

Interim Report

January–September 2021





INTERIM REPORT

January - September 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 - September 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 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. The company is owned by Swedbank AB, 60% and Barclays Principal Investments Limited, 40% through a joint venture. Entercard is headquartered in Sweden and operates two branches in Norway and Denmark, respectively.

Significant events during the period

The most significant event for Entercard during the quarter was the start of the new Chief Executive Officer, Jan Haglund. With the assumption of Jan to the reins as CEO, Entercard will continue to sharpen the strategic focus as a leading provider for unsecured credits with the aim to make our customers' everyday life easier and safer.

The Covid conditions in Scandinavia have improved over the previous quarter. Both Denmark and Norway have abolished Covid health mandates and restrictions that have characterized the previous year. Masks, testing and distance mandates were removed. Both nations will view future Covid-19 infections as the common flu. These were significant steps toward opening up the society further for mobility and commerce. Correspondingly, Sweden has maintained its relatively relaxed approach to handling the pandemic. Many of the companies are encouraging employees to return to work in the offices. These are all positive indicators for stronger future economic activity. There is positive momentum in the business with higher credit card usage. Additionally, Covid related underwriting restrictions were removed, as the condition for them is no longer present, which should re-establish a broader opportunity for extending credits.

Quarterly Performance

Operating income for the third quarter amounted to 843,8m SEK (compared to 844,6m SEK the same period previous year). The operating profit for the quarter amounted to 311,8m SEK (293,0m SEK).

Year to date earnings, profitability and position

Operating income as per September 30, 2021, amounted to 2 522,4m SEK (2 550,7m SEK). Total loans to the public without considering provisions of anticipated loan losses as per September 30, 2021, was 33 606,6m SEK (34 248,3m SEK).

Non performing loans, after loan loss provision, as per September 30 amounted to a book value of 1 718,8m SEK which constitutes 5,6 percent of the total credit portfolio.

Operating profit before tax amounted to 939,8m SEK (556,1m SEK).

Investments

No investments in tangible assets during the period and intangible assets with 1,0m 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

The interest rate environment presents material of risk and uncertainty. As the world progresses through the Covid experience, the interest rate environment has remained stable after a few quarters of volatility during 2020. There are some possible purchase pricing risks related to signs of inflation and the recent global supply chain disruptions. If conditions for these two areas were to deteriorate, consumer confidence would be adversely impacted, possibly reducing the use of Entercard's products and services. The potential effects to interest rates are unknown, however, a more uncertain and risky economic environment increases the potential for interest expense risk for Entercard. These items will be monitored to understand whether there are noticeable impacts to consumer behavior with consequent effects for Entercard.

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. Now that Scandinavia has moved to a

new phase in handling Covid, the Financial Authorities have communicated expectations of re-instituting the Counter-Cyclical Buffer requirements starting in Q2'22. Entercard will satisfy this upcoming regulatory demand.

Liquidity and funding

Entercard's liquidity need is satisfied through credits and loans provided by the owners. Entercard's cash balance as per September 30 amounted to 3 956,6m SEK, cash balance in the beginning of the year was 4 570,2m SEK.

The liquidity reserve amounted to 2 619,6m SEK (2 280,3m SEK). Entercard Group AB's Liquidity Coverage Ratio (LCR) was 316% (316%). According to Entercard's interpretation of the Basel Committee's most recent proposal on Net Stable Funding Ratio (NSFR), Entercard's NSFR was 124% (128%).

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

inflows from customers, was 117 days for Sweden, 125 days for Norway and 182 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 September 30, 2021 was 19,5%. The total adjusted Tier 1 Capital base amounted to 5 872,4m SEK and the total risk exposure amount for credit risk was 24 695,9m 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 September 30, 2021 have been subject for a general review.

Quarterly Performance

	2021	2020
TSEK	Q3	Q3
Interest income	789 193	841 859
Interest expenses	-66 980	-52 345
Net interest income	722 213	789 514
Commission income	196 366	165 791
Commission expenses	-112 431	-112 426
Net commissions	83 935	53 366
Net gain/loss transactions from financial instruments	1 905	-554
Other income	35 743	2 262
TOTAL OPERATING INCOME	843 796	844 588
Staff costs	-132 432	-130 243
Other general administrative expenses	-158 518	-157 840
Total general administrative expenses	-290 950	-288 083
Depreciation/amortization and impairment of tangible and intangible assets	-5 042	-9 979
Other costs	-	-1 632
TOTAL OPERATING EXPENSES	-295 992	-299 693
Profit before loan losses	547 803	544 895
Loan losses, net	-235 976	-252 164
OPERATING PROFIT	311 828	292 731
Tax expense	-70 511	-66 675
PROFIT/LOSS FOR THE YEAR	241 317	226 055

Statement of comprehensive income

	2021	2020
TSEK	Q3	Q3
Profit for the year recognized within the income statement	241 317	226 055
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	16 826	2 433
Exchange rate differences	20 067	-11 792
Tax	-	-
Total	36 893	-9 359
Total profit	278 210	216 696

Income statement

TSEK	Note	2021	2020	2020
		Jan-Sept	Full Year	Jan-Sept
Interest income		2 416 557	3 384 533	2 516 399
Interest expenses		-163 578	-261 135	-213 926
Net interest income		2 252 979	3 123 397	2 302 473
Commission income		552 133	770 567	584 725
Commission expenses		-325 224	-455 231	-344 253
Net commissions		226 908	315 335	240 472
Net gain/loss transactions from financial instruments	2	-8 551	-9 830	-3 694
Other income		51 094	23 383	11 434
TOTAL OPERATING INCOME		2 522 431	3 452 286	2 550 685
Staff costs		-390 299	-539 955	-393 458
Other general administrative expenses		-532 199	-785 411	-573 266
Total general administrative expenses		-922 498	-1 325 366	-966 724
Depreciation/amortization and impairment of tangible and intangible assets		-19 993	-37 940	-29 932
Other costs				-8 930
TOTAL OPERATING EXPENSES		-942 491	-1 363 305	-1 005 586
Profit before loan losses		1 579 940	2 088 981	1 545 099
Loan losses, net	3	-640 107	-1 398 800	-988 997
OPERATING PROFIT		939 834	690 181	556 101
Tax expense		-211 716	-157 676	-126 788
PROFIT/LOSS FOR THE YEAR		728 118	532 504	429 313

Statement of comprehensive income

TSEK	2021	2020	2020
	Jan-Sept	Full Year	Jan-Sept
Profit for the year recognized within the income statement	728 118	532 504	429 313
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	17 812	-1 631
Exchange rate differences	88 920	-214 488	-146 389
Tax	-	45 395	-
Total	106 732	-164 368	-148 020
Total profit	834 850	373 462	281 293

Balance Sheet

Assets

TSEK	Note	2021 30 Sept	2020 31 Dec	2020 30 Sept
Assets				
Deposits	4	3 956 646	4 570 206	2 592 986
Loans to the public	4	30 816 768	31 178 979	32 016 435
Bonds and other interest-bearing securities	5,6	2 619 590	1 878 204	2 280 337
Intangible assets		24 848	41 296	48 230
Tangible assets		3 017	4 864	5 544
Deferred tax assets		15 563	15 563	11 408
Other assets		206 415	198 020	150 169
Prepaid expenses and accrued income		90 711	74 507	83 097
TOTAL ASSETS		37 733 559	37 961 639	37 188 205

Liabilities and Equity

Liabilities

Amounts owed to credit institutions		30 952 076	30 940 736	30 327 540
Other liabilities		86 348	142 827	109 035
Accrued expenses and prepaid income		238 938	253 430	246 845
Pension provisions		39 257	41 579	46 522
Provisions		27 656	28 632	29 226
TOTAL LIABILITIES		31 344 274	31 407 204	30 759 168

Equity

Share capital		5 000	5 000	5 000
Fund for development expenditures		41 296	41 296	121 759
Reserves		-282 330	-389 060	-372 712
Retained earnings		6 625 319	6 897 200	6 674 991
TOTAL EQUITY		6 389 285	6 554 435	6 429 038
TOTAL LIABILITIES AND EQUITY		37 733 559	37 961 639	37 188 205

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			-146 389	-1 631	429 313	281 293
<i>of which recognized in income statement</i>					429 313	429 313
<i>of which recognized in other comprehensive income</i>			-146 389	-1 631	-	-148 020
Closing balance September 30, 2020	5 000	121 759	-358 134	-14 578	6 674 991	6 429 038

TSEK	Share capital	Fund for development expenditures	*Foreign currency reserve	**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
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	Share capital	Fund for development expenditures	*Foreign currency reserve	**Fair value reserve	Retained earnings	Total Equity
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			88 920	17 812	728 118	834 850
<i>of which recognized in income statement</i>			-	-	728 118	728 118
<i>of which recognized in other comprehensive income</i>			88 920	17 812	-	106 732
Closing balance September 30, 2021	5 000	41 296	-291 413	9 084	6 625 319	6 389 285

*Currency translation reserve from revaluation of the branches

**Fair value changes of the bond portfolio

Statement of Cash Flow

	2021	2020	2020
TSEK	Jan-Sept	Full Year	Jan-Sept
Operating activities			
Operating profit/loss	939 834	690 181	556 101
Adjustments for non-cash items	236 007	647 177	306 256
Taxes paid	-276 778	-163 080	-161 799
Cash flow from operating activities before working capital changes	899 062	1 174 278	700 558
Cash flow from changes in working capital			
Increase/decrease in loans to the public	521 700	-833 842	-1 264 629
Increase/decrease of bonds and other interest-bearing securities	-705 834	742 622	343 352
Increase/decrease in other assets	39 159	244 222	302 838
Increase/decrease in other liabilities	-58 180	-135 870	-169 148
Cash flow from operating activities	-203 154	17 133	-787 587
Investing activities			
Purchase of intangible assets	-1 007	-4 997	-4 401
Purchase of tangible assets	-	-140	-140
Cash flow from investing activities	-1 007	-5 137	-4 541
Financing activities			
Dividends	-1 000 000	-	-
Increase/decrease of deposits and borrowing	-361 545	-37 191	-758 686
Cash flow from financing activities	-1 361 545	-37 191	-758 686
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	4 570 205	3 501 872	3 501 872
CASH FLOW FOR THE PERIOD	-666 644	1 149 082	-850 256
Exchange rate differences on cash and cash equivalents	53 086	-80 749	-58 630
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3 956 646	4 570 205	2 592 986

Notes

The interim report for Entercard Group AB (org nr 556673-0585) refers to the period January 1 - September 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.

Changes in Presentation

Historically, when Entercard purchased a bond at premium, the premium was amortized over the lifetime through the Other Comprehensive Income account and later reclassified to "Net gain/loss transactions from financial instruments" when the bond was realized. In September 2021 Entercard changed the booking routine such that the amortization of the premium over the bond's lifetime was booked directly as interest expense in the income statement.

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 September 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	2020	2020
	Jan-Sept	Full Year	Jan-Sept
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	-9 142	-19 166	-1 878
Exchange rate profit / loss	591	-114	-1 816
Total realised gain/loss in profit or loss	-8 551	-9 830	-3 694
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	17 812	4 725	-1 631
Total unrealised gain/loss in Other comprehensive income	17 812	-4 725	-1 631
Total	9 261	-14 555	-5 325

Note 3 Loan losses, net

	2021	2020	2020
	Jan-Sept	Full Year	Jan-Sept
Loans at amortized cost			
Change in provisions - stage 1	106 896	-265 171	-266 493
Change in provisions - stage 2	45 572	8 739	67 068
Change in provisions - stage 3	-368 083	-391 348	-126 716
Total	-215 615	-647 780	-326 140
The periods write-off for established loan losses	-430 075	-769 620	-653 380
Recoveries from previously established loan losses	4 126	14 248	-13 458
Total	-425 949	-755 372	-666 838
Loan losses net, loans at amortized cost	-641 564	-1 403 151	-992 978
Loan losses credits granted but not utilized			
Change in provisions - stage 1	1 246	3 946	3 912
Change in provisions - stage 2	211	405	69
Loan losses net, loan commitments	1 457	4 351	3 981
Total loan losses	-640 107	-1 398 800	-988 977

Note 4 Change in provisions for loans

Change in book value (gross) and provisions September 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
Closing balance September 30, 2021	27 805 521	2 286 036	3 515 103	33 606 660
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	-39 683	62 131	234 614	257 062
Changes in credit risk	30 451	3 988	-14 869	19 570
Transfer between stages during the period				
from stage 1 to stage 2	60 482	-260 870	-	-200 388
from stage 1 to stage 3	33 847	-	-355 380	-321 533
from stage 2 to stage 1	-21 865	98 610	-	76 745
from stage 2 to stage 3	-	137 192	-270 604	-133 412
from stage 3 to stage 1	-120	-	2 002	1 882
from stage 3 to stage 2	-	-1 852	4 166	2 314
Other	36 469	-	-7 946	28 523
Closing balance September 30, 2021	-551 633	-442 001	-1 796 257	-2 789 892
Book value, net				
Opening balance January 1, 2021	27 704 465	2 052 674	1 421 840	31 178 979
Closing balance September 30, 2021	27 253 888	1 844 035	1 718 846	30 816 768

Change in book value (gross) and provisions September 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	2 908 225	2 345 283	33 965 108
Closing balance September 30, 2020	29 219 555	2 646 515	2 382 214	34 248 284
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	-112 728	140 238	147 004	174 515
Changes in credit risk	3 214	13 891	54 657	71 763
Transfer between stages during the period				
from stage 1 to stage 2	42 256	-235 617	-	-193 361
from stage 1 to stage 3	10 416	-	-164 106	-153 689
from stage 2 to stage 1	-22 977	97 296	-	74 319
from stage 2 to stage 3	-	72 314	-112 041	-39 727
from stage 3 to stage 1	-154	-	4 121	3 967
from stage 3 to stage 2	-	-1 167	3 740	2 574
Other	-162 320	131	-42 487	-204 676
Closing balance September 30, 2020	-654 757	-424 261	-1 152 830	-2 231 849
Book value, net				
Opening balance January 1, 2020	28 299 136	2 396 875	1 301 564	31 997 576
Closing balance September 30, 2020	28 564 798	2 222 254	1 229 384	32 016 435

Change in book value (gross) September 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	801 738	-304 284	-450 696	46 758
Changes in credit risk	-472 995	-46 015	-48 366	-567 376
Transfer between stages during the period				
from stage 1 to stage 2	-1 319 560	1 335 713	-	16 153
from stage 1 to stage 3	-679 517	-	686 517	7 000
from stage 2 to stage 1	629 628	-715 217	-	-85 589
from stage 2 to stage 3	-	-527 373	530 080	2 707
from stage 3 to stage 1	4 354	-	-4 487	-133
from stage 3 to stage 2	-	9 338	-9 845	-507
Other	486 194	-	1 820	488 014
Book value				
Closing balance September 30, 2021	27 805 521	2 286 036	3 515 104	33 606 661

Change in book value (gross) September 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	3 425 458	-625 376	-320 977	2 479 105
Changes in credit risk	-1 435 104	-80 191	-197 983	-1 713 278
Transfer between stages during the period				
from stage 1 to stage 2	-1 550 849	1 530 645	-	-20 203
from stage 1 to stage 3	-356 612	-	341 292	-15 320
from stage 2 to stage 1	701 732	-840 257	-	-138 525
from stage 2 to stage 3	-	-254 819	231 863	-22 955
from stage 3 to stage 1	6 495	-	-8 089	-1 594
from stage 3 to stage 2	-	8 286	-9 171	-885
Other	-283 165	1	-5	-283 169
Book value				
Closing balance September 30, 2020	29 219 555	2 646 515	2 382 214	34 248 284

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

	2021 30 Sept	2020 31 Dec	2020 30 Sept
Credit facilities, granted but not paid	139 601	75 135	239 653
Credits granted but not utilized	42 390 681	42 284 523	42 015 200
Provisions for off-balance commitments			
Stage 1	24 423	25 240	25 472
Stage 2	3 233	3 393	3 754
Total	27 656	28 632	29 226

Allocation of loans between stages and provisions (IFRS 9)

	2021 30 Sept	2020 31 Dec	2020 30 Sept
Deposits			
Stage 1			
Book value, gross	3 956 646	4 570 206	2 592 986
Provisions	-	-	-
Total book value	3 956 646	4 570 206	2 592 986
Loans to the public, private customers			
Stage 1			
Book value, gross	27 335 839	28 058 604	28 824 109
Provisions	-551 152	-650 954	-654 534
Book value	26 784 687	27 407 650	28 169 575
Stage 2			
Book value, gross	2 286 036	2 533 874	2 646 515
Provisions	-442 001	-481 200	-424 261
Book value	1 844 035	2 052 674	2 222 254
Stage 3			
Book value, gross	3 508 600	2 801 974	2 373 723
Provisions	-1 792 880	-1 383 569	-1 147 979
Book value	1 715 720	1 418 405	1 225 744
Total book value	30 344 442	30 878 728	31 617 573
Loans to the public, corporate customers			
Stage 1			
Book value, gross	469 682	297 075	395 466
Provisions	-481	-260	-223
Book value	469 201	296 815	395 223
Stage 3			
Book value, gross	6 503	8 107	8 491
Provisions	-3 378	-4 671	-4 851
Book value	3 125	3 436	3 640
Total book value	472 326	300 251	398 863
Total	34 773 414	35 749 185	34 609 422
Book value gross, stage 1	27 805 521	28 355 679	29 219 575
Book value gross, stage 2	2 286 036	2 533 874	2 646 515
Book value gross, stage 3	3 515 103	2 810 081	2 382 214
Total book value gross	33 606 660	33 699 634	34 248 304
Provisions stage 1	-551 633	-651 214	-654 757
Provisions stage 2	-442 001	-481 200	-424 261
Provisions stage 3	-1 796 258	-1 388 240	-1 152 830
Total provisions	-2 789 892	-2 520 655	-2 231 849
Total book value	30 816 768	31 178 979	32 016 455
Share of loans in stage 3, gross, %	10,46%	8,34%	6,96%
Share of loans in stage 3, net, %	5,57%	4,55%	3,84%
Provision ratio of loans stage 1	1,98%	2,30%	2,24%
Provision ratio of loans stage 2	19,33%	18,99%	16,03%
Provision ratio of loans stage 3	51,10%	49,40%	48,39%
Total provision ratio of loans	8,30%	7,48%	6,52%

Note 5 Bonds and other interest-bearing securities

Financial assets measured at fair value through Other comprehensive income.

	2021	2020	2020
Issuers	30 Sept	31 Dec	30 Sept
Municipalities	1 416 966	893 182	1 050 766
Swedish mortgage institutions	327 839	207 654	207 534
Foreign credit institutions	107 002	76 490	76 629
Foreign mortgage institutions	638 055	436 927	833 948
Other foreign issuers	129 727	263 951	111 461
Total	2 619 590	1 878 204	2 280 337

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

	2021	2020	2020
Remaining maturity	30 Sept	31 Dec	30 Sept
Maximum 1 year	129 727	104 536	49 607
Longer than 1 year but maximum 5 years	2 005 225	1 773 668	2 230 731
Longer than 5 years	484 638	-	-
Total	2 619 590	1 878 204	2 280 337

	2021	2020	2020
Total holdings of financial assets, broken down by issuer	30 Sept	31 Dec	30 Sept
Issued by public entities	1 546 693	1 157 133	1 162 226
Issued by other borrowers	1 072 896	721 071	1 118 111
Total	2 619 590	1 878 204	2 280 337
Average remaining maturity, years	3,05	2,71	2,82
Average remaining fixed interest term, years	0,54	0,46	0,38
<i>of which listed securities, TSEK</i>	<i>2 619 590</i>	<i>1 878 204</i>	<i>2 280 337</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 sept	SEK	NOK	DKK	30 sept	SEK	NOK	DKK
Securities issued or guaranteed by government or central bank	129 727	-	-	129 727	111 461	-	-	111 461
Securities issued or guaranteed by municipalities or non-governmental public entities	1 416 966	932 329	484 638	-	1 050 766	859 735	191 030	-
Covered bonds issued by others	965 895	327 839	638 055	-	1 041 482	207 534	833 948	-
Securities issued or guaranteed by multilateral development banks	107 002	-	107 002	-	76 629	-	76 629	-
Total	2 619 590	1 260 168	1 229 695	129 727	2 280 337	1 067 269	1 101 607	111 461
<i>Distribution by currency, %</i>		<i>48,1%</i>	<i>46,9%</i>	<i>5,0%</i>		<i>46,8%</i>	<i>48,3%</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 Sept	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	-405 691	-512 423
Profit net, after deduction of foreseeable cost's and dividend's, verified by auditors	255 053	-467 496
Common Equity Tier 1 Capital before adjustments	5 916 220	5 554 435
Value adjustments due to the requirements for prudent valuation	-3 390	-1 268
Intangible assets	-24 848	-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	-43 801	-58 126
Common Equity Tier 1 Capital	5 872 419	5 496 309
Additional Tier 1 Capital: instruments	-	-
Tier 1 Capital	5 872 419	5 496 309
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	5 872 419	5 496 309
Total risk weighted exposure amount	30 150 977	30 222 740
Common Equity Tier 1 capital ratio	19,5%	18,2%
Tier 1 capital ratio	19,5%	18,2%
Total capital ratio	19,5%	18,2%
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	12,3	11,0
Leverage ratio	14,0%	13,1%

Risk exposure amount and own funds requirement for credit risk

Exposure classes	2021		2020	
	30 Sept		31 Dec	
	Risk exposure amount	Own funds requirement	Risk exposure amount	Own funds requirement
Institutional exposures	791 404	63 312	914 051	73 124
Covered bonds	96 589	7 727	64 458	5 157
Retail exposures	21 784 484	1 742 759	22 285 364	1 782 829
Regional governments or local authorities exposures	1 550	124	1 438	115
Corporate exposures	2 912	233	2 345	188
Exposures in default	1 718 845	137 508	1 427 787	114 223
Other exposures	300 143	24 011	276 378	22 110
Total	24 695 928	1 975 674	24 971 821	1 997 746
			2021	2020
			30 Sept	31 Dec
Total capital requirement for credit risk according to the standardized approach			1 975 674	1 997 746
			2021	2020
			30 Sept	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 Sept	31 Dec
Capital requirement for market risk (foreign exchange risk)				
Risk exposure amount			176 213	182 707
Capital requirement			14 097	14 617
Total capital requirement for market risk			14 097	14 617
Capital requirements for settlement risk			-	-
Capital requirements for credit value adjustment (CVA) risk			-	-
Total capital requirements			2 412 078	2 417 819

Internal capital requirement

	2021		2020	
	30 Sept	% av REA*	31 Dec	% av REA*
Capital requirement according to Pillar 1				
Credit risk	1 975 674	6,6	1 997 746	6,6
Market risk	14 097	-	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	2 412 078	8,0	2 417 819	8,0
Capital requirement according to Pillar 2				
Other capital requirement	330 379	1,1	268 300	0,9
Total capital requirement according to Pillar 2	330 379	1,1	268 300	0,9
Combined buffer requirement				
Countercyclical buffer	66 864	0,2	71 152	0,2
Capital conservation buffer	753 774	2,5	755 569	2,5
Total combined buffer requirement	820 638	2,7	826 720	2,7
Management buffer				
Additional management buffer	301 510	1,0	302 227	1,0
Total management buffer	301 510	1,0	302 227	1,0
Internal capital requirement				
Total capital requirement	3 864 605	12,8	3 815 067	12,6
Capital base				
Total capital base	5 872 419	19,5	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 30 Sept	2020 31 Dec	2020 30 Sept	2021 30 Sept	2020 31 Dec	2020 30 Sept
Balance sheet						
Assets						
Deposits	3 956 646	4 570 206	2 592 986	-	-	-
Other assets	989	997	904	-	-	-
Total	3 957 636	4 571 202	2 593 890	-	-	-
Liabilities						
Amounts owed to credit institutions	15 476 038	15 470 368	15 163 770	15 476 038	15 470 368	15 163 770
Other liabilities	15 259	11 527	15 032	13 007	9 699	13 007
Total	15 491 297	15 481 895	15 178 802	15 489 045	15 480 067	15 176 777
Income statement						
Interest income	-3 435	-326	166	-	-	-
Interest expenses	-63 102	-121 097	-100 220	-63 108	-121 013	-100 130
Commission income	69 271	92 490	61 813	-	-	-
Commission expenses	-3 412	-4 810	-3 404	-	-	-
Other expenses	-6 656	-7 975	-5 848	-	-	-
Total	-7 334	-41 718	-47 494	-63 108	-121 013	-100 130

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 September 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 November 30, 2021

Jan Haglund
Chief Executive Officer