INTERIM REPORT

January-September 2018

EnterCard Group AB

556673-0585

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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, 2018.

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 company was founded in 2005 by Barclays Bank, the largest credit institution providing credit cards financing in Europe, and Swedbank, a leading banking group in the Nordics and Baltics. 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. EnterCard Group AB is owned by Swedbank AB, 60% and Barclays Bank PLC, 40% through a joint venture. EnterCard Group AB operates two branches in Norway and Denmark, respectively.

Significant events during the quarter

During last quarter EnterCard has entered into a card distribution agreement with Coop Sverige AB, EnterCard also agreed to purchase the Coop Sverige portfolio from MedMera Bank AB.

Earnings, profitability and position

In order to make a sensible comparison of the amounts in the following summary sections in the administration report, the comparative figures are to the previous year Group amounts, before the merger.

Operating income as per September 30, 2018, amounted to 2 490,9m SEK, to compare with 2,236.8m SEK the same period previous year. Total loans to the public excluding provisions of anticipated loan losses as per September 30, 2018, increased to 29 940.5m SEK compared to 24,869.6m SEK September 30, 2017.

Impaired loans, after loan loss provision, as per September 30 amounted to a book value of 744.6m SEK which constitutes 2,6 percent of the total credit portfolio.

Profit before tax amounted to 769.0m SEK (699.1m SEK).

Investments

Investments in tangible assets and inventories during the period amounted to 0.1m SEK and investments in intangible fixed assets amounted to 11.1m SEK. 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

EnterCard is a consumer financing company navigating a number of risks and considerations to deliver products and services that meets the customer needs and expectations. Interest ratios is a major component to the yearly financial development and is monitored continuously. The trend of decreasing interest rates has subsided in the three Scandinavian countries where EnterCard operates. It is anticipated an increase in interest rate throughout the coming quarters.

The extensive regulatory development within the banking and financing industry will have further impact on EnterCard. The work preparing for implementation of the upcoming regulations, including GDPR and PSD2 has continued during the quarter. A proposal for a regulation on sound consumer lending based on Financial Supervisory Authority guideline for sound consumer lending is up for hearing. EnterCard will implement necessary changes upon enforcement of the regulation.

The economic situation remains stable in both Norway and Sweden. There are no visible signs of a deteriorated unemployment ratio.

Liquidity and funding

Funding has exclusively been provided by Swedbank AB and Barclays Bank PLC. EnterCard's liquidity need is satisfied through credits and loans provided by the owners. EnterCard's cash balance September 30 amounted to 2 680.0m SEK, cash balance in the beginning of the year was 2,650.2m SEK.

The liquidity reserve amounted to 2 589.4m SEK (1,851.6m SEK), more detailed information is provided in note 5 and note 6. EnterCard Group AB's Liquidity Coverage Ratio (LCR) was 486 % (377%). According to EnterCard's interpretation of the Basel Committee's most recent proposal on Net Stable Funding Ratio (NSFR), EnterCard's NSFR was 144% (158%).

As per September 30, the survival horizon, in a scenario with a very limited access to funding and significantly decreased inflows from customers, was 115 days for Sweden, 125 days for Norway and 273 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 September 30 was 17,2%. The total capital base amounted to 5 073.9m SEK and the total risk exposure amount for credit risk was 22 306.7m SEK. EnterCard applies the standardized approach to calculate the capital requirement for credit risk.

Audit review

This report has not been reviewed by EnterCards auditors. Although, the company's result per September 30 have been subject for a general review.

Income statement

Numbers as per September 30, 2017, refers to EnterCard Group AB (previous parent company EnterCard Holding AB).

TSEK	Note	1/1/2018 9/30/2018	1/1/2017 12/31/2017	1/1/2017 9/30/2017
Interest income		2,274,614	2,740,666	783
Interest expenses		-115,985	-149,855	-512
Net interest income		**2,158,629**	**2,590,811**	**271**
Commission income		680,892	865,495	-
Commission expenses		-377,902	-467,956	-4
Net commissions		**302,990**	**397,538**	**-4**
Other income		29,248	44,548	13,428
TOTAL OPERATING INCOME		**2,490,866**	**3,032,898**	**13,694**
Staff costs		-396,284	-520,062	-14,436
Other general administrative expenses		-601,147	-812,612	-8,922
Total general administrative expenses		**-997,431**	**-1,332,674**	**-23,358**
Depreciation/amortization and impairments of tangible and intangible fixed assets		-34,969	-38,551	-
Other costs		-34,303	-22,820	-999
TOTAL OPERATING EXPENSES		**-1,066,703**	**-1,394,045**	**-24,357**
Profit before loan losses		**1,424,163**	**1,638,853**	**-10,663**
Loan losses, net	2	-655,119	-512,850	-
OPERATING PROFIT		**769,044**	**1,126,003**	**-10,663**
Tax expense		-178,388	-276,536	2,346
PROFIT/LOSS FOR THE YEAR		**590,656**	**849,467**	**-8,317**

Statement of comprehensive income

TSEK	1/1/2018 9/30/2018	1/1/2017 12/31/2017	1/1/2017 9/30/2017
Profit for the year recognized within the income statement	**590,656**	**849,467**	**-8,317**
Components which will not be reclassified to the income statement			
Revaluation of defined-benefit pensions	-	-16,395	-
Tax	-	4,099	-
Total	**-**	**-12,296**	**-**
Components which have or will be reclassified to the income statement			
Unrealised changes in fair value	-10,531	4,565	-
Exchange rate differences	251,227	-71,128	-
Tax	-	15,648	-
Total	**240,697**	**-50,916**	**-**
Total profit	**831,353**	**786,255**	**-8,317**

Balance Sheet

Numbers as per September 30, 2017 refers to EnterCard Group AB (former parent company EnterCard Holding AB).

TSEK	Note	9/30/2018	12/31/2017	9/30/2017
Assets				
Loans to credit institutions	3.4	2,680,011	2,650,169	16,354
Loans to the public	3.4	28,134,520	24,186,570	-
Bonds and other interest-bearing securities	5.6	2,589,376	2,025,314	-
Shares and participating interests		-	-	790,885
Intangible fixed assets		101,691	123,206	-
Tangible assets		6,830	3,563	-
Deferred tax assets		6,181	5,664	2,346
Other assets		234,487	159,627	218,383
Prepaid expenses and accrued income		285,168	159,258	545
TOTAL ASSETS		**34,038,264**	**29,313,371**	**1,028,513**
Liabilities				
Amounts owed to credit institutions		27,876,492	22,966,924	-
Other liabilities		259,874	366,846	55,731
Accrued expenses and prepaid income		270,850	307,263	30,600
Pension provisions		18,869	20,750	-
Provisions		48,055	-	-
TOTAL LIABILITIES		**28,474,140**	**23,661,784**	**86,331**
Equity				
Share capital		5,000	5,000	5,000
Fair value reserve		13,158	-2,627	-
Retained earnings		4,955,311	4,799,748	945,499
Profit for the period		590,656	849,467	-8,317
TOTAL EQUITY		**5,564,124**	**5,651,587**	**942,182**
TOTAL LIABILITIES AND EQUITY		**34,038,264**	**29,313,371**	**1,028,513**

Statement of changes in equity

	Restricted equity			*Non-restricted equity*		
TSEK	**Share capital**	**Fund for development expenditures**	**Translation Differences**	**Fair value reserve**	**Profit/loss carried forward**	**Total Equity**
Opening balance January 1, 2017	**5,000**	**-**	**-**	**-**	**1,211,149**	**1,216,149**
Dividends					-265,650	-265,650
Profit/loss for the period			-	-	-8,317	-8,317
Closing balance September 30, 2017	**5,000**	**-**	**-**	**-**	**937,181**	**942,182**

TSEK						
***Opening balance January 1, 2017**	**5,000**	**-**	**-**	**-**	**1,211,149**	**1,216,149**
Net assets taken over from merger		31,697	-284,694	-7,192	4,175,023	3,914,834
Dividends					-265,650	-265,650
Transfer to restricted equity		12,783			-12,783	-
Profit/loss for the year			-55,480	4,565	837,171	786,255
of which recognized in income statement					*849,467*	*849,467*
of which recognized in other comprehensive income			*-71,128*	*4,565*	*-16,395*	*-82,959*
of which tax recognized in other comprehensive income			*15,648*		*4,099*	*19,747*
Closing balance December 31, 2017	**5,000**	**44,480**	**-340,174**	**-2,627**	**5,944,909**	**5,651,587**

TSEK						
Opening balance January 1, 2018	**5,000**	**44,480**	**-340,174**	**-2,627**	**5,944,909**	**5,651,587**
Amendments due to the adoption of IFRS 9					-368,815	-368,815
Adjusted opening balance January 1, 2018					**5,576,094**	**5,282,772**
Dividends					-550,000	-550,000
Profit/loss for the period			251,227	-10,531	590,656	831,353
of which recognized in income statement					*590,656*	*590,656*
of which recognized in other comprehensive income			*251,227*	*-10,531*	*-*	*240,697*
Closing balance September 30, 2018	**5,000**	**44,480**	**-88,947**	**-13,158**	**5,616,750**	**5,564,124**

**Opening balance January 1, 2017 refers to former Parent company EnterCard Holding AB.*

Statement of cash flow

TSEK			
Operating activities	**9/30/2018**	**12/31/2017**	**9/30/2017**
Operating profit/loss	769,044	1,126,003	-10,663
Adjustments for non-cash items	-46,210	183,199	-4,669
Taxes paid	-263,858	-266,789	-
Cash flow from operating activities before working capital changes	**458,976**	**1,042,413**	**-15,332**
Cash flow from changes in working capital			
Increase/decrease in loans to the public	-3,502,133	-3,107,979	-
Increase/decrease of bonds and other interest-bearing securities	-506,582	222,049	-
Increase/decrease in other assets	-46,565	-24,950	14,522
Increase/decrease in other liabilities	-53,650	5,700	-9,539
Cash flow from operating activities	**-4,108,930**	**-2,905,180**	**4,983**
Investing activities			
Purchase of intangible assets	-11,121	-38,001	-
Purchase of tangible assets	-146	-2,135	-
Cash flow from investing activities	**-11,266**	**-40,136**	**-**
Financing activities			
Dividends	-550,000	-265,650	-
Increase/decrease of deposits and borrowing	4,127,663	2,779,365	-
Cash flow from financing activities	**3,577,663**	**2,513,715**	**-**
CASH AND CASH EQUIVALENTS TAKEN OVER FROM MERGER	**-**	**2,051,951**	**-**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	**2,650,169**	**26,703**	**26,703**
CASH FLOW FOR THE PERIOD	**2,566,612**	**2,662,763**	**-10,349**
Exchange rate differences on cash and cash equivalents	113,400	-39,297	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**2,680,011**	**2,650,169**	**16,354**

Comparative numbers before the merger

Comparative numbers for 2017 refers to the former EnterCard Group, with EnterCard Holding AB as Parent company and EnterCard Sverige AB and EnterCard Norge AS subsidiaries. Numbers for 2018 refers to EnterCard Group AB, including the branches EnterCard Norge and EnterCard Danmark.

TSEK	9/30/2018	9/30/2017
Income statement		
Net interest income	2,158,629	1,918,149
Net commissions	302,990	287,636
Other income	29,247	31,007
Total operating income	**2,490,866**	**2,236,791**
Total general administrative expenses	-1,031,734	-951,255
Depreciation/amortization and impairments of tangible and intangible fixed assets	-34,969	-27,335
Total operating expenses	**-1,066,703**	**-978,590**
Profit before loan losses	**1,424,163**	**1,258,201**
Loan losses, net	-655,119	-559,116
Operating profit	**769,044**	**699,085**
Tax expense	-178,388	-167,190
Profit/loss for the period	**590,656**	**531,895**
Balance Sheet		
Assets		
Loans to credit institution	2,680,011	2,615,695
Loans to the public, net	28,134,520	23,389,762
Bonds and other interest-bearing securities	2,589,376	1,851,596
Intangible fixed assets	101,691	130,897
Tangible assets	6,830	2,856
Deferred tax	6,181	14,524
Other assets	234,487	186,621
Prepaid expenses and accrued income	285,168	159,311
Total assets	**34,038,264**	**28,351,263**
Liabilities and equity		
Liabilities		
Amounts owed to credit institutions	27,876,492	22,385,709
Other liabilities	259,874	251,694
Accrued expenses and prepaid income	270,850	272,601
Pension provisions	18,869	49,829
Provisions	48,055	-
Total liabilities	**28,474,140**	**22,959,833**
Equity		
Share capital (5 000 shares)	5,000	5,000
Fair value reserve	13,158	-921
Retained earnings	4,955,310	4,855,456
Profit for the period	590,656	531,895
Total equity	**5,564,124**	**5,391,430**
Total liabilities and equity	**34,038,264**	**28,351,263**

Notes

Note 1 Accounting principles

The interim report for EnterCard Group AB refers to the period January 1 - September 30, 2018. EnterCard is based in Stockholm, Sweden, the corporate identity number is 556673-0585.

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. The same accounting principles as in the most recent annual report has been applied. As a result of the merger in October 2017 between the parent company and its subsidiaries, EnterCard Sverige AB and EnterCard Norge AS, the consolidated financial statement are no longer prepared.

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 2017, with the exception of the following.

Revenue from Contracts with customers (IFRS 15)

For EnterCard the interchange and commissions will be in scope for IFRS 15. Revenue is recognized at the date when control of the product or service is transferred to the customer. This means that for EnterCard IFRS 15 will not require any change in the recognition of revenue. The adoption will not have any significant impact on EnterCard financial position, performance or cash flow.

Financial instruments (IFRS 9)

Classification and valuation

The company's new principles for classification and valuation of financial assets is based on an assessment of both (i) the company's business model for the management of financial assets, and (ii) characteristics of the contractual cash flows from the financial asset.

The following financial assets are measured at amortized cost as the assets are held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows, and to the agreed terms of the assets at specified times give rise to cash flows that are only payments of principal and interest on the outstanding principal amount;
-Loans to credit institutions
-Loans to the public

These assets were, also as per the previous principles, measured at amortized cost.

The following financial assets are measured at fair value through other comprehensive income as the financial assets are held within a business model whose objective can be achieved both by collecting the contractual cash flows, and sell the assets, and to the contractual terms of the assets at specified times give rise to cash flows that are only payments of principal and interest on the outstanding principal amount;
-Bonds and other interest-bearing securities

These assets were measured at fair value through other comprehensive income also in the previous accounting principles.

If the company changes the business model, a reclassification will be carried out and reported. However, such changes are expected to occur very rarely. Such changes are determined by the company's executive management team as a result of external or internal changes and must be significant to the company's operations and shown for external parties.

Impairment

The new standard states that expected credit losses are to be accounted for, instead of previous standard when only occurred credit losses of impaired loans were reported. The new standard states that provisions for expected credit losses are not only recognized for loans to the public, but for all items in the balance sheet measured at amortized cost. In addition, provisions are also recognized on off-balance exposures to the loan commitments given (undrawn committed credit line).

<u>Accounting of expected credit losses — loans to the public</u>

Calculation of expected credit loss provisions is based on data generated in existing internal risk classification models. The assets' contracted cash flows is used when calculating credit loss allowances. The present value of the expected credit loss ("Expected Credit Loss" - ECL) is calculated by summing up the present value of the expected exposure at default ("Exposure at Default-EAD) at each time in the respective cash flow multiplied by the probability of default ("Probability of Default" - PD), and loss given default (the "Loss Given Default" - LGD). Even though the parameters are defined the same as in the application of internal rating models for solvency purposes, the parameters have been determined differently for accounting purposes to reflect the neutral and objective assumptions on cash flows and expected losses. The effective interest rate of the exposure is applied as discount rate. The parameters are forward-looking and based on aggregated various macroeconomic scenarios.

At the time of the initial recognition, the company report the present value of the statistically expected credit losses for the next 12 months (stage 1). If there is a significant increase in credit risk since the initial recognition, the expected credit loss provision for the exposure is calculated and accounted for by the expected time to maturity or for the estimated time horizon to default if the exposure has no definite time to maturity (stage 2). A significant increase in credit risk is considered to have occurred after the initial recognition of the credit when the customer is 30 days late on payments or when the current internal credit rating is significantly worse than the original according to internally agreed criteria. If the internal rating at a later stage has improved enough to allow a significant increase in credit risk no longer exists when compared with ratings in the initial report, the credit will be returned to stage 1.

As before, a loan loss provision is accounted for the remaining life of impaired credit exposures (previously known as impaired loans) when one or more events that have a negative impact on the estimated future cash flows of the financial asset has occurred (stage 3). A loan is considered impaired based on the conditions as per previous principles definition of impaired loans, which is, when it is 90 days late in payments or where there is other evidence in the form of observable data about the following events:

a) Significant financial difficulty of the issuer or borrower.
b) The lender or the borrower has, financial or contractual reasons relating to the borrower's financial difficulty, granting a significant concession to the borrower that the lender would not otherwise consider.
c) It is highly likely that the borrower will go into bankruptcy or other financial reconstruction.

<u>Impairment of bonds and other interest-bearing securities</u>

Securities measured at fair value through other comprehensive income shall account for expected credit loss provision. The securities are measured at fair value in the balance sheet, this imply that a change in fair value due to changes in credit risk is recognized as profit or loss. The company's investment guidelines states that investments in securities is conducted with external investment classifications that meets the requirements for low credit risk portfolio. Based on the investment guidelines, these securities are within stage 1 and probability of default is estimated for the coming 12 Months. The Treasury Department continuously assess the impairment need.

<u>Accounting of expected credit losses – loans to credit institutions</u>

EnterCard's loans to credit institutions are within the requirements of the accounting principles for expected credit losses. Since all loans to credit institutions are repayable on demand and all lending is to Swedish credit institutions with high rating, the expected credit loss amount is considered insignificant.

<u>Accounting of interest income</u>

Interest income are recognized based on the net value of assets in stage 3 and the gross value (excluding provisions) for the assets in the stages 1-2. This imply a change of the accounting principles, where interest income on impaired loans is recognized in the balance sheet under the line loans to the public.

Recognition in the balance sheet and income statement

Loan loss provisions are accounted in the balance sheet on the below items;

- Assets measured at amortized cost, as impairment of the assets carrying amount
- Loan commitments are recognized under the line provisions in the balance sheet

Changes in loan loss provisions are recognized on the line loan losses net, in the income statement.

The quantitative impact of the introduction of IFRS 9

The transition to IFRS 9 accounting principles has been applied in the opening balance for the fiscal year 2018. Comparable numbers has not been restated. As regards to the quantitative impact of the new accounting principles, see the below table.

Balance sheet	Before IFRS 9 adjustment	IFRS 9 adjustment, impairment effect	After IFRS 9 adjustment
Assets	**1/1/2018**	**1/1/2018**	**1/1/2018**
Loans to credit institutions	2,650,169	-	2,650,169
Loans to the public	24,186,570	-432,898	23,753,672
Bonds and other interest-bearing securities	2,025,314	-	2,025,314
Other assets	451,318	-	451,318
Total assets	**29,313,371**	**-432,898**	**28,880,473**
Liabilities and provisions			
Amounts owed to credit institutions	22,966,925	-	22,966,925
Other liabilities	694,859	-104,025	590,834
Provisions	-	39,942	39,942
Total liabilities and provisions	**23,661,784**	**-64,083**	**23,597,701**
Total equity	**5,651,587**	**-368,815**	**5,282,772**
Total liabilities, provisions and equity	**29,313,371**	**-432,898**	**28,880,473**

Note 2 Loan losses, net

Loans at amortized cost	1/1/2018 9/30/2018	1/1/2018 6/30/2018
Change in provisions - stage 1	-91,700	6,800
Change in provisions - stage 2	-25,116	-27,156
Change in provisions - stage 3	42,101	46,706
Total	**-74,715**	**26,350**
The periods write-off for established loan losses	-639,070	-456,507
Recoveries from previously established loan losses	65,457	65,028
Total	**-573,612**	**-391,479**
Loan losses net, loans at amortized cost	**-648,328**	**-365,130**
Provisions for loan commitments, credit limits granted but not utilized		
Change in provisions - stage 1	-8,425	-3,581
Change in provisions - stage 2	1,634	2,118
Change in provisions - stage 3	-	-
Loan losses net, loan commitments	**-6,792**	**-1,464**
Total loan losses, net	**-655,119**	**-366,594**

Loan losses net, historical values according to IAS 39

	1/1/2017 12/31/2017	1/1/2017 9/30/2017	1/1/2017 *2017-09-30
Loans assessed individually			
The period's write-off for established loan losses	-3,686	-	-2,697
Recoveries from previous year's established loan losses	375	-	294
Provisions for probable loan losses for the period	126	-	379
The period's net expense for individually assessed loans	**-3,185**	**-**	**-2,025**
Collectively measured homogenous groups of loans with limited value and similar credit risk			
The period's write-off for established loan losses	-805,943	-	-338,225
Recoveries from previous year's established loan losses	445,027	-	48,317
Provisions for probable loan losses for the period	-148,749	-	-267,184
The period's net expense for collectively measured homogeneous loans	**-509,665**	**-**	**-557,091**
Loan losses, net	**-512,850**	**-**	**-559,116**

**Numbers as per June 30, 2017, refers to EnterCard group before the merger.*

IFRS 9 was implemented January 1, 2018, as the accounting principle imply a forward-looking estimation, numbers for 2017 has not been adjusted and are not comparable.

Note 3 Loans to credit institutions and loans to the public

			9/30/2018	12/31/2017	*2017-09-30
	Loans before provisions (IFRS 9)	Provisions (IFRS 9)	Book value of loans after provisions, (IFRS 9)	Book value of loans after provisions, (IAS 39)	Book value of loans after provisions, EnterCard group (IAS 39)
Loans to credit institutions	**2,680,011**	**-**	**2,680,011**	**2,650,169**	**2,615,695**
Loans to the public					
Loans to private customers	29,502,812	1,897,122	27,605,690	23,772,611	22,998,747
Loans to corporate customers	536,286	7,456	528,830	413,959	391,015
Total	**30,039,098**	**1,904,578**	**28,134,520**	**24,186,570**	**23,389,762**
Loans to the public and loans to credit institutions	**32,719,110**	**1,904,578**	**30,814,531**	**26,836,739**	**26,005,457**
whereof accrued interest	98,563	-	-	-	-

**Numbers as per September 30, 2017 refers to EnterCard group before the merger.*

			6/30/2018	12/31/2017	*2017-06-30
	Loans before provisions (IFRS 9)	Provisions (IFRS 9)	Book value of loans after provisions, (IFRS 9)	Book value of loans after provisions, (IAS 39)	Book value of loans after provisions, EnterCard group (IAS 39)
Loans to credit institutions	**2,523,230**	**-**	**2,523,230**	**2,650,169**	**2,813,532**
Loans to the public					
Loans to private customers	27,941,127	1,790,365	26,150,762	23,772,611	22,064,439
Loans to corporate customers	494,225	8,232	485,993	413,959	362,976
Total	**28,435,353**	**1,798,598**	**26,636,755**	**24,186,570**	**22,427,415**
Loans to the public and loans to credit institutions	**30,958,583**	**1,798,598**	**29,159,986**	**26,836,739**	**25,240,948**
whereof accrued interest	99,072	-	-	-	-

**Numbers as per June 30, 2017 refers to EnterCard group before the merger.*

Note 4 Change in provisions for loans

Change in book value (gross) and provisions September 30, 2018

	Performing loans		Non-performing loans	
Book value, gross	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Book value, gross, January 1, 2018	21,789,676	2,023,844	1,892,136	**25,705,656**
Book value, gross, September 30, 2018	25,992,833	2,198,424	1,847,841	**30,039,098**
Provisions for loans to the public and loans to credit institutions				
Provisions January 1, 2018	**-328,282**	**-348,415**	**-1,122,245**	**-1,798,942**
New and derecognised financial assets, net	-107,416	35,835	380,896	**309,315**
Changes in credit risk	16,998	-3,127	35,416	**49,287**
Transfer between stages during the period				
from stage 1 to stage 2	34,777	-206,649	-	**-171,872**
from stage 1 to stage 3	14,012	-	-246,805	**-232,793**
from stage 2 to stage 1	-17,907	75,359	-	**57,452**
from stage 2 to stage 3	-	66,247	-182,287	**-116,040**
from stage 3 to stage 1	-158	-	2,593	**2,435**
from stage 3 to stage 2	-	-865	2,585	**1,721**
Other	-31,672	-43	26,576	**-5,139**
Provisions September 30, 2018	**-419,648**	**-381,658**	**-1,103,271**	**-1,904,578**
Opening balance January 1, 2018	21,461,394	1,675,429	769,891	**23,906,714**
Closing balance September 30, 2018	25,573,185	1,816,765	744,569	**28,134,520**

Change in book value (gross) and provisions June 30, 2018

	Performing loans		Non-performing loans	
Book value, gross	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Book value, gross, January 1, 2018	21,789,676	2,023,844	1,892,136	**25,705,656**
Book value, gross, June 30, 2018	24,410,407	2,188,561	1,836,385	**28,435,353**
Provisions for loans to the public and loans to credit institutions				
Provisions January 1, 2018	**-328,282**	**-348,415**	**-1,122,245**	**-1,798,942**
New and derecognised financial assets, net	33,687	-21,859	-177,302	**-165,474**
Changes in credit risk	-58,473	5,201	188,093	**134,821**
Transfer between stages during the period				
from stage 1 to stage 2	35,190	-211,663	-	**-176,473**
from stage 1 to stage 3	12,738	-	-162,205	**-149,467**
from stage 2 to stage 1	-13,107	51,464	-	**38,357**
from stage 2 to stage 3	-	140,916	175,390	**316,306**
from stage 3 to stage 1	-214	-	2,638	**2,424**
from stage 3 to stage 2	-	-991	2,606	**1,615**
Other	-	-64	-1,701	**-1,765**
Provisions June 30, 2018	**-318,461**	**-385,411**	**-1,094,726**	**-1,798,598**
Book value				
Opening balance January 1, 2018	21,461,394	1,675,429	769,891	**23,906,714**
Closing balance June 30, 2018	24,091,946	1,803,150	741,659	**26,636,755**

Allocation of loans between stages and provisions (IFRS 9)

	9/30/2018	6/30/2018
Loans to credit institutions		
Stage 1		
Book value, gross	2,680,011	2,523,230
Provisions	-	-
Book value	**2,680,011**	**2,523,230**
Stage 2		
Book value, gross	-	-
Provisions	-	-
Book value	**-**	**-**
Total book value	**2,680,011**	**2,523,230**
Loans to the public, private customers		
Stage 1		
Book value, gross	25,992,834	23,916,181
Provisions	-412,192	-310,229
Book value	**25,580,642**	**23,605,953**
Stage 2		
Book value, gross	2,198,424	2,188,561
Provisions	-381,659	-385,411
Book value	**1,816,765**	**1,803,151**
Stage 3		
Book value, gross	1,847,841	1,836,385
Provisions	-1,103,271	-1,094,726
Book value	**744,569**	**741,659**
Total book value	**28,141,976**	**26,150,762**
Loans to the public, corporate customers		
Stage 1		
Book value, gross	536,286	494,225
Provisions	-7,456	-8,232
Book value	**528,830**	**485,993**
Total	**31,350,818**	**29,159,985**
Book value gross, stage 1	28,672,846	26,933,637
Book value gross, stage 2	2,198,424	2,188,561
Book value gross, stage 3	1,847,841	1,836,385
Total book value gross	**32,719,110**	**30,958,583**
Provisions stage 1	-419,648	-318,461
Provisions stage 2	-381,659	-385,411
Provisions stage 3	-1,103,271	-1,094,726
Total provisions	**-1,904,578**	**-1,798,598**
Total book value	**30,814,532**	**29,159,985**
Share of loans in stage 3, gross, %	5.65%	5.93%
Share of loans in stage 3, net, %	2.37%	2.54%
Provision ratio of loans stage 1	1.46%	1.18%
Provision ratio of loans stage 2	17.36%	17.61%
Provision ratio of loans stage 3	59.71%	59.61%
Total provision ratio of loans	5.82%	5.81%

Outcome 2017

	12/31/2017	*2017-09-30
Loans at amortized cost	28,193,747	27,485,327
Loan loss provisions	-1,357,008	-1,479,870
Total loans to credit institutions and loans to the public	**26,836,739**	**26,005,457**
Loan receivables		
Loans at amortized cost	28,193,747	27,485,327
(before loan loss provisions)		
Loan loss provisions for individually assessed loans	-8,025	-7,772
Loan loss provisions for homogenous groups of loans	-1,348,983	-1,472,099
Total provisions	**-1,357,008**	**-1,479,870**
Loans at amortized cost	**26,836,739**	**26,005,457**
(after loan loss provisions)		
Impaired loans, after loan loss provisions	**752,030**	**713,799**

**Numbers as per September 30, 2017, refers to EnterCard group before the merger.*

Note 5 Bonds and other interest-bearing securities

Financial assets measured at fair value through other comprehensive income

Issuers	**9/30/2018**	**12/31/2017**	**9/30/2017**
Municipalities	1,803,683	1,523,954	-
Foreign credit institutions	103,007	59,643	-
Foreign mortgage institutions	465,567	245,023	-
Other foreign issuers	217,120	196,693	-
Total	**2,589,376**	**2,025,314**	**-**

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

Remaining maturity	**9/30/2018**	**12/31/2017**	**9/30/2017**
Maximum 1 year	80,117	239,313	-
Longer than 1 year but maximum 5 years	2,156,779	1,542,741	-
Longer than 5 years	352,480	243,259	-
Total	**2,589,376**	**2,025,314**	**-**

Total holdings of financial assets, broken down by issuer	**9/30/2018**	**12/31/2017**	**9/30/2017**
Issued by public entities	2,020,802	1,720,647	-
Issued by other borrowers	568,574	304,667	-
Total	**2,589,376**	**2,025,314**	**-**
Average remaining maturity, years	3.14	2.66	-
Average remaining fixed interest term, years	0.68	0.63	-
of which listed securities, TSEK	*2,589,376*	*2,025,314*	-
of which unlisted securities, TSEK	-	-	-

Note 6 Liquidity reserve and liquidity risk

		Distribution by currency				Distribution by currency		
	9/30/2018	**SEK**	**NOK**	**DKK**	**12/31/2017**	**SEK**	**NOK**	**DKK**
Securities issued or guaranteed by government or central bank	**217,120**	-	24,404	192,716	196,693	-	23,017	173,675
Securities issued or guaranteed by municipalities or non-governmental public entities	**1,803,683**	1,292,398	511,284	-	1,523,954	1,413,287	110,668	-
Covered bonds issued by others	**465,567**	-	439,693	-	245,023	-	245,023	-
Securities issued or guaranteed by multilateral development banks	**103,007**	-	103,007	-	59,643	-	59,643	-
Total	**2,589,376**	**1,292,398**	**1,078,388**	**192,716**	**2,025,314**	**1,413,287**	**438,352**	**173,675**
Distribution by currency, %		*50%*	*42%*	*7%*		*70%*	*22%*	*9%*

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 European Parliament and Council Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (prudential regulation) act (2014: 966) on capital buffers, and the Swedish Financial Supervisory Authority (SFSA) (Sw. Finansinspektionen) FFFS 2014: 12 on regulatory requirements and capital buffers. The outcome refers to the calculation in accordance with the statutory minimum capital requirement, called Pillar I, as well as capital in accordance to the combined buffer requirement.

EnterCard applies the standardized approach to calculate the capital requirement for credit risk. Credit risk is calculated on all asset and off-balance sheet items unless deducted from own funds. Capital requirements for operational risk is calculated using the standardized approach, which means that the activities are divided into business areas which have been assigned different beta factors. Capital requirement is calculated as a three-year average for the last three year's financial operating revenue in each business multiplied by the corresponding beta factor. EnterCard also calculates a capital requirement for currency 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 1.8 percent of the risk-weighted exposure amount. EnterCard don´t have any exposures within Trading.

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 Norway, branch of EnterCard Group AB” and ”EnterCard Denmark, branch of 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, 2017, the internal capital requirement amounted to 14.8 percent.

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

Capital adequacy analysis	9/30/2018	12/31/2017
Common Equity Tier 1 capital ratio	17.2%	18.9%
Tier 1 capital ratio	17.2%	18.9%
Total capital ratio	17.2%	18.9%

Capital adequacy	9/30/2018	12/31/2017
Shareholders´equity	5,564,124	5,651,587
Intangible assets	-101,691	-123,206
Deferred taxes	-6,181	-5,664
Dividends and other forseeable charges	-382,385	-550,000
Common equity Tier 1	**5,073,868**	**4,972,717**
Tier 1 capital	**5,073,868**	**4,972,717**
Total capital base	**5,073,868**	**4,972,717**

Risk exposure amount and own funds requirement for credit risk 2018-09-30

Exposure classes	Risk exposure amount	Own funds requirement
Institutional exposures	536,150	42,892
Covered bonds	49,144	3,932
Retail exposures	20,448,733	1,635,899
Regional governments or local authorities	1,730	138
Corporate exposures	6,995	560
Exposures in default	744,569	59,566
Other exposures	519,405	41,552
Total	**22,306,728**	**1,784,538**
Total capital requirement for credit risk according to the standardized approach		**1,784,538**

Capital requirement for operational risk	
Risk exposure amount	4,268,360
Capital requirement according to the standardized approach	341,469
Total capital requirement for operational risk	**341,469**

Capital requirement for market risk (foreign exchange risk)	
Risk exposure amount	2,826,065
Capital requirement	226,085
Total capital requirement for market risk (foreign exchange risk)	**226,085**
Capital requirement for settlement risk	**-**
Capital requirement for credit value adjustment (CVA) risk	**-**
Total capital requirement	**2,352,092**

Requirements buffers, %	9/30/2018
Total Tier 1 capital requirement including buffer requirement	8.8
whereof minimum CET1 requirement	*4.5*
whereof capital conservation buffer requirement	*2.5*
whereof countercyclical capital buffer requirement	*1.8*
whereof system risk buffer requirement	*-*
Common Equity Tier 1 capital available to be used as buffer	9.3
Leverage ratio, %	**13.4**

Tier 1 capital in relation to the total exposure measure. Where the exposure measure includes both on- and off-balance sheet items.

Risk exposure amount and own funds requirement for credit risk 2017-12-31

Exposure classes	Risk exposure amount	Own funds requirement
Institutional exposures	530,202	42,416
Covered bonds	24,476	1,958
Retail exposures	17,644,425	1,411,554
Regional governments or local authorities exposures	1,506	120
Corporate exposures	8,017	641
Exposures in default	752,030	60,162
Other exposures	224,993	17,999
Total	**19,185,647**	**1,534,852**
Total capital requirement for credit risk according to the standardized approach		**1,534,852**

Capital requirement for operational risk	
Risk exposure amount	4,250,245
Capital requirement according to the standardized approach	340,020
Total capital requirement for operational risk	**340,020**

Capital requirement for market risk (foreign exchange risk)	
Risk exposure amount	2,940,218
Capital requirement	235,217
Total capital requirement for market risk risk (foreign exchange risk)	**235,217**

Total capital requirements	**2,110,089**

Note 8 Related parties

Swedbank AB (publ) and Barclays Bank Plc has control through a joint venture. The companies are ultimate parent in the respective group.

	Swedbank Group			Barclays Group		
Balance sheet	**9/30/2018**	**12/31/2017**	**9/30/2017**	**9/30/2018**	**12/31/2017**	**9/30/2017**
Assets						
Loans to credit institutions	2,680,011	2,650,169	2,615,695	-	-	-
Other assets	1,115	1,370	1,000	-	-	-
Total	**2,681,126**	**2,651,540**	**2,616,695**	**-**	**-**	**-**
Liabilities						
Amounts owed to credit institutions	13,938,246	11,483,462	11,192,855	13,938,246	11,483,462	11,192,855
Other liabilities	13,966	23,234	19,741	21,497	21,497	21,497
Total	**13,952,213**	**11,506,696**	**11,212,596**	**13,959,743**	**11,504,959**	**11,214,352**
Income statement						
Interest income	86	-309	-206	-	-	-
Interest expenses	-57,710	-70,088	-54,156	-57,603	-69,854	-53,993
Commission income	59,579	123,828	10,670	-	-	-
Commission expenses	-4,048	-5,881	-4,291	-	-	-
Other expenses	-5,138	-11,927	-9,168	-	-	-
Total	**-7,232**	**35,622**	**-57,151**	**-57,603**	**-69,854**	**-53,993**

Stockholm November 26, 2018

Freddy Syversen
Chief Executive Officer