



Capital requirements for the Swedish banks, first quarter 2024

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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, Pillar 2 guidance and capital ratios as of the end of the first quarter 2024.

Note that the Pillar 2 guidance is included in figures and tables that show capital requirements despite that the Pillar 2 guidance do not constitute a formal requirement.

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 Länsförsäkringar was evaluated in September 2022 whereas Kommuninvest and Svensk Exportkredit (SEK) were evaluated in September 2021. FI has decided on Pillar 2 requirements for these companies and communicated the capital ratio that FI considers they should keep (Pillar 2 guidance).

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.fi.se/contentassets/9e2a1e10fcc9437f98085ec1975f27ea/tillsynskategorisering-kreditinstitut-filialer-2024.pdf>

² Swedish subsidiaries to foreign bank groups are not included in this memorandum. Hence, Nordea Hypotek's capital requirements are not included even though Nordea is categorised as a Category 1 institution.

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.

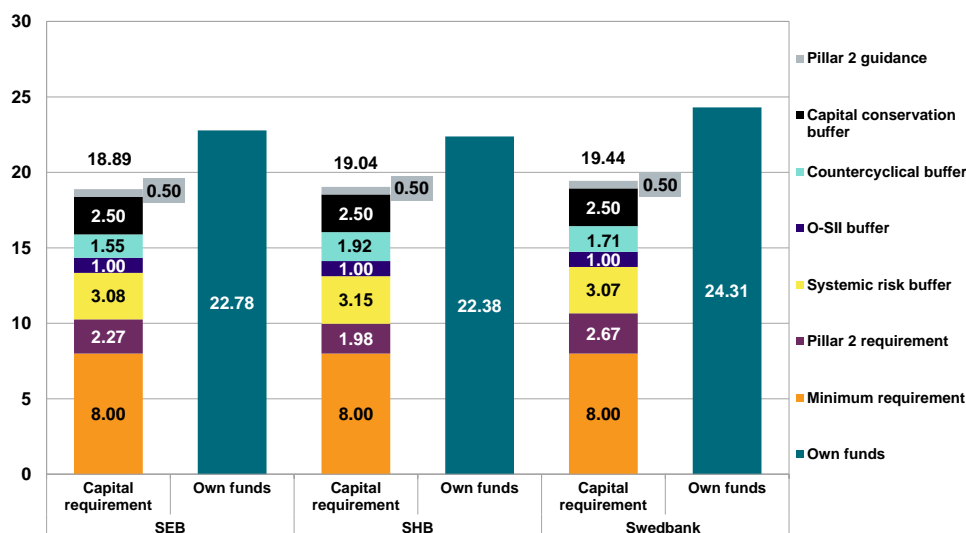
⁴ <https://www.fi.se/en/bank/Capital-requirements-for-swedish-banks/>.

Capital requirements, first quarter 2024

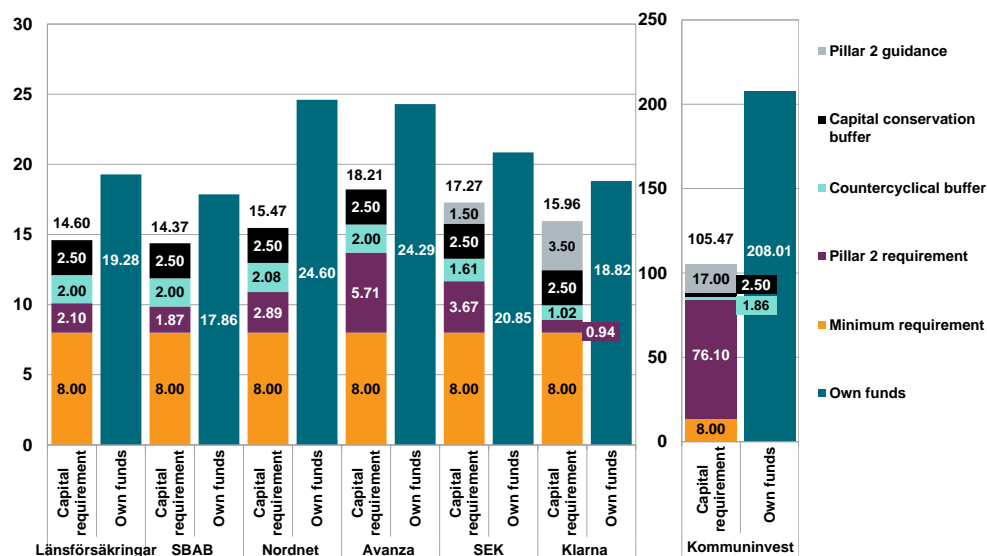
In this chapter we present the capital requirements for Swedish banks as of the first quarter 2024.

Capital requirements in percent

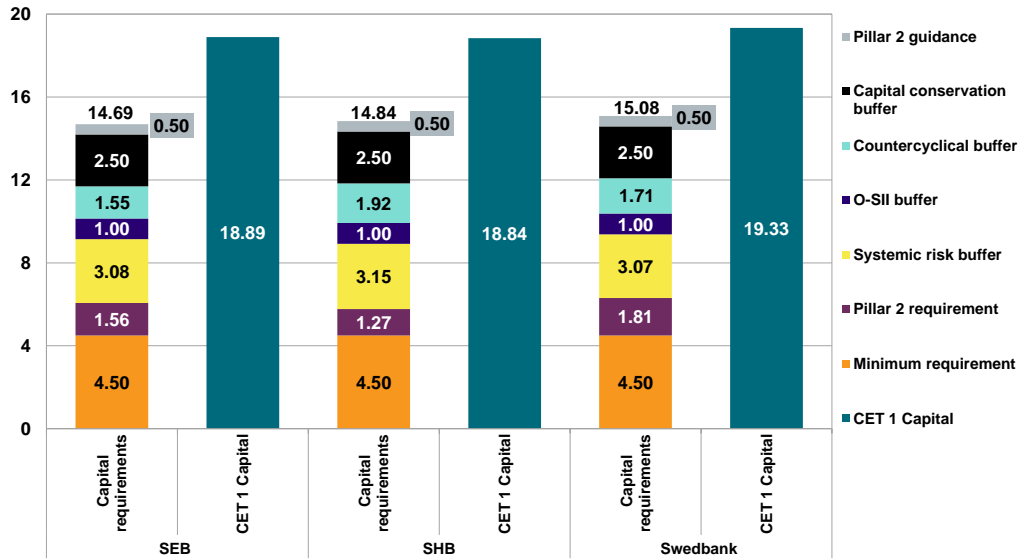
1. Own funds and capital requirements, three major banks (percent of REA)



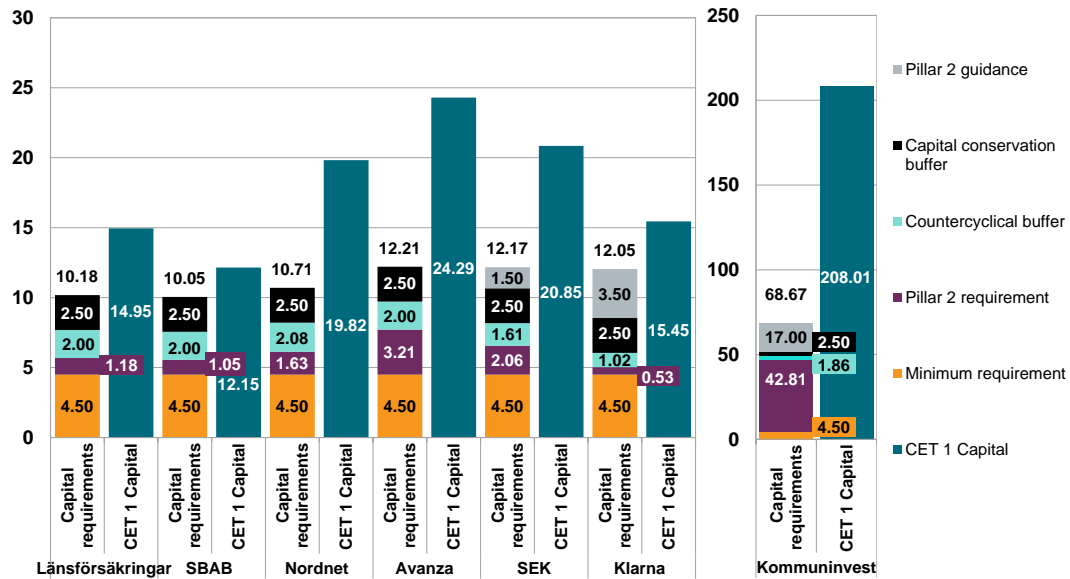
2. Own funds and capital requirements, category 2 (percent of REA)



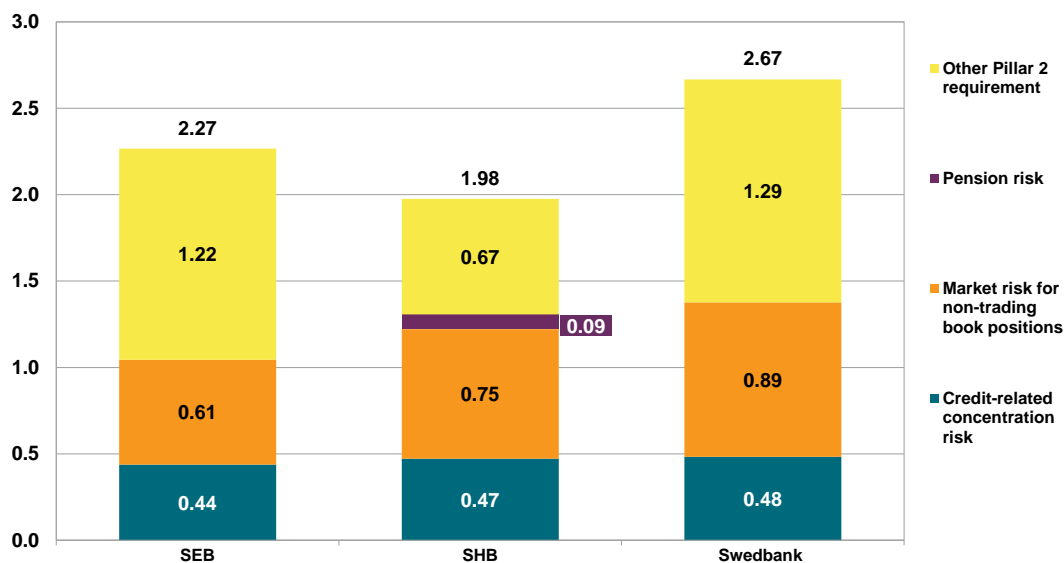
3. Common Equity Tier 1 capital and Common Equity Tier 1 capital requirements, three major banks (percent of REA)



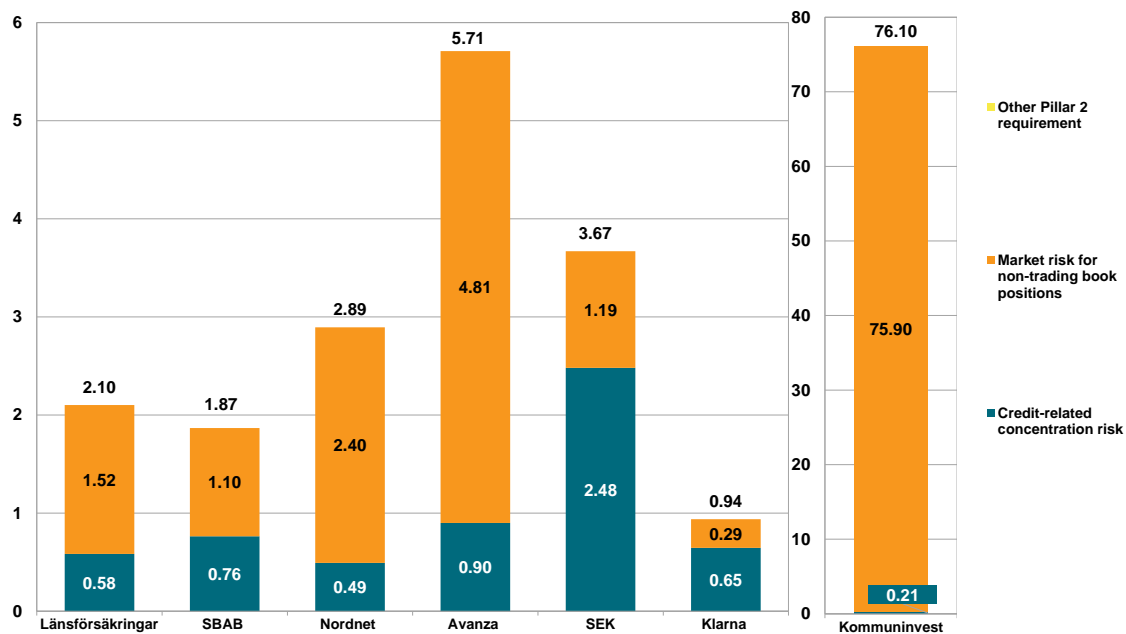
4. Common Equity Tier 1 capital and Common Equity Tier 1 capital requirements, category 2 (percent of REA)



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

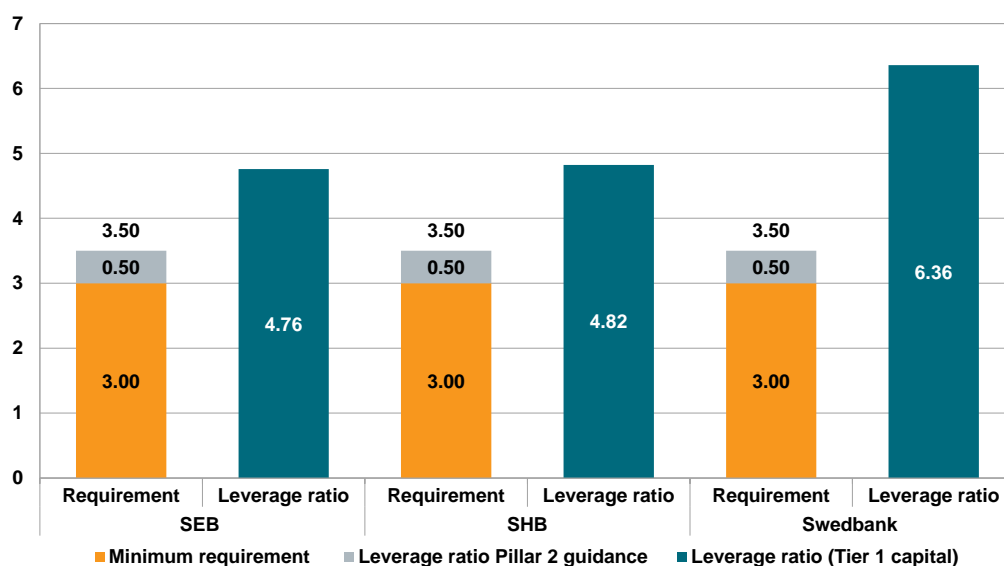


6. Capital requirements in Pillar 2, category 2 (percent of REA)

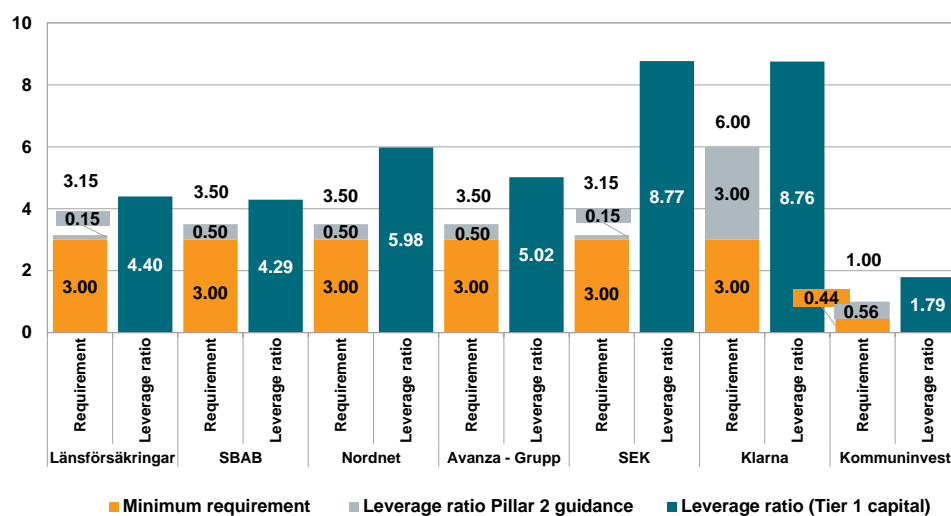


Note: None of the category 2 institutes have a Pillar 2 requirement for pension risk.

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



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 607 billion SEK and after deduction 90 billion SEK. The leverage ratio after deductions was 12.1 percent.

Capital requirements in SEK

Table 1. Capital requirements in million SEK, Large Banks, 2024-03-31

SEB	Total	Tier 1	CET 1
Capital	211 068	189 962	175 004
Risk based capital requirements	175 027	151 814	136 101
Leverage ratio requirements		139 707	19 958

SHB	Total	Tier 1	CET 1
Capital	193 227	173 274	162 648
Risk based capital requirements	164 385	143 143	128 078
Leverage ratio requirements		125 785	17 969

Swedbank	Total	Tier 1	CET 1
Capital	208 908	187 988	166 143
Risk based capital requirements	167 088	144 725	129 616
Leverage ratio requirements		103 502	14 786

Table 2. Capital requirements in million SEK for banks in supervisory category 2, 2024-03-31

Länsförsäkringar	Total	Tier 1	CET 1
Capital	25 119	22 029	19 479
Risk based capital requirements	19 023	15 733	13 265
Leverage ratio requirements		15 785	752
SBAB	Total	Tier 1	CET 1
Capital	30 342	28 338	20 638
Risk based capital requirements	24 415	20 224	17 081
Leverage ratio requirements		23 142	3 306
Nordnet	Total	Tier 1	CET 1
Capital	4 635	4 635	3 735
Risk based capital requirements	2 915	2 402	2 017
Leverage ratio requirements		2 714	388
Avanza	Total	Tier 1	CET 1
Capital	3 594	3 594	3 594
Risk based capital requirements	2 694	2 187	1 806
Leverage ratio requirements		2 508	358
Kommuninvest	Total	Tier 1	CET 1
Capital	10 873	10 873	10 873
Risk based capital requirements	5 513	4 414	3 590
Leverage ratio requirements		6 074	3 375
Svensk Exportkredit	Total	Tier 1	CET 1
Capital	22 416	22 416	22 416
Risk based capital requirements	18 574	15 437	13 085
Leverage ratio requirements		8 049	383
Klarna	Total	Tier 1	CET 1
Capital	13 641	12 890	11 203
Risk based capital requirements	11 568	9 948	8 733
Leverage ratio requirements		8 834	4 417

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 607 billion SEK and after deduction 90 billion SEK. The leverage ratio after deductions was 12,1 percent.

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

Exposure amounts

Table 2. REA and leverage ratio exposure amount, 2024-03-31

mkr	Risk exposure amount	Leverage ratio exposure amount
SEB	926 500	3 991 639
SHB	863 310	3 593 854
Swedbank	859 345	2 957 209
Länsförsäkringar	130 267	501 119
SBAB	169 898	661 207
Nordnet	18 841	77 537
Avanza	14 793	71 659
Kommuninvest	5 227	89 968
Svensk Exportkredit	107 523	255 518
Klarna	72 498	147 228

Note. Kommuninvest's leverage ratio exposure amount is presented after the deduction of exposures in accordance with the regulation for public development credit institutions.

Description of the calculations

Own funds, the risk exposure amount (REA), the leverage ratio exposure amount, the countercyclical buffer and the systemic risk buffer are based on the companies' first quarter reporting in 2024. The reporting was submitted to FI on the 13th of May 2024. 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 institute (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.

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

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 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.

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.