



January–March 2022 Interim Report for Sparbanken Skåne AB (publ)

Lund, 26 April 2022

Sparbanken Skåne stands strong in a period of new uncertainty on several fronts internationally. In the first quarter of 2022, the bank was in close contact with customers to provide support with advice and dialogue in the context of rapidly changing conditions. The bank reported a profit before tax of SEK 206m for the quarter.



Sparbanken
Skåne





Q1 financial summary, January–March 2022

(Comparative figures in parentheses refer to Q4, October–December 2021 unless otherwise stated)

- The bank's operating profit for the quarter was SEK 206m (221).
- Net interest income decreased to SEK 288m (303).
- Net fee and commission income was down, totalling SEK 142m (155).
- Expenses excluding credit losses decreased, amounting to SEK -226m (-245). This decrease is primarily a result of lower expenses for personnel, premises and IT.
- The bank's total credit losses were SEK -2.2m (+3.6).
- Business volume was down SEK 5bn in the quarter, totalling SEK 244bn (249). This decrease is primarily due to the negative performance of the stock market, which impacts the value of funds and insurance.
- Both the capital ratio and the tier 1 capital ratio amounted to 21.0% (21.4).
- The LCR increased to 253% (248).

Key events in Q1

- The Russian invasion of Ukraine brought about a rapid change in conditions for the international community and global economy. Energy and commodity prices have increased, which is driving inflation, a factor that impacts both household consumption and business investments. Skåne is no exception to the rising costs for electricity, fuel, intermediate inputs and food.
- Sparbanken Skåne has been in close contact with customers to support them with advice and dialogue on future conditions. More customers chose to lock in a fixed interest rate for their mortgages and many also sold off part of their fund savings in conjunction with the stock market turbulence during the period.

- The COVID-19 infection rate reached a new peak in Skåne at the start of the year. But most social restrictions were lifted again relatively quickly and the pandemic's impact on Sparbanken Skåne's home market has been limited.
- The bank's deposit and loan volumes performed well in the quarter. The bank's residential mortgage business in particular exhibited strong performance. In the corporate segment, no clear negative impact on investment willingness was noticeable from the deteriorated international situation.
- The bank's green loans support the green transition of society. Assets funded by Sparbanken Skåne's green bond resulted in the avoidance of 17,300 tonnes of carbon dioxide emissions in 2021, compared with reference values. This is documented in the bank's annual and sustainability report published in February.
- The AGM elected two new directors to the board: Liza Jonson, CEO of Swedbank Robur, and Stephan Mùchler, CEO of Sydsvenska Handelskammaren. This coincided with the departure of Jan Larsson and Johanna Okasmaa Nilsson from the board of directors.

Financial summary, January–March 2022

(Comparative figures in parentheses refer to January–March 2021 unless otherwise stated)

- The bank's operating profit for the first quarter was SEK 206m (224).
- The bank's total credit losses were SEK -2.2m (+7.0).
- Net interest income decreased by 3% to SEK 288m (297). This decrease was largely because of tight margins and increased borrowing costs despite an increase in loan volume.
- Net fee and commission income amounted to SEK 142m (138). This increase is attributable to securities commissions and fees.
- The bank's expenses increased, amounting to SEK -226m (-224).
- Business volume increased by 8% to SEK 244bn (226).
- Both the capital ratio and the tier 1 capital ratio amounted to 21.0% (20.1).
- The LCR decreased somewhat to 253% (264).

Stability for the bank despite external turbulence

Sparbanken Skåne stands strong in a period of new uncertainty on several fronts internationally. The bank reported a profit before tax of SEK 206m for the first quarter of 2022, down 7 percent from the previous quarter. During the period, the bank was in close contact with customers to provide support and advice in the context of rapidly changing conditions.

The first quarter of 2022 started off with a new peak for COVID-19 infection rates in Skåne. At the end of the previous year, the bank increased its preparedness to counteract both the spread of infection and the financial consequences resulting from new social restrictions. This time, the infection rate did not result in any major overcrowding for the healthcare system and most restrictions were lifted again relatively quickly.

According to Folkhälsomyndigheten (the Public Health Agency of Sweden), pandemic management in Sweden has now entered a new phase. At the same time, there are reports that countries such as China are experiencing new problems with spreading infection, risking further industry disruptions as a result of shutdowns.

Multiple factors contributing to uncertainty

The Stockholm stock exchange started the year with a steep decline, initially driven by concern over inflation and interest rate trends. The inflation rate has been unexpectedly high over the past months, both here in Sweden and abroad. Forecasters believe that interest rate hikes from central banks may come sooner than previously indicated.

In January, the Ukraine crisis also escalated, and on 24 February, Russia attacked. First and foremost, the war is a human tragedy in which many people are fraught with unspeakable suffering and substantial grief. However, in addition to this, the events also have consequences for the world economy.

The pandemic is still causing disruptions to global supply chains and the war poses a risk of exacerbating this situation. Price increases have renewed momentum, including for fuel, while electricity price levels remain high, which is noticeable especially here in Skåne. Data shows that household electricity costs have increased by several thousand Swedish kronor per month for homeowners with variable electricity contracts in Electricity Area 4, compared with one year before. We also see that companies that use a large amount of energy and intermediate inputs such as fertiliser, seeds, and certain types of building materials and metals are heavily impacted by the rising price levels.

Sparbanken Skåne does not have any investments in Ukraine or Russia, and we do not have any loans to these countries either. Nevertheless, we are aware that the Ukraine crisis also has consequences for our customers and, in our role as a bank, we are naturally carefully monitoring the sanctions instituted.

Frequent contact with customers

During the quarter, the bank focused on being available to our customers to provide advice and support in the rapidly changed situation. More customers chose to lock in a fixed interest rate for their mortgages and many also sold off part of their fund savings during the period.

We now see that the stock market has stabilised somewhat, although much uncertainty about the future remains surrounding geopolitical developments, inflationary pressures and interest rate trends.

Nevertheless, our view is that Skåne's households have healthy margins in their finances to cope with both increasing housing costs and higher prices in society for products such as food. Skåne's businesses are also well prepared, although industries such as retail, hotel & restaurant, agriculture, manufacturing and transport are more exposed than many others.

We are closely monitoring developments to ensure we can do our best to support our customers through the challenges that may arise.

Tight margins – effective cost controls

The total deposit volume of Sparbanken Skåne continued to increase during the quarter, primarily as a result of customers selling off funds and transferring balances to traditional savings accounts.

The bank's residential mortgage business performed well, and in the corporate segment, we noticed that companies have begun to make investments that had been deferred earlier during the pandemic. So far, we have not seen a clear negative impact on investment willingness in the context of the deteriorated international situation. Instead, during the quarter, we observed almost double the rate of increase in loans to both private and corporate customers compared with the corresponding period of the previous year.

However, in total for the quarter, the bank's business volume decreased by two percent from 31 December 2021. This is primarily a result of the stock market decline in January and February, which had a negative impact on the bank's volumes for securities, funds and insurance.

Net interest income totalled SEK 288m, a five percent decrease from the previous quarter. Margins are under pressure both for residential mortgages and in the corporate sector. Fee and commission income decreased by six percent, largely because of decreased securities commissions and fees in relation to the stock market decline.

The bank's cost controls remained effective even though expected credit losses increased somewhat. The bank's profit before tax was SEK 206m for the first quarter of 2022, down seven percent from the previous quarter.

Spotlight on sustainability efforts

In February, Sparbanken Skåne released its 2021 Annual and Sustainability Report. The report presented an in-depth analysis of the external impact of the bank's sustainability efforts. The bank's carbon footprint from business travel and power consumption decreased during the year, resulting in a reduction of carbon dioxide emissions by more than 50 percent. This was driven by a larger number of digital meetings and the full effect of Sparbanken Skåne's Solcellspark, the bank's solar park, which has been supplying the bank with electricity with guarantees of origin since 2019.

The bank's green loans also support the green transition of society. Green assets funded by Sparbanken Skåne's green bond resulted in the avoidance of 17,300 tonnes of carbon dioxide emissions in 2021, compared with reference values. This is largely a result of customer investments in wind and solar energy production.

With regard to sustainability, I would also like to highlight the bank's key role in providing financial advice, which is all the more important now that international conditions are changing. As a savings bank, our rule of thumb is that long-term monthly savings lay the foundation for healthy and robust finances, and for loans, it is now important for both households and businesses to expect higher interest expenses going forward.

On the last day of the quarter, we were informed that Great Place to Work ranked Sparbanken Skåne the sixth best place to work in Sweden in the large companies category. The bank has held Great Place to Work Certification since 2018 and it should go without saying that this is something we are very proud of. We see that this makes us more interesting as a potential employer and we also believe that a positive work climate is reflected in interactions with our customers.

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

Conditions for the entire international community have changed in a short period of time, and this also impacts economic trends and conditions for industry and households in Skåne. The war in Ukraine has pushed up already high energy prices via supply disruptions and concern about economic conditions, creating the highest rate of inflation in several decades.

In addition to price increases for power and fuel, food prices are on the rise, which will be yet another factor afflicting purchasing power at large. Additionally, higher inflation has caused market interest rates as well as fixed interest rates to increase, and most forecasters believe that the Swedish central bank (Riksbank) will now raise the repo rate earlier than indicated in the most recent forecast from February.

In Sparbanken Skåne's home market, which consists of 15 municipalities in Skåne, from Osby in the north to Ystad in the south, a certain degree of increased concern can be seen surrounding economic trends. Lower disposable incomes of individuals may impact future economic growth, although the bank's assessment is that the resiliency of households in Skåne to withstand increased costs of living is still solid.

No impact on the housing market has been seen yet from the change in conditions over the past months. The price trend was strong in 2021 with a certain degree of slowdown towards the end of the year. 2022 has continued with relatively small changes in price, for both houses and tenant-owner flats.

The bank sees continued stable demand for residential mortgage financing. In terms of customer savings, the turbulent stock market performance during the period prompted many to sell off fund holdings and transfer balances to transaction and savings accounts.

In the corporate market, the positive trend observed in the final quarter of last year largely continued into 2022. This occurred in spite of several social restrictions for COVID-19 remaining in place at the start of the year. These restrictions were phased out gradually and the bank's assessment is that industry functioned well during the most recent wave of infection.

A tendency was observed in the autumn and winter for companies to begin making investments that had been deferred earlier during the pandemic. We also see that several major property projects in locations including Lund and Kävlinge are proceeding according to plan.

In the corporate segment, as is the case in the private segment, the cost situation for energy, intermediate inputs and interest rates are the factors currently sparking the greatest future uncertainty. Industries in Skåne that are particularly exposed to these rising costs are retail, hotel & restaurant, agriculture, manufacturing and transport. In the agricultural sector in particular, high prices for fertiliser, seeds and fuel have cut the financial margins needed to cope with circumstances such as extreme weather during the 2022 harvest season.

From COVID-19 pandemic to Ukraine crisis

Even though the pandemic sparked a new wave of infection in January and February, this had a very limited impact on the bank's

business volume, profit and liquidity in the first quarter. For this reason, uncertainty factors have decreased. Instead, the world economy has been impacted by the Russian invasion of Ukraine. The knock-on effects and uncertainty factors seem to be not unlike those caused by the pandemic with increased energy prices, raw material shortages and disruptions at the production and transport stages. To a certain extent, different industries are impacted than those that were hit by the pandemic. For information on how this influenced the bank's estimates and impacted the bank's business volume, profit and liquidity in the first quarter, please see the Credit quality and allowances and the Material risks and uncertainties sections below.

Comparison of Q1 2022 profit with Q4 2021 profit

The comparative figures refer to the October–December 2021 period unless stated otherwise.

Operating profit for the first quarter of 2022 amounted to SEK 206m (221). The main factor causing profit to decrease from the previous quarter is a decrease in net interest income and in fee and commission income.

Net interest income was down from the previous quarter, amounting to SEK 288m (303). This decrease was largely because of tight margins and increased borrowing costs, which outweighed the increase in loan volume.

The deposit insurance fee was charged to net interest income in the amount of SEK -9m (+3). The change from the previous quarter is because the final deposit insurance fee for 2021 turned out to be lower than expected.

Fee and commission income for the first quarter totalled SEK 157m (167) comprising loan commissions at SEK 27m (30), securities commissions and fees at SEK 70m (75) and other fee and commission income at SEK 60m (62). The loan commissions are primarily attributable to commissions from Swedbank Hypotek and the change is attributable to tight margins and increased borrowing costs. The decrease in securities commissions and fees is attributable to the stock market decline.

Fee and commission expenses amounted to SEK -14m (-13).

General administrative expenses were down from the previous quarter, totalling SEK -205m (-228). This decrease is primarily a result of lower expenses for personnel, premises and IT.

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

Credit losses increased mainly as a result of changes to future macroeconomic scenarios, totalling SEK -2.2m (+3.6). For more information on credit losses, please see the Credit quality and allowances section.

Comparison of January-March 2022 profit with January-March 2021 profit

The comparative figures refer to the January–March 2021 period unless stated otherwise.

Net interest income was down 3 percent from the previous year, amounting to SEK 288m (297). This decrease was largely because of tight margins and increased borrowing costs, which outweighed the increase in loan volume.

The deposit insurance fee was charged to net interest income in the amount of SEK -9m (-7).

Fee and commission income for the period totalled SEK 157m (148) comprising loan commissions at SEK 27m (25), securities commissions and fees at SEK 70m (67) and other fee and commission income at SEK 60m (56). The loan commissions are primarily attributable to commissions from Swedbank Hypotek. The increase in securities commissions and fees was largely due to stock market gains in 2021 resulting in increased volumes.

Fee and commission expenses amounted to SEK -14m (-10).

General administrative expenses were up from the first quarter of 2021, totalling SEK -205m (-198). This increase is primarily attributable to increased IT expenses, which amounted to SEK -59m (-49).

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

Credit losses increased, totalling SEK -2.2m (+7.0). For more information on credit losses, please see the Credit quality and allowances section.

Business volume

The comparative figures are for the volume at 31 December 2021 unless otherwise stated.

The bank's total business volume at 31 March 2022 was SEK 244bn (249), a 2 percent decrease during the quarter. This change is largely due to an SEK 4.3bn decrease in funds and insurance. The change includes negative net savings in the amount of SEK 0.8bn, while the remainder comprises a decrease in value due to the negative stock market performance primarily in January and February.

Deposits from the general public, both private and corporate customers, increased during the quarter, amounting to SEK 68bn (66).

The market value of the total brokered fund and insurance volume was SEK 52bn (57). Major reasons for the volume decreases were the negative stock market performance and negative net savings in funds and insurance.

The previous year's positive performance of loans to the general public continued during the quarter. Loans to the general public at 31 March 2022 amounted to SEK 83bn (81). This increase was the result of issuing new loans to both private and corporate customers. One reason for the increase was the continued positive property market trend in our area of operation. Another was the continued investment willingness of corporate customers during the quarter.

The total loan portfolio brokered to Swedbank Hypotek at 31 March 2022 amounted to SEK 16bn, which is unchanged from year-end 2021.

The bank's loans continued to maintain excellent credit quality. The bank's allowances for expected credit losses increased somewhat in the first quarter, mainly due to changed macroeconomic scenarios. For more information, please see the Credit quality and allowances section.

Credit quality and allowances

The comparative figures refer to 31 December 2021 unless otherwise stated.

The most recent macroeconomic scenario update caused loss allowances to increase by SEK 11.8m. The scenario was changed as a result of the Russian invasion of Ukraine. The scenario exhibits continued economic growth with minor changes to the GDP forecast, somewhat higher unemployment and earlier interest rate hikes. Default rates remain low but have increased somewhat from the previous quarter, primarily for loans to SMEs. This increase also includes allowances in the form of provisions for loan commitments. For more information, see the Significant risks and uncertainties section.

No model updates were made that affect the allowances.

In the bank's estimate, there is still a certain degree of risk that defaults and losses could increase when the support introduced during COVID-19 is paid back. The bank also estimates that there is a risk resulting from the Russian invasion of Ukraine that is not fully reflected in the macroeconomic scenario for the first quarter of 2022. A review of the bank's corporate customers was conducted to gain an understanding of the risks we can predict and to serve as the basis for expert adjustments. The bank estimates the greatest loss allowance needs are in the retail, hotel & restaurant, agriculture, manufacturing and transport industries.

As of 31 March 2022, great uncertainty remains in the hotel & restaurant, transport and retail industries regarding delayed impact in the wake of COVID-19. The agriculture and manufacturing industries were added as a result of the Ukraine crisis's impact on the global

economy. The macroeconomic scenarios have not fully reflected this impact yet. The risk level is no longer estimated to be elevated for the property management industry. As a result, the expert adjustment has lapsed. The bank's expert adjustments at 31 March 2022:

Industry	Allowance 31/03/2022, thousands of SEK	Allowance 31/12/2021, thousands of SEK	Change in allowances, thousands of SEK
Retail	-5,528	-7,104	1,576
Transport	-8,477	-6,286	-2,191
Hotel & restaurant	-2,737	-3,570	833
Agriculture	-4,134	-	-4,134
Manufacturing	-3,875	-	-3,875
Property management	-	-13,582	13,582
Total amount	-24,751	-30,542	5,791

At 31 March, these allowances totalled SEK 25m (31). This also includes allowances in the form of provisions for loan commitments.

The loss allowance for expected credit losses on loans to the general public at 31 March 2022 was SEK 111m (106). This change is primarily due to updated macroeconomic scenarios and changed expert adjustments as disclosed above. The stage 1 loss allowance was largely unchanged at SEK 32m (32). The stage 2 (loans with a significant increase in credit risk) loss allowance increased to SEK 28m (23). The stage 3 (credit-impaired loans) loss allowance was largely unchanged, amounting to SEK 51m (51). For more detailed information about the allowance levels in each industry and movements between stages, please see Note 8 Loans to the general public.

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 average LTV for the residential mortgage portfolio was 52 percent. In addition to the residential mortgage portfolio, the bank has loans to companies with mortgage deeds to multi-family and agricultural properties. A large share of these loans are associated with housing, directly and indirectly, and the LTV is low for these loans as well.

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 during the pandemic to provide support for short-time work to employers and strengthened benefits systems in terms of insurance for illness and unemployment resulted in the avoidance of the major negative impact feared from the pandemic, enabling a low level of credit losses.

The bank has not observed any major 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 also 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.

Credit losses increased mainly as a result of updated macroeconomic scenarios, totalling SEK -2.2m (+55 for full year 2021). Overall, the credit loss level during the period was 0.00 percent (+0.07). Net stage 3 loans were 0.32 percent (0.33) and the allowance ratio for stage 3 loans was 16 percent (16). The low allowance ratio for stage 3 loans is because some major exposures are estimated to be largely secured with adequate collateral.

For more information about credit exposures and quality, please see notes 7 and 8.

Funding and liquidity

The bank's liquidity has been stable and excellent during the first quarter of 2022. 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. For information about ratings, see below.

The start of 2022 has been eventful internationally, mainly because of the crisis and war in Ukraine. This also impacted the Swedish capital market, resulting in great uncertainty and high volatility.

However, the bank's deposits and loans were stable during the first quarter of the year with continued growth. Deposits from the general public increased by about 1%, corresponding to approximately SEK 900m. In contrast, these deposits remained unchanged in the first quarter of 2021. The turbulence in Ukraine impacted customer savings and we have seen a certain degree of net outflow from customer fund savings, which explains part of the growth in deposits. Loans have continued to grow in both the private and corporate markets.

The Swedish capital market was also impacted by the Russian invasion of Ukraine. For a couple of days, there were almost no issues. The market got going again relatively quickly in steps but is estimated to still be impacted negatively.

Already in autumn 2021, a certain degree of turbulence arose on the market that was mainly attributable to the increased inflation figures presented at that time and to the announcement of the central banks that they would reduce their future bond purchases. The inflationary pressure remains and was further increased by the war in Ukraine as well as the decision by the central banks to reduce their bond purchases. The central banks are also continuing to talk about impending interest rate hikes, and the Swedish central bank announced that this may happen already this year. As a whole, this has impacted credit spreads, and we have seen volatility in the market both in the autumn and the first quarter of 2022.

In 2022, Sparbanken Skåne has its first maturity for covered bonds, which will be in October. At the same time, the bank remains steadfast in its aim to ensure its funding is well diversified and that the share funded via covered bonds continues to increase. The bank issued covered bonds in the first quarter in order to both refinance and continue growing in this source of funding. The issue amounted to SEK 1,500m and was made in early February prior to the outbreak of market turbulence. 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. The bank aims to add to the issue in the spring to reach a level of approximately SEK 3,000m.

Outstanding senior bonds decreased on a net basis by a nominal amount of SEK 1,559m during 2021, and the bank also redeemed a senior bond with a nominal amount of SEK 1,000m in the first quarter. The primary reasons for this were that the bank's liquidity is currently in excellent condition and also is highly stable from a long-term perspective as well as in consideration of the expected increase in funding via covered bonds. However, over time, the bank plans for the volume of senior bonds to be at about the same level as at 31 December 2021.

The bank's outstanding bonds at 31 March amounted to a nominal amount of SEK 4,400m in MTN programme bonds and SEK 20,200m in covered bonds. Outstanding certificates of deposit totalled SEK 350m after one certificate of deposit was terminated in the first quarter.

The bank's outstanding MREL bonds at 31 March amounted to SEK 1,000m, which is unchanged from 31 December 2021. Riksgälden (the Swedish National Debt Office) adopted a new regulatory

framework in 2021 for own funds and eligible liabilities (MREL), and this framework will be in full force starting in 2024. Sparbanken Skåne is well prepared to meet these new regulations and plans to refinance existing MREL bonds and increase them by a small amount well in advance of 1 January 2024 to ensure the new regulations are met by a healthy margin.

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.

The bank's liquidity reserves at 31 March 2022 amounted to SEK 12,449m (11,926 at 31 December 2021). The liquidity reserves increased during the first quarter, primarily because of a continued increase in deposits during the quarter. Loans also increased in the first quarter in both the private and corporate segments. Additionally, the bank increased its funding with the issue of covered bonds while senior funding declined, resulting in a net increase in market funding by SEK 500m. At 31 March, 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 253 percent (248 at 31 December 2021). 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.

The bank's net stable funding ratio (NSFR) amounted to 128 percent (127 at 31 December 2021). The 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 loan-to-deposit ratio at 31 March 2022 was 122 percent (122 at 31 December 2021).

More information about liquidity reserves and liquidity management is available at www.sparbankenskane.se.

Rating

Sparbanken Skåne's credit rating from credit rating agency S&P Global was confirmed in the fourth quarter of 2021 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 4.7m to its capital base during the quarter, putting the total value of the capital base for the first quarter at SEK 7,324m (7,320 at 31 December 2021).

The total Risk Exposure Amount (REA) increased, primarily due to the growth in loans, amounting to SEK 34,824m (34,258 at 31 December 2021).

The credit risk REA at 31 March 2022 totalled SEK 27,287m. SEK 20,185m of this item was calculated using the Internal Ratings-Based (IRB) approach to credit risk and SEK 7,102m was calculated using the standardised approach to credit risk.

The risk-weight floor REA increased as new loans were issued and amounted to SEK 4,472m (4,201 at 31 December 2021).

The operational risk REA at 31 March 2022 amounted to SEK 2,418m (2,284 at 31 December 2021).

This put the total capital ratio and CET1 capital ratio at 21.0 percent on 31 March 2022 (21.4 at 31 December 2021). The bank's capital position remains strong.

Finansinspektionen (the Swedish Financial Supervisory Authority) announced 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 6.8 percent (6.9 at 31 December 2021). For more information about capital adequacy calculations, see Note 15, Capital adequacy analysis.

During the quarter, 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.

The aim of calculating expected credit losses is 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.

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 background of the increased allowances is attributable to the impact from the uncertainty caused by the war in Ukraine. Essentially positive scenarios with economic growth are still in place and the post-pandemic recovery is continuing to a certain extent. However, the war itself and the sanctions imposed on Russia result in stronger bottlenecks and, when combined with rising energy and commodity prices, this is holding back global growth. A minor increase in defaults, although they are still at a very low level, primarily in the SME corporate segment was observed in the first quarter.

- GDP for 2022 is forecast to end up at 2.6 percent, and 2.2 percent for 2023, which is somewhat lower than what was signalled in autumn 2021.
- Given the major negative impact on both unemployment and GDP caused by the pandemic, the bank expected to see an increase in defaults and losses in consideration of the historical correlations on which the model is based. Instead, what happened was we saw historically low default levels for residential mortgages and for SMEs. However, a minor increase in the default rate, primarily in the SME corporate segment, was observed in the first quarter from a very low level.
- The expected impact has probably been delayed or alleviated by forbearance on principal payments, short-time work and other government support measures. In addition, the war in Ukraine causes an increase in uncertainty.

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 three industries are still at risk of delayed impact (retail, hotel & restaurant and transport).

At the end of 2021 and in the first quarter of 2022, 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. The Russian invasion of Ukraine also elevates this uncertainty and risk. The new uncertainty factors are estimated to primarily affect the agriculture and manufacturing industries. In consideration of all of this, the bank has chosen to continue to manually make expert adjustments. At 31 March, these allowances totalled SEK 25m (31 at 31 December 2021) including 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.

Baseline scenario	31/03/2022			31/12/2021	
	2022F	2023F	2024F	2022F	2023F
GDP (%)	2.6	2.2	2.0	3.4	2.2
Unemployment (%)	7.7	7.2	6.4	7.6	7.2
Housing price performance (% annual performance)	4.8	0.8	0.5	7.5	3.9
Stibor 3M (%)	0.35	1.55	1.94	0.09	0.15

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. However, it should be noted that incurred credit losses for the quarter amounted to SEK -1.1m (-2.7 for Q4 2021). For more information about recognised credit losses, please see notes 7 and 8.

The bank's direct losses attributable to operational risk remained low in the quarter. 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.

Events after the reporting period

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

Financial ratios	03/2022	12/2021	09/2021	06/2021	03/2021
Business volume, millions of SEK	243,940	249,053	237,078	234,396	225,775
CET1 capital ratio	21.0%	21.4%	21.3%	21.2%	20.2%
Total capital ratio	21.0%	21.4%	21.3%	21.2%	20.2%
Loan-to-deposit ratio	122%	122%	123%	122%	126%
Leverage ratio					
Total leverage exposure	108,401	105,879	99,918	100,959	96,651
Leverage ratio	6.8%	6.9%	7.2%	7.1%	7.1%
Total leverage ratio requirement	3.0%	3.0%	3.0%	3.0%	-
LCR					
Total high-quality liquid assets (weighted value – average)	4,786	4,071	3,989	3,926	3,961
Liquidity outflows – total weighted value	7,576	6,907	6,701	6,463	6,204
Liquidity inflows – total weighted value	7,703	7,025	6,324	6,174	5,550
Total net liquidity outflows (adjusted value)	1,894	1,740	1,688	1,629	1,560
LCR	253%	248%	225%	206%	264%
NSFR					
Total available stable funding	90,027	87,860	84,591	85,034	81,645
Total required stable funding	70,523	69,211	65,167	64,986	62,938
Net stable funding ratio (NSFR)	128%	127%	130%	131%	130%
Profit					
Cost/income ratio before credit losses	0.52	0.51	0.50	0.52	0.51
Cost/income ratio after credit losses	0.53	0.48	0.47	0.48	0.49
Return on equity	8.5%	9.8%	10.1%	9.9%	9.8%
Credit-impaired loans and credit losses					
Allowance ratio for stage 3 loans	16%	16%	16%	15%	16%
Net credit-impaired loans (stage 3) as a percentage of total loans to the general public	0.32%	0.33%	0.35%	0.53%	0.55%
Loan loss ratio excluding brokered volume	0.00%	0.07%	0.07%	0.04%	-0.01%
Loan loss ratio including brokered volume	0.00%	0.06%	0.06%	0.04%	-0.01%
Other disclosures					
Average number of employees	497	474	467	497	502

Financial ratio definitions are defined on page 31.

Quarterly comparison

Income statement	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Thousands of SEK					
Net interest income	288,464	303,094	288,868	287,701	296,557
Net fees and commissions	142,398	154,824	145,158	146,813	137,982
Net gain/loss from financial transactions	2,999	2,449	4,908	2,489	5,549
Other operating income	591	1,930	1,105	493	497
Total net interest income and operating income	434,452	462,297	440,039	437,496	440,585
General administrative expenses	-205,141	-227,721	-194,337	-212,794	-198,115
Depreciation and amortisation	-3,945	-3,897	-4,080	-4,170	-4,040
Other operating expenses	-17,331	-13,550	-13,242	-12,654	-21,459
Credit losses	-2,248	3,551	19,383	25,502	6,985
Total expenses	-228,665	-241,616	-192,275	-204,116	-216,629
Operating profit/loss	205,787	220,681	247,763	233,380	223,956
Taxes	-43,048	-43,415	-51,437	-46,795	-48,325
Profit/loss for the period	162,739	177,266	196,327	186,585	175,631

Balance sheet	31/03/2022	31/12/2021	30/09/2021	30/06/2021	31/03/2021
Thousands of SEK					
Loans to credit institutions	8,202,408	8,077,145	6,899,443	7,452,038	5,650,991
Loans to the general public	82,222,123	80,963,943	78,504,715	77,600,533	76,785,911
Fixed-income securities	6,175,432	5,835,316	5,246,542	5,381,531	5,382,585
Other assets	6,863,412	6,487,765	4,891,230	4,930,790	4,989,700
Total assets	103,463,375	101,364,170	95,541,931	95,364,891	92,809,187
Liabilities to credit institutions	1,581,654	1,137,759	1,079,419	1,069,333	1,071,630
Deposits from the general public	67,651,309	66,305,562	63,753,009	63,383,474	60,163,356
Securities issued	26,174,107	25,809,903	22,743,925	23,127,188	23,875,894
Other liabilities	406,559	357,952	388,868	405,413	503,375
Equity	7,649,746	7,752,995	7,576,710	7,379,483	7,194,932
Total liabilities, provisions and equity	103,463,375	101,364,170	95,541,931	95,364,891	92,809,187

Income statement

Income statement	Note	Q1 2022	Q4 2021	Change	Jan-Mar 2022	Jan-Mar 2021	Change	Full year 2021
Thousands of SEK								
Interest income		329,593	332,287	-1%	329,593	336,817	-2%	1,338,391
Interest expenses		-41,129	-29,193	41%	-41,129	-40,260	2%	-162,172
Net interest income	3	288,464	303,094	-5%	288,464	296,557	-3%	1,176,219
Fee and commission income	4	156,641	167,356	-6%	156,641	148,402	6%	633,793
Fee and commission expenses	5	-14,243	-12,532	14%	-14,243	-10,420	37%	-49,015
Net gain/loss from financial transactions	6	2,999	2,449	22%	2,999	5,549	-46%	15,395
Other operating income		591	1,930	-69%	591	497	19%	4,025
Total net interest income and operating income		434,452	462,297	-6%	434,452	440,585	-1%	1,780,417
General administrative expenses		-205,141	-227,721	-10%	-205,141	-198,115	4%	-832,967
Depreciation of tangible assets		-3,945	-3,897	1%	-3,945	-4,040	-2%	-16,187
Other operating expenses		-17,331	-13,550	28%	-17,331	-21,459	-19%	-60,904
Total expenses before credit losses		-226,417	-245,167	-8%	-226,417	-223,614	1%	-910,058
Profit/loss before credit losses		208,035	217,130	-4%	208,035	216,971	-4%	870,359
Net credit losses	7	-2,248	3,551	-	-2,248	6,985	-	55,422
Operating profit/loss		205,787	220,681	-7%	205,787	223,956	-8%	925,780
Tax on profit for the period		-43,048	-43,415	-1%	-43,048	-48,325	-11%	-189,972
Profit/loss for the period		162,739	177,266	-8%	162,739	175,631	-7%	735,809

Statement of comprehensive income	Q1 2022	Q4 2021	Change	Jan-Mar 2022	Jan-Mar 2021	Change	Full year 2021
Thousands of SEK							
Profit/loss for the period	162,739	177,266	-8%	162,739	175,631	-7%	735,809
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	-11,416	-1,235	-	-11,416	3,054	-	361
Tax attributable to items that may be reclassified to profit or loss for the period	2,352	254	-	2,352	-654	-	-74
Other comprehensive income for the period	-9,064	-981	-	-9,064	2,400	-	286
Comprehensive income for the period	153,675	176,285	-13%	153,675	178,031	-14%	736,095

Balance sheet

Balance sheet	Note	31/03/2022	31/12/2021	Change	31/03/2021	
Thousands of SEK						
Assets						
Cash		-	-	-	477	
Treasury bills eligible for refinancing with central banks		2,263,378	2,113,490	149,888	7%	2,020,724
Loans to credit institutions		8,202,408	8,077,145	125,263	2%	5,650,991
Loans to the general public	8	82,222,123	80,963,943	1,258,180	2%	76,785,911
Bonds and other fixed-income securities		3,912,054	3,721,827	190,227	5%	3,361,861
Derivatives		470,577	65,622	404,955	-	2,057
Tangible assets		54,651	57,518	-2,867	-5%	58,130
Current tax assets		6,055,233	6,057,455	-2,222	0%	4,575,247
Deferred tax assets		23,394	23,107	287	1%	18,153
Other assets		109,099	107,352	1,747	2%	187,822
Prepaid expenses and accrued income		150,458	176,711	-26,253	-15%	147,814
Total assets		103,463,375	101,364,170	2,099,205	2%	92,809,187
Liabilities, provisions and equity						
Liabilities to credit institutions		1,581,654	1,137,759	443,895	39%	1,071,630
Deposits from the general public	9	67,651,309	66,305,562	1,345,747	2%	60,163,356
Debt securities issued and related items	10	26,174,107	25,809,903	364,204	1%	23,875,894
Derivatives		5,938	3,042	2,896	95%	37,626
Other liabilities		86,664	82,819	3,845	5%	161,018
Accrued expenses and deferred income		180,959	138,048	42,911	31%	187,259
Provisions	11	132,998	134,042	-1,044	-1%	117,472
Total liabilities and provisions		95,813,629	93,611,175	2,202,454	2%	85,614,255
Equity						
Restricted equity						
Share capital (16,683,364 shares and quotient value SEK 100)		1,668,336	1,668,336	-	-	1,668,336
Statutory reserve		109,196	109,196	-	-	109,196
Total		1,777,532	1,777,532	-	-	1,777,532
Non-restricted equity						
Share premium reserve		3,188,631	3,188,631	-	-	3,188,631
Fair value reserve		-991	8,073	-9,064	-	10,188
Retained earnings		2,521,835	2,042,950	478,885	23%	2,042,950
Profit/loss for the period		162,739	735,809	-573,070	-78%	175,631
Total		5,872,214	5,975,463	-103,249	-2%	5,417,400
Total equity		7,649,746	7,752,995	-103,249	-1%	7,194,932
Total liabilities, provisions and equity		103,463,375	101,364,170	2,099,205	2%	92,809,187
Other notes						
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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 2022	1,668,336	109,196	3,188,631	8,073	2,042,950	735,809	7,752,995
Appropriation of profit as per AGM resolution							
Amount carried forward	-	-	-	-	478,885	-478,885	-
Transactions with owners in the form of dividends	-	-	-	-	-	-256,924	-256,924
Profit/loss for the period	-	-	-	-	-	162,739	162,739
Other comprehensive income for the period	-	-	-	-9,064	-	-	-9,064
Comprehensive income for the period	-	-	-	-	-	-	153,676
Balance at 31 March 2022	1,668,336	109,196	3,188,631	-991	2,521,835	162,739	7,649,746
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 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 period	-	-	-	-	-	175,631	175,631
Other comprehensive income for the period	-	-	-	2,400	-	-	2,400
Comprehensive income for the period	-	-	-	-	-	-	178,031
Balance at 31 March 2021	1,668,336	109,196	3,188,631	10,188	2,042,950	175,631	7,194,932

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	Jan-Mar 2022	Full year 2021	Jan-Mar 2021
Thousands of SEK			
Cash flows from operating activities			
Operating profit/loss	205,787	925,780	223,956
Net change in amortised cost for the period	32,345	106,039	75,855
Unrealised share of net gain from financial transactions	-411	-3,928	-49,800
Depreciation and amortisation	3,945	16,187	4,040
Credit losses	3,970	-48,133	-5,284
Tax paid	-38,718	-154,433	-26,219
Cash flows from operating activities before changes in working capital	206,918	841,512	222,548
Cash flow from changes in working capital			
Increase/decrease in loans to the general public (-/+)	-1,664,598	-5,063,259	-782,555
Increase/decrease in securities (-/+)	-362,809	-480,306	-15,061
Increase/decrease in deposits from the general public (+/-)	1,345,747	6,146,731	4,525
Increase/decrease in liabilities to credit institutions (+/-)	443,895	64,225	-1,904
Net change in other assets and liabilities	72,062	-19,780	54,558
Net cash from operating activities	41,215	1,489,124	-517,890
Cash flows from investing activities			
Disposal/redemption of financial assets	-1,044	16,160	-410
Transfer of excess liquidity to tax account	-	-700,000	800,000
Sale of tangible assets	-	-	-
Acquisition of tangible assets	-1,078	-12,879	-1,344
Net cash from investing activities	-2,122	-696,719	798,246
Cash flows from financing activities			
Issue of fixed-income securities	1,685,889	6,091,567	1,302,008
Redemption of fixed-income securities	-1,342,795	-4,702,722	-1,826,790
Dividends paid	-256,924	-231,231	-231,231
Net cash from financing activities	86,170	1,157,614	-756,013
Cash flow for the period	125,263	1,950,020	-475,657
Cash and cash equivalents at beginning of period	8,077,145	6,127,125	6,127,125
Cash and cash equivalents at end of period	8,202,408	8,077,145	5,651,468
The following subcomponents are included in cash and cash equivalents			
Cash	-	-	477
Loans to credit institutions	8,202,408	8,077,145	5,650,991
Balance sheet total	8,202,408	8,077,145	5,651,468
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	326,529	1,360,526	337,996
Interest paid including cost of deposit insurance and fee for resolution fund	-13,482	-205,123	-10,564
Dividends received	-	-	-

Notes to the income statement and balance sheet

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".

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.

3 Net interest income

	Jan–Mar 2022	Jan–Mar 2021	Change	Full year 2021
Thousands of SEK				
Interest income				
Loans to credit institutions	81	24	-	113
Loans to the general public	344,980	347,125	-1%	1,378,183
Fixed-income securities	383	679	-44%	4,066
Derivatives	-15,851	-11,010	44%	-43,968
Other interest income	0	-1	-100%	-3
Total	329,593	336,817	-2%	1,338,391
Interest expenses				
Liabilities to credit institutions	-3,593	-2,554	41%	-12,157
Deposits from the general public	-11,129	-10,802	3%	-40,802
– fee for deposit insurance	-9,075	-7,227	26%	-28,877
Fixed-income securities	-20,805	-23,054	-10%	-91,007
Other interest expenses	-5,602	-3,850	46%	-18,206
– fee for resolution fund	-5,600	-3,850	45%	-18,205
Total	-41,129	-40,260	2%	-162,172
Total net interest income	288,464	296,557	-3%	1,176,219

4 Fee and commission income

	Jan–Mar 2022	Jan–Mar 2021	Change	Full year 2021
Thousands of SEK				
Payment intermediation fees	17,272	16,494	5%	62,473
Loan commissions	26,608	25,365	5%	115,661
Deposit commissions	21,252	20,372	4%	87,103
Commissions for financial guarantees issued	362	453	-20%	1,757
Securities commissions and fees	69,994	66,773	5%	289,749
Other fees and commissions	21,153	18,945	12%	77,050
Total	156,641	148,402	6%	633,793

5	Fee and commission expenses	Jan–Mar 2022	Jan–Mar 2021	Change	Full year 2021
Thousands of SEK					
	Payment intermediation fees	-8,087	-6,559	23%	-36,307
	Securities commissions and fees	-4,869	-2,783	75%	-7,318
	Other fees and commissions	-1,287	-1,078	19%	-5,390
	Total	-14,243	-10,420	37%	-49,015

6	Net gain/loss from financial transactions	Jan–Mar 2022	Jan–Mar 2021	Change	Full year 2021
Thousands of SEK					
	Fixed-income securities	-	2,273	-100%	4,106
	Other financial instruments	240	1,794	-87%	3,900
	Exchange rate fluctuations	2,759	1,482	86%	7,389
	Total	2,999	5,549	-46%	15,395

	Jan–Mar 2022	Jan–Mar 2021	Change	Full year 2021	
Net gain/loss by valuation category					
	Financial assets at fair value through other comprehensive income	-	2,273	-100%	4,106
	Ineffective portion of fair value hedge	35	153	-77%	287
	Derivatives intended for risk management, no hedge accounting	205	1,641	-88%	3,613
	Change in fair value of derivatives used as hedging instruments in a fair value hedge	541,534	29,879	-	128,985
	Change in fair value of hedged item attributable to the hedged risk in fair value hedges	-541,534	-29,879	-	-128,985
	Exchange rate fluctuations	2,759	1,482	86%	7,389
	Total	2,999	5,549	-46%	15,395

7	Net credit losses	Jan–Mar 2022	Jan–Mar 2021	Change	Full year 2021
Thousands of SEK					
Loans at amortised cost					
	Change in provisions – stage 1	-568	1,637	-	1,593
	Change in provisions – stage 2	-5,302	3,807	-	13,628
	Change in provisions – stage 3	592	-433	-	31,330
	Total	-5,278	5,011	-	46,551
	Net cost for the period for incurred losses	-1,131	-2,235	-49%	-7,988
	The amount received for previously incurred credit losses	1,722	1,701	1%	7,289
	Total credit losses on loans at amortised cost	-4,687	4,477	-	45,852
Loan commitments and financial guarantee contracts					
	Change in provisions – stage 1	2,530	-995	-	-1,114
	Change in provisions – stage 2	-557	2,575	-	6,248
	Change in provisions – stage 3	466	928	-50%	4,435
	Total credit losses for loan commitments and financial guarantee contracts	2,439	2,508	-3%	9,570
	Total credit losses	-2,248	6,985	-	55,422

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 2022	77,533,111	3,290,879	315,213	81,139,203
New financial assets	6,111,011	16,909	43	6,127,963
Derecognised financial assets	-3,985,869	-211,595	-4,028	-4,201,492
Change in volume of existing loans	-248,792	-7,026	-4,494	-260,312
Transfers between stages during the period				
from stage 1 to stage 2	-727,701	727,701	-	-
from stage 1 to stage 3	-356	-	356	-
from stage 2 to stage 1	578,208	-578,208	-	-
from stage 2 to stage 3	-	-7,109	7,109	-
from stage 3 to stage 2	-	231	-231	-
from stage 3 to stage 1	5	-	-5	-
Exchange rate fluctuations	123	-	-	123
Gross carrying amount at 31 March 2022	79,259,740	3,231,782	313,963	82,805,485
Loss allowances				
Loss allowances at 1 January 2022	31,919	23,193	50,701	105,813
New financial assets	2,327	271	18	2,616
Derecognised financial assets	-1,368	-665	-802	-2,835
Change in volume of existing loans	-37	-816	-756	-1,609
Changed risk variables (EAD, PD, LGD)	526	-2,266	-6	-1,746
Changes in macroeconomic scenarios	4,777	4,351	190	9,318
Changes due to manual expert adjustments	-4,415	1,069	196	-3,150
Changes due to updated models	-	-	-	-
Transfers between stages during the period				
from stage 1 to stage 2	-1,417	4,634	-	3,217
from stage 1 to stage 3	0	-	59	59
from stage 2 to stage 1	158	-1,089	-	-931
from stage 2 to stage 3	-	-199	964	765
from stage 3 to stage 1	0	-	0	0
from stage 3 to stage 2	-	12	-62	-50
Loss allowances at 31 March 2022	32,470	28,495	50,502	111,467
Carrying amount				
Opening balance at 1 January 2022	77,501,193	3,267,684	264,513	81,033,390
Closing balance at 31 March 2022	79,227,270	3,203,287	263,461	82,694,018
Change in fair value of hedged amount in portfolio hedge				-471,895
Total				82,222,123

	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
Change in volume of existing loans	-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
Change in volume of existing loans	-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

	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	7,987,515	20,320	4,356	8,012,191
Derecognised financial assets	-6,435,148	-226,827	-6,181	-6,668,156
Change in volume of existing loans	-415,739	-93,519	-5,033	-514,291
Transfers between stages during the period				
from stage 1 to stage 2	-543,362	543,362	-	-
from stage 1 to stage 3	-5,543	-	5,543	-
from stage 2 to stage 1	490,753	-490,753	-	-
from stage 2 to stage 3	-	-32,557	32,557	-
from stage 3 to stage 2	-	1,588	-1,588	-
from stage 3 to stage 1	64	-	-64	-
Exchange rate fluctuations	147	0	0	147
Loss allowances at 31 March 2021	72,794,622	3,601,435	506,050	76,902,107
Loss allowances				
Loss allowances at 1 January 2021	33,522	36,821	79,875	150,218
New financial assets	2,712	233	855	3,800
Derecognised financial assets	-1,864	-1,781	-2,057	-5,702
Change in volume of existing loans	-604	-1,099	-1,309	-3,012
Changed risk variables (EAD, PD, LGD)	360	-944	-209	-793
Changes in macroeconomic scenarios	-1,608	-1,121	-128	-2,857
Changes due to updated models	192	-1,210	-	-1,018
Transfers between stages during the period				
from stage 1 to stage 2	-	-	-	0
from stage 1 to stage 3	-958	3,550	-	2,592
from stage 2 to stage 1	-3	-	1,471	1,468
from stage 2 to stage 3	133	-812	-	-679
from stage 3 to stage 1	-	-640	2,579	1,939
from stage 3 to stage 2	0	-	-17	-17
Exchange rate fluctuations	-	16	-100	0
Loss allowances at 31 March 2021	31,882	33,013	80,960	145,855
Carrying amount				
Opening balance at 1 January 2021	71,682,413	3,843,000	396,585	75,921,998
Closing balance at 31 March 2021	72,762,740	3,568,422	425,090	76,756,252
Change in fair value of hedged amount in portfolio hedge				29,659
Total				76,785,911

Gross carrying amount and loss allowance by sector at 31 March 2022	Gross carrying amount	Loss allowance	Net carrying amount
Thousands of SEK			
Loans to the general public			
Private customers	45,251,103	13,165	45,237,938
Tenant-owners' associations	2,875,394	1,002	2,874,392
Corporate customers	34,678,988	97,300	34,581,688
Agriculture, fishing, forestry	7,188,948	10,582	7,178,366
Manufacturing	593,867	6,957	586,910
Public sector	878,303	1,021	877,282
Construction	2,223,771	3,871	2,219,900
Retail	1,523,626	11,399	1,512,227
Transport	658,140	8,597	649,543
Hotel and restaurant	489,303	3,469	485,834
Information technology	347,186	206	346,980
Banking and insurance	37,541	251	37,290
Property management	17,351,625	31,529	17,320,096
Service sector	1,905,329	1,834	1,903,495
Other loans to businesses	1,481,349	17,584	1,463,765
Loans to the general public	82,805,485	111,467	82,694,018

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

Gross carrying amount and loss allowance by sector at 31 March 2021	Gross carrying amount	Loss allowance	Net carrying amount
Thousands of SEK			
Loans to the general public			
Private customers	42,223,796	16,705	42,207,091
Tenant-owners' associations	2,592,438	1,249	2,591,189
Corporate customers	32,085,873	127,901	31,957,972
Agriculture, fishing, forestry	7,172,314	6,800	7,165,514
Manufacturing	528,746	2,908	525,838
Public sector	877,440	2,328	875,112
Construction	1,872,924	4,910	1,868,014
Retail	1,382,654	23,116	1,359,538
Transport	528,799	4,864	523,935
Hotel and restaurant	460,103	15,707	444,396
Information technology	336,401	102	336,299
Banking and insurance	41,243	196	41,047
Property management	15,547,668	47,561	15,500,107
Service sector	1,848,508	5,204	1,843,304
Other loans to businesses	1,489,073	14,205	1,474,868
Loans to the general public	76,902,107	145,855	76,756,252

Gross carrying amount and loss allowance by stage	31 March 2022	31 December 2021	31 March 2021
Thousands of SEK			
Loans to the general public, private customers and tenant-owners' associations			
Stage 1			
Gross carrying amount	46,831,878	45,862,595	43,085,361
Loss allowances	2,346	1,883	2,578
Carrying amount	46,829,532	45,860,712	43,082,783
Stage 2			
Gross carrying amount	1,268,217	1,391,829	1,694,945
Loss allowances	4,039	3,972	5,624
Carrying amount	1,264,178	1,387,857	1,689,321
Stage 3			
Gross carrying amount	26,402	24,554	35,928
Loss allowances	7,783	7,633	9,752
Carrying amount	18,619	16,921	26,176
Total carrying amount, loans to private customers and tenant-owners' associations	48,112,329	47,265,490	44,798,280
Loans to the general public, corporate customers			
Stage 1			
Gross carrying amount	32,427,862	31,670,516	29,709,260
Loss allowances	30,124	30,036	29,303
Carrying amount	32,397,738	31,640,480	29,679,957
Stage 2			
Gross carrying amount	1,963,565	1,899,050	1,906,491
Loss allowances	24,456	19,221	27,390
Carrying amount	1,939,109	1,879,829	1,879,101
Stage 3			
Gross carrying amount	287,561	290,659	470,122
Loss allowances	42,719	43,068	71,209
Carrying amount	244,842	247,591	398,913
Total carrying amount, loans to corporate customers	34,581,689	33,767,900	31,957,972
Gross carrying amount – stage 1	79,259,740	77,533,111	72,794,622
Gross carrying amount – stage 2	3,231,782	3,290,879	3,601,435
Gross carrying amount – stage 3	313,963	315,213	506,050
Total gross carrying amount	82,805,485	81,139,203	76,902,107
Loss allowance – stage 1	32,470	31,919	31,882
Loss allowance – stage 2	28,495	23,193	33,013
Loss allowance in stage 3	50,502	50,701	80,960
Total loss allowances	111,467	105,813	145,855
Total carrying amount, loans to the general public	82,694,018	81,033,390	76,756,252
Gross stage 3 loans in %	0.38%	0.39%	0.66%
Net stage 3 loans in %	0.32%	0.33%	0.55%
Ratio of loss allowances to stage 1 loans	29%	30%	22%
Ratio of loss allowances to stage 2 loans	26%	22%	23%
Ratio of loss allowances to stage 3 loans	45%	48%	55%
Allowance ratio for stage 1 loans	0.04%	0.04%	0.04%
Allowance ratio for stage 2 loans	0.88%	0.70%	0.92%
Allowance ratio for stage 3 loans	16%	16%	16%
Total allowance ratio for loans	0.13%	0.13%	0.19%

9	Deposits from the general public	31/03/2022	31/12/2021	31/03/2021
Thousands of SEK				
The general public				
	- Swedish currency	66,859,390	65,446,047	59,556,840
	- foreign currency	791,919	859,515	606,516
	Total	67,651,309	66,305,562	60,163,356
Deposits per customer category, excluding bank cheques				
	Public sector	2,231,177	2,375,259	1,924,379
	Corporate sector	14,929,454	15,301,134	12,899,591
	Retail sector	49,572,972	47,900,172	44,801,587
	- sole proprietors	7,238,109	7,151,205	6,562,100
	Other sectors	893,460	699,719	498,374
	Total	67,627,063	66,276,284	60,123,931

10	Debt securities issued and related items	31/03/2022	31/12/2021	31/03/2021
Thousands of SEK				
	Certificates of deposit	349,948	499,939	499,959
	Bond loans	4,408,638	5,409,924	6,512,281
	Covered bonds	20,416,685	18,901,315	15,865,265
	MREL bond	998,836	998,725	998,389
	Total	26,174,107	25,809,903	23,875,894
Changes during the period				
	Issued	1,685,889	6,091,567	1,302,008
	Repurchased	-	-1,133,000	-434,000
	Matured	-1,321,685	-3,498,565	-1,342,015
	Change	364,204	1,460,002	-474,007

11 Provisions

	Stage 1	Stage 2	Stage 3	Total
Thousands of SEK				
Loss allowances at 1 January 2022	8,864	3,261	9,739	21,864
New loan commitments and financial guarantees	956	88	-	1,044
Financial guarantees and loan commitments that are past due	-797	-403	-310	-1,510
Changes due to changed loan commitments and similar items	-1,203	-64	-148	-1,415
Changed risk variables (EAD, PD, LGD)	215	-87	-2	126
Changes in macroeconomic scenarios	1,228	346	1	1,575
Changes due to manual expert adjustments	-2,738	293	0	-2,445
Changes due to updated models	-	-	-	-
Transfers between stages during the period				
from stage 1 to stage 2	-204	423	-	219
from stage 1 to stage 3	-	-	-	-
from stage 2 to stage 1	6	-34	-	-28
from stage 2 to stage 3	-	-	-	0
from stage 3 to stage 1	0	-	-5	-5
from stage 3 to stage 2	-	-	-	-
Loss allowances at 31 March 2022	6,327	3,823	9,275	19,425
Provisions for pensions				94,267
Other provisions				19,306
Total				132,998
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)	0	-1,097	43	-1,054
Changes in macroeconomic scenarios	-558	-836	0	-1,394
Changes due to manual expert adjustments	932	-2,206	0	-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

Loss allowances at 1 January 2021	7,745	9,512	14,175	31,432
New loan commitments and financial guarantees	1,112	74	250	1,436
Financial guarantees and loan commitments that are past due	-300	-392	-1,427	-2,119
Changes due to changed loan commitments and similar items	-511	-853	268	-1,096
Changed risk variables (EAD, PD, LGD)	-7	-89	-11	-107
Changes in macroeconomic scenarios	-391	-389	-	-780
Changes due to manual expert adjustments	1,132	-1,045	-	87
Changes due to updated models	-	-	-	-
Transfers between stages during the period				
from stage 1 to stage 2	-57	229	-	172
from stage 1 to stage 3	-	-	-	-
from stage 2 to stage 1	20	-111	-	-91
from stage 2 to stage 3	-	-	-	-
from stage 3 to stage 1	0	-	-8	-8
from stage 3 to stage 2	-	-	-	-
Loss allowances at 31 March 2021	8,743	6,936	13,247	28,926
Provisions for pensions				73,974
Other provisions				14,572
Total				117,472

12 Derivatives	31/03/2022	31/12/2021		31/03/2021		
		Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount
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	19,820,000	464,304	18,140,000	62,415	110,000	0
Currency contracts	249,106	6,273	173,669	3,207	110,981	2,057
Total derivative instruments with positive fair values	20,069,106	470,577	18,313,669	65,622	220,981	2,057
Derivative instruments with negative fair values						
Fixed-income contracts	-	-	-	-	14,080,000	35,703
Currency contracts	248,920	5,938	168,393	3,042	110,883	1,923
Total derivative instruments with negative fair values	248,920	5,938	168,393	3,042	14,190,883	37,626

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.

13 Financial assets and liabilities

31 March 2022	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	-	-	-	-	-
Treasury bills eligible for refinancing with central banks	-	-	2,263,378	-	2,263,378
Loans to credit institutions	-	8,202,408	-	-	8,202,408
Loans to the general public	-	82,222,123	-	-	81,901,136
Bonds and other fixed-income securities	-	-	3,912,054	-	3,912,054
Derivatives	470,577	-	-	-	470,577
Other assets	-	101,714	-	-	101,714
Accrued income	-	129,139	-	-	129,139
Total	470,577	90,655,384	6,175,432	-	96,980,406
Liabilities to credit institutions	-	1,581,654	-	-	1,581,654
Deposits from the general public	-	67,651,309	-	-	67,651,479
Securities issued	-	26,174,107	-	-	26,174,107
Derivatives	5,938	-	-	-	5,938
Other liabilities	-	67,118	-	-	67,118
Accrued expenses	-	173,301	-	-	173,301
Total	5,938	95,647,489	-	-	95,653,597

31 December 2021	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	-	-	-	-	-
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 March 2021	Carrying amount				Fair value
	Fair value	Amortised cost	Fair value through other comprehensive income		
			Debt instruments	Equity instruments	
Thousands of SEK					
Cash and balances at central banks	-	477	-	-	477
Treasury bills eligible for refinancing with central banks	-	-	2,020,724	-	2,020,724
Loans to credit institutions	-	5,650,991	-	-	5,650,991
Loans to the general public	-	76,785,911	-	-	76,875,957
Bonds and other fixed-income securities	-	-	3,361,861	-	3,361,861
Shareholdings and investments	-	-	-	-	-
Derivatives	2,057	-	-	-	2,057
Other assets	-	187,822	-	-	187,822
Accrued income	-	97,647	-	-	97,647
Total	2,057	82,722,848	5,382,585	-	88,197,536
Liabilities to credit institutions	-	1,071,630	-	-	1,071,630
Deposits from the general public	-	60,163,356	-	-	60,164,834
Securities issued	-	23,875,894	-	-	23,875,894
Derivatives	37,626	-	-	-	37,626
Other liabilities	-	149,902	-	-	149,902
Accrued expenses	-	180,449	-	-	180,449
Total	37,626	85,441,231	-	-	85,480,335

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

31/03/2022

Thousands of SEK	Level 1	Level 2	Level 3	Total
Treasury bills eligible for refinancing with central banks	2,263,378	-	-	2,263,378
Bonds and related items	3,912,054	-	-	3,912,054
Other assets – derivatives	-	470,577	-	470,577
Total	6,175,432	470,577	-	6,646,009
Other liabilities – derivatives	-	5,938	-	5,938
Total	-	5,938	-	5,938

31/12/2021

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

31/03/2021

Thousands of SEK	Level 1	Level 2	Level 3	Total
Treasury bills eligible for refinancing with central banks	2,020,724	-	-	2,020,724
Bonds and related items	3,361,861	-	-	3,361,861
Other assets – derivatives	-	2,057	-	2,057
Total	5,382,585	2,057	-	5,384,642
Other liabilities – derivatives	-	37,626	-	37,626
Total	-	37,626	-	37,626

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.

14 Pledged assets, contingent liabilities and commitments	31/03/2022	31/12/2021	31/03/2021
Thousands of SEK			
Pledged assets			
Loans *	27,590,143	24,396,971	20,542,534
Bonds and other fixed-income securities	1,115,692	1,119,473	1,117,415
Other pledged assets	94,267	93,146	102,574
Contingent liabilities	580,603	576,933	673,128
Commitments	10,252,414	10,784,799	9,790,376

* 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.

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

Thousands of SEK	31/03/2022	31/12/2021	31/03/2021
CET1 capital	7,324,233	7,319,527	6,826,130
Net capital base	7,324,233	7,319,527	6,826,130

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	1,614,813	20,185,157	1,617,035	20,212,933	1,617,998	20,224,979		
– standardised approach	568,134	7,101,679	583,515	7,293,942	625,075	7,813,432		
Credit valuation adjustment	51,768	647,100	21,309	266,363	4,025	50,313		
Risk weight floor, residential and commercial properties	357,759	4,471,985	336,068	4,200,851	276,103	3,451,289		
Capital requirement for operational risk	193,444	2,418,050	182,734	2,284,175	182,734	2,284,180		
Total capital requirements and risk-weighted exposure amounts	2,785,918	34,823,971	2,740,661	34,258,263	2,705,935	33,824,193		
CET1 capital ratio	21.0%		21.4%		20.2%			
Tier 1 capital ratio	21.0%		21.4%		20.2%			
Total capital ratio	21.0%		21.4%		20.2%			
Pillar 2 capital requirement	2.1%	737,281	2.2%	741,233	2.0%	691,065		
Total internally assessed capital requirement (excluding buffer requirement)		3,523,199		3,481,894		3,397,000		
Buffer requirement	2.5%	870,759	2.5%	856,457	2.5%	845,605		
– capital conservation buffer	2.5%	870,599	2.5%	856,457	2.5%	845,605		
– countercyclical capital buffer	0.0%	160	0.0%	-	0.0%	-		
Total capital requirement including buffer requirement		4,393,958		4,338,351		4,242,605		
Available CET1 capital after meeting total capital base requirements for supervisory review and evaluation process (in %)	8.4%	2,930,275	8.7%	2,981,176	12.2%	4,120,195		

Thousands of SEK	31/03/2022		31/12/2021		31/03/2021	
CET1 capital: Instruments and reserves						
Share capital	1,668,336		1,668,336		1,668,336	
Statutory reserve	109,196		109,196		109,196	
Share premium reserve	3,188,631		3,188,631		3,188,631	
Fair value reserve	-991		-		-	
Retained earnings	2,521,835		2,042,950		2,042,950	
Profit attributable to the bank's owners	-		735,809		-	
Deduction for ineligible part of profit for the period or year	-		-256,923		-	
CET1 capital before regulatory adjustments	7,487,007		7,487,999		7,009,113	
CET1 capital: regulatory adjustments						
Value adjustments due to prudent valuation requirements	-6,175		-5,835		-5,383	
Deferred tax assets	-23,394		-23,107		-18,153	
Deduction of IRB provisions (see disclosure below)	-133,205		-139,530		-159,447	
Total regulatory adjustments to CET1 capital	-162,774		-168,472		-182,983	
CET1 capital	7,324,233		7,319,527		6,826,130	
Capital base	7,324,233		7,319,527		6,826,130	
Special disclosures						
IRB Provisions excess(+)/shortfall(-)	-133,206		-139,530		-159,447	
Total IRB provisions (+)	108,638		102,711		141,264	
IRB Expected loss amount (-)	-241,843		-242,241		-300,711	
Capital requirement and risk-weighted exposure amount						
Thousands of SEK	31/03/2022		31/12/2021		31/03/2021	
	Capital requirement	Risk-weighted exposure amount	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	27,015	337,683	35,089	438,612	104,862	1,310,776
Retail exposures	201,573	2,519,657	208,251	2,603,141	229,421	2,867,759
Exposures secured by mortgages on immovable property	339,130	4,239,121	339,740	4,246,749	289,326	3,616,580
Items in default	417	5,218	435	5,440	1,465	18,317

	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount
Credit risk under IRB approach						
Institutional exposures	194,532	2,431,651	180,821	2,260,261	153,341	1,916,763
Corporate exposures	799,429	9,992,864	801,507	10,018,836	789,496	9,868,703
Retail exposures	605,917	7,573,965	619,796	7,747,447	650,689	8,133,613
– mortgage loans	359,746	4,496,824	364,171	4,552,140	396,608	4,957,604
– other loans	246,171	3,077,141	255,625	3,195,307	254,081	3,176,009
Non-credit obligation asset exposures	14,934	186,677	14,911	186,389	24,472	305,900
Total	2,182,947	27,286,836	2,200,550	27,506,875	2,243,073	28,038,411
Credit valuation adjustment	51,768	647,100	21,309	266,363	4,025	50,313
Risk weight floor, residential and commercial properties	357,759	4,471,985	336,068	4,200,851	276,103	3,451,289
Operational risk						
	31/03/2022		31/12/2021		31/03/2021	
	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount
Standardised approach	193,444	2,418,050	182,734	2,284,175	182,734	2,284,180
Total capital requirement for operational risk	193,444	2,418,050	182,734	2,284,175	182,734	2,284,180
Total capital requirements and risk-weighted exposure amounts	2,785,918	34,823,971	2,740,661	34,258,263	2,705,935	33,824,193

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.

This interim report has not been audited by the bank's auditors.

Lund, 26 April 2022

Rasmus Roos
CEO

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.



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