



Year-end report

2022

We make it possible

We have been working long enough in the field of finance to see notes being replaced, currencies disappear and major banks fall. But there has been one constant. People. We see people nowadays putting tougher demands on simplicity, user-friendliness and fast flows.

This is why our promise is to engage more with our customers. So that we can understand their needs and problems. Their everyday lives. Then we can always develop services that are relevant, with value for businesses and private individuals. So that they can continue to focus on what is important for them and their activities.

As we continue to grow, we always keep our eyes peeled for new ways to keep our promise to make it possible for our customers. To help them drive their companies forwards.

We now have a presence in several markets all over Europe and we continue to grow. Both organically and via various acquisitions.

In this year's year-end report you can read about how our business has grown and some of the most significant events of the past year.

Lennart Ågren
CEO, Svea Bank



FIVE-YEAR SUMMARY, GROUP (SEK thousands)

Income statements		2022	2021	2020	2019	2018
Net interest income	1)	2,585,592	2,512,030	2,030,804	1,848,800	1,517,785
Dividends received		92,483	26,212	11,666	35,332	20,151
Net commissions	2)	1,436,624	1,271,255	1,170,963	1,193,030	1,174,315
Other operating income		345,221	175,330	60,232	102,902	19,493
Operating income		4,459,920	3,984,828	3,273,664	3,180,065	2,731,744
Operating expenses		-2,896,662	-2,512,606	-2,163,098	-2,151,311	-1,955,880
Profit/loss before credit losses		1,563,258	1,472,222	1,110,567	1,028,754	775,864
Credit losses, net		-389,923	-396,651	-482,437	-400,090	-324,200
Impairment gains/losses		185,218	0	0	0	0
Operating profit/loss		1,358,552	1,075,571	628,129	628,664	451,664
Tax on profit/loss for the year		-285,418	-190,892	-147,338	-131,794	-95,888
Profit/loss for the year		1,073,134	884,679	480,792	496,870	355,776
Other comprehensive income		-559,579	391,589	530,805	-21,499	-8,370
Comprehensive income for the year		513,554	1,276,268	1,011,596	475,371	347,407
Balance sheets						
Cash and balances with central banks		2,503,401	573,006	176,582	31,757	33,772
Treasury bonds etc. acceptable as collateral		0	50,038	34,018	12,017	12,032
Lending to credit institutions		3,239,002	2,895,917	3,195,817	3,584,846	1,834,129
Lending to the public		25,550,058	20,782,655	17,718,064	17,210,614	14,839,741
Other assets		7,488,140	8,002,994	5,996,121	5,151,043	3,093,397
Assets		38,780,601	32,304,610	27,120,602	25,990,277	19,813,071
Liabilities to credit institutions		1,042	672	384	4	4,215
Deposits from the public		30,937,956	25,150,548	20,916,039	20,617,500	15,226,942
Other liabilities		2,175,422	1,914,489	1,882,805	2,320,877	1,937,662
Shareholders' equity		5,666,181	5,238,902	4,321,374	3,051,896	2,644,252
Liabilities and shareholders' equity		38,780,601	32,304,610	27,120,602	25,990,277	19,813,071
Key ratios						
Operating margin, %	3)	30.5	27.0	19.2	19.8	16.5
Return on total assets, %	4)	3.0	3.0	1.8	2.2	2.0
Return on shareholders' equity, %	5)	19.7	18.5	13.0	17.4	14.8
Equity/assets ratio, %	6)	14.6	16.2	15.9	11.7	13.3
Expenses/income	7)	0.6	0.6	0.7	0.7	0.7
Lending/deposits, %	8)	82.6	82.6	84.7	83.5	97.5
Credit loss ratio, %	9)	1.7	2.1	2.8	2.5	2.5
Liquidity, SEK thousands	10)	7,735,482	5,490,115	5,517,740	6,375,043	3,005,200
Cash flow from operating activities, SEK thousands	11)	1,109,583	1,890,412	1,552,481	1,432,605	1,115,657
Average number of full-time equivalent employees	12)	2,195	2,126	2,091	1,937	1,900
Consolidated situation						
Total capital, SEK thousands	13)	5,967,006	5,294,124	4,320,459	3,190,925	2,541,967
Risk-weighted exposures, SEK thousands	14)	34,950,362	29,709,525	23,650,092	21,205,562	18,506,396
Common Equity Tier 1 capital ratio, %	15)	14.5	14.8	14.5	10.9	10.7
Total capital ratio, %	16)	17.1	17.8	18.3	15.0	13.7
Liquidity Coverage Ratio (LCR), %	17)	664.0	467.2	365.8	400.1	166.6
Leverage ratio, %	18)	13.9	14.6	13.8	10.2	11.5
Stable funding (NSFR), %	19)	147.1	140.8	-	-	-

Comparative figures for 2018 include no IFRS 16 effect.

- 1) Interest income minus interest expenses.
- 2) Commission income minus commission expenses.
- 3) Operating profit divided by operating income.
- 4) Profit for the year divided by average total assets.
- 5) Profit for the year divided by average shareholders' equity.
- 6) Shareholders' equity divided by total assets at year end.
- 7) Operating expenses divided by operating income.
- 8) Lending to the public divided by deposits from the public at year end.
- 9) Credit losses, net divided by average lending to the public.
- 10) Cash and bank balances plus unutilised credit, treasury bonds accepted as collateral and bonds.

- 11) Cash flow from operating activities before changes in operating assets and liabilities.
- 12) Average of number of employees at beginning and end of year respectively.
- 13) Capital base equals the sum of Common Equity Tier 1 capital, Tier 1 capital and Tier 2 capital.
- 14) Total of risk weighted exposures on and off the balance sheet, in respect of credit risk, market risk, operational risk and creditworthiness adjustment risk.
- 15) Common Equity Tier 1 capital divided by total of risk weighted exposures.
- 16) Total capital divided by total of risk weighted exposures.
- 17) High-quality liquid assets (HQLA) divided by a stressed net cash outflow over 30 days.
- 18) Tier 1 capital divided by total assets excluding derivatives and deductions from the capital base, plus weighted off-balance assets and the exposure amount for counterparty risk.
- 19) Stable funding available divided by the need for stable funding.

Significant events during the year

Both income and operating profit increased for financial operations compared with the same period previous year. The bank has performed strongly in the Nordic region, where most of the operating profit is generated.

The debt collection operation also saw a positive trend compared with the same period in the previous year in both the Nordic region and Eastern Europe.

The operating profit increased by 26.3% and totalled SEK 1,358.6 million (1,075.6)

Comprehensive income decreased by 59.8% and totalled SEK 513.6 million (1,276.3).

Russia and Ukraine

Since Russia's invasion of Ukraine, the bank has limited its operations in the region and not made any new portfolio acquisitions. The local operation in Russia has not, however, been affected to any significant extent, as cash flows in the portfolio operation have remained positive. Earnings have not therefore been affected by any significant write-downs. At the same time, opportunities to transfer financial assets out of Russia remain limited, and the situation is difficult to judge. The bank is monitoring the regulations on sanctions closely and making sure that there are no transactions that are in breach of the regulations.

Fair value effects

The item net profit/loss from financial transactions saw a positive impact of SEK 297 million relating to changes in the value of unlisted shares. The biggest revaluation is attributable to the bank's shareholding in Bokio Group AB, following an announcement that Visma Sverige Holding AB is acquiring the company.

There was at the same time a negative impact on comprehensive income from changes in the value of listed shares of SEK 681 million after deductions for tax.

The difference in the value trend between unlisted and listed shares is explained primarily by the fact that individual unlisted shares saw an extraordinary positive change in value, while the listed shares have followed the market trend. After the balance sheet date, as of the end of January the change in value of listed shares is positive.

Decision from the Swedish Financial Supervisory Authority

On 22 June, the Swedish Financial Supervisory Authority (FI) announced that they were issuing a remark to the bank, which is a lesser form of sanction, for certain deficiencies in credit processes for unsecured loans to consumers. The remark is associated with an administrative fine of SEK 45 million, which has been posted to the income statement.

The bank was one of a number of institutions included in an audit initiated by FI during 2020, which concerned the granting of credit for loan amounts over SEK 80,000 that were authorised during 2019. In its decision, FI questioned whether the bank considered a sufficient amount of information in its credit assessments.

On 17 July, the Board of Directors of the bank chose to appeal FI's decision, in order to acquire clarity in the legal situation surrounding the application of the Swedish Consumer Credit Act. The bank submitted that a very large amount of information is obtained in the credit checking process, which has been proven in terms of both experience and statistics to produce low credit losses and not to contribute to over-indebtedness. In light of this, and with reference to the EU's Consumer Credit Directive, the bank believes that they display appropriate care for the consumer.

The bank has not yet received a decision following the appeal.

The bank shares FI's view of the importance of granting credit responsibly in order to prevent individual people from taking on too high a level of debt.

Credit loss provisions

An extra credit loss provision of SEK 48 million was created during 2020, the first year of the pandemic. No significant losses were confirmed as a consequence of Covid-19, and there is no longer considered to be an increased probability of default in the portfolio as a whole due to Covid-19. In view of this, the credit loss provision was dissolved in March 2022.

Macroeconomic factors such as the war in Ukraine, inflation and interest rates changed during the period. It has not been considered necessary to create an extra credit loss provision due to the prevailing situation. Depending on ongoing developments, this assessment may change during the next year.

2022

January

The downstream merger between Svea Ekonomi AB and Svea Bank AB was executed on 3 January. After this, Svea Bank AB is the new parent company of the Group.

The company Dunderbackens Fastighets AB was sold off.

February

In February, the remaining shares in the finance company Svea Credit BV and the finance company Svea Finance ZRT were liquidated.

March

In March, the Covid-19 reserve of SEK 48 million was reversed, as there is no longer considered to be a materially heightened credit risk attributable to Covid-19.

In March, the remaining shares in the administrative company Svea Development OY and the finance company Svea Payments OY were acquired.

April

In April, the company Fastighets AB Brunna was sold.

June

In June, the Swedish Financial Supervisory Authority decided to issue a remark to the bank. The remark is associated with an administrative fine of SEK 45 million, which has been posted to expenses.

Svea Intressenter 3 AB was liquidated in June.

July

In July, the bank chose to appeal the Swedish Financial Supervisory Authority's decision, in order to acquire clarity surrounding the application of the Swedish Consumer Credit Act.

November

In November, the Parent Company issued a new convertible loan of SEK 200 million in an incentive scheme for employees in the Group.

In November, the remaining shares in the finance company Zlantar of Sweden AB were acquired, and the company Gulldalsvägen Fastighets AB was sold.

The companies Svea Intressenter 41 AB, Svea Intressenter 42 AB, Svea Intressenter 43 AB and Svea Intressenter 44 AB were also formed in November.

2023

Sustainability work during the year

In 2022, we focused on how sustainability should be integrated more deeply into our operations by drawing up our roadmap, which describes activities for the years ahead. Our operations are largely digital, and we have relatively little direct impact on the climate and resource consumption.



Training

Svea worked during the year to increase competence in the field of sustainability through external advice. We also organised workshops, not only for employees who work directly with sustainability-related issues, but also for all members of the management team. The intention of this work was to raise awareness, to create a dialogue and a consensus around desired focus areas for Svea, and to identify a suitable work method to take this work forwards.

Business travel

The number of business trips has continued to be limited, as new ways of meeting and technical solutions have enabled us to maintain good quality in digital meetings. The importance of maintaining close relationships with our customers, in accordance with our business concept, vision and values, has still involved a certain amount of travel. In the dialogue with customers, they also expressed an increasing desire to change the meeting structure, with more digital meetings.

Premises

Svea's premises are modern and have been adapted well to meet environmental standards that aim to limit environmental impact. We have extended the opportunities for digital meetings with improved camera and audio equipment, as well as office premises that have been adapted for purposes such as remote meetings.

Waste

Access to waste sorting containers and recycling facilities is readily available on all floors in order to provide opportunities for good waste management.

Company cars

There was continued adaptation of the company car policy during 2022. The purpose was to significantly reduce the environmental impact and encourage the exclusive use of electric or hybrid vehicles. Information was issued to those employees who are entitled to have a company car. This has been a way of engaging them in the environmental issue.

Equal opportunity in management/Board/personnel

Svea strives actively to create an open and inclusive climate in which all employees have the same opportunities, rights and obligations in all significant areas at work, with regard to knowledge and expertise, gender, age, ethnic origin, religion, conviction, disability, sexual orientation or life situation.

We believe that we offer equal opportunity and have a relatively even distribution of women and men.

Find out more at
svea.com

SVEA