

Interim Report January–March 2020



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INTERIM REPORT FOR ENTERCARD GROUP AB

The Chief Executive Officer for EnterCard Group AB hereby submits the Interim report for January 1 - March 31, 2020.

SUMMARY

Scope, type of Operation and ownership

EnterCard Group AB operates in the Scandinavian market, with the issuance of credit cards and consumer loans as a primary business focus. The company was founded in 2005 by Barclays Bank, the largest credit institution providing credit cards financing in Europe, and Swedbank, a leading banking group in the Nordics and Baltics. The business focus of EnterCard is to issue credit cards and consumer loans under its own brand, re:member, in all three Scandinavian countries, as well as issuing credit cards and loans under different partners' brands and through their own distribution channels. EnterCard Group AB is owned by Swedbank AB, 60% and Barclays Bank PLC, 40% through a joint venture. EnterCard Group AB operates two branches in Norway and Denmark, respectively.

Significant events during the period

During quarter one of 2020, the Corona virus began to spread worldwide resulting in devastating human and economic loss. It has been classified as a pandemic. Though all Scandinavian countries have instituted firm social distancing guidelines, the countries have not deployed identical response strategies. The varying strategies have effected social mobility and perceived security in the respective countries. These factors are significant considerations for existing and potential customers that may utilize EnterCard's products and services. This type of event adversely disrupts traditional consumer behavior patterns, which is acutely observed with International travel and related spending patterns.

This unique event has materially increased uncertainty in most countries. Correspondingly, the Scandinavian environmental risk has increased with markedly high unemployment, a dramatic decline in oil prices and speculation about supply chain stability. These factors are relevant when considering the strength and resilience of private consumers' economies, which bears heavily on considering EnterCard's future asset valuations.

For EnterCard, estimating the depth and duration of this event is essential but involves a number of uncertainties, such as the effectiveness of the respective country response strategies, the timing of social mobility normalization and the pace of business recovery. The broad base of customer spending is continuing though at a lower level. New customer accounts are being created, though at a lower level, like with card spending. Though the business model continues, it will be necessary to increase provisions for anticipated asset value deterioration. Because the observation period of asset performance has been short, an estimate of increased provision involves data and management judgement. The anticipated additional provisioning related to Covid 19 is 142msek, which is reflected in the Q1 2020 financial results.

Year to date earnings, profitability and position

Operating income as per March 31, 2020, amounted to 848.7m SEK, compared with 863.2m SEK the same period previous year. Total loans to the public without considering provisions of anticipated loan losses as per March 31, 2020, increased to 33,218.3m SEK compared to 32,729.2m SEK March 31, 2019.

Non performing loans, after loan loss provision, as per March 31 amounted to a book value of 1,291.1m SEK which constitutes 3,7 percent of the total credit portfolio.

Operating profit before tax amounted to 9.6m SEK (170.8m SEK).

Investments

Investments in tangible assets during the period amounted to 0.1m SEK and intangible fixed assets with 4.4m SEK. EnterCard continuously assesses whether there are indications of diminished value for assets. The evaluation has shown that there is no need for impairment.

Significant risks and factors of uncertainty

EnterCard is a consumer financing company delivering products and services that meet the customer needs and expectations. EnterCard's operations encounters to a number

of risks. As a result, considerations needs to be made in relation to these risks.

The interest rate environment presents material of risk and uncertainty. As the Scandinavian central banks seek to assist their respective economies, differing decisions can be seen. The interbank offer rate in Sweden, STIBOR, has slightly increased, whereas in Norway the interbank offer rate, NIBOR, has materially decreased. These actions have both positive and adverse economic effects for EnterCard. There is also a higher level of insecurity in the market about how the larger economic volatility will affect borrowers, which has led to sharp increases in the Funds Transfer Premium (FTP), increasing the cost of borrowing. EnterCard continually monitors and optimizes its borrowing needs to ensure sufficient liquidity for operational and regulatory requirements.

EnterCard continues to monitor the regulatory environment to assess the likely impacts to the company. Like all other banks and credit institutions, EnterCard is benefiting from the relaxed regulatory measures issued forth by the European Banking Authority (EBA). The significant reduction of the Counter-Cyclical Buffer in the Scandinavian countries has provided ample security that capital regulatory targets will not be breached as the Covid 19 event progresses through its cycle. Additionally, EnterCard has begun incorporating relaxation measures permitted for Covid initiated debt restructuring/forbearance and payment holidays to encourage companies to assistant customers in navigating this difficult period. This relaxation also is reflected in accounting rules under IFRS 9 allowing for a more measured consideration of changes in perceived risk. EnterCard remains very active to follow and incorporate regulatory guidance from European and local regulators.

Liquidity and funding

Funding has been exclusively provided by Swedbank AB and

Barclays Bank PLC. EnterCard's liquidity need is satisfied through credits and loans provided by the owners.

EnterCard's cash balance as per March 31 amounted to 3,501.0m SEK, cash balance in the beginning of the year was 3,501.9m SEK.

The liquidity reserve amounted to 2,414.9m SEK (5,521.7m SEK), more detailed information is provided in note 5 and note 6. EnterCard Group AB's Liquidity Coverage Ratio (LCR) was 363% (421%). According to EnterCard's interpretation of the Basel Committee's most recent proposal on Net Stable Funding Ratio (NSFR), EnterCard's NSFR was 146% (146%).

As per March 31 2020, the survival horizon, in a scenario with a very limited access to funding and significantly decreased inflows from customers, was 107 days for Sweden, 154 days for Norway and 154 days for Denmark, to be compared with the risk appetite, decided by the Board, of 60 days.

More detailed information on the liquidity reserve and liquidity management is provided in the yearly Risk and capital adequacy report.

Capital adequacy

Total capital ratio for EnterCard as per March 31, 2020 was 19,5 %. The total adjusted Tire 1 Capital base amounted to 5,880.4m SEK and the total risk exposure amount for credit risk was 30,171.6m SEK. EnterCard applies the standardized approach to calculate the capital requirement for credit risk.

Audit review

This report has not been reviewed by EnterCard's auditors. Although, the company's result per March 31, 2020 have been subject for a general review.

Income statement

TSEK	Note	2020-01-01	2019-01-01	2019-01-01
		2020-03-31	2019-12-31	2019-03-31
Interest income		833 063	3 487 386	823 744
Interest expenses		-87 323	-305 651	-64 245
Net interest income		745 740	3 181 735	759 499
Commission income		226 305	980 917	227 897
Commission expenses		-125 429	-538 291	-130 538
Net commissions		100 876	442 626	97 359
Net gain/loss transactions from financial instruments	2	-3 889	-3 395	36
Other income		5 968	31 999	6 288
TOTAL OPERATING INCOME		848 694	3 652 965	863 182
Staff costs		-138 951	-604 359	-150 574
Other general administrative expenses		-206 334	-885 854	-199 878
Total general administrative expenses		-345 285	-1 490 213	-350 452
Depreciation/amortization and impairments of tangible and intangible fixed assets		-10 141	-46 291	-11 271
Other costs		-3 816	-34 453	-21 800
TOTAL OPERATING EXPENSES		-359 242	-1 570 958	-383 522
Profit before loan losses		489 452	2 082 007	479 659
Loan losses, net	3	-479 875	-740 770	-308 880
OPERATING PROFIT		9 577	1 341 237	170 779
Tax expense		-2 739	-281 932	-38 344
PROFIT/LOSS FOR THE YEAR		6 838	1 059 305	132 435

Statement of comprehensive income

TSEK		2020-01-01	2019-01-01	2019-01-01
		2020-03-31	2019-12-31	2019-03-31
	Profit for the year recognized within the income statement	6 838	1 059 305	132 435
	Components which will not be reclassified to the income statement			
	Revaluation of defined-benefit pensions	-	-23 003	-
	Tax	-	4 739	-
	Total	-	-18 264	-
	Components which have or will be reclassified to the income statement			
	Unrealised changes in fair value	2	5 151	-2 051
	Exchange rate differences	-120 682	68 730	110 298
	Tax	-	-15 219	-
	Total	-133 846	58 662	108 248
	Total profit	-127 008	1 099 703	240 682

Balance Sheet

Assets

TSEK	Note	2020-03-31	2019-12-31	2019-03-31
Assets				
Loans to credit institutions	4	3 500 972	3 501 872	954 855
Loans to the public	4	31 140 634	31 997 575	30 764 092
Bonds and other interest-bearing securities	5,6	2 414 854	2 772 996	5 521 747
Intangible fixed assets		65 997	73 891	91 451
Tangible assets		6 982	7 868	5 836
Deferred tax assets		11 408	11 408	34 717
Other assets		276 394	434 922	214 173
Prepaid expenses and accrued income		82 116	77 069	98 796
TOTAL ASSETS		37 499 357	38 877 600	37 685 667

Liabilities and Equity

Liabilities

Amounts owed to credit institutions		30 945 394	31 982 199	31 096 885
Other liabilities		154 963	358 853	903 660
Accrued expenses and prepaid income		311 071	305 133	304 394
Pension provisions		36 541	49 571	20 953
Provisions		30 651	34 099	43 125
TOTAL LIABILITIES		31 478 620	32 729 856	32 369 018

Equity

Share capital		5 000	5 000	5 000
Fair value reserve		-26 112	-12 948	-19 047
Retained earnings		6 035 010	5 096 388	5 198 262
Profit for the period		6 838	1 059 305	132 435
TOTAL EQUITY		6 020 737	6 147 744	5 316 649
TOTAL LIABILITIES AND EQUITY		37 499 357	38 877 600	37 685 667

Statement of changes in Equity

TSEK	Restricted equity			Non-restricted equity		Total Equity
	Share capital	Fund for development expenditures	Translation Differences	Fair value reserve	Retained earnings	
Opening balance January 1, 2019	5 000	108 679	-266 358	-16 997	5 895 644	5 725 967
Dividends					-650 000	-650 000
Profit/loss for the period			110 298	-2 051	132 435	240 682
<i>of which recognized in income statement</i>					132 435	132 435
<i>of which recognized in other comprehensive income</i>			110 298	-2 051	-	108 248
Closing balance March 31, 2019	5 000	108 679	-156 060	-19 047	5 378 078	5 316 649

TSEK	Share capital	Fund for development expenditures	Translation Differences	Fair value reserve	Retained earnings	Total Equity
Opening balance January 1, 2019	5 000	108 679	-266 358	-16 997	5 895 644	5 725 967
Adjustment previous years		-	-		-19 298	-19 298
Adjustment previous years					-8 629	-8 629
Dividends					-650 000	-650 000
Transfer to restricted equity		13 080			-13 080	-
Profit/loss for the year			54 613	4 049	1 041 041	1 099 703
<i>of which recognized in income statement</i>					1 059 305	1 059 305
<i>of which recognized in other comprehensive income</i>			68 730	5 151	-23 003	50 878
<i>of which tax recognized in other comprehensive income</i>			-14 117	-1 102	4 739	-10 480
Closing balance December 31, 2019	5 000	121 759	-211 745	-12 948	6 245 678	6 147 744

TSEK	Share capital	Fund for development expenditures	Translation Differences	Fair value reserve	Retained earnings	Total Equity
Opening balance January 1, 2020	5 000	121 759	-211 745	-12 948	6 245 678	6 147 744
Profit/loss for the period			-120 682	-13 164	6 838	-127 008
<i>of which recognized in income statement</i>			-	-	6 838	6 838
<i>of which recognized in other comprehensive income</i>			-120 682	-13 164	-	-133 846
Closing balance March 31, 2020	5 000	121 759	-332 427	-26 112	6 252 516	6 020 737

Statement of Cash Flow

TSEK	2020-03-31	2019-12-31	2019-03-31
Operating activities			
Operating profit/loss	9 577	1 341 237	170 779
Adjustments for non-cash items	202 678	325 750	292 519
Taxes paid	-35 096	-306 613	-106 269
Cash flow from operating activities before working capital changes	177 159	1 360 375	357 029
Cash flow from changes in working capital			
Increase/decrease in loans to the public	-99 401	-2 970 186	-1 601 723
Increase/decrease of bonds and other interest-bearing securities	200 186	-235 270	-2 961 107
Increase/decrease in other assets	161 441	-206 101	25 193
Increase/decrease in other liabilities	-121 516	-416	-76 693
Cash flow from operating activities	140 710	-3 411 973	-4 614 330
Investing activities			
Purchase of intangible assets	-4 435	-21 202	-5 891
Purchase of tangible assets	-140	-4 481	-
Cash flow from investing activities	-4 575	-25 683	-5 891
Financing activities			
Dividends	-	-650 000	-
Increase/decrease of deposits and borrowing	-264 974	2 492 439	1 462 923
Cash flow from financing activities	-264 974	1 842 439	1 462 923
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	3 501 872	3 701 886	3 701 886
CASH FLOW FOR THE PERIOD	48 320	-234 843	901 617
Exchange rate differences on cash and cash equivalents	-49 220	34 828	53 239
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3 500 972	3 501 872	954 855

Notes

The interim report for EnterCard Group AB (org nr 556673-0585) refers to the period January 1 - March 31, 2020. The company is based in Stockholm, Sweden.

Note 1 Accounting principles

This interim report has been prepared in accordance with the regulations of the law (1995:1559) on the Annual Accounts Act for Credit Institutions and Securities Companies, Chapter 9, and the rules and regulations issued by the Financial Supervisory Authorities (Finansinspektionen) FFFS 2008:25 Chapter 8 and the Council for Financial Reporting Board's recommendation RFR 2, accounting for legal entities.

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

The accounting principles applied in the interim report are consistent with the accounting policies applied in the preparation of the annual report for 2019.

Note 2 Net financial income

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

	2020-01-01	2019-01-01	2019-01-01
	2020-03-31	2019-12-31	2019-03-31
Realised gains/losses recognized in profit and loss			
Reclassification through Other comprehensive income to this periods profit for realised gains/losses	-	6 972	-
Realised gain/loss bonds and other interest-bearing securities	-2 311	-8 940	142
Exchange rate profit / loss	-1 578	-1 427	-106
Total realised gain/loss in profit or loss	-3 889	-3 395	36
Unrealised gains/losses recognized in Other comprehensive income			
Reclassification through Other comprehensive income to this periods profit for realised gains/losses	-	-6 972	-
Unrealised changes in value bonds and other interest-bearing securities	-13 164	5 151	-2 051
Total unrealised gain/loss in Other comprehensive income	-13 164	-1 821	-2 051
Total	-17 053	-5 216	-2 015

Note 3 Loan losses, net

	2020-01-01	2019-01-01	2019-01-01
	2020-03-31	2019-12-31	2019-03-31
Loans at amortized cost			
Change in provisions - stage 1	-215 253	25 953	-57 600
Change in provisions - stage 2	31 220	-103 159	-68 588
Change in provisions - stage 3	-41 378	-177 167	-103 948
Total	-225 411	-254 373	-230 136
The periods write-off for established loan losses	-297 715	-615 143	-148 178
Recoveries from previously established loan losses	40 427	114 919	64 487
Total	-257 289	-500 224	-83 691
Loan losses net, loans at amortized cost	-482 699	-754 597	-313 827
Loan losses credits granted but not utilized			
Change in provisions - stage 1	2 857	14 326	4 741
Change in provisions - stage 2	-32	-498	206
Loan losses net, loan commitments	2 825	13 828	4 946
Total loan losses	-479 875	-740 770	-308 880

Note 4 Change in provisions for loans

Change in book value (gross) and provisions March 31, 2020.

Book value, gross	Performing loans		Non-performing loans	Total
	Stage 1	Stage 2	Stage 3	
Opening balance January 1, 2020	28 711 600	2 908 225	2 345 283	33 965 108
Closing balance March 31, 2020	28 365 159	2 562 062	2 291 098	33 218 319
Provisions for loans to the public and loans to credit institutions				
Opening balance January 1, 2020	-412 464	-511 350	-1 043 719	-1 967 533
New and derecognised financial assets, net	-45 039	113 282	112 196	180 439
Changes in credit risk	-141 808	-2 923	57 157	-87 574
Transfer between stages during the period				
from stage 1 to stage 2	34 157	-203 375	-	-169 218
from stage 1 to stage 3	4 844	-	-58 229	-53 385
from stage 2 to stage 1	-29 523	73 907	-	44 384
from stage 2 to stage 3	-	73 458	-114 533	-41 075
from stage 3 to stage 1	-472	-	5 901	5 429
from stage 3 to stage 2	-	-4 550	10 478	5 928
Other	-25 924	-	30 844	4 920
Closing balance March 31, 2020	-616 229	-461 551	-999 905	-2 077 685
Book value, net				
Opening balance January 1, 2020	28 299 136	2 396 875	1 301 564	31 997 575
Closing balance March 31, 2020	27 748 930	2 100 511	1 291 192	31 140 634

Change in book value (gross) and provisions March 31, 2019.

Book value, gross	Performing loans		Non-performing loans	Total
	Stage 1	Stage 2	Stage 3	
Opening balance January 1, 2019	26 689 070	2 209 674	1 751 725	30 650 468
Closing balance March 31, 2019	27 999 030	2 620 521	2 109 635	32 729 186
Provisions for loans to the public and loans to credit institutions				
Opening provision January 1, 2019	-447 687	-402 787	-898 261	-1 748 735
New and derecognised financial assets, net	-55 313	5 751	88 653	39 091
Changes in credit risk	-18 027	-8 695	56 894	30 172
Transfer between stages during the period				
from stage 1 to stage 2	45 446	-234 459	-	-189 013
from stage 1 to stage 3	4 246	-	-50 784	-46 539
from stage 2 to stage 1	-14 053	31 463	-	17 409
from stage 2 to stage 3	-	131 303	-222 812	-91 509
from stage 3 to stage 1	-126	-	1 353	1 227
from stage 3 to stage 2	-	-3 586	7 640	4 054
Other	-11 384	-12	30 144	18 747
Closing balance March 31, 2019	-496 897	-481 024	-987 174	-1 965 095
Book value, net				
Opening balance January 1, 2019	26 241 383	1 806 887	853 464	28 901 734
Closing balance March 31, 2019	27 502 133	2 139 498	1 122 461	30 764 092

Change in book value (gross) March 31, 2020.

Book value, gross	Performing loans		Non-performing loans	Total
	Stage 1	Stage 2	Stage 3	
Opening balance January 1, 2020	28 711 600	2 908 224	2 345 284	33 965 108
New and derecognised financial assets, net	1 821 533	-470 133	-267 650	1 083 750
Changes in credit risk	-1 322 971	-96 420	-163 492	-1 582 883
Transfer between stages during the period				
from stage 1 to stage 2	-1 118 937	1 094 563	-	-24 374
from stage 1 to stage 3	-169 371	-	164 586	-4 785
from stage 2 to stage 1	448 889	-518 990	-	-70 101
from stage 2 to stage 3	-	-163 284	157 819	-5 465
from stage 3 to stage 1	9 845	-	-10 367	-522
from stage 3 to stage 2	-	17 954	-18 987	-1 033
Other	-15 429	-209 852	83 905	-141 376
Book value				
Closing balance March 31, 2020	28 365 159	2 562 062	2 291 098	33 218 319

Change in book value (gross) March 31, 2019.

Book value, gross	Performing loans		Non-performing loans	Total
	Stage 1	Stage 2	Stage 3	
Opening balance January 1, 2019	26 689 070	2 209 674	1 751 725	30 650 469
New and derecognised financial assets, net	2 407 878	-60 709	-181 564	2 165 605
Changes in credit risk	-72 458	-21 263	-17 278	-110 998
Transfer between stages during the period				
from stage 1 to stage 2	-1 147 760	1 180 574	-	32 814
from stage 1 to stage 3	-105 553	-	107 487	1 934
from stage 2 to stage 1	342 157	-371 182	-	-29 025
from stage 2 to stage 3	-	-416 266	426 151	9 885
from stage 3 to stage 1	2 573	-	-3 399	-826
from stage 3 to stage 2	-	16 027	-16 119	-92
Other	-116 877	83 666	42 633	9 422
Book value				
Closing balance March 31, 2019	27 999 030	2 620 521	2 109 635	32 729 186

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

	2020-01-01 2020-03-31	2019-01-01 2019-12-31	2019-01-01 2019-03-31
Credit facilities, granted but not paid	424 368	103 031	-
Credits granted but not utilized	41 926 797	42 368 957	42 709 085
Provisions for off-balance commitments			
Stage 1	26 765	30 182	39 879
Stage 2	3 886	3 918	3 246
Total	30 651	34 099	47 138

Allocation of loans between stages and provisions (IFRS 9)

	2020-03-31	2019-12-31	2019-03-31
Loans to credit institutions			
Stage 1			
Book value, gross	3 500 972	3 501 872	954 855
Book value			
Total book value	3 500 972	3 501 872	954 855
Loans to the public, private customers			
Stage 1			
Book value, gross	28 083 387	28 285 934	27 484 151
Provisions	-615 761	-412 049	-496 413
Book value	27 467 627	27 873 885	26 987 738
Stage 2			
Book value, gross	2 562 062	2 908 225	2 620 521
Provisions	-461 551	-511 350	-481 023
Book value	2 100 511	2 396 875	2 139 498
Stage 3			
Book value, gross	2 282 306	2 337 258	2 099 323
Provisions	-995 023	-1 039 149	-978 807
Book value	1 287 283	1 298 108	1 120 516
Total book value	30 855 420	31 568 867	30 247 751
Loans to the public, corporate customers			
Stage 1			
Book value, gross	281 771	425 667	514 879
Provisions	-468	-415	-484
Book value	281 303	425 251	514 396
Stage 3			
Book value, gross	8 793	8 026	10 312
Provisions	-4 882	-4 570	-8 367
Book value	3 911	3 456	1 945
Total book value	285 214	428 708	516 340
Total	34 641 606	35 499 447	31 718 947
Book value gross, stage 1	31 866 131	28 711 600	28 953 886
Book value gross, stage 2	2 562 062	2 908 225	2 620 521
Book value gross, stage 3	2 291 098	2 345 283	2 109 635
Total book value gross	36 719 292	33 965 108	33 684 042
Provisions stage 1	-616 229	-412 464	-496 897
Provisions stage 2	-461 551	-511 350	-481 024
Provisions stage 3	-999 905	-1 043 719	-987 174
Total provisions	-2 077 685	-1 967 534	-1 965 095
Total book value	34 641 606	31 997 575	31 718 947
Share of loans in stage 3, gross, %	6,24%	6,90%	6,26%
Share of loans in stage 3, net, %	3,73%	4,06%	3,54%
Provision ratio of loans stage 1	1,93%	1,44%	1,72%
Provision ratio of loans stage 2	18,01%	17,58%	18,36%
Provision ratio of loans stage 3	43,64%	44,50%	46,79%
Total provision ratio of loans	5,66%	5,79%	5,83%

Note 5 Bonds and other interest-bearing securities

Financial assets measured at fair value through Other comprehensive income.

Issuers	2020-03-31	2019-12-31	2019-03-31
Municipalities	1 252 558	1 353 850	1 666 734
Swedish government	-	-	2 499 879
Foreign credit institutions	77 371	178 228	284 847
Foreign mortgage institutions	820 675	1 128 910	468 869
Other foreign issuers	264 249	112 007	601 418
Total	2 414 854	2 772 996	5 521 747

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

Remaining maturity	2020-03-31	2019-12-31	2019-03-31
Maximum 1 year	65 554	49 301	2 810 724
Longer than 1 year but maximum 5 years	2 349 300	2 522 267	2 346 122
Longer than 5 years	-	201 428	364 901
Total	2 414 854	2 772 996	5 521 747

Total holdings of financial assets, broken down by issuer	2020-03-31	2019-12-31	2019-03-31
Issued by public entities	1 516 807	1 465 857	4 768 031
Issued by other borrowers	898 047	1 307 139	753 716
Total	2 414 854	2 772 996	5 521 747
Average remaining maturity, years	2,92	3,69	1,98
Average remaining fixed interest term, years	0,54	0,30	0,45
<i>of which listed securities, TSEK</i>	<i>2 414 854</i>	<i>2 772 996</i>	<i>5 521 747</i>
<i>of which unlisted securities, TSEK</i>	<i>-</i>	<i>-</i>	<i>-</i>

Note 6 Liquidity reserve and liquidity risk

	2020-03-31	Distribution by currency			2019-12-31	Distribution by currency		
		SEK	NOK	DKK		SEK	NOK	DKK
Securities issued or guaranteed by government or central bank	264 249	-	-	264 249	112 007	-	-	112 007
Securities issued or guaranteed by municipalities or non-governmental public entities	1 252 558	1 060 787	191 771		1 353 850	1 066 805	287 046	
Covered bonds issued by others	820 675		820 675		1 128 910	-	1 128 910	
Securities issued or guaranteed by multilateral development banks	77 371	-	77 371		178 228	-	178 228	
Total	2 414 854	1 060 787	1 089 817	264 249	2 772 996	1 066 805	1 594 184	112 007
<i>Distribution by currency, %</i>		<i>43,9%</i>	<i>45,1%</i>	<i>10,9%</i>		<i>38,5%</i>	<i>57,5%</i>	<i>4,0%</i>

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

Note 7 Capital adequacy

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

EnterCard applies the standardized approach to calculate the capital requirement for credit risk. Credit risk is calculated on all asset and off-balance sheet items unless deducted from own funds. Capital requirements for operational risk is calculated using the standardized approach, which means that the activities are divided into business areas which have been assigned different beta factors. Capital requirement is calculated as a three-year average for the last three year's financial operating revenue in each business multiplied by the corresponding beta factor. EnterCard also calculates a capital requirement for currency risk.

The combined buffer requirement is a requirement to hold a capital conservation buffer of 2.5 percent of the risk-weighted exposure amount. The buffer requirement also includes a countercyclical buffer, which currently amounts to 0.3 percent of the risk-weighted exposure amount.

EnterCard does not have any exposures within Trading.

EnterCard Group AB is a Swedish credit market company with license to conduct financing business in the Scandinavian market. The operations in Norway and Denmark is conducted through the branches "EnterCard Norway, branch of EnterCard Group AB" and "EnterCard Denmark, branch of EnterCard Group AB". Information in this note is submitted in accordance with prudential regulation, Commission Implementing Regulation (EU) no 1423/2013 on implementing technical standards with regard to the disclosure requirements of capital for institutions under prudential regulation, the SFSA's regulations and general guidelines (FFFS 2008: 25) on Annual Reports in credit institutions and investment firms, and the SFSA's guidelines on regulatory requirements and capital buffers.

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

Capital Adequacy

Common Equity Tier 1 Capital: Instruments and reserves	2020-03-31	2019-12-31
Capital instrument and associated share premium	5 000	5 000
Reserves	6 507 663	5 448 358
Accumulated other comprehensive income	-498 764	-364 919
Profit net, after deduction of foreseeable cost's and dividend's, verified by auditors	-45 357	1 059 305
Common Equity Tier 1 Capital before adjustments	5 968 542	6 147 744
Value adjustments due to the requirements for prudent valuation	-10 746	-3 481
Intangible assets	-65 997	-73 891
Deferred tax assets that rely on future profitability and arise from temporary differences	-11 408	-11 408
Negative values associated to expected losses	-	-
Losses current year	-	-
Total adjustments of Common Equity Tier 1 Capital	-88 151	-88 779
Common Equity Tier 1 Capital	5 880 391	6 058 965
Additional Tier 1 Capital: instruments	-	-
Tier 1 Capital	5 880 391	6 058 965
Tier 2 Capital: Instruments and provisions	2020-03-31	2019-12-31
Capital instrument and associated share premium	-	-
Credit value adjustments	-	-
Tier 2 Capital before adjustments	-	-
Total adjustments of Common Equity Tier 2 Capital	-	-
Tier 2 Capital	-	-
Total Capital	5 880 391	6 058 965
Total risk weighted exposure amount	30 171 556	30 744 199
Common Equity Tier 1 capital ratio	19,5%	19,7%
Tier 1 capital ratio	19,5%	19,7%
Total capital ratio	19,5%	19,7%
Requirements buffers, %	2020-03-31	2019-12-31
Total Tier 1 capital requirement including buffer requirement	7,3	9,4
<i>whereof minimum CET1 requirement</i>	4,5	4,5
<i>whereof capital conservation buffer requirement</i>	2,5	2,5
<i>whereof countercyclical capital buffer requirement</i>	0,3	2,4
<i>whereof system risk buffer requirement</i>	-	-
Common Equity Tier 1 capital available to be used as buffer	12,2	10,3
Leverage ratio	14,2	12,7

Risk exposure amount and own funds requirement for credit risk

Exposure classes	2020-03-31		2019-12-31	
	Risk exposure amount	Own funds requirement	Risk exposure amount	Own funds requirement
Institutional exposures	700 288	56 023	700 581	56 046
Covered bonds	82 068	6 565	112 891	9 031
Retail exposures	22 493 061	1 799 445	22 974 243	1 837 939
Regional governments or local authorities exposures	1 143	91	1 727	138
Corporate exposures	3 514	281	4 524	362
Exposures in default	1 291 194	103 295	1 309 590	104 767
Other exposures	365 493	29 239	519 859	41 589
Total	24 936 760	1 994 941	25 623 415	2 049 873
			2020-03-31	2019-12-31
Total capital requirement for credit risk according to the standardized approach			1 994 941	2 049 873
Capital requirement for operational risk			2020-03-31	2019-12-31
Risk exposure amount			5 068 212	4 632 277
Capital requirement according to the standardized approach			405 457	370 582
Total capital requirement for operational risk			405 457	370 582
Capital requirement for market risk (foreign exchange risk)			2020-03-31	2019-12-31
Risk exposure amount			166 584	488 507
Capital requirement			13 327	39 081
Total capital requirement for market risk			13 327	39 081
Capital requirements for settlement risk			-	-
Capital requirements for credit value adjustment (CVA) risk			-	-
Total capital requirements			2 413 724	2 459 536

Internal capital requirement

	2020-03-31		2019-12-31	
		% of REA*		% of REA*
Capital requirement according to Pillar 1				
Credit risk	1 994 941	6,6	2 049 873	6,7
Market risk	13 327	0,1	39 081	0,1
Operational risk	405 457	1,3	370 582	1,2
Settlement risk	-	-	-	-
Credit value adjustment (CVA) risk	-	-	-	-
Total capital requirement according to Pillar 1	2 413 724	8,0	2 459 536	8,0
Capital requirement according to Pillar 2				
Other capital requirement	288 519	1,0	274 183	0,9
Total capital requirement according to Pillar 2	288 519	1,0	274 183	0,9
Combined buffer requirement				
Countercyclical buffer	77 421	0,3	732 229	2,4
Capital conservation buffer	754 289	2,5	768 605	2,5
Total combined buffer requirement	831 710	2,8	1 500 834	4,9
Management buffer				
Additional management buffer	301 716	1,0	306 170	1,0
Total management buffer	301 716	1,0	306 170	1,0
Internal capital requirement				
Total capital requirement	3 835 669	12,8	4 540 722	14,8
Capital base				
Total capital base	5 880 391	19,5	6 058 965	19,7

*Risk exposure amount

Note 8 Related parties

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

Balance sheet	Swedbank Group			Barclays Group		
	2020-03-31	2019-12-31	2019-03-31	2020-03-31	2019-12-31	2019-03-31
Assets						
Loans to credit institutions	3 500 972	3 501 872	954 855	-	-	-
Other assets	774	1 073	923	-	-	-
Total	3 501 746	3 502 945	955 778	-	-	-
Liabilities						
Amounts owed to credit institutions	15 472 697	15 991 100	15 570 523	15 472 697	15 991 100	15 570 475
Other liabilities	5 876	14 016	326 837	13 007	13 007	346 497
Total	15 478 573	16 005 116	15 897 359	15 485 704	16 004 107	15 916 973
Income statement						
Interest income	1 301	5 411	844	-	-	-
Interest expenses	-40 360	-141 894	-29 728	-40 274	-141 795	-29 717
Commission income	20 505	122 952	20 082	-	-	-
Commission expenses	-1 234	-5 254	-1 470	-	-	-
Other expenses	-1 541	-6 719	-1 639	-	-	-
Total	-21 330	-25 505	-11 910	-40 274	-141 795	-29 717

Stockholm May 29, 2020

Freddy Syversen
Chief Executive Officer