



January–March 2020 Interim Report for Sparbanken Skåne AB (publ)

Lund, 29 April 2020

The COVID-19 pandemic hit the Skåne community hard. The economic strains on Sparbanken Skåne's home market already left a clear mark in the first quarter of 2020. The bank is well equipped to cope with times like these, and its highest priority now is supporting its customers through the crisis.



Sparbanken
Skåne





Q1 financial summary, January–March 2020

- The bank's operating profit for the quarter was SEK 111m (82).
- Operating profit excluding goodwill amortisation for the January–March period totalled SEK 111m (189).
- Net interest income increased by 14% to SEK 301m (264).
- Net fee and commission income amounted to SEK 118m (125).
- Expenses excluding goodwill amortisation increased to SEK -218m (-206), primarily as a result of higher IT expenses.
- Credit losses amounted to SEK -97m (-2) because of increased allowances as a result of the COVID-19 pandemic.
- Business volume was down in the quarter, totalling SEK 198bn (205 at December 2019). This decrease was primarily due to the stock market decline during the quarter.
- Both the capital ratio and the tier 1 capital ratio amounted to 19.3% (19.7% in December 2019).
- The LCR amounted to 315% (186% in December 2019).

(Comparative figures in parentheses refer to Q1, January–March 2019 unless otherwise specified)

Key events in Q1

- The outbreak of the COVID-19 pandemic impacts all of society. The bank is financially stable, and its highest priority is supporting its customers through the crisis. COVID-19 had a noticeable but limited impact on the bank's profit during the quarter. We will not see the full financial impact of the pandemic until the coming quarters.
- In total, the bank reported SEK 97m in credit losses for the quarter, primarily comprising loss allowances made as a result of the change in market conditions following the outbreak of the pandemic.
- The bank's organisation has been realigned to help more customers digitally. Increasingly, customers are choosing to do their banking via the Internet Bank and app and to replace in-person contacts with communications over the internet and phone.
- The board of directors withdrew its proposed dividend to shareholders prior to the AGM in March. The board plans to call an extraordinary general meeting once international and national market conditions have stabilised in order to resolve on a dividend. The bank's dividend has a significant social value because of the foundation owners' grants to local community development in sports, culture, research and similar areas.
- Board Chair Bertil Engström has announced that he will decline re-election at the 2021 AGM. CEO Bo Bengtsson will continue to serve as CEO until the 2021 AGM, when he is willing to stand for election as the new board chair. Recruitment of a new CEO has begun.
- Standard & Poor's upgraded Sparbanken Skåne's credit rating in February from A- with a stable outlook to A with a stable outlook. This rating gives an additional boost to the bank's competitiveness.

The bank stands strong in a trying time

The financial consequences of the COVID-19 pandemic appear to be extensive in Skåne. The impact on Sparbanken Skåne's profit for the quarter was noticeable but limited. The bank is well equipped to cope with times like these, and its highest priority is supporting its customers through the crisis.

The spread of COVID-19 poses a challenge to our entire society. At present, it is impossible to fully foresee the consequences in terms of health implications and financial impact. Many people have already been laid off from companies because of diminished demand, which, by extension, impacts personal finances.

The controlled economic slowdown we saw ahead of us at the start of 2020 has been replaced with something akin to a screeching halt to the economy. This is an extraordinary situation for society, the likes of which our generation has never seen before.

Sparbanken Skåne's role in the crisis

Sparbanken Skåne's policy is to follow government guidelines on the pandemic and adapt them to our business. Our strong financial position provides us the opportunity to support our private and corporate customers and to help alleviate the financial impact they are experiencing as a result of the crisis, in both the short and long term.

We are currently in contact with customers who are concerned about the economy. Together, we will find the best solutions to any problems that may arise. To provide relief for residential mortgage customers, such as those who perhaps lost their job and are in an adverse personal financial situation due to the pandemic, we have introduced the option to apply for a 12-month forbearance period for principal payments on residential mortgages (principal payments on mortgages are generally referred to as "amortisation" in Swedish contexts).

The bank strengthened its organisation in key areas and realigned its staffing to help more customers digitally. Naturally, we are monitoring the decisions of the national government and regulators; we are also analysing the opportunities and effects of the various support packages that are in the process of being established.

The bank's board of directors resolved to withdraw its proposed dividend to shareholders prior to the annual general meeting (AGM) in March. The background of this decision was the significant market uncertainty caused by the outbreak of the pandemic. The decision to withdraw the proposed dividend creates greater financial breathing room.

Our priority is helping our customers through the crisis. We know that the best way to do this is on the basis of individual circumstances and needs – and that we must be proactive, professional and sustainable in the way we do this.

Decreased business volume but stable earnings

The Stockholm Stock Exchange experienced a decline in February and March. This decline had a negative impact on the bank's fund and securities volumes, resulting in a 3 percent decrease in business volume to SEK 198bn during the quarter.

Net interest income performed well, and the days of negative repo rates from the Swedish central bank came to an end in January. Sparbanken Skåne's net interest income for the quarter totalled SEK 301m, a 14 percent year-on-year increase.

We estimate that credit losses will increase during the year. However, the bank is well prepared for this and recognised the loss allowances in the first quarter on the basis of the changed macroeconomic scenario, estimated provisions for particularly exposed industries and provisions for the risk exposures identified during the period.

The total amount of credit losses recognised including loss allowances was SEK 97m. We expect to have a clearer picture of the pandemic's impact on our loan portfolio in the coming quarters.

The bank's other expenses were as expected. Profit before tax totalled SEK 111m, which was comparable to the SEK 189m profit excluding goodwill amortisation reported for the same quarter of the previous year. The goodwill item was fully amortised in summer 2019, which means direct profit comparisons with the previous year will be possible starting in the second half of this year.

Credit rating agency Standard & Poor's Global Ratings upgraded Sparbanken Skåne's credit rating in February from A- with a stable outlook to A with a stable outlook. This rating is a testament to the financial stability we built up over time and gives an additional boost to our competitiveness primarily in the capital market.

International uncertainty

The strong performance of the bank's residential mortgage portfolio continued at the start of the year, but signals came in March that the COVID-19 pandemic had begun to impact market activity. However, no dramatic change in prices has been noticeable in Skåne.

We also talked to many customers during the period who were concerned about their savings. Several chose to sell securities holdings and switch to savings accounts when the stock markets tanked. We are engaging in close customer contact in the corporate segment as well. The hospitality industry, including restaurants, and retail are especially fraught with turbulence as major challenges are expected in the months ahead. We will support our customers in making smart and sustainable decisions on the basis that robust companies will be able to overcome short-term difficulties.

According to the spring edition of the Agricultural Barometer (Lantbruksbarometern), the agricultural sector in particular has great confidence in the future of southern Sweden. The COVID-19 crisis did not seem to have an immediate negative impact in this sector. On the contrary, there are signs that the community is increasingly choosing Swedish-produced food.

Management and board succession

In conjunction with the AGM, Board Chair Bertil Engström announced that he will remain in office for one more year but will decline re-election at the 2021 AGM. In light of this, I am willing to stand for election as the new board chair if selected by the nomination committee.

The plan has the support of all the bank's owners, and we look forward to a secure management and board succession to retain expertise and experience. Efforts to recruit a new CEO are underway.

Finally, I would like to put the spotlight on our community involvement in collaboration with the foundation owners. The foundations can use previous surpluses from the bank for community development projects. During the quarter, we worked together to distribute 44 new defibrillators throughout the region in close collaboration with local clubs and associations. We also launched a new joint initiative called Blixtstödet, which financially supports groundbreaking charitable ideas to help people during these trying times.

Bo Bengtsson
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.

Business volume

The comparative figures are for the volume at 31 December 2019.

The bank's total business volume at 31 March 2020 was SEK 197,624m (204,707), a 3 percent decrease during the quarter. The change is primarily due to a decrease in the market values of the brokered fund volume caused by the stock market decline and a net outflow of SEK 1.3bn during the quarter. However, the lending volume and increased deposits had a positive impact on business volume. Much of the increase in deposits was a result of customers selling fund units.

Deposits from the general public were up 3 percent, totalling SEK 54,903m (53,120). Both private and corporate deposit volume increased during the quarter. Much of the increase was attributable to customers selling fund units in March.

The market value of the total brokered fund and insurance volume was SEK 35,516m (42,162). The major reason for the volume decreases was the negative stock market trend in March. During the quarter, we had substantial negative net savings in funds (SEK 1.3bn).

The previous year's positive performance of loans to the general public continued into the quarter. Loans to the general public at 31 March 2020 totalled SEK 73,577m (71,903). This increase was the result of moving residential mortgages from the brokered volume to loans on the bank's balance sheet and issuing new loans to both private and corporate customers. The bank's loans continued to maintain excellent credit quality. However, the bank's loss allowances for expected credit losses increased significantly during the quarter. This was caused by uncertainty primarily in certain corporate sectors due to the COVID-19 pandemic. For more information, see also "Credit quality and allowances" below.

The total loan portfolio brokered to Swedbank Hypotek at 31 March 2020 amounted to SEK 15,044m (15,892).

Credit quality and allowances

The loss allowance for expected credit losses on loans to the general public nearly doubled, now totalling SEK 204m (106). The stage 1 loss allowance increased to SEK 25m (19), which was primarily due to the impact of the updated macroeconomic scenario. The stage 2 (loans with a significant increase in credit risk) loss allowance increased to SEK 40m (30). The greatest increase is in the stage 3 (credit-impaired loans) loss allowance, which amounted to SEK 139m (57).

The cumulative impact of the updated macroeconomic scenario is an SEK 15m increase in loss allowances. This also includes loss allowances in the form of provisions.

As a result of the aforementioned loss allowance increase, credit losses rose sharply, amounting to SEK -97m (-2) for the first quarter. With few exceptions, the large allowances for expected credit losses are related to companies, not private customers. Several industries have had difficulties. The bank estimates the greatest loss allowance needs are in hospitality, but the restaurant, manufacturing, transport and retail sectors were also hit. No elevated risk is estimated for other industries at this time. For information about the allowance levels in each industry, please see Note 8.

The credit losses were mainly impacted by the increase in allowances for stage 3 credit losses. The SEK 82m increase largely comprised individual major risk exposures identified during the period.

The bank's estimate of loss allowance needs is based on an economic recovery in the second half of 2020.

The net cost for incurred losses during the period is at par (SEK 3m) with the first quarter of 2019.

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

Funding and liquidity

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

During the quarter, both liquidity and funding were impacted by the global turbulence caused by COVID-19. Liquidity was up for the quarter primarily due to an increase in deposits from the general public. As the stock market turbulence began in March, many of the bank's customers moved their savings from funds to deposits. Deposits increased by 3 percent in the quarter, amounting to SEK 54,903m.

The Swedish capital market was also impacted by the COVID-19 situation. At times, it was very difficult to issue bonds and certificates of deposit on the Swedish capital market. However, the market recovered somewhat at the end of the period and after the start of the second quarter. The bank issued new bonds and also renewed bonds and certificates of deposit during the quarter.

The bank's outstanding covered bonds increased by a nominal amount of SEK 3,000m during the quarter. Outstanding senior bonds, MREL bonds and certificates of deposit remained unchanged.

The bank's outstanding bonds at 31 March amounted to SEK 7,300m in MTN programme bonds and SEK 15,000m in covered bonds. Outstanding certificates of deposit totalled SEK 950m. The changes during the quarter are disclosed in Note 10 Debt securities issued and related items.

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

In December 2019, Riksgälden (the Swedish National Debt Office) adopted its annual plans for how banks and other institutions in Sweden should be managed in the event of a financial crisis. Nine Swedish institutions are currently classified as systemically important and Sparbanken Skåne is one of them. Riksgälden also resolved that the minimum requirement for own funds and eligible liabilities (MREL), which is applicable to Sparbanken Skåne as of 2020, is 7.5 percent of the bank's total liabilities and capital base, half of which must be subordinated liabilities. Sparbanken Skåne is well prepared and will be able to meet the requirements stipulated well in advance.

On 7 April 2020, Riksgälden announced an extension of the subordination phase-in period for banks to meet MREL with own funds and subordinated liabilities from 2022 to 2024.

The bank's liquidity reserves at 31 March 2020 amounted to SEK 9,257m (7,104). The liquidity reserves increased during the quarter, primarily because of higher cash and cash equivalents at the end of the period due to an increase in deposits from the general public and the issue of a covered bond during the period. At 31 March, the liquidity reserves consisted of assets that can generate liquidity quickly at predictable values. The bank's liquidity reserves are calculated in compliance with Finansinspektionen's Regulations Regarding Management of Liquidity Risks in Credit Institutions and Investment Firms (FFFS 2010:7). These assets 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 because the next bond maturity date is not until October 2020.

The bank's liquidity coverage ratio (LCR) was very solid and amounted to 315 percent (186 at 31 December 2019).

The loan-to-deposit ratio at 31 March 2020 was 134 percent (135 at year-end 2019).

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

Rating

Sparbanken Skåne's credit rating from credit rating agency S&P Global was upgraded during the quarter to 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+.

Profit

The comparative figures refer to the January–March 2019 period.

Operating profit for the first quarter of 2020 amounted to SEK 111m (82). Goodwill amortisation had a negative impact on profit totalling SEK 107m in the comparative period. Operating profit for the quarter was in line with expectations except for the large credit allowances commented on above. The 14 percent year-on-year improvement in net interest income and continued effective cost controls gave the bank healthy earnings before credit losses.

Net interest income improved by 14 percent year-on-year, amounting to SEK 301m (264). The lending volume gains had a positive impact on net interest income during the quarter, as did the market interest rate hike.

The resolution fee and deposit insurance were charged to net interest income in the amount of SEK -14m (-17).

Fee and commission income for the period totalled SEK 133m (139). Loan commissions amounted to SEK 22m (33) and are mainly attributable to commissions from Swedbank Hypotek. The drop in loan commissions is due to a decrease in the volume brokered to Swedbank Hypotek. Securities commissions and fees amounted to SEK 54m (52). Other fee and commission income totalled SEK 57m (55).

General administrative expenses were up year-on-year, totalling SEK 195m (182). Personnel expenses amounted to SEK 112m (113), and IT expenses were SEK 52m (42).

Depreciation of tangible assets totalled SEK 5m (6). Amortisation of intangible assets (goodwill) for the comparative period was SEK 107m.

Profit for the period after appropriations and tax totalled SEK 87m (60).

Capital ratio

The capital base increased by SEK 118m during the quarter, putting the total value of the capital base on 31 March 2020 at SEK 6,408m (6,290 at year-end).

The total Risk Exposure Amount (REA) increased due to the growth in lending, amounting to SEK 33,164m (31,919 at year-end).

The credit risk REA at 31 March 2020 totalled SEK 27,375.

SEK 7,691m of this item was calculated using the standardised approach to credit risk and SEK 19,684m was calculated using the Internal Ratings-Based (IRB) approach to credit risk.

The risk-weight floor REA increased as residential mortgages were transferred from brokered loans to loans in the bank's own portfolio and amounted to SEK 3,559m (2,687 at year-end). Another reason for this increase was that the bank's residential mortgage commitments are now treated as secured by residential properties, making them subject to the risk weight floor.

The REA for operational risk at 31 March 2020 amounted to SEK 2,164m (2,049 at year-end).

This put the total capital ratio and CET1 capital ratio at 19.3 percent at 31 March 2020 (19.7 at year-end). The bank's capital situation thus remains strong.

Finansinspektionen resolved to reduce the countercyclical capital buffer requirement to 0% (2.5).

The leverage ratio at 31 March 2020 amounted to 7.2 percent (7.5 at year-end). For more information about capital adequacy calculations, see Note 15, Capital adequacy analysis.

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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, Sparbanken Skåne implements the methods and procedures required to manage the risks associated with its activities.

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

In March, the COVID-19 pandemic spread to and impacted most countries of the world. Demand for many goods and services fell sharply and deliveries of intermediate inputs and parts were impacted. Stock markets have seen major losses, and there is great economic turbulence. How extensive this pandemic will be going forward is very difficult to estimate. The bank will follow developments carefully. With respect to allowances for credit losses, the bank's estimate of loss allowance needs is based on an economic recovery in the second half of 2020. If we end up in a more negative scenario, the bank's estimate of loss allowance needs could result in additional credit allowances in the second quarter.

The bank's direct losses attributable to operational risk remained low in the first quarter of 2020. 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.

Other events during the quarter

On 23 March, the Board of Directors of Sparbanken Skåne announced a decision to withdraw its proposed dividend for the 2020 AGM. The background of this decision was the significant market uncertainty caused by the spread of the new coronavirus.

The board plans to call an extraordinary general meeting once international and market conditions have stabilised in order to resolve on a dividend.

All of the board's directors were re-elected at the 23 March AGM. However, Board Chair Bertil Engström and CEO Bo Bengtsson announced they will resign their current appointments with the bank as of the 2021 AGM.

Bo Bengtsson also announced that he is willing to stand for election as the new board chair of Sparbanken Skåne at the next AGM if selected by the nomination committee and that efforts to recruit a new CEO for Sparbanken Skåne have been initiated.

Events after the reporting period

On 14 April, Finansinspektionen resolved on new general guidelines for exemption from amortisation requirements. The exemption gives residential mortgage borrowers more breathing room in the uncertain times caused by the spread of the COVID-19.

Prior to the new general guidelines, the bank already noticed increased enquiries from customers about forbearance on principal payments based on the extended possibilities for exemption from amortisation requirements. In consideration of the low interest rates and the low average LTV ratio of the residential mortgage volume, loss allowance needs are currently considered manageable under the updated macroeconomic scenario.

In April, the bank signed an agreement with Riksgälden to offer corporate customers loans with a government loan guarantee.

Financial ratios	3/2020	12/2019	9/2019	6/2019	3/2019
Volume					
Business volume, millions of SEK	197,510	204,707	199,719	198,948	194,933
Capital and liquidity					
CET1 capital ratio	19.3%	19.7%	19.4%	19.7%	20.0%
Total capital ratio	19.3%	19.7%	19.4%	19.7%	21.7%
Leverage ratio	7.2%	7.5%	7.3%	7.4%	7.6%
Loan-to-deposit ratio	1.34	1.35	1.32	1.29	1.29
LCR	315%	186%	215%	216%	186%
NSFR	132%	130%	130%	130%	133%
Profit					
Cost/income ratio before credit losses	0.51	0.61	0.64	0.73	0.79
Cost/income ratio after credit losses	0.74	0.61	0.64	0.73	0.79
Cost/income ratio after credit losses excluding dividends, capital gains and goodwill amortisation	0.74	0.50	0.50	0.52	0.52
Return on equity	5.3	7.8	7.3	5.5	4.2
Return on equity excluding dividends, capital gains and goodwill amortisation	5.3	9.8	10.0	9.6	9.6
Credit-impaired loans and credit losses					
Provision ratio for stage 3 loans	34%	32%	31%	29%	33%
Net credit-impaired loans (stage 3) as a percentage of total loans to the general public	0.36%	0.17%	0.18%	0.21%	0.18%
Loan loss ratio excluding brokered volume	-0.1%	0.0%	0.0%	0.0%	0.0%
Loan loss ratio including brokered volume	-0.1%	0.0%	0.0%	0.0%	0.0%
Other disclosures					
Average number of employees	499	469	463	495	505

The financial ratios are defined on page 30.

Quarterly comparison

Income statement	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Thousands of SEK					
Net interest income	301,417	280,852	282,526	279,604	264,146
Dividends received	760	-	-	-	630
Net fees and commissions	118,189	124,642	123,359	122,146	124,991
Net gain/loss from financial transactions	5,255	5,811	2,651	-938	5,192
Other operating income	812	669	648	760	1,045
Total net interest income and operating income	426,433	411,974	409,184	401,572	396,004
General administrative expenses	-194,780	-194,993	-176,176	-195,963	-182,122
Depreciation and amortisation	-4,765	-5,621	-6,014	-63,320	-112,966
Other expenses	-18,240	-15,571	-10,749	-12,359	-17,572
Credit losses	-97,177	6,218	2,882	5,644	-1,697
Total expenses	-314,962	-209,967	-190,057	-265,998	-314,357
Operating profit/loss	111,471	202,007	219,127	135,574	81,647
Taxes	-24,320	-39,850	-47,685	-31,853	-21,568
Profit/loss for the period	87,151	162,157	171,442	103,721	60,079

Balance sheet	31/03/2020	31/12/2019	30/09/2019	30/06/2019	31/03/2019
Thousands of SEK					
Loans to credit institutions	5,125,264	2,906,020	3,612,812	3,149,997	3,000,888
Loans to the general public	73,577,301	71,903,208	69,629,495	68,452,723	66,275,104
Fixed-income securities	4,830,283	4,885,429	4,691,625	5,135,782	4,738,813
Goodwill	-	-	-	-	57,241
Other assets	1,988,310	803,648	1,495,166	2,158,972	935,393
Total assets	85,521,158	80,498,305	79,429,098	78,897,474	75,007,439
Liabilities to credit institutions	64,815	60,482	65,904	97,775	78,843
Deposits from the general public	54,903,124	53,120,408	52,600,156	52,954,823	51,529,149
Debt securities issued and subordinated liabilities	23,477,595	20,426,649	19,939,533	19,187,801	16,883,665
Other liabilities	415,556	308,163	386,004	385,715	371,077
Equity	6,660,068	6,582,603	6,437,501	6,271,360	6,144,705
Total liabilities, provisions and equity	85,521,158	80,498,305	79,429,098	78,897,474	75,007,439

Income statement

Income statement	Note	Q1 2020	Q1 2019	Change	Jan–Dec 2019
Thousands of SEK					
Interest income		352,287	301,907	17%	1,277,802
Interest expenses		-50,870	-37,761	35%	-170,674
Net interest income	3	301,417	264,146	14%	1,107,128
Dividends received		760	630	21%	630
Fee and commission income	4	132,582	139,248	-5%	557,896
Fee and commission expenses	5	-14,393	-14,257	1%	-62,736
Net gain/loss from financial transactions	6	5,255	5,192	1%	12,716
Other operating income		812	1,045	-22%	3,122
Total net interest income and operating income		426,433	396,004	8%	1,618,756
General administrative expenses		-194,780	-182,122	7%	-749,254
Depreciation of tangible assets and amortisation of intangible assets		-4,765	-112,966	-96%	-187,921
Other operating expenses		-18,240	-17,572	4%	-56,251
Total expenses before credit losses		-217,785	-312,660	-30%	-993,426
Profit/loss before credit losses		208,648	83,344	-	625,330
Net credit losses	7	-97,177	-1,697	-	13,025
Operating profit/loss		111,471	81,647	37%	638,355
Tax on profit for the period		-24,320	-21,568	13%	-140,956
Profit/loss for the period		87,151	60,079	45%	497,399

Statement of comprehensive income		Q1 2020	Q1 2019	Change	Jan–Dec 2019
Thousands of SEK					
Profit/loss for the period		87,151	60,079	45%	497,399
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		-9,935	7,795	-	5,778
Change in fair value of financial assets measured at fair value through other comprehensive income		-2,388	-27	-	2,723
Change in loss reserve for financial assets measured at fair value through other comprehensive income		0	328	-	336
Tax attributable to items that may be reclassified to profit or loss for the period		2,637	-1,781	-	-1,944
Other comprehensive income for the period		-9,686	6,315	-	6,893
Comprehensive income for the period		77,465	66,394	17%	504,292

Balance sheet

Balance sheet	Note	31/03/2020	31/12/2019	Change		31/03/2019
Thousands of SEK						
Assets						
Cash		1,077	1,121	-44	-4%	1,830
Treasury bills eligible for refinancing with central banks		1,813,379	1,857,824	-44,445	-2%	1,221,747
Loans to credit institutions		5,125,264	2,906,020	2,219,244	76%	3,000,888
Loans to the general public	8	73,577,301	71,903,208	1,674,093	2%	66,275,104
Bonds and other fixed-income securities		3,016,904	3,027,605	-10,701	0%	3,517,066
Shareholdings and investments		4,000	4,000	-	-	4,000
Derivatives		9,367	5,477	3,890	71%	4,778
Intangible assets		-	-	-	-	57,241
Tangible assets		63,179	67,326	-4,147	-6%	84,783
Current tax assets		1,684,639	485,181	1,199,458	-	527,069
Deferred tax assets		15,361	14,937	424	3%	12,646
Other assets		78,039	69,507	8,532	12%	66,158
Prepaid expenses and accrued income		132,648	156,099	-23,451	-15%	234,129
Total assets		85,521,158	80,498,305	5,022,853	6%	75,007,439
Liabilities, provisions and equity						
Liabilities to credit institutions		64,815	60,482	4,333	7%	78,843
Deposits from the general public	9	54,903,124	53,120,408	1,782,716	3%	51,529,149
Debt securities issued and related items	10	23,477,595	20,426,649	3,050,946	15%	16,383,665
Derivatives		53,430	14,398	39,032	-	46,364
Other liabilities		59,715	75,543	-15,828	-21%	59,864
Accrued expenses and deferred income		200,931	118,710	82,221	69%	168,946
Provisions	11	101,480	99,512	1,968	2%	95,903
Subordinated liabilities		-	-	-	-	500,000
Total liabilities and provisions		78,861,090	73,915,702	4,945,388	7%	68,862,734
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		-8,694	992	-9,686	-	414
Retained earnings		1,615,448	1,118,049	497,399	44%	1,118,049
Profit/loss for the period		87,151	497,399	-410,248	-	60,079
Total		4,882,536	4,805,071	77,465	2%	4,367,173
Total equity		6,660,068	6,582,603	77,465	1%	6,144,705
Total liabilities, provisions and equity		85,521,158	80,498,305	5,022,853	6%	75,007,439
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 2020	1,668,336	109,196	3,188,631	992	1,118,049	497,399	6,582,603
Appropriation of profit as per AGM resolution							
Amount carried forward	-	-	-	-	497,399	-497,399	-
Transactions with owners in the form of dividends	-	-	-	-	-	-	-
Profit/loss for the period	-	-	-	-	-	87,151	87,151
Other comprehensive income for the period	-	-	-	-9,686	-	-	-9,686
comprehensive income for the period	-	-	-	-	-	-	77,465
Balance at 31 March 2020	1,668,336	109,196	3,188,631	-8,694	1,615,448	87,151	6,660,068
Balance at 1 January 2019	1,668,336	109,196	3,188,631	-5,901	997,439	196,432	6,154,133
Adjustment of financial guarantee provision for brokered loans (net of tax)	-	-	-	-	-16,930	-	-16,930
Adjusted balance at 1 January 2019	1,668,336	109,196	3,188,631	-5,901	980,509	196,432	6,137,203
Appropriation of profit as per AGM resolution							
Amount carried forward	-	-	-	-	137,540	-137,540	-
Transactions with owners in the form of dividends	-	-	-	-	-	-58,892	-58,892
Profit/loss for the year	-	-	-	-	-	497,399	497,399
Other comprehensive income for the year	-	-	-	6,893	-	-	6,893
Comprehensive income for the year	-	-	-	-	-	-	504,292
Balance at 31 December 2019	1,668,336	109,196	3,188,631	992	1,118,049	497,399	6,582,603
Balance at 1 January 2019	1,668,336	109,196	3,188,631	-5,901	997,439	196,432	6,154,133
Adjustment of financial guarantee provision for brokered loans (net of tax)	-	-	-	-	-16,930	-	-16,930
Adjusted balance at 1 January 2019	1,668,336	109,196	3,188,631	-5,901	980,509	196,432	6,137,203
Appropriation of profit as per AGM resolution							
Amount carried forward	-	-	-	-	137,540	-137,540	-
Transactions with owners in the form of dividends	-	-	-	-	-	-58,892	-58,892
Profit/loss for the period	-	-	-	-	-	60,079	60,079
Other comprehensive income for the period	-	-	-	6,315	-	-	6,315
Comprehensive income for the period	-	-	-	-	-	-	66,394
Balance at 31 March 2019	1,668,336	109,196	3,188,631	414	1,118,049	60,079	6,144,705

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	31/03/2020	31/12/2019	31/03/2019
Thousands of SEK			
Cash flows from operating activities			
Operating profit/loss	111,471	638,355	81,647
Net change in amortised cost for the period	23,006	65,695	13,580
Unrealised share of net gain from financial transactions	-1,518	-7,293	-1,221
Depreciation and amortisation	4,765	187,921	112,966
Credit losses	100,048	-5,789	3,722
Tax paid	-21,470	-91,951	-11,998
Cash flows from operating activities before changes in working capital	216,302	786,938	198,696
Cash flow from changes in working capital			
Increase/decrease in loans to the general public (-/+)	-1,736,327	-7,864,939	-2,196,060
Increase/decrease in securities (-/+)	36,126	-448,157	-287,452
Increase/decrease in deposits from the general public (+/-)	1,782,716	1,854,892	263,633
Increase/decrease in liabilities to credit institutions (+/-)	4,333	-498,779	-480,418
Net change in other assets and liabilities	80,158	21,304	-20,973
Net cash from operating activities	383,308	-6,148,741	-2,522,574
Cash flows from investing activities			
Disposal/redemption of financial assets	1,968	29,322	4,174
Transfer of excess liquidity to tax account	-1,200,000	2,300,000	2,300,000
Sale of tangible assets	-	-	905
Acquisition of tangible assets	-618	-2,172	-2,820
Net cash from investing activities	-1,198,650	2,327,150	2,302,259
Cash flows from financing activities			
Issue of fixed-income securities	4,716,807	8,682,823	1,553,927
Redemption of fixed-income securities	-1,682,265	-4,790,315	-1,167,118
Dividends paid	-	-58,892	-58,892
Net cash from financing activities	3,034,542	3,833,616	327,917
Cash flow for the period	2,219,200	12,025	107,602
Cash and cash equivalents at beginning of period	2,907,141	2,895,116	2,895,116
Cash and cash equivalents at end of period	5,126,341	2,907,141	3,002,718
The following subcomponents are included in cash and cash equivalents			
Cash	1,077	1,121	1,830
Loans to credit institutions	5,125,264	2,906,020	3,000,888
Balance sheet total	5,126,341	2,907,141	3,002,718
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	345,245	1,275,629	199,539
Interest paid including cost of deposit insurance and fee for resolution fund	-14,457	-157,780	-2,129
Dividends received	760	630	630

Notes to the income statement and balance sheet

Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. In addition, the contents of the interim report are in compliance with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), Finansinspektionen's Regulations and General Guidelines on Annual Accounts for Credit Institutions and Securities Companies (FFFS 2008:25), and the Swedish Financial Reporting Board's Recommendation RFR 2 Accounting for Legal Entities. The bank thus applies adopted IFRS subject to restrictions under Swedish law (lagbegränsad IFRS), namely RFR 2 and FFFS. This means that all IFRSs adopted by the EU are applied to the extent possible within the scope of the Swedish Annual Accounts Act and in consideration of the relationship between accounting and taxation. The accounting policies and estimates and judgements applied in this interim report are in accordance with those applied in the 2019 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".

Note 2 Operating segments

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

Note 3 Net interest income

	Q1 2020	Q1 2019	Change	Jan-Dec 2019
Thousands of SEK				
Interest income				
Loans to credit institutions	754	1,062	-29%	4,213
Loans to the general public	354,377	308,670	15%	1,298,376
Fixed-income securities	2,959	-520	-	3,895
Derivatives	-5,802	-7,304	-21%	-28,681
Other interest income	-1	0	-	-1
Total	352,287	301,908	17%	1,277,802
Interest expenses				
Liabilities to credit institutions	-1,658	-3,250	-49%	-12,078
Deposits from the general public	-14,319	-12,620	13%	-55,310
– expenses for deposit insurance	-11,300	-9,884	14%	-43,533
Fixed-income securities	-31,990	-12,502	-	-77,217
Subordinated liabilities	-	-2,289	-100%	-4,677
Other interest expenses	-2,903	-7,100	-59%	-21,392
– fee for resolution fund	-2,900	-7,099	-59%	-21,387
Total	-50,870	-37,761	35%	-170,674
Total net interest income	301,417	264,147	14%	1,107,128

Note 4 Fee and commission income

	Q1 2020	Q1 2019	Change	Jan-Dec 2019
Thousands of SEK				
Payment intermediation fees	18,419	18,022	2%	70,358
Loan commissions	22,288	33,107	-33%	117,891
Deposit commissions	19,542	18,861	4%	80,732
Commissions for financial guarantees issued	500	562	-11%	2,226
Securities commissions and fees	53,732	51,600	4%	218,787
Other fees and commissions	18,101	17,096	6%	67,902
Total	132,582	139,248	-5%	557,896

Note 5	Fee and commission expenses	Q1 2020	Q1 2019	Change	Jan–Dec 2019
Thousands of SEK					
	Payment intermediation fees	-6,612	-7,626	-13%	-35,127
	Securities commissions and fees	-6,664	-5,532	20%	-22,809
	Other fees and commissions	-1,117	-1,099	2%	-4,800
	Total	-14,393	-14,257	1%	-62,736

Note 6	Net gain/loss from financial transactions	Q1 2020	Q1 2019	Change	Jan–Dec 2019
Thousands of SEK					
	Shareholdings/investments	0	1,900	-	2,800
	Fixed-income securities	2,223	355	-	-3,104
	Other financial instruments	1,427	1,864	-23%	7,477
	Exchange rate fluctuations	1,605	1,073	50%	5,543
	Total	5,255	5,192	1%	12,716

	Q1 2020	Q1 2019	Change	Jan–Dec 2019	
Net gain/loss by valuation category					
	Financial assets at fair value through other comprehensive income	2,223	2,255	-	-304
	Ineffective portion of fair value hedge	177	250	-103%	826
	Derivatives intended for risk management, no hedge accounting	1,250	1,614	-80%	6,651
	Change in fair value of derivatives used as hedging instruments in a fair value hedge	-37,814	-6,243	-	22,503
	Change in fair value of hedged item attributable to the hedged risk in fair value hedges	37,814	6,243	-	-22,503
	Exchange rate fluctuations	1,605	1,073	50%	5,543
	Total	5,255	5,192	1%	12,716

Note 7	Net credit losses	Q1 2020	Q1 2019	Change	Jan–Dec 2019
Thousands of SEK					
Loans at amortised cost					
	Change in provisions – stage 1	-6,168	-1,565	-	1,019
	Change in provisions – stage 2	-9,416	-175	-	3,226
	Change in provisions – stage 3	-81,428	3,653	-	6,930
	Total	-97,012	1,913	-	11,175
	Net cost for the period for incurred losses	-3,125	-3,493	-11%	-10,287
	Amount received for previously incurred credit losses	2,871	2,025	42%	7,236
	Total credit losses on loans at amortised cost	-97,266	445	-	8,124
Loan commitments and financial guarantee contracts					
	Change in provisions – stage 1	-2,302	-367	-	-934
	Change in provisions – stage 2	2,409	-470	-	3,819
	Change in provisions – stage 3	-18	-1,305	-99%	2,016
	Total credit losses for loan commitments and financial guarantee contracts	89	-2,142	-104%	4,901
	Total credit losses	-97,177	-1,697	-	13,025

Note 8 Loans to the general public	Stage 1	Stage 2	Stage 3	Total
Thousands of SEK				
Gross carrying amount				
Gross carrying amount at 1 January 2020	67,796,753	4,034,868	180,416	72,012,037
New financial assets	6,167,207	15,112	2,005	6,184,324
Derecognised financial assets	-3,802,116	-354,253	-8,776	-4,165,145
Changes due to changed balances	-255,552	-25,674	-4,560	-285,786
Transfers between stages during the period				
from stage 1 to stage 2	-1,820,965	1,820,965	-	0
from stage 1 to stage 3	-468,486	-	468,486	0
from stage 2 to stage 1	543,861	-543,861	-	0
from stage 2 to stage 3	-	-112,987	112,987	0
from stage 3 to stage 2	-	438	-438	0
from stage 3 to stage 1	800	-	-800	0
Exchange rate fluctuations	394	0	0	394
Gross carrying amount at 31 March 2020	68,161,896	4,834,608	749,320	73,745,824
Loss allowances				
Loss allowances at 1 January 2020	19,314	30,188	56,859	106,361
New financial assets	3,935	244	619	4,798
Derecognised financial assets	-1,229	-2,074	-2,657	-5,960
Changes due to changed balances	-979	-1,333	-786	-3,098
Changed risk variables (EAD, PD, LGD)	1,518	-1,151	-1,588	-1,221
Changes in macroeconomic scenarios	7,295	4,306	161	11,762
Changes due to updated models	-	-	-	-
Transfers between stages during the period				
from stage 1 to stage 2	-3,464	13,061	-	10,063
from stage 1 to stage 3	-1,321	-	72,527	3,371
from stage 2 to stage 1	410	-1,620	-	-1,854
from stage 2 to stage 3	-	-2,027	13,916	8,819
from stage 3 to stage 1	3	-	-231	-1,001
from stage 3 to stage 2	-	10	-37	-228
Loss allowances at 31 March 2020	25,482	39,604	138,783	203,869
Carrying amount				
Opening balance at 1 January 2020	67,777,439	4,004,680	123,557	71,905,676
Closing balance at 31 March 2020	68,136,414	4,795,004	610,537	73,541,955
Change in fair value of hedged amount in portfolio hedge				35,346
Total				73,577,301

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	Stage 1	Stage 2	Stage 3	Total
Thousands of SEK				
Gross carrying amount	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2019	60,678,047	3,322,727	171,166	64,171,940
New financial assets	23,174,695	508,965	11,168	23,694,828
Derecognised financial assets	-13,644,955	-674,024	-67,475	-14,386,454
Changes due to changed balances	-1,353,285	-106,878	-8,134	-1,468,297
Transfers between stages during the period				
from stage 1 to stage 2	-2,145,001	2,145,001	-	0
from stage 1 to stage 3	-19,456	-	19,456	0
from stage 2 to stage 1	1,098,556	-1,098,556	-	0
from stage 2 to stage 3	-	-64,947	64,947	0
from stage 3 to stage 2	-	2,580	-2,580	0
from stage 3 to stage 1	8,132	-	-8,132	0
Exchange rate fluctuations	20	0	0	20
Gross carrying amount at 31 December 2019	67,796,753	4,034,868	180,416	72,012,037
Loss allowances				
Loss allowances at 1 January 2019	20,333	33,414	61,706	115,453
New financial assets	8,968	3,362	4,179	16,509
Derecognised financial assets	-5,649	-6,803	-24,519	-36,971
Changes due to changed balances	-1,170	-1,507	-4,123	-6,800
Changed risk variables (EAD, PD, LGD)	2,487	-6,092	6,455	2,850
Changes in macroeconomic scenarios	-1,588	-1,255	-262	-3,105
Changes due to updated models	-397	-348	0	-745
Transfers between stages during the period				
from stage 1 to stage 2	-4,084	14,147	-	10,063
from stage 1 to stage 3	-37	-	3,408	3,371
from stage 2 to stage 1	440	-2,294	-	-1,854
from stage 2 to stage 3	-	-2,479	11,298	8,819
from stage 3 to stage 1	11	-	-1,012	-1,001
from stage 3 to stage 2	-	43	-271	-228
Loss allowances at 31 December 2019	19,314	30,188	56,859	106,361
Carrying amount				
Opening balance at 1 January 2019	60,657,714	3,289,313	109,460	64,056,487
Closing balance at 31 December 2019	67,777,439	4,004,680	123,557	71,905,676
Change in fair value of hedged amount in portfolio hedge				-2,468
Total				71,903,208

CONTINUED FROM PAGE 16.

	Stage 1	Stage 2	Stage 3	Total
Thousands of SEK				
Gross carrying amount				
Gross carrying amount at 1 January 2019	60,678,047	3,322,727	171,166	64,171,940
New financial assets	6,641,888	21,346	4,947	6,668,181
Derecognised financial assets	-4,289,954	-137,528	-9,382	-4,436,864
Changes due to changed balances	-11,221	-19,920	-9,235	-40,376
Transfers between stages during the period				
from stage 1 to stage 2	-635,414	635,414	-	0
from stage 1 to stage 3	-2,429	-	2,429	0
from stage 2 to stage 1	517,817	-517,817	-	0
from stage 2 to stage 3	-	-29,670	29,670	0
from stage 3 to stage 2	-	6,484	-6,484	0
from stage 3 to stage 1	7,009	-	-7,009	0
Exchange rate fluctuations	69	0	0	69
Gross carrying amount at 31 March 2019	62,905,812	3,281,036	176,102	66,362,950
Loss allowances				
Loss allowances at 1 January 2019	20,334	33,414	61,705	115,453
New financial assets	4,521	419	3,465	8,405
Derecognised financial assets	-1,970	-1,490	-6,962	-10,422
Changes due to changed balances	-360	-1,142	-1,258	-2,760
Changed risk variables (EAD, PD, LGD)	626	-998	44	-328
Changes in macroeconomic scenarios	-131	202	114	185
Changes due to updated models	2	0	0	2
Transfers between stages during the period				
from stage 1 to stage 2	-1,415	5,137	-	10,063
from stage 1 to stage 3	-5	-	321	3,371
from stage 2 to stage 1	285	-1,416	-	-1,854
from stage 2 to stage 3	-	-746	3,597	8,819
from stage 3 to stage 1	11	-	-978	-1,001
from stage 3 to stage 2	-	210	-1,411	-228
Loss allowances at 31 March 2019	21,898	33,590	58,637	114,125
Carrying amount				
Opening balance at 1 January 2019	60,657,713	3,289,313	109,461	64,056,487
Closing balance at 31 March 2019	62,883,914	3,247,446	117,465	66,248,825
Change in fair value of hedged amount in portfolio hedge				26,279
Total				66,275,104

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Gross carrying amount and loss allowance by sector at 31 March 2020	Gross carrying amount	Loss allowance	Net carrying amount
Thousands of SEK			
Loans to the general public			
Private customers	40,509,297	32,308	40,476,989
Tenant-owners' associations	2,694,733	1,442	2,693,291
Corporate customers	30,541,794	170,119	30,371,675
Agriculture, fishing, forestry	7,053,122	10,802	7,042,320
Manufacturing	555,854	7,769	548,085
Public sector	890,654	3,942	886,712
Construction	1,834,473	4,987	1,829,486
Retail	1,330,820	16,103	1,314,717
Transport	509,423	7,175	502,248
Hotel and restaurant	431,503	31,594	399,909
Information technology	314,883	208	314,675
Banking and insurance	186,652	135	186,517
Property management	13,632,795	68,356	13,564,439
Service sector	1,813,438	4,551	1,808,887
Other loans to businesses	1,988,177	14,497	1,973,680
Loans to the general public	73,745,824	203,869	73,541,955

Gross carrying amount and loss allowance by sector at 31 December 2019	Gross carrying amount	Loss allowance	Net carrying amount
Thousands of SEK			
Loans to the general public			
Private customers	39,563,533	28,076	39,535,457
Tenant-owners' associations	2,379,566	1,141	2,378,425
Corporate customers	30,068,938	77,144	29,991,794
Agriculture, fishing, forestry	7,033,937	9,973	7,023,964
Manufacturing	562,312	2,688	559,624
Public sector	820,930	3,634	817,296
Construction	1,813,815	3,994	1,809,821
Retail	1,353,033	15,813	1,337,220
Transport	445,477	1,735	443,742
Hotel and restaurant	375,798	1,243	374,555
Information technology	310,712	145	310,567
Banking and insurance	179,493	116	179,377
Property management	13,619,856	19,112	13,600,744
Service sector	1,812,628	4,305	1,808,323
Other loans to businesses	1,740,947	14,386	1,726,561
Loans to the general public	72,012,037	106,361	71,905,676

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Gross carrying amount and loss allowance by sector at 31 March 2019	Gross carrying amount	Loss allowance	Net carrying amount
Thousands of SEK			
Loans to the general public			
Private customers	35,558,584	35,601	35,522,983
Tenant-owners' associations	1,961,914	585	1,961,329
Corporate customers	28,842,452	77,939	28,764,513
Agriculture, fishing, forestry	6,734,225	12,273	6,721,952
Manufacturing	618,991	3,062	615,929
Public sector	784,959	1,972	782,987
Construction	1,629,031	6,149	1,622,882
Retail	1,353,173	16,598	1,336,575
Transport	441,996	1,148	440,848
Hotel and restaurant	311,390	923	310,467
Information technology	274,672	278	274,394
Banking and insurance	169,195	258	168,937
Property management	12,950,893	19,802	12,931,091
Service sector	1,689,514	7,424	1,682,090
Other loans to businesses	1,884,413	8,052	1,876,361
Loans to the general public	66,362,950	114,125	66,248,825

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Gross carrying amount and loss allowance by stage	31 March 2020	31 December 2019	31 March 2019
Thousands of SEK			
Loans to the general public, private customers and tenant-owners' associations			
Stage 1			
Gross carrying amount	41,240,509	40,047,183	35,678,397
Loss allowances	7,970	5,053	4,923
Carrying amount	41,232,539	40,042,130	35,673,474
Stage 2			
Gross carrying amount	1,921,889	1,854,342	1,804,977
Loss allowances	10,417	8,186	11,884
Carrying amount	1,911,472	1,846,156	1,793,093
Stage 3			
Gross carrying amount	41,632	41,574	37,125
Loss allowances	15,363	15,978	19,379
Carrying amount	26,269	25,596	17,746
Total carrying amount, loans to private customers and tenant-owners' associations	43,170,280	41,913,882	37,484,313
Loans to the general public, corporate customers			
Stage 1			
Gross carrying amount	28,292,543	27,749,570	27,227,416
Loss allowances	19,830	14,261	16,974
Carrying amount	28,272,713	27,735,309	27,210,442
Stage 2			
Gross carrying amount	1,886,185	2,180,526	1,476,059
Loss allowances	27,503	22,002	21,704
Carrying amount	1,858,682	2,158,524	1,454,355
Stage 3			
Gross carrying amount	363,066	138,842	138,977
Loss allowances	122,786	40,881	39,261
Carrying amount	240,280	97,961	99,716
Total carrying amount, loans to corporate customers	30,371,675	29,991,794	28,764,513
Gross carrying amount – stage 1	69,533,052	67,796,753	62,905,813
Gross carrying amount – stage 2	3,808,074	4,034,868	3,281,036
Gross carrying amount – stage 3	404,698	180,416	176,102
Total gross carrying amount	73,745,824	72,012,037	66,362,951
Loss allowance – stage 1	27,800	19,314	21,897
Loss allowance – stage 2	37,920	30,188	33,588
Loss allowance – stage 3	138,149	56,859	58,640
Total loss allowances	203,869	106,361	114,125
Total carrying amount, loans to the general public	73,541,955	71,905,676	66,248,826
Gross stage 3 loans in %	0.55%	0.25%	0.27%
Net stage 3 loans in %	0.36%	0.17%	0.18%
Ratio of loss allowances to stage 1 loans	14%	18%	19%
Ratio of loss allowances to stage 2 loans	19%	28%	29%
Provision ratio for stage 1 loans	0.04%	0.03%	0.03%
Provision ratio for stage 2 loans	1.00%	0.75%	1.02%
Provision ratio for stage 3 loans	34%	32%	33%
Total provision ratio for loans	0.28%	0.15%	0.17%

Note 9	Deposits from the general public	31/03/2020	31/12/2019	31/03/2019
Thousands of SEK				
The general public				
	- Swedish currency	54,443,900	52,645,780	51,093,723
	- foreign currency	459,224	474,628	435,426
	Total	54,903,124	53,120,408	51,529,149
Deposits per customer category, excluding bank cheques				
	Public sector	1,605,201	1,671,077	1,366,666
	Corporate sector	10,919,411	10,297,516	9,976,463
	Retail sector	41,702,496	40,337,201	39,428,808
	- sole proprietors	6,486,526	6,371,765	6,273,161
	Other sectors	612,402	751,000	700,809
	Total	54,839,510	53,056,794	51,472,746
Note 10	Debt securities issued and related items	31/03/2020	31/12/2019	31/03/2019
Thousands of SEK				
	Certificates of deposit	949,019	949,332	949,698
	Bond loans	6,312,618	6,315,917	6,309,647
	Covered bonds	15,218,012	12,163,564	9,124,320
	MREL bond	997,945	997,836	-
	Total	23,477,595	20,426,649	16,383,665
Changes during the period				
	Issued	4,716,807	8,682,823	1,553,926
	Repurchased	-550,000	-500,000	-
	Matured	-1,115,861	-3,744,546	-1,158,633
	Change	3,050,946	4,438,277	395,293

Note 11	Provisions	Stage 1	Stage 2	Stage 3	Total
Thousands of SEK					
Loss allowances at 1 January 2020		3,472	7,664	15,016	26,152
New loan commitments and financial guarantees		459	126	29	614
Financial guarantees and loan commitments that are past due		-529	-1,372	-1,004	-2,905
Changes due to changed loan commitments and similar items		-276	-147	1,073	650
Changed risk variables (EAD, PD, LGD)		-129	-767	-395	-1,291
Changes in macroeconomic scenarios		2,690	240	0	2,930
Changes due to updated models		-	-	-	-
Transfers between stages during the period					
from stage 1 to stage 2		-84	289	-	205
from stage 1 to stage 3		-3	-	241	238
from stage 2 to stage 1		174	-764	-	-590
from stage 2 to stage 3		-	-15	87	72
from stage 3 to stage 1		0	-	-1	-1
from stage 3 to stage 2		-	1	-11	-10
Loss allowances at 31 March 2020		5,774	5,255	15,035	26,064
Provisions for pensions					63,425
Other provisions					11,991
Total					101,480
Loss allowances at 31 December 2018					
		1,624	2,238	5,652	9,514
Adjustment of opening values		912	9,246	11,381	21,539
Loss allowances at 1 January 2019		2,536	11,484	17,033	31,053
New loan commitments and financial guarantees		1,868	317	268	2,453
Financial guarantees and loan commitments that are past due		-756	-4,973	-3,847	-9,576
Changes due to changed loan commitments and similar items		382	827	-146	1,063
Changed risk variables (EAD, PD, LGD)		-10	-939	-392	-1,341
Changes in macroeconomic scenarios		-58	-8	-	-66
Changes due to updated models		89	5	95	189
Transfers between stages during the period					
from stage 1 to stage 2		-631	1,833	-	1,202
from stage 1 to stage 3		-10	-	1,033	1,023
from stage 2 to stage 1		62	-350	-	-288
from stage 2 to stage 3		-	-532	976	444
from stage 3 to stage 1		0	-	-2	-2
from stage 3 to stage 2		-	0	-2	-2
Loss allowances at 31 December		3,472	7,664	15,016	26,152
Provisions for pensions					61,769
Other provisions					11,591
Total					99,512

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Loss allowances at 31 December 2018	1,624	2,238	5,652	9,514
Adjustment of opening values	912	9,246	11,381	21,539
Loss allowances at 1 January 2019	2,536	11,484	17,033	31,053
New loan commitments and financial guarantees	419	45	473	937
Financial guarantees and loan commitments that are past due	-156	-103	-447	-706
Changes due to changed loan commitments and similar items	-900	333	-182	-749
Changed risk variables (EAD, PD, LGD)	345	-573	24	-204
Changes in macroeconomic scenarios	107	31	0	138
Changes due to updated models	1,385	136	-73	1,448
Transfers between stages during the period				
from stage 1 to stage 2	-869	1,031	-	162
from stage 1 to stage 3	-1	-	551	550
from stage 2 to stage 1	37	-203	-	-166
from stage 2 to stage 3	-	-227	960	733
from stage 3 to stage 1	0	-	0	0
from stage 3 to stage 2	-	-	-	-
Loss allowances at 31 March 2019	2,903	11,954	18,339	33,196
Provisions for pensions				52,889
Other provisions				9,818
Total				95,903

Note 12 Derivatives	31/03/2020		31/12/2019		31/03/2019	
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	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
Derivative instruments with positive fair values						
Fixed-income contracts	230,000	0	240,000	0	282,000	2
Currency contracts	176,226	9,367	146,983	5,477	133,745	4,776
Total derivative instruments with positive fair values	406,226	9,367	494,655	5,477	415,745	4,778
Derivative instruments with negative fair values						
Fixed-income contracts	9,676,250	44,375	8,681,625	9,140	4,957,950	41,920
Currency contracts	175,357	9,055	145,446	5,258	127,846	4,444
Total derivative instruments with negative fair values	9,851,607	53,430	8,827,071	14,398	5,085,796	46,364

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

Note 13 31 March 2020	Financial assets and liabilities				Fair value
	Carrying amount			Fair value	
Thousands of SEK	Fair value	Amortised cost	Fair value through other comprehensive income		
			Debt instruments	Equity instruments	
Cash and balances at central banks	-	1,077	-	-	1,077
Treasury bills eligible for refinancing with central banks	-	-	1,813,379	-	1,813,379
Loans to credit institutions	-	5,125,264	-	-	5,125,264
Loans to the general public	-	73,577,301	-	-	74,148,561
Bonds and other fixed-income securities	-	-	3,016,904	-	3,016,904
Shareholdings and investments	-	-	-	4,000	4,000
Derivatives	9,367	-	-	-	9,367
Other assets	-	72,952	-	-	72,952
Accrued income	-	110,090	-	-	110,090
Total	9,367	78,886,684	4,830,283	4,000	84,301,594
Liabilities to credit institutions	-	64,815	-	-	64,815
Deposits from the general public	-	54,903,124	-	-	54,908,428
Securities issued	-	23,477,595	-	-	23,477,595
Derivatives	53,430	-	-	-	53,430
Other liabilities	-	48,751	-	-	48,751
Accrued expenses	-	194,734	-	-	194,734
Total	53,430	78,689,019	-	-	78,747,753

31 December 2019	Financial assets and liabilities				Fair value
	Carrying amount			Fair value	
Thousands of SEK	Fair value	Amortised cost	Fair value through other comprehensive income		
			Debt instruments	Equity instruments	
Cash and balances at central banks	-	1,121	-	-	1,121
Treasury bills eligible for refinancing with central banks	-	-	1,857,824	-	1,857,824
Loans to credit institutions	-	2,906,020	-	-	2,906,020
Loans to the general public	-	71,903,208	-	-	72,437,169
Bonds and other fixed-income securities	-	-	3,027,605	-	3,027,605
Shareholdings and investments	-	-	-	4,000	4,000
Derivatives	5,477	-	-	-	5,477
Other assets	-	69,508	-	-	69,508
Accrued income	-	123,101	-	-	123,101
Total	5,477	75,002,958	4,885,429	4,000	80,431,825
Liabilities to credit institutions	-	60,482	-	-	60,482
Deposits from the general public	-	53,120,408	-	-	53,125,106
Securities issued	-	20,426,649	-	-	20,426,649
Derivatives	14,398	-	-	-	14,398
Other liabilities	-	60,430	-	-	60,430
Accrued expenses	-	116,926	-	-	116,926
Total	14,398	73,784,895	-	-	73,803,991

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31 March 2019	Fair value	Carrying amount		Fair value	
		Amortised cost	Fair value through other comprehensive income		
Thousands of SEK			Debt instruments	Equity instruments	
Cash and balances at central banks	-	1,830	-	-	1,830
Treasury bills eligible for refinancing with central banks	-	-	1,221,747	-	1,221,747
Loans to credit institutions	-	3,000,888	-	-	3,000,888
Loans to the general public	-	66,275,104	-	-	66,720,713
Bonds and other fixed-income securities	-	-	3,517,066	-	3,517,066
Shareholdings and investments	-	-	-	4,000	4,000
Derivatives	4,778	-	-	-	4,778
Other assets	-	66,157	-	-	66,157
Accrued income	-	234,129	-	-	234,129
Total	4,778	69,578,108	4,738,813	4,000	74,771,308
Liabilities to credit institutions	-	78,843	-	-	78,843
Deposits from the general public	-	51,529,149	-	-	51,534,342
Securities issued	-	16,383,665	-	-	16,383,665
Derivatives	46,364	-	-	-	46,364
Other liabilities	-	59,864	-	-	59,864
Accrued expenses	-	168,946	-	-	168,946
Subordinated liabilities	-	500,000	-	-	500,000
Total	46,364	68,720,467	-	-	68,772,024

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

Level 1: Quoted prices in active markets for identical instruments

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

Level 3: Unobservable inputs for the instrument

31/03/2020

Thousands of SEK	Level 1	Level 2	Level 3	Total
Treasury bills eligible for refinancing with central banks	1,813,379	-	-	1,813,379
Bonds and related items	3,016,904	-	-	3,016,904
Shareholdings and investments	-	-	4,000	4,000
Other assets – derivatives	-	9,367	-	9,367
Total	4,830,283	9,367	4,000	4,843,650
Other liabilities – derivatives	-	53,430	-	53,430
Total	-	53,430	-	53,430

31/12/2019

Thousands of SEK	Level 1	Level 2	Level 3	Total
Treasury bills eligible for refinancing with central banks	1,857,824	-	-	1,857,824
Bonds and related items	3,027,605	-	-	3,027,605
Shareholdings and investments	-	-	4,000	4,000
Other assets – derivatives	-	5,477	-	5,477
Total	4,885,429	5,477	4,000	4,894,906
Other liabilities – derivatives	-	14,398	-	14,398
Total	-	14,398	-	14,398

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31/03/2019

Thousands of SEK	Level 1	Level 2	Level 3	Total
Treasury bills eligible for refinancing with central banks	1,221,747	-	-	1,221,747
Bonds and related items	3,517,066	-	-	3,517,066
Shareholdings and investments	-	-	4,000	4,000
Other assets – derivatives	-	4,778	-	4,778
Total	4,738,813	4,778	4,000	4,747,591
Other liabilities – derivatives	-	46,364	-	46,364
Total	-	46,364	-	46,364

The level 3 heading 'Shareholdings and investments' include unlisted shareholdings and investments measured using established valuation models.

The table below presents a breakdown of opening and closing balances of financial instruments measured at fair value in the balance sheet on the basis of a valuation technique based on unobservable inputs (level 3).

Thousands of SEK	Shareholdings and investments	Total
Opening balance at 1 January 2020	4,000	4,000
Closing balance at 31 March 2020	4,000	4,000

Gains and losses recognised in profit or loss for assets included in the closing balance at 31 March 2020

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, including interest rates, currencies, credit risk, volatility, correlations and market liquidity. The fair value of financial instruments classified to a lower level is also measured using valuation models mainly based on observable market data but with some estimates made by the bank that are considered significant for the fair value measurement.

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

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

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

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

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

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

Note 14 Pledged assets, contingent liabilities and commitments

	31/03/2020	31/12/2019	31/03/2019
Thousands of SEK			
Pledged assets			
Loans *	19,623,297	15,972,894	11,781,120
Other pledged assets	89,325	63,169	71,790
Contingent liabilities	609,276	636,202	689,100
Commitments	8,249,347	8,580,557	8,377,557

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

Note 15 Capital adequacy analysis

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

Capital base

Thousands of SEK	31/03/2020	31/12/2019	31/03/2019
CET1 capital	6,408,282	6,289,848	5,941,096
Tier 2 capital	-	-	500,000
Net capital base	6,408,282	6,289,848	6,441,096

Capital requirement and risk-weighted exposure amount

	Capital requirement		Risk-weighted exposure amount		Capital requirement		Risk-weighted exposure amount	
Minimum capital for credit risk								
- IRB approach	1,574,749	19,684,363	1,556,258	19,453,223	1,341,408	16,767,596		
- standardised approach	615,258	7,690,726	612,720	7,659,002	663,539	8,294,243		
Credit valuation adjustment	2,840	35,500	3,162	39,525	1,343	16,788		
Risk weight floor, residential and commercial properties	284,713	3,558,915	214,987	2,687,339	200,043	2,500,538		
Other REAs	2,400	30,000	2,400	30,000	1,760	22,000		
Capital requirement for operational risk	173,143	2,164,292	163,957	2,049,465	163,957	2,049,465		
Total capital requirements and risk-weighted exposure amounts	2,653,104	33,163,796	2,553,484	31,918,554	2,372,050	29,650,630		
CET1 capital ratio	19.3%		19.7%		20.0%			
Tier 1 capital ratio	19.3%		19.7%		20.0%			
Total capital ratio	19.3%		19.7%		21.7%			
Pillar 2 capital requirement	2.2%	713,902	1.9%	622,162	2.0%	599,810		
Total internally assessed capital requirement (excluding buffer requirement)		3,367,005		3,175,646		2,971,860		
Buffer requirement	2.5%	829,095	5.0%	1,595,928	4.5%	1,334,278		
- capital conservation buffer	2.5%	829,095	2.5%	797,964	2.5%	741,266		
- countercyclical capital buffer	0.0%	-	2.5%	797,964	2.0%	593,013		
Total capital requirement including buffer requirement		4,196,100		4,771,574		4,306,138		

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Thousands of SEK	31/03/2020		31/12/2019		31/03/2019	
CET1 capital: Instruments and reserves						
Share capital	1,668,336		1,668,336		1,668,336	
Statutory reserve	109,196		109,196		109,196	
Share premium reserve	3,188,631		3,188,631		3,188,631	
Fair value reserve	-8,695		-		-	
Retained earnings	1,615,448		1,118,049		1,134,979	
Profit attributable to the bank's owners	-		497,399		-	
Deduction for ineligible part of profit for the period or year	-		-150,150		-	
CET1 capital before regulatory adjustments	6,572,916		6,431,461		6,101,142	
CET1 capital: regulatory adjustments						
Intangible assets	-		-		-74,627	
Value adjustments due to prudent valuation requirements	-4,830		-4,885		-	
Deferred tax assets	-15,361		-14,937		-	
Deduction of IRB provisions (see disclosure below)	-144,443		-121,791		-85,419	
Total regulatory adjustments to CET1 capital	-164,634		-141,613		-160,046	
CET1 capital	6,408,282		6,289,848		5,941,096	
Tier 2 capital: Instruments						
Fixed-term subordinated loans	-		-		500,000	
Tier 2 capital	-		-		500,000	
Capital base	6,408,282		6,289,848		6,441,096	
Special disclosures						
IRB Provisions excess(+)/shortfall(-)	-144,443		-121,791		-85,419	
Total IRB provisions (+)	145,256		90,347		89,097	
IRB Expected loss amount (-)	-289,699		-212,138		-174,516	
Capital requirement and risk-weighted exposure amount						
Thousands of SEK	31/03/2020		31/12/2019		31/03/2019	
	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount
Credit risk under standardised approach						
Central government and central bank exposures	-	-	-	-	-	-
Regional government and local authority exposures	-	-	-	-	-	-
Institutional exposures	-	-	-	-	-	-
Corporate exposures	84,713	1,058,916	83,377	1,042,218	135,950	1,699,377
Retail exposures	236,720	2,959,000	238,136	2,976,701	243,467	3,043,334
Exposures secured by mortgages on immovable property	291,385	3,642,313	288,943	3,611,782	279,063	3,488,293
Items in default	2,120	26,497	1,944	24,301	4,739	59,239
Equity exposures	320	4,000	320	4,000	320	4,000

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	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount
Credit risk under IRB approach						
Institutional exposures	138,948	1,736,854	89,062	1,113,274	90,915	1,136,437
Corporate exposures	773,622	9,670,281	821,135	10,264,188	646,166	8,077,077
Retail exposures	646,099	8,076,240	633,111	7,913,888	587,970	7,349,619
– mortgage loans	387,713	4,846,414	374,577	4,682,211	326,002	4,075,019
– other loans	258,386	3,229,826	258,534	3,231,677	261,968	3,274,600
Non-credit obligation asset exposures	16,079	200,988	12,950	161,873	16,357	204,463
Total	2,190,007	27,375,089	2,168,978	27,112,225	2,004,947	25,061,839
Credit valuation adjustment	2,840	35,500	3,162	39,525	1,343	16,788
Risk weight floor, residential and commercial properties	284,713	3,558,915	214,987	2,687,339	200,043	2,500,538
Other REAs	2,400	30,000	2,400	30,000	1,760	22,000
Operational risk						
	31/03/2020		31/12/2019		31/03/2019	
	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount	Capital requirement	Risk-weighted exposure amount
Standardised approach	173,143	2,164,292	163,957	2,049,465	163,957	2,049,465
Total capital requirement for operational risk	173,143	2,164,292	163,957	2,049,465	163,957	2,049,465
Total capital requirements and risk-weighted exposure amounts	2,653,104	33,163,796	2,553,484	31,918,554	2,372,050	29,650,630

Note 16 Disclosures on related parties and other significant relationships

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

The bank collaborates on a large scale with Swedbank AB. This collaboration is governed by a collaboration agreement that is valid until 30 June 2024. 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, 28 April 2020

Bo Bengtsson
CEO

Financial ratio definitions

Business volume

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

CET1 capital ratio

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

The CET1 capital is equal to the bank's equity less 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%.

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.

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.

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%, it means that long-term less liquid assets are funded satisfactorily with stable long-term borrowing. The metric is governed by the Capital Requirements Regulation (CRR), but no calculation methods have been established yet.

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.

Cost/income ratio after credit losses excluding dividends, capital gains, impairment losses and goodwill amortisation

The bank's costs excluding impairment losses on financial assets and goodwill amortisation expressed as a percentage of the bank's income excluding dividends and capital gains on disposal of branch offices.

Return on equity

Operating profit net of tax (21.4%) expressed as a percentage of average equity.

Return on equity excluding dividends, capital gains, impairment losses and goodwill amortisation

The bank's operating profit net of tax (21.4%), excluding dividends, capital gains on the disposal of branch offices, impairment losses on financial assets and goodwill amortisation, expressed as a percentage of average equity.

Loan loss ratio excluding brokered volume

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

Loan loss ratio including brokered volume

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

Average number of employees

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

Gross stage 3 loans in %

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

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

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

Ratio of loss allowances to stage 1 loans

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

Ratio of loss allowances to stage 2 loans

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

Provision ratio for stage 1, 2 and 3 loans

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

Total provision ratio for loans

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



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