

Interim Report

January–September 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 - September 30, 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. 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 behavior, 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 wished to remain with Entercard were offered a new product under Entercard's Remember brand. In June Entercard launched consumer loans in the Finnish market.

Quarterly result

Operating income for the third quarter amounted to 743,0m SEK (compared to 769,7m SEK same period previous year). The quarter's operating profit amounted to 81,7m SEK (320,2m SEK).

Year to Date Earnings, Profitability and Position

Operating income as per September 30, 2023, amounted to 2 237,9m SEK (2 367,5m SEK). Total loans to the public without considering provisions of anticipated loan losses as per September 30, 2023, was 35 447,0 SEK (34 715,2m SEK).

Non performing loans, after loan loss provision, as per September 30 amounted to a book value of 1 562,0m SEK which constitutes 4,8 percent of the total credit portfolio.

Operating profit before tax amounted to 306,7m SEK (731,6m SEK).

Investments

Investments in tangible asset was 16,7m SEK during the period. Intangible assets increased with 7,7m 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 a prolonged recession and potentially stagflation. Especially the Swedish economy has been highlighted by forecasters as having a weak growth outlook given the high sensitivity to interest rate change by households. 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 September 30 amounted to 3 815,9m SEK (3 775,1m SEK).

The liquidity reserve amounted to 2 474,4m SEK (2 625,8m SEK). Entercard Group AB's Liquidity Coverage Ratio (LCR) was 307% (380%). According to Entercard's interpretation of the Basel Committee's most recent proposal on Net Stable Funding Ratio (NSFR), Entercard's NSFR was 132% (140%).

As per September 30, 2023, the survival horizon, in a scenario with a very limited access to funding was 87 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 September 30, 2023, was 17,7%. The total adjusted Tier 1 Capital base amounted to 4 997,8m SEK and the total risk exposure amount for credit risk was 25 891,2m 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 September 30, 2023, have been subject for a general review.

Quarterly Performance

	2023	2022
TSEK	Q3	Q3
Interest income	1 013 633	787 767
Interest expenses	-405 435	-131 840
Net interest income	608 199	655 927
Commission income	218 735	218 384
Commission expenses	-97 680	-112 454
Net commissions	121 056	105 930
Net gain/loss transactions from financial instruments	-763	-2 885
Other income	14 532	10 701
TOTAL OPERATING INCOME	743 023	769 673
Staff costs	-143 801	-142 877
Other general administrative expenses	-208 574	-205 515
Total general administrative expenses	-352 374	-348 392
Depreciation/amortization and impairment of tangible and intangible assets	-2 368	-2 772
TOTAL OPERATING EXPENSES	-354 742	-351 164
Profit before loan losses	388 281	418 509
Loan losses, net	-303 039	-98 349
Swedish bank tax and resolution fees	-3 573	-
OPERATING PROFIT	81 668	320 160
Tax expense	-17 691	-69 882
PROFIT/LOSS FOR THE YEAR	63 977	250 278

Statement of comprehensive income

	2023	2022
TSEK	Q3	Q3
Profit for the year recognized within the income statement	63 977	250 278
Components which will not be reclassified to the income statement		
Revaluation of defined-benefit pensions	-	-
Tax	-	-
Total	-	-
Components which have or will be reclassified to the income statement		
Unrealised changes in fair value	2 625	-6 313
Exchange rate differences	1 244	40 345
Tax	-	-
Total	3 869	34 032
Total profit	67 846	284 310

Income Statement

TSEK	Note	2023	2022	2022
		Jan-Sept	Full Year	Jan-Sept
Interest income		2 899 228	3 149 701	2 306 092
Interest expenses		-1 044 527	-459 534	-259 403
Net interest income		1 854 702	2 690 167	2 046 689
Commission income		629 510	831 157	619 307
Commission expenses		-278 120	-424 386	-321 603
Net commissions		351 391	406 771	297 704
Net gain/loss transactions from financial instruments	2	-4 883	-12 117	-7 380
Other income		36 645	45 500	30 531
TOTAL OPERATING INCOME		2 237 854	3 130 321	2 367 543
Staff costs		-432 793	-572 028	-413 286
Other general administrative expenses		-634 377	-828 136	-625 189
Total general administrative expenses		-1 067 170	-1 400 164	-1 038 475
Depreciation/amortization and impairment of tangible and intangible assets		-7 091	-11 397	-8 634
TOTAL OPERATING EXPENSES		-1 074 261	-1 411 561	-1 047 109
Profit before loan losses		1 163 593	1 718 760	1 320 434
Loan losses, net	3	-846 202	-877 445	-588 823
Swedish bank tax and resolution fees	9	-10 719	-20 004	-
OPERATING PROFIT		306 672	821 311	731 611
Tax expense		-68 060	-177 061	-160 115
PROFIT/LOSS FOR THE YEAR		238 612	644 250	571 496

Statement of Comprehensive Income

TSEK	2023	2022	2022
	Jan-Sept	Full Year	Jan-Sept
Profit for the year recognized within the income statement	238 612	644 250	571 496
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	5 076	-12 655
Exchange rate differences	-26 100	60 551	20 266
Tax	-	-10 190	-
Total	-21 024	37 706	-2 387
Other comprehensive income	-21 024	34 704	-2 387
Total profit	217 588	678 954	569 109

Balance Sheet

Assets

TSEK	Note	2023 30 Sept	2022 31 Dec	2022 30 Sept
Assets				
Deposits	4	3 815 896	4 329 568	3 775 080
Loans to the public	4	32 488 410	32 457 465	31 754 113
Bonds and other interest-bearing securities	5,6	2 474 411	2 160 341	2 625 784
Intangible assets		16 420	15 099	15 327
Tangible assets		16 978	1 067	1 297
Deferred tax assets		11 638	11 638	13 548
Other assets		297 254	365 774	320 736
Prepaid expenses and accrued income		92 236	90 565	84 151
TOTAL ASSETS		39 213 244	39 431 517	38 590 037

Liabilities and Equity

Liabilities			
Amounts owed to credit institutions		33 277 005	33 522 931
Other liabilities		505 895	194 155
Accrued expenses and prepaid income		151 854	260 662
Pension provisions		17 835	23 201
Provisions		26 317	26 963
TOTAL LIABILITIES		33 978 906	34 027 912
			33 296 277

Equity

Share capital		5 000	5 000	5 000
Fund for development expenditures		15 099	15 099	21 197
Reserves		-258 574	-237 550	-277 644
Retained earnings		5 472 813	5 621 056	5 545 207
TOTAL EQUITY		5 234 338	5 403 605	5 293 761
TOTAL LIABILITIES AND EQUITY		39 213 244	39 431 517	38 590 037

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
Dividends					-1 800 000	-1 800 000
Profit/loss for the period			20 266	-22 653	571 496	569 109
<i>of which recognized in income statement</i>					571 496	571 496
<i>of which recognized in other comprehensive income</i>			20 266	-22 653	-	-2 387
Closing balance September 30, 2022	5 000	21 197	-256 719	-20 925	5 545 207	5 293 761

TSEK	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
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

TSEK	Share capital	Fund for development expenditures	*Foreign currency reserve	**Fair value reserve	Retained earnings	Total Equity
Opening balance January 1, 2023	5 000	15 099	-229 423	-8 127	5 621 056	5 403 605
Dividends					-386 854	-386 854
Profit/loss for the period			-26 100	5 076	238 612	217 588
<i>of which recognized in income statement</i>			-	-	238 612	238 612
<i>of which recognized in other comprehensive income</i>			-26 100	5 076	-	-21 024
Closing balance September 30, 2023	5 000	15 099	-255 523	-3 051	5 472 813	5 234 338

**Fair value changes of the bond portfolio

Statement of Cash Flow

TSEK	2023	2022	2022
	Jan-Sept	Full Year	Jan-Sept
Operating activities			
Operating profit/loss	306 672	821 311	731 611
Adjustments for non-cash items	-123 208	-20 377	-18 657
Taxes paid	-100 939	-193 394	-151 201
Cash flow from operating activities before working capital changes	82 525	607 540	561 753
Cash flow from changes in working capital			
Increase/decrease in loans to the public	-82 236	-1 609 453	-1 140 695
Increase/decrease of bonds and other interest-bearing securities	-330 036	-11 833	231 896
Increase/decrease in other assets	50 982	741 527	36 012
Increase/decrease in other liabilities	-44 744	-30 157	-96 605
Cash flow from operating activities	-406 033	-909 917	-969 392
Investing activities			
Purchase of intangible assets	-7 715	-3 135	-980
Purchase of tangible assets	-16 686	-460	-361
Cash flow from investing activities	-24 401	-3 595	-1 340
Financing activities			
Dividends	-	-1 800 000	-1 800 000
Increase/decrease of deposits and borrowing	-141 307	1 922 752	1 503 415
Cash flow from financing activities	-141 307	122 752	-296 585
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	4 329 568	4 446 056	4 446 056
CASH FLOW FOR THE PERIOD	-489 217	-183 220	-705 564
Exchange rate differences on cash and cash equivalents	-24 455	66 732	34 589
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3 815 896	4 329 568	3 775 080

Notes

The interim report for Entercard Group AB (org nr 556673-0585) refers to the period January 1 - September 30, 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-Sept	Full Year	Jan-Sept
Realised gains/losses recognized in profit and loss			
Realised gain/loss bonds and other interest-bearing securities	-2 200	-9 591	-4 625
Exchange rate profit / loss	-2 683	-2 526	-2 755
Total realised gain/loss in profit or loss	-4 883	-12 117	-7 380
Unrealised gains/losses recognized in Other comprehensive income			
Unrealised changes in value bonds and other interest-bearing securities	5 076	-12 655	-22 653
Total unrealised gain/loss in Other comprehensive income	5 076	-12 655	-22 653
Total	193	-24 772	-30 033

Note 3 Loan Losses, Net

	2023	2022	2022
	Jan-Sept	Full Year	Jan-Sept
Loans at amortized cost			
Change in provisions - stage 1	-43 887	8 729	52 314
Change in provisions - stage 2	-45 764	-31 694	49 330
Change in provisions - stage 3	170 739	-13 602	-64 566
Total	81 088	-36 567	37 078
The periods write-off for established loan losses	-934 532	-1 096 400	-701 539
Recoveries from previously established loan losses	6 495	250 378	76 604
Total	-928 037	-846 022	-624 935
Loan losses net, loans at amortized cost	-846 949	-882 589	-587 857
Loan losses credits granted but not utilized			
Change in provisions - stage 1	657	4 959	-482
Change in provisions - stage 2	90	185	-484
Loan losses net, loan commitments	747	5 144	-966
Total loan losses	-846 202	-877 445	-588 823

Note 4 Change in Provisions for Loans

Change in book value (gross) and provisions September 30, 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 September 30, 2023	28 956 642	3 002 478	3 487 848	35 446 968	
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	-32 258	132 589	315 185	415 516	
Changes in credit risk	514	9 716	12 904	23 134	
Transfer between stages during the period					
from stage 1 to stage 2	60 824	-287 796	-	-226 972	
from stage 1 to stage 3	8 609	-	-130 973	-122 364	
from stage 2 to stage 1	-16 628	77 222	-	60 594	
from stage 2 to stage 3	-	24 640	-65 063	-40 423	
from stage 3 to stage 1	-100	-	1 394	1 294	
from stage 3 to stage 2	-	-1 810	4 310	2 500	
Other	-67 311	94	-6 780	-73 997	
Closing balance September 30, 2023	-535 609	-497 125	-1 925 824	-2 958 558	
Book value, net					
Opening balance January 1, 2023	28 529 040	2 252 151	1 676 274	32 457 465	
Closing balance September 30, 2023	28 421 033	2 505 353	1 562 024	32 488 410	

Change in book value (gross) and provisions September 30, 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 September 30, 2022	28 440 425	2 497 407	3 777 397	34 715 229	
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	-53 450	32 658	457 902	437 110	
Changes in credit risk	35 750	26 325	-17 333	44 742	
Transfer between stages during the period					
from stage 1 to stage 2	48 730	-205 306	-	-156 576	
from stage 1 to stage 3	24 238	-	-277 795	-253 557	
from stage 2 to stage 1	-14 048	78 520	-	64 472	
from stage 2 to stage 3	-	116 873	-250 305	-133 432	
from stage 3 to stage 1	-63	-	3 263	3 200	
from stage 3 to stage 2	-	-2 558	6 358	3 800	
Other	5 277	1	-5 153	125	
Closing balance September 30, 2022	-443 053	-368 570	-2 149 493	-2 961 116	
Book value, net					
Opening balance January 1, 2022	26 879 402	2 017 531	1 577 339	30 474 272	
Closing balance September 30, 2022	27 997 372	2 128 837	1 627 904	31 754 113	

Change in book value (gross) September 30, 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	1 041 123	-542 818	-526 501	-28 196	
Changes in credit risk	-188 445	-21 787	-116 653	-326 885	
Transfer between stages during the period					
from stage 1 to stage 2	-1 616 535	1 676 096	-	59 561	
from stage 1 to stage 3	-263 145	-	253 718	-9 427	
from stage 2 to stage 1	553 051	-688 168	-	-135 117	
from stage 2 to stage 3	-	-132 278	128 320	-3 958	
from stage 3 to stage 1	1 490	-	-2 617	-1 127	
from stage 3 to stage 2	-	7 792	-8 353	-561	
Other	410 804	-290	26 859	437 373	
Book value					
Closing balance September 30, 2023	28 956 642	3 002 478	3 487 848	35 446 968	

Change in book value (gross) September 30, 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	2 179 196	-138 168	-716 035	1 324 993	
Changes in credit risk	34 096	-40 388	-114 060	-120 352	
Transfer between stages during the period					
from stage 1 to stage 2	-1 291 714	1 323 359	-	31 645	
from stage 1 to stage 3	-582 853	-	518 257	-64 596	
from stage 2 to stage 1	551 407	-619 552	-	-68 145	
from stage 2 to stage 3	-	-474 038	464 716	-9 322	
from stage 3 to stage 1	2 855	-	-5 453	-2 598	
from stage 3 to stage 2	-	13 580	-13 857	-277	
Other	178 551	-	61	178 612	
Book value					
Closing balance September 30, 2022	28 440 425	2 497 407	3 777 397	34 715 229	

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

	2023	2022	2022
	30 Sept	31 Dec	30 Sept
Credit facilities, granted but not paid	86 638	88 171	98 676
Credits granted but not utilized	44 324 774	45 115 870	44 410 001
Provisions for off-balance commitments			
Stage 1	18 917	19 499	24 731
Stage 2	7 400	7 463	8 048
Total	26 317	26 963	32 779

Allocation of loans between stages and provisions (IFRS 9)

	2023 30 Sept	2022 31 Dec	2022 30 Sept
Deposits			
Stage 1			
Book value, gross	3 815 896	4 329 568	3 775 080
Total book value	3 815 896	4 329 568	3 775 080
Loans to the public, private customers			
Stage 1			
Book value, gross	28 425 900	28 612 358	28 048 645
Provisions	-535 308	-488 751	-442 752
Book value	27 890 592	28 123 606	27 605 893
Stage 2			
Book value, gross	3 002 478	2 703 931	2 497 407
Provisions	-497 125	-451 780	-368 570
Book value	2 505 353	2 252 151	2 128 837
Stage 3			
Book value, gross	3 478 837	3 725 434	3 770 079
Provisions	-1 921 552	-2 052 775	-2 145 178
Book value	1 557 285	1 672 658	1 624 901
Total book value	31 953 230	32 048 416	31 359 631
Loans to the public, corporate customers			
Stage 1			
Book value, gross	530 742	405 941	391 780
Provisions	-300	-507	-301
Book value	530 442	405 433	391 479
Stage 3			
Book value, gross	9 011	7 642	7 318
Provisions	-4 273	-4 026	-4 316
Book value	4 738	3 616	3 002
Total book value	535 180	409 049	394 481
Total	36 304 306	36 787 033	35 529 192
Book value gross, stage 1	28 956 642	29 018 299	28 440 425
Book value gross, stage 2	3 002 478	2 703 931	2 497 407
Book value gross, stage 3	3 487 848	3 733 075	3 777 397
Total book value gross	35 446 968	35 455 305	34 715 229
Provisions stage 1	-535 608	-489 259	-443 053
Provisions stage 2	-497 125	-451 780	-368 569
Provisions stage 3	-1 925 825	-2 056 801	-2 149 494
Total provisions	-2 958 558	-2 997 840	-2 961 116
Total book value	32 488 410	32 457 465	31 754 113
Share of loans in stage 3, gross, %	9,84%	10,53%	10,88%
Share of loans in stage 3, net, %	4,81%	5,16%	5,13%
Provision ratio of loans stage 1	1,85%	1,69%	1,56%
Provision ratio of loans stage 2	16,56%	16,71%	14,76%
Provision ratio of loans stage 3	55,22%	55,10%	56,90%
Total provision ratio of loans	8,35%	8,46%	8,53%

Note 5 Bonds and Other Interest-bearing Securities

Financial assets measured at fair value through Other comprehensive income.

	2023	2022	2022
Issuers	30 Sept	31 Dec	30 Sept
Municipalities	951 294	1 078 424	1 640 464
Swedish mortgage institutions	321 877	203 618	322 178
Foreign credit institutions	1 062 729	619 864	466 854
Foreign mortgage institutions	-	119 442	59 154
Other foreign issuers	138 511	138 994	137 135
Total	2 474 411	2 160 341	2 625 784

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

	2023	2022	2022
Remaining maturity	30 Sept	31 Dec	30 Sept
Maximum 1 year	66 152	255 793	254 226
Longer than 1 year but maximum 5 years	2 408 259	1 904 548	2 289 639
Longer than 5 years	-	-	81 919
Total	2 474 411	2 160 341	2 625 784

	2023	2022	2022
Total holdings of financial assets, broken down by issuer	30 Sept	31 Dec	30 Sept
Issued by public entities	1 089 805	1 217 418	1 777 599
Issued by other borrowers	1 384 606	942 924	848 185
Total	2 474 411	2 160 341	2 625 784
Average remaining maturity, years	2,35	2,48	2,37
Average remaining fixed interest term, years	0,53	0,50	0,21
<i>of which listed securities, TSEK</i>	<i>2 474 411</i>	<i>2 160 341</i>	<i>2 625 784</i>
<i>of which unlisted securities, TSEK</i>	<i>-</i>	<i>-</i>	<i>-</i>

Note 6 Liquidity Reserve and Liquidity Risk

	2023 30 Sept	Distribution by currency			2022 30 Sept	Distribution by currency		
		SEK	NOK	DKK		SEK	NOK	DKK
Securities issued or guaranteed by government or central bank	138 511	-	-	138 511	137 135	-	-	137 135
Securities issued or guaranteed by municipalities or non-governmental public entities	951 294	789 015	162 279	-	1 640 464	1 397 854	242 610	-
Covered bonds issued by others	321 877	321 877	-	-	381 322	322 178	59 154	-
Securities issued or guaranteed by multilateral development banks	1 062 729	-	1 062 729	-	466 854	-	466 854	-
Total	2 474 411	1 110 891	1 225 008	138 511	2 625 784	1 720 032	768 617	137 135
<i>Distribution by currency, %</i>		44,9%	49,5%	5,6%		65,5%	29,3%	5,2%

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 2,1 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 2%, 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
	30 Sept	31 Dec
Common Equity Tier 1 Capital: Instruments and reserves		
Capital instrument and associated share premium	5 000	5 000
Reserves	5 365 307	5 107 607
Accumulated other comprehensive income	-374 581	-353 252
Profit net, after deduction of foreseeable cost's and dividend's, verified by auditors	47 722	257 700
Common Equity Tier 1 Capital before adjustments	5 043 448	5 017 055
Value adjustments due to the requirements for prudent valuation	-17 543	-7 265
Intangible assets	-16 420	-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	-45 602	-34 002
Common Equity Tier 1 Capital	4 997 846	4 983 053
Additional Tier 1 Capital: instruments	-	-
Tier 1 Capital	4 997 846	4 983 053
	2023	2022
Tier 2 Capital: Instruments and provisions		
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	4 997 846	4 983 053
Total risk weighted exposure amount	28 175 249	28 421 014
Common Equity Tier 1 capital ratio	17,7%	17,5%
Tier 1 capital ratio	17,7%	17,5%
Total capital ratio	17,7%	17,5%
 	2023	2022
Requirements buffers, %		
Total Tier 1 capital requirement including buffer requirement	9,1	8,3
whereof minimum CET1 requirement	4,5	4,5
whereof capital conservation buffer requirement	2,5	2,5
whereof countercyclical capital buffer requirement	2,1	1,3
Common Equity Tier 1 capital available to be used as buffer	8,6	9,3
Leverage ratio	11,5%	11,3%

Risk exposure amount and own funds requirement for credit risk

Exposure classes	2023		2022	
	30 Sept	Own funds requirement	31 Dec	Own funds requirement
Institutional exposures	763 252	61 060	866 028	69 282
Covered bonds	32 188	2 575	32 306	2 584
Retail exposures	23 121 789	1 849 743	23 001 986	1 840 159
Regional governments or local authorities exposures	2 255	180	2 125	170
Corporate exposures	3 185	255	2 716	217
Exposures in default	1 562 024	124 962	1 720 596	137 648
Other exposures	406 469	32 518	457 405	36 592
Total	25 891 161	2 071 293	26 083 161	2 086 653
2023 2022				
30 Sept 31 Dec				
Total capital requirement for credit risk according to the standardized approach		2 071 293		2 086 653
2023 2022				
30 Sept 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				
30 Sept 31 Dec				
Capital requirement for market risk (foreign exchange risk)				
Risk exposure amount			332 436	398 789
Capital requirement			26 595	31 903
Total capital requirement for market risk			26 595	31 903
Capital requirements for settlement risk			-	-
Capital requirements for credit value adjustment (CVA) risk			-	-
Total capital requirements			2 254 020	2 273 681

Internal capital requirement

	2023	2022
	30 Sept	31 Dec
Capital requirement according to Pillar 1		% av REA*
Credit risk	2 071 293	7,4
Market risk	26 595	0,1
Operational risk	156 132	0,6
Settlement risk	-	-
Credit value adjustment (CVA) risk	-	-
Total capital requirement according to Pillar 1	2 254 020	8,0
Capital requirement according to Pillar 2		% av REA*
Other capital requirement	839 277	3,0
Total capital requirement according to Pillar 2	839 277	3,0
Combined buffer requirement		% av REA*
Countercyclical buffer	595 466	2,1
Capital conservation buffer	704 381	2,5
Total combined buffer requirement	1 299 847	4,6
Management buffer		% av REA*
Additional management buffer	-	-
Total management buffer	-	284 210
Internal capital requirement		% av REA*
Total capital requirement	4 393 144	15,6
Capital base		% av REA*
Total capital base	4 997 846	17,7
		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	30 Sept	31 Dec	30 Sept	30 Sept	31 Dec	30 Sept
Assets						
Deposits	3 014 602	4 329 568	3 775 080	-	-	-
Other assets	890	1 105	946	-	-	-
Total	3 015 492	4 330 674	3 776 026	-	-	-
Liabilities						
Amounts owed to credit institutions	16 638 503	16 761 466	16 420 569	16 831 778	16 761 466	16 420 569
Other liabilities	201 760	8 582	12 676	193 275	-	-
Total	16 840 263	16 770 047	16 433 244	17 025 052	16 761 466	16 420 569
Income Statement						
Interest income	62 296	19 657	4 287	-	-	-
Interest expenses	-514 135	-230 136	-115 141	-513 921	-228 046	-114 747
Commission income	73 251	95 149	70 861	-	-	-
Commission expenses	-67 930	-101 736	-77 648	-	-	-
Other expenses	-9 099	-11 660	-8 211	-	-	-
Total	-455 617	-228 727	-125 852	-513 921	-228 046	-114 747

Note 9 Specification of bank tax and resolution fees

	2023	2022	2022
	30 Sept	31 Dec	30 Sept
Bank tax	-	-8 022	-
Resolution fees*	-10 719	-11 983	-
Total	-10 719	-20 004	-

*The resolution fee of 8 986 996 sek was classified as Other general administrative expenses during the first three quarters in 2022.

Stockholm November 27th, 2023

Jan Haglund
Chief Executive Officer