

Year-end Report 2017-12

Ikano Bank AB (publ) Year-End Report, 2017

Results for the full year 2017

- Business volume grew by 7 percent to SEK 67,863 m (63,501)
- Lending, including leasing, increased by 8 percent to SEK 37,082 m (34,475)
- Deposits from the public grew with 6 percent to SEK 25,617 m (24,180)
- Operating result decreased by 2 percent to SEK 435 m (445). Operating result for 2017 is negatively affected by higher loan losses compared to previous year. This is partly due to the standardisation of the loan loss model that was made in 2016
- The result for 2017 is positively impacted by a net income of SEK 174 m from a one-off portfolio sale in connection with the harmonisation of the process for debt collection
- Net interest income decreased by 3 percent to SEK 1,960 m (2,021)
- The lower operating result led to return on equity decreasing to 6.2 percent compared with 2016 (7.2)
- Common equity Tier 1 ratio totalled 14.3 percent (14.3) and the total capital ratio was 16.5 percent (16.6)
- The liquidity reserve totalled SEK 4,226 m (4,507) and the total liquidity portfolio amounted to SEK 5,058 m (5,272)
- Håkan Nyberg started his position as Managing Director of the Bank on 21 September 2017

Results for the second half year 2017

- Operating result increased by 89 percent to SEK 74 m (39). The comparison is affected by increased costs for non-deductible VAT mainly for previous years, which were reported in full in the second half of 2016. Increased growth resulted in higher loan losses in the second half of 2017 compared to the same period 2016.
- Net interest income decreased by 5 percent to SEK 978 m (1,028)
- Return on equity for the second half of the year amounted to 2.2 percent (1.3)

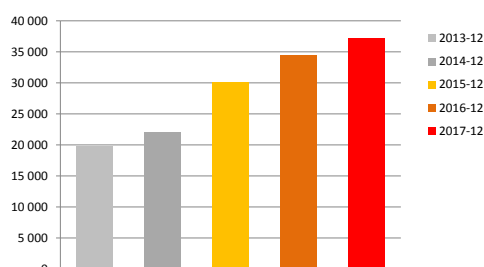
Outlook for 2018: Our outlook for 2018 is positive. We operate in a challenging industry but we are financially strong and have solid growth across our markets and a good market position. We continue our work to further develop and improve our digital experience, efficiency and offer.

Key ratios

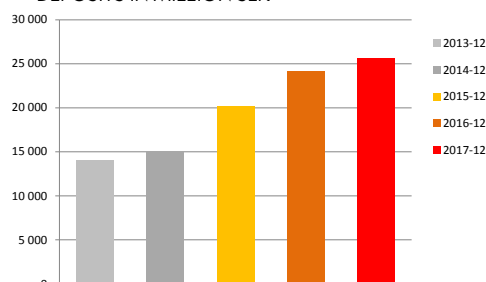
	Jul-Dec 2017	Jul-Dec 2016	31 Dec 2017	31 Dec 2016
Total Capital ratio	16.5%	16.6%	16.5%	16.6%
Common equity Tier 1 ratio	14.3%	14.3%	14.3%	14.3%
Investment margin	4.6%	5.3%	4.6%	5.2%
Return on adjusted equity	2.1%	1.3%	6.2%	7.2%
Leverage ratio	10.9%	10.5%	10.9%	10.5%
C/I-ratio before loan losses	72.4%	80.5%	66.3%	74.2%
Loan loss ratio	1.7%	1.5%	1.6%	0.9%

For definitions of alternative performance measures used to describe the Bank's activities see the Bank's Annual Report for 2016, available on the Bank's website www.ikanobank.se/om-banken/ekonomisk-information

LENDING INCLUDING LEASING IN MILLION SEK



DEPOSITS IN MILLION SEK



This is information that Ikano Bank AB (publ) is required to disclose in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication on 28 February 2018 at 11:00 AM.

Statement by the Managing Director

Growth in all markets

We have had good growth in the Bank in 2017 and business volume increased by 7 percent. Lending amounted to SEK 37.1 billion at the end of the year and increased on basically all markets. The growth of our leasing business has been excellent during the year. Also the development of our private business is good. We continue the work of developing our services, always with the customer experience in focus. We saw a lower operating result compared with 2016 where some non-recurring items from the previous year and this year affected.

Deposits increased during the year and are stable, amounting to 58 percent of our total funding. The increase is mainly in our foreign markets, while deposits in the Swedish market fell slightly during the year. Deposit is an important funding for us and we are grateful for the confidence our customers show by letting us manage their savings. We also see a good demand for our capital market program, where we issued five bonds with good results during the year.

During the year the cooperation with our IT partner Capgemini began. The cooperation will strengthen our IT capabilities and support the digital further development of our offer. Capgemini took over the operation of our IT in July this year and the extensive integration work is under way and is expected to continue during the year.

During the year we have received awards with focus on customer relations in several markets. In Germany and in Britain, we won several awards for best customer service, loan and savings products during the year, and in Sweden we ranked for the fifth consecutive year among the best banks for private loans in the Swedish SKI survey.

We are following the development of Brexit. The UK market is important to us and our growth strategy is firm.

As we enter 2018, I feel full of confidence. We have great offers and the investments we make in our business platform give us every opportunity to fulfil our vision; To create possibilities for better living for the many people.

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 and attractive savings and loan services. Sales Finance administers and markets finance solutions for partners, and Corporate offers leasing solutions, as well as factoring services to businesses.

Ikano Bank has operations in Sweden, the UK, Norway, Denmark, Finland, Germany, Austria and Poland. Sweden is the largest market, where the Bank also has the broadest offering for all target groups. Ikano Bank offers a selection of the Bank's services on other geographical markets. Ikano Bank has no physical offices for customers, but delivers its services online.

The Bank's result for the full year 2017

Operating result is affected by portfolio sale and higher loan losses

Operating result for 2017 decreased by 2 percent to SEK 435 m (445). The lower operating result compared with the previous year is partially due to the model standardisation for loan loss reserves implemented in the first half of 2016. The model standardisation led to a resolution of loan loss reserves in 2016, which means that loan losses for 2017 have increased compared to 2016. The result for 2017 is positively affected by a net income of SEK 176 m from a one-off portfolio sale in connection with the harmonisation of the process for debt collection.

The underlying profitability of the Bank is deemed to be stable and supported by a well-founded loan business with good growth.

Slightly lower net interest income

Net interest income decreased by 3 percent to SEK 1,960 m (2,021). Net interest income declined mainly in the Danish, British and German markets, where the volume of lending to the public has been stable or decreased. Other markets' net interest income increased during the year.

Higher leasing net and lower net commission income

Net leasing income increased by 25 percent to SEK 391 m (313). Leasing net income increased in all markets based on volume growth in the majority of our markets.

Net commission income decreased by 8 percent to SEK 328 m (356). The operations in Germany and Finland contributed positively to the Bank's net commission income, while lower income from mediated insurances and higher commission expenses in other markets impact negatively.

Higher costs from growth

Operating expenses rose by 9 percent to SEK 5.0 bn (4.5). This increase is mainly attributable to increased depreciation on leased assets on behalf of customers, due to the volume growth in the Corporate business line. 2017 was also affected by costs incurred by the outsourcing of our IT platform to Cap Gemini.

Higher loan losses

Loan losses measured as a percentage of average total lending increased to 1.6 percent (0.9). This is in line with levels before the model standardisation performed during the first half of 2016. Net loan losses increased to SEK 556 m (278) explained by the growth in volumes during the year and the model standardisation in 2016.

The Bank's result for the second half-year 2017

Higher operating result for the second half year

Operating result increased by 89 percent to SEK 74 m (39). The comparison is affected by increased costs for non-deductible VAT mainly for previous years, which are reported in full in the second half of 2016. Increased growth also resulted in higher loan losses during the second half of 2017 compared to the same period 2016.

Lower net interest income

Net interest income decreased by 5 percent to SEK 978 m (1,028). The lower interest income in the second half of the year follows the same trend as for the full year.

Higher net leasing and lower net commission income

Net leasing income rose by 31 percent to SEK 211 m (160) compared with the corresponding period in 2016. Net leasing income increased in all markets as a result of good demand for financing from our partners in the Corporate business line.

Net commission income fell by 25 percent to SEK 143 m (192). This is a result of lower income from mediated insurances and higher commission costs in all markets.

Higher costs mainly a consequence of growth

Operating expenses rose by 3 percent to SEK 2.6 bn (2.5). The increase is primarily a result of increased depreciations of leasing assets, due to volume growth in the Corporate business line.

Higher loan losses

Loan losses increased by 27 percent to SEK 308 m (242). The increase is largely explained by growth in the second half of the year. Loan losses, measured as a percentage of average total lending, increased slightly in the second half to 1.7 percent (1.5).

The Bank's position as of 31 December 2017

Increased deposits from the public

Deposits from the public increased by 6 percent to SEK 25.6 bn (24.2). Deposits increased in all foreign markets, while volumes on the Swedish market fell slightly during the year.

Deposits are an important part of the Bank's funding and the stable volume growth shows the confidence the customers have in Ikano Bank. At year-end, deposits from the public were 58 percent of the Bank's total funding.

Varying growth in lending to the public

The Bank's loans to the public increased by 4 percent to SEK 27.8 bn (26.8) after provisions for loan losses. Growth varies between the Banks' markets, where loans to the public in Denmark and the UK declined during the year, while growth in the Swedish market increased

and led to a total increase of the Bank's loans to the public.

Leased assets held on customers' behalf increased by 22 percent to SEK 9.3 bn (7.6). Most of the markets increased volumes due to good demand for financing from our partners in the Corporate business line.

Intermediated mortgage volumes to SBAB increase by 7 percent to SEK 5.2 bn (4.8). As previously communicated the cooperation between SBAB and Ikano Bank will end during 2018. SBAB has decided to prioritise sales under its own brand. This means that Ikano Bank will not continue to offer mortgages provided by SBAB to our customers after 31 August 2018.

Growth in all markets increase overall business volumes

Overall business volumes expanded by SEK 4.4 bn, or 7 percent, to SEK 67.9 bn (63.5), where good growth in almost all markets and business lines contributed.

Good liquidity reserve and high demand for the Bank's bonds

The Bank's liquidity portfolio was slightly reduced in 2017, and amounted to SEK 5.1 bn (5.3) at year-end, corresponding to 20 percent of the Bank's total deposits from the public.

The Bank regularly obtains funding from the capital markets. The Bank's volume of issued securities rose by SEK 0.6 bn to SEK 6.8 bn (6.2). Demand for the Bank's short-term commercial paper (CP) programmes as well as for the Bank's bond programme (Medium Term Note programme) has been good. In 2017, five bonds, with maturities between 2-5 years, in total amounting to SEK 1,950 m in nominal amount have been issued with good results. The investor's interest in the Bank's short term CP has also been high during the year.

At year-end, the Bank's liquidity coverage ratio (LCR) was 229 percent. The ratio indicates the relationship between the Bank's highly liquid assets and net outflows over a 30-day period under stressed market conditions. A statutory requirement for the liquidity coverage ratio of 80 percent applies since 1 January 2017, with an increasing phasing to 100 percent on 1 January 2018. For a healthy and stable liquidity management, the Bank has since long decided to hold an LCR of over 100 percent.

The own funds as of 31 December 2017 totalled SEK 6.0 bn, compared with the statutory own funds requirement of SEK 2.9 bn. The total capital ratio at the end of year is still good and was 16.5 percent (16.6) and the Tier 1 capital ratio was 14.3 percent (14.3).

Other information

Ikano Bank AB (publ), corporate identity number 516406-0922, is a limited liability company licensed to conduct banking business, with its registered office in Älmhult and its head office in Malmö, Sweden. Ikano Bank is owned by Ikano

S.A. with its registered office in Luxembourg. Originally part of IKEA, Ikano S.A. became an independent group in 1988. Apart from finance, the Ikano Group deals with insurance, production (Dendro), property and retail sales. Ikano Bank has operated its business under a Banking license since 1995.

Operations

Ikano Bank AB (publ) conducts banking operations in Sweden, the UK, Norway, Denmark, Finland, Germany, Austria and Poland under the supervision of the Swedish Financial Supervisory Authority. There are three business lines: Corporate, Sales Finance and Consumer. The operations in Denmark, Norway, Finland, the UK, Germany and Poland are operated as branches, while Austria is conducted as cross-border operations.

The operations of the Bank's subsidiary, Ikano Insight Ltd, were integrated into the Bank's operations in 2016. In 2017, no activities have been carried out in the subsidiary and the company has been discontinued as of 23 January 2018.

Management

On 21 September 2017, Håkan Nyberg started as Managing Director of the Bank as, Stefan Nyrinder, as previously communicated, left his assignment during 2017. Håkan Nyberg comes from a position as Managing Director of Nordnet Bank.

Events after 31 December 2017

After the year-end, no significant events have occurred that have affected the financial statements for 2017.

Outlook

Our outlook is positive and in 2018 the Bank anticipates further development work with a focus on customer benefit and efficiency. We have a strong financial position with good liquidity and a favourable market position.

Annual Report

Ikano Bank's Annual Report will be available on the Bank's website during week 12.

Next reporting date

Ikano Bank reports its results half-yearly. The interim report for the first half of 2018 will be available on the Bank's website at the end of August 2018. Ikano Bank publishes information on capital adequacy and liquidity on a quarterly basis on its website.

Risks and uncertainty factors

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,

currency risk and interest rate risk. The Board of Directors and Managing Director are ultimately responsible for risk management at Ikano Bank. Risk management is intended to ensure that the risks do not exceed the risk mandates 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 the operating businesses own and manage the risk in daily operations. The central risk control function is responsible for monitoring and evaluating risk management.

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. Apart from what is stated in this Interim Report, there is more detail in Ikano Bank's Annual Report for 2016 and Ikano Bank's annual "Capital adequacy and risk management" report in accordance with Basel 3 regulations, available at www.ikanobank.se.

Älmhult, 26 February 2018

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 perception of the Bank created by the year-end report.

Board of Directors
Ikano Bank AB (publ)

This report has not been audited.

Income statement

SEK '000	Note	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Interest income	4	1 177 410	1 237 414	2 354 945	2 421 986
Interest expense	4	-198 969	-208 943	-394 770	-400 551
Net interest income		978 441	1 028 471	1 960 176	2 021 435
Leasing income	5	1 760 554	1 482 629	3 395 930	2 780 577
Commission income	6	312 869	337 801	647 629	670 831
Commission expense	6	-170 006	-146 074	-319 298	-314 750
Net commission income		142 863	191 727	328 331	356 081
Net gains and losses on financial transactions		4 468	12 618	-6 455	9 337
Other operating income	7	46 469	46 878	268 200	105 108
Total income		2 932 794	2 762 322	5 946 183	5 272 538
General administrative expenses		-852 670	-884 661	-1 670 051	-1 688 508
Depreciation/amortisation and impairment of tangible and intangible assets	5	-1 597 136	-1 349 215	-3 085 917	-2 515 049
Other operating expenses		-101 343	-247 248	-199 863	-345 556
Total expenses before loan losses		-2 551 150	-2 481 124	-4 955 831	-4 549 113
Profit before loan losses		381 644	281 198	990 352	723 425
Loan losses, net	8	-307 608	-241 993	-555 588	-278 424
Operating result		74 036	39 205	434 764	445 001
Tax expense		-55 381	-51 766	-150 903	-166 153
Net result for the period		18 656	-12 560	283 861	278 848

Statement of total comprehensive income

SEK '000	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Net result for the period	18 656	-12 560	283 861	278 848
Other comprehensive income				
Items that can be reclassified to profit or loss				
Translation difference for the period, foreign branches	42 550	50 541	33 309	98 524
Changes in fair value of available for sale financial assets	-2 412	7 433	2 360	35 321
Cash flow hedges	-11 846	-1 821	9 394	-2 169
Tax related to changes in fair value of financial assets available for sale	-1 017	-5 750	-2 067	-7 770
Tax related to changes in fair value of cash flow hedges	4 153	477	-519	477
Other comprehensive income for the period, net of tax	31 428	50 880	42 477	124 383
Total comprehensive income for the period, net of tax	50 084	38 320	326 339	403 231

Balance sheet

SEK 000	Note	2017	2016
Assets			
Cash		6 603	9 881
Treasury bills		1 172 947	1 201 155
Loans to credit institutions		1 813 843	1 837 545
Loans to the public	9	27 798 753	26 845 453
Bonds and other interest-bearing securities		2 103 980	2 247 378
Shares and participations		18 885	15 083
Shares and participations in group companies		13 322	13 322
Intangible assets		394 813	322 072
Tangible assets		9 318 397	7 687 008
- Leasing assets		9 283 371	7 629 348
- Equipment		35 026	57 660
Other assets		968 610	908 297
Deferred tax assets		158 824	162 892
Prepaid expenses and accrued income		313 121	285 532
Total assets		44 082 098	41 535 619
Liabilities, provisions and equity			
Liabilities to credit institutions		2 503 967	2 414 715
Deposits from the public	10	25 616 729	24 179 555
Change in fair value on interest-rate hedged items in the portfolio		-	468
Issued securities	11	6 824 779	6 182 825
Other liabilities		1 128 161	1 035 082
Accrued expenses and deferred income		1 250 216	1 298 763
Provisions		170 098	172 179
- Provisions for pensions		33 468	32 815
- Deferred tax liabilities		122 573	122 798
- Other provisions		14 058	16 566
Subordinated liabilities		819 680	809 905
Total liabilities and provisions		38 313 631	36 093 490
Untaxed reserves		698 157	698 157
Equity			
Restricted equity		515 670	422 417
Share capital		78 994	78 994
Statutory reserve		193 655	193 655
Fund for development expenses		243 021	149 768
Non-restricted equity		4 554 640	4 321 555
Fund for fair value		166 137	123 659
Retained earnings		4 104 642	3 919 048
Net result for the year		283 861	278 848
Total equity		5 070 310	4 743 972
Total liabilities, provisions and equity		44 082 098	41 535 619

Statement of changes in equity

SEK 000	Share capital	Statutory reserve	Fund for development expenses	Fair value reserve	Translation reserve	Cash flow hedge reserve	Retained earnings or losses	Net result for the year	Total equity
Opening balance 2016-01-01	78 994	193 655	-	-2 473	-1 060	2 809	3 061 569	507 246	3 840 740
Appropriation of profits	-	-	-	-	-	-	507 246	-507 246	-
Change in fund for development expenses	-	-	149 768	-	-	-	-149 768	-	-
Net result for the year	-	-	-	-	-	-	-	278 848	278 848
Other comprehensive income for the year	-	-	-	27 551	98 524	-1 692	-	-	124 383
Total comprehensive income for the year	-	-	-	27 551	98 524	-1 692	-	278 848	403 231
Shareholders contribution	-	-	-	-	-	-	500 000	-	500 000
Closing balance 2016-12-31	78 994	193 655	149 768	25 078	97 465	1 117	3 919 047	278 848	4 743 972
Opening balance 2017-01-01	78 994	193 655	149 768	25 078	97 465	1 117	3 919 047	278 848	4 743 972
Appropriation of profits	-	-	-	-	-	-	278 848	-278 848	-
Change in fund for development expenses	-	-	93 253	-	-	-	-93 253	-	-
Net result for the year	-	-	-	-	-	-	-	283 861	283 861
Other comprehensive income for the year	-	-	-	1 841	33 309	7 327	-	-	42 477
Total comprehensive income for the year	-	-	-	1 841	33 309	7 327	-	283 861	326 339
Closing balance 2017-12-31	78 994	193 655	243 021	26 919	130 774	8 444	4 104 641	283 861	5 070 310

Cash flow statement

SEK '000	2017	2016
Operating activities		
Operating result	+434 764	+445 001
Adjustment for non-cash items	+3 743 529	+2 844 664
Cash flows from operating activities before changes in working capital	+4 178 293	+3 289 665
Cash flow from changes in working capital	-4 762 502	-3 732 821
Cash flows from operating activities	-584 209	-443 156
Cash flows from investing activities	-130 868	-168 142
Cash flows from financing activities	+810 236	+550 480
Cash flow for the year	+95 159	-60 818
Cash and cash equivalents at beginning of the year	+1 707 836	+1 766 386
Exchange rate difference	+5 441	-1 013
Cash and cash equivalents at the end of the year	+1 808 435	+1 707 836

Reclassification has been made regarding 2016.

The cash flow statement has been prepared using the indirect method. The reported cash flow includes only transactions that involve incoming or outgoing payments. Cash and cash equivalents are defined as

cash and bank balances with central banks and lending to credit institutions, of SEK 1,820 m with deductions for current liabilities to credit institutions of SEK 12 m.

Notes

1 Accounting principles

The year-end report is prepared in accordance with IAS 34 and also complies with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), the Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual reporting for credit institutions and securities companies in accordance with the applicable transitional rules (FFFS 2008:25), as well as the Swedish Financial Reporting Board's recommendation, RFR 2 Accounting for Legal Entities. Accordingly, the Bank applies statutory IFRS.

Alternative performance measures are used by Ikano Bank when it is relevant to monitor and describe Ikano Bank's financial situation and to provide additional useful information to users of financial statements. For a definition of all measures please see the Annual Report 2016.

In other respects, the applied accounting policies and estimates in the year-end report coincide with those applied in the Annual Report 2016.

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

IFRS 9 Financial instruments

On 1 January 2018, IFRS 9 Financial instruments came into effect, replacing IAS 39 Financial instruments - recognition and measurement. The part of IFRS 9 related to classification and measurement has no material impact on the Bank's financial statements. The part related to impairment introduces a new forward-looking expected loan loss model that, unlike IAS 39, builds reserves already when new credits are

granted. Furthermore, IFRS 9 is more extensive than IAS 39 for impairment requirements, as all assets valued at amortised cost and fair value through other comprehensive income as well as irrevocable loan commitments and credit commitments are subject to impairment testing.

The regulatory framework also requires a forward-looking part where internal macro models have been built for the different markets. Macro variables are collected from official sources, for example, for gross domestic product and consumer price index per market. The macro model is based on different scenarios as probability weights for an adjustment of the probability of default. The models are based on the Bank's history of default or credit losses, and for markets with insufficient loss history, time series from official sources have been used as approximation for internal cases.

In line with previously communicated expectations, the transition to IFRS 9 implies increased provisions for loan losses and a reduction of the Bank's equity. Calculations show that the effect of the introduction of IFRS 9 is an increase in credit loss reserves by SEK 285 m and the net effect after tax of this one-off effect is a decrease of SEK 222 m in retained earnings, which will have a negative effect with 50 basis points on the Bank's capital adequacy. The EU has decided on the possibility of applying transitional rules for the introduction of IFRS 9. The Bank has notified SFSA of its decision to apply the one-off transition rules, which means a gradual phase-in in the capital adequacy over five years.

2 Information about subsidiary

On 1 October 2015, all shares in the subsidiary, Ikano Insight Ltd. were acquired. The Bank does not perform consolidated statements with reference to the Annual Accounts Act § 7: 3a. Financial position and results of Ikano Insight Ltd. has no material effect on the financial position and ratios for Ikano Bank.

The operations were integrated into the Bank's operations in 2016. In 2017, no activities have been carried out in the subsidiary and the company has been discontinued as of 23 January 2018.

Financial position and results of Ikano Insight Ltd

SEK 000	2017	2016
Assets		
Other assets	14 597	14 949
Total assets	14 597	14 949
Liabilities and equity		
Equity	14 597	14 949
Total liabilities and equity	14 597	14 949

SEK 000	2017	2016
Net interest income	-	55
Net commission	-	-5 186
Other income	-	44 098
Total income	-	38 967
General administrative expenses	-	-41 040
Other expenses	-	-1 057
Tax expense	-	-392
Net result for the year	-	-3 522

3 Operating segments

2017 SEK m	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/ Austria	Poland	Shared functions	Total before eliminations	Eliminations	Total
Interest income	755	324	226	27	529	659	60	436	3 016	-661	2 355
Interest expense	-221	-83	-76	-7	-146	-93	-13	-416	-1 056	661	-395
Total net interest income	535	241	150	20	383	566	46	20	1 960	-	1 960
Commission income	294	64	101	24	77	82	3	2	648	-	648
Commission expense	-148	-12	-55	-7	-47	-29	-4	-2	-303	-	-303
Commission, net	146	53	47	17	30	53	0	0	345	-	345
Lease income	1 735	941	579	140	-	-	-	-	3 396	-	3 396
Depreciation on leasing assets	-1 564	-826	-494	-121	-	-	-	-	-3 005	-	-3 005
Leasing Income, net	171	116	84	20	-	-	-	-	391	-	391
Net interest, fee and leasing income	852	409	281	57	413	619	46	20	2 696	-	2 696
Other income	17	207	6	1	24	6	5	971	1 237	-975	262
Other direct expenses	-46	-13	-13	-5	-21	-25	-2	-2	-126	-	-126
Operating margin before net loan losses and operational expenses	824	604	274	52	416	599	50	989	3 808	-975	2 833
Other expenses	-712	-355	-257	-59	-455	-440	-48	-995	-3 320	963	-2 356
Allocated overhead expenses	-21	-7	-4	-1	-9	-12	-1	1	-54	12	-42
Operating result	91	242	13	-8	-48	148	1	-5	435	-	435
Of which:											
<i>Total internal income</i>	118	31	-	-	44	35	-	1 409	1 637	-1 637	-
<i>Total external income</i>	1 111	681	418	71	586	712	69	13	3 662	-	3 662
<i>Total internal expenses</i>	-662	-91	-154	-31	-253	-218	-30	-299	-1 637	1 637	-
Tax expense	1	-51	0	-	9	-59	-	-51	-151	-	-151
Net result for the year	92	190	13	-8	-39	89	1	-55	284	-	284

2016 SEK m	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/ Austria	Poland	Shared functions	Total before eliminations	Eliminations	Total
Interest income	738	346	206	25	550	703	45	411	3 023	-602	2 421
Interest expense	-213	-79	-64	-5	-132	-102	-11	-397	-1 002	602	-399
Total net interest income	525	266	142	20	418	601	34	14	2 021	-	2 021
Commission income	298	72	101	22	88	87	4	-	671	-	671
Commission expense	-134	-11	-51	-5	-39	-35	-3	-4	-283	-	-283
Commission, net	163	60	49	16	48	53	1	-4	388	-	388
Lease income	1 418	801	506	56	-	-	-	-	2 781	-	2 781
Depreciation on leasing assets	-1 290	-699	-431	-47	-	-	-	-	-2 468	-	-2 468
Leasing Income, net	128	102	75	9	-	-	-	-	313	-	313
Net interest, fee and leasing income	816	428	267	45	467	654	36	10	2 722	-	2 722
Other income	26	25	9	1	5	2	5	1 063	1 136	-1 021	115
Other direct expenses	-47	-21	-15	-5	-25	-45	-1	-1	-160	-	-160
Operating margin before net loan losses and operational expenses	795	432	261	41	447	612	39	1 072	3 698	-1 021	2 677
Other expenses	-706	-277	-274	-51	-425	-248	-38	-1 189	-3 208	1 014	-2 194
Allocated overhead expenses	-14	-6	-3	-1	-9	-11	-1	-1	-45	7	-37
Operating result	74	149	-16	-11	14	353	1	-118	444	-	445
Of which:											
<i>Total internal income</i>	122	26	-	-	16	33	-	1 428	1 624	-1 624	-
<i>Total external income</i>	1 065	519	390	56	627	760	54	39	3 511	-	3 511
<i>Total internal expenses</i>	-513	-58	-133	-23	-226	-177	-24	-471	-1 624	1 624	-
Tax expense	-	-30	4	-	-5	-126	-	-8	-166	-	-166
Net result for the year	74	119	-12	-11	9	227	1	-128	279	-	279

External income

SEK m	2017	2016
Corporate	686	595
Sales Finance	1 938	2 002
Consumer	968	825
Other	70	89
Total external income	3 662	3 511

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

Balance Sheet

2017

SEK m

	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/Austria	Poland	Eliminations	Total
Fixed assets other than financial instruments	400	19	1	0	3	6	1	-	430
Deferred tax assets	229	-	-	-	4	19	-	-	252
Other assets	32 426	5 474	3 480	968	5 980	7 586	831	-13 346	43 400
Total assets	33 055	5 493	3 481	969	5 987	7 611	832	-13 346	44 082
Liabilities and provisions	30 173	4 272	3 166	1 013	5 841	6 255	940	-13 346	38 314

2016

SEK m

	Sweden	Denmark	Norway	Finland	United Kingdom	Germany/Austria	Poland	Eliminations	Total
Fixed assets other than financial instruments	323	39	1	0	6	9	1	-	380
Deferred tax assets	112	-	-	-	4	6	-	-	122
Other assets	31 432	5 186	3 407	526	6 179	7 378	598	-13 672	41 034
Total assets	31 868	5 225	3 408	526	6 189	7 393	599	-13 672	41 536
Liabilities and provisions	29 032	4 223	3 089	562	6 001	6 160	700	-13 672	36 093

4 Net interest income

SEK '000

	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Interest income				
Loans to credit institutions	326	-	1 558	0
Loans to the public	1 176 333	1 235 616	2 351 624	2 418 572
Interest-bearing securities	751	1 798	1 763	3 414
Total	1 177 410	1 237 414	2 354 945	2 421 986
<i>Of which: Interest income from financial assets not valued at fair value through profit or loss</i>	<i>1 176 659</i>	<i>1 235 616</i>	<i>2 353 182</i>	<i>2 418 572</i>
Interest expense				
Liabilities to credit institutions	-19 616	-24 073	-41 044	-48 010
Deposits from the public	-106 204	-99 868	-202 479	-193 886
<i>Of which: deposit guarantee fee</i>	<i>-21 320</i>	<i>-12 647</i>	<i>-33 877</i>	<i>-23 971</i>
Issued securities	-13 036	-12 110	-24 814	-25 901
Derivatives	-40 885	-52 879	-87 517	-98 737
- <i>Hedge accounting</i>	-5 751	6 482	-12 243	6 042
- <i>Not hedge accounting</i>	-35 133	-59 360	-75 274	-104 779
Subordinated liabilities	-10 959	-11 315	-21 726	-22 228
Other interest expenses	-8 269	-8 698	-17 189	-11 789
<i>Of which: Resolution/Stability fee</i>	<i>-7 151</i>	<i>-2 354</i>	<i>-14 302</i>	<i>-4 709</i>
Total	-198 969	-208 943	-394 770	-400 551
<i>Of which: Interest expense from financial assets not valued at fair value through profit or loss</i>	<i>-158 084</i>	<i>-156 065</i>	<i>-307 253</i>	<i>-301 814</i>
Total net interest income	978 441	1 028 471	1 960 176	2 021 435

5 Leasing income

SEK '000

	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Leasing income, gross	1 760 554	1 482 629	3 395 930	2 780 577
Less: Depreciation according to plan	-1 549 731	-1 322 227	-3 004 753	-2 467 504
Leasing income, net	210 823	160 402	391 177	313 073
Leasing income from financial lease agreements	1 760 554	1 482 629	3 395 930	2 780 577
Depreciation according to plan for assets that are financial lease agreements, but are recognised as operating leases	-1 549 731	-1 322 227	-3 004 753	-2 467 504
Leasing income, net for financial lease agreements	210 823	160 402	391 177	313 073
Interest income	4 077	3 578	7 723	6 327
Interest expenses	-50 140	-41 574	-96 273	-79 920
Leasing, net	164 760	122 406	302 626	239 479

6 Net commission

SEK '000	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Commission income				
Payment service commissions	14 477	12 163	25 484	23 245
Lending commissions	177 022	204 230	376 996	409 033
Other commissions	121 370	121 408	245 149	238 552
Total	312 869	337 801	647 629	670 831
Commission expense				
Payment brokerage commissions	-1 506	12 180	-3 728	-9 724
Lending commissions	-140 199	-130 528	-265 455	-260 942
Other commissions	-28 301	-27 726	-50 115	-44 084
Total	-170 006	-146 074	-319 298	-314 750
Net commission income	142 863	191 727	328 331	356 081

7 Other operating income

SEK '000	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Realised gain arising from the disposal of tangible assets	12 727	22 079	21 005	29 806
Intra-Group services	-	4 153	-	8 148
Dividend on Visa shares	-	-	-	26 942
One-off revenue from loan portfolio sale	-	-	180 864	-
Other operating income	33 742	20 645	66 331	40 212
Total	46 469	46 878	268 200	105 108

8 Loan losses, net

SEK '000	Jul-Dec 2017	Jul-Dec 2016	Jan-Dec 2017	Jan-Dec 2016
Specific provision for individually assessed loans receivable				
Change of provisions for the period	-20 780	-37 834	-57 003	-50 488
Write-off for the period for determined loan losses	-121 840	-115 221	-207 509	-312 002
Reversal of previous provisions for loan losses reported in the periods accounts as determined loan losses	25 483	31 337	47 566	176 055
Recoveries from previously determined loan losses	7 464	4 577	15 496	9 149
Net cost for the period for individually assessed loan receivables	-109 673	-117 141	-201 450	-177 286
Specific provision for collectively assessed loan receivables				
Change of provisions for the period	80 118	79 875	51 331	218 347
Write-off for the period for determined loan losses	-438 964	-251 869	-607 453	-485 766
Recoveries from previously determined loan losses	160 911	47 142	201 984	166 282
Net cost for the period for collectively assessed loan receivables	-197 935	-124 852	-354 139	-101 138
Net cost for the period for loan losses	-307 608	-241 993	-555 588	-278 424

9 Loans to the public

SEK 000	2017	2016
Outstanding receivables, gross		
- Swedish currency	9 846 847	8 886 408
- Foreign currency	18 854 370	18 913 677
Total	28 701 216	27 800 085
<i>Of which: non performing loans</i>	<i>957 961</i>	<i>1 204 226</i>
Specific provision for individually assessed receivables	-25 457	-28 809
Specific provision for collective assessed receivables	-877 006	-925 823
Carrying amount, net	27 798 753	26 845 453

10 Deposits from the public

SEK 000	2017	2016
Public		
- Swedish currency	13 456 014	14 257 679
- Foreign currency	12 160 715	9 921 876
Total	25 616 729	24 179 555
Deposits specified by category of borrower		
Corporate sector	927 174	243 280
Household sector	24 689 555	23 936 275
Total	25 616 729	24 179 555

11 Issued securities

SEK 000	2017	2016
Certificates of deposits	2 104 556	2 204 208
Bonds	4 720 223	3 978 617
Total	6 824 779	6 182 825

12 Related parties

The Bank has related party relationships with companies in the Group. Transactions with them are stated below. The consolidated accounts 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 from related parties.

SEK 000	Year	Income	Expenses	Receivables with related parties, 31 December	Liabilities with related parties, 31 December
Ikano S.A.	2017	-	-34 685	955	78 031
Ikano S.A.	2016	-	-33 483	1 996	16 655
Other Group companies	2017	9 293	-45 700	19 144	839 424
Other Group companies	2016	28 574	-63 929	16 507	834 291

13 Contingent liabilities and commitments

SEK 000	2017	2016
Pledged assets	none	none
Contingent liabilities	669	656
Loan commitments, irrevocable	2 262 408	1 957 201
Unused credit limits	38 046 534	37 418 680

Unused credit limits means card limits and loan commitments arranged externally. All card limits granted and unused limits may be cancelled with immediate effect to the extent permitted under the Swedish Consumer Credit Act. Non-cancellable loan commitments issued are valid for 30 days. The Bank has no pledged commitments.

14 Financial assets and liabilities

The following table states information on the measurement of fair value of financial instruments measured at fair value in the Balance Sheet (excluding items included in hedge accounting). The division of fair value measurement is based on the following three levels:

- Level 1: according to prices listed in 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 on the market

Financial assets and liabilities

2017

SEK 000	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Interest rate derivatives	-	1 642	-	1 642
Currency derivatives	-	62 194	-	62 194
Financial assets available-for-sale				
Bonds and other interest-bearing securities	1 393 768	710 212	-	2 103 980
Treasury bills	1 172 947	-	-	1 172 947
Shares and participations ¹⁾	17 350	1 535	-	18 885
Financial liabilities at fair value through profit or loss				
Interest rate derivatives	-	6 334	-	6 334
Currency derivatives	-	48 433	-	48 433

2016

SEK 000	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Interest rate derivatives	-	14 054	-	14 054
Currency derivatives	-	110 120	-	110 120
Financial assets available-for-sale				
Bonds and other interest-bearing securities	1 647 096	600 282	-	2 247 378
Treasury bills	1 201 155	-	-	1 201 155
Shares and participations ¹⁾	13 548	1 535	-	15 083
Financial liabilities at fair value through profit or loss				
Interest rate derivatives	-	20 214	-	20 214
Currency derivatives	-	51 365	-	51 365

- 1) The Bank owns unlisted shares, 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 the near future.

Financial instruments offset in the Balance Sheet or subject to netting agreements

Ikano Bank is party to 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 2017.

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.

Amounts not offset in Balance Sheet

2017 SEK 000	Gross value	Offsetting in the Balance Sheet	Net in Balance Sheet	Netting agreements	Issued/Received collateral	Net value
Derivatives	63 835	-	63 835	-49 192	-9 846	4 798
Total financial assets	63 835	-	63 835	-49 192	-9 846	4 798

Derivatives	54 767	-	54 767	-49 192	6 840	-1 265
Total financial liabilities	54 767	-	54 767	-49 192	6 840	-1 265

Amounts not offset in Balance Sheet

2016 SEK 000	Gross value	Offsetting in the Balance Sheet	Net in Balance Sheet	Netting agreements	Issued/Received collateral	Net value
Derivatives	124 174	-	124 174	-58 095	-83 906	-17 826
Total financial assets	124 174	-	124 174	-58 095	-83 906	-17 826

Derivatives	71 579	-	71 579	-58 095	-	13 484
Total financial liabilities	71 579	-	71 579	-58 095	-	13 484

15 Capital management and liquidity

Below, information is provided regarding own funds and own funds requirements in accordance with among others regulation (EU) No 575/2013 regarding prudential requirements and capital buffers (2014:12).

The capital requirements regulations help to strengthen resilience against financial losses and thereby protect the Bank's customers. The regulations state that the Bank's own funds shall cover the minimum statutory own funds requirements, which for Ikano Bank include the requirements for credit risks, CVA risks, operational risks and foreign exchange risks. 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 and statutory requirements for capital buffers.

To ensure that the own funds of Ikano Bank are adequate, the internal capital adequacy assessment (ICAAP/ILAAP) is performed. This process is a tool used by the Board of Directors to assess the need for changes in the own funds requirement in the event of changed circumstances. This might involve strategic commercial decisions or events in the market impacting the operations and their development. The Bank performs stress tests and scenario analyses to assess the need for further capital. The risk control function is responsible for monitoring the process of the Bank's capital planning. This is done annually and is integrated with the Bank's budget and strategic planning. The plan is monitored continuously and a comprehensive risk analysis is conducted annually to ensure that risks are properly assessed and reflect the Bank's true risk profile and capital needs. The capital requirements according to the capital adequacy assessment process are reported regularly to the SFSA. The capital requirement of the ICAAP in addition to Pillar 1 requirements for 31 December 2017 totalled SEK 980 m.

Ikano Bank has 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, the Board of Directors has also expressed target levels for the Bank's capital ratios as part of the risk appetite framework.

As of 31 December 2017, the Bank had own funds of SEK 6.0 bn (5.8) compared with the statutory own funds requirement for Pillar 1-risk of SEK 2.9 bn (2.8). The total capital ratio was 16.5 percent with a Tier 1 capital ratio of 14.3 percent. Consequently, the Bank has a good capital adequacy that meets both statutory and internal requirements. The Bank's common equity Tier 1 capital amounted to SEK 5.2 bn. 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 SEK 3.0 bn remain available as common equity Tier 1 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 913 m and is covered well 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 the relevant credit exposures of the institution are located. The institution-specific countercyclical buffer for the Bank has been determined at 1.01% or SEK 368 m after weighting the applicable geographic requirements, which for the Bank means Sweden and Norway. Ikano Bank's combined buffer requirement is SEK 1,281 m.

Summary of own funds and risk exposure amount

SEK 000	2017	2016
Tier 1 capital	5 211 615	4 965 344
Tier 2 capital	819 680	809 905
Own funds	6 031 295	5 775 249
Total risk exposure amount	36 515 692	34 747 337
Total own funds requirements	2 921 255	2 779 787
Total Capital ratio	16.5%	16.6%
Tier 1 Capital ratio	14.3%	14.3%
Common equity Tier 1 ratio	14.3%	14.3%
Available common equity Tier 1 Capital	3 020 673	2 880 505
Available common equity Tier 1 Capital in relation to Total risk exposure amount	8.3%	8.3%
Capital conservation buffer	912 892	868 683
Counter-cyclical capital buffer	367 680	245 989
Combined buffer requirement	1 280 572	1 114 673

Specification of own funds

SEK 000	2017	2016
Own funds		
Tier 1 capital		
Equity reported in the balance sheet	5 070 310	4 743 972
Share capital	78 994	78 994
Statutory reserve	193 655	193 655
Fund for development expenses	243 021	149 768
Fund for fair value	166 137	123 659
Retained earnings	4 104 642	3 919 048
Net result for the year	283 861	278 848
Untaxed reserves (78% of which)	544 562	544 562
Less:		
Intangible assets	-394 813	-322 072
Cash flow hedge	-8 444	-1 117
Total Tier 1 Capital	5 211 615	4 965 344
Total Common Equity Tier 1 Capital	5 211 615	4 965 344
Tier 2 capital		
Subordinated liabilities	819 680	809 905
Total Tier 2 Capital	819 680	809 905
Total own funds	6 031 295	5 775 249

Specification of risk exposure amount and own funds requirements

SEK 000	2017		2016	
	Risk exposure amount	Own funds requirements	Risk exposure amount	Own funds requirements
Credit risk according to the standardised approach				
Exposures to states and central banks	32 571	2 606	0	0
Regional governments or local authorities	10 632	851	0	0
Exposures to public sector entities	26	2	7	1
Institutional exposure	416 933	33 355	440 435	35 235
Corporate exposure	1 833 137	146 651	1 602 721	128 218
Retail exposure	24 884 944	1 990 796	23 678 386	1 894 271
Equity exposure	32 207	2 577	28 405	2 272
Past due items	773 689	61 895	913 707	73 097
Covered bond exposure	113 016	9 041	134 141	10 731
Other items	620 242	49 617	530 872	42 470
Total credit risk	28 717 397	2 297 391	27 328 673	2 186 294
Operational risk according to the basic indicator approach	4 840 640	387 251	4 537 533	363 003
Foreign exchange risk according to the standardised approach	2 949 096	235 928	2 876 276	230 102
CVA risk according to the standardised approach	8 559	685	4 855	388
Total	36 515 692	2 921 255	34 747 337	2 779 787

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. To this date there is no legal minimum level of the Leverage ratio. The EU commission has proposed a Leverage ratio of 3 percent to be introduced in connection with the proposed revised Capital Requirements Regulation.

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 2017 is 10.9 percent (10.5) and thus well above the proposed binding measure.

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 composition and size of the Bank's liquidity portfolio and the liquidity reserve is regulated in the Bank's steering documents, which are adopted by the Bank's Board of Directors. To ensure that the capital and liquidity of Ikano Bank is adequate, the internal capital and liquidity adequacy assessment (ICAAP/ILAAP) is performed. 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, in accordance with the steering documents, 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 amount to at least 14 percent of deposits from the public.

The liquidity reserve, along with other operating liquidity, is invested in interest-bearing securities in the markets where the Bank operates. Steering documents define what quality levels the securities included in the Bank's liquidity reserve shall have. Intra-day liquidity manages the Bank's daily payment commitments. The liquidity in this portfolio is to be available within one day, and is to consist of funds in bank accounts, investments available the next banking day (overnight) and bank overdraft facilities, granted in writing, in the Bank's cash pool.

The liquidity reserve is to 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 financing options. The liquidity reserve is invested in interest-bearing securities with a high credit rating on 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 on the Swedish market. Investments in this portfolio are to have a minimum rating of BBB+ (rating according to Standard and Poor's).

The Bank's liquidity reserve is based on the Financial Supervisory Authority's current regulations on liquidity risk and asset classification in the European Commission's

delegated act for liquidity coverage requirements.

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 SEK 4.2 bn. These assets are of high quality, liquid in private markets and eligible as collateral with the Swedish Central Bank.

The liquidity portfolio totalled SEK 5.1 bn as of 31 December 2017, which constitutes 20 percent of deposits from the public. It includes the liquidity reserve in accordance with the above and other interest-bearing securities with a value of SEK 0.8 bn. None of the assets are being utilised as collateral and no non-performing loans exist. Valuation was carried out at market value.

In addition to the liquidity portfolio, there are obtained, committed credit facilities for a total of SEK 3.0 bn.

As of 31 December 2017, the Bank's liquidity coverage ratio (LCR) totalled 229 percent. This measure shows how the Bank's highly liquid assets are related to net outflows over a thirty-day period under strained market conditions. A statutory limit for the liquidity coverage ratio of 80 percent applies since 1 January 2017, with an increasing phasing to 100 percent on 1 January 2018. For a healthy and stable liquidity management, the Bank has already decided to hold a LCR of over 100 percent.

The long-term financing plan aims at a well-diversified funding, taking into account the allocation of risks and financing costs.

Deposits from the public are regarded as the main funding source and the Bank has set a minimum ratio of deposits to total assets of 50 percent.

Additional information about the Bank's capital adequacy and liquidity risk management can be found in the Annual Report for 2016 and the information on capital adequacy and risk management for 2016. The documents are published on the Bank's website www.ikanobank.se.

Summary of liquidity reserve

SEK 000	2017	2016
Cash and balances with central banks and other financial institutes	1 780 779	1 823 912
Securities issued by municipalities and other public units	1 172 947	1 201 155
Securities issued by financial companies	148 967	145 772
Covered bonds	1 123 514	1 335 882
Liquidity reserve (according to definition in FFFS 2010:7)	4 226 207	4 506 721
Operating liquidity invested in securities	831 499	765 724
Total liquidity portfolio	5 057 706	5 272 445
Other liquidity creating measures		
Unused committed credit facilities	2 954 402	3 405 011