ANNUAL REPORT

2018

EnterCard Group AB

556673-0585

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CERTIFICATE OF ADOPTION

The undersigned member of the Board hereby certifies that this copy of the Annual Accounts 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 2019

Christopher Wood

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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 2018.

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 was founded in 2005 by Barclays Bank, the largest credit institution providing credit cards financing in Europe, and Swedbank, a leading banking group in the Nordics and Baltics.

The business focus of EnterCard is to issue credit cards and consumer loans under its own brand, re:member, in all three Scandinavian countries, as well as issuing credit cards and loans under different partners' brands and through their own distribution channels; including Swedbank and LO in Sweden, Coop in Norway and LO in Denmark. Today, EnterCard has over 1.7 million customers and approximately 480 employees in Stockholm, Copenhagen, Oslo, and Trondheim.

It is important for EnterCard to act as a responsible loan provider by continually securing that our customers use their credit cards in a safe and sound way and ensure that reasonable credit levels are given to each individual customer.

Ownership

EnterCard Group AB is owned by Swedbank AB, 60% and Barclays Bank PLC, 40% through a joint venture. EnterCard Group AB operates two branches in Norway and Denmark, respectively.

Sustainability

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

Significant events during the year

EnterCard has in 2018 entered into a card distribution agreement with Coop Sverige AB and there was also an agreement entered into with MedMera Bank AB to purchase their Coop Sweden portfolio.

Future developments

The development towards more digital solutions continues as a result both to increased customer needs for convenience, speed and simplicity and advancements in technology. High market activity by different players is evident:

- Investments in fintech is booming in Scandinavia, with many new players aspiring to disrupt the value chain both for payments and lending

- 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

- Traditional banks have increased their activities within the fintech and payments area, both through partnerships, acquisitions, launch of accelerators and own development

As a response to this, EnterCard is continuously active in developing simple and efficient digital customer interfaces, including enhancing all existing customer touch points and upcoming launches within digitalized payment solutions and eWallet. EnterCard is continuously exploring new ways of providing financing and create engagement with the customers throughout the customer lifecycle. Efficiency and control is further improved through consolidation and modernization of EnterCard's IT platforms and automation of back-end processes.

The growth within consumer credit is continuing while at the same the market is becoming more regulated to the consumers' advantage. EnterCard is exposed to several upcoming regulations, including PSD2, GDPR and PCIDSS. During 2018, a number of projects have been in operation in order to have a focused approach in understanding the implications of these regulations, ensuring compliance and identifying commercial opportunities. Some of these regulations, especially PSD2, may have a disruptive effect on the value chain for payments. EnterCard are working actively to assess possible implications and how to leverage the opportunities and mitigate the threats that may be the result of the regulations.

New regulatory changes in Norway will have impact on our industry:

- New regulations with the purpose of enforcing more restrictions on consumer credit products, inclusive hard rules and stress testing on affordability assessments and tenure of loans to be reduced

EnterCard will do the necessary adaption of the regulation above.

Earnings, profitability and position

Operating income amounted to 3,376.4m SEK (3,032,9m SEK) and operating profit amounted to 1,255.7m SEK (1,126.0m SEK). Total loans to the public excluding provisions of anticipated loan losses amounted to 30,650.4m SEK (25,543.6m SEK). Impaired loans amounted to a book value of 853,5m SEK (752.0m SEK) which constitutes 3,0 percent of the total credit portfolio. Total provisions amounts to 1,748.7.0m SEK (1,357.0m SEK).

Staff

The number of employees at year end was 481 (417). More information about personnel, salaries and compensation is disclosed in note 8.

Risk management

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

The Board of Directors and the management 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 level, set by the Board of Directors.

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

Liquidity and funding

Funding has exclusively been provided through Swedbank AB and Barclays Bank PLC. EnterCard's liquidity need is satisfied through loans and credits provided by the owners. EnterCard's cash balance amounted to 3,701.8m SEK at year end (2,650.2m SEK). The liquidity reserve amounted to 2,501.3.m SEK (2,025.3m SEK), more detailed information about the liquidity reserve is provided in note 2 and note 16. EnterCard Group Liquidity Coverage Ratio (LCR) was 383 % (411 %). According to EnterCard's view on the Basel Committee's most recent proposal on Net Stable Funding Ratio (NSFR), EnterCard's NSFR was 142 % (148 %).

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 16,4 % (18,9 %) at year end. Information of the composition of the capital base and capital requirements are included in the Capital Adequacy Analysis in note 27.

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

The following profits are available for appropriation at the annual general meeting	
Retained earnings	4 664 498 712
Current year's net profit/loss	947 789 913
Total	**5 612 288 625**

The Board of Directors propose:	
dividends	650 000 000
to be carried forward	4 962 288 625
Total	**5 612 288 625**

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

The Board's opinion to the proposed dividend

It is the assessment of the Board of Directors that the dividend does not prevent the company from executing its obligations, both on short- and long terms, and will allow the company to make the investments necessary. The proposed dividend is therefor in accordance with Chapter 17, 3 § 2-3 sections in the Swedish Companies Act. Taken the above into account, the amount of the dividend is also depending on the policy within EnterCard, which states directives on the dividend considering maintaining the capital base and the liquidity on a sufficient level.
As it regards the company’s result and financial position in other respects please refer to the income statement and balance sheet together with notes set out below.

All amounts are in thousand Swedish krona unless otherwise indicated.

Five year summary EnterCard Group AB

Comparative numbers for the years 2014-2016 refers to former Parent Company, EnterCard Holding AB, before the merger. Numbers as per 2017 and 2018 refers to EnterCard Group AB after the merger.

TSEK	2018	2017	2016	2015	2014
Loans to credit institutions	3 701 886	2 650 169	26 703	18 858	9 862
Loans to the public, net	28 901 734	24 186 570	-	-	-
Bonds and other interest-bearing securities	2 501 252	2 025 314	-	-	-
Other assets	506 705	451 318	1 234 950	1 647 839	841 132
Total assets	**35 611 577**	**29 313 371**	**1 261 654**	**1 666 697**	**850 993**
Amounts owed to credit institutions	29 174 827	22 966 924	-	-	-
Liabilities and provisions	710 783	694 859	45 505	45 200	38 349
Equity	5 725 967	5 651 587	1 216 149	1 621 497	812 644
Total liabilities, provisions and equity	**35 611 577**	**29 313 371**	**1 261 654**	**1 666 697**	**850 993**
Net interest income	2 928 859	2 590 811	12	-4	162
Net commission income	411 364	397 538	-5	-10	-11
Dividend from Companies within the Group	-	-	264 626	852 969	48 705
Net gain/loss from financial instruments	-1 921	-7 271	-	-	-
Other income	38 145	51 819	43 854	39 060	54 430
Total income	**3 376 448**	**3 032 898**	**308 486**	**892 015**	**103 286**
Total costs	**-1 471 417**	**-1 394 045**	**-48 335**	**-82 996**	**-106 438**
Profit before loan losses	**1 905 031**	**1 638 853**	**260 153**	**809 020**	**-3 151**
Loan losses, net	-649 326	-512 850	-	-	-
Operating profit/loss	**1 255 704**	**1 126 003**	**260 153**	**809 020**	**-3 151**
Tax expense	-307 914	-276 536	-	-167	-
Profit/loss for the year	**947 790**	**849 467**	**260 153**	**808 853**	**-3 151**

Five year summary Group

Comparative numbers for 2014-2016 refers to the former EnterCard group including subsidiaries before the merger.

TSEK	2018	2017	2016	2015	2014
Loans to credit institutions	3 701 886	2 650 169	2 078 654	1 996 088	1 750 274
Loans to the public, net	28 901 734	24 186 570	21 573 166	17 753 136	16 833 140
Bonds and other interest-bearing securities	2 501 252	2 025 314	2 249 591	1 227 054	-
Other assets	506 705	451 318	488 924	389 407	361 731
Total assets	**35 611 577**	**29 313 371**	**26 390 335**	**21 365 685**	**18 945 145**
Amounts owed to credit institutions	29 174 827	22 966 924	20 387 761	15 885 655	13 809 976
Liabilities and provisions	710 783	694 859	808 364	625 174	918 437
Equity	5 725 967	5 651 587	5 194 209	4 854 855	4 216 732
Total liabilities, provisions and equity	**35 611 577**	**29 313 371**	**26 390 335**	**21 365 685**	**18 945 145**
Net interest income	2 928 859	2 590 811	2 290 191	2 064 129	2 060 632
Net commission income	411 364	397 538	341 192	529 965	491 764
Net gain/loss from financial instruments	-1 921	-7 271	-3 203	-	-
Other income	38 145	51 819	79 177	33 295	465 735
Total income	**3 376 448**	**3 032 898**	**2 707 356**	**2 627 390**	**3 018 131**
Total costs	**-1 471 417**	**-1 394 045**	**-1 335 829**	**-1 237 410**	**-1 314 690**
Profit before loan losses	**1 905 031**	**1 638 853**	**1 371 527**	**1 389 979**	**1 703 441**
Loan losses, net	-649 326	-512 850	-346 815	-241 072	-299 787
Operating profit/loss	**1 255 704**	**1 126 003**	**1 024 712**	**1 148 907**	**1 403 654**
Tax expense	-307 914	-276 536	-243 839	-283 188	-357 805
Profit/loss for the year	**947 790**	**849 467**	**780 874**	**865 719**	**1 045 849**

Key ratios

Comparative numbers for 2014-2016 refers to the former EnterCard group including subsidiaries before the merger, 2017 and 2018 refers to EnterCard Group AB after the merger.

	2018	2017	2016	2015	2014
Profit					
Interest margin, %	13,0%	13,6%	13,9%	14,3%	14,2%
*Interest earning income in relation to cost of funding					
C/I ratio before loan losses	0,44	0,46	0,49	0,47	0,44
*Total costs before loan losses in relation to total operating income					
C/I ratio after loan losses	0,63	0,63	0,62	0,56	0,53
*Total costs after loan losses in relation to total operating income					
Return on equity after tax, %	16,7%	15,7%	15,5%	19,1%	27,7%
*Profit for the financial year in relation to the average of shareholder's equity current and previous year. The comparable years has been re-calculated					
Return on total assets	2,7%	2,9%	3,0%	4,1%	5,5%
*Net profit divided by the total balances					
Capital					
Capital base MSEK	4 941 811	4 972 717	4 845 024	4 122 646	3 632 297
Total capital ratio, %	16,4%	18,9%	20,1%	22,6%	21,2%
*Capital base in relation to risk-weighted assets					
Credit quality					
Loan loss ratio, net, %	2,2%	2,1%	1,6%	1,4%	1,8%
*Loan losses in relation to loans to the public					
Share of impaired loans, %	3,0%	3,1%	2,1%	1,8%	2,0%
*Impaired loans, net, in relation to loans to the public					
Other					
Average number of employees	397	420	411	436	418

Income statement

TSEK	Note	2018-01-01 2018-12-31	2017-01-01 2017-12-31
Interest income		3 091 921	2 740 666
Interest expenses		-163 063	-149 855
Net interest income	3	**2 928 859**	**2 590 811**
Commission income		911 113	865 495
Commission expenses		-499 748	-467 956
Net commissions	4	**411 364**	**397 538**
Net gain/loss transactions from financial instruments	5	-1 921	-7 271
Other income	6	38 145	51 819
Total operating income	7	**3 376 448**	**3 032 898**
Staff costs	8	-553 879	-520 062
Other general administrative expenses	9	-871 277	-835 432
Total general administrative expenses		**-1 425 156**	**-1 355 494**
Depreciation/amortization and impairments of tangible and intangible fixed assets	10	-46 261	-38 551
Total operating expenses		**-1 471 417**	**-1 394 045**
Profit before loan losses		**1 905 031**	**1 638 853**
Loan losses, net	11	-649 326	-512 850
Operating profit		**1 255 704**	**1 126 003**
Tax expense	12	-307 914	-276 536
Profit/loss for the year		**947 790**	**849 467**

Statement of comprehensive income

TSEK		2018-12-31	2017-12-31
Profit for the year recognized within the income statement		**947 790**	**849 467**
Components which will not be reclassified to the income statement			
Revaluation of defined-benefit pensions		-18 002	-16 395
Tax		3 961	4 099
Total		**-14 041**	**-12 296**
Components which have or will be reclassified to the income statement			
Unrealised changes in fair value	5	-18 097	4 565
Exchange rate differences		92 967	-71 128
Tax		-15 423	15 648
Total		**59 447**	**-50 916**
Other comprehensive income		**45 406**	**-63 212**
Total profit		**993 196**	**786 255**

Balance Sheet

TSEK	Note	2018-12-31	2017-12-31
Assets			
Loans to credit institutions	13	3 701 886	2 650 169
Loans to the public, net	14, 15	28 901 734	24 186 570
Bonds and other interest-bearing securities	16	2 501 252	2 025 314
Intangible fixed assets	17	94 152	123 206
Tangible assets	19	6 293	3 563
Deferred tax assets	12	34 717	5 664
Other assets	20	230 196	159 627
Prepaid expenses and accrued income	21	141 346	159 258
Total assets		**35 611 577**	**29 313 371**

Liabilities and equity

Liabilities	Note	2018-12-31	2017-12-31
Amounts owed to credit institutions	22	29 174 827	22 966 924
Other liabilities	23	334 764	366 846
Accrued expenses and prepaid income	24	289 232	307 263
Pension provisions	8	39 649	20 750
Other provisions	15	47 138	-
Total liabilities		**29 885 609**	**23 661 784**
Equity			
Share capital (5 000 shares)		5 000	5 000
Fair value reserve		-16 997	-2 627
Retained earnings		4 790 174	4 799 748
Profit for the year		947 790	849 467
Total equity		**5 725 967**	**5 651 587**
Total liabilities and equity		**35 611 577**	**29 313 371**

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

Note 25 - Assets pledged and contingent liabilities

Note 26 - Assets and liabilities in foreign currency

Note 27 - Capital adequacy analysis

Note 28 - Related parties

Note 29 - Classification and valuation of financial assets and liabilities

Note 30 - Specifications in cash flow

Note 31 - Proposal for the treatment of current year's earnings (SEK)

Note 32 - Significant events after year end

Note 33 - Information regarding the parent company

Statement of changes in equity

	Restricted equity		Non-restricted equity			
TSEK	Share capital	Fund for development expenditures	Translation differences	Fair value reserve	Retained earnings	Total Equity
***Opening balance January 1, 2017**	**5 000**	**-**	**-**	**-**	**1 211 149**	**1 216 149**
Net assets taken over from merger		31 697	-284 694	-7 192	4 175 023	3 914 834
Dividends					-265 650	-265 650
Transfer to restricted equity		12 783			-12 783	-
Profit/loss for the year			-55 480	4 565	837 171	786 255
of which recognized in income statement					*849 467*	*849 467*
of which recognized in other comprehensive income			*-71 128*	*4 565*	*-16 395*	*-82 959*
of which tax recognized in other comprehensive income			*15 648*	*-*	*4 099*	*19 747*
Closing balance December 31, 2017	**5 000**	**44 480**	**-340 174**	**-2 627**	**5 944 909**	**5 651 587**
Opening balance January 1, 2018	**5 000**	**44 480**	**-340 174**	**-2 627**	**5 944 909**	**5 651 587**
Amendments due to the adoption of IFRS 9					-368 815	-368 815
Adjusted opening balance January1, 2018					**5 576 094**	**5 282 772**
Dividends					-550 000	-550 000
Transfer to restricted equity		64 199			-64 199	-
Profit/loss for the year			73 816	-14 369	933 749	993 196
of which recognized in the income statement					*947 790*	*947 790*
of which recognized in other comprehensive income			*92 967*	*-18 097*	*-18 002*	*56 868*
of which tax recognized in other comprehensive income			*-19 151*	*3 728*	*3 961*	*-11 462*
Closing balance December 31, 2018	**5 000**	**108 679**	**-266 358**	**-16 997**	**5 895 644**	**5 725 967**

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

Share capital 5 000 shares, quota value 1 000 SEK

Statement of cash flow

TSEK	Note	2018	2017
Operating activities			
Operating profit/loss		1 255 704	1 126 003
Adjustments for non-cash items	30	-93 958	183 199
Taxes paid		-360 635	-266 789
Cash flow from operating activities before working capital changes		**801 111**	**1 042 413**
Cash flow from changes in working capital			
Increase/decrease in loans to the public		-4 624 293	-3 107 979
Increase/decrease in other assets		-26 889	-24 950
Increase/decrease of bonds and other interest-bearing securities		-451 230	222 049
Increase/decrease other liabilities		-5 523	5 700
Cash flow from operating activities		**-5 107 936**	**-2 905 180**
Investing activities			
Purchase of intangible assets		-11 311	-38 001
Purchase of tangible assets		-5 401	-2 135
Cash flow from investing activities		**-16 712**	**-40 136**
Financing activities			
Dividends and group contribution		-550 000	-265 650
Increase/decrease of borrowing		5 876 229	2 779 365
Cash flow from financing activities		**5 326 229**	**2 513 715**
CASH AND CASH EQUIVALENTS TAKEN OVER FROM MERGER		**-**	**2 051 951**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**2 650 169**	**26 703**
CASH FLOW FOR THE YEAR		**1 002 692**	**2 662 763**
Exchange rate differences on cash and cash equivalents		49 025	-39 297
CASH AND CASH EQUIVALENTS AT END OF YEAR		**3 701 886**	**2 650 169**

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 092m 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 163m SEK.

Reconciliation of liability arising from financing activities. Opening balance 2018 22 967m SEK, cash flow 5 876m SEK, exchange rate differences 332m SEK, closing balance 29 175m 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, 2018 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 27, 2019. The income statement and balance sheet are subject to approval at the Annual General Meeting on March 29, 2019.

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

Changes in Accounting Principles and Disclosures

The 2018 financial reports are adopting the following new accounting pronouncements and changes.

Financial instrument (IFRS 9)

The group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1. January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement from.

IFRS 9 contains 3 sections:

- Classification & measurement of financial assets
- Impairment
- Hedge accounting

Only the Impairment section of IFRS9 contains changes from IAS 39 which are expected to have a material impact on EnterCard Group AB's financial reporting Impairment section. A major impact of the of IFRS 9 is that credit losses are required to be recognized earlier than under the IAS 39 standard.

The rules for classification, valuation and impairment are applied retroactively. EnterCard has, according to IFRS 9, chosen not to recalculate comparative periods and consequently all information for comparative periods is presented in accordance with the accounting principles for 2017.

The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends to other standards dealing with financial instruments such as IFRS 7 "Financial instruments; Disclosures".

Revenue from agreements with customers (IFRS 15)

IFRS 15 was issued in May 2014 and further clarifications were issued in April 2016. The standard establishes the principles for reporting useful information on nature, amounts, timing and uncertainty about income and cash flows arising from agreements with customers. The standard introduces a five-step model to determine how and when to recognize revenue, but it do not affect the recognition of income from financial instruments within the scope of IFRS 9. Revenue recognition occurs at the time the control of the product or service is transferred to the customer.

For EnterCard, the interchange and commission will be covered by IFRS 15 regulation. Revenue is recognized at the time when the control of the product or service is transferred to the customer. This mean that for EnterCard, IFRS 15 will not require any change in the revenue recognition. The accounting principle will not have any significant impact on EnterCard´s financial position, earnings, or cash flow.

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

International Accounting Standard Board (IASB) and IFRS Interpretations Committee have issued below standards, amendments to standards and interpretations applicable to 2019 or later. IASB allow premature adoption of these. EnterCard has not adopted below amendments to the 2018 financial report.

Leasing (IFRS 16)

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases. The new standard significantly changes how lessees should account for leases. The standard removes the lessee's requirement to distinct between financial and operational leases and demands that lessees recognize assets and liabilities from most leases on the balance sheet. For lessors, the requirements are largely unchanged and the requirement for distinction between financial and operational leases is maintained. IFRS 16 is applicable from January 1, 2019.

EnterCard will not apply IFRS 16 as legal entity according to RFR 2.

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, deferred taxes and provisions for defined benefit pensions. No significant changes have been made to the critical judgements and estimates compared with December 31, 2017, with the exception of estimates of the impairment for IFRS 9, which were introduced as of January 1, 2018. Important judgement related to these estimates are described in note 15

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. 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, (IAS 32, IAS 39)

The previous annual report has been prepared in accordance with previous standards and 2017 figures reflect this.

Loan receivables and provisions for credit losses

Lending to credit institutions and the public that is categorized as loan receivables is reported in the balance sheet on settlement day. These loan receivables are stated at amortized cost as long as there is no objective evidence that indicates an impairment requirement for a loan claim or group of loan receivables. Loan receivables are recognized for the acquisition cost, which consists of the paid loan amount and deductions for fees and supplements for expenses that form an integrated part of the return. The interest rate that gives the acquisition cost of the loan receivable as the result of calculating the present value of future payments constitutes the effective acquisition interest rate. As interest income, interest payments received and the change in the amortized cost of the loan receivable are reported during the period, which means that an even return is obtained.

On closing day an evaluation whether there is objective evidence that indicates an impairment requirement for a loan claim or for a group of loan receivables. If one or more event have occurred after the loan claim was first recognized, and which has a negative impact on the estimated future cash flows and the impact can be estimated reliably and write down is made. The write-down is calculated as the difference between the carrying amount of the loan receivable and the present value of estimated future cash flows discounted by the original interest rate of the loan receivable.

The company first assesses whether objective evidence exists for impairment of individual loan receivables. Loan receivables for which such evidence is missing are included in portfolios with similar credit risk characteristics. These portfolios are then assessed collectively if there is objective evidence of impairment. Any write-down is then calculated for the portfolio as a whole. If the need for write-down decreases during subsequent periods, previously impaired write-downs are reversed. However, loan receivables are never reported at a higher value than what the amortized cost has been if the impairment was not made. Write-downs on a loan receivables are reported in the income statement as loan losses, net, which either takes place as provisions for individually impaired loans, portfolio provisions or as write-off of doubtful loans. Write-offs occur when the loss is considered to be finally determined in terms of amounts. Repayments of write-offs as well as recovery of provisions are recognized as credit losses. The carrying amount for loan receivables is amortized cost less write-offs and provisions.

Passed due loans are those for which it is likely that the payments will not be fulfilled according to the contract terms. A loan claim is not passed due if there are collateral, which with sufficient margin covers both, interest and compensation for any other fees.

EnterCard´s policy to fully write down the value of a loan receivables is based on a number of triggering factors: that the agreement with the customer has ended and considerable time has elapsed since a payment has been received, that one of several significant events occurred (eg death, debt restructuring) or that loan claims have been sold to third parties. If any of these trigger factors apply, the entire value of the loan claim is written down.

In accordance with IAS 39, EnterCard has made provisions for expected credit losses for all accounts, which last day of the report month was 1 day or more after at least one contractual payment.

Financial instruments (IAS 32, IFRS 9)

Classification and valuation

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

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

-Loans to credit institutions

-Loans to the public

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

Interest Income
Interest income on loans to credit institutions and the public are recognized as revenue when they are earned, meaning that interest income is accrued to the attributable period according to the efficient interest rate method. Negative interest is reported with reversed sign under line interest income.

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

-Bonds and other interest-bearing securities

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

Valuation is carried out at fair value with unrealized changes in value reported in Other comprehensive income. 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.

Interest rates are reported in the income statement on the line Interest income, calculated according to the effective interest method. 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.

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. 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.

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

Assets and liabilities are reported gross with the exception of when there is a legal right and an intention to settle these net.

For the financial assets or liabilities that do not belong to the category of financial assets or liabilities measured at fair value through the income statement, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability are included.

Loans and Provision for Credit Loss (IFRS 9)

Loans to credit institutions and the public, categorized as loans and receivables, 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.

Impairment

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

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

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

a) Significant financial difficulty of the issuer or borrower.
b) The lender or the borrower has, financial or contractual reasons relating to the borrower's financial difficulty, granting a significant concession to the borrower that the lender would not otherwise consider.

c) It is highly likely that the borrower will go into bankruptcy or other financial reconstruction

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

Reporting of expected loan losses – lending to credit institutions

EnterCard´s lending to credit institutions is within the scope of accounting of expected credit losses. Since all lending to credit institution is repayable on demand and lending is 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

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.

Receivables

Receivables are categorized as Loans and Receivables, meaning valuation at amortized acquisition cost. The expected maturity of a receivable is short, why the value is recognized as a nominal value without discounting or deduction for impairment.

Liabilities to Credit Institutions

Liabilities to credit institutions are categorized as Other Financial Liabilities, meaning valuation 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

Liabilities to suppliers are categorized as Other Financial Liabilities, meaning valuation 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.

Intangible Assets (IAS 38)

Intangible assets consist of development expenses for 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 at acquisition cost less accumulated amortization 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.

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 are recognized separately for tangible and intangible assets in the financial statement.

Leases (IAS 17)

All lease agreements are recognized as operative leases. Leasing fees are accrued and recognized linearly over the running time of the lease.

Revenues (IFRS 15)

Revenues are recognized at fair value of what has been acquired. The time for recognition of revenues is incurred when the financial outcome can be estimated in a reliable way, significant risks are transferred to the buyer and it is likely that the economic benefits related to the transaction will be attributable to the company.

Commission Income

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

Pension Obligations (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 Norwegian GAAP 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.

Tax (IAS 12)

The income tax consists if current tax and deferred tax. Deferred tax refer to tax on difference between carrying amount and tax base, which in the future serves as basis for current 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 has decided to lower the income tax rate for corporates 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 EnterCards´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. These risks are analysed through the common view that EnterCard has on business processes.

The comprehensive set of rules regarding governance and internal control is one of the fundamental instruments for the Board of Directors and Senior Management for business governance and good internal control. The Board of Directors sets the maximum risk level of the business through setting the risk appetite and assigns the responsibilities and authorities regarding risk management. The assignment sets a 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.

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. The responsibilities of legal and ethical risks are assigned to the compliance function.

EnterCard has an 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.

Credit risk and counterparty risk

Credit-/counterparty risk is the risk that EnterCard’s counterparties cannot fulfil their payment obligations, resulting in that EnterCard receives payment too late or not at all. The Board of Directors has overall responsibility for EnterCard’s credit risk exposure. EnterCard’s lending is striving towards ambitious objectives in terms of ethics, credit quality and control. Even though credit risk, through retail lending, is the Group's single 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 has a concentration risk 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.

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 so called credit scoring, i.e. models that measure each counterparty’s ability to fulfil payment obligations.

The credit risk is monitored through different surveillance systems 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 his or her commitment, the credit card will be blocked. Follow-up are also made from a credit portfolio point of view in each country with focus within and between different risk groups. The continuous follow-up is still showing a relatively low 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 and governments. EnterCard is not using with derivatives and is therefore not exposed to counterparty risk to derivatives counterparties.

Financial assets, book value	2018-12-31	2017-12-31
Loans to credit institutions	3 701 886	2 650 169
Loans to the public, net	28 901 734	24 186 570
Bonds and other interest-bearing securities	2 501 252	2 025 314
Current assets	26 535	166 042
Total	**35 131 408**	**29 028 095**

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 the market rate changes.

EnterCard is exposed to market risks in the form of interest rate risk and currency risk. Interest rate risk is an effect of that the interest fixing periods for assets and liabilities differ. EnterCard minimises the interest rate risk by, as far as possible, match the interest fixing periods on liabilities to the interest fixing periods on assets.

Since EnterCard's assets mostly consist of lending with short interest rate fixing periods, EnterCard has, to a large extent, chosen to fund its assets with short interest fixing periods. The interest rate risk is deemed low and is continuously monitored by the Treasury function and the Risk Control function. EnterCard does not use derivatives and does not take active positions in the fixed income market.

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.

	Market interest rate -1 percentage point		Market interest rate+1 percentage point	
	2018	2017	2018	2017
< 3 Months	-1 645	1 651	1 626	-1 632
3-6 Months	47	-1 480	-47	1 460
6-12 Months	-	1 453	-	-1 428
1-2 Years	3 850	2 914	-3 754	-2 842
2-3 Years	3 413	-	-3 296	-
3-4 Years	-	817	-	-781
Total	**5 665**	**5 354**	**-5 470**	**-5 222**

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.

	Interest rate -1 percentage point	Interest rate +1 percentage point
Interest income	-225 545	225 545
Interest expenses	260 709	-260 709
Net interest income	35 164	-35 164

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 +/- 11.7m SEK.

EnterCard is exposed to currency risk as a result of that a part of the own funds are held in Norwegian Kroner, and to a limited extent in Danish Kroner. The currency rate risk is related to translation of the branches' equity to Swedish kronor. Basis for the below calculation is equity and result at year end 2018. For the sensitivity analysis of a change in exchange rates of +/- 10 percent, the average exchange rate 2018 has been used.

For the sensitivity analysis we have used average currency rate 2018 and calculated the effect of a change +/- 10 %.

	Foreign exchange rate change +/- 10 percent
Equity	270 859
Profit after tax	46 676

The change in value of interest-bearing securities, reported through other comprehensive income amounts to -18 097 TSEK.

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 comprise 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 cash surplus in accounts at Swedbank and a liquidity 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 very limited access to funding and a severe decrease in payment inflow from customers, in addition to the Liquidity Coverage Ratio in accordance to the EU Commission´s delegated act. Per December 31, 2018, the survival horizon, in a scenario with a very limited access to funding and significantly decreased inflows from customers, was 98 days for SEK, 128 days for NOK and 249 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 234 % in SEK, 709 % in NOK and 1005 % in DKK, to be compared with the regulatory requirement of 100%. EnterCard also calculates and limits the NSFR (Net Stable Funding Ratio) and the Board has set a risk appetite of 110 %. EnterCard´s NSFR as per December 31, 2018 was 144 % in SEK, 141 % in NOK and 137 % in DKK.

In the below summary of maturities, the non-discounted contractual cash flows are distributed from remaining time to maturity.

Remaining maturity 2018	<3 Months	3-12 Months	1-5 Years	5-10 Years	10-15 Years	No maturity	Total
Loans to credit institutions	3 701 886	-	-	-	-	-	3 701 886
Loans to the public, net	18 534 669	15 820	992 031	3 600 319	5 758 895	-	28 901 734
Bonds and other interest-bearing securities	-	98 751	2 040 791	361 710	-	-	2 501 252
Prepaid expenses and accrued income	64 782	76 565	-	-	-	-	141 346
Other assets	167 046	34 717	63 150	-	-	100 445	365 358
Total assets	**22 468 383**	**225 853**	**3 095 972**	**3 962 028**	**5 758 895**	**100 445**	**35 611 577**
Amounts owed to credit institutions	2 649 844	5 760 410	20 764 573	-	-	-	29 174 827
Other liabilities	301 509	80 392	39 649	-	-	-	421 551
Accrued expenses and prepaid income	80 760	192 334	16 138	-	-	-	289 232
Equity	-	-	-	-	-	5 725 967	5 725 967
Total liabilities and equity	**3 032 113**	**6 033 136**	**20 820 360**	**-**	**-**	**5 725 967**	**35 611 577**
Remaining maturity 2017							
Loans to credit institutions	2 650 169	-	-	-	-	-	2 650 169
Loans to the public, net	24 109 850	13 322	63 397	-	-	-	24 186 570
Bonds and other interest-bearing securities	-	237 823	1 519 415	235 001	-	-	1 992 239
Prepaid expenses and accrued income	107 622	49 289	2 346	-	-	-	159 258
Other assets	98 920	5 664	60 707	-	-	126 769	292 060
Total assets	**26 966 562**	**306 099**	**1 645 865**	**235 001**	**-**	**126 769**	**29 280 296**
Amounts owed to credit institutions	1 578 940	5 852 962	15 535 023	-	-	-	22 966 924
Other liabilities	191 355	175 492	20 750	-	-	-	387 597
Accrued expenses and prepaid income	101 183	182 539	23 541	-	-	-	307 263
Equity	-	-	-	-	-	5 618 512	5 618 512
Total liabilities and equity	**1 871 477**	**6 210 992**	**15 579 314**	**-**	**-**	**5 618 512**	**29 280 296**

Liquidity reserve and liquidity risk

2018	Total	Distribution by currency SEK	NOK	DKK
Securities issued or guaranteed by government or central bank	388 006	-	22 957	365 049
Securities issued or guaranteed by municipalities or non-governmental public entities	1 576 523	990 325	586 198	-
Covered bonds issued by others	439 892	25 748	414 144	-
Securities issued or guaranteed by multilateral development banks	96 831	-	96 831	-
Total	**2 501 252**	**1 016 073**	**1 120 130**	**365 049**
Distribution by currency, %		40,6%	44,8%	14,6%

2017	Total	Distribution by currency SEK	NOK	DKK
Securities issued or guaranteed by government or central bank	196 693	-	23 017	173 675
Securities issued or guaranteed by municipalities or non-governmental public entities	1 523 954	1 413 287	110 668	-
Covered bonds issued by others	245 023	-	245 023	-
Securities issued or guaranteed by multilateral development banks	59 643	-	59 643	-
Total	**2 025 314**	**1 413 287**	**438 352**	**173 675**
Distribution by currency, %		69,8%	21,6%	8,6%

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

Operational risk

Operational risk refer to the risk of losses resulting from inadequate or failed internal processes or procedures, human errors, faulty systems or external events. The definition includes legal risk and compliance risk. Information and IT-security is continuously strengthened and the internal audit function examines the governance and internal control in this area, which means that audit of efficiency and compliance with policies and instructions has been performed.

Self-assessment of operational risks is regularly performed for all important processes. The method includes identification of new risks and action plans to prevent them. Reporting is made to the Board of Directors, the CEO and the Senior Management.

Business risk / Strategic risk

Business and strategic risk refer to the current and future risk of losses caused by changes in market conditions (changes in volumes, interest margins and other price changes concerning funding and lending) and inaccurate and misguided business decisions. EnterCard regularly evaluates business and strategic risks. During Board meetings these risks are discussed and decisions on potential change of business strategies are approved.

Internal capital and liquidity adequacy assessment and capital management

EnterCard's internal capital adequacy assessment process (ICAAP) and liquidity adequacy assessment process (ILAAP) aims to ensure that the need of capital and liquidity is evaluated. The evaluation is to secure that the company 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 evaluation 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 need of capital and liquidity is monitored continuously and 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.

Note 3 Net interest income

	2018	2017
Interest income		
Loans to credit institutions	2 787	2 630
Negative interest on financial assets	-8 663	-7 744
Loans to the public	3 073 226	2 733 782
Interest-bearing securities	24 571	12 009
Other	-	-10
Total	**3 091 921**	**2 740 666**
Interest expenses		
Credit institutions	-167 125	-145 307
Negative interest on financial liabilities	5 846	3 583
Other	-1 783	-8 131
Total	**-163 063**	**-149 855**
Total net interest income	**2 928 859**	**2 590 811**
Interest margin on loans to the public	*13,0%*	*13,6%*

Where of interest income calculated acccording to the effective interest rate method to a value of 3 092m SEK, and interest expenses to a value of 161m SEK.

Note 4 Net commission

	2018	2017
Commission income		
Other commissions	911 113	865 495
Total	**911 113**	**865 495**
Commission expenses		
Other commissions	-499 748	-467 956
Total	**-499 748**	**-467 956**
Total net commissions	**411 364**	**397 538**

Commission income and expenses related to financial assets and liabilities not measured at fair value through profit and loss.

Note 5 Net financial income

Realised gains/losses recognized in profit or loss	2018	2017
Realised gain/loss bonds and other interest-bearing securities	2 055	-7 271
Exchange rate profit / loss	-3 976	-
Total realised gains/losses in profit or loss	**-1 921**	**-7 271**
Unrealised gains/losses recognized in Other comprehensive income		
Unrealised changes in value bonds and other interest-bearing securities	-18 097	4 565
Total realised gain/loss in Other comprehensive income	**-18 097**	**4 565**
Total	**-20 018**	**-2 706**

According to FI's accounting regulations, exchange rate effects should be reported as net profit from financial transactions and not as other income in 2018. In 2017, exchange rate gains were reported as other income.

Note 6 Other Income

	2018	2017
Exchange rate profit / loss	-	3 321
Other operating income	38 145	48 498
Total	**38 145**	**51 819**

Note 7 Geographic distribution of income

Geographic distribution of income 2018	Sweden	Norway	Denmark	Total
Interest income	1 363 587	1 331 305	397 030	3 091 921
Interest expenses	-22 654	-140 543	134	-163 063
Commission income	609 670	253 022	48 420	911 113
Commission expenses	-305 290	-167 640	-26 818	-499 748
Other operating income	8 052	26 319	1 853	36 225
Total	**1 653 364**	**1 302 463**	**420 620**	**3 376 448**

Geographic distribution of income 2017	Sweden	Norway	Denmark	Total
Interest income	1 124 354	1 229 777	386 535	2 740 666
Interest expenses	-31 818	-113 908	-4 128	-149 855
Commission income	574 561	242 305	48 629	865 495
Commission expenses	-279 487	-161 983	-26 486	-467 956
Other operating income	19 554	31 143	-6 149	44 548
Total	**1 407 163**	**1 227 334**	**398 401**	**3 032 898**

Note 8 Staff costs

	2018	2017
Salaries and other remuneration	261 007	234 136
Pension costs	64 737	61 390
Social insurance charges	91 229	72 672
Allocation to profit-sharing fund	49 260	45 818
Education costs	11 523	9 894
Other staff costs	76 122	96 153
Total	**553 879**	**520 062**
Of which profit-based staff costs	*49 260*	*45 818*

Salaries, other remunerations and profit-sharing fund	2018	2017
Board of Directors, CEO, other senior management	32 636	30 549
Other employees in Sweden	133 397	119 582
Other employees in Norway	118 202	105 103
Other employees in Denmark	26 032	24 720
Total	**310 267**	**279 954**

No compensation were paid to the Board in 2018.

Remuneration to the Board of Directors, CEO and other Senior Executives 2018	Fixed income, wages	Variable compensation, bonus	Other remunerations and benefits	Pension expenses
CEO, Freddy Syversen	3 764	3 163	429	3 409
Group Management, 11 persons	18 370	6 234	677	5 977
Total	**22 134**	**9 397**	**1 106**	**9 386**

Remuneration to the Board of Directors, CEO and other Senior Executives 2017	Fixed income, wages	Variable compensation, bonus	Other remunerations and benefits	Pension expenses
CEO, Freddy Syversen	3 021	3 021	406	3 921
Group Management, 10 persons	14 196	6 511	579	4 372
Total	**17 217**	**9 532**	**985**	**8 293**

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 salary 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	2018	2017
EnterCard Group AB, Sweden	191	222
EnterCard Norway, branch of EnterCard Group AB	180	170
EnterCard Denmark, branch of EnterCard Group AB	26	28
Total	**397**	**420**
Number of hours worked (thousands)	763	660

Employee turnover was 7,8 %

Average number of employees is based on 1585 hours per employee 2017.

	2018		2017	
Distribution by gender, percent	Female	Male	Female	Male
All employees	59%	41%	57%	43%
Board of Directors	30%	70%	40%	60%

Statement of EnterCard's compensation 2018

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 compensation 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 compensation that has been promised, should be held back. Whilst the guiding principle is to reward performance, it is possible that the total variable compensation could be set to zero under specific circumstances.

The Company diverges on the variable compensation for Risk Takers, i.e. staff whose professional activities have a material impact on the business' risk profile. The variable compensation 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 quarterly, bi-annually, or with the frequency decided by the chair. During 2018 the Remuneration Committee has had 3 meetings.

Decision-making process

The principles of variable compensation 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, Group Risk and Control, 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 compensation 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

	2018	2017
Amount reported in balance sheet for defined benefit pension plans	**Norway**	**Norway**
Funded pension obligations and payroll tax	192 427	160 267
Fair value of plan assets	-152 778	-139 515
Provisions for pensions	**39 649**	**20 751**

Changes in funded defined benefit pension plans, including payroll tax	**Norway**	**Norway**
Opening obligations	**160 267**	**129 610**
Current service cost and payroll tax	17 452	16 981
Interest expense on pension obligations	3 793	3 368
Pension payments	-1 257	-396
Payroll tax payments	-2 194	-2 947
Remeasurement	9 642	13 650
Exchange rate differences	4 725	-
Closing obligations	**192 427**	**160 267**

Changes in plan assets	**Norway**	**Norway**
Opening fair value	**139 515**	**118 694**
Interest income on plan assets	3 203	3 060
Contributions by the employer	17 758	23 851
Pension payments	-1 257	-396
Remeasurement	-8 360	-2 746
Exchange rate differences	4 113	-
Closing fair value	**152 778**	**139 515**

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	-21 363	-10 917
Net Periodic Pension Cost	-18 042	-17 289
Employer contributions/refund of Premium fund/transfer to contribution fund	17 758	23 851
Remeasurements (loss)/ gain	-18 002	-16 396
Net (liability) assets recognised in the Balance Sheet at end of the year	**-39 649**	**-20 751**

Other Comprehensive Income - OCI during period	**Norway**	**Norway**
Remeasurements loss (gain) - change in discount rate	-15 173	11 747
Remeasurements loss (gain) - change in other financial assumptions DBO	16 704	14 233
Remeasurements loss (gain) - experience DBO	8 111	-12 330
Remeasurements loss (gain) - change in other financial assumptions assets	-447	409
Remeasurements loss (gain) - experience Assets	7 833	1 476
Investment management cost	974	861
Total	**18 002**	**16 396**

When the Company calculates the cost and provision of defined benefit pension plan, future assumptions and the pension plan are considered. If the outcome diverge 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 2018 is TSEK 32 574 (for Norway TSEK 8 826, Denmark TSEK 2 181 and for Sweden TSEK 21 567).

Note 9 Other general administrative expenses

	2018	2017
IT expenses	287 616	274 569
Telecommunication, postage	4 302	5 594
Travel, representation	13 560	12 931
Advertising, public relations, marketing	230 550	222 671
Expenses for premises	46 506	35 908
Card expenses	33 208	33 364
Other operating expenses	170 945	153 884
Other expenses	84 591	96 512
Total	**871 277**	**835 432**

According to agreement EnterCard pays Swedbank AB for IT-services as well as other administrative services to the amount of TSEK 7 586 (11 927).

Remuneration to the auditors	2018	2017
KPMG AB		
- Audit engagement	2 504	2 600
- Tax consultancy	-	171
-Other	342	566
Total	**2 846**	**3 338**

Note 10 Depreciation/amortisation and impairments of tangible and intangible fixed assets

	2018	2017
Depreciation of tangible fixed assets	2 768	2 045
Amortisation of intangible assets	43 494	36 506
Total	**46 261**	**38 551**

Tangible assets useful life are 5 years for furnitures and 3 years for IT-related inventories The useful life of intangible fixed assets are evaluated to 4 years for projects and 3 years for licenses.

Note 11 Loan losses, net

	2018
Loans at amortized cost	
Change in provisions - stage 1	-128 819
Change in provisions - stage 2	-57 649
Change in provisions - stage 3	238 921
Total	**52 453**
The year's write-off for established loan losses	-1 859 115
Recoveries from previously established loan losses	1 164 371
Total	**-694 744**
Loan losses net, loans at amortized cost	**-642 292**
Provisions for commitments, credit limits granted but not utilized	
Change in provisions - stage 1	-9 167
Change in provisions - stage 2	2 132
Loan losses net, loan commitments	**-7 035**
Total loan losses, net	**-649 326**

Loan losses net, historical values according to IAS 39

	2017
Loans assessed individually	
The year's write-off for established loan losses	-3 686
Recoveries from previous years' established loan losses	375
Provisions for probable loan losses for the year	126
The year's net expense for individually assessed loans	**-3 185**
Collectively measured homogenous groups of loans with limited value and similar credit risk	
The year's write-off for established loan losses	-805 943
Recoveries from previous years' established loan losses	445 027
Provisions for probable loan losses for the year	-148 749
The year's net expense for collectively measured homogeneous loans	**-509 665**
Loan losses, net	**-512 850**

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

Note 12 Tax

	2018	2017
Current tax		
Tax current year	-333 826	-276 509
Tax adjustment previous years	3 632	-27
Deferred tax	22 280	-
Total	**-307 914**	**-276 536**

	2018		2017	
Reconciliation of tax	TSEK	percent	TSEK	percent
Profit before tax	1 255 704	-	1 126 003	-
Tax expense booked	-307 914	-24,52	-276 536	-24,56
Tax according to current tax-rate, 22%	-276 255	22,00	-247 721	-22,00
Clarification of difference	**-31 659**	**2,52**	**-28 815**	**-2,56**
Non deductible expenses	-1 139	-0,09	-1 136	-0,10
Non taxable income	-	-	2	-
Tax attributable to previous years	3 632	0,29	-27	-
Divergent tax rate Norway	-34 252	-2,73	-21 720	-1,93
Additional tax from merger	-	-	-2 873	-0,26
Changed tax-rate in Sweden	100	0,01	-	-
Temporary variance from which deferred tax has not been reconciled	-	-	-3 061	-0,27
Accounted tax	**-307 914**	**-24,52**	**-276 536**	**-24,56**

Tax recorded in Other comprehensive income	2018	2017
Tax pensions	3 961	-
Unrealised change in fair value	3 728	-
Current tax attributable to translation differences from foreign operation	-19 151	15 648
Total	**-11 462**	**15 648**

Tax recorded in Own Equity	2018	2017
One time effect, IFRS 9	104 025	-
Total	**104 025**	-

Foreign tax not deducted from which deferred tax is not reported	2018	2017
Foreign tax not deducted	-28 778	-8 553
Total	**-28 778**	**-8 553**

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Exchange rate differences	Closing balance
Provisions for pensions	5 123	489	3 961	168	9 741
Fair value bonds	541	-	3 728	-	4 269
Tax credit forward	-	20 707	-	-	20 707
Total deferred tax assets	**5 664**	**21 196**	**7 689**	**168**	**34 717**

Note 13 Loans to credit institutions

	2018	2017
Valuation category - loans receivable		
Swedish banks	3 701 886	2 650 169
Foreign banks	-	-
Total	**3 701 886**	**2 650 169**

Note 14 Loans to the public, net

	2018	2017
Valuation category - loans receivable		
Swedish public	16 544 791	13 056 422
Foreign public	12 356 942	11 130 148
Total	**28 901 734**	**24 186 570**

Note 15 IFRS 9

The IFRS 9 standard is applied to Impairment Calculations effective January 1, 2018, replacing the previous IAS39 standard.

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).

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, or b) a specific event (deceased, insolvency). 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.

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 benchmarked to market debt sale prices for each country and product.

Updates were made to models or estimates during 2018 where there had been an observed deviation in the actual default rates to the predicted default rates or where updated market prices were available.

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.

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. This consensus is updated quarterly. Using a combination of in-house macro models used to predict future default rates based off the observed correlation between historic period on period change in unemployment rate to period on period change in portfolio default rates, historic comparison of unemployment levels with default levels and management judgement, the requirement for and magnitude of an ECL overlay is determined.

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.

Allocation of loans between stages and provisions

	2018
Loans to credit institutions	
Stage 1	
Book value, gross	3 701 886
Book value	**3 701 886**
Total book value	**3 701 886**
Loans to the public, private customers	
Stage 1	
Book value, gross	26 129 482
Provisions	-447 217
Book value	**25 682 265**
Stage 2	
Book value, gross	2 209 674
Provisions	-402 787
Book value	**1 806 887**
Stage 3	
Book value, gross	1 742 830
Provisions	-890 951
Book value	**851 879**
Total book value	**28 341 031**
Loans to the public, corporate customers	
Stage 1	
Book value, gross	559 588
Provisions	-470
Book value	**559 118**
Stage 3	
Book value, gross	8 895
Provisions	-7 310
Book value	**1 584**
Total book value	**560 702**
Total	**32 603 620**
Book value gross, stage 1	26 689 070
Book value gross, stage 2	2 209 674
Book value gross, stage 3	1 751 725
Total book value gross	**30 650 468**
Provisions stage 1	-447 687
Provisions stage 2	-402 787
Provisions stage 3	-898 261
Total provisions	**-1 748 735**
Total book value	**28 901 734**
Share of loans in stage 3, gross, %	5,72%
Share of loans in stage 3, net, %	2,95%
Provision ratio of loans stage 1	1,68%
Provision ratio of loans stage 2	18,23%
Provision ratio of loans stage 3	51,28%
Total provision ratio of loans	**5,71%**

Change in book value, gross, and provisions

	Performing loans		Non-performing loans	
Book value, gross	Stage 1	Stage 2	Stage 3	Total
Book value, gross, January 1, 2018	21 789 676	2 023 844	1 892 136	25 705 656
Book value, gross, December 31, 2018	26 689 070	2 209 674	1 751 725	30 650 468
Provisions for loans to the public and loans to credit institutions				
Provisions January 1, 2018	**-328 282**	**-348 415**	**-1 122 245**	**-1 798 942**
New and derecognised financial assets, net	-150 661	18 220	540 973	408 532
Change in credit risk	41 379	-999	108 879	149 260
Transfer between stages during the period				
from stage 1 to stage 2	32 320	-195 620	-	-163 300
from stage 1 to stage 3	18 305	-	-306 297	-287 991
from stage 2 to stage 1	-15 324	78 243	-	62 919
from stage 2 to stage 3	-	46 320	-132 360	-86 041
from stage 3 to stage 1	-94	-	2 606	2 511
from stage 3 to stage 2	-	-505	1 859	1 353
Other	-45 330	-32	8 325	-37 037
Provisions December 31, 2018	**-447 687**	**-402 787**	**-898 261**	**-1 748 735**
Book value				
Opening balance January 1, 2018	21 461 394	1 675 429	769 891	23 906 714
Closing balance December 31, 2018	26 241 383	1 806 887	853 464	28 901 734

Lower impairment during the finanical year are mainly due to debt sales in all countries.

Provisions and impaired loans, historical values according to IAS 39	2017
Provisions	
Opening balance	**-1 227 533**
Allocations/withdrawals from individual provision	126
Allocations/withdrawals from collective provision	-145 737
Exchange differences	16 136
Closing balance	**-1 357 008**
Total provision ratio for impaired loans, % (including collective reserves for individually claims assessed, in relation to book value before provision for individually identified impaired loans)	58,6%
Provision ratio for individually identified impaired loans, %	83,4%
Impaired loans	
Book value of impaired loans	752 030
Impaired loans as percentage of total lending	3,1%
Past due loans that are not impaired	
Valuation category, loans and receivables	
Loans past due 5-30 days	1 059 698
Loans past due 31-60 days	356 662
Loans past due 61-90 days	199 623
Total	**1 615 982**

Balance sheet

Assets	Before IFRS 9 adjustment 2017-12-31	IFRS 9 adjustment, impairment effect 2018-01-01	After IFRS 9 adjustment 2018-01-01
Loans to credit institutions	2 650 169	-	2 650 169
Loans to the public	24 186 570	-432 898	23 753 672
Bonds and other interest-bearing securities	2 025 314	-	2 025 314
Other assets	451 318	-	451 318
Total assets	**29 313 371**	**-432 898**	**28 880 473**
Liabilities and provisions			
Amounts owed to credit institutions	22 966 925	-	22 966 925
Other liabilities	694 859	-104 025	590 834
Provisions	-	39 942	39 942
Total liabilities and provisions	**23 661 784**	**-64 083**	**23 597 701**
Total equity	**5 651 587**	**-368 815**	**5 282 772**
Total liabilities, provisions and equity	**29 313 371**	**-432 898**	**28 880 473**

Note 16 Bonds and other interest-bearing securities

Financial assets measured at fair value through other comprehensive income

Issuers	2018	2017
Swedish municipalities	1 576 523	1 523 954
Foreign credit institutions	96 831	59 643
Foreign mortgage institutions	439 892	245 023
Other foreign issuers	388 006	196 693
Total	**2 501 252**	**2 025 314**

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

Remaining maturity	2018	2017
Maximum 1 year	98 750	239 312
Longer than 1 year but maximum 5 years	2 040 791	1 542 741
Longer than 5 years	361 710	243 259
Total	**2 501 252**	**2 025 314**

Total holdings of financial assets, broken down by issuer	2018	2017
Issued by public entities	1 964 529	1 720 647
Issued by other borrowers	536 723	304 667
Total	**2 501 252**	**2 025 314**
Average remaining maturity, years	3,29	2,66
Average remaining fixed interest term, years	0,36	0,63
of which listed securities	*2 501 252*	*2 025 314*
of which unlisted securities	-	-

Note 17 Intangible fixed assets

	2018	2017
Opening balance	**328 618**	**-**
Additions through internal development	11 311	38 001
Exchange differences	5 150	-595
Assets from merger	-	291 212
Closing balance	**345 078**	**328 618**
Opening balance accumulated amortization	**-205 412**	**-**
Depreciations for the year	-43 494	-36 506
Exchange differences	-2 020	791
Assets from merger	-	-169 697
Closing balance	**-250 926**	**-205 412**
Carrying amount	**94 152**	**123 206**
Where of Capitalised development projects	*94 152*	*123 206*

EnterCard Group AB has transferred 64.2m SEK to fund for development expenditures under restricted equity.

Note 18 Operational leasing

Operational leasing contracts allocated on the due dates.

				2018	2017
	< 1 Year	1-5 Years	> 5 Years	Total	Total
Total combined amount of future minimum lease payments that relate to non-cancellable agreements	36 949	87 036	1 157	125 142	168 350
Total	**36 949**	**87 036**	**1 157**	**125 142**	**168 350**

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

Operational leasing cost for the financial year allocated on categories

	2018	2017
Premises	32 658	37 839
Company Cabins in Trysil	629	787
Car leasing	895	932
IT equipment	1 913	1 943
Total	**36 094**	**41 502**

Note 19 Tangible assets

	2018	2017
Opening balance	**32 766**	**476**
Additions	5 401	2 135
Exchange differences	154	-127
Assets taken over from merger	-	30 281
Closing balance	**38 321**	**32 766**
Opening balance depreciations	**-29 203**	**-476**
Depreciations during the year	-2 768	-2 045
Exchange differences	-58	99
Assets taken over from merger	-	-26 781
Closing balance	**-32 029**	**-29 203**
Carrying amount	**6 293**	**3 563**

Tangible assets consists of machinery and equipment.

Note 20 Other assets

	2018	2017
Account receivables*	107 980	7 861
Tax receivables	24 564	66 948
Card network receivable	29 531	19 516
Other receivables	68 120	65 302
Total	**230 196**	**159 627**

* Valuation category, loans receivables

Note 21 Prepaid expenses and accrued income

	2018	2017
Accrued interest income	3 823	97 502
Prepaid expenses (IT, licenses etc.)	74 562	48 623
Other prepaid expenses and accrued income	62 962	13 133
Total	**141 346**	**159 258**

Note 22 Amounts owed to credit institutions

	2018	2017
Swedish banks	14 587 413	11 483 462
Foreign banks	14 587 413	11 483 462
Total	**29 174 827**	**22 966 924**

Valuation category, other financial liabilities

Note 23 Other liabilities

	2018	2017
Accounts payable*	90 753	89 569
Income tax liabilities	94 031	189 355
Other liabilities*	149 981	87 922
Total	**334 764**	**366 846**

* Valuation category, other financial liabilities

Note 24 Accrued expenses and prepaid income

	2018	2017
Accrued interest expenses	1 176	63
Accrued staff expenses	105 150	105 445
Other accrued expenses and prepaid income	182 905	201 755
Total	**289 232**	**307 263**

Note 25 Assets pledged and contingent liabilities

	2018	2017
Assets pledged		
Assets pledged	None	None
Contingent liabilities		
Nominal amounts		
Contingent liabilities	None	None
Commitments		
Nominal amounts		
Creditcard limits granted but not utilised	39 224 707	37 872 368

Note 26 Assets and liabilities in foreign currency

	2018			
Assets	SEK	NOK	DKK	Total
Loans to credit institutions	2 224 614	1 132 067	345 206	3 701 886
Loans to the public, net	16 544 791	9 791 821	2 565 121	28 901 734
Bonds and other interest-bearing securities	1 016 073	1 120 130	365 049	2 501 252
Other assets	329 417	153 277	24 011	506 705
Total assets	**20 114 896**	**12 197 295**	**3 299 386**	**35 611 577**
Liabilities				
Amounts owed to credit institutions	16 870 000	9 348 650	2 956 177	29 174 827
Other liabilities, including equity/branch capital	3 244 896	2 848 645	343 209	6 436 750
Total liabilities	**20 114 896**	**12 197 295**	**3 299 386**	**35 611 577**

	2017			
Assets	SEK	NOK	DKK	Total
Loans to credit institutions	1 261 647	1 074 586	313 937	2 650 169
Loans to the public, net	13 056 422	8 525 569	2 604 579	24 186 570
Bonds and other interest-bearing securities	1 413 287	438 352	173 675	2 025 314
Other assets	270 657	138 635	42 026	451 318
Total assets	**16 002 012**	**10 177 142**	**3 134 217**	**29 313 371**
Liabilities				
Amounts owed to credit institutions	13 006 000	6 960 425	3 000 500	22 966 924
Other liabilities including equity	2 996 012	3 216 717	133 717	6 346 446
Total liabilities	**16 002 012**	**10 177 142**	**3 134 217**	**29 313 371**

Note 27 Capital adequacy

Calculation of capital requirements is conducted in accordance with European Parliament and Council Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (prudential regulation) act (2014: 966) on capital buffers, and the Swedish Financial Supervisory Authority (SFSA) (Sw. Finansinspektionen) FFFS 2014: 12 on regulatory requirements and capital buffers. 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 asset and off-balance sheet items unless deducted from own funds.

Capital requirements for operational risk is calculated using the standardized approach, which means that the activities are divided into business areas that have been assigned different beta factors. Capital requirement is calculated as the three-year average for the last three year's financial operating revenue in each business multiplied by the corresponding beta factor. EnterCard also calculates a capital requirement for currency risk.

The combined buffer requirement is a requirement to hold a capital conservation buffer of 2.5 percent of the risk-weighted exposure amount. The buffer requirement also includes a countercyclical buffer, which currently amounts to 1.8 percent of the risk-weighted exposure amount.

EnterCard don´t have any exposures within Trading.

EnterCard Group AB is a Swedish credit market company with license to conduct financing business in the Scandinavian market. The operations in Norway and Denmark is conducted through the branches" EnterCard 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, 2018, the internal capital requirement amounted to 15,1 percent.

EnterCard evaluates the capital requirement for all solvency-related risks within the framework of Pillar 2. This evaluation is largely based on stress tests. The result of internal capital evaluation 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) 2018" 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	2018	2017
Capital instrument and associated share premium	5 000	5 000
Retained earnings	5 138 247	5 207 595
Accumulated other comprehensive income	-365 069	-410 474
Profit net, after deduction of foreseeable cost's and dividend's, verified by auditors	297 790	299 467
Common Equity Tier 1 Capital before adjustments	**5 075 968**	**5 101 588**
Value adjustments due to the requirements for prudent valuation	-5 287	-
Intangible assets	-94 152	-123 206
Deferred tax assets that rely on future profitability and arise from temporary differences	-34 717	-5 664
Negative values associated to expected losses	-	-
Losses current year	-	-
Total adjustments of Common Equity Tier 1 Capital	**-134 157**	**-128 870**
Common Equity Tier 1 Capital	**4 941 811**	**4 972 717**
Additional Tier 1 Capital: instruments	**-**	**-**
Tier 1 Capital	**4 941 811**	**4 972 717**

Tier 2 Capital: Instruments and provisions	2018	2017
Capital instrument and associated share premium	-	-
Credit value adjustments	-	-
Tier 2 Capital before adjustments	**-**	**-**
Total adjustments of Common Equity Tier 2 Capital	**-**	**-**
Tier 2 Capital	**-**	**-**
Total Capital	**4 941 811**	**4 972 717**
Total risk weighted exposure amount	**30 083 688**	**26 376 109**

Common Equity Tier 1 capital ratio	16,4%	18,9%
Tier 1 capital ratio	16,4%	18,9%
Total capital ratio	16,4%	18,9%

Requirements buffers, %	2018	2017
Total Tier 1 capital requirement including buffer requirement	8,8	8,8
whereof minimum CET1 requirement	*4,5*	*4,5*
whereof capital conservation buffer requirement	*2,5*	*2,5*
whereof countercyclical capital buffer requirement	*1,8*	*1,8*
whereof system risk buffer requirement	-	-
Common Equity Tier 1 capital available to be used as buffer	**7,8**	**10,1**
Leverage ratio	**12,6**	**7,4**

Risk exposure amount and own funds requirements

	2018		2017	
Exposure classes	Risk exposure amount	Own funds requirement	Risk exposure amount	Own funds requirement
Institutional exposures	740 465	59 237	530 202	42 416
Covered bonds	46 564	3 725	24 476	1 958
Retail exposures	20 925 781	1 674 062	17 644 425	1 411 554
Regional governments or local authorities exposures	1 876	150	1 506	120
Corporate exposures	6 914	553	8 017	641
Exposures in default	861 895	68 952	752 030	60 162
Other exposures	377 835	30 227	224 993	17 999
Total	**22 961 330**	**1 836 906**	**19 185 647**	**1 534 852**

	2018	2017
Total capital requirement for credit risk according to the standardised approach	**1 836 906**	**1 534 852**

Capital requirements for operational risk	2018	2017
Risk exposure amount	4 268 360	4 250 245
Capital requirements according to the standardised approach	341 469	340 020
Total Capital requirement for operational risk	**341 469**	**340 020**

Capital requirements for market risk (foreign exchange risk)	2018	2017
Risk exposure amount foreign currency risk	2 853 998	2 940 218
Capital requirements according to the standardised approach	228 320	235 217
Total Capital requirement for market risk	**228 320**	**235 217**

Capital requirements for settlement risk	-	-
Capital requirements for credit value adjustment (CVA) risk	-	-
Total Capital requirements	**2 406 695**	**2 110 089**

EnterCard has chosen not to apply transitional rules for capital adequacy in connection with IFRS 9. At the transition to IFRS 9, the capital base has been reduced by 369m SEK.

In connection with the introduction of IFRS 9, EnterCard's provisions for future credit losses will increase. This also imply that the capital base is reduced by the corresponding amount (adjusted for tax). At the same time, this led to a reduction in the capital requirement, because EnterCard does not have to hold capital for the assets already reserved for. However, since the reduction of the capital base is greater than the reduction in capital requirements and the introduction of IFRS 9 has overall a negative effect on EnterCard's capital ratio.

Note 28 Related parties

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

	Swedbank Group		Barclays Group	
Assets	**2018**	**2017**	**2018**	**2017**
Loans to credit institutions	3 701 886	2 650 169	-	-
Other assets	1 321	1 370	-	-
Total	**3 703 208**	**2 651 540**	**-**	**-**
Liabilities				
Amounts owed to credit institutions	14 587 413	11 483 462	14 587 413	11 483 462
Other liabilities	26 913	23 234	21 497	21 497
Total	**14 614 326**	**11 506 696**	**14 608 911**	**11 504 959**
Income and expenses				
Interest income	802	-309	-	-
Interest expenses	-80 390	-70 088	-80 210	-69 854
Commission income	115 061	123 828	-	-
Commission expenses	-5 400	-5 881	-	-
Other expenses	-7 586	-11 927	-	-
Total	**22 486**	**35 622**	**-80 210**	**-69 854**

Note 29 Classification and valuation of financial assets and liabilities

2018

Assets	Amortized cost	Measured at fair value through other comprehensive income	Other financial liabilities	Non-financial assets and liabilities	Book value	Fair value
Loans to credit institutions	3 701 886	-	-	-	3 701 886	3 701 886
Loans to the public, net	28 901 734	-	-	-	28 901 734	28 901 734
Bonds and other interest-bearing securities	-	2 501 252	-	-	2 501 252	2 501 252
Intangible assets	-	-	-	94 152	94 152	94 152
Tangible assets	-	-	-	6 293	6 293	6 293
Deferred tax	-	-	-	34 717	34 717	34 717
Other assets	167 046	-	-	63 150	230 196	230 196
Prepaid expenses and accrued income	141 346	-	-	-	141 346	141 346
Total assets	**32 912 012**	**2 501 252**	**-**	**198 312**	**35 611 577**	**35 611 577**
Liabilities						
Amounts owed to credit institutions	29 174 827	-	-	-	29 174 827	29 174 827
Other liabilities	-	-	331 813	2 951	334 764	334 764
Accrued expenses and prepaid income	-	-	289 232	-	289 232	289 232
Pension provisions	-	-	-	39 649	39 649	39 649
Other provisions	47 138	-	-	-	47 138	47 138
Total liabilities	**29 221 964**	**-**	**621 045**	**42 600**	**29 885 609**	**29 885 609**

2017

Assets	Loans receivables and customer receivables	Financial assets available for sale	Other financial liabilities	Non-financial assets and liabilities	Book value	Fair value
Loans to credit institutions	2 650 169	-	-	-	2 650 169	2 650 169
Loans to the public, net	24 186 570	-	-	-	24 186 570	24 186 570
Bonds and other interest-bearing securities	-	2 025 314	-	-	2 025 314	2 025 314
Intangible assets	-	-	-	123 206	123 206	123 206
Tangible assets	-	-	-	3 563	3 563	3 563
Deferred tax	-	-	-	5 664	5 664	5 664
Other assets	98 921	-	-	60 706	159 627	159 627
Prepaid expenses and accrued income	156 912	-	-	2 346	159 258	159 258
Total assets	**27 092 572**	**2 025 314**	**-**	**195 485**	**29 313 371**	**29 313 371**
Liabilities						
Amounts owed to credit institutions	-	-	22 966 924	-	22 966 924	22 966 924
Other liabilities	-	-	364 510	2 336	366 846	366 846
Accrued expenses and prepaid income	-	-	307 263	-	307 263	307 263
Pension provisions	-	-	-	20 750	20 750	20 750
Total liabilities	**-**	**-**	**23 638 697**	**23 086**	**23 661 783**	**23 661 783**

EnterCard values bonds at fair value on the basis of prices that are listed on an active market for identical instruments and are thus included in Level 1 in the Fair value hierarchy.

Note 30 Specifications of adjustments for non-cash items

	2018	2017
Depreciation/amortization of tangible and intangible assets	46 261	38 551
Unrealised value change of financial assets	-4 464	-4 539
Change of expected credit losses	-27 388	135 779
Change in prepaid expenses and accrued income	-76 579	22 025
Change in accrued expenses and prepaid income	-31 788	-8 617
Total	**-93 958**	**183 199**

Note 31 Proposal for the treatment of current year's earnings (SEK)

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

	2018	2017
Retained earnings	4 664 498 712	4 752 641 495
Current year's net profit/loss	947 789 913	849 466 523
Total	**5 612 288 625**	**5 602 108 018**

The Board of Directors propose:		
dividends	650 000 000	550 000 000
to be carried forward	4 962 288 625	5 052 108 018
Total	**5 612 288 625**	**5 602 108 018**

Note 32 Significant events after the year end

No significant events have occurred after year end closing.

Note 33 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 Bank Plc, London, Great Britain. The annual accounts of Swedbank AB and Barclays Bank Plc are available on respective company's homepage, www.swedbank.com and www.barclays.co.uk.

Stockholm / 2019

Christopher Wood *Chairman*	Olof Erlandsson	Christian Kühn
Lena Smeby Udesen	Nicole Olbe	Jan-Olof Brunila
Eva-Li Prades Eriksson *Employee representative*		John Einar Kjevik *Employee representative*

Freddy Syversen
Chief Executive Officer

Our auditors' report was submitted on / 2019

KPMG AB

(signature on original document)

Dan Beitner
Authorized Public Accountant