



SBAB Interim Report for the second quarter 2025

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SBAB's Interim Report for the second quarter 2025 and the period January-June 2025 is now available for download on www.sbab.se/IR.

Q2 2025 (Q1 2025)

- Total lending increased 0.1% to SEK 540.9 billion (540.4).
- Total deposits rose 2.8% to SEK 262.3 billion (255.0).
- Operating profit decreased to SEK 671 million (710), primarily due to lower net interest income and was partly offset by lower net credit losses.
- Net interest income declined to SEK 1,258 million (1,335), mainly due to lower lending margins.
- Expenses grew to SEK 482 million (472), primarily due to higher personnel-related costs as well as to increased costs for marketing.
- Net credit losses amounted to a recovery of SEK 26 million (loss: 6), mainly due to the unwinding of provisions and updates to internal models. Confirmed credit losses totalled SEK 9 million (loss: 7).
- The return on equity amounted to 9.3% (10.1) and the C/I ratio was 38.0% (35.4).
- The Common Equity Tier 1 (CET1) capital ratio was 14.5% (14.4).

Financial information

	2025	2025		2025	2024
	Q2	Q1		Jan-Jun	Jan-Jun
Total lending, SEK bn	540.9	540.4		540.9	528.0
Total deposits, SEK bn	262.3	255.0		262.3	241.3
Net interest income, SEK million	1,258	1,335		2,593	2,726
Net commission, SEK mn	-12	-16		-28	-31
Net result of financial transactions, SEK million	6	-3		3	56
Expenses, SEK million	-482	-473		-954	-909
Net credit losses, SEK million	26	-6		20	-44
Imposed fees: Risk tax and resolution fee	-141	-146		-287	-284
Operating profit, SEK million	671	710		1,381	1,541
Return on equity, %	9.3	10.1		9.7	11.3
C/I ratio, %	38.0	35.4		36.7	32.7
CET1 capital ratio, %	14.5	14.4		14.5	12.1

CEO statement from Mikael Inglander:

SBAB reports a stable financial performance for the second quarter. Profitability remains under pressure from low mortgage margins, while competition for customers is even more intense due to limited growth in the credit market. Deposits continue to be an important element for our overall earnings trend and our ability to offer competitive terms for mortgages and housing finance. Increased global uncertainty has led to downward revisions of growth forecasts and has delayed recoveries in the housing market and the general economy.

Global uncertainty is unusually high due to the US tariffs and heightened geopolitical tension. In addition, the loss of momentum in the economic recovery means it has become more protracted. Growth forecasts for 2025 were further revised downward in the quarter and led to the Riksbank's decision at its June meeting to cut the policy rate from 2.25% to 2%.

Cautious housing market and high competition for customers

Despite the sharp cut in interest rates – down 2 percentage points in total since May 2024 – housing market turnover remains relatively low. Housing prices have remained subdued during the year and supply is at a record high. The same trend is indicated by many other key indicators used to assess the housing market temperature, such as long advertising periods and low bid premiums. The tariff war and the resulting anxiety and uncertainty has derailed the recovery that we and many other market participants had been eagerly anticipating.

Annual market growth for mortgages was 2.1% at the end of May and SBAB's economists expect it to amount to around 3% for the full year. This is significantly down on recent decades' growth, though compared with the last two years it is an increase. Many banks are well capitalised and the system has good liquidity, which means there are many banks that want to compete for customers. However, low growth in credit means that there is a limited number of customers and transactions to compete for. Among other effects, we have noted that small adjustments in mortgage rates have a clear impact on the inflow of new residential mortgage customers. Naturally, these developments are also reflected in current mortgage margins, which are well below the historical average. Despite the above, we continue to perform well in these tough competitive conditions and increased our mortgage volumes 0.6% for the quarter to a total of SEK 371.5 billion. Year-on-year, our mortgage volumes increased 5.1%.

Lending to corporates and associations decreased 1.1% in the quarter to a total of SEK 167.7 billion. Due to the increased uncertainty in the surrounding world, a cautious approach has been adopted to new housing projects and real estate transactions by many market actors. At the same time, the market for lending to tenant-owners' associations continued to be dominated by intense competition, a low rate of investment and, periodic, negative growth in the credit market as a whole. We are ready to handle increased volumes in each segment as and when market activity picks up again.

Deposits continue to grow

The strong inflow of many new customers choosing to open savings accounts with SBAB is highly gratifying. Since the Riksbank's first policy rate hike in 2022, we have grown our total deposit volumes more than SEK 100 billion, which is a very good performance. Our deposits increased 2.8% in the second quarter to a total of SEK 262.3 billion. Our long-term track record of growing our deposit volumes indicates that many customers are more satisfied with the terms and conditions we offer than those offered by other market players, often the larger banks. We always try to offer fair prices, and fair terms and conditions to our customers. At the same time, our ambition is to be responsive to market interest rate developments, while taking into account and adapting to competitive conditions in the market.

Profitability under pressure from low mortgage margins

Net interest income amounted to SEK 1,258 million for the quarter, down 6% quarter-on-quarter and down 7% year-on-year. Profitability is being negatively impacted by falling interest rates and low mortgage margins. However, increased deposits in our financing structure mean we have greater flexibility and resilience today to manage upturns and downturns in interest rates and margins, which is important. The relative stability of net interest income over time shows both the strength of our business model with recurring and stable income from mortgages and housing finance, as well as our ability as a company to meet and manage changing market conditions. The return on equity for the quarter amounted to 9.3% and the C/I ratio was 9.7%.

Competition is fundamentally good, since it often improves terms and conditions for customers. In parallel, it raises demands on us as a company. To ensure that we act as smartly and efficiently as possible, we need to continuously challenge ourselves and our way of working. We also need to ensure that our offering is good enough to compete in an increasingly competitive market. We have been investing in the operations for some time as part of our growth agenda to grow our market shares in all lending segments by 2030. It is essential that we are disciplined and make sound decisions about money, ensuring that the investments we make add value to operations and are compatible with our long-term goals. Our expenses increased 2% in the quarter to SEK 482 million.

Increased interest in Booli

Beyond offering housing finance and savings, our strategy comprises offering our customers value-creating and differentiated services in housing and household finances. Of late, we have noted a significant increase in interest in Booli. The company is receiving increased attention from the media and growing numbers of customers are discovering the benefits offered by Booli and its services. No other player in the market brings together such a wide range of homes for sale, and at the best price. The number of monthly visits to www.booli.se averaged around 13.2 million for the quarter, compared with 9.5 million in the corresponding period last year. We are very happy and proud of this development. Booli sets us and our offering apart from other banks in the market at the same time as we help private individuals and companies make wise and well-informed housing market decisions.

I would like to take the opportunity to give my sincere thanks to all employees. My thanks to all of you for your commitment, hard work and contribution to our shared success. Have a wonderful rest of the summer.

Mikael Inglander

CEO of SBAB

Contacts

- Catharina Henriksson, Presschef, SBAB, +46 76 118 79 14, catharina.henriksson@sbab.se

About SBAB Bank AB (publ)

SBAB's business idea is to be innovative and considerate in our offering of loans and savings products and other services for better housing and household finances 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, facebook.com/sbabbank and linkedin.com/company/sbab-bank.

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