	-	-	-	-	-	-	**1 932**	-
Loans to the public	-	3 055	1 441	2 703	3 799	2 435	2 625	2 992	5 981	**25 031**	11 102
Leasing receivables	-	1 386	832	1 561	2 616	1 825	1 618	227	-	**10 065**	6 350
Bonds and other interest-bearing securities	-	1 179	204	290	397	205	331	-	-	**2 605**	932
Derivatives	-	111	8	0	-	0	-	-	-	**119**	0
Other assets	-	-	-	-	-	-	-	-	1 418	**1 418**	-
Total assets	**1 933**	**6 166**	**2 588**	**4 689**	**7 135**	**4 773**	**5 064**	**3 219**	**7 399**	**42 965**	**19 505**
Liabilities and equity											
Liabilities to credit institutions	-	161	369	349	163	198	245	-	-	**1 486**	606
Deposits from the public	23 052	389	379	779	826	373	425	-	-	**26 223**	1 623
Derivatives	-	2	-	2	4	6	2	0	-	**16**	12
Issued securities	-	1 085	850	1 250	2 349	849	-	-	-	**6 384**	3 199
Other liabilities	-	-	-	-	-	-	-	-	778	**778**	-
Accrued expenses and prepaid income	-	-	-	-	-	-	-	-	1 173	**1 173**	-
Provisions	-	-	-	-	-	-	-	-	129	**129**	-
Subordinated liabilities	-	830	-	-	-	-	-	-	-	**830**	-
Equity and untaxed reserves	-	-	-	-	-	-	-	-	5 948	**5 948**	-
Total liabilities and equity	**23 052**	**2 467**	**1 598**	**2 381**	**3 342**	**1 426**	**672**	**0**	**8 027**	**42 965**	**5 441**
Loan promises and unused credit limits	26 413	-	-	-	-	-	-	-	-	**26 413**	
Operational lease agreements	-	15	15	30	16	16	32	-	-	**124**	
Total difference	**-47 533**	**3 684**	**975**	**2 278**	**3 777**	**3 331**	**4 360**	**3 218**	**-628**	**-26 537**	

Liquidity risk exposure, non-discounted cash flows – remaining contractual term

2021 SEK m	On demand	Not longer than 3 months	Longer than 3 months, but not longer than 6 months	Longer than 6 months, but not longer than 1 year	Longer than 1 year, but not longer than 2 years	Longer than 2 years, but not longer than 3 years	Longer than 3 years, but not longer than 5 years	Longer than 5 years	No maturity	Total
Assets										
Cash and balances with central banks	23	-	-	-	-	-	-	-	-	**23**
Treasury bills	-	304	346	214	728	429	264	-	-	**2 285**
Loans to credit institutions	1 817	-	-	-	-	-	-	-	-	**1 817**
Loans to the public	-	3 127	1 709	3 069	4 354	2 875	3 210	3 715	5 475	**27 535**
Leasing receivables	-	1 660	980	1 758	2 823	1 955	1 732	294	-	**11 203**
Bonds and other interest-bearing securities	-	609	585	420	867	557	432	-	-	**3 471**
Derivatives	-	3	2	5	7	5	4	-	-	**26**
Other assets	-	-	-	- -	1	-	-	-	1 567	**1 567**
Total assets	**1 840**	**5 704**	**3 622**	**5 465**	**8 780**	**5 822**	**5 642**	**4 010**	**7 042**	**47 927**
Liabilities and equity										
Liabilities to credit institutions	-	9	-	-	-	481	156	-	-	**647**
Deposits from the public	24 009	478	372	765	681	305	315	-	-	**26 926**
Derivatives	-	3	5	6	5	-	-	-	-	**19**
Issued securities	-	157	307	1 562	863	904	0	-	-	**3 793**
Other liabilities	-	-	-	-	-	-	-	-	2 135	**2 135**
Subordinated liabilities	-	-	-	-	-	-	-	-	-	**0**
Equity and untaxed reserves	-	-	-	-	-	-	-	-	10 259	**10 259**
Total liabilities and equity	**24 009**	**648**	**685**	**2 334**	**1 548**	**1 690**	**472**	**-**	**12 395**	**43 780**
Loan promises and unused credit limits	29 780	-	-	-	-	-	-	-	-	**29 780**
Operational lease agreements	-	16	16	31	13	13	26	-	-	**115**
Total difference	**-51 949**	**5 040**	**2 922**	**3 101**	**7 218**	**4 118**	**5 144**	**4 010**	**-5 353**	**-25 749**

2020 SEK m	On demand	Not longer than 3 months	Longer than 3 months, but not longer than 6 months	Longer than 6 months, but not longer than 1 year	Longer than 1 year, but not longer than 2 years	Longer than 2 years, but not longer than 3 years	Longer than 3 years, but not longer than 5 years	Longer than 5 years	No maturity	Total
Assets										
Cash and balances with central banks	0	-	-	-	-	-	-	-	-	**0**
Treasury bills	-	435	104	136	323	308	490	-	-	**1 796**
Loans to credit institutions	1 932	-	-	-	-	-	-	-	-	**1 932**
Loans to the public	-	4 631	3 107	6 191	5 263	2 222	2 061	1 556	-	**25 031**
Leasing receivables	-	1 286	816	1 613	2 837	1 854	1 443	215	-	**10 065**
Bonds and other interest-bearing securities	-	1 179	204	290	397	205	331	-	-	**2 605**
Derivatives	-	111	8	0	-	0	-	-	-	**119**
Other assets	-	-	-	- -	1	-	-	-	1 418	**1 418**
Total assets	**1 933**	**7 641**	**4 239**	**8 230**	**8 820**	**4 589**	**4 325**	**1 771**	**1 418**	**42 965**
Liabilities and equity										
Liabilities to credit institutions	-	161	369	349	163	198	245	-	-	**1 486**
Deposits from the public	23 052	389	379	779	826	373	425	-	-	**26 223**
Derivatives	-	2	0	2	4	6	2	0	-	**16**
Issued securities	-	1 085	850	1 250	2 349	849	-	-	-	**6 384**
Other liabilities	-	-	-	-	-	-	-	-	2 079	**2 079**
Subordinated liabilities	-	830	-	-	-	-	-	-	-	**830**
Equity and untaxed reserves	-	-	-	-	-	-	-	-	5 948	**5 948**
Total liabilities and equity	**23 052**	**2 467**	**1 598**	**2 381**	**3 342**	**1 426**	**672**	**0**	**8 027**	**42 965**
Loan promises and unused credit limits	26 413	-	-	-	-	-	-	-	-	**26 413**
Operational lease agreements	-	15	15	30	16	16	32	-	-	**124**
Total difference	**-47 533**	**5 159**	**2 626**	**5 819**	**5 462**	**3 147**	**3 621**	**1 771**	**-6 609**	**-26 537**

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 also 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 4,465 m (3,073) and consists of high quality liquid assetswhich is eligible as collateral with the Swedish Central Bank.

The liquidity portfolio as of 31 December 2021 totalled SEK 7,379 m (6,246) excluding overdraft facilities and constitutes 27 percent (24) of deposits from the public. It includes cash and balances with banks of SEK 1,625 m (1,833), the liquidity reserve of SEK 4,465 m (3073) and other interest-bearing securities of SEK 1,288 m (1,340). None of the assets are being utilised as collateral and no non-performing loans exist. In addition to the liquidity portfolio, committed credit facilities for a total of SEK 1,051 m (2,410) are available.As of 31 December 2021, the Bank's liquidity reserve according to the LCR act delegated by the EU commission totalled 281 percent (256). 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 for the liquidity coverage ratio is 100 percent.

The NSFR is a measure of the bank’s structural liquidity, defined as the ratio between available stable funding and required stable funding. The EU has issued a minimum requirement of 100 percent to came into effect in June 2021. Net Stable Funding Ratio (NSFR) for Ikano Bank was 135 percent (107) at year-end 2020.

More information on liquidity is available in the report Periodic information on capital adequacy and liquidity, available at the Bank’s webpage https://ikanobank.se/om-banken/ekonomisk-information/.

Summary of liquidity reserve

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 reserve	**4 465**	**3 181**	**712**	**167**	**406**	**-**
Other operating liquidity invested in securities	1 288	1 288	-	-	-	-
Cash and balances in central banks and other banks	1 625	930	109	35	345	206
Total liquidity portfolio	**7 379**	**5 399**	**820**	**202**	**751**	**206**
Distribution per currency (%)	101%	73%	11%	3%	10%	3%
Other liquidity-creating measures						
Granted unused credit facilities	1 051	600	435	-	-	16

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	-	-
Liquidity reserve	**3 073**	**2 127**	**432**	**207**	**308**	-
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
Total liquidity portfolio	**6 246**	**4 219**	**892**	**484**	**457**	**194**
Distribution per currency (%)	100%	68%	14%	8%	7%	3%
Other liquidity-creating measures						
Granted unused credit facilities	2 410	600	937	649	224	-

Market risk

Market risk is the risk of decreases in profits due to adverse market fluctuations in interest rates and currencies. Market risk is managed by the Bank's Treasury function. The Bank does not trade on its own behalf or on behalf of clients with derivatives or financial instruments. Therefore, the Bank has no capital requirement in accordance with the regulations for trading. Securities are held solely in order to maintain sufficient liquidity in accordance with the liquidity regulations. Derivatives are traded in order to minimise positions in business balances arising in the deposit and lending operations for customers.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market rates. Interest rate risk arises when lending and borrowing are not optimally matched. The Bank’s deposits and lending are primarily short-term with a maturity period no longer than three months, as shown in the table on the following page.

In accordance with the Bank’s steering documents, interest rate risk must be minimised so that any possible effect on the result is limited. The Bank's risk tolerance to interest rate risk is defined as profit and loss effect at 200 basis point shifts of all yield curves. This amount shall not exceed 3.5 percent of the Bank's own funds.

The main part of the Bank’s interest rate risk stems from mismatches in interest rate periods for assets and liabilities. This interest rate risk is hedged with derivatives aimed at reducing the interest rate sensitivity and achieving better matching interest rate periods.

The Bank applies cash flow hedge for certain deposits at variable interest rates as the hedged risk is the uncertainty in future interest cash flows. For hedging, interest rate swaps are used. Swaps are measured at fair value in the balance sheet. In the income statement the accrued and paid interest are reported as interest expense and other changes in the value of the interest rate swap are recognized in other comprehensive income and accumulated in the fair value reserve in equity to the extent that the cash flow hedge has been effective until the hedged item affects profit or loss. All the ineffectiveness of the hedge is recognized in the income statement item Net gains and losses on financial transactions and amounted in 2021 to SEK 0.4 m (-1.5). Per 31 December 2021 no fair value hedges exist.

The Bank also limits the interest rate risk separately for the investments and the borrowing portfolio managed by the Treasury function. Such measurements result in an indirect limitation of volume and fixed interest periods on the Bank’s interest-bearing investments and total net exposure.

The fixed interest periods for both the Bank’s assets and liabilities in the balance sheet and for non-balance sheet items are shown in the table below. A sensitivity analysis shows that a change of one (1) percentage point in the market rate of interest increases/reduces the net interest income for the next 12-month period by SEK 30.6 m (10.9), given the interest-bearing assets and liabilities that exist on the closing date. A parallel increase of one (1) percentage point in the interest rate curve would have an effect on equity after tax of SEK -17.1 m (-14.7) and SEK 17.8 m (15.5) with a parallel decrease of the interest rate curve.

As of 31 December 2021, the Bank had interest rate swaps with a contract value of SEK 3,035 m (3,165). The swaps' net fair value totalled SEK 6.8 m (-14.3) consisting of assets of SEK 10.2 m (0.0) and liabilities of SEK 3.4 m (14.3).

Interest rate exposure – fixed interest periods for assets and liabilities

2021 SEK m	Not longer than 3 months	Longer than 3 months, but not longer than 6 months	Longer than 6 months, but not longer than 1 year	Longer than 1 year, but not longer than 5 years	Longer than 5 years	No interest	Total	Remaining average fixed interest term
Assets								
Cash and balances with central banks	-	-	-	-	-	23	**23**	0.0 years
Treasury bills	1 291	289	204	491	-	-	**2 274**	0.6 years
Loans to credit institutions	1 817	-	-	-	-	-	**1 817**	0.1 years
Loans to the public	13 684	1 847	3 845	4 689	673	-	**24 737**	0.8 years
Leasing receivables	8 126	179	325	1 291	62	-	**9 984**	0.5 years
Bonds and other interest-bearing securities	2 603	422	114	327	-	-	**3 466**	0.3 years
Other assets	3	8	-	-	-	1 567	**1 577**	0.0 years
Total assets	**27 525**	**2 745**	**4 487**	**6 798**	**735**	**1 590**	**43 879**	
Liabilities and equity								
Liabilities to credit institutions	639	0	-	-	-	-	**639**	0.1 years
Deposits from the public	22 687	750	1 071	2 402	-	-	**26 909**	0.4 years
Issued securities	3 749	0	-	-	-	-	**3 749**	0.1 years
Other liabilities	1 478	24	-	-	-	821	**2 323**	0.1 years
Subordinated liabilities	-	0	-	-	-	-	**0**	0.0 years
Equity and untaxed reserves	-	-	-	-	-	10 259	**10 259**	0.0 years
Total liabilities and equity	**28 552**	**773**	**1 071**	**2 402**	**-**	**11 081**	**43 879**	
Difference assets and liabilities	**-1 028**	**1 971**	**3 417**	**4 396**	**735**	**-9 491**	**-**	
Interest rate derivatives, long positions [1)]	1 337	1 698	-	-	-	-	**3 035**	
Interest rate derivatives, short positions [1)]	-	412	360	2 263	-	-	**3 035**	

2020 SEK m	Not longer than 3 months	Longer than 3 months, but not longer than 6 months	Longer than 6 months, but not longer than 1 year	Longer than 1 year, but not longer than 5 years	Longer than 5 years	No interest	Total	Remaining average fixed interest term
Assets								
Cash and balances with central banks	-	-	-	-	-	0	**0**	0.0 years
Treasury bills	1 249	104	115	327	-	-	**1 796**	0.5 years
Loans to credit institutions	1 932	-	-	-	-	-	**1 932**	0.1 years
Loans to the public	14 413	2 103	3 812	4 556	147	-	**25 031**	0.7 years
Leasing receivables	8 327	161	289	1 220	68	-	**10 065**	0.5 years
Bonds and other interest-bearing securities	1 970	104	245	286	-	-	**2 605**	0.4 years
Other assets	48	3	-	-	-	1 486	**1 536**	0.0 years
Total assets	**27 939**	**2 475**	**4 461**	**6 390**	**215**	**1 486**	**42 965**	
Liabilities and equity								
Liabilities to credit institutions	1 174	311	-	-	-	-	**1 486**	0.2 years
Deposits from the public	21 392	981	1 406	2 444	-	-	**26 223**	0.4 years
Issued securities	6 184	200	-	-	-	-	**6 384**	0.1 years
Other liabilities	1 164	11	-	-	-	920	**2 095**	0.1 years
Subordinated liabilities	830	-	-	-	-	-	**830**	0.1 years
Equity and untaxed reserves	-	-	-	-	-	5 948	**5 948**	0.0 years
Total liabilities and equity	**30 745**	**1 503**	**1 406**	**2 444**	**-**	**6 867**	**42 965**	
Difference assets and liabilities	**-2 805**	**971**	**3 054**	**3 946**	**215**	**-5 381**	**-**	
Interest rate derivatives, long positions [1)]	1 457	1 708	-	-	-	-	**3 165**	
Interest rate derivatives, short positions [1)]	-	-	904	2 160	100	-	**3 165**	

Derivatives

Derivatives are used to reduce exposure to interest rate and foreign exchange risk and include interest rate and currency derivatives according to the tablebelow. Below, all derivatives are reported at fair value and distributed based on the remaining term are shown.

2021 SEK 000	> 1 year	> 1 year - 5 years	> 5 years	Total	Assets (positive market value)	Liabiities (negative market value)
Derivatives at fair value through profit or loss						
Interest-related contracts						
Swaps	-	-	-	-	-	-
Currency-related contracts						
Swaps	-184 119	-	-	-184 119	174	-184 292
Total	**-184 119**	**-**	**-**	**-184 119**	**174**	**-184 292**
Derivatives for fair value hedges						
Interest-related contracts						
Swaps	-1 361	8 152	-	6 791	10 197	-3 406
Total	**-1 361**	**8 152**	**-**	**6 791**	**10 197**	**-3 406**
Total sum	**-185 480**	**8 152**	**-**	**-177 328**	**10 371**	**-187 699**

2020 SEK 000	> 1 year	> 1 year - 5 years	> 5 years	Total	Assets (positive market value)	Liabiities (negative market value)
Derivatives at fair value through profit or loss						
Interest-related contracts						
Swaps	-	-	-	-	-	-
Currency-related contracts						
Swaps	116 910	-	-	116 910	114 765	-1 528
Total	**116 910**	**-**	**-**	**116 910**	**114 765**	**-1 528**
Derivatives for fair value hedges						
Interest-related contracts						
Swaps	-2 066	-11 874	-291	-14 230	68	-14 298
Total	**-2 066**	**-11 874**	**-291**	**-14 230**	**68**	**-14 298**
Total sum	**114 844**	**-11 874**	**-291**	**102 680**	**114 833**	**-15 826**

Hedge instruments in hedge accounting, nominal amounts and carrying amounts

Below tables show amounts for hedging instruments and inefficiency in hedges as well as information on the hedged items hedged in the bank's cash flow hedges.

	Nominal amount	Carrying amount					
SEK 000		Assets	Liabilities	Balance sheet item where the hedge instrument is included	Changes in fair value used for calculating hedge ineffectiveness	Hedge ineffectiveness recognised in the income statement	Item in income statement that includes hedge ineffectiveness
Interest rate risk							
Interest rate swaps, positive values	-	-	-		-		
Interest rate swaps, negative values	-3 034 976	-	7 846	Other liabilities	700	-360	Net gains and losses on financial transactions

Hedged items cash flow hedges

SEK 000	Balance sheet item in which the hedge item is included	Changes in value used for calculating hedge ineffectiveness	Cash flow hedge reserve	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied
Interest rate risk				
Interest rate swaps EUR	Deposits from the public	**1 060**	7 846	-

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows from the Bank's assets will fluctuate because of changes in currency rates. For Ikano Bank, currency exposure arises in the context of net investment in foreign operations as well as the payment flows in loans and investments in foreign currency and borrowing in foreign currency. The majority of the Bank's cash flows in all currencies are managed in a common cash pool. Net exposures are managed centrally by the Treasury function and are mainly mitigated by currency derivatives.

A sensitivity analysis shows that an increase in the exchange rate by 10 percent increases the overall net exposure by SEK -4.5 m (16.7).

In the Bank's income statement, exchange rate results with SEK 8.9 m (-19.3) are included in Net gains and losses on financial transactions.

The Bank's risk appetite for currency risk is defined in terms of total outstanding exposure in all currencies. SEK is included in the table below to give a picture of the total distribution between currencies.

Assets and liabilities per significant currencies

2021 SEK m	SEK	EUR	GBP	DKK	NOK	Other currencies	Total
Assets							
Treasury bills	1 870	-	404	-	-	-	**2 274**
Loans to credit institutions	1 098	144	345	35	142	76	**1 840**
Loans to the public	8 329	6 343	6 321	1 810	1 131	803	**24 737**
Leasing receivables	5 083	977	-	2 635	1 295	-	**9 989**
Bonds and other interest-bearing securities	2 693	710	-	63	-	-	**3 466**
Other assets	1 181	98	43	175	55	19	**1 572**
Total assets	**20 254**	**8 272**	**7 114**	**4 718**	**2 624**	**898**	**43 879**
Nominal amount currency derivative	7 909	-	-	-	-	-	**7 909**
Liabilities and equity							
Liabilities to credit institutions	9	439	- -	0	190	-	**639**
Deposits from the public	13 060	6 282	3 116	4 452	-	-	**26 909**
Issued securities	3 749	-	-	-	-	-	**3 749**
Subordinated liabilities	0	-	-	-	-	-	**-**
Other liablities incl. Equity	11 492	231	319	250	323	-32	**12 582**
Total equity and liabilities	**28 310**	**6 952**	**3 434**	**4 702**	**513**	**-32**	**43 879**
Nominal amount currency derivative	-	1 267	3 746	-	2 135	953	**8 101**
Differences between assets and liabilities, incl. Nominal amount currency derivative	-147	52	-67	17	-24	-23	-192
Effect (before tax) of 10% increase in exchange rate of SEK against foreign currency		5.2	-6.7	1.7	-2.4	-2.3	-4.5

2020 SEK m	SEK	EUR	GBP	DKK	NOK	Other currencies	Total
Assets							
Treasury bills	1 455	-	307	35	-	-	**1 796**
Loans to credit institutions	753	560	148	278	89	105	**1 933**
Loans to the public	8 726	6 753	5 995	1 782	1 235	540	**25 031**
Leasing receivables	5 361	824	-	2 616	1 263	-	**10 065**
Bonds and other interest-bearing securities	2 112	429 -	0	64	-	-	**2 605**
Other assets	1 063	89	83	204	55	42	**1 536**
Total assets	**19 470**	**8 655**	**6 533**	**4 979**	**2 642**	**687**	**42 965**
Nominal amount currency derivative	7 204	-	-	-	-	-	**7 204**
Liabilities and equity							
Liabilities to credit institutions	161	964	168	0	192	-	**1 486**
Deposits from the public	13 043	5 899	3 345	3 937	-	-	**26 223**
Issued securities	6 384	-	-	-	-	-	**6 384**
Subordinated liabilities	200	397	79	122	33	-	**830**
Other liablities incl. Equity	6 937	290	362	277	247	-70	**8 043**
Total equity and liabilities	**26 725**	**7 550**	**3 953**	**4 335**	**473 -**	**70**	**42 965**
Nominal amount currency derivative	-	1 077	2 523	623	2 143	722	**7 088**
Differences between assets and liabilities, incl. Nominal amount currency derivative	-51	27	57	21	26	35	115
Effect (before tax) of 10% increase in exchange rate of SEK against foreign currency		2.7	5.7	2.1	2.6	3.5	16.7

4 Operating segments

2021 SEK m	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/ Austria	Poland	Shared functions [1]	Total before eliminations	Eliminations	Total
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**	**-**	**235**
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	*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**

2020 SEK m	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/ Austria	Poland	Shared functions [1]	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
Total net interest income	**528**	**217**	**91**	**17**	**389**	**491**	**45**	**58**	**1 837**	**-**	**1 837**
Payment service commissions	5	1	-	1	-	9	-	-	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	0	2	0	0	-	19	-	19
Commission income	**301**	**59**	**77**	**24**	**43**	**70**	**7**	**-**	**582**	**-**	**582**
Commission expense	-102	-18	-43	-6	-35	-37	-6	-2	-248	-	-248
Commission, net	**200**	**41**	**34**	**18**	**8**	**33**	**2**	**-2**	**333**	**-**	**333**
Lease income	1 994	1 065	559	281	-	-	-	-	3 898	-	3 898
Depreciation on leasing assets	-1 749	-946	-473	-251	-	-	-	-	-3 419	-	-3 419
Leasing Income, net	**244**	**118**	**86**	**31**	**-**	**-**	**-**	**-**	**479**	**-**	**479**
Net Interest, fee and leasing income	**972**	**377**	**211**	**65**	**397**	**524**	**47**	**56**	**2 649**	**-**	**2 649**
Other income	13	14	10	3	2	5	2	744	793	-754	39
Other direct expenses	-31	-9	-13	-5	-14	-21	-1	0	-94	-	-94
Operating margin before net loan losses and operational expenses	**954**	**382**	**209**	**63**	**385**	**508**	**48**	**799**	**3 348**	**-754**	**2 594**
Other expenses	-942	-338	-192	-78	-463	-443	-55	-794	-3 304	756	-2 549
Allocated overhead expenses	-7	-2	-3 -	0	-4	-5 -	0	-	-20	-1	-22
Operating result	**6**	**42**	**14**	**-15**	**-82**	**61**	**-8**	**5**	**23**	**0**	**23**
Of which:											
Total internal income	*136*	*35*	*-*	*-*	*68*	*25*	*-*	*1 212*	*1 475*	*-1 475*	*-*
Total external income	*1 253*	*424*	*322*	*85*	*549*	*605*	*64*	*-*	*3 302*	*-*	*3 302*
Total internal expenses	*-438*	*-128*	*-143*	*-25*	*-238*	*-180*	*-40*	*-282*	*-1 475*	*1 475*	*-*
Appropriations	-	-	-	-	-	-	-	-	-	-	-
Tax expense	0	-18	3	-	-	-25 -	2	-148	-190	-	-190
Net result for the year	**6**	**24**	**17**	**-15**	**-82**	**37**	**-10**	**-143**	**-167**	**0**	**-167**

1) Shared functions also include the Treasury function.

External income

SEK m	2021	2020
Corporate	771	779
Sales Finance	1 331	1 512
Consumer	876	977
Other	17	33
Total external income	**2 997**	**3 302**

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

Balance sheet

2021 SEK m	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/ Austria	Poland	Eliminations	Total
Fixed assets other than financial instruments	575	-	1	-	-	3	2	-	**579**
Deferred tax assets	-	-	-	-	-	22	-	-	**22**
Other assets	29 223	4 701	2 430	1 216	6 657	6 563	838	-8 347	**43 280**
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**

2020 SEK m	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/ Austria	Poland	Eliminations	Total
Fixed assets other than financial instruments	498	-	-	-	-	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**
Total assets	**28 711**	**4 508**	**2 483**	**1 069**	**6 146**	**6 577**	**613**	**-7 141**	**42 965**
Liabilities and provisions	**22 596**	**4 512**	**2 431**	**1 159**	**6 199**	**6 543**	**718**	**-7 141**	**37 018**

5 Net interest

SEK 000	2021	2020
Interest income		
Loans to credit institutions	113	-
Loans to the public	1 957 376	2 166 870
Interest-bearing securities	-5 321	15 544
Total	**1 952 168**	**2 182 414**
Of which: Interest income from financial assets		
not measured at fair value through profit or loss	*1 957 489*	*2 166 870*
Interest income from non-performing loans	*36 226*	*34 297*
Interest expense		
Liabilities to credit institutions	-10 292	-24 742
Deposits from the public	-170 093	-193 307
Of which: Deposit guarantee fee	*-30 690*	*-31 625*
Issued securities	-42 172	-62 911
Derivatives	-23 013	-31 348
- *Hedge accounting*	*-7 314*	*-4 394*
- *Not hedge accounting*	*-15 699*	*-26 954*
Subordinated liabilities	-1 159	-22 918
Other interest expenses	-10 382	-10 319
Of which: Stability fee	*-8 333*	*-7 631*
Total	**-257 112**	**-345 546**
Of which: Interest income from financial assets		
not measured at fair value through profit or loss	*-234 099*	*-314 198*
Total net interest income	**1 695 056**	**1 836 868**
Interest margin	3.8%	4.0%
Total interest income in relation to average balance sheet total, less total interest expenses in relation to average balance sheet total excluding average equity and 78% of untaxed reserves		
Investment margin	3.9%	4.1%
Net interest income in relation to average balance sheet total		

6 Leasing income

SEK 000	2021	2020
Leasing income, gross	4 008 280	3 898 213
Less: Depreciation according to plan	-3 541 928	-3 418 874
Leasing income, net	**466 352**	**479 339**
Leasing income from financial lease agreements	4 008 280	3 898 213
Depreciation according to plan for assets that are financial lease agreements, but are recognised as operating leases	-3 541 928	-3 418 874
Leasing income, net for financial lease agreements	**466 352**	**479 339**
Interest income	7 487	9 990
Interest expenses	-96 611	-114 095
Leasing, net	**377 228**	**375 234**

7 Dividends recieved

SEK 000	2021	2020
Shares and participations in associated companies	18 944	-
Shares and participations in other companies	318	-
Summa	**19 262**	**-**

8 Net commission

SEK 000	2021	2020
Commission income		
Payment service commissions	13 209	15 766
Lending commissions	259 696	303 314
Compensation, mediated insurance	212 738	243 703
Other commissions	17 829	18 740
Total	**503 473**	**581 523**
Commission expenses		
Payment service commissions	-10 811	-11 388
Lending commissions	-210 262	-196 718
Other commissions	-47 741	-44 901
Total	**-268 814**	**-253 007**
Net commission income	**234 658**	**328 516**

9 Net result on financial transactions

SEK 000	2021	2020
Interest-bearing securities	2 238	-
Other financial instruments	6 137	-4 526
Exchange rate fluctuations	8 915	-19 302
Total	**17 290**	**-23 828**
Net profit/loss divided per valuation category		
Financial assets at fair value through profit or loss	130 054	733 395
Financial assets at amortised cost	444 190	-725 217
Financial liabilities at fair value through profit or loss	-567 701	-123 591
Financial liabilities at amortised costs	2 642	97 088
The ineffective portion of changes in fair value of the hedging instrument in a cash flow hedge	360	-1 483
Changes in credit impairment provisions for assets at fair value through other comprehensive	831	-2 483
Exchange rate fluctuations	6 912	-1 536
Total	**17 290**	**-23 828**
Net profit or loss on financial assets available-for-sale recognised in comprehensive income	**1 306**	**1 151**

The net gain or net loss refers to realised and unrealised value changes. No interest-difference-compensation for early repayment of loans has been paid.

10 Other operating income

SEK 000	2021	2020
Realised gain arising from the disposal of tangible assets	33 774	23 369
Other operating income	21 854	35 049
Total	**55 628**	**58 418**

11 Geographic distribution of income

2021

SEK 000	Sweden	Finland	Denmark	Norway	United Kingdom	Germany	Poland	Other	Total
Interest income	592 857	26 679	206 059	124 911	477 396	455 058	61 156	8 052	**1 952 168**
Leasing income	2 069 002	326 750	1 034 935	577 593	-	-	-	-	**4 008 280**
Dividends recieved	19 211	-	-	44	-	6	-	-	**19 262**
Commission income	253 835	25 334	53 264	79 978	23 512	55 753	9 904	1 893	**503 473**
Net gains and losses from financial transactions	10 173	1 464	-97	5 055	3	-9	496	205	**17 290**
Other operating income	25 188	4 219	11 175	10 452	734	2 460	1 398	0	**55 628**
Total	**2 970 266**	**384 447**	**1 305 336**	**798 033**	**501 645**	**513 268**	**72 954**	**10 151**	**6 556 100**

2020

SEK 000	Sweden	Finland	Denmark	Norway	United Kingdom	Germany	Poland	Other	Total
Interest income	680 794	27 042	237 008	148 805	503 272	521 684	55 057	8 752	**2 182 414**
Leasing income	1 993 686	281 113	1 064 694	558 720	-	-	-	-	**3 898 213**
Commission income	290 714	30 791	59 549	78 901	43 114	68 200	7 979	2 276	**581 523**
Net gains and losses from financial transactions	-19 263	-1 841	-403	-1 383	10	-1	-454	-493	**-23 828**
Other operating income	26 298	3 394	9 661	10 138	2 239	5 065	1 623	-	**58 418**
Total	**2 972 229**	**340 498**	**1 370 510**	**795 179**	**548 635**	**594 947**	**64 206**	**10 535**	**6 696 740**

The geographic distribution of income is based on where customers have their registered office, and also refers to intra-group customers.

12 General administrative expenses

SEK 000	2021	2020
Personnel costs		
- salaries and fees	-548 723	-544 628
- social security contributions	-133 866	-127 684
- pension costs	-65 559	-57 702
- other personnel costs	-16 569	-27 940
Total personnel costs	**-764 717**	**-757 954**
Other general administrative expenses		
- postage and telephone	-43 751	-45 009
- IT costs	-720 176	-500 468
- consultancy services	-39 367	-47 164
- agency staff	-16 540	-14 262
- audit	-16 620	-15 275
- rent and other costs for premises	-54 812	-52 018
- internal Group services	-19 334	-23 181
- cost of materials	-47 878	-43 873
- travel costs	-15 290	-17 906
- other	-120 525	-113 777
Total other general administrative expenses	**-1 094 295**	**-872 933**
Total general administrative expenses	**-1 859 012**	**-1 630 887**

Salaries, other remuneration, pensions and social costs

	2021		**2020**	
SEK 000	Senior management (21 persons)	Other employees	Senior management (21 persons)	Other employees
Salaries and other remunerations	-24 713	-527 096	-21 279	-520 987
Variable remuneration	-	3 085	-	-2 362
Pensions	-6 574	-58 985	-5 381	-52 321
Social security contributions	-7 460	-126 406	-6 131	-121 552
Of which: social security contributions regarding pensions	*-1 595*	*-8 914*	*-1 306*	*-8 105*
Total	**-38 747**	**-709 401**	**-32 792**	**-697 222**

The number for senior management represents those who have received remuneration during the year and does not compare to the number of senior management per 31 December 2021.

The Bank has no overdue payments to pension schemes for senior executives. Senior management are the current and previous Board members, CEOs and management groups that have been active in their role in 2021 and where compensation has been paid.

Employment conditions for senior executives

A Board fee and committee fee is paid to the Board members in accordance with a resolution adopted by the Annual General Meeting. No fee is paid to employees of the Ikano S.A. Group.

Remuneration to the CEO and other senior executives has been decided by the Board. In regard to the CEO, the Bank's pension commitments are covered by ongoing insurance premiums. All pension benefits are vested employee benefits, i.e. not conditional on future employment. Retirement age for the CEO is 65 years.

Neither the CEO nor Board members have loans in the Bank. The Bank has not pledged collateral or undertaken contingent liabilities for the benefit of senior executives. Among CEO and board members a few of them have credit cards issued by the Bank with a credit limit of maximum SEK 50 k. The Bank has adopted a remuneration policy conforming to FFFS 2011:1/FFFS 2014:22 regarding remuneration policies in credit institutions, securities companies and fund management companies with permission to undertake discretionary portfolio management.

Disclosure of information regarding remuneration

Information regarding remuneration which is required to be disclosed in accordance with the Swedish Financial Supervisory Authority's regulations is provided on the Bank's website, www.ikanobank.se.

Salaries and remuneration to the Board of Directors and senior executives

2021 SEK 000	Base salary	Variable remuneration	Other benefits	Pension costs	**Total**
Mats Håkansson, chairman of the Board of Directors [1]	-	-	-	-	**-**
Heather Jackson [2]	-936	-	-	-	**-936**
Diedrick van Thiel	-704	-	-	-	**-704**
Lars Thorsén [1]	-	-	-	-	**-**
Yohann Adolphe [1]	-	-	-	-	**-**
Henrik Eklund, CEO	-4 065	-	-74	-786	**-4 925**
Lars Ljungälv	-546	-	-	-	**-546**
Viveka Strangert	-575	-	-	-	**-575**
Mikael Palmquist [1]	-	-	-	-	**-**
Krister Mattsson [1]	-	-	-	-	**-**
Other senior management	-17 347	-	-467	-5 788	**-23 602**
Total	**-24 172**	**-**	**-540**	**-6 574**	**-31 287**

2020 SEK 000	Base salary	Variable remuneration	Other benefits	Pension costs	**Total**
Mats Håkansson, chairman of the Board of Directors [1]	-	-	-	-	**-**
Heather Jackson	-610	-	-	-	**-610**
Diedrick van Thiel	-624	-	-	-	**-624**
Lars Thorsén [1]	-	-	-	-	-
Yohann Adolphe [1]	-	-	-	-	-
Henrik Eklund, CEO	-3 720	-	-61	-761	**-4 541**
Lars Ljungälv	-532	-	-	-	**-532**
Viveka Strangert	-561	-	-	-	**-561**
Other senior management	-14 785	-	-387	-4 621	**-19 792**
Total	**-20 832**	**-**	**-448**	**-5 381**	**-26 661**

1) No fee is paid to employees of the Ikano S.A Group or the Ingka Group.
2) Amount includes compensation related to previous periods.

Gender distribution, Board and management	**2021**	**2020**
Board of Directors		
Women	2	2
Men	7	5
Other senior management incl. Managing Director		
Women	5	4
Men	5	7

Number of employees

Ordinary working hours are defined as available working time. This does not include overtime, or full or part-time leave of absence. The information refers to full year. The average number of employees is converted to full-time employees.

Number of employees per country	**2021**			**2020**		
	Women	Men	**Total**	Women	Men	**Total**
Sweden	291	238	529	241	202	443
Denmark	42	45	87	37	36	73
Norway	20	19	39	20	20	40
Finland	13	8	21	12	9	21
United Kingdom	90	72	162	90	73	163
Germany (including Austria)	87	55	142	72	54	126
Poland	53	36	89	36	30	66
Total	**596**	**473**	**1 069**	**508**	**424**	**932**

Remuneration to auditors

The auditing assignment involves an audit of the annual report, year-end report and accounting records and the administration by the Board of Directors and the CEO, other work incumbent on the Bank's auditors, and providing advice or other assistance deemed necessary after such an examination or the execution of such other work. Audit work in addition to the audit assignment refers to such tasks that can only be performed by signing auditor, for example different types of statutory certificates.

SEK 000	2021	2020
Deloitte AB		
Audit assignment	-11 913	-9 214
Audit work in addition to the audit assignment	-124	-432
Total	**-12 037**	**-9 645**
Other auditors		
KPMG Poland		
Audit assignment	-384	-405
Total	**-384**	**-405**

13 Other operating expenses

SEK 000	2021	2020
Marketing expenses	-96 012	-123 788
Membership fees to organisations	-3 638	-3 916
Insurance expenses	-7 689	-4 441
Other operating expenses	-6 644	739
Total	**-113 983**	**-131 407**

14 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 3.5 m (4.3) and have been recognised in equity against the item fair value reserve. The credit impairment ratio was 1.4 percent (2.1).

The Bank is using a model for incorporating forward-looking information to calculate future expected loan loss in all the bank's markets. When needed it is supplemented with expert statements. Loan losses are lower than previous year, -36.1 percent. This is mainly explained by lower loan loss reservation due to improved forward looking views as well as low levels of realized losses. Both changes consumption patterns and support programs have contributed to lower realised loan losses. Even though the forward-looking view have improved there is still a risk that some losses can arise before a more normalised situation is reached.

SEK 000	2021	2020
Stage 1 - assets not credit impaired since initial recognition		
Change in credit impairment provisions related to stage 1	-712	-6 827
Derecognition of loans stage 1	-	-
Reversal of previous provisions and recoveries stage 1	-212	-
Net credit losses for the period- stage 1	**-924**	**-6 827**
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	44 632	-162 810
Derecognition of loans stage 2	-215 067	-322 466
Reversal of previous provisions and recoveries stage 2	96 639	184 510
Net credit losses for the period- stage 2	**-73 796**	**-300 766**
Stage 3 - credit impaired assets		
Change in credit impairment provisions related to stage 3	-29 890	-2 717
Derecognition of loans stage 3	-651 106	-721 247
Reversal of previous provisions and recoveries stage 3	260 183	256 089
Net credit losses for the period credit impaired assets - stage 3	**-420 814**	**-467 876**
Total net credit losses for the period	**-495 534**	**-775 469**

15 Impairment of financial assets

SEK 000	2021	2020
Shares and participations in associated companies	-18 944	-
Total	**-18 944**	**-**

16 Appropriations and taxes

Reported in the income statement

SEK 000	2021	2020
Current tax expense		
Tax expense for the year	-42 363	-164 421
Adjustment of taxes attributable to previous years	20 346	-6 947
Current tax expense	**-22 017**	**-171 368**
Deferred tax expense/income	-	-259
Deferred tax related to temporary differences	34 927	-5 314
Deferred tax expense due to reversal of residual value depreciations	-	-13 461
Deferred tax income due to resolving derivatives and securities	-	-
Total reported tax expense in accordance with the income statement	**12 910**	**-190 402**

Tax expense for the period

Tax on the result for the period of SEK 13 m (-190) consists of current taxes for the year of SEK -42 m (-164) on items reported in the income statement for the period in the bank's branches, adjustment of taxes for previous periods of SEK 20 m (-7) and changes in deferred taxes of SEK 35 m (-19). Tax on taxable exchange rate differences regarding assets and liabilities in foreign branches increases the total tax by SEK 54 m (-91) but is reported in other comprehensive income.

Reconciliation of effective tax

SEK 000	2021		2020	
Result before tax		-114 111		23 038
Tax according to current tax rates	20.6%	23 507	21.4%	-4 930
Non deductible tax expenses	-6.5%	-7 361	34.1%	-7 861
Non-taxable income	3.4%	3 902	0.0%	-
Taxes attributable to previous years	17.8%	20 346	30.2%	-6 947
Translation differences for the year foreign branches	74.4%	84 904	626.2%	-144 263
Effect of other tax bases and tax rates in the foreign branches	0.0%	-	127.6%	-29 388
Non-creditable foreign tax	-37.1%	-42 363	0,0%	-
Transfer of negative net interest from group company	0.0%	-	-37.2%	8 560
Effect of revaluation of other deferred taxes	-16.7%	-19 034	23.1%	-5 314
Other	-44.7%	-50 992	0.0%	-
Reported effective tax	**11.3%**	**12 910**	**825.3%**	**-190 143**

Tax relating to other comprehensive income

	2021			2020		
SEK 000	Before tax	Tax	After tax	Before tax	Tax	After tax
Foreign currency translation differences in foreign branches	-8 813	-53 622	-62 435	-13 754	90 949	77 195
Financial assets valued at fair value through other comprehensive income	1 645	-339	1 306	1 356	-204	1 151
Changes in loss allowance for financial assets valued at fair value via other comprehensive income	-831	-	-831	2 483	-	2 483
Changes in fair value of cash flow hedges	20 719	-4 576	16 144	-9 323	1 688	-7 635
Other comprehensive income	**12 720**	**-58 536**	**-45 816**	**-19 238**	**92 433**	**73 195**

Reported in the balance sheet

	Deferred tax assets		Deferred tax liabilities	
SEK 000	2021	2020	2021	2020
Tangible/intangible assets as well as financial assets at fair value through other comprehensive income	-	-	6 344	1 768
Non deductible foreign taxes	21 982	-	43 845	-
Offsetting	-	62 218	-	62 218
Tax assets/liabilities	**21 982**	**62 218**	**50 189**	**63 987**

Appropriations

SEK 000	2021	2020
Difference between recognised depreciation and depreciation according to plan	96 957	-
Total	**96 957**	**-**

17 Treasury bills

	2021		2020	
SEK 000	Fair value	Carrying amount	Fair value	Carrying amount
Treasury bills				
- Swedish government	561 923	561 923	-	-
- Swedish municipalities	1 204 275	1 204 275	1 346 371	1 346 371
- Foreign governments	508 121	508 121	449 750	449 750
Total	**2 274 319**	**2 274 319**	**1 796 121**	**1 796 121**
Positive difference as an effect of the carrying amount exceeding the nominal amount		36 452		27 480
Negative difference as an effect of the carrying amount being less than the nominal amount		497		-
Total		**36 949**		**27 480**

Values above are gross values.

18 Loans to credit institutions

SEK 000	2021	2020
Swedish banks		
- Swedish currency	818 826	433 699
- Foreign currency	298 431	862 484
Foreign banks		
- Swedish currency	279 335	319 427
- Foreign currency	420 454	316 873
Total	**1 817 046**	**1 932 483**

The item Loans to credit institutions includes liquidity and transaction accounts with other banks where liquidity is handled by the bank's treasury function, with the exception of loan loss provisions as these are immaterial. These are reported as loans to credit institutions below.

19 Loans to the public

SEK 000	2021	2020
Outstanding receivables, gross		
- Swedish currency	8 746 482	9 108 234
- Foreign currency	16 744 196	16 682 624
Total	**25 490 678**	**25 790 858**
Of which: Non-performing loans	*680 873*	*698 578*
Specific provision for individually assessed receivables	-753 195	-760 095
Carrying amount, net	**24 737 483**	**25 030 764**

The table below shows changes in gross carrying amount and credit impairment provisions during 2021. Receivables in stage 3 have increased by 9 percent from SEK 385 m to SEK 418 m during the year explained by a changed process in Norway where receivables are held longer before they are sold.

Under the item New financial assets, new loans extended during the year are shown and transfers between stages of these are shown under Transfers during the period. The same line includes increases of existing loans or increase of utilised credits for credit cards available at the start of 2021. New financial assets originated in stage 2 and 3 shows increases in the credit exposure on existing loans that were classified as stage 2 or 3 at the start of the year and returned to stage 1 during the year. Changes are therefore recognised under transfers during the period. Similarly, discontinued loans and amortisations are shown under Financial assets derecognised. The lower part of the table includes credit impairment provisions. Changes in the Bank's risk models and changes in the macroeconomic scenarios are shown separately. Changes in risk parameters that do not affect the stage classification are shown under Revaluation due to change in credit risk.

Total loan loss provisions are shown in Note 3, table Credit risk exposure gross and net, divided into credit ratings for financial assets and off-balance sheet items.

Changes in carrying amounts and credit impairment provisions

2021 SEK 000	Not credit impaired Stage 1	Stage 2	Credit impaired Stage 3	Total
Gross carrying amount				
Gross carrying amount per 1 January 2021	**21 194 509**	**4 211 277**	**385 073**	**25 790 859**
New financial assets originated	9 800 258	202 649	17 124	10 020 032
Financial assets derecognised	-9 203 223	-1 799 650	-192 182	-11 195 055
Transfers during the period:	-658 976	468 747	190 229	-
from stage 1 to stage 2	*-1 846 590*	*1 846 590*	-	-
from stage 1 to stage 3	*-107 003*	-	*107 003*	-
from stage 2 to stage 1	*1 287 426*	*-1 287 426*	-	-
from stage 2 to stage 3	-	*-98 614*	*98 614*	-
from stage 3 to stage 1	*7 191*	-	*-7 191*	-
from stage 3 to stage 2	-	*8 196*	*-8 196*	-
Change in exchange rates and other	731 329	125 829	17 683	874 841
Gross carrying amount per 31 December 2021	**21 863 898**	**3 208 852**	**417 927**	**25 490 677**
Credit impairment provisions per 1 January 2021	**-139 162**	**-362 023**	**-258 910**	**-760 095**
New financial assets originated	-169 690	-12 897	-10 914	-193 501
Financial assets derecognised	54 696	162 979	117 931	335 605
Changes in risk variables (EAD, PD, LGD)	4 779	4 207	-250	8 736
Changes in macroeconomic factors	3 854	44 036	-90	47 800
Changes due to expert credit judgement (individual assessments and manual adjustments)	63	-11 316	749	-10 505
Transfers during the period:	111 206	-106 384	-126 357	-121 535
from stage 1 to stage 2	*83 323*	*-178 938*	-	*-95 616*
from stage 1 to stage 3	*36 590*	-	*-75 475*	*-38 885*
from stage 2 to stage 1	*-8 690*	*52 330*	-	*43 640*
from stage 2 to stage 3	-	*21 020*	*-55 283*	*-34 263*
from stage 3 to stage 1	*-16*	-	*1 422*	*1 406*
from stage 3 to stage 2	-	*-796*	*2 979*	*2 183*
Reevaluation due to change in credit risk	-4 374	-20 519	-1 821	-26 714
Change in exchange rates and other	-4 987	-13 671	-14 328	-
Credit impairment provisions per 31 December 201921	**-143 615**	**-315 589**	**-293 990**	**-753 195**
Net carrying amount	**21 720 283**	**2 893 263**	**123 937**	**24 737 483**

2020 SEK 000	Not credit impaired Stage 1	Stage 2	Credit impaired Stage 3	Total
Gross carrying amount				
Gross carrying amount per 1 January 2019	**24 632 370**	**3 369 099**	**407 939**	**28 409 409**
New financial assets originated	9 875 135	94 146	9 697	9 978 977
Financial assets derecognised	-9 703 703	-1 347 459	-230 033	-11 281 194
Transfers during the period:	-2 489 954	2 266 286	223 668	-
from stage 1 to stage 2	*-2 986 336*	*2 986 336*	-	-
from stage 1 to stage 3	*-165 100*	-	*165 100*	-
from stage 2 to stage 1	*656 721*	*-656 721*	-	-
from stage 2 to stage 3	-	*-76 816*	*76 816*	-
from stage 3 to stage 1	*4 761*	-	*-4 761*	-
from stage 3 to stage 2	-	*13 487*	*-13 487*	-
Change in exchange rates and other	-1 119 339	-170 796	-26 198	-1 316 333
Gross carrying amount per 31 December 2020	**21 194 509**	**4 211 277**	**385 073**	**25 790 859**
Credit impairment provisions per 1 January 2020	**-140 043**	**-319 113**	**-289 322**	**-748 478**
New financial assets originated	-166 930	-7 375	-4 165	-178 469
Financial assets derecognised	51 893	146 754	166 525	365 172
Changes in risk variables (EAD, PD, LGD)	985	1 929	-359	2 555
Changes in macroeconomic scenarios	-37 145	-7 273	-123	-44 542
Changes due to expert credit judgement (individual assessments and manual adjustments)	5 882	1 156	1 465	8 503
Transfers during the period:	138 530	-190 643	-145 351	-197 464
from stage 1 to stage 2	*111 991*	*-238 778*	-	*-126 787*
from stage 1 to stage 3	*32 272*	-	*-102 188*	*-69 916*
from stage 2 to stage 1	*-5 725*	*34 807*	-	*29 082*
from stage 2 to stage 3	-	*14 142*	*-47 085*	*-32 943*
from stage 3 to stage 1	*-9*	-	*838*	*829*
from stage 3 to stage 2	-	*-814*	*3 084*	*2 270*
Reevaluation due to change in credit risk	1 030	-3 781	-8 294	-11 044
Change in exchange rates and other	6 636	16 321	20 714	-
Credit impairment provisions per 31 December 2019	**-139 162**	**-362 023**	**-258 910**	**-760 095**
Net carrying amount	**21 055 347**	**3 849 254**	**126 163**	**25 030 764**

Transfers between the stages are assessed at the end of the reporting period.

20 Bonds and other interest-bearing securities

	2021		2020	
SEK 000	Fair value	Carrying amount	Fair value	Carrying amount
Issued by Swedish borrowers				
- Mortgage institutions	1 036 994	1 036 994	869 395	869 395
- Non-financial entities	1 106 643	1 106 643	999 928	999 928
- Financial entities	30 347	30 347	264 131	264 131
Foreign issuers	1 291 779	1 291 779	471 780	471 780
Total bonds and other interest-bearing securities	**3 465 763**	**3 465 763**	**2 605 234**	**2 605 234**
Of which:				
Listed securities		*3 015 923*		*1 900 334*
Unlisted securities		*449 840*		*704 901*
Positive difference as an effect of the carrying amount exceeding the nominal amount		34 415		23 511
Negative difference as an effect of the carrying amount being less than the nominal amount		162		102

Values above are gross values. Credit impairment provisions for assets measured at fair value via other comprehensive income amounts to SEK 3.5 m (4.3) and have been reported under the item Net result from financial transactions in the profit and loss.

21 Shares and participations in associated companies

SEK 000	2021	2020
Credit institutions	83 619	-
Other	11 584	20 980
Total shares and other participations	**95 202**	**20 980**
Accumulated acquisition values		
At the beginning of the year	20 980	12 446
Aquisitions and capital injections	93 167	8 534
Closing balance, 31 December	**114 146**	**20 980**
Accumulated impairments		
At the beginning of the year	-	-
Impairments of the year	-18 944	-
Closing balance, 31 December	**-18 944**	**-**
Carrying value, 31 December	**95 202**	**41 959**

2021

SEK 000	Net result	Equity	Capital share	Number of shares	Carrying amount
IISÅ Holdco AB, 559217-9203, Stockholm	-150	39 901	25%	54 412	11 584
Borgo AB, 559153-2303, Stockholm	-45 713	257 018	23%	500 232	83 619

2020

SEK 000	Net result	Equity	Capital share	Number of shares	Carrying amount
IISÅ Holdco AB, 559217-9203, Stockholm	-3	76 015	25%	2 500	20 980

22 Shares and participations in other companies

SEK 000	2021	2020
Shares and participations, unlisted securities	1 535	1 535
Shares and participations, listed securities	37 967	42 097
Total shares and other participations	**39 502**	**43 632**

23 Intangible assets

SEK 000	Internally generated intangible assets	Acquired intangible assets		
	Other technical/contract based assets	Market and customer based assets	Other technical/ contract based assets	**Total**
Acquisition cost				
Opening balance, 1 January 2020	614 348	42 868	66 938	724 154
Acquisitions	253 130	-	1 388	254 518
Sales and disposals	-	-	-2 372	-2 372
Other changes	-	-	-19 055	-19 055
Translation difference	-	-1 803	-4 207	-6 010
Closing balance, 31 December 2020	**867 478**	**41 065**	**42 692**	**951 234**
Opening balance, 1 January 2021	867 478	41 065	42 692	951 234
Acquisitions	286 160	-	865	287 025
Translation difference	-	995	1 200	2 195
Closing balance, 31 December 2021	**1 153 638**	**42 060**	**44 757**	**1 240 454**
Amortisation				
Opening balance, 1 January 2020	-264 274	-42 207	-65 535	-372 016
Amortisation for the year	-111 783	-140	-775	-112 698
Sales and disposals	-	-	2 372	2 372
Other changes	-	-	19 055	19 055
Translation difference	-	1 780	4 157	5 936
Closing balance, 31 December 2020	**-376 057**	**-40 565**	**-40 727**	**-457 348**
Opening balance, 1 January 2021	-376 057	-40 566	-40 727	-457 349
Amortisation for the year	-131 641	-136	-1 016	-132 793
Translation difference	-	-986	-1 166	-2 151
Closing balance, 31 December 2021	**-507 698**	**-41 686**	**-42 908**	**-592 293**
Impairments				
Opening balance, 1 January 2021	-	-	-	-
Impairment of the year	-76 036	-	-	-76 036
Closing balance, 31 December 2021	**-76 036**	**-**	**-**	**-76 036**
Carrying amount				
As of 1 January 2020	350 074	663	1 401	352 138
As of 31 December 2020	**491 421**	**499**	**1 962**	**493 883**
As of 1 January 2021	491 421	499	1 962	493 883
As of 31 December 2021	**569 903**	**371**	**1 848**	**572 123**

24 Tangible assets

SEK 000	Equipment	Leased assets	Total
Acquisition cost			
Opening balance, 1 January 2020	147 646	17 984 449	18 132 095
Acquisitions	1 539	4 244 780	4 246 319
Sales and disposals	-13 794	-3 994 167	-4 007 962
Other changes	-304	-	-304
Translation difference	-5 068	-537 859	-542 927
Closing balance, 31 December 2020	**130 019**	**17 697 203**	**17 827 222**
Opening balance, 1 January 2021	130 019	17 697 203	17 827 222
Acquisition	1 535	4 349 215	4 350 750
Sales and disposals	-19 597	-4 255 506	-4 275 103
Other changes	-	-	-
Translation difference	2 767	326 693	329 460
Closing balance, 31 December 2021	**114 723**	**18 117 607**	**18 232 330**
Depreciation			
Opening balance, 1 January 2020	-133 411	-7 532 254	-7 665 665
Depreciation for the year	-5 815	-3 418 874	-3 424 688
Sales and disposals	13 735	2 947 103	2 960 838
Translation difference	4 905	302 049	306 954
Closing balance, 31 December 2020	**-120 281**	**-7 701 976**	**-7 822 257**
Opening balance, 1 January 2021	-120 281	-7 701 976	-7 822 257
Depreciation for the year	-3 010	-3 541 928	-3 544 938
Sales and disposals	19 597	3 214 792	3 234 390
Translation difference	-2 697	-182 598	-185 294
Closing balance, 31 December 2021	**-106 389**	**-8 211 710**	**-8 318 099**
Impairments			
Opening balance, 1 January 2020	-	-183 937	-183 937
Impairments for the year	-	-159 165	-159 165
Reversals of previous impairment	-	54 757	54 757
Translation difference	-	6 921	6 921
Closing balance, 31 December 2020	**-**	**-281 424**	**-281 424**
Opening balance, 1 January 2021	-	-281 425	-281 425
Impairments for the year	-	-82 929	-82 929
Reversals of previous impariment	-	54 756	54 756
Translation difference	-	-4 658	-4 658
Closing balance, 31 December 2021	**-**	**-314 256**	**-314 256**
Carrying amount			
As of 1 January 2020	14 235	10 268 258	10 282 493
As of 31 December 2020	**9 738**	**9 713 803**	**9 723 541**
As of 1 January 2021	9 738	9 713 803	9 723 541
As of 31 December 2021	**8 334**	**9 591 641**	**9 599 975**

Change in impairment for financial leases recognised as operating

SEK 000	2021	2020
Opening balance	**281 424**	**183 936**
Impairment of loan losses for the year	82 929	159 165
Reversal of previous impairment of loan losses recognised in the annual accounts	-54 756	-54 757
Translation difference	4 658	-6 921
Closing balance	**314 256**	**281 424**

The table below shows changes in gross carrying amount and credit impairment provisions during 2021. The carrying amounts have decreased with 1 percent from SEK 10,065 m to SEK 9,989 m. The line item New leasing objects shows new assets originated during the year and changes in stage allocations are shown under Transfers during the period. The same line includes increases of existing loans or increase of utilised credits available at the start of 2021. New financial assets originated in stage 2 and 3 shows increases in the credit exposure on existing loans that were classified as stage 2 or 3 at the start of the year and returned to stage 1 during the year. Changes are therefore recognised under transfers during the period. Similarly, discontinued loans and amortisations are shown under Financial assets derecognised. The lower part of the table includes credit impairment provisions. Changes in the Bank's risk models and changes in the macroeconomic scenarios are shown separately. Changes in risk parameters that do not affect the stage classification are shown under Revaluation due to changes in credit risk. Total loan loss provisions are shown in Note 3, table Credit risk exposure gross and net, divided into credit ratings for financial assets and off-balance sheet items.

Changes in credit impairment provisions for leasing objects (financial leasing)

	Not credit impaired		Credit impaired	
2021				
SEK 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Gross carrying amount per 1 January 2021	**5 394 519**	**4 670 159**	**313 503**	**10 378 181**
New leasing objects	3 564 892	13 164	695	3 578 752
Derecognised leasing objects	-1 899 313	-1 717 601	-179 804	-3 796 719
Transfers during the period:	-1 869 595	1 746 364	123 231	-
from stage 1 to stage 2	*-2 489 993*	*2 489 993*	-	-
from stage 1 to stage 3	*-80 435*	-	*80 435*	-
from stage 2 to stage 1	*696 275*	*-696 275*	-	-
from stage 2 to stage 3	-	*-93 623*	*93 623*	-
from stage 3 to stage 1	*4 558*	-	*-4 558*	-
from stage 3 to stage 2	-	*46 269*	*-46 269*	-
Change in exchange rates and other	107 953	58 583	5 318	171 854
Gross carrying amount per 31 December 2021	**5 298 455**	**4 770 668**	**262 944**	**10 332 067**
Credit impairment provisions				
Credit impairment provisions per 1 January 2021	**-9 765**	**-148 755**	**-155 117**	**-313 635**
New leasing objects	-111 773	-398	-369	-112 539
Derecognised leasing objects	3 174	47 451	87 053	137 677
Changes in risk variables (EAD, PD, LGD)	60	-857	0	-797
Changes in macroeconomic factors	-4 685	15 696	512	11 522
Changes due to expert credit judgement (individual assessments and manual adjustments)	1 386	-13 124	17 357	5 620
Transfers during the period:	111 790	-47 249	-98 365	-33 824
from stage 1 to stage 2	*49 947*	*-62 334*	-	*-12 386*
from stage 1 to stage 3	*63 251*	.	*-77 280*	*-14 028*
from stage 2 to stage 1	*-1 375*	*6 472*	-	*5 097*
from stage 2 to stage 3	-	*13 390*	*-29 269*	*-15 878*
from stage 3 to stage 1	*-33*	.	*705*	*672*
from stage 3 to stage 2	-	*-4 778*	*7 478*	*2 700*
Reevaluation due to change in credit risk	*-3 703*	*-11 728*	*-15 867*	*-31 298*
Change in exchange rates and other	-279	-2 176	-3 002	-
Credit impairment provisions per 31 December 2021	**-13 794**	**-161 140**	**-167 780**	**-342 713**
Net closing balance per 31 December 2021	**5 284 661**	**4 609 529**	**95 164**	**9 989 354**

	Not credit impaired		Credit impaired	
2020				
SEK 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Gross carrying amount per 1 January 2020	**7 487 234**	**3 107 672**	**337 207**	**10 932 113**
New leasing objects	3 594 532	4 764	2 500	3 601 798
Derecognised leasing objects	-2 667 113	-1 034 919	-156 510	-3 858 542
Transfers during the period:	-2 791 831	2 652 073	139 757	-
from stage 1 to stage 2	*-3 118 543*	*3 118 543*	-	-
from stage 1 to stage 3	*-88 213*	-	*88 213*	-
from stage 2 to stage 1	*407 912*	*-407 912*	-	-
from stage 2 to stage 3	-	*-111 044*	*111 044*	-
from stage 3 to stage 1	*7 014*	-	*-7 014*	-
from stage 3 to stage 2	-	*52 486*	*-52 486*	-
Change in exchange rates and other	-228 304	-59 432	-9 452	-297 188
Gross carrying amount per 31 December 2020	**5 394 519**	**4 670 159**	**313 503**	**10 378 181**
Credit impairment provisions				
Credit impairment provisions per 1 January 2020	**-11 307**	**-49 132**	**-146 087**	**-206 525**
New leasing objects	-88 382	-63	-1 089	-89 534
Derecognised leasing objects	3 698	16 229	74 867	94 793
Changes in risk variables (EAD, PD, LGD)	7 418	16 608	2 685	26 711
Changes in macroeconomic scenarios	-11 799	-9 118	-575	-21 493
Changes due to expert credit judgement (individual assessments and manual adjustments)	-7 885	-14 157	7 011	-15 029
Transfers during the period:	102 459	-85 487	-73 028	-56 056
from stage 1 to stage 2	*84 519*	*-109 530*	-	*-25 011*
from stage 1 to stage 3	*18 514*	-	*-30 450*	*-11 936*
from stage 2 to stage 1	*-541*	*4 321*	-	*3 780*
from stage 2 to stage 3	-	*21 623*	*-49 625*	*-28 002*
from stage 3 to stage 1	*-33*	-	*909*	*875*
from stage 3 to stage 2	-	*-1 901*	*6 139*	*4 238*
Reevaluation due to change in credit risk	*-4 466*	*-24 996*	*-23 181*	*-52 642*
Change in exchange rates and other	500	1 361	4 279	0
Credit impairment provisions per 31 December 2020	**-9 765**	**-148 755**	**-155 117**	**-313 636**
Net closing balance per 31 December 2020	**5 384 754**	**4 521 405**	**158 386**	**10 064 545**

Of the total carrying value of leasing objects, SEK 23 m (27) are repossessed leasing objects, of which SEK 13 m (21) have been reserved for credit impairments. Residual value amounts guaranteed by suppliers totalled SEK 145 m (151).

25 Loan commitments and undrawn limits

The table below shows changes in gross carrying amount and credit impairment provisions for loan commitments and undrawn limits during 2021. The carrying amounts have increased with SEK 3,369 m to SEK 29,756 m (26,387). during the year The line item New loan commitments and undrawn limits shows new assets originated during the year and changes in stage allocations are shown under Transfers during the period. The same line includes increases of existing loan commitments or increase of credits limits available at the start of 2021. New financial assets originated in stage 2 and 3 shows increases in the credit exposure on existing loans that were classified as stage 2 or 3 at the start of the year and returned to stage 1 during the year. Changes are therefore recognised under Transfers during the period. Similarly, discontinued loans and decreased loan commitments are shown under Financial assets derecognised. The lower part of the table includes credit impairment provisions. Changes in the Bank's risk models and changes in the macroeconomic scenarios are shown separately. Changes in risk parameters that do not affect the stage classification are shown under Revaluation due to changes in credit risk. Note 3, table Credit risk exposure gross and net, divided into credit ratings for financial assets and off-balance sheet items.

Changes in credit impairment provisions for loan commitments and undrawn limits

	Not credit impaired		Credit impaired	
2021 SEK 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Gross carrying amount per 1 January 2021	**29 445 616**	**877 108**	**-**	**30 322 724**
New loan commitments and undrawn limits	9 712 711	353 166	22 230	10 088 107
Derecognised loan commitments and undrawn limits	-8 556 011	-329 110	-	-8 885 122
Transfers during the period:	95 052	-72 822	-22 230	-
from stage 1 to stage 2	*-583 490*	*583 490*	-	-
from stage 1 to stage 3	-	.	-	-
from stage 2 to stage 1	*660 623*	*-660 623*	-	-
from stage 2 to stage 3	-	-	-	-
from stage 3 to stage 1	*17 919*	.	*-17 919*	-
from stage 3 to stage 2	.	*4 311*	*-4 311*	-
Change in exchange rates and other	743 802	22 850	-	0
Gross carrying amount per 31 December 2021	**31 441 168**	**851 191**	**-**	**32 292 360**
Credit impairment provisions per 1 January 2021	**-14 472**	**-11 675**	**-**	**-26 146**
New loan commitments and undrawn limits	-9 591	-4 566	-54	-14 212
Derecognised loan commitments and undrawn limits	5 706	4 163	-	9 869
Changes in risk variables (EAD, PD, LGD)	742	158	-	900
Changes in macroeconomic factors	1 788	1 337	-6	3 119
Changes due to expert credit judgement (individual assessments and manual adjustments)	4	2	- 2	4
Transfers during the period:	1 171	483	62	1 716
from stage 1 to stage 2	*1 545*	*-6 557*	-	*-5 012*
from stage 1 to stage 3	*-11*	-	-	*-11*
from stage 2 to stage 1	*-361*	*7 230*	-	*6 869*
from stage 2 to stage 3	-	*-138*	-	*-138*
from stage 3 to stage 1	*-2*	-	*2*	-
from stage 3 to stage 2	-	*-52*	*60*	*8*
Reevaluation due to change in credit risk	2 796	-500	-	2 296
Change in exchange rates and other	-623	-399	-	-1 092
Credit impairment provisions per 31 December 2021	**-12 479**	**-10 998**	**-**	**-23 476**
Net closing balance per 31 December 2021	**31 428 690**	**840 194**	**-**	**32 268 883**

* Opening balance for 2021 is different from closing balance for 2020 due to including one more product in the comparison.

	Not credit impaired		Credit impaired	
2020				
SEK 000	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Gross carrying amount per 1 January 2020	**34 643 940**	**920 430**	**-**	**35 564 370**
New loan commitments and undrawn limits	7 404 681	365 675	60 081	7 830 438
Derecognised loan commitments and undrawn limits	-15 248 381	-227 455	-	-15 475 836
Transfers during the period:	198 068	-137 987	-60 081	-
from stage 1 to stage 2	*-493 310*	*493 310*	-	-
from stage 1 to stage 3	-	-	-	-
from stage 2 to stage 1	*674 697*	*-674 697*	-	-
from stage 2 to stage 3	-	-	-	-
from stage 3 to stage 1	*16 681*	-	*-16 681*	-
from stage 3 to stage 2	-	*43 400*	*-43 400*	-
Change in exchange rates and other	-1 462 078	-43 555	-	-
Gross carrying amount per 31 December 2020	**25 536 230**	**877 108**	**-**	**26 413 339**
Credit impairment provisions per 1 January 2020	**-13 017**	**-12 850**	**-**	**-25 867**
New loan commitments and undrawn limits	-9 562	-4 641	-64	-14 267
Derecognised loan commitments and undrawn limits	6 308	3 683	-	9 991
Changes in risk variables (EAD, PD, LGD)	354	704	-	1 058
Changes in macroeconomic scenarios	-1 725	-135	-10	-1 870
Changes due to expert credit judgement (individual assessments and manual adjustments)	13	-1	-	11
Transfers during the period:	997	1 636	74	2 707
from stage 1 to stage 2	*1 406*	*-6 034*	-	*-4 628*
from stage 1 to stage 3	*-2*	-	-	*-2*
from stage 2 to stage 1	*-405*	*7 782*	-	*7 377*
from stage 2 to stage 3	-	*-50*	-	*-50*
from stage 3 to stage 1	*-2*	-	*2*	*0*
from stage 3 to stage 2	-	*-62*	*72*	*10*
Reevaluation due to change in credit risk	1 566	-701	-	865
Change in exchange rates and other	595	631	-	-1 092
Credit impairment provisions per 31 December 2020	**-14 472**	**-11 675**	**-**	**-26 146**
Net closing balance per 31 December 2020	**25 521 759**	**865 433**	**-**	**26 387 192**

26 Leasing

Ikano Bank as lessor

The Bank owns assets leased to customers through financial leases, which, in accordance with the rules in RFR 2, are reported as operating leases. These assets are, therefore, reported in the balance sheet as tangible assets with depreciation reported within Depreciation/amortisation and impairments of tangible and intangible assets in the income statement. The leased assets consist primarily of office equipment, vehicles and manufacturing equipment. For contracts that cannot be cancelled, future minimum lease payments are allocated in accordance with the table below.

SEK 000	2021	2020
Irrevocable lease payments amount to:		
Within 1 year	4 398 155	3 524 632
1-5 years	6 510 663	6 929 963
More than 5 years	294 335	276 345
Total	**11 203 153**	**10 730 940**

Ikano Bank as lessee

Operating leases refer to the Bank's normal activities. The term of the contract generally extends over three years. On expiry of the lease term, the Bank will redeem the contract at its guaranteed residual value. Lease payments entered as expenses in 2021 totalled SEK 3.3 m (3.4). For contracts that cannot be cancelled, future minimum lease payments are allocated in accordance with the table below.

SEK 000	2021	2020
Irrevocable lease payments amount to:		
Within 1 year	63 190	60 432
1-5 years	51 327	63 615
More than 5 years	-	-
Total	**114 517**	**124 048**

27 Other assets

SEK 000	2021	2020
Positive value of derivative instruments	10 074	114 833
Accounts receivable leasing	397 712	350 743
Accounts receivable other	43 984	14 290
Tax receivables	408 455	408 289
Account receivable, Group companies	95	92
VAT receivable	845	4 304
Other assets	31 009	84 004
Total	**892 173**	**976 555**

Accounts receivable leasing shows the gross value because credit loss provisions for leasing receivables are reported as part of the leasing provisions. For other assets, no significant credit loss provisions are deemed to exist

28 Prepaid expenses and accrued income

SEK 000	2021	2020
Accrued fees and commissions	73 357	71 807
Accrued interest income	31 798	27 800
Other prepaid expenses and accrued income	234 960	180 276
Total	**340 116**	**279 883**

Credit impairment provisions on accrued interest income are immaterial and not shown separately above.

29 Liabilities to credit institutions

SEK 000	2021	2020
Swedish banks		
- Swedish currency	9 434	32 058
- Foreign currency	-	369 197
Total Swedish banks	**9 434**	**401 255**
Foreign banks		
- Swedish currency	-	128 849
- Foreign currency	629 251	955 539
Total foreign banks	**629 251**	**1 084 388**
Total	**638 686**	**1 485 643**

30 Deposits from the public

SEK 000	2021	2020
Public		
- Swedish currency	13 060 016	13 042 852
- Foreign currency	13 849 155	13 180 440
Total	**26 909 171**	**26 223 293**
Deposits specified by category of borrower		
Corporate sector	1 594 755	1 594 405
Household sector	25 314 416	24 628 888
Total	**26 909 171**	**26 223 293**

31 Issued securities

SEK 000	2021	2020
Certificates of deposits	149 976	1 129 206
Senior unsecured bonds	3 598 958	5 254 435
Total	**3 748 933**	**6 383 642**

32 Other liabilities

SEK 000	2021	2020
Negative value of derivative instruments	187 699	15 826
Accounts payable	213 757	216 505
Preliminary tax, interests	16 937	18 388
Settlement and clearing items	356 070	386 340
Group liabilities	1 068	5 821
Tax liabilities	43 113	103 022
Other liabilities	57 434	47 539
Total	**876 080**	**793 442**

33 Accrued expenses and prepaid income

SEK 000	2021	2020
Accrued interest expenses	57 967	81 457
Accrued personnel costs	104 705	99 634
Prepaid lease payments	397 477	385 166
Prepaid income from partners	385 693	370 079
Accrued audit costs	7 643	15 871
Prepaid income related to leasing insurance	25 168	24 868
Other prepaid income	61 071	45 124
Other accrued expenses	289 147	150 499
Total	**1 328 871**	**1 172 699**

34 Provisions for pensions

SEK 000	2021	2020
Provision for pensions	37 594	36 957
Total	**37 594**	**36 957**
Change in net debt		
Net debt regarding pension obligations at the beginning of the year	36 957	35 886
+ Personal pension expenses, excluding interest expense, reported in income statement	-	-
+ Interest expenses	1 661	1 928
- Pension payments	-1 024	-857
= Net debt at year-end	**37 594**	**36 957**
Of which credit insured by FPG/PRI	37 594	36 957
Pension costs		
Personal pension plan		
Cost of earning pensions etc.	-	-
+ Interest expense (calculated discounting effect)	1 660	1 927
= Pension expenses for personal pension plan exluding taxes	**1 660**	**1 927**
Pensions through insurance		
+ Insurance premiums or equivalent	63 898	55 774
= Total pension costs excluding taxes	**65 559**	**57 702**

Next year's expected payment in regard to defined benefit pension plans amounts to SEK 752 k (739). The entire provision reported in the balance sheet is covered by the Pension Obligations Vesting Act.

35 Subordinated liabilities

					2021		
SEK 000	Currency	Issue date	Nom	Coupon interest	Interest rate	Maturity date	Reported value
Subordinated loan 1	GBP	2015-05-28	7 000	Ibor 6 mth +2.8% per year	3.66%	2025-05-28	-
Subordinated loan 2	NOK	2015-05-28	35 000	Ibor 6 mth +2.55% per year	3.85%	2025-05-28	-
Subordinated loan 3	DKK	2015-05-28	90 000	Ibor 6 mth +2.45% per year	3.76%	2025-05-28	-
Subordinated loan 4	EUR	2015-08-01	39 500	Ibor 3 mth +2.5% per year	2.52%	2025-05-28	-
Subordinated loan 5	SEK	2015-05-28	200 000	Ibor 6 mth +2.7% per year	3.56%	2025-05-28	-
Total							**-**
Of which: Group companies							*-*

					2020		
SEK 000	Currency	Issue date	Nom	Coupon interest	Interest rate	Maturity date	Reported value
Subordinated loan 1	GBP	2015-05-28	7 000	Ibor 6 mth +2.8% per year	3.66%	2025-05-28	78 526
Subordinated loan 2	NOK	2015-05-28	35 000	Ibor 6 mth +2.55% per year	3.85%	2025-05-28	33 498
Subordinated loan 3	DKK	2015-05-28	90 000	Ibor 6 mth +2.45% per year	3.76%	2025-05-28	121 504
Subordinated loan 4	EUR	2015-08-01	39 500	Ibor 3 mth +2.5% per year	2.52%	2025-05-28	396 830
Subordinated loan 5	SEK	2015-05-28	200 000	Ibor 6 mth +2.7% per year	3.56%	2025-05-28	200 000
Total							**830 357**
Of which: Group companies							*830 357*

The subordinated debt is subordinate to the Bank's other liabilities, which implies a right to payment only after the other creditors have received payment.

The subordinated liabilities was repaid in January 2021. The year's interest expense on subordinated liabilities amounted to SEK 1,159 k (22,918).

36 Untaxed reserves

SEK 000	2021	2020
Equipment, accumulated depreciation in excess of plan		
Opening balance, 1 January	96 957	96 957
Reversal of depreciation in excess of plan during the year	-96 957	-
Closing balance, 31 December	**-**	**96 957**

Capacity for excess depreciation on leased assets held on behalf of clients exists.

37 Equity

The number of shares totals 19,616, with a quota value of SEK 7,896. Quota value refers to share capital divided by the number of shares.

Statutory reserve

The statutory reserve consists of restricted equity.

Fund for development costs

Fund for development costs is restricted equity which regards the costs for own development classified as intangible assets.

Share premium reserve

Share premium reserve consists of share issued at a premium at the new share issue made on June 29, 2021. The Share premium reserve is non-restricted equity.

Fund for fair value

The fund for fair value comprises the fair value reserve, the cash flow hedge reserve and the translation reserve. The fair value reserve includes the accumulated, unrealised net change in the fair value of financial assets valued at fair value through other comprehensive income until the asset is removed from the balance sheet. Changes in value due to impairment losses are, however, reported in the income statement. The hedging reserve includes the effective portion of the cumulative net change in fair value of cash flow hedging instrument attributable to hedging transactions that have not yet occurred. The translation reserve comprises translation differences arising when consolidating the Bank's foreign branches.

Profit or loss brought forward

Profit or loss brought forward consists of the previous year's retained earnings after the distribution of dividends for the year. Together with the profit and loss for the year and the fund for fair value, this item comprises the total unrestricted equity, meaning the amount available for distribution to the shareholders.

Changes in equity

For a specification of changes in equity during the year see the Statement of changes in equity.

Proposal appropriation of profits

The following amount is available for distribution by the Annual General Meeting (SEK):

Share premium reserve	4,479,854,913
Fund for fair value	266,489,347
Retained earnings	4,695,867,493
Net result for the year	-101,200,798
Total	9,341,010,955

The Board of Directors proposes that the profits be appropriated as follows (SEK):

To be carried forward	9,341,010,955

Change in the Fund for fair value

SEK 000	2021	2020
Fair value reserve		
Opening balance, 1 January	6 593	2 959
Unrealised changes in fair value reported in other comprehensive income for the year	814	3 839
Tax attributable to unrealised changes in fair value of financial assets during the year	-339	-204
Closing balance, 31 December	**7 068**	**6 593**
Hedging reserve		
Opening balance, 1 January	7 303	14 938
The year's change in fair value of cash flow hedges	20 719	-9 323
Tax attributable to the year's change in fair value of cash flow hedges	-4 576	1 688
Closing balance, 31 December	**23 447**	**7 303**
Translation reserve		
Opening balance, 1 January	298 409	221 214
Translation differences, branches	-8 814	-13 754
Tax related to translation differences	-53 622	90 949
Closing balance, 31 December	**235 974**	**298 409**
Closing balance, Fund for fair value	**266 490**	**312 306**

38 Contingent liabilities

SEK 000	2021	2020
Contingent liabilities		
PRI	752	739
Total	**752**	**739**
Commitments		
Loan commitments, irrevocable	4 089 830	2 566 806
Unused credit limits	28 202 529	23 846 533
Total	**32 292 360**	**26 413 339**

Commitments made up of granted unused credit can be terminated effective immediately to the extent this is permitted under 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 disputes 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

39 Financial assets and liabilities

The following summarizes information about carrying and fair values per category of financial instruments. Note 2 contains descriptions of how fair value is determined for financial assets and liabilities measured at fair value in the balance sheet.

The following section describes how fair value is determined on such instruments for which value has not been measured at fair value in the balance sheet.

Lending

Variable rate lending is measured at the acquisition cost. When the credit spread remains unchanged, the acquisition cost is considered to reflect fair value.

Deposits

Fair value on deposits is calculated on the basis of current market interest rates where the original credit spread has remained constant if there is no clear proof that a change in the Bank's creditworthiness has led to an observable change in the Bank's credit spread. For deposits at variable rates of interest, the reported value is considered to reflect the fair value.

Other interest-bearing financial assets and liabilities

For financial assets and liabilities in the balance sheet with a remaining maturity of less than six months, the reported value is considered to reflect the fair value.

For financial assets and liabilities for which a rate is available from an active market, this rate is used for valuation. In the event that no rate is available, generally accepted valuation models are used instead. Controls of these models are performed on a continuous basis and comprise three steps. The values included in the model are compared with market data from other sources and the valuations are also compared with counterparty valuations. Finally, controls are also performed on the model's ability to generate a correct fair value.

Financial assets and liabilities

2021 SEK m	Financial assets at fair value through profit or loss	Financial assets at Amortised cost	Financial assets at fair value through other comprehensive income	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Derivatives used in hedge accounting	**Total carrying amount**	**Fair value**
Financial assets								
Cash	-	23	-	-	-	-	23	23
Treasury bills	-	-	2 274	-	-	-	2 274	2 274
Loans to credit institutions	-	1 817	-	-	-	-	1 817	1 817
Loans to the public	-	24 737	-	-	-	-	24 737	24 729
Bonds and other interest-bearing securities	-	-	3 466	-	-	-	3 466	3 466
Shares and participations in associated companies	-	95	-	-	-	-	95	95
Shares and participations in other companies	40	-	-	-	-	-	40	40
Derivatives	-	-	-	-	-	10	10	10
Accrued income	-	105	-	-	-	-	105	105
Other financial assets	-	474	-	-	-	-	474	474
Total	**40**	**27 252**	**5 740**	**-**	**-**	**10**	**33 042**	**33 033**
Financial liabilities								
Liabilities to credit institutions	-	-	-	-	639	-	639	642
Deposit from the public	-	-	-	-	26 909	-	26 909	26 913
Change in fair value on interest-rate hedged items in the portfolio	-	-	-	-	-	-	-	-
Issued securities	-	-	-	-	3 749	-	3 749	3 749
Derivatives	-	-	-	184	-	3	188	188
Other liabilities	-	-	-	-	645	-	645	645
Accrued expenses	-	-	-	-	1 329	-	1 329	1 329
Subordinated liabilities	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**184**	**33 271**	**3**	**33 459**	**33 466**

2020 SEK m	Financial assets at fair value through profit or loss	Loans and receivables	Financial assets available-for-sale	Financial liabilities at fair value through profit or loss	Other financial liabilities	Derivatives used in hedge accounting	**Total carrying amount**	**Fair value**
Financial assets								
Cash	-	0	-	-	-	-	0	0
Treasury bills	-	-	1 796	-	-	-	1 796	1 796
Loans to credit institutions	-	1 932	-	-	-	-	1 932	1 932
Loans to the public	-	25 031	-	-	-	-	25 031	25 045
Bonds and other interest-bearing securities	-	-	2 605	-	-	-	2 605	2 605
Shares and participations in associated companies	-	21	0	-	-	-	21	21
Shares and participations in other companies	44	-	0	-	-	-	44	44
Derivatives	115	-	-	-	-	-	115	115
Accrued income	-	100	-	-	-	-	100	100
Other financial assets	-	453	-	-	-	-	453	453
Total	**158**	**27 537**	**4 401**	**-**	**-**	**-**	**32 097**	**32 112**
Financial liabilities								
Liabilities to credit institutions	-	-	-	-	1 486	-	1 486	1 486
Deposits from the public	-	-	-	-	26 223	-	26 223	26 282
Change in fair value on interest-rate hedged items in the portfolio	-	-	-	-	-	-	-	-
Issued securities	-	-	-	-	6 384	-	6 384	6 383
Derivatives	-	-	-	2	0	14	16	16
Other liabilities	-	-	-	-	675	-	675	675
Accrued expenses	-	-	-	-	1 173	-	1 173	1 173
Subordinated liabilities	-	-	-	-	830	-	830	830
Total	**-**	**-**	**-**	**2**	**36 770**	**14**	**36 786**	**36 844**

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 that are reported at fair value in the balance sheet

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 at fair value through other comprehensive income				
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**

2020 SEK 000	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	-	114 833	-	**114 833**
Shares and participations in other companies	42 097	-	1 535	**43 632**
Financial assets available-for-sale				
Bonds and other interest-bearing securities	1 900 334	704 901	-	**2 605 234**
Treasury bills	1 362 832	433 290	-	**1 796 121**
Financial liabilities at fair value through profit or loss				
Derivatives	-	15 826	-	**15 826**

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

The fair value of derivative instruments is calculated using established valuation techniques and observable market interest rates. The Bank's valuation of derivatives at fair value is solely based on input data that is directly or indirectly observable in the market.

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.

Interest Rate Benchmark Reform

The Interest Rate Benchmark Reform is a transition from current Interbank Offered Rates (IBOR) to Risk Free Rates (RFR). Interbank Offered Rates are used today as interest rate benchmark in a large number of financial instruments and is very important for the financial stability.

Ikano Bank have worked on ensuring a smooth transition by making sure that existing contracts and products based on a interest rate benchmark have been mapped and the work to change interest rate benchmark from IBOR to Risk Free Rates have been started.

The Libor rates (for example GBP) was the first to cease as of December 31, 2021. All systems and existing contracts have been changed from IBOR to Risk Free Rates.

Other IBOR rates (for example Euribor, Stibor, Nibor, Cibor) have gone through a reform to comply with Benchmark regulation demands and these Interbank Offered Rates are expected to still be published within the foreseeable future. If there is a change and these Interbank Offered Rates will be changed to Risk Free Rates as well, Ikano Bank is ready to act to these new conditions.

Ikano Bank have as of December 31, 2021 no hedge exposures against Libor rates and the bank is working on updating all relevant bilateral ISDA agreements. The banks MTN prospectus for bonds have been updated with a correct fallback wording for the interest rate benchmarks which is expected to cease.

40 Capital analysis

The below information is provided regarding own funds and own funds requirements in accordance with regulation (EU) No 575/2013 and SFSA regulations regarding prudential requirements and capital buffers (FFFS 2014:12).

The capital requirements regulations help to strengthen resilience against financial losses and thereby protect the Bank's customers. The Bank’s own funds must cover the regulatory minimum requirements, caller Pillar I 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 as well as statutory requirements for capital buffers. The SFSA has per December 31 not announced any Pillar II guidance for Ikano Bank.

Ikano Bank has, as a part of the Bank’s risk appetite framework, 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.

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 own fund’s requirement in the business. 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 2021, the Bank had own funds of SEK 9,769 m (5,577), all of which is Common Equity Tier 1 capital both 2021 and 2020. The statutory own funds requirement for Pillar 1-risk amounted to SEK 2,647 m (2,542). After a statutory minimum for common equity Tier 1 capital has been allocated to cover requirement calculated in accordance with Pillar 1, a further SEK 7,122 m (3,035) remain available. The additional internal own funds requirements (Pillar II) 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 827 m (794) 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 credit exposures of the Bank are located. The institution-specific countercyclical buffer after weighting the applicable geographic requirements, which for the Bank now mainly means Norway, amounts per 31 December 2021 to 0.07 percent of risk weighted exposure amounts or SEK 24 m (22). Ikano Bank’s combined buffer requirement is SEK 851 m (817).

The total capital ratio was 29.5 percent (17.6), the same as Common Equity Tier 1 capital ratio (17.6). The capital relation is positively affected by the new share issue made during 2021.

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 61 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.

Own funds

The Bank's own funds totalled SEK 9,769 and consists only of Tier 1 capital.

Of the Bank's Tier 1 capital, all components have characteristics to be qualified as core Tier 1 capital. The different components of the core Tier 1 capital are share capital, statutory reserves, fund for development expenses, fund for fair value (excluding the cash flow reserve), retained earnings, untaxed reserves (78.6 percent thereof) and the year's audited result. Share capital consists of 19,616 shares with a quota value of SEK 7,896. The reserve fund is counted as part of the restricted capital that cannot be distributed to shareholders. The fund for fair value consists of a translation reserve that arises upon consolidation of the Bank's foreign branches and the fair value reserve arising from unrealised fair value adjustments on the Bank's financial assets valued at fair value through other comprehensive income. Retained profit and loss consists of the Bank's accumulated earnings and a capital contribution by the shareholders. The Bank's has, per 31 December 2021, no untaxed reserves.

Deductions from the core Tier 1 capital were made for intangible assets, which for the Bank consist of capitalised expenditures for internally generated and acquired software and IT systems. Cumulative value of the effective portion of cash flow hedging instruments that are recognized in fund for fair value amounting to SEK 7 m (7) is not included in the Bank's own funds, recognised as a deduction from common equity Tier 1. Also an Additional Value Adjustment has been deducted from common equity Tier 1 in line with EBA's technical standard for prudent valuation. Aim of the deduction is adjust for uncertainty of positions measured and recognised at fair value.

At 31 December 2021, the Bank has no deferred tax assets that rely on future profitability and that under certain circumstances should have been deducted from Own funds.

Conditions for instruments in Tier 1 capital

Conditions for share capital and capital contribution (part of retained earnings) included in Tier 1 capital in accordance with article 26.3 of the Capital Requirements Regulation shall be published pursuant to article 3 of the Implementation regulation 1423/2013. Both instruments are governed by Swedish law and are part of the Tier I capital, both in accordance with the transitional provisions and after the transition period. The original issue date of the share capital is 2 November 1994 and is reported at a value of SEK 79 m (nominal value SEK 79 m). The original issue dates of the capital contributions are 1 May 2013, reported at a value of SEK 242 m (nominal value GBP 24 m) and 13 December 2016, reported at a value of SEK 500 m (nominal value SEK 500 m). All instruments have no maturity date.

Conditions for Tier 2 capital

As of January 20, 2021, the Bank has redeemed all subordinated loans and these have therefore not been included in the capital base for the comparison period.

Tier 2 capital consisted of dated subordinated loans that were subordinate to the Bank's other liabilities, which meant that they carried the right for payment only after other creditors haa been repaid in the event that the Bank was no longer able to fulfil its commitments.

All subordinated loans were issued by Ikano Bank AB (publ). The subordinated loans were securities classified as Tier 2 capital in accordance with the Supervisory regulation article 26.3. For all subordinated loans the issue price constituted 100 percent of the nominal amount and the redemption amount also totaled 100 percent. The subordinated loans are measured at the acquisition value in the accounts.

Redemption of subordinated loans required prior authorisation by the supervisory authority. In the loan terms, there was no possibility for a step-up or other incentive for redemption. The subordinated loans were non-cumulative, which means that there are restrictions for the investor regarding the possibility to receive accrued interest in the event that the Bank fails to meet its obligations. The subordinated loans were non-convertible, i.e. not possible to convert into shares.

For other conditions that are specific to each subordinated loan and shall be published pursuant to article 3 of the Implementation regulation 1423/2013, see note 35.

Risk exposure amounts and own funds requirements

In calculating the risk exposure amounts for credit risk in accordance with pillar 1, the Bank uses the standardised approach, which includes 17 exposure classes with defined, weighted risks. The risk exposure amount for credit risk is SEK 26,922 m (26,587), which results in an own funds requirement of SEK 2,154 m (2,127).

The Bank uses Standard and Poor's rating for the calculation of the own funds requirement for Bonds and other interest-bearing securities, distributed across respective exposure classes according to regulations.

The risk exposure amount for operational risks is calculated in accordance with the basic indicator approach, which means that the risk-exposure amount constitutes 15 percent of the average operating income for the three previous financial years. The Bank's risk exposure amount for operational risk is SEK 4,926 m (5,117), resulting in an own funds requirement of SEK 394 m (409).

The risk exposure amount for foreign exchange risk covers on and off balance sheet items measured at the current market value and converted to Swedish kronor in accordance with the closing rate. Own funds requirements of eight percent are applied to the total net position in foreign currency subject to capital requirements for foreign exchange risk. The Bank's risk exposure amount for foreign exchange risk is SEK 1,221 m (54), with an own fund's requirement of SEK 97 m (4). The increase of foreign exchange risk is explained by an increase in off balance seet exposures that cannot be hedged.

The Bank's risk exposure amount for CVA risk is SEK 16 m (19), giving an own funds requirement of SEK 1 m (2).

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

	2021		2020	
	SEK 000	% of REA*	SEK 000	% of REA*
Common equity Tier 1	9 768 887	29.5%	5 577 416	17.6%
Tier 1 capital	9 768 887	29.5%	5 577 416	17.6%
Own funds	**9 768 887**	**29.5%**	**5 577 416**	**17.6%**
Total risk exposure amount	**33 085 187**		**31 777 238**	
Minimum capital requirement (Pillar 1)	**2 646 815**	**8.0%**	**2 542 179**	**8.0%**
Additional capital requirement (Pillar 2)	**771 000**	**1.9%**	**633 000**	**2.0%**
Pillar 2 guidance (P2G)	-	**0.0%**	-	**0.0%**
Combined buffer requirement	**851 162**	**2.6%**	**816 739**	**2.6%**
Capital conservation buffer	827 130	2.5%	794 431	2.5%
Counter-cyclical capital buffer	24 032	0.1%	22 308	0.1%
Total capital requirement	**4 268 977**	**12.5%**	**3 991 918**	**12.6%**
Available common equity Tier 1 Capital	**7 783 775**	**23.5%**	**3 670 782**	**11.6%**

Specification of own funds

SEK 000	2021	2020
Equity reported in the balance sheet	**10 259 462**	**5 850 726**
Share capital	154 893	78 994
Statutory reserve	193 655	193 655
Fund for development expenses	569 903	471 640
Fund for fair value	266 490	312 306
Retained earnings	4 695 867	4 961 236
Net result for the year	-101 201	-167 105
Untaxed reserves (78% of which)	-	76 984
CET1 capital before regulatory adjustments	**5 779 608**	**5 927 710**
CET1 capital: regulatory adjustments		
Intangible assets	-572 123	-493 883
Cash flow hedge	-23 447	-7 303
Value adjustments due to the requirements for prudential valuation	-6 059	-4 582
Adjustment for IFRS 9 one-off effect according to transitional arrangements	111 053	155 474
Total Common Equity Tier 1 Capital	**5 289 032**	**5 577 416**
Total Tier 1 Capital	**5 289 032**	**5 577 416**
Total own funds	**9 768 887**	**5 577 416**

Specification of risk exposure amounts and own funds requirements

SEK 000	2021 Risk exposure amount	2021 Own funds requirements	2020 Risk exposure amount	2020 Own funds requirements
Credit risk according to the standardised approach				
Exposures to regional governments or local authorities	13 441	1 075	10 975	878
Institutional exposure	452 488	36 199	535 028	42 802
Corporate exposure	3 853 039	308 243	3 630 378	290 430
Retail exposure	21 312 261	1 704 981	21 438 465	1 715 077
Equity exposure	305 924	24 474	64 612	5 169
Past due items	432 732	34 619	425 912	34 073
Covered bond exposure	198 903	15 912	111 752	8 940
Other items	353 427	28 274	369 614	29 569
Total credit risk	**26 922 215**	**2 153 777**	**26 586 735**	**2 126 939**
Operational risk according to the basic indicator approach	**4 926 047**	**394 084**	**5 116 603**	**409 328**
Foreign exchange risk according to the standardised approach	**1 220 521**	**97 642**	**54 613**	**4 369**
CVA risk according to the standardised approach	**16 404**	**1 312**	**19 287**	**1 543**
Total	**33 085 187**	**2 646 815**	**31 777 238**	**2 542 179**

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

SEK m	2021	2020
Available capital		
Common Equity Tier 1 (CET1) capital	9 768 887	5 577 416
Common Equity Tier 1 (CET1) capital as if IFRS 9 transitional arrangements had not been applied	9 657 834	5 421 942
Tier 1 capital	9 768 887	5 577 416
Tier 1 capital as if IFRS 9 transitional arrangements had not been applied	9 657 834	5 421 942
Total capital	9 768 887	5 577 416
Total capital as if IFRS 9 transitional arrangements had not been applied	9 657 834	5 421 942
Risk-weighted assets		
Total risk-weighted assets	33 085 187	31 777 238
Inphasing	41 200	69 314
Total risk-weighted assets as if IFRS 9 transitional arrangements had not been applied	33 043 987	31 707 924
Capital ratios		
Common Equity Tier 1 (as a percentage of risk exposure amount)	29.5%	17.6%
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 transitional arrangements had not been applied	29.2%	17.1%
Tier 1 (as a percentage of risk exposure amount)	29.5%	17.6%
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 transitional arrangements had not been applied	29.2%	17.1%
Total capital (as a percentage of risk exposure amount)	29.5%	17.6%
Total capital (as a percentage of risk exposure amount) as if IFRS 9 transitional arrangements had not been applied	29.2%	17.1%
Leverage ratio		
Leverage ratio total exposure measure	45 194 682	43 951 824
Leverage ratio	21.6%	12.7%
Leverage ratio as if IFRS 9 transitional arrangements had not been applied	21.4%	12.4%

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 was implemented when the revised revised Capital Requirements Regulation entered into force on June 28 2021.

The leverage ratio is calculated using the Tier 1 capital as a percentage of total assets. For the Bank, the leverage ratio per 31 December 2021 is 21.6 percent (12.7). The leverage ration is positively affected by the new share issu med in 2021.

	2021		2020	
	kSEK	% of total exposure measure	kSEK	% of total exposure measure
Total exposure measure*	**45 194 682**		**43 951 824**	
Tier 1 capital	**9 768 887**	**21.6%**	**5 577 416**	**12.7%**
Overall leverage ratio requirement	**1 355 840**	**3.0%**	**1 318 555**	**3.0%**

**Total exposue measure for calculation of the leverage ratio in article 429.4 of the CRR*

Liquidity coverage ratio

kSEK	2021-12-31	2021-09-30	2021-06-30	2021-03-31	2020-12-31
Total high-quality liquid assets (HQLA)	**4 324 565**	**4 499 732**	**3 999 233**	**2 833 577**	**2 827 295**
Cash outflows	4 063 017	4 335 485	5 693 932	3 757 385	4 410 524
Cash inflows	2 524 193	3 359 193	5 658 393	2 507 554	3 312 243
Total net cash outflows	**1 538 824**	**1 083 871**	**1 423 483**	**1 249 831**	**1 102 631**
Liquidity coverage ratio (%)	**281%**	**415%**	**281%**	**227%**	**256%**

Net stable funding ratio

kSEK	2021-12-31	2021-09-30	2021-06-30	2021-03-31	2020-12-31
Total available stable funding	36 958 727	37 794 268	37 846 954	34 321 417	34 818 026
Total required stable funding	27 286 679	27 396 651	27 393 479	32 381 162	32 666 774
NSFR ratio (%)	**135%**	**138%**	**138%**	**106%**	**107%**

41 Transactions with related parties

The Bank has related party relationships with companies within the Ikano Group and companies within the Ingka Group. Transactions with these parties is 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 is 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.

Transactions with key personnel in senior positions

Information about salaries and other remuneration, pensions and loans to key personnel in leading positions, see note 12 General administrative expenses.

kSEK	År	Sale of goods or services to a related party	Purchase of goods or services from a related party	Receivables with related parties, December 31	Liabilities with related parties, December 31
Group companies	**2021**	**366**	**-47 812**	**14 150**	**1 216**
Group companies	**2020**	1 889	-71 489	8 010	837 533
Other related parties	**2021**	**75 059**	**1 524**	**39 549**	**1 749 237**
Other related parties	**2020**	-	-	-	-

42 Events after the balance sheet date

The Bank have, in the beginning of February 2022, following the approval from the Swedish Financial Supervisory Authority, completed the acquisition of Basisbank A/S's consumer finance portfolio in Denmark, which was announced in October 2021. The acquisition increases Ikano Banks consumer lending business in Denmark and is well aligned with the banks growth strategy. As of the acquisition date, the portfolio increased Loans to the public with SEK 2.3 bn, and increased loan loss provisions by SEK 94 m. The acquisition means an increased credit risk exposure for the bank which has an impact on the capital ratios of approximately 1.3 percent. After the acquisition the Bank's capital ratios are still above the legal requirements as well as the banks internal tolerance levels.

In feburary 2022 further investments was made in the fintech company Borgo, amounting to SEK 114 m.

The bank continuously follows the development in Ukraine. Ikano Bank has a very limited direct, or indirect, exposure to Russia or Ukraine. We have not experienced any liquidity out flow and do not see any short term need of liquidity. Ikano Bank does not have exposures to neither the Russian Rubel, nor the Ukraine Hryvnia, and we do not make payments in these currencies.

Signatures

We hereby certify, to the best of our knowledge, that the annual report has been prepared in accordance with acceptable accounting practices. The information presented is consistent with actual conditions in the operations and nothing of significance has been omitted which could affect the image of the Bank created by the annual report.

Älmhult, date according to digital signature.

Mats Håkansson
Chairperson

Lars Thorsén
Board member

Diederick van Thiel
Board member

Heather Jackson
Board member

Lars Ljungälv
Board member

Yohann Adolphe
Board member

Viveka Strangert
Board member

Krister Mattsson
Board member

Mikael Palmquist
Board member

Henrik Eklund
CEO

Our auditor's report was submitted, date according to digital signature.

Deloitte AB

Malin Lüning
Authorised public accountant

AUDITOR’S REPORT

To the general meeting of the shareholders of Ikano Bank AB (publ) corporate identity number 516406-0922

Report on the annual accounts

Opinions

We have audited the annual accounts of Ikano Bank AB (publ) for the financial year 2021-01-01 - 2021-12-31. The annual accounts of the company are included on pages 7-66 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the company.

Our opinions in this report on the the annual accounts are consistent with the content of the additional report that has been submitted to the company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of Ikano Bank AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts as a whole, but we do not provide a separate opinion on these matters.

Judgments and estimates with respect to valuation of loan receivables

Recognition and measurement of financial instruments as regulated in IFRS 9 is a complex area with significant impact on Ikano Bank AB (publ)’s business and financial reporting. IFRS 9 is a complex accounting standard which requires significant judgment to determine the loan loss provision.

Key areas of judgment include:

- The interpretation of the requirements to determine loan loss provisions under application of IFRS 9, which is reflected in the company’s expected credit loss model.
- The identification of exposures with a significant deterioration in credit quality.
- Assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward looking macroeconomic factors (unemployment rates and gross domestic product growth).
- Effect from Covid-19 on above key areas of judgement.

At December 31, 2021, loans to the public amounted to SEK 24 737million, with loan loss provisions of SEK 753 million. The leasing portfolio, classified as tangible assets, amounted to SEK 9 592 million, with loan loss provisions of SEK 343 million.

Given the significance of loan receivables, the impact from the inherent uncertainty and subjectivity involved in assessing loan loss provisions, as well as the extensive disclosures required under IFRS 9, we consider this to be a key audit matter for our audit.

Refer to critical judgments and estimates in note 2 in the financial statements and related disclosures of credit risk in note 3.

Our audit procedures included, but were not limited to:

- We evaluated relevant controls within the loan loss provision process to verify if they are appropriately designed and implemented during the year.
- We assessed, supported by our credit risk modelling specialists, the modelling techniques and model methodologies against the requirements of IFRS 9. We assessed the sufficiency of a selection of the underlying models developed for loan loss provisions.
- Covid-19s effect has been included in above mentioned procedures.
- We assessed the completeness and accuracy of the disclosures relating to loan loss

provision to assess compliance with disclosure requirements included in IFRS.

IT-systems that support complete and accurate financial reporting

Ikano Bank AB (publ) is dependent on their IT-systems to serve customers, support their business processes, ensure complete and accurate processing of financial transactions and support the overall internal control framework. Many of Ikano Bank AB (publ)'s internal controls over financial reporting are depending upon automated application controls and completeness and integrity of reports generated by the IT-systems. Given the high dependency on technology, we consider this to be a key audit matter for our audit.

We categorises key IT-risk and control domains relating to financial reporting in the following sections:

- Changes to the IT-environment
- Operations and monitoring of the IT-environment
- Information security

Our audit procedures included, but were not limited to:

- We assessed management principles and processes for modifications to the IT-environment.
- We evaluated segregations of duties.
- We evaluated the appropriateness of IT-System job scheduling and alarm configuration capabilities.
- We evaluated the appropriateness of processes and tools to ensure availability of data as per user requests and business requirements, including data back-up and restore procedures.
- We evaluated the appropriateness of controls for security governance to protect systems and data from unauthorised use, including logging of security events and procedures to identify known vulnerabilities.

Other information than the annual accounts

This document also contains other information than the annual accounts and is found on pages 1-6 and 67-78. Other information also consists of the Sustainability Report that is published separately. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibilities for the audit of the annual accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ikano Bank AB (publ) for the financial year 2021-01-01 - 2021-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the annual accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

Deloitte AB, was appointed auditor of Ikano Bank AB by the general meeting of the shareholders on the 2021-03-26 and has been the company's auditor since 2013-04-10.

Stockholm, date according to digital signature

Deloitte AB

Signature on Swedish original

Malin Lüning
Authorised public accountant

Board of Directors

From left: Lars L., Mikael, Lars T., Heather, Mats, Krister, Diederick, Yohann, Viveka

Lars Ljungälv
Born 1969. Bachelor of Science in Business Administration and Economics from the University of Lund. Elected in 2019. Member of the People and Remuneration Committee. CEO of Bergendahl & Son AB. Lars has held many leading positions in the financial industry. His previous assignments include executive positions at Swedbank, CEO of Sparbanken Öresund AB and Färs och Frosta Sparbank AB.

Lars Thorsén
Born 1965. BA in International Economics and Finance at Copenhagen Business School. Elected in 2015. Board member and member of the Sustainability Committee. CEO Ikano S.A. since 2015. Previously long career in international management, procurement and supply chain including the position as Regional Purchase Manager of IKEA Asia Pacific.

Mats Håkansson
Born 1962. MSc in Business and Economics. Elected in 2009. Chairperson of the Board since 2013 and member of the ARC Committee and the Digital and Business Transformation Committee. VP Ikano S.A. Former CFO Ikano S.A. and Authorised Public Accountant at Arthur Andersen in Sweden. Board assignments in several subsidiaries within the Ikano Group.

Diederick van Thiel
Born 1968. MBA Erasmus University Rotterdam & IMD Lausanne. PhD Candidat, Professor 'AI in marketing & risk strategies' Jheronimus Academy of Data Science. Elected in 2014. Board member and chairperson of the Sustainability Committee, member of the Digital and Business Transformation Committee. Serial entrepreneur and business angel since 2010 specialized in big data, AI and robotization.

Viveka Strangert
Born 1967. Master in Philosophy and Master of Laws, LL. M. from Stockholm University. Elected in 2019. Chairperson of the Audit,- Risk and Compliance (ARC) Committee. Viveka has several years of experience from the financial industry from working in various senior and executive positions at KPMG, Swedbank, DnB NOR, and Old Mutual/ Skandia.

Mikael Palmquist
Born 1972. M.S. in Business Administration, Göteborg School of Economics, Sweden. Elected in 2021. Board member and member of the Digital and Business Transformation Committee. Deputy Retail Operations Manager for Ingka Group since 2018. Mikael has over 20 years of experience of working in Ingka Group (formerly IKEA Group).

Heather Jackson
Born 1965. BA Modern History, Oxford University. Elected in 2014. Board member and chairperson of the People and Remuneration Committee and the Digital and Business Transformation Committee. Heather has thirty years' experience within finance and retail sectors in change, operations, technology dnd digital and transformation roles.

Krister Mattsson
Born 1956. Masters of Economics, University of California, USA and BA in Business Administration University of Lund, Sweden. Elected in 2021. Board member and member of the ARC Committee. MD of Ingka Investments and Head of Ingka Group Corporate Finance & Treasury. Has 35 years of experience in investments, corporate finance, tax, insurance and treasury. Krister is a member of Ingka Group Management.

Yohann Adolphe
Born in 1974. Engineer in Industrial Processes, Master in Business Administration, Chartered Financial Analyst, Financial Risk Manager certified by GARP. Elected in 2018. Board member and member of the ARC Committee. Since 2013, Group CFO at Ikano (joined in 2005). Previously manager Corporate Finance department at Deloitte. Other assignments: board member at various Ikano Group entities.

Auditor
Malin Lüning
Authorised public accountant,
Deloitte AB.
Auditor Ikano Bank AB (publ) since 2019.

Management team

Henrik Eklund,
CEO
Born 1974. Employed since 2018. Henrik joined Ikano Bank as Chief Operations Officer (COO) in May 2018. Before that he held positions as COO and CIO at Resurs Bank. Additional experience from being a CEO for different companies as well as from working in various positions within sales and e-commerce at CDON.

Teresia Palm,
Chief People & Communications Officer
Born 1970. Employed since 2021. Has long experience within HR, communication and marketing. For the last 20 years, Teresia has worked as executive manager within different IKEA organisations in Älmhult-Sweden, Denmark and Germany.

Jessica Svantesson,
Chief Commercial Officer
Born 1975. Employed since 1998. Has had several senior positions in Ikano Bank Sweden, including Sales Manager for banking and Business Line Manager for Retail Partners.

Anna Idorn,
Chief Compliance Officer
Born 1979. Employed since 2015. Most recently held the position as Chief Information Security Officer at Ikano Bank. Has over 15 years of experience in working with risk management mainly within the financial sector specialized in IT risk. Anna has worked as an Internal Auditor at SEB and an Information Security risk consultant at E&Y.

Dan Hedgate,
Chief Operations Officer
Born 1975. Employed since 2018. Previously held the position as Head of Operations Services at Ikano Bank. Has held the position as Operations Services Manager at Resurs Bank and has extensive experience working in Operations' management teams.

Niclas Olsson,
CFO
Born 1975. Employed since 2021. Niclas was previously CFO for PayEx and has held several leading positions in Swedbank where he has worked since 2012. He started his career as a management consultant for Ernst & Young and then Zeb Nordics.

Anna Wanby,
Chief Legal Officer
Born 1966. Employed since 2020. Previously Head of legal department in the south-eastern region of Svenska Handelsbanken. Anna has 25 years of experience from the banking sector, having worked in a number of positions within the legal field.

Petter Brandt,
Chief Risk Officer
Born 1963. Employed since 2019. Previously Head of Risk Swedish Banking in Swedbank. Has worked as the CRO for Sparbanken Öresund, and prior to that as the CRO for Swedbank Robur. Petter, has as well, held different senior risk management positions at companies such as Hexagon, Ericsson and PWC.

Johan Bjurup,
Chief Digital Officer
Born 1981. Employed since 2020. Previously held the position as CDO Advisor. Has extensive experience from senior positions as both CIO and Chief Digital Officer in insurance and bank. Has extended experience in sponsoring and delivering large change and transformational programmes.

Anna Werntoft
Chief Transformation Officer
Born 1970. Employed since 2021. Anna has extensive experience of working in the IT and Service Industry. She has been Executive Partner at IBM, CEO for the consulting company Stratiteq, IT manager at Cerdo Bankpartner and partner and co-owner of the management consultancy company BSI & Partners.

Corporate governance report

Ikano Bank AB (publ) ("Ikano Bank" or the "Bank") is a subsidiary of Ikano S.A. with registered office in Luxembourg. Ikano S.A. owns 51 percent of the bank. Ingka Group, a strategic partner in IKEA's franchise system, owns the remaining 49 percent. The Bank has its registered office in Älmhult, Sweden. The role of corporate governance in Ikano Bank is to establish good conditions for active and responsible ownership, a clear division of responsibility between the various executive and shareholder functions of the Bank and effective and transparent communication with the Bank's stakeholders.

Ikano Bank's corporate governance report is based on the Swedish Code of Corporate Governance (the "Code") even though Ikano Bank has no direct obligation to apply the Code as its shares are not admitted to trading on a regulated market. The Code mainly targets companies with a dispersed ownership. For the Bank, which only has two owners, some rules consequently lack relevance and an application of such rules would not serve any reasonable purpose.

The Code is based on the principle "comply or explain" which entails that a company actively shall decide on how to it will act in relation to the various rules in the Code. If a company chooses to deviate from the rules of the Code, it should be disclosed in the corporate governance report. The instances where corporate governance in Ikano Bank deviates from specific rules in the Code for the above reasons are presented in the table below, together with an explanation:

Code rule	Deviation and explanation/comment
Item 1.1 - Date and place for general meeting share-holder right of initiative.	The objective of the rule is to provide shareholders with the possibility of preparing for the Annual General Meeting well in advance and having a matter included in the convening notice of the Annual General Meeting. In companies with two owners only, there is no reason to apply the rule.
Item 1.3 - The company's Nomination Committee shall propose a chairperson for the Annual General Meeting.	Due to the ownership structure, Ikano Bank has no Nomination Committee. The election of the chairperson takes place at the Annual General Meeting according to the provisions of the Swedish Companies Act.
Item 2 - The company shall have a Nomination Committee that represents the company's shareholders.	Due to the ownership structure, Ikano Bank has no Nomination Committee. Consequently, the references to the Nomination Committee in items 1.2, 4.4-4.6, 8.1, 10.2 and 10.3 in the Code are not applicable.
Item 4.6 - Nominees to positions on the board are to provide the nomination committee with sufficient information to enable an assessment of the candidate's independence as defined in 4.4 and 4.5.	As stated above the Bank has no nomination Committee. In connection with appointment and management suitability assessment of new member of the board Ikano Bank and its owner is provided with corresponding information.
Item 7.6 - The board of directors is to ensure that the company's six-month report is reviewed by the company's auditor.	Review of the company's six-month report is conducted when Ikano Bank intends to apply to include the interim result in its CET 1 capital before AGM resolution approving the final interim result. For the interim report 2021 no review was made.

Item 8.1 - The board of directors is to evaluate its work annually, using a systematic and structured process, with the aim of developing the board's working methods and efficiency. The results of this evaluation are to be reported to the nomination committee. The corporate governance report is to state how the board evaluation was conducted and reported	As stated above the Bank has no nomination committee. The results of the evaluation of the board of directors is reported to the board and conveyed to the shareholder.
Item 10.3 – The company is to have a section of its website devoted to corporate governance matters.	The Bank has a section for corporate governance matters on its website. The Bank's corporate governance report is a part of the Bank's annual report and consequently published under the section devoted to Financial information. The audit report which includes the corporate governance report is available on the same section. The section regarding corporate governance matters on the Bank's website, the corporate governance report and the annual report together convey the information to be made available. Reference to share and share price related incentive programmes are not applicable due to the bank not having listed shares and the Bank's articles of association are not posted on the website. The Bank does not post a report on the results of the evaluation according to the second and third bullets in rule 9.1 but refers to the description in the corporate governance report regarding the evaluation by the People and remuneration committee of the remuneration policy and system.
Item 10.5-10.6 – The remuneration report is to contain a reference to where in the company's annual report the information required by chapter 5, sections 40-44 of the Annual Accounts Act (1995:1554) is to be found. - The remuneration report is to contain a summary description of each outstanding share and share-price related incentive programme and any such programme that was completed during the year.	Due to Ikano Bank not having listed shares the rules are not applicable.

Corporate governance

Ikano Bank's corporate governance is mainly based on Swedish law, the Swedish Financial Supervisory Authority's regulations and guidelines, the Bank's articles of association and internal steering documents. In addition to the rules in the Swedish Companies Act, the Annual Accounts Act and the Banking and Finance Business Act, the Bank also applies the Code, EBA guidelines on internal governance and other applicable laws and regulations relevant for banks.

The Swedish Financial Supervisory Authority exercises supervision over the Bank's operations in Sweden and in the countries in which the Bank conducts business through branches or cross border business. The Bank's foreign branches are also subject to limited supervision by the financial supervisory authority of the country in question.

Customers' confidence in the Bank's operation is of major importance. An appropriate and effective framework for internal governance and control with clear internal rules and a sound risk culture are essential elements in the Bank's work with governance.

Executive and shareholder functions of the Company

Annual general meeting of shareholders

The annual general meeting of shareholders is the highest decision-making body of Ikano Bank and exercises its influence at the annual general meeting and extraordinary shareholder meetings (if relevant). On the annual general meeting, to be held within six months from the end of the financial year, the annual report including income statement and balance sheet is adopted and it's resolved on allocation of profits and discharge from liability for the Board and the CEO. Furthermore, the Bank's shareholder elects Board members, Chairperson of the Board and external auditors and establishes their remuneration.

2021 Annual General Meeting

The annual general meeting was held on 26 March 2021. The following main resolutions were passed:

- Adoption of the annual report including income statement and balance sheet

- Resolution on appropriation of the Bank's profit according to the adopted balance sheet
- Resolution on discharge from liability for the members of the Board and the CEO
- Determination of fees for each external Board member and auditors
- Board fees to each external board member shall amount to SEK 454 000 or GBP 43 300 or EUR 51 200, depending on the currency in each Board member's country of residence, and additional compensation for:
  - (i) each external Board member being appointed as chairman of a Board Committee amounting to SEK 121 000 or GBP 11 500 or EUR 14 100 , depending on the currency in each director's country of residence
  - (ii) each external Board member being a member of a Board Committee amounting to SEK 91 500 , or GBP 8 8 800, or EUR 10 600, depending on the currency in each director's country of residence, and for
  - (iii) additional work external Board members perform over and above ordinary board work amounting to SEK 21 800, or GBP 2 112 or EUR 2 800 per day, depending on the currency in each director's country of residence
- all Board members were re-elected for the period until the next Annual General Meeting:
  - Mats Håkansson (Chairperson)
  - Lars Thorsén
  - Yohann Adolphe
  - Heather Jackson
  - Diederick van Thiel
  - Viveka Strangert
  - Lars Ljungälv
- Election of auditors

2021 Extraordinary general meeting

An extraordinary general meeting was held on 29 June 2021. The meeting resolved, among other things, to elect Krister Mattsson and Mikael Palmqvist as new Board members. Furthermore, it was resolved on remuneration to each external Board member being appointed chairman of the Sustainability Committee amounting to SEK 60 500 or GBP 5 750 or EUR 7 050, depending on the currency in the director's country of residence. Finally, it was resolved on remuneration to each external Board being a member of the Sustainability Committee amounting to SEK 45 750 or GBP 4 400 or EUR 5 300 depending on the currency in the director's country of residence.

Auditor

Deloitte, with authorised public accountant Malin Lüning as auditor in charge, is the auditor of the Bank. Deloitte has been auditor of the bank since 2013. Malin Lüning has been an authorised public accountant since 2008 and the auditor in charge of Ikano Bank since 2019 when she succeeded Jan Palmqvist. Malin Lüning's other current audit assignments include Nordax Bank, Lannebo Fonder, Enter Fonder and Froda.

The auditor meets with the entire Board once a year, without the participation of the CEO. During the year, the auditor is further invited to participate in the Audit, Risk and Compliance Committee meetings.

Board of Directors

Second to the general meeting of shareholders the Board of Directors is the highest decision-making body of the Bank and it is also the highest executive body. The responsibility of the Board includes the company's organisation and management of the company's affairs. The Board of Directors appoints the CEO and, where applicable, the members of the Board Committees. The Board continuously reviews the work of the CEO. The Board also decides on salary and other benefits for the CEO, for employees who report directly to the CEO and for employees who have the overall responsibility for any of the Bank's control functions.

The work of the Board is mainly governed by the Swedish Companies Act. The Board's work is further governed by the Board's rules of procedure, which is adopted by the Board every year after the annual general meeting. The current rules of procedure was adopted at the Inaugural Board Meeting in June 2021. According to the rules, the Board establishes and resolves on the Bank's overall strategy, business plan, and budget and adopts policies. Furthermore, the Board shall monitor the bank's financial development and ensure the quality of the financial reporting and follow up the Bank's business based on established targets and policies. The Board also resolves on acquisitions and material commitments and investments of the Bank. The rules of procedure of the Board includes the Board's instruction to the CEO that sets out the division of work and responsibilities between the Board and the CEO. The rules further includes instructions for the committees established by the Board. These instructions are updated and approved at least annually. In addition to the members of the board of directors, the CEO, CFO and Chief Legal Officer also participate on the meetings of the board. The Chief Legal Officer is permanent secretary of the board.

The Articles of Association state that the Board shall consist of no less than three and no more than ten members without deputies.

Board members

Ikano Bank's Board currently consists of nine board members. The Bank has a policy for selecting and assessing Board members. The same policy applies for key function holders of the Bank. The policy contains criteria and general requirements for the appointment of individual Board members and key function holders, both as overall principles to ensure diversity and competence regarding the composition of the Board as a whole.

The Board must have an appropriate composition. When electing members of the Board a goal is that the Board members together should have a range of backgrounds, expertise, experience, education, and knowledge so that they can complement each other. The members should together constitute a diverse range of gender, age and geographic origin. The Board must always include a sufficient number of members who are not employed in the Bank or any shareholder group. All of the current board members are deemed independent in relation to the Bank and its executive management and four of nine board members are independent also in relation to the Bank's owners. A diverse Board composition shall promote board members with ability to uphold independence of mind and integrity to resist inappropriate group think behaviour and thus contributes to sound risk management in the Bank.

Individual Board members, the CEO, and key function holders are evaluated, before they are appointed, from several different aspects. For example, the Bank investigates whether the member, the CEO, or key function holder has been convicted of a crime or have incurred any other sanctions for breaching rules (e.g. within the framework of other directorships) or been found guilty of any other inappropriate behaviour. The Board member's, the CEO's and key function holder's experience, both theoretical education and practical experience, is also checked and evaluated before the member, the CEO or key function holder is appointed. Finally, other factors are evaluated such as potential conflicts of interest, the possibility of allocating sufficient time for the assignment, the Board's overall composition, etc.

The policy includes a form ("Information to be provided by a potential board member or a key function holder") which must be completed prior to every recruitment. There are restrictions in respect of number of assignments a member of a bank board may hold concurrently. The other assignments of the Board members of Ikano Bank are in accordance with the requirements.

The table on page 76 presents information on attendance of the Board members during the year, as well as whether they are dependent or independent in relation to the Bank or its owners. For a more detailed presentation of the Board members, refer to page 69.

Chairperson of the Board

The Chairperson of the Board organises and directs the Board's work so that it is effective and in accordance with applicable laws and rules, including the Code and the Board's internal steering framework. The Chairperson is responsible for ensuring that other Board members receive adequate information and decision data and conveys any points of view from the shareholders to the Board.

The Chairperson is responsible for ensuring that the Board continuously updates and deepens its knowledge of the Bank and otherwise receives the training required to effectively conduct the Board work. The Chairperson also ensures that the Board's work and the Board members knowledge is evaluated annually through self-assessments and assessment of the Board as a whole. The Chairperson reports the results to the Board and conveys the result to the shareholders.

The Board's work in 2021

In 2021, ten ordinary (including the inaugural), ten meetings by circulation of the minuted and six extraordinary Board meetings were held. . The ordinary Board meetings were mainly held digitally and/or via telephone.

The ordinary Board meetings follow an established yearly plan which includes i.a. the following items:

- Operational matters and information on particularly important issues and events
- Financial reporting (annual report, year- end report, interim report)
- Financial status, liquidity and capital (ICAAP/ILAAP)
- Reporting from control functions
- Strategy
- Budget
- Committees (respective committee chairperson)

Other relevant issues of material significance to the Board's work in 201 was monitoring and mitigation of Covid-19 impact on the Bank, strategy and the Bank's continued work with the digital transformation.

Board committees

The overall responsibility of the Board of Directors cannot be delegated. However, the Board has established preparatory committees which, on the basis of the provisions contained in the Board's formal work plan, prepare and evaluate issues within their respective areas for decisions by the Board.

In accordance with the above the Bank's board has established four committees: the Audit, Risk- & Compliance Committee, the People and Remuneration Committee, the Digital, Business and Transformation Committee and the Sustainability Committee.

Audit, Risk- & Compliance committee

This Committee consists of four Board members Viveka Strangert (Chairperson), Mats Håkansson, Yohann Adolphe and Krister Mattsson. The Chairperson is independent in relation to the Bank, its management and owners.

The Committee monitors accounting and financial reporting, as well as the effectiveness of the Bank's systems and processes for internal control, internal audit and risk management. The Committee also prepares the Board´s review of the external audit plan, follows up important reporting and recommendations from the external auditor, and ensures that the auditor is impartial and independent. The committee also assist in the preparation of proposals on the election of the auditor at the Annual General Meeting. The Committee's task is to support the Board in its management and control of risk, capital and compliance matters. In the risk area, this is mainly done by ensuring that there are processes in place to identify and define the risks in the business and that risk taking is measured and controlled. The risks referred to are credit, market, liquidity, interest rate and financing risks as well as operating risks. Fulfilment of the various capital adequacy requirements also belongs to this area of responsibility.

During the year the Audit, Risk & Compliance Committee has held six ordinary minutes, two meetings by circulation of the minutes and four extraordinary minuted meetings. The Audit, Risk & Compliance Committee has both an advisory as well as a preparatory function in respect of matters to be resolved on by the Board.

Digital, Business and Transformation Committee

This Committee consists of four Board members - Heather Jackson (Chairperson), Diederick van Thiel, Mats Håkansson and Mikael Palmqvist.

The committee prepares the bank's strategy for transformation and digitalisation, including IT and IT risks, for decisions by the Board and monitors that its implementation takes place in line with the bank's overall business plan and risk strategy.

During the year the committee held four ordinary and one extraordinary minuted meetings.

People & Remuneration Committee

This Committee consists of two Board members - Heather Jackson (Chairperson) and Lars Ljungälv.

The People and Remuneration Committee prepares HR and remuneration matters that are to be decided on by the Board and the annual general meeting. The Board makes decisions in accordance with the Swedish Financial Supervisory Authority guidelines regarding remuneration to the CEO, employees that directly reports to the CEO, and employees that hold overall responsibility for any of the Bank's control functions. An important requirement in financial companies is that remuneration is structured so that it incentivises and supports effective risk management in the business.

The People & Remuneration Committee follows up and evaluates the application of the Bank's remuneration framework and annually conducts an independent assessment of the bank's remuneration policy and remuneration structure. The Risk Control function normally participates in this assessment.

The Bank also conducts an annual risk analysis of the remuneration models and the policy. In the risk analysis, the Bank identifies employees who can exercise a significant influence over the Bank's risk level (so called identified personnel). In addition, the Internal Audit function reviews the Bank's remuneration structure for compliance with the remuneration policy. The risk analysis and the results of the review are reported to the Board no later than the Board meeting at which the annual report is approved. The Board is responsible for and ensures that the remuneration policy – which has been issued based on the risk analysis – are adhered to and followed up.

During the year, the People & Remuneration Committee held four ordinary, one extraordinary, and two via circulation minuted meetings.

Sustainability Committee

The committee consists of two Board members - Diederick van Thiel (Chairperson) and Lars Thorsén.

The committee prepares the Bank's strategy regarding sustainability matters and monitors the bank's implementation of guidelines within sustainability in line with the Bank's overall business plan and risk strategy. During the year, the Sustainability Committee held two ordinary minuted meetings.

Board and committee work 2021									
Namn	**Mats Håkansson**	**Lars Thorsén**	**Heather Jackson**	**Diederick van Thiel**	**Lars Ljungälv**	**Viveka Strangert**	**Yohann Adolphe**	**Krister Mattsson[3]**	**Mikael Palmqvist[3]**
Board attendance[1, 2]	26/26	24/26	25/26	26/26	25/26	24/26	24/26	11/26	10/26
Attendance at People and Remuneration Committee meetings[1]	-	-	7/7	-	7/7	-	-		
Attendance at Audit, Risk and Compliance Committee meetings[1]	12/12	-	-	-	-	12/12	12/12	5/12	
Attendance at Digital, Business and Transformation Committee meetings[1]	5/5	-	5/5	5/5	-	5/5[4]	5/5[4]	-	2/5
Attendance at Sustainability Committee meetings[1]	-	2/2	-	2/2	-	-	-	-	-
Independent	Not independent in relation to the shareholder Ikano S.A.	Not independent in relation to the shareholder Ikano S.A.	Independent	Independent	Independent	Independent	Not independent in relation to the shareholder Ikano S.A.	Not independent in relation to the shareholder Ingka Investments B.V.	Not independent in relation to the shareholder Ingka Investments B.V.

[1] Attendance/Total number meeting
[2] See Note 12 for information on remuneration to Board members
[3] Elected as Board member in June 2021
[4] Not members in Project and IT Committee, attendance for information only

Remuneration

The Bank's remuneration to senior executives is regulated by the Bank’s remuneration policy, which has been formulated based on the Swedish Financial Supervisory Authority’s regulations and EBA guidelines.

The main features of the bank’s remuneration package are that employees receive compensation in the form of a fixed salary, pension and certain benefits. The compensation is determined individually and reflects the work’s complexity (i.e. the level of difficulty of the duties), local market conditions and the employee’s performance.

Variable remuneration can be paid in accordance with the terms of the incentive programme that the Bank applies for employees in the management team and branch managers.

For more information on the terms for remuneration and outcomes to senior executives, refer to Note 12, page 41, and the Information on remuneration (financial year 2021) disclosed by the Bank.

The Bank’s organisation and management

Organisation

The operational business is organised into seven geographic business units: Sweden (incl. cross border business into *inter alia* Austria) and the six foreign branches in Denmark, Norway, Finland, UK, Germany and Poland. The head office with management and global functions are located in Malmö, Sweden. The global functions comprise Finance, Operations, Commercial, Digital (which includes IT), People and communications, Legal, Risk Control, Compliance, Transformation Office and Internal Audit.

Chief Executive Officer (CEO)

The CEO of the Bank is subordinate to the Board and is responsible for the Bank’s day-to-day administration. The CEO shall perform this duty in accordance with current legislation and rules, the Articles of Association, the Board's rules of procedure, the instructions to the CEO and any other guidelines and directives issued by the Board.

The delegation of duties between the CEO and the Board is set out in the Board’s rules of procedure and the instruction to the CEO from the Board. Henrik Eklund is CEO of the Bank since 2019.

Management team

The Bank’s Management team consists of ten people. In addition to the CEO, the Management team includes the CFO, Chief Digital Officer, Chief Operations Officer, Chief People and Communications Officer, Chief Commercial Officer, Chief Legal Officer, Chief Transformation Officer, Chief Risk Officer and Chief Compliance Officer. All persons in the management team report to the CEO. The Chief Risk Officer and Chief Compliance Officer also reports directly to the Board. For the operational management work in the Bank, the CEO has chosen to establish a number of committees and bodies.

For a more detailed presentation of the Management team, refer to page 70.

Internal control structure

The Board shall ensure that the Bank has a risk control function, a compliance function (that together constitute the second line of defence), and an internal audit function (third line of defence). The control functions regularly report to CEO and the Board on material weaknesses and risks and follow up on earlier reported weaknesses and risks. The Board and CEO shall ensure that appropriate actions based on reports from the control functions are taken as soon as possible and that such actions are followed up on. It is the Board's task to ensure an appropriate, robust and transparent organisational structure with efficient communication and reporting channels in a suitable and effective internal control structure. The Board’s responsibility regarding internal control is regulated in the Swedish Companies Act, the Annual Accounts Act, the Code and the regulations and general guidelines from the Swedish Financial Supervisory Authority. The internal control structure within the Bank shall, in addition to the independent control functions for Internal Audit, Compliance and Risk Control, also include appropriate processes and procedures for internal control of the operational business, and in particular also regarding accounting and financial reporting. The Board annually establishes a number of policies that together with the external regulations constitute the basis of the Bank’s internal control structure and create the overarching boundaries of the control of the business. The Bank’s internal regulations also includes guidelines and instructions.

Compliance

Under the management of the Bank’s Chief Compliance Officer (CCO) the Compliance function is responsible for identifying risks that exist due to failure by the Bank to fulfil its obligations pursuant to laws, statutes and other internal and external regulations applicable to the operations subject to authorisation. The Compliance function is further responsible for performing monitoring and controls to ensure that such risks are managed and for providing advice, support, training etc. on laws, statutes and other regulations applicable to the operations subject to authorisation, and internal rules. The Compliance function regularly controls and assesses whether measures and routines implemented by the Bank are suitable and effective including verifying and assessing whether the Bank’s procedures and measures to remedy any failure to fulfil applicable external and internal regulations. To ensure independence of the Compliance function, CCO reports directly to CEO and the Board. Reporting from the Compliance function is made at every ordinary board meeting and to the CEO on a monthly basis. CCO further also reports to the Board's Audit, Risk and Compliance Committee.

Risk Control

Under the management of the Bank's Chief Risk Officer (CRO), the Risk Control function is responsible for compiling, analysing and reporting all material risks of the Bank. The responsibility of the Risk Control function includes identification, assessment and reporting of all material risks related to the operations of the Bank. CRO is responsible for developing suitable methods to analyse and measure risks and to regularly analyse and control that each such risk is consistent with the Bank's decided risk appetite.

To ensure independence of the Risk Control function, CRO reports directly to CEO and the Board. Reporting from the Risk Control function is made at every ordinary board meeting and to the CEO on a monthly basis. CRO further also reports to the Board's Audit, Risk and Compliance Committee.

Internal Audit

Ikano Bank has a separate Internal Audit function. It works on behalf of the Board and acts independently from the Bank's operations. The work is conducted based on an annual audit plan prepared by the Audit, Risk and Compliance Committee and approved by the Board. The results of the internal audit are reported to the Board twice a year and to the Audit, Risk and Compliance Committee every quarter.

The Bank's Internal Audit function is established to assist the Board and its Audit, Risk and Compliance Committee in the identification and follow-up of various matters concerning the Bank's financial reporting. The tasks of the Audit Committee include the follow-up of important observations and recommendations from both Internal Audit and external auditors regarding financial reporting. The Audit, Risk and Compliance Committee reports to the Board and recommends suitable measures when Board decisions are required.

In operational terms, the Internal Audit function is run by Ikano S.A. in accordance with an outsourcing agreement. In 2021, PWC assisted Internal Audit in the execution of the internal audit.

Internal control over financial reporting

The Bank's process for ensuring the quality of the financial reporting includes four main activities: (i) Risk assessment, (ii) control measures, (iii) information and communication, and (iv) follow-up.

Risk assessment comprises identification and analysis of material risks that affect internal control over financial reporting.

The control measures are both of a preventive nature, meaning that they are measures intended to prevent losses or misstatements in the reporting, and of a detective nature. The controls are to also ensure that all misstatements are corrected. The Finance function, which compiles the reports, works with carefully prepared accounts and standardised working procedures with controls.

The Bank's control processes include the involvement of Board, management and other staff. Before each ordinary Board meeting the Board receives information regarding the Bank's financial position, including reporting on liquidity and capital. These areas are also prepared by the Board's Audit, Risk, and Compliance Committee. Information to the management is provided i.a. at regular Management team meetings in which the CFO participates. The Bank has internal policies, guidelines, instructions that guide and support the financial operations.

The Board receives regular reports with financial outcomes, including the management's comments on the business. The Company's auditor participates in one Board meeting per year and is further invited to participate in all ordinary meetings of the Audit, Risk and Compliance Committee where he/she provides information on the observations of the Company's internal procedures and control systems. The Board members have the opportunity to ask questions at these meetings. The Board annually decides on significant risk areas and evaluates internal control, also by way of the Bank's internal capital and liquidity adequacy assessment processes.


Have a
nice day!