



Press release 25 October 2019

SBAB Interim Report January–September 2019

SBAB's Interim Report January–September 2019 is now available for download on www.sbab.se/IR.

Q3 2019 (Q2 2019)

- Lending totalled SEK 378.2 billion (372.3)
- Deposits totalled SEK 130.0 billion (127.3)
- Net interest income amounted to SEK 861 million (852)
- Expenses amounted to SEK 280 million (288)
- Loan losses amounted to SEK 0 million (7)
- Operating profit amounted to SEK 601 million (577)
- Return on equity was 12.0% (11.9)
- The C/I ratio was 31.8% (33.0)
- The CET1 capital ratio was 12.2% (12.2)

January–September 2019 (January– September 2018)

- Lending totalled SEK 378.2 billion (358.0)
- Deposits totalled SEK 130.0 billion (120.5)
- Net interest income amounted to SEK 2,596 million (2,514)
- Expenses amounted to SEK 860 million (752)
- Loan losses amounted to SEK 16 million (recoveries: 18)
- Operating profit amounted to SEK 1,768 million (1,655)
- Return on equity was 12.1% (12.1)
- The C/I ratio was 32.5% (31.4)
- The CET1 capital ratio was 12.2% (31.5)

CEO statement from Klas Danielsson:

Companies are being run more and more sustainably. Naturally much remains to be achieved, but the increased responsibility companies are taking might be critical for being able to reach the Sustainable Development Goals in the 2030 Agenda. I believe this increased sense of responsibility is primarily driven by two types of stakeholders – employees and customers.

As employees, we are increasingly motivated by, and engaged in, changing the world and making a difference in our work. As customers, we prefer to purchase goods and services from suppliers who ensure that their operations are long-term sustainable and that they have no negative impact on society or the environment. Now is the time to act. Sustainability is no longer something that companies “have to” work with because it might be profitable in the long term. The way that employees and customers are acting means that responsibility and sustainable business have become short-term priorities, which is fantastic. When something



is short term, the risk appetite and the discipline to implement increase. The younger generations are clearly the driving forces in this development.

If your company is responsible, you attract motivated and engaged employees and create demand for your offering. There is already abundant evidence that sustainability is profitable in the short term. Hamburger chains' sales increase when they sell vegetarian hamburgers and place charging stations outside their restaurants. Domestic flights are decreasing while rail travel is going up. More people are choosing green electricity. Research shows that motivated and engaged employees perform better at work. And so on.

Responsible and sustainable business is critical for SBAB's short-term and long-term competitiveness and profitability.

Responsibility and transparency for better housing and household finances

According to Swedish Quality Index (Swe *Svenskt Kvalitetsindex*), SBAB has been top three the last five years regarding Sweden's most satisfied residential mortgage customers as well as Sweden's most satisfied corporate clients for property loans. Important drivers behind this are responsibility and transparency. Our interaction with customers is clear and simple. Mortgage customers do not need to negotiate and everyone in the same category receives the same mortgage rate. Our corporate clients appreciate our accessibility and our sustainability efforts.

Regulatory compliance and responsible credit granting are at the essence of a bank and constitute important focus areas for SBAB. Regulatory compliance and responsible credit granting leads to reputation and trust – the life blood of a bank. Our surveys on reputation place SBAB at the top of the sector. The money laundering scandals earlier this year have seriously harmed the reputations of and trust in the affected banks according to other surveys, which we noted in the more tangible form of many mortgage customers changing bank and moving their mortgages to SBAB.

Over the year, the competition for residential mortgage customers has intensified. While responsibility and transparency are important for customers, the mortgage's effect on the wallet is also highly significant. During the year, we have developed our pricing model and ensured that we are offering competitive terms. We posted strong growth in new residential mortgage customers during Q3.

We are developing our work with regulatory compliance and responsible credit granting to expand our societal responsibility by promoting more stringent requirements for construction companies with the objective of reducing tax evasion, money laundering and the use of unreported employment when constructing new residential properties in Sweden. The problem at construction sites distorts competition in the new construction market. We have signed a letter of intent to apply more stringent requirements when granting credit with a



large number of construction companies, organisations and trade unions. Our next step is to start discussions with the other banks aimed at aligning all banks behind more stringent credit granting requirements. Together, we believe we really can achieve change.

An attractive workplace for motivation and commitment

Being motivated by what the company does and being engaged by the manner in which we ourselves contribute is of course what we all desire. In this scenario, we all thrive, feel good, perform well and have fun at work. SBAB's mission is critical to our motivation and SBAB's values-driven work approach is essential to our commitment. The majority of our newly recruited employees say that our values and our corporate culture were key to their decisions to start working for SBAB. In our employee surveys, we ensure that we are primarily motivated by our responsibility and our mission – to contribute to better housing and household finances — and are committed first and foremost to our values-driven work approach.

Respect, equality and inclusion are at the core of our corporate culture. Our differences enrich us and create the best commercial solutions in terms of higher revenue and lower expenses. A few weeks ago, we accepted Samhall's Visa Vägen ("Showing the Way") prize for the best employer in the Värmland/Örebro/Dalarna/Dalsland regions based on our approach to inclusion. I would like to take the opportunity to recommend that you test respekttrappan.se, our tool for a more inclusive workplace.

Previously this year, SBAB was ranked fourth in Sweden and twentieth in Europe as the best workplace among large organisations according to Great Place to Work. We take the pulse at our workplace at the end of each quarter. Our latest reading showed that record numbers, 87% of us, considered SBAB an extremely good place to work.

Sound finances for trust and long-term footing

Our operating profit for the first nine months of the year was SEK 1,768 million, our highest to date. Following a challenging first quarter, lending growth has been healthy. At the end of Q3, our total lending amounted to SEK 378.2 billion, up 5.7% year-on-year. Our total deposits rose 7.9% to SEK 130.0 billion over the same period.

We continue to invest in long-term competitiveness and our expenses rose 14.4% compared with the corresponding nine-month period last year, mainly driven by investments in a new banking system, digitalisation and the customer offering. We continue to be the most cost-efficient bank with a C/I ratio of 32.5%.

Climate change is affecting the housing and property market. Sea levels are rising and shifts in the weather are becoming more violent and more frequent. Moreover, landmasses in the south of Sweden are sinking and landmasses in the north are rising. We have conducted



initial analyses and climate stress tests, which have shown that relatively few customers in the foreseeable future will be affected and that the impact on SBAB's operations are therefore deemed to be relatively limited. But it is important that we act responsibly and inform our customers of the risks posed by climate change when we have completed our analyses.

Everything is interconnected. When we are motivated and committed, we perform better and create a competitive, responsible and transparent customer experience that results in satisfied customers and growth. Growth and responsibly driven, cost-efficient operations create profitability, which is a prerequisite for our stakeholders' trust, for investments and for future competitiveness. It is in this advantageous position we find ourselves today.

Finally, I would like to thank all my 680 fantastic colleagues for another successful quarter.

Klas Danielsson
CEO of SBAB

For further information, please contact:

Klas Danielsson, CEO SBAB
Telephone: +46 8-614 43 01, email: klas.danielsson@sbab.se

Mikael Inglander, CFO SBAB
Telephone: +46 8-614 43 28, email: mikael.inglander@sbab.se