

Interim Report

January–June 2021





INTERIM REPORT

January - June 2021

Entercard Group AB

556673-0585

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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 - June 30, 2021.

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 Principal Investments Limited, 40% through a joint venture. Entercard Group AB operates two branches in Norway and Denmark, respectively.

Significant events during the period

No new significant events occurred during the second quarter of 2021. The Scandinavian countries continue to see lower Covid infection rates and progressively higher vaccination rates. The consequence is a full re-opening in Denmark and nearly full re-opening in Norway. Similarly, Sweden sees improving trends and has as a plan to deploy a phased re-opening during Q2 and Q3'21. The traditional summer vacation time and the re-opening trend is motivating more credit card usage for restaurants and travel. This current condition suggest positive development for consumer activity and the corresponding use of loan and credit card financing products. The rate of balances that charge off to delinquent status has improved. Additionally, the rate of customers exhibiting a significant increase in risk versus the initial assessment has trended positively. As a result, a portion of the previous Macro Stress provision overlay due to Covid 19 was released in Q2, which amounted to 14,4m SEK.

Quarterly Performance

Operating income for the second quarter amounted to 830,3m SEK (compared to 857,4m SEK the same period previous year). The operating profit for the quarter amounted to 350,0m SEK (253,8m SEK).

Year to date earnings, profitability and position

Operating income as per June 30, 2021, amounted to 1 678,6m SEK (1 706,1m SEK). Total loans to the public without considering provisions of anticipated loan losses as per June 30, 2021, increased to 33 562,4m SEK (33 551,0m SEK).

Non performing loans, after loan loss provision, as per June 30 amounted to a book value of 1 640,5m SEK which constitutes 5,3 percent of the total credit portfolio.

Operating profit before tax amounted to 628,0m SEK (263,4m SEK).

Investments

No investments in tangible assets during the period and intangible assets with 0,1m 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 need 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, the regional inter-bank offer rates remain low with no indication of near-term increase. The Funds Transfer Premium has either remained unchanged or slightly declined, suggesting higher confidence in the stability of market

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 are secure as the Covid 19 event progresses through its cycle. Though Entercard has utilized the relaxation measures permitted for Covid initiated debt restructuring/forbearance and payment holidays to encourage companies to assist customers in navigating this difficult

period, it has not had been significantly deployed. This relaxation is reflected in the application of the 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 4 173,1m SEK, cash balance in the beginning of the year was 4 570,2m SEK.

The liquidity reserve amounted to 2 685,5m SEK (2 279,2m SEK). Entercard Group AB's Liquidity Coverage Ratio (LCR) was 325% (364%). According to Entercard's interpretation of the Basel Committee's most recent proposal on Net Stable Funding Ratio (NSFR), Entercard's NSFR was 120% (135%).

As per June 30 2021, the survival horizon, in a scenario with a very limited access to funding and significantly decreased inflows from

customers, was 112 days for Sweden, 153 days for Norway and 183 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, 2021 was 19,0%. The total adjusted Tier 1 Capital base amounted to 5 747,6m SEK and the total risk exposure amount for credit risk was 24 815,6m 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 June 30, 2021 have been subject for a general review.

Quarterly Performance

	2021	2020
TSEK	Q2	Q2
Interest income	810 817	840 276
Interest expenses	-49 514	-73 057
Net interest income	761 303	767 219
Commission income	181 244	181 989
Commission expenses	-110 161	-106 399
Net commissions	71 083	75 590
Net gain/loss transactions from financial instruments	-11 787	750
Other income	9 712	3 204
TOTAL OPERATING INCOME	830 312	846 763
Staff costs	-130 108	-124 264
Other general administrative expenses	-191 568	-198 452
Total general administrative expenses	-321 676	-322 717
Depreciation/amortization and impairment of tangible and intangible assets	-7 197	-9 812
Other costs	-	-3 482
TOTAL OPERATING EXPENSES	-328 873	-336 011
Profit before loan losses	501 439	510 752
Loan losses, net	-151 343	-256 959
OPERATING PROFIT	350 096	253 793
Tax expense	-78 519	-57 374
PROFIT/LOSS FOR THE YEAR	271 577	196 419

Reclassification of revenue and expenses connected to value-added services (VAS): The group's revenues and expenses for value-added services were previously presented as commission income and other general administrative expenses, respectively. However, management considers it to be more relevant if all revenues and expenses connected to VAS are presented in one line item in the income statement. Prior year comparatives for the period ended 30 June 2020 have been restated by reclassifying 10 640t SEK for Q2 2020 from commission income to other general administrative expenses.

Statement of comprehensive income

	2021	2020
TSEK	Q2	Q2
Profit for the year recognized within the income statement	271 577	196 419
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	4 867	9 100
Exchange rate differences	-62 574	-13 915
Tax	-	
Total	-57 707	-4 815
Total profit	213 870	191 605

Income statement

TSEK	Note	2021	2020	2020
		Jan-June	Full Year	Jan-June
Interest income		1 627 364	3 384 533	1 674 540
Interest expenses		-96 598	-261 135	-161 581
Net interest income		1 530 766	3 123 397	1 512 959
Commission income		355 766	770 567	397 653
Commission expenses		-212 793	-455 231	-231 827
Net commissions		142 973	315 335	165 825
Net gain/loss transactions from financial instruments	2	-10 456	-9 830	-3 140
Other income		15 352	23 383	9 172
TOTAL OPERATING INCOME		1 678 635	3 452 286	1 684 816
Staff costs		-257 867	-539 955	-263 215
Other general administrative expenses		-373 681	-785 411	-394 145
Total general administrative expenses		-631 548	-1 325 366	-657 361
Depreciation/amortization and impairment of tangible and intangible assets		-14 950	-37 940	-19 953
Other costs				-7 298
TOTAL OPERATING EXPENSES		-646 498	-1 363 305	-684 612
Profit before loan losses		1 032 137	2 088 981	1 000 204
Loan losses, net	3	-404 131	-1 398 800	-736 833
OPERATING PROFIT		628 006	690 181	263 371
Tax expense		-141 205	-157 676	-60 113
PROFIT/LOSS FOR THE YEAR		486 801	532 504	203 258

Reclassification of revenue and expenses connected to value-added services (VAS): The group's revenues and expenses for value-added services were previously presented as commission income and other general administrative expenses, respectively. However, management considers it to be more relevant if all revenues and expenses connected to VAS are presented in one line item in the income statement. Prior year comparatives for the period ended 30 June 2020 have been restated by reclassifying 21 281t SEK for Q2 2020 from commission income to other general administrative expenses.

Statement of comprehensive income

	2021	2020	2020
TSEK	Jan-June	Full Year	Jan-June
Profit for the year recognized within the income statement	486 801	532 504	203 258
Components which will not be reclassified to the income statement			
Revaluation of defined-benefit pensions	-	6 707	-
Tax	-	-1 382	-
Total	-	5 325	-
Components which have or will be reclassified to the income statement			
Unrealised changes in fair value	2 986	4 725	-4 064
Exchange rate differences	68 853	-214 488	-134 597
Tax	-	45 395	-
Total	69 839	-164 368	-138 661
Total profit	556 641	373 462	64 597

Balance Sheet

Assets

		2021	2020	2020
TSEK	Note	30 June	31 Dec	30 June
Assets				
Deposits	4	4 173 138	4 570 206	3 014 830
Loans to the public	4	30 840 904	31 178 979	31 450 917
Bonds and other interest-bearing securities	5,6	2 685 516	1 878 204	2 279 218
Intangible assets		28 270	41 296	57 316
Tangible assets		3 647	4 864	6 277
Deferred tax assets		15 563	15 563	11 408
Other assets		235 764	198 020	214 910
Prepaid expenses and accrued income		100 550	74 507	89 440
TOTAL ASSETS		38 083 352	37 961 639	37 124 316

Liabilities and Equity

Liabilities

Amounts owed to credit institutions		31 591 041	30 940 736	30 430 178
Other liabilities		89 486	142 827	171 888
Accrued expenses and prepaid income		228 299	253 430	236 774
Pension provisions		35 766	41 579	41 667
Provisions		27 683	28 632	31 468
TOTAL LIABILITIES		31 972 275	31 407 204	30 911 974

Equity

Share capital		5 000	5 000	5 000
Fund for development expenditures		41 296	41 296	121 759
Reserves		-319 222	-389 060	-363 352
Retained earnings		6 384 002	6 897 200	6 448 935
TOTAL EQUITY		6 111 077	6 554 435	6 212 342
TOTAL LIABILITIES AND EQUITY		38 083 352	37 961 639	37 124 316

Statement of changes in Equity

TSEK	Restricted equity		Non-restricted equity			Total Equity
	Share capital	Fund for development expenditures	*Foreign currency reserve	**Fair value reserve	Retained earnings	
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

TSEK						
Opening balance January 1, 2020	5 000	121 759	-211 745	-12 948	6 245 678	6 147 744
Translation differences		-	-		11 539	11 539
Adjustment previous years					21 691	21 691
Transfer to/from restricted equity		-80 463			80 463	-
Profit/loss for the year			-168 588	4 220	537 830	373 462
<i>of which recognized in income statement</i>					532 504	532 504
<i>of which recognized in other comprehensive income</i>			-214 488	4 725	6 707	-203 056
<i>of which tax recognized in other comprehensive income</i>			45 900	-505	-1 382	44 013
Closing balance December 31, 2020	5 000	41 296	-380 333	-8 728	6 897 201	6 554 435

TSEK						
Opening balance January 1, 2021	5 000	41 296	-380 333	-8 728	6 897 201	6 554 435
Dividends					-1 000 000	-1 000 000
Profit/loss for the period			68 853	986	486 801	556 641
<i>of which recognized in income statement</i>			-	-	486 801	486 801
<i>of which recognized in other comprehensive income</i>			68 853	986	-	69 839
Closing balance June 30, 2021	5 000	41 296	-311 480	-7 742	6 384 002	6 111 076

*Currency translation reserve from revaluation of the branches

**Fair value changes of the bond portfolio

Statement of Cash Flow

	2021	2020	2020
TSEK	Jan-June	Full Year	Jan-June
Operating activities			
Operating profit/loss	628 006	690 181	263 371
Adjustments for non-cash items	128 714	647 177	146 782
Taxes paid	-230 825	-163 080	-79 550
Cash flow from operating activities before working capital changes	525 894	1 174 278	330 603
Cash flow from changes in working capital			
Increase/decrease in loans to the public	468 814	-833 842	-507 209
Increase/decrease of bonds and other interest-bearing securities	-779 669	742 622	350 748
Increase/decrease in other assets	34 911	244 222	167 883
Increase/decrease in other liabilities	-49 383	-135 870	-57 776
Cash flow from operating activities	-325 326	17 133	-46 354
Investing activities			
Purchase of intangible assets	-90	-4 997	-4 160
Purchase of tangible assets	-	-140	-140
Cash flow from investing activities	-90	-5 137	-3 400
Financing activities			
Dividends	-1 000 000	-	-
Increase/decrease of deposits and borrowing	361 848	-37 191	-710 861
Cash flow from financing activities	-638 152	-37 191	-710 861
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	4 570 205	3 501 872	3 501 872
CASH FLOW FOR THE PERIOD	-437 674	1 149 082	-430 912
Exchange rate differences on cash and cash equivalents	40 607	-80 749	-56 129
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4 173 138	4 570 205	3 014 830

Notes

The interim report for Entercard Group AB (org nr 556673-0585) refers to the period January 1 - June 30, 2021. 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 2020.

New standards, interpretations and amendments adopted by the Group

The accounting principles applied in the interim report are consistent with the accounting policies applied in the preparation of the annual report for 2020, except for the adoption of new standards, interpretations and amendments effective as of 1 January 2021.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020 the International Accounting Standards Board (IASB) published 'Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' (IBOR reform Phase 2). IBOR reform Phase 2 provides temporary relief to address the accounting issues, which arise upon the replacement of an InterBank Offered Rate (IBOR) with an alternative nearly risk-free interest rate (RFR). Publication of IBOR reform Phase 2 concludes the IASB's work to respond to the effects of IBOR reform on financial reporting. The effective date of the IBOR reform Phase 2 amendments is for annual periods beginning on or after 1 January 2021, with early application permitted.

For the purposes of these financial statements, Entercard has adopted the IBOR reform Phase 2 amendments in its interim financial statements for the period ended 30 June 2021, and has provided the required disclosures in Note 9 to the financial statements.

Note 2 Net financial income

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

	2021 Jan-June	2020 Full Year	2020 Jan-June
Realised gains/losses recognized in profit and loss			
Reclassification through Other comprehensive income to this periods profit for realised gains/losses	-	9 450	-
Realised gain/loss bonds and other interest-bearing securities	-11 312	-19 166	-2 198
Exchange rate profit / loss	856	-114	-941
Total realised gain/loss in profit or loss	-10 456	-9 830	-3 140
Unrealised gains/losses recognized in Other comprehensive income			
Reclassification through Other comprehensive income to this periods profit for realised gains/losses	-	-9 450	-
Unrealised changes in value bonds and other interest-bearing securities	986	4 725	-4 064
Total unrealised gain/loss in Other comprehensive income	986	-4 725	-4 064
Total	-9 470	-14 555	-7 203

Note 3 Loan losses, net

	2021 Jan-June	2020 Full Year	2020 Jan-June
Loans at amortized cost			
Change in provisions - stage 1	92 671	-265 171	-227 180
Change in provisions - stage 2	43 666	8 739	51 782
Change in provisions - stage 3	-295 989	-391 348	-51 091
Total	-159 652	-647 780	-226 488
The periods write-off for established loan losses	-249 209	-769 620	-531 091
Recoveries from previously established loan losses	3 396	14 248	18 968
Total	-245 813	-755 372	-512 123
Loan losses net, loans at amortized cost	-405 465	-1 403 151	-738 611
Loan losses credits granted but not utilized			
Change in provisions - stage 1	1 241	3 946	1 948
Change in provisions - stage 2	93	405	-170
Loan losses net, loan commitments	1 334	4 351	1 778
Total loan losses	-404 131	-1 398 800	-736 833

Note 4 Change in provisions for loans

Change in book value (gross) and provisions June 30, 2021.

	Performing loans		Non-performing loans	Total
	Stage 1	Stage 2	Stage 3	
Book value, gross				
Opening balance January 1, 2021	28 355 679	2 533 874	2 810 081	33 699 634
Closing balance June 30, 2021	27 801 038	2 407 117	3 354 295	33 562 450
Provisions for loans to the public and loans to credit institutions				
Opening balance January 1, 2021	-651 214	-481 200	-1 388 240	-2 520 655
New and derecognised financial assets, net	-38 474	28 775	182 917	173 218
Changes in credit risk	35 876	15 303	-18 381	32 798
Transfer between stages during the period				
from stage 1 to stage 2	58 670	-232 085	-	-173 415
from stage 1 to stage 3	22 567	-	-225 387	-202 820
from stage 2 to stage 1	-23 230	84 637	-	61 406
from stage 2 to stage 3	-	145 107	-269 806	-124 699
from stage 3 to stage 1	-68	-	1 338	1 270
from stage 3 to stage 2	-	-3 679	7 308	3 629
Other	31 256	-	-3 536	27 720
Closing balance June 30, 2021	-564 617	-443 142	-1 713 787	-2 721 546
Book value, net				
Opening balance January 1, 2021	27 704 465	2 052 674	1 421 840	31 178 979
Closing balance June 30, 2021	27 236 421	1 963 975	1 640 508	30 840 904

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) June 30, 2021.

Book value, gross	Performing loans		Non-performing loans	Total
	Stage 1	Stage 2	Stage 3	
Opening balance January 1, 2021	28 355 679	2 533 874	2 810 081	33 699 634
New and derecognised financial assets, net	991 598	-162 395	-328 882	500 320
Changes in credit risk	-536 738	-56 011	-37 668	-630 417
Transfer between stages during the period				
from stage 1 to stage 2	-1 212 897	1 214 497	-	1 601
from stage 1 to stage 3	-387 312	-	395 013	7 701
from stage 2 to stage 1	587 767	-657 398	-	-69 631
from stage 2 to stage 3	-	-510 668	517 344	6 676
from stage 3 to stage 1	1 840	-	-2 267	-427
from stage 3 to stage 2	-	12 497	-13 369	-872
Other	1 102	32 721	14 043	47 865
Book value				
Closing balance June 30, 2021	27 801 038	2 407 117	3 354 295	33 562 450

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

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

	2021 30 June	2020 31 Dec	2020 30 June
Credit facilities, granted but not paid	113 105	75 135	301 123
Credits granted but not utilized	42 745 595	42 284 523	42 272 500
Provisions for off-balance commitments			
Stage 1	24 342	25 240	27 474
Stage 2	3 341	3 393	3 994
Total	27 683	28 632	31 468

Allocation of loans between stages and provisions (IFRS 9)

	2021 30 June	2020 31 Dec	2020 30 June
Deposits			
Stage 1			
Book value, gross	4 173 138	4 570 206	3 014 830
Provisions	-	-	-
Total book value	4 173 138	4 570 206	3 014 830
Loans to the public, private customers			
Stage 1			
Book value, gross	27 488 615	28 058 604	28 315 661
Provisions	-564 368	-650 954	-615 819
Book value	26 924 247	27 407 650	27 669 842
Stage 2			
Book value, gross	2 407 117	2 533 874	2 598 079
Provisions	-443 142	-481 200	-440 160
Book value	1 963 975	2 052 674	2 157 919
Stage 3			
Book value, gross	3 347 783	2 801 974	2 363 841
Provisions	-1 710 152	-1 383 569	-1 038 913
Book value	1 637 631	1 418 405	1 324 928
Total book value	30 525 853	30 878 728	31 182 689
Loans to the public, corporate customers			
Stage 1			
Book value, gross	312 423	297 075	265 026
Provisions	-249	-260	-298
Book value	312 174	296 815	264 728
Stage 3			
Book value, gross	6 512	8 107	8 417
Provisions	-3 635	-4 671	-4 917
Book value	2 877	3 436	3 500
Total book value	315 051	300 251	268 228
Total	35 014 042	35 749 185	34 465 747
Book value gross, stage 1	27 801 038	28 355 679	28 580 687
Book value gross, stage 2	2 407 117	2 533 874	2 598 079
Book value gross, stage 3	3 354 295	2 810 081	2 372 258
Total book value gross	33 562 450	33 699 634	33 551 024
Provisions stage 1	-564 617	-651 214	-616 117
Provisions stage 2	-443 142	-481 200	-440 160
Provisions stage 3	-1 713 787	-1 388 240	-1 043 830
Total provisions	-2 721 546	-2 520 655	-2 100 108
Total book value	30 840 904	31 178 979	31 450 916
Share of loans in stage 3, gross, %	9,99%	8,34%	7,07%
Share of loans in stage 3, net, %	5,31%	4,55%	4,22%
Provision ratio of loans stage 1	2,03%	2,30%	2,16%
Provision ratio of loans stage 2	18,41%	18,99%	16,94%
Provision ratio of loans stage 3	51,09%	49,40%	44,00%
Total provision ratio of loans	8,11%	7,48%	6,26%

Note 5 Bonds and other interest-bearing securities

Financial assets measured at fair value through Other comprehensive income.

	2021	2020	2020
	30 June	31 Dec	30 June
Issuers			
Municipalities	1 305 984	893 182	1 051 085
Swedish mortgage institutions	328 303	207 654	206 974
Foreign credit institutions	106 272	76 490	77 082
Foreign mortgage institutions	841 608	436 927	832 892
Other foreign issuers	103 348	263 951	111 185
Total	2 685 516	1 878 204	2 279 218

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

	2021	2020	2020
	30 June	31 Dec	30 June
Remaining maturity			
Maximum 1 year	103 348	104 536	49 295
Longer than 1 year but maximum 5 years	2 211 278	1 773 668	2 210 592
Longer than 5 years	370 889	-	19 332
Total	2 685 516	1 878 204	2 279 218

	2021	2020	2020
	30 June	31 Dec	30 June
Total holdings of financial assets, broken down by issuer			
Issued by public entities	1 409 332	1 157 133	1 239 352
Issued by other borrowers	1 276 183	721 071	1 039 866
Total	2 685 516	1 878 204	2 279 218
Average remaining maturity, years	2,75	2,71	3,62
Average remaining fixed interest term, years	0,29	0,46	0,29
<i>of which listed securities, TSEK</i>	<i>2 685 516</i>	<i>1 878 204</i>	<i>2 279 218</i>
<i>of which unlisted securities, TSEK</i>	<i>-</i>	<i>-</i>	<i>-</i>

Note 6 Liquidity reserve and liquidity risk

	2021	Distribution by currency			2020	Distribution by currency		
	30 juni	SEK	NOK	DKK	30 juni	SEK	NOK	DKK
Securities issued or guaranteed by government or central bank	103 348	-	-	103 348	111 185	-	-	111 185
Securities issued or guaranteed by municipalities or non-governmental public entities	1 305 984	935 095	370 889	-	1 051 085	858 273	192 812	-
Covered bonds issued by others	1 169 912	328 303	841 608	-	1 039 866	206 974	832 892	-
Securities issued or guaranteed by multilateral development banks	106 272	-	106 272	-	77 082	-	77 082	-
Total	2 685 516	1 263 398	1 318 770	103 348	2 279 218	1 065 247	1 102 786	111 185
<i>Distribution by currency, %</i>		<i>47,0%</i>	<i>49,1%</i>	<i>3,8%</i>		<i>46,7%</i>	<i>48,4%</i>	<i>4,9%</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 Regulation (EU) 2020/873 of the European Parliament and of the Council on 24 June 2020 amending Regulation (EU) 575/2013 on prudential requirements for credit institutions and investment firms (prudential regulation) and (EU) 2019/876 as regards certain adjustments in response to the Covid-19 pandemic act (2014: 966) on capital buffers, and the Swedish Financial Supervisory Authority (SFSA) (Sw. Finansinspektionen) FFFS 2014: 12 on regulatory requirements and capital buffers. 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

	2021	2020
	30 June	31 Dec
Common Equity Tier 1 Capital: Instruments and reserves		
Capital instrument and associated share premium	5 000	5 000
Reserves	6 061 858	6 529 354
Accumulated other comprehensive income	-442 582	-512 423
Profit net, after deduction of foreseeable cost's and dividend's, verified by auditors	170 522	-467 496
Common Equity Tier 1 Capital before adjustments	5 794 798	5 554 435
Value adjustments due to the requirements for prudent valuation	-3 411	-1 268
Intangible assets	-28 270	-41 296
Deferred tax assets that rely on future profitability and arise from temporary differences	-15 563	-15 563
Negative values associated to expected losses		
Losses current year		
Total adjustments of Common Equity Tier 1 Capital	-47 244	-58 126
Common Equity Tier 1 Capital	5 747 554	5 496 309
Additional Tier 1 Capital: instruments	-	-
Tier 1 Capital	5 747 554	5 496 309

	2021	2020
	30 June	31 Dec
Tier 2 Capital: Instruments and provisions		
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	5 747 554	5 496 309
Total risk weighted exposure amount	30 243 308	30 222 740
Common Equity Tier 1 capital ratio	19,0%	18,2%
Tier 1 capital ratio	19,0%	18,2%
Total capital ratio	19,0%	18,2%

	2021	2020
	30 June	31 Dec
Requirements buffers, %		
Total Tier 1 capital requirement including buffer requirement	7,2	7,2
whereof minimum CET1 requirement	4,5	4,5
whereof capital conservation buffer requirement	2,5	2,5
whereof countercyclical capital buffer requirement	0,2	0,2
Common Equity Tier 1 capital available to be used as buffer	11,8	11,0
Leverage ratio	13,6%	13,1%

Risk exposure amount and own funds requirement for credit risk

Exposure classes	2021		2020	
	30 June		31 Dec	
	Risk exposure amount	Own funds requirement	Risk exposure amount	Own funds requirement
Institutional exposures	834 637	66 771	914 051	73 124
Covered bonds	116 991	9 359	64 458	5 157
Retail exposures	21 880 252	1 750 420	22 285 364	1 782 829
Regional governments or local authorities exposures	1 569	126	1 438	115
Corporate exposures	1 683	135	2 345	188
Exposures in default	1 640 509	131 241	1 427 787	114 223
Other exposures	339 961	27 197	276 378	22 110
Total	24 815 602	1 985 248	24 971 821	1 997 746
			2021	2020
			30 June	31 Dec
Total capital requirement for credit risk according to the standardized approach			1 985 248	1 997 746
			2021	2020
			30 June	31 Dec
Capital requirement for operational risk				
Risk exposure amount			5 278 836	5 068 212
Capital requirement according to the standardized approach			422 307	405 457
Total capital requirement for operational risk			422 307	405 457
			2021	2020
			30 June	31 Dec
Capital requirement for market risk (foreign exchange risk)				
Risk exposure amount			148 870	182 707
Capital requirement			11 910	14 617
Total capital requirement for market risk			11 910	14 617
Capital requirements for settlement risk			-	-
Capital requirements for credit value adjustment (CVA) risk			-	-
Total capital requirements			2 419 465	2 417 819

Internal capital requirement

	2021		2020	
	30 June		31 Dec	
Capital requirement according to Pillar 1		% av REA*		% av REA*
Credit risk	1 985 248	6,6	1 997 746	6,6
Market risk	11 910	-	14 617	-
Operational risk	422 307	1,4	405 457	1,3
Settlement risk	-	-	-	-
Credit value adjustment (CVA) risk	-	-	-	-
Total capital requirement according to Pillar 1	2 419 465	8,0	2 417 819	8,0
Capital requirement according to Pillar 2				
Other capital requirement	332 357	1,1	268 300	0,9
Total capital requirement according to Pillar 2	332 357	1,1	268 300	0,9
Combined buffer requirement				
Countercyclical buffer	67 069	0,2	71 152	0,2
Capital conservation buffer	756 083	2,5	755 569	2,5
Total combined buffer requirement	823 151	2,7	826 720	2,7
Management buffer				
Additional management buffer	302 433	1,0	302 227	1,0
Total management buffer	302 433	1,0	302 227	1,0
Internal capital requirement				
Total capital requirement	3 877 406	12,8	3 815 067	12,6
Capital base				
Total capital base	5 747 554	19,0	5 496 309	18,2

*Risk exposure amount

Note 8 Related parties

Swedbank AB (publ) and Barclays Principal Investments Limited have control through a joint venture. Swedbank AB (publ) is the ultimate parent in its group, while Barclays Principal Investments Limited is a wholly-owned subsidiary of the ultimate parent, Barclays PLC. Transactions with related parties consists of deposits and funding received from parents including related interest income and expenses, commission income and costs related to salary and IT-systems.

	Swedbank Group			Barclays Group		
	2021	2020	2020	2021	2020	2020
Balance sheet	30 June	31 Dec	30 June	30 June	31 Dec	30 June
Assets						
Deposits	4 173 138	4 570 206	3 014 830	-	-	-
Other assets	879	997	784	-	-	-
Total	4 174 017	4 571 202	3 015 614	-	-	-
Liabilities						
Amounts owed to credit institutions	15 795 521	15 470 368	15 215 089	15 795 521	15 470 368	15 215 089
Other liabilities	11 610	11 527	7 412	13 007	9 699	13 007
Total	15 807 130	15 481 895	15 222 501	15 808 528	15 480 067	15 228 096
Income statement						
Interest income	-2 144	-326	717	-	-	-
Interest expenses	-43 474	-121 097	-76 136	-43 473	-121 013	-76 046
Commission income	45 759	92 490	41 140	-	-	-
Commission expenses	-2 405	-4 810	-2 144	-	-	-
Other expenses	-4 531	-7 975	-3 230	-	-	-
Total	-6 795	-41 718	-39 654	-43 473	-121 013	-76 046

Note 9 Risks and risk control

Following the decision by global regulators to phase out IBORs and replace them with alternative reference rates, the Group has performed an assessment on the nature and extent of risks to which it is exposed due to financial instruments that are subject to the interest rate benchmark reform.

IBOR reform exposes the Group to various risks which are managed and monitored closely. These risks include but are not limited to the following:

- Conduct risk arising from discussions with clients and market counterparties due to the amendments required to existing contracts necessary to effect IBOR reform
- Pricing risk from the potential lack of market information if liquidity in IBORs reduces and RFRs are illiquid and unobservable
- Financial risk to the Group and its clients that markets are disrupted due to IBOR reform giving rise to financial losses
- Operational risk arising from changes to the Group's IT systems and processes, also the risk of payments being disrupted if an IBOR ceases to be available

As of 30 June 2021, Entercard's exposure to IBORs is limited to the Nordic IBORs, i.e. STIBOR, NIBOR and CIBOR, which all are or have been reformed, rather than replaced, by the various administrative bodies. In addition, RFRs are or have been implemented as fallback solutions in case a Nordic IBOR ceases to exist.

Following the conclusion of its impact assessment of the IBOR reform, the Group has put in place detailed plans, processes and procedures to ensure a successful completion of transition activities for the remainder of 2021. As the Nordic IBORs are expected to continue to exist for the foreseeable future, financial instruments which reference those rates will not need to be transitioned to RFRs, unless the market situation changes. Entercard is in the process of updating its existing contracts for appropriate fallback language and will continue to monitor the situation to determine whether a material change in situation has occurred that would require more extensive quantitative disclosures.

Stockholm August 31, 2021

Freddy Syversen
Chief Executive Officer