Annual Report
2022

entercard

Entercard Group AB 556673–0585

ANNUAL REPORT
2022

Entercard Group AB
556673-0585

CERTIFICATE OF ADOPTION

The undersigned Chief Executive Officer hereby certifies that this copy of the Annual Accounts and audit report corresponds to the original and that the income statement and balance sheet have been adopted at the annual general meeting of the shareholders held April 6, 2023. It was further resolved at the Annual General Meeting to accept the Board's proposal for the appropriation of the current year's earnings.

Stockholm 2023

Jan Haglund

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ANNUAL REPORT FOR ENTERCARD GROUP AB

The Board and the Chief Executive Officer for Entercard Group AB hereby submits the Annual Report for the financial year 2022.

THE BOARD OF DIRECTOR'S REPORT

Scope and Type of Operations

The business focus of Entercard is to issue credit cards and consumer loans in Denmark, Norway and Sweden under its own brand, Remember, as well as under different partners' brands; including Swedbank, a number of Swedish and Norwegian savings banks, Coop and LO in Sweden and FH in Denmark. Today, Entercard has approximately 1,7 million customers and 481 employees in Stockholm, Copenhagen, Oslo, and Trondheim.

It is important for Entercard to act as a responsible provider of consumer credit by continually securing that customers use their credit facilities, whether credit cards or loans, in a safe and sound way and to ensure that reasonable credit levels are given.

Ownership

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.

Sustainability

In Entercard, we are aware of our impact on society in our role as an employer, loan issuer and business partner. In supporting the sustainable development goals by UN, Entercard has chosen to focus on four areas: education, equality, proper working condition, economic growth and sustainable cities and society. The work for a sustainable society is an integral element in realizing the company's vision.

In the sustainability report on our web page you can read more on how Entercard supports the UN sustainable development goals.

Significant Events during the Year

While society has moved into a post pandemic state, translating into higher customer activity, the period has largely been characterized by increased macro-economic uncertainty driven by the war in Ukraine. Both inflation and interest rates in Scandinavia have continued to increase sharply during the year.

Increasing inflation and historically large interest rate increases have led to concerns regarding the risk of an approaching recession and stagflation. Increased prices can in the short-term lead to higher turnover, while in the long run higher interest rates potentially dampen economic activity. In addition, it is unclear how an environment with potentially higher unemployment and lower real wages will influence customers, and potential loan losses for credit companies. Entercard will continue to monitor the macro-economic development and assess and take action to mitigate the impact on the business and for our customers.

The Board of Directors has during the year decided on a new corporate strategy, focusing even more on Entercards core business, enhancing data & analytics capabilities and modernizing the IT platform.

In addition, work has been conducted throughout the year to revitalize the company´s vision, mission and values to further strengthen the company and its culture.

Entercard is an issuer of credit cards for a number of independent savings banks in Norway and Sweden. The number of relationships in Sweden increased during 2022, including seven new relationships with ISBs in Sweden.

Significant Events after the Year End

The partnership around credit cards and consumer loans between Coop Norway and Entercard ended on Jan 31st 2023. Customers who wish to remain with Entercard are offered a new product under Entercard's Remember brand.

Future Developments

Entercard is a credit market company providing credit cards, corporate cards and consumer loans. Core to Entercard's strategy is continued focus on existing products and geographic markets – namely Sweden, Norway and Denmark. In terms of product and geographical footprint, plans for the coming year are to launch consumer loans in Finland and to improve the current corporate card offering together with Swedbank in Sweden (Entercard issues all consumer and corporate credit cards for Swedbank).

Other significant investment areas for 2023 include further strengthening of key technical capabilities, e.g. through the implementation of a new core system.

The current volatile macroeconomic environment is expected to continue with central banks taking measures to cool economies in order to fight inflation. Combined with rising energy prices and geopolitical unrest this is expected to dampen growth

Consumer expectations around personalisation and convenience will continue as drivers of loyalty. Customers will reward good experiences with higher willingness to pay, and penalize bad experiences by moving to a competitor.

Entercard will continue to strengthen the customer experience, through investments into simple and efficient digital customer interfaces in order to maintain the position as a market leader for credit cards in Scandinavia and a top tier provider of consumer finance. Furthermore, advanced data and analytics capabilities are expected to play an even greater role going forward, in particular in Marketing, Sales and achieving a healthy balance between Risk and Reward.

In addition to the trends of changing consumer behaviour and a tougher competitive landscape, actual and anticipated regulatory developments will be important for Entercard going forward. Regulators across Europe and within Scandinavia continue to be active in putting forth measures that will provide more security, access and protection for consumers. Entercard will continue to operate as a responsible lender with strong focus on compliance and robust risk control, and make investments in order to ensure continued compliance (i.e. AML Package, the banking package (CRD III/CRD VI), Schrems II, the new Consumer Credit Directive, the Norwegian Finance Agreement Act).

Entercard will continue to develop a sustainable business for customers, employees and shareholders.

Earnings, Profitability and Position

Operating income amounted to 3 130,3m SEK (3 366,4m SEK) and operating profit amounted to 821,3m SEK (1 032,3m SEK). Total loans to the public excluding provisions of anticipated loan losses amounted to 35 455,3m SEK (33 455,3m SEK). Impaired loans amounted to a book value of 1 676,3m SEK (1 577,3m SEK) which constitutes 5,2 percent of the total credit portfolio. Total provisions amounts to 2 997,8m SEK (2 971,0m SEK).

Staff

The number of employees at year-end was 481 (466). More information about personnel, salaries and compensation is disclosed in note 6.

Risk Management

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

The Board of Directors and the CEO are ultimately responsible for risk management. The purpose of risk management is to secure that the risks taken in the business do not threaten Entercard's solvency or liquidity, and are balanced in regards to the possible return. This is ultimately managed through securing that the risk levels do not exceed the risk appetite, set by the Board of Directors.

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

Liquidity and Funding

Funding has exclusively been provided by Swedbank AB and Barclays Bank PLC. Entercard's liquidity need is satisfied through loans provided by the owners and through a considerable buffer of liquid assets. Entercard's cash balance amounted to at year end 4 329,6m SEK (4 446,1m SEK).

The liquidity reserve amounted to 2 160,3m SEK (2 875,4m SEK), more detailed information about the liquidity reserve is provided in note 2 and note 14. Entercard Group Liquidity Coverage Ratio (LCR) was 274 % (326 %) and Net Stable Funding Ratio (NSFR) was 133 % (128 %).

More detailed information on the liquidity reserve and liquidity management is provided in the yearly Risk and Capital Adequacy Report (Pillar 3).

Capital Adequacy

Total capital ratio for Entercard amounted to 17,5 % (17,6 %) at year end. Information of the composition of the capital base and capital requirements are included in the Capital Adequacy Analysis in note 25.

Proposal for the Treatment of Current Year's Earnings (SEK)

The following profits are available for appropriation at the annual general meeting	
Retained earnings	4 739 256 423
Current year's net profit/loss	644 249 708
Total	5 383 506 131

The Board of Directors propose:	
dividends	386 549 825
to be carried forward	4 996 956 306
Total	5 383 506 131

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

The Board's Opinion to the Proposed Dividend

It is the assessment of the Board of Directors that the dividend does not prevent the company from executing its obligations, both on a short- and long term basis, and will allow the company to make the investments necessary. The proposed dividend is therefore in accordance with Chapter 17, 3 § 2-3 sections in the Swedish Companies Act.

The proposed dividend is also in accordance with the dividend policy of Entercard, which provides directives on the dividend size maintaining the capital base and the liquidity on a sufficient level.

As regards to the company's result and financial position in other respects please refer to the income statement, balance sheet, cash flow analysis, capital adequacy and notes set out below.

All amounts are in thousand Swedish krona unless otherwise indicated.

Five Year Summary Entercard Group AB

TSEK	2022	2021	2020	2019	2018
Deposits	4 329 568	4 446 056	4 570 206	3 501 872	3 701 886
Loans to the public, net	32 457 465	30 474 272	31 178 979	31 997 575	28 901 734
Bonds and other interest-bearing securities	2 160 341	2 875 442	1 878 204	2 772 996	2 501 252
Other assets	484 143	451 727	334 249	605 157	506 705
Total assets	39 431 517	38 247 497	37 961 639	38 877 600	35 611 577
Amounts owed to credit institutions	33 522 931	31 203 598	30 940 736	31 982 199	29 174 827
Liabilities and provisions	504 981	519 248	466 468	747 656	710 783
Equity	5 403 605	6 524 651	6 554 435	6 147 744	5 725 967
Total liabilities, provisions and equity	39 431 517	38 247 497	37 961 639	38 877 600	35 611 577
Net interest income	2 690 167	2 970 090	3 123 397	3 181 735	2 928 859
Net commission income	406 771	325 594	315 335	395 982	411 364
Net gain/loss from financial instruments	-12 117	-6 755	-9 830	-3 395	-1 921
Other income	45 500	77 461	23 383	31 999	38 145
Total income	3 130 321	3 366 390	3 452 286	3 606 321	3 376 448
Total costs	-1 411 561	-1 331 802	-1 363 305	-1 524 314	-1 471 417
Profit before loan losses, Swedish bank tax and resolution fee	1 718 760	2 034 588	2 088 981	2 082 007	1 905 031
Loan losses, net	-877 445	-1 002 271	-1 398 800	-740 770	-649 326
Swedish bank tax and resolution fees	-20 004	-	-	-	-
Operating profit/loss	821 311	1 032 317	690 181	1 341 237	1 255 704
Tax expense	-177 061	-186 568	-157 676	-281 932	-307 914
Profit/loss for the year	644 250	845 749	532 504	1 059 305	947 790

Key Ratios

TSEK	2022	2021	2020	2019	2018
Profit					
Interest margin, %	9,8%	11,0%	11,8%	12,6%	13,0%
*Net interest income in relation to interest earning lending					
C/I ratio before loan losses	0,45	0,40	0,39	0,43	0,44
*Total costs before loan losses in relation to total operating income					
C/I ratio after loan losses	0,73	0,69	0,80	0,63	0,63
*Total costs after loan losses in relation to total operating income					
Return on equity after tax, %	10,8%	12,9%	8,4%	17,8%	16,7%
*Profit for the financial year in relation to the average of shareholder's equity current and previous year.					
Return on total assets	1,6%	2,2%	1,4%	2,7%	2,7%
*Net profit divided by the total balances					
Liquidity					
Liquidity Coverage Ratio (LCR)	274%	326%	277%	369%	383%
Net Stable Funding Ratio (NSFR)	133%	128%	123%	144%	142%
Capital					
Capital base tSEK	4 983 053	4 686 884	5 496 309	6 058 965	4 941 811
Total capital ratio, %	17,5%	17,6%	18,2%	19,7%	16,4%
*Capital base in relation to risk-weighted assets					
Credit quality					
Loan loss ratio, net, %	2,7%	3,3%	4,5%	2,3%	2,2%
*Loan losses in relation to loans to the public					
Share of impaired loans, %	5,2%	5,2%	4,5%	4,1%	3,0%
*Impaired loans, net, in relation to loans to the public					
Other					
Average number of employees	463	452	466	466	397

Income Statement

TSEK	Note	2022	2021
Interest income	3	3 149 701	3 189 771
Interest expenses	3	-459 534	-219 681
Net interest income	3	2 690 167	2 970 090
Commission income		831 157	750 803
Commission expenses		-424 386	-425 209
Net commissions		406 771	325 594
Net gain/loss transactions from financial instruments	4	-12 117	-6 755
Other income		45 500	77 461
Total operating income		3 130 321	3 366 390
Staff costs	6	-572 028	-544 539
Other general administrative expenses	7	-828 136	-763 414
Total general administrative expenses		-1 400 164	-1 307 953
Depreciation and impairments of tangible and intangible assets	8	-11 397	-23 849
Total operating expenses		-1 411 561	-1 331 802
Profit before loan losses, Swedish bank tax and resolution fees		1 718 760	2 034 588
Loan losses, net	9	-877 445	-1 002 271
Swedish bank tax and resolution fees	29	-20 004	-
Operating profit		821 311	1 032 317
Tax expense	10	-177 061	-186 568
Profit/loss for the year		644 250	845 749

Statement of Comprehensive Income

TSEK		2022	2021
Profit for the year recognized within the income statement		644 250	845 749
Components which will not be reclassified to the income statement			
Revaluation of defined-benefit pensions	6	-3 781	13 430
Tax related to the above	10	779	-2 767
Total		-3 002	10 663
Unrealised changes in fair value	4	-12 655	14 087
Foreign currency translation differences		60 551	126 494
Tax related to the above	10	-10 190	-26 777
Total		37 706	113 804
Other comprehensive income		34 704	124 467
Total profit		678 954	970 216

Entercard Group AB
556673-0585

Balance Sheet

Assets

TSEK	Note	2022 Dec 31	2021 Dec 31
Assets			
Deposits	11	4 329 568	4 446 056
Loans to the public, net	12, 13	32 457 465	30 474 272
Bonds and other interest-bearing securities	14	2 160 341	2 875 442
Intangible assets	15	15 099	21 197
Tangible assets	17	1 067	2 491
Deferred tax assets	10	11 638	13 548
Other assets	18	365 774	342 189
Prepaid expenses and accrued income	19	90 565	72 302
Total assets		39 431 517	38 247 497

Liabilities and Equity

	Note	2022 Dec 31	2021 Dec 31
Liabilities			
Amounts owed to credit institutions	20	33 522 931	31 203 598
Other liabilities	21	194 155	190 337
Accrued expenses and prepaid income	22	260 662	269 492
Pension provisions	6	23 201	27 953
Other provisions	13	26 963	31 465
Total liabilities		34 027 912	31 722 846
Equity			
Share capital (5 000 shares)		5 000	5 000
Fund for development expenditures		15 099	21 197
Reserves		-237 550	-275 257
Retained earnings		5 621 056	6 773 711
Total equity		5 403 605	6 524 651
Total liabilities and equity		39 431 517	38 247 497

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

Note 1 - Accounting Principles

Note 2 - Risks and Risk Control

Note 5 - Geographic Distribution of Income

Note 16 - Operational Leasing

Note 23 - Assets Pledged and Contingent Liabilities

Note 24 - Assets and Liabilities in Foreign Currency

Note 25 - Capital Adequacy Analysis

Note 26 - Related Parties

Note 27 - Classification and Valuation of Financial Assets and Liabilities

Note 28 - Specifications in Cash Flow

Note 29 - Specification of bank tax and resolution fees

Note 30 - Proposal for the Treatment of Current Year's Earnings (SEK)

Note 31 - Contingent liability

Note 32 - Significant Events after Year End

Note 33 - Information regarding the Parent Company

Statement of Changes in Equity

	Restricted equity		Non-restricted equity			
TSEK	Share capital	Fund for development expenditures	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
Transfer to/from restricted equity		-20 099			20 099	-
Total comprehensive income for the year			103 348	10 456	856 412	970 216
of which recognized in income statement			-	-	*845 749*	*845 749*
of which recognized in other comprehensive income			*126 494*	*14 087*	*13 430*	*154 011*
of which tax recognized in other comprehensive income			*-23 146*	*-3 631*	*-2 767*	*-29 544*
Closing balance December 31, 2021	5 000	21 197	-276 985	1 728	6 773 711	6 524 651
Opening balance January 1, 2022	5 000	21 197	-276 985	1 728	6 773 711	6 524 651
Dividends					-1 800 000	-1 800 000
Transfer to/from restricted equity		-6 098	-	-	6 098	-
Total comprehensive income for the year			47 561	-9 855	641 248	678 954
of which recognized in the income statement			-	-	*644 250*	*644 250*
of which recognized in other comprehensive income			*60 551*	*-12 655*	*-3 781*	*44 115*
of which tax recognized in other comprehensive income			*-12 990*	*2 800*	*779*	*-9 411*
Closing balance December 31, 2022	5 000	15 099	-229 423	-8 127	5 621 056	5 403 605

Equity Classes

Share capital consists of 5 000 shares with quota value of 1 000 SEK. Fund for development expenditures, classified as restricted equity, increases by the amount internally developed intangible assets capitalized for the year. The Fund is reduced with the yearly depreciation and impairment related to the intangible assets accumulated within the Fund.

Foreign currency translation reserve is related to currency revaluation of the branches' balances from their functional currency to their presentation currency. Fair value reserve consist fair value changes of the bond portfolio.

Statement of Cash Flow

TSEK	Note	2022	2021
Operating activities			
Operating profit/loss		821 311	1 032 317
Adjustments for non-cash items	28	-20 377	416 809
Taxes paid		-193 394	-289 748
Cash flow from operating activities before working capital changes		607 540	1 159 378
Increase/decrease in loans to the public		-1 609 453	901 956
Increase/decrease in other assets		-11 833	-16 783
Increase/decrease of bonds and other interest-bearing securities		741 527	-947 049
Increase/decrease other liabilities		-30 157	4 680
Cash flow from operating activities		-909 917	-57 196
Purchase of intangible assets		-3 135	-428
Purchase of tangible assets		-460	-91
Cash flow from investing activities		-3 595	-519
Dividends		-1 800 000	-1 000 000
Increase/decrease of borrowing		1 922 752	-300 376
Cash flow from financing activities		122 752	-1 300 376
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		4 446 056	4 570 206
CASH FLOW FOR THE YEAR		-183 220	-198 712
Exchange rate differences on cash and cash equivalents		66 732	74 562
CASH AND CASH EQUIVALENTS AT END OF YEAR		4 329 568	4 446 056

Comments on the Cash Flow Statement

The cash flow statement shows the receipts and disbursements during the year as well as cash and cash equivalents at the beginning and end of the year. The cash flow statement is reported using the indirect method and is divided into receipts and disbursements for operating activities, investing activities and financing activities.

Operating Activities

Cash flow from operating activities is based on operating profit for the year. Adjustments are made for items not included in the cash flow from operating activities. Changes in assets and liabilities from operating activities consist of items that are part of normal business activities - such as loans to and borrowings from the public and credit institutions - and that are not attributable to investing and financing activities. Cash flow includes interest received to an amount of 3 150m SEK.

Investment Activities

Investment activities consists of the purchase and sale of fixed assets.

Financing Activities

Net change in borrowing with shorter terms and higher turnover is included in increase/decrease in borrowing from credit institutions. Cash flow includes interest payments of long term lending to the amount of 460m SEK.

Reconciliation of liability arising from financing activities. Opening balance 2022, 31 204m SEK, cash flow 1 923m SEK, exchange rate differences 397m SEK on the ingoing balances, closing balance 33 523m SEK.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash and balances with Swedbank AB.

Notes

The Annual Report is submitted as of December 31, 2022 for Entercard Group AB, corporate identity number 556673-0585, maintains its registered office in Stockholm. The address to the head office is Klarabergsgatan 60, 111 21 Stockholm.

Note 1 Accounting Principles

Basis of the Statements of Account

The accounting policies applied are consistent with Swedish Law of Annual Accounts in Credit Institutions and Securities Companies (ÅRKL) as well as the rules and regulations issued by the Financial Supervisory Authorities (Finansinspektionen) FFFS 2008:25, including changing regulations, and the Council for Financial Reporting Board's recommendation RFR 2 accounting for legal entities. The company applies thereby with so called limited-by-law IFRS and refers to standards that have been adopted for use with the limitations of the ÅRKL, FFFS 2008:25 and RFR 2.

The annual accounts have been approved for issue by the Board on April 5th, 2023. The income statement and balance sheet are subject to approval at the Annual General Meeting on April 6th, 2023.

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

Changes in Accounting Principles and Disclosures

Entercard has not adopted any new accounting pronouncements and changes for the financial reporting for 2022.

New Standards and Interpretations

Standards, amendments to standards and interpretations with effective dates from 2022 or later issued by International Accounting Standard Board (IASB) and IFRS Interpretations Committee are expected to be immaterial or not applicable for the financial reporting for Entercard at the time of implementation.

New Swedish bank tax and changed presentation of resolution fees.

A new Swedish bank tax (Risk tax on credit institutions) was introduced from 1 January 2022 and is presented on a new row in the income statement. From 2022 Entercard also presents resolution fees on this row, which is named Swedish bank tax and resolution fees. Previously the resolution fees have been included in Interest expenses. See note 29.

Critical Judgements and Estimates

The presentation of financial reports in conformity with IFRS demands that the company makes judgements and estimates that affect recognized amounts for assets and liabilities as of the closing day and for recognized income and expenses during the report period.

The executive management continuously evaluates these judgements and estimates including: assessments of impairment credit losses (note 2 and 13) and variable pay (note 6). The judgements and estimates affecting the financial report are further described in respective sections in note 1.

During 2022 Entercard changed the amortization period for Agent fees on loans. Amortization period was changed from 5 to 6 years after new data indicated that the lifetime of the loan is 6 years.

Other than this, no significant changes have been made to the critical judgements and estimates compared with December 31, 2021.

Significant Accounting Policies

Presentation of Financial Statements (IAS 1)

Financial statements are a structured presentation of a company's financial position, financial results and cash flows, useful for financial decisions. The financial statements also convey the results of the executive management's administration of the resources entrusted to them. Complete financial statements consist of a balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes. Entercard presents the statement of comprehensive income in the form of two statements. A separate income statement is presented, containing all revenue and expense items, provided a special IFRS does not require or allow otherwise. If an IFRS standard requires or allows something else this is reported in Other Comprehensive Income. The statement of comprehensive income contains the profit or loss recognized in the income statement as well as components included in other comprehensive income.

Statement of Cash Flows (IAS 7)

The statement of cash flow prescribes an entities change in cash and cash equivalents during a period. Entercard discloses information about changes in their financing liabilities arising from financing activities, including changes from cash flows and non-cash.

Assets and Liabilities in Foreign Currency (IAS 21)

The financial statement is presented in Swedish kronor (SEK) which is also functional currency and presentation currency. Functional currency refers to the currency primarily used in the primary economic environments in which the company carries out its operations.

Transactions in other currencies than the functional currency, foreign currency, are initially recognized at the exchange rate prevailing at the day of transaction. The financial information for each entity in the group are presented according to the currency that is reflective of that local environment. Assets and liabilities in branches with other functional currency than SEK are translated to reporting currency at the rates prevailing on closing day. The income statement is translated at each individual transaction's exchange rate. For practical reasons, an average exchange rate is used for the period. Occurred exchange rate differences are recognized in other comprehensive income.

Financial Instruments, (IFRS 9)

Recognition

Entercard recognizes a financial asset or a financial liability in the financial statement when Entercard becomes a contractual party of the provision of the instrument according to IFRS 9.

Classification and Measurement

Financial Assets

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

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

-Deposits
-Loans to the public
-Other financial assets

Loans to the public consist of both consumer loan balances and credit card balances. Spending on credit cards that is not repaid completely, results in a receivable, which is identified as a loan to the public.

Interest income on deposits and loans to the public are recognized in the income statement as interest income when they are earned, meaning that interest income is accrued to the attributable period according to the effective interest rate method. Interest on balances sent to debt collecting agency are recognised when income are earned.

Other financial assets are measured at amortized acquisition cost. Since the remaining lifetime period is short and the discount effect is assessed not to materially influence the financial reporting, the assets is valued to nominal value without discounting. Impairment is performed per balance item.

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

-Bonds and other interest bearing securities

Valuation is carried out at fair value with unrealized changes in value reported in Other comprehensive income. The unrealized changes are accumulated in the Fair value reserve. Upon disposal, realized change in value is recognized in the income statement on the line Net gain/loss transactions from financial instruments and is thus removed from Other comprehensive income and the fair value reserve.

Interest income on bonds and other interest bearing securities are calculated according to the effective interest method and are recognised in the income statement as revenue. Impairment losses and any exchange rate fluctuations are recognized in the income statement on the line Net gain/loss transactions from financial instruments. Fair values are categorized at different levels in the fair value hierarchy based on the type of input used in the valuation technique. Because Entercard´s instruments in this category are valued at fair value on the basis of the prices on an active market for identical instruments, they are included in level 1.Entercard has no instruments that are categorized in level 2 or level 3.

Financial Liabilities

The following financial liabilities are classified and subsequently measured at amortized cost.

-Liabilities to credit institutions
-Liabilities to suppliers

Liabilities to credit institutions are measured at amortized acquisition cost. Borrowing is typically carrying a varied interest rate. Given the presented background, all recognized values are deemed to equivalent fair value.

Liabilities to suppliers are measured at amortized acquisition cost. The expected maturity of liabilities to suppliers is short, why the value is recognized as a nominal value without discounting or deduction for impairment.

Derecognition

Removal of financial assets occurs when the right to receive cash flows from a financial instrument has expired or when the right to receive cash flows has in all material respects been transferred to another party. Financial liabilities are removed from the balance sheet when the debt is extinguished by the agreement being completed, cancelled or terminated.

Reclassification

If the company changes its business model, a reclassification will be carried out and reported. However, such changes are expected to occur very rarely. Such changes are determined by the company´s executive management as a result of external or internal changes and must be significant to the company´s business and shown to external parties.

Provision for Credit Loss (IFRS 9)

Deposits and loans to the public, classified at amortized cost are recognized on the balance sheet on the settlement day. Loans are initially recognized at acquisition cost, which consists of the loan amount paid out less fees received and costs constituting an integral part of the return. The interest rate that produces the loan cost as a result of the calculation of present value of future payments is considered the effective acquisition rate. Recognized interest rate includes interest payments receive and the change in the loan's amortized cost during the period, which produces a consistent return.

Credit impairment provisions are recognized on the following financial instruments: financial assets that are measured at amortized cost and irrevocable loan commitments. Credit impairments provisions are measured according to an expected credit loss model and reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcome and considering all reasonable and supportable information available at the reporting date. Such provisions are measured according to whether there has been a significant increase in credit risk since initial recognition. All Entercard credit exposures are allocated into one of three “stages”, according to the IFRS 9 standard:

Stage 1

As soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognized and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses.

For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without adjustment for expected credit losses).

Stage 2

If the credit risk increases significantly and the resulting credit quality is not considered to be low credit risk, full lifetime expected credit losses are recognized. Lifetime expected credit losses are only recognized if the credit risk increases significantly from when the entity originates or purchases the financial instrument. Days past due is used as a backstop which means that all accounts that are more days past due than the respective threshold are defined as being in stage 2, regardless of change in probability of default. The calculation of interest revenue on financial assets remains the same as for Stage 1.

Stage 3
If the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortized cost (i.e. the gross carrying amount adjusted for the loss allowance). Lifetime expected credit losses are still recognized on these financial assets.

Reporting of Expected Credit Losses – Loans to the Public

The standard states that provisions for expected credit losses are recognized for all items in the balance sheet measured at amortized cost. Expected credit losses for loan commitments given, undrawn committed credit line, are recognized under provisions.

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

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

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

a) Significant financial difficulty of the issuer or borrower.
b) The lender or the borrower has, financial or contractual reasons relating to the borrower's financial difficulty, granting a significant concession to the borrower that the lender would not otherwise consider.
c) It is highly likely that the borrower will go into bankruptcy or other financial reconstruction

Impairment of Bonds and Other Interest-bearing Securities

Securities measured at fair value through other comprehensive income shall account for expected credit loss provision. The securities are measured at fair value in the balance sheet, this implies that a change in fair value due to changes in credit risk is recognized as profit or loss. The company's investment guidelines states that investments in securities is conducted with external investment classifications that meets the requirements for low credit risk portfolio. Based on the investment guidelines, these securities are within stage 1 and probability of default is estimated for the coming 12 Months. The Treasury Department continuously assess the impairment need.

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

Reporting of Expected Loan Losses – Lending to Credit Institutions

Entercard´s deposits are within the scope of accounting of expected credit losses. Since all deposits are repayable on demand and deposits are only made to Swedish credit institutions with a good rating, the expected loan losses amount to only insignificant amounts.

Reporting in the Income Statement and Balance Sheet

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

The loss reserves are reported as follows in the balance sheet;

-For assets reported at amortized cost; as impairment of the assets reported value
-Loan commitments are reported on the balance sheet, other provisions. Changes in the credit loss provision are recognized in the income statement on the line loan losses net.

Intangible Assets (IAS 38)

Intangible assets consist of internally developed and acquired IT-systems and license costs deemed of significant value for the operations the coming years. Other expenses for development and maintenance are expensed when they arise.

The recognized value represent acquisition cost less accumulated depreciation and impairment. A linear depreciation over four years for IT development and three years for licenses exceeding the expected useful life time of the asset is applied. The useful life is reassessed annually.

Entercard recognizes internally developed and acquired IT-systems and licences only if they meet the qualifying criteria about identifiability, future economic benefit and readily measurement of the costs. Internally developed IT-systems are only recognised if the asset arise from the development phase and the asset will be available for use or sale.

Internally developed IT-systems for a year are added to Fund for development expenditures, classified as restricted equity. The Fund is reduced with the yearly depreciation and impairment related to the internally developed IT-systems within the Fund.

Tangible Assets (IAS 16)

Tangible Assets, such as inventories for own use, are recognized at acquisition cost less accumulated depreciation and impairment. Depreciation is assumed when the asset is ready to be used and is systematically realized over the useful life.

The expected useful life of inventories is five years and their residual value is zero. IT and office equipment inventory is depreciated over five years and their residual value is zero.

Impairment (IAS 36)

The company periodically assesses whether there are indications of diminished value for assets. If such indications exist, an impairment test is conducted by estimating the recoverable amount of the asset. The recoverable amount is the higher of the asset's net selling price or value in use.

Impairment is recognized on the financial statement if the recoverable amount is less than the book value of the asset. Impairments are only reversed if there were changes in the estimates used when the impairment was recognized. Impairments of tangible and intangible assets are recognized separately in the balance sheet.

Leases (IFRS 16)

Entercard does not apply IFRS 16 as legal entity according to the exemption in RFR 2. Instead, leases are recognized as an expense on a straight-line basis over the lease period in accordance to RFR 2. Entercard operates solely as a lessee. See note 16 for specification of leases.

Revenues (IFRS 15)

Revenues are recognized at fair value of what has been acquired. Revenue is recognized at the time when the control of the service is transferred to the customer.

Commission Income

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

Employee Benefits (IAS 19)

The company's post-employment benefits, which consists of pension obligations, are classified as either defined contribution plans or defined benefit plans. In defined contribution plans the company pays contributions to a separate legal entity, and the risk of change in value until the funds are paid out rests with the employee. Thus, the company has no further obligations after the fees have been paid. Other pension obligations are classified as defined benefit plans. Premiums for contribution benefit plans are recognized as an expense after an employee has rendered his or her services.

Norwegian defined benefit plans are accounted according to IAS 19 as defined benefit plans. The present value of the pension obligations is calculated and recognized as provisions. The calculation is made according to the so called Projected Unit Credit Method. The method entails that future benefits are attributed to periods of service. The income statement, staff costs, is charged with the net of service costs, interest on obligations and the anticipated return on plan assets. The calculations are based on the company's actuarial assumptions, which are the company's best estimate of future developments. In cases where the actual outcome deviates or assumptions have changed, so-called actuarial gains and losses arise. The net of actuarial gains and losses are recognized as revaluations of defined benefit pension plans in other comprehensive Income. There, the difference between the actual return and estimated interest income on plan assets is recognized as well.

Entercard recognizes pension costs for the Swedish employees as benefit pension plan. According to the Act of Safeguarding Pension Benefits, which means that they are recognized as defined contribution plans. Premiums paid to defined contribution plans are expensed when an employee has rendered his/her services.

Salary and other short-term remuneration are expensed in the period earned by the employees. Variable pay is earned and calculated based on the employees individual targets and the Company's overall performance, and is paid in subsequent years.

Tax (IAS 12)

The income tax consists of current tax and deferred tax. Deferred tax refers to tax on the difference between carrying amount and tax base, which in the future serves as basis for future tax. On closing day, legally determined tax rates are used for calculations. The company's deferred tax assets and tax liabilities are calculated nominally with each respective country's tax rate for the consequent year. Deferred tax assets are netted against deferred tax liabilities for the branches that have offsetting rights. Income taxes are recognized in the profit and loss statement with the exception of tax attributable to items that are recognized directly as other comprehensive income or equity.

The corporate tax is 20,6% for 2022.

Note 2 Risks and Risk Control

General

Entercard defines risk as a potentially negative impact on Entercard´s value that can arise due to current internal processes or future internal and external events. The concept of risk comprises both the likelihood that an event will occur and the impact it would have on Entercard. To achieve Entercard´s business goals regarding growth, profitability and economic stability, it is necessary to continuously balance the goals against the risks in the business.

The comprehensive set of rules regarding internal governance and control is one of the fundamental instruments for the Board of Directors and Executive Committee. The Board of Directors sets the maximum risk level by setting the risk appetite and by assigning the responsibilities and authorities regarding risk management. The assignment defines the structure for decision making in risk areas. The decision makers are the Board of Directors, the CEO and the person who is responsible for each business unit. Entercard follows the three lines of defence model.

Risk management is executed within each business unit, under the supervision of, and communication with, the Risk Control function and other staff functions.

The Risk Control function continuously monitors and reports to the CEO and Board of Directors on risk topics. Entercard has outsourced its internal audit function, which on behalf of the Board of Directors evaluates Entercard’s internal control framework to ensure that it is effective and efficient.

The Board of Directors is accountable for ensuring that Entercard’s operations are pursued in compliance with regulatory requirements. The CEO is responsible for ensuring that there is a Compliance Function in place to support the business to stay compliant with regulatory requirements applicable to the licenced business.

Credit Risk and Counterparty Credit Risk

Credit risk and counterparty credit risk captures the exposure that counterparties cannot fulfil their payment obligations, resulting in that Entercard receives payment too late or not at all. Entercard’s lending is striving towards ambitious objectives in terms of ethics, responsible lending, credit quality and control. Even though credit risk, through retail lending, is the Group's largest risk exposure, credit losses in relation to the outstanding balances are relatively small.

Credit risk also includes concentration risk, i.e. large exposures or concentrations in the credit portfolio to specific counterparties, sectors or geographic areas.

Entercard conducts active monitoring and optimisation of the portfolios’ credit risk. The risk is managed so that the decision to grant credit is based on good grounds to expect that the borrower can fulfil his or her commitment. The assessment is done through general credit rules as well as credit scoring models to measure each counterparty’s ability to fulfil payment obligations.

The credit risk is constantly monitored to ensure that counterparties are fulfilling their commitments towards Entercard. Follow-ups are additionally made from a credit portfolio point of view in each country with focus within and between different risk groups.

Entercard has also, to a limited extent, an investment risk through a buffer in liquid assets, held to mitigate Entercard’s liquidity risk. The credit quality of these assets is very high and mainly consists of exposures to municipalities, governments and credit institutions. Entercard is not using derivatives and is therefore not exposed to counterparty credit risk in that area.

Financial assets, book value	2022	2021
Deposits	4 329 568	4 446 056
Loans to the public, net	32 457 465	30 474 272
Bonds and other interest-bearing securities	2 160 341	2 875 442
Current assets	4 838	3 104
Total	38 952 212	37 798 874

Expected Credit Loss

Impairment levels are assessed based on the Expected Credit Loss (ECL) methodology. The measurement of ECL uses three main components: Probability of Default (PD), Exposure at Default (EAD), Loss Given Default (LGD). ECL is the product of these three components.

At the reporting date provisions are calculated on the following basis and segments: 12 month ECL where there has been no significant increase in risk since initial recognition (Stage 1); lifetime ECL where there has been a significant increase in risk since initial recognition (Stage2); Credit Impaired (Stage 3). For off-balance sheet exposures, EAD is calculated by using a credit conversion factor (CCF) estimating the future utilisation level of unutilised amounts.

Definition of Default, Credit Impaired and Write-off

All accounts 90 days past due (DPD), as per IFRS9 requirements, or indicating an unlikeness to pay are considered defaulted. Credit Impaired is when the account / exposure has defaulted based on the above definition. Defaulted accounts / exposures are written-off after
a) completion of Entercard's recoveries processes, defined as the point when all attempts at recovery have been exhausted and there is no reasonable expectation of further recovery,
b) a specific event (deceased, insolvency) or
c) following the sale of a defaulted exposure to a third party. Recovery can continue post write-off providing the debt has not been subject to a court decision or is not time barred based on local law. Subsequent recoveries on previously written off exposure are credited to impairment.

Definition of Lifetime

Lifetime is used in the measurement of ECL of Stage 2 accounts. This is restricted to the contractual life (taking into account historic overpayment) for Loans. For Credit Cards, where there is no contractual life, the lifetime is defined as the behavioural life of the asset, which is estimated to be 24 months.

Modelling and Estimation Techniques

Inputs used in the measurement of ECL vary by market and product, and are either a bespoke quantitative model built for the purpose of ECL, a recalibration of an existing quantitative model to the required default and outcome definitions, a quantitative estimate based on observed outcomes or market based benchmarks.

Probability of Default – In all market and product segments characteristics relating to observed customer behaviour (payment rates, outstanding balance, usage) are used as primary inputs into the predictive models used for PD estimates.

Exposure at Default – A differentiated approach is adopted by product.
1) Cards - Credit Conversion Factors (CCF) are calculated to estimate the proportion of the current unutilised limit which will be utilised (and therefore the total limit utilised) at the outcome point.

2) Loans – Amortisation schedules, based on contractual monthly payment amount and residual balance (thus taking into account historic overpayments), are calculated at an account level to provide an estimate of the outstanding exposure at every future outcome period.

Loss Given Default - Loss Given Default rates are reviewed/updated each quarter based on the prices from existing or previous Forward flow debt sale contracts, third party expert inputs, expert judgement taking into consideration extraneous factors that may impact debt sale prices, and internal alignments. LGDs go through a governance process of review and approval in an Impairment committee on a quarterly basis.

Measuring a Significant Change in Risk

For Credit Cards, at the reporting date, a comparison of the latest PD with the origination PD at the point of recognition is made. Thresholds based on the absolute and relative change in this PD determine whether that asset is placed in Stage 2. As a backstop, accounts more than 30 DPD are placed in Stage 2.

For Loans, due to relative immaturity of the portfolio, any account with a current or recent missed payment (regardless of whether the missed payment has been collected) is placed in Stage 2. Any account more than 30 DPD will therefore already have satisfied the significant change definition, and will continue to fulfil this until 6 months have passed since the last time in 30 DPD status. A non-defaulted account no longer satisfying the significant change in risk criteria (including the backstop) transitions back to Stage 1.

There is no specific low risk exemption used in the significant change in risk definition. However, the absolute change in PD tolerance separates those customers with a strong capacity to meet their contractual repayments.

Forward Looking Information

Entercard reviews the macroeconomic environment in each market it operates within each quarter and uses forecasts of relevant economic variables, such as unemployment or GDP, to estimate the risk of default. Those estimates are compared with the expected loss calculations, and if the two diverge, an overlay to Entercard´s ECL estimates will be proposed to ensure that adequate provision is held. The size of the overlay is based on the judgement of experienced credit managers and endorsed by the Impairment Committee.

In general, a worsening of macroeconomic environment will increase the number of loans migrating from Stage 1 to Stage 2 and increase the estimated credit impairment provisions. In contrast, an improvement in the outlook on forecasted macroeconomic variables or an increase in the probability of the upside scenario occurring will have a positive impact.

In case of LGDs, forward looking information is incorporated by weighting the most recent debt sales prices to form the LGDs. The probabilistic weights are arrived at by taking a forward looking view using expert judgment of experienced credit managers relying on analysis and market inputs and are approved in the Impairment Committee. Macro events that were assessed in FY2022 were lasting effects of the Covid-19 pandemic, high inflation and increased interest rates following changes in monetary policy. The effect on Probability of Default rates was modelled by using macroeconomic forecasts of unemployment rates from sources viewed as unbiased. Consequentially, an extra overlay was placed to ensure adequate provisions are held.

The following table presents three cases of expected credit loss as of 31 December 2022. The cases are derived from macroeconomic forecasts carried out in Q4.

Country		Expected credit loss Neutral scenario	Optimistic scenario	Pessimistic scenario
Norway	Credit Card	106 076	103 010	106 468
	Instalment loan	264 896	259 656	265 278
Sweden	Credit Card	368 411	364 547	368 725
	Instalment loan	1 983 122	1 974 081	2 007 737
Denmark	Credit Card	142 859	136 630	143 119
	Instalment loan	132 477	130 009	132 703
Total		2 997 841	2 967 933	3 024 030

Loan Modifications

A modification of an account due to the financial stress of the account holder is classed as forbearance. In the event of forbearance, the asset is not considered to have had a material modification and therefore is not derecognised. Any asset subject to forbearance will be held in Stage 2 (unless the asset is Credit Impaired i.e. Stage 3) for the duration of the measure or for a 6 month period after which it will be assessed against the standard Stage criteria.

Concentration Risk

Credit risk also includes concentration risk, i.e. large exposures or concentrations in the credit portfolio to specific counterparties, sectors or geographic areas. Entercard's concentration risk is primarily in the form of geographic concentration, as Entercard offers retail lending in Scandinavia. The lending portfolio consists of unsecured lending and is spread out on a large number of borrowers. The continuous follow-up is still showing a relatively low risk.

Investment Risk

Entercard has also, to a limited extent, an investment risk through a buffer in liquid assets, held to mitigate Entercard's liquidity risk. The credit quality of these assets is very high and mainly consists of exposures to municipalities and governments. Entercard is not using derivatives and is therefore not exposed to counterparty credit risk in that area.

Market Risk

Market risk refers to the risk that the market value of a financial instrument or future cash flows from a financial instrument is affected by market price changes.

Entercard is exposed to market risk in the form of interest rate risk and currency risk.

The below sensitivity analysis shows the impact on the value of assets and liabilities when market interest rates increase/decrease by one percentage point. The total shows the effect of a parallel shift of the same size.

Interest rate risk is the exposure that arises when the maturity of assets and liabilities differ. Entercard minimises this risk by matching the repricing maturity of liabilities to the repricing maturity of assets.

Entercard's interest rate risk is continuously monitored by both the Treasury and the Risk Control function.

Impact on the net value of assets and liabilities if the market interest rate increases/decreases by one percentage point

TSEK	Market interest rate -1 percentage point		Market interest rate+1 percentage point	
	2022	2021	2022	2021
< 3 Months	-4 526	301	4 476	-297
3-6 Months	-463	-13	469	13
6-12 Months	-392	-314	404	325
1-2 Years	1 287	-	-1 242	-
2-3 Years	3 246	-	-3 148	-
3-4 Years	4 236	-	-4 080	-
4-5 Years	4 678	-	-4 467	-
5-10 Years	20 233	-	-18 790	-
> 10 Years	14 492	-	-13 141	-
Total	42 791	-27	-39 519	41

The table below shows the effect on the net interest income over a 12-month period in the case of an increase/decrease in the interest rate curve by one percentage point. The calculation is based on average earned interest balances and funding balances.

TSEK	Interest rate -1 percentage point	Interest rate +1 percentage point
Interest income	-237 946	237 946
Interest expenses	297 544	-297 544
Net interest income	59 597	-59 597

Entercard is exposed to currency risk as a part of the own funds are held in Norwegian Kroner, and to a limited extent in Danish Kroner. The risk materializes during the translation of the branches' equity to Swedish Kronor.

Basis for the below calculation is equity and result at year end 2022. For the sensitivity analysis of a change in exchange rates of +/- 10 percent, the average exchange rate 2022 has been used.

Foreign exchange rate change +10 percent	Norway	Denmark
Equity	110 857	27 835
Profit after tax	21 609	6 917

Foreign exchange rate change - 10 percent	Norway	Denmark
Equity	-110 857	-27 835
Profit after tax	-21 609	-6 917

Liquidity Risk

Liquidity risk refers to the risk of not being able to meet payment obligations at maturity without a significant increase in cost for obtaining means of payment. Entercard manages its liquidity risk partly through having funding with a relatively long duration, and partly by holding a considerable buffer of liquid assets. The liquid assets consist of interest-bearing securities with high credit quality and high market liquidity, in order to make sure that they can be sold to relatively predictable price in a scenario with limited access to funding. In addition, Entercard has a liquidity buffer account at Swedbank and an overdraft facility at Swedbank.

The Board of Directors decides upon the overall framework for liquidity risk, and reporting to the Board and Executive Committee is done continuously from both the Treasury department and the Risk Control function.

Entercard is continuously measuring its survival horizon, i.e. how long Entercard would survive in a scenario with 50% access to funding and a 25% decrease in payment inflow from customers. In addition, the Liquidity Coverage Ratio and the Net Stable Funding Ratio is calculated in accordance to the EU Commission´s delegated act. Per December 31, 2022, the survival horizon, in a scenario with a very limited access to funding and significantly decreased inflows from customers, was 115 days for SEK, 151 days for NOK and 151 days for DKK, to be compared with the risk appetite, decided by the Board, of 60 days. At the same time, the Liquidity Coverage Ratio was 228 % in SEK, 462 % in NOK and 179 % in DKK, to be compared with the regulatory requirement of 100%. Entercard´s NSFR as per December 31, 2022 was 127 % in SEK, 152 % in NOK and 147 % in DKK, to be compared with the regulatory requirement of 100%.

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

Remaining maturity 2022	<3 Months	3-12 Months	1-5 Years	5-10 Years	10-15 Years	No maturity	Total
Deposits	4 329 568	-	-	-	-	-	4 329 568
Loans to the public, net	16 455 552	-9 039	66 863	2 888 791	12 937 879	-	32 340 046
Bonds and other interest-bearing securities	-	255 793	1 904 548	-	-	-	2 160 341
Prepaid expenses and accrued income	28 010	62 555	-	-	-	-	90 565
Other assets	304 227	11 638	61 548	-	-	16 165	393 578
Total assets	21 117 357	320 948	2 032 959	2 888 791	12 937 879	16 165	39 314 099
Amounts owed to credit institutions	2 732 208	8 489 799	22 300 924	-	-	-	33 522 931
Other liabilities	244 319	-	24 083	-	-	-	268 402
Accrued expenses and prepaid income	77 159	169 488	6 529	-	-	-	253 176
Equity	-	-	-	-	-	5 403 605	5 403 605
Total liabilities and equity	3 053 686	8 659 288	22 331 536	-	-	5 403 605	39 448 114
Remaining maturity 2021							
Deposits	4 446 056	-	-	-	-	-	4 446 056
Loans to the public, net	15 974 695	3 556	504 782	3 152 861	10 838 379	-	30 474 272
Bonds and other interest-bearing securities	-	130 364	2 013 982	731 096	-	-	2 875 442
Prepaid expenses and accrued income	14 275	58 028	-	-	-	-	72 302
Other assets	286 494	13 548	55 694	-	-	23 688	379 425
Total assets	20 721 520	205 495	2 574 459	3 883 957	10 838 379	23 688	38 247 497
Amounts owed to credit institutions	4 038 204	5 512 672	21 652 722	-	-	-	31 203 598
Other liabilities	221 802	-	27 953	-	-	-	249 755
Accrued expenses and prepaid income	84 527	172 204	12 761	-	-	-	269 492
Equity	-	-	-	-	-	6 524 651	6 524 651
Total liabilities and equity	4 344 533	5 684 876	21 693 437	-	-	6 524 651	38 247 497

Future expected cash flows are used to assess the appropriate level of liquidity. This ensures that Entercard has adequate means of liquidity to meet its payment and regulatory obligations. Off-balance sheet exposures are incorporated in the expected future cash flows and consequently accounted for in the liquidity levels. See also note 13 for the off-balance sheet exposures.

Liquidity Reserve and Liquidity Risk

2022 All country values presented in SEK	Total	Distribution by currency in SEK SEK	NOK	DKK
Securities issued or guaranteed by government or central bank	138 994			138 994
Securities issued or guaranteed by municipalities or non-governmental public entities	1 078 423	908 847	169 576	
Covered bonds issued by others	323 060	323 060	-	
Securities issued or guaranteed by multilateral development banks	619 864		619 864	
Total	2 160 341	1 231 907	789 440	138 994
Distribution by currency, %		57,0%	36,5%	6,4%

2021 All country values presented in SEK	Total	Distribution by currency in SEK SEK	NOK	DKK
Securities issued or guaranteed by government or central bank	130 364			130 364
Securities issued or guaranteed by municipalities or non-governmental public entities	1 915 820	1 423 088	492 732	
Covered bonds issued by others	720 189	327 518	392 670	
Securities issued or guaranteed by multilateral development banks	109 070		109 070	
Total	2 875 442	1 750 606	994 472	130 364
Distribution by currency, %		60,9%	34,6%	4,5%

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

Operational Risk

Operational risk is defined as the risk of loss resulting from; inadequate or failing internal processes, people, systems, or from external events. The definition includes products and services, IT risks, legal risks, internal and external fraud, damage to physical assets and card scheme, compliance and reputational risks, where all operational risk categories can include the compliance risk aspect.

Entercard continually performs self-evaluation of operational risk and control for all processes. There is a comprehensive framework in place to mitigate operational risk, including incident management, business continuity and approval of change process.

Business Risk / Strategic Risk

Business and strategic risk refer to the current and future risk of losses caused by changes in market conditions, the strategic roadmap of Entercard and inaccurate or misguided business decisions. Entercard regularly evaluates business and strategic risks.

Internal Capital and Liquidity Adequacy Assessment and Capital Management

Entercard's internal capital adequacy assessment process (ICAAP) and internal liquidity adequacy assessment process (ILAAP) aims to ensure that the need of capital and liquidity is assessed. The assessment is to secure that Entercard is adequately capitalized in relation to the solvency related risks that the company is or might be exposed to, and to ensure the company has a satisfactory liquidity buffer to mitigate a scenario with stressed liquidity.

The assessment of the capital and liquidity need is done regularly based on financial goals, risk profile and business strategy, in addition to stressed scenarios defining the need over a forward looking horizon. The assessment is an integrated part of the business development. Besides the continuous monitoring and reporting to meet the regulatory minimum requirements regarding capital adequacy and liquidity coverage, a more detailed assessment is performed and documented at least annually. See note 25 for more information about capital adequacy.

IBOR-Reform

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 reference rates 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 31 December 2022, 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, reference rates are or have been implemented as fallback solutions in case a Nordic IBOR ceases to exist.

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 (risk-free rate), 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.

Note 3 Net Interest Income

TSEK	2022	2021
Interest income		
Deposits	21 175	-
Negative interest on financial liabilities	441	328
Loans to the public	3 102 483	3 161 888
Interest-bearing securities	25 602	27 556
Other		
Total	3 149 701	3 189 771
Interest expenses		
Credit institutions	-457 785	-172 512
Negative interest on financial assets	-1 518	-4 425
Other	-231	-42 744
Total	-459 534	-219 681
Total net interest income	2 690 167	2 970 090
Interest margin on loans to the public	*9,8%*	*11,0%*

Where of interest income calculated according to the effective interest rate method to a value of 3 149,7m SEK, and interest expenses to a value of 459,5m SEK.

Note 4 Net Financial Income

Realised gains/losses recognized in profit or loss	2022	2021
Reclassification through Other comprehensive income to this year's profit for realised gains and/or losses	-	11 980
Realised gain/loss bonds and other interest-bearing securities	-9 591	-18 849
Exchange rate profit / loss	-2 526	114
Total realised gains/losses in profit or loss	-12 117	-6 755

Unrealised gains/losses recognized in Other comprehensive income		
Reclassification through Other comprehensive income to this year's profit for realised gains and/or losses	-	-11 980
Unrealised changes in value bonds and other interest-bearing securities	-12 655	14 087
Total realised gain/loss in Other comprehensive income	-12 655	2 107
Total	-24 772	-4 648

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

Note 5 Geographic Distribution of Income

Geographic distribution of income 2022	Sweden	Norway	Denmark	Total
Interest income	2 126 331	685 073	338 297	3 149 701
Interest expenses	-300 611	-138 984	-19 939	-459 534
Commission income	665 160	135 306	30 691	831 157
Commission expenses	-306 802	-94 746	-22 838	-424 386
Other operating income	26 464	6 369	550	33 383
Total	2 210 542	593 018	326 761	3 130 321

Geographic distribution of income 2021	Sweden	Norway	Denmark	Total
Interest income	1 982 580	874 158	333 033	3 189 771
Interest expenses	-134 152	-72 329	-13 200	-219 681
Commission income	594 286	130 199	26 317	750 803
Commission expenses	-298 051	-105 811	-21 347	-425 209
Other operating income	35 399	34 700	606	70 706
Total	2 180 062	860 918	325 409	3 366 390

Note 6 Staff Costs

TSEK	2022	2021
Salaries and other remuneration	-296 593	-274 792
Variable pay	-52 036	-48 777
Pension costs	-66 691	-70 215
Social insurance charges	-90 416	-91 670
Education costs	-8 894	-2 162
Other staff costs	-57 398	-56 924
Total	-572 028	-544 539

Salaries, other remunerations and variable pay	2022	2021
Board of Directors, CEO, other senior management	-33 488	-33 209
Other employees in Sweden	-162 002	-158 690
Other employees in Norway	-129 036	-109 149
Other employees in Denmark	-24 104	-22 521
Total	-348 629	-323 569

No compensation were paid to the Board in 2022.

Remuneration to the Board of Directors, CEO and other Senior Executives 2022	Fixed income, wages	Variable pay	Other remunerations and benefits	Pension expenses
CEO, Jan Haglund	-4 713	-1 950	-13	-1 149
Group Management, 10 persons	-17 833	-6 055	-2 924	-8 031
Total	-22 546	-8 005	-2 937	-9 180

Remuneration to the Board of Directors, CEO and other Senior Executives 2021	Fixed income, wages	Variable pay	Other remunerations and benefits	Pension expenses
CEO, Freddy Syversen (01.01.2021 - 31.8.2021)	-3 100	-2 104	-251	-632
CEO, Jan Haglund (01.09.2021 -- 31.12.2021)	-3 348	-650	-11	-111
Group Management, 10 persons	-18 056	-5 951	-665	-5 456
Total	-24 504	-8 705	-927	-6 199

Information Regarding Senior Executive’s

Senior executives are the CEO, as well as members of the Management (Executive Committee). Outstanding loans and credit facilities to senior executives has not been disclosed, since they do not amount to any material amounts.

The company has not pledged any assets or other collateral or committed to contingent liabilities on behalf of any senior executives.

Terms of Employment for the Chief Executive Officer

The CEO is covered by occupational pension, BTP1 and is eligible for an additional individual pension scheme of 35% of the part of the base salary exceeding the compensation cap of the BTP1 cap. The employment agreement can be terminated by Entercard and the CEO subject to 6 months notice. The CEO is entitled to a severance pay corresponding to 12 months salary, payable in 12 monthly installments over 12 months, after the expiry date of the notice period. The severance pay is not pensionable and gives no entitlement for additional holiday pay. Should the CEO start a new employment during the 12 month period where the severance pay is paid, the severance pay will be reduced with 50% from the start date of a new activity.

Average number of employees based on 1920 hours per employee	2022	2021
Entercard Group AB, Sweden	291	274
Entercard Norway, branch of Entercard Group AB	147	154
Entercard Denmark, branch of Entercard Group AB	25	24
Total	463	452
Number of hours worked (thousands)	889	893

Employee turnover was 9,3 %

	2022		2021	
Distribution by gender, percent	Female	Male	Female	Male
All employees	52%	48%	54%	46%
Board of Directors	43%	57%	25%	75%

Statement of Entercard's Compensation 2022

The Company’s overall approach to compensation is that that the total compensation must be competitive and conform to market conditions as well as aligned with the requirements in the collective agreements. It also reflects the fundamental values of the Company: we keep our promises, we always improve, we make a difference, and we win together, and supports the Company’s business strategy, targets, long-term interests and vision.

As far as possible, the total compensation should be individually determined based on the employee's role, corporate grade, competence and experience as well as the contribution to the business, both when it comes to the performance (the “WHAT”) and behavior (the “HOW”). The compensation process secures a healthy balance between fixed and variable pay, with a maximum percentage of 0% to 50% of the base salary, based on respective corporate grades. The Company believes it is important that compensation works as an incentive for value-creation for the benefit of the long-term sustainable growth of the Company, with a balanced approach to risk-taking, employee satisfaction and well-being, and long-term customer and shareholder value.

The variable pay is linked to individual employee targets and the Company’s overall performance. The Board of Directors has the right to take a discretionary decision on whether a part of the variable pay that has been promised, should be held back. Whilst the guiding principle is to reward performance, it is possible that the total variable pay could be set to zero under specific circumstances.

The Company diverges on the variable pay for Identified staff, i.e. staff whose professional activities have a material impact on the business’ risk profile. The variable pay program is cash based and the employees do not receive shares in the Company.

Remuneration Committee

The Remuneration Committee is established by the Board of Directors of the Company, and is responsible for preparing, assessing and proposing principles for compensation. The Board of Directors of the Company appoints members of Remuneration Committee, two board members amongst whom the chair alternates; and two representatives of the shareholders, one of whom is a representative of Barclays Principal Investment Limited and one of whom is a representative of Swedbank AB. The representatives shall possess proven experience of remuneration and risk analysis in order to assess if the remuneration scheme is appropriate, and in line with targets, risk tolerance and long-term sustainability.

The Committee convenes three times/year, or with the frequency decided by the chair. During 2022 the Remuneration Committee has had 3 meetings.

Decision-making Process

The principles of variable pay are governed in the Remuneration Policy. This policy is approved by the Board of Directors and includes all employees of the Company. The Chief of Staff is responsible for a recommendation to the Remuneration Committee of any applicable and necessary amendments and additions to the Remuneration Policy, based on a risk-analysis, and on input from the CEO, the Executive Committee, Risk Control, Compliance and Internal Audit. Based on the recommendation of the Remuneration Committee, the Board of Directors will endorse the Remuneration Policy.

Principles of Deferred Payment

For employees identified as Identified staff, 50% of the variable pay will be deferred over a period of two years. The deferred component is not awarded to the employee, until defined conditions have been satisfied by the Remuneration Committee, and confirmed by the Board. The deferred portion is paid out in cash.

Pension Commitment

The number of employees covered by the Entercard benefit scheme as of 31 December 2022 is 84, as well as 3 pensioners and disabled employees.

	2022	2021
TSEK	Norway	Norway
Net pension cost/revenue	-18 134	-20 105
Net pension cost/revenue (over OCI)	-3 781	13 430

Economic assumptions	2022	2021
Discount rate	3,2%	1,9%
Expected annual salary increase	3,8%	2,8%
Expected annual G-adjustment	3,5%	2,5%
Expected annual adjustment of pension under payment	1,7%	0,0%
Social security tax	14,1%	14,1%

Actuary assumptions	2022	2021
Applied mortality table	K2013BE	K2013BE
Applied disability tariff	IR02	IR02

Net pension cost defined benefit pension	2022	2021
Net pension liabilities/assets 2021.01.01	-27 953	-41 579
Net pension cost	-18 134	-20 105
Payment	27 455	23 425
Estimation difference loss/gain	-3 781	13 430
Exchange rate differences	-787	-3 124
Total	-23 201	-27 953

Composition of pension assets in percent	2022	2021
Stocks	10,2%	9,2%
Short term bonds	14,6%	19,7%
Money market	4,2%	8,7%
Long term bonds	38,1%	27,6%
Deposits and receivables	20,9%	20,1%
Real estate	11,0%	14,2%
Other	1,0%	0,5%

When the Company calculates the cost and provision of defined benefit pension plan, future assumptions and the pension plan are considered. If the outcome diverges from the calculation, or if assumptions changes, actuarial gains or losses arise. In Norway employees employed before November 1, 2016 have a defined benefit plan, and all new employees joining after November 1, 2016, are offered a defined contribution plan. Some employees who have joined the Company in Norway earlier than November 1, 2016 have voluntarily moved to the defined contribution plan. In Sweden all new employees have a defined contribution plan, with the exception of employees who joined the company before February 1, 2013, who had a defined benefit plan. In Denmark, all employees have a defined contribution plan.

The defined contribution plan means that the employee is entitled to a lifelong pension that corresponds to a certain percent of the annual salary and mainly consists of retirement pension, early retirement and survivor's pension. The defined contribution plan contains a completion to the age retirement pension that is settled in favor for the fees and not preferential. The Company’s defined benefit plans are settled through purchases of occupational pension insurances by the external pension scheme provider, and based on agreed rules. The total cost for paid pension for defined contribution plans in 2022 is TSEK 39 133 (for Norway TSEK 8 067, Denmark TSEK 2 638 and for Sweden TSEK 28 428).

Note 7 Other General Administrative Expenses

TSEK	2022	2021
IT expenses	-294 984	-287 583
Telecommunication, postage	-5 073	-5 641
Travel, representation	-7 846	-2 673
Advertising, public relations, marketing	-167 314	-178 297
Expenses for premises	-57 404	-53 230
Card expenses	-32 100	-33 058
Other operating expenses	-185 635	-158 991
Other expenses	-77 780	-43 942
Total	-828 136	-763 414

According to agreement Entercard pays Swedbank AB for IT-services as well as other administrative services to the amount of TSEK 9 924,9 (9 368,6).

Remuneration to the auditors	2022	2021
PwC		
- Audit engagement	-3 479	-3 441
-Other	-961	-1 341
Total	-4 440	-4 782

Note 8 Depreciation and Impairments of Tangible and Intangible Assets

TSEK	2022	2021
Depreciation of tangible assets	-1 911	-2 580
Depreciation of intangible assets	-9 486	-21 269
Impairment tangible and intangible assets	-	-
Total	-11 397	-23 849

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

Note 9 Loan Losses, Net

TSEK	2022	2021
Loans at amortized cost		
Change in provisions - stage 1	8 729	171 398
Change in provisions - stage 2	-31 694	74 886
Change in provisions - stage 3	-13 602	-618 940
Total	-36 567	-372 657
The year's write-off for established loan losses	-1 096 400	-634 532
Recoveries from previously established loan losses	250 378	7 065
Total	-846 022	-627 468
Loan losses net, loans at amortized cost	-882 589	-1 000 124
Provisions for commitments, credit limits granted but not utilized		
Change in provisions - stage 1	4 959	1 895
Change in provisions - stage 2	185	-4 041
Change in provisions - stage 3	-	-
Loan losses net, loan commitments	5 144	-2 146
Total loan losses, net	-877 445	-1 002 271

Note 10 Tax

Current tax	2022	2021
Tax payable	-180 178	-226 619
Tax adjustment previous years	5 804	39 300
Deferred tax	-2 688	751
Total	-177 061	-186 568

	2022		2021	
Reconciliation of tax	TSEK	percent	TSEK	percent
Profit before tax	821 311	-	1 032 317	-
Tax expense booked	-177 061	-21,56	-186 568	-18,07
Tax according to current tax-rate, 20,6%	-169 190	-20,60	-212 657	-20,60
Clarification of difference	-7 872	-0,96	26 089	2,53
Non-deductible expenses	-302	-0,04	-1 062	-0,10
Non-taxable income	1 000	0,12	-	-
Tax- attributable to previous years	5 804	0,71	39 300	3,81
Divergent tax rate	-14 374	-1,75	-12 149	-1,18
Accounted tax	-177 061	-21,56	-186 568	-18,07

Tax recorded in Other comprehensive income	2022	2021
Tax pensions	779	-2 767
Unrealised change in fair value	2 800	-3 631
Current tax attributable to translation differences from foreign operation	-12 990	-23 146
Total	-9 411	-29 544

Foreign tax not deducted from which deferred tax is not reported	2022	2021
Foreign tax not deducted	14 181	12 878
Total	14 181	12 878

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Exchange rate differences	Closing balance
Provisions for pensions	5 758	-1 758	779	-	4 779
Tangible/intangible assets	7 789	-930	-	-	6 859
Total deferred tax assets	13 548	-2 688	779	-	11 638

Note 11 Deposits

TSEK	2022	2021
Swedish banks	4 329 568	4 446 056
Total	4 329 568	4 446 056

Deposits measured at amortized cost.

Note 12 Loans to the Public, Net

TSEK	2022	2021
Swedish public	24 157 339	22 304 079
Foreign public	8 300 126	8 170 193
Total	32 457 465	30 474 272

Loans to the public measured at amortized cost.

Note 13 Loans to the Public and Deposits, Provisions for Expected Credit Losses

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

TSEK	2022	2021
Credit facilities, granted but not paid	88 171	104 109
Credits granted but not utilized	45 115 870	42 953 656
Provisions for off-balance commitments		
Stage 1	19 499	23 936
Stage 2	7 463	7 528
Stage 3	-	-
Total	26 963	31 465

Allocation of loans between stages and provisions

	2022	2021
Deposits		
Stage 1		
Book value, gross	4 329 568	4 446 056
Provisions	-	-
Total book value	4 329 568	4 446 056
Loans to the public, private customers		
Stage 1		
Book value, gross	28 612 358	26 973 345
Provisions	-488 751	-485 448
Book value	28 123 606	26 487 897
Stage 2		
Book value, gross	2 703 931	2 432 613
Provisions	-451 780	-415 083
Book value	2 252 151	2 017 531
Stage 3		
Book value, gross	3 725 434	3 636 955
Provisions	-2 052 775	-2 062 891
Book value	1 672 658	1 574 064
Total book value	32 048 416	30 079 492
Loans to the public, corporate customers		
Stage 1		
Book value, gross	405 941	395 544
Provisions	-507	-4 039
Book value	405 433	391 505
Stage 3		
Book value, gross	7 642	6 814
Provisions	-4 026	-3 539
Book value	3 616	3 275
Total book value	409 049	394 780
Total	36 787 033	34 920 328
Book value gross, stage 1	29 018 299	27 368 889
Book value gross, stage 2	2 703 931	2 432 613
Book value gross, stage 3	3 733 075	3 643 769
Total book value gross	35 455 305	33 445 271
Provisions stage 1	-489 259	-489 487
Provisions stage 2	-451 780	-415 083
Provisions stage 3	-2 056 801	-2 066 430
Total provisions	-2 997 840	-2 971 000
Total book value	32 457 465	30 474 272
Share of loans in stage 3, gross, %	10,53%	10,89%
Share of loans in stage 3, net, %	5,16%	5,17%
Provision ratio of loans stage 1	1,69%	1,79%
Provision ratio of loans stage 2	16,71%	17,06%
Provision ratio of loans stage 3	55,10%	56,71%
Total provision ratio of loans	8,46%	8,88%

Change in book value, gross, and provisions 2022

	Performing loans		Non-performing loans	
Book value, gross	Stage 1	Stage 2	Stage 3	Total
Book value, gross, January 1, 2022	27 368 889	2 432 613	3 643 769	35 455 305
Book value, gross, December 31, 2022	29 018 299	2 703 931	3 733 075	35 455 305
Provisions for loans to the public and deposits				
Provisions January 1, 2022	-489 487	-415 083	-2 066 430	-2 971 000
New and derecognised financial assets, net	-83 110	23 649	579 350	519 889
Change in credit risk	-12 017	7 584	-29 735	-34 167
Transfer between stages during the period				
from stage 1 to stage 2	49 697	-262 418	-	-212 721
from stage 1 to stage 3	26 318	-	-339 038	-312 721
from stage 2 to stage 1	-14 017	77 921	-	63 903
from stage 2 to stage 3	-	119 132	-262 528	-143 397
from stage 3 to stage 1	-61	-	2 560	2 500
from stage 3 to stage 2	-	-2 471	5 432	2 961
*Other	33 418	-94	53 588	86 911
Provisions December 31, 2022	-489 259	-451 780	-2 056 801	-2 997 840
Book value				
Opening balance January 1, 2022	26 879 402	2 017 531	1 577 339	30 474 272
Closing balance December 31, 2022	28 529 040	2 252 151	1 676 274	32 457 465

*Overlay forward flows related to in-month debt sales, overlay to reflect in-month new bookings of customers and FX rates fluctuations.

Change in book value, gross, and provisions 2021

	Performing loans		Non-performing loans	
Book value, gross	Stage 1	Stage 2	Stage 3	Total
Book value, gross, January 1, 2021	28 355 679	2 533 874	2 810 081	33 445 271
Book value, gross, December 31, 2021	27 368 889	2 432 613	3 643 769	33 445 271
Provisions for loans to the public and deposits				
Provisions January 1, 2021	-651 214	-481 200	-1 388 240	-2 520 655
New and derecognised financial assets, net	-34 296	66 983	310 409	343 096
Change in credit risk	61 612	8 015	-197 830	-128 202
Transfer between stages during the period				
from stage 1 to stage 2	59 554	-252 376	-	-192 822
from stage 1 to stage 3	44 787	-	-492 908	-448 121
from stage 2 to stage 1	-18 283	101 455	-	83 171
from stage 2 to stage 3	-	143 365	-293 724	-150 359
from stage 3 to stage 1	-182	-	3 177	2 995
from stage 3 to stage 2	-	-1 324	3 154	1 830
*Other	48 536	-	-10 469	38 067
Provisions December 31, 2021	-489 487	-415 083	-2 066 430	-2 971 000
Book value				
Opening balance January 1, 2021	27 704 465	2 052 674	1 421 840	31 178 979
Closing balance December 31, 2021	26 879 402	2 017 531	1 577 339	30 474 272

*Overlay forward flows related to in-month debt sales, overlay to reflect in-month new bookings of customers and FX rates fluctuations.

Change in book value, gross, 2022

Book value, gross	Performing loans Stage 1	Performing loans Stage 2	Non-performing loans Stage 3	Total
Book value, gross, January 1, 2022	27 368 889	2 432 613	3 643 769	33 445 271
New and derecognised financial assets, net	2 704 407	-112 150	-888 746	1 703 510
Change in credit risk	200 562	-32 922	-117 312	50 327
Transfer between stages during the period				
from stage 1 to stage 2	-1 444 682	1 519 312	-	74 630
from stage 1 to stage 3	-636 861	-	628 696	-8 165
from stage 2 to stage 1	547 647	-624 840	-	-77 193
from stage 2 to stage 3	-	-489 884	482 890	-6 994
from stage 3 to stage 1	2 326	-	-4 325	-2 000
from stage 3 to stage 2	-	11 802	-11 966	-163
*Other	276 011	-	69	276 081
Book value				
Closing balance December 31, 2022	29 018 299	2 703 931	3 733 075	35 455 305

*Overlay forward flows related to in-month debt sales, overlay to reflect in-month new bookings of customers and FX rates fluctuations.

Change in book value, gross, 2021

Book value, gross	Performing loans Stage 1	Performing loans Stage 2	Non-performing loans Stage 3	Total
Book value, gross, January 1, 2021	28 355 679	2 533 874	2 810 081	33 699 634
New and derecognised financial assets, net	827 963	-322 195	-585 839	-80 072
Change in credit risk	-280 958	-40 588	-44 483	-366 029
Transfer between stages during the period				
from stage 1 to stage 2	-1 487 716	1 533 122	-	45 406
from stage 1 to stage 3	-915 666	-	922 954	7 288
from stage 2 to stage 1	622 561	-722 928	-	-100 367
from stage 2 to stage 3	-	-555 765	554 877	-887
from stage 3 to stage 1	6 812	-	-7 009	-196
from stage 3 to stage 2	-	7 093	-7 469	-376
*Other	240 213	-	657	240 870
Book value				
Closing balance December 31, 2021	27 368 889	2 432 613	3 643 769	33 445 271

*Overlay forward flows related to in-month debt sales, overlay to reflect in-month new bookings of customers and FX rates fluctuations.

Note 14 Bonds and Other Interest-bearing Securities

Financial assets measured at fair value through other comprehensive income

Issuers	2022	2021
Swedish municipalities	1 078 424	1 915 820
Swedish covered bonds	203 618	206 500
Foreign credit institutions	619 864	109 070
Foreign mortgage institutions	119 442	513 689
Other foreign issuers	138 994	130 364
Total	2 160 341	2 875 442

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

Remaining maturity	2022	2021
Maximum 1 year	255 793	130 364
Longer than 1 year but maximum 5 years	1 904 548	2 013 982
Longer than 5 years	-	731 096
Total	2 160 341	2 875 442

Total holdings of financial assets, broken down by issuer	2022	2021
Issued by public entities	1 217 418	2 046 184
Issued by other borrowers	942 924	829 258
Total	2 160 341	2 875 442
Average remaining maturity, years	2,48	3,09
Average remaining fixed interest term, years	0,50	0,46
of which listed securities	*2 160 341*	*2 875 442*
of which unlisted securities	-	-

Note 15 Intangible Assets

TSEK	2022	2021
Opening balance	370 089	359 931
Additions through internal development	3 135	428
Exchange differences	6 839	9 732
Closing balance	380 064	370 089
Opening balance accumulated depreciation	-348 894	-318 636
Depreciations for the year	-9 486	-21 269
Exchange differences	-6 585	-8 989
Closing balance	-364 965	-348 894
Carrying amount	15 099	21 197
Where of capitalised development projects	*15 099*	*21 197*

Note 16 Operational Leasing

Operational leasing contracts allocated on the due dates.

TSEK	< 1 Year	1-5 Years	> 5 Years	2022 Total	2021 Total
Total combined amount of future minimum lease payments that relate to non-cancellable agreements	47 817	105 035	111 316	264 168	140 517
Total	47 817	105 035	111 316	264 168	140 517

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

Operational leasing cost for the financial year allocated on categories

	2022	2021
Premises	41 994	40 779
Company Cabins in Trysil	1 284	1 182
Car leasing	694	1 173
IT equipment	2 647	2 089
Total	46 620	45 224

Note 17 Tangible Assets

TSEK	2022	2021
Opening balance	43 062	42 405
Additions	460	91
Exchange differences	382	566
Closing balance	43 904	43 062
Opening balance depreciations	-40 571	-37 541
Sales and disposal	-	-2 580
Depreciations during the year	-1 911	-
Exchange differences	-356	-450
Closing balance	-42 838	-40 571
Carrying amount	1 067	2 491

Tangible assets consists of machinery and equipment.

Note 18 Other Assets

TSEK	2022	2021
Account receivables*	80 161	37 766
Tax receivables	166 607	173 897
Card network receivable	53 418	73 487
Other receivables	65 588	57 039
Total	365 774	342 189

*Financial assets measured at amortized cost

Note 19 Prepaid Expenses and Accrued Income

TSEK	2022	2021
Accrued interest income	7 050	2 721
Prepaid expenses (IT, licenses etc.)	62 555	58 028
Other prepaid expenses and accrued income	20 960	11 554
Total	90 565	72 302

Note 20 Amounts Owed to Credit Institutions

TSEK	2022	2021
Swedish banks	16 761 466	15 601 799
Foreign banks	16 761 466	15 601 799
Total	33 522 931	31 203 598

Liabilities to credit institutions measured at amortized cost

Note 21 Other Liabilities

TSEK	2022	2021
Accounts payable*	71 407	65 083
Income tax liabilities	77 996	78 388
Other liabilities*	44 751	46 867
Total	194 155	190 337

*Financial liabilities measured at amortized cost

Note 22 Accrued Expenses and Prepaid Income

TSEK	2022	2021
Accrued interest expenses	5 358	748
Accrued staff expenses	111 888	108 542
Other accrued expenses and prepaid income	143 416	160 202
Total	260 662	269 492

Note 23 Assets Pledged and Contingent Liabilities

TSEK	2022	2021
Assets pledged		
Assets pledged	None	None
Contingent liabilities		
Nominal amounts		
Contingent liabilities	None	None
Commitments		
Nominal amounts		
Credit card limits granted but not utilised	45 115 870	42 953 656

Note 24 Assets and Liabilities in Foreign Currency

	2022 All country values presented in SEK			
Assets	SEK	NOK	DKK	Total
Deposits	3 005 251	1 030 941	293 376	4 329 568
Loans to the public, net	24 157 339	5 627 729	2 672 397	32 457 465
Bonds and other interest-bearing securities	1 231 907	789 440	138 994	2 160 341
Other assets	363 750	104 335	16 059	484 143
Total assets	28 758 247	7 552 445	3 120 825	39 431 517
Liabilities				
Amounts owed to credit institutions	24 700 000	6 136 714	2 686 217	33 522 931
Other liabilities, including equity/branch capital	4 058 247	1 415 732	434 607	5 908 586
Total liabilities	28 758 247	7 552 446	3 120 825	39 431 517

	2021			
Assets	SEK	NOK	DKK	Total
Deposits	3 137 203	725 949	582 904	4 446 056
Loans to the public, net	22 304 079	5 945 453	2 224 740	30 474 272
Bonds and other interest-bearing securities	1 750 606	994 472	130 364	2 875 442
Other assets	280 627	157 431	13 669	451 727
Total assets	27 472 515	7 823 305	2 951 677	38 247 497
Liabilities				
Amounts owed to credit institutions	22 200 000	6 472 003	2 531 595	31 203 598
Other liabilities including equity	5 272 515	1 351 302	420 082	7 043 899
Total liabilities	27 472 515	7 823 305	2 951 677	38 247 497

Note 25 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. Outcome refers to the calculation in accordance with the statutory minimum capital requirement, called Pillar I, as well as capital under the combined buffer requirement.

Entercard applies the standardised approach to calculate the capital requirement for credit risk. Credit risk is calculated on all on- and off-balance sheet items unless deducted from own funds. Entercard also calculates a capital requirement for currency risk. Entercard has permission, granted by Finansinspektionen, to exempt certain structural currency positions from the calculation of the capital requirement, namely such positions that have been taken deliberately in order to hedge the capital ratio against adverse changes in the currency rates.

Entercard uses the alternative standardised approach for calculating the capital requirements for operational risk.

The combined buffer requirement is a requirement to hold a capital conservation buffer of 2,5 percent of the risk-weighted exposure amount. The buffer requirement also includes a countercyclical buffer, which currently amounts to 1,3 percent of the risk-weighted exposure amount. Supervisory authorities in Sweden, Norway and Denmark have communicated that they will increase the countercyclical buffer rate to 2%, 2.5% and 2.5%, respectively in 2023.

Entercard does not have a trading book.

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

Besides the above capital adequacy requirement, Entercard holds additional capital according to the total capital calculated in the Internal Capital Adequacy Assessment Process (ICAAP). As of December 31, 2022, the internal capital requirement amounted to 14,8 percent.

Entercard assesses the capital requirement for all solvency-related risks within the framework of Pillar 2. This assessment is to a high degree based on stress tests. The result of internal capital assessment shows that Entercard´s capital base is sufficient in relation to the capital requirement for the risks that Entercard is exposed to.

Risk and Capital adequacy report (Pillar 3) 2022 is available on Entercard website http://www.entercard.com.

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

Capital Adequacy

Common Equity Tier 1 Capital: Instruments and reserves	2022	2021
Capital instrument and associated share premium	5 000	5 000
Retained earnings	5 107 607	6 061 858
Accumulated other comprehensive income	-353 252	-387 956
Profit net, after deduction of foreseeable cost's and dividend's, verified by auditors	257 700	-954 251
Common Equity Tier 1 Capital before adjustments	5 017 055	4 724 651
Value adjustments due to the requirements for prudent valuation	-7 265	-3 022
Intangible assets	-15 098	-21 197
Deferred tax assets that rely on future profitability and arise from temporary differences	-11 638	-13 548
Negative values associated to expected losses	-	-
Losses current year	-	-
Total adjustments of Common Equity Tier 1 Capital	-34 002	-37 767
Common Equity Tier 1 Capital	4 983 053	4 686 884
Additional Tier 1 Capital: instruments	-	-
Tier 1 Capital	4 983 053	4 686 884

Tier 2 Capital: Instruments and provisions	2022	2021
Capital instrument and associated share premium	5000	5000
Credit value adjustments	-	-
Tier 2 Capital before adjustments	-	-
Total adjustments of Common Equity Tier 2 Capital	-	-
Tier 2 Capital	-	-
Total Capital	4 983 053	4 686 884
Total risk exposure amount	28 421 014	26 703 616
Common Equity Tier 1 capital ratio	17,5%	17,6%
Tier 1 capital ratio	17,5%	17,6%
Total capital ratio	17,5%	17,6%

Requirements buffers, %	2022	2021
Total Tier 1 capital requirement including buffer requirement	8,3	7,2
whereof minimum CET1 requirement	*4,5*	*4,5*
whereof capital conservation buffer requirement	*2,5*	*2,5*
whereof countercyclical capital buffer requirement	*1,3*	*0,2*
Common Equity Tier 1 capital available to be used as buffer	9,3	10,4
Leverage ratio	11,3	11,0

Risk exposure amount and own funds requirements

	2022		2021	
Exposure classes	Risk exposure amount	Own funds requirement	Risk exposure amount	Own funds requirement
Institutional exposures	866 028	69 282	889 271	71 142
Covered bonds	32 306	2 584	72 019	5 762
Retail exposures	23 001 986	1 840 159	21 631 795	1 730 544
Regional governments or local authorities exposures	2 125	170	1 913	153
Corporate exposures	2 716	217	2 756	220
Exposures in default	1 720 596	137 648	1 577 339	126 187
Other exposures	457 405	36 592	416 982	33 359
Total	26 083 161	2 086 653	24 592 075	1 967 366

	2022	2021
Total capital requirement for credit risk according to the standardised approach	2 086 653	1 997 746

Capital requirements for operational risk	2022	2021
Risk exposure amount	1 939 063	1 882 696
Capital requirements according to the alternative standardised approach	155 125	150 616
Total Capital requirement for operational risk	155 125	150 616

Capital requirements for market risk (foreign exchange risk)	2022	2021
Risk exposure amount foreign currency risk	398 789	228 845
Capital requirements according to the standardised approach	31 903	18 308
Total Capital requirement for market risk	31 903	18 308

Capital requirements for settlement risk	-	-
Capital requirements for credit value adjustment (CVA) risk	-	-
Total Capital requirements	2 273 681	2 136 289

Internal capital requirement

	2022		2021	
Capital requirement according to Pillar 1	TSEK	% of *REA	TSEK	% of *REA
Credit risk	2 086 653	7,3	1 967 366	7,4
Market risk	31 903	0,1	18 308	0,1
Operational risk	155 125	0,5	150 616	0,6
Settlement risk	-	-	-	-
Credit value adjustment (CVA) risk	-	-	-	-
Total capital requirement according to Pillar 1	2 273 681	8,0	2 136 289	8,0
Capital requirement according to Pillar 2				
Other capital requirement	570 308	2,0	433 096	1,6
Total capital requirement according to Pillar 2	570 308	2,0	433 096	1,6
Combined buffer requirement				
Countercyclical buffer	356 446	1,3	52 857	0,2
Capital conservation buffer	710 525	2,5	667 590	2,5
Total combined buffer requirement	1 066 971	3,8	720 448	2,7
Management buffer				
Additional management buffer	284 210	1,0	267 036	1,0
Total management buffer	284 210	1,0	267 036	1,0
Internal capital requirement				
Total capital requirement	4 195 171	14,8	3 556 869	13,3
Capital base				
Total capital base	4 983 053	17,5	4 686 884	17,6

*REA - Risk exposure amount

Note 26 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	
Assets	2022	2021	2022	2021
Deposits	4 329 568	4 446 056	-	-
Other assets	1 105	1 294	-	-
Total	4 330 674	4 447 350	-	-
Liabilities				
Amounts owed to credit institutions	16 761 466	15 601 799	16 761 466	15 601 799
Other liabilities	8 582	17 740	-	13 007
Total	16 770 047	15 619 539	16 761 466	15 614 806
Income and expenses				
Interest income	19 657	-4 425	-	-
Interest expenses	-230 136	-85 749	-228 046	-85 756
Commission income	95 149	93 490	-	-
Commission expenses*	-101 736	-111 225	-	-
Other expenses	-11 660	-9 369	-	-
Total	-228 727	-117 278	-228 046	-85 756

*Adjustment of commission expenses to Swedbank TSEK -106 764 per 31 December 2021.

Note 27 Classification and Valuation of Financial Assets and Liabilities

2022

Assets	Amortized cost	Measured at fair value through other comprehensive income	Other financial liabilities	Non-financial assets and liabilities	Book value	Fair value
Deposits	4 329 568	-	-	-	4 329 568	4 329 568
Loans to the public, net	32 457 465	-	-	-	32 457 465	32 457 465
Bonds and other interest-bearing securities	-	2 160 341	-	-	2 160 341	2 160 341
Other assets	315 865	-	-	77 712	393 577	393 577
Prepaid expenses and accrued income	90 565	-	-	-	90 565	90 565
Total assets	37 193 464	2 160 341	-	77 712	39 431 517	39 431 517
Liabilities						
Amounts owed to credit institutions	33 522 931	-	-	-	33 522 931	33 522 931
Other liabilities	-	-	215 705	2 534	218 238	218 238
Accrued expenses and prepaid income	-	-	260 662	-	260 662	260 662
Other provisions	26 963	-	-	-	26 963	26 963
Total liabilities	33 549 894	-	476 367	2 534	34 028 794	34 028 794

2021

Assets	Amortized cost	Measured at fair value through other comprehensive income	Other financial liabilities	Non-financial assets and liabilities	Book value	Fair value
Deposits	4 446 056	-	-	-	4 446 056	4 446 056
Loans to the public, net	30 474 272	-	-	-	30 474 272	30 474 272
Bonds and other interest-bearing securities	-	2 875 442	-	-	2 875 442	2 875 442
Other assets	323 730	-	-	55 694	379 425	379 425
Prepaid expenses and accrued income	72 302	-	-	-	72 302	72 302
Total assets	35 316 360	2 875 442	-	55 694	38 247 497	38 247 497
Liabilities						
Amounts owed to credit institutions	31 203 598	-	-	-	31 203 598	31 203 598
Other liabilities	-	-	216 431	1 860	218 291	218 291
Accrued expenses and prepaid income	-	-	269 492	-	269 492	269 492
Other provisions	31 465	-	-	-	31 465	31 465
Total liabilities	31 235 062	-	485 923	1 860	31 722 846	31 722 846

Note 28 Specifications of Adjustments for Non-cash Items

TSEK		2022	2021
Depreciation/amortization of tangible and intangible assets		11 397	23 849
Unrealised value change of financial assets		-	4 591
Social tax on pensions		6 887	-
Bank tax		8 022	-
Change of expected credit losses		-17 965	381 476
Change in prepaid expenses and accrued income		-5 210	-
Change in accrued expenses and prepaid income		-17 182	4 366
Other		-6 328	5 360
Total		-	-2 832
	-	-20 377	416 809

Note 29 Specification of bank tax and resolution fees

SEK	2022	2021
Bank tax	-8 022	-
Resolution fee*	-11 983	-
Total	-20 004	-

*Resolution fees tkr 14 384 was classified as Interest expenses in 2021 .

Note 30 Proposal for the Treatment of Current Year's Earnings (SEK)

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

SEK	2022	2021
Retained earnings	4 739 256 423	5 652 705 719
Current year's net profit/loss	644 249 708	845 748 691
Total	5 383 506 131	6 498 454 410
dividends	386 549 825	1 800 000 000
to be carried forward	4 996 956 306	4 698 454 410
Total	5 383 506 131	6 498 454 410

Note 31 Contingent liability

Entercard and Coop Norway have had a long partnership together, offering credit cards and consumer loans to Coop's members. A disagreement between Coop and Entercard arose during the year in relation to interpreting terms in the partner agreement. Due to this situation, Coop filed a subpoena against Entercard. Currently, Entercard has provided a formal reply to the subpoena and are awaiting a reply from the authorities. Overall, it is considered less likely for Coop to succeed with any of the claims put forward, without completely excluding process risk and/or related costs.

Note 32 Significant Events after the Year End

The partnership around credit cards and consumer loans between Coop Norway and Entercard ended on Jan 31st 2023. Customers who wish to remain with Entercard are offered a new product under Entercard's Remember brand.

Note 33 Legal Ownership

Entercard is owned by Swedbank (60%) and Barclays Principal Investments Limited (40%) and is operated as a joint venture. The annual accounts of Swedbank AB and Barclays Principal Investments Limited are available on respective company's homepage, www.swedbank.com and www.barclays.co.uk.

Stockholm / 2023

Tobias Griess
Chairman

Joseph Daniel Jessup

Christian Kühn

Erika Karlsson
(on behalf of Lena Smeby Udesen)

Fredrik Christofferson

Jan-Olof Brunila

Eva-Li Prades Eriksson
Employee representative

Hege Nilsen Aukan
Employee representative

Jan Haglund
Chief Executive Officer

Our auditors' report was submitted on / 2023

Öhrlings PricewaterhouseCoopers AB
(signature on original document)

Peter Nilsson

Authorized Public Accountant