

The SVEA logo is positioned in the top right corner. It consists of the word "SVEA" in a bold, white, sans-serif font, with a horizontal teal bar underneath it. The background of the entire page is a photograph of a man with a goatee and glasses, wearing a dark blue sweater and jeans, standing in an industrial setting with warm, glowing lights in the background.

SVEA

FINANCIAL INFORMATION FROM SVEA BANK

Year-end report 2023

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.

“Our business is based on personal service to offer efficient, adapted solutions to help our customers to grow. We are therefore proud to have been able to confirm through surveys that the Svea brand continued to become stronger during the year.”

Lennart Ågren
CEO 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)

Income statements		2023	2022	2021	2020	2019
Net interest income	1)	2 740 813	2 585 592	2 512 030	2 030 804	1 848 800
Dividends received		75 379	92 483	26 212	11 666	35 332
Net commissions	2)	1 492 206	1 436 624	1 271 255	1 170 963	1 193 030
Other operating income		101 465	345 221	175 330	60 232	102 902
Operating income		4 409 863	4 459 920	3 984 828	3 273 664	3 180 065
Operating expenses		-3 191 792	-2 896 662	-2 512 606	-2 163 098	-2 151 311
Profit/loss before credit losses		1 218 071	1 563 258	1 472 222	1 110 567	1 028 754
Credit losses, net		-982 992	-389 923	-396 651	-482 437	-400 090
Impairment gains/losses		536 699	185 218			
Operating profit/loss		771 778	1 358 552	1 075 571	628 129	628 664
Tax on profit/loss for the year		-242 850	-285 418	-190 892	-147 338	-131 794
Profit/loss for the year		528 928	1 073 134	884 679	480 792	496 870
Other comprehensive income		-63 518	-559 579	391 589	530 805	-21 499
Comprehensive income for the year		465 410	513 554	1 276 268	1 011 596	475 371
Balance sheets						
Cash and balances with central banks		4 998 416	2 503 401	573 006	176 582	31 757
Treasury bonds etc. acceptable as collateral				50 038	34 018	12 017
Lending to credit institutions		3 091 668	3 239 002	2 895 917	3 195 817	3 584 846
Lending to the public		29 407 817	25 550 058	20 782 655	17 718 064	17 210 614
Other assets		7 534 419	7 488 140	8 002 994	5 996 121	5 151 043
Assets		45 032 320	38 780 601	32 304 610	27 120 602	25 990 277
Liabilities to credit institutions		265 200	1 042	672	384	4
Deposits from the public		36 168 948	30 937 956	25 150 548	20 916 039	20 617 500
Other liabilities		2 347 056	2 175 422	1 914 489	1 882 805	2 320 877
Shareholders' equity		6 251 117	5 666 181	5 238 902	4 321 374	3 051 896
Liabilities and shareholders' equity		45 032 320	38 780 601	32 304 610	27 120 602	25 990 277
Key ratios						
Operating margin, %	3)	17,5	30,5	27,0	19,2	19,8
Return on total assets, %	4)	1,3	3,0	3,0	1,8	2,2
Return on shareholders' equity, %	5)	8,9	19,7	18,5	13,0	17,4
Equity/assets ratio, %	6)	13,9	14,6	16,2	15,9	11,7
Expenses/income	7)	0,7	0,6	0,6	0,7	0,7
Lending/deposits, %	8)	81,3	82,6	82,6	84,7	83,5
Credit loss ratio, %	9)	3,6	1,7	2,1	2,8	2,5
Liquidity, SEK thousands	10)	10 266 478	7 735 482	5 490 115	5 517 740	6 375 043
Cash flow from operating activities, SEK thousands	11)	2 041 412	1 109 583	1 890 412	1 552 481	1 432 605
Average number of full-time equivalent employees	12)	2 247	2 195	2 126	2 091	1 937
Consolidated situation						
Total capital, SEK thousands	13)	6 393 084	5 967 006	5 294 124	4 320 459	3 190 925
Risk-weighted exposures, SEK thousands	14)	39 474 703	34 950 362	29 709 525	23 650 092	21 205 562
Common Equity Tier 1 capital ratio, %	15)	13,2	14,5	14,8	14,5	10,9
Total capital ratio, %	16)	16,2	17,1	17,8	18,3	15,0
Liquidity Coverage Ratio (LCR), %	17)	940,0	664,0	467,2	365,8	400,1
Leverage ratio, %	18)	12,7	13,9	14,6	13,8	10,2
Stable funding (NSFR), %	19)	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

In financial business activities, the development of the portfolio business (purchased non-performing exposures) continued to be positive during the year. Lending to both private individuals and business saw strong growth during the year.

Debt collection activities saw positive development in both income and operating profit compared with the same period last year, driven above all by the business operations in Sweden, Norway and Poland.

Operating profit decreased by 43.2%, amounting to SEK 771.8 million (1,358.6), mainly due to increased credit losses.

Total comprehensive income decreased by 9.4%, amounting to SEK 465.4 million (513.6). Total comprehensive income was negatively impacted by changes in the value of listed equity holdings, with an effect of -SEK 104 million after tax deductions. However, total comprehensive income was positively affected by gains from the divestment of listed equity holdings, with an effect of SEK 139 million. Total comprehensive income also included a negative currency translation effect of -SEK 99 million.

Issuance of AT1 Bonds

In April, new AT1 bonds to a total of SEK 300 million were issued with a variable coupon of 3m STIBOR + 7.5%. At the same time, the previous AT1 bonds from 2018, to a total of SEK 300 million, were redeemed early. To further strengthen the capital base, additional new AT1 bonds to a total of SEK 300 million were issued in December, also with a variable coupon of 3m STIBOR + 7.5%. All AT1 bonds were subscribed by Svea Bank's owners.

Decision from the Financial Supervisory Authority

In November, the Administrative Court ruled that Svea Bank AB complies with the Consumer Credit Act, thereby overturning the Financial Supervisory Authority's decision to issue a remark and impose a penalty fee on the bank. The court concluded that the information used for credit assessments was sufficient to assess, with a high degree of certainty, the consumer's ability to fulfill their obligations under the credit agreement.

The Financial Supervisory Authority has since appealed the Administrative Court's decision, and the Court of Appeal has granted leave to appeal. As a result, the potential penalty fee of SEK 45 million.

In November, the Administrative Court confirmed that Svea Bank AB is in compliance with the Swedish Consumer Credit Act and thereby annulled the Swedish Financial Supervisory Authority's decision to issue Svea Bank with a warning and an administrative penalty. The Administrative Court

considers that the data that formed the basis of credit checks was sufficient to be able to assess to a high degree of certainty the consumer's abilities to fulfil their commitments under the credit agreement.

The Swedish Financial Supervisory Authority subsequently appealed the Administrative Court's judgement, and the Administrative Court of Appeal has decided to grant leave to appeal. The potential administrative penalty of SEK 45 million has therefore not been reversed but continues to be reported as a provision.

The bank shares the Authority's view on the importance of responsible lending to prevent individuals from accumulating excessive debt.

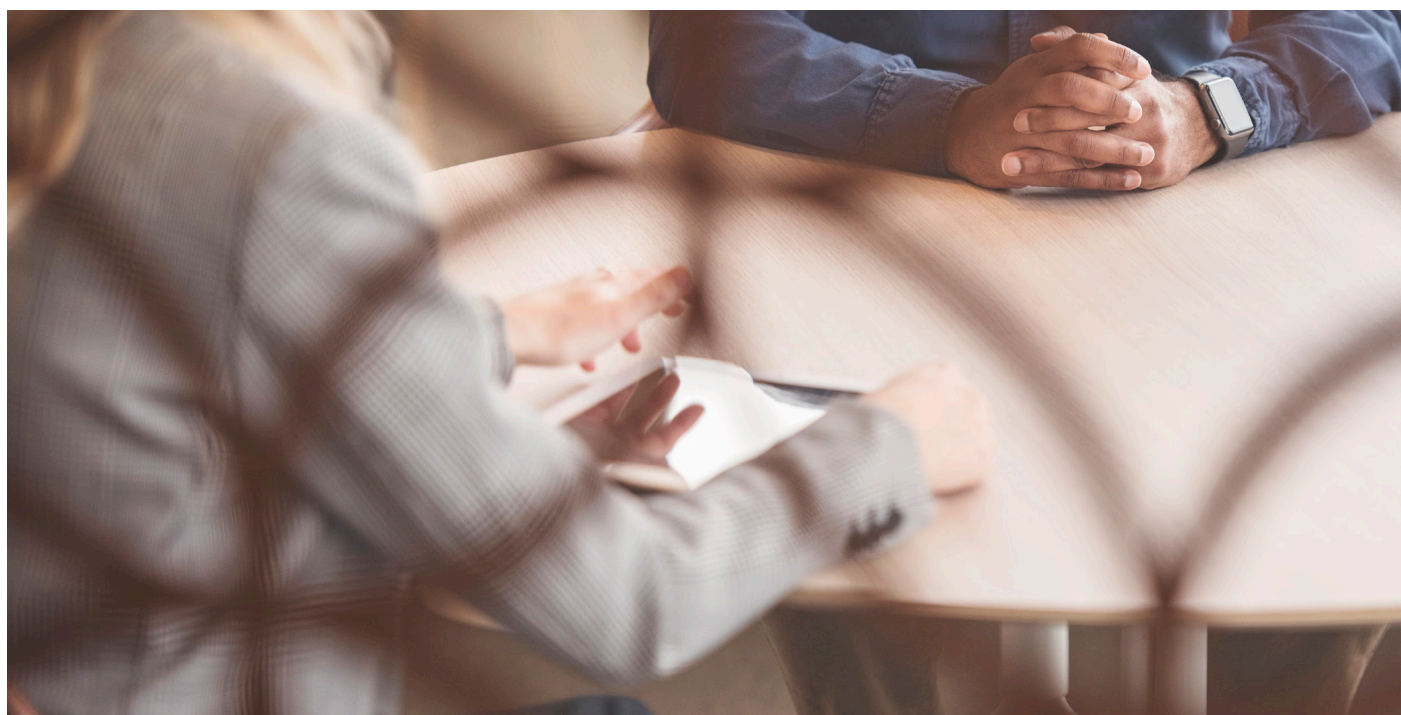
Credit Loss Provisions and Credit Losses

Credit loss provisions increased in all three stages during the year. A specific customer in the constructing industry in Sweden, with significant individual exposure, filed for bankruptcy in the fourth quarter. This resulted in a negative impact on credit losses of SEK 337 million (1.2% in credit loss ratio for the group) and a negative effect on net financial transactions of SEK 48 million, totaling a negative impact on operating profit of SEK 385 million. It is our assessment that the Stage 3 increase will stabilize during the first half of 2024, both in private and corporate lending.

The credit loss ratio in 2022 was historically low, also positively affected by the reversal of a credit loss provision of SEK 48.5 million attributable to COVID-19 being reversed in the first quarter.

AML Procedures

During the year, the Financial Supervisory Authority initiated an investigation into the AML procedures of several niche banks, including Svea Bank.



2023

February

In February, the administrative company Nicknamed AB was divested.

April

On April 3rd, new AT1 bonds totaling SEK 300 million were issued with a variable coupon of 3m STIBOR +7.5%, with perpetual maturity and the first possible call date after 5 years. On April 3rd, the previous AT1 bonds from 2018, totaling SEK 300 million, were also redeemed early.

In the spring, agreements were signed with Nordea and DnB to take over factoring operations in Norway.

August

In August, the Turkish financial company Svea Uluslararası Yönetim Danışmanlığı Anonim Şirketi was established. Currently, the company has no operations, and there are no plans to start operations in the near future.

September

In September, all shares were acquired in the Finnish company Intrum Rahoitus OY (renamed Svea Rahoitus OY). This acquisition strengthens the bank's position in the factoring market in Finland.

November

In 2022, the bank was issued a penalty fee of SEK 45 million by the Financial Supervisory Authority, which was appealed. In November, the Administrative Court overturned the Authority's decision. The Financial Supervisory Authority has since appealed and has been granted leave to appeal in the Court of Appeal.

December

In December, the remaining shares in the financial company MoneyGo AB were acquired.

On December 20th, new AT1 bonds totaling SEK 300 million were issued with a variable coupon of 3m STIBOR +7.5%, with perpetual maturity and the first possible call date after 5 years. All AT1 bonds were subscribed by the bank's owner, Lennart Ågren (through a company).

A customer in the construction industry in Sweden, with significant individual exposure, filed for bankruptcy during the fourth quarter. This resulted in a negative impact on operating profit of SEK 385 million.

2024

Sustainability Efforts During the Year

In 2023, work proceeded with the conducting of a materiality analysis in order to better understand Svea's significant impact on the environment and people based on the company's value chain, as well as the risks and opportunities associated with sustainability that may be assumed to have a significant financial impact.

Preparations for CSRD

Work during 2023 took as its starting point preparations for the implementation of the EU's Corporate Sustainability Reporting Directive (CSRD) with the associated European Sustainability Reporting Standard (ESRS). In connection with preparations for the new legal requirements, Svea is continuing to develop the Group's general sustainability work, which involves developing our sustainability strategy and plan, with the aim of integrating sustainability more clearly into the business. This work includes updating the company's materiality analysis, which includes a review of how the bank affects society in the areas of Environmental, Social and Governance (ESG). Based on the materiality analysis, there is also an updating of prioritized focus areas and objectives, as well as analyses of risks and opportunities in the area of ESG. Work on preparations for the implementation of CSRD is ongoing and will continue during 2024.

Suppliers

Linked to the materiality analysis, a review is under way of our supply chain in order to draw up key ratios for our suppliers and to do more work on our Code of Conduct. The objective for 2024 is to have completed the mapping process and increase the proportion who have signed our Code of Conduct.

Social engagement and partnerships

At Svea, we have continued to be engaged in issues relating to education and private finances. We have both paid visits to and received visits from upper secondary schools when we provided education about private finances as well as information about Svea as an employer. We took the opportunity to explain what Svea does, what it is like to be an employee and what you should consider when looking for your first job. These visits were very much appreciated by the students.

We also continued our long-standing partnership with Ung Företagsamhet (Junior achievement), where we are a silver sponsor, which includes presenting the "Business Plan of the Year" award. In 2023, Svea also became a sponsor of the Unga Aktiesparare association (Young shareholders).

During the year, Svea participated in the information campaign "Svårlurad" (Scamaware), a partnership between Swedish banks and the Swedish Bankers' Association aimed to assuming joint responsibility for explaining the importance of protecting yourself against fraud and preventing crime. The campaign, along with Svea's participation, will continue in 2024. We have also organized seminars on how companies can work more sustainably, such as "Sustainable Business Models" held in August in collaboration with Scandinavian Photo. Additionally, we collaborated with Breakit and hosted the competition "Sustainable E-Commerce Journey of the Year."

Training

During the year, Svea held internal training courses in the areas of Information Security, Incident Reporting and Anti Bribery and Corruption. All training courses are mandatory for our employees. A number of teacher-led courses were also held for smaller groups in various areas, such as Anti Money Laundering. Svea's Sustainability Committee and management also attended courses on sustainability, provided by an external partner, as part of preparations ahead of the implementation of CSRD.

Equal opportunity and equality 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, belief, disability, sexual orientation or life situation.

We perceive ourselves as equal and have a relatively balanced distribution of women and men.



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