



2021 Year-End Report for Sparbanken Skåne AB (publ)

Lund, 26 January 2022

Despite increased infection rates at the end of the year and new uncertainty concerning COVID-19 in society, Sparbanken Skåne's stable market performance continued. The bank reported a profit before tax of SEK 221m for the fourth quarter. Profit for full year 2021 totalled SEK 926m, a 10 percent year-on-year increase.



Q4 financial summary, October–December 2021

(Comparative figures in parentheses refer to Q3, July–September 2021 unless otherwise stated)

- The bank's operating profit for the quarter was SEK 221m (248).
- Net interest income increased to SEK 303m (289).
- Net fee and commission income increased to SEK 155m (145).
- Expenses excluding credit losses increased to SEK -245m (-212). The increase is primarily a result of higher personnel expenses.
- Credit losses with an impact on profit were positive in the quarter, totalling SEK +4m (+19).
- Business volume was up SEK 12bn in the quarter, totalling SEK 249bn (237). The increase is primarily a result of the stock market's positive performance, an increase in deposits from the general public, and increased lending in both the corporate and private segments.
- Both the capital ratio and the tier 1 capital ratio amounted to 21.4% (21.3).
- The LCR increased to 248% (225).

Key events in Q4

- The fourth quarter was characterised by stable market performance, in both the private and corporate segments. However, rising COVID-19 infection rates in society at the end of the year increased future uncertainty.
- The bank again increased its preparedness to counteract the financial consequences resulting from new restrictions in society. This is based on a close dialogue with customers on circumstances and needs.
- The bank's residential mortgage business exhibited strong growth during the quarter. October was the best month ever in terms of new residential mortgage volume since the bank was founded. Geographically, growth has been fastest in southern Skåne, in Ystad and adjacent municipalities.
- Sweden's 58 collaborating savings banks and Swedbank renewed the collaboration agreement that is the foundation

for their unique partnership. For Sparbanken Skåne's customers, the extended agreement provides continued access to large-scale infrastructure and a comprehensive product range.

- A period of expansion lies ahead in Skåne, beyond the pandemic, and over 80,000 new residential properties will be built in the region by 2030. This was shown by Sparbanken Skåne's report on economic conditions in Skåne, which was presented in November. The report also sheds light on the current economic challenges in Skåne, such as the increased price of electricity, which is impacting both households and businesses.

Financial summary, January–December 2021

(Comparative figures in parentheses refer to January–December 2020 unless otherwise stated.)

- The bank's operating profit for the year was SEK 926m (838).
- Credit losses with an impact on profit were positive for the year totalling SEK +55m (-46). 2020 was heavily impacted by increased allowances for expected credit losses as a result of the COVID-19 pandemic.
- Net interest income decreased by -4% to SEK 1,176m (1,225). The decrease was largely because of decreased margins despite an increase in lending volume.
- Net fee and commission income amounted to SEK 585m (509). The increase, which primarily involves securities commissions and fees, is largely a result of the stock market's steady gains. Loan commissions for loans brokered to Swedbank Hypotek also increased.
- The bank's expenses increased, amounting to SEK -910m (-872). Much of this increase was due to higher personnel expenses.
- Business volume increased by 14% to SEK 249bn over the past 12 months (SEK 219bn in December 2020).
- Both the capital ratio and the tier 1 capital ratio amounted to 21.4% (20.4 in December 2020).
- The LCR decreased somewhat from a high level to 248% (256 in December 2020).



A stable close of the year for the bank

The positive economic trend in Skåne continued in the fourth quarter, which was noticeable in both the private and corporate segments of Sparbanken Skåne. However, the increased COVID-19 infection rates, especially in December, sparked new market uncertainty. Sparbanken Skåne is well prepared to support residents and businesses in a challenging time.

After ebbing in the summer months, infection rates increased again in the final quarter of the year. Nevertheless, the broad vaccination campaigns seem to be effective against severe disease and the number of hospitalisations in Skåne was lower compared to the same period one year before.

There are many indications that we will have to live with COVID-19 in society for a long time to come. In addition to the medical and social difficulties, this poses continued financial challenges for businesses and households alike. However, after having lived with the pandemic for nearly two years, we can, nevertheless, draw the conclusion that the worst fears for the economy did not come true. Instead, society has shown resiliency in a difficult situation. We have all had to cope with the pandemic and businesses have adapted as well as possible to rapidly changing circumstances.

Sparbanken Skåne is well prepared to continue supporting individuals, companies and associations through a turbulent period. In the fourth quarter, the bank again increased its preparedness to counteract both the spread of infection and the financial consequences resulting from new restrictions.

Solid volume growth during the quarter

The Stockholm Stock Exchange closed 2021 on a high note, which contributed to increased fund and securities volumes for Sparbanken Skåne. After that, 2022 started off with some turbulence on the equity markets in the wake of concern about global inflation levels and the pace of upcoming interest rate hikes by the central banks.

Sparbanken Skåne's deposits performed well, especially in the form of recurring monthly savings by individuals. The bank's residential mortgage business also grew in the fourth quarter, and October was the best month ever in terms of new residential mortgage volume since the bank was founded in 2014. We are seeing results from a long-term campaign under the slogan "Låna skånskt" (borrow local in Skåne) showing that we are the go-to bank for residential mortgage financing in Skåne. Our close connection to the local market is appreciated, as is the availability of both bank branches and digital channels.

In the corporate segment, we saw businesses begin to make deferred investments during the quarter. In autumn, the market was characterised by a somewhat more optimistic view of the future on the part of SMEs than before the pandemic, even though the increased infection rates in the last weeks sparked new uncertainty. In total, Sparbanken Skåne boosted its business volume by 5 percent in the fourth quarter to SEK 249bn. Geographically, the bank is currently growing the fastest in southern Skåne, in Ystad and adjacent municipalities.

Financial performance in line with expectations

Sparbanken Skåne's net interest income amounted to SEK 303m for the fourth quarter, up 5 percent from the previous quarter. However, margins are under pressure in both residential mortgages and in the corporate sector. At the same time, net fee and commission income performed well. Cost controls remained effective and the cost increase primarily in personnel expenses during the quarter is according to plan.

The bank reported a profit of SEK 221m for the fourth quarter, an 11 percent decrease from the third quarter. Profit for full year 2021 totalled SEK 926m, a 10 percent year-on-year increase.

Previous allowances for expected credit losses in conjunction with the pandemic were reversed in 2021. At year-end, these allowances were at about the same level as at the end of the third quarter. Our macroeconomic forecast shows stability, but, naturally, we are carefully monitoring developments. Unemployment in

Skåne took a slight turn upwards in December and we are wary of the difficulties that both businesses and individuals may face as restrictions have now been reinstated on several fronts in society. We strive for a close dialogue with our customers, so that we can work together to tackle the financial challenges that may arise.

Expansion in Skåne on the horizon

From a longer term perspective, beyond the pandemic, we see continued expansion in Skåne. The population is increasing and over 80,000 new residential properties will be built in the region by 2030. This was shown by Sparbanken Skåne's report on economic conditions in Skåne, "Skånsk konjunktur", which was presented in November.

These construction plans will raise the tempo for Skåne's construction industry. The most residential properties will be built in Malmö, Helsingborg and Lund, but the higher rate of construction has the most noticeable impact on smaller municipalities such as Staffanstorps, Ystad, Hässleholm, Burlöv, Trelleborg and Eslöv.

Aside from these aggressive plans, the report also sheds light on the economic challenges starting to be discernable in the recovery following the lockdown crisis in the initial phase of the pandemic. From an international perspective, signs of overheating have been observed in the form of bottlenecks, component shortages, increased commodity prices and inflation tendencies. Here in Skåne, electricity and fuel prices have surged, affecting both households and businesses.

Prepared for the future

In the fourth quarter, Sweden's 58 collaborating savings banks and Swedbank renewed the collaboration agreement serving as the foundation for their unique partnership. The agreement gives the savings banks access to large-scale infrastructure and a comprehensive product range. For Sparbanken Skåne's customers, the extended collaboration agreement provides continued access to competitive comprehensive solutions combined with a local presence and extensive market knowledge.

Summing up 2021, it was not just a year with a high level of activity for Sparbanken Skåne but also my first year as CEO. I am pleased that we were able to make several changes that prepare the bank for the future.

The new organisational structure we launched just before the summer has started to deliver results. We now operate on the basis of three bank areas and geographically independent units with specialized expertise for large corporates and digital channels. This enables us to maintain a stronger focus on customer needs in each segment. We are also advancing the sustainability perspective under the leadership of the bank's new chief sustainability officer. In this context, I'd like to take the opportunity to mention that Sparbanken Skåne's Solcellspark, our solar park on the outskirts of Sjöbo, was reopened in October with triple its previous capacity. All of the electricity the bank uses has guarantees of origin from this solar plant, which is once again the largest of its kind in Sweden.

In conclusion, I would like to highlight the bank's excellent collaboration with its three foundation owners. Together, we are advancing the savings bank concept and engaging in local community development. Via sponsorships and grants, we supported over 400 associations and organisations in 2021, empowering them to develop and take new initiatives, which was greatly appreciated during the pandemic. The bank and the foundations have also run several collaboration projects touching the lives of thousands of people across Skåne, many of them children and youth.

Rasmus Roos
CEO

Financial information

At Sparbanken Skåne we have a clear vision – to be a bank that actively delivers simplicity and sustainability every day.

Ownership structure

Sparbanken Skåne AB (publ)'s company registration number is 516401-0091. The ownership structure of Sparbanken Skåne AB is shown below:

Sparbanksstiftelsen Färs & Frosta	26%
Sparbanksstiftelsen 1826	26%
Sparbanksstiftelsen Finn	26%
Swedbank AB (publ)	22%

The board is headquartered in Lund. The administrative centre is based in Kristianstad.

Market performance

Housing prices for both houses and tenant-owner flats in the bank's area of operation increased significantly in 2021. Housing market activity remained high with many reported sales of both houses and tenant-owner flats. The mortgage amortisation requirement was reinstated effective September, and energy prices surged in the latter part of the year, especially in the southern region of Sweden in which the bank operates. This impacts our customers' housing costs, but the bank has still not observed any increase in the number of overdue loans despite these circumstances.

The corporate market was largely characterised during the quarter by continued stable growth with economically functioning businesses. Even in the industries hit hardest by the pandemic, the outcome has generally not been as bad as feared in the early forecasts. Overall, the measures taken by government agencies, the bank and the companies themselves prevented a negative trend for credit losses. At the end of the year, turbulence returned because of the increase in COVID-19 infection rates, which sparked some uncertainty for the future and new restrictions that could impact businesses and households. Interest in sustainable investments has increased clearly in the past half year, especially investments in solar panels, which is in line with the bank's expectations and aims. In the corporate segment, the rising energy prices could eventually pose a risk to businesses.

COVID-19 pandemic

For information on how the COVID-19 pandemic has impacted the bank's business volume, profit and liquidity during the year to date, please see the Credit quality and allowances, the Funding and liquidity and the Material risks and uncertainties sections

Comparison of Q4 2021 profit with Q3 2021 profit

The comparative figures refer to the July–August 2021 period unless stated otherwise.

Operating profit for the fourth quarter of 2021 amounted to SEK 221m (248). The main factor causing profit to decrease from the previous quarter is an increase in personnel expenses.

Operating profit for the quarter is in line with financial targets.

Net interest income is up from the previous quarter, amounting to SEK 303m (289).

The resolution fee and the deposit insurance fee were charged to net interest income in the amount of SEK -2m (-17). This decrease is because the final deposit insurance fee turned out to be lower than expected.

Fee and commission income for the quarter totalled SEK 167m (157). Loan commissions amounted to SEK 30m (26) and are mainly attributable to commissions from Swedbank Hypotek. Securities commissions and fees amounted to SEK 75m (76). Other fee and commission income amounted to SEK 62m (55).

Fee and commission expenses amounted to SEK -13m (-12).

General administrative expenses were up from the previous quarter, totalling SEK -228m (-194). The increase is primarily a result of higher personnel expenses. These amounted to SEK -124m (-103). These expenses were higher primarily as a result of lower accrued expenses for holiday pay liabilities in Q3, which is a normal change between quarters.

Depreciation of tangible assets totalled SEK -4m (-4).

Profit for the quarter after appropriations and tax amounted to SEK 177m (196).

2021 profit compared with 2020 profit

The comparative figures refer to the January–December 2020 period unless stated otherwise.

Net interest income decreased (-4 percent) year-on-year, amounting to SEK 1,176m (1,225). Despite increased loan volume, net interest income decreased, which was mainly a result of lower margins.

The resolution fee and the deposit insurance fee were charged to net interest income in the amount of SEK -47m (-55).

Fee and commission income for the year amounted to SEK 634m (559). Loan commissions amounted to SEK 116m (92) and are mainly attributable to commissions from Swedbank Hypotek. The increase is largely attributable to a one-time payment of SEK 14m. Securities fees totalled SEK 290m (227) and the increase was largely due to the stock market's steady gains during the year. Other fee and commission income amounted to SEK 228m (240). The decrease was mainly attributable to one-time payment intermediation fees for 2020.

Fee and commission expenses totalled SEK -49m (-50).

General administrative expenses were up from 2020, totalling SEK -833m (-793). The increase is primarily a result of higher personnel expenses. This was primarily due to a general salary increase and higher pension expenses. Personnel expenses amounted to SEK -473m (-435), and IT expenses were SEK -242m (-236).

Depreciation of tangible assets totalled SEK -16m (-17).

Profit for the year after appropriations and tax totalled SEK 736m (659).

Business volume

The comparative figures are for the volume at 31 December 2020 unless otherwise stated.

The bank's total business volume at 31 December 2021 was SEK 249bn (219), a 14 percent increase for the year. This change was primarily driven by an SEK 11bn increase in the share of the business volume comprising funds and insurance. The change includes positive net savings totalling SEK 1.3bn.

Deposits from the general public, both private and corporate customers, increased during the year, amounting to SEK 66bn (60).

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The market value of the total brokered fund and insurance volume was SEK 57bn (46). Two of the most significant reasons for the volume gains were the positive stock market performance and positive net savings in funds.

The previous year's positive performance of loans to the general public continued during the year. Loans to the general public at 31 December 2021 amounted to SEK 81bn (76). This increase was the result of issuing new loans to both private and corporate customers. One reason for the increase was the positive property market trend in our area of operation.

The bank's loans continued to maintain excellent credit quality. The bank's allowances for expected credit losses increased in the first half of 2020 by SEK 91m, but they decreased in the second half of the year, which kept the increase for full year 2020 down to SEK 44m. These loss allowances decreased further in 2021 from SEK 150m to SEK 106m. For more information, see "Credit quality and allowances" below.

The total loan portfolio brokered to Swedbank Hypotek at 31 December 2021 amounted to SEK 16bn, an SEK 0.5bn increase.

Credit quality and allowances

The comparative figures refer to 31 December 2020 unless otherwise stated.

The economic recovery following the lockdown crisis in the initial phase of the pandemic was strong in 2021, although macroeconomic uncertainty factors and increased infection rates at the end of the year sparked new market uncertainty.

In the wake of the rapid economic upswing, signs of overheating were observed for several metrics around the world. Bottlenecks and component shortages in the industrial sector impact growth opportunities and risk driving up the rate of inflation. Electricity and fuel prices have surged, which could result in cost increases for both households and businesses. To date, this has not had a direct impact on the bank's credit quality, but these factors are taken into account in the bank's overall trend estimate.

The most recent macroeconomic scenario update caused loss allowances to decrease somewhat by SEK -8m. This is not because the macroeconomic scenario has changed to any significant extent but rather primarily because default rates are at historic lows, serving as the main source of the decrease in allowances. The overall impact on impairment losses on loans as a result of changes in macroeconomic scenarios resulted in an SEK 9m decrease for the year. This also includes loss allowances in the form of provisions for loan commitments. For more information, see "Significant risks and uncertainties" below.

In the bank's estimate, there is still a certain degree of risk that defaults and losses could increase when this support is phased out. The bank estimates that four industries in particular - hotel & restaurant, transport, retail and property management - are at risk of delayed impact. Therefore, the bank has chosen to continue to manually make expert adjustments in order to account for this impact. At 31 December, these allowances totalled SEK 31m (33 at 31 December 2020). This also includes loss allowances in the form of provisions for loan commitments.

The loss allowance for expected credit losses on loans to the general public at 31 December 2021 was SEK 106m (150). The stage 1 loss allowance decreased during the year to SEK 32m (34). The stage 2 (loans with a significant increase in credit risk) loss allowance decreased to SEK 23m (37). The stage 3 (credit-impaired loans) loss allowance also decreased to SEK 51m (80).

Because of a further decrease in the reserve for expected credit losses, credit losses resulted in recovery of SEK +55m (-46 at 31 December 2020).

With few exceptions, the large allowances for expected credit losses made in 2020 were related to companies, not private customers. At that time, the bank estimated that the greatest loss allowance needs were in the hotel & restaurant, transport, retail and property management sectors. As of 31 December 2021, the bank's estimate is that these sectors are still subject to a certain degree of risk of delayed impact. No elevated risk is estimated for other industries at this time. For information about the allowance levels in each industry, please see Note 8.

Industries estimated to be particularly exposed to COVID-19.

At 31/12/2021, SEK million	Loans and commitments	Loss allowances
Hotel and restaurant, including hotel properties	934	25
Transport	608	6
Retail	2,037	15
Property management	17,824	27
Total	21,403	73

The combined allowances for the four industries stated above decreased from SEK 107m to SEK 73m over the year.

The residential mortgage portfolio, which accounts for over 60 percent of the bank's total loans on its own balance sheet, is high in quality and its historical credit losses are very low. The long-term repayment capacity of customers is decisive for issuing loans, which ensures high quality and low risks for both the customer and the bank. In addition, government measures have strengthened the benefits system, such as insurance for illness and unemployment, which helped keep credit losses at a low level. The average LTV for the residential mortgage portfolio was 52 percent.

The bank has not observed any increase in the number of overdue loans, which are at par with the levels observed in recent years. The various government support packages and forbearance on principal payments have probably helped the bank's customers.

The bank still estimates that the risk is low that defaults and losses will increase when these support packages and forbearance measures are phased out. Therefore, for the time being, the bank does not see a need to make adjustments on account of a risk of delayed impact in relation to the residential mortgage portfolio.

Overall, the credit loss level for the year was +0.07 percent (-0.06). Net stage 3 loans accounted for 0.33 percent (0.52) and the allowance ratio for stage 3 loans was 16 percent (17). The low allowance ratio for stage 3 loans is because some major exposures are estimated to be largely secured with adequate collateral.

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The bank's estimate of loss allowance needs is based in part on GDP growth of around 2–3 percent in the coming years. If forecasts for GDP, unemployment and housing prices worsen in 2022, this could result in an increase in loss allowances. For more information, see "Significant risks and uncertainties" below.

The net cost for incurred losses for the year was at par (SEK -8m) with 2020 (SEK -7m). The amount received for previously incurred credit losses amounted to SEK +7m (+8).

The local branch offices are responsible for tracking the bank's credit exposures. This includes calling attention to and acting on any potentially elevated risk identified.

KYC information about local circumstances is a key factor for all exposure tracking. System-generated information or other information indicating potentially elevated risk is subject to analysis and reasonability assessments without delay, ultimately leading to an opinion on whether there is an elevated risk.

In addition to IT systems, key account managers will use their own means to search for information such as contacting the borrower, obtaining new financial statement information, monitoring events in local markets and generally tracking both macroeconomic and industry trends.

The bank's loss allowance practices for expected credit losses are based on updating customers' risk classifications on an ongoing basis. Based on these risk assessments, the bank uses action plans prioritising customers with elevated credit risk.

Funding and liquidity

The bank's liquidity is stable and excellent, and this has been the case throughout 2021. The bank's main source of funding is deposits, but the bank is also active in the Swedish funding market. In the Swedish capital market, the bank has a covered bond programme and a medium term note (MTN) programme for long-term funding and a certificate of deposit programme for short-term funding. The covered bond programme was rated AAA with a stable outlook by credit rating agency S&P Global, and Sparbanken Skåne's rating is A with a stable outlook.

The bank's liquidity was very stable in all four quarters of 2021. In the first quarter of 2021, we did not see the same trends as the year before when many customers moved their holdings from funds to deposits out of concern at the time of the first COVID-19 wave. Deposits from the general public were largely unchanged in the first quarter of 2021. At the same time as the bank's customers kept their deposits, customers resumed their savings in funds, and this has largely taken the form of traditional monthly savings accounts. The increase in fund savings also continued throughout 2021. In the second quarter, deposits rose again considerably, by about SEK 3,200m, at the same time as savings in funds also continued to increase. Customer tax refunds and decreased holiday travel due to the pandemic are estimated to be among the reasons for the increase. In the third quarter, the increase in deposits slowed down but was still positive at about SEK 400m. This trend continued in the fourth quarter with increased deposits coinciding with strong fund savings. In the fourth quarter, deposits increased by SEK 2,553m and the increase for full year 2021 was SEK 6,140m.

The Swedish capital market was also impacted by the first wave of COVID-19. Issuing bonds and certificates of deposit on

the Swedish capital market was very difficult in March and April 2020. However, the market recovered quickly and restabilised. The bank issued new bonds and also renewed bonds and certificates of deposit in both 2020 and 2021. The recovery continued throughout 2021, and the market can now be considered to be at par with its pre-Covid level. A certain degree of minor turbulence in the interest rate market was discernible in both the third and fourth quarters. This turbulence was partly associated with the presentation of inflation figures by the Swedish central bank (Riksbank) in the second half of September and with the central bank forecasts on future bond purchases published in the final months of the year. However, the market recovered quickly following these minor fluctuations.

The bank issued covered bonds in the fourth quarter of the year even though the bank's liquidity was, and still is, excellent. Amounting to SEK 3,000m, the issue succeeded in attracting great interest from investors and terms and conditions favourable to the bank. The background of the issue was not a need for liquidity in the short term but rather to ensure stable, healthy and diversified funding in the long term with a favourable future maturity structure for the bank's long-term borrowing.

Outstanding senior bonds decreased on a net basis by a nominal amount of SEK 1,559m during 2021, with SEK 459m of this amount coming in conjunction with refinancing and an issue in the first quarter and SEK 734m in the second quarter. The remaining SEK 366m was redeemed upon maturity in August. The bank's MREL bonds remained unchanged because Riksgälden worked during the year on clarifying how the MREL requirement will be calculated going forward. A new regulatory framework from Riksgälden (the Swedish National Debt Office) was adopted in autumn 2021 that results in a decrease in the senior bonds needed to meet the MREL requirement for Sparbanken Skåne at present. Along with the bank's excellent liquidity situation, this explains why the bank decreased its outstanding senior bonds. Outstanding certificates of deposit were renewed during the period but remained unchanged in terms of outstanding volume at the end of the third quarter compared with 31 December 2020.

The bank's outstanding bonds at 31 December amounted to SEK 5,400m (nominal amount) in MTN programme bonds and SEK 18,700m in covered bonds. Outstanding certificates of deposit totalled SEK 500m. The changes during the year are disclosed in Note 10 Debt securities issued and related items.

All bonds are listed on the Nasdaq OMX Nordic Stockholm exchange. More information about the bond programmes can be found at www.sparbankenskane.se.

In December 2020, Riksgälden adopted its annual plans for how banks and other institutions in Sweden should be managed in the event of a financial crisis. Nine Swedish institutions are currently classified as systemically important and Sparbanken Skåne is one of them. Riksgälden also resolved that the minimum requirement for own funds and eligible liabilities (MREL), which is applicable to Sparbanken Skåne in 2021, is 7.6 percent of the bank's total liabilities and capital base, half of which currently must be subordinated liabilities. Sparbanken Skåne meets these requirements by a large margin. Sparbanken Skåne is also well prepared to be able to meet the requirements stipulated by the new regulatory framework from

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Riksgälden, which will come into full effect, following an extended phase-in period, on 1 January 2024. The bank's outstanding MREL bonds at 31 December amounted to SEK 1,000m, which is unchanged from 31 December 2020.

The bank's liquidity reserves at 31 December 2021 amounted to SEK 11,926m (9,779 at 31 December 2020). The liquidity reserves increased during the year, primarily because of a substantial increase in deposits in all four quarters. At the same time, lending increased throughout the year in the private segment while largely remaining unchanged through the first three quarters in the corporate segment. However, in the fourth quarter, a slight increase was also observed in loans to companies. In addition, the bank increased its funding in conjunction with an issue of covered bonds in the fourth quarter while two refinancing transactions in the first half year decreased the bank's funding. At 31 December, the liquidity reserves consist of assets that can generate liquidity quickly at predictable values, which include short-term loans to credit institutions and fixed-income securities.

The liquidity reserves combined with agreed borrowing limits continue to give the bank a strong ability to meet its obligations, and the refinancing risk is limited. The bank's liquidity coverage ratio (LCR) was very solid and amounted to 248 percent (256 at 31 December 2020).

The loan-to-deposit ratio at 31 December 2021 was 122 percent (126 at 31 December 2020).

More information about liquidity reserves and liquidity management is provided in periodic disclosures at sparbankenskane.se/finansielinformation/likviditet.

Rating

Sparbanken Skåne's credit rating from credit rating agency S&P Global was confirmed in the second quarter in connection with the agency's annual report, and the bank was assessed a rating of A with a stable outlook.

Sparbanken Skåne's covered bond programme is rated AAA with a stable outlook by S&P Global.

S&P Global rated the senior non-preferred bond issued under the MTN programme at BBB+.

Capital and capital adequacy

The bank added SEK 503m to its capital base during the year, putting the total value of the capital base on 31 December 2021 at SEK 7,320m (6,817 at 31 December 2020).

The total Risk Exposure Amount (REA) increased, primarily due to the growth in lending, amounting to SEK 34,267m (33,380 at 31 December 2020). However, the implementation of the SME discount reduced the REA, which is commented on below.

The credit risk REA at 31 December 2021 totalled SEK 27,515m. SEK 20,213m of this item was calculated using the Internal Ratings-Based (IRB) approach to credit risk and SEK 7,302m was calculated using the standardised approach to credit risk.

The risk-weight floor REA increased as new loans were issued but also as a result of the SME discount, amounting to SEK 4,201m (3,370 at 31 December 2020).

The operational risk REA at 31 December 2021 amounted to SEK 2,284m (2,164 at 31 December 2020).

This put the total capital ratio and CET1 capital ratio at 21.4 percent on 31 December 2021 (20.4 at 31 December 2020). The bank's capital situation thus remains strong.

As a part of the EU Banking Package, the calculation of the SME discount in Article 501 of the Capital Requirements Regulation was changed. This change was implemented as of the second quarter of 2021 and resulted in a decrease in the bank's REA by approximately SEK 1.4bn.

Finansinspektionen (the Swedish Financial Supervisory Authority) announced during the third quarter that the countercyclical buffer value will be raised to 1 percent of the REA. This requirement will enter into force on 30 September 2022.

The leverage ratio amounted to 6.9 percent at 31 December 2021 (7.0 at 31 December 2020). For more information about capital adequacy calculations, see Note 15, Capital adequacy analysis.

In 2021, Finansinspektionen did not conduct any supervisory review and evaluation (as per the Credit Institutions and Securities Companies Special Supervision Act) of the bank.

In the context of such a supervisory review and evaluation of a credit institution, Finansinspektionen determines appropriate capital base levels for the institution. Finansinspektionen will notify the institution of the difference between these levels and the capital base requirements under the Capital Requirements Regulation, the aforementioned Supervision Act and the Capital Buffers Act (2014:966).

Significant risks and uncertainties

The bank's business is exposed to various risks such as credit risk, market risk, liquidity risk and operational risk. The bank's board, which has ultimate responsibility for the bank's internal controls, has put policies and instructions in place for the bank's business to limit and monitor risk-taking in its operations. These policies and instructions are revised and adopted annually.

The risk management system incorporates the strategies, processes and reporting procedures required to continuously identify, measure, manage, monitor and report the risks to which the business is exposed. Furthermore, the bank has the methods and procedures in place that are required to manage the risks associated with its activities.

The bank's level of risk-taking should be low and limited to what is financially sustainable in relation to the bank's capital buffer and long-term capital targets. The board has adopted a separate policy describing the risk appetite that will shape the bank's activities and the risk limits applicable in each risk area. Risk Management monitors, analyses and reports risks to the board and CEO.

In 2018, the bank started applying new methods and policies for the recognition of expected credit losses (IFRS 9). These policies and methods aim to predict and measure what credit losses may occur in the future for existing loans on the basis of both information known at the balance sheet date and estimated future scenarios. The bank's loss allowance practices for expected credit losses are based on updating customers' risk classifications on an ongoing basis. Based on these risk assessments, the bank uses action plans prioritising customers with elevated credit risk.

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The bank monitors macroeconomic developments on an ongoing basis. This includes defining forward-looking macroeconomic scenarios for various portfolio segments and translating these into macroeconomic forecasts. The macro parameters with the greatest significance for the performance of expected credit losses for the bank are changes in GDP, unemployment, housing prices and the general state of interest rates.

The decrease in allowances was justified by the continued strong recovery of the Swedish economy and the lack of any noticeable impact on defaults and losses from COVID-19 so far.

- For 2021, GDP is expected to reach 4.7 percent, 3.4 percent in 2022 and then return to a more normal level of around 2 percent in 2023. These percentages may be adjusted later.
- Given the major negative impact of COVID-19 on both unemployment and GDP in 2020, an increase in defaults and losses could have been expected in consideration of the historical correlations on which the model is based. Instead, we have seen historically low default levels for residential mortgages and for SMEs.
- The expected impact has probably been delayed or alleviated by forbearance on principal payments, short-time work and other government support measures.

In the bank's estimate, there is still a certain degree of risk that defaults and losses could increase when this support is fully phased out. The bank estimates that four industries in particular - hotel & restaurant, transport, retail and property management - are at risk of delayed impact. Especially at the end of the year, new economic uncertainty factors started to be observable internationally. Bottlenecks in the industrial sector, shortages of intermediate inputs, increased energy prices, and trends toward inflation followed by interest rate turbulence have increased uncertainty for future economic conditions. In consideration of all of this, the bank has chosen to continue to manually make expert adjustments. At 31 December, these allowances totalled SEK 31m (33 at 31 December 2020). This also includes loss allowances in the form of provisions for loan commitments.

The macroeconomic forecasts for the parameters with the greatest significance for the performance of expected credit losses for the bank are shown in the following table.

	31/12/2021			30/09/2021			30/06/2021			31/03/2021			31/12/2020	
Baseline scenario	2021F	2022F	2023F	2021F	2022F	2023F	2021F	2022F	2023F	2021F	2022F	2023F	2021F	2022F
GDP (%)	4.7	3.4	2.2	4.2	3.6	2.2	3.7	3.5	1.9	2.9	3.6	2.3	2.0	3.1
Unemployment (%)	8.9	7.6	7.2	8.8	7.6	7.2	8.8	7.7	7.4	8.7	7.8	7.4	9.2	8.7
Housing price performance (% annual performance)	15.6	7.5	3.9	14.3	7.4	3.6	9.2	2.6	4.9	7.6	5.0	4.6	5.6	4.1
Stibor 3M (%)	-0.02	0.09	0.15	-0.01	0.09	0.15	-0.01	0.08	0.23	-0.05	0.01	0.10	-0.02	0.07

Unemployment is somewhat higher in the bank's area of operation, but this does not have a material impact on the calculation of expected credit losses.

In addition to the above baseline scenarios, a positive and a negative scenario were also used and then weighted based on probability along with the baseline scenarios. The baseline scenario was assigned a weight of 66.6 percent in the probability-weighted estimates of expected credit losses. The negative and positive scenarios were each weighted at 16.7 percent. The weighting was unchanged.

The allowances for expected credit losses are based on the bank's estimate and forecast of future performance for several factors. As a result, the estimates and allowances are based on a high degree of uncertainty. The future outcome of incurred credit losses could turn out to be more or less than the allowances recognised during the year. However, it should be noted that the net loss from credit losses incurred during the year was only SEK -8m (-7). For more information about recognised credit losses, please see notes 7 and 8.

The bank's direct losses attributable to operational risk remained low during the year. The bank commands a satisfactory level of capital, which is suited to the risks posed by the bank's activities and which exceeds the minimum statutory requirements by a healthy margin.

Board dividend proposal

The board proposes a dividend of SEK 15.40 per share, resulting in a total dividend amount of SEK 257m.

Events after the reporting period

No events of material significance took place after the end of the reporting period.

CONTINUED FROM PAGE 8.

Financial ratios	12/2021	09/2021	06/2021	03/2021	12/2020
Business volume, millions of SEK	249,053	237,078	234,396	225,775	219,258
CET1 capital ratio	21.4%	21.3%	21.2%	20.2%	20.4%
Total capital ratio	21.4%	21.3%	21.2%	20.2%	20.4%
Loan-to-deposit ratio	122%	123%	122%	126%	126%
Leverage ratio					
Total leverage exposure	105,879	99,918	100,959	96,651	96,975
Leverage ratio	6.9%	7.2%	7.1%	7.1%	7.0%
Total leverage ratio requirement	3.0%	3.0%	3.0%	-	-
LCR					
Total high-quality liquid assets (weighted value – average)	4,071	3,989	3,926	3,961	4,050
Liquidity outflows – total weighted value	6,907	6,701	6,463	6,204	6,048
Liquidity inflows – total weighted value	7,025	6,324	6,174	5,550	5,273
Total net liquidity outflows (adjusted value)	1,740	1,688	1,629	1,560	1,646
LCR	248%	225%	206%	264%	256%
NSFR					
Total available stable funding	87,860	84,591	85,034	81,645	81,829
Total required stable funding	69,211	65,167	64,986	62,938	62,925
Net stable funding ratio (NSFR)	127%	130%	131%	130%	130%
Profit					
Cost/income ratio before credit losses	0.51	0.50	0.52	0.51	0.50
Cost/income ratio after credit losses	0.48	0.47	0.48	0.49	0.52
Return on equity	9.8%	10.1%	9.9%	9.8%	9.4%
Credit-impaired loans and credit losses					
Allowance ratio for stage 3 loans	16%	16%	15%	16%	17%
Net credit-impaired loans (stage 3) as a percentage of total loans to the general public	0.33%	0.35%	0.53%	0.55%	0.52%
Loan loss ratio excluding brokered volume	0.07%	0.07%	0.04%	-0.01%	-0.06%
Loan loss ratio including brokered volume	0.06%	0.06%	0.04%	-0.01%	-0.05%
Other disclosures					
Average number of employees	474	467	497	502	476

The financial ratios are defined on page 28.

Quarterly comparison

Income statement	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Thousands of SEK					
Net interest income	303,094	288,868	287,701	296,557	302,766
Net fees and commissions	154,824	145,158	146,813	137,982	151,360
Net gain/loss from financial transactions	2,449	4,908	2,489	5,549	-1,655
Other operating income	1,930	1,105	493	497	8,365
Total net interest income and operating income	462,297	440,039	437,496	440,585	460,836
General administrative expenses	-227,721	-194,337	-212,794	-198,115	-215,991
Depreciation and amortisation	-3,897	-4,080	-4,170	-4,040	-3,970
Other operating expenses	-13,550	-13,242	-12,654	-21,459	-18,057
Credit losses	3,551	19,383	25,502	6,985	12,872
Total expenses	-241,616	-192,275	-204,116	-216,629	-225,147
Operating profit/loss	220,681	247,763	233,380	223,956	235,690
Taxes	-43,415	-51,437	-46,795	-48,325	-50,020
Profit/loss for the period	177,266	196,327	186,585	175,631	185,669

Balance sheet	31/12/2021	30/09/2021	30/06/2021	31/03/2021	31/12/2020
Thousands of SEK					
Loans to credit institutions	8,077,145	6,899,443	7,452,038	5,650,991	6,126,543
Loans to the general public	80,963,943	78,504,715	77,600,533	76,785,911	75,981,536
Fixed-income securities	5,835,316	5,246,542	5,381,531	5,382,585	5,389,526
Other assets	6,487,766	4,891,231	4,930,789	4,989,700	5,744,593
Total assets	101,364,170	95,541,931	95,364,891	92,809,187	93,242,198
Liabilities to credit institutions	1,137,759	1,079,419	1,069,333	1,071,630	1,073,534
Deposits from the general public	66,305,562	63,753,009	63,383,474	60,163,356	60,158,831
Securities issued	25,809,903	22,743,925	23,127,188	23,875,894	24,349,901
Other liabilities	357,951	388,868	405,413	503,375	411,800
Equity	7,752,995	7,576,710	7,379,483	7,194,932	7,248,132
Total liabilities, provisions and equity	101,364,170	95,541,931	95,364,891	92,809,187	93,242,198

Income statement

Income statement	Note	Q4 2021	Q3 2021	Change	Jan–Dec 2021	Jan–Dec 2020	Change
Thousands of SEK							
Interest income		332,287	333,725	0%	1,338,391	1,428,365	-6%
Interest expenses		-29,193	-44,858	-35%	-162,172	-203,727	-20%
Net interest income	3	303,094	288,868	5%	1,176,219	1,224,638	-4%
Dividends received		-	-	-	-	760	-100%
Fee and commission income	4	167,356	157,192	6%	633,793	559,392	13%
Fee and commission expenses	5	-12,532	-12,033	4%	-49,015	-50,284	-3%
Net gain/loss from financial transactions	6	2,449	4,908	-50%	15,395	11,323	36%
Other operating income		1,930	1,105	75%	4,025	10,347	-61%
Total net interest income and operating income		462,297	440,039	5%	1,780,417	1,756,176	1%
General administrative expenses		-227,721	-194,337	17%	-832,967	-793,214	5%
Depreciation of tangible assets		-3,897	-4,080	-4%	-16,187	-17,493	-7%
Other operating expenses		-13,550	-13,242	2%	-60,904	-61,417	-1%
Total expenses before credit losses		-245,167	-211,659	16%	-910,058	-872,124	4%
Profit/loss before credit losses		217,130	228,380	-5%	870,359	884,052	-2%
Net credit losses	7	3,551	19,383	-82%	55,422	-45,912	-
Operating profit/loss		220,681	247,763	-11%	925,780	838,140	10%
Tax on profit for the period		-43,415	-51,437	-16%	-189,972	-179,406	6%
Profit/loss for the period		177,266	196,327	-10%	735,809	658,733	12%

Statement of comprehensive income		Q4 2021	Q3 2021	Change	Jan–Dec 2021	Jan–Dec 2020	Change
Thousands of SEK							
Profit/loss for the period		177,266	196,327	-10%	735,809	658,733	12%
Other comprehensive income							
Items that are or may be reclassified to profit or loss for the period							
Net change in fair value of financial assets measured at fair value through other comprehensive income		-1,235	1,134	-	361	8,646	-96%
Tax attributable to items that may be reclassified to profit or loss for the period		254	-234	-	-74	-1,850	-96%
Other comprehensive income for the period		-981	900	-	286	6,796	-96%
Comprehensive income for the period		176,285	197,227	-11%	736,095	665,529	11%

Balance sheet

Balance sheet	Note	31/12/2021	31/12/2020	Change	
Thousands of SEK				Thousands of SEK	%
Assets					
Cash		-	581	-581	-100%
Treasury bills eligible for refinancing with central banks		2,113,490	2,023,308	90,181	4%
Loans to credit institutions		8,077,145	6,126,543	1,950,602	32%
Loans to the general public	8	80,963,943	75,981,536	4,982,407	7%
Bonds and other fixed-income securities		3,721,827	3,366,218	355,609	11%
Derivatives		65,622	4,120	61,501	-
Tangible assets		57,518	60,826	-3,308	-5%
Current tax assets		6,057,455	5,398,461	658,994	12%
Deferred tax assets		23,107	17,721	5,386	30%
Other assets		107,352	85,886	21,465	25%
Prepaid expenses and accrued income		176,711	176,996	-285	0%
Total assets		101,364,170	93,242,198	8,121,972	9%
Liabilities, provisions and equity					
Liabilities to credit institutions		1,137,759	1,073,534	64,225	6%
Deposits from the general public	9	66,305,562	60,158,831	6,146,731	10%
Debt securities issued and related items	10	25,809,903	24,349,901	1,460,002	6%
Derivatives		3,042	71,568	-68,526	-96%
Other liabilities		82,819	90,849	-8,030	-9%
Accrued expenses and deferred income		138,048	131,501	6,547	5%
Provisions	11	134,042	117,882	16,160	14%
Total liabilities and provisions		93,611,175	85,994,066	7,617,109	9%
Equity					
Restricted equity					
Share capital (16,683,364 shares and quotient value SEK 100)		1,668,336	1,668,336	-	-
Statutory reserve		109,196	109,196	-	-
Total		1,777,532	1,777,532	-	-
Non-restricted equity					
Share premium reserve		3,188,631	3,188,631	-	-
Fair value reserve		8,073	7,788	286	4%
Retained earnings		2,042,950	1,615,448	427,502	26%
Profit/loss for the period		735,809	658,733	77,076	12%
Total		5,975,463	5,470,600	504,863	9%
Total equity		7,752,995	7,248,132	504,863	7%
Total liabilities, provisions and equity		101,364,170	93,242,198	8,121,972	9%
Other notes					
Accounting policies	1				
Operating segments	2				
Derivatives	12				
Financial assets and liabilities	13				
Pledged assets, contingent liabilities and commitments	14				
Capital adequacy analysis	15				
Disclosures on related parties and other significant relationships	16				

Statement of changes in equity

Thousands of SEK	Restricted equity		Non-restricted equity			Total equity	
	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Retained earnings	Profit/loss for the period	
Balance at 1 January 2021	1,668,336	109,196	3,188,631	7,788	1,615,448	658,733	7,248,132
Appropriation of profit as per AGM resolution							
Amount carried forward	-	-	-	-	427,502	-427,502	-
Transactions with owners in the form of dividends	-	-	-	-	-	-231,231	-231,231
Profit/loss for the year	-	-	-	-	-	735,809	735,809
Other comprehensive income for the year	-	-	-	286	-	-	286
Comprehensive income for the year	-	-	-	-	-	-	736,095
Balance at 31 December 2021	1,668,336	109,196	3,188,631	8,073	2,042,950	735,809	7,752,995
Balance at 1 January 2020	1,668,336	109,196	3,188,631	992	1,118,049	497,399	6,582,603
Appropriation of profit as per AGM resolution							
Amount carried forward	-	-	-	-	497,399	-497,399	-
Transactions with owners in the form of dividends	-	-	-	-	-	-	-
Profit/loss for the year	-	-	-	-	-	658,733	658,733
Other comprehensive income for the year	-	-	-	6,796	-	-	6,796
Comprehensive income for the year	-	-	-	-	-	-	665,529
Balance at 31 December 2020	1,668,336	109,196	3,188,631	7,788	1,615,448	658,733	7,248,132

Restricted equity

Restricted equity may not be decreased by paying dividends.

Statutory reserve

The purpose of the statutory reserve has been to save a share of the net profit not used to cover losses carried forward. The statutory reserve also includes amounts added to the share premium reserve before 1 January 2006.

Non-restricted equity

Share premium reserve

When shares are issued at a premium, i.e. the amount paid for the shares exceeds their quotient value, the amount received in excess of the quotient value of the shares is transferred to the share premium reserve. Amounts transferred to the share premium reserve on 1 January 2006 or later are included in non-restricted equity.

Fair value reserve

The fair value reserve includes the accumulated net change in the fair value of financial assets at fair value through other comprehensive income until the asset is derecognised from the balance sheet.

Retained earnings

Retained earnings comprise the non-restricted equity of previous years after any dividends are paid. When combined with profit or loss for the year and the fair value reserve, this constitutes total non-restricted equity, meaning the amount available for distribution to shareholders.

Statement of cash flows

Indirect method	2021	2020
Thousands of SEK		
Cash flows from operating activities		
Operating profit/loss	925,780	838,140
Net change in amortised cost for the period	106,039	100,120
Unrealised share of net gain from financial transactions	-3,928	-6,324
Depreciation and amortisation	16,187	17,493
Credit losses	-48,133	53,792
Tax paid	-154,433	-97,321
Cash flows from operating activities before changes in working capital	841,513	905,900
Cash flow from changes in working capital		
Increase/decrease in loans to the general public (-/+)	-5,063,259	-4,070,114
Increase/decrease in securities (-/+)	-480,306	-526,952
Increase/decrease in deposits from the general public (+/-)	6,146,731	7,038,423
Increase/decrease in liabilities to credit institutions (+/-)	64,225	1,013,052
Net change in other assets and liabilities	-19,780	-6,334
Net cash from operating activities	1,489,124	4,353,975
Cash flows from investing activities		
Disposal/redemption of financial assets	16,160	22,370
Transfer of excess liquidity to tax account	-700,000	-5,000,000
Sale of tangible assets	-	3,325
Acquisition of tangible assets	-12,879	-14,318
Net cash from investing activities	-696,719	-4,988,623
Cash flows from financing activities		
Issue of fixed-income securities	6,091,567	9,765,445
Redemption of fixed-income securities	-4,702,722	-5,910,813
Dividends paid	-231,231	-
Net cash from financing activities	1,157,614	3,854,632
Cash flow for the year	1,950,020	3,219,984
Cash and cash equivalents at beginning of year	6,127,125	2,907,141
Cash and cash equivalents at end of year	8,077,145	6,127,125
The following subcomponents are included in cash and cash equivalents		
Cash	-	581
Loans to credit institutions	8,077,145	6,126,543
Balance sheet total	8,077,145	6,127,125
Short-term investments have been classified as cash and cash equivalents on the basis of the following criteria		
They have an insignificant risk of changes in value		
They are easily convertible to cash		
They have a maximum term of three months from their acquisition date		
Interest paid and dividends received included in net cash from operating activities		
Interest received	1,360,526	1,402,634
Interest paid including cost of deposit insurance and fee for resolution fund	-205,123	-172,841
Dividends received	-	760

Notes to the income statement and balance sheet

Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. In addition, the contents of the interim report are in compliance with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), Finansinspektionen's Regulations and General Guidelines on Annual Accounts for Credit Institutions and Securities Companies (FFFS 2008:25), and the Swedish Financial Reporting Board's Recommendation RFR 2 Accounting for Legal Entities. The bank thus applies adopted IFRS subject to restrictions under Swedish law (lagbegränsad IFRS), namely RFR 2 and FFFS. This means that all IFRSs adopted by the EU are applied to the extent possible within the scope of the Swedish Annual Accounts Act and in consideration of the relationship between accounting and taxation. The accounting policies and estimates and judgements applied in this interim report are in accordance with those applied in the 2020 Annual Report Except for the following comments in relation to Note 3 Risks.

Updated comments on credit risk can be found under "Credit quality and allowances".

Updated comments on liquidity risk can be found under "Funding and liquidity".

Comments on the impact of COVID-19 can be found under "Significant risks and uncertainties".

Note 2 Operating segments

The bank's business is not divided into operating segments in the bank's internal reporting to its highest decision-making body (the CEO) given that its business is concentrated in banking activities within the bank's geographic area.

Note 3 Net interest income

	Jan-Dec 2021	Jan-Dec 2020	Change
Thousands of SEK			
Interest income			
Loans to credit institutions	113	608	-81%
Loans to the general public	1,378,183	1,440,576	-4%
Fixed-income securities	4,066	11,932	-66%
Derivatives	-43,968	-24,748	78%
Other interest income	-3	-3	15%
Total	1,338,391	1,428,365	-6%
Interest expenses			
Liabilities to credit institutions	-12,157	-8,490	43%
Deposits from the general public	-40,802	-55,114	-26%
– fee for deposit insurance	-28,877	-41,435	-30%
Fixed-income securities	-91,007	-126,925	-28%
Other interest expenses	-18,206	-13,198	38%
– fee for resolution fund	-18,205	-13,192	38%
Total	-162,172	-203,727	-20%
Total net interest income	1,176,219	1,224,638	-4%

Note 4 Fee and commission income

	Jan-Dec 2021	Jan-Dec 2020	Change
Thousands of SEK			
Payment intermediation fees	62,473	86,796	-28%
Loan commissions	115,661	92,432	25%
Deposit commissions	87,103	83,590	4%
Commissions for financial guarantees issued	1,757	1,909	-8%
Securities commissions and fees	289,749	226,867	28%
Other fees and commissions	77,050	67,798	14%
Total	633,793	559,392	13%

Note 5	Fee and commission expenses	Jan-Dec 2021	Jan-Dec 2020	Change
	Thousands of SEK			
	Payment intermediation fees	-36,307	-31,524	15%
	Securities commissions and fees	-7,318	-14,086	-48%
	Other fees and commissions	-5,390	-4,674	15%
	Total	-49,015	-50,284	-3%

Note 6	Net gain/loss from financial transactions	Jan-Dec 2021	Jan-Dec 2020	Change
	Thousands of SEK			
	Fixed-income securities	4,106	-773	-
	Other financial instruments	3,900	6,406	-39%
	Exchange rate fluctuations	7,389	5,690	30%
	Total	15,395	11,323	36%

	Jan-Dec 2021	Jan-Dec 2020	Change
Net gain/loss by valuation category			
Financial assets at fair value through other comprehensive income	4,106	-773	-631%
Ineffective portion of fair value hedge	287	779	-63%
Derivatives intended for risk management, no hedge accounting	3,613	5,627	-36%
Change in fair value of derivatives used as hedging instruments in a fair value hedge	128,985	-62,006	-
Change in fair value of hedged item attributable to the hedged risk in fair value hedges	-128,985	62,006	-
Exchange rate fluctuations	7,389	5,690	30%
Total	15,395	11,323	36%

Note 7	Net credit losses	Jan-Dec 2021	Jan-Dec 2020	Change
	Thousands of SEK			
	Loans at amortised cost			
	Change in provisions – stage 1	1,593	-14,235	-
	Change in provisions – stage 2	13,628	-6,635	-
	Change in provisions – stage 3	31,330	-20,241	-
	Total	46,551	-41,111	-
	Net cost for the year for realised losses	-7,988	-7,388	8%
	The amount received for previously incurred credit losses	7,289	7,880	-8%
	Total credit losses on loans at amortised cost	45,852	-40,619	-
	Loan commitments and financial guarantee contracts			
	Change in provisions – stage 1	-1,114	-4,272	-74%
	Change in provisions – stage 2	6,249	-1,862	-
	Change in provisions – stage 3	4,435	841	-
	Total credit losses for loan commitments and financial guarantee contracts	9,570	-5,293	-
	Total credit losses	55,422	-45,912	-

Note 8	Loans to the general public	Stage 1	Stage 2	Stage 3	Total
Thousands of SEK					
Gross carrying amount					
Gross carrying amount at 1 January 2021		71,715,935	3,879,821	476,460	76,072,216
New financial assets		23,467,467	476,064	2,958	23,946,489
Derecognised financial assets		-16,304,722	-865,153	-27,247	-17,197,122
Changes due to changed balances		-1,628,876	-38,450	-15,153	-1,682,479
Transfers between stages during the period					
from stage 1 to stage 2		-1,195,921	1,195,921	-	-
from stage 1 to stage 3		-5,132	-	5,132	-
from stage 2 to stage 1		1,416,307	-1,416,307	-	-
from stage 2 to stage 3		-	-38,565	38,565	-
from stage 3 to stage 2		-	97,548	-97,548	-
from stage 3 to stage 1		67,954	-	-67,954	-
Exchange rate fluctuations		99	0	0	99
Gross carrying amount at 31 December 2021		77,533,111	3,290,879	315,213	81,139,203
Loss allowances					
Loss allowances at 1 January 2021		33,522	36,821	79,875	150,218
New financial assets		6,632	2,206	1,457	10,295
Derecognised financial assets		-4,968	-5,480	-7,609	-18,057
Changes due to changed balances		-424	-1,026	-978	-2,428
Changed risk variables (EAD, PD, LGD)		91	-5,459	-8,577	-13,945
Changes in macroeconomic scenarios		-4,031	-4,031	34	-8,028
Changes due to manual expert adjustments		1,976	-3,522	-	-1,546
Changes due to updated models		-	-	-	-
Transfers between stages during the period					
from stage 1 to stage 2		-1,240	6,174	-	4,934
from stage 1 to stage 3		-7	-	719	712
from stage 2 to stage 1		315	-2,097	-	-1,782
from stage 2 to stage 3		-	-653	3,521	2,868
from stage 3 to stage 1		53	-	-8,722	-8,669
from stage 3 to stage 2		-	260	-9,019	-8,759
Loss allowances at 31 December 2021		31,919	23,193	50,701	105,813
Carrying amount					
Opening balance at 1 January 2021		71,682,413	3,843,000	396,585	75,921,998
Closing balance at 31 December 2021		77,501,193	3,267,684	264,513	81,033,390
Change in fair value of hedged amount in portfolio hedge					-69,447
Total					80,963,943

CONTINUED FROM PAGE 17.

	Stage 1	Stage 2	Stage 3	Total
Thousands of SEK				
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2020	67,796,753	4,034,868	180,416	72,012,037
New financial assets	20,533,943	792,823	88,113	21,414,879
Derecognised financial assets	-14,547,419	-1,232,414	-27,699	-15,807,532
Changes due to changed balances	-1,387,550	-121,136	-38,324	-1,547,010
Transfers between stages during the period				
from stage 1 to stage 2	-1,747,433	1,747,433	-	-
from stage 1 to stage 3	-173,373	-	173,373	-
from stage 2 to stage 1	1,239,520	-1,239,520	-	-
from stage 2 to stage 3	-	-118,801	118,801	-
from stage 3 to stage 2	-	16,569	-16,569	-
from stage 3 to stage 1	1,652	-	-1,652	-
Exchange rate fluctuations	-158	0	0	-158
Gross carrying amount at 31 December 2020	71,715,935	3,879,822	476,459	76,072,216
Loss allowances				
Loss allowances at 1 January 2020	19,314	30,188	56,859	106,361
New financial assets	6,500	5,069	9,083	20,652
Derecognised financial assets	-4,353	-7,270	-8,615	-20,238
Changes due to changed balances	-852	-2,309	-2,539	-5,700
Changed risk variables (EAD, PD, LGD)	3,005	-4,219	4,219	3,005
Changes in macroeconomic scenarios	-1,738	-3,123	-194	-5,055
Changes due to manual expert adjustments	18,590	7,819	-	26,409
Changes due to updated models	-2,671	-1,453	-5,606	-9,730
Transfers between stages during the period				
from stage 1 to stage 2	-4,468	15,235	-	10,767
from stage 1 to stage 3	-220	-	19,333	19,113
from stage 2 to stage 1	415	-2,386	-	-1,971
from stage 2 to stage 3	-	-1,136	9,633	8,497
from stage 3 to stage 1	0	-	-72	-72
from stage 3 to stage 2	-	405	-2,225	-1,820
Loss allowances at 31 December 2020	33,522	36,820	79,876	150,218
Carrying amount				
Opening balance at 1 January 2020	67,777,439	4,004,680	123,557	71,905,676
Closing balance at 31 December 2020	71,682,413	3,843,000	396,585	75,921,998
Change in fair value of hedged amount in portfolio hedge				59,538
Total				75,981,536

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Gross carrying amount and loss allowance by sector at 31 December 2021	Gross carrying amount	Loss allowance	Net carrying amount
Thousands of SEK			
Loans to the general public			
Private customers	44,497,672	12,844	44,484,828
Tenant-owners' associations	2,781,306	644	2,780,662
Corporate customers	33,860,225	92,325	33,767,900
Agriculture, fishing, forestry	7,147,947	5,130	7,142,817
Manufacturing	567,189	2,452	564,737
Public sector	902,543	912	901,631
Construction	2,078,067	3,493	2,074,574
Retail	1,445,027	12,271	1,432,756
Transport	612,629	6,494	606,135
Hotel and restaurant	470,980	3,497	467,483
Information technology	350,341	196	350,145
Banking and insurance	38,751	111	38,640
Property management	16,703,027	43,118	16,659,909
Service sector	1,896,590	1,426	1,895,164
Other loans to businesses	1,647,134	13,225	1,633,909
Loans to the general public	81,139,203	105,813	81,033,390
Loans to the general public			
Private customers	41,658,866	17,339	41,641,527
Tenant-owners' associations	2,682,617	1,834	2,680,783
Corporate customers	31,730,733	131,045	31,599,688
Agriculture, fishing, forestry	7,036,042	5,385	7,030,657
Manufacturing	544,300	3,442	540,858
Public sector	874,762	2,695	872,067
Construction	1,909,115	5,085	1,904,030
Retail	1,405,023	24,953	1,380,070
Transport	530,150	5,188	524,962
Hotel and restaurant	463,937	15,777	448,160
Information technology	335,732	157	335,575
Banking and insurance	26,859	93	26,766
Property management	15,071,768	49,228	15,022,540
Service sector	1,887,119	5,815	1,881,304
Other loans to businesses	1,645,926	13,227	1,632,699
Loans to the general public	76,072,216	150,218	75,921,998

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Gross carrying amount and loss allowance by stage	31 December 2021	31 December 2020
Thousands of SEK		
Loans to the general public, private customers and tenant-owners' associations		
Stage 1		
Gross carrying amount	45,862,595	42,393,529
Loss allowances	1,883	2,498
Carrying amount	45,860,712	42,391,031
Stage 2		
Gross carrying amount	1,391,829	1,915,150
Loss allowances	3,972	6,129
Carrying amount	1,387,857	1,909,021
Stage 3		
Gross carrying amount	24,554	32,804
Loss allowances	7,633	10,546
Carrying amount	16,921	22,258
Total carrying amount, loans to private customers and tenant-owners' associations	47,265,490	44,322,310
Loans to the general public, corporate customers		
Stage 1		
Gross carrying amount	31,670,516	29,322,406
Loss allowances	30,036	31,024
Carrying amount	31,640,480	29,291,382
Stage 2		
Gross carrying amount	1,899,050	1,964,672
Loss allowances	19,221	30,691
Carrying amount	1,879,829	1,933,981
Stage 3		
Gross carrying amount	290,659	443,655
Loss allowances	43,068	69,330
Carrying amount	247,591	374,325
Total carrying amount, loans to corporate customers	33,767,900	31,599,688
Gross carrying amount – stage 1	77,533,111	71,715,935
Gross carrying amount – stage 2	3,290,879	3,879,822
Gross carrying amount – stage 3	315,213	476,459
Total gross carrying amount	81,139,203	76,072,216
Loss allowance – stage 1	31,919	33,522
Loss allowance – stage 2	23,193	36,820
Loss allowance in stage 3	50,701	79,876
Total loss allowances	105,813	150,218
Total carrying amount, loans to the general public	81,033,390	75,921,998
Gross stage 3 loans in %	0.39%	0.63%
Net stage 3 loans in %	0.33%	0.52%
Ratio of loss allowances to stage 1 loans	30%	22%
Ratio of loss allowances to stage 2 loans	22%	25%
Ratio of loss allowances to stage 3 loans	48%	53%
Allowance ratio for stage 1 loans	0.04%	0.05%
Allowance ratio for stage 2 loans	0.70%	0.95%
Allowance ratio for stage 3 loans	16%	17%
Total allowance ratio for loans	0.13%	0.20%

Note 9	Deposits from the general public	31/12/2021	31/12/2020
Thousands of SEK			
The general public			
	– Swedish currency	65,446,047	59,617,174
	– foreign currency	859,515	541,657
	Total	66,305,562	60,158,831
Deposits per customer category, excluding bank cheques			
	Public sector	2,375,259	2,125,265
	Corporate sector	15,301,134	13,419,353
	Retail sector	47,900,172	44,379,047
	– sole proprietors	7,151,205	6,680,565
	Other sectors	699,719	197,433
	Total	66,276,284	60,121,098

Note 10	Debt securities issued and related items	31/12/2021	31/12/2020
Thousands of SEK			
	Certificates of deposit	499,939	499,418
	Bond loans	5,409,924	6,971,539
	Covered bonds	18,901,315	15,880,665
	MREL bond	998,725	998,279
	Total	25,809,903	24,349,901
Changes during the period			
		31/12/2021	31/12/2020
	Issued	6,091,567	9,765,445
	Repurchased	-1,133,000	-3,701,000
	Matured	-3,498,565	-2,141,193
	Change	1,460,002	3,923,252

Note 11	Provisions	Stage 1	Stage 2	Stage 3	Total
Thousands of SEK					
	Loss allowances at 1 January 2021	7,745	9,512	14,175	31,432
	New loan commitments and financial guarantees	2,480	259	56	2,795
	Financial guarantees and loan commitments that are past due	-1,624	-2,006	-3,590	-7,220
	Changes due to changed loan commitments and similar items	-81	-409	-153	-643
	Changed risk variables (EAD, PD, LGD)	-	-1,097	43	-1,054
	Changes in macroeconomic scenarios	-558	-836	-	-1,394
	Changes due to manual expert adjustments	932	-2,206	-	-1,274
	Changes due to updated models	-	-	-	-
	Transfers between stages during the period				
	– from stage 1 to stage 2	-70	345	-	275
	– from stage 1 to stage 3	-	-	-	-
	– from stage 2 to stage 1	38	-294	-	-256
	– from stage 2 to stage 3	-	-15	165	150
	– from stage 3 to stage 1	2	-	-910	-908
	– from stage 3 to stage 2	-	8	-47	-39
	Loss allowances at 31 December 2021	8,864	3,261	9,739	21,864
	Provisions for pensions				93,146
	Other provisions				19,033
	Total				134,043

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Loss allowances at 1 January 2020	3,472	7,664	15,016	26,152
New loan commitments and financial guarantees	1,629	1,308	1,340	4,277
Financial guarantees and loan commitments that are past due	-1,150	-3,347	-1,770	-6,267
Changes due to changed loan commitments and similar items	-205	447	307	549
Changed risk variables (EAD, PD, LGD)	677	-1,280	10	-593
Changes in macroeconomic scenarios	-154	-260	-	-414
Changes due to manual expert adjustments	4,402	2,551	-	6,953
Changes due to updated models	-175	-12	-	-187
Transfers between stages during the period				
Transfers between stages during the period				
from stage 1 to stage 2	-810	2,628	-	1,818
from stage 1 to stage 3	-3	-	405	402
from stage 2 to stage 1	60	-330	-	-270
from stage 2 to stage 3	-	-3	18	15
from stage 3 to stage 1	2	-	-471	-469
from stage 3 to stage 2	-	146	-680	-534
Loss allowances at 31 December 2020	7,745	9,512	14,175	31,432
Provisions for pensions				72,288
Other provisions				14,162
Total				117,882

Note 12 Derivatives	31/12/2021		31/12/2020	
	Nominal amount	Fair value	Nominal amount	Fair value
The bank uses financial hedges to protect itself from interest rate and currency risks. Derivative instruments comprise interest rate swaps, interest rate caps and currency forwards.				
Thousands of SEK				
Derivative instruments with positive fair values				
Fixed-income contracts	18,140,000	62,415	185,000	0
Currency contracts	173,669	3,207	119,574	4,120
Total derivative instruments with positive fair values	18,313,669	65,622	304,574	4,120
Derivative instruments with negative fair values				
Fixed-income contracts	0	0	13,080,000	67,586
Currency contracts	168,393	3,042	119,451	3,982
Total derivative instruments with negative fair values	168,393	3,042	13,199,451	71,568

The bank has entered into interest rate swap contracts to a large extent in order to protect itself from the interest rate risk associated with the fixed-interest loans provided by the bank. Interest rate cap contracts have been used as reinsurance for loans with floating interest rates for which the bank has guaranteed the customer a maximum interest rate. Currency forwards are used in operations involving bank customers, where the currency risk is covered using reverse currency forwards with Swedbank.

Note 13 31 December 2021	Financial assets and liabilities				Fair value
	Carrying amount				
	Fair value	Amortised cost	Fair value through other comprehensive income		
Thousands of SEK			Debt instruments	Equity instruments	
Treasury bills eligible for refinancing with central banks	-	-	2,113,490	-	2,113,490
Loans to credit institutions	-	8,077,145	-	-	8,077,145
Loans to the general public	-	80,963,943	-	-	80,931,804
Bonds and other fixed-income securities	-	-	3,721,827	-	3,721,827
Derivatives	65,622	-	-	-	65,622
Other assets	-	100,710	-	-	100,710
Accrued income	-	153,063	-	-	153,063
Total	65,622	89,294,861	5,835,316	-	95,163,660
Liabilities to credit institutions	-	1,137,759	-	-	1,137,759
Deposits from the general public	-	66,305,562	-	-	66,305,816
Securities issued	-	25,809,903	-	-	25,809,903
Derivatives	3,042	-	-	-	3,042
Other liabilities	-	59,283	-	-	59,283
Accrued expenses	-	136,324	-	-	136,324
Total	3,042	93,448,831	-	-	93,452,127

31 December 2020	Carrying amount				Fair value
	Fair value	Amortised cost	Fair value through other comprehensive income		
Thousands of SEK			Debt instruments	Equity instruments	
Cash and balances at central banks	-	581	-	-	581
Treasury bills eligible for refinancing with central banks	-	-	2,023,308	-	2,023,308
Loans to credit institutions	-	6,126,543	-	-	6,126,543
Loans to the general public	-	75,981,536	-	-	76,093,160
Bonds and other fixed-income securities	-	-	3,366,218	-	3,366,218
Derivatives	4,120	-	-	-	4,120
Other assets	-	85,886	-	-	85,886
Accrued income	-	128,757	-	-	128,757
Total	4,120	82,323,304	5,389,526	-	87,828,575
Liabilities to credit institutions	-	1,073,534	-	-	1,073,534
Deposits from the general public	-	60,158,831	-	-	60,159,303
Securities issued	-	24,349,901	-	-	24,349,901
Derivatives	71,568	-	-	-	71,568
Other liabilities	-	74,789	-	-	74,789
Accrued expenses	-	129,867	-	-	129,867
Total	71,568	85,786,921	-	-	85,858,962

The tables below disclose the fair value measurement approach for the financial instruments measured at fair value in the balance sheet. Fair value measurement is categorised into the following three levels:

Level 1: Quoted prices in active markets for identical instruments

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the instrument, either directly or indirectly

Level 3: Unobservable inputs for the instrument

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Thousands of SEK	Level 1	Level 2	Level 3	Total
Treasury bills eligible for refinancing with central banks	2,113,490	-	-	2,113,490
Bonds and related items	3,721,827	-	-	3,721,827
Other assets – derivatives	-	65,622	-	65,622
Total	5,835,316	65,622	-	5,900,938
Other liabilities – derivatives	-	3,042	-	3,042
Total	-	3,042	-	3,042

31/12/2020

Thousands of SEK	Level 1	Level 2	Level 3	Total
Treasury bills eligible for refinancing with central banks	2,023,308	-	-	2,023,308
Bonds and related items	3,366,218	-	-	3,366,218
Other assets – derivatives	-	4,120	-	4,120
Total	5,389,526	4,120	-	5,393,647
Other liabilities – derivatives	-	71,568	-	71,568
Total	-	71,568	-	71,568

Fair value measurement

The main methods and assumptions used to measure the fair value of the financial instruments reported in the table above are summarised as follows:

Financial instruments quoted in active markets

For financial instruments quoted in active markets, fair value measurement is based on the asset's listed bid price on the balance sheet date less transaction expenses (e.g. brokerage) at the time of acquisition. A financial instrument is deemed quoted in an active market if quoted prices are easily available on a stock market, from a trader, broker, trade association or company providing current price information or regulatory authority, and these prices represent actual and regularly occurring market transactions on commercial terms. Any future transaction expenses on disposal are not taken into account. Such instruments can be found in the following balance-sheet items: Treasury bills eligible for refinancing with central banks and Bonds and other fixed-income securities.

Financial instruments not quoted in active markets

Derivative instruments are measured at the fair value received from the counterparty where the fair value is measured using a valuation model established in the market for measuring the type of derivative instrument in question. Fair value measurement of OTC instruments generally uses valuation models based on observable market data. The present value of the cash flows associated with the financial instrument is calculated for measurement of fixed-interest and currency derivatives without option components. The yield curve used for discounting cash flows is based on observable market data, meaning it is derived from quoted relevant interest rates for the respective term when the cash flows are received or paid. Options are measured using generally accepted valuation models, such as Black-Scholes. The models are updated with observable market data relevant to the measurement of the option. This observable market data includes interest rates, currencies, credit risk, volatility, correlations and market liquidity. The fair value of financial instruments classified to a lower level is also measured using valuation models mainly based on observable market data but with some estimates made by the bank that are considered significant for the fair value measurement.

Structured products are measured at fair value through profit or loss. They are not traded daily in active markets. Instead, the fair values are obtained from counterparties and measured on the basis of the performance of the underlying indices/prices of the respective instruments at the balance sheet date.

The fair value of financial instruments that are not derivative instruments is measured on the basis of future cash flows of principal and interest discounted to current market interest rates at the balance sheet date. In cases where discounted cash flows have been used, future cash flows are calculated using the best estimate of the bank's management.

The fair value of loans with fixed interest rates was measured by discounting expected future cash flows with the discount rate set at the current lending rate applicable.

The carrying amount is deemed to reflect the fair value of trade receivables and payables with a remaining useful life of less than six months.

The fair value of borrowings is measured on the basis of current market interest rates where the original credit spread has been kept constant if there is no clear evidence that a change in the bank's credit rating has led to an observable change in the bank's credit spread.

The fair value of loans and deposits was measured by discounting expected future cash flows with the discount rate set at the current lending or deposit rate applicable. However, the fair value of a liability that is redeemable on demand is not recognised at an amount lower than the amount to be paid on demand and is discounted from the first date that payment of this amount could be demanded.

Note 14 Pledged assets, contingent liabilities and commitments

	31/12/2021	31/12/2020
Thousands of SEK		
Pledged assets		
Loans *	24,396,971	20,603,014
Bonds and other fixed-income securities	1,119,473	1,120,020
Other pledged assets	93,146	138,988
Contingent liabilities	576,933	596,437
Commitments	10,784,799	9,875,446

* The pledge is defined as the borrower's nominal debt including accrued interest. It refers to the loans of the total available collateral that are used as the pledge at each point in time.

Note 15 Capital adequacy analysis

The disclosures in this note are made in compliance with Finansinspektionen's Regulations and General Guidelines on Annual Accounts for Credit Institutions and Securities Companies (FFFS 2008:25) and Finansinspektionen's Regulations Regarding Prudential Requirements and Capital Buffers (FFFS 2014:12). Other disclosures required under Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on Prudential Requirements for Credit Institutions and Investment Firms ("the Capital Requirements Regulation") and Commission Implementing Regulation (EU) No 1423/2013 of 20 December 2013 are made on the bank's website (sparbankenskane.se).

Capital base		31/12/2021		31/12/2020	
Thousands of SEK					
CET1 capital		7,319,527		6,816,853	
Net capital base		7,319,527		6,816,853	
Capital requirement and risk-weighted exposure amount		Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount
Minimum capital for credit risk					
– IRB approach		1,617,035	20,212,933	1,601,502	20,018,777
– standardised approach		583,515	7,293,942	621,120	7,764,003
Credit valuation adjustment		21,309	266,363	3,354	41,925
Risk weight floor, residential and commercial properties		336,068	4,200,851	269,580	3,369,747
Other REAs		-	-	1,680	21,000
Capital requirement for operational risk		182,734	2,284,175	173,143	2,164,292
Total capital requirements and risk-weighted exposure amounts		2,740,661	34,258,263	2,670,380	33,379,744
CET1 capital ratio		21.4%		20.4%	
Tier 1 capital ratio		21.4%		20.4%	
Total capital ratio		21.4%		20.4%	
Pillar 2 capital requirement		2.2%	741,233	2.2%	738,420
Total internally assessed capital requirement (excluding buffer requirement)		3,481,894		3,408,800	
Buffer requirement		2.5%	856,457	2.5%	834,494
– capital conservation buffer		2.5%	856,457	2.5%	834,494
– countercyclical capital buffer		0.0%	0	0.0%	0
Total capital requirement including buffer requirement		4,338,351		4,243,294	
Available CET1 capital after meeting total capital base requirements for supervisory review and evaluation process (in %)		8.7%	2,981,176	7.7%	2,573,559

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Thousands of SEK	31/12/2021	31/12/2020
CET1 capital: Instruments and reserves		
Share capital	1,668,336	1,668,336
Statutory reserve	109,196	109,196
Share premium reserve	3,188,631	3,188,631
Fair value reserve	-	-
Retained earnings	2,042,950	1,615,448
Profit attributable to the bank's owners	735,809	658,733
Deduction for ineligible part of profit for the period or year	-256,923	-231,231
CET1 capital before regulatory adjustments	7,487,999	7,009,113
CET1 capital: regulatory adjustments		
Value adjustments due to prudent valuation requirements	-5,835	-5,390
Deferred tax assets	-23,107	-17,721
Deduction of IRB provisions (see disclosure below)	-139,530	-169,149
Total regulatory adjustments to CET1 capital	-168,472	-192,260
CET1 capital	7,319,527	6,816,853
Capital base	7,319,527	6,816,853
Special disclosures		
IRB Provisions excess(+)/shortfall(-)	-139,530	-169,149
Total IRB provisions (+)	102,711	145,615
IRB Expected loss amount (-)	-242,241	-314,764

Capital requirement and risk-weighted exposure amount

Thousands of SEK	31/12/2021		31/12/2020	
	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount
Credit risk under standardised approach				
Central government or central bank exposures	-	-	-	-
Regional government and local authority exposures	-	-	-	-
Public sector entity exposures	-	-	-	-
Corporate exposures	35,089	438,612	99,049	1,238,118
Retail exposures	208,251	2,603,141	231,239	2,890,485
Exposures secured by mortgages on immovable property	339,740	4,246,749	288,867	3,610,834
Items in default	435	5,440	1,965	24,566
Credit risk under IRB approach				
Institutional exposures	108,821	2,260,261	166,183	2,077,286
Corporate exposures	801,507	10,018,836	780,895	9,761,186
Retail exposures	619,796	7,747,447	635,625	7,945,307
– mortgage loans	364,171	4,552,140	389,517	4,868,966
– other loans	255,625	3,195,307	246,107	3,076,341
Non-credit obligation asset exposures	14,911	186,389	18,800	234,998
Total	2,200,550	27,506,875	2,222,622	27,782,780

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Credit valuation adjustment	21,309	266,363	3,354	41,925
Risk weight floor, residential and commercial properties	336,068	4,200,851	269,580	3,369,747
Other REAs	-	-	1,680	21,000
Operational risk				
	31/12/2021		31/12/2020	
	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount
Standardised approach	182,734	2,284,175	173,143	2,164,292
Total capital requirement for operational risk	182,734	2,284,175	173,143	2,164,292
Total capital requirements and risk-weighted exposure amounts	2,740,661	34,258,263	2,670,380	33,379,744

Note 16 Disclosures on related parties and other significant relationships

The bank's related key personnel are directors, senior executives and the close family members of these individuals. Transactions with related key personnel have been made on market terms.

The bank collaborates on a large scale with Swedbank AB. This collaboration is governed by a collaboration agreement that is valid until 30 June 2027. The agreement covers brokering of mortgage loans to Swedbank Hypotek and brokering of fund & insurance savings, shares, international services and the procurement of IT services.

Financial ratio definitions

Business volume

The bank's business volume includes the loan volume, which mainly consists of loans to the general public, brokered loans and credit that has been granted but not yet utilised. Business volume also includes the savings volume, comprising deposits from the general public, brokered funds and insurance, and customer custody accounts.

CET1 capital ratio

The bank's Common Equity Tier 1 (CET1) capital ratio is the CET1 capital of the bank expressed as a percentage of the risk-weighted exposure amount.

The CET1 capital is equal to the bank's equity less any goodwill and IRB provisions.

Total capital ratio

The bank's total capital ratio is the capital base of the bank expressed as a percentage of the risk-weighted exposure amount.

The capital base comprises the CET1 capital and subordinated liabilities. The regulatory requirement including capital conservation and countercyclical buffers is 10.5 percent.

Loan-to-deposit ratio

Loans to the general public expressed as a percentage of deposits from the general public.

Leverage ratio

The bank's leverage ratio is the CET1 capital of the bank expressed as a percentage of the bank's total assets, pledged assets and contingent liabilities. As opposed to the CET1 capital ratio and the total capital ratio, risk weighting of certain assets, pledged assets and contingent liabilities are not taken into consideration. Instead, all exposures are recognised at their nominal amounts. Taken together, these exposures comprise the "Total leverage exposure". The EU Banking Package implements a leverage ratio requirement intended to serve as a safeguard for how low the capital requirement may be. The leverage ratio requirement is 3 percent.

LCR

The Liquidity Coverage Ratio (LCR) is calculated according to the Capital Requirements Regulation (CRR) and Directive (CRD IV). The LCR measures the bank's unencumbered high-quality liquid assets (liquidity reserves) expressed as a percentage of the bank's estimated liquidity needs in a 30 calendar-day liquidity stress scenario. These liquidity needs take into account estimated liquidity outflows and inflows.

NSFR

The Net Stable Funding Ratio (NSFR) assigns a weight to the bank's assets and funding based on their maturity. Less liquid assets have a more negative impact on the ratio than those that are more liquid. Funding with a longer maturity has a more positive effect on the ratio than funding with a shorter maturity. The main aim of the ratio is to measure the bank's ability to cope with a stress scenario over a one-year time horizon. If the ratio is over 100 percent, it means that long-term less liquid assets are funded satisfactorily with stable long-term funding. The metric is governed by the Capital Requirements Regulation (CRR).

The NSFR is calculated by expressing total available stable funding as a percentage of total required stable funding.

Cost/income ratio before credit losses

The bank's costs (excluding credit losses) expressed as a percentage of the bank's income.

Cost/income ratio after credit losses

The bank's costs (including credit losses) expressed as a percentage of the bank's income.

Return on equity

Operating profit net of tax (20.6 percent) expressed as a percentage of average equity.

Loan loss ratio excluding brokered volume

Credit losses as a percentage of the opening balance of loans to the general public.

Loan loss ratio including brokered volume

Credit losses as a percentage of the opening balance of loans to the general public and brokered volumes.

Average number of employees

The average number of employees (1,730 hours per employee) has been calculated on the basis of the number of hours worked for the bank.

Gross stage 3 loans in %

The gross carrying amount in stage 3 as a percentage of the total gross carrying amount for loans to the general public.

Net stage 3 loans and credit-impaired loans (stage 3) as a percentage of total loans to the general public

The carrying amount in stage 3 as a percentage of the total carrying amount for loans to the general public.

Ratio of loss allowances to stage 1 loans

Loss allowance in stage 1 as a percentage of total loss allowances for loans to the general public.

Ratio of loss allowances to stage 2 loans

Loss allowance in stage 2 as a percentage of total loss allowances for loans to the general public.

Ratio of loss allowances to stage 3 loans

Loss allowance in stage 3 as a percentage of total loss allowances for loans to the general public.

Allowance ratio for stage 1, 2 and 3 loans

The loss allowance in each stage as a percentage of the gross carrying amount in each stage for loans to the general public.

Total allowance ratio for loans

Total loss allowances as a percentage of the total gross carrying amount for loans to the general public.

Signatures of board and CEO

The board and CEO hereby affirm that the January–December 2021 Interim Report provides a true and fair view of the bank's business, financial position and results of operations, and describes material risks and uncertainties faced by the bank.

Lund, 25 January 2022

Bo Bengtsson
Chair

Jan Larsson
Deputy Chair

Camilla Dahlin
Deputy Chair

Agneta Erfors
Director

Mathias Brännlund
Director

Christian Karlsson
Director

Johanna Okasmaa Nilsson
Director

Stefan Prah
Director

Elin Betschart
Employee representative

Catarina Regebro
Employee representative

Rasmus Roos
CEO

Auditor's report

Introduction

We have reviewed the interim report of Sparbanken Skåne AB (publ) for the period from 1 January 2021 to 31 December 2021. The board and CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. It is our responsibility to express an opinion on this interim report based on our review engagement.

Focus and extent of review engagement

We have conducted our review engagement in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review engagement involves making enquiries, mainly to those responsible for financial and accounting issues, performing an analytical review and taking other review engagement measures. A review engagement has a different focus and is significantly smaller in scale in comparison to the focus and extent of an audit in accordance with the ISA and generally accepted auditing standards. The review procedures performed within the scope of a review engagement do not enable us to obtain assurance that we are aware of all material circumstances that might have been identified if an audit had been conducted. Consequently, the opinion expressed on the basis of a review engagement does not have the same level of certainty as the opinion expressed on the basis of an audit.

Opinion

On the basis of our review engagement, we have not found any circumstances that give us reason to believe that the interim report has not been prepared in all material respects in accordance with IAS 34 and the Annual Accounts Act.

Stockholm, 25 January 2022
Deloitte AB

Patrick Honeth
Authorised Public Accountant



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