



Year-end report

2018

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 Ekonomi



Five-year summary, Group (SEK thousands)

Income statements		2018	2017	2016	2015	2014
Net interest income		1,506,540	1,160,387	885,689	778,302	578,141
Net commissions		1,174,315	1,066,170	1,015,163	930,729	818,630
Other operating income		39,644	110,056	89,953	99,887	101,381
Operating income		2,720,499	2,336,613	1,990,805	1,808,918	1,498,152
Operating expenses		-1,955,880	-1,458,571	-1,386,118	-1,260,418	-1,049,606
Profit/loss before credit losses		764,619	878,042	604,687	548,500	448,546
Credit losses, net		-324,200	-92,449	-138,946	-162,967	-121,181
Impairment charges, financial assets		0	0	0	-466	-1,460
Operating profit/loss		440,419	785,593	465,741	385,067	325,905
Tax on profit/loss for the year		-95,888	-135,143	-114,642	-109,968	-94,738
Profit/loss for the year		344,531	650,450	351,099	275,099	231,167
Balance sheets						
Treasury bonds etc. acceptable as collateral		12,032	11,041	10,000	0	0
Lending to credit institutions	1)	1,867,901	1,688,428	1,969,596	1,367,998	1,880,907
Lending to the public		14,839,741	11,375,227	8,585,904	6,006,656	5,150,410
Other assets		3,093,397	2,649,743	1,904,123	2,393,894	2,114,276
Assets		19,813,071	15,724,439	12,469,623	9,768,548	9,145,593
Liabilities to credit institutions		4,215	64,704	7,869	14,816	29,052
Deposits from the public		15,226,942	12,554,571	9,920,075	7,641,412	7,544,755
Other liabilities		2,237,662	942,960	875,926	726,206	466,794
Shareholders' equity		2,344,252	2,162,204	1,665,753	1,386,114	1,104,992
Liabilities and shareholders' equity		19,813,071	15,724,439	12,469,623	9,768,548	9,145,593
Key ratios						
Return on total assets, %	2)	1.9	4.6	3.2	2.9	2.9
Return on shareholders' equity, %	3)	15.3	34.0	23.0	22.1	22.8
Debt/equity ratio	4)	6.9	6.4	6.3	6.6	6.9
Equity/assets ratio, %	5)	11.8	13.8	13.4	14.2	12.1
Expenses excl. credit losses/income	6)	0.7	0.6	0.7	0.7	0.7
Expenses incl. credit losses/income	7)	0.8	0.7	0.8	0.8	0.8
Credit loss ratio, %	8)	2.5	0.9	1.9	2.9	2.6
Total capital in consolidated situation	9)	2,541,968	2,275,652	1,786,707	1,468,418	951,780
Total capital ratio in consolidated situation, %	10)	13.7	15.5	15.1	15.3	11.9
Cash flow from operating activities, SEK thousands	11)	1,115,657	883,358	795,329	703,254	629,917
Average number permanent employees	12)	1,900	1,033	980	916	839

1) Including Cash and bank balances at central banks.

2) Profit/loss for the year as a percentage of average total assets.

3) Profit/loss for the year as a percentage of average shareholders' equity.

4) Average liabilities divided by average shareholders' equity.

5) Shareholders' equity as a percentage of total assets at year end.

6) Operating expenses divided by operating income.

7) Operating expenses including credit losses (net) divided by operating income.

8) Credit losses as a percentage of average lending to the public.

9) Capital base equals the total of core primary, primary and supplementary capital.

10) Total capital as a percentage of total of risk weighted exposures.

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.

Significant events during the year

The year was characterised by expansions and an increase in loans and deposits, resulting in an increase in net interest and commission. The negative earnings trend is attributable to exchange rate changes in net profit from financial transactions and additional operating expenses, primarily attributable to the consolidation of Creditexpress and expenses attributable to the upgrading of certain IT platforms.

The Group has seen credit losses in respect of lending to private individuals and companies increase, mainly as a consequence of increased lending, but also as an effect of the introduction of IFRS 9. During the second half of the year, comprehensive income was affected by concerns in the capital market, which resulted in a negative trend in the company's share portfolio.

Financial operations performed according to plan or better during the year, with the exceptions of Estonia and Switzerland, which performed less well than planned. Investments in overdue accounts receivable in Eastern and Central Europe performed less well than planned during the year.

Debt collection operations performed according to plan or better during the year, with the exception of Estonia, which performed less well than planned. Eastern Europe operations performed less well than planned.

2018

In January 2018, the subsidiary Svea Inkasso AB acquired all the shares in the associated company Creditexpress NV from Svea Ekonomi AB and from other external shareholders. The Creditexpress Group runs debt collection operations through its subsidiaries in Eastern Europe and becomes wholly owned through this transaction.

In March 2018, the currency exchange operation in the subsidiary Svea Exchange AB was sold.

In March 2018, the Parent Company issued a commercial paper scheme to a value of SEK 3,000 million or the equivalent of this in EUR.

In March 2018, Svea Ekonomi Cyprus Limited acquired 95% of the shares in the Hungarian subsidiary Svea Finance ZRT from Svea Ekonomi AB and the remaining 5% of the shares from an external shareholder, which means that the company is now wholly owned.

April

In April 2018, the Parent Company issued a subordinated bond loan with a nominal value of SEK 300 million. This has strengthened the primary capital and total capital. The subordinated bond loan was registered at Nasdaq Stockholm.

May

The Norwegian subsidiary Smartvarsling Drift AS was sold in May 2018. There was also a restructuring, with the Russian subsidiary Capital Service Company LLC being sold within the Group to Svea Ekonomi Cyprus Limited.

June

In June 2018, 90% of the shares were acquired in the Finnish payment institution Maksuturva Group OY and its associated company Maksuturva ICT Services OY.

A single investment was made in June 2018 in the acquisition of overdue accounts receivable in Norway, Finland and Denmark of approximately SEK 850 million.

During the second half of the year, the Parent Company received a dividend from the subsidiary Svea Exchange AB of SEK 46.0 million, which resulted in an impairment of the shares in the subsidiary by the corresponding amount.

The dormant subsidiary Svenskt Betalskydd AB was sold during the third quarter. The holding in the associated company Trade in Sports Europe AB was written down by SEK 0.3 million and sold. The Norwegian branch Amfa Finans NUF has been de-registered.

October

In October 2018, an SEK 40 million withdrawal of shares in the company took place for repayment to shareholders.

December

The extraordinary shareholders meeting of 03 December 2018 resolved to pay a dividend to shareholders of SEK 25 million in accordance with a separate statement from the Board.

In December, Creditexpress NV was liquidated and the parent company in the Creditexpress Group is now Creditexpress Group BV.

The Latvian subsidiaries Svea Finance SIA and Svea Inkasso SIA were also liquidated.

2019



The birth of a modern, innovative bank

December saw the launch of Svea Bank under the digital platform sveabank.com, and we are now up and running as an innovative, modern bank.

The bank primarily offers solutions for small and medium-sized enterprises, but we also have banking services for private individuals in the form of savings accounts.

We make it possible with Maksuturva

We acquired 90 per cent of the Finnish fintech company Maksuturva. The company, which was founded ten years ago, offers various payment solutions for online shopping, from debit and credit cards to invoicing, payment by instalments, mobile payments and other new solutions. The company has also developed other functions for online shopping, such as tools for managing returns and complaints.

This acquisition allows us to offer our e-commerce customers intelligent solutions and to give Maksuturva's customers access to Svea's financial services.



B2B and e-commerce – start making digital sales to companies

In partnership with Novus, this autumn Svea produced a report that presented statistics, insights and tips on how and why companies should get started with digital sales to other companies. The report was distributed in the press, digital channels and at seminars and trade fairs, where we also gave presentations about the report.



An aerial photograph of a vast, dense forest covering a valley. In the distance, a large body of water is visible under a bright, hazy sunset sky. The sun is low on the horizon, creating a warm, golden glow over the entire scene. The trees in the foreground are dark green, while the sky transitions from a pale yellow near the horizon to a soft blue at the top.

Find out more at
svea.com

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