

Interim Report

January–June 2020



Table of Content

Summary.....3

Quarterly Performance.....5

Income Statement6

Balance Sheet7

Statement of Changes in Equity8

Statement of Cash Flow9

Notes.....10

INTERIM REPORT FOR ENTERCARD GROUP AB

The Chief Executive Officer for EnterCard Group AB hereby submits the Interim report for January 1 - June 30, 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

The Covid-19 pandemic completely characterized the political and social-economic environment during quarter two of 2020. The majority of the significant government response tactics were initiated during quarter one of 2020. The second quarter represented a defining period for determining the efficacy of response initiatives, as well providing suggestive indication for the human and economic toll for the remainder of the year. Progression back towards a form of normalcy has varied across the global community, as seen throughout the multitude of countries in Europe, the Americas and Asia. Even within Scandinavia the impact, response and the pace of recovery towards a form of normalcy has varied.

Norway and Denmark, early on, executed restrictive measures on social mobility, which resulted in abrupt reductions in economic output and corresponding increases in unemployment and the number of employees placed on furlough. Correspondingly, these conditions reduced consumer spending when compared to similar times in the previous year. Travel related spend declined to near zero and during some weeks, there was negative purchasing, due to refunds provided for previously paid for travel. This had an adverse effect on income from customer spending, potential balance growth connected to that spending and new account booking in Norway and Denmark. In contrast, Sweden kept its society open, with few limitations on social mobility. Many believe that the Swedish strategy was to achieve 'herd immunity' with the Covid-19 virus with the ambition of creating long-term health resilience. Because of the global travel ban, like Norway and Denmark, travel-related spending in Sweden evaporated. However, new account

booked in Sweden for loans and cards continued relatively consistent with expectations.

Time will tell as to whether the 'herd immunity' strategy was effective towards the Swedish government's ambition. What is certain is that Norway and Denmark both have markedly lower infection and mortality rates. As a result, during June 2020, both countries have removed most mobility and distancing restrictions. Additionally, the two governments have lifted travel and quarantine bans within the European Economic Area. Sweden, on the other hand, has yet to see a noticeable decline with infections or mortalities. Authorities have instituted moderate distancing guidelines. Its journey towards a form of normalcy will take a bit longer as most European countries are maintaining a ban on travel to Sweden and quarantines for travelers from Sweden. Though the EnterCard customer engagement and business model in Sweden is engaged and viable, respectively, there is a muting of the potential due to the insecurities resulting from Covid-19.

There were no additional provisions booked against asset values specifically related to Macro Stress caused by Covid-19 during Q2. Additionally, there is no change to the additional provision booked during Q1 for Covid-19, 142.0m SEK. The monitoring of Delinquency and default rates will continue to determine whether provisions levels should increase or decline. EnterCard has not taken any governmental subsidies or applied for tax benefits that have been offered in response to the Covid-19 economic stress.

Quarterly Performance

Operating income for the second quarter amounted to 857.4m SEK (compared to 1,006.1m SEK the same period previous year).

The operating profit for the quarter amounted to 253.8m SEK (364.7m SEK).

Year to date earnings, profitability and position

Operating income as per June 30, 2020, amounted to 1,706.1m SEK (1,869.3m SEK). Total loans to the public without considering provisions of anticipated loan losses as per June 30, 2020, increased to 33,551.0m SEK (33,347.8m SEK).

Non performing loans, after loan loss provision, as per June 30 amounted to a book value of 1,328.4m SEK which constitutes 3,9 percent of the total credit portfolio.

Operating profit before tax amounted to 263.4m SEK (535.5m SEK).

Investments

Investments in tangible assets during the period amounted to 0.1m SEK and intangible assets with 4.2m 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 were taken during late Q1 2020. There have been no material movements in the interbank offer rate during Q2 that would present an additional risk to the cost of borrowing. Though the Funds Transfer Premium (FTP) spiked during Q1, the expectation is that this will moderate to lower levels as the end of the year approaches. EnterCard continuously 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-19 initiated debt restructuring/forbearance and payment holidays to encourage companies to assist customers in navigating this difficult period. This relaxation is also

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

EnterCard's liquidity need is satisfied through credits and loans provided by the owners. EnterCard's cash balance as per June 30 amounted to 3,014.8m SEK, cash balance in the beginning of the year was 3,501.9m SEK.

The liquidity reserve amounted to 2,279.2m SEK (2,375.7m SEK). EnterCard Group AB's Liquidity Coverage Ratio (LCR) was 364% (401%). According to EnterCard's interpretation of the Basel Committee's most recent proposal on Net Stable Funding Ratio (NSFR), EnterCard's NSFR was 135% (148%).

As per June 30 2020, the survival horizon, in a scenario with a very limited access to funding and significantly decreased inflows from customers, was 105 days for Sweden, 132 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 June 30, 2020 was 20,1%. The total adjusted Tier 1 Capital base amounted to 6,054.3m SEK and the total risk exposure amount for credit risk was 30,100.3m 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 June 30, 2020 have been subject for a general review.

Quarterly Performance

| | Q2 | Q2 |
|---|-----------------|------------------|
| TSEK | 2020 | 2019 |
| Interest income | 839 439 | 953 074 |
| Interest expenses | -72 220 | -76 675 |
| Net interest income | 767 219 | 876 399 |
| Commission income | 192 629 | 248 856 |
| Commission expenses | -106 399 | -136 588 |
| Net commissions | 86 230 | 112 268 |
| Net gain/loss transactions from financial instruments | 750 | 3 339 |
| Other income | 3 204 | 14 079 |
| TOTAL OPERATING INCOME | 857 402 | 1 006 086 |
| Staff costs | -124 264 | -131 468 |
| Other general administrative expenses | -209 092 | -221 346 |
| Total general administrative expenses | -333 356 | -352 814 |
| Depreciation/amortization and impairments of tangible and intangible assets | -9 812 | -11 906 |
| Other costs | -3 482 | -5 811 |
| TOTAL OPERATING EXPENSES | -346 650 | -370 532 |
| Profit before loan losses | 510 752 | 635 554 |
| Loan losses, net | -256 959 | -270 817 |
| OPERATING PROFIT | 253 793 | 364 737 |
| Tax expense | -57 374 | -82 502 |
| PROFIT/LOSS FOR THE YEAR | 196 419 | 282 235 |

Statement of comprehensive income

| | Q2 | Q2 |
|--|----------------|----------------|
| TSEK | 2020 | 2019 |
| Profit for the year recognized within the income statement | 196 419 | 282 235 |
| Components which will not be reclassified to the income statement | | |
| Revaluation of defined-benefit pensions | - | - |
| Tax | - | - |
| Total | - | - |
| Components which have or will be reclassified to the income statement | | |
| Unrealised changes in fair value | 9 100 | -3 706 |
| Exchange rate differences | -13 915 | 34 682 |
| Tax | - | - |
| Total | -4 815 | 30 976 |
| Total profit | 191 605 | 313 210 |

Income statement

| TSEK | Note | 2020-01-01 | 2019-01-01 | 2019-01-01 |
|---|------|------------------|-------------------|------------------|
| | | 2020-06-30 | 2019-12-31 | 2019-06-30 |
| Interest income | | 1 672 502 | 3 487 386 | 1 776 818 |
| Interest expenses | | -159 543 | -305 651 | -140 920 |
| Net interest income | | 1 512 959 | 3 181 735 | 1 635 898 |
| Commission income | | 418 934 | 980 917 | 476 753 |
| Commission expenses | | -231 827 | -538 291 | -267 126 |
| Net commissions | | 187 106 | 442 626 | 209 627 |
| Net gain/loss transactions from financial instruments | 2 | -3 140 | -3 395 | 3 375 |
| Other income | | 9 172 | 31 999 | 20 367 |
| TOTAL OPERATING INCOME | | 1 706 097 | 3 652 965 | 1 869 267 |
| Staff costs | | -263 215 | -604 359 | -282 042 |
| Other general administrative expenses | | -415 426 | -885 854 | -421 224 |
| Total general administrative expenses | | -678 641 | -1 490 213 | -703 266 |
| Depreciation/amortization and impairments of tangible and intangible assets | | -19 953 | -46 291 | -23 178 |
| Other costs | | -7 298 | -34 453 | -27 611 |
| TOTAL OPERATING EXPENSES | | -705 893 | -1 570 958 | -754 054 |
| Profit before loan losses | | 1 000 204 | 2 082 007 | 1 115 213 |
| Loan losses, net | 3 | -736 833 | -740 770 | -579 698 |
| OPERATING PROFIT | | 263 371 | 1 341 237 | 535 515 |
| Tax expense | | -60 113 | -281 932 | -120 846 |
| PROFIT/LOSS FOR THE YEAR | | 203 258 | 1 059 305 | 414 669 |

Statement of comprehensive income

| TSEK | | 2020-01-01 | 2019-01-01 | 2019-01-01 |
|--|---|-----------------|------------------|----------------|
| | | 2020-06-30 | 2019-12-31 | 2019-06-30 |
| Profit for the year recognized within the income statement | | 203 258 | 1 059 305 | 414 669 |
| 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 | -4 064 | 5 151 | -5 757 |
| Exchange rate differences | | -134 597 | 68 730 | 144 980 |
| Tax | | - | -15 219 | - |
| Total | | -138 661 | 58 662 | 139 223 |
| Total profit | | 64 597 | 1 099 703 | 553 893 |

Balance Sheet

Assets

| TSEK | Note | 2020-06-30 | 2019-12-31 | 2019-06-30 |
|---|------|-------------------|-------------------|-------------------|
| Assets | | | | |
| Deposits | 4 | 3 014 830 | 3 501 872 | 3 931 946 |
| Loans to the public | 4 | 31 450 917 | 31 997 575 | 31 400 193 |
| Bonds and other interest-bearing securities | 5,6 | 2 279 218 | 2 772 996 | 2 375 749 |
| Intangible assets | | 57 316 | 73 891 | 88 933 |
| Tangible assets | | 6 277 | 7 868 | 8 634 |
| Deferred tax assets | | 11 408 | 11 408 | 34 717 |
| Other assets | | 214 910 | 434 922 | 149 914 |
| Prepaid expenses and accrued income | | 89 440 | 77 069 | 92 495 |
| TOTAL ASSETS | | 37 124 316 | 38 877 600 | 38 082 581 |

Liabilities and Equity

Liabilities

| | | | | |
|-------------------------------------|--|-------------------|-------------------|-------------------|
| Amounts owed to credit institutions | | 30 430 178 | 31 982 199 | 31 926 617 |
| Other liabilities | | 171 888 | 358 853 | 219 790 |
| Accrued expenses and prepaid income | | 236 774 | 305 133 | 232 926 |
| Pension provisions | | 41 667 | 49 571 | 26 133 |
| Provisions | | 31 468 | 34 099 | 47 256 |
| TOTAL LIABILITIES | | 30 911 974 | 32 729 856 | 32 452 722 |

Equity

| | | | | |
|-------------------------------------|--|-------------------|-------------------|-------------------|
| Share capital | | 5 000 | 5 000 | 5 000 |
| Fair value reserve | | -17 011 | -12 948 | -22 753 |
| Retained earnings | | 6 021 095 | 5 096 388 | 5 232 944 |
| Profit for the period | | 203 258 | 1 059 305 | 414 669 |
| TOTAL EQUITY | | 6 212 342 | 6 147 744 | 5 629 860 |
| TOTAL LIABILITIES AND EQUITY | | 37 124 316 | 38 877 600 | 38 082 581 |

Statement of changes in Equity

| TSEK | Restricted equity | | Non-restricted equity | | | |
|--|-------------------|-----------------------------------|-------------------------|--------------------|-------------------|--------------|
| | 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 |
| Dividends | | | | | -650 000 | -650 000 |
| Profit/loss for the period | | | 144 980 | -5 757 | 414 669 | 553 893 |
| <i>of which recognized in income statement</i> | | | | | 414 669 | 414 669 |
| <i>of which recognized in other comprehensive income</i> | | | 144 980 | -5 757 | - | 139 223 |
| Closing balance June 30, 2019 | 5 000 | 108 679 | -121 378 | -22 753 | 5 660 313 | 5 629 860 |

| | | | | | | |
|--|-------|---------|----------|---------|-----------|-----------|
| TSEK | | | | | | |
| 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 | | | | | | |
| Opening balance January 1, 2020 | 5 000 | 121 759 | -211 745 | -12 948 | 6 245 678 | 6 147 744 |
| Profit/loss for the period | | | -134 597 | -4 064 | 203 258 | 64 597 |
| <i>of which recognized in income statement</i> | | | | | 203 258 | 203 258 |
| <i>of which recognized in other comprehensive income</i> | | | -134 597 | -4 064 | - | -138 661 |
| Closing balance June 30, 2020 | 5 000 | 121 759 | -346 342 | -17 011 | 6 448 935 | 6 212 342 |

Statement of Cash Flow

| TSEK | 2020-06-30 | 2019-12-31 | 2019-06-30 |
|---|------------------|-------------------|-------------------|
| Operating activities | | | |
| Operating profit/loss | 263 371 | 1 341 237 | 535 515 |
| Adjustments for non-cash items | 146 782 | 325 750 | 238 554 |
| Taxes paid | -79 550 | -306 613 | -201 224 |
| Cash flow from operating activities before working capital changes | 330 603 | 1 360 375 | 572 845 |
| Cash flow from changes in working capital | | | |
| Increase/decrease in loans to the public | -507 209 | -2 970 186 | -2 057 080 |
| Increase/decrease of bonds and other interest-bearing securities | 350 748 | -235 270 | 202 785 |
| Increase/decrease in other assets | 167 883 | -206 101 | 103 364 |
| Increase/decrease in other liabilities | -57 776 | -416 | -140 733 |
| Cash flow from operating activities | -46 354 | -3 411 973 | -1 891 665 |
| Investing activities | | | |
| Purchase of intangible assets | -4 160 | -21 202 | -13 984 |
| Purchase of tangible assets | -140 | -4 481 | -3 466 |
| Cash flow from investing activities | -4 300 | -25 683 | -17 449 |
| Financing activities | | | |
| Dividends | - | -650 000 | -650 000 |
| Increase/decrease of deposits and borrowing | -710 861 | 2 492 439 | 2 139 177 |
| Cash flow from financing activities | -710 861 | 1 842 439 | 1 489 177 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR | 3 501 872 | 3 701 886 | 3 701 886 |
| CASH FLOW FOR THE PERIOD | -430 912 | -234 843 | 3 854 795 |
| Exchange rate differences on cash and cash equivalents | -56 129 | 34 828 | 77 151 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 3 014 830 | 3 501 872 | 3 931 946 |

Notes

The interim report for EnterCard Group AB (org nr 556673-0585) refers to the period January 1 - June 30, 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 2020-06-30 | 2019-01-01 2019-12-31 | 2019-01-01 2019-06-30 |
|--|--------------------------|--------------------------|--------------------------|
| 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 | -2 198 | -8 940 | 3 836 |
| Exchange rate profit / loss | -941 | -1 427 | -462 |
| Total realised gain/loss in profit or loss | -3 140 | -3 395 | 3 375 |
| 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 | -4 064 | 5 151 | -5 757 |
| Total unrealised gain/loss in Other comprehensive income | -4 064 | -1 821 | -5 757 |
| Total | -7 203 | -5 216 | -2 382 |

Note 3 Loan losses, net

| | 2020-01-01 2020-06-30 | 2019-01-01 2019-12-31 | 2019-01-01 2019-06-30 |
|---|--------------------------|--------------------------|--------------------------|
| Loans at amortized cost | | | |
| Change in provisions - stage 1 | -227 180 | 25 953 | -2 728 |
| Change in provisions - stage 2 | 51 782 | -103 159 | -105 357 |
| Change in provisions - stage 3 | -51 091 | -177 167 | -91 383 |
| Total | -226 488 | -254 373 | -199 468 |
| The periods write-off for established loan losses | -531 091 | -615 143 | -462 062 |
| Recoveries from previously established loan losses | 18 968 | 114 919 | 80 713 |
| Total | -512 123 | -500 224 | -381 349 |
| Loan losses net, loans at amortized cost | -738 611 | -754 597 | -580 816 |
| Loan losses credits granted but not utilized | | | |
| Change in provisions - stage 1 | 1 948 | 14 326 | 2 315 |
| Change in provisions - stage 2 | -170 | -498 | -1 196 |
| Loan losses net, loan commitments | 1 778 | 13 828 | 1 119 |
| Total loan losses | -736 833 | -740 770 | -579 698 |

Note 4 Change in provisions for loans

Change in book value (gross) and provisions June 30, 2020.

| | Performing loans | | Non-performing loans | Total |
|--|------------------|-----------|----------------------|------------|
| | Stage 1 | Stage 2 | Stage 3 | |
| Book value, gross | | | | |
| Opening balance January 1, 2020 | 28 711 600 | 2 908 225 | 2 345 283 | 33 965 108 |
| Closing balance June 30, 2020 | 28 580 687 | 2 598 079 | 2 372 258 | 33 551 024 |
| 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 | -64 757 | 140 343 | 134 599 | 210 186 |
| Changes in credit risk | -4 662 | 15 925 | 59 249 | 70 512 |
| Transfer between stages during the period | | | | |
| from stage 1 to stage 2 | 40 635 | -231 226 | - | -190 591 |
| from stage 1 to stage 3 | 5 972 | - | -107 486 | -101 514 |
| from stage 2 to stage 1 | -24 473 | 82 494 | - | 58 021 |
| from stage 2 to stage 3 | - | 63 934 | -98 149 | -34 215 |
| from stage 3 to stage 1 | -220 | - | 3 749 | 3 529 |
| from stage 3 to stage 2 | - | -2 614 | 6 299 | 3 685 |
| Other | -156 148 | 2 333 | 1 627 | -152 188 |
| Closing balance June 30, 2020 | -616 117 | -440 160 | -1 043 830 | -2 100 108 |
| Book value, net | | | | |
| Opening balance January 1, 2020 | 28 299 136 | 2 396 875 | 1 301 564 | 31 997 575 |
| Closing balance June 30, 2020 | 27 964 570 | 2 157 919 | 1 328 428 | 31 450 917 |

Change in book value (gross) and provisions June 30, 2019.

| | Performing loans | | Non-performing loans | Total |
|--|------------------|-----------------|----------------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | |
| Book value, gross | | | | |
| Opening balance January 1, 2019 | 26 689 070 | 2 209 674 | 1 751 725 | 30 650 468 |
| Closing balance June 30, 2019 | 28 395 877 | 2 865 660 | 2 086 321 | 33 347 859 |
| Opening balance January 1, 2019 | -447 687 | -402 787 | -898 261 | -1 748 735 |
| New and derecognised financial assets, net | -71 009 | 51 903 | 208 337 | 189 231 |
| Changes in credit risk | -356 | -10 755 | 59 487 | 48 376 |
| Transfer between stages during the period | | | | |
| from stage 1 to stage 2 | 57 694 | -302 864 | - | -245 170 |
| from stage 1 to stage 3 | 14 183 | - | -183 545 | -169 362 |
| from stage 2 to stage 1 | -14 827 | 51 043 | - | 36 216 |
| from stage 2 to stage 3 | - | 94 240 | -203 695 | -109 455 |
| from stage 3 to stage 1 | -169 | - | 2 220 | 2 051 |
| from stage 3 to stage 2 | - | -1 770 | 4 599 | 2 829 |
| Other | 16 020 | 1 | 30 332 | 46 353 |
| Closing balance June 30, 2019 | -446 151 | -520 989 | -980 526 | -1 947 666 |
| Book value, net | | | | |
| Opening balance January 1, 2019 | 26 241 383 | 1 806 887 | 853 464 | 28 901 734 |
| Closing balance June 30, 2019 | 27 949 726 | 2 344 671 | 1 105 796 | 31 400 193 |

Change in book value (gross) June 30, 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 | 2 794 084 | -596 107 | -300 337 | 1 897 640 |
| Changes in credit risk | -1 684 631 | -86 610 | -186 972 | -1 958 213 |
| Transfer between stages during the period | | | | |
| from stage 1 to stage 2 | -1 467 012 | 1 443 685 | - | -23 327 |
| from stage 1 to stage 3 | -268 746 | - | 254 413 | -14 333 |
| from stage 2 to stage 1 | 561 042 | -657 937 | - | -96 895 |
| from stage 2 to stage 3 | - | -149 283 | 141 542 | -7 741 |
| from stage 3 to stage 1 | 5 317 | - | -5 803 | -486 |
| from stage 3 to stage 2 | - | 10 947 | -11 795 | -848 |
| Other | -70 967 | -274 840 | 135 926 | -209 881 |
| Book value | | | | |
| Closing balance June 30, 2020 | 28 580 687 | 2 598 079 | 2 372 258 | 33 551 024 |

Change in book value (gross) June 30, 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 | 3 084 646 | -134 868 | -473 528 | 2 476 250 |
| Changes in credit risk | 185 804 | -28 005 | -49 907 | 107 892 |
| Transfer between stages during the period | | | | |
| from stage 1 to stage 2 | -1 616 096 | 1 682 450 | - | 66 354 |
| from stage 1 to stage 3 | -367 296 | - | 381 434 | 14 138 |
| from stage 2 to stage 1 | 487 763 | -529 974 | - | -42 210 |
| from stage 2 to stage 3 | - | -406 125 | 409 406 | 3 281 |
| from stage 3 to stage 1 | 5 011 | - | -6 387 | -1 375 |
| from stage 3 to stage 2 | - | 8 900 | -9 496 | -596 |
| Other | -73 024 | 63 607 | 83 074 | 73 657 |
| Book value | | | | |
| Closing balance June 30, 2019 | 28 395 878 | 2 865 660 | 2 086 321 | 33 347 859 |

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

| | 2020-01-01 2020-06-30 | 2019-01-01 2019-12-31 | 2019-01-01 2019-06-30 |
|---|--------------------------|--------------------------|--------------------------|
| Credit facilities, granted but not paid | 301 123 | 103 031 | - |
| Credits granted but not utilized | 42 272 500 | 42 368 957 | 42 643 529 |
| Provisions for off-balance commitments | | | |
| Stage 1 | 27 474 | 30 182 | 42 588 |
| Stage 2 | 3 994 | 3 918 | 4 668 |
| Total | 31 468 | 34 099 | 47 256 |

Allocation of loans between stages and provisions (IFRS 9)

| | 2020-06-30 | 2019-12-31 | 2019-06-30 |
|---|-------------------|-------------------|-------------------|
| Deposits | | | |
| Stage 1 | | | |
| Book value, gross | 3 014 830 | 3 501 872 | 3 931 946 |
| Book value | 3 014 830 | 3 501 872 | 3 931 946 |
| Total book value | 3 014 830 | 3 501 872 | 3 931 946 |
| Loans to the public, private customers | | | |
| Stage 1 | | | |
| Book value, gross | 28 315 661 | 28 285 934 | 27 875 126 |
| Provisions | -615 819 | -412 049 | -445 759 |
| Book value | 27 699 842 | 27 873 885 | 27 429 367 |
| Stage 2 | | | |
| Book value, gross | 2 598 079 | 2 908 225 | 2 865 660 |
| Provisions | -440 160 | -511 350 | -520 989 |
| Book value | 2 157 919 | 2 396 875 | 2 344 671 |
| Stage 3 | | | |
| Book value, gross | 2 363 841 | 2 337 258 | 2 076 871 |
| Provisions | -1 038 913 | -1 039 149 | -972 640 |
| Book value | 1 324 928 | 1 298 108 | 1 104 231 |
| Total book value | 31 182 689 | 31 568 867 | 30 878 269 |
| Loans to the public, corporate customers | | | |
| Stage 1 | | | |
| Book value, gross | 265 026 | 425 667 | 520 751 |
| Provisions | -298 | -415 | -393 |
| Book value | 264 728 | 425 251 | 520 358 |
| Stage 3 | | | |
| Book value, gross | 8 417 | 8 026 | 9 450 |
| Provisions | -4 917 | -4 570 | -7 885 |
| Book value | 3 500 | 3 456 | 1 565 |
| Total book value | 268 228 | 428 708 | 521 923 |
| Total | 34 465 747 | 35 499 447 | 35 332 138 |
| Book value gross, stage 1 | 31 595 517 | 28 711 600 | 32 327 823 |
| Book value gross, stage 2 | 2 598 079 | 2 908 225 | 2 865 660 |
| Book value gross, stage 3 | 2 372 258 | 2 345 283 | 2 086 321 |
| Total book value gross | 36 565 854 | 33 965 108 | 37 279 804 |
| Provisions stage 1 | -616 117 | -412 464 | -446 152 |
| Provisions stage 2 | -440 160 | -511 350 | -520 989 |
| Provisions stage 3 | -1 043 830 | -1 043 719 | -980 525 |
| Total provisions | -2 100 108 | -1 967 534 | -1 947 666 |
| Total book value | 34 465 747 | 31 997 575 | 35 332 138 |
| Share of loans in stage 3, gross, % | 6,49% | 6,90% | 5,60% |
| Share of loans in stage 3, net, % | 3,85% | 4,06% | 3,13% |
| Provision ratio of loans stage 1 | 1,95% | 1,44% | 1,38% |
| Provision ratio of loans stage 2 | 16,94% | 17,58% | 18,18% |
| Provision ratio of loans stage 3 | 44,00% | 44,50% | 47,00% |
| Total provision ratio of loans | 5,74% | 5,79% | 5,22% |

Note 5 Bonds and other interest-bearing securities

Financial assets measured at fair value through Other comprehensive income.

| Issuers | 2020-06-30 | 2019-12-31 | 2019-06-30 |
|-------------------------------|------------------|------------------|------------------|
| Municipalities | 1 051 085 | 1 353 850 | 1 567 791 |
| Swedish government | - | - | 224 994 |
| Swedish mortgage institutions | 206 974 | - | - |
| Foreign credit institutions | 77 082 | 178 228 | 195 748 |
| Foreign mortgage institutions | 832 892 | 1 128 910 | 299 401 |
| Other foreign issuers | 111 185 | 112 007 | 87 814 |
| Total | 2 279 218 | 2 772 996 | 2 375 749 |

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

| Remaining maturity | 2020-06-30 | 2019-12-31 | 2019-06-30 |
|--|-------------------|-------------------|-------------------|
| Maximum 1 year | 49 295 | 49 301 | 225 038 |
| Longer than 1 year but maximum 5 years | 2 210 592 | 2 522 267 | 1 942 672 |
| Longer than 5 years | 19 332 | 201 428 | 208 039 |
| Total | 2 279 218 | 2 772 996 | 2 375 749 |
| Total holdings of financial assets, broken down by issuer | 2020-06-30 | 2019-12-31 | 2019-06-30 |
| Issued by public entities | 1 239 352 | 1 465 857 | 1 880 600 |
| Issued by other borrowers | 1 039 866 | 1 307 139 | 495 150 |
| Total | 2 279 218 | 2 772 996 | 2 375 749 |
| Average remaining maturity, years | 3,62 | 3,69 | 2,93 |
| Average remaining fixed interest term, years | 0,29 | 0,30 | 0,61 |
| <i>of which listed securities, TSEK</i> | <i>2 279 218</i> | <i>2 772 996</i> | <i>2 375 749</i> |
| <i>of which unlisted securities, TSEK</i> | <i>-</i> | <i>-</i> | <i>-</i> |

Note 6 Liquidity reserve and liquidity risk

| | 2020-06-30 | Distribution by currency | | | 2019-12-31 | Distribution by currency | | |
|---|------------------|--------------------------|------------------|----------------|------------------|--------------------------|------------------|----------------|
| | | SEK | NOK | DKK | | SEK | NOK | DKK |
| Securities issued or guaranteed by government or central bank | 111 185 | - | - | 111 185 | 112 007 | - | - | 112 007 |
| Securities issued or guaranteed by municipalities or non-governmental public entities | 1 051 085 | 858 273 | 192 812 | - | 1 353 850 | 1 066 805 | 287 046 | - |
| Covered bonds issued by others | 1 039 866 | 206 974 | 832 892 | - | 1 128 910 | - | 1 128 910 | - |
| Securities issued or guaranteed by multilateral development banks | 77 082 | - | 77 082 | - | 178 228 | - | 178 228 | - |
| Total | 2 279 218 | 1 065 247 | 1 102 786 | 111 185 | 2 772 996 | 1 066 805 | 1 594 184 | 112 007 |
| <i>Distribution by currency, %</i> | | <i>46,7%</i> | <i>48,4%</i> | <i>4,9%</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 0.2 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 | 2020-06-30 | 2019-12-31 |
|--|-------------------|-------------------|
| Capital instrument and associated share premium | 5 000 | 5 000 |
| Reserves | 6 507 663 | 5 448 358 |
| Accumulated other comprehensive income | -503 578 | -364 919 |
| Profit net, after deduction of foreseeable cost's and dividend's, verified by auditors | 117 875 | 1 059 305 |
| Common Equity Tier 1 Capital before adjustments | 6 126 959 | 6 147 744 |
| Value adjustments due to the requirements for prudent valuation | -3 905 | -3 481 |
| Intangible assets | -57 316 | -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 | -72 629 | -88 779 |
| Common Equity Tier 1 Capital | 6 054 330 | 6 058 965 |
| Additional Tier 1 Capital: instruments | - | - |
| Tier 1 Capital | 6 054 330 | 6 058 965 |
| Tier 2 Capital: Instruments and provisions | 2020-06-30 | 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 | 6 054 330 | 6 058 965 |
| Total risk weighted exposure amount | 30 100 329 | 30 744 199 |
| Common Equity Tier 1 capital ratio | 20,1% | 19,7% |
| Tier 1 capital ratio | 20,1% | 19,7% |
| Total capital ratio | 20,1% | 19,7% |
| Requirements buffers, % | 2020-06-30 | 2019-12-31 |
| Total Tier 1 capital requirement including buffer requirement | 7,2 | 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> | 0,2 | 2,4 |
| <i>whereof system risk buffer requirement</i> | - | - |
| Common Equity Tier 1 capital available to be used as buffer | 12,9 | 10,3 |
| Leverage ratio | 14,6 | 12,7 |

Risk exposure amount and own funds requirement for credit risk

| Exposure classes | 2020-06-30 | | 2019-12-31 | |
|--|----------------------|-----------------------|----------------------|-----------------------|
| | Risk exposure amount | Own funds requirement | Risk exposure amount | Own funds requirement |
| Institutional exposures | 602 982 | 48 239 | 700 581 | 56 046 |
| Covered bonds | 103 987 | 8 319 | 112 891 | 9 031 |
| Retail exposures | 22 731 400 | 1 818 512 | 22 974 243 | 1 837 939 |
| Regional governments or local authorities exposures | 1 289 | 103 | 1 727 | 138 |
| Corporate exposures | 1 996 | 160 | 4 524 | 362 |
| Exposures in default | 1 226 000 | 98 080 | 1 309 590 | 104 767 |
| Other exposures | 310 627 | 24 850 | 519 859 | 41 589 |
| Total | 24 978 280 | 1 998 262 | 25 623 415 | 2 049 873 |
| | | | 2020-06-30 | 2019-12-31 |
| Total capital requirement for credit risk according to the standardized approach | | | 1 998 262 | 2 049 873 |
| Capital requirement for operational risk | | | 2020-06-30 | 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) | | | 2020-06-30 | 2019-12-31 |
| Risk exposure amount | | | 53 837 | 488 507 |
| Capital requirement | | | 4 307 | 39 081 |
| Total capital requirement for market risk | | | 4 307 | 39 081 |
| Capital requirements for settlement risk | | | - | - |
| Capital requirements for credit value adjustment (CVA) risk | | | - | - |
| Total capital requirements | | | 2 408 026 | 2 459 536 |

Internal capital requirement

| | 2020-06-30 | | 2019-12-31 | |
|--|------------------|-------------|------------------|-------------|
| | | % of REA* | | % of REA* |
| Capital requirement according to Pillar 1 | | | | |
| Credit risk | 1 998 262 | 6,6 | 2 049 873 | 6,7 |
| Market risk | 4 307 | 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 | 2 408 026 | 8,0 | 2 459 536 | 8,0 |
| Capital requirement according to Pillar 2 | | | | |
| Other capital requirement | 258 913 | 0,9 | 274 183 | 0,9 |
| Total capital requirement according to Pillar 2 | 258 913 | 0,9 | 274 183 | 0,9 |
| Combined buffer requirement | | | | |
| Countercyclical buffer | 73 570 | 0,2 | 732 229 | 2,4 |
| Capital conservation buffer | 752 508 | 2,5 | 768 605 | 2,5 |
| Total combined buffer requirement | 826 078 | 2,7 | 1 500 834 | 4,9 |
| Management buffer | | | | |
| Additional management buffer | 301 003 | 1,0 | 306 170 | 1,0 |
| Total management buffer | 301 003 | 1,0 | 306 170 | 1,0 |
| Internal capital requirement | | | | |
| Total capital requirement | 3 794 021 | 12,6 | 4 540 722 | 14,8 |
| Capital base | | | | |
| Total capital base | 6 054 330 | 20,1 | 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 | | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2020-06-30 | 2019-12-31 | 2019-06-30 | 2020-06-30 | 2019-12-31 | 2019-06-30 |
| Assets | | | | | | |
| Deposits | 3 014 830 | 3 501 872 | 3 931 946 | - | - | - |
| Other assets | 784 | 1 073 | 985 | - | - | - |
| Total | 3 015 614 | 3 502 945 | 3 932 931 | - | - | - |
| Liabilities | | | | | | |
| Amounts owed to credit institutions | 15 215 089 | 15 991 100 | 15 963 309 | 15 215 089 | 15 991 100 | 15 963 309 |
| Other liabilities | 7 412 | 14 016 | 8 632 | 13 007 | 13 007 | 13 007 |
| Total | 15 222 501 | 16 005 116 | 15 971 941 | 15 228 096 | 16 004 107 | 15 976 316 |
| Income statement | | | | | | |
| Interest income | 717 | 5 411 | 1 754 | - | - | - |
| Interest expenses | -76 136 | -141 894 | -65 323 | -76 046 | -141 795 | -65 332 |
| Commission income | 41 140 | 122 952 | 40 199 | - | - | - |
| Commission expenses | -2 144 | -5 254 | -2 805 | - | - | - |
| Other expenses | -3 230 | -6 719 | -3 503 | - | - | - |
| Total | -39 654 | -25 505 | -29 678 | -76 046 | -141 795 | -65 332 |

Stockholm August 28, 2020

Freddy Syversen
Chief Executive Officer