



Press Release 28 April 2021

SBAB Interim Report January–March 2021

SBAB's Interim Report January–March 2021 is now available for download on www.sbab.se/IR.

Q1 2021 (Q4 2020)

- Continued strong growth in total lending, which increased 2.5 percent to SEK 433.5 billion (422.8). For the period December 2020 to February 2021, SBAB's market share of growth for mortgages was 13.5 percent, compared with SBAB's total market share for mortgages of 8.52 percent.
- Record highs set for operating profit and net interest income. Operating profit grew 17.6 percent to SEK 728 million (619). Net interest income grew 3.1 percent to SEK 1,041 million (1,010).
- Credit losses remained low and amounted to recoveries of SEK 9 million during the first quarter of 2021 (recovery: 2).
- The return on equity amounted to 12.7 percent (11.1), the C/I ratio was 31.0 percent (39.5) and C/L 0.30 percent (0.39).
- SBAB finished fourth in the big companies category for the third consecutive year in Great Place to Work's ranking and list of Sweden's top workplaces.

Financial information

	2021	2020	2021	2020
	Q1	Q4	Jan–Mar	Jan–Mar
Total lending, SEK bn	433,5	422,8	433,5	389,3
Total deposits, SEK bn	136,5	135,7	136,5	128,7
Net interest income, SEK million	1 041	1 010	1 041	885
Net result of financial transactions, SEK million	–15	11	–15	–55
Expenses, SEK million	–323	–402	–323	–311
Credit losses, SEK million	9	2	9	–27
Operating profit, SEK million	728	619	728	485
Return on equity, %	12,7	11,1	12,7	9,2
C/L ratio, %	0,3	0,39	0,3	0,32
C/I ratio, %	31	39,5	31	37,7
CET1 capital ratio, %	13,1	13,4	13,1	12,7

SBAB's business idea is to apply innovation and consideration to offer loans and savings products to private individuals, tenant owner associations and property companies in Sweden. SBAB was founded in 1985 and is owned by the Swedish state. Read more at sbab.se, twitter.com/sbabbank, facebook.com/sbabbank.



CEO statement from Klas Danielsson:

In terms of growth and earnings, 2021 started even stronger than how 2020 ended. Demand for residential mortgages was very strong during the quarter, exceeding our predictions. Demand for property loans was also good. Our market shares increased in residential mortgages as well as property loans. The coronavirus pandemic, in combination with the subsequent financial stimulus and low interest rates, continues to affect the housing market, entailing rising prices and increased demand for larger homes.

A strong start to the year

The SBAB brand enjoys a high level of trust as well as a high level of recognition in the residential mortgage market. We know this from external research and from our own. For a large portion of the general public, we are the preferred choice for residential mortgages, which results in a strong stream of applications when there are many housing transactions in the market. Booli, our search engine for housing with Sweden's largest collected offering of homes for sale, continues to grow and capture market shares. The number of unique visitors to Booli reached a monthly record of 1,600,000 during the quarter. Demand for mortgages from SBAB was so strong during the quarter that our capacity was challenged, which entailed that we postponed ongoing and planned activities for marketing and communication to ensure availability and service.

During the first quarter, our total lending increased to SEK 433.5 billion, a 2.5 percent increase compared to the previous quarter and a 11.4 percent increase compared to the previous year. Within residential mortgages, our lending increased 2.3 percent, or SEK 7.2 billion, to SEK 318 billion. In January and February, our market share for new lending for residential mortgages was 17.3 percent and 13.7 percent, respectively. This means that our total market share for residential mortgages increased to 8.52 percent at 28 February 2021 (8.47 percent at 31 December). Despite moderately rising loan-to-value (LTV) and gearing ratios in new lending for residential mortgages, we assess credit risks as low. Confirmed credit losses during the quarter were very low, totalling 0.00 percent of total lending. During the quarter we also increased our market shares in residential lending to property companies and to tenant-owners' associations to 13.13 percent at 28 February 2021 (13.10 percent at 31 December 2020) and 10.12 percent at 28 February (10.06 percent at 31 December 2021), respectively.

Our key metrics for the quarter were strong and included record figures for net interest income and operating profit. Our lending margins were stable during the quarter but were largely stable. Competition in the market is intense for certain customer groups and segments, and our assessment is therefore that lending margins during the year as a whole, will be under pressure and decline, despite the high demand for housing finance. Long market interest rates rose during the quarter due to increased expectations of inflation, which in turn stem from the expansionary monetary and fiscal policies implemented by the world's major economies in the shadow of the coronavirus pandemic. Higher market interest rates also entailed increased funding costs, which is why we raised the listed rates for residential mortgages with longer fixed-interest periods during the quarter. Nonetheless, our rates remain very competitive.

Sustainability and societal responsibility

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Sustainability is fully integrated into our governance model on two fronts. The first is making our overall objectives the same as our sustainability management, where the objectives of transparency in the customer offering and equality in the workplace as well as profitability have the same focus. The second is clear governance of our operations to promote societal development by using our business to contribute to the four Sustainable Development Goals we have chosen to prioritise from the 2030 Agenda for sustainable development: goals 8, 11, 12 and 13.

A good example of how we contribute to better societal development is our work in an industry-wide initiative for a more sustainable construction industry. Financial crime and illegal labour in the construction industry have significant negative effects for society. The initiative was announced on 14 April, after the end of the quarter, in a press release from SBAB and the other participating banks. We have been a driving force in this initiative since 2018, which has now resulted in an agreement between the major banks in Sweden who finance construction. We will implement more stringent requirements when lending, which we developed in collaboration with the construction industry to prevent financial crime and the use of illegal labour. This will help create a more sustainable construction industry.

An attractive workplace

During the quarter, we were ranked as Sweden's fourth best workplace in the Large Organisations category by Great Place to Work. This is the third consecutive year that we have been one of the top workplaces in Sweden. Fantastic results. This is the result of a determined effort by all of us at SBAB over the last six years to become a strong company driven by clear values and purpose that motivate and engage us.

Being an attractive work place is essential for long-term competitiveness and profitability. It is also essential for enabling diversity and successful recruiting as well as retaining and developing talent at SBAB. At SBAB, our motivation, commitment and discipline allow us to take the extra step necessary to create a world-class customer experience, which creates growth and thus profitability. Of course we will never finish but we succeed very well.

Impressive commitment

I would like to take this opportunity to pay tribute to all of my fantastic colleagues. That together we have managed to take SBAB to new heights, despite the difficult circumstances and challenges of the ongoing pandemic, is nothing less than impressive. I hope that we won't need to keep telling each other "This will be over soon" for much longer.

Look after yourself

Klas Danielsson
CEO SBAB

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