



Year-end report

2020

We make it possible

Covid-19 obviously made its mark on 2020, but we have managed to keep the business running well. We have benefited from having a balanced, well-diversified business.

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		2020	2019	2018	2017	2016
Net interest income	1)	2,012,465	1,831,065	1,506,540	1,160,387	885,689
Net commissions	2)	1,170,963	1,193,030	1,174,315	1,066,170	1,015,163
Other operating income		71,898	138,234	39,644	110,056	89,953
Operating income		3,255,326	3,162,329	2,720,499	2,336,613	1,990,805
Operating expenses		-2,163,098	-2,151,311	-1,955,880	-1,458,571	-1,386,118
Profit/loss before credit losses		1,092,228	1,011,018	764,619	878,042	604,687
Credit losses, net		-482,437	-400,090	-324,200	-92,449	-138,946
Impairment charges, financial assets		0	0	0	0	0
Operating profit/loss		609,790	610,928	440,419	785,593	465,741
Tax on profit/loss for the year		-147,338	-131,794	-95,888	-135,143	-114,642
Profit/loss for the year		462,453	479,134	344,531	650,450	351,099
Other comprehensive income		530,805	-21,499	-8,370	-16,575	44,079
Comprehensive income for the year		993,257	457,635	336,162	633,875	395,178
Balance sheets						
Treasury bonds etc. acceptable as collateral		34,018	12,017	12,032	11,041	10,000
Lending to credit institutions	3)	3,372,399	3,616,603	1,867,901	1,688,428	1,969,596
Lending to the public		17,718,064	17,210,614	14,839,741	11,375,227	8,585,904
Other assets		5,996,121	5,151,043	3,093,397	2,649,743	1,904,123
Assets		27,120,602	25,990,277	19,813,071	15,724,439	12,469,623
Liabilities to credit institutions		384	4	4,215	64,704	7,869
Deposits from the public		20,916,039	20,617,500	15,226,942	12,554,571	9,920,075
Other liabilities		2,182,805	2,620,877	2,237,662	942,960	875,926
Shareholders' equity		4,021,374	2,751,896	2,344,252	2,162,204	1,665,753
Liabilities and shareholders' equity		27,120,602	25,990,277	19,813,071	15,724,439	12,469,623
Key ratios						
Operating margin, %	4)	18.7	19.3	16.2	33.6	23.4
Return on total assets, %	5)	1.7	2.1	1.9	4.6	3.2
Return on shareholders' equity, %	6)	13.7	18.8	15.3	34.0	23.0
Equity/assets ratio, %	7)	14.8	10.6	11.8	13.8	13.4
Expenses/income	8)	0.7	0.7	0.7	0.6	0.7
Lending/deposits, %	9)	84.7	83.5	97.5	90.6	86.6
Credit loss ratio, %	10)	2.8	2.5	2.5	0.9	1.9
Liquidity, SEK thousands	11)	5,517,740	6,375,043	3,005,200	3,286,100	2,843,200
Cash flow from operating activities, SEK thousands	12)	1,552,481	1,432,605	1,115,657	883,358	795,329
Average number of full-time employees	13)	2,091	1,937	1,900	1,033	980
Consolidated situation						
Total capital, SEK thousands	14)	4,320,459	3,190,925	2,541,968	2,275,652	1,786,707
Risk weighted exposures, SEK thousands	15)	23,650,092	21,205,562	18,506,396	14,706,339	11,863,151
Common Equity Tier 1 capital ratio, %	16)	14.5	10.9	10.7	13.5	13.1
Total capital ratio, %	17)	18.3	15.0	13.7	15.5	15.1
Liquidity Coverage Ratio (LCR), %	18)	365.8	400.1	166.6	347.5	126.4

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

- 11) Cash and bank balances plus unutilised credit, treasury bonds accepted as collateral and bonds.
- 12) Cash flow from operating activities before changes in operating assets and liabilities.
- 13) Average of number of employees at beginning and end of year respectively.
- 14) Capital base equals the total of Common Equity Tier 1 capital, Tier 1 capital and Tier 2 capital.
- 15) Total of risk weighted exposures on and off the balance sheet, in respect of credit risk, market risk, operational risk and creditworthiness adjustment risk.
- 16) Common Equity Tier 1 capital divided by total of risk weighted exposures.
- 17) Total capital divided by total of risk weighted exposures.
- 18) High-quality liquid assets (HQLA) divided by a stressed net cash outflow over 30 days.

Significant events during the year

Financial operations saw a positive development compared with the previous year, with the exception of lower volumes in factoring and invoice purchasing, as well as higher credit losses in corporate lending. The investment in overdue accounts receivable in Eastern and Central Europe performed better than in the previous year, even including negative currency effects.

Debt collection operations performed better than in the previous year, driven primarily by a positive trend in Sweden, Norway and Russia.

The inflow of new customers was higher compared with the previous year.

The operating profit for 2020 was on a par with the previous year, totalling SEK 609.8 million (610.9).

Comprehensive income increased by no less than 117% thanks to positive growth in the share portfolio, totalling SEK 993.3 million (457.6).

Covid-19

The Covid-19 pandemic made its mark on the business during the year. A small working party has taken charge of work to monitor developments, draw up plans to adapt the business and to strive to continue to be an attractive employer and a reliable actor even during the pandemic.

In the second quarter, a cost-saving programme was initiated to reduce costs by SEK 100 million on an annual basis. In addition to this, an extra credit loss provision of SEK 46 million was posted to expenses.

All in all, it has not been possible to confirm any significant negative changes in the likelihood of defaults in the portfolio as a whole as a consequence of Covid-19. Negative effects can only be attributed to specific commitments. The Group has a well-diversified lending portfolio aimed at both private individuals and companies. There is limited exposure to those industries that have been affected very negatively, such as the hotel, restaurant and travel industries.

2020

January

In January, a withdrawal of shares was carried out for repayment to shareholders of SEK 40 million.

Two administrative companies were acquired in January: Kodea Systems AB and Reg Tech Ab OY.

March

In March, the Group's equity was bolstered by a new issue of 98,000 shares. Both shareholders' equity and the capital base have been bolstered by SEK 300 million.

April

In April, 75% of the financial company MoneyGo AB was acquired.

July

In July, 70% of the German finance company FMS Financial Management Solutions GmbH and 70% of the German debt collection company CMS Collection GmbH were acquired.

September

In September, a subordinated bond loan was issued with a nominal value of SEK 300 million. This has strengthened the Tier 2 capital and total capital. The subordinated bond loan was registered at Nasdaq Stockholm.

November

The bond loan of SEK 200 million that was originally issued in November 2015 was redeemed in November.

December

In December, a subordinated loan totalling SEK 100 million was repaid.

2021

The pandemic

It is important to us at Svea to have a workplace that is pervaded by a culture in which it is self-evident that competence, health and equal opportunity take priority. We work continuously to adopt a unified approach towards the way we behave and communicate with each other, our customers, suppliers and other external stakeholders. During 2020 and the special situation created by the pandemic, we have really benefited from our culture and our approach to be an attractive employer. Good interaction between employees, our informal corporate culture and a natural ability to adapt to the completely unprecedented situation have contributed to the successful handling of the change in work methods and adaptation of processes. In uncertain times, we take care of each other, coming together to create peace of mind for the individual.


During the year, a small working party has taken charge of work to monitor developments, draw up plans to adapt the business and to strive to continue to be an attractive employer and a reliable actor even during a year of pandemic.

Frequent communication to all employees, clear guidelines and the collection of information about employees' health through temperature readings specially adapted for the pandemic all took place during the period. The biggest transition was the extremely rapid implementation of a switch to primarily remote working, which the organisation managed extremely well, retaining the level of activity in the business and the focus on our customers.

Together with our customers, we have maintained a particularly strong focus on providing them with support, various financing solutions and, if necessary, adapted instalments and flexibility.

To contribute to society, as a company we have contributed financial support by providing lunches for staff working in the healthcare sector, and also in the form of the provision of hotel rooms for healthcare staff at a number of Sweden's major hospitals, to help them in their work.

We have also

- Adapted the onboarding process for new employees with digitalised induction courses and established a recruitment function consisting of employees who can convey the corporate culture and confirm expectations of prospective employees, and also accompany new employees during their initial period in order to provide an opportunity for every employee to develop and achieve his or her potential in the long term.
 - Provided access to digital seminars on subjects such as ergonomics in the home and mental health while working remotely.
 - Organised communal activities such as a digital Christmas party, food box for digital food preparation and digital managers' forums to provide support to managers and encourage engagement and participation.
 - Continued work on health promotion activities, such as information and reminders about exercising in everyday life, keep-fit contributions, access to gyms, etc. in order to avoid ill health and sick leave.
 - Made sure that equipment for home offices, such as monitors, keyboards, seats and desks, is available for employees to order internally.
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