FINANCIAL INFORMATION FROM SVEA BANK

Year-end report 2024

Together we create the sustainable business of the future

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..

"For us, sustainability means being a reliable financial actor, an obvious alternative to the big banks. We make it possible for businesses and people to grow and contribute to a sustainable society through more inclusion"

Lennart Ågren
CEO and President, Svea Bank

As we continue to grow, we always keep our eyes open for new ways to fulfill our promise of making things possible for our customers – helping them drive their businesses forward. Today, we are present in several markets across 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.

Five-year summary, group (SEK thousands)

The figures for 2024 and 2023 refer to the continued operations, i.e. excluding the Russian subsidiaries, which were deconsolidated as of 31 December 2024 (classified as discontinued operations in accordance with IFRS 5). Assets and liabilities from the deconsolidated business have been derecognised in the figures for 2024, but are included in the figures for 2023. The figures for 2020–2022 have not been recalculated.

Income statement		**2024**	**2023**	**2022**	**2021**	**2020**
Net interest income	1)	2 527 971	2 467 530	2 585 592	2 512 030	2 030 804
Dividends received		30 731	75 379	92 483	26 212	11 666
Net commissions	2)	1 750 056	1 467 898	1 436 624	1 271 255	1 170 963
Other operating income		356 657	161 785	345 221	175 330	60 232
Operating income		**4 665 414**	**4 172 592**	**4 459 920**	**3 984 828**	**3 273 664**
Operating expenses		-3 036 927	-3 037 823	-2 896 662	-2 512 606	-2 163 098
Profit/loss before credit losses		**1 628 487**	**1 134 768**	**1 563 258**	**1 472 222**	**1 110 567**
Credit losses, net		-782 296	-982 992	-389 923	-396 651	-482 437
Impairment gains/losses		113 140	214 996	185 218		
Operating profit/loss		**959 331**	**366 771**	**1 358 552**	**1 075 571**	**628 129**
Tax on profit/loss for the year		-143 251	-131 574	-285 418	-190 892	-147 338
Profit/loss for the year from the continued operations		**816 081**	**235 198**	**1 073 134**	**884 679**	**480 792**
Profit/loss for the year after tax from the deconsolidated operations		-523 339	293 730			
Profit/loss for the year		**292 742**	**528 928**	**1 073 134**	**884 679**	**480 792**
Comprehensive income						
Profit/loss for the year		**292 742**	**528 928**	**1 073 134**	**884 679**	**480 792**
Other comprehensive income		281 216	-63 518	-559 579	391 589	530 805
Comprehensive income for the year		**573 958**	**465 410**	**513 554**	**1 276 268**	**1 011 596**
Balance sheet						
Cash and balances with central banks		2 531 380	4 998 416	2 503 401	573 006	176 582
Lending to credit institutions		3 388 022	3 091 668	3 239 002	2 895 917	3 195 817
Lending to the public		33 712 516	29 407 817	25 550 058	20 782 655	17 718 064
Other assets		8 424 906	7 534 419	7 488 140	8 053 031	6 030 140
Assets		**48 056 825**	**45 032 320**	**38 780 601**	**32 304 610**	**27 120 602**
Liabilities to credit institutions		0	265 200	1 042	672	384
Deposits from the public		39 160 476	36 168 948	30 937 956	25 150 548	20 916 039
Other liabilities		2 340 332	2 347 056	2 175 422	1 914 489	1 882 805
Shareholders' equity		6 556 017	6 251 117	5 666 181	5 238 902	4 321 374
Liabilities and shareholders' equity		**48 056 825**	**45 032 320**	**38 780 601**	**32 304 610**	**27 120 602**
Key ratios						
Operating margin, %	3)	20.6	8.8	30.5	27.0	19.2
Return on total assets, %	4)	0.6	1.3	3.0	3.0	1.8
Return on shareholders' equity, %	5)	4.6	8.9	19.7	18.5	13.0
Equity/assets ratio, %	6)	13.6	13.9	14.6	16.2	15.9
Expenses/income	7)	0.7	0.7	0.6	0.6	0.7
Lending/deposits, %	8)	86.1	81.3	82.6	82.6	84.7
Credit loss ratio, %	9)	2.5	3.6	1.7	2.1	2.8
Liquidity, SEK thousands	10)	8 353 657	10 266 478	7 735 482	5 490 115	5 517 740
Cash flow from operating activities, SEK thousands	11)	1 684 888	991 292	1 070 307	1 890 412	1 552 481
Average number of full-time equivalent employees	12)	2 315	2 291	2 195	2 126	2 091
Consolidated situation						
Total capital, SEK thousands	13)	6 172 219	6 393 084	5 967 006	5 294 124	4 320 459
Risk-weighted exposures, SEK thousands	14)	42 199 177	39 474 703	34 950 362	29 709 525	23 650 092
Common Equity Tier 1 capital ratio, %	15)	11.8	13.2	14.5	14.8	14.5
Total capital ratio, %	16)	14.6	16.2	17.1	17.8	18.3
Liquidity Coverage Ratio (LCR), %	17)	568.7	964.5	664.0	467.2	365.8
Leverage ratio, %	18)	11.5	12.7	13.9	14.6	13.8
Net stable funding ratio (NSFR), %	19)	135.6	143.3	147.1	140.8	-

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

The business's development

The business, excluding the deconsolidated Russian operations, is described below and subsequently as the "continued" operations.

The continued financial business activities saw a positive trend during the year in terms of both operating income and operating profit compared with the previous year, with lower credit losses. This positive trend is driven primarily by business activities in the Parent Company including the branches in Norway and Finland. The continued portfolio business in Eastern Europe in respect of purchased or originated credit-impaired financial assets has generated a good return, albeit slightly lower than in the previous year. Lending and deposits for both private individuals and businesses saw strong growth during the year.

The continued debt collection business maintained a positive trend in terms of both operating income and operating profit compared with the previous year, driven primarily by the businesses in Sweden and Denmark.

Credit losses

Credit losses for the period decreased compared with the previous year, returning to normal levels. Credit losses for the year were in line with expectations, except for an extra reserve of SEK 50 million attributable to a loan receivable in one of the deconsolidated Russian subsidiaries.

Credit loss provisions increased in all three stages during the year. In stage 1, this is primarily due to provisions for expected future credit losses attributable to new lending. The provisions in stage 3 stabilised as expected in both private and business lending, while write-offs increased because of defaulted exposures that are judged to be unlikely to be recovered.

Significant events during the year

Pillar 2 guidance

Svea has a strong financial position and good resilience to financial stress, as evidenced by the Swedish Financial Supervisory Authority's Pillar 2 guidance that was announced in February. This included a decision on guidance of 0 per cent of total risk-weighted exposure amount and 0.15 per cent of total exposure amount for the leverage ratio.

Refinance of one of our T2 bond loans

In June, we redeemed and refinanced one of our T2 bond loans to a value of SEK 300 million. The issue was oversubscribed, which clearly indicates continued confidence from investors. At the end of the year, we had achieved the goal of being financed to the greatest possible extent in local currencies. This has reduced our need for currency hedges and limited the effects of exchange rate fluctuations.

Deconsolidation of the Russian companies

Because of the sanctions and restrictions, which have gradually been tightened following Russia's invasion of Ukraine, the Board of Directors believes that the IFRS criteria for Svea being deemed to have a controlling influence over the Russian companies are no longer fulfilled. Svea's Board of Directors has therefore concluded that the Group can no longer consolidate the Russian companies that are part of the Svea Group, and these are therefore not included in the consolidated accounts as of 31 December 2024.

The decision to deconsolidate the Russian companies has had a one-off effect on the Svea Group's profit/loss for 2024 of SEK -630 million. The impact on the capital situation is, however, marginal, as Svea had already made a provision of SEK 450 million in Pillar 2 for currency risks in the consolidated situation. The decision entails no other operational or legal changes in the business operations in Russia.

Decision from the Swedish Financial Supervisory Authority

In 2022, the Swedish Financial Supervisory Authority decided to issue the Bank with a warning and an administrative penalty of SEK 45 million because it was judged that the Bank was not complying with the Swedish Consumer Credit Act with regard to the collection of sufficient data to form the basis of credit checks and thereby be able to assess the ability of consumers to make repayments.

The Bank appealed to the Administrative Court, which agreed with the Bank, and the Swedish Financial Supervisory Authority (FI) in turn appealed to the Administrative Court of Appeal, which supported FI. The Bank appealed to the Supreme Administrative Court, which decided in December 2024 not to grant leave to appeal. The administrative penalty has therefore been transferred from provisions to other liabilities and was paid at the beginning of 2025.

Anti-Money Laundering (AML) procedures

In 2023, the Swedish Financial Supervisory Authority initiated an investigation into AML procedures at several banks, including Svea. The investigation is still ongoing and we responded to the Authority's request for a statement during January. A decision on the case is expected later in the year.

2024

February
In February, a decision was received from the Swedish Financial Supervisory Authority (FI) in respect of special capital requirements and Pillar 2 guidance for the consolidated situation.

June
In June, new subordinated Tier 2 bonds to a total of SEK 300 million were issued with a variable coupon of 3m STIBOR +6.75%. In June, the Tier 2 bonds to a total of SEK 300 million that had been issued in June 2019 were also redeemed prematurely.

The dormant subsidiary Nosyap AB (formerly Payson AB) was divested in June.

July
The Danish finance company Unilån ApS was acquired in July. Upon completion, the name was changed to Svea Kredit ApS.

November
The Finnish administrative subsidiary RegTech AB OY was liquidated in November, and the Finnish administrative subsidiary Svea Development OY was liquidated in December. The business activities have been transferred to the Parent Company's Finnish branch.

December
The Supreme Administrative Court decided in December 2024 not to grant leave to appeal. The administrative penalty has therefore been transferred from provisions to other liabilities and was paid at the beginning of 2025.

As of 31 December, the Bank's Board of Directors concluded that the Bank can no longer consolidate the Russian subsidiaries in accordance with IFRS.

2025

Sustainability work during the year

In 2024, Svea continued to develop our sustainability work, with the aim of improving quality in what we do while at the same time equipping ourselves for the future. We have initiated abroad review of our sustainability work to identify the most suitable working methods for Svea. At the same time, two sustainability aspects, in line with previous years, have been particularly important: being a reliable financial actor and an attractive employer. This is why, for example, training courses for our staff are held in areas such as anti-corruption, information security, money laundering issues and our Code of Conduct. Svea also carried out several initiatives to improve job satisfaction and well-being at the workplace. One of these initiatives was an employee survey, which measures eNPS1 to provide a picture of how our employees perceive Svea as an employer. The survey in 2024 resulted in an eNPS of 45. It is pleasing to see that many employees enjoy working for Svea, and our work to further enhance employee satisfaction will continue in the years ahead.

Another pleasing piece of news from the year is that Svea has achieved its environmental goal for over 60 per cent of the Swedish vehicle fleet to consist of electric or hybrid vehicles by the end of 2024. This is an important step in the right direction in our work to reduce our environmental impact and contribute to more sustainable development. For us, sustainability means being a reliable financial actor and an obvious alternative to the big banks. To achieve this, the competence and engagement of our employees are crucial, both to contribute to sustainable development and to create value for our customers.

As all companies that are subject to the CSRD must report on those sustainability areas that are material for the company, the actual reporting process must be preceded by an analysis to define which areas are material for Svea in particular. Svea has therefore conducted what is known as a double materiality analysis. Within the framework of the double materiality analysis, the positive and negative impacts and the actual and potential impacts that Svea has on the external environment are identified, viewed on the basis of the three dimensions of Environment, Social and Governance (ESG). In the same way, risks and opportunities associated with sustainability are identified within the framework of the double materiality analysis. The results of the analysis caused the following four sustainability areas to be preliminarily assessed as material for Svea, although the analysis needs to be validated in the years ahead:

- Climate change
- Own workforce
- Consumers and end-users
- Business ethics

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We make it possible for businesses and people to grow