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## SBAB Year-end report 2021

SBAB's Year-end Report 2021 is now available for download on [www.sbab.se/IR](http://www.sbab.se/IR).

### Q4 2021 (Q3 2021)

- Total lending increased 3.5% to SEK 467.0 billion (451.3).
- Net interest income fell marginally to SEK 1,017 million (1,025), mainly driven by lower interest income that, despite increased volumes, was offset by certain pressure on the margins.
- Operating profit decreased 11.2% to SEK 588 million (662), driven by higher costs in the form of personnel costs and depreciation, amortisation and impairment.
- Net credit losses remained low and amounted to SEK 1 million (5).
- The return on equity amounted to 9.4% (11.0) and the C/I ratio was 43.5% (34.8).
- For the third consecutive year, in 2021, SBAB had the most satisfied customers in Sweden according to Swedish Quality Index (Svenskt Kvalitetsindex, SKI) in terms of residential mortgages to private individuals and property loans to corporates and tenant-owners' associations.
- On 8 November 2021 Klas Danielsson was dismissed as CEO for SBAB and Mikael Inglander, previously CFO, took over as acting CEO.

### January–December 2021 (January–December 2020)

- Total lending increased 10.5% to SEK 467.0 billion (422.8).
- Net interest income grew to SEK 4,114 million (3,747), mainly due to higher lending volumes and lower funding costs.
- Operating profit rose 11.9% to SEK 2,641 million (2,361).
- Net credit losses remained low and amounted to SEK 11 million (loss: 32).
- Return on equity amounted to 11.1% (10.8) and the C/I ratio was 36.2% (35.8).
- Great Place to Work named SBAB as Sweden's fourth-best place to work for the third consecutive year.
- Housing & household finances ecosystem strengthened by the acquisition of Boappa, a communication and administration service for tenant-owners' associations.
- At the end of the year, the market share in savings and property financing solutions



## CEO statement from Mikael Inglander:

**Looking back on 2021, we can say that the year wrapped up with another strong quarter for SBAB. The pandemic continued to leave its mark on the world during the year and we expect that it will take some time before the world returns to a new normal. Consumers' behaviour in the housing market has also been affected by the pandemic, with increased demand for homes, contributing to rising prices and high turnover. In the latter half of the year, however, we saw more normal seasonal patterns in housing purchases. During the year, SBAB continued to grow and capture market shares within residential mortgages and property financing solutions to property companies at the same time as we posted a positive earnings trend. For the third consecutive year, SBAB had the most satisfied customers in Sweden in terms of residential mortgages and property loans.**

Despite increased competition in the residential mortgage market, SBAB continued to grow and capture market shares during the year, in retail as well as corporate. Many people chose to become new SBAB customers during the year – the number of retail customers increased from 286,000 at the end of the previous year to 291,000 at the end of this year. Our new lending for mortgages in the fourth quarter amounted to SEK 18 billion, one of our strongest quarters ever. During the year, our net residential mortgage lending increased SEK 24 billion and our market share increased from 8.47% to 8.51%. Our lending to property companies increased significantly during the year, from SEK 54 billion to SEK 69 billion, and we captured a market share of 52.3% of market growth during the year. Lending to tenant-owners' associations also had a strong year and new lending increased to a level above our market share. Our market shares increased from 13.35% to 16.17% for property companies and from 9.93% to 10.14% for tenant-owners' associations.

### **Low but rising interest rates**

After a temporary downturn during the summer, long-term market interest rates increased during the autumn and by the end of the year were back on a par with early summer 2019. Despite the increase, from a big-picture perspective interest rates are still low. In 2021, we continued to benefit from low interest rates and the extraordinary measures taken by the central banks, specifically access to cheap lending. There are good reasons to believe that the situation going forward will normalise and that rates will increase, which will result in higher borrowing costs for SBAB as well as other players in the market.

### **Sweden's most satisfied customers, again**

At the end of the year, the Swedish Quality Index (Svenskt Kvalitetsindex, SKI) announced that for the third consecutive year, SBAB had the most satisfied customers in Sweden in terms of residential mortgages and property loans. We are pleased and proud about this. It is clear that many customers appreciate SBAB's clear offering and transparent pricing. All of our employees who interact with retail and corporate customers also do a fantastic job with a focus on service and expert help. Our strong brand position and sustainable business model are additional factors that contribute to customer satisfaction. During the year we continued efforts to further strengthen and develop the SBAB brand through our communication concept "Household finances are really fun." The series of commercials uses humour to present the opportunities and challenges of the housing journey.



Maintaining and growing SBAB's strong position compared to competitors is essential for our continued success. Competition in the residential mortgage market increased during the year, as did the rate of digitalisation. Everything indicates that this trend will continue or even grow. During the year, the major banks announced a clearer focus on defending their market shares in residential mortgage transactions, which was also clear in their increased growth in the second half of the year. We managed to defend and increase our market shares during the year. We can also see that digitalisation is becoming an increasingly important competitive advantage for customer experience, growth and efficiency. In 2021, we have focused a great deal on developing our digital services and streamlining our processes.

### **Continued digitalisation of core business**

Focus continues on digitalising the entire mortgage process, from the loan commitment to signing the contract. During the year we launched digital signatures for loan documents in deposit loans and will continue for all loans during the coming years. Our Smart loan commitment service has a high number of users. Customers can use Smart loan commitment to update and adjust the loan commitment themselves based on currently available options. This way they no longer have to contact the bank for each new bid if they choose another type of residence or if their situation changes. The Booli app also displays suggestions for relevant homes that match the customer's loan commitment.

Our technical infrastructure, which includes the banking systems, comprises a prerequisite for our digitalisation. A significant portion of the IT transformation has been completed, and in 2021 we entered the final phase of our major system project of replacing the bank's core IT-systems and creating even better conditions for fast and innovative development and digitalisation.

### **An expanded ecosystem of services relating to housing and household finances**

During the year we strengthened our customer offering in our ecosystem of services within housing and household finances for the different phases of the housing journey. Through Booli, we offer Sweden's largest collected offering of housing advertisements, both homes that are for sale and homes that soon will be ("coming soon"). "Coming soon" advertisements have increased over the last few years and for portions of 2021 exceeded "for sale" advertisements. As a search engine and expert in housing market data, Booli has the market's most comprehensive offering of "coming soon" advertisements. During the quarter, Booli had around 1.3 million visitors per month. Booli also provides Sweden's largest home valuation service that customers can use to value their homes for free.

Through HittaMäklare, we offer Sweden's largest estate agent search and recommendation service for finding the right agent before you sell your home. Around 92% of all estate agents in Sweden are registered on HittaMäklare. In 2021, we expanded our offering in the housing and household finances ecosystem through the acquisition of Boappa, a communication and administration service for tenant-owners' associations and their residents.

### **Risk tax hits SBAB hard**

During the year, the Swedish parliament voted in favour of a proposed risk tax, which will be introduced for credit institutions with liabilities of at least SEK 150 billion. The new law for risk tax applies as of 1 January 2022. SBAB is affected more than other banks, since we have a



niche customer offering in the form of residential mortgages, a low-risk operation with a low earnings margin, which means a large balance sheet and high levels of debt. We provided a response listing a number of deficiencies in the structure of the tax. There is no analysis demonstrating a connection between the level of tax to the alleged risks, it distorts competition since it does not apply to all credit institutions but hits credit institutions in low-risk operations (such as residential mortgages) particularly hard.

### **Our values-driven way of working leads us forward**

During the year, Great Place to Work named us as Sweden's fourth-best place to work for the third consecutive year. SBAB was ranked 28 in GPTW's list of Europe's best workplaces, in the category larger organisations. SBAB's values-driven way of working is a prerequisite for maintaining the pace of operations and carrying out our strategic priorities. At the same time, it is a key factor for ensuring our position as an attractive workplace and strengthens our brand as an employer.

### **The strategy remains**

On 8 November 2021, I was appointed acting CEO for SBAB. Our strategies and our focus remain the same so we can continue to work for even stronger relationships with our customers, increased operating efficiency and focus as digitalization of the mortgage process continues. My goal is for us to become even better at prioritising and reaching goals in various development and investment initiatives.

Altogether, I can look back on yet another successful year. I would like to thank all of our employees for their commitment and ability to work together to develop the bank. I look forward to 2022 with expectations, curiosity and confidence.

Mikael Inglander  
Acting CEO, SBAB

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