

PERIODIC DISCLOSURE OF INFORMATION ON LIQUIDITY RESERVE AND FUNDING SOURCES

In accordance with Finansinspektionen's regulations (FFFS 2010:7) regarding management of liquidity risks in credit institutions and investment firms, EnterCard Sverige AB periodically discloses information about the size and composition of its liquidity reserve, the size and allocation of different funding sources and the values of various risk metrics and key ratios.

EnterCard's objective is to maintain sufficient liquidity to enable the company to meet payment obligations without a significant increase in the cost of obtaining means of payments.

EnterCard Sverige AB is of the opinion that it holds sufficient liquidity per 30.09.2016 and has a low liquidity risk when considering both survival horizon (SH) and Liquidity coverage ratio (LCR).

Funding sources

Funding is sourced through the parent companies. EnterCard's funding is provided in the local currencies.

At EnterCard the funding relates primarily to debt-funding of receivables. Funding is agreed every quarter. The funding provided is for operational needs for the coming three months. EnterCard forecasts future funding needs as part of its quarter, annual and three year forecasting processes.

The Treasury team is responsible for executing EnterCard's funding process and that an adequate and compliant liquidity reserve is established and maintained. New funding is secured on a quarterly basis; EnterCard makes a 3 months forecast to cover the next quarter of liquidity need; however, if needed, EnterCard can be provided with funding in between the quarterly Treasury forums. Based on business forecasts and stress tests the funding need is forecasted for operational need and regulatory need (HQLA, liquidity buffer). EnterCard is funded in local currency.

Per 30.09.2016 EnterCard had funding from Swedbank and Barclays for 5,435,000,000 SEK per owner total funding of 10,870,000,000 SEK, and current year to maturity is 1,66years.

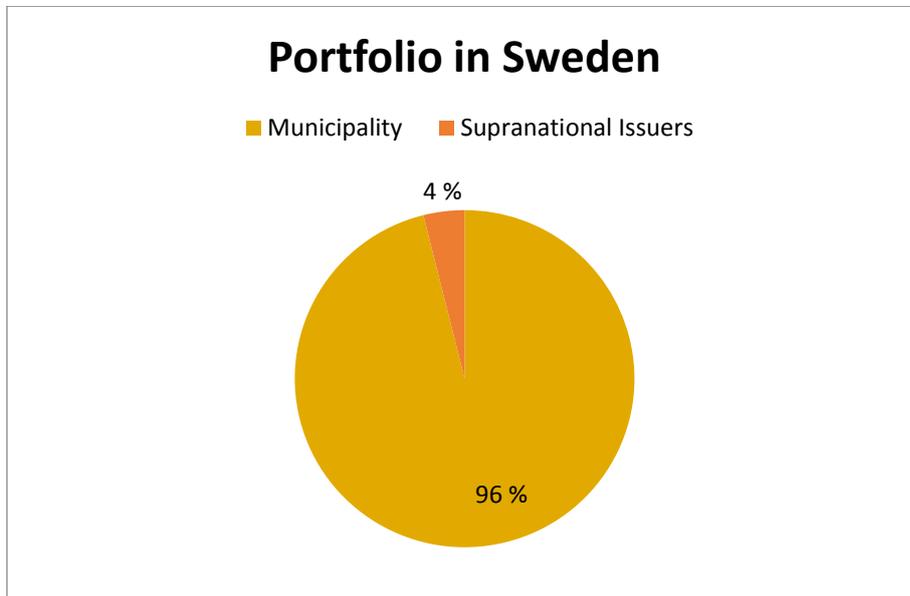
Liquidity reserve

Buffer account

EnterCard has established a bank account where an amount of liquidity/ cash is kept separately from the operational bank accounts. EnterCard has the possibility to transfer cash from buffer account to EnterCard's operational bank account if needed. The amount on the bank account of 200 m SEK, is based on the days of the months with the highest cash out effects, and should cover 2-3 days of high cash out.

High Quality Liquidity Assets

The High Quality Liquid Assets (HQLA) portfolio currently consists of 3Months floating papers, mainly municipalities, but 47MSEK is placed with European investment bank which is a Supranational Issuers. The total portfolio amounts to 1,205,644,720 SEK per 30.09.2016



Overdraft facility

To ensure that short term liquidity needs are met, EnterCard has access to an overdraft facility. The overdraft facility is held within Swedbank for EnterCard, and is available automatically when bank account balances fall below zero. The amount of the overdraft facility is 680MSEK.

Stressed assumptions - Survival horizon and LCR

LCR

EnterCard assesses its liquidity coverage ratio by currency on a continuous basis based on the regulatory LCR requirements. The LCR is defined in CRR and defined as the amount of High Quality Liquid Assets (HQLA) in relation to the net cash outflow the next 30 days in a stressed scenario. The LCR requirement is 70% from January 2016, however EnterCard has a risk appetite of the external requirements plus a buffer of 20%, meaning that the risk appetite is 84% from January 2016. EnterCard assesses each month's stressed net cash outflow and holds a liquidity buffer enough to cover the stressed outflow from the credit card and loan products, plus the largest funding maturity that could occur in a 30 days period with current funding maturity structure.

Per 30.09.2016 EnterCard Sverige had a LCR ratio of 395.26%

In addition to LCR, Entercard Sverige stresses its cashflow by applying several scenarios for Survival horizon.

Scenario 1:

The Survival Horizon is calculated based on the below stressed assumptions

- Business is ongoing, but only 1 parent is funding its share (meaning EnterCard received 50% of its liquidity need)
- Overdraft facility is not included
- Outflow and customer payment are not impacted
- The HQLA amount is included at its latest MTM value without any haircut
- Liquidity buffer on separate bank account is included

Scenario 2:

The survival horizon is calculated based on the following combination of market and specific stressed assumptions

- Business is ongoing, but only 1 parent is funding its share (meaning EnterCard received 50% of its liquidity need)
- Overdraft facility is not included
- Inflow from customers is capped 25% compared to BAU
- Outflow is not impacted
- The HQLA amount is included at its LCR amount
- Liquidity buffer on separate bank account is included

The risk appetite set by the board is 60 days, in addition EnterCard has an internal buffer of 15 days so total internal target is 75 days. This appetite will ensure that Entercard has enough time to execute management actions.

By 30.09.2016 the SH was 102 for the most sever scenario and 222days for Scenario 1.