Annual Report
2020

entercard

Entercard Group AB 556673–0585

ANNUAL REPORT

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CERTIFICATE OF ADOPTION

The undersigned Chief Executive Officer hereby certifies that this copy of the Annual Accounts and audit report corresponds to the original and that the income statement and balance sheet have been adopted at the annual general meeting of the shareholders held . It was further resolved at the Annual General Meeting to accept the Board's proposal for the appropriation of the current year's earnings.

Stockholm 2021

Freddy Syversen

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ANNUAL REPORT FOR ENTERCARD GROUP AB

The board and the Chief Executive Officer for Entercard Group AB hereby submits the Annual Report for the financial year 2020.

THE BOARD OF DIRECTOR'S REPORT

Scope and type of Operations

Entercard Group AB operates in the Scandinavian market, with the issuance of credit cards and consumer loans. The company is a joint venture which was established in 2005 when Barclays Bank, the largest credit institution providing credit card financing in Europe, became a shareholder and partner to 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 Denmark, Norway and Sweden, as well as issuing credit cards and loans under different partners' brands and through their own distribution channels; including Swedbank, a number of Swedish savings banks, Coop and LO in Sweden, Coop in Norway and LO in Denmark. Today, Entercard has approximately 2 million customers and approximately 470 employees in Stockholm, Copenhagen, Oslo, and Trondheim.

It is important for Entercard to act as a responsible provider of consumer credit by continually securing that customers use their credit facilities, whether credit cards or loans in a safe and sound way and to ensure that reasonable credit levels are given to each individual customer.

Ownership

Entercard Group AB is owned by Swedbank AB, 60% and Barclays Principal Investments Limited, 40% through a joint venture. Entercard Group AB operates two branches in Norway and Denmark, respectively.

Sustainability

The work for a sustainable society is an integral element in realizing the company's vision. Entercard has divided sustainability into these categories, economic, ecological and social sustainability. For the full sustainability report, go to www.entercard.com.

Significant events during the year

There were a number of items of significance for Entercard during 2020. Most of these items derived from the fallout from the Covid-19 pandemic.

This pandemic has been global and has had adversely sharp impacts to infection and mortality rates and created a sustained level of fear and apprehension that persisted throughout 2020.

The pandemic condition depressed economic activity broadly. This downturn is unique when compared to historical macro-economic events. The range of Entercard products connect strongly to the vibrancy of citizens' personal lives. Consequently, the use of Entercard's products slowed noticeably and the rate of new accounts brought on board was slower than pre-Covid times.

The macro-economic stress has challenged the certainty of Entercard asset values in the future. In response, Entercard took an additional Provision charge of 142msek during the year to provide for potential future losses. In addition to the additional provision charge, the overall level of risk has increased in secondary debt markets due to Covid-19 which affected valuation and loss levels and, therefore, required further provisions in 2020. If the economic environment continues to deteriorate additional Provision balances could be booked. Entercard and its customers benefited from the governmental measures to support financial businesses through the pandemic. There was temporary relief on regulatory capital requirements introduced by the FSAs in all three countries by the reduction of the Counter-Cyclical buffer, which strengthened Entercard's capital position. Additionally, customers that requested credit payment postponement due to difficulties from Covid, were not deemed to exhibit a 'significant' change in risk. This relief measure lessens the number of customers who moved from in-order status to delinquent or past due status, as usually is required under IFRS 9. Entercard experienced a moderate increase in the number of customers requesting payment postponement.

As 2020 ended, there was no clear indication that the Covid infection rates would soon diminish materially. Neither were there signs that the governments of Denmark, Norway and Sweden were ready to open the societies up for travel and eliminate infection mitigation measures such as keeping distance or wearing of facemasks requirements. In fact, the rate of infections showed signs of accelerating towards the end of 2020. It is likely that Entercard, along with other companies and people in Scandinavia, will be managing Covid conditions through 2021. Despite these conditions, Entercard has remained adaptive with 'work from home' strategies to ensure that the employees can work in a secure manner while continuing to deliver products and services to the Entercard customer base.

Significant events after the year end

Since the close of 2020, Denmark, Norway and Sweden have implemented more restrictions due to the volatility of Covid infection rates. Entercard will continue to support the employees and customers throughout the journey back to full societal operation. Entercard will during 2021 encounter a CEO change. The long-standing CEO, Freddy Syversen, will retire after August 31, 2021. Freddy Syversen has made major contributions to the Entercard development for more than 20 years. He will be succeeded by Jan Haglund. Jan comes to Entercard with 20 years of experience from the card, lending, payment and factoring business, as well as extensive experience in defining and driving change projects in the financial sector. He will join Entercard from Komplett Bank, where he held both the CFO and – since 2019 – the CEO position.

Future developments

The development towards more digital solutions continues with a focus to enhance convenience, speed and simplicity for the customer product and service solutions provided.

- Large international players, both within and outside the payments industry, are indicating an aspiration to take on a larger presence in the Scandinavian market by offering new and enhanced payment solutions but the progression has been slower than expected, particularly due to the pandemic disruptions during 2020.

- Traditional banks have increased their activities within the fintech and payments area, both through partnerships, acquisitions, launch new apps and app feature. This trend will continue as customers become increasing familiar with digital solutions.

As a response to this, Entercard is continuously active in developing simple and efficient digital customer interfaces, including enhancing all existing customer touch points, such as product apps and self-servicing, and upcoming launches within digitalized payment and aggregation solutions. Entercard is continuously exploring new ways of providing financing and create engagement with the customers throughout the customer lifecycle.

In addition to the trends with competitors and digital solutions, actual and anticipated regulatory developments will be relevant for Entercard's consideration going forward. Regulators across Europe and within Scandinavia continue to be active in putting forth measures that will provide more security, access and security for customers and the broader economies.

- The implementation of PSD2 requirements on strong customer authentication for electronic payments is near finish in Europe. The scope of this requirement is to protect payments from fraud and unauthorized access and the EU deadline has been set to 1 January 2021. Entercard meets this requirement in full for point of sale and ATM payments with chip cards and PIN validation. For strong customer authentication for remote payments, i.e. e-commerce payments and e-banking account access, Entercard has the tools in place to support the requirements in full by using the card industry standard of EMC 3DSecure application supported by mobile bank ID in Norway, Sweden and Denmark. The regulatory expectation is that unauthenticated payment attempts within the EEA should be declined unless the card issuer at own risk decides to approve the payment by applying an allowed exemption. The challenge is that some e-commerce merchants are not yet compliant with the regulation and continue to allow cardholders to make payments without an appropriate application, at the merchant side risk. If issuers of cards decline all such payments it can lead to a bad customer experience in e-commerce and possibly reduced spend on card products and thus lost revenue for issuers. It remains to be seen whether merchants swiftly will make the needed systems enhancements to accommodate the requirement or whether issues will comply and decline non-compliant transactions.

- During 2019, the Norwegian regulators implemented new rules affecting consumer credit affordability considerations. These new rules greatly affected the lender actors in the Norwegian market, which slowed down the sale of new cards and loans. The regulators in Sweden are currently evaluating whether similar measures are appropriate for the Swedish market. Entercard has been adapting to the changed landscape in the Norwegian consumer finance market, and will remain focused on the regulatory landscape in Sweden.

Entercard will continue to deliver for its customers in this dynamic and competitive landscape while considering emerging trends in order to enhance the value provided for customers and shareholders.

Earnings, profitability and position

Operating income amounted to 3 452,3m SEK (3 606,3m SEK) and operating profit amounted to 690,2m SEK (1 341,2m SEK). Total loans to the public excluding provisions of anticipated loan losses amounted to 33 699,6m SEK (33 965,1m SEK). Impaired loans amounted to a book value of 1 421,8m SEK (1 301,6m SEK) which constitutes 4,5 percent of the total credit portfolio. Total provisions amount to 2 520,6m SEK (1 967,5m SEK).

Staff

The number of employees at year-end was 476 (477). More information about personnel, salaries and compensation is disclosed in note 6.

Risk management

Within Entercard´s business activities, different types of risks arise such as credit risk, operational risk, market risk, liquidity risk and capital risk. For Entercard, credit risk is the dominating risk. Entercard is striving for a well-balanced credit portfolio with diversification through a broad customer base combined with a sound and comprehensive control of the development of losses in its portfolios.

The Board of Directors and the CEO are ultimately responsible for risk management. The purpose of risk management is to secure that the risks taken in the business do not threaten Entercard's solvency or liquidity, and are balanced in regards to the possible return. This is ultimately managed through securing that the risk levels do not exceed the risk appetite, set by the Board of Directors.

Entercard is continuously working with the management of the operational risks through improvement of processes, system, availability and assurance. For a more detailed description of the risks, please refer to note 2.

Liquidity and funding

Funding has exclusively been provided by Swedbank AB and Barclays Principal Investments Limited. Entercard's liquidity need is satisfied through loans provided by the owners and through a considerable buffer of liquid assets. Entercard's cash balance amounted to 4 570,2m SEK at year end (3 501,9m SEK). The liquidity reserve amounted to 1 878,2m SEK (2 773,0m SEK), more detailed information about the liquidity reserve is provided in note 2 and note 14. Entercard Group Liquidity Coverage Ratio (LCR) was 277 % (369 %) and Net Stable Funding Ratio (NSFR) was 123 % (144 %).

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 amounted to 18,2 % (19,7 %) at year end. Information of the composition of the capital base and capital requirements are included in the Capital Adequacy Analysis in note 25.

Proposal for the treatment of current year's earnings (SEK)

The following profits are available for appropriation at the annual general meeting	
Retained earnings	5 975 635 025
Current year's net profit/loss	532 504 482
Total	6 508 139 507

The Board of Directors propose:	
dividends	1 000 000 000
to be carried forward	5 508 139 507
Total	6 508 139 507

Restricted equity is not included in total amount that could be distributed as dividend.

Five year summary Entercard Group AB

Comparative numbers for the year 2016 refers to former Parent Company, Entercard Holding AB, before the merger. Numbers as per 2017-2020 refers to Entercard Group AB after the merger.

TSEK	2020	2019	2018	2017	2016
Deposits	4 570 206	3 501 872	3 701 886	2 650 169	26 703
Loans to the public, net	31 178 979	31 997 575	28 901 734	24 186 570	-
Bonds and other interest-bearing securities	1 878 204	2 772 996	2 501 252	2 025 314	-
Other assets	334 249	605 157	506 705	451 318	1 234 950
Total assets	37 961 639	38 877 600	35 611 577	29 313 371	1 261 654
Amounts owed to credit institutions	30 940 736	31 982 199	29 174 827	22 966 924	-
Liabilities and provisions	466 468	747 656	710 783	694 859	45 505
Equity	6 554 435	6 147 744	5 725 967	5 651 587	1 216 149
Total liabilities, provisions and equity	37 961 639	38 877 600	35 611 577	29 313 371	1 261 654
Net interest income	3 123 397	3 181 735	2 928 859	2 590 811	12
Net commission income	315 335	395 982	411 364	397 538	-5
Dividend from Companies within the Group	-	-	-	-	264 626
Net gain/loss from financial instruments	-9 830	-3 395	-1 921	-7 271	
Other income	23 383	31 999	38 145	51 819	43 854
Total income	3 452 286	3 606 321	3 376 448	3 032 898	308 486
Total costs	-1 363 305	-1 524 314	-1 471 417	-1 394 045	-48 335
Profit before loan losses	2 088 981	2 082 007	1 905 031	1 638 853	260 153
Loan losses, net	-1 398 800	-740 770	-649 326	-512 850	-
Operating profit/loss	690 181	1 341 237	1 255 704	1 126 003	260 153
Tax expense	-157 676	-281 932	-307 914	-276 536	-
Profit/loss for the year	532 504	1 059 305	947 790	849 467	260 153

Five year summary Group

Comparative numbers for 2016 refers to the former Entercard group including subsidiaries before the merger.

TSEK	2020	2019	2018	2017	2016
Deposits	4 570 206	3 501 872	3 701 886	2 650 169	2 078 654
Loans to the public, net	31 178 979	31 997 575	28 901 734	24 186 570	21 573 166
Bonds and other interest-bearing securities	1 878 204	2 772 996	2 501 252	2 025 314	2 249 591
Other assets	334 249	605 157	506 705	451 318	488 924
Total assets	37 961 639	38 877 600	35 611 577	29 313 371	26 390 335
Amounts owed to credit institutions	30 940 736	31 982 199	29 174 827	22 966 924	20 387 761
Liabilities and provisions	466 468	747 656	710 783	694 859	808 364
Equity	6 554 435	6 147 744	5 725 967	5 651 587	5 194 209
Total liabilities, provisions and equity	37 961 639	38 877 600	35 611 577	29 313 371	26 390 335
Net interest income	3 123 397	3 181 735	2 928 859	2 590 811	2 290 191
Net commission income	315 335	395 982	411 364	397 538	341 192
Net gain/loss from financial instruments	-9 830	-3 395	-1 921	-7 271	-3 203
Other income	23 383	31 999	38 145	51 819	79 177
Total income	3 452 286	3 606 321	3 376 448	3 032 898	2 707 356
Total costs	-1 363 305	-1 524 314	-1 471 417	-1 394 045	-1 335 829
Profit before loan losses	2 088 981	2 082 007	1 905 031	1 638 853	1 371 527
Loan losses, net	-1 398 800	-740 770	-649 326	-512 850	-346 815
Operating profit/loss	690 181	1 341 237	1 255 704	1 126 003	1 024 712
Tax expense	-157 676	-281 932	-307 914	-276 536	-243 839
Profit/loss for the year	532 504	1 059 305	947 790	849 467	780 874

Key ratios

Comparative numbers for 2016 refers to the former Entercard group including subsidiaries before the merger, 2017-2020 refers to Entercard Group AB after the merger.

TSEK	2020	2019	2018	2017	2016
Profit					
Interest margin, %	11,8%	12,6%	13,0%	13,6%	13,9%
*Interest earning income in relation to cost of funding					
C/I ratio before loan losses	0,39	0,43	0,44	0,46	0,49
*Total costs before loan losses in relation to total operating income					
C/I ratio after loan losses	0,80	0,63	0,63	0,63	0,62
*Total costs after loan losses in relation to total operating income					
Return on equity after tax, %	8,4%	17,8%	16,7%	15,7%	15,5%
*Profit for the financial year in relation to the average of shareholder's equity current and previous year. The comparable years have been re-calculated					
Return on total assets	1,4%	2,7%	2,7%	2,9%	3,0%
*Net profit divided by the total balances					
Liquidity					
Liquidity Coverage Ratio (LCR)	277%	369%	383%	411%	361%
Net Stable Funding Ratio (NSFR)	123%	144%	142%	148%	165%
Capital					
Capital base tSEK	5 496 309	6 058 965	4 941 811	4 972 717	4 845 024
Total capital ratio, %	18,2%	19,7%	16,4%	18,9%	20,1%
*Capital base in relation to risk-weighted assets					
Credit quality					
Loan loss ratio, net, %	4,5%	2,3%	2,2%	2,1%	1,6%
*Loan losses in relation to loans to the public					
Share of impaired loans, %	4,5%	4,1%	3,0%	3,1%	2,1%
*Impaired loans, net, in relation to loans to the public					
Other					
Average number of employees	466	466	397	420	411

Income statement

TSEK	Note	2020	2019
Interest income	3	3 384 533	3 498 662
Interest expenses	3	-261 135	-316 926
Net interest income	3	3 123 397	3 181 735
Commission income		770 567	934 273
Commission expenses		-455 231	-538 291
Net commissions		315 335	395 982
Net gain/loss transactions from financial instruments	4	-9 830	-3 395
Other income		23 383	31 999
Total operating income		3 452 286	3 606 321
Staff costs	6	-539 955	-604 359
Other general administrative expenses	7	-785 411	-873 664
Total general administrative expenses		-1 325 366	-1 478 023
Depreciation and impairments of tangible and intangible assets	8	-37 940	-46 291
Total operating expenses		-1 363 305	-1 524 314
Profit before loan losses		2 088 981	2 082 007
Loan losses, net	9	-1 398 800	-740 770
Operating profit		690 181	1 341 237
Tax expense	10	-157 676	-281 932
Profit/loss for the year		532 504	1 059 305

Reclassification of revenue and expenses connected to value-added services (VAS): The group´s revenues and expenses for value-added services were previously presented as commission income and other general administrative expenses, respectively. However, management considers it to be more relevant if all revenues and expenses connected to VAS are presented in on line item in the income statement. Prior year comparatives for the year ended 31 December 2019 have been restated by reclassifying 46 643t SEK for 2019 from commission income to other general administrative expenses.

Statement of comprehensive income

TSEK	Note	2020	2019
Profit for the year recognized within the income statement		532 504	1 059 305
Components which will not be reclassified to the income statement			
Revaluation of defined-benefit pensions	6	6 707	-23 003
Tax related to the above	10	-1 382	4 739
Total		5 325	-18 264
Components which have or will be reclassified to the income statement			
Unrealised changes in fair value	4	4 725	5 151
Foreign currency translation differences		-214 488	68 730
Tax related to the above	10	45 395	-15 219
Total		-164 368	58 662
Other comprehensive income		-159 043	40 398
Total profit		373 462	1 099 703

Balance Sheet

Assets

TSEK	Note	2020 Dec 31	2019 Dec 31
Assets			
Deposits	11	4 570 206	3 501 872
Loans to the public, net	12, 13	31 178 979	31 997 575
Bonds and other interest-bearing securities	14	1 878 204	2 772 996
Intangible assets	15	41 296	73 891
Tangible assets	17	4 864	7 868
Deferred tax assets	10	15 563	11 408
Other assets	18	198 020	434 922
Prepaid expenses and accrued income	19	74 507	77 069
Total assets		37 961 639	38 877 600

Liabilities and equity

Liabilities			
Amounts owed to credit institutions	20	30 940 736	31 982 199
Other liabilities	21	142 827	358 853
Accrued expenses and prepaid income	22	253 430	305 133
Pension provisions	6	41 579	49 571
Other provisions	13	28 632	34 099
Total liabilities		31 407 204	32 729 856
Equity			
Share capital (5 000 shares)		5 000	5 000
Fund for development expenditures		41 296	121 759
Reserves		-389 060	-224 692
Retained earnings		6 897 200	6 245 678
Total equity		6 554 435	6 147 744
Total liabilities and equity		37 961 639	38 877 600

Notes not directly relating to income statement, balance sheet, cash flow analysis and changes in equity:

Note 1 - Accounting principles

Note 2 - Risks and risk control

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Note 30 - Significant events after year end

Note 31 - Information regarding the parent company

Statement of changes in equity

	Restricted equity		Non-restricted equity			
TSEK	Share capital	Fund for development expenditures	Foreign currency reserve	Fair value reserve	Retained earnings	Total Equity
Opening balance January 1, 2019	5 000	108 679	-266 358	-16 997	5 895 644	5 725 967
Adjustment previous years				-	-19 298	-19 298
Adjustment previous years					-8 629	-8 629
Dividends					-650 000	-650 000
Transfer to/from restricted equity		13 080			-13 080	-
Total comprehensive income for the year			54 613	4 049	1 041 041	1 099 703
of which recognized in income statement					*1 059 305*	*1 059 305*
of which recognized in other comprehensive income			*68 730*	*5 151*	*-23 003*	*50 878*
of which tax recognized in other comprehensive income			*-14 117*	*-1 102*	*4 739*	*-10 480*
Closing balance December 31, 2019	5 000	121 759	-211 745	-12 948	6 245 678	6 147 744
Opening balance January 1, 2020	5 000	121 759	-211 745	-12 948	6 245 678	6 147 744
Translation differences					11 539	11 539
Adjustment previous years					21 691	21 691
Transfer to/from restricted equity		-80 463			80 463	-
Total comprehensive income for the year			-168 588	4 220	537 830	373 462
of which recognized in the income statement					*532 504*	*532 504*
of which recognized in other comprehensive income			*-214 488*	*4 725*	*6 707*	*-203 056*
of which tax recognized in other comprehensive income			*45 900*	*-505*	*-1 382*	*44 013*
Closing balance December 31, 2020	5 000	41 296	-380 333	-8 728	6 897 201	6 554 435

Equity classes

Share capital consists of 5 000 shares with quota value of 1 000 SEK. Fund for development expenditures, classified as restricted equity, increases by the amount internally developed intangible assets capitalized for the year. The Fund is reduced with the yearly depreciation and impairment related to the intangible assets accumulated within the Fund.

Foreign currency translation reserve is related to currency revaluation of the branches' balances from their functional currency to their presentation currency. Fair value reserve consist fair value changes of the bond portfolio.

Statement of cash flow

TSEK	Note	2020	2019
Operating activities			
Operating profit/loss		690 181	1 341 237
Adjustments for non-cash items	28	647 177	325 750
Taxes paid		-163 080	-306 613
Cash flow from operating activities before working capital changes		1 174 278	1 360 375
Cash flow from changes in working capital			
Increase/decrease in loans to the public		-833 842	-2 970 186
Increase/decrease in other assets		244 222	-206 101
Increase/decrease of bonds and other interest-bearing securities		742 622	-235 270
Increase/decrease other liabilities		-135 870	-416
Cash flow from operating activities		17 133	-3 411 973
Investing activities			
Purchase of intangible assets		-4 997	-21 202
Purchase of tangible assets		-140	-4 481
Cash flow from investing activities		-5 137	-25 683
Financing activities			
Dividends		-	-650 000
Increase/decrease of borrowing		-37 191	2 492 439
Cash flow from financing activities		-37 191	1 842 439
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		3 501 872	3 701 886
CASH FLOW FOR THE YEAR		1 149 082	-234 843
Exchange rate differences on cash and cash equivalents		-80 749	34 828
CASH AND CASH EQUIVALENTS AT END OF YEAR		4 570 205	3 501 872

Comments on the cash flow statement

The cash flow statement shows the receipts and disbursements during the year as well as cash and cash equivalents at the beginning and end of the year. The cash flow statement is reported using the indirect method and are divided into receipts and disbursements for operating activities, investing activities and financing activities.

Operating activities

Cash flow from operating activities is based on operating profit for the year. Adjustments are made for items not included in the cash flow from operating activities. Changes in assets and liabilities from operating activities consist of items that are part of normal business activities - such as loans to and borrowings from the public and credit institutions - and that are not attributable to investing and financing activities. Cash flow includes interest received to an amount of 3 380m SEK.

Investment activities

Investment activities consists of the purchase and sale of fixed assets.

Financing activities

Net change in borrowing with shorter terms and higher turnover is included in increase/decrease in borrowing from credit institutions. Cash flow includes interest payments of long term lending to the amount of 257m SEK.

Reconciliation of liability arising from financing activities. Opening balance 2020, 31 982m SEK, cash flow 37m SEK, exchange rate differences 1 004m SEK, closing balance 30 941m SEK.

Cash and cash equivalents

Cash and cash equivalents consists of cash and balances with Swedbank AB.

Notes

The Annual Report is submitted as of December 31, 2020 for Entercard Group AB, corporate identity number 556673-0585, maintains its registered office in Stockholm. The address to the head office is Klarabergsgatan 60, 111 21 Stockholm.

Note 1 Accounting principles

Basis of the statements of account

The accounting policies applied are consistent with Swedish Law of Annual Accounts in Credit Institutions and Securities Companies (ÅRKL) as well as the rules and regulations issued by the Financial Supervisory Authorities (Finansinspektionen) FFFS 2008:25, including changing regulations, and the Council for Financial Reporting Board's recommendation RFR 2 accounting for legal entities. The company applies thereby with so called limited-by-law IFRS and refers to standards that have been adopted for use with the limitations of the FFFS and RFR 2. This means that all EU-approved IFRS and statements as far as possible within the framework of the annual accounts act and with respect to the relationship between accounting and taxation is applied.

The annual accounts have been approved for issue by the Board on March 24, 2021. The income statement and balance sheet are subject to approval at the Annual General Meeting on March 24, 2021.

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

Changes in Accounting Principles and Disclosures

Entercard has not adopted any new accounting pronouncements and changes for the financial reporting for 2020.

Other IFRS Amendments

Any other amended IFRS standards or interpretations than the aforementioned have not been applied nor had an impact on the company's financial position, result, cash flow or disclosures.

New Standards and Interpretations

Standards, amendments to standards and interpretations with effective dates from 2021 or later issued by International Accounting Standard Board (IASB) and IFRS Interpretations Committee are expected to be immaterial or not applicable for the financial reporting for Entercard at the time of implementation.

Changes in Presentation

Entercard issues credit cards and consumer loans both under its own trademark and distribution channels as well as together with different partners. As part of this business activity, certain value-added services (VAS) arise which are covered by Entercard's partners and therefore represent pass-through costs for Entercard. Previously, the Group´s revenues and expenses for value-added services were presented in the income statement as commission income and other general administrative expenses, respectively. However, management considers it to be more relevant if all revenues and expenses connected to VAS are presented in one line item in the income statement. Prior year comparatives for the year ended 31 December 2019 have been restated by reclassifying 46 643t SEK for 2019 from commission income to other general administrative expenses.

Critical Judgements and Estimates

The presentation of financial reports in conformity with IFRS demands that the company makes judgements and estimates that affect recognized amounts for assets and liabilities as of the closing day and for recognized income and expenses during the report period.

The executive management continuously evaluates these judgements and estimates including: assessments of impairment credit losses (note 2 and 13), deferred taxes (note 10), provisions for defined benefit pensions (note 6) and expected lifetime of internally developed IT-systems (note 8). The judgements and estimates affecting the financial report are further described in respective sections in note 1.

No significant changes have been made to the critical judgements and estimates compared with December 31, 2019.

Significant Accounting Policies

Presentation of Financial Statements (IAS 1)

Financial statements are a structured presentation of a company's financial position, financial results and cash flows, useful for financial decisions. The financial statements also convey the results of the executive management's administration of the resources entrusted to them. Complete financial statements consist of a balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes. Entercard presents the statement of comprehensive income in the form of two statements. A separate income statement is presented, containing all revenue and expense items, provided a special IFRS does not require or allow otherwise. Such other revenue and expense items are presented in other comprehensive income. The statement of comprehensive income contains the profit or loss recognized in the income statement as well as components included in other comprehensive income.

Statement of Cash Flows (IAS 7)

The statement of cash flow prescribes an entities change in cash and cash equivalents during a period. Entercard discloses information about changes in their financing liabilities arising from financing activities, including changes from cash flows and non-cash.

Assets and Liabilities in Foreign Currency (IAS 21)

The financial statement is presented in Swedish kronor (SEK) which is also functional currency and presentation currency. Functional currency refers to the currency primarily used in the primary economic environments in which the company carries out its operations. Transactions in other currencies than the functional currency, foreign currency, are initially recognized at the exchange rate prevailing at the day of transaction. The financial information for each entity in the group are presented according to the currency that is reflective of that local environment. Assets and liabilities in branches with other functional currency than SEK are translated to reporting currency at the rates prevailing on closing day. The income statement is translated at each individual transaction's exchange rate. For practical reasons, an average exchange rate is used for the period. Occurred exchange rate differences are recognized in other comprehensive income.

Financial Instruments, (IFRS 9)

Recognition

Entercard recognizes a financial asset or a financial liability in the statement of financial position when Entercard becomes a contractual party of the provision of the instrument according to IFRS 9.

Classification and measurement

Financial assets

The company's principles for classification and measurement 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 dates give rise to cash flows that are only payments of principal and interest on the outstanding principal amount;

-Deposits
-Loans to the public
-Other financial assets

Loans to the public consist of both consumer loan balances and credit card balances. Spending on credit cards that is not repaid completely, results in a receivable, which is identified as a loan to the public.

Interest income on deposits and loans to the public are recognized in the income statement as interest income when they are earned, meaning that interest income is accrued to the attributable period according to the effective interest rate method. Interest on balances sent to debt collecting agency are recognised when income are earned.

Other financial assets are measured at amortized acquisition cost. The expected maturity of a receivable is short, and the value is therefore recognized as a nominal value without discounting or deduction for impairment.

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 dates give rise to cash flows that are only payments of principal and interest on the outstanding principal amount.

-Bonds and other interest bearing securities

Valuation is carried out at fair value with unrealized changes in value reported in Other comprehensive income. The unrealized changes are accumulated in the Fair value reserve. Upon disposal, realized change in value is recognized in the income statement on the line Net gain/loss transactions from financial instruments and is thus removed from Other comprehensive income and the fair value reserve.

Interest income on bonds and other interest bearing securities are calculated according to the effective interest method and are recognised in the income statement as revenue. Impairment losses and any exchange rate fluctuations are recognized in the income statement on the line Net gain/loss transactions from financial instruments. Fair values are categorized at different levels in the fair value hierarchy based on the type of input used in the valuation technique. Because Entercard´s instruments in this category are valued at fair value on the basis of the prices on an active market for identical instruments, they are included in level 1.Entercard has no instruments that are categorized in level 2 or level 3.

Financial liabilities

The following financial liabilities are classified and subsequently measured at amortized cost.

-Liabilities to credit institutions
-Liabilities to suppliers

Liabilities to credit institutions are measured at amortized acquisition cost. Borrowing is typically carrying a varied interest rate. Given the presented background, all recognized values are deemed to equivalent fair value.

Liabilities to suppliers are measured at amortized acquisition cost. The expected maturity of liabilities to suppliers is short, why the value is recognized as a nominal value without discounting or deduction for impairment.

Derecognition

Removal of financial assets occurs when the right to receive cash flows from a financial instrument has expired or when the right to receive cash flows has in all material respects been transferred to another party. Financial liabilities are removed from the balance sheet when the debt is extinguished by the agreement being completed, cancelled or terminated.

Reclassification

If the company changes its 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 as a result of external or internal changes and must be significant to the company´s business and shown to external parties.

Provision for Credit Loss (IFRS 9)

Deposits and loans to the public, classified at amortized cost are recognized on the balance sheet on the settlement day. Loans are initially recognized at acquisition cost, which consists of the loan amount paid out less fees received and costs constituting an integral part of the return. The interest rate that produces the loan cost as a result of the calculation of present value of future payments is considered the effective acquisition rate. Recognized interest rate includes interest payments receive and the change in the loan's amortized cost during the period, which produces a consistent return.

Credit impairment provisions are recognized on the following financial instruments: financial assets that are measured at amortized cost and irrevocable loan commitments. Credit impairments provisions are measured according to an expected credit loss model and reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcome and considering all reasonable and supportable information available at the reporting date. Such provisions are measured according to whether there has been a significant increase in credit risk since initial recognition. All Entercard credit exposures are allocated into one of three "stages", according to the IFRS 9 standard:

Stage 1
As soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognized and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses. For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without adjustment for expected credit losses).

Stage 2
If the credit risk increases significantly and the resulting credit quality is not considered to be low credit risk, full lifetime expected credit losses are recognized. Lifetime expected credit losses are only recognized if the credit risk increases significantly from when the entity originates or purchases the financial instrument. The calculation of interest revenue on financial assets remains the same as for Stage 1.

Stage 3
If the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortized cost (i.e. the gross carrying amount adjusted for the loss allowance). Lifetime expected credit losses are still recognized on these financial assets.

Reporting of expected credit losses – loans to the public
The standard states that provisions for expected credit losses are recognized for all items in the balance sheet measured at amortized cost. Expected credit losses for loan commitments given, undrawn committed credit line, are recognized under provisions.

Calculation of expected credit loss provisions is based on data generated in existing internal risk classification models. The assets' contracted cash flows are 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 reports 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.

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

Impairment of bonds and other interest-bearing securities
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 implies 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.

Impairment is not reported on these instruments as the portfolio has low credit risk and the value is not significant.

Reporting of expected loan losses – lending to credit institutions
Entercard´s deposits are within the scope of accounting of expected credit losses. Since all deposits are repayable on demand and deposits are only made to Swedish credit institutions with a good rating, the expected loan losses amount to only insignificant amounts.

Reporting in the income statement and balance sheet
Assets and liabilities are reported gross with the exception of when there is a legal right and an intention to settle these net.

The loss reserves are reported as follows in the balance sheet;

-For assets reported at amortized cost; as impairment of the assets reported value
-Loan commitments are reported on the balance sheet, other provisions.
Changes in the credit loss provision are recognized in the income statement on the line loan losses net.

Intangible Assets (IAS 38)
Intangible assets consist of internally developed and acquired IT-systems and license costs deemed of significant value for the operations the coming years. Other expenses for development and maintenance are expensed when they arise.

The recognized value represent acquisition cost less accumulated depreciation and impairment. A linear depreciation over four years for IT development and three years for licenses exceeding the expected useful life time of the asset is applied. The useful life is reassessed annually.

Entercard recognizes internally developed and acquired IT-systems and licences only if they meet the qualifying criteria about identifiability, future economic benefit and readily measurement of the costs. Internally developed IT-systems are only recognised if the asset arise from the development phase and the asset will be available for use or sale.

Internally developed IT-systems for a year are added to Fund for development expenditures, classified as restricted equity. The Fund is reduced with the yearly depreciation and impairment related to the internally developed IT-systems within the Fund.

Tangible Assets (IAS 16)
Tangible Assets, such as inventories for own use, are recognized at acquisition cost less accumulated depreciation and impairment. Depreciation is assumed when the asset is ready to be used and is systematically realized over the useful life.

The expected useful life of inventories is five years and their residual value is zero. IT and office equipment inventory is depreciated over five years and their residual value is zero.

Impairment (IAS 36)
The company periodically assesses whether there are indications of diminished value for assets. If such indications exist, an impairment test is conducted by estimating the recoverable amount of the asset. The recoverable amount is the higher of the asset's net selling price or value in use.

Impairment is recognized on the financial statement if the recoverable amount is less than the book value of the asset. Impairments are only reversed if there were changes in the estimates used when the impairment was recognized. Impairments of tangible and intangible assets are recognized separately in the balance sheet.

Leases (IFRS 16)
In January 2016, The IASB issued the new standard IFRS 16. IFRS 16 was endorsed by The EU in October 2017 and came into force January 1, 2019 and has replaced IAS 17 Leases.

The standard removes the lessee's requirement to distinguish between financial and operational leases and demands that lessees recognize assets and liabilities from most leases on the balance sheet. This means that the leases shall be recognized in the balance sheet as a right-to-use asset with a corresponding liability. For lessors, the requirements are largely unchanged and the requirement for distinction between financial and operational leases is maintained.

Entercard does not apply IFRS 16 as legal entity according to the exemption in RFR 2. Instead, leases are recognized as an expense on a straight-line basis over the lease period in accordance to RFR 2. Entercard operates solely as a lessee. See note 16 for specification of leases.

Revenues (IFRS 15)
Revenues are recognized at fair value of what has been acquired. Revenue is recognized at the time when the control of the service is transferred to the customer.

Commission Income
Commission Income, primarily including annual fees and transactional fees are recognized as revenue in direct connection to the time of the transaction.

Employee benefits (IAS 19)
The company's post-employment benefits, which consists of pension obligations, are classified as either defined contribution plans or defined benefit plans. In defined contribution plans the company pays contributions to a separate legal entity, and the risk of change in value until the funds are paid out rests with the employee. Thus, the company has no further obligations after the fees have been paid. Other pension obligations are classified as defined benefit plans. Premiums for contribution benefit plans are recognized as an expense after an employee has rendered his or her services.

Norwegian defined benefit plans are accounted according to IAS 19 as defined benefit plans. The present value of the pension obligations is calculated and recognized as provisions. The calculation is made according to the so called Projected Unit Credit Method. The method entails that future benefits are attributed to periods of service. The income statement, staff costs, is charged with the net of service costs, interest on obligations and the anticipated return on plan assets. The calculations are based on the company's actuarial assumptions, which are the company's best estimate of future developments. In cases where the actual outcome deviates or assumptions have changed, so-called actuarial gains and losses arise. The net of actuarial gains and losses are recognized as revaluations of defined benefit pension plans in other comprehensive Income. There, the difference between the actual return and estimated interest income on plan assets is recognized as well.

Entercard recognizes pension costs for the Swedish employees as benefit pension plan. According to the Act of Safeguarding Pension Benefits, which means that they are recognized as defined contribution plans. Premiums paid to defined contribution plans are expensed when an employee has rendered his/her services.

Salary and other short-term remuneration are expensed in the period earned by the employees. Variable pay is earned and calculated based on the employees individual targets and the Company's overall performance, and is paid in subsequent years.

Tax (IAS 12)
The income tax consists of current tax and deferred tax. Deferred tax refers to tax on the difference between carrying amount and tax base, which in the future serves as basis for future tax. On closing day, legally determined tax rates are used for calculations.

The company's deferred tax assets and tax liabilities are calculated nominally with each respective country's tax rate for the consequent year. Deferred tax assets are netted against deferred tax liabilities for the branches that have offsetting rights. Income taxes are recognized in the profit and loss statement with the exception of tax attributable to items that are recognized directly as other comprehensive income or equity.

The parliament have lowered the income tax rate for corporates in Sweden from 22% to 21,4% as of January 1,2019. The corporate tax will be reduced gradually from 2019 to 2021 when the corporate tax estimate to be 20,6%. When deferred tax is calculated, Entercard uses 20.6%.

Note 2 Risks and risk control

General

Entercard defines risk as a potentially negative impact on Entercard´s value that can arise due to current internal processes or future internal and external events. The concept of risk comprises both the likelihood that an event will occur and the impact it would have on Entercard. To achieve Entercard´s business goals regarding growth, profitability and economic stability, it is necessary to continuously balance the goals against the risks in the business.

The comprehensive set of rules regarding internal governance and control is one of the fundamental instruments for the Board of Directors and Senior Management. The Board of Directors sets the maximum risk level by setting the risk appetite and by assigning the responsibilities and authorities regarding risk management. The assignment defines the structure for decision making in risk areas. The decision makers are the Board of Directors, the CEO and the person who is responsible for each business unit. Entercard follows the three lines of defence model.

Risk management is executed within each business unit, under the supervision of, and communication with, the Risk Control function and other staff functions.

The Risk Control function continuously monitors and reports to the CEO and Board of Directors on risk topics. Entercard has outsourced its internal audit function, which on behalf of the Board of Directors evaluates Entercard’s internal control framework to ensure that it is effective and efficient.

The Board of Directors is accountable for ensuring that Entercard’s operations are pursued in compliance with regulatory requirements. The CEO is responsible for ensuring that there is a Compliance Function in place to support the business to stay compliant with regulatory requirements applicable to the licenced business.

Credit risk and counterparty credit risk

Credit risk and counterparty credit risk captures the exposure that counterparties cannot fulfil their payment obligations, resulting in that Entercard receives payment too late or not at all. Entercard’s lending is striving towards ambitious objectives in terms of ethics, responsible lending, credit quality and control. Even though credit risk, through retail lending, is the Group's largest risk exposure, credit losses in relation to the outstanding balances are relatively small.

Credit risk also includes concentration risk, i.e. large exposures or concentrations in the credit portfolio to specific counterparties, sectors or geographic areas. Entercard’s concentration risk is primarily in the form of geographic concentration, as Entercard offers retail lending in Scandinavia. The lending portfolio consists of unsecured lending and is spread out on a large number of borrowers. The continuous follow-up is still showing a relatively low risk.

Entercard conducts active monitoring and optimisation of the portfolios’ credit risk. The risk is managed so that the decision to grant credit is based on good grounds to expect that the borrower can fulfil his or her commitment. The assessment is done through general credit rules as well as credit scoring models to measure each counterparty’s ability to fulfil payment obligations.

The credit risk is constantly monitored to ensure that counterparties are fulfilling their commitments towards Entercard. In case of a late payment or an assessment that the counterparty is not able to fulfil the commitment, the credit card will be blocked. Follow-ups are additionally made from a credit portfolio point of view in each country with focus within and between different risk groups.

Entercard has also, to a limited extent, an investment risk through a buffer in liquid assets, held to mitigate Entercard’s liquidity risk. The credit quality of these assets is very high and mainly consists of exposures to municipalities, governments and credit institutions. Entercard is not using derivatives and is therefore not exposed to counterparty credit risk in that area.

Financial assets, book value	2020	2019
Deposits	4 570 206	3 501 872
Loans to the public, net	31 178 979	31 997 575
Bonds and other interest-bearing securities	1 878 204	2 772 996
Current assets	3 869	3 467
Total	37 631 258	38 275 910

Expected Credit Loss

Impairment levels are assessed based on the Expected Credit Loss (ECL) methodology. The measurement of ECL uses three main components: Probability of Default (PD), Exposure at Default (EAD), Loss Given Default (LGD). ECL is the product of these three components.

At the reporting date provisions are calculated on the following basis and segments: 12 month ECL where there has been no significant increase in risk since initial recognition (Stage 1); lifetime ECL where there has been a significant increase in risk since initial recognition (Stage2); Credit Impaired (Stage 3). For off-balance sheet exposures, EAD is calculated by using a credit conversion factor (CCF) estimating the future utilisation level of unutilised amounts.

Definition of Default, Credit Impaired and Write-off

All accounts 90 days past due (DPD), as per IFRS9 requirements, or indicating an unlikeness to pay are considered defaulted. Credit Impaired is when the account / exposure has defaulted based on the above definition. Defaulted accounts / exposures are written-off after
a) completion of Entercard's recoveries processes, defined as the point when all attempts at recovery have been exhausted and there is no reasonable expectation of further recovery,
b) a specific event (deceased, insolvency) or
c) following the sale of a defaulted exposure to a third party. Recovery can continue post write-off providing the debt has not been subject to a court decision or is not time barred based on local law. Subsequent recoveries on previously written off exposure are credited to impairment.

Definition of Lifetime

Lifetime is used in the measurement of ECL of Stage 2 accounts. This is restricted to the contractual life (taking into account historic overpayment) for Loans. For Credit Cards, where there is no contractual life, the lifetime is defined as the behavioural life of the asset, which is estimated to be 24 months.

Modelling and Estimation Techniques

Inputs used in the measurement of ECL vary by market and product, and are either a bespoke quantitative model built for the purpose of ECL, a recalibration of an existing quantitative model to the required default and outcome definitions, a quantitative estimate based off observed outcomes or market based benchmarks.

Probability of Default – In all market and product segments characteristics relating to observed customer behaviour (payment rates, outstanding balance, usage) are used as primary inputs into the predictive models used for PD estimates.

Exposure at Default – A differentiated approach is adopted by product.
1) Cards - Credit Conversion Factors (CCF) are calculated to estimate the proportion of the current unutilised limit which will be utilised (and therefore the total limit utilised) at the outcome point.
2) Loans – Amortisation schedules, based off contractual monthly payment amount and residual balance (thus taking into account historic over payments), are calculated at an account level to provide an estimate of the outstanding exposure at every future outcome period.

Loss Given Default - Loss Given Default rates are reviewed/updated each quarter based on the prices from existing Forward flow debt sale contracts, 3rd party expert inputs, expert judgement taking into consideration extraneous factors that may impact debt sale prices, and internal alignments. LGDs go through a governance process of review and approval in an Impairment committee on a quarterly basis. For portfolios[1] where debt sales contracts are not in place for the FY2020, Entercard has used a probabilistic weighting of the most recent debt sale prices based on expert judgement to determine the LGDs.

Measuring a Significant Change in Risk

For Credit Cards, at the reporting date a comparison of the latest PD with the origination PD at the point of recognition is made. Thresholds based on the absolute and relative change in this PD determine whether that asset is placed in Stage 2. As a backstop accounts more than 30 DPD are placed in Stage 2.

For Loans, due to relative immaturity of the portfolio, any account with a current or recent missed payment (regardless of whether the missed payment has been collected) is placed in Stage 2. Any account more than 30 DPD will therefore already have satisfied the significant change definition, and will continue to fulfil this until 6 months has passed since the last time in 30 DPD status. A non-defaulted account no longer satisfying the significant change in risk criteria (including the backstop) transitions back to Stage 1.

There is no specific low risk exemption used in the significant change in risk definition however the absolute change in PD tolerance separates those customers with a strong capacity to meet their contractual repayments.

Forward looking information

Entercard utilises a consensus view of the macro outlook, specifically in relation to unemployment rates, in each of its three core markets. Entercard reviews the macroeconomic environment in each market it operates within each quarter and uses consensus forecasts of relevant economic variables, such as unemployment or GDP, uses these inputs to estimate the proportion of assets in default. Those estimates are compared with the expected loss calculations and if the two diverge outside of pre-defined thresholds, then an overlay to our ECL estimates will be proposed to ensure adequate provision is held. The size of the overlay is based on the judgement of experienced credit managers and endorsed by the Impairment Committee.

In general, a worsening of macroeconomic environment will increase the number of loans migrating from Stage 1 to Stage 2 and increase the estimated credit impairment provisions. In contrast, an improvement in the outlook on forecasted macroeconomic variables or an increase in the probability of the upside scenario occurring will have a positive impact.

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[1] For portfolios where debt sales contracts are not in place for FY2021, Entercard has decided to pause negotiation of fresh contracts and to drive recoveries through internal and 3rd party collections. This is because price negotiated in a debt sale contracts have longer term implications for LGDs while the debt sales markets are viewed to be in a state of temporary disequilibrium in the wake of Covid19 pandemic. For these portfolios Entercard has used the most recent pre-Covid19 pandemic debt sale price offers as a benchmark and placed appropriate haircuts on these based on expert judgement.

In case of LGDs forward looking information is incorporated by determining them based on a probabilistic weighting of most recent debt sale prices for portfolios where sale contracts are not in place. The haircuts are arrived at by taking a forward looking view using expert judgment of experienced credit managers relying on analysis and market inputs and are approved in the Impairment Committee. One macro event that was assessed in FY2020 is the Covid 19 pandemic. The effect on Probability of Default rates was modelled by using macroeconomic forecasts of unemployment rates from various sources viewed as unbiased. The analysis resulted in expectations of increasing PD rates for which an ECL impact was estimated. The ECL impact was added as an overlay on Entercard's Stage 1 ECL estimates to ensure adequate provisions are held.

The following table presents the expected credit loss as of 31 December 2020 that would result from only the downside and only upside scenarios. The scenarios were arrived at by analysing the ECL effect from changes in macroeconomic forecasts of unemployment rate. The lowest/highest set of forecasts from a selection of sources viewed as unbiased were used to estimate the optimistic/pessimistic scenarios, whereas an equal weighting of the sources was used to form the baseline expectation of ECL.

Country		Expected credit loss	Optimistic scenario	Pessimistic scenario
Norway	Credit Card	264 771	264 678	264 865
	Instalment loan	598 991	596 373	601 609
Sweden	Credit Card	446 743	436 730	456 757
	Instalment loan	986 586	962 174	1 010 997
Denmark	Credit Card	178 881	178 881	178 881
	Instalment loan	44 683	44 648	44 717
Total		2 520 655	2 483 484	2 557 826

Loan modifications
A modification of an account due to the financial stress of the account holder is classed as forbearance. In the event of forbearance the asset is not considered to have had a material modification and therefore is not derecognised. Any asset subject to forbearance will be held in Stage 2 (unless the asset is Credit Impaired i.e. Stage 3) for a minimum of 6 months after which it will be assessed against the standard Stage criteria.

Concentration risk
Credit risk also includes concentration risk, i.e. large exposures or concentrations in the credit portfolio to specific counterparties, sectors or geographic areas. Entercard's concentration risk is primarily in the form of geographic concentration, as Entercard offers retail lending in Scandinavia. The lending portfolio consists of unsecured lending and is spread out on a large number of borrowers. The continuous follow-up is still showing a relatively low risk.

Investment risk
Entercard has also, to a limited extent, an investment risk through a buffer in liquid assets, held to mitigate Entercard's liquidity risk. The credit quality of these assets is very high and mainly consists of exposures to municipalities, governments and credit institutions. Entercard is not using derivatives and is therefore not exposed to counterparty credit risk in that area.

Market Risk

Market risk refers to the risk that the market value of a financial instrument or future cash flows from a financial instrument is affected by market price changes.

Entercard is exposed to market risk in the form of interest rate risk and currency risk.

The below sensitivity analysis shows the impact on the value of assets and liabilities when market interest rates increase/decrease by one percentage point. The total shows the effect of a parallel shift of the same size.

Interest rate risk is the exposure if fixing periods for assets and liabilities differ. Entercard minimises this risk by matching the interest fixing periods on liabilities to the interest fixing periods on assets.

Since Entercard's interest rate risk is deemed low and is continuously monitored by both the Treasury and the Risk Control function. Entercard does not use derivatives and does not take active positions in the fixed income market.

TSEK	Market interest rate -1 percentage point		Market interest rate+1 percentage point	
	2020	2019	2020	2019
< 3 Months	-1 724	-1 615	1 705	1 597
3-6 Months	11	19	-11	-19
6-12 Months	791	372	-778	-366
1-2 Years	-	948	-	-924
2-3 Years	-	-	-	-
Total	-922	-276	916	288

The table below shows the effect on the net interest income over a 12-month period in the case of an increase/decrease in the interest rate curve by one percentage point. The calculation is based on average earned interest balances and funding balances.

TSEK	Interest rate -1 percentage point	Interest rate +1 percentage point
Interest income	-269 938	269 938
Interest expenses	314 615	-314 615
Net interest income	44 676	-44 676

A corresponding change of the interest curve for bonds and other interest-bearing securities gives an impact in Other comprehensive income as Fair value reserve with +/- 5,4m SEK.

Entercard is exposed to currency risk as a part of the own funds are held in Norwegian Kroner, and to a limited extent in Danish Kroner. The risk materializes during the translation of the branches' equity to Swedish Kronor.

Basis for the below calculation is equity and result at year end 2020. For the sensitivity analysis of a change in exchange rates of +/- 10 percent, the average exchange rate 2020 has been used.

TSEK	Foreign exchange rate change +/- 10 percent
Equity	215 890
Profit after tax	34 095

The change in value of interest-bearing securities, reported through other comprehensive income amounts to 4.7m SEK.

Liquidity risk

Liquidity risk refers to the risk of not being able to meet payment obligations at maturity without a significant increase in cost for obtaining means of payment. Entercard manages its liquidity risk partly through having funding with a relatively long duration, and partly by holding a considerable buffer of liquid assets. The liquid assets consist of interest-bearing securities with high credit quality and high market liquidity, in order to make sure that they can be sold to relatively predictable price in a scenario with limited access to funding. In addition, Entercard has a liquidity buffer account at Swedbank and an overdraft facility at Swedbank.

The Board of Directors decides upon the overall framework for liquidity risk, and reporting to the Board and Senior Management is done continuously from both the Treasury department and the Risk Control function.

Entercard is continuously measuring its survival horizon, i.e. how long Entercard would survive in a scenario with 50% access to funding and a 25% decrease in payment inflow from customers. In addition, the Liquidity Coverage Ratio and the Net Stable Funding Ratio is calculated in accordance to the EU Commission´s delegated act. Per December 31, 2020, the survival horizon, in a scenario with a very limited access to funding and significantly decreased inflows from customers, was 112 days for SEK, 120 days for NOK and 134 days for DKK, to be compared with the risk appetite, decided by the Board, of 60 days. At the same time, the Liquidity Coverage Ratio was 221 % in SEK, 458 % in NOK and 303 % in DKK, to be compared with the regulatory requirement of 100%. Entercard´s NSFR as per December 31, 2020 was 123 % in SEK, 118 % in NOK and 132 % in DKK, to be compared with the regulatory requirement of 100%.

In the below summary of maturities, the non-discounted contractual cash flows are distributed from remaining time to maturity. The difference between undiscounted contractual cash flows and booked values are immaterial, therefore the values presented below equals booked values.

Remaining maturity 2020	<3 Months	3-12 Months	1-5 Years	5-10 Years	10-15 Years	No maturity	Total
Deposits	4 570 206						4 570 206
Loans to the public, net	16 044 791	5 081	617 546	3 400 307	11 111 255	-	31 178 980
Bonds and other interest-bearing securities	-	104 536	1 773 668	-			1 878 204
Prepaid expenses and accrued income	12 728	61 779	-				74 507
Other assets	134 904	15 563	63 116			46 160	259 743
Total assets	20 762 629	186 958	2 454 330	3 400 307	11 111 255	46 160	37 961 639
Amounts owed to credit institutions	2 068 861	11 677 941	17 193 934				30 940 736
Other liabilities	-37 719	209 178	41 579				213 038
Accrued expenses and prepaid income	54 298	184 065	15 066				253 430
Equity						6 554 435	6 554 435
Total liabilities and equity	2 085 440	12 071 184	17 250 580			6 554 435	37 961 639
Remaining maturity 2019							
Deposits	3 501 872						3 501 872
Loans to the public, net	20 121 309	18 871	1 203 999	4 593 617	6 059 779		31 997 575
Bonds and other interest-bearing securities	-	49 301	2 522 267	201 428			2 772 996
Prepaid expenses and accrued income	17 163	59 906	-				77 069
Other assets	360 678	11 408	74 244			81 758	528 088
Total assets	24 001 022	139 485	3 800 510	4 795 045	6 059 779	81 758	38 877 600
Amounts owed to credit institutions	2 426 639	5 720 834	23 834 726				31 982 199
Other liabilities	290 727	102 225	49 571				442 524
Accrued expenses and prepaid income	95 796	193 513	15 824				305 133
Equity						6 147 744	6 147 744
Total liabilities and equity	2 813 162	6 016 572	23 900 121			6 147 744	38 877 600

Future expected cash flows are used to assess the appropriate level of liquidity. This ensures that Entercard has adequate means of liquidity to meet its payment and regulatory obligations. Off-balance sheet exposures are incorporated in the expected future cash flows and consequently accounted for in the liquidity levels. See also note 13 for the off-balance sheet exposures.

Liquidity reserve and liquidity risk

		Distribution by currency in SEK		
2020 All country values presented in SEK	Total	SEK	NOK	DKK
Securities issued or guaranteed by government or central bank	104 536	-	-	104 536
Securities issued or guaranteed by municipalities or non-governmental public entities	1 052 598	861 600	190 998	-
Covered bonds issued by others	644 581	207 654	436 927	-
Securities issued or guaranteed by multilateral development banks	76 490	-	76 490	-
Total	1 878 204	1 069 254	704 415	104 536
Distribution by currency, %		56,9%	37,5%	5,6%

		Distribution by currency in SEK		
2019	Total	SEK	NOK	DKK
Securities issued or guaranteed by government or central bank	112 007	-		112 007
Securities issued or guaranteed by municipalities or non-governmental public entities	1 353 850	1 066 805	287 046	
Covered bonds issued by others	1 128 910	-	1 128 910	
Securities issued or guaranteed by multilateral development banks	178 228	-	178 228	
Total	2 772 996	1 066 805	1 594 184	112 007
Distribution by currency, %		38,5%	57,5%	4,0%

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

Operational risk

Operational risk is defined as the risk of loss resulting from; inadequate or failing internal processes, people, systems, or from external events. The definition includes products and services, IT risks, legal risks, internal and external fraud, damage to physical assets and card scheme, compliance and reputational risks, where all operational risk categories can include the compliance risk aspect.

Entercard continually performs self-evaluation of operational risk and control for all processes. There is a comprehensive framework in place to mitigate operational risk, including incident management, business continuity and approval of change process.

Business risk / Strategic risk

Business and strategic risk refer to the current and future risk of losses caused by changes in market conditions, the strategic roadmap of Entercard and inaccurate or misguided business decisions. Entercard regularly evaluates business and strategic risks.

Internal capital and liquidity adequacy assessment and capital management

Entercard's internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP) aims to ensure that the need of capital and liquidity is assessed. The assessment is to secure that Entercard is adequately capitalized in relation to the solvency related risks that the company is or might be exposed to, and to ensure the company has a satisfactory liquidity buffer to mitigate a scenario with stressed liquidity.

The assessment of the capital and liquidity need is done regularly based on financial goals, risk profile and business strategy, in addition to stressed scenarios defining the need over a forward looking horizon. The assessment is an integrated part of the business development. Besides the continuous monitoring and reporting to meet the regulatory minimum requirements regarding capital adequacy and liquidity coverage, a more detailed assessment is performed and documented at least annually. See note 25 for more information about capital adequacy.

Note 3 Net interest income

TSEK	2020	2019
Interest income		
Deposits	1 986	8 049
Negative interest on financial liabilities	1 209	2 737
Loans to the public	3 351 050	3 450 952
Interest-bearing securities	30 288	36 924
Other		
Total	3 384 533	3 498 662
Interest expenses		
Credit institutions	-243 999	-287 106
Negative interest on financial assets	-3 354	-8 539
Other	-13 782	-21 281
Total	-261 135	-316 926
Total net interest income	3 123 397	3 181 735
Interest margin on loans to the public	*11,8%*	*12,6%*

Where of interest income calculated according to the effective interest rate method to a value of 3 384,5m SEK, and interest expenses to a value of 247,3m SEK.

Note 4 Net financial income

Realised gains/losses recognized in profit or loss	2020	2019
Reclassification through Other comprehensive income to this year's profit for realised gains and/or losses	9 450	6 972
Realised gain/loss bonds and other interest-bearing securities	-19 166	-8 940
Exchange rate profit / loss	-114	-1 427
Total realised gains/losses in profit or loss	-9 830	-3 395

Unrealised gains/losses recognized in Other comprehensive income		
Reclassification through Other comprehensive income to this year's profit for realised gains and/or losses	-9 450	6 972
Unrealised changes in value bonds and other interest-bearing securities	4 725	5 151
Total realised gain/loss in Other comprehensive income	-4 725	-1 821
Total	-14 555	-5 216

According to FI's accounting regulations, exchange rate effects should be reported as net profit from financial transactions and not as other income.

Note 5 Geographic distribution of income

Geographic distribution of income 2020	Sweden	Norway	Denmark	Total
Interest income	1 984 551	1 016 350	383 632	3 384 533
Interest expenses	-138 658	-115 829	-6 648	-261 136
Commission income	591 733	148 372	30 462	770 567
Commission expenses	-308 153	-123 246	-23 833	-455 231
Other operating income	5 287	9 714	-1 448	13 553
Total	2 134 760	935 361	382 165	3 452 286

Geographic distribution of income 2019	Sweden	Norway	Denmark	Total
Interest income	1 717 468	1 376 132	393 786	3 487 386
Interest expenses	-101 126	-205 019	495	-305 651
Commission income	704 520	233 377	43 020	980 917
Commission expenses	-345 347	-165 207	-27 737	-538 291
Other operating income	14 284	16 208	-1 888	28 604
Total	1 989 798	1 255 490	407 676	3 652 965

Note 6 Staff costs

TSEK	2020	2019
Salaries and other remuneration	-263 087	-279 817
Variable pay	-46 669	-59 960
Pension costs	-71 263	-74 279
Social insurance charges	-86 264	-94 298
Education costs	-2 866	-14 723
Other staff costs	-69 806	-81 284
Total	-539 955	-604 359

Salaries, other remunerations and variable pay	2020	2019
Board of Directors, CEO, other senior management	-30 588	-32 062
Other employees in Sweden	-143 799	-146 781
Other employees in Norway	-115 099	-137 950
Other employees in Denmark	-20 271	-22 984
Total	-309 757	-339 776

No compensation was paid to the Board in 2020.

Remuneration to the Board of Directors, CEO and other Senior Executives 2020	Fixed income, wages	Variable pay	Other remunerations and benefits	Pension expenses
CEO, Freddy Syversen	-3 317	-2 231	-392	-3 100
Group Management, 10 persons	-19 962	-4 100	-586	-5 910
Total	-23 279	-6 331	-978	-9 010

Remuneration to the Board of Directors, CEO and other Senior Executives 2019	Fixed income, wages	Variable pay	Other remunerations and benefits	Pension expenses
CEO, Freddy Syversen	-3 676	-3 254	-453	-3 307
Group Management, 10 persons	-16 991	-7 112	-575	-6 260
Total	-20 667	-10 366	-1 028	-9 567

Information regarding senior executive's

Senior executives are the CEO, as well as members of the Management (Executive Committee). Outstanding loans and credit facilities to senior executives has not been disclosed, since they do not amount to any material amounts.

The company has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any senior executives.

Terms of employment for the Chief Executive Officer

At resignation, the CEO receives salary during a six-month termination notice period. During this notice period, the CEO is entitled to all benefits and bonus payments. If the CEO employment relationship is terminated by the company, there will be a six-month termination period where salary, benefits and bonus are paid. In addition to this, the CEO will receive a severance pay for a 12 month period, including all benefits mentioned previously. There will be no reduction of severance payments for new income earned from outside of Entercard Group AB, if the employer terminates the employment relationship.

The CEO is part of the collective defined contribution pension schemes, and has a supplementary defined contribution agreement. The employment contract for the CEO will automatically terminate upon reaching the age of 62 years. There are no restrictions on taking up new employment after retirement.

Average number of employees based on 1920 hours per employee	2020	2019
Entercard Group AB, Sweden	280	272
Entercard Norway, branch of Entercard Group AB	162	168
Entercard Denmark, branch of Entercard Group AB	24	26
Total	466	466
Number of hours worked (thousands)	895	895

Employee turnover was 10 %

	2020		2019	
Distribution by gender, percent	Female	Male	Female	Male
All employees	57%	43%	57%	43%
Board of Directors	38%	62%	38%	62%

Statement of Entercard's compensation 2020

The Company's overall approach to compensation is that that the total compensation must be competitive and conform to market conditions as well as aligned with the requirements in the collective agreements. It also reflects the fundamental values of the Company: passionate, innovative, genuine, and supports the Company's business strategy, targets, long-term interests and vision.

As far as possible, the total compensation should be individually designed based on the employee's role, corporate grade, competence and experience as well as the contribution to the business, both when it comes to the performance (the "WHAT") and behavior (the "HOW"). The compensation process secures a healthy balance between fixed and variable pay, with a maximum percentage of 0% to 50% of the base salary, based on respective corporate grades. The Company believes it is important that compensation works as an incentive for value-creation for the benefit of the long-term sustainable growth of the Company, with a balanced approach to risk-taking, employee satisfaction and well-being, and long-term customer and shareholder value.

The variable pay is linked to individual employee targets and the Company's overall performance. The Board of Directors has the right to take a discretionary decision on whether a part of the variable pay that has been promised, should be held back. Whilst the guiding principle is to reward performance, it is possible that the total variable pay could be set to zero under specific circumstances.

The Company diverges on the variable pay for Risk Takers, i.e. staff whose professional activities have a material impact on the business' risk profile. The variable pay program is cash based and the employees do not receive shares in the Company.

Remuneration Committee

The Remuneration Committee is established by the Board of Directors of the Company, and is responsible for preparing, assessing and proposing principles for compensation. The Board of Directors of the Company appoints members of Remuneration Committee, two board members amongst whom the chair alternates; and two representatives of the shareholders, one of whom is a representative of Barclays Bank Plc and one of whom is a representative of Swedbank AB. The representatives shall possess proven experience of remuneration and risk analysis in order to assess if the remuneration scheme is appropriate, and in line with targets, risk tolerance and long-term sustainability.

The Committee convenes three times/year, or with the frequency decided by the chair. During 2020 the Remuneration Committee has had 3 meetings.

Decision-making process

The principles of variable pay are governed in the Remuneration Policy. This policy is approved by the Board of Directors and includes all employees of the Company. The Chief HR & Strategy Officer is responsible for a recommendation to the Remuneration Committee of any applicable and necessary amendments and additions to the Remuneration Policy, based on a risk-analysis, and on input from the CEO, the Executive Committee, Risk Control, Compliance and Internal Audit. Based on the recommendation of the Remuneration Committee, the Board of Directors will endorse the Remuneration Policy.

Principles of deferred payment

For employees identified as Risk-Takers, 60% of the variable pay will be deferred over a period of three years. The deferred component is not awarded to the employee, until defined conditions have been satisfied by the Remuneration Committee, and confirmed by the Board. The deferred portion is paid out in cash.

Pension commitment

	2020	2019
Amount reported in balance sheet for defined benefit pension plans	Norway	Norway
Funded pension obligations and payroll tax	220 344	233 003
Fair value of plan assets	-178 764	-183 432
Provisions for pensions	41 579	49 571
Changes in funded defined benefit pension plans, including payroll tax	Norway	Norway
Opening obligations	233 003	192 427
Current service cost and payroll tax	18 619	20 311
Interest expense on pension obligations	3 787	5 117
Pension payments	-1 969	-4 544
Payroll tax payments	-748	-556
Remeasurement	-9 549	14 722
Exchange rate differences	-22 797	5 525
Closing obligations	220 344	233 003
Changes in plan assets	Norway	Norway
Opening fair value	183 432	152 778
Interest income on plan assets	2 902	4 238
Contributions by the employer	15 937	36 769
Pension payments	-1 969	-4 544
Remeasurement	-2 842	-9 640
Exchange rate differences	-17 948	4 388
Closing fair value	178 765	183 432
Reconciliation of net amount recognised in Balance Sheet, incl. payroll tax	Norway	Norway
Net (liability) assets recognised in the Balance Sheet at beginning of the year	-49 571	-39 649
Net Periodic Pension Cost	-19 503	-21 190
Employer contributions/refund of Premium fund/transfer to contribution fund	15 937	36 769
Remeasurements (loss)/ gain	6 708	-24 362
Exchange rate differences	4 850	-1 137
Net (liability) assets recognised in the Balance Sheet at end of the year	-41 579	-49 571
Other Comprehensive Income - OCI during period	Norway	Norway
Remeasurements loss (gain) - change in discount rate	19 820	50 192
Remeasurements loss (gain) - change in other financial assumptions DBO	-30 824	-18 688
Remeasurements loss (gain) - experience DBO	1 455	-16 781
Remeasurements loss (gain) - change in other financial assumptions assets	528	1 441
Remeasurements loss (gain) - experience Assets	1 159	7 178
Investment management cost	1 154	1 022
Total	-6 707	24 364

When the Company calculates the cost and provision of defined benefit pension plan, future assumptions and the pension plan are considered. If the outcome diverges from the calculation, or if assumptions changes, actuarial gains or losses arise. In Norway employees employed before November 1, 2016 have a defined benefit plan, and all new employees joining after November 1, 2016, are offered a defined contribution plan. Some employees who have joined the Company in Norway earlier than November 1, 2016 have voluntarily moved to the defined contribution plan. In Denmark, all employees have a defined contribution plan.

The defined contribution plan means that the employee is entitled to a lifelong pension that corresponds to a certain percent of the annual salary and mainly consists of retirement pension, early retirement and survivor's pension. The defined contribution plan contains a completion to the age retirement pension that is settled in favor for the fees and not preferential. The Company's defined benefit plans are settled through purchases of occupational pension insurances by the external pension scheme provider, and based on agreed rules. The total cost for paid pension for defined contribution plans in 2020 is 41 096t SEK (for Norway 11 320t SEK, Denmark 2 403t SEK and for Sweden 27 373t SEK).

Note 7 Other general administrative expenses

TSEK	2020	2019
IT expenses	-301 299	-289 709
Telecommunication, postage	-6 218	-5 448
Travel, representation	-4 910	-14 756
Advertising, public relations, marketing	-165 145	-211 979
Expenses for premises	-51 299	-53 567
Card expenses	-35 697	-35 933
Other operating expenses	-164 769	-164 104
Other expenses	-56 073	-98 169
Total	-785 411	-873 664

According to agreement Entercard pays Swedbank AB for IT-services as well as other administrative services to the amount of 7 975,0t SEK (6 719,1t SEK).

Remuneration to the auditors	2020	2019
PwC		
- Audit engagement	-2 644	-
- Tax consultancy	-	-
-Other	-3 283	-6 136
Total	-5 927	-6 136

Remuneration to the auditors	2020	2019
KPMG AB		
- Audit engagement	-684	-3 161
- Tax consultancy	-44	-313
-Other	-249	-65
Total	-977	-3 538

Note 8 Depreciation and impairments of tangible and intangible assets

TSEK	2020	2019
Depreciation of tangible assets	-2 862	-3 055
Depreciation of intangible assets	-35 078	-43 237
Impairment tangible and intangible assets	-	-
Total	-37 940	-46 291

Tangible assets useful life are 5 years for furniture and 3 years for IT-related inventory. The useful life of intangible assets is evaluated to be 4 years for projects and 3 years for licenses.

Note 9 Loan losses, net

TSEK	2020	2019
Loans at amortized cost		
Change in provisions - stage 1	-265 171	25 953
Change in provisions - stage 2	8 739	-103 159
Change in provisions - stage 3	-391 348	-177 167
Total	-647 780	-254 373
The year's write-off for established loan losses	-769 620	-615 143
Recoveries from previously established loan losses	14 248	114 919
Total	-755 372	-500 224
Loan losses net, loans at amortized cost	-1 403 151	-754 597
Provisions for commitments, credit limits granted but not utilized		
Change in provisions - stage 1	3 946	14 326
Change in provisions - stage 2	405	-498
Change in provisions - stage 3	-	-
Loan losses net, loan commitments	4 351	13 828
Total loan losses, net	-1 398 800	-740 770

Note 10 Tax

Current tax	2020	2019
Tax current year	-162 354	-284 434
Tax adjustment previous years	-859	-
Deferred tax	5 537	2 501
Total	-157 676	-281 932

	2020		2019	
Reconciliation of tax	TSEK	percent	TSEK	percent
Profit before tax	690 181		1 341 237	
Tax expense booked	-157 676	-22,85	-281 932	-21,02
Tax according to current tax-rate, 21,4%	-147 699	-21,40	-287 025	-21,40
Clarification of difference	-9 977	-1,45	5 092	0,38
Non-deductible expenses	-1 029	-0,15	-1 298	-0,10
Non-taxable income	1 992	0,29	-	-
Tax- attributable to previous years	-859	-0,12	-	-
Divergent tax rate	-13 199	-1,91	2 017	0,15
Other	-2 419	-0,35		
Temporary variance	5 537	0,80	4 374	0,33
Accounted tax	-157 676	-22,85	-281 932	-21,02

Tax recorded in Other comprehensive income	2020	2019
Tax pensions	-1 382	-4 739
Unrealised change in fair value	-506	1 061
Current tax attributable to translation differences from foreign operation	45 900	14 158
Total	44 013	10 481

Foreign tax not deducted from which deferred tax is not reported	2020	2019
Foreign tax not deducted	12 693	-24 597
Total	12 693	-24 597

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Exchange rate differences	Closing balance
Provisions for pensions	10 040	-93	-1 382	-	8 565
Tangible/intangible assets	4 576	2 422		-	6 998
Fair value bonds	-3 208	3 208		-	-
Total deferred tax assets	11 408	5 537	-1 382	-	15 563

Note 11 Deposits

TSEK	2020	2019
Swedish banks	4 570 206	3 501 872
Foreign banks	-	-
Total	4 570 206	3 501 872

Deposits measured at amortized cost.

Note 12 Loans to the public, net

TSEK	2020	2019
Swedish public	21 634 894	20 058 915
Foreign public	9 544 085	11 938 660
Total	31 178 979	31 997 575

Loans to the public measured at amortized cost.

Note 13 Loans to the public and deposits, provisions for expected credit losses

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

TSEK	2020	2019
Credit facilities, granted but not paid	75 135	103 031
Credits granted but not utilized	42 284 523	42 643 529
Provisions for off-balance commitments		
Stage 1	25 240	30 182
Stage 2	3 393	3 918
Stage 3	-	-
Total	28 632	34 099

Allocation of loans between stages and provisions

	2020	2019
Deposits		
Stage 1		
Book value, gross	4 570 206	3 501 872
Provisions	-	-
Total book value	4 570 206	3 501 872
Loans to the public, private customers		
Stage 1		
Book value, gross	28 058 604	28 285 934
Provisions	-650 954	-412 049
Book value	27 407 650	27 873 885
Stage 2		
Book value, gross	2 533 874	2 908 225
Provisions	-481 200	-511 350
Book value	2 052 674	2 396 875
Stage 3		
Book value, gross	2 801 974	2 337 258
Provisions	-1 383 569	-1 039 149
Book value	1 418 405	1 298 108
Total book value	30 878 728	31 568 867
Loans to the public, corporate customers		
Stage 1		
Book value, gross	297 075	425 667
Provisions	-260	-415
Book value	296 815	425 251
Stage 3		
Book value, gross	8 107	8 026
Provisions	-4 671	-4 570
Book value	3 436	3 456
Total book value	300 251	428 708
Total	35 749 185	35 499 447
Book value gross, stage 1	28 355 679	28 711 600
Book value gross, stage 2	2 533 874	2 908 225
Book value gross, stage 3	2 810 081	2 345 283
Total book value gross	33 699 634	33 965 108
Provisions stage 1	-651 214	-412 464
Provisions stage 2	-481 200	-511 350
Provisions stage 3	-1 388 240	-1 043 719
Total provisions	-2 520 655	-1 967 534
Total book value	31 178 979	31 997 575
Share of loans in stage 3, gross, %	8,34%	6,90%
Share of loans in stage 3, net, %	4,55%	4,06%
Provision ratio of loans stage 1	2,30%	1,44%
Provision ratio of loans stage 2	18,99%	17,58%
Provision ratio of loans stage 3	49,40%	44,50%
Total provision ratio of loans	7,48%	5,79%

Change in book value, gross, and provisions 2020

	Performing loans		Non-performing loans	
Book value, gross	Stage 1	Stage 2	Stage 3	Total
Book value, gross, January 1, 2020	28 711 600	2 908 225	2 345 283	33 965 108
Book value, gross, December 31, 2020	28 355 679	2 533 874	2 810 081	33 699 634
Provisions for loans to the public and deposits				
Provisions January 1, 2020	-412 464	-511 350	-1 043 719	-1 967 534
New and derecognised financial assets, net	-168 981	106 659	84 075	21 753
Change in credit risk	-31 678	-612	47 843	15 554
Transfer between stages during the period				
from stage 1 to stage 2	38 553	-261 783	-	-223 230
from stage 1 to stage 3	20 278	-	-317 967	-297 689
from stage 2 to stage 1	-23 343	102 733	-	79 390
from stage 2 to stage 3		83 929	-145 908	-61 979
from stage 3 to stage 1	-169		4 658	4 489
from stage 3 to stage 2	-	-1 082	2 694	1 612
*Other	-73 410	305	-19 916	-93 022
Provisions December 31, 2020	-651 214	-481 200	-1 388 240	-2 520 655
Book value				
Opening balance January 1, 2020	28 299 136	2 396 875	1 301 564	31 997 575
Closing balance December 31, 2020	27 704 465	2 052 674	1 421 840	31 178 979

*Overlay forward flows related to in-month debt sales, overlay to reflect in-month new bookings of customers and FX rates fluctuations.

Change in book value, gross, and provisions 2019

	Performing loans		Non-performing loans	
Book value, gross	Stage 1	Stage 2	Stage 3	Total
Book value, gross, January 1, 2019	26 689 070	2 209 674	1 751 725	30 650 468
Book value, gross, December 31, 2019	28 711 600	2 908 225	2 345 283	33 965 108
Provisions for loans to the public and deposits				
Provisions January 1, 2019	-447 687	-402 787	-898 261	-1 748 735
New and derecognised financial assets, net	-84 935	34 228	305 308	254 600
Change in credit risk	39 893	-1 734	111 359	149 518
Transfer between stages during the period				
from stage 1 to stage 2	53 314	-301 916	-	-248 602
from stage 1 to stage 3	28 862	-	-393 481	-364 619
from stage 2 to stage 1	-11 221	63 102	-	51 880
from stage 2 to stage 3		98 860	-217 041	-118 181
from stage 3 to stage 1	-142		3 850	3 708
from stage 3 to stage 2	-	-1 103	2 773	1 671
*Other	9 452	-	41 774	51 226
Provisions December 31, 2019	-412 464	-511 350	-1 043 719	-1 967 534
Book value				
Opening balance January 1, 2019	26 241 383	1 806 887	853 464	28 901 734
Closing balance December 31, 2019	28 299 136	2 396 875	1 301 564	31 997 575

Change in book value, gross, 2020

Book value, gross	Performing loans Stage 1	Performing loans Stage 2	Non-performing loans Stage 3	Total
Book value, gross, January 1, 2020	28 711 600	2 908 225	2 345 283	33 965 108
New and derecognised financial assets, net	3 398 574	-564 234	-195 193	2 639 147
Change in credit risk	-2 402 652	-76 422	-231 394	-2 710 468
Transfer between stages during the period				
from stage 1 to stage 2	-1 486 614	1 463 844	-	-22 770
from stage 1 to stage 3	-665 243	-	647 395	-17 849
from stage 2 to stage 1	604 687	-751 984	-	-147 297
from stage 2 to stage 3		-225 333	206 189	-19 144
from stage 3 to stage 1	4 712		-5 206	-495
from stage 3 to stage 2	-	6 774	-7 292	-518
*Other	190 615	-226 997	50 299	13 917
Book value				
Closing balance December 31, 2020	28 355 679	2 533 874	2 810 081	33 699 634

*Overlay forward flows related to in-month debt sales, overlay to reflect in-month new bookings of customers and FX rates fluctuations.

Change in book value, gross, 2019

Book value, gross	Performing loans Stage 1	Performing loans Stage 2	Non-performing loans Stage 3	Total
Book value, gross, January 1, 2019	26 689 070	2 209 674	1 751 725	30 650 468
New and derecognised financial assets, net	3 994 940	-169 737	-638 698	3 186 505
Change in credit risk	174 104	-28 629	-93 347	52 128
Transfer between stages during the period				
from stage 1 to stage 2	-1 504 364	1 615 471	-	111 107
from stage 1 to stage 3	-827 306	-	872 624	45 318
from stage 2 to stage 1	568 700	-650 342	-	-81 641
from stage 2 to stage 3		-477 482	469 089	-8 393
from stage 3 to stage 1	6 993		-9 472	-2 479
from stage 3 to stage 2	-	5 381	-6 078	-696
*Other	-390 537	403 887	-561	12 789
Book value				
Closing balance December 31, 2019	28 711 600	2 908 224	2 345 283	33 965 106

Note 14 Bonds and other interest-bearing securities

Financial assets measured at fair value through other comprehensive income

Issuers	2020	2019
Swedish municipalities	893 182	1 353 850
Swedish covered bonds	207 654	-
Foreign credit institutions	76 490	178 228
Foreign mortgage institutions	436 927	1 128 910
Other foreign issuers	263 951	112 007
Total	1 878 204	2 772 996

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

Remaining maturity	2020	2019
Maximum 1 year	104 536	49 301
Longer than 1 year but maximum 5 years	1 773 668	2 522 267
Longer than 5 years	-	201 428
Total	1 878 204	2 772 996

Total holdings of financial assets, broken down by issuer	2020	2019
Issued by public entities	1 157 133	1 465 857
Issued by other borrowers	721 071	1 307 139
Total	1 878 204	2 772 996
Average remaining maturity, years	2,71	3,69
Average remaining fixed interest term, years	0,46	0,30
of which listed securities	*1 878 204*	*2 772 996*
of which unlisted securities	-	-

Note 15 Intangible assets

TSEK	2020	2019
Opening balance	369 090	345 078
Additions through internal development	4 997	21 202
Write downs		
Exchange differences	-14 156	2 811
Closing balance	359 931	369 090
Opening balance accumulated depreciation	-295 199	-250 926
Adjustment previous years	-	-
Depreciations for the year	-35 078	-43 236
Exchange differences	11 642	-1 037
Closing balance	-318 636	-295 199
Carrying amount	41 296	73 891
Where of capitalised development projects	*41 296*	*73 891*

Note 16 Operational leasing

Operational leasing contracts allocated on the due dates.

TSEK	< 1 Year	1-5 Years	> 5 Years	2020 Total	2019 Total
Total combined amount of future minimum lease payments that relate to non-cancellable agreements	43 069	72 295	-	115 364	145 088
Total	43 069	72 295	-	115 364	145 088

Leasing contracts include rent of premises, company cabins, car leasing and IT-equipment.

Operational leasing cost for the financial year allocated on categories

	2020	2019
Premises	39 896	39 421
Company Cabins in Trysil	1 088	1 213
Car leasing	1 154	944
IT equipment	2 685	2 900
Total	44 822	44 478

Note 17 Tangible assets

TSEK	2020	2019
Opening balance	42 883	38 321
Additions	140	4 481
Exchange differences	-617	81
Closing balance	42 405	42 883
Opening balance depreciations	-35 017	-32 029
Depreciations during the year	-2 862	-3 055
Exchange differences	338	67
Closing balance	-37 541	-35 017
Carrying amount	4 864	7 868

Tangible assets consists of machinery and equipment.

Note 18 Other assets

TSEK	2020	2019
Account receivables*	65 077	273 924
Tax receivables	36 046	34 338
Card network receivable	30 513	49 442
Other receivables	66 383	77 218
Total	198 020	434 922

*Financial assets measured at amortized cost

Note 19 Prepaid expenses and accrued income

TSEK	2020	2019
Accrued interest income	2 037	6 247
Prepaid expenses (IT, licenses etc.)	61 779	59 899
Other prepaid expenses and accrued income	10 691	10 922
Total	74 507	77 069

Note 20 Amounts owed to credit institutions

TSEK	2020	2019
Swedish banks	15 470 368	15 991 100
Foreign banks	15 470 368	15 991 100
Total	30 940 736	31 982 199

Liabilities to credit institutions measured at amortized cost

Note 21 Other liabilities

TSEK	2020	2019
Accounts payable*	46 598	79 672
Income tax liabilities	23 227	120 973
Other liabilities*	73 002	158 208
Total	142 827	358 853

*Financial liabilities measured at amortized cost

Note 22 Accrued expenses and prepaid income

TSEK	2020	2019
Accrued interest expenses	736	1 225
Accrued staff expenses	106 506	116 719
Other accrued expenses and prepaid income	146 188	187 189
Total	253 430	305 133

Note 23 Assets pledged and contingent liabilities

TSEK	2020	2019
Assets pledged		
Assets pledged	None	None
Contingent liabilities		
Nominal amounts		
Contingent liabilities	None	None
Commitments		
Nominal amounts		
Credit card limits granted but not utilised	42 284 523	42 368 957

Note 24 Assets and liabilities in foreign currency

	2020 All country values presented in SEK			
Assets	SEK	NOK	DKK	Total
Deposits	3 333 959	968 081	268 166	4 570 206
Loans to the public, net	21 634 894	7 132 133	2 411 952	31 178 979
Bonds and other interest-bearing securities	1 069 254	704 415	104 536	1 878 204
Other assets	181 130	138 115	15 005	334 249
Total assets	26 219 237	8 942 744	2 799 659	37 961 639
Liabilities				
Amounts owed to credit institutions	21 700 000	6 956 156	2 284 579	30 940 736
Other liabilities, including equity/branch capital	4 519 237	1 986 587	515 079	7 020 903
Total liabilities	26 219 237	8 942 744	2 799 659	37 961 639

	2019			
Assets	SEK	NOK	DKK	Total
Deposits	2 577 339	689 916	234 617	3 501 872
Loans to the public, net	20 058 915	9 357 090	2 581 570	31 997 575
Bonds and other interest-bearing securities	1 066 805	1 594 184	112 007	2 772 996
Other assets	348 617	233 936	22 604	605 157
Total assets	24 051 675	11 875 126	2 950 798	38 877 600
Liabilities				
Amounts owed to credit institutions	20 000 000	9 426 408	2 555 791	31 982 199
Other liabilities including equity	4 051 675	2 448 718	395 008	6 895 400
Total liabilities	24 051 675	11 875 126	2 950 798	38 877 600

Note 25 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.

Capital requirements for operational risk is calculated using the standardized approach, which means that the activities are divided into business areas that have been assigned different beta factors. The capital requirement is calculated as the 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 0,2 percent of the risk-weighted exposure amount. Supervisory authorities in Sweden, Norway and Denmark reduced their countercyclical buffer requirements in 2020.

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, 2020, the internal capital requirement amounted to 12,5 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) 2020 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

Common Equity Tier 1 Capital: Instruments and reserves	2020	2019
Capital instrument and associated share premium	5 000	5 000
Retained earnings	6 529 354	5 448 358
Accumulated other comprehensive income	-512 423	-364 919
Profit net, after deduction of foreseeable cost's and dividend's, verified by auditors	-467 496	1 059 305
Common Equity Tier 1 Capital before adjustments	5 554 435	6 147 744
Value adjustments due to the requirements for prudent valuation	-1 268	-3 481
Intangible assets	-41 296	-73 891
Deferred tax assets that rely on future profitability and arise from temporary differences	-15 563	-11 408
Negative values associated to expected losses	-	-
Losses current year	-	-
Total adjustments of Common Equity Tier 1 Capital	-58 126	-88 779
Common Equity Tier 1 Capital	5 496 309	6 058 965
Additional Tier 1 Capital: instruments	-	-
Tier 1 Capital	5 496 309	6 058 965

Tier 2 Capital: Instruments and provisions	2020	2019
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	5 496 309	6 058 965
Total risk exposure amount	30 222 740	30 744 199
Common Equity Tier 1 capital ratio	18,2%	19,7%
Tier 1 capital ratio	18,2%	19,7%
Total capital ratio	18,2%	19,7%

Requirements buffers, %	2020	2019
Total Tier 1 capital requirement including buffer requirement	7,2	9,4
whereof minimum CET1 requirement	*4,5*	*4,5*
whereof capital conservation buffer requirement	*2,5*	*2,5*
whereof countercyclical capital buffer requirement	*0,2*	*2,4*
Common Equity Tier 1 capital available to be used as buffer	11,0	10,3
Leverage ratio	13,1	12,7

Risk exposure amount and own funds requirements

	2020		2019	
Exposure classes	Risk exposure amount	Own funds requirement	Risk exposure amount	Own funds requirement
Institutional exposures	914 051	73 124	700 581	56 046
Covered bonds	64 458	5 157	112 891	9 031
Retail exposures	22 285 364	1 782 829	22 974 243	1 837 939
Regional governments or local authorities exposures	1 438	115	1 727	138
Corporate exposures	2 345	188	4 524	362
Exposures in default	1 427 787	114 223	1 309 590	104 767
Other exposures	276 378	22 110	519 859	41 589
Total	24 971 821	1 997 746	25 623 415	2 049 873

	2020	2019
Total capital requirement for credit risk according to the standardised approach	1 997 746	2 049 873

Capital requirements for operational risk	2020	2019
Risk exposure amount	5 068 212	4 632 277
Capital requirements according to the standardised approach	405 457	370 582
Total Capital requirement for operational risk	405 457	370 582

Capital requirements for market risk (foreign exchange risk)	2020	2019
Risk exposure amount foreign currency risk	182 707	488 507
Capital requirements according to the standardised approach	14 617	39 081
Total Capital requirement for market risk	14 617	39 081

Capital requirements for settlement risk	-	-
Capital requirements for credit value adjustment (CVA) risk	-	-
Total Capital requirements	2 417 819	2 459 536

Internal capital requirement

	2020		2019	
Capital requirement according to Pillar 1	TSEK	% of *REA	TSEK	% of *REA
Credit risk	1 997 746	6,6	2 049 873	6,7
Market risk	14 617	-	39 081	0,1
Operational risk	405 457	1,3	370 582	1,2
Settlement risk	-	-	-	-
Credit value adjustment (CVA) risk	-	-	-	-
Total capital requirement according to Pillar 1	2 417 819	8,0	2 459 536	8,0
Capital requirement according to Pillar 2				
Other capital requirement	268 300	0,9	274 183	0,9
Total capital requirement according to Pillar 2	268 300	0,9	274 183	0,9
Combined buffer requirement				
Countercyclical buffer	71 152	0,2	732 229	2,4
Capital conservation buffer	755 569	2,5	768 605	2,5
Total combined buffer requirement	826 720	2,7	1 500 834	4,9
Management buffer				
Additional management buffer	302 227	1,0	306 170	1,0
Total management buffer	302 227	1,0	306 170	1,0
Internal capital requirement				
Total capital requirement	3 815 067	12,6	4 540 722	14,8
Capital base				
Total capital base	5 496 309	18,2	6 058 965	19,7

*REA - Risk exposure amount

Note 26 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	
Assets	2020	2019	2020	2019
Deposits	4 570 206	3 501 872	-	-
Other assets	997	1 073	-	-
Total	4 571 202	3 502 945	-	-
Liabilities				
Amounts owed to credit institutions	15 470 368	15 991 100	15 470 368	15 991 100
Other liabilities	11 527	14 016	9 699	13 007
Total	15 481 895	16 005 116	15 480 067	16 004 107
Income and expenses				
Interest income	-326	5 411		-
Interest expenses	-121 097	-141 894	-121 013	-141 795
Commission income	92 490	122 952		-
Commission expenses	-4 810	-5 254		-
Other expenses	-7 975	-6 719		-
Total	-41 718	-25 505	-121 013	-141 795

Note 27 Classification and valuation of financial assets and liabilities

2020

Assets	Amortized cost	Measured at fair value through other comprehensive income	Other financial liabilities	Non-financial assets and liabilities	Book value	Fair value
Deposits	4 570 206				4 570 206	4 570 206
Loans to the public, net	31 178 979				31 178 979	31 178 979
Bonds and other interest-bearing securities		1 878 204			1 878 204	1 878 204
Other assets	134 904			63 116	198 020	198 020
Prepaid expenses and accrued income	74 507			-	74 507	74 507
Total assets	35 958 596	1 878 204	-	63 116	37 899 916	37 899 916
Liabilities						
Amounts owed to credit institutions	30 940 736				30 940 736	30 940 736
Other liabilities			140 971	1 855	142 827	142 827
Accrued expenses and prepaid income			253 430		253 430	253 430
Other provisions	28 632		-	-	28 632	28 632
Total liabilities	30 969 368	-	394 401	1 855	31 365 624	31 365 624

2019

Assets	Amortized cost	Measured at fair value through other comprehensive income	Other financial liabilities	Non-financial assets and liabilities	Book value	Fair value
Deposits	3 501 872				3 501 872	3 501 872
Loans to the public, net	31 997 575				31 997 575	31 997 575
Bonds and other interest-bearing securities		2 772 996			2 772 996	2 772 996
Other assets	360 678			74 244	434 922	434 922
Prepaid expenses and accrued income	77 069			-	77 069	77 069
Total assets	35 937 193	2 772 996	-	74 244	38 784 433	38 784 433
Liabilities						
Amounts owed to credit institutions	31 982 199				31 982 199	31 982 199
Other liabilities			357 782	1 071	358 853	358 853
Accrued expenses and prepaid income			305 133		305 133	305 133
Other provisions	34 099		-	-	34 099	34 099
Total liabilities	32 016 299	-	662 915	1 071	32 680 284	32 680 284

Note 28 Specifications of adjustments for non-cash items

TSEK	2020	2019
Depreciation/amortization of tangible and intangible assets	37 940	46 291
Unrealised value change of financial assets	-7 403	1 431
Change of expected credit losses	654 120	195 846
Change in prepaid expenses and accrued income	-552	66 525
Change in accrued expenses and prepaid income	-36 928	15 657
Total	647 177	325 750

Note 29 Proposal for the treatment of current year's earnings (SEK)

The following profits are available for appropriation at the annual general meeting

SEK	2020	2019
Retained earnings	5 975 635 025	4 961 680 462
Current year's net profit/loss	532 504 482	1 059 304 823
Total	6 508 139 507	6 020 985 285

The Board of Directors propose:		
dividends	1 000 000 000	-
to be carried forward	5 508 139 507	6 020 985 285
Total	6 508 139 507	6 020 985 285

Note 30 Significant events after the year end

Since the close of 2020, Scandinavia has implemented more restrictions due to the volatility of Covid inflection rates. The drive is connected to the new concerns over a UK variant and its unknown virility. The rollout of vaccine initiatives provide the prospects of possible societal opening. However, the rate of vaccine coverage in the three counties is progressing at a slower pace than originally thought in late 2020. Entercard will continue to support the employee base and its customers throughout the journey back to full societal operation. As Entercard manages through the Covid conditions during 2021, it will experience a top leadership change. Long-time CEO, Freddy Syversen, will retire after June 30, 2021. He will be succeeded by Jan Haglund. Jan comes to Entercard with 20 years of experience from the card, lending, payment and factoring business, as well as extensive experience in defining and driving change projects in the financial sector. He will join Entercard from Komplett Bank, where he held both the CFO and – since 2019 – the CEO position.

Note 31 Information regarding the parent company

The parent company of the largest Group that Entercard Group AB is a subsidiary to, and for which consolidated accounts are prepared is Swedbank AB (publ), 502017-7753, Stockholm, Sweden and Barclays Principal Investments Limited, London, Great Britain. The annual accounts of Swedbank AB and Barclays Principal Investments Limited are available on respective company's homepage, www.swedbank.com and www.barclays.co.uk.

Stockholm / 2021

Jan-Olof Brunila
Chairman

Olof Erlandsson

Christian Kühn

Lena Smeby Udesen

Nicole Olbe

Tobias Griess

Eva-Li Prades Eriksson
Employee representative

John Einar Kjevik
Employee representative

Freddy Syversen
Chief Executive Officer

Our auditors' report was submitted on / 2021

Öhrlings PricewaterhouseCoopers AB
(signature on original document)

Peter Nilsson

Authorized Public Accountant