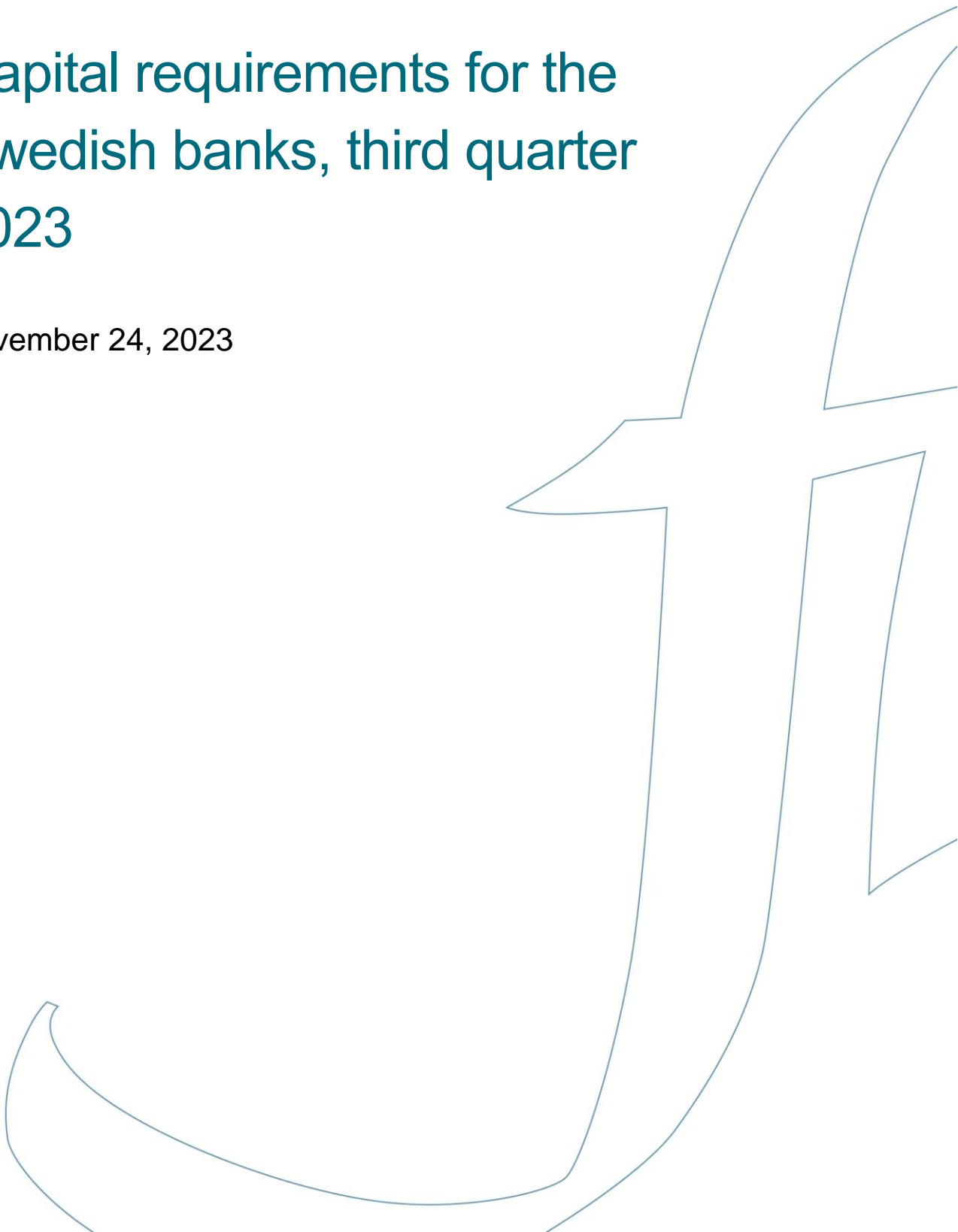




Capital requirements for the Swedish banks, third quarter 2023

November 24, 2023



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Preface

Finansinspektionen (FI) publishes on a quarterly basis the capital requirements of all Swedish banks and credit market companies under its supervision that have been categorised as Categories 1 and 2.^{1,2} This memorandum discloses these companies' capital requirements and capital ratios as of the end of the third quarter 2023.

The capital requirements are based on the capital adequacy regulations, FI's application of the buffer requirements and FI's latest review and evaluation of the companies. The most recent evaluation for Skandinaviska Enskilda Banken (SEB) Svenska Handelsbanken (SHB), Swedbank, SBAB, Nordnet, Klarna and Avanza was completed in September 2023.³ Kommuninvest och Svensk Exportkredit (SEK) was evaluated in September 2021 and Länsförsäkringar in September 2022. FI has decided on Pillar 2 requirements for these companies and communicated which level of Pillar 2 guidance that FI considers they should keep.

Further information on the capital requirements and their application to the Swedish banks can be found in the memorandum "New capital requirements for Swedish banks", FI Ref. 20-20990, and on FI's website.⁴

¹ FI categorises all credit institutions under its supervision on an annual basis. This categorisation enables FI to apply the guidelines issued by the European Banking Authority (EBA). A list of the credit institutions' supervisory categories is available at the following link: <https://www.finansinspektionen.se/contentassets/9c52d6d8183d4572a1206519782e5c5e/tillsynskategorisering-kreditinstitut-filialer-2023.pdf>.

² Swedish subsidiaries to foreign bank groups are not included in this memorandum. Hence, Nordea Hypotek's and Danske Hypotek's capital requirements are not included even though they are categorised as Category 1 and Category 2 institutions respectively.

³ On June 20th, 2023 Fi decided to revise the temporary Pillar 2-requirement for SBAB due to the ongoing review of their internal model.

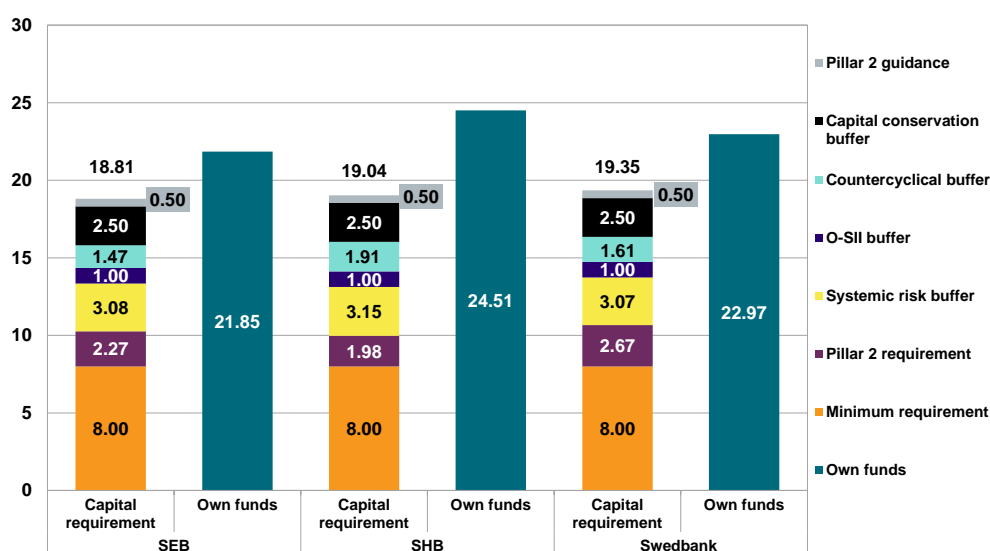
⁴ <https://www.fi.se/en/bank/Capital-requirements-for-swedish-banks/>.

Capital requirements, third quarter 2023

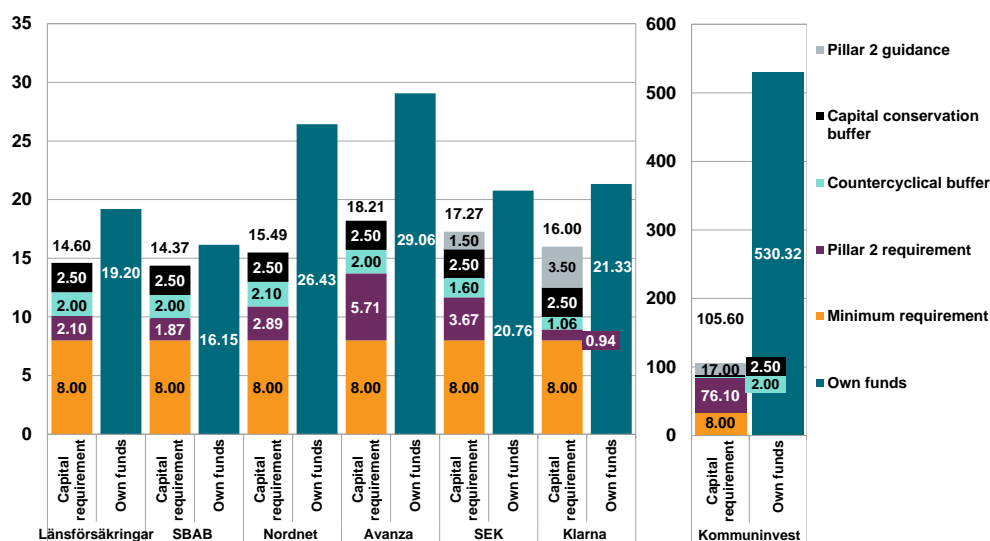
In this chapter we present the capital requirements for Swedish banks as of the third quarter 2023.

Capital requirements in percent

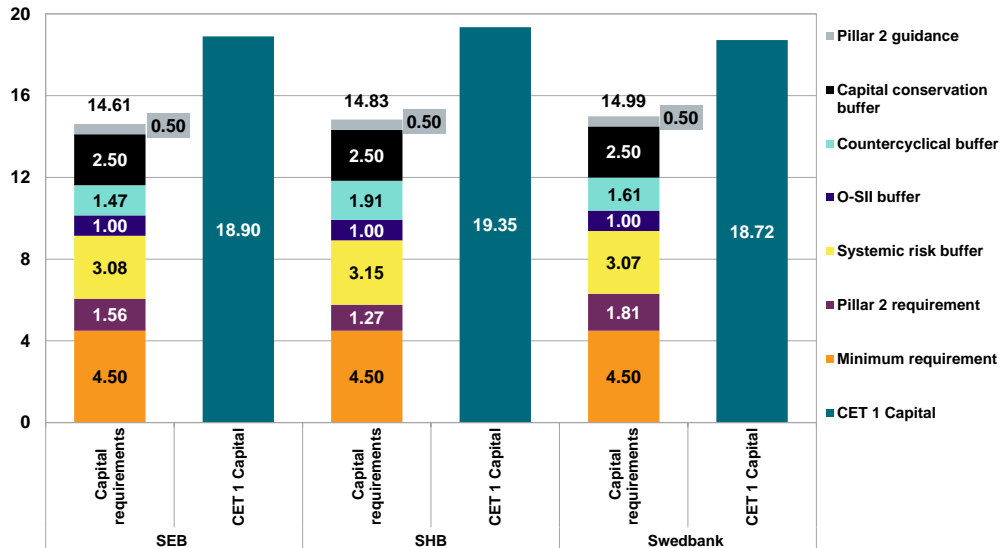
1. Own funds and capital requirements, three major banks (percent of REA)



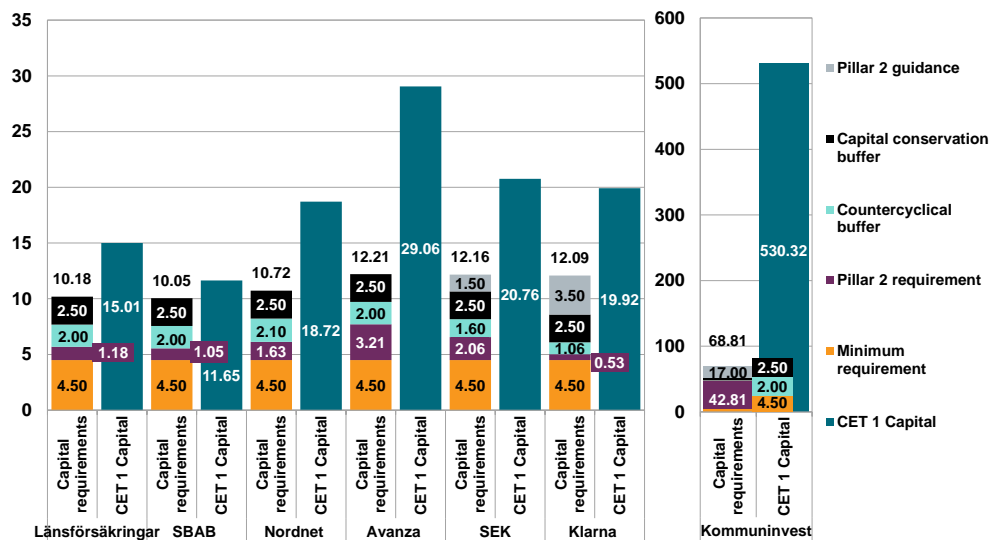
2. Own funds and capital requirements, category 2 (percent of REA)



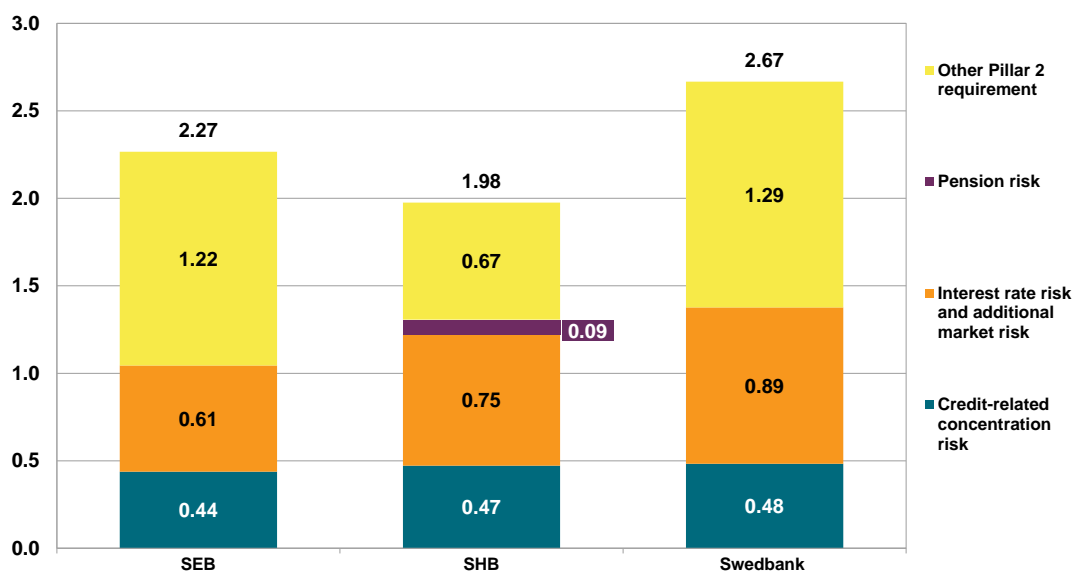
3. Common Equity Tier 1 capital and Common Equity Tier 1 capital requirements, three major banks (percent of REA)



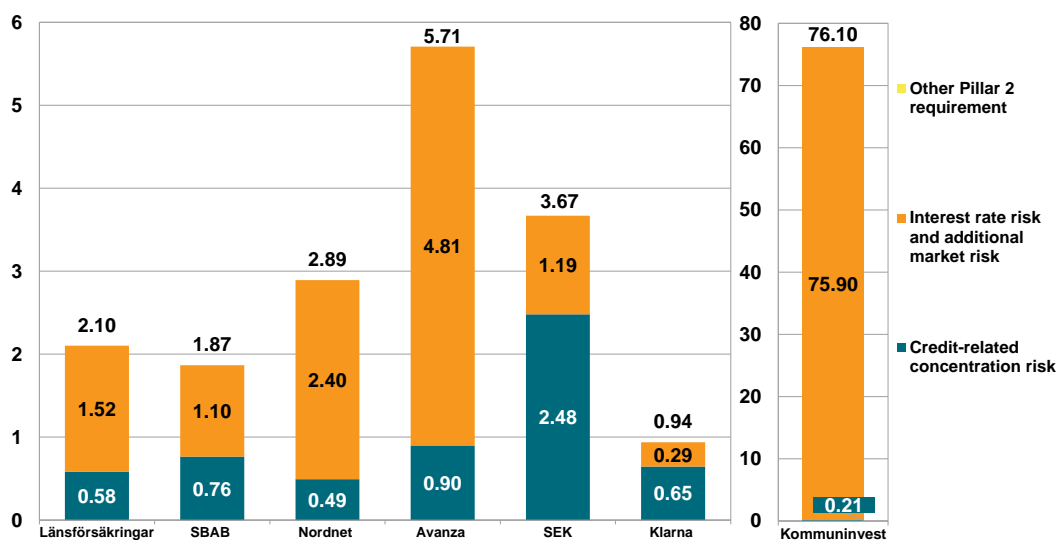
4. Common Equity Tier 1 capital and Common Equity Tier 1 capital requirements, category 2 (percent of REA)



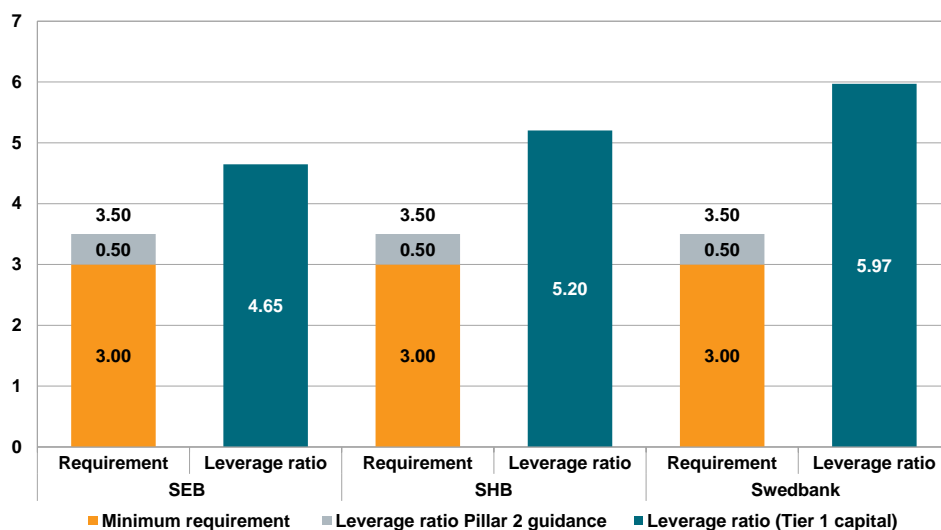
5. Capital requirements in Pillar 2, three major banks (percent of REA)



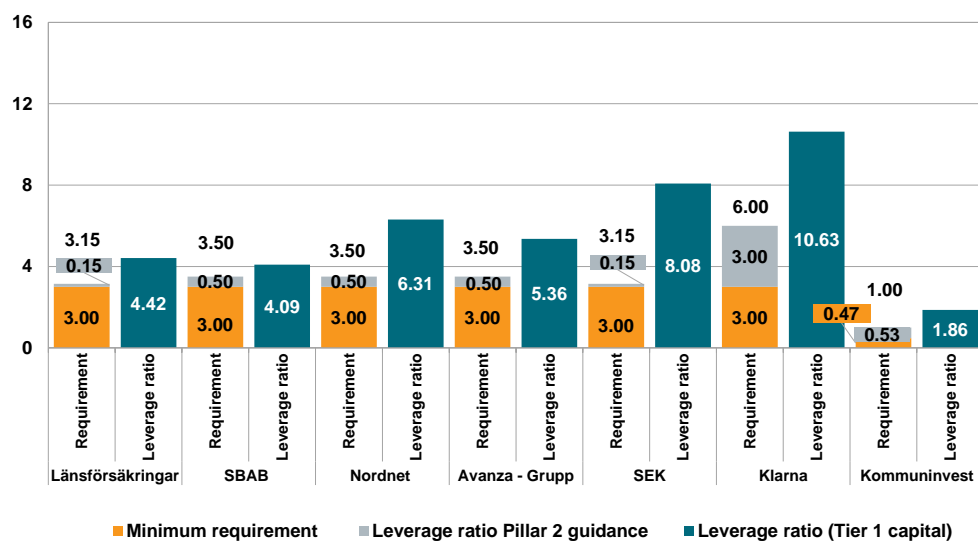
6. Capital requirements in Pillar 2, category 2 (percent of REA)



7. Leverage ratio and leverage ratio requirement, three major banks (percent of leverage ratio exposures)



8. Leverage ratio and leverage ratio requirement, category 2 (percent of leverage ratio exposure)



Note. Kommuninvest's Pillar 2 guidance for leverage ratio is calculated so that the company's leverage ratio requirement is one percent of the total leverage ratio exposure amount before the deduction Kommuninvest does according to the regulation for public development credit institutions. The leverage ratio exposure before deductions was 582 billion SEK and after deduction 91 billion SEK. The leverage ratio after deductions was 11.9 percent.

Capital requirements in SEK

Table 1. Capital requirements in million SEK, 2023-09-30 Large banks

SEB	Total	Tier 1	CET 1
Capital	200 889	189 005	173 736
Risk based capital requirements	172 954	149 922	134 331
Leverage ratio requirements		142 362	20 337

SHB	Total	Tier 1	CET 1
Kapital	212 975	184 438	168 147
Riskbaserat kapitalkrav	165 395	144 016	128 854
Bruttosoliditetskrav		124 037	17 720

Swedbank	Total	Tier 1	CET 1
Capital	192 499	171 844	156 880
Risk based capital requirements	162 142	140 336	125 603
Leverage ratio requirements		100 689	14 384

Table 2. Capital requirements in million SEK, 2023-09-30

Länsförsäkringar	Total	Tier 1	CET 1
Capital	24 215	21 125	18 925
Risk based capital requirements	18 418	15 233	12 843
Leverage ratio requirements		15 068	718
SBAB	Total	Tier 1	CET 1
Capital	27 968	25 973	20 173
Risk based capital requirements	24 891	20 618	17 413
Leverage ratio requirements		22 203	3 172
Nordnet	Total	Tier 1	CET 1
Capital	4 800	4 800	3 400
Risk based capital requirements	2 813	2 319	1 948
Leverage ratio requirements		2 662	380
Avanza	Total	Tier 1	CET 1
Capital	3 696	3 696	3 696
Risk based capital requirements	2 316	1 880	1 553
Leverage ratio requirements		2 415	345
Kommuninvest	Total	Tier 1	CET 1
Capital	10 852	10 852	10 852
Risk based capital requirements	2 161	1 731	1 408
Leverage ratio requirements		5 822	3 080
Svensk Exportkredit	Total	Tier 1	CET 1
Capital	21 907	21 907	21 907
Risk based capital requirements	18 218	15 140	12 832
Leverage ratio requirements		8 539	407
Klarna	Total	Tier 1	CET 1
Capital	14 001	13 250	13 078
Risk based capital requirements	10 501	9 034	7 934
Leverage ratio requirements		7 481	3 741

Note 1. Kommuninvest's Pillar 2 guidance for leverage ratio is calculated so that the company's leverage ratio requirement is one percent of the total leverage ratio exposure amount before the deduction Kommuninvest does according to the regulation for public development credit institutions. The leverage ratio exposure before deductions was 582 billion SEK and after deduction 91 billion SEK. The leverage ratio after deductions was 11,9 percent.

Note 2. Roundings may lead to differences when comparing amounts above to public reports.

Exposure amounts

Table 2. REA and leverage ratio exposure amount, 2023-09-30

mkr	Risk exposure amount	Leverage ratio exposure amount
SEB	919 298	4 067 497
SHB	868 888	3 543 920
Swedbank	837 943	2 876 831
Länsförsäkringar	126 118	478 362
SBAB	173 220	634 379
Nordnet	18 162	76 057
Avanza	12 718	69 009
Kommuninvest	2 046	91 423
Svensk Exportkredit	105 504	271 080
Klarna	65 645	124 689

Note. Kommuninvest's leverage ratio exposure amount is after the deduction of exposures according to the regulation for public development credit institutions.

Description of the calculations

Own funds, the risk exposure amount (REA), the leverage ratio exposure amount and the countercyclical buffer are based on the companies' third quarter reporting in 2023. The reporting was submitted to FI on the 13th of November 2023. The rounding of each component of the capital requirement may result in a discrepancy between the sum of all parts and the total capital requirement. The data is reported at group level.

Companies have a choice to either exclude or include the revenue recognised during the year when calculating their capital adequacy ratio. The latter requires authorisation from us. This means that the own funds for the companies as presented in this memorandum could either include or exclude the revenue recognised during the year.

Risk-based capital requirements

Minimum requirement, Pillar 1

The Pillar 1 minimum requirement is amounting to eight percent of the total risk exposure amount and must be covered by at least 75 percent Tier 1 capital, whereof at least 75 percent must be Common Equity Tier 1 (CET 1).

Pillar 2 requirement

FI decides on a Pillar 2 requirement in conjunction with our supervisory review and evaluation of the companies. In support of the decision, FI uses a number of methods that disclose how we assess and calculate the requirement for specific risks. FI can also decide on Pillar 2 requirements based on other assessments that we make.⁵

Pillar 2 requirements shall be covered by at least 75 percent Tier 1 capital, of which at least 75 percent must be CET 1 capital, but FI can also decide on a higher proportion of Tier 1 capital or CET 1 capital.

Systemic risk buffer

The systemic risk buffer amounts to three percent of the total risk-weighted exposure amount for the major banks and must be covered by CET 1 capital. FI may also recognize systemic risk buffers implemented by other countries, which can lead to a buffer that exceeds three percent.

Buffer for other systemically important institutes (O-SII buffer)

The O-SII buffer is amounting to one percent of the total risk-weighted exposure amount for the major banks and must be covered by CET 1 capital.

Countercyclical capital buffer

The countercyclical buffer value is currently set to two percent on exposures in Sweden (as of 22nd June, 2023). The buffer value that the banks report is an

⁵ For more information, see <https://www.fi.se/en/bank/Capital-requirements-for-swedish-banks>.

average value, weighted by the risk exposure amount, of the countercyclical buffer values applied in the countries to which the company has exposures. The countercyclical capital buffer must be covered by CET 1 capital.

Capital conservation buffer

The Capital conservation buffer is amounting to 2.5 percent of the total risk-weighted exposure amount and must be covered by CET 1 capital.

Pillar 2 guidance

FI communicates a risk-based guidance in conjunction with our supervisory and review of the companies. The guidance is not a formally decided requirement for the company. It must be covered by CET 1 capital.

Leverage ratio requirement

Minimum requirement for leverage ratio

The minimum requirement for the leverage ratio is amounting to three percent of the leverage ratio exposure amount and must be covered by Tier 1 capital.

Pillar 2 requirement

FI has not decided on a Pillar 2 requirement for any of the companies included in the memorandum. However, we can decide on a Pillar 2 requirement in a similar way as for the risk-based requirement. The Pillar 2 requirement must be covered by Tier 1 capital unless we decide otherwise.

Pillar 2 guidance

FI communicates a leverage ratio guidance in conjunction with our supervisory review and evaluation process. The guidance is not a formally decided requirement for the company. This requirement must be covered by CET 1 capital.