



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

Lund, 26 October 2022

High inflation and weaker economic conditions are putting pressure on households and businesses in Skåne. Sparbanken Skåne stands strong in a period of sweeping change and continued to maintain close contact with its customers during the quarter to provide advice and support.



Sparbanken
Skåne





Q3 financial summary, July–September 2022

(Comparative figures in parentheses refer to Q2, April–June 2022 unless otherwise stated)

- The bank's operating profit for the quarter was SEK 303m (203).
- Net interest income increased to SEK 431m (321) as a result of increased market interest rates and increased loan volume.
- Net fee and commission income was down, totalling SEK 123m (128). This decrease is mainly attributable to lower commissions for securities, payment intermediation and loans via Swedbank Hypotek.
- Expenses excluding credit losses decreased, amounting to SEK -229m (-240). The decrease is primarily a result of decreased personnel expenses.
- The bank's total credit losses were SEK -25m (-8).
- The bank's business volume was largely unchanged, amounting to SEK 239bn (239)
- Both the capital ratio and the tier 1 capital ratio amounted to 20.7% (20.5).
- The LCR decreased to 269% (329).

Key events in Q3

- Global economic conditions further weakened. In Sweden, rising prices for electricity, fuel and food have contributed to an inflation rate higher than in several decades. In September, the Swedish central bank executed its largest repo rate hike since the inflation target was instituted in 1993.
- The cost increases in society and the rising interest rates impact everyday life in both households and businesses. The bank continued to maintain close contact with customers during the quarter to discuss the rapid changes in conditions and provide advice and support. Many customers are expressing concern about their financial situation.
- The bank's loan volume continued to increase despite the deteriorated international situation. However, hesitation was observed in new loan applications, for both residential mortgages and corporate loans. Savings volume decreased, mainly as a result of the weak stock market performance.

- Small businesses in Skåne are being impacted by the sharp increases in purchasing prices, according to a survey conducted by Novus on behalf of Sparbanken Skåne. The consequences of this for businesses are shrinking margins, deteriorated liquidity and deferred investments.
- The Sparbanken Skåne Centre for Sustainable Enterprising was inaugurated 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.
- Sparbanken Skåne and its foundation owners have expanded assistance to clubs and associations to support them in making greater strides in the green transition in the form of investments in new sustainable energy solutions.

Financial summary, January–September 2022

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

- The bank's operating profit for the period was SEK 712m (705).
- The bank's total credit losses were SEK -36m (+52).
- Net interest income improved, totalling SEK 1,046m (887). This improvement was primarily a result of market interest rate hikes and increased loan volume.
- Net fee and commission income amounted to SEK 393m (430). 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, amounting to SEK -700m (-679). This increase is mainly attributable to IT and personnel expenses.
- The bank's business volume was SEK 239bn (237).
- Both the capital ratio and the tier 1 capital ratio amounted to 20.7% (21.3).
- The LCR increased to 269% (225).

Continued stability for the bank in a turbulent time

Global economic conditions further weakened in the third quarter. This impacts both households and businesses in Skåne. During the quarter, Sparbanken Skåne continued to maintain close contact with its customers in regards to the rapid changes in conditions.

High energy prices, runaway inflation, a weak currency and aggressive interest rate hikes are slowing down economic activity in Sweden. According to the National Institute of Economic Research (NIER), we will go into a recession next year that is also expected to bring down demand for labour, resulting in a risk of increased unemployment.

We are already seeing the impact of these developments on individuals and businesses now. Real wages are falling, costs are on the rise and purchasing power is being eroded. For companies, rising costs are putting pressure on margins while decreased consumption causes future uncertainty.

Close customer contact during autumn

Many are concerned about these developments and how their financial situation will be. Sparbanken Skåne continued to maintain close contact with its customers during the quarter to provide advice and support. In addition to the economic challenges largely due to the expansive monetary and fiscal policies of the previous years, we are now also living in a highly turbulent security policy situation. Russia's war against Ukraine has also deepened the energy crisis and caused uncertainty in terms of risk assessment in future forecasts.

The bank talks to customers about the importance of having a buffer and how rising inflation impacts their finances. We engage in discussion on interest rates, principal payments, investments and housing transactions. Our aim is to help our customers through the financial difficulties that may arise in the period ahead.

The Swedish central bank (Riksbank)'s sharp repo rate hike represented decisive action to combat rising inflation. The rate hike will subsequently have a noticeable impact on the finances of most borrowers, although the interest rate is not high from a historical perspective. Cost increases are now coming in on several fronts simultaneously and rapidly, which is contributing to an uncertain future for most of our customers.

Strong resilience in spite of everything

Households have gotten used to living with low costs for a long time. Although expenses are now increasing for food, electricity, fuel and other goods combined with rising interest rates, we estimate that the majority of our private customers will be able to cope with the new financial situation. The housing market has been impacted and we observed fewer requests for new residential mortgages in the third quarter.

Our overall assessment is that our corporate customers are also well prepared for the future, although companies in most industries are now being impacted by the price and cost increases. Our review of sectors shows that industries including manufacturing, transport, retail, real estate, and hotels & restaurants are particularly exposed. During the quarter, we saw clear signs of hesitation in the corporate segment in terms of investments and new loan applications.

Exactly how the deterioration of household purchasing power will impact consumption, economic conditions and demand for businesses is difficult to predict. We did not see any major increase in incurred credit losses during the quarter. However, the bank has determined that more customers, mainly in the corporate segment, require closer dialogue and follow-up, for which the bank has taken the initiative.

The bank estimates good prospects for meeting the challenges together with customers. The foundation for this is continued close dialogue with our customers.

Stable finances for the bank

The equity markets were characterised by volatility during the quarter. The Stockholm stock exchange lost an additional 4 percent of its value and by the end of September had gone down by as much as 32 percent since the start of the year. This has had a negative impact on volumes for securities, funds and insurance.

The bank's loans continued to grow, although at a slower pace than before. Overall, the bank's business volume was largely unchanged, amounting to SEK 239bn.

Net interest income exhibited positive performance due to higher loan volumes and higher market interest rates following the Swedish central bank's repo rate hike. Net interest income totalled SEK 431m for the third quarter. Fee and commission income decreased by three percent, which was largely because of decreased securities commissions and fees as a result of the stock market decline.

Cost controls continued to be effective. However, the deterioration of external conditions led to an increase in allowances for expected credit losses in both the private and corporate segments. The bank recognised credit losses with an impact on profit amounting to SEK 25m for the third quarter.

Operating profit improved in the third quarter, totalling SEK 303m, a 22 percent year-on-year increase.

Climate efforts continue

In conclusion, I would like to mention two climate transition initiatives that were in focus during the quarter.

The Sparbanken Skåne Centre for Sustainable Enterprising was inaugurated 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. The aim of this initiative is to increase knowledge sharing between academia, industry and the public sector to find new paths forward in the green transition. Interest has been high from students, researchers and businesses.

To support clubs and associations in making greater strides in the green transition, Sparbanken Skåne and its foundation owners have created Sparbanken Skånes Energikliv, an expanded programme of financial assistance to clubs and associations for investments in new sustainable energy solutions. Non-profits often have the will and vision but may be lacking in financial muscle. The programme is now open for funding applications twice a year for investments such as solar panels on the clubhouse or a new heating system to contribute to a more sustainable future.

The conduct of the bank and other financial institutions in daily operations and how we value investments and risks are of the utmost importance for the impending transition of society.

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 in a short period of time. The inflation rate is now the highest it has been in several decades and central banks around the world are being forced to respond with hiked repo rates in a time when purchasing power and investment willingness are in rapid decline. The National Institute of Economic Research projects that Sweden's economy will go into recession in 2023, but there are also forecasters that see a risk of a longer term recession with a shrinking economy. This will doubtlessly impact individuals and businesses in Sparbanken Skåne's area of operation as well. Rising costs for electricity, fuel, food and housing are putting pressure on households. Businesses are also being negatively impacted by higher costs and rising interest rates while decreased consumption causes substantial future uncertainty.

The severity of Sweden's economic situation was further underlined by the Swedish Central bank in conjunction with the September repo rate hike as the rate was hiked more than expected, from 0.75 percent to 1.75 percent. The Swedish central bank also issued a forecast that the repo rate will be hiked in the coming half-year.

In Sparbanken Skåne's home market, which consists of 15 municipalities, from Osby in the north to Ystad in the south, increased concern can be seen on how cost increases will develop. Higher costs of living may require re-prioritisation in household budgets. The number of customers who have contacted the bank to discuss their financial situation has increased. However, the bank's overall assessment is that the resilience of households in Skåne is strong.

In Skåne's housing market, activity is lower than at the same time the previous year. Fewer transactions are being made, and in those that are made, price declines are being observed for both houses and tenant-owner flats. The falling trend is clearest for tenant-owner flats, where prices have decreased by up to 7 percent in the municipalities in the bank's area of operation over the past three months according to the latest statistics from August. For houses, the price declines are up to 3 percent in 14 out of 15 municipalities in the bank's area of operation. For both houses and tenant-owner flats, these developments should be seen in the context that the housing market has experienced significant price increases for several years.

The bank has observed a decrease in the number of applications for residential mortgages in the third quarter and our estimate is that the housing market will continue to be impacted by the uncertain external conditions for some time going forward. The figures seen in estate agent statistics today originate from the summer months and we will not start to see the full impact of the latest interest rate hike until the winter. Then the higher home utility costs will most likely also have a greater impact on household housing costs.

The bank's corporate customers are generally well prepared to cope with weaker economic conditions but there is still great uncertainty regarding the future. From the bank's perspective, hesitation has

also been observed in the number of new loan applications. The cost increases of the recent period and uncertain forecasts have restrained the investment willingness of businesses.

The number of corporate bankruptcies for September in Skåne was up 38 percent year-on-year. The accumulated bankruptcy statistics from UC still show a decrease in the number of bankruptcies in 2022 and the increase for September was from a low starting point.

Skåne's labour market remained stable, as unemployment continued to decrease in the third quarter and amounted to 8.4 percent. This is the lowest level since 2009 for Skåne but is somewhat higher than the national average.

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 further hiked its repo rate in the third 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 an impact on market interest rates, causing financing costs for both banks and companies to increase.

Both private and corporate customers have already been affected by the further increase in energy prices and the increase in market interest rates. 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 incurred 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 stock market decline. Overall, we estimate that this could result in increased risks for the bank if the situation that has arisen becomes prolonged.

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, corporate loans and deposits, 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, which is further specified in "Credit quality and allowances".

Comparison of Q3 2022 profit with Q2 2022 profit

The comparative figures refer to the April–June 2022 period unless stated otherwise.

Net interest income is up from the previous quarter, amounting to SEK 431m (321). This improvement was primarily a result of increased market interest rates 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 third quarter totalled SEK 141m (145) comprising loan commissions at SEK 20m (21), securities commissions and fees at SEK 62m (63) and other fee and commission income at SEK 59m (61). The loan commissions are primarily attributable to commissions from Swedbank Hypotek. The decrease in securities commissions and fees is attributable to the stock market decline.

Fee and commission expenses totalled SEK -18m (-18).

General administrative expenses were down from the previous quarter, totalling SEK -207m (-214). The decrease is primarily a result of decreased personnel expenses.

Depreciation of tangible assets amounted to SEK -4m (-4).

Credit losses increased, totalling SEK -25m (-8). For more information on credit losses, please see the Credit quality and allowances section.

Operating profit for the third quarter of 2022 amounted to SEK 303m (203).

Comparison of Jan-Sep 2022 profit with Jan-Sep 2021 profit

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

Net interest income improved by 18 percent year-on-year, totalling SEK 1,046m (887). This improvement was primarily a result of market interest rate hikes and increased loan volume.

The deposit insurance fee was charged to net interest income in the amount of SEK -27m (-32).

Fee and commission income for the period totalled SEK 443m (466) comprising loan commissions at SEK 68m (86), securities commissions and fees at SEK 195m (214) and other fee and commission income at SEK 180m (166). 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.

General administrative expenses were up year-on-year, totalling SEK -626m (-605). This increase is primarily attributable to increased personnel expenses, which increased to SEK -357m (-349), and IT expenses, which increased to SEK -183m (-176).

Depreciation of tangible assets amounted to SEK -12m (-12).

Credit losses increased, totalling SEK -36m (+52). 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 September 2022 was SEK 239bn (249). The bank's business volume was largely unchanged in the third quarter. The loan volume increased while fund and insurance volumes decreased somewhat resulting from the negative performance of the stock market. Net savings were slightly negative in line with the second quarter.

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

The market value of the total brokered fund and insurance volume was SEK 46bn (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 September 2022 amounted to SEK 86bn (81). This increase was the

result of issuing new loans to both private and corporate customers.

The bank's loans continued to maintain excellent credit quality. The bank's allowances for expected credit losses increased in the third 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 September 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.

A macroeconomic scenario update and a minor model change were made for the calculation of expected loss allowances for the third quarter. The model change is a further adaptation to the IFRS 9 framework and only had a marginal impact on the bank's total allowances. The most recent macroeconomic scenario update for the quarterly financial statements at 30 September 2022 caused loss allowances to increase in the third quarter by SEK 8m. The scenario is updated with the latest macroeconomic data including the slowing economic growth, a slight increase in unemployment, a high inflation rate and a rapid increase in market interest rates. The update also includes a slowdown in house prices and a slight downward price adjustment. Overall, the scenario shows a trend toward stagnating global growth and the global economy is slowing down as a result of increased costs. Repeated interest rate hikes, which are the central banks' tool for slowing down inflation, in turn put increased stress on households and businesses with mortgages and loans. The inflation also weakens Swedish GDP growth but the measures taken enable a deep recession to be avoided. The scenario also takes into account a minor increase in unemployment in 2023.

Default rates in the macroeconomic scenario remain low and only minor fluctuations occurred in the third quarter of 2022, primarily an increase for individuals. 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.

The bank estimates that there is still 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 with respect to the increased energy and raw material prices impacting both businesses and individuals.

A review of the bank's customers was conducted on the basis of the macroeconomic scenario to gain an understanding of the relevant risks we can predict and to serve as the basis for the quarter's expert adjustments. At 30 September 2022, the bank determined that expert adjustments will be made for the retail, real estate, hotel & restaurant, manufacturing and transport industries as well as for private customers as these categories may be hit harder by increased costs in connection with increased energy and raw material prices. The table below presents the bank's expert adjustments at 30 September 2022:

Industry	Allowance 30/09/2022, thousands of SEK	Allowance 30/06/2022, thousands of SEK	Change in allowances, thousands of SEK	Change in risk class (RFF)
Private customers	-6,224	0	-6,224	-1 (0)
Retail	-2,130	-5,537	3,407	-1 (-2)
Transport	-3,883	-10,398	6,565	-2 (-4)
Hotel & restaurant	-565	-2,513	1,948	-1 (-3)
Agriculture	0	-4,612	4,612	0 (-1)
Manufacturing	-1,480	-3,780	2,300	-1 (-2)
Real estate	-14,441	0	-14,441	-1 (0)
Total amount	-28,673	-26,840	-1,833	

At 30 September, all of these allowances totalled SEK 29m compared with SEK 27m at 30 June. This also includes allowances in the form of provisions for loan commitments. Loss allowances for expected credit losses on loans to the general public at 30 September 2022 were SEK 141m (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 40m (32). The stage 2 (loans with a significant increase in credit risk) loss allowances increased to SEK 46m (23). The stage 3 (credit-impaired loans) loss allowances increased somewhat to SEK 55m (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 about 50 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 bank has not yet observed any major increase in the number of loans in arrears in the third 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, totalling SEK -36m (+55). Overall, the credit loss level for the quarter was -0.04 percent (+0.07). Net stage 3 loans were 0.37 percent (0.33) and the allowance ratio for stage 3 loans was 15 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 comparative figures refer to 31 December 2021 unless otherwise stated.

The bank's liquidity remained excellent and stable in the third quarter of 2022. The bank's main source of funding is deposits, but the bank is also active in the Swedish funding market. In the Swedish capital market, the bank has a covered bond programme and a medium term note (MTN) programme for long-term funding and a certificate of deposit programme for short-term funding. For information about ratings, see below.

The bank's deposits and loans were stable during the first three quarters of the year with continued growth. Deposits from the general public increased by about four percent, corresponding to approximately SEK 2,400m. 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 and third 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 recovered in certain aspects but has continued to be negatively impacted, particularly by high volatility in interest rates, which in turn is a consequence of rising inflation figures, expected and completed repo rate hikes, 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, led by the Fed in the US, 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 three quarters of 2022.

In Q4 2022, Sparbanken Skåne has its first maturity for covered bonds. 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 issued covered bonds in all three quarters as a part of this strategy. The issue in the third quarter amounted to SEK 3,000m and took place in the first half of September 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 and also in comparison to the issues in H1 2022. 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 September was to replace part of the amount maturing in the fourth quarter. At the time of the issue, SEK 1,592m was redeemed in advance of the October maturity.

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 with funding via covered bonds expected to increase. However, over time, the bank plans for the volume of senior bonds to be at about the same level as at 31 December 2021. In August, SEK 1,000m was issued to refinance the amount that matured in September.

The bank's outstanding bonds at 30 September amounted to a nominal amount of SEK 4,400m in MTN programme bonds and SEK 23,108m in covered bonds, which will be reduced to SEK 21,000m due to the amount maturing in the beginning of October. Outstanding certificates of deposit totalled SEK 400m after one certificate of deposit was terminated in the first quarter.

The bank's outstanding MREL bonds at 30 September 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), which will be in full force starting in 2024. Sparbanken Skåne is well prepared to meet these new regulations and plans to refinance its existing MREL bond and increase its MREL liability in 2023. The bank's existing MREL bond is green and, as part of the planned increase in this area, the bank plans to issue another green bond. The bank's Green Bond Framework was updated in the third quarter and audited by CICERO Shades of Green AS with a "Medium green" result. As a result, the bank will comply with the new regulatory framework well in advance of 1 January 2024 and 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 September 2022 amounted to SEK 20,130m (11,926). The liquidity reserves increased in 2022. 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 three issues of covered bonds while senior funding and outstanding certificates of deposit declined, resulting in a net increase in market funding by SEK 3,308m since year-end 2021 expressed as a nominal amount. However, this increase will be reduced to SEK 1,200m in conjunction with the amount maturing in October. 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 September, 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 269 percent (248) at 30 September 2022. 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.

At 30 September, the bank's net stable funding ratio (NSFR) amounted to 130 percent (127). 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 September 2022 was 124 percent (122).

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 comparative figures refer to 31 December 2021 unless otherwise stated.

The year-to-date capital base increase was SEK 181m, and the capital base at 30 September totalled SEK 7,501m (7,320).

The total Risk Exposure Amount (REA) amounted to SEK 36,300m (34,258). The increase is partly due to the growth in loans, where the risk weights are higher, resulting in an increased REA. Also, the transfer of liquidity from the tax account to credit institution loans in the second quarter resulted in a higher REA because 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 credit risk REA at 30 September 2022 totalled SEK 29,218m. SEK 22,247m of this item was calculated using the Internal Ratings-Based (IRB) approach to credit risk and SEK 6,971m was calculated using the standardised approach to credit risk.

The risk-weight floor REA increased as new loans were issued and amounted to SEK 4,599m (4,201).

The operational risk REA at 30 September 2022 amounted to SEK 2,418m (2,284).

This put the total capital ratio and CET1 capital ratio at 20.7 percent (21.4) on 30 September 2022. The decrease is largely attributable to the transfer of funds from the tax account in the second quarter. The bank's capital position remains strong.

Effective 30 September 2022, Finansinspektionen raised the countercyclical buffer value to one percent of the REA, resulting in an SEK 363m increase in the bank's buffer requirement. Finansinspektionen will further increase this value to two percent effective June 2023.

The leverage ratio amounted to 6.7 percent (6.9). 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. 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 for individuals, although at a very low level, is foreseen in the macroeconomic scenario.

- GDP for 2022 is forecast to end up at 2.9 percent, and 0.3 percent for 2023, which is significantly lower than what was signalled in late 2021.
- To combat the continuing rises in inflation, the repo rate is expected to be further increased in the coming half-year, resulting in increased costs for borrowers.
- 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, resulting in increased unemployment.
- Housing prices are being impacted negatively by the current market situation and are estimated to be capable of falling by up to 15 percent from their peak in March 2022.

In the bank's estimate, there is a risk that defaults and losses could increase as a result of the current market uncertainty. The bank estimates a great degree of impact from this on several industries and the expert adjustments made are for real estate, transport, retail, manufacturing and hotels & restaurants as well as private customers.

At the end of 2021 and so far in 2022, new economic uncertainty factors have emerged 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, three repo rate hikes have increased uncertainty for future economic conditions. The Russian war in Ukraine also elevates this uncertainty and risk. In consideration of all of this, the bank has chosen to continue to manually make expert adjustments. At 30 September, all of these allowances totalled SEK 29m (27 at 30 June) 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.

	30/09/2022			30/06/2022			31/03/2022			31/12/2021	
	2022F	2023F	2024F	2022F	2023F	2024F	2022F	2023F	2024F	2022F	2023F
Baseline scenario											
GDP (%)	2.9	0.3	1.5	1.9	2.3	1.9	2.6	2.2	2.0	3.4	2.2
Unemployment (%)	7.6	7.8	7.6	7.4	6.9	6.6	7.7	7.2	6.4	7.6	7.2
Housing price performance (% annual performance)	2.9	-6.7	-0.3	5.6	-6.0	-3.3	4.8	0.8	0.5	7.5	3.9
Stibor 3M (%)	1.21	2.26	1.84	0.70	1.67	1.83	0.35	1.55	1.94	0.09	0.15

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

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

Scenarios	Allowances attributable to scenario (millions of SEK)	Changes in recognised probability-weighted allowances, %, 30 September 2022	Changes in recognised probability-weighted allowances, %, 31 December 2021
Negative scenario	18.4	17%	8%
Positive scenario	-1.7	-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. 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	09/2022	06/2022	03/2022	12/2021	09/2021
Business volume, millions of SEK	238,687	239,070	243,940	249,053	237,078
Capital and liquidity					
CET1 capital ratio	20.7%	20.5%	21.0%	21.4%	21.3%
Total capital ratio	20.7%	20.5%	21.0%	21.4%	21.3%
Total exposure measure	112,383	109,797	108,401	105,879	99,918
Leverage ratio	6.7%	6.8%	6.8%	6.9%	7.2%
Loan-to-deposit ratio	124%	121%	122%	122%	123%
LCR	269%	329%	253%	248%	225%
Net stable funding ratio (NSFR)	130%	128%	128%	127%	130%
Profit					
Cost/income ratio before credit losses	0.48	0.53	0.52	0.51	0.50
Cost/income ratio after credit losses	0.51	0.54	0.53	0.48	0.47
Return on equity	9.6%	8.4%	8.5%	9.8%	10.1%
Credit-impaired loans and credit losses					
Allowance ratio for stage 3 loans	15%	16%	16%	16%	16%
Net credit-impaired loans (stage 3) as a percentage of total loans to the general public	0.37%	0.31%	0.32%	0.33%	0.35%
Loan loss ratio excluding brokered volume	-0.04%	-0.01%	0.00%	0.07%	0.07%
Loan loss ratio including brokered volume	-0.04%	-0.01%	0.00%	0.06%	0.06%
Other disclosures					
Average number of employees	475	494	495	474	467

Financial ratio definitions are defined on page 32.

Quarterly comparison

Income statement	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Thousands of SEK					
Net interest income	431,249	320,545	294,064	307,645	293,420
Net fees and commissions	123,354	127,707	142,398	154,824	145,158
Net gain/loss from financial transactions	1,529	2,554	2,999	2,449	4,908
Other operating income	627	498	591	1,930	1,105
Total net interest income and operating income	556,759	451,303	440,052	466,848	444,591
General administrative expenses	-206,678	-213,944	-205,141	-227,721	-194,337
Depreciation and amortisation	-4,078	-3,981	-3,945	-3,897	-4,080
Other operating expenses	-17,819	-21,816	-22,931	-18,101	-17,794
Credit losses	-25,398	-8,498	-2,248	3,551	19,383
Total expenses	-253,973	-248,240	-234,265	-246,167	-196,827
Operating profit/loss	302,786	203,063	205,787	220,681	247,763
Taxes	-63,047	-42,576	-43,048	-43,415	-51,437
Profit/loss for the period	239,739	160,487	162,739	177,266	196,327

Balance sheet	30/09/2022	30/06/2022	31/03/2022	31/12/2021	30/09/2021
Thousands of SEK					
Loans to credit institutions	13,302,299	13,660,753	8,202,408	8,077,145	6,899,443
Loans to the general public	85,027,919	83,897,356	82,222,123	80,963,943	78,504,715
Fixed-income securities	7,597,382	6,717,399	6,175,432	5,835,316	5,246,542
Other assets	1,430,600	1,265,934	6,863,412	6,487,765	4,891,230
Total assets	107,358,201	105,541,442	103,463,375	101,364,170	95,541,931
Liabilities to credit institutions	1,087,001	970,680	1,581,654	1,137,759	1,079,419
Deposits from the general public	68,684,089	69,164,597	67,651,309	66,305,562	63,753,009
Securities issued	29,099,721	27,221,905	26,174,107	25,809,903	22,743,925
Other liabilities	482,984	416,262	406,559	357,952	388,868
Equity	8,004,407	7,767,998	7,649,746	7,752,995	7,576,710
Total liabilities, provisions and equity	107,358,201	105,541,442	103,463,375	101,364,170	95,541,931

Income statement

Income statement	Note	Q3 2022	Q2 2022	Change	Jan-Sep 2022	Jan-Sep 2021	Change	Full year 2021
Thousands of SEK								
Interest income		549,762	366,571	50%	1,245,926	1,006,104	24%	1,338,391
Interest expenses		-118,513	-46,026	157%	-200,069	-119,325	68%	-143,967
Net interest income	3	431,249	320,545	35%	1,045,857	886,780	18%	1,194,425
Fee and commission income	4	140,909	145,432	-3%	442,982	466,437	-5%	633,793
Fee and commission expenses	5	-17,555	-17,725	-1%	-49,523	-36,483	36%	-49,015
Net gain/loss from financial transactions	6	1,529	2,554	-	7,082	12,946	-45%	15,395
Other operating income		627	498	26%	1,716	2,095	-18%	4,025
Total net interest income and operating income		556,759	451,303	23%	1,448,114	1,331,774	9%	1,798,622
General administrative expenses		-206,678	-213,944	-3%	-625,763	-605,246	3%	-832,967
Depreciation of tangible assets		-4,078	-3,981	2%	-12,004	-12,290	-2%	-16,187
Other operating expenses		-17,819	-21,816	-18%	-62,566	-61,009	3%	-79,109
Total expenses before credit losses		-228,574	-239,742	-5%	-700,333	-678,545	3%	-928,263
Profit/loss before credit losses		328,185	211,561	55%	747,781	653,229	14%	870,359
Net credit losses	7	-25,398	-8,498	-	-36,145	51,870	-	55,422
Operating profit/loss		302,786	203,063	49%	711,636	705,099	1%	925,780
Tax on profit for the period		-63,047	-42,576	48%	-148,671	-146,557	1%	-189,972
Profit/loss for the period		239,739	160,487	49%	562,965	558,543	1%	735,809

Statement of comprehensive income	Q3 2022	Q2 2022	Change	Jan-Sep 2022	Jan-Sep 2021	Change	Full year 2021
Thousands of SEK							
Profit/loss for the period	239,739	160,487	49%	562,965	558,543	1%	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	-15,610	-53,193	-	-68,803	1,595	-	361
Tax attributable to items that may be reclassified to profit or loss for the period	3,216	10,958	-	14,173	-329	-	-74
Other comprehensive income for the period	-12,395	-42,235	-	-54,630	1,266	-	286
Comprehensive income for the period	390,083	118,252	230%	508,335	559,809	-9%	736,095

Balance sheet

Balance sheet	Note	30/09/2022	31/12/2021	Change	30/09/2021
Thousands of SEK					
Assets					
Cash		-	-	-	389
Treasury bills eligible for refinancing with central banks		2,606,201	2,113,490	492,712	2,015,155
Loans to credit institutions		13,302,299	8,077,145	5,225,154	6,899,443
Loans to the general public	8	85,027,919	80,963,943	4,063,976	78,504,715
Bonds and other fixed-income securities		4,991,181	3,721,827	1,269,354	3,231,388
Derivatives		1,019,856	65,622	954,234	5,163
Tangible assets		51,274	57,518	-6,244	56,306
Current tax assets		68,641	6,057,455	-5,988,814	4,561,639
Deferred tax assets		24,046	23,107	939	19,320
Other assets		102,829	107,352	-4,523	90,400
Prepaid expenses and accrued income		163,954	176,711	-12,757	158,014
Total assets		107,358,201	101,364,170	5,994,031	95,541,931
Liabilities, provisions and equity					
Liabilities to credit institutions		1,087,001	1,137,759	-50,758	1,079,419
Deposits from the general public	9	68,684,089	66,305,562	2,378,527	63,753,009
Debt securities issued and related items	10	29,099,721	25,809,903	3,289,818	22,743,925
Derivatives		9,808	3,042	6,766	1,168
Other liabilities		87,081	82,819	4,262	63,626
Accrued expenses and deferred income		247,406	138,048	109,359	205,638
Provisions	11	138,689	134,042	4,646	118,436
Total liabilities and provisions		99,353,795	93,611,175	5,742,620	87,965,221
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		-46,556	8,073	-54,630	9,054
Retained earnings		2,521,835	2,042,950	478,885	2,042,950
Profit/loss for the period		562,965	735,809	-172,844	558,543
Total		6,226,875	5,975,463	251,412	5,799,178
Total equity		8,004,407	7,752,995	251,412	7,576,710
Total liabilities, provisions and equity		107,358,201	101,364,170	5,994,031	95,541,931
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	-	-	-	-	-	562,965	562,965
Other comprehensive income for the period	-	-	-	-54,630	-	-	-54,630
Comprehensive income for the period	-	-	-	-	-	-	508,336
Balance at 30 September 2022	1,668,336	109,196	3,188,631	-46,556	2,521,835	562,965	8,004,406
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	-	-	-	-	-	558,543	558,543
Other comprehensive income for the period	-	-	-	1,266	-	-	1,266
Comprehensive income for the period	-	-	-	-	-	-	178,031
Balance at 30 September 2021	1,668,336	109,196	3,188,631	9,054	2,042,950	558,543	7,576,710

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-Sep 2022	Full year 2021	Jan-Sep 2021
Thousands of SEK			
Cash flows from operating activities			
Operating profit/loss	711,636	925,780	705,099
Net change in amortised cost for the period	96,875	106,039	77,681
Unrealised share of net gain from financial transactions	-14,891	-3,928	-3,692
Depreciation and amortisation	12,004	16,187	12,290
Credit losses	-41,407	-48,133	-46,169
Tax paid	-146,368	-154,433	-111,690
Cash flows from operating activities before changes in working capital	617,849	841,512	633,519
Cash flow from changes in working capital			
Increase/decrease in loans to the general public (-/+)	-4,948,627	-5,063,259	-2,545,276
Increase/decrease in securities (-/+)	-1,864,414	-480,306	117,462
Increase/decrease in deposits from the general public (+/-)	2,378,527	6,146,731	3,594,179
Increase/decrease in liabilities to credit institutions (+/-)	-50,758	64,225	5,885
Net change in other assets and liabilities	124,381	-19,780	61,897
Net cash from operating activities	-3,743,043	1,489,124	1,867,666
Cash flows from investing activities			
Disposal/redemption of financial assets	4,646	16,160	554
Transfer of excess liquidity to tax account	6,000,000	-700,000	800,000
Acquisition of tangible assets	-5,760	-12,879	-7,770
Net cash from investing activities	5,998,886	-696,719	792,784
Cash flows from financing activities			
Issue of fixed-income securities	7,599,465	6,091,567	2,804,988
Redemption of fixed-income securities	-4,373,231	-4,702,722	-4,461,500
Dividends paid	-256,924	-231,231	-231,231
Net cash from financing activities	2,969,311	1,157,614	-1,887,743
Cash flow for the period	5,225,154	1,950,020	772,707
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	13,302,299	8,077,145	6,899,832
The following subcomponents are included in cash and cash equivalents			
Cash	-	-	389
Loans to credit institutions	13,302,299	8,077,145	6,899,443
Balance sheet total	13,302,299	8,077,145	6,899,832
Short-term investments have been classified as cash and cash equivalents on the basis of the following criteria			
They have an insignificant risk of changes in value			
They are easily convertible to cash			
They have a maximum term of three months from their acquisition date			
Interest paid and dividends received included in net cash from operating activities			
Interest received	1,219,697	1,360,526	1,019,634
Interest paid including cost of deposit insurance and fee for resolution fund	-94,243	-205,123	-134,483

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), Finansinspektionens 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-Sep 2022	Jan-Sep 2021	Change	Full year 2021
Thousands of SEK				
Interest income				
Loans to credit institutions	26,694	71	-	113
Loans to the general public	1,214,013	1,034,241	17%	1,378,183
Fixed-income securities	21,086	3,227	554%	4,066
Derivatives	-15,865	-31,432	-50%	-43,968
Other interest income	-2	-2	-3%	-3
Total	1,245,926	1,006,104	24%	1,338,391
Interest expenses*				
Liabilities to credit institutions	-9,295	-8,298	12%	-12,157
Deposits from the general public	-52,409	-41,344	27%	-40,802
– fee for deposit insurance	-27,225	-31,727	-14%	-28,877
Fixed-income securities	-138,015	-69,682	98%	-91,007
Other interest expenses	-350	-1	-	-1
Total	-200,069	-119,325	68%	-143,967
Total net interest income	1,045,857	886,770	18%	1,194,425

*) The change in the resolution fee as per Note 1 resulted in the transfer of SEK 14.1m from net interest income to other expenses for Jan-Sep 2022. The corresponding amounts for Jan-Sep 2021 were SEK 13.7m and for full year 2021 were SEK 18.2m.

4 Fee and commission income

	Jan-Sep 2022	Jan-Sep 2021	Change	Full year 2021
Thousands of SEK				
Payment intermediation fees	56,399	45,981	23%	62,473
Loan commissions	67,619	85,667	-21%	115,661
Deposit commissions	64,299	61,933	4%	87,103
Commissions for financial guarantees issued	1,050	1,361	-23%	1,757
Securities commissions and fees	194,704	214,317	-9%	289,749
Other fees and commissions	58,909	57,177	3%	77,050
Total	442,982	466,437	-5%	633,793

5	Fee and commission expenses	Jan–Sep 2022	Jan–Sep 2021	Change	Full year 2021
Thousands of SEK					
	Payment intermediation fees	-31,021	-26,599	17%	-36,307
	Securities commissions and fees	-14,392	-6,018	139%	-7,318
	Other fees and commissions	-4,111	-3,867	6%	-5,390
	Total	-49,523	-36,483	36%	-49,015

6	Net gain/loss from financial transactions	Jan–Sep 2022	Jan–Sep 2021	Change	Full year 2021
Thousands of SEK					
	Fixed-income securities	3	4,084	-100%	4,106
	Other financial instruments	526	3,696	-86%	3,900
	Exchange rate fluctuations	6,553	5,166	27%	7,389
	Total	7,082	12,946	-45%	15,395

	Jan–Sep 2022	Jan–Sep 2021	Change	Full year 2021
Net gain/loss by valuation category				
Financial assets at fair value through other comprehensive income	3	4,084	-100%	4,106
Ineffective portion of fair value hedge	40	257	-84%	287
Derivatives intended for risk management, no hedge accounting	486	3,439	-86%	3,613
Change in fair value of derivatives used as hedging instruments in a fair value hedge	1,065,145	68,266	-	128,985
Change in fair value of hedged item attributable to the hedged risk in fair value hedges	-1,065,145	-68,266	-	-128,985
Exchange rate fluctuations	6,553	5,166	27%	7,389
Total	7,082	12,946	-45%	15,395

7	Net credit losses	Jan–Sep 2022	Jan–Sep 2021	Change	Full year 2021
Thousands of SEK					
Loans at amortised cost					
	Change in provisions – stage 1	-8,139	7,986	-	1,593
	Change in provisions – stage 2	-23,100	8,788	-	13,628
	Change in provisions – stage 3	-2,951	27,508	-	31,330
	Total	-34,190	44,282	-	46,551
	Net cost for the period for incurred losses	-7,129	-5,318	34%	-7,988
	The amount received for previously incurred credit losses	5,263	5,701	-8%	7,289
	Total credit losses on loans at amortised cost	-36,056	44,664	-	45,852
Loan commitments and financial guarantee contracts					
	Change in provisions – stage 1	2,137	-1,302	-	-1,114
	Change in provisions – stage 2	-2,174	5,483	-	6,248
	Change in provisions – stage 3	-52	3,025	-102%	4,435
	Total credit losses for loan commitments and financial guarantee contracts	-89	7,206	-101%	9,570
	Total credit losses	-36,145	51,870	-	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	16,703,712	492,659	5,318	17,201,689
Derecognised financial assets	-10,472,318	-450,721	-14,246	-10,937,285
Change in volume of existing loans	-1,189,815	-44,200	-5,654	-1,239,669
Transfers between stages during the period				
from stage 1 to stage 2	-1,711,346	1,711,346	-	-
from stage 1 to stage 3	-21,505	-	21,505	-
from stage 2 to stage 1	1,096,855	-1,096,855	-	-
from stage 2 to stage 3	-	-52,766	52,766	-
from stage 3 to stage 2	-	3,219	-3,219	-
from stage 3 to stage 1	2,677	-	-2,676	1
Exchange rate fluctuations	730	-	-	730
Gross carrying amount at 30 September 2022	81,942,101	3,853,561	369,007	86,164,669
Loss allowances				
Allowances at 1 January 2022	31,919	23,193	50,701	105,813
New financial assets	7,624	6,310	815	14,749
Derecognised financial assets	-2,876	-2,158	-7,166	-12,200
Change in volume of existing loans	45	-1,029	-307	-1,291
Changed risk variables (EAD, PD, LGD)	779	-6,246	1,649	-3,818
Changes in macroeconomic scenarios	9,830	11,389	748	21,967
Changes due to manual expert adjustments	-2,058	2,734	-	676
Changes due to updated models	-1,386	-1,429	-	-
Transfers between stages during the period				
from stage 1 to stage 2	-4,262	17,283	-	13,021
from stage 1 to stage 3	-61	-	4,790	4,729
from stage 2 to stage 1	460	-3,223	-	-2,763
from stage 2 to stage 3	-	-616	4,176	3,560
from stage 3 to stage 1	2	-	-174	-172
from stage 3 to stage 2	-	85	-297	-212
Allowances at 30 September 2022	40,016	46,293	54,935	141,244
Carrying amount				
Opening balance at 1 January 2022	77,501,193	3,267,684	264,513	81,033,390
Closing balance at 30 September 2022	81,902,085	3,807,268	314,072	86,023,425
Change in fair value of hedged amount in portfolio hedge				-995,506
Total				85,027,919

	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	-	-	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	17,201,988	282,953	2,094	17,487,035
Derecognised financial assets	-13,028,296	-688,124	-24,294	-13,740,714
Change in volume of existing loans	-1,162,310	-20,750	-14,475	-1,197,535
Transfers between stages during the period				
from stage 1 to stage 2	-1,410,053	1,410,053	-	-
from stage 1 to stage 3	-5,786	-	5,786	-
from stage 2 to stage 1	1,242,620	-1,242,620	-	-
from stage 2 to stage 3	-	-41,630	41,630	-
from stage 3 to stage 2	-	101,791	-101,791	-
from stage 3 to stage 1	55,459	-	-55,459	-
Exchange rate fluctuations	109	-	-	109
Gross carrying amount at 30 September 2021	74,609,666	3,681,494	329,951	78,621,111
Loss allowances				
Allowances at 1 January 2021	33,522	36,821	79,875	150,218
New financial assets	4,729	1,993	1,117	7,839
Derecognised financial assets	-3,788	-3,829	-6,777	-14,394
Change in volume of existing loans	-771	-1,445	-939	-3,155
Changed risk variables (EAD, PD, LGD)	616	-5,830	-9,164	-14,378
Changes in macroeconomic scenarios	-2,259	-1,832	29	-4,062
Changes due to updated models	-4,516	-4,007	-	-8,523
Transfers between stages during the period				
from stage 1 to stage 2	-	-	-	-
from stage 1 to stage 3	-2,482	8,868	-	6,386
from stage 2 to stage 1	-8	-	763	755
from stage 2 to stage 3	435	-2,340	-	-1,905
from stage 3 to stage 1	-	-802	4,336	3,534
from stage 3 to stage 2	58	-	-5,799	-5,741
Exchange rate fluctuations	-	434	-9,340	-8,906
Allowances at 30 September 2021	25,536	28,031	54,101	107,668
Carrying amount				
Opening balance at 1 January 2021	71,682,413	3,843,000	396,585	75,921,998
Closing balance at 30 September 2021	74,584,130	3,653,463	275,850	78,513,443
Change in fair value of hedged amount in portfolio hedge				-8,728
Total				78,504,715

Gross carrying amount and allowance by sector at 30 September 2022	Gross carrying amount	Allowance	Net carrying amount
Thousands of SEK			
Loans to the general public			
Private customers	46,866,295	24,805	46,841,490
Tenant-owners' associations	3,069,608	997	3,068,611
Corporate customers	36,228,766	115,442	36,113,324
Agriculture, fishing, forestry	7,207,849	12,099	7,195,750
Manufacturing	582,031	5,834	576,197
Public sector	902,358	1,896	900,462
Construction	2,213,403	6,009	2,207,394
Retail	1,481,456	10,773	1,470,683
Transport	671,285	7,446	663,839
Hotel and restaurant	505,128	1,529	503,599
Information technology	376,229	203	376,026
Banking and insurance	44,855	428	44,427
Property management	18,674,011	58,924	18,615,087
Service sector	1,962,225	2,928	1,959,297
Other loans to businesses	1,607,936	7,374	1,600,562
Loans to the general public	86,164,669	141,244	86,023,425
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 September 2021	Gross carrying amount	Allowance	Net carrying amount
Thousands of SEK			
Loans to the general public			
Private customers	43,523,414	14,299	43,509,116
Tenant-owners' associations	2,535,645	867	2,534,778
Corporate customers	32,562,052	92,502	32,469,550
Agriculture, fishing, forestry	7,116,017	6,078	7,109,940
Manufacturing	515,655	2,778	512,878
Public sector	899,104	2,852	896,253
Construction	2,011,270	3,827	2,007,443
Retail	1,428,208	12,950	1,415,258
Transport	592,436	4,572	587,863
Hotel and restaurant	452,176	2,934	449,242
Information technology	344,584	176	344,408
Banking and insurance	39,840	165	39,675
Property management	15,697,524	40,061	15,657,463
Service sector	1,872,297	1,591	1,870,705
Other loans to businesses	1,592,942	14,520	1,578,422
Loans to the general public	78,621,111	107,668	78,513,443

Gross carrying amount and allowance by stage	30 September 2022	31 December 2021	30 September 2021
Thousands of SEK			
Loans to the general public, private customers and tenant-owners' associations			
Stage 1			
Gross carrying amount	48,614,730	45,862,595	44,538,153
Loss allowances	8,362	1,883	2,037
Carrying amount	48,606,368	45,860,712	44,536,116
Stage 2			
Gross carrying amount	1,279,369	1,391,829	1,488,787
Loss allowances	8,339	3,972	3,984
Carrying amount	1,271,030	1,387,857	1,484,803
Stage 3			
Gross carrying amount	41,804	24,554	32,119
Loss allowances	9,101	7,633	9,145
Carrying amount	32,703	16,921	22,974
Total carrying amount, loans to private customers and tenant-owners' associations	49,910,101	47,265,490	46,043,893
Loans to the general public, corporate customers			
Stage 1			
Gross carrying amount	33,327,371	31,670,516	30,071,512
Loss allowances	31,654	30,036	23,497
Carrying amount	33,295,717	31,640,480	30,048,015
Stage 2			
Gross carrying amount	2,574,192	1,899,050	2,192,708
Loss allowances	37,954	19,221	24,048
Carrying amount	2,536,238	1,879,829	2,168,660
Stage 3			
Gross carrying amount	327,203	290,659	297,832
Loss allowances	45,834	43,068	44,957
Carrying amount	281,369	247,591	252,875
Total carrying amount, loans to corporate customers	36,113,324	33,767,900	32,469,550
Gross carrying amount – stage 1	81,942,101	77,533,111	74,609,665
Gross carrying amount – stage 2	3,853,561	3,290,879	3,681,495
Gross carrying amount – stage 3	369,007	315,213	329,951
Total gross carrying amount	86,164,669	81,139,203	78,621,111
Stage 1 loss allowance	40,016	31,919	25,534
Stage 2 loss allowance	46,293	23,193	28,032
Stage 3 loss allowance	54,935	50,701	54,102
Total loss allowances	141,244	105,813	107,668
Total carrying amount, loans to the general public	86,023,425	81,033,390	78,513,443
Gross stage 3 loans in %	0.43%	0.39%	0.42%
Net stage 3 loans in %	0.37%	0.33%	0.35%
Ratio of loss allowances to stage 1 loans	28%	30%	24%
Ratio of loss allowances to stage 2 loans	33%	22%	26%
Ratio of loss allowances to stage 3 loans	39%	48%	50%
Allowance ratio for stage 1 loans	0.05%	0.04%	0.03%
Allowance ratio for stage 2 loans	1.20%	0.70%	0.76%
Allowance ratio for stage 3 loans	15%	16%	16%
Total allowance ratio for loans	0.16%	0.13%	0.14%

9	Deposits from the general public	30/09/2022	31/12/2021	30/09/2021
Thousands of SEK				
The general public				
	– Swedish currency	67,949,600	65,446,047	62,942,231
	– foreign currency	734,489	859,515	810,778
	Total	68,684,089	66,305,562	63,753,009
Deposits per customer category, excluding bank cheques				
	Public sector	2,571,493	2,375,259	2,592,187
	Corporate sector	13,926,550	15,301,134	13,475,968
	Retail sector	51,062,471	47,900,172	47,163,806
	– sole proprietors	7,280,948	7,151,205	6,889,153
	Other sectors	1,101,579	699,719	490,746
	Total	68,662,093	66,276,284	63,722,707

10	Debt securities issued and related items	30/09/2022	31/12/2021	30/09/2021
Thousands of SEK				
	Certificates of deposit	399,059	499,939	499,949
	Bond loans	4,406,651	5,409,924	5,411,437
	Covered bonds	23,294,949	18,901,315	15,833,926
	MREL bond	999,062	998,725	998,612
	Total	29,099,721	25,809,903	22,743,925
Changes during the period				
	Issued	7,599,465	6,091,567	2,804,988
	Repurchased	-1,592,000	-1,133,000	-1,133,000
	Matured	-2,717,647	-3,498,565	-3,277,964
	Change	3,289,818	1,460,002	-1,605,976

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	1,878	1,374	3	3,255
Financial guarantees and loan commitments that are past due	-2,102	-384	-141	-2,627
Changes due to changed loan commitments and similar items	-207	194	-21	-34
Changed risk variables (EAD, PD, LGD)	290	-282	99	107
Changes in macroeconomic scenarios	1,160	636	4	1,800
Changes due to manual expert adjustments	-2,834	289	-	-2,545
Changes due to updated models	-174	-108	-	-282
Transfers between stages during the period				
from stage 1 to stage 2	-202	737	-	535
from stage 1 to stage 3	-	-	43	43
from stage 2 to stage 1	54	-268	-	-214
from stage 2 to stage 3	-	-14	70	56
from stage 3 to stage 1	-	-	-6	-6
from stage 3 to stage 2	-	-	-	-
Allowances at 30 September 2022	6,727	5,435	9,790	21,952
Provisions for pensions				96,814
Other provisions				19,923
Total				138,689
Allowances at 1 January 2021	7,745	9,512	14,175	31,432
New loan commitments and financial guarantees	2,480	259	56	2,795
Financial guarantees and loan commitments that are past due	-1,624	-2,006	-3,590	-7,220
Changes due to changed loan commitments and similar items	-81	-409	-153	-643
Changed risk variables (EAD, PD, LGD)	-	-1,097	43	-1,054
Changes in macroeconomic scenarios	-558	-836	-	-1,394
Changes due to manual expert adjustments	932	-2,206	-	-1,274
Changes due to updated models	-	-	-	-
Transfers between stages during the period				
from stage 1 to stage 2	-70	345	-	275
from stage 1 to stage 3	-	-	-	-
from stage 2 to stage 1	38	-294	-	-256
from stage 2 to stage 3	-	-15	165	150
from stage 3 to stage 1	2	-	-910	-908
from stage 3 to stage 2	-	8	-47	-39
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	2,588	280	111	2,979
Financial guarantees and loan commitments that are past due	-1,189	-1,662	-3,043	-5,894
Changes due to changed loan commitments and similar items	-329	-887	437	-779
Changed risk variables (EAD, PD, LGD)	16	-893	59	-818
Changes in macroeconomic scenarios	-413	-374	-	-787
Changes due to manual expert adjustments	646	-2,063	-	-1,417
Changes due to updated models	-	-	-	-
Transfers between stages during the period			-	
from stage 1 to stage 2	-50	208	-	158
from stage 1 to stage 3	-	-	-	-
from stage 2 to stage 1	35	-231	-	-196
from stage 2 to stage 3	-	-4	177	-
from stage 3 to stage 1	-	-	-13	-13
from stage 3 to stage 2	-	142	-753	-
Allowances at 30 September 2021	9,049	4,028	11,150	24,227
Provisions for pensions				78,532
Other provisions				15,677
Total				118,436

12 Derivatives	30/09/2022	31/12/2021		30/09/2021		
		Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount
The bank uses financial hedges to protect itself from interest rate and currency risks. Derivative instruments comprise interest rate swaps, interest rate caps and currency forwards.						
Thousands of SEK						
Derivative instruments with positive fair values						
Fixed-income contracts	19,895,000	1,009,848	18,140,000	62,415	16,495,000	3,861
Currency contracts	190,873	10,008	173,669	3,207	30,351	1,302
Total derivative instruments with positive fair values	20,085,873	1,019,856	18,313,669	65,622	16,525,351	5,163
Derivative instruments with negative fair values						
Fixed-income contracts	-	-	-	-	-	-
Currency contracts	190,841	9,808	168,393	3,042	30,339	1,168
Total derivative instruments with negative fair values	190,841	9,808	168,393	3,042	30,339	1,168

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

30 September 2022	Carrying amount				Fair value
	Fair value	Amortised cost	Fair value through other comprehensive income		
Thousands of SEK			Debt instruments	Equity instruments	
Cash and balances at central banks	-	-	-	-	-
Treasury bills eligible for refinancing with central banks	-	-	2,606,201	-	2,606,201
Loans to credit institutions	-	13,302,299	-	-	13,302,299
Loans to the general public	-	85,027,919	-	-	84,009,996
Bonds and other fixed-income securities	-	-	4,991,181	-	4,991,181
Derivatives	1,019,856	-	-	-	1,019,856
Other assets	-	102,828	-	-	102,828
Accrued income	-	134,470	-	-	134,470
Total	1,019,856	98,567,517	7,597,382	-	106,166,832
Liabilities to credit institutions	-	1,087,001	-	-	1,087,001
Deposits from the general public	-	68,684,089	-	-	68,669,773
Securities issued	-	29,099,721	-	-	29,099,721
Derivatives	9,808	-	-	-	9,808
Other liabilities	-	75,148	-	-	75,148
Accrued expenses	-	243,554	-	-	243,554
Total	9,808	99,189,513	-	-	99,185,004

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

30 September 2021	Carrying amount		Fair value		Fair value through other comprehensive income
	Fair value	Amortised cost	Debt instruments	Equity instruments	
Thousands of SEK					
Cash and balances at central banks	-	389	-	-	389
Treasury bills eligible for refinancing with central banks	-	-	2,015,155	-	2,015,155
Loans to credit institutions	-	6,899,443	-	-	6,899,443
Loans to the general public	-	78,504,715	-	-	78,562,421
Bonds and other fixed-income securities	-	-	3,231,388	-	3,231,388
Derivatives	5,163	-	-	-	5,163
Other assets	-	86,051	-	-	86,051
Accrued income	-	134,019	-	-	134,019
Total	5,163	85,624,618	5,246,542	-	90,934,029
Liabilities to credit institutions	-	1,079,419	-	-	1,079,419
Deposits from the general public	-	63,753,009	-	-	63,753,356
Securities issued	-	22,743,925	-	-	22,743,925
Derivatives	1,168	-	-	-	1,168
Other liabilities	-	58,476	-	-	58,476
Accrued expenses	-	202,429	-	-	202,429
Total	1,168	87,837,258	-	-	87,838,773

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

30/09/2022

Thousands of SEK	Level 1	Level 2	Level 3	Total
Treasury bills eligible for refinancing with central banks	2,606,201	-	-	2,606,201
Bonds and related items	4,991,181	-	-	4,991,181
Other assets – derivatives	-	1,019,856	-	1,019,856
Total	7,597,382	1,019,856	-	8,617,238
Other liabilities – derivatives	-	9,808	-	9,808
Total	-	9,808	-	9,808

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

30/09/2021

Thousands of SEK	Level 1	Level 2	Level 3	Total
Treasury bills eligible for refinancing with central banks	2,015,155	-	-	2,015,155
Bonds and related items	3,231,388	-	-	3,231,388
Other assets – derivatives	-	5,163	-	5,163
Total	5,246,542	5,163	-	5,251,705
Other liabilities – derivatives	-	1,168	-	1,168
Total	-	1,168	-	1,168

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

	30/09/2022	31/12/2021	30/09/2021
Thousands of SEK			
Pledged assets			
Loans *	30,268,650	24,396,971	20,541,742
Bonds and other fixed-income securities	-	1,119,473	1,111,910
Other pledged assets	121,814	93,146	78,532
Contingent liabilities	439,279	576,933	593,615
Commitments	9,909,524	10,784,799	12,067,798

* 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 8 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, sparbankskane.se.

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

	30/09/2022	31/12/2021	30/09/2021
Available capital base (amount)			
1 CET1 capital	7,500,895	7,319,527	7,139,587
2 Tier 1 capital	7,500,895	7,319,527	7,139,587
3 Total capital	7,500,895	7,319,527	7,139,587
Risk-weighted exposure amounts			
4 Total risk-weighted exposure amount	36,299,618	34,258,263	33,585,843
Capital ratios (as a percentage of the risk-weighted exposure amount)			
5 CET1 capital ratio (in %)	20.7%	21.4%	21.3%
6 Tier 1 capital ratio (in %)	20.7%	21.4%	21.3%
7 Total capital ratio (in %)	20.7%	21.4%	21.3%
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%

		30/09/2022	31/12/2021	30/09/2021
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	1.0%	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 %)	3.5%	2.5%	2.5%
EU 11a	Overall capital requirement (in %)	13.7%	12.7%	12.6%
12	Available CET1 capital after meeting total capital base requirements for supervisory review and evaluation process (in %)	7.0%	8.7%	8.7%
Leverage ratio				
13	Total exposure measure	112,383	105,879	99,918
14	Leverage ratio (in %)	6.7%	6.9%	7.2%
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)	5,186	4,071	3,989
EU 16a	Liquidity outflows – total weighted value	7,935	6,907	6,701
EU 16b	Liquidity inflows – total weighted value	10,760	7,025	6,324
16	Total net liquidity outflows (adjusted value)	1,984	1,740	1,688
17	LCR (in %)	269.5%	247.6%	224.6%
NSFR				
18	Total available stable funding	91,199	87,860	84,591
19	Total required stable funding	70,381	69,211	65,167
20	NSFR (in %)	129.6%	126.9%	129.8%

Additionally, the general guidelines stipulate that disclosures pursuant to FFS 2014:12 Chapter 8 Section 1 shall be included. Herein it is stipulated that information on the total capital requirement and the total capital base shall be presented on a collective basis.

Capital requirement, thousands of SEK	30/09/2022	31/12/2021	30/09/2021	30/09/2022	31/12/2021	30/09/2021
Pillar 1 capital requirement	4,174,649	3,597,118	3,526,513	11.5%	10.5%	10.5%
- buffer requirement	1,270,680	856,457	839,646	3.5%	2.5%	2.5%
Pillar 2 capital requirement	803,420	741,233	674,402	2.2%	2.2%	2.0%
Total capital requirement	4,978,069	4,338,351	4,200,915	13.7%	12.7%	12.5%
Capital base	7,500,895	7,319,527	7,139,587			

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.

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

Lund, 25 October 2022

Rasmus Roos
CEO

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.

Net stable funding ratio (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.



Sparbanken Skåne AB (publ)
Box 204
221 00 Lund
Phone: +46 (0)771-12 20 00
sparbankenskane.se