2023 ANNUAL REPORT

Entercard Group AB 556673-0585

entercard

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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 2023.

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 the Nordic market under its own brand, re:member, as well as issuing credit cards and loans under different partners' brands and through their own distribution channels; including Swedbank, a number of Swedish savings banks, Coop and LO in Sweden, and FH in Denmark. Today, Entercard has approximately 1,7 million customers and 491 employees in Stockholm, Copenhagen, Oslo, and Trondheim.

Entercard uses sound lending practice and acts as a responsible provider of consumer credit. This is done by using established methods and by gathering solid applicant data enabling that reasonable credit levels are given to each individual.

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, issuer of credit cards and loans, and business partner. In supporting the sustainable development goals by the UN, Entercard has chosen to focus on three areas: gender equality, decent work and economic growth, and sustainable cities and communities. In addition, Entercard works systematically to provide decent working conditions and human rights through the Norwegian Transparency Act.

In the sustainability report and the Norwegian transparency act statement on our web page you can read more on how Entercard is committed to being a responsible lender, support the UN sustainable development goals and ensure decent working conditions and human rights in our operations, supply chain, products and services.

Significant Events during the Year

The period has been characterized by macro-economic uncertainty, with historically high inflation and rising interest rates. The environment with lower real wages has impacted customers and credit performance, in particular in the Swedish market. Entercard will continue to follow the development of the situation, and monitor the consumption behavior of existing customers.

In June Entercard launched consumer loans in the Finnish market. Also, the Corporate card offering in Sweden was re-launched together with Swedbank on an updated IT-platform enabling increased functionality and enhanced features for customers (Entercard issues all consumer and corporate credit cards for Swedbank). The year has also been characterized by continued investments in customer interfaces, providing alternative payment methods for customers, as well as in advanced analytics capabilities.

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 2023 as agreements were made with eight new savings banks in Sweden.

The partnership around credit cards and consumer loans between Coop Norway and Entercard ended on Jan 31st, 2023. Customers who wished to remain with Entercard were offered a new product under Entercard's re:member brand.

Entercard as an employer received the award "Newcomer 2023' in the Social Science category by an expert jury at 'Career Company' (Karriärföretag 2023) in Sweden. Entercard also made it to the top 10 list amongst most attractive employers within the category Young Professionals/ Högskoleingenjörer.

Significant Events after Year End

No significant events have occurred after year end closing.

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, Denmark and Finland.

Significant investment areas for 2024 include further strengthening of key technical capabilities, e.g. through the implementation of a new core system.

The macroeconomic development and current geopolitical unrest create increased uncertainty about the future. The rapid rise of interest rates coupled with inflationary pressure has significantly increased cost of living and reduced household's consumption; Looking ahead, it is expected that these factors will continue to negatively affect consumption.

Consumer expectations around personalisation and convenience will continue as drivers of loyalty. 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 the Nordics 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, credit assessment and pricing processes.

In addition to the volatile macroeconomic environment and trends of changing consumer behaviour, actual and anticipated regulatory developments will be important for Entercard going forward. Regulators across Europe and within the Nordics continue to be active in putting forth measures that will provide more security, access of data 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 (CRR III/CRD VI), DORA, the new Consumer Credit Directive, the Swedish ruling on late payment fees, the Corporate Sustainability Reporting Directive (CSRD) and the EU Accessibility Act/Directive).

Earnings, Profitability and Position

Operating income amounted to 2 969,8m SEK (3 130,3m SEK) and operating profit amounted to 28,2 m SEK (821,3m SEK), where the decrease in profit is driven by lower net interest margin and higher impairment charge. Total loans to the public excluding provisions of anticipated loan losses amounted to 35 393,9m SEK (35 455,3m SEK). Impaired loans amounted to a book value of 1 529,0m SEK (1 676,3m SEK) which constitutes 4,8 percent of the total credit portfolio. Total provisions amount to 3 223,4m SEK (2 997,8m SEK).

Staff

The number of employees at year-end was 491 (481). 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.

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 3 234,7m SEK (4 329,6m SEK).

The liquidity reserve amounted to 1 539,9m SEK (2 160,3m SEK), more detailed information about the liquidity reserve is provided in note 2 and note 14. Entercard Group Liquidity Coverage Ratio (LCR) was 195 % (274 %) and Net Stable Funding Ratio (NSFR) was 129 % (133 %).

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 % (17,5 %) 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	4 951 138 883
Current year's net profit/loss	-15 688 680
Total	4 935 450 203

The Board of Directors propose:	
dividends	-
to be carried forward	4 935 450 203
Total	4 935 450 203

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

Five Year Summary Entercard Group AB

TSEK	2023	2022	2021	2020	2019
Deposits	3 234 669	4 329 568	4 446 056	4 570 206	3 501 872
Loans to the public, net	32 170 538	32 457 465	30 474 272	31 178 979	31 997 575
Bonds and other interest-bearing securities	1 539 893	2 160 341	2 875 442	1 878 204	2 772 996
Other assets	474 156	484 143	451 727	334 249	605 157
Total assets	37 419 256	39 431 517	38 247 497	37 961 639	38 877 600
Amounts owed to credit institutions	32 096 955	33 522 931	31 203 598	30 940 736	31 982 199
Liabilities and provisions	362 429	504 981	519 248	466 468	747 656
Equity	4 959 873	5 403 605	6 524 651	6 554 435	6 147 744
Total liabilities, provisions and equity	37 419 256	39 431 517	38 247 497	37 961 639	38 877 600
Net interest income	2 461 860	2 690 167	2 970 090	3 123 397	3 181 735
Net commission income	469 350	406 771	325 594	315 335	395 982
Net gain/loss from financial instruments	-5 256	-12 117	-6 755	-9 830	-3 395
Other income	43 818	45 500	77 461	23 383	31 999
Total income	2 969 772	3 130 321	3 366 390	3 452 286	3 606 321
Total costs	-1 440 275	-1 411 561	-1 331 802	-1 363 305	-1 524 314
Profit before loan losses, Swedish bank tax and resolution fee	1 529 497	1 718 760	2 034 588	2 088 981	2 082 007
Loan losses, net	-1 476 725	-877 445	-1 002 271	-1 398 800	-740 770
Swedish bank tax and resolution fees*	-24 615	-20 004	-	-	-
Operating profit/loss	28 157	821 311	1 032 317	690 181	1 341 237
Tax expense	-43 846	-177 061	-186 568	-157 676	-281 932
Profit/loss for the year	-15 689	644 250	845 749	532 504	1 059 305

*Resolution fees from 2019-2021 was classified as Interest expenses.

Key Ratios

TSEK	2023	2022	2021	2020	2019
Profit					
Interest margin, %	8,5%	9,8%	11,0%	11,8%	12,6%
*Interest earning income in relation to cost of funding					
C/I ratio before loan losses	0,48	0,45	0,40	0,39	0,43
*Total costs before loan losses in relation to total operating income					
C/I ratio after loan losses	0,98	0,73	0,69	0,80	0,63
*Total costs after loan losses in relation to total operating income					
Return on equity after tax, %	-0,3%	10,8%	12,9%	8,4%	17,8%
*Profit for the financial year in relation to the average of shareholder's equity current and previous year.					
Return on total assets	0,0%	1,6%	2,2%	1,4%	2,7%
*Profit for the financial year divided by the total balances					
Liquidity					
Liquidity Coverage Ratio (LCR)	195%	274%	326%	277%	369%
Net Stable Funding Ratio (NSFR)	129%	133%	128%	123%	144%
Capital					
Capital base tSEK	4 886 820	4 983 053	4 686 884	5 496 309	6 058 965
Total capital ratio, %	17,5%	17,5%	17,6%	18,2%	19,7%
*Capital base in relation to risk-weighted assets					
Credit quality					
Loan loss ratio, net, %	4,6%	2,7%	3,3%	4,5%	2,3%
*Loan losses in relation to loans to the public					
Share of impaired loans, %	4,8%	5,2%	5,2%	4,5%	4,1%
*Impaired loans, net, in relation to loans to the public					
Other					
Average number of employees	476	463	452	466	466

Income Statement

TSEK	Note	2023	2022
Interest income	3	3 910 134	3 149 701
Interest expenses	3	-1 448 274	-459 534
Net interest income	3	2 461 860	2 690 167
Commission income		843 357	831 157
Commission expenses		-374 007	-424 386
Net commissions		469 350	406 771
Net gain/loss transactions from financial instruments	4	-5 256	-12 117
Other income		43 818	45 500
Total operating income		2 969 772	3 130 321
Staff costs	6	-581 667	-572 028
Other general administrative expenses	7	-848 632	-828 136
Total general administrative expenses		-1 430 299	-1 400 164
Depreciation and impairments of tangible and intangible assets	8	-9 976	-11 397
Total operating expenses		-1 440 275	-1 411 561
Profit before loan losses, Swedish bank tax and resolution fees		1 529 497	1 718 760
Loan losses, net	9	-1 476 725	-877 445
Swedish bank tax and resolution fees	29	-24 615	-20 004
Operating profit		28 157	821 311
Tax expense	10	-43 846	-177 061
Profit/loss for the year		-15 689	644 250

Statement of Comprehensive Income

TSEK		2023	2022
Profit for the year recognized within the income statement		-15 689	644 250
Components which will not be reclassified to the income statement			
Revaluation of defined-benefit pensions	6	15 109	-3 781
Tax related to the above	10	-3 112	779
Total		11 996	-3 002
Unrealised changes in fair value	4	5 324	-12 655
Foreign currency translation differences		-72 216	60 551
Tax related to the above	10	13 402	-10 190
Total		-53 490	37 706
Other comprehensive income		-41 493	34 704
Total profit		-57 182	678 954

Balance Sheet

Assets

TSEK	Note	2023 Dec 31	2022 Dec 31
Assets			
Deposits	11	3 234 669	4 329 568
Loans to the public, net	12, 13	32 170 538	32 457 465
Bonds and other interest-bearing securities	14	1 539 893	2 160 341
Intangible assets	15	19 422	15 099
Tangible assets	17	21 450	1 067
Deferred tax assets	10	25 949	11 638
Other assets	18	317 251	365 774
Prepaid expenses and accrued income	19	90 084	90 565
Total assets		37 419 256	39 431 517

Liabilities and Equity

Liabilities			
Amounts owed to credit institutions	20	32 096 955	33 522 931
Other liabilities	21	162 895	194 155
Accrued expenses and prepaid income	22	180 568	260 662
Pension provisions	6	3 795	23 201
Other provisions	13	15 172	26 963
Total liabilities		32 459 384	34 027 912
Equity			
Share capital (5 000 shares)		5 000	5 000
Fund for development expenditures		19 422	15 099
Reserves		-291 040	-237 550
Retained earnings		5 226 491	5 621 056
Total equity		4 959 873	5 403 605
Total liabilities and equity		37 419 256	39 431 517

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, 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 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
Opening balance January 1, 2023	5 000	15 099	-229 423	-8 127	5 621 056	5 403 605
Dividends					-386 550	-386 550
Transfer to/from restricted equity		4 323	-	-	-4 323	-
Total comprehensive income for the year			-57 500	4 010	-3 693	-57 182
of which recognized in the income statement			*-*	*-*	*-15 689*	*-15 689*
of which recognized in other comprehensive income			*-72 216*	*5 324*	*15 109*	*-51 783*
of which tax recognized in other comprehensive income			*14 716*	*-1 314*	*-3 112*	*10 290*
Closing balance December 31, 2023	5 000	19 422	-286 924	-4 117	5 226 491	4 959 873

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 of fair value changes of the bond portfolio.

Statement of Cash Flow

TSEK	Note	2023	2022
Operating activities			
Operating profit/loss		28 157	821 311
Adjustments for non-cash items	28	195 234	-20 377
Taxes paid		-33 146	-193 394
Cash flow from operating activities before working capital changes		190 245	607 540
Changes in working capital			
Increase/decrease in loans to the public		-312 540	-1 609 453
Increase/decrease in other assets		20 872	-11 833
Increase/decrease of bonds and other interest-bearing securities		576 623	741 527
Increase/decrease other liabilities		-41 042	-30 157
Cash flow from changes in working capital		243 914	-909 917
Investing activities			
Purchase of intangible assets		-12 570	-3 135
Purchase of tangible assets		-22 277	-460
Cash flow from investing activities		-34 846	-3 595
Financing activities			
Dividends		-386 550	-1 800 000
Increase/decrease of borrowing		-1 043 819	1 922 752
Cash flow from financing activities		-1 430 369	122 752
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		4 329 568	4 446 056
CASH FLOW FOR THE YEAR		-1 031 056	-183 220
Exchange rate differences on cash and cash equivalents		-63 843	66 732
CASH AND CASH EQUIVALENTS AT END OF YEAR		3 234 669	4 329 568

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 910m 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 1 448m SEK.

Reconciliation of liability arising from financing activities. Opening balance 2023, 33 523m SEK, cash flow - 1 044m SEK, exchange rate differences - 382m SEK on the opening balances, closing balance 32 097m SEK.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash and balances with Swedbank AB, Sparebank 1 SR-bank ASA and Sydbank A/S.

Notes

The Annual Report as of December 31, 2023 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 March 14th, 2024. The income statement and balance sheet are subject to approval at the Annual General Meeting on March 15th, 2024.

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

Sustainability

In the sustainability report and the transparency act statement on our web page you can read more on how Entercard is committed to being a responsible lender, support the UN sustainable development goals and ensure decent working conditions and human rights in our operations, supply chain, products and services.

Changes in Accounting Principles and Disclosures

Entercard has not adopted any new accounting pronouncements and changes for the financial reporting for 2023.

New Standards and Interpretations

The issued amendment to IAS 1 regarding the requirements of disclosing material accounting policies is applicable for Entercard, but are considered to have a limited impact.

Other standards, amendments to standards and interpretations with effective dates from 2023 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.

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). The judgements and estimates affecting the financial report are further described in respective sections in note 1.

Other than this, no significant changes have been made to the critical judgements and estimates compared with December 31, 2022.

Material 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. Assessment for impairment is continuously performed by the Treasury department. Since the portfolio has a low credit risk and the value is considered immaterial, historically there has been no need for impairment.

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 material 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 2023.

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	2023	2022
Deposits	3 234 669	4 329 568
Loans to the public, net	32 170 538	32 457 465
Bonds and other interest-bearing securities	1 539 893	2 160 341
Current assets	3 346	4 838
Total	36 948 447	38 952 212

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, GDP and inflation, 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 FY2023 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, inflation and policy 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 2023. The cases are derived from macroeconomic forecasts carried out in Q4.

		Expected credit loss		
Country		Neutral scenario	Optimistic scenario	Pessimistic scenario
Norway	Credit Card	67 582	65 928	68 639
	Instalment loan	227 829	223 375	230 582
Sweden	Credit Card	420 092	414 494	423 586
	Instalment loan	2 265 558	2 233 978	2 283 265
Denmark	Credit Card	116 371	111 634	118 920
	Instalment loan	121 613	119 366	122 968
Finland	Instalment loan	4 356	4 288	4 396
Total		3 223 401	3 173 063	3 252 356

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 discounted value of assets and liabilities when market interest rates increase/decrease by two percentage points. 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.

The below sensitivity analysis shows the impact on the discounted value of assets and liabilities when market interest rates increase/decrease

tkr	Market interest rate change percentage point		Market interest rate change percentage point	
	2023		2022	
	-2%	+2%	-1%	+1%
< 3 Months	53 018	-53 761	-4 526	4 476
3-6 Months	-3 355	3 374	-463	469
6-12 Months	-5 080	5 169	-392	404
1-2 Years	-9 736	10 050	1 287	-1 242
2-3 Years	-13 659	14 374	3 246	-3 148
3-4 Years	-15 017	16 119	4 236	-4 080
4-5 Years	-15 447	16 916	4 678	-4 467
5-10 Years	-61 670	71 491	20 233	-18 790
> 10 Years	-61 446	85 107	14 492	-13 141
Total	-132 391	168 839	42 791	-39 519

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 two percentage point. The calculation is based on average earned interest balances and funding balances.

TSEK	Interest rate -2 percentage point	Interest rate +2 percentage point
Interest income	-486 101	486 101
Interest expenses	602 056	-602 056
Net interest income	115 955	-115 955

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 and euro. 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 2023. For the sensitivity analysis of a change in exchange rates of +/- 10 percent, the average exchange rate 2023 has been used.

Foreign exchange rate change +10 percent	Norway	Denmark
Equity	91 596	33 780
Profit after tax	4 530	5 904

Foreign exchange rate change - 10 percent	Norway	Denmark
Equity	-91 596	-33 780
Profit after tax	-4 530	-5 904

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, 2023, the survival horizon, in a scenario with a very limited access to funding and significantly decreased inflows from customers, was 82 days for SEK, 153 days for NOK and 153 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 140 % in SEK, 347 % in NOK and 320 % in DKK, to be compared with the regulatory requirement of 100%. Entercard´s NSFR as per December 31, 2023 was 128 % in SEK, 120 % in NOK and 145 % 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 2023	<3 Months	3-12 Months	1-5 Years	5-10 Years	10-15 Years	No maturity	Total
Deposits	3 234 669	-	-	-	-	-	3 234 669
Loans to the public, net	19 453 934	12 671	1 253 271	3 975 496	7 342 989	-	32 038 362
Bonds and other interest-bearing securities	-	134 984	1 404 909	-	-	-	1 539 893
Prepaid expenses and accrued income	23 586	66 498	-	-	-	-	90 084
Other assets	246 116	25 949	71 134	-	-	40 873	384 072
Total assets	22 958 306	240 101	2 729 315	3 975 496	7 342 989	40 873	37 287 080
Amounts owed to credit institutions	2 094 571	7 757 264	22 245 120	-	-	-	32 096 955
Other liabilities	178 066	-	3 795	-	-	-	181 861
Accrued expenses and prepaid income	74 281	95 641	10 646	-	-	-	180 568
Equity	-	-	-	-	-	4 959 873	4 959 873
Total liabilities and equity	2 346 918	7 852 905	22 259 561	-	-	4 959 873	37 419 256
Remaining maturity 2022							
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

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

		Distribution by currency in SEK		
2023 All country values presented in SEK	Total	SEK	NOK	DKK
Securities issued or guaranteed by government or central bank	134 984			134 984
Securities issued or guaranteed by municipalities or non-governmental public entities	644 957	488 804	156 154	
Covered bonds issued by others	321 145	321 145	-	
Securities issued or guaranteed by multilateral development banks	438 807		438 807	
Total	1 539 893	809 948	594 961	134 984
Distribution by currency, %		52,6%	38,6%	8,8%

		Distribution by currency in SEK		
2022 All country values presented in SEK	Total	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%

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 risks related to products and services, IT and technology, processes, people, external factors and financial crime, 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.

Note 3 Net Interest Income

TSEK	2023	2022
Interest income		
Deposits	92 630	21 175
Negative interest on financial liabilities	-	441
Loans to the public	3 727 524	3 102 483
Interest-bearing securities	89 980	25 602
Other		
Total	3 910 134	3 149 701
Interest expenses		
Credit institutions	-1 447 832	-457 785
Negative interest on financial assets	-	-1 518
Other	-442	-231
Total	-1 448 274	-459 534
Total net interest income	2 461 860	2 690 167
Interest margin on loans to the public	*8,5%*	*9,8%*

Note 4 Net Financial Income

Realised gains/losses recognized in profit or loss	2023	2022
Realised gain/loss bonds and other interest-bearing securities	-3 174	-9 591
Exchange rate profit / loss	-2 082	-2 526
Total realised gains/losses in profit or loss	-5 256	-12 117

Unrealised gains/losses recognized in Other comprehensive income		
Unrealised changes in value bonds and other interest-bearing securities	5 324	-12 655
Total realised gain/loss in Other comprehensive income	5 324	-12 655
Total	68	-24 772

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 2023	Sweden	Norway	Denmark	Finland	Total
Interest income	2 842 996	657 291	409 054	793	3 910 134
Interest expenses	-1 085 061	-252 019	-108 537	-2 657	-1 448 274
Commission income	702 954	105 265	35 001	136	843 357
Commission expenses	-304 069	-44 506	-25 429	-2	-374 007
Other operating income	36 310	2 284	-32	-	38 562
Total	2 193 131	468 314	310 057	-1 730	2 969 772

Geographic distribution of income 2022	Sweden	Norway	Denmark	Finland	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

Consumer loans was launched in June 2023 in Finland.

Note 6 Staff Costs

TSEK	2023	2022
Salaries and other remuneration	-343 784	-296 593
Variable pay	-9 491	-52 036
Pension costs	-80 052	-66 691
Social insurance charges	-89 740	-90 416
Education costs	-5 633	-8 894
Other staff costs	-52 967	-57 398
Total	-581 667	-572 028

Salaries, other remunerations and variable pay	2023	2022
Board of Directors, CEO, other senior management	-31 218	-33 488
Other employees in Sweden	-172 660	-162 002
Other employees in Norway	-122 356	-129 036
Other employees in Denmark	-27 042	-24 104
Total	-353 275	-348 629

No compensation were paid to the Board in 2023.

Remuneration to the Board of Directors, CEO and other Senior Executives 2023	Fixed income, wages	Variable pay	Other remunerations and benefits	Pension expenses
CEO, Jan Haglund	-5 869	-996	-13	-560
Group Management, 9 persons	-19 857	-3 402	-1 081	-6 213
Total	-25 726	-4 398	-1 094	-6 773

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

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 the occupational pension scheme, BTP1, in line with the threshold defined by the collective agreement between BAO, the employer association for financial institutions, and Finansförbundet in Sweden. The employment agreement can be terminated by Entercard and the CEO subject to 6 months' notice. The CEO is entitled to 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	2023	2022
Entercard Group AB, Sweden	300	291
Entercard Norway, branch of Entercard Group AB	150	147
Entercard Denmark, branch of Entercard Group AB	26	25
Total	476	463
Number of hours worked (thousands)	914	889

Employee turnover was 8,8 %

	2023		2022	
Distribution by gender, percent	Female	Male	Female	Male
All employees	52%	48%	52%	48%
Board of Directors	25%	75%	43%	57%

Statement of Entercard's Compensation 2023

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").

During 2023, the variable pay program has been removed for all employees except for the CEO and the Executive Committee. All employees whose variable pay was removed were compensated with additional fixed salary, based on a set of principles applied across all employees, namely the performance and behaviour ratings over the past years.

For the CEO and the Executive Committee, the variable pay process secures a healthy balance between fixed and variable pay, with a maximum percentage of 0% to 50% of the base salary. 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, and long-term customer and shareholder value.

The variable pay is linked to individual 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 CEO and the Executive Committee are defined as Identified staff, i.e. staff whose professional activities have a material impact on the business' risk profile. The variable pay is cash based and the CEO and the Executive Committee 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 to assess if the remuneration 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 2023 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 the CEO and the Executive Committee who are Identified staff, 50% of the variable pay will be deferred over a period of two years. The deferred component is not awarded 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 2023 is 66, as well as 12 pensioners and disabled employees.

	2023	2022
TSEK	Norway	Norway
Net pension cost/revenue	-12 225	-18 134
Net pension cost/revenue (over OCI)	15 109	-3 781

Economic assumptions	2023	2022
Discount rate	3,1%	3,2%
Expected annual salary increase	3,5%	3,8%
Expected annual G-adjustment	3,3%	3,5%
Expected annual adjustment of pension under payment	1,8%	1,7%
Social security tax	14,1%	14,1%

Actuary assumptions	2023	2022
Applied mortality table	K2013BE	K2013BE
Applied disability tariff	IR02	IR02

Net pension cost defined benefit pension	2023	2022
Net pension liabilities/assets 2021.01.01	-23 201	-27 953
Net pension cost	-12 225	-18 134
Payment	15 089	27 455
Estimation difference loss/gain	15 109	-3 781
Exchange rate differences	1 434	-787
Total	-3 795	-23 201

Composition of pension assets in percent	2023	2022
Stocks	13,0%	10,2%
Alternative investments	0,0%	14,6%
Short term bonds	4,6%	14,6%
Money market	11,5%	4,2%
Long term bonds	49,8%	38,1%
Deposits and receivables	10,4%	20,9%
Real estate	10,7%	11,0%
Other	0,0%	1,0%

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 change, 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 percentage 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 of 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 2023 is TSEK 55 170 (for Norway TSEK 8 630, Denmark TSEK 3 376 and for Sweden TSEK 43 164).

Note 7 Other General Administrative Expenses

TSEK	2023	2022
IT expenses	-312 328	-294 984
Telecommunication, postage	-4 774	-5 073
Travel, representation	-6 651	-7 846
Advertising, public relations, marketing	-163 619	-167 314
Expenses for premises	-59 808	-57 404
Card expenses	-32 559	-32 100
Other operating expenses	-195 709	-185 635
Other expenses	-73 183	-77 780
Total	-848 632	-828 136

According to agreement Entercard pays Swedbank AB for IT-services as well as other administrative services to the amount of TSEK 8 410,6 (9 924,9).

Remuneration to the auditors	2023	2022
PwC		
- Audit engagement	-3 142	-3 479
-Other	-188	-961
Total	-3 330	-4 440

Note 8 Depreciation and Impairments of Tangible and Intangible Assets

TSEK	2023	2022
Depreciation of tangible assets	-1 890	-1 911
Depreciation of intangible assets	-8 086	-9 486
Impairment tangible and intangible assets	-	-
Total	-9 976	-11 397

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	2023	2022
Loans at amortized cost		
Change in provisions - stage 1	-48 528	8 729
Change in provisions - stage 2	-131 865	-31 694
Change in provisions - stage 3	-67 031	-13 602
Total	-247 424	-36 567
The year's write-off for established loan losses	-1 368 753	-1 096 400
Recoveries from previously established loan losses	127 755	250 378
Total	-1 240 999	-846 022
Loan losses net, loans at amortized cost	-1 488 423	-882 589
Provisions for commitments, credit limits granted but not utilized		
Change in provisions - stage 1	9 442	4 959
Change in provisions - stage 2	2 256	185
Change in provisions - stage 3	-	-
Loan losses net, loan commitments	11 698	5 144
Total loan losses, net	-1 476 725	-877 445

Note 10 Tax

Current tax	2023	2022
Tax payable	-61 269	-180 178
Tax adjustment previous years	-	5 804
Deferred tax	17 422	-2 688
Total	-43 846	-177 061

	2023		2022	
Reconciliation of tax	TSEK	percent	TSEK	percent
Profit before tax	28 158	-	821 311	-
Tax expense booked	-43 846	-155,72	-177 061	-21,56
Tax according to current tax-rate, 20,6%	-5 800	-20,60	-169 190	-20,60
Clarification of difference	-38 046	-135,12	-7 872	-0,96
Non-deductible expenses	-257	-0,91	-302	-0,04
Non-taxable income	-	-	1 000	0,12
Tax- attributable to previous years	-	-	5 804	0,71
Deductible expense not reported	9 861	-	-	-
Divergent tax rate	-47 650	-169,22	-14 374	-1,75
Accounted tax	-43 846	-190,74	-177 061	-21,56

Tax recorded in Other comprehensive income	2023	2022
Tax pensions	-3 112	779
Unrealised change in fair value	-1 314	2 800
Current tax attributable to translation differences from foreign operation	14 716	-12 990
Total	10 290	-9 411

Foreign tax not deducted from which deferred tax is not reported	2023	2022
Foreign tax not deducted	38 006	14 181
Total	38 006	14 181

Deferred tax assets	Opening balance	Income statement	Other comprehensive income	Exchange rate differences	Closing balance
Provisions for pensions	4 779	-885	-3 112	-	782
Tangible/intangible assets	6 859	-2 198	-	-	4 661
Carryforward loss	-	20 506	-	-	20 506
Total deferred tax assets	11 638	17 422	-3 112	-	25 949

Note 11 Deposits

TSEK	2023	2022
Swedish banks	2 507 877	4 329 568
Foreign banks	726 792	-
Total	3 234 669	4 329 568

Deposits measured at amortized cost.

Note 12 Loans to the Public, Net

TSEK	2023	2022
Swedish public	25 051 825	24 157 339
Foreign public	7 118 714	8 300 126
Total	32 170 538	32 457 465

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	2023	2022
Credit facilities, granted but not paid	16 057	88 171
Credits granted but not utilized	43 381 566	45 115 870
Provisions for off-balance commitments		
Stage 1	9 987	19 499
Stage 2	5 185	7 463
Stage 3	-	-
Total	15 172	26 963

Allocation of loans between stages and provisions

	2023	2022
Deposits		
Stage 1		
Book value, gross	3 234 669	4 329 568
Provisions	-	-
Total book value	3 234 669	4 329 568
Loans to the public, private customers		
Stage 1		
Book value, gross	28 221 133	28 612 358
Provisions	-535 030	-488 751
Book value	27 686 103	28 123 606
Stage 2		
Book value, gross	2 993 694	2 703 931
Provisions	-580 399	-451 780
Book value	2 413 295	2 252 151
Stage 3		
Book value, gross	3 628 892	3 725 434
Provisions	-2 102 254	-2 052 775
Book value	1 526 638	1 672 658
Total book value	31 626 036	32 048 416
Loans to the public, corporate customers		
Stage 1		
Book value, gross	542 701	405 941
Provisions	-542	-507
Book value	542 159	405 433
Stage 3		
Book value, gross	7 518	7 642
Provisions	-5 174	-4 026
Book value	2 343	3 616
Total book value	544 502	409 049
Total	35 405 207	36 787 033
Book value gross, stage 1	28 763 834	29 018 299
Book value gross, stage 2	2 993 694	2 703 931
Book value gross, stage 3	3 636 409	3 733 075
Total book value gross	35 393 937	35 455 305
Provisions stage 1	-535 572	-489 259
Provisions stage 2	-580 399	-451 780
Provisions stage 3	-2 107 428	-2 056 801
Total provisions	-3 223 399	-2 997 840
Total book value	32 170 538	32 457 465
Share of loans in stage 3, gross, %	10,27%	10,53%
Share of loans in stage 3, net, %	4,75%	5,16%
Provision ratio of loans stage 1	1,86%	1,69%
Provision ratio of loans stage 2	19,39%	16,71%
Provision ratio of loans stage 3	57,95%	55,10%
Total provision ratio of loans	9,11%	8,46%

Change in book value, gross, and provisions 2023

	Performing loans		Non-performing loans	
Book value, gross	Stage 1	Stage 2	Stage 3	Total
Book value, gross, January 1, 2023	29 018 299	2 703 931	3 733 075	35 455 305
Book value, gross, December 31, 2023	28 763 834	2 993 694	3 636 409	35 393 937
Provisions for loans to the public and deposits				
Provisions January 1, 2023	-489 259	-451 780	-2 056 801	-2 997 840
New and derecognised financial assets, net	-45 575	118 013	442 510	514 948
Change in credit risk	-16 719	-8 040	-53 037	-77 796
Transfer between stages during the period				
from stage 1 to stage 2	64 450	-362 915	-	-298 465
from stage 1 to stage 3	22 325	-	-323 575	-301 250
from stage 2 to stage 1	-18 691	82 170	-	63 479
from stage 2 to stage 3	-	43 536	-117 522	-73 986
from stage 3 to stage 1	-51	-	2 069	2 018
from stage 3 to stage 2	-	-1 213	2 979	1 766
*Other	-52 053	-170	-4 051	-56 274
Provisions December 31, 2023	-535 572	-580 399	-2 107 428	-3 223 399
Book value				
Opening balance January 1, 2023	28 529 040	2 252 151	1 676 274	32 457 465
Closing balance December 31, 2023	28 228 262	2 413 295	1 528 981	32 170 538

*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 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	-489 259	-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	-489 031	-451 780	-2 056 801	-2 997 840
Book value				
Opening balance January 1, 2022	28 529 040	2 017 531	1 577 339	30 474 272
Closing balance December 31, 2022	28 529 267	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, 2023

	Performing loans		Non-performing loans	
Book value, gross	Stage 1	Stage 2	Stage 3	Total
Book value, gross, January 1, 2023	29 018 299	2 703 931	3 733 075	35 455 305
New and derecognised financial assets, net	1 327 237	-546 963	-736 488	43 786
Change in credit risk	-135 544	-32 014	-144 406	-311 964
Transfer between stages during the period				
from stage 1 to stage 2	-1 766 544	1 859 890	-	93 346
from stage 1 to stage 3	-562 539	-	562 355	-184
from stage 2 to stage 1	602 086	-786 633	-	-184 547
from stage 2 to stage 3	-	-211 385	208 908	-2 477
from stage 3 to stage 1	1 893	-	-3 671	-1 778
from stage 3 to stage 2	-	5 198	-5 752	-554
*Other	278 945	1 670	22 388	303 003
Book value				
Closing balance December 31, 2023	28 763 834	2 993 694	3 636 409	35 393 937

*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

	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	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.

Note 14 Bonds and Other Interest-bearing Securities

Financial assets measured at fair value through other comprehensive income

Issuers	2023	2022
Swedish municipalities	644 957	1 078 424
Swedish covered bonds	202 006	203 618
Foreign credit institutions	438 807	619 864
Foreign mortgage institutions	119 139	119 442
Other foreign issuers	134 984	138 994
Total	1 539 893	2 160 341

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	2023	2022
Maximum 1 year	134 984	255 793
Longer than 1 year but maximum 5 years	1 404 909	1 904 548
Total	1 539 893	2 160 341

Total holdings of financial assets, broken down by issuer	2023	2022
Issued by public entities	779 941	1 217 418
Issued by other borrowers	759 952	942 924
Total	1 539 893	2 160 341
Average remaining maturity, years	2,35	2,48
Average remaining fixed interest term, years	0,45	0,50
of which listed securities	*1 539 893*	*2 160 341*
of which unlisted securities	-	-

Note 15 Intangible Assets

TSEK	2023	2022
Opening balance	380 064	370 089
Additions through internal development	12 570	3 135
Exchange differences	-8 731	6 839
Closing balance	383 903	380 064
Opening balance accumulated depreciation	-364 965	-348 894
Depreciations for the year	-8 086	-9 486
Exchange differences	8 570	-6 585
Closing balance	-364 481	-364 965
Carrying amount	19 422	15 099
Where of capitalised development projects	*19 422*	*15 099*

Note 16 Operational Leasing

Operational leasing contracts allocated on the due dates.

TSEK	< 1 Year	1-5 Years	> 5 Years	2023 Total	2022 Total
Total combined amount of future minimum lease payments that relate to non-cancellable agreements	35 961	101 303	95 260	232 523	264 168
Total	35 961	101 303	95 260	232 523	264 168

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

Operational leasing cost for the financial year allocated on categories

	2023	2022
Premises	43 904	41 994
Company Cabins in Trysil	1 227	1 284
Car leasing	771	694
IT equipment	2 179	2 647
Total	48 081	46 620

Note 17 Tangible Assets

TSEK	2023	2022
Opening balance	43 904	43 062
Additions	22 277	460
Exchange differences	-486	382
Closing balance	65 695	43 904
Opening balance depreciations	-42 838	-40 571
Depreciations during the year	-1 890	-1 911
Exchange differences	483	-356
Closing balance	-44 245	-42 838
Carrying amount	21 450	1 067

Tangible assets consists of machinery and equipment.

Note 18 Other Assets

TSEK	2023	2022
Account receivables*	116 268	80 161
Tax receivables	101 984	166 607
Card network receivable	24 553	53 418
Other receivables	74 445	65 588
Total	317 251	365 774

*Financial assets measured at amortized cost

Note 19 Prepaid Expenses and Accrued Income

TSEK	2023	2022
Accrued interest income	8 213	7 050
Prepaid expenses (IT, licenses etc.)	66 498	62 555
Other prepaid expenses and accrued income	15 373	20 960
Total	90 084	90 565

Note 20 Amounts Owed to Credit Institutions

TSEK	2023	2022
Swedish banks	16 048 477	16 761 466
Foreign banks	16 048 477	16 761 466
Total	32 096 955	33 522 931

Liabilities to credit institutions measured at amortized cost

Note 21 Other Liabilities

TSEK	2023	2022
Accounts payable*	79 548	71 407
Income tax liabilities	37 382	77 996
Other liabilities*	45 964	44 751
Total	162 895	194 155

*Financial liabilities measured at amortized cost

Note 22 Accrued Expenses and Prepaid Income

TSEK	2023	2022
Accrued interest expenses	12 575	5 358
Accrued staff expenses	51 456	111 888
Other accrued expenses and prepaid income	116 538	143 416
Total	180 568	260 662

Note 23 Assets Pledged and Contingent Liabilities

TSEK	2023	2022
Assets pledged		
Assets pledged	None	None
Contingent liabilities		
Nominal amounts		
Contingent liabilities	None	None
Commitments		
Nominal amounts		
Credit card limits granted but not utilised	43 381 566	45 115 870

Note 24 Assets and Liabilities in Foreign Currency

	2023 All country values presented in SEK				
Assets	SEK	NOK	DKK	EUR	Total
Deposits	2 462 018	497 018	237 158	38 475	3 234 669
Loans to the public, net	25 051 825	4 201 880	2 870 633	46 200	32 170 538
Bonds and other interest-bearing securities	809 948	594 961	134 984	-	1 539 893
Other assets	365 060	93 937	15 166	-7	474 156
Total assets	28 688 850	5 387 796	3 257 941	84 669	37 419 256
Liabilities					
Amounts owed to credit institutions	24 900 000	4 380 008	2 728 065	88 882	32 096 955
Other liabilities, including equity	3 788 850	1 007 789	529 875	-4 213	5 322 302
Total liabilities	28 688 850	5 387 797	3 257 941	84 669	37 419 256

Consumer loans was launched in June 2023 in Finland.

	2022 All country values presented in SEK				
Assets	SEK	NOK	DKK	EUR	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	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

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 exposure amount. The buffer requirement also includes a countercyclical buffer, which currently amounts to 2.1 percent of the risk exposure amount. There are currently no planned changes of the countercyclical buffer in countries where Entercard operates.

As a result of the Supervisory review 2023, Entercard has received a Pillar 2 Guidence of 1% of the Risk Exposure Amount and 1.5% of the Total Exposure Amount for Leverage Ratio.

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". Entercard's lending in Finland is conducted through cross-border operations. 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, 2023, the internal capital requirement amounted to 15.5 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) 2023 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	2023	2022
Capital instrument and associated share premium	5 000	5 000
Retained earnings	5 365 307	5 107 607
Accumulated other comprehensive income	-394 746	-353 252
Profit net, after deduction of foreseeable cost's and dividend's, verified by auditors	-15 689	257 700
Common Equity Tier 1 Capital before adjustments	4 959 873	5 017 055
Value adjustments due to the requirements for prudent valuation	-1 007	-7 265
Intangible assets	-19 422	-15 098
Deferred tax assets that rely on future profitability and arise from temporary differences	-25 949	-11 638
Negative values associated to expected losses	-26 675	-
Losses current year	-	-
Total adjustments of Common Equity Tier 1 Capital	-73 052	-34 002
Common Equity Tier 1 Capital	4 886 820	4 983 053
Additional Tier 1 Capital: instruments	-	-
Tier 1 Capital	4 886 820	4 983 053

Tier 2 Capital: Instruments and provisions	2023	2022
Capital instrument and associated share premium	-	-
Credit value adjustments	-	-
Tier 2 Capital before adjustments	-	-
Total adjustments of Common Equity Tier 2 Capital	-	-
Tier 2 Capital	-	-
Total Capital	4 886 820	4 983 053
Total risk exposure amount	27 868 407	28 421 014

Common Equity Tier 1 capital ratio	17,5%	17,5%
Tier 1 capital ratio	17,5%	17,5%
Total capital ratio	17,5%	17,5%

Requirements buffers, %	2023	2022
Total Tier 1 capital requirement including buffer requirement	9,1	8,3
whereof minimum CET1 requirement	*4,5*	*4,5*
whereof capital conservation buffer requirement	*2,5*	*2,5*
whereof countercyclical capital buffer requirement	*2,1*	*1,3*
Common Equity Tier 1 capital available to be used as buffer	8,4	9,3
Leverage ratio	11,7	11,3

Risk exposure amount and own funds requirements

	2023		2022	
Exposure classes	Risk exposure amount	Own funds requirement	Risk exposure amount	Own funds requirement
Institutional exposures	647 004	51 760	866 028	69 282
Covered bonds	32 114	2 569	32 306	2 584
Retail exposures	22 874 188	1 829 935	23 001 986	1 840 159
Regional governments or local authorities exposures	2 979	238	2 125	170
Corporate exposures	3 493	279	2 716	217
Exposures in default	1 528 981	122 318	1 720 596	137 648
Other exposures	428 785	34 303	457 405	36 592
Total	25 517 544	2 041 404	26 083 161	2 086 653

	2023	2022
Total capital requirement for credit risk according to the standardised approach	2 041 404	2 086 653

Capital requirements for operational risk	2023	2022
Risk exposure amount	1 951 652	1 939 063
Capital requirements according to the alternative standardised approach	156 132	155 125
Total Capital requirement for operational risk	156 132	155 125

Capital requirements for market risk (foreign exchange risk)	2023	2022
Risk exposure amount foreign currency risk	399 211	398 789
Capital requirements according to the standardised approach	31 937	31 903
Total Capital requirement for market risk	31 937	31 903

Capital requirements for settlement risk	-	-
Capital requirements for credit value adjustment (CVA) risk	-	-
Total Capital requirements	2 229 473	2 273 681

Internal capital requirement

	2023		2022	
Capital requirement according to Pillar 1	TSEK	% of *REA	TSEK	% of *REA
Credit risk	2 041 404	7,3	2 086 653	7,3
Market risk	31 937	0,1	31 903	0,1
Operational risk	156 132	0,6	155 125	0,5
Settlement risk	-	-	-	-
Credit value adjustment (CVA) risk	-	-	-	-
Total capital requirement according to Pillar 1	2 229 473	8,0	2 273 681	8,0
Capital requirement according to Pillar 2				
Other capital requirement	535 788	1,9	570 308	2,0
Total capital requirement according to Pillar 2	535 788	1,9	570 308	2,0
Combined buffer requirement				
Countercyclical buffer	587 933	2,1	356 446	1,3
Capital conservation buffer	696 710	2,5	710 525	2,5
Total combined buffer requirement	1 284 643	4,6	1 066 971	3,8
Pillar 2 guidance and internal buffer				
Additional management buffer	-	-	284 210	1,0
Pillar 2 guidance	278 684	1,0	-	-
Total Pillar 2 guidance and internal buffer	278 684	1,0	284 210	1,0
Internal capital requirement				
Total capital requirement	4 328 588	15,5	4 195 171	14,8
Capital base				
Total capital base	4 886 820	17,5	4 983 053	17,5

*REA - Risk exposure amount

	2023		2022	
Leverage ratio requirements*, TSEK/%	TSEK	%	TSEK	%
Leverage ratio requirement Pillar 1	1 251 101	3,0	1 318 005	3,0
Leverage ratio Pillar 2 guidance	625 551	1,5	659 002	1,5
Total capital requirement including pillar 2 guidance	1 876 652	4,5	1 977 007	4,5
Tier 1 capital	4 886 820	-	4 983 053	-

*Entercard's calculation based on the SFSA's announced leverage ratio requirements, including Pillar 2 requirements and Pillar 2 guidance.

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	2023	2022	2023	2022
Deposits	2 507 877	4 329 568	-	-
Other assets	-	1 105	-	-
Total	2 507 877	4 330 674	-	-
Liabilities				
Amounts owed to credit institutions	16 048 477	16 761 466	16 048 477	16 761 466
Other liabilities	12 967	8 582	-	-
Total	16 061 444	16 770 047	16 048 477	16 761 466
Income and expenses				
Interest income	84 232	19 657	-	-
Interest expenses	-723 209	-230 136	-723 943	-228 046
Commission income	91 020	95 149	-	-
Commission expenses	-88 278	-101 736	-	-
Other expenses	-11 017	-11 660	-	-
Total	-647 251	-228 727	-723 943	-228 046

Note 27 Classification and Valuation of Financial Assets and Liabilities

2023

Assets	Amortized cost	Measured at fair value through other comprehensive income	Other financial liabilities	Non-financial assets and liabilities	Book value	Fair value
Deposits	3 234 669	-	-	-	3 234 669	3 234 669
Loans to the public, net	32 170 538	-	-	-	32 170 538	32 170 538
Bonds and other interest-bearing securities	-	1 539 893	-	-	1 539 893	1 539 893
Other assets	272 066	-	-	112 006	384 072	384 072
Prepaid expenses and accrued income	90 084	-	-	-	90 084	90 084
Total assets	35 767 357	1 539 893	-	112 006	37 419 256	37 419 256
Liabilities						
Amounts owed to credit institutions	32 096 955	-	-	-	32 096 955	32 096 955
Other liabilities	-	-	159 756	3 139	162 895	162 895
Accrued expenses and prepaid income	-	-	180 568	-	180 568	180 568
Other provisions	15 172	-	-	-	15 172	15 172
Total liabilities	32 112 126	-	340 324	6 933	32 459 384	32 459 384

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

Note 28 Specifications of Adjustments for Non-cash Items

TSEK	2023	2022
Depreciation/amortization of tangible and intangible assets	9 976	11 397
Social tax on pensions	10 471	6 887
Bank tax	10 323	8 022
Change of expected credit losses	248 782	-17 965
Change in prepaid expenses and accrued income	-11 654	-5 210
Change in accrued expenses and prepaid income	-1 349	-17 182
Other	-71 316	-6 328
-	195 234	-20 377

Note 29 Specification of bank tax and resolution fees

SEK	2023	2022
Bank tax	-10 323	-8 022
Resolution fee	-14 292	-11 983
Total	-24 615	-20 004

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	2023	2022
Retained earnings	4 951 138 883	4 739 256 423
Current year's net profit/loss	-15 688 680	644 249 708
Total	4 935 450 203	5 383 506 131
dividends	-	386 549 825
to be carried forward	4 935 450 203	4 996 956 306
Total	4 935 450 203	5 383 506 131

Note 31 Contingent liability

Entercard and Coop Norge Handel AS have been involved in legal disputes since 2022 regarding interpretation of the partnership agreement. It is expected that matter will be settled in trial during 2024. Entercard believes it is less likely that Coop will prevail in the litigation, and therefore no provision has been made for potential losses, however risks in the process and/or related costs cannot be fully ruled out.

Note 32 Significant Events after the Year End

No significant events have occurred after year end closing.

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 / 2024

Tobias Griess
Chairman

Joseph Daniel Jessup

Christian Kühn

Fredrik Christofferson

Johan Sälgström

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 / 2024

Öhrlings PricewaterhouseCoopers AB
(signature on original document)

Peter Nilsson

Authorized Public Accountant