

Interim Report

January–March 2023



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INTERIM REPORT FOR ENTERCARD GROUP AB

The Chief Executive Officer for Entercard Group AB hereby submits the Interim report for January 1 - March 31, 2023.

SUMMARY

Scope, Type of Operation and Ownership

Entercard Group AB operates in the Scandinavian market, with the issuance of credit cards and consumer loans as a primary business focus. The business focus of Entercard is to issue credit cards and consumer loans under its own brand, re:member, in all three Scandinavian countries, as well as issuing credit cards and loans under different partners' brands and through their own distribution channels. The company is owned by Swedbank AB, 60% and Barclays Principal Investments Limited, 40% through a joint venture. Entercard is headquartered in Sweden and operates two branches in Norway and Denmark, respectively.

Significant Events during the Period

Entercard is monitoring macro-events to assess whether there are possible impacts to the business. The period has largely been characterized by macro-economic uncertainty driven by the war in Ukraine. Both inflation and interest rates in Scandinavia have continued to increase during the period. Entercard will continue to follow the development of the circumstances, as well as customer behaviors, and the general trends in Scandinavia when it comes to unsecure lending.

The partnership around credit cards and consumer loans between Coop Norway and Entercard ended on Jan 31st 2023. Customers who wish to remain with Entercard are offered a new product under Entercard's Remember brand.

Year to Date Earnings, Profitability and Position

Operating income as per March 31, 2023, amounted to 749,7m SEK (807,2m SEK). Total loans to the public without considering provisions of anticipated loan losses as per March 31, 2023, was 34 705,0 SEK (34 019,5m SEK).

Non performing loans, after loan loss provision, as per March 31 amounted to a book value of 1 678,0m SEK which constitutes 5,3 percent of the total credit portfolio.

Operating profit before tax amounted to 58,8m SEK (246,1m SEK).

Investments

No investments in tangible asset during the period. Intangible assets increased with 2,1m SEK during the period. Entercard continuously assesses whether there are indications of diminished value for assets. The evaluation has shown that there is no need for impairment.

Significant Risks and Factors of Uncertainty

Increasing inflation and historically large interest increases have led to concerns regarding the risk of an approaching recession and stagflation. Increased prices can in the short-term lead to higher turnover, while in the long run higher interest rates potentially dampen economic activity. A higher interest rate environment also risk influencing the funding cost for credit institutions, with a potential impact on interest margins. In addition, it is unclear how an environment with potentially higher unemployment and lower real wages will influence customers, and potential loan losses for credit companies.

The environment ahead presents a new complexity in terms of volatility that Entercard management will follow to best adapt and meet customers borrowing needs.

Liquidity and Funding

Entercard's liquidity need is satisfied through credits and loans provided by the owners. Entercard's cash balance as per March 31 amounted to 3 950,9m SEK (3 793,5m SEK).

The liquidity reserve amounted to 2 831,6m SEK (2 899,1m SEK). Entercard Group AB's Liquidity Coverage Ratio (LCR) was 364% (417%). According to Entercard's interpretation of the Basel Committee's most recent proposal on Net Stable Funding Ratio (NSFR), Entercard's NSFR was 133% (131%).

As per March 31, 2023, the survival horizon, in a scenario with a very limited access to funding and significantly decreased inflows from customers, was 116 days for Sweden, 153 days for Norway and 153 days for Denmark, to be compared with the risk appetite, decided by the Board, of 60 days.

More detailed information on the liquidity reserve and liquidity management is provided in the yearly Risk and capital adequacy report.

Capital Adequacy

Total capital ratio for Entercard as per March 31, 2023, was 17,9%. The total adjusted Tier 1 Capital base amounted to 4 938,6m SEK and the total risk exposure amount for credit risk was 25 511m SEK. Entercard applies the standardized approach to calculate the capital requirement for credit risk.

Audit Review

This report has not been reviewed by Entercard's auditors. Although, the company's result per March 31, 2023, have been subject for a general review.

Income Statement

TSEK	Note	2023	2022	2022
		Jan-March	Full Year	Jan-March
Interest income		924 980	3 149 701	760 250
Interest expenses		-291 635	-459 534	-55 631
Net interest income		633 345	2 690 167	704 619
Commission income		202 172	831 157	192 355
Commission expenses		-94 295	-424 386	-100 224
Net commissions		107 877	406 771	92 131
Net gain/loss transactions from financial instruments	2	-1 764	-12 117	-634
Other income		10 199	45 500	11 086
TOTAL OPERATING INCOME		749 658	3 130 321	807 203
Staff costs		-150 832	-572 028	-145 162
Other general administrative expenses		-208 024	-828 136	-198 504
Total general administrative expenses		-358 856	-1 400 164	-343 666
Depreciation/amortization and impairment of tangible and intangible assets		-2 684	-11 397	-2 969
TOTAL OPERATING EXPENSES		-361 539	-1 411 561	-346 635
Profit before loan losses		388 118	1 718 760	460 568
Loan losses, net	3	-325 550	-877 445	-214 505
Swedish bank tax and resolution fees	9	-3 750	-20 004	-
OPERATING PROFIT		58 819	821 311	246 063
Tax expense		-12 285	-177 061	-54 642
PROFIT/LOSS FOR THE YEAR		46 534	644 250	191 421

Statement of Comprehensive Income

TSEK	2023	2022	2022
	Jan-March	Full Year	Jan-March
Profit for the year recognized within the income statement	46 534	644 250	191 421
Components which will not be reclassified to the income statement			
Revaluation of defined-benefit pensions	-	-3 781	-
Tax	-	779	-
Total	-	-3 002	-
Components which have or will be reclassified to the income statement			
Unrealised changes in fair value	2	352	-12 655
Exchange rate differences	-64 135	60 551	49 692
Tax	-	-10 190	-
Total	-63 783	37 706	40 377
Total profit	-17 249	678 954	231 798

Balance Sheet

Assets

TSEK	Note	2023	2022	2022
		31 March	31 Dec	31 March
Assets				
Deposits	4	3 950 971	4 329 568	3 793 556
Loans to the public	4	31 707 584	32 457 465	30 954 810
Bonds and other interest-bearing securities	5,6	2 831 627	2 160 341	2 899 114
Intangible assets		14 598	15 099	19 096
Tangible assets		790	1 067	2 018
Deferred tax assets		11 638	11 638	13 548
Other assets		385 788	365 774	215 933
Prepaid expenses and accrued income		128 340	90 565	86 915
TOTAL ASSETS		39 031 336	39 431 517	37 984 989

Liabilities and Equity

Liabilities

Amounts owed to credit institutions	33 224 103	33 522 931	30 754 493
Other liabilities	116 904	194 155	124 402
Accrued expenses and prepaid income	263 651	260 662	299 937
Pension provisions	13 364	23 201	18 640
Provisions	26 959	26 963	31 067
TOTAL LIABILITIES	33 644 981	34 027 912	31 228 540

Equity

Share capital	5 000	5 000	5 000
Fund for development expenditures	15 099	15 099	21 197
Reserves	-301 333	-237 550	-234 880
Retained earnings	5 667 590	5 621 056	6 965 131
TOTAL EQUITY	5 386 355	5 403 605	6 756 449
TOTAL LIABILITIES AND EQUITY	39 031 336	39 431 517	37 984 989

Statement of Changes in Equity

TSEK	Restricted equity		Non-restricted equity			
	Share capital	Fund for development expenditures	*Foreign currency reserve	**Fair value reserve	Retained earnings	Total Equity
Opening balance January 1, 2022	5 000	21 197	-276 985	1 728	6 773 711	6 524 651
Profit/loss for the period			49 692	-9 315	191 421	231 798
<i>of which recognized in income statement</i>					191 421	191 421
<i>of which recognized in other comprehensive income</i>			49 692	-9 315	-	40 377
Closing balance March 31, 2022	5 000	21 197	-227 293	-7 587	6 965 131	6 756 449
<hr/>						
TSEK						
Opening balance January 1, 2022	5 000	21 197	-276 985	1 728	6 773 711	6 524 651
Dividends					-1 800 000	-1 800 000
Transfer to/from restricted equity		-6 098			6 098	-
Profit/loss for the year			47 561	-9 855	641 248	678 954
<i>of which recognized in income statement</i>					644 250	644 250
<i>of which recognized in other comprehensive income</i>			60 551	-12 655	-3 781	44 115
<i>of which tax recognized in other comprehensive income</i>			-12 990	2 800	779	-9 411
Closing balance December 31, 2022	5 000	15 099	-229 423	-8 127	5 621 056	5 403 605
<hr/>						
TSEK						
Opening balance January 1, 2023	5 000	15 099	-229 423	-8 127	5 621 056	5 403 605
Profit/loss for the period			-64 135	352	46 534	-17 249
<i>of which recognized in income statement</i>			-	-	46 534	46 534
<i>of which recognized in other comprehensive income</i>			-64 135	352	-	-63 783
Closing balance March 31, 2023	5 000	15 099	-293 558	-7 775	5 667 590	5 386 355

**Fair value changes of the bond portfolio

Statement of Cash Flow

TSEK	2023	2022	2022
	Jan-March	Full Year	Jan-March
Operating activities			
Operating profit/loss	58 819	821 311	246 063
Adjustments for non-cash items	-9 629	-20 377	78 107
Taxes paid	-5 457	-193 394	-30 131
Cash flow from operating activities before working capital changes	43 733	607 540	294 039
Cash flow from changes in working capital			
Increase/decrease in loans to the public	414 528	-1 609 453	-282 467
Increase/decrease of bonds and other interest-bearing securities	-718 821	-11 833	7 133
Increase/decrease in other assets	-45 038	741 527	96 902
Increase/decrease in other liabilities	-63 702	-30 157	-68 714
Cash flow from operating activities	-413 033	-909 917	-247 145
Investing activities			
Purchase of intangible assets	-2 085	-3 135	-
Purchase of tangible assets	-	-460	-146
Cash flow from investing activities	-2 085	-3 595	-146
Financing activities			
Dividends	-	-1 800 000	-
Increase/decrease of deposits and borrowing	49 301	1 922 752	-728 683
Cash flow from financing activities	49 301	122 752	-728 683
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	4 329 568	4 446 056	4 446 056
CASH FLOW FOR THE PERIOD	-322 084	-183 220	-681 935
Exchange rate differences on cash and cash equivalents	-56 513	66 732	29 436
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3 950 971	4 329 568	3 793 556

Notes

The interim report for EnterCard Group AB (org nr 556673-0585) refers to the period January 1 - March 31, 2023. The company is based in Stockholm, Sweden.

Note 1 Accounting Principles

This interim report has been prepared in accordance with the regulations of the law (1995:1559) on the Annual Accounts Act for Credit Institutions and Securities Companies, Chapter 9, and the rules and regulations issued by the Financial Supervisory Authorities (Finansinspektionen) FFFS 2008:25 Chapter 8 and the Council for Financial Reporting Board's recommendation RFR 2, accounting for legal entities.

Statements are presented in Swedish krona and all values are rounded to thousand kronor (tSEK) unless otherwise noted.

The accounting principles applied in the interim report are consistent with the accounting policies applied in the preparation of the annual report for 2022.

Note 2 Net Financial Income

Total net result for financial assets measured at fair value through Other comprehensive income

	2023	2022	2022
	Jan-March	Full Year	Jan-March
Realised gains/losses recognized in profit and loss			
Realised gain/loss bonds and other interest-bearing securities	-673	-9 591	-
Exchange rate profit / loss	-1 091	-2 526	-634
Total realised gain/loss in profit or loss	-1 764	-12 117	-634
Unrealised gains/losses recognized in Other comprehensive income			
Unrealised changes in value bonds and other interest-bearing securities	352	-12 655	-9 315
Total unrealised gain/loss in Other comprehensive income	352	-12 655	-9 315
Total	-1 412	-24 772	-9 949

Note 3 Loan Losses, Net

	2023	2022	2022
	Jan-March	Full Year	Jan-March
Loans at amortized cost			
Change in provisions - stage 1	-33 503	8 729	-11 169
Change in provisions - stage 2	-39 985	-31 694	-5 046
Change in provisions - stage 3	41 297	-13 602	-40 307
Total	-32 191	-36 567	-56 522
The periods write-off for established loan losses	-313 278	-1 096 400	-226 422
Recoveries from previously established loan losses	19 995	250 378	67 693
Total	-293 283	-846 022	-158 729
Loan losses net, loans at amortized cost	-325 474	-882 589	-215 251
Loan losses credits granted but not utilized			
Change in provisions - stage 1	-91	4 959	1 440
Change in provisions - stage 2	15	185	-694
Loan losses net, loan commitments	-76	5 144	746
Total loan losses	-325 550	-877 445	-214 505

Note 4 Change in Provisions for Loans

Change in book value (gross) and provisions March 31, 2023.

	Performing loans		Non-performing loans		Total
	Stage 1	Stage 2	Stage 3		
Book value, gross					
Opening balance January 1, 2023	29 018 299	2 703 931	3 733 075	35 455 305	
Closing balance March 31, 2023	28 165 895	2 874 970	3 664 139	34 705 004	
Provisions for loans to the public and loans to credit institutions					
Opening balance January 1, 2023	-489 259	-451 780	-2 056 801	-2 997 840	
New and derecognised financial assets, net	-25 173	80 729	184 940	240 497	
Changes in credit risk	916	6 678	19 810	27 404	
Transfer between stages during the period					
from stage 1 to stage 2	44 971	-209 316	-	-164 345	
from stage 1 to stage 3	8 568	-	-74 731	-66 163	
from stage 2 to stage 1	-14 217	46 929	-	32 711	
from stage 2 to stage 3	-	41 451	-94 173	-52 722	
from stage 3 to stage 1	-20	-	619	598	
from stage 3 to stage 2	-	-4 010	8 818	4 809	
Other	-47 849	93	25 386	-22 369	
Closing balance March 31, 2023	-522 063	-489 225	-1 986 132	-2 997 420	
Book value, net					
Opening balance January 1, 2023	28 529 040	2 252 151	1 676 274	32 457 465	
Closing balance March 31, 2023	27 643 832	2 385 745	1 678 007	31 707 584	
Change in book value (gross) and provisions March 31, 2022.					
	Performing loans		Non-performing loans		Total
	Stage 1	Stage 2	Stage 3		
Book value, gross					
Opening balance January 1, 2022	27 368 889	2 432 613	3 643 769	33 445 271	
Closing balance March 31, 2022	27 715 351	2 511 814	3 792 350	34 019 515	
Provisions for loans to the public and loans to credit institutions					
Opening balance January 1, 2022	-489 487	-415 083	-2 066 430	-2 971 000	
New and derecognised financial assets, net	-33 999	10 312	177 800	154 112	
Changes in credit risk	-3 949	2 388	-19 902	-21 464	
Transfer between stages during the period					
from stage 1 to stage 2	36 891	-163 827	-	-126 936	
from stage 1 to stage 3	5 022	-	-55 840	-50 818	
from stage 2 to stage 1	-14 855	51 267	-	36 412	
from stage 2 to stage 3	-	95 388	-181 939	-86 550	
from stage 3 to stage 1	-119	-	3 263	3 144	
from stage 3 to stage 2	-	-4 343	9 478	5 135	
Other	-4 176	-	-2 565	-6 741	
Closing balance March 31, 2022	-504 672	-423 898	-2 136 135	-3 064 705	
Book value, net					
Opening balance January 1, 2022	26 879 402	2 017 531	1 577 339	30 474 272	
Closing balance March 31, 2022	27 210 679	2 087 916	1 656 215	30 954 810	

Change in book value (gross) March 31, 2023.

	Performing loans		Non-performing loans		Total
	Stage 1	Stage 2	Stage 3		
Book value, gross					
Opening balance January 1, 2023	29 018 299	2 703 931	3 733 075	35 455 305	
New and derecognised financial assets, net	917 650	-271 347	-310 349	335 954	
Changes in credit risk	-909 935	-45 904	-69 360	-1 025 200	
Transfer between stages during the period					
from stage 1 to stage 2	-1 127 150	1 127 801	-	651	
from stage 1 to stage 3	-165 071	-	143 876	-21 195	
from stage 2 to stage 1	388 728	-467 711	-	-78 983	
from stage 2 to stage 3	-	-187 241	185 375	-1 866	
from stage 3 to stage 1	498	-	-1 202	-704	
from stage 3 to stage 2	-	15 434	-17 277	-1 842	
Other	42 878	6	1	42 885	
Book value					
Closing balance March 31, 2023	28 165 895	2 874 970	3 664 139	34 705 004	

Change in book value (gross) March 31, 2022.

	Performing loans		Non-performing loans		Total
	Stage 1	Stage 2	Stage 3		
Book value, gross					
Opening balance January 1, 2022	27 368 889	2 432 613	3 643 769	33 445 271	
New and derecognised financial assets, net	846 954	-55 640	-284 815	506 499	
Changes in credit risk	-553 070	-35 956	-6 249	-595 275	
Transfer between stages during the period					
from stage 1 to stage 2	-922 783	933 942	-	11 159	
from stage 1 to stage 3	-109 460	-	110 194	733	
from stage 2 to stage 1	404 517	-434 055	-	-29 537	
from stage 2 to stage 3	-	-349 326	356 633	7 307	
from stage 3 to stage 1	5 973	-	-6 174	-201	
from stage 3 to stage 2	-	20 236	-21 044	-808	
Other	674 331	-	37	674 367	
Book value					
Closing balance March 31, 2022	27 715 351	2 511 814	3 792 350	34 019 515	

Book value granted, not paid, credit facilities and granted, not utilized, credits

	2023	2022	2022
	31 March	31 Dec	31 March
Credit facilities, granted but not paid	118 893	88 171	80 863
Credits granted but not utilized	44 181 379	45 115 870	44 082 765
Provisions for off-balance commitments			
Stage 1	19 523	19 499	22 754
Stage 2	7 436	7 463	8 313
Total	26 959	26 963	31 067

Allocation of loans between stages and provisions (IFRS 9)

	2023	2022	2022
	31 March	31 Dec	31 March
Deposits			
Stage 1			
Book value, gross	3 950 971	4 329 568	3 793 556
Total book value	3 950 971	4 329 568	3 793 556
Loans to the public, private customers			
Stage 1			
Book value, gross	27 797 160	28 612 358	27 349 751
Provisions	-521 613	-488 751	-503 778
Book value	27 275 547	28 123 606	26 845 973
Stage 2			
Book value, gross	2 874 970	2 703 931	2 511 814
Provisions	-489 225	-451 780	-423 898
Book value	2 385 745	2 252 151	2 087 916
Stage 3			
Book value, gross	3 655 754	3 725 434	3 785 310
Provisions	-1 981 830	-2 052 775	-2 132 384
Book value	1 673 924	1 672 658	1 652 926
Total book value	31 335 216	32 048 416	30 586 815
Loans to the public, corporate customers			
Stage 1			
Book value, gross	368 735	405 941	365 600
Provisions	-450	-507	-894
Book value	368 285	405 433	364 706
Stage 3			
Book value, gross	8 385	7 642	7 040
Provisions	-4 302	-4 026	-3 751
Book value	4 083	3 616	3 289
Total book value	372 368	409 049	367 995
Total	35 658 555	36 787 033	34 748 366
Book value gross, stage 1	28 165 895	29 018 299	27 715 351
Book value gross, stage 2	2 874 970	2 703 931	2 511 814
Book value gross, stage 3	3 664 139	3 733 075	3 792 350
Total book value gross	34 705 004	35 455 305	34 019 515
Provisions stage 1	-522 063	-489 259	-504 672
Provisions stage 2	-489 225	-451 780	-423 898
Provisions stage 3	-1 986 132	-2 056 801	-2 136 135
Total provisions	-2 997 420	-2 997 840	-3 064 705
Total book value	31 707 584	32 457 465	30 954 810
Share of loans in stage 3, gross, %	10,56%	10,53%	11,15%
Share of loans in stage 3, net, %	5,29%	5,16%	5,35%
Provision ratio of loans stage 1	1,85%	1,69%	1,82%
Provision ratio of loans stage 2	17,02%	16,71%	16,88%
Provision ratio of loans stage 3	54,20%	55,10%	56,33%
Total provision ratio of loans	8,64%	8,46%	9,01%

Note 5 Bonds and Other Interest-bearing Securities

Financial assets measured at fair value through Other comprehensive income.

Issuers	2023	2022	2022
	31 March	31 Dec	31 March
Municipalities	1 065 374	1 078 424	1 923 253
Swedish mortgage institutions	322 164	203 618	325 987
Foreign credit institutions	1 303 057	619 864	112 813
Foreign mortgage institutions	-	119 442	405 613
Other foreign issuers	141 032	138 994	131 447
Total	2 831 627	2 160 341	2 899 114

Fair value is the same as book value. All bonds and interest-bearing securities are within the Fair value 1 hierarchy.

Remaining maturity	2023	2022	2022
	31 March	31 Dec	31 March
Maximum 1 year	323 894	255 793	131 447
Longer than 1 year but maximum 5 years	2 507 733	1 904 548	2 453 640
Longer than 5 years	-	-	314 026
Total	2 831 627	2 160 341	2 899 114

Total holdings of financial assets, broken down by issuer	2023	2022	2022
	31 March	31 Dec	31 March
Issued by public entities	1 206 406	1 217 418	2 054 701
Issued by other borrowers	1 625 220	942 924	844 413
Total	2 831 627	2 160 341	2 899 114
Average remaining maturity, years	2,28	2,48	2,86
Average remaining fixed interest term, years	0,37	0,50	0,38
<i>of which listed securities, TSEK</i>	<i>2 831 627</i>	<i>2 160 341</i>	<i>2 899 114</i>
<i>of which unlisted securities, TSEK</i>	<i>-</i>	<i>-</i>	<i>-</i>

Note 6 Liquidity Reserve and Liquidity Risk

	2023 31 March	Distribution by currency			2022 31 March	Distribution by currency		
		SEK	NOK	DKK		SEK	NOK	DKK
Securities issued or guaranteed by government or central bank	141 032	-	-	141 032	131 447	-	-	131 447
Securities issued or guaranteed by municipalities or non-governmental public entities	1 065 374	907 394	157 980	-	1 923 253	1 413 685	509 568	-
Covered bonds issued by others	322 164	322 164	-	-	731 600	325 987	405 613	-
Securities issued or guaranteed by multilateral development banks	1 303 057	-	1 303 057	-	112 813	-	112 813	-
Total	2 831 627	1 229 558	1 461 037	141 032	2 899 114	1 739 673	1 027 994	131 447
<i>Distribution by currency, %</i>		43,4%	51,6%	5,0%		60,0%	35,5%	4,5%

In accordance with the Swedish Financial Supervisory Authority (SFSA) (Sw. Finansinspektionen) FFFS 2010:7 on liquidity risks.

Note 7 Capital adequacy

Calculation of capital requirements is conducted in accordance with Regulation (EU) 2020/873 of the European Parliament and of the Council on 24 June 2020 amending Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (prudential regulation) and (EU) 2019/876 as regards certain adjustments in response to the Covid-19 pandemic, act (2014: 966) on capital buffers, and the Swedish Financial Supervisory Authority (SFSA) (Sw. Finansinspektionen) FFFS 2014: 12 on regulatory requirements and capital buffers. Outcome refers to the calculation in accordance with the statutory minimum capital requirement, called Pillar I, as well as capital under the combined buffer requirement.

Entercard applies the standardised approach to calculate the capital requirement for credit risk. Credit risk is calculated on all on- and off-balance sheet items unless deducted from own funds. Entercard also calculates a capital requirement for currency risk. Entercard has permission, granted by Finansinspektionen, to exempt certain structural currency positions from the calculation of the capital requirement, namely such positions that have been taken deliberately in order to hedge the capital ratio against adverse changes in the currency rates.

Entercard uses the alternative standardised approach for calculating the capital requirements for operational risk.

The combined buffer requirement is a requirement to hold a capital conservation buffer of 2,5 percent of the risk-weighted exposure amount. The buffer requirement also includes a countercyclical buffer, which currently amounts to 1,3 percent of the risk-weighted exposure amount. Supervisory authorities in Sweden, Norway and Denmark have communicated that they will increase the countercyclical buffer rate to 1%, 2.5% and 2.5%, respectively in 2023.

Entercard does not have a trading book.

Entercard Group AB is a Swedish credit market company with license to conduct financing business in the Scandinavian market. The operations in Norway and Denmark is conducted through the branches" Entercard Norge, filial av Entercard Group AB" and Entercard Danmark, filial af Entercard Group AB". Information in this note is submitted in accordance with prudential regulation, Commission Implementing Regulation (EU) no 1423/2013 on implementing technical standards with regard to the disclosure requirements of capital for institutions under prudential regulation, the SFSA's regulations and general guidelines (FFFS 2008: 25) on Annual Reports in credit institutions and investment firms, and the SFSA's guidelines on regulatory requirements and capital buffers.

Besides the above capital adequacy requirement, Entercard holds additional capital according to the total capital calculated in the Internal Capital Adequacy Assessment Process (ICAAP). As of December 31, 2022, the internal capital requirement amounted to 14,8 percent.

Entercard assesses the capital requirement for all solvency-related risks within the framework of Pillar 2. This assessment is to a high degree based on stress tests. The result of internal capital assessment shows that Entercard's capital base is sufficient in relation to the capital requirement for the risks that Entercard is exposed to.

Risk and Capital adequacy report (Pillar 3) 2022 is available on Entercard website <http://www.entercard.com>.

Entercard Group AB is included through the proportional consolidation method in Swedbank consolidated situation.

Capital Adequacy

	2023	2022
	31 March	31 Dec
Common Equity Tier 1 Capital: Instruments and reserves		
Capital instrument and associated share premium	5 000	5 000
Reserves	5 751 857	5 107 607
Accumulated other comprehensive income	-417 035	-353 252
Profit net, after deduction of foreseeable cost's and dividend's, verified by auditors	-367 936	257 700
Common Equity Tier 1 Capital before adjustments	4 971 885	5 017 055
Value adjustments due to the requirements for prudent valuation	-7 088	-7 265
Intangible assets	-14 598	-15 098
Deferred tax assets that rely on future profitability and arise from temporary differences	-11 638	-11 638
Negative values associated to expected losses	-	-
Losses current year	-	-
Total adjustments of Common Equity Tier 1 Capital	-33 324	-34 002
Common Equity Tier 1 Capital	4 938 561	4 983 053
Additional Tier 1 Capital: instruments	-	-
Tier 1 Capital	4 938 561	4 983 053
	2023	2022
Tier 2 Capital: Instruments and provisions	31 March	31 Dec
Capital instrument and associated share premium	-	-
Credit value adjustments	-	-
Tier 2 Capital before adjustments	-	-
Total adjustments of Common Equity Tier 2 Capital	-	-
Tier 2 Capital	-	-
Total Capital	4 938 561	4 983 053
Total risk weighted exposure amount	27 599 398	28 421 014
	2023	2022
Common Equity Tier 1 capital ratio	17,9%	17,5%
Tier 1 capital ratio	17,9%	17,5%
Total capital ratio	17,9%	17,5%
	2023	2022
Requirements buffers, %	31 March	31 Dec
Total Tier 1 capital requirement including buffer requirement	8,3	8,3
whereof minimum CET1 requirement	4,5	4,5
whereof capital conservation buffer requirement	2,5	2,5
whereof countercyclical capital buffer requirement	1,3	1,3
Common Equity Tier 1 capital available to be used as buffer	9,5	9,3
Leverage ratio	11,4%	11,3%

Risk exposure amount and own funds requirement for credit risk

Exposure classes	2023		2022	
	31 March		31 Dec	
	Risk exposure amount	Own funds requirement	Risk exposure amount	Own funds requirement
Institutional exposures	790 331	63 226	866 028	69 282
Covered bonds	32 216	2 577	32 306	2 584
Retail exposures	22 490 479	1 799 238	23 001 986	1 840 159
Regional governments or local authorities exposures	1 729	138	2 125	170
Corporate exposures	3 294	263	2 716	217
Exposures in default	1 678 007	134 241	1 720 596	137 648
Other exposures	514 918	41 193	457 405	36 592
Total	25 510 973	2 040 878	26 083 161	2 086 653
2023 2022				
31 March 31 Dec				
Total capital requirement for credit risk according to the standardized approach		2 040 878		2 086 653
2023 2022				
31 March 31 Dec				
Capital requirement for operational risk				
Risk exposure amount			1 951 652	1 939 063
Capital requirement according to the alternative standardized approach			156 132	155 125
Total capital requirement for operational risk			156 132	155 125
2023 2022				
31 March 31 Dec				
Capital requirement for market risk (foreign exchange risk)				
Risk exposure amount			136 773	398 789
Capital requirement			10 942	31 903
Total capital requirement for market risk			10 942	31 903
Capital requirements for settlement risk			-	-
Capital requirements for credit value adjustment (CVA) risk			-	-
Total capital requirements			2 207 952	2 273 681

Internal capital requirement

	2023	2022
	31 March	31 Dec
Capital requirement according to Pillar 1		% av REA*
Credit risk	2 040 878	7,4
Market risk	10 942	-
Operational risk	156 132	0,6
Settlement risk	-	-
Credit value adjustment (CVA) risk	-	-
Total capital requirement according to Pillar 1	2 207 952	8,0
Capital requirement according to Pillar 2		
Other capital requirement	559 914	2,0
Total capital requirement according to Pillar 2	559 914	2,0
Combined buffer requirement		
Countercyclical buffer	371 675	1,3
Capital conservation buffer	689 985	2,5
Total combined buffer requirement	1 061 660	3,8
Management buffer		
Additional management buffer	275 994	1,0
Total management buffer	275 994	1,0
Internal capital requirement		
Total capital requirement	4 105 520	14,9
Capital base		
Total capital base	4 938 561	17,9
4 983 053	17,6	

*Risk exposure amount

Note 8 Related Parties

Swedbank AB (publ) and Barclays Principal Investments Limited have control through a joint venture. Swedbank AB (publ) is the ultimate parent in its group, while Barclays Principal Investments Limited is a wholly-owned subsidiary of the ultimate parent, Barclays PLC. Transactions with related parties consists of deposits and funding received from parents including related interest income and expenses, commission income and costs related to salary and IT-systems.

	Swedbank Group			Barclays Group		
	2023	2022	2022	2023	2022	2022
Balance Sheet	31 March	31 Dec	31 March	31 March	31 Dec	31 March
Assets						
Deposits	3 950 971	4 329 568	3 793 556	-	-	-
Other assets	892	1 105	1 023	-	-	-
Total	3 951 864	4 330 674	3 794 579	-	-	-
Liabilities						
Amounts owed to credit institutions	16 612 052	16 761 466	15 377 247	12 450 000	16 761 466	15 377 247
Other liabilities	2 873	8 582	9 946	-	-	13 007
Total	16 614 924	16 770 047	15 387 193	12 450 000	16 761 466	15 390 254
Income Statement						
Interest income	19 021	19 657	-886	-	-	-
Interest expenses	-142 845	-230 136	-22 238	-	-228 046	-22 234
Commission income	24 210	95 149	23 326	-	-	-
Commission expenses*	-22 400	-101 736	-24 886	-	-	-
Other expenses	-3 233	-11 660	-2 716	-	-	-
Total	-125 247	-228 727	-27 400	-	-228 046	-22 234

*Adjustment of commission expenses to Swedbank TSEK -24 041 tkr per 31 March 2022.

Note 9 Specification of bank tax and resolution fees

	2023	2022	2022
	31 March	31 Dec	31 March
Bank tax	-	-8 022	-
Resolution fees	-3 750	-11 983	-
Total	-3 750	-20 004	-

Stockholm May 31, 2023

Jan Haglund
Chief Executive Officer