

The background of the entire page is a scenic photograph of a rocky coastline. On the left, a large, craggy rock formation rises from the water, with several tall, thin pine trees growing on top. The water is a deep, clear blue, and the sky is a pale, clear blue. In the distance, a low, hazy landmass is visible on the horizon. In the foreground, dark, wet rocks are scattered along the shore. Two small figures can be seen swimming in the water near the base of the rocks.

Year-end report
2021

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.

Therefore, our promise is to engage more with our customers. So that we can understand their needs and problems. Their everyday lives. Then we always can develop services that are relevant, with value for both businesses and 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 open for new ways to keep our promise to make it possible for our customers. To help them drive their business forward.

Today we are present in several markets all over Europe, and we continue to grow. Both organically and through 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 | | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-----|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net interest income | 1) | 2,494,278 | 2,012,465 | 1,831,065 | 1,506,540 | 1,160,387 |
| Dividends received | | 26,212 | 11,666 | 35,332 | 20,151 | 11,251 |
| Net commissions | 2) | 1,271,255 | 1,170,963 | 1,193,030 | 1,174,315 | 1,066,170 |
| Other operating income | | 175,330 | 60,232 | 102,902 | 19,493 | 98,805 |
| Operating income | | 3,967,075 | 3,255,326 | 3,162,329 | 2,720,499 | 2,336,613 |
| Operating expenses | | -2,512,606 | -2,163,098 | -2,151,311 | -1,955,880 | -1,458,571 |
| Profit/loss before credit losses | | 1,454,469 | 1,092,228 | 1,011,018 | 764,619 | 878,042 |
| Credit losses, net | | -396,651 | -482,437 | -400,090 | -324,200 | -92,449 |
| Operating profit/loss | | 1,057,819 | 609,790 | 610,928 | 440,419 | 785,593 |
| Tax on profit/loss for the year | | -190,892 | -147,338 | -131,794 | -95,888 | -135,143 |
| Profit/loss for the year | | 866,926 | 462,453 | 479,134 | 344,531 | 650,450 |
| Other comprehensive income | | 391,589 | 530,805 | -21,499 | -8,370 | -16,575 |
| Comprehensive income for the year | | 1,258,515 | 993,257 | 457,635 | 336,162 | 633,875 |
| Balance sheets | | | | | | |
| Treasury bonds etc. acceptable as collateral | | 50,038 | 34,018 | 12,017 | 12,032 | 11,041 |
| Lending to credit institutions | 3) | 3,468,923 | 3,372,399 | 3,616,603 | 1,867,901 | 1,688,428 |
| Lending to the public | | 20,782,655 | 17,718,064 | 17,210,614 | 14,839,741 | 11,375,227 |
| Other assets | | 8,002,994 | 5,996,121 | 5,151,043 | 3,093,397 | 2,649,743 |
| Assets | | 32,304,610 | 27,120,602 | 25,990,277 | 19,813,071 | 15,724,439 |
| Liabilities to credit institutions | | 672 | 384 | 4 | 4,215 | 64,704 |
| Deposits from the public | | 25,150,548 | 20,916,039 | 20,617,500 | 15,226,942 | 12,554,571 |
| Other liabilities | | 2,214,489 | 2,182,805 | 2,620,877 | 2,237,662 | 942,960 |
| Shareholders' equity | | 4,938,902 | 4,021,374 | 2,751,896 | 2,344,252 | 2,162,204 |
| Liabilities and shareholders' equity | | 32,304,610 | 27,120,602 | 25,990,277 | 19,813,071 | 15,724,439 |
| Key ratios | | | | | | |
| Operating margin, % | 4) | 26.7 | 18.7 | 19.3 | 16.2 | 33.6 |
| Return on total assets, % | 5) | 2.9 | 1.7 | 2.1 | 1.9 | 4.6 |
| Return on shareholders' equity, % | 6) | 19.4 | 13.7 | 18.8 | 15.3 | 34.0 |
| Equity/assets ratio, % | 7) | 15.3 | 14.8 | 10.6 | 11.8 | 13.8 |
| Expenses/income | 8) | 0.6 | 0.7 | 0.7 | 0.7 | 0.6 |
| Lending/deposits, % | 9) | 82.6 | 84.7 | 83.5 | 97.5 | 90.6 |
| Credit loss ratio, % | 10) | 2.1 | 2.8 | 2.5 | 2.5 | 0.9 |
| Liquidity, SEK thousands | 11) | 5,490,115 | 5,517,740 | 6,375,043 | 3,005,200 | 3,286,100 |
| Cash flow from operating activities, SEK thousands | 12) | 1,890,060 | 1,552,481 | 1,432,605 | 1,115,657 | 883,358 |
| Average number of full-time equivalent employees | 13) | 2,126 | 2,091 | 1,937 | 1,900 | 1,033 |
| Consolidated situation | | | | | | |
| Total capital, SEK thousands | 14) | 5,294,124 | 4,320,459 | 3,190,925 | 2,541,968 | 2,275,652 |
| Risk-weighted exposures, SEK thousands | 15) | 29,709,525 | 23,650,092 | 21,205,562 | 18,506,396 | 14,706,339 |
| Common Equity Tier 1 capital ratio, % | 16) | 14.8 | 14.5 | 10.9 | 10.7 | 13.5 |
| Total capital ratio, % | 17) | 17.8 | 18.3 | 15.0 | 13.7 | 15.5 |
| Liquidity Coverage Ratio (LCR), % | 18) | 467.2 | 365.8 | 400.1 | 166.6 | 347.5 |
| Leverage ratio, % | 19) | 14.6 | 13.8 | 10.2 | 11.5 | 11.4 |
| Stable funding (NSFR), % | 20) | 140.8 | | | | |

Comparative figures for 2017-2018 include no IFRS 16 effect.

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|---|--|
| 1) Interest income minus interest expenses. | 12) Cash flow from operating activities before changes in operating assets and liabilities. |
| 2) Commission income minus commission expenses. | 13) Average of number of employees at beginning and end of year respectively. |
| 3) Including Cash and bank balances at central banks. | 14) Capital base equals the sum of Common Equity Tier 1 capital, Tier 1 capital and Tier 2 capital. |
| 4) Operating profit divided by operating income. | 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. |
| 5) Profit for the year divided by average total assets. | 16) Common Equity Tier 1 capital divided by total of risk weighted exposures. |
| 6) Profit for the year divided by average shareholders' equity. | 17) Total capital divided by total of risk weighted exposures. |
| 7) Shareholders' equity divided by total assets at year end. | 18) High-quality liquid assets (HQLA) divided by a stressed net cash outflow over 30 days. |
| 8) Operating expenses divided by operating income. | 19) 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. |
| 9) Lending to the public divided by deposits from the public at year end. | 20) Available stable funding divided by the need for stable funding. |
| 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. | |

Significant events during the year

Both income and operating profit increased significantly for the financial operation compared with the previous year. The strong profit figure is driven primarily by the investment in past-due receivables in Eastern and Central Europe, which performed significantly better than in the previous year as a consequence of legislative changes that enable the collection of debts that have previously been written off.

The debt collection operation also saw a positive trend compared with the previous year. The operating profit increased as a consequence of increased revenue and cost savings.

Impairment of goodwill had a negative impact on the consolidated result with SEK 129 million.

The operating profit for 2021 increased in comparison with the previous year, totalling SEK 1,057.8 million (609.8).

Comprehensive income increased by 26.7% and totalled SEK 1,258.5 million (993.3).

Covid-19

An extra credit loss provision of SEK 46.0 million during the previous year. This provision remains in full and there was no need to utilise it during the year. Even if the negative impact of Covid-19 on operations has been limited so far, there is still a risk of negative effects in the future. It is too soon to determine the total impact of Covid-19.

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 individuals and companies. There is limited exposure to those industries that have been affected very negatively, such as the hotel, restaurant and travel industries.

2021

January

In January, a credit portfolio was acquired from BlueStep Bank AB with a value of SEK 730 million.

June

In June, the boards of directors of Svea Ekonomi AB and Svea Bank AB drew up and signed a merger plan for the purpose of merging the business operation in the parent company Svea Ekonomi AB into the subsidiary Svea Bank AB.

In June, the remaining shares in the IT company PayGround AB were acquired.

October

In October, the remaining shares in PFC Technology AB were acquired.

November

In November, the Swedish Financial Supervisory Authority gave its permission to execute the merger plan.

2022

On 3rd of January, Svea Ekonomi AB was merged into the subsidiary Svea Bank AB. After this, Svea Bank AB is the new parent company of the Group. Bringing together all operations in Svea Bank is a natural step to increase clarity towards the market and our customers.

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. The contingency group at Svea has been working all year long to adapt the business to maintain the level of activity while at the same time observing the recommendations issued by the authorities to prevent the spread of infection.

During the second year of the pandemic, sick leave at Svea remained relatively low, below 4%. Precautionary measures involving a high level of remote working, combined with adaptations to premises, cleaning and advice to employees, have hopefully contributed to this. The attitude and flexibility of our employees have been success factors so that the business has continued to function extremely well.



Responsible social actor

The climate issue is perhaps the most important issue, which means that we need to adapt to the fact that the climate and society will change, and to contribute new solutions. The financial sector is expected to play a role in supporting national and international sustainability goals and in facilitating the transition to a society with lower carbon dioxide emissions. Our external environment is demanding that financial products and services must be provided in a way that promotes or that does not harm economic welfare, the environment and social well-being.

The environmental requirements and the EU's action plan in respect of the environment for a sustainable economy has resulted in the EU taxonomy. This defines, among other things, what green investments are and makes demands of companies to report how their business operations live up to them. As a publicly listed company, Svea Bank must disclose information in accordance with the taxonomy.

Svea can contribute by means of responsible lending, in which the consumers' interests are considered – in particular ability to pay and suitability – before a credit agreement is signed. It is also important to have inclusive financing that is available to individuals, groups and small businesses when traditional structures and products do not work.

Find out more at
svea.com

SVEA