

Interim Report

January–September 2022



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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, 2022.

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. While society has moved into a post pandemic state, translating into higher customer activity, the period has largely been characterized by increased macro-economic uncertainty driven by the war in Ukraine. Both inflation and interest rates in Scandinavia have continued to increase sharply 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.

Quarterly result

Operating income for the third quarter amounted to 769,7m SEK (compared to 843,8m SEK the same period previous year). The quarter's operating profit amounted to 320,2m SEK (311,8m SEK).

Year to Date Earnings, Profitability and Position

Operating income amounted to 2 367,5m SEK (2 522,4m SEK). Total loans to the public without considering provisions of anticipated loan losses as per September 30, 2022, was 34 715,2 SEK (33 606,7m SEK).

Non performing loans, after loan loss provision, as per September 30 amounted to a book value of 1 627,9m SEK which constitutes 5.1 percent of the total credit portfolio.

Operating profit (pre tax) amounted to 731,6m SEK (939,8m SEK).

Investments

Investments in tangible assets during the period increased by 0,4m SEK and intangible assets increased with 1,0m SEK. Entercard continuously assesses whether there are indications of diminished value for assets. The evaluation during the period shows 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 September 30 amounted to 3 775,1m SEK (3 956,6m SEK).

The liquidity reserve amounted to 2 625,8m SEK (2 619,6m SEK). Entercard Group AB's Liquidity Coverage Ratio (LCR) was 380% (316%). According to Entercard's interpretation of the Basel Committee's most recent proposal on Net Stable Funding Ratio (NSFR), Entercard's NSFR was 140% (124%).

As per September 30, 2022, the survival horizon, in a scenario with a very limited access to funding and significantly decreased inflows from customers, was 117 days for Sweden, 151 days for Norway and 151 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 (Pillar 3).

Capital Adequacy

Total capital ratio for Entercard as per September 30, 2022, was 17.9%. The total adjusted Tier 1 Capital base amounted to 4 914,30m SEK and the total risk exposure amount for credit risk was 25 383,2m 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, 2022, have been subject for a general review.

Quarterly Performance

	2022	2021
TSEK	Q3	Q3
Interest income	787 767	789 193
Interest expenses	-131 840	-66 980
Net interest income	655 927	722 213
Commission income	218 384	196 366
Commission expenses	-112 454	-112 431
Net commissions	105 930	83 935
Net gain/loss transactions from financial instruments	-2 885	1 905
Other income	10 701	35 743
TOTAL OPERATING INCOME	769 673	843 796
Staff costs	-142 877	-132 432
Other general administrative expenses	-205 515	-158 518
Total general administrative expenses	-348 392	-290 950
Depreciation/amortization and impairment of tangible and intangible assets	-2 772	-5 042
TOTAL OPERATING EXPENSES	-351 164	-295 992
Profit before loan losses	418 509	547 803
Loan losses, net	-98 349	-235 976
OPERATING PROFIT	320 160	311 828
Tax expense	-69 882	-70 511
PROFIT/LOSS FOR THE YEAR	250 278	241 317

Statement of comprehensive income

	2022	2021
TSEK	Q3	Q3
Profit for the year recognized within the income statement	250 278	241 317
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	-6 313	16 826
Exchange rate differences	40 345	20 067
Tax	-	-
Total	34 032	36 893
Total profit	284 310	278 210

Income Statement

TSEK	Note	2022	2021	2021
		Jan-Sept	Full Year	Jan-Sept
Interest income		2 306 092	3 189 771	2 416 557
Interest expenses		-259 403	-219 681	-163 578
Net interest income		2 046 689	2 970 090	2 252 979
Commission income		619 307	750 803	552 133
Commission expenses		-321 603	-425 209	-325 224
Net commissions		297 704	325 594	226 908
Net gain/loss transactions from financial instruments	2	-7 380	-6 755	-8 551
Other income		30 531	77 461	51 094
TOTAL OPERATING INCOME		2 367 543	3 366 390	2 522 431
Staff costs		-413 286	-544 539	-390 299
Other general administrative expenses		-625 189	-763 414	-532 199
Total general administrative expenses		-1 038 475	-1 307 953	-922 498
Depreciation/amortization and impairment of tangible and intangible assets		-8 634	-23 849	-19 993
TOTAL OPERATING EXPENSES		-1 047 109	-1 331 802	-942 491
Profit before loan losses		1 320 434	2 034 588	1 579 940
Loan losses, net	3	-588 823	-1 002 271	-640 107
OPERATING PROFIT		731 611	1 032 317	939 834
Tax expense		-160 115	-186 568	-211 716
PROFIT/LOSS FOR THE YEAR		571 496	845 749	728 118

Statement of Comprehensive Income

TSEK		2022	2021	2021
		Jan-Sept	Full Year	Jan-Sept
Profit for the year recognized within the income statement		571 496	845 749	728 118
Components which will not be reclassified to the income statement				
Revaluation of defined-benefit pensions		-	13 430	-
Tax		-	-2 767	-
Total		-	10 663	-
Components which have or will be reclassified to the income statement				
Unrealised changes in fair value	2	-22 653	14 087	17 812
Exchange rate differences		20 266	126 494	88 920
Tax		-	-26 777	-
Total		-2 387	113 804	106 732
Other comprehensive income			124 467	
Total profit		569 109	970 216	834 850

Balance Sheet

Assets

TSEK	Note	2022	2021	2021
		30 September	31 Dec	30 September
Assets				
Deposits	4	3 775 080	4 446 056	3 956 646
Loans to the public	4	31 754 113	30 474 272	30 816 768
Bonds and other interest-bearing securities	5,6	2 625 784	2 875 442	2 619 590
Intangible assets		15 327	21 197	24 848
Tangible assets		1 297	2 491	3 017
Deferred tax assets		13 548	13 548	15 563
Other assets		320 736	342 189	206 415
Prepaid expenses and accrued income		84 151	72 302	90 711
TOTAL ASSETS		38 590 037	38 247 497	37 733 559

Liabilities and Equity

Liabilities			
Amounts owed to credit institutions		32 841 137	31 203 598
Other liabilities		139 054	190 337
Accrued expenses and prepaid income		257 936	269 492
Pension provisions		25 371	27 953
Provisions		32 779	31 465
TOTAL LIABILITIES		33 296 277	31 722 846
Equity			
Share capital		5 000	5 000
Fund for development expenditures		21 197	21 197
Reserves		-277 644	-275 257
Retained earnings		5 545 207	6 773 711
TOTAL EQUITY		5 293 761	6 524 651
TOTAL LIABILITIES AND EQUITY		38 590 037	38 247 497
			37 733 559

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, 2021	5 000	41 296	-380 333	-8 728	6 897 201	6 554 435
Dividends					-1 000 000	-1 000 000
Profit/loss for the period			88 920	17 812	728 118	834 850
<i>of which recognized in income statement</i>					728 118	728 118
<i>of which recognized in other comprehensive income</i>			88 920	17 812	-	106 732
Closing balance September 30, 2021	5 000	41 296	-291 413	9 084	6 625 319	6 389 285

TSEK	Share capital	Fund for development expenditures	*Foreign currency reserve	**Fair value reserve	Retained earnings	Total Equity
Opening balance January 1, 2021	5 000	41 296	-380 333	-8 728	6 897 201	6 554 435
Dividends	-	-	-	-	-1 000 000	-1 000 000
Transfer to/from restricted equity	-20 099				20 099	-
Profit/loss for the year		103 348	10 456	856 412	970 216	
<i>of which recognized in income statement</i>				845 749	845 749	
<i>of which recognized in other comprehensive income</i>		126 494	14 087	13 430	154 011	
<i>of which tax recognized in other comprehensive income</i>		-23 146	-3 631	-2 767	-29 544	
Closing balance December 31, 2021	5 000	21 197	-276 985	1 728	6 773 711	6 524 651

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
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

*Currency translation reserve from revaluation of the branches

**Fair value changes of the bond portfolio

Statement of Cash Flow

TSEK	2022	2021	2021
	Jan-Sept	Full Year	Jan-Sept
Operating activities			
Operating profit/loss	731 611	1 032 317	939 834
Adjustments for non-cash items	-18 657	416 809	236 007
Taxes paid	-151 201	-289 748	-276 778
Cash flow from operating activities before working capital changes	561 753	1 159 378	899 062
Cash flow from changes in working capital			
Increase/decrease in loans to the public	-1 140 695	901 956	521 700
Increase/decrease of bonds and other interest-bearing securities	231 896	-16 783	-705 834
Increase/decrease in other assets	36 012	-947 049	39 159
Increase/decrease in other liabilities	-96 605	4 680	-58 180
Cash flow from operating activities	-969 392	-57 196	-203 154
Investing activities			
Purchase of intangible assets	-980	-428	-1 007
Purchase of tangible assets	-361	-91	
Cash flow from investing activities	-1 340	-519	-1 007
Financing activities			
Dividends	-1 800 000	-1 000 000	-1 000 000
Increase/decrease of deposits and borrowing	1 503 415	-300 376	-361 545
Cash flow from financing activities	-296 585	-1 300 376	-1 361 545
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	4 446 056	4 570 206	4 570 205
CASH FLOW FOR THE PERIOD	-705 564	-198 712	-666 644
Exchange rate differences on cash and cash equivalents	34 589	74 562	53 086
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3 775 080	4 446 056	3 956 646

Notes

The interim report for Entercard Group AB (org nr 556673-0585) refers to the period January 1 - September 30, 2022. 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 2021.

New standards, interpretations and amendments adopted by the Group

The accounting principles applied in the interim report are consistent with the accounting policies applied in the preparation of the annual report for 2021, except for the adoption of new standards, interpretations and amendments effective as of 1 January 2022.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Note 2 Net Financial Income

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

	2022	2021	2021
	Jan-Sept	Full Year	Jan-Sept
Realised gains/losses recognized in profit and loss			
Reclassification through Other comprehensive income to this periods profit for realised gains/losses	-	11 980	-
Realised gain/loss bonds and other interest-bearing securities	-4 625	-18 849	-9 142
Exchange rate profit / loss	-2 755	114	591
Total realised gain/loss in profit or loss	-7 380	-6 755	-8 551
Unrealised gains/losses recognized in Other comprehensive income			
Reclassification through Other comprehensive income to this periods profit for realised gains/losses	-	-11 980	-
Unrealised changes in value bonds and other interest-bearing securities	-22 653	14 087	17 812
Total unrealised gain/loss in Other comprehensive income	-22 653	2 107	17 812
Total	-30 033	-4 648	9 261

Note 3 Loan Losses, Net

	2022	2021	2021
	Jan-Sept	Full Year	Jan-Sept
Loans at amortized cost			
Change in provisions - stage 1	52 314	171 398	106 896
Change in provisions - stage 2	49 330	74 886	45 572
Change in provisions - stage 3	-64 566	-618 940	-368 083
Total	37 078	-372 657	-215 615
The periods write-off for established loan losses	-701 539	-634 532	-430 075
Recoveries from previously established loan losses	76 604	7 065	4 126
Total	-624 935	-627 468	-425 949
Loan losses net, loans at amortized cost	-587 857	-1 000 124	-641 564
Loan losses credits granted but not utilized			
Change in provisions - stage 1	-482	1 895	1 246
Change in provisions - stage 2	-484	-4 041	211
Loan losses net, loan commitments	-966	-2 146	1 457
Total loan losses	-588 823	-1 002 271	-640 107

Note 4 Change in Provisions for Loans

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) and provisions September 30, 2021.

	Performing loans		Non-performing loans		Total
	Stage 1	Stage 2	Stage 3		
Book value, gross					
Opening balance January 1, 2021	28 355 679	2 533 874	2 810 081	33 699 634	
Closing balance September 30, 2021	27 805 521	2 286 036	3 515 103	33 606 660	
Provisions for loans to the public and loans to credit institutions					
Opening balance January 1, 2021	-651 214	-481 200	-1 388 240	-2 520 655	
New and derecognised financial assets, net	-39 683	62 131	234 614	257 062	
Changes in credit risk	30 451	3 988	-14 869	19 570	
Transfer between stages during the period					
from stage 1 to stage 2	60 482	-260 870	-	-200 388	
from stage 1 to stage 3	33 847	-	-355 380	-321 533	
from stage 2 to stage 1	-21 865	98 610	-	76 745	
from stage 2 to stage 3	-	137 192	-270 604	-133 412	
from stage 3 to stage 1	-120	-	2 002	1 882	
from stage 3 to stage 2	-	-1 852	4 166	2 314	
Other	36 469	-	-7 946	28 523	
Closing balance September 30, 2021	-551 633	-442 001	-1 796 257	-2 789 892	
Book value, net					
Opening balance January 1, 2021	27 704 465	2 052 674	1 421 840	31 178 979	
Closing balance September 30, 2021	27 253 888	1 844 035	1 718 846	30 816 768	

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	

Change in book value (gross) September 30, 2021.

	Performing loans		Non-performing loans		Total
	Stage 1	Stage 2	Stage 3		
Book value, gross					
Opening balance January 1, 2021	28 355 679	2 533 874	2 810 081	33 699 634	
New and derecognised financial assets, net	801 738	-304 284	-450 696	46 758	
Changes in credit risk	-472 995	-46 015	-48 366	-567 376	
Transfer between stages during the period					
from stage 1 to stage 2	-1 319 560	1 335 713	-	16 153	
from stage 1 to stage 3	-679 517	-	686 517	7 000	
from stage 2 to stage 1	629 628	-715 217	-	-85 589	
from stage 2 to stage 3	-	-527 373	530 080	2 707	
from stage 3 to stage 1	4 354	-	-4 487	-133	
from stage 3 to stage 2	-	9 338	-9 845	-507	
Other	486 194	-	1 820	488 014	
Book value					
Closing balance September 30, 2021	27 805 521	2 286 036	3 515 104	33 606 661	

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

	2022	2021	2021
	30 September	31 Dec	30 September
Credit facilities, granted but not paid	98 676	104 109	139 601
Credits granted but not utilized	44 410 001	42 953 656	42 390 681
Provisions for off-balance commitments			
Stage 1	24 731	23 936	24 423
Stage 2	8 048	7 528	3 233
Total	32 779	31 465	27 656

Allocation of loans between stages and provisions (IFRS 9)

	2022	2021	2021
	30 September	31 Dec	30 September
Deposits			
Stage 1			
Book value, gross	3 775 080	4 446 056	3 956 646
Total book value	3 775 080	4 446 056	3 956 646
Loans to the public, private customers			
Stage 1			
Book value, gross	28 048 645	26 973 345	27 335 839
Provisions	-442 752	-485 448	-551 152
Book value	27 605 893	26 487 897	26 784 687
Stage 2			
Book value, gross	2 497 407	2 432 613	2 286 036
Provisions	-368 570	-415 083	-442 001
Book value	2 128 837	2 017 531	1 844 035
Stage 3			
Book value, gross	3 770 079	3 636 955	3 508 600
Provisions	-2 145 178	-2 062 891	-1 792 880
Book value	1 624 901	1 574 064	1 715 720
Total book value	31 359 631	30 079 492	30 344 442
Loans to the public, corporate customers			
Stage 1			
Book value, gross	391 780	395 544	469 682
Provisions	-301	-4 039	-481
Book value	391 479	391 505	469 201
Stage 3			
Book value, gross	7 318	6 814	6 503
Provisions	-4 316	-3 539	-3 378
Book value	3 002	3 275	3 125
Total book value	394 481	394 780	472 326
Total	35 529 192	34 920 328	34 773 414
Book value gross, stage 1	28 440 425	27 368 889	27 805 521
Book value gross, stage 2	2 497 407	2 432 613	2 286 036
Book value gross, stage 3	3 777 397	3 643 769	3 515 103
Total book value gross	34 715 229	33 445 271	33 606 660
Provisions stage 1	-443 053	-489 487	-551 633
Provisions stage 2	-368 569	-415 083	-442 001
Provisions stage 3	-2 149 494	-2 066 430	-1 796 258
Total provisions	-2 961 116	-2 971 000	-2 789 892
Total book value	31 754 113	30 474 272	30 816 768
Share of loans in stage 3, gross, %	10,88%	10,89%	10,46%
Share of loans in stage 3, net, %	5,13%	5,17%	5,57%
Provision ratio of loans stage 1	1,56%	1,79%	1,98%
Provision ratio of loans stage 2	14,76%	17,06%	19,33%
Provision ratio of loans stage 3	56,90%	56,71%	51,10%
Total provision ratio of loans	8,53%	8,88%	8,30%

Note 5 Bonds and Other Interest-bearing Securities

Financial assets measured at fair value through Other comprehensive income.

Issuers	2022	2021	2021
	30 September	31 Dec	30 September
Municipalities	1 640 464	1 915 820	1 416 966
Swedish mortgage institutions	322 178	206 500	327 839
Foreign credit institutions	466 854	109 070	107 002
Foreign mortgage institutions	59 154	513 689	638 055
Other foreign issuers	137 135	130 364	129 727
Total	2 625 784	2 875 442	2 619 590

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

Remaining maturity	2022	2021	2021
	30 September	31 Dec	30 September
Maximum 1 year	254 226	130 364	129 727
Longer than 1 year but maximum 5 years	2 289 639	2 013 982	2 005 225
Longer than 5 years	81 919	731 096	484 638
Total	2 625 784	2 875 442	2 619 590

Total holdings of financial assets, broken down by issuer	2022	2021	2021
	30 September	31 Dec	30 September
Issued by public entities	1 777 599	2 046 184	1 546 693
Issued by other borrowers	848 185	829 258	1 072 896
Total	2 625 784	2 875 442	2 619 590
Average remaining maturity, years	2,37	3,09	3,05
Average remaining fixed interest term, years	0,21	0,46	0,54
<i>of which listed securities, TSEK</i>	2 625 784	2 875 442	2 619 590
<i>of which unlisted securities, TSEK</i>	-	-	-

Note 6 Liquidity Reserve and Liquidity Risk

	2022 30 September	Distribution by currency			2021 30 September	Distribution by currency		
		SEK	NOK	DKK		SEK	NOK	DKK
Securities issued or guaranteed by government or central bank	137 135	-	-	-	137 135	129 727	-	-
Securities issued or guaranteed by municipalities or non-governmental public entities	1 640 464	1 397 854	242 610	-	1 416 966	932 329	484 638	-
Covered bonds issued by others	381 332	322 178	59 154	-	965 895	327 839	638 055	-
Securities issued or guaranteed by multilateral development banks	466 854	-	466 854	-	107 002	-	107 002	-
Total	2 625 784	1 720 032	768 617	137 135	2 619 590	1 260 168	1 229 695	129 727
<i>Distribution by currency, %</i>		65,5%	29,3%	5,2%		48,1%	46,9%	5,0%

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 standardized 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. During 2021, Entercard was granted a permanent approval to exempt certain structural currency positions from the calculation of the capital requirement, namely such positions that has been taken deliberately in order to hedge the capital ratio against adverse changes in the currency rates. Before, Entercard had a temporary approval until December 31st 2021.

Entercard uses the alternative standardized approach for calculating the capital requirements for operational risk. The approval for calculating the own funds requirement for operational risk using the alternative standardized approach was granted by the SFSA in December of 2021.

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 1.1 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 1%, 2% and 2%, respectively in 2022.

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 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.

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

Capital Adequacy

	2022	2021
	30 September	31 Dec
Common Equity Tier 1 Capital: Instruments and reserves		
Capital instrument and associated share premium	5 000	5 000
Reserves	5 107 607	6 061 858
Accumulated other comprehensive income	-390 342	-387 956
Profit net, after deduction of foreseeable cost's and dividend's, verified by auditors	228 598	-954 251
Common Equity Tier 1 Capital before adjustments	4 950 863	4 724 651
Value adjustments due to the requirements for prudent valuation	-7 730	-3 022
Intangible assets	-15 327	-21 197
Deferred tax assets that rely on future profitability and arise from temporary differences	-13 548	-13 548
Negative values associated to expected losses	-	-
Losses current year	-	-
Total adjustments of Common Equity Tier 1 Capital	-36 604	-37 767
Common Equity Tier 1 Capital	4 914 259	4 686 884
Additional Tier 1 Capital: instruments	-	-
Tier 1 Capital	4 914 259	4 686 884
 Tier 2 Capital: Instruments and provisions	 2022	 2021
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	4 914 259	4 686 884
Total risk weighted exposure amount	27 481 165	26 703 616
Common Equity Tier 1 capital ratio	17,9%	17,6%
Tier 1 capital ratio	17,9%	17,6%
Total capital ratio	17,9%	17,6%
 Requirements buffers, %	 2022	 2021
Total Tier 1 capital requirement including buffer requirement	8,1	7,2
whereof minimum CET1 requirement	4,5	4,5
whereof capital conservation buffer requirement	2,5	2,5
whereof countercyclical capital buffer requirement	1,1	0,2
Common Equity Tier 1 capital available to be used as buffer	9,8	10,4
Leverage ratio	11,4%	11,0%

Risk exposure amount and own funds requirement for credit risk

Exposure classes	2022		2021	
	30 September	Own funds requirement	31 Dec	Own funds requirement
Institutional exposures	755 168	60 413	889 271	71 142
Covered bonds	38 133	3 051	72 019	5 762
Retail exposures	22 551 514	1 804 121	21 631 795	1 730 544
Regional governments or local authorities exposures	1 913	153	1 913	153
Corporate exposures	2 418	193	2 756	220
Exposures in default	1 627 904	130 232	1 577 339	126 187
Other exposures	406 184	32 495	416 982	33 359
Total	25 383 234	2 030 659	24 592 075	1 967 366
2022				
30 September				
Total capital requirement for credit risk according to the standardized approach				
		2 030 659		1 967 366
2021				
31 Dec				
Capital requirement for operational risk				
Risk exposure amount		1 939 063		1 882 696
Capital requirement according to the alternative standardized approach		155 125		150 616
Total capital requirement for operational risk		155 125		150 616
2022				
30 September				
Capital requirement for market risk (foreign exchange risk)				
Risk exposure amount		158 868		228 845
Capital requirement		12 709		18 308
Total capital requirement for market risk		12 709		18 308
Capital requirements for settlement risk		-		-
Capital requirements for credit value adjustment (CVA) risk		-		-
Total capital requirements		2 198 493		2 136 289
Total risk exposure amount		27 481 165		26 703 616

Internal capital requirement

	2022	2021
	30 September	31 Dec
Capital requirement according to Pillar 1		% av REA*
Credit risk	2 030 659	7,4
Market risk	12 709	-
Operational risk	155 125	0,6
Settlement risk	-	-
Credit value adjustment (CVA) risk	-	-
Total capital requirement according to Pillar 1	2 198 493	8,0
Capital requirement according to Pillar 2		
Other capital requirement	610 377	2,2
Total capital requirement according to Pillar 2	610 377	2,2
Combined buffer requirement		
Countercyclical buffer	298 578	1,1
Capital conservation buffer	687 029	2,5
Total combined buffer requirement	985 607	3,6
Management buffer		
Additional management buffer	274 812	1,0
Total management buffer	274 812	1,0
Internal capital requirement		
Total capital requirement	4 069 289	14,8
Capital base		
Total capital base	4 914 259	17,9
		13,3
		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		
	2022	2021	2021	2022	2021	2021
Balance Sheet	30 September	31 Dec	30 September	30 September	31 Dec	30 September
Assets						
Deposits	3 775 080	4 446 056	3 956 646	-	-	-
Other assets	946	1 294	989	-	-	-
Total	3 776 026	4 447 350	3 957 636	-	-	-
Liabilities						
Amounts owed to credit institutions	16 420 569	15 601 799	15 476 038	16 420 569	15 601 799	15 476 038
Other liabilities	12 676	17 740	15 259	-	13 007	13 007
Total	16 433 244	15 619 539	15 491 297	16 420 569	15 614 806	15 489 045
Income Statement						
Interest income	4 287	-4 425	-3 435	-	-	-
Interest expenses	-115 141	-85 749	-63 102	-114 747	-85 756	-63 108
Commission income	70 861	93 490	69 271	-	-	-
Commission expenses*	-77 648	-133 083	-110 941	-	-	-
Other expenses	-8 211	-9 369	-6 656	-	-	-
Total	-125 852	-139 136	-114 863	-114 747	-85 756	-63 108

*Adjustment of commission expenses to Swedbank TSEK -106 764 per 31 December 2021 and TSEK -81 258 per 30 September 2021.

Note 9 Risks and risk Control

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the Group has performed an assessment on the nature and extent of risks to which it is exposed due to financial instruments that are subject to the interest rate benchmark reform.

IBOR reform exposes the Group to various risks which are managed and monitored closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable
- Financial risk to the Group and its clients that markets are disrupted due to IBOR reform giving rise to financial losses
- Operational risk arising from changes to the Group's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available

As of 30 September 2022, Entercard's exposure to IBORs is limited to the Nordic IBORs, i.e. STIBOR, NIBOR and CIBOR, which all are or have been reformed, rather than replaced, by the various administrative bodies. In addition, RFRs are or have been implemented as fallback solutions in case a Nordic IBOR ceases to exist.

Following the conclusion of its impact assessment of the IBOR reform, the Group has put in place detailed plans, processes and procedures to ensure a successful completion of transition activities. As the Nordic IBORs are expected to continue to exist for the foreseeable future, financial instruments which reference those rates will not need to be transitioned to RFRs, unless the market situation changes. Entercard is in the process of updating its existing contracts for appropriate fallback language and will continue to monitor the situation to determine whether a material change in situation has occurred that would require more extensive quantitative disclosures.

Stockholm November 29, 2022

Jan Haglund
Chief Executive Officer