Year-end report
2014-12

IKANO BANK

Results for the full year 2014

- Business volume increased by 7 percent to bnSEK 41.8 (38.9).
- Lending, including leasing, increased by 11 percent to bnSEK 22.0 (19.8).
- Deposits increased by 7 percent to bnSEK 15.1 (14.1).
- Operating result increased 3 percent to mSEK 447 (433).
- Net interest income increased by 17 percent to bnSEK 1.3 (1.1).
- Return on equity fell to 11.3 percent (12.8), mainly due to higher equity.
- Common equity tier 1 ratio according to Basel III totalled 15.1 percent (2013, 14.0 according to Basel II) and the total capital ratio according to Basel III was 17.8 percent (16.7).
- Liquidity reserves totalled bnSEK 2.6 and the total liquidity portfolio totalled bnSEK 3.3.

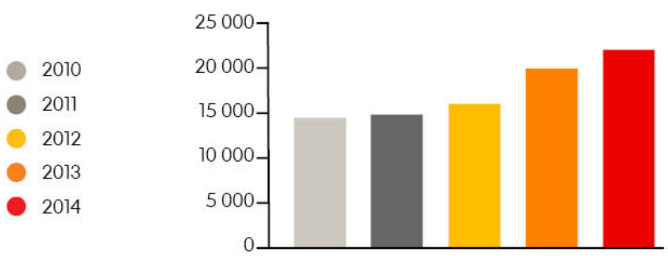
Results for the second half-year 2014

- Operating result increased 3 percent to mSEK 201 (196).
- Net interest income increased by 9 percent to mSEK 645 (592).
- Return on equity fell to 10.1 percent (14.9), mainly due to higher equity.

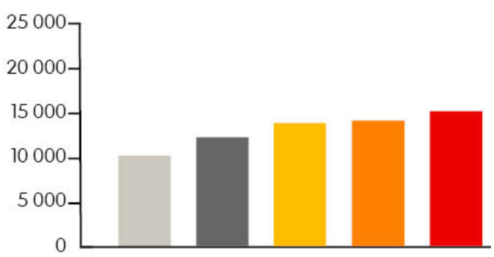
Outlook for 2015: Our outlook for 2015 is positive. Growth within Consumer and Sales Finance is expected to increase gradually. Within Corporate, we anticipate continued strong growth. The cost will also be affected in 2015 by investments in increased competitiveness and customer value.

Key ratios	Jul-Dec 2014	Jul-Dec 2013	31 Dec 2014	31 Dec 2013
Total Capital ratio	17.8%	16.7%	17.8%	16.7%
Common equity Tier 1 ratio	15.1%	14.0%	15.1%	14.0%
Investment margin	5.2%	5.4%	5.1%	4.9%
Return on adjusted equity	10.1%	14.9%	11.3%	12.8%
Leverage ratio	10,4%	-	10.4%	-
C/I-ratio before loan losses	65.6%	63.3%	64.4%	61.9%
Loan loss ratio	1.5%	1.8%	1.5%	1.7%

LENDING INCLUDING LEASING IN SEK MILLIONS



DEPOSITS IN SEK MILLIONS



This is information that Ikano Bank AB (publ) is required to disclose in accordance with the Securities Market Act. The information was submitted for publication on 27 February at 9:00 AM.

Statement by the Managing Director

2014 was a good year for Ikano Bank with good growth and improved earnings, driven by a strong offer in the UK, continued strong demand for leasing services in the Nordic countries and loans to private customers in Norway. The successful launch of deposit accounts for private customers in Denmark also contributed to our growth. Improvements in the private market in Sweden contributed positively to earnings in the second half-year. Efforts to increase our competitiveness have gone according to plan and given tangible results, although the related costs of this short-term impacted our earnings.

Recovery for Sales Finance and Consumer

Overall, we saw a modest improvement for both Sales Finance and Consumer during the year. The operation in the UK, which is part of Sales Finance, saw strong growth with several new agreements, including home renovation, which is a new and promising market segment for Ikano Bank. The trend in the Nordic countries was more challenging but growth accelerated in the second half of the year. In addition, in the Swedish Quality Index Survey for 2014, Ikano Bank took first place in the category consumer loans.

Continued strong demand for Corporate

In the Nordic countries, our corporate offers have generally met a strong demand and we have successfully launched leasing services in Finland as well as signed several new contracts in Denmark.

Continued investments to better benefit customers

This year, Ikano Bank is celebrating 20 years as a bank in Sweden and nearly 40 years as a sales finance provider to the retail sector. Our market position is strong and we will continue to invest in solutions that simplify people's lives and create growth opportunities for companies.

Ikano Bank in brief

Ikano Bank has three business lines: Consumer, Sales Finance and Corporate. The Consumer business line conducts traditional banking operations that focus on private individuals by offering simple, attractive services for savings and loans. Sales Finance administers and markets financing and sales support, primarily to retail. Corporate offers leasing, mainly of office-related products, and also factoring services to businesses.

Ikano Bank currently operates in six countries (Sweden, the UK, Norway, Denmark, Finland and the Netherlands). Sweden is the largest market and the country where Ikano Bank offers the widest range of services. In other geographic markets, Ikano Bank offers a selected range of services. Ikano Bank has no physical offices, all services are distributed online. Ikano Bank has previously announced that operations in the Netherlands will be phased out.

Bank's result for the full year 2014

Increased operating result and growth

Operating result for 2014 increased by 3 percent to mSEK 447 (433) with the support of good volume and profitability growth, particularly in the UK operations and the business area Corporate, as well as certain improvements for Consumer in the Nordic countries. Operating result was positively affected by VAT reimbursement, attributable to the year 2011, and the fact that the UK operation's performance is included throughout the entire year 2014, compared to 8 months for 2013. The result was negatively affected by higher costs for staff and external services linked to ongoing improvement projects, as well as decreasing positive effects of the change in accounting currency compared to 2013. The result includes costs of approximately mSEK 10 for the previously announced closure of the operations in the Netherlands.

Growth and margin resulted in stronger net interest income

Net interest income increased by 17 percent to bnSEK 1.3 (1.1), which is explained by the contribution in returns from the acquired credit operation in the UK branch, which is included for the entire year. Lower costs for deposits and lending as well as slightly better margins on lending also impacted net interest income positively. The return on the bank's liquidity portfolio decreased due to lower Swedish market interest rates.

Stable leasing and net commission income

Net leasing decreased by 2 percent to mSEK 316 (322). Net leasing has seen an operational increase supported by volume growth in all markets, but the increase is offset by a negative effect from the change of accounting currency from EUR to SEK, due to the fact that operating leases are reported at the historical rate.

Net commissions were unchanged at mSEK 356 (356). The UK branch contributed positively, while lower income from brokered insurance and higher commission costs in other markets contributed negatively.

Higher costs a consequence of the expansion and investments

Operating costs increased by 15 percent to bnSEK 3.3 (2.9). The higher costs are mainly attributable to increased depreciation on leased assets on behalf of clients, which is a result of volume growth within the business area, Corporate, as well as investments in increased competitiveness and customer value. Operating expenses in the UK branch are also included for all of 2014, compared with 8 months (from 1 May 2013) for 2013.

Improved credit quality

Net loan losses increased by 4 percent to mSEK 308 (295). Loan losses, as a percentage of average total lending, fell to 1.5 percent (1.7) as a result of improved credit quality. The nominal increase is mainly explained by current provisions for loan losses in the acquired UK operation.

The bank's result for the second half-year 2014

Improved operating result

Operating result increased by 3 percent to mSEK 202 (196), supported by higher net interest income due to lower deposits and borrowing costs and a stronger lending margin. Operating expenses increased during the period and strong growth in Corporate led to higher depreciation on leased assets.

Stronger net interest income

Net interest income increased by 9 percent to mSEK 645 (592). The change is due to increased lending volumes, particularly in the UK operations. Falling costs for deposit operations affected net interest income positively. Low Swedish market interest rates lowered the yield on the bank's liquidity portfolio.

Stable leasing and net commission income

Net leasing decreased by 1 percent to mSEK 158 (160) compared with the corresponding period 2013. Net leasing was positively affected by volume growth in all markets but was adversely affected by the positive effect in 2013 from the change of accounting currency from EUR to SEK, which has decreased. Net commissions increased marginally to mSEK 183 (182).

Growth resulted in increased operating costs

Operating costs increased by 11 percent to bnSEK 1.7 (1.5). The increase is primarily a result of increased amortization of leasing assets, which is due to volume growth in the business area, Corporate, as well as increased costs for personnel and IT within the framework of the bank's investments for competitiveness and customer value.

Continued good credit quality despite the expansion

Net loan losses decreased by 6 percent to mSEK 161 (172) The decrease is primarily attributable to lower provisions for loan losses in the Danish operation compared with the same period for previous years. Loan losses, measured as a percentage of average total loans decreased to 1.5 percent (1.8) due to improved credit quality and - expressed in relation to growth in loan volumes - a lower rate of increase in provisions for loan losses.

The bank's position as of 31 December 2014

Successful launch of deposits in Denmark

The bank's deposits from the public increased by 7 percent to bnSEK 15.1 (14.1). Of this increase, the successful launch of deposit accounts in Denmark accounted for mSEK 547 and Sweden accounted for mSEK 432. At the end of 2014, Denmark accounted for approximately 4 percent of the bank's total deposits. Deposits constitute an important part of the bank's financing, and the stable growth over several years shows that Ikano Bank has gained customers' confidence in managing their savings.

Good growth in lending to the public

Lending to the public grew by 11 percent to bnSEK 16.6 (14.9), after provisions for loan losses, and was supported by good growth in the UK and in the business area Corporate in the Nordic countries. In other geographic markets, volumes in Sales Finance were stable while the consumer loan volume declined slightly.

Leasing assets held on behalf of customers increased by 10 percent to bnSEK 5.4 (4.9) as a result of strong demand for financing with our partners in all of our markets within the business area Corporate.

Mediated mortgage volumes to SBAB decreased by 6 percent to bnSEK 4.7 (5.0).

Continued growth in total business volume

The total business volume grew by bnSEK 2.9, corresponding to 7 percent, to bnSEK 41.8 (38.9), of which the UK credit operations accounted for bnSEK 1.6. The rest of the increase was due to strong growth in leasing operations in all markets, as well as the launch in 2014 of deposit accounts in the Danish branch.

Good liquidity reserve and strong demand for the bank's bonds

The bank's liquidity portfolio increased during 2014 and was bnSEK 3.3 as of 30 June 2014 (3.0), which corresponds to 22 percent of the bank's total deposits from the public.

The bank finances parts of its operations in the capital markets. Demand for the bank's short-term certificate programs as well as on the bank's bond program (Medium Term Note Program) has been good. In 2014, three bonds with maturities of three to four years were issued with good results.

At year-end, the bank's liquidity coverage ratio (LCR) was 167 percent. The LCR shows how the bank's highly liquid assets are related to net outflows over a thirty-day period, during stressed markets conditions. A limit for the liquidity coverage ratio of 100 percent is in place for the major Swedish banks since 2013. While the limit does not apply to Ikano Bank in the current legislation, the bank has chosen to follow the SFSA for a healthy and stable liquidity management. The measure of stable funding (NSFR) has been introduced by Basel III, but is as of 31 December, 2014 not determined.

The own funds as of 31 December totalled bnSEK 3.8, compared with the statutory own funds requirement of bnSEK 1.7. The total capital ratio at the end of the first half-year was 17.8 percent (16.7) and the Tier 1 capital ratio was 15.1 percent (14.0).

Events after 31 December 2014

After the period, no significant events have occurred that have affected the financial statements for 2014.

Outlook

Our outlook for 2015 is positive. Growth in Consumer and Sales finance is expected to increase gradually. Within Corporate, we anticipate continued strong growth. The cost will also be affected in 2015 by investments in increased competitiveness and customer value.

We have a stable financial position with good capital and liquidity measures and a strong market position. Our investments in increased competitiveness and customer offering have begun to yield results and will continue to do so during 2015. We are planning new product launches to additionally increase our customer value in line with our goal to always be relevant and to create value for our customers. Our plan also includes integrating the Ikano Group's banking and financial operations in Germany, Austria and Poland into Ikano Bank's operations, which would make a significant contribution both in terms of business volume and profit, and in general, create opportunities to develop our offer.

Annual Report

Ikano Bank's Annual Report will be available on the bank's website during week 17.

Next report date

Ikano Bank's results are published semi-annually. The interim report for the first half of 2015 will be available on the Bank's website at the end of August 2015. Ikano Bank publishes information regarding capital coverage and liquidity each quarter on the bank's website.

Other information

Ikano Bank AB (publ), corporate registration number 516406-0922, is a banking company with its registered office in Älmhult and its head office in Lund. Ikano Bank is owned by Ikano S.A. with its registered office in Luxembourg. Originally part of IKEA, Ikano S.A. became a separate Group in 1988, in which Ikano Bank is included in Ikano's business area Finance. In addition to finance, the Ikano Group works with insurance, property and retail sales. Ikano Bank has operated its business under the banking license since 1995.

Operation

Ikano Bank AB (publ) carries out banking operations that are subject to licensing by the Financial Supervisory Authorities in Sweden, Denmark, Norway, Finland, the Netherlands and the UK. The foreign operations are branches of the Swedish operations.

Risks and risk management

Risk management is a well-integrated part of the daily work of the bank. In its business operations, the bank is exposed to several risks such as credit risk, operational risk and business risk, but it also has to manage liquidity risk, foreign exchange risk and interest rate risk. The Board of Directors and Managing Director are ultimately responsible for risk management at Ikano Bank. Risk management aims to ensure that the risks do not exceed the risk levels established by the Board of Directors.

The bank's risks are controlled centrally, but the responsibility for risk management rests primarily on the local business units. This means that the operative business owns and manages risk in the daily operations. The central risk control function is responsible for monitoring and evaluating risk management.

Älmhult, 26 February 2015

We hereby certify, to the best of our knowledge, that the financial statements have been prepared in accordance with applicable accounting standards. 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 year-end report.

Board of Directors
Ikano Bank AB (publ)

This report has not been audited.

Income statement

kSEK	Note	Jul-Dec 2014	Jul-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Interest income	*3*	819 980	790 581	1 627 942	1 471 307
Interest expense	*3*	-174 842	-198 266	-366 150	-390 807
Net interest income		**645 138**	**592 315**	**1 261 792**	**1 080 500**
Leasing income	*4*	1 168 619	1 052 682	2 274 816	2 038 756
Commission income	*5*	308 053	292 015	600 078	564 412
Commission expense	*5*	-124 674	-110 124	-243 936	-208 252
Net commission		**183 379**	**181 892**	**356 142**	**356 160**
Net gains and losses on financial transactions		-8 295	597	-7 234	6 822
Other operating income		75 487	66 061	192 347	142 453
Total income		**2 064 327**	**1 893 546**	**4 077 863**	**3 624 691**
General administrative expenses		-604 519	-552 093	-1 194 145	-1 019 649
Depreciation/amortisation and impairment of tangible and intangible assets	*4*	-1 027 309	-918 486	-1 991 164	-1 756 479
Other operating expenses		-69 744	-55 522	-137 844	-120 841
Total expenses before loan losses		**-1 701 572**	**-1 526 101**	**-3 323 153**	**-2 896 969**
Profit before loan losses		**362 755**	**367 445**	**754 710**	**727 722**
Loan losses, net	*6*	-161 416	-171 844	-307 691	-294 801
Operating result		**201 339**	**195 601**	**447 019**	**432 921**
Appropriations		121 747	-178 347	-	-178 347
Taxes		-106 976	-4 650	-130 305	-64 198
Net result for the period		**216 112**	**12 604**	**316 715**	**190 376**

The bank reported higher tax costs as a result of the revaluation of tax assets relating to foreign tax. In addition, no additional accelerated depreciation has been done for leasing assets due to the rules for the settlement of foreign taxes.

Statement of comprehensive income

kSEK	Jul-Dec 2014	Jul-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Net result for the period	**216 112**	**12 604**	**316 715**	**190 376**
Other comprehensive income				
Items that can be reclassified to profit for the period				
Translation difference for the period, foreign branches	17 015	-5 334	48 975	-6 977
Changes in fair value on financial assets available-for-sale	-168	210	1 374	1 099
Tax related to financial assets available-for-sale	-302	-243	-302	-243
Other comprehensive income for the year, net	**16 545**	**-5 367**	**50 047**	**-6 121**
Total comprehensive income for the period, net of tax	**232 656**	**7 237**	**366 762**	**184 255**

Balance sheet

kSEK	Note	31 Dec 2014	31 Dec 2013
Assets			
Cash and balances with central banks		19	23
Treasury bills etc.		952 514	868 442
Loans to credit institutions		1 068 239	828 330
Loans to the public	*7*	16 573 488	14 886 515
Bonds and other interest-bearing securities		1 272 433	1 260 844
Shares and participations		3 585	2 956
Intangible assets		44 366	30 051
Tangible assets		5 487 364	5 001 754
- Equipment		*61 573*	*58 472*
- Leased assets		*5 425 791*	*4 943 282*
Other assets		591 597	686 577
Deferred tax assets		65 245	75 716
Prepaid expenses and accrued income		126 692	142 216
Total assets		**26 185 542**	**23 783 424**
Liabilities, provisions and equity			
Liabilities to credit institutions		2 257 529	1 699 253
Deposits from the public	*8*	15 047 587	14 075 338
Change in fair value on interest-rate hedged items in the portfolio		15 466	8 438
Issued securities	*9*	2 984 873	2 070 537
Other liabilities		751 204	1 306 888
Accrued expenses and deferred income		1 022 195	917 393
Provisions		93 358	86 546
- Provisions for pensions		*31 611*	*29 980*
- Deferred tax liabilites		*61 747*	*56 566*
Subordinated liabilities		578 566	551 029
Total liabilities and provisions		**22 750 778**	**20 715 422**
Untaxed reserves		**698 157**	**698 157**
Equity			
Restricted equity		**272 633**	**272 633**
Share capital		78 978	78 978
Statutory reserve		193 655	193 655
Non-restricted equity		**2 463 974**	**2 097 212**
Fund for fair value		87 358	37 311
Retained earnings		2 059 901	1 869 525
Net result for the year		316 715	190 376
Total equity		**2 736 607**	**2 369 845**
Total liabilities, provisions and equity		**26 185 542**	**23 783 424**
Memorandum items			
Pledged assets		None	None
Contingent liabilities		632	600
Loan commitments, irrevocable		1 240 973	851 463
Unused credit limits		25 781 898	25 348 737

Statement of changes in equity

	Restricted equity		Non-restricted equity				
			Fund for fair value				
kSEK	Share capital	Share capital	Fair value reserve	Translation reserve	Retained earnings or losses	Net profit for the year	**Total equity**
Opening balance 2013-01-01	**78 978**	**193 655**	**2 534**	**40 898**	**1 394 001**	**233 729**	**1 943 795**
Appropriation of profits	-	-	-	-	233 729	-233 729	-
Net result for the year	-	-	-	-	-	190 376	190 376
Other comprehensive income for the year	-	-	856	-6 977	-	-	-6 121
Total comprehensive income for the year	**-**	**-**	**856**	**-6 977**	**-**	**190 376**	**184 255**
Capital contribution from owner	-	-	-	-	241 795	-	241 795
Closing balance 2013-12-31	**78 978**	**193 655**	**3 390**	**33 921**	**1 869 525**	**190 376**	**2 369 845**
Opening balance 2014-01-01	**78 978**	**193 655**	**3 390**	**33 921**	**1 869 525**	**190 376**	**2 369 845**
Appropriation of profits	-	-	-	-	190 376	-190 376	-
Net result for the year	-	-	-	-	-	316 715	316 715
Other comprehensive income for the year	-	-	1 072	48 975	-	-	50 047
Total comprehensive income for the year	**-**	**-**	**1 072**	**48 975**	**-**	**316 715**	**366 762**
Closing balance 2014-12-31	**78 978**	**193 655**	**4 462**	**82 896**	**2 059 901**	**316 715**	**2 736 607**

Cash flow statement

kSEK	Jan-Dec 2014	Jan-Dec 2013
Operating activities		
Operating result	**+447 019**	**+432 921**
Adjustment for non-cash items	+498 850	+324 816
Cash flows from operating activities before changes in working capital	**+945 869**	**+757 737**
Cash flows from changes in working capital	-2 140 766	-2 375 965
Cash flows from operating activities	**-1 194 898**	**-1 618 228**
Cash flows from investing activities	**-50 344**	**-70 416**
Cash flows from financing activities	**+1 480 718**	**+1 903 547**
Cash flow for the year	**+235 478**	**+214 903**
Cash and cash equivalents at beginning of the year	+822 427	+607 524
Cash and cash equivalents at the end of the year	**+1 057 905**	**+822 427**

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 and bank balances with central banks as well as lending to credit institutions with deductions for current liabilities to credit institutions.

Notes

1 Accounting principles

The year-end report is prepared in accordance with IAS 34 and also complies with the Annual Accounts Act for credit institutions and securities companies (AACS), the Financial Supervisory Authority and general advice on Annual Accounts for Credit Institutions and Securities Companies in accordance with the amending Regulations (FFFS 2008: 25), and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. On this basis, the bank applies statutory IFRS. The accounting policies applied and assessments coincides with those applied in the annual financial statements for 2013 except for the change described below.

Changes have been made to IAS 32 Financial Instruments. The change relates to clarification of when offsetting financial assets and liabilities is allowed. The change will apply to financial years beginning on 1 January 2014 or later, with early adoption.

The year-end report is presented in Swedish kronor (SEK), rounded to the nearest thousand (SEK 000s) unless otherwise stated.

2 Operating segments

2014 mSEK	Sweden	Denmark	Norway	Finland	Nether-lands	United Kingdom	Shared functions	Total before eliminations	Elimin-ations	Total
Interest income	969	292	166	23	4	415	437	2 306	-685	1 620
Interest expenses	-392	-38	-39	-3	0	-73	-397	-942	576	-366
Lease and factoring income	93	59	43	0	-	-	-	196	109	305
Total net interest income	**671**	**313**	**171**	**19**	**3**	**342**	**40**	**1 559**	0	**1 559**
Commission income	296	77	102	20	0	106	0	600	-	600
Commission expenses	-116	-7	-47	-4	-1	-49	0	-224	-	-224
Commission, net	**180**	**69**	**55**	**16**	**-1**	**57**	**0**	**376**	-	**376**
Other operating expenses	-140	-77	-53	-9	-7	-88	506	131	-365	-234
Operating net	**710**	**305**	**172**	**26**	**-5**	**311**	**546**	**2 066**	**-365**	**1 701**
Depreciation/amortisation	-1	-2	-1	0	0	-6	-22	-33	0	-33
Other overhead expenses	-462	-165	-131	-20	-15	-214	-585	-1 593	365	-1 228
Exchange rate effect	-	-	-	-	-	-	13	13	-	13
Operating result	**247**	**138**	**41**	**6**	**-20**	**90**	**-47**	**454**	**0**	**454**
Of which:										
Total internal income	*275*	*32*	-	-	-	-	*728*	*1 035*	*-1 035*	-
Total external income	*1 312*	*475*	*345*	*61*	*0*	*529*	-	*2 722*	-	*2 722*
Total internal expenses	*-397*	*-59*	*-101*	*-9*	*-4*	*-109*	*-355*	*-1 035*	*1 035*	-
Financial net	-	-	-	-	-	-	-7	-7	-	-7
Appropriations	-	-	-	-	-	-	-	-	-	-
Tax expense	-	-35	-7	-	-	-22	-66	-130	-	-130
Net result	**247**	**102**	**34**	**6**	**-20**	**68**	**-121**	**317**	0	**317**

2013 mSEK	Sweden	Denmark	Norway	Finland	Nether-lands	United Kingdom	Shared functions	Total before eliminations	Elimin-ations	Total
Interest income	1 067	277	163	19	2	215	435	2 179	-715	1 464
Interest expenses	-487	-30	-36	-3	0	-32	-414	-1 001	611	-390
Lease and factoring income	83	51	44	-	-	-	-	178	104	282
Total net interest income	**663**	**298**	**171**	**17**	**2**	**183**	**21**	**1 355**	-	**1 355**
Commission income	313	74	108	17	0	62	0	573	-	573
Commission expenses	-106	-6	-49	-4	-2	-24	-	-191	-	-191
Commission, net	**207**	**68**	**59**	**13**	**-2**	**38**	**0**	**381**	-	**381**
Other operating expenses	-153	-98	-50	-6	-2	-51	416	57	-319	-263
Operating net	**716**	**268**	**180**	**23**	**-2**	**170**	**437**	**1 793**	**-319**	**1 474**
Depreciation/amortisation	-1	-4	-2	0	0	-4	-28	-39	-	-39
Other overhead expenses	-434	-155	-121	-20	-17	-125	-494	-1 367	319	-1 048
Exchange rate effect	-	-	-	-	-	-	39	39	-	39
Operating result	**281**	**109**	**57**	**3**	**-19**	**41**	**-46**	**426**	**-**	**426**
Of which:										
Total internal income	*326*	*33*	-	-	-	-	*652*	*1 011*	*-1 011*	-
Total external income	*1 197*	*448*	*346*	*44*	*2*	*283*	*143*	*2 463*	-	*2 463*
Total internal expenses	*-402*	*-49*	*-91*	*-7*	*-5*	*-50*	*-406*	*-1 011*	*1 011*	-
Financial net	-	-	-	-	-	-	7	7	-	7
Appropriations	-	-	-	-	-	-	-178	-178	-	-178
Tax expense	-	-27	-21	-	-	-4	-12	-64	-	-64
Net result	**281**	**82**	**37**	**3**	**-19**	**37**	**-230**	**190**	**-**	**190**

1) The result for the UK refers to only eight months in 2013. The UK credit operation was acquired 1 May 2013.

External income

kSEK	2014	2013
Corporate	539	464
Sales Finance	1 577	1 367
Consumer	594	588
Other	12	44
Total external income	**2 722**	**2 463**

Ikano Bank, or each segment individually, has no single customer that account for 10 percent or more of total revenues.

Balance Sheet

2014 kSEK	Sweden	Denmark	Norway	Finland	Nether- lands	United Kingdom	Eliminations	Total
Fixed assets other than financial instruments	25	61	2	0	0	18	-	**106**
Deferred tax assets	60	-	-	-	-	5	-	**65**
Other assets	26 672	4 010	2 300	265	21	5 120	-12 374	**26 014**
Total assets	**26 757**	**4 070**	**2 302**	**265**	**21**	**5 144**	**-12 374**	**26 186**
Liabilities and provisions	**24 417**	**3 299**	**2 002**	**290**	**92**	**5 024**	**-12 374**	**22 751**

2013 kSEK	Sweden	Denmark	Norway	Finland	Nether- lands	United Kingdom	Eliminations	Total
Fixed assets other than financial instruments	15	51	2	0	0	20	-	**89**
Deferred tax assets	70	-	-	-	-	6	-	**76**
Other assets	25 053	3 606	2 164	228	42	3 531	-11 005	**23 619**
Total assets	**25 137**	**3 657**	**2 166**	**228**	**42**	**3 557**	**-11 005**	**23 783**
Liabilities and provisions	**22 924**	**3 037**	**1 895**	**257**	**89**	**3 517**	**-11 005**	**20 715**

3 Net interest income

kSEK	Jul-Dec 2014	Jul-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Interest income				
Loans to credit institutions	931	2 741	2 657	5 268
Loans to the public	809 118	769 541	1 600 871	1 425 410
Interest-bearing securities	9 931	18 299	24 414	40 629
Total	**819 980**	**790 581**	**1 627 942**	**1 471 307**
Interest expense				
Liaibilities to credit institutions	-18 847	-12 496	-36 824	-27 938
Deposits from the public	-110 895	-160 767	-253 927	-316 510
of which: deposit assurance fee	*-6 282*	*-6 059*	*-14 317*	*-13 939*
Issued securities	-25 810	-21 434	-50 970	-41 111
Derivatives	-2 292	13 364	7 684	25 850
Subordinated liabilities	-10 868	-11 263	-21 927	-22 226
Other interest expenses	-6 130	-5 670	-10 186	-8 872
of which: stability fee	*-4 031*	*-4 073*	*-7 884*	*-7 273*
Total	**-174 842**	**-198 266**	**-366 150**	**-390 807**
Total net interest income	**645 138**	**592 315**	**1 261 792**	**1 080 500**

4 Leasing income

kSEK	Jul-Dec 2014	Jul-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Leasing income, gross	1 168 619	1 052 682	2 274 816	2 038 756
Less: Depreciation according to plan	-1 010 569	-892 628	-1 958 603	-1 717 012
Leasing income, net	**158 050**	**160 054**	**316 213**	**321 744**
Leasing income from financial lease agreements	1 168 619	1 052 682	2 274 816	2 038 756
Depreciation according to plan for assets that are financial lease agreements, but are reported as operating leases	-1 010 569	-892 628	-1 958 603	-1 717 012
Leasing income, net for financial lease agreements	**158 050**	**160 054**	**316 213**	**321 744**
Effect on leasing income, net due to earlier reporting currency EUR	6 453	17 954	18 545	46 823
Leasing, net excl. effect above	**151 597**	**142 100**	**297 668**	**274 921**

5 Commission, net

kSEK	Jul-Dec 2014	Jul-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Commission income				
Payment service commissions	6 165	6 490	12 281	12 564
Lending commissions	203 499	188 374	394 512	346 553
Other commissions	98 390	97 151	193 285	205 295
Total	**308 054**	**292 015**	**600 078**	**564 412**
Commission expense				
Payment brokerage commissions	-2 857	-3 035	-5 800	-5 733
Lending commissions	-107 390	-93 325	-212 071	-180 399
Other commissions	-14 429	-13 764	-26 065	-22 120
Total	**-124 675**	**-110 124**	**-243 936**	**-208 252**
Commission, net	**183 378**	**181 891**	**356 142**	**356 160**

6 Loan losses, net

kSEK	Jul-Dec 2014	Jul-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Specific provision for individually assessed loans receivable				
Provisions for the period	-1 615	10 883	-35 538	-16 447
Write-off for the period for determined loan losses	-18 795	-28 819	-39 302	-49 281
Reversal of previous provisions for loan losses reported in the annual accounts as determined loan losses	220	16 843	17 153	28 964
Recoveries from previously determined loan losses	8 460	7 252	16 319	10 718
Net cost for the period for individually assessed loan receivables	**-11 730**	**6 159**	**-41 368**	**-26 046**
Specific provision for collectively assessed loans				
Provision/dissolution of reserve for loan losses	-50 974	-96 432	-78 347	-38 959
Write-off for determined loan losses for the period	-151 018	-134 602	-292 293	-357 618
Recoveries from previous periods' established loan losses	52 306	53 031	104 317	127 822
Net cost for the period for collectively assessed loan receivables	**-149 686**	**-178 003**	**-266 323**	**-268 755**
Net costs for the period for loan losses	**-161 416**	**-171 844**	**-307 691**	**-294 801**
Loan loss ratio	1,5%	1,8%	1,5%	1,7%

7 Loans to the public

kSEK	2014	2013
Outstanding receivables, gross		
- Swedish currency	7 983 054	8 043 105
- Foreign currency	9 385 438	7 587 076
Total	**17 368 492**	**15 630 181**
Of which: non performing loan	*1 089 767*	*1 025 288*
Specific provision for individually assessed receivables	-11 888	-6 415
Specific provision for collective assessed receivables	-783 116	-737 251
Carrying amount, net	**16 573 488**	**14 886 515**

8 Deposits from the public

kSEK	2014	2013
Public		
- Swedish currency	14 501 037	14 075 237
- Foreign currency	546 550	101
Total	**15 047 587**	**14 075 338**
Deposits specified by category of borrower		
Corporate sector	259 887	315 275
Household sector	14 787 700	13 760 063
Total	**15 047 587**	**14 075 338**

9 Issued securities

kSEK	2014	2013
Certificates of deposits	836 160	921 612
Bonds	2 148 714	1 148 925
Total	**2 984 874**	**2 070 537**

10 Related parties

The Bank has related-party relationships with companies within the Group. Transactions with these are shown below. Consolidated financial statements are prepared by IKANO SA, Luxembourg.

Transactions with related parties are priced on commercial, market-based terms. No loan losses are attributable to the outstanding receivables with related parties.

kSEK	Year	Income	Expenses	Receivables with related parties, 31 December	Liabilites with related parties, 31 December
Ikano S.A.	**2014**	**3 103**	**-57 696**	**320**	**589 965**
Ikano S.A.	**2013**	2 602	-63 169	1 011	1 358 928
Other Group companies	**2014**	**116 475**	**-22 527**	**4 054**	**8 937**
Other Group companies	**2013**	115 812	-19 756	2 832	3 700

The year's decrease in liabilities to related parties is attributable to the repayment of debt in 2014, which was before the acquisition of the UK operations that took place in 2013.

11 Financial assets and liabilities

The following table provides information about how the fair value of financial instruments that are valued at fair value in the balance sheet (excluding the items included in hedge accounting) is established. 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 reported at fair value in the balance sheet

2014

kSEK	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Interest rate derivatives	-	70 181	-	**70 181**
Currency derivatives	-	78 979	-	**78 979**
Financial assets available-for-sale				
Bonds and other interest-bearing securities	947 565	324 868	-	**1 272 433**
Treasury bills etc.	952 514	-	-	**952 514**
Shares and participations[1)]	2 050	1 535	-	**3 585**
Financial liabilities at fair value through profit or loss				
Interest rate derivatives	-	8 306	-	**8 306**
Currency derivatives	-	210 452	-	**210 452**

2013

kSEK	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Interest rate derivatives	-	59 575	-	**59 575**
Currency derivatives	-	46 010	-	**46 010**
Financial assets available-for-sale				
Bonds and other interest-bearing securities	765 882	494 962	-	**1 260 844**
Treasury bills etc.	617 222	251 220	-	**868 442**
Shares and participations[1)]	1 421	1 535	-	**2 956**
Financial liabilities at fair value through profit or loss				
Interest rate derivatives	-	776	-	**776**
Currency derivatives	-	47 995	-	**47 995**

1) The Bank owns shares in Financial Id technologies, which are included in level 2 of the valuation category Financial assets available for sale. The Bank does not intend to sell these shares in any near future.

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

Ikano Bank enters into derivative contracts under the International Swaps and Derivatives Association's (ISDA) master netting agreement, which means that when a counterparty cannot settle their obligations, the agreement is cancelled and all outstanding dealings between the parties shall be regulated by a net amount. ISDA agreements do not meet the criteria for offsetting in the balance sheet since offsetting is only permitted due to a party's inability to regulate, and also that the intention to reach a net settlement exists.

In the balance sheet, no amounts have been offset in 2014.

Since 2014, Ikano Bank receives and submits collateral in the form of bank deposits in accordance with the standard terms in the ISDA Credit Support Annex in regard to derivatives.

				Amounts not offset in Balance Sheet		
2014 kSEK	Gross value	Offsetting in the Balance Sheet	Net in Balance Sheet	Netting agreements	Issued/Received collateral	Net value
Derivatives	149 160	-	149 160	-137 225	-11 600	335
Total financial assets	**149 160**	**-**	**149 160**	**-137 225**	**-11 600**	**335**
Derivatives	218 758	-	218 758	-137 225	-74 000	7 533
Total financial liabilities	**218 758**	**-**	**218 758**	**-137 225**	**-74 000**	**7 533**

				Amounts not offset in Balance Sheet		
2013 kSEK	Gross value	Offsetting in the Balance Sheet	Net in Balance Sheet	Netting agreements	Issued/Received collateral	Net value
Derivatives	105 586	-	105 586	-46 851	-	58 735
Total financial assets	**105 586**	**-**	**105 586**	**-46 851**	**-**	**58 735**
Derivatives	48 771	-	48 771	-46 851	-	1 920
Total financial liabilities	**48 771**	**-**	**48 771**	**-46 851**	**-**	**1 920**

12 Capital adequacy and liquidity

On 1 January 2014 the new capital adequacy rules (Basel III) took effect through the Capital Requirements Regulation CRR (575/2013/EU) and the Capital Requirements Directive CRD IV (2013/36/ EU). CRD IV was introduced into Swedish law 2 August 2014 through two new laws; law (2014:966) regarding capital buffers and law (2014:968) regarding special supervision of credit institutions and securities firms as well as through changes in existing laws and regulations. In addition, the Financial Supervisory Authority has issued new and amended regulations in this area. In the future, additional supplementary regulations in the form of technical standards and guidelines from the European Banking Authority (EBA) are expected. With CRR/ CRD IV in effect, Ikano Bank's capital adequacy reporting under Basel II has ceased.

The capital requirements regulations help to strengthen resilience against financial losses and thereby protect the bank's customers. The regulations mean that the bank's own funds shall cover the minimum statutory own funds requirements, which for Ikano Bank, include the own funds requirements for credit risks, CVA risks and foreign exchange risks. In addition, the own funds requirements of the regulatory system include identified risks in the operations in accordance with the bank's internal capital adequacy assessment process (ICAAP) and the requirements that the Board imposes on Ikano Bank, also referred to as Pillar 2 requirements. According to the law (2014:966) on capital conservation buffers, as of August 2014, a statutory requirement to maintain a capital conservation buffer is applicable. The regulations regarding capital conservation buffers means that all institutions are charged an additional own funds requirement of 2.5 percent of the risk exposure amount. On 13 September 2015 an additional buffer requirement will be introduced, which means that institutions must maintain a countercyclical buffer of currently 1 percent in Sweden.

In calculating the risk exposure amounts for credit risk in accordance with Pillar 1, the bank uses the standard method, which includes seventeen exposure classes with defined risks weights. The risk-weighted amount for operational risks are calculated in accordance with the base method, which means that the risk-weighted amount constitutes fifteen percent of the average operating income for the three previous financial years. The risk-weighted exposure amount for foreign exchange risk covers all items in and off the balance sheet valued at the current market value and converted to Swedish kronor in accordance with the closing rate. Eight percent of the total net position in foreign currency is calculated to constitute own funds requirements for the majority of the exposures. For closely related currencies, a lower own funds requirement of four percent of the matched position is applied.

A review of the bank's own funds requirements is an integral part of the bank's annual operational plan. The capital situation is monitored throughout the year and a follow-up of the bank's ICAAP is carried out quarterly.

Ikano Bank's risk tolerance is that the total capital ratio should never fall below 14 percent, compared to the statutory own funds requirement for Pillar 1 risks of 8 percent. This margin represents a buffer 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, the Bank has a target of 17 percent for the Total capital ratio.

As of 31 December 2014, the bank had own funds of bnSEK 3.8 compared with the statutory own funds requirement for Pillar 1-risks of bnSEK 1,7, which means a margin of 123 percentage points. The total capital ratio was 17.8 percent with a Tier 1 capital ratio of 15.1 percent. Consequently, the bank has a strong capital adequacy that meets both statutory and internal requirements.

The bank's common equity Tier 1 capital amounted to bnSEK 3.2. After a statutory minimum for common equity Tier 1 capital has been allocated to cover 75 percent of the total own funds requirement calculated in accordance with Pillar 1, a further bnSEK 1.9 remain available as common equity Tier 1 capital.

The capital conservation buffer consist of a common equity Tier 1 capital equivalent to 2.5 percent of the institutes total risk exposure amounts. For the bank, the capital conservation buffer totals mSEK 535 and is covered well by the available common equity Tier 1 capital.

Compilation of Own funds, Risk exposure amount and Own funds requirements[1)]

kSEK	2014	2013
Tier 1 capital	3 232 340	2 805 251
Tier 2 capital	578 566	551 029
Own funds	**3 810 906**	**3 356 280**
Total risk exposure amount	**21 401 606**	**20 092 761**
Total own funds requirements	**1 712 129**	**1 607 421**
Total Capital ratio	**17.8%**	**16.7%**
Tier 1 Capital ratio	**15.1%**	**14.0%**
Common equity Tier 1 ratio	**15.1%**	**14.0%**
Available common equity Tier 1 capital	**1 948 244**	**1 599 685**
Available common equity Tier 1 capital in relation to Total risk exposure amount	**9.0%**	**8.0%**
Capital conservation buffer	**535 040**	**-**
Counter-cyclical capital buffer	**-**	**-**

Specification of Own funds[1)]

kSEK	2014	2013
Own funds		
Tier 1 capital		
Equity reported in the balance sheet	2 736 607	2 369 845
Share capital	78 978	78 978
Statutory reserve	193 655	193 655
Fund for fair value	87 358	37 311
Retained earnings	2 059 901	1 869 525
Net result for the year	316 715	190 376
Untaxed reserves (78% of which)	544 562	544 562
Less:		
Intangible assets and deferred tax assets	-44 366	-105 766
Unrealised changes in fair value recognised in fair value reserve	-4 462	-3 390
Total Tier 1 capital	**3 232 340**	**2 805 251**
Total Common Equity Tier 1 capital	**3 232 340**	**2 805 251**
Tier 2 capital		
Subordinated liabilities	578 566	551 029
Total Tier 2 capital	**578 566**	**551 029**
Total own funds	**3 810 906**	**3 356 280**

Specification of Risk exposure amount and Own funds requirements[1)]

	2014		2013	
kSEK	Risk exposure amount	Own funds requirements	Risk exposure amount	Own funds requirements
Credit risk according to the standardised approach				
Institutional exposure	313 921	25 114	255 909	20 473
Corporate exposure	967 878	77 430	1 113 928	89 114
Retail exposure	15 019 195	1 201 536	13 830 961	1 106 477
Past due items	453 287	36 263	337 910	27 033
Covered bond exposure	62 563	5 005	53 006	4 240
Other items	362 458	28 997	413 347	33 068
Total credit risk	**17 179 302**	**1 374 344**	**16 005 061**	**1 280 405**
Operational risk according to the basic indicator approach	**3 408 379**	**272 670**	**3 086 550**	**246 924**
Foreign exchange risk according to the standardised approach	**813 925**	**65 114**	**1 001 150**	**80 092**
Total	**21 401 606**	**1 712 129**	**20 092 761**	**1 607 421**

1) Reporting as of 31 December 2014 is made in accordance with applicable regulations (Basel III). Comparative figures as per 2013 are calculated according to the previous regulations (Basel II).

Leverage ratio

The leverage ratio is a measure that has been developed by regulators as an alternative to risk-based capital. The aim is that there should be a clear and simple measure of capital strength. The measurement shows capital as a percentage of asset size, without the actual risk level of the assets being taken into consideration. The leverage ratio is calculated using the Tier 1 capital as a percentage of total assets, based on average values of the last three months. For the bank, the leverage ratio per 31 December 2014 is 10.4 percent and is calculated in accordance with article 429 of the CRR (575/2013/EU). The Bank therefore considers itself to have a comfortable level of capital strength.

Liquidity

Ikano Bank AB's liquidity is managed within the framework for the 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 composition and size of the liquidity portfolio and the liquidity reserve are regulated in the Finance Policy, which is established by the bank's Board of Directors.

The liquidity reserve, in accordance with the Finance Policy, 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. Therefore, in accordance with this policy, the liquidity portfolio shall always total at least 14 percent of deposits from the public. Operational liquidity to meet the needs of liquidity and lending growth is also included and the Bank has a policy of maintaining liquidity of at least 20 percent of total deposits from the public.

The liquidity reserve, along with other operational liquidity, is invested in interest-bearing securities in markets in the Nordic region. The Finance Policy defines what quality level the securities that are included in the bank's liquidity reserve shall have. Limits exist for each issuer in accordance with instructions from the Board of Directors.

The Financial Supervisory Authority, in its regulations regarding the handling of liquidity risks, FFFS 2010: 7, has included a definition of liquidity reserve. This definition coincides with the bank's definition, with the exception of cash and deposits with credit institutions, which are not part of the bank's liquidity reserve. According to the Financial Supervisory Authority's definition, the liquidity reserve totals bnSEK 2.6 (2.3). These assets are of high quality, liquid in private markets and eligible as collateral with the Swedish Central Bank.

The liquidity portfolio totalled bnSEK 3.3 (3.0) as of 31 December 2014. The liquidity reserves, as well as investments in other interest-bearing securities, were included in the amount of mSEK 691 (684). None of the assets were utilized as collateral. Valuations have been made at clean market value and investments have been assessed to have a good, unimpaired credit quality.

In addition to the liquidity portfolio, non-utilised credit facilities totalling bnSEK 1.8 (1.9) are added.

Stress tests are performed regularly to ensure that the bank has processes, procedures and good payment capacity during conditions that deviate from normal conditions.

The long-term financial planning aims to maintain a well-diversified financing structure that takes into account risk allocation and financing costs.

The bank's deposits/total assets ratio shall be at least 50 percent.

Additional information about the bank's management of liquidity risk can be found in the Annual Report for 2013 and in the information regarding Risk and Capital Adequacy for 2013. These documents are published on the bank's website www.ikanobank.se. The corresponding reports for 2014 will be published on the bank's website in late April.

Compilation of liquidity reserve

kSEK	2014	2013
Cash and balances with banks and credit institutions	1 068 239	824 741
Securities issued by municipalities and other public units	952 514	870 116
Securities issued by financial companies	49 979	50 171
Other covered bonds	531 209	530 056
Liquidity reserve (according to definition in FFFS 2010:7)	**2 601 942**	**2 275 084**
Other operational liquidity invested in securities	691 245	683 811
Total liquidity portfolio	**3 293 186**	**2 958 895**
Other liquidity creating measures		
Unused confirmed credit limits	1 767 124	1 905 749