



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

Lund, 27 July 2022

Sparbanken Skåne stands strong in a period of sweeping change. The bank remained in close contact with customers during the quarter to provide the best possible support with advice and dialogue in the context of rapidly changing conditions. The bank reported a profit before tax of SEK 203m for the second quarter of 2022.



Sparbanken
Skåne





Q2 financial summary, April–June 2022

(Comparative figures in parentheses refer to Q1, January–March 2022, unless otherwise stated)

- The bank's operating profit for the quarter was SEK 203m (206).
- Net interest income increased to SEK 321m (294), primarily as a result of somewhat improved margins and increased loan volume.
- Net fee and commission income was down, totalling SEK 128m (142). This decrease is mainly attributable to lower commissions for securities and loans via Swedbank Hypotek.
- Expenses excluding credit losses increased to SEK -240m (-232). The increase is primarily a result of increased personnel expenses.
- The bank's total credit losses were SEK -8.5m (-2.2).
- Business volume was down SEK 5bn in the quarter, totalling SEK 239bn (244). This decrease is primarily due to the negative performance of the stock market, which impacted the value of funds and insurance.
- Both the capital ratio and the tier 1 capital ratio amounted to 20.5% (21.0).
- The LCR increased to 329% (253).

Key events in Q2

- The cost increases in society observed in the autumn and winter have accelerated to an inflation rate higher than in several decades. Higher prices and rising interest rates impact the finances of both households and businesses.
- Sparbanken Skåne has been in close contact with customers in regards to the rapidly changing conditions. The bank is available for advice and dialogue to meet the challenges that may arise together.
- The bank's deposit and loan volumes performed well despite the deteriorated international situation. However, in the corporate segment, a certain degree of hesitation was observed in new loan applications from SMEs.

- Residents of Skåne are well positioned financially, according to Sparbanken Skåne's report on economic conditions published in May. The region coped with the COVID-19 crisis relatively well and its recovery in 2021 was solid.
- The bank has decided to adopt the TCFD framework, which aims to identify climate-related financial risks and opportunities. The framework will support efforts to build sustainable strategies for the future.
- The Sparbanken Skåne Centre for Sustainable Enterprising is being established at Lund University. The centre is an initiative of the Lund University School of Economics and Management, the Lund University Faculty of Engineering (LTH) and Sparbanken Skåne via foundation owner Sparbanksstiftelsen Finn.

Financial summary, January–June 2022

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

- The bank's operating profit for the half year was SEK 409m (457).
- The bank's total credit losses were SEK -11m (+32).
- Net interest income increased by 4% to SEK 615m (593), primarily as a result of somewhat improved margins and increased loan volume.
- Net fee and commission income amounted to SEK 270m (285). The decrease was primarily in respect of securities commissions and loan commissions from Swedbank Hypotek (in June 2021 a one-time payment of SEK 9.5m was received).
- Expenses excluding credit losses increased to SEK -472m (-462). This increase is mainly attributable to IT expenses.
- Business volume increased by 2% to SEK 239bn (234).
- Both the capital ratio and the tier 1 capital ratio amounted to 20.5% (21.2).
- The LCR increased to 329% (206).

Rapid change in conditions

In a short period of time, economic conditions for both households and businesses have undergone fundamental change. Sparbanken Skåne still stands strong and is there for its customers providing advice and support in a period of sweeping change.

The cost increases and trends toward inflation observed in the autumn and winter have intensified in the spring. Today, inflation is the highest it has been in several decades. This was caused by expansionary fiscal policy during the pandemic and extensive disruptions to global production and supply chains.

Energy prices have remained high and in recent months the war in Ukraine sparked additional turbulence and new supply limitations for crucial types of goods such as seeds, fertiliser and grain. The central banks have taken action and interest rate levels in society are now clearly on the rise. In Sweden, the Swedish central bank (Riksbank) abandoned a seven-year period of zero and minus interest rates in May, forecasting faster interest rate hikes going forward than what was previously stated.

Impact on the market

Naturally, this impacts both businesses and households. Nevertheless, residents of Skåne are well positioned and we are now in what can be described as the eye of the economic storm, between the COVID-19 pandemic lockdown crisis and an economy with high inflation and rising interest rates.

Skåne got through the pandemic with only a relatively mild impact. Skåne's Gross Regional Product (GRP) was unchanged in 2020 (most recent available data), in contrast with other Swedish metropolitan areas in which GRP decreased. This was shown by Sparbanken Skåne's report on economic conditions in Skåne, "Skånsk konjunktur", which was published in May 2022.

In the report, we analysed what the price increases mean for individuals in Skåne. The already high electricity and fuel prices, combined with rising food prices and interest rates, can result in SEK 6,000 higher monthly costs for a family with children living in a house, as compared with the price level a year ago.

The housing market has experienced significant price increases for several years and a slowdown is likely. However, the statistics for the second quarter show only small price fluctuations in Skåne. Tenant-owner flats have decreased in value somewhat in certain municipalities in which the bank operates. For houses, the rate of increase has generally slowed down and a minor decrease has been observed in a few municipalities.

In the corporate segment, the increasing costs are putting pressure on margins, requiring reprioritisation and creating a need for companies to possibly raise their own prices, which is also causing costs to increase further up the industry chain and ultimately for consumers as well.

Consequences for the bank

In residential mortgage calculations, the bank takes into account whether customers can cope with higher cost levels than those at present. Households have also been able to save during the pandemic, and although expenses are now increasing for food, electricity, fuel and other goods combined with rising interest rates, we estimate that the vast majority of all municipalities will be able to cope with the new financial situation.

The bank did not see any increase in incurred credit losses during the quarter. Furthermore, the bank did not observe any increase in the percentage of loans in arrears or other signs of difficulties paying interest and principal. Thus far, the bank estimates that external trends have not resulted in any deterioration of the quality of its loan portfolio. Nevertheless, we have come to the conclusion that the uncertainty concerning how economic conditions will develop is greater. As a result, loss allowances have increased somewhat.

The bank also estimates that corporate customers are well prepared for the future. Today, many manufacturing companies are impacted by the shortage of intermediate inputs and the price increases for energy and raw materials. Industries that are particularly exposed are construction, agriculture and food but transport and retail are also affected.

Late in the second quarter, we observed a certain degree of hesitation in terms of new loan applications from SMEs. Ultimately, the deterioration in household purchasing power will slow down consumption. Exactly how this impacts industry and then the labour market in the next step remains to be seen.

Sparbanken Skåne is well positioned to work together with customers to meet the challenges that may arise. The foundation for this is laid by continued close dialogue on the changing conditions.

Stable performance despite inflation and stock market turbulence

Turbulence on the equity markets continued during the quarter and the Stockholm stock exchange lost 10.6% of its value. This had a negative impact on the bank's volumes for securities, funds and insurance. However, growth in deposits and loans remained solid, and, overall, the bank's business volume decreased by two percent to SEK 239bn.

Net interest income totalled SEK 321m, a nine percent increase from the previous quarter as a result of somewhat improved margins and increased loan volume.

Fee and commission income decreased by seven percent, largely because of decreased securities commissions and fees as a result of the stock market decline.

Cost controls continued to be effective and credit losses were low. However, the deterioration of external conditions led to a slight increase in allowances for expected credit losses as a result of updated macroeconomic scenarios.

Profit before tax for Q2 2022 totalled SEK 203m, a one percent decrease from the previous quarter. The decrease is primarily due to the aforementioned lower fee and commission income. For the first half of 2022, profit amounted to SEK 409m, an 11 percent year-on-year decrease. The main reason for this is that, in 2021, the bank reversed allowances for credit losses made in conjunction with the outbreak of the pandemic in spring 2020 and also because fee and commission income decreased.

Green transition continues

In parallel with the tense security situation in Europe and the change in economic conditions, the green transition of society is continuing. It's no exaggeration to say that we are now in a period of sweeping change.

Sparbanken Skåne's board decided in May that the bank will adopt the Task Force on Climate-Related Financial Disclosures (TCFD) framework, which aims to identify climate-related financial risks and opportunities.

We were also pleased to present an exciting initiative by us and one of our foundation owners, Sparbanksstiftelsen Finn, in collaboration with Lund University. The Sparbanken Skåne Centre for Sustainable Enterprising (SSCEN) is a new interdisciplinary research centre at the Lund University School of Economics and Management that is being established to support the development of more sustainable ways of doing business.

Our aim with this initiative is to increase knowledge sharing among companies as well as between academia, industry and the public sector. The centre will already welcome new PhD students in the autumn and a new master's programme in sustainable business will be developed.

In this period of change, Sparbanken Skåne can play a key role. How financial institutions value risks and investments has great significance for the green transition of society.

We are here for our customers with everything from advice and guidance to capital and financing – all for a sustainable and secure tomorrow.

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

Economic conditions for both households and businesses have undergone fundamental change. Inflation is now the highest it has been in several decades and both market interest rates and the Swedish central bank's repo rate are on the rise.

Pandemic-related disruptions to production and supply chains are still a clear factor in Asia. At the same time, the Ukraine war is impacting crucial flows in Europe in sectors including energy and food. Economic activity has been high, which has rapidly pushed up prices for gas, electricity, fuel, raw materials, components and packaging.

Until the last second, the Swedish central bank stood by its prior forecast of repo rate hikes starting in 2024 and on, but the central bank resolved at its fiscal policy meeting in April that the interest rate path needed to be adjusted up immediately, which resulted in a repo rate increase by 0.25 percentage points. In the end of June, another hike by 0.50 percentage points was announced.

The cost increases put margins under pressure for companies and decreased household purchasing power. In the long term, this could lead to a decline in consumption, a weaker housing market and a slowdown in growth. However, residents of Skåne are well positioned. Many factors indicate that Skåne coped with the COVID-19 crisis relatively well and its economic recovery in 2021 was solid.

Nevertheless, in Sparbanken Skåne's home market, which consists of 15 municipalities in Skåne, from Osby in the north to Ystad in the south, increased concern can be seen on how conditions will develop. As a result of the rising prices, priorities may need to be changed in household budgets, but the bank's assessment is that the resilience of households in Skåne to withstand increased costs of living is still solid.

Only small price changes are noticeable in Skåne's housing market. The first signals of a slowdown are rather mainly that buyers and sellers are having greater difficulty closing a deal, which impacts prices after the fact. The bank has not yet seen any decrease in the number of enquiries for residential mortgages.

The construction rate in Skåne has been high in recent years and further increased in 2021. Expressed as a percentage, the increase in housing construction projects in progress was highest in southeastern Skåne, while, expressed in volume, the area around Lund along with southwestern and northwestern Skåne were the main drivers of the increase. Overall, many signals now point to an economic slowdown.

Generally, in the corporate segment, a certain degree of hesitation was observed in the number of new loan applications, mainly from SMEs. This is an indication that the recent cost increases and uncertainty about the future are impacting the willingness to invest. Overall, we nevertheless estimate that companies in Skåne are well equipped to cope with weakened economic conditions.

Inflation, interest rate hikes and war in Ukraine

The world economy has been impacted significantly by Russia's ongoing war in 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. In turn, this impacts the inflation rate, which increased to its highest level in many years, which is also the reason why the central banks have taken action in the form of interest rate hikes. The Swedish central bank also rapidly changed strategy and hiked its repo rate twice in the second quarter. The central banks changed strategy in terms of monetary stimulus as well. After making substantial investments in the bond market for several years, they cut these back to a more normal level. This impacts both banks and companies, which previously were able to raise capital on favourable terms via the bond market. Along with the rising inflation, this has had a considerable impact on market interest rates, causing financing costs for both banks and companies to increase.

Both private and corporate customers have already been affected, primarily by the sharp increase in energy prices. At the end of the second quarter, the increase in market interest rates also started to have an impact. For private customers, the costs of housing, food and transport have increased as well, and corporate customers have seen a substantial impact on energy and raw material costs. However, we have not yet seen consequences from the increased costs of our customers in the form of increased credit losses or increased loans in arrears. Our customers, in both the private and corporate segments, are generally well prepared for the change in economic conditions. The equity-related savings of customers have also been impacted negatively by the war in Ukraine and the effect of the volatile market on the stock exchange throughout the first half of the year. Overall, we estimate that this could result in increased risks for the bank if the situation that has arisen becomes prolonged or evolves into a real recession.

For the bank's income statement and balance sheet, increased inflation, interest rate hikes and other changed conditions have both positive and negative consequences. They generally increase the bank's costs and our borrowing costs are particularly affected, which is partially due to the aforementioned change in strategy from the Swedish central bank. Additionally, fee and commission income from our fund and securities trading is impacted negatively. However, the increase in market interest rates, particularly for residential mortgages and corporate loans, counteract the negative consequences to a certain extent. In the long term, if the economy falls into recession, demand for loans from both companies and individuals will be impacted negatively. In addition, fund and securities trading activity could further decrease, which, overall, could lead to weaker performance in terms of the bank's revenue. Furthermore, the risk of credit losses could increase in such a situation.

Comparison of Q2 2022 profit with Q1 2022 profit

The comparative figures refer to the January–March 2022 period unless stated otherwise.

Net interest income is up from the previous quarter, amounting to SEK 321m (294) primarily as a result of somewhat improved margins and increased loan volume.

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

Fee and commission income for the second quarter totalled SEK 145m (157) comprising loan commissions at SEK 21m (27), securities commissions and fees at SEK 63m (70) and other fee and commission income at SEK 61m (60). The loan commissions are primarily attributable to commissions from Swedbank Hypotek and the change is due to tight margins and increased borrowing costs. In addition, the loan commissions incurred bank tax in Swedbank for volumes brokered from Sparbanken Skåne. The decrease in securities commissions and fees is attributable to the stock market decline.

Fee and commission expenses amounted to SEK -18m (-14).

General administrative expenses were up from the previous quarter, totalling SEK -214m (-205). The increase is primarily a result of higher personnel expenses. Depreciation of tangible assets totalled SEK -4m (-4).

The resolution fee amounting to SEK 5m (5) is included in other operating expenses as of Q2 2022, whereas this fee was previously reported in net interest income. The comparative figures have been restated.

Credit losses increased mainly as a result of changes to future macroeconomic scenarios, totalling SEK -8.5m (-2.2). For more information on credit losses, please see the Credit quality and allowances section.

Operating profit for the second quarter of 2022 amounted to SEK 203m (206), which is in line with the bank's financial targets.

H1 2022 profit compared with H1 2021 profit

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

Net interest income improved by 4 percent year-on-year, totalling SEK 615m (593). This improvement was primarily a result of somewhat improved margins and increased loan volume.

The deposit insurance fee was charged to net interest income in the amount of SEK -18m (-19).

Fee and commission income for the period totalled SEK 302m (309) comprising loan commissions at SEK 48m (60), securities commissions and fees at SEK 133m (138) and other fee and commission income at SEK 121m (111). The loan commissions are primarily attributable to commissions from Swedbank Hypotek. The commissions decreased as a result of tight margins, increased borrowing costs, the bank tax imposed and an SEK 9.5m one-time payment received in 2021. The lower securities commissions and fees are largely due to the stock market decline, resulting in decreased volumes.

Fee and commission expenses amounted to SEK -32m (-24).

General administrative expenses were up from H1 2021, totalling SEK -419m (-411). This increase is primarily attributable to increased IT expenses, which increased to SEK -121m (-111).

Depreciation of tangible assets totalled SEK -8m (-8).

The resolution fee amounting to SEK 11m (9) is included in other operating expenses as of Q2 2022, whereas this fee was previously reported in net interest income. The comparative figures have been restated.

Credit losses increased, totalling SEK -11m (+32). 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 30 June 2022 was SEK 239bn (249). The business volume decreased by four percent in the second quarter. This change is largely due to an SEK 5.6bn decrease in funds and insurance resulting from the negative performance of the stock market, mainly in April and June. The negative trend for net savings from the first quarter has decelerated.

Deposits from the general public, both private and corporate customers, increased during the first half year, amounting to SEK 69bn (66).

The market value of the total brokered fund and insurance volume was SEK 47bn (57). The reason for the volume decreases was the negative stock market performance.

The previous year's positive performance of loans to the general public continued during the year. Loans to the general public at 30 June 2022 amounted to SEK 85bn (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.

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

The total loan portfolio brokered to Swedbank Hypotek at 30 June 2022 amounted to SEK 16bn, which is unchanged from year-end 2021.

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 in the second quarter by SEK 8m. The scenario was only updated with the latest macroeconomic data, changed interest rate paths and oil prices. The scenario shows a trend toward slowed global growth on account of a weakened GDP forecast. The scenario also takes into account a somewhat higher unemployment rate in the long term and there is an expectation of faster interest rate hikes. Default rates in the macroeconomic scenario remain low and only minor fluctuations occurred in the second quarter of 2022, primarily in respect of loans to SMEs. The trend toward 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 certain financial assistance provided during the COVID-19 period must be paid back. Additionally, there is a risk associated with Russia's ongoing war in Ukraine resulting in interest rate hikes, inflation and economic slowdown. In the bank's opinion, this is not fully reflected in the macroeconomic scenario. 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.

As of 30 June 2022, the bank estimates that uncertainty remains in the hotel & restaurant, transport and retail industries associated with delayed impact following COVID-19. The agriculture and manufacturing industries are estimated to be subject to a certain degree of uncertainty resulting from the war in Ukraine and its impact on the global economy. The bank's expert adjustments at 30 June 2022: At 30 June, these allowances totalled SEK 27m (25 at 31 March). This also includes allowances in the form of provisions for loan commitments.

Industry	Allowance 30/06/2022, thousands of SEK	Allowance 31/03/2022, thousands of SEK	Change in allowances, thousands of SEK	Change in risk class (RFF)
Retail	-5,538	-5,528	-9	-2 (-2)
Transport	-10,398	-8,477	-1,921	-4 (-4)
Hotel & restaurant	-2,512	-2,737	224	-3 (-3)
Agriculture	-4,612	-4,134	-478	-1 (-1)
Manufacturing	-3,780	-3,875	95	-2 (-2)
Total amount	-26,840	-24,571	-2,089	

Allowances for expected credit losses on loans to the general public at 30 June 2022 amounted to SEK 116m (106). This increase is primarily due to updated macroeconomic scenarios and changed expert adjustments as disclosed above, resulting in reclassification mainly from stage 1 to 2. The stage 1 loss allowance increased to SEK 35m (32). The stage 2 (loans with a significant increase in credit risk) loss allowance increased to SEK 32m (23). The stage 3 (credit-impaired loans) loss allowance decreased somewhat to SEK 49m (51). For more detailed information about the allowance levels in each industry and reclassification 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 unchanged, amounting to 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 in the second quarter, which are at par with the levels observed in recent years despite the increase in inflation and the ongoing war in Ukraine.

Credit losses increased mainly as a result of updated macroeconomic scenarios, totalling SEK -11m (+55 for full year 2021). However, the impact of increased volumes has been limited in terms of increases in credit losses. Overall, the credit loss level for the quarter was -0.01 percent (+0.07). Net stage 3 loans were 0.31 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 remained stable and excellent during the first half 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 bank's deposits and loans were stable during the first half year with continued growth. Deposits from the general public increased by about four percent, corresponding to approximately SEK 2,900m, with SEK 2,000m of this amount coming in the second quarter. The war in Ukraine has had a negative impact on the stock market and, consequently, on customer savings. Customer fund savings showed a net outflow, primarily in the first quarter, then slowing down in the second quarter, which is one of the reasons for the growth in deposits. Loans have continued to grow in both the private and corporate markets.

The Swedish capital market was also impacted by Russia's continued war in Ukraine. The market has gradually recovered but has continued to be negatively impacted, particularly by high volatility in interest rates, which in turn is a consequence of rising inflation figures and the ongoing war. The Swedish central bank's decision to reduce its bond purchases has also impacted the market negatively with higher

interest rates resulting from lower demand for bonds. Additionally, the central banks, including the Swedish central bank, have already hiked their repo rates multiple times. As a whole, this has impacted credit spreads, and the market has been highly volatile in autumn 2021 but to an increasingly greater extent in the first half of 2022.

In 2022, Sparbanken Skåne has its first maturity for covered bonds, which will be in October. The bank remains steadfast in its aim to ensure its funding is well diversified and that the share of funding via covered bonds continues to increase. The bank also issued covered bonds in the second quarter as a part of this strategy. The issue amounted to SEK 1,500m and was made in early June when the market was temporarily favourable. The issue succeeded in attracting great interest from investors and terms and conditions favourable to the bank, but the cost was higher than in 2021. 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's aim at the time of the issue in February was to add to that issue in the spring to reach a total level of approximately SEK 3,000m, which was achieved with the issue in June. At the same time, SEK 447m of the amount maturing in the autumn was redeemed in advance.

Outstanding senior bonds decreased on a net basis by a nominal amount of SEK 1,000m during 2022. The primary reasons for this were that the bank's liquidity is 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 30 June amounted to a nominal amount of SEK 4,400m in MTN programme bonds and SEK 21,253m 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 30 June 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 23 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 30 June 2022 amounted to SEK 19,445m (11,926 at 31 December 2021). The liquidity reserves increased in the first half year. One driver of the increase was the continued increase in deposits, mainly in the second quarter, and another was the transfer of funds from the Skatteverket tax account to standard accounts and investments in fixed-income securities. Additionally, the bank increased its funding with two issues of covered bonds while senior funding and outstanding certificates of deposit declined, resulting in a net increase in market funding by SEK 1,403m since year-end 2021. Loans also increased during the period in both the private and corporate segments. In addition, in June 2022, the bank opted to repay the temporary loan for onward lending from the Swedish central bank that was granted upon the outbreak of the pandemic in 2020 and amounted to SEK 1,000m. At 30 June, 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 329 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 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 loan-to-deposit ratio at 30 June 2022 was 121 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 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's capital base increased by SEK 172m during the first half year, putting the total value of the capital base on 30 June at SEK 7,492m (7,320 at 31 December 2021).

The total Risk Exposure Amount (REA) increased to SEK 36,508m (34,258 at 31 December 2021). The increase is partly due to the growth in loans, which was strong in the second quarter, mainly in the corporate segment, where the risk weights are higher. (In addition, the transfer of liquidity from the tax account to standard accounts had a negative impact for the same reason). Also, the transfer of liquidity from the tax account to standard accounts resulted in a higher REA. The risk weight is higher for funds invested in institutions than those invested in government agencies. The bank holds authorisation from Finansinspektionen (the Swedish Financial Supervisory Authority) to apply netting in respect of counterparty and credit valuation adjustment (CVA) risk, which has an effect in the opposite direction and reduces the total REA, but in significantly lower amounts.

The REA for credit risk at 30 June 2022 totalled SEK 29,348m. SEK 22,325m of this item was calculated using the Internal Ratings-Based (IRB) approach to credit risk and SEK 7,024m was calculated using the standardised approach to credit risk.

The risk-weight floor REA increased as new loans were issued and amounted to SEK 4,667m (4,201 at 31 December 2021).

The operational risk REA at 30 June 2022 amounted to SEK 2,418m (2,284 at 31 December 2021).

This put the total capital ratio and CET1 capital ratio at 20.5 percent on 30 June 2022 (21.4 at 31 December 2021). The bank's capital position remains strong. Approximately 0.7 percentage points of the total change are attributable to transfers of the bank's liquidity. Finansinspektionen 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 and another increase to 2 percent will be made in June 2023.

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.

In 2022, 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 assumptions. 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 in the macroeconomic scenario, see the items below, is attributable to the impact from the uncertainty caused by the war in Ukraine and by the increased inflation rate. Essentially positive scenarios with economic growth are still in place and the post-pandemic recovery is continuing to a certain extent. However, the war 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 still at a very low level, primarily in the SME segment is also shown in the macroeconomic scenario.

- GDP for 2022 is forecast to end up at 1.9 percent, and 2.3 percent for 2023, which is somewhat lower than what was signalled in autumn 2021 and early in spring 2022.
- Inflation and the deterioration of household purchasing power pose a risk of slowed consumption, which could have knock-on effects in industry and in turn impact the labour market. In the second quarter of 2022, the price increases in the housing market slowed down, yet general price decreases have not yet been observed in the bank's area of operation.
- The expected impact of the pandemic has been delayed or alleviated by forbearance on principal payments, short-time work and other government support measures. However, the war in Ukraine results in further increased uncertainty and causes a shortage of intermediate inputs and price increase for energy, food and other raw materials.

In the bank's estimate, there is still a certain degree of risk that defaults and losses could increase when government support is fully phased out and when certain parts must be paid back. The bank estimates that three industries are still at risk of delayed impact following the pandemic. These three industries are retail, hotel & restaurant and transport.

At the end of 2021 and in the first half of 2022, new economic uncertainty factors started to be observable internationally. Bottlenecks in the industrial sector, shortages of intermediate inputs, increased energy prices and rapidly rising inflation followed by interest rate turbulence and, thus far, two repo rate hikes have increased uncertainty for future economic conditions. The Russian war in Ukraine also elevates this uncertainty and risk. The additional 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 30 June, these allowances totalled SEK 27m (25 at 31 March 2022) 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.

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.

	30/06/2022			31/03/2022			31/12/2021	
	2022F	2023F	2024F	2022F	2023F	2024F	2022F	2023F
Baseline scenario								
GDP (%)	1.9	2.3	1.9	2.6	2.2	2.0	3.4	2.2
Unemployment (%)	7.4	6.9	6.6	7.7	7.2	6.4	7.6	7.2
Housing price performance (% annual performance)	5.6	-6.0	-3.3	4.8	0.8	0.5	7.5	3.9
Stibor 3M (%)	0.70	1.67	1.83	0.35	1.55	1.94	0.09	0.15

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 graph below shows the loss allowances that would result at 30 June 2022 from a negative or a positive scenario, which are considered reasonably possible, being assigned probabilities of 100%.

Scenarios	Allowances attributable to scenario (millions of SEK)	Changes in recognised probability-weighted allowances, %, 30 June 2022	Changes in recognised probability-weighted allowances, %, 31 December 2021
Negative scenario	15.0	16%	8%
Positive scenario	-2.3	-2%	-1%

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 the net loss from credit losses incurred during the quarter was SEK -8.5m (-2.2 for Q1 2022). 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	06/2022	03/2022	12/2021	09/2021	06/2021
Business volume, millions of SEK	239,070	243,940	249,053	237,078	234,396
Capital and liquidity					
CET1 capital ratio	20.5%	21.0%	21.4%	21.3%	21.2%
Total capital ratio	20.5%	21.0%	21.4%	21.3%	21.2%
Total exposure measure	109,797	108,401	105,879	99,918	100,959
Leverage ratio	6.8%	6.8%	6.9%	7.2%	7.1%
Loan-to-deposit ratio	121%	122%	122%	123%	122%
LCR	329%	253%	248%	225%	206%
Net stable funding ratio (NSFR)	128%	128%	127%	130%	131%
Profit					
Cost/income ratio before credit losses	0.53	0.52	0.51	0.50	0.52
Cost/income ratio after credit losses	0.54	0.53	0.48	0.47	0.48
Return on equity	8.4%	8.5%	9.8%	10.1%	9.9%
Credit-impaired loans and credit losses					
Allowance ratio for stage 3 loans	16%	16%	16%	16%	15%
Net credit-impaired loans (stage 3) as a percentage of total loans to the general public	0.31%	0.32%	0.33%	0.35%	0.53%
Loan loss ratio excluding brokered volume	-0.01%	0.00%	0.07%	0.07%	0.04%
Loan loss ratio including brokered volume	-0.01%	0.00%	0.06%	0.06%	0.04%
Other disclosures					
Average number of employees	494	495	474	467	497

The financial ratios are defined on page 34.

Quarterly comparison

Income statement	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Thousands of SEK					
Net interest income	320,545	294,064	307,645	293,420	292,953
Net fees and commissions	127,707	142,398	154,824	145,158	146,813
Net gain/loss from financial transactions	2,554	2,999	2,449	4,908	2,489
Other operating income	498	591	1,930	1,105	493
Total net interest income and operating income	451,303	440,052	466,848	444,591	442,748
General administrative expenses	-213,944	-205,141	-227,721	-194,337	-212,794
Depreciation and amortisation	-3,981	-3,945	-3,897	-4,080	-4,170
Other operating expenses	-21,816	-22,931	-18,101	-17,794	-17,906
Credit losses	-8,498	-2,248	3,551	19,383	25,502
Total expenses	-248,240	-234,265	-246,167	-196,827	-209,368
Operating profit/loss	203,063	205,787	220,681	247,763	233,380
Taxes	-42,576	-43,048	-43,415	-51,437	-46,795
Profit/loss for the period	160,487	162,739	177,266	196,327	186,585

Balance sheet	30/06/2022	31/03/2022	31/12/2021	30/09/2021	30/06/2021
Thousands of SEK					
Loans to credit institutions	13,660,753	8,202,408	8,077,145	6,899,443	7,452,038
Loans to the general public	83,897,356	82,222,123	80,963,943	78,504,715	77,600,533
Fixed-income securities	6,717,399	6,175,432	5,835,316	5,246,542	5,381,531
Other assets	1,265,934	6,863,412	6,487,765	4,891,230	4,930,790
Total assets	105,541,442	103,463,375	101,364,170	95,541,931	95,364,891
Liabilities to credit institutions	970,680	1,581,654	1,137,759	1,079,419	1,069,333
Deposits from the general public	69,164,597	67,651,309	66,305,562	63,753,009	63,383,474
Securities issued	27,221,905	26,174,107	25,809,903	22,743,925	23,127,188
Other liabilities	416,262	406,559	357,952	388,868	405,413
Equity	7,767,998	7,649,746	7,752,995	7,576,710	7,379,483
Total liabilities, provisions and equity	105,541,442	103,463,375	101,364,170	95,541,931	95,364,891

Income statement

Income statement	Note	Q2 2022	Q1 2022	Change	Jan–Jun 2022	Jan–Jun 2021	Change	Full year 2021
Thousands of SEK								
Interest income		366,571	329,593	11%	696,164	672,379	4%	1,338,391
Interest expenses		-46,026	-35,529	30%	-81,555	-79,018	3%	-143,967
Net interest income	3	320,545	294,064	9%	614,609	593,361	4%	1,194,425
Fee and commission income	4	145,432	156,641	-7%	302,073	309,245	-2%	633,793
Fee and commission expenses	5	-17,725	-14,243	24%	-31,968	-24,450	31%	-49,015
Net gain/loss from financial transactions	6	2,554	2,999	-	5,553	8,038	-31%	15,395
Other operating income		498	591	-16%	1,089	990	10%	4,025
Total net interest income and operating income		451,303	440,052	3%	891,355	887,184	0%	1,798,622
General administrative expenses		-213,944	-205,141	4%	-419,085	-410,909	2%	-832,967
Depreciation of tangible assets		-3,981	-3,945	1%	-7,926	-8,210	-3%	-16,187
Other operating expenses		-21,816	-22,931	-5%	-44,747	-43,216	4%	-79,109
Total expenses before credit losses		-239,742	-232,017	3%	-471,759	-462,335	2%	-928,263
Profit/loss before credit losses		211,561	208,035	2%	419,596	424,849	-1%	870,359
Net credit losses	7	-8,498	-2,248	-	-10,746	32,487	-	55,422
Operating profit/loss		203,063	205,787	-1%	408,850	457,336	-11%	925,780
Tax on profit for the period		-42,576	-43,048	-1%	-85,624	-95,120	-10%	-189,972
Profit/loss for the period		160,487	162,739	-1%	323,226	362,216	-11%	735,809

Statement of comprehensive income	Q2 2022	Q1 2022	Change	Jan–Jun 2022	Jan–Jun 2021	Change	Full year 2021
Thousands of SEK							
Profit/loss for the period	160,487	162,739	-1%	323,226	362,216	-11%	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	-53,193	-11,416	-	-64,609	461	-	361
Tax attributable to items that may be reclassified to profit or loss for the period	10,958	2,352	-	13,309	-95	-	-74
Other comprehensive income for the period	-42,235	-9,064	-	-51,299	366	-	286
Comprehensive income for the period	118,252	153,675	-23%	271,927	362,582	-25%	736,095

Balance sheet

Balance sheet	Note	30/06/2022	31/12/2021	Change	30/06/2021	
Thousands of SEK						
Assets						
Cash		-	-	-	647	
Treasury bills eligible for refinancing with central banks		2,444,810	2,113,490	331,320	16%	2,017,320
Loans to credit institutions		13,660,753	8,077,145	5,583,608	69%	7,452,038
Loans to the general public	8	83,897,356	80,963,943	2,933,412	4%	77,600,533
Bonds and other fixed-income securities		4,272,589	3,721,827	550,762	15%	3,364,211
Derivatives		828,916	65,622	763,294	-	1,068
Tangible assets		52,945	57,518	-4,574	-8%	58,906
Current tax assets		77,221	6,057,455	-5,980,234	-99%	4,571,136
Deferred tax assets		23,707	23,107	599	3%	18,763
Other assets		100,914	107,352	-6,438	-6%	83,422
Prepaid expenses and accrued income		182,233	176,711	5,522	3%	196,848
Total assets		105,541,442	101,364,170	4,177,272	4%	95,364,891
Liabilities, provisions and equity						
Liabilities to credit institutions		970,680	1,137,759	-167,079	-15%	1,069,333
Deposits from the general public	9	69,164,597	66,305,562	2,859,035	4%	63,383,474
Debt securities issued and related items	10	27,221,905	25,809,903	1,412,002	5%	23,127,188
Derivatives		9,911	3,042	6,869	226%	18,205
Other liabilities		87,994	82,819	5,175	6%	70,772
Accrued expenses and deferred income		182,332	138,048	44,284	32%	199,538
Provisions	11	136,024	134,042	1,982	1%	116,898
Total liabilities and provisions		97,773,444	93,611,175	4,162,269	4%	87,985,409
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		-43,226	8,073	-51,299	-	8,154
Retained earnings		2,521,835	2,042,950	478,885	23%	2,042,950
Profit/loss for the period		323,226	735,809	-412,583	-56%	362,216
Total		5,990,466	5,975,463	15,003	0%	5,601,951
Total equity		7,767,998	7,752,995	15,003	0%	7,379,483
Total liabilities, provisions and equity		105,541,442	101,364,170	4,177,272	4%	95,364,891
Other notes						
Accounting policies	1					
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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	-	-	-	-	-	323,226	323,226
Other comprehensive income for the period	-	-	-	-51,299	-	-	-51,299
Comprehensive income for the period	-	-	-	-	-	-	271,928
Balance at 30 June 2022	1,668,336	109,196	3,188,631	-43,226	2,521,835	323,226	7,767,998
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	-	-	-	-	-	362,216	362,216
Other comprehensive income for the period	-	-	-	366	-	-	366
Comprehensive income for the period	-	-	-	-	-	-	178,031
Balance at 30 June 2021	1,668,336	109,196	3,188,631	8,154	2,042,950	362,216	7,379,483

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–Jun 2022	Full year 2021	Jan–Jun 2021
Thousands of SEK			
Cash flows from operating activities			
Operating profit/loss	408,850	925,780	457,336
Net change in amortised cost for the period	65,531	106,039	52,995
Unrealised share of net gain from financial transactions	-705	-3,928	-3,176
Depreciation and amortisation	7,926	16,187	4,170
Credit losses	14,483	-48,133	-28,086
Tax paid	-92,440	-154,433	-68,940
Cash flows from operating activities before changes in working capital	403,645	841,512	414,299
Cash flow from changes in working capital			
Increase/decrease in loans to the general public (-/+)	-3,701,935	-5,063,259	-1,638,220
Increase/decrease in securities (-/+)	-969,510	-480,306	-10,841
Increase/decrease in deposits from the general public (+/-)	2,859,035	6,146,731	3,224,644
Increase/decrease in liabilities to credit institutions (+/-)	-167,079	64,225	-4,201
Net change in other assets and liabilities	48,695	-19,780	30,746
Net cash from operating activities	-1,527,149	1,489,124	2,016,427
Cash flows from investing activities			
Disposal/redemption of financial assets	1,982	16,160	-984
Transfer of excess liquidity to tax account	6,000,000	-700,000	800,000
Acquisition of tangible assets	-3,353	-12,879	-2,250
Net cash from investing activities	5,998,629	-696,719	796,766
Cash flows from financing activities			
Issue of fixed-income securities	3,403,426	6,091,567	2,505,018
Redemption of fixed-income securities	-2,034,374	-4,702,722	-3,761,420
Dividends paid	-256,924	-231,231	-231,231
Net cash from financing activities	1,112,128	1,157,614	-1,487,632
Cash flow for the period	5,583,608	1,950,020	1,325,560
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	13,660,753	8,077,145	7,452,685
The following subcomponents are included in cash and cash equivalents			
Cash	-	-	647
Loans to credit institutions	13,660,753	8,077,145	7,452,038
Balance sheet total	13,660,753	8,077,145	7,452,685
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	686,556	1,360,526	671,046
Interest paid including cost of deposit insurance and fee for resolution fund	-42,910	-205,123	-99,551
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 2021 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".

The resolution fee was previously included in interest expenses under net interest income but is now recognised as other expenses in the income statement following a new judgement.

The comparative figures have been restated, see Note 3.

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–Jun 2022	Jan–Jun 2021	Change	Full year 2021
Thousands of SEK				
Interest income				
Loans to credit institutions	3,347	45	-	113
Loans to the general public	720,420	691,282	4%	1,378,183
Fixed-income securities	4,313	1,989	117%	4,066
Derivatives	-31,915	-20,936	52%	-43,968
Other interest income	-1	-1	0%	-3
Total	696,164	672,379	4%	1,338,391
Interest expenses*				
Liabilities to credit institutions	-6,059	-5,341	13%	-12,157
Deposits from the general public	-23,220	-26,343	-12%	-40,802
– fee for deposit insurance	-18,150	-19,477	-7%	-28,877
Fixed-income securities	-51,928	-47,334	10%	-91,007
Other interest expenses	-349	-	-	-1
Total	-81,555	-79,018	3%	-143,967
Total net interest income	614,609	593,361	4%	1,194,425

*) The change in the resolution fee as per Note 1 resulted in the transfer of SEK 9.4m from net interest income to other expenses for Jan-Jun 2022. The corresponding amounts for Jan-Jun 2021 were SEK 9.1m and for full year 2021 were SEK 18.2m.

4 Fee and commission income

	Jan–Jun 2022	Jan–Jun 2021	Change	Full year 2021
Thousands of SEK				
Payment intermediation fees	37,632	31,251	20%	62,473
Loan commissions	47,965	59,905	-20%	115,661
Deposit commissions	42,792	41,133	4%	87,103
Commissions for financial guarantees issued	705	921	-23%	1,757
Securities commissions and fees	132,715	137,980	-4%	289,749
Other fees and commissions	40,262	38,055	6%	77,050
Total	302,073	309,245	-2%	633,793

5	Fee and commission expenses	Jan–Jun 2022	Jan–Jun 2021	Change	Full year 2021
Thousands of SEK					
	Payment intermediation fees	-19,650	-17,202	14%	-36,307
	Securities commissions and fees	-9,570	-4,708	103%	-7,318
	Other fees and commissions	-2,748	-2,540	8%	-5,390
	Total	-31,968	-24,450	31%	-49,015

6	Net gain/loss from financial transactions	Jan–Jun 2022	Jan–Jun 2021	Change	Full year 2021
Thousands of SEK					
	Fixed-income securities	-230	1,646	-114%	4,106
	Other financial instruments	450	3,154	-86%	3,900
	Exchange rate fluctuations	5,333	3,238	65%	7,389
	Total	5,553	8,038	-31%	15,395

	Jan–Jun 2022	Jan–Jun 2021	Change	Full year 2021	
Net gain/loss by valuation category					
	Financial assets at fair value through other comprehensive income	-230	1,646	-114%	4,106
	Ineffective portion of fair value hedge	38	230	-83%	287
	Derivatives intended for risk management, no hedge accounting	412	2,924	-86%	3,613
	Change in fair value of derivatives used as hedging instruments in a fair value hedge	893,125	47,309	-	128,985
	Change in fair value of hedged item attributable to the hedged risk in fair value hedges	-893,125	-47,309	-	-128,985
	Exchange rate fluctuations	5,333	3,238	65%	7,389
	Total	5,553	8,038	-31%	15,395

7	Net credit losses	Jan–Jun 2022	Jan–Jun 2021	Change	Full year 2021
Thousands of SEK					
Loans at amortised cost					
	Change in provisions – stage 1	-2,660	6,912	-	1,593
	Change in provisions – stage 2	-8,901	10,291	-	13,628
	Change in provisions – stage 3	2,165	9,149	-	31,330
	Total	-9,396	26,352	-	46,551
	Net cost for the period for incurred losses	-6,015	-4,307	40%	-7,988
	The amount received for previously incurred credit losses	3,737	4,401	-15%	7,289
	Total credit losses on loans at amortised cost	-11,674	26,446	-	45,852
Loan commitments and financial guarantee contracts					
	Change in provisions – stage 1	2,086	-597	-	-1,114
	Change in provisions – stage 2	-1,332	4,674	-	6,248
	Change in provisions – stage 3	173	1,964	-91%	4,435
	Total credit losses for loan commitments and financial guarantee contracts	928	6,041	-85%	9,570
	Total credit losses	-10,746	32,487	-	55,422

Loss allowances for loans to credit institutions and other financial instruments at amortised cost have been calculated but do not total a significant amount.

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	12,801,936	179,345	23	12,981,304
Derecognised financial assets	-8,203,305	-365,031	-11,195	-8,579,531
Change in volume of existing loans	-676,723	-23,665	-4,312	-704,700
Transfers between stages during the period				
from stage 1 to stage 2	-1,208,446	1,208,446	-	-
from stage 1 to stage 3	-4,342	-	4,342	-
from stage 2 to stage 1	896,693	-896,693	-	-
from stage 2 to stage 3	-	-9,777	9,777	-
from stage 3 to stage 2	-	656	-656	-
from stage 3 to stage 1	626	-	-625	1
Exchange rate fluctuations	512	0	0	512
Gross carrying amount at 30 June 2022	81,140,062	3,384,160	312,567	84,836,789
Loss allowances				
Allowances at 1 January 2022	31,919	23,193	50,701	105,813
New financial assets	4,973	1,649	10	6,632
Derecognised financial assets	-2,381	-1,854	-5,594	-9,829
Change in volume of existing loans	-15	-623	-157	-795
Changed risk variables (EAD, PD, LGD)	-632	-3,641	1,723	-2,550
Changes in macroeconomic scenarios	6,040	5,589	954	12,583
Changes due to manual expert adjustments	-3,395	1,304	-	-2,091
Changes due to updated models	-	-	-	-
Transfers between stages during the period				
from stage 1 to stage 2	-2,225	8,460	-	6,235
from stage 1 to stage 3	-3	-	506	503
from stage 2 to stage 1	260	-1,723	-	-1,463
from stage 2 to stage 3	-	-279	1,307	1,028
from stage 3 to stage 1	0	-	-65	-65
from stage 3 to stage 2	-	18	-72	-54
Allowances at 30 June 2022	34,541	32,093	49,313	115,947
Carrying amount				
Opening balance at 1 January 2022	77,501,193	3,267,684	264,513	81,033,390
Closing balance at 30 June 2022	81,105,521	3,352,067	263,254	84,720,842
Change in fair value of hedged amount in portfolio hedge				-823,486
Total				83,897,356

	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				
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
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	13,232,284	154,560	1,288	13,388,132
Derecognised financial assets	-10,327,165	-544,871	-13,403	-10,885,439
Change in volume of existing loans	-828,176	-21,249	-12,079	-861,504
Transfers between stages during the period				
from stage 1 to stage 2	-918,317	918,317	-	-
from stage 1 to stage 3	-3,559	-	3,559	-
from stage 2 to stage 1	883,645	-883,645	-	-
from stage 2 to stage 3	-	-38,674	38,674	-
from stage 3 to stage 2	-	2,672	-2,672	-
from stage 3 to stage 1	5,934	-	-5,934	-
Exchange rate fluctuations	49	0	0	49
Allowances at 30 June 2021	73,760,630	3,466,931	485,893	77,713,454
Loss allowances				
Allowances at 1 January 2021	33,522	36,821	79,875	150,218
New financial assets	3,780	971	676	5,427
Derecognised financial assets	-3,202	-3,081	-3,954	-10,237
Change in volume of existing loans	-554	-1,704	-1,779	-4,037
Changed risk variables (EAD, PD, LGD)	184	-3,986	-6,435	-10,237
Changes in macroeconomic scenarios	-3,218	-2,888	-108	-6,214
Changes due to updated models	-2,695	-2,320	-	-5,015
Transfers between stages during the period				
from stage 1 to stage 2	-	-	-	0
from stage 1 to stage 3	-1,427	5,027	-	3,600
from stage 2 to stage 1	-3	-	1,359	1,356
from stage 2 to stage 3	231	-1,634	-	-1,403
from stage 3 to stage 1	-	-732	3,525	2,793
from stage 3 to stage 2	5	-	-897	-892
Exchange rate fluctuations	-	55	-264	0
Allowances at 30 June 2021	26,623	26,529	71,998	125,150
Carrying amount				
Opening balance at 1 January 2021	71,682,413	3,843,000	396,585	75,921,998
Closing balance at 30 June 2021	73,734,007	3,440,402	413,895	77,588,304
Change in fair value of hedged amount in portfolio hedge				12,229
Total				77,600,533

Gross carrying amount and allowance by sector at 30 June 2022	Gross carrying amount	Allowance	Net carrying amount
Thousands of SEK			
Loans to the general public			
Private customers	46,149,828	13,997	46,135,831
Tenant-owners' associations	2,861,510	1,062	2,860,448
Corporate customers	35,825,451	100,888	35,724,563
Agriculture, fishing, forestry	7,182,374	12,926	7,169,448
Manufacturing	566,589	7,111	559,478
Public sector	901,584	979	900,605
Construction	2,285,860	4,537	2,281,323
Retail	1,508,688	10,604	1,498,084
Transport	662,603	10,033	652,570
Hotel and restaurant	492,014	3,279	488,735
Information technology	350,945	149	350,796
Banking and insurance	35,519	260	35,259
Property management	18,405,074	34,918	18,370,156
Service sector	1,932,484	2,205	1,930,279
Other loans to businesses	1,501,717	13,886	1,487,831
Loans to the general public	84,836,789	115,947	84,720,842

Gross carrying amount and allowance by sector at 31 December 2021	Gross carrying amount	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 allowance by sector at 30 June 2021	Gross carrying amount	Allowance	Net carrying amount
Thousands of SEK			
Loans to the general public			
Private customers	42,880,377	15,364	42,865,013
Tenant-owners' associations	2,470,696	946	2,469,750
Corporate customers	32,362,381	108,840	32,253,541
Agriculture, fishing, forestry	7,058,322	6,076	7,052,246
Manufacturing	511,590	2,556	509,034
Public sector	897,201	2,875	894,326
Construction	1,951,514	4,551	1,946,963
Retail	1,350,758	16,462	1,334,296
Transport	546,568	4,130	542,438
Hotel and restaurant	457,310	15,208	442,102
Information technology	349,193	191	349,002
Banking and insurance	51,076	196	50,880
Property management	15,771,265	40,988	15,730,277
Service sector	1,844,343	2,645	1,841,698
Other loans to businesses	1,573,241	12,962	1,560,279
Loans to the general public	77,713,454	125,150	77,588,304

Gross carrying amount and allowance by stage	30 June 2022	31 December 2021	30 June 2021
Thousands of SEK			
Loans to the general public, private customers and tenant-owners' associations			
Gross carrying amount	47,811,900	45,862,595	43,680,512
Loss allowances	2,752	1,883	1,838
Carrying amount	47,809,148	45,860,712	43,678,674
Stage 2			
Gross carrying amount	1,171,736	1,391,829	1,639,916
Loss allowances	4,411	3,972	4,650
Carrying amount	1,167,325	1,387,857	1,635,266
Stage 3			
Gross carrying amount	27,702	24,554	30,646
Loss allowances	7,896	7,633	9,823
Carrying amount	19,806	16,921	20,823
Carrying amount	18,619	16,921	26,176
Total carrying amount, loans to private customers and tenant-owners' associations	48,996,279	47,265,490	45,334,763
Loans to the general public, corporate customers			
Stage 1			
Gross carrying amount	33,328,162	31,670,516	30,080,118
Loss allowances	31,789	30,036	24,783
Carrying amount	33,296,373	31,640,480	30,055,335
Stage 2			
Gross carrying amount	2,212,424	1,899,050	1,827,015
Loss allowances	27,682	19,221	21,880
Carrying amount	2,184,742	1,879,829	1,805,135
Stage 3			
Gross carrying amount	284,865	290,659	455,247
Loss allowances	41,417	43,068	62,176
Carrying amount	243,448	247,591	393,071
Total carrying amount, loans to corporate customers	35,724,563	33,767,900	32,253,541
Gross carrying amount – stage 1	81,140,062	77,533,111	73,760,630
Gross carrying amount – stage 2	3,384,160	3,290,879	3,466,931
Gross carrying amount – stage 3	312,567	315,213	485,893
Total gross carrying amount	84,836,789	81,139,203	77,713,454
Stage 1 loss allowance	34,541	31,919	26,621
Stage 2 loss allowance	32,093	23,193	26,530
Stage 3 loss allowance	49,313	50,701	71,999
Total loss allowances	115,947	105,813	125,150
Total carrying amount, loans to the general public	84,720,842	81,033,390	77,588,304
Gross stage 3 loans in %	0.37%	0.39%	0.63%
Net stage 3 loans in %	0.31%	0.33%	0.53%
Ratio of loss allowances to stage 1 loans	30%	30%	21%
Ratio of loss allowances to stage 2 loans	28%	22%	21%
Ratio of loss allowances to stage 3 loans	43%	48%	58%
Allowance ratio for stage 1 loans	0.04%	0.04%	0.04%
Allowance ratio for stage 2 loans	0.95%	0.70%	0.77%
Allowance ratio for stage 3 loans	16%	16%	15%
Total allowance ratio for loans	0.14%	0.13%	0.16%

9	Deposits from the general public	30/06/2022	31/12/2021	30/06/2021
Thousands of SEK				
The general public				
	- Swedish currency	68,445,701	65,446,047	62,590,237
	- foreign currency	718,896	859,515	793,237
	Total	69,164,597	66,305,562	63,383,474
Deposits per customer category, excluding bank cheques				
	Public sector	2,499,818	2,375,259	2,432,499
	Corporate sector	14,646,196	15,301,134	13,971,355
	Retail sector	50,881,779	47,900,172	46,458,651
	- sole proprietors	7,290,425	7,151,205	6,800,562
	Other sectors	1,114,294	699,719	488,310
	Total	69,142,087	66,276,284	63,350,815

10	Debt securities issued and related items	30/06/2022	31/12/2021	30/06/2021
Thousands of SEK				
	Certificates of deposit	349,725	499,939	499,949
	Bond loans	4,407,950	5,409,924	5,779,055
	Covered bonds	21,465,281	18,901,315	15,849,685
	MREL bond	998,948	998,725	998,500
	Total	27,221,905	25,809,903	23,127,188
Changes during the period				
	Issued	3,403,426	6,091,567	2,505,018
	Repurchased	-447,000	-1,133,000	-1,133,000
	Matured	-1,544,424	-3,498,565	-2,594,731
	Change	1,412,002	1,460,002	-1,222,713

Sparbanken Skåne's prospectus for securities issued is available at www.sparbankenskane.se

11 Provisions

	Stage 1	Stage 2	Stage 3	Total
Thousands of SEK				
Allowances at 1 January 2022	8,864	3,261	9,739	21,864
New loan commitments and financial guarantees	1,633	142	6	1,781
Financial guarantees and loan commitments that are past due	-1,372	-308	-31	-1,711
Changes due to changed loan commitments and similar items	-1,191	-12	-155	-1,358
Changed risk variables (EAD, PD, LGD)	236	-193	5	48
Changes in macroeconomic scenarios	1,228	368	3	1,599
Changes due to manual expert adjustments	-2,350	739	0	-1,611
Changes due to updated models	-	-	-	-
Transfers between stages during the period				
from stage 1 to stage 2	-292	685	0	393
from stage 1 to stage 3	-	-	-	-
from stage 2 to stage 1	21	-88	0	-67
from stage 2 to stage 3	-	-1	5	4
from stage 3 to stage 1	0	0	-6	-6
from stage 3 to stage 2	-	-	-	0
Allowances at 30 June 2022	6,777	4,593	9,566	20,936
Provisions for pensions				95,487
Other provisions				19,032
Total				134,042
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	-	-	-	0
Transfers between stages during the period				
from stage 1 to stage 2	-70	345	-	275
from stage 1 to stage 3	-	-	-	0
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
Allowances at 31 December 2021	8,864	3,261	9,739	21,864
Provisions for pensions				93,146
Other provisions				19,032
Total				134,042

Allowances at 1 January 2021	7,745	9,512	14,175	31,432
New loan commitments and financial guarantees	1,923	198	208	2,329
Financial guarantees and loan commitments that are past due	-897	-1,619	-2,302	-4,818
Changes due to changed loan commitments and similar items	-511	-541	81	-971
Changed risk variables (EAD, PD, LGD)	-7	-816	43	-780
Changes in macroeconomic scenarios	-592	-500	0	-1,092
Changes due to manual expert adjustments	713	-1,475	0	-762
Changes due to updated models	-	-	-	-
Transfers between stages during the period				
from stage 1 to stage 2	-56	244	-	188
from stage 1 to stage 3	-	-	-	-
from stage 2 to stage 1	24	-162	-	-138
from stage 2 to stage 3	-	-3	13	-
from stage 3 to stage 1	0	-	-7	-7
from stage 3 to stage 2	-	-	-	-
Allowances at 30 June 2021	8,342	4,838	12,211	25,391
Provisions for pensions				76,357
Other provisions				15,150
Total				116,898

12 Derivatives	30/06/2022		31/12/2021		30/06/2021	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
The bank uses financial hedges to protect itself from interest rate and currency risks. Derivative instruments comprise interest rate swaps, interest rate caps and currency forwards.						
Thousands of SEK						
Derivative instruments with positive fair values						
Fixed-income contracts	20,165,000	818,586	18,140,000	62,415	75,000	0
Currency contracts	314,109	10,330	173,669	3,207	104,313	1,068
Total derivative instruments with positive fair values	20,479,109	828,916	18,313,669	65,622	179,313	1,068
Derivative instruments with negative fair values						
Fixed-income contracts	0	0	0	0	15,660,000	17,297
Currency contracts	314,064	9,911	168,393	3,042	94,217	908
Total derivative instruments with negative fair values	314,064	9,911	168,393	3,042	15,754,217	18,205

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

	Carrying amount				Fair value
	Fair value	Amortised cost	Fair value through other comprehensive income		
			Debt instruments	Equity instruments	
30 June 2022					
Thousands of SEK					
Cash and balances at central banks	-	-	-	-	0
Treasury bills eligible for refinancing with central banks	-	-	2,444,810	-	2,444,810
Loans to credit institutions	-	13,660,753	-	-	13,660,753
Loans to the general public	-	83,897,356	-	-	82,951,555
Bonds and other fixed-income securities	-	-	4,272,589	-	4,272,589
Shareholdings and investments	-	-	-	-	-
Derivatives	828,916	-	-	-	828,916
Other assets	-	100,914	-	-	100,914
Accrued income	-	145,869	-	-	145,869
Total	828,916	97,804,892	6,717,399	-	104,405,405
Liabilities to credit institutions	-	970,680	-	-	970,680
Deposits from the general public	-	69,164,597	-	-	69,164,318
Securities issued	-	27,221,905	-	-	27,221,905
Derivatives	9,911	-	-	-	9,911
Other liabilities	-	75,184	-	-	75,184
Accrued expenses	-	177,006	-	-	177,006
Total	9,911	97,609,372	-	-	97,619,004

	Carrying amount				Fair value
	Fair value	Amortised cost	Fair value through other comprehensive income		
			Debt instruments	Equity instruments	
31 December 2021					
Thousands of SEK					
Cash and balances at central banks	-	0	-	-	0
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
Shareholdings and investments	-	-	-	-	-
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

30 June 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	-	647	-	-	647
Treasury bills eligible for refinancing with central banks	-	-	2,017,320	-	2,017,320
Loans to credit institutions	-	7,452,038	-	-	7,452,038
Loans to the general public	-	77,600,533	-	-	77,666,719
Bonds and other fixed-income securities	-	-	3,364,211	-	3,364,211
Shareholdings and investments	-	-	-	-	-
Derivatives	1,068	-	-	-	1,068
Other assets	-	83,422	-	-	83,422
Accrued income	-	171,131	-	-	171,131
Total	1,068	85,307,770	5,381,531	-	90,756,554
Liabilities to credit institutions	-	1,069,333	-	-	1,069,333
Deposits from the general public	-	63,383,474	-	-	63,384,317
Securities issued	-	23,127,188	-	-	23,127,188
Derivatives	18,205	-	-	-	18,205
Other liabilities	-	58,476	-	-	58,476
Accrued expenses	-	194,391	-	-	194,391
Total	18,205	87,832,863	-	-	87,851,911

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

30/06/2022

Thousands of SEK	Level 1	Level 2	Level 3	Total
Treasury bills eligible for refinancing with central banks	2,444,810	-	-	2,444,810
Bonds and related items	4,272,589	-	-	4,272,589
Other assets – derivatives	-	828,916	-	828,916
Total	6,717,399	828,916	-	7,546,315
Other liabilities – derivatives	-	9,911	-	9,911
Total	-	9,911	-	9,911

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

30/06/2021

Thousands of SEK	Level 1	Level 2	Level 3	Total
Treasury bills eligible for refinancing with central banks	2,017,320	-	-	2,017,320
Bonds and related items	3,364,211	-	-	3,364,211
Other assets – derivatives	-	1,068	-	1,068
Total	5,381,531	1,068	-	5,382,599
Other liabilities – derivatives	-	18,205	-	18,205
Total	-	18,205	-	18,205

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

	30/06/2022	31/12/2021	30/06/2021
Thousands of SEK			
Pledged assets			
Loans *	27,954,950	24,396,971	20,667,471
Bonds and other fixed-income securities	0	1,119,473	1,114,510
Other pledged assets	95,487	93,146	87,156
Contingent liabilities	544,636	576,933	688,781
Commitments	10,462,306	10,784,799	11,837,889

* 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

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). The capital adequacy rules help to strengthen the bank's resilience to financial losses, thus protecting the bank's customers. The rules stipulate that the bank's capital base shall, by a healthy margin, cover the minimum capital requirements, which include the capital requirements for credit risks, market risks and operational risks, and shall also include the estimated capital requirement for additional identified risks in the bank's operations as per the bank's internal assessment of capital and risks.

- the bank's risk profile,
- identified risks with respect to probability and financial impact,
- stress tests and scenario analyses,
- expected expansion of loans and funding opportunities, and
- new legislation, the actions of competitors and other external changes.

The review of the capital plan is an integral part of the bank's work on its annual operational plan. The plan's progress is checked as needed and an annual review is conducted to ensure that the risks are correctly taken into account and reflect the bank's real risk profile and capital needs.

Any modifications or additions to policies and strategy documents adopted by the board shall always be related to the bank's current and future capital needs, in a manner similar to that of major credit decisions and investments. No modifications were made during the year.

Information about the bank's risk management is disclosed in Note 3 to the financial information.

In this interim report, the bank has chosen to only provide the disclosures required regarding the capital base and capital requirements pursuant to Chapter 6 Section 4 of Finansinspektionen's regulations and general guidelines regarding public disclosure of information concerning capital adequacy and risk management (FFFS 2008:25). Other capital adequacy disclosures are provided on the bank's website, sparbankenskane.se.

The bank meets the statutory capital adequacy requirement, both the internally assessed capital requirement and the capital requirement imposed by Finansinspektionen.

	Available capital base (amount)	30/06/2022	31/12/2021	30/06/2021
1	CET1 capital	7,491,578	7,319,527	7,145,943
2	Tier 1 capital	7,491,578	7,319,527	7,145,943
3	Total capital	7,491,578	7,319,527	7,145,943
	Risk-weighted exposure amounts			
4	Total risk-weighted exposure amount	36,507,902	34,258,263	33,755,601
	Capital ratios (as a percentage of the risk-weighted exposure amount)			
5	CET1 capital ratio (in %)	20.5%	21.4%	21.2%
6	Tier 1 capital ratio (in %)	20.5%	21.4%	21.2%
7	Total capital ratio (in %)	20.5%	21.4%	21.2%
	Additional capital requirements for managing other risks besides the risk of a too low leverage ratio (as a percentage of the risk-weighted exposure amount)			
EU 7a	Additional capital requirements for managing other risks besides the risk of a too low leverage ratio (in %)	0.0%	0.0%	0.0%
EU 7b	- must comprise CET1 capital (in percentage points)	0.0%	0.0%	0.0%
EU 7c	- must comprise the CET1 capital ratio (in percentage points)	0.0%	0.0%	0.0%
EU 7d	Total capital base requirements for supervisory review and evaluation process (in %)	0.0%	0.0%	0.0%

		30/06/2022	31/12/2021	30/06/2021
Combined buffer requirement and overall capital requirement (as a percentage of the risk-weighted exposure amount)				
8	Capital conservation buffer in %	2.5%	2.5%	2.5%
EU 8a	Conservation buffer based on macroprudential risks or systemic risks identified at the member state level (in %)	0.0%	0.0%	0.0%
9	Institution-specific countercyclical capital buffer	0.0%	0.0%	0.0%
EU 9a	Systemic risk buffer (in %)	0.0%	0.0%	0.0%
10	Buffer for global systemically important institutions (in %)	0.0%	0.0%	0.0%
EU 10a	Buffer for other systemically important institutions (in %)	0.0%	0.0%	0.0%
11	Combined buffer requirement (in %)	2.5%	2.5%	2.5%
EU 11a	Overall capital requirement (in %)	12.7%	12.7%	12.8%
12	Available CET1 capital after meeting total capital base requirements for supervisory review and evaluation process (in %)	7.8%	8.7%	8.4%
Leverage ratio				
13	Total exposure measure	109,797	105,879	100,959
14	Leverage ratio (in %)	6.8%	6.9%	7.1%
Additional capital requirements for managing the risk of a too low leverage ratio (as a percentage of the total exposure measure)				
EU 14a	Additional capital requirements for managing the risk of a too low leverage ratio (in %)	0.0%	0.0%	0.0%
EU 14b	- must comprise CET1 capital (in percentage points)	0.0%	0.0%	0.0%
EU 14c	Total leverage ratio requirements for supervisory review and evaluation process (in %)	0.0%	0.0%	0.0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of the total exposure measure)				
EU 14d	Leverage ratio buffer requirement (in %)	0.0%	0.0%	0.0%
EU 14e	Overall leverage ratio requirement (in %)	3.0%	3.0%	3.0%
LCR				
15	Total high-quality liquid assets (weighted value – average)	4,529	4,071	3,926
EU 16a	Liquidity outflows – total weighted value	7,473	6,907	6,463
EU 16b	Liquidity inflows – total weighted value	9,085	7,025	6,174
16	Total net liquidity outflows (adjusted value)	1,868	1,740	1,629
17	LCR (in %)	329.0%	247.6%	205.9%
NSFR				
18	Total available stable funding	88,882	87,860	85,034
19	Total required stable funding	69,205	69,211	64,986
20	NSFR (in %)	128.4%	126.9%	130.8%

Capital requirement, thousands of SEK	30/06/2022	31/12/2021	30/06/2021	30/06/2022	31/12/2021	30/06/2021
Pillar 1 capital requirement	3,833,330	3,597,118	3,544,338	10.5%	10.5%	10.5%
- buffer requirement	912,698	856,457	843,890	2.5%	2.5%	2.5%
Pillar 2 capital requirement	817,627	741,233	766,732	2.2%	2.2%	2.3%
Total capital requirement	4,650,957	4,338,351	4,311,070	12.7%	12.7%	12.8%
Capital base	7,491,578	7,319,527	7,145,943			

Capital and liquidity adequacy assessment

The purpose of the internal capital and liquidity adequacy assessment process is to ensure that the bank clearly and correctly identifies, measures and manages all the risks to which the bank is exposed. The bank's estimate of these risks serves as the foundation for ascertaining the capital and liquidity needs required to cover its risk exposure. The internal capital and liquidity adequacy assessment is conducted at least once per year.

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.

Signatures of board and CEO

The board and CEO hereby affirm that the January–June 2022 Interim Report provides a true and fair view of the bank's business, financial position and results of operations, and describes material risks and uncertainties faced by the bank.

Lund, 26 July 2022

Bo Bengtsson
Chair

Camilla Dahlin
Deputy Chair

Stephan Müchler
Deputy Chair

Agneta Erfors
Director

Mathias Brännlund
Director

Christian Karlsson
Director

Liza Jonson
Director

Stefan Prahł
Director

Elin Betschart
Employee representative

Catarina Regebro
Employee representative

Rasmus Roos
CEO

Auditor's report

Introduction

We have reviewed the condensed interim financial information (interim report) of Sparbanken Skåne AB (publ.) at 30 June 2022 and the six-month period ended on that date. The board and CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. It is our responsibility to express an opinion on this interim report based on our review engagement.

Focus and extent of review engagement

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

Opinion

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

Stockholm, 26 July 2022
Deloitte AB

Patrick Honeth
Authorised Public Accountant

Financial ratio definitions

Business volume

The bank's business volume includes loan volumes mainly comprising loans to the general public, brokered loans and credit that has been granted but not yet utilised. Business volume also includes savings volumes 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.

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 exposure measure". 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.

Loan-to-deposit ratio

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

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.

Allowance ratio for stage 3 loans

Recognised loss allowances for stage 3 loans as a percentage of stage 3 loans before deduction of loss allowances.

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

Net credit-impaired loans as a percentage of total loans to the general public.

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.



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