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## SBAB Year-end report 2020

SBAB's Year-end Report 2020 is now available for download on [www.sbab.se/IR](http://www.sbab.se/IR).

### Q4 2020 (Q3 2020)

- Strong growth in total lending, which increased 2.5% to SEK 422.8 billion (412.3). Total deposits increased 1.3% to SEK 135.7 billion (133.9).
- Net interest income grew 6.9% to SEK 1,010 million (945).
- Operating profit decreased 2.7% to SEK 619 million (636).
- Expenses grew to SEK 402 million (310), of which SEK 67 million derived from a write-down of tangible and intangible assets.
- Net credit losses amounted to a recovery of SEK 2 million (recovery: 4).
- According to Swedish Quality Index (Svenskt Kvalitetsindex, SKI), SBAB had the most satisfied customers in Sweden in 2020 in terms of residential mortgages to private individuals and property loans to corporates and tenant-owners' associations.

### January–December 2020 (January–December 2019)

- Strong growth in total lending, which increased 10.2% to SEK 422.8 billion (383.8). Total deposits increased 4.0% to SEK 135.7 billion (130.5).
- Operating profit grew 2.3% to SEK 2,361 million (2,308). Net interest income grew 7.9% to SEK 3,747 million (3,473).
- Expenses grew to SEK 1,335 million (1,187), mainly driven by increased investments and a write-down of tangible and intangible assets.
- Net credit losses were SEK 32 million (loss: 26).
- The return on equity was 10.8% (11.7).
- The Board proposes no dividend for the 2020 financial year. The proposal strengthens SBAB's capitalisation and promotes continued growth as well as strengthens its position in terms of increased capital requirements in the future. The Common Equity Tier 1 capital ratio increased to 13.4% (13.1).



## CEO statement from Klas Danielsson:

**The extremely noteworthy year of 2020 wrapped up with another strong quarter for SBAB. The coronavirus pandemic characterised most of the year with a major impact on areas like our work environment and our way of working. A contributing factor in our positive operational trend was our ability to adapt and the incredible responsibility that everyone at SBAB took during the year. We have the most satisfied residential mortgage customers for the second consecutive year and the most satisfied property loan customers for the third consecutive year. We continued to grow and capture market shares within residential mortgages and property loans while we posted a positive financial performance.**

### **A strong year that ended with a strong quarter**

The year could be summarised as another in a long line of successful years for SBAB. In the journey to our vision, I can note that we are continuing to achieve most of our annual goals in our three target areas – Responsibility and transparency, Attractive workplace and Sound finances.

In December, the Swedish Quality Index (Swe: Svenskt Kvalitetsindex (SKI)) announced that we once again have Sweden's most satisfied customers in terms of residential mortgages and property loans. Fantastic results. Our residential mortgage customers particularly value and appreciate our reliability, simplicity and value. Our property loan customers, in the form of property companies and tenant-owners' associations, particularly value and appreciate our reliability and service. We see a clear connection between our customers' satisfaction and SBAB's strong brand position as the considerate friend within household finances – with strong values like responsibility, sustainability, credibility, competence and consideration.

During the quarter we resumed efforts to further strengthen and develop the SBAB brand by making household finances really fun. Season three of our communication concept "Household finances are really fun" is underway, with humorous films that highlight the opportunities and challenges along the housing journey. Our communication also strengthens SBAB's position as one of the most well-known players in the increasingly competitive residential mortgage market.

Competition in the residential mortgage market was intense last year. Nonetheless, our new lending for mortgages in the fourth quarter amounted to SEK 19.6 billion, one of our strongest quarters ever. During the year, our net residential mortgage lending increased SEK 19.3 billion and our market share increased to 8.47% from 8.42%. We focused on strengthening our customer offering by prioritizing our ecosystem of housing and household finances services for the different phases of the housing journey. We clearly integrated our services across Booli, HittaMäklare and SBAB through a shared graphic profile. During the fourth quarter we launched our unique and dynamic smart loan commitment, where customers in search of new homes can easily adjust their loan needs to the housing market and offering. Booli.se has Sweden's largest offering of homes for sale, which many housing customers are still unaware of. To that end, we carried out a marketing campaign for Booli during the fourth quarter that strengthened Booli's recognition and number of users.



The coronavirus pandemic showed that our focus on housing finance creates value for our corporate customers. In these uncertain times, we have focused 100% on being accessible, providing service and opportunities for our corporate customers and tenant-owners' associations. This was greatly appreciated and helped us increase our lending to corporate clients during the year from SEK 38.4 billion to SEK 54.2 billion, capturing a new lending market share of 34%. Lending to tenant-owners' associations also had a strong year and our lending increased over our market share. Our market shares increased from 11.23% to 14.29% for property companies and from 9.55% to 10.06% for tenant-owners' associations.

### **A very different year**

When it became clear during the first quarter that we were facing a pandemic, most pundits thought that the housing market would weaken and that housing prices would fall. But soon demand for housing recovered thanks to the stabilizing economic measures taken and the low residential mortgage interest rates. Instead, housing prices began to increase and sales of homes picked up speed, likely also driven by the demand for larger homes to ensure a better work environment at home.

Naturally, the housing market's resiliency and strength has been positive for SBAB. Record high new lending for residential mortgages in December was a further indication of the housing market's strength. The low interest rate and continued measures from the Riksbank and the government make it likely that the housing market will remain stable and strong.

Since March, a large number of us at SBAB have been working from home. Those of us who have direct contact with our retail customers, primarily in customer service at our Karlstad office, need to work from the office. Banking secrecy and security are some of the practical issues that affect our work environment and way of working, including the possibility of working from home. To reduce the risk of infection, we expanded our office space by renting two additional smaller independent offices in Karlstad.

### **A values-driven company**

SBAB is a values-driven company. This is one of the reasons for our strong operational development and our success in managing SBAB and our customers so well during the pandemic. This year, we were ranked as Sweden's fourth and Europe's fourteenth best workplace according to Great Place to Work. Our values-driven way of working is based on inclusion and we strive to maintain a brisk pace. Inclusion creates preconditions for everyone to understand the bigger picture, take responsibility, make their own decisions, and drive and carry out initiatives. This creates tempo. During the year, everyone at SBAB took responsibility all the way, stepped up fantastically and met the challenges that needed to be solved. We have kept up a brisk pace and accomplished a lot despite all of the year's challenges, including a new way of working with more working from home.

The debate concerning remote working is intense and many are wondering how future work life will be affected and how offices will develop. Working from home to better manage the work-life balance was starting to trend, in certain cases and jobs, even before the coronavirus pandemic took hold in society. Digitalisation and new communication tools create new opportunities that will change and develop work environments and ways of



working in new and positive ways. At the same time, I think that several material issues tend to be minimised or forgotten entirely in the debate, like the basic human need for solidarity to provide meaning and the motivation that comes with being part of a team at work. Over the long term, those working at home and those working at the office risk creating separate teams and subcultures at the company. Isolation and siloing affect our well-being, creativity and innovation negatively. We need spontaneous interaction to develop. Corporate culture is governed and strengthened by growing through shared visual and verbal experiences. Successfully onboarding new employees requires presence and continuity. In the short term, these consequences can go unnoticed at the workplace and in the company. Conversely: in the short term, working from home can be a positive and efficient experience, since employees save on commuting time and can possibly work uninterrupted on previously planned tasks. In the long term, I think the consequences of the increased scope of working from home might be troubling for many people and companies. In 2021, we will have several discussions about what we learned from this way of working during the coronavirus pandemic and how we can be an even better team, coordinated by our values.

#### **A purpose-driven company**

SBAB is also a purpose-driven company. This is another reason for our strong operational performance. Our purpose and our mission – to contribute to better housing and household finances – motivates us and drives us toward changing what we do for the better, for all of our stakeholders. One of the strongest trends driving societal development for the better is sustainability, and I'm convinced that the sustainability trend will only gain strength. Sustainability is increasingly guiding our consumption and where investments are made. Sustainability will be essential for our long-term competitiveness and profitability and is also integrated entirely in our governance model for SBAB.

I would like to extend my deepest thanks to all of my colleagues for your impressive performance during the year. Together, we turned the unique challenges of 2020 into another successful year for SBAB. I look forward to 2021, with the hope that it will be both different and the same.

Best regards,

Klas Danielsson  
CEO OF SBAB

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