REPORT

Stability in the Financial System

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Contents

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Summarized stability assessment

The sentiment in the Swedish economy has improved in recent months even if households continue to demonstrate weaker sentiment than normal. Stock markets have recovered since last spring, and lower interest rates are providing relief for indebted sectors. However, the US government's redirection of US policy in several areas has created considerable uncertainty about the future global economic conditions. The uncertainty related to trade policy decreased somewhat since last spring after the US entered into several trade deals. However, because the US is using trade barriers as a means of geopolitical pressure, there is a risk that the conditions of the trade deals could change going forward. Global economic conditions, in other words, are impacted by the actual measures from the US but also the uncertainty about whether these measures will apply going forward or not.

Russia's full-scale invasion of Ukraine continues unabated, and the security situation continues to be strained. As a result, European NATO members have begun to invest more in defence, although several large European countries already have weak public finances and their long-term bond rates have increased over the past year. In the US, the political pressure on the Federal Reserve (the US central bank) has increased sharply. If the Federal Reserve's independent position is threatened, this could have ramifications for interest rate development and international capital flows.

Since our last stability report, risk taking on the financial markets has increased sharply. Stock markets have risen, and credit risk premiums have become tighter. The low price of risk combined with the high global uncertainty increases the probability of a negative shock that could spread throughout the global financial system. The strained security situation also places continued high requirements on financial corporations to maintain operational resilience.

Overall, Swedish banks and insurance undertakings are well capitalised, and Sweden's public finances continue to be very strong. Finansinspektionen (FI) is also working actively with the financial sector to strengthen the capacity of and increase the rate of development in Sweden's civil defence. This creates resilience in the Swedish economy and the Swedish financial system.

Risk-taking on financial markets is high

Despite the elevated uncertainty, risk taking on financial markets in the US is high. The volatility on the stock and bond markets is dampened, credit risk premiums are low, and the stock market has reached historically high levels. At the same time, the upswing on the US stock market is concentrated to a few large technology companies that have made large investments in artificial intelligence (AI). The high valuation together with the high concentration on the US stock market could

constitute a stability risk. If the outlook for the large technology companies were to decline rapidly, there could be sharp price corrections, and in a bad scenario this could lead to global contagion effects. During the autumn, we have seen signs that the markets are reacting strongly to negative news related to specific companies in the technology and financial sectors. Risk taking is high, in other words, but also shifting very quickly. In Europe, risk taking increased again, but not to the same high levels as in the US. In an environment where uncertainty is high but the price of risk is low, there is a higher probability of sharp price corrections and large capital flows. This could spread to other parts of the financial system.

Over time, Swedish households have had an increasing exposure to US assets from their ownership of shares and funds. If there is a large price correction on the US stock market, this could have a negative impact on households' financial position. This does not pose a direct stability risk, but it could have a negative impact on household sentiment. Swedish life insurance undertakings and occupational pension undertakings also have some exposure to the US. These undertakings currently have strong solvency, but in a scenario where asset prices and market rates fall simultaneously, their solvency could deteriorate. However, they have satisfactory buffers of liquid assets and a long-term investment horizon. This counteracts potential procyclical behaviour and amplification of negative developments on financial markets.

Debt growth continues to be dampened

Household sentiment continues to be weak but has improved in late 2025. Households are restrictive in their consumption and have increased their savings. Price development on the housing market has been dampened in recent years, which has contributed to low debt growth among households. Going forward, the interest rate cuts that have been made will lead to lower interest expenses. Combined with stronger income development, households' cash flows are expected to improve. The Swedish Ministry of Finance has proposed in a memorandum[1] more lenient borrower-based macroprudential measures. If these measures are implemented, more households will be able to borrow more to buy a home, which will probably lead to higher housing prices. Vulnerabilities related to the growth of household debt, therefore, could increase going forward. Overall, however, FI makes the assessment that vulnerability related to household debt growth is low right now.

Debt growth among non-financial corporations was low in 2024 and 2025. For commercial real estate firms, lower interest expenses have led to improved profitability. Their financial position has improved from low debt growth and improved profitability. However, in a scenario with a more prolonged economic

[1] *Utveckling av makrotillsynsområdet* (Macroprudential developments), (Fi2025/01375).

downturn and low inflation, vacancy rates could increase and rent growth fall, which puts pressure on these firms' earnings. Even if indebtedness has decreased, FI makes the assessment that some commercial real estate firms continue to be vulnerable due to their weak financial position. Commercial real estate firms therefore need to continue to work to strengthen their financial position.

FI considers the major Swedish banks' asset quality to have improved slightly. However, due to the high geopolitical uncertainty, there is a risk that the development of the Swedish economy could worsen going forward. This could apply renewed pressure to households' and non-financial corporations' cash flows and lead to a deteriorated financial position. This could lead to more bankruptcies and higher unemployment, which would increase the banks' credit risks. However, since the major Swedish banks have significant capital buffers and continue to have good profitability, FI makes the assessment that the banks are resilient to such a scenario.

Overall, FI makes the assessment that significant cyclical systemic risks are not currently building up in the Swedish economy. FI therefore intends to leave the countercyclical capital buffer rate unchanged at 2 per cent for Q4 2025 (see In-depth Review – FI intends to leave the countercyclical capital buffer rate unchanged in the fourth quarter).

Banks and non-financial corporations have good access to financing

Liquidity on the markets for Swedish government bonds and covered bonds has improved in recent years. This makes the markets less vulnerable to shocks and dampens potential contagion effects that could spread to other parts of the financial system. If a shock were to occur on the US or European fixed income market, it could spread to the Swedish fixed income market. However, the improved liquidity combined with Sweden's very strong public finances contribute to good resilience.

Commercial real estate firms' financing situation continues to improve. Debt issuance volumes have increased the past year, and commercial real estate firms with lower credit ratings have been able to issue bonds at lower interest rates. One-fourth of the commercial real estate firms' financing had a fixed interest-rate term of less than one year at the end of Q3 2025, which was lower than at the end of 2024. However, the percentage of commercial real estate firms' financing at a fixed interest-rate term of less than one year is still relatively large, which makes these firms vulnerable to shocks on the financial markets.

The major Swedish banks continue to have good access to market financing in all currencies. The major banks' liquidity reserves, which primarily consist of central bank holdings in EUR and USD, have increased in recent years. The major

Swedish banks continued to maintain a good margin to the liquidity requirements, which means they have good resilience to shocks on the financial markets.

The high uncertainty combined with the low price of risk means that risk-taking on global financial markets could change rapidly and large capital flows could arise. This increases the liquidity risks for Swedish investment funds. Swedish corporate bond funds are particularly vulnerable since the Swedish corporate bond market is small and has low liquidity. In order to better manage liquidity risks in the investment fund sector, a proposal from a government inquiry[2] recommends the introduction in 2026 of a requirement that each open fund must include two liquidity tools in their fund rules. This proposal is expected to reduce liquidity risks in the Swedish investment fund sector going forward.

Significant concentration and interconnection in the financial system

The major Swedish banks are highly interconnected, both to one another and to other parts of the financial system. Major Swedish banks and Swedish life insurance undertakings and occupational pension undertakings are also significant counterparties to one another in various derivative contracts. They are thus interconnected through transactions on the derivative market. Life insurance undertakings and occupational pension undertakings also own a large share of the securities issued by the banks and thus are highly exposed to the banking sector. Both sectors also have significant exposures to the real estate sector. This creates structural vulnerabilities in the financial system, and shocks in one part of the system could spread to other parts of the system. Increased use of AI among both financial corporations and society at large could lead to new vulnerabilities going forward (see In-depth Review – AI and financial stability).

The deteriorated state of geopolitical security increases the risk of cyberattacks on financial corporations. This continues to place high demands on the financial corporations' operational resilience. The interconnection of systems and dependencies between financial corporations means that such a shock could have widespread contagion effects. Through the financial corporations' incident reporting under the EU regulation on digital operational resilience[3] (DORA or the DORA regulation), FI will soon gain a better overview of operational vulnerabilities in the financial sector. As a sector-responsible authority in the financial services preparedness sector, FI plays a key role in Sweden's total defence. This responsibility entails leading the sector's work to coordinate

[2] *En starkare fondmarknad* (A stronger investment fund market) (SOU 2025:60).
[3] Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011

measures prior to and during peacetime crisis situations and in heightened states of alert in cooperation with other preparedness authorities in the sector. In line with the Government's instructions, FI is working actively to strengthen the capacity and increase the rate of development of Sweden's civil defence. A large part of this work entails engaging financial corporations in the total defence planning. As support for financial corporations planning for their part in the total defence, FI has now published a planning guidance.[4]

[4] FI's planning guidance is available at fi.se: https://www.fi.se/sv/publicerat/nyheter/2025/sverige-behover-finansiella-tjanster-i-krig2/.

Macrofinancial situation

Sentiment in the Swedish economy has improved in recent months. However, the US government's redirection of US policy in several areas has created considerable uncertainty about the future global economic conditions. Higher trade barriers could have a negative impact on the Swedish economy going forward. There is uncertainty about financial policy in the US and some European countries, and the long-term government bond rates have increased the past year. Despite this uncertainty, risk-taking on the financial markets is high and many asset prices are at historically high levels. In such an environment, where uncertainty is high but the price of risk low, there is a higher risk of sharp price corrections and large capital flows.

	Level of vulnerability	Development
Risk-taking on financial markets		↗
Lack of market liquidity		↘

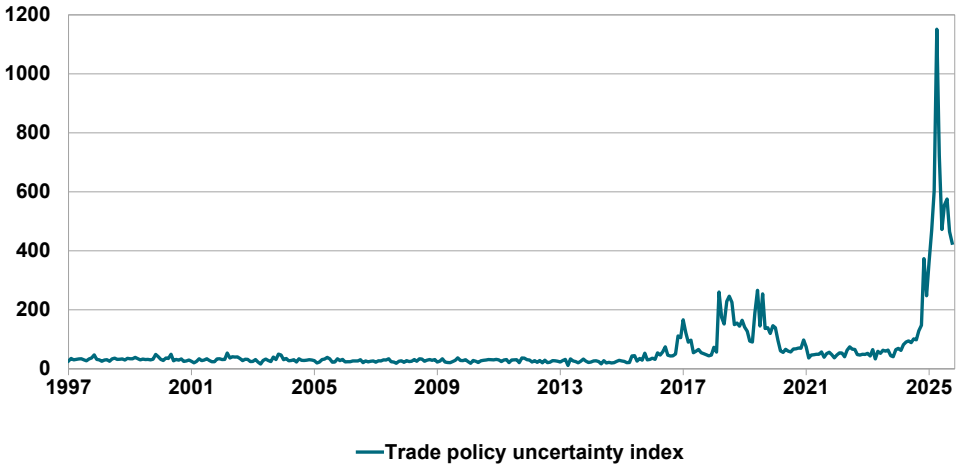
The colors indicate the current level of vulnerability. Green represents low vulnerability. Yellow, orange and red indicate differing degrees of elevated vulnerability. The arrows show how FI assesses that the vulnerability develops. An upward-pointing arrow means that the vulnerability is increasing and a downward-pointing arrow that it is shrinking. The assessment of vulnerabilities are based on a combination of quantitative measurements and expert assessments.

Continued high global uncertainty

Since Donald Trump took over the presidency in the US, there have been many manoeuvres and decisions that impact both security policy and global economic conditions. The uncertainty related to trade policy decreased somewhat since last spring (Diagram 1) after the US entered into trade deals with several key trading partners. However, the trade deals have not been finalised, and the US also uses trade barriers as a means to apply geopolitical pressure. There is therefore a risk that the terms of the trade deals could change in the future. Russia's full-scale invasion of Ukraine continues, and the security situation continues to be strained.

1. Uncertainty continues to be high

Index



Source: Trade Policy Uncertainty Index.
Note: Index based on measurement of news articles that mention trade policy uncertainty.

As a result of the strained security situation, European NATO members decided to increase their defence investments. They have agreed to invest 5 per cent of GDP on defence expenditure and defence-related infrastructure expenditure in coming years. The investments are expected to primarily be financed through increased borrowing on the government bond market. However, several large European countries already had high public debt and large budget deficits. They need to invest simultaneously in, for example, health care, infrastructure and their pension system. In France and the UK, the political uncertainty surrounding fiscal policy decisions has set upward pressure on long-term interest rates over the past year. If the market starts to doubt these countries' ability to impose discipline on their fiscal policy, this could cause a negative spiral with even higher interest rates leading to a further weakening of their public finances. In a worst-case scenario, this could lead to financial stress to parts of the government bond market, which could spread to other parts of the financial system.

The US is also experiencing fiscal uncertainty The US government proposed a budget last summer that included large tax breaks and is expected to increase the US deficit in coming years. The US already has high public debt and a large budget deficit. The increasingly polarised political climate is creating uncertainty about how the US's public finances will be stabilised in the future. The political pressure on the Federal Reserve has also increased sharply. Trump is promoting interest rate cuts to stimulate the economy and has tried to get members of the Federal Reserve to push his political stance. The independence of a central bank is key for the public's confidence in the inflation target. If the Federal Reserve's independent position were threatened, this could have major ramifications for interest rate development and international capital flows.

Since the US is the world's largest economy, the abrupt reversals in US policy are creating a high degree of uncertainty. There are also several legal proceedings under way to determine how far the authorities of the presidency reach, in part with regard to import tariffs. Global economic conditions, in other words, are impacted by the actual measures from the US as well as the uncertainty about whether these measures will apply going forward or not.

US dollar central to the financial system

The US dollar is the largest global reserve currency and dominates both global trade and transactions in the financial system. However, there are signs that the high uncertainty is now challenging the USD's status as the dominant trade and reserve currency. For example, foreign investors have hedged to a greater extent their US investments. At the same time, the price of gold has increased sharply, which usually happens during periods of great uncertainty. If, in the longer term, the position of the US dollar is weakened, this could lead to a more fragmented global financial system where new risks would probably arise.

It is far from a given that the US dollar's role in the global financial system will change, particularly since there are no obvious alternatives. So far, demand for US assets continues to be high, and there are no signs of any significant capital flows away from USD-based assets. If there is a change, it will probably occur gradually over a long period of time. However, the current uncertainty entails a greater probability of short-term shocks in the form of increased stress and volatility on the US fixed-income markets. As long as the US fixed-income markets play a central role in the global financial system, market fluctuations there could spread to other countries. As a small economy with a relatively large capital market and an internationally active financial sector, Sweden could be affected (see Stability in the banking sector and Stability in the insurance and investment fund sector).

Dampened international economic growth

There is a risk that the economic uncertainty could lead to both households and businesses around the world becoming more cautious about consumption and investments. The uncertainty about future import tariffs has led to volatility in US imports during the first half of the year. Imports also increased sharply in the first quarter as many importers anticipated high tariffs. Imports then decreased dramatically in the second quarter once the higher import tariffs were finalised. Unemployment in the US is low, but the supply of new jobs has slowed. Inflation continues to be slightly above the target, and the scope of the impact of higher tariffs on consumer prices going forward is still unclear. This volatile development during the first half of 2025 makes it difficult to assess the state of the US economy. According to the most recent forecasts from the Organisation for Economic Co-operation and Development (OECD) and the International Monetary

Fund (IMF), GDP in the US will grow at moderate pace in 2026 and inflation will be just over 2 per cent. In other words, these organisations make the assessment in their main scenarios that the current trading policy will not have a significant negative impact on US growth and inflation.

However, both the OECD and the IMF see at the same time significant risks of a worsened scenario for the US economy. The trade policy uncertainty could lead to changes in global production chains, which would rapidly increase producer prices. There is also a risk that businesses will begin to pass on a larger share of their import tariffs to their sales prices. This would lead to lower growth and higher inflation in the US economy. Such a development will present a difficult balance for the Federal Reserve since there is a risk that cuts to the interest rate could fuel inflation even though such cuts may be necessary to support growth in the economy.

In the euro zone, growth has been stable during the first half of the year. Unemployment is low from a historical perspective, and inflation has stabilised at the target of 2 per cent. Most forecasters believe that higher import tariffs in the US will lead to lower demand from the US for European exports at the same time as China is increasing its exports to Europe. This is expected to dampen both inflation and growth in the euro zone in the next few years. The agreement reached among European NATO members to spend 5 per cent of their respective GDPs on defence expenditure and defence-related infrastructure expenditure, on the other hand, is expected to provide some support to the euro zone's growth in the mid-term.

Continued economic downturn in Swedish economy

Sweden continues to be in an economic downturn. Unemployment is high, and inflation, measured as the consumer price index with a fixed interest rate (CPIF), is above the target of 2 per cent. Household consumption continues to be sluggish. As a result, GDP growth in the first half of the year was relatively weak. According to the National Institute of Economic Research's (NIER) Economic Tendency Survey, the private sector has returned to a more normal state, while household sentiment is slightly weaker than normal. The expectation in the private sector for future sale prices is higher than the historical average, but NIER makes the assessment that inflation will approach the inflation target later this year. Swedish exports are expected to grow slowly in 2025 and 2026 due to the trade policy uncertainty and weaker growth outlooks in the US and Europe. Going forward, NIER expects the interest rate cuts that were already made to lower households' interest expenses, which together with rising real incomes will lead to higher consumption. This contributes to an economic recovery later this year, but the economic downturn is expected to persist even into 2026.

High risk taking in financial markets

In the spring, the US announced widespread import tariffs on foreign countries. This meant that risk taking dropped sharply, evidenced through the drop in global stock markets, increase in volatility, and increase in credit risk premiums. Both the US dollar and US government bonds depreciated as investors appeared to reassess their status as secure assets to invest in during periods of financial stress. After the US reached trade deals with major trading partners, the uncertainty decreased slightly. However, the risk-taking on the financial markets has increased rapidly since then and is once again at a high level. Despite the elevated uncertainty, the financial conditions in the US are favourable. The volatility on the stock and bond markets is dampened, credit risk premiums are low, and the stock market has reached historically high levels. Even in inflation-adjusted terms, the P/E ratio[5] for the S&P 500 is at historically high levels, which means a high valuation. This high valuation is concentrated to a few large technology companies that have made significant investments in AI. In October, the IMF[6] warned that the high valuations and the high concentration on the US stock market constitutes a stability risk. If the outlooks for the large technology companies were to deteriorate quickly, this could lead to sharp price corrections. During the autumn, we have seen signs that the markets are reacting strongly to negative news related to specific companies in the technology and financial sectors. Risk taking is high, in other words, but also shifting quickly. Risk taking in Europe also increased, but not to the same high levels as in the US. Overall, the price of risk is low despite the high uncertainty. This increases the probability of sharp price corrections and large capital flows that could lead to spillover effects to other parts of the financial system to other parts of the financial system.

Changes in risk taking are also evident in the number of listings of Swedish companies. Listings, which had recovered since the fall during the general increase in interest rates in 2021, decreased sharply in the spring. Since then, the number of listings has once again risen as a result of increased risk taking and favourable financial conditions.

The global use of crypto assets such as e-money tokens or asset-referenced tokens[7] has increased recently. These crypto assets are backed by reserves that consist of traditional financial assets. If many holders want to redeem their tokens at the same time, the issuer will need to sell assets in their reserve. Thus, there is a clear contagion channel between crypto assets and the more traditional financial system.

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[5] Cyclically Adjusted Price/Earnings ratio (CAPE) is a stock-valuing measure that sets the stock market's current market price against average inflation-adjusted profits from the last 10 years.
[6] Source: Global Financial Stability Report October 2025, IMF.
[7] E-money tokens and asset-referenced tokens are also called *stablecoins*. They are cryptoassets that aim to maintain a stable value over time, for example by following a national currency (for example, USD) or a commodity (for example, gold).

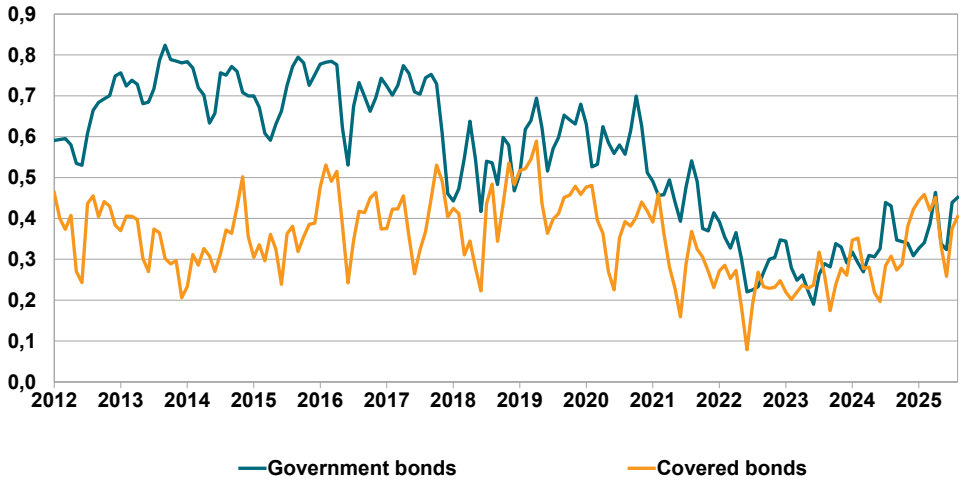
FI makes the assessment that the stability risks linked to crypto assets are currently low in Sweden. However, increased usage combined with insufficient global regulation, could change this assessment in the future.

Improved market liquidity

Liquidity on the secondary market for Swedish government bonds and covered bonds has improved in recent years (Diagram 2). One reason is that the Riksbank's sales and the Swedish National Debt Office’s increased supply of government bonds has increased the volume of government bonds available for trade. Higher interest rates have also contributed to increased trading volumes of fixed income assets and thus higher liquidity. Low liquidity makes the markets more vulnerable to shocks, and price fluctuations could thus become larger. Since these markets are central for the Swedish financial system, strong price fluctuations could lead to spillover effectsto the rest of the system. Financial stress on US or European fixed income markets could spread to the Swedish fixed income market. this stress could spread to the Swedish fixed income market. However, the improved liquidity on the Swedish government bond market combined with Sweden's very strong public finances contribute to good resilience.

2. Liquidity trend on the bond markets improves

Index



Source: FI's transaction reporting system, Refinitiv, Swedish National Debt Office and Svenska Handelsbanken Bond Indices.
Note: Finansinspektionen's liquidity indicator[8] is an aggregate of various individual indicators for covered bonds and nominal government bonds with benchmark status. Higher values signify higher liquidity. The diagrams show the two months' moving average of the index.

In-depth Analysis – AI and financial stability

The use of AI, and particularly generative AI, has increased rapidly across society in recent years, and this also applies to financial firms. In 2024, we conducted a survey to identify how firms under FI's supervision are using AI technology in their operations. The survey showed that most financial firms use AI technology in some manner and either have an AI system in production or are experimenting with one. A majority of the firms used generative AI to search for, collect, translate and summarise information.[9] It was also relatively common for firms to use the technology for chatbots, programming code and data analysis. Since many firms are investing in this technology, its use is increasing and changing quickly, which was also confirmed in FI's supervision dialogues. A larger technological change, such as the one resulting from the broad use of AI, could impact many parts of the financial firms' business and risk management. This development could generate benefits for the firms but, in the long run, broad use could also affect both the structure of the financial system and its stability.

[8] For a more detailed description of the methodology, see Crosta and Zhang, "Nya likviditetsindikatorer för räntemarknaden", FI Analysis 21, FI Ref. 20-15313. An English translation is available at www.fi.se.
[9] See *AI-användningen i den svenska finanssektorn,* FI Ref. 24-18158.

Vulnerabilities from increased AI use

A number of different organisations have analysed in recent years how increased AI use could impact financial stability.[10] AI could impact the risks imposed on the financial system both through the financial firms' use of the technology and through the broader use within society. Risks linked to the financial firms' use, in turn, could be broken down into risks that are primarily isolated to the firms themselves or their counterparties and risks that have a broader impact on the system's stability: systemic risks. It is also possible to breakdown the risks of AI's use in society into two categories: *direct* risks (that are dependent on the use of external parties) and *indirect* risks (that depend on how the financial firms' counterparties are affected by the use of others). Depending on the development, increased AI use could create new or amplify currently existing vulnerabilities in the financial system.

The conceivable consequences for the financial system vary in their plausibility and the time frame within which they could arise. Given how financial firms today are using AI, increased vulnerabilities from such use lies farther away on the time line than vulnerabilities related to external parties' use. For example, AI is already increasing the sophistication of cyberattacks, fraud and disinformation campaigns targeting financial firms. This requires greater preparedness.

Various surveys have identified a large number of potential future vulnerabilities from financial firms' use of AI. Decreased transparency, increased model concentration and greater dependence on third-party service providers are examples that are often highlighted. Use of AI could lead to greater complexity and decreased transparency in the underlying models that firms use to make decisions. For example, this could mean that the models appear to work well and generate expected outcomes under normal conditions, of which training data largely consists. However, given unusual conditions with market stress, they then perform worse or generate outcomes that are hard to explain. High complexity can thus make it difficult for firms to correct the models, and for those who have turned over decision-making to the models, they may have already created problems that are challenging to manage.

In terms of the development of AI models, firms can either develop models and systems themselves, further develop procured systems, or purchase pre-developed tools and models. The latter is often advantageous in that they are cheaper and simpler for the firms. However, if many actors use identical models, the underlying analysis of, for example, market data could be more homogeneous between actors than what is the case today. This could lead to trading on financial markets becoming more similar and an increased risk of large market fluctuations. At the same time, there are already today significant similarities in many underlying analysis models. Many actors use the same data, and the automatic algorithmic trading systems are well-established, which means that trading is to some extent

[10] See, for example, FSB (2024), IMF (2024), BIS (2024) and Kerbl (2025) for a summary of different organisations' reports.

similar already today. However, it is unclear to what extent increased AI use will increase these risks.

The development of AI-based systems, but also many areas where AI models can be applied, require a relatively well-developed digital infrastructure in terms of both hardware and software. Increased investments to develop the infrastructure and to purchase AI systems could mean increased dependence on individual third-party service providers. This applies in particular if there are few actors with the ability to provide such digital infrastructure on a large scale, which is the case today. This means that many financial actors could become dependent on certain individual third-part service providers and that the financial system could become more vulnerable to shocks to these providers' services.

Increased AI use and systemic risks

Increased AI use could primarily impact systemic risks related to concentration and interconnectivity. Increased dependence on individual or a small group of third party service providers, more homogeneous models that impact firms' exposures, and more sophisticated attacks from external (malicious) actors mean that the interconnections within the financial system could increase and that problems could affect systemically important firms at the same time.

Systemic risks linked to different financial firms' liquidity transformation is another category of systemic risks that could increase. If similar and opaque models or model errors lead to increased risk correlation, this could, for example, increase the probability that many actors will sell similar assets, redeem fund units or withdraw their money from the banks at the same time. We could thus experience major flows in the same direction in the financial system, which could be difficult to manage without problems arising. This applies in particular to external actors using AI technology to create and spread inaccurate information.

In addition to the direct use of AI in the financial sector and malicious actors' use of AI, society's use of this technology can indirectly amplify systemic risks. Some experts say that, going forward, AI technology has the potential to lead to large shifts in demand for products, services and labour.[11] New investment and consumption patterns could make it difficult for some non-financial corporations to pivot, and their creditworthiness could drop. At the same time, changes in the type of labour that is in demand could affect some households positively and other households negatively, even if aggregate unemployment might not necessarily increase. The type of the pivot for the private sector could have a negative impact on banks' credit risks. Because of AI's considerable potential, many are investing heavily in the technology, and there is a strong belief in its positive financial impact. However, to what degree and how quickly these investments will be profitable is uncertain. At the same time, some experts say that the development has led to high valuations on the asset markets and that the probability of large corrections in market prices has therefore increased. Such a correction could have greater consequences than normal since uncertainty is high (see the previous chapter, The

[11] See, for example, BIS (2024).

macrofinancial situation). For example, the European fund sector has relatively large exposures to shares in AI firms.[12]

The use that has been observed up to now in the Swedish financial sector, which consists of a focus on different types of information management and development of, for example, chat boxes, probably has a limited impact on systemic risks. The increased vulnerabilities described above are also largely hypothetical so far, and it is uncertain how the use of the technology will ultimately impact the financial system. There are already tools that can counteract an increase in risk for some of the vulnerabilities we mention above. For example, the introduction of DORA is expected to contribute to preventing cyber risks and reducing knock-on effects and concentration of third-party service providers through increased awareness and control. But even if the use of AI technology in the financial sector so far is indicating that the impact will arise gradually, the technological development could progress faster and have more disruptive effects than expected. It is therefore important to follow the use carefully, both in Sweden and internationally. It is also important for financial firms to continue to follow the rules in place for their use of the technology and at the same time ensure that they are resilient to the risks that arise from the use of external actors.

[12] See, for example, *ESMA TRV Risk Monitor*, February 2025.

Households

Households have been impacted by the economic downturn and the tense global situation. Many of the households that have financial margins are choosing savings over consumption. After a long period of weak demand for new loans, the growth rate for household debt has begin to increase, but it is still low.

	Level of vulnerability	Development
Weak cash flow		↘
Excessive debt growth		↗
Weak financial position		→

The colors indicate the current level of vulnerability. Green represents low vulnerability. Yellow, orange and red indicate differing degrees of elevated vulnerability. The arrows show how FI assesses that the vulnerability develops. An upward-pointing arrow means that the vulnerability is increasing and a downward-pointing arrow that it is shrinking. The assessment of vulnerabilities are based on a combination of quantitative measurements and expert assessments.

Households have a tight grip on their wallets

Households' financial sentiment has improved in late 2025 after a downturn at the beginning of the year, but it is still slightly weaker than normal. This could be due the economic downturn and a weak labour market, the turbulent global situation with ongoing war, and trade tensions with the US. Households are also still seeing a rapid increase in consumer prices.[13] In addition, households have high debt. Despite interest rate cuts, their interest expenses are still higher than what they were a few years ago. This has resulted in many households experiencing smaller financial margins.

Households' financial circumstances are leading them to be cautious in their actions and consumption. Overall, households have decreased their consumption and instead increased their savings. The aggregated financial savings ratio is now almost as high as it was during the pandemic. While the increased savings during the pandemic was due to households needing to hastily reduce their consumption of services, for example restaurant visits, the increased savings in recent quarters is due to households reducing their consumption of goods, and particularly durable goods (Diagram 3).

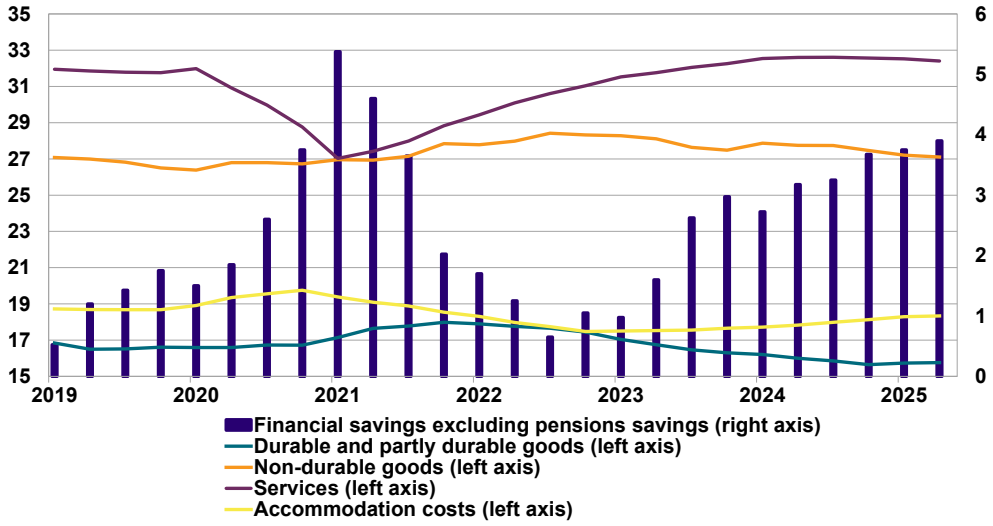
The most likely development going forward is that households' cash flows and financial margins will continue to improve, which should strengthen households' financial sentiment. Real income is expected to increase in coming years, for those

[13] According to the Economic Tendency Survey from the National Institute of Economic Research (October 2025), the median value of the perceived inflation rate given by households for the past 12 months is 10 per cent. Actual inflation according to the CPIF was 3.1 per cent. It is common for households to overestimate the rate that prices are increasing when answering a survey, but the current overestimation is unusually large.

who are employed.[14] The interest-to-income ratio – households' interest expenses in relation to their disposable income – will continue to decrease in the next few quarters as the cuts to the interest rate begin to impact interest expenses and incomes rise. A more expansive financial policy with a focus on lowered taxes for households will also help strengthen household margins in the coming year.

3. Households are cautious in their consumption of goods

Per cent



Sources: FI and Statistics Sweden.
Note: Household consumption as a share of disposable income and broken down by type of good and durability. Savings as a share of disposable income in terms of financial savings ratio excluding pensions savings. Current prices. Consumption and savings have been calculated using a four-quarter moving average.

Debt growth increases slightly

Growth of household debt increased somewhat in 2025; in September the annual growth rate was 2.8 per cent. This is low from a historical perspective and relatively low even in relation to economic growth and household income development. Developments on the housing market are key for household demand for loans. In 2025, the housing market was characterised by a large supply and relatively stable prices. Overall, FI makes the assessment that vulnerabilities related to household debt growth are at a low level.

The Swedish Ministry of Finance proposed in a memorandum[15] more lenient borrower-based macroprudential measures through a higher mortgage cap and the removal of the stricter amortisation requirement. The stricter amortisation requirement currently limits households from taking large loans in relation to their

[14] According to NIER's forecast (September 2025), real disposable income per resident is expected to increase by 2.7 per cent in 2026 and 2.2 per cent in 2027.
[15] *Utveckling av makrotillsynsområdet*, (Fi2025/01375).

income by increasing their monthly payments and thus limiting the borrowing capacity in the credit assessment. If these measures are implemented, more households will be able to borrow more to buy a home, which will probably lead to higher housing prices. One consequence of higher prices and larger loans is that many new borrowers will amortise more and pay higher interest expenses (see In-depth Review – More lenient mortgage rules could increase household debt).

Going forward, the possibilities of borrowing more combined with the decrease in the interest rate could lead to household debt starting to increase at a faster rate. As a result, the vulnerabilities linked to the growth in household debt could increase.

Household financial assets have grown

The high level of savings helps strengthen households' financial position, and in 2025 households' financial assets grew more than their debt. Households' total financial assets are larger than their debts. Financial assets serve as a buffer for households. Households can use them to cover temporary cash flow problems, for example rising costs or loss of income. Growing financial assets improve households' net wealth, which, for example, could offset the impact of falling housing prices. But even if households' total financial wealth is significant, assets and debts are unevenly distributed between households. Since there is not enough data on how households' assets are distributed, it is difficult to say how many households have a weak financial position.

However, we do have some data for households with mortgages. Based on this data, we can see that, in general, a household's financial position improves with age (Diagram 4). This is reasonable given that most people build up their savings over their lifetime. In other words, younger mortgagors have a weaker financial position on average. Borrowers in the age group 35–44 have financial assets that correspond to just over one-fourth of their debt on average. For borrowers who are younger, this ratio is less than one-fifth. Since many of these households have had a limited time to save and probably taken new mortgages over the past 5–10 years, the average financial position still appears to be good. However, the spread is probably wide, which means that there are borrowers with small buffers or no buffer at all. These households are vulnerable to shocks, but it is not possible to determine from the available data how many there are.

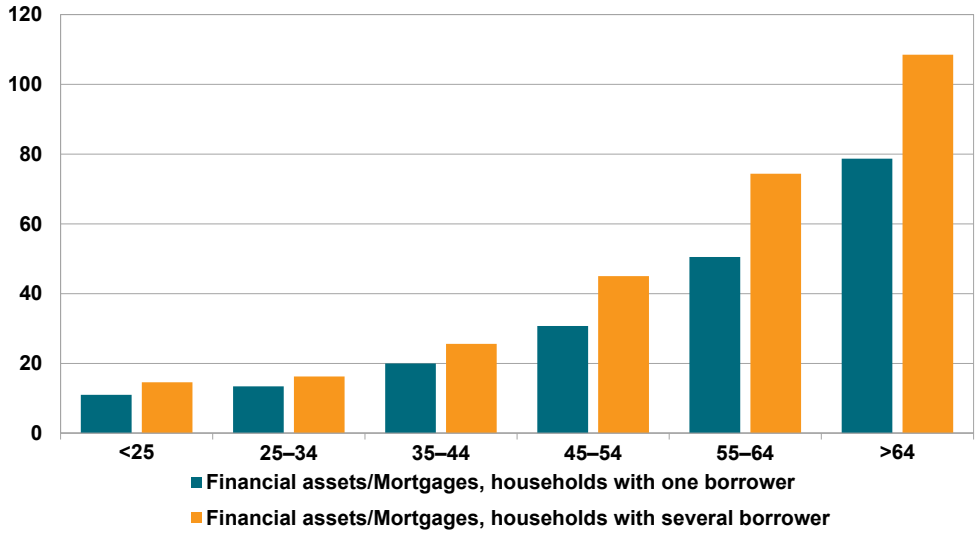
A large share of the Swedish households' financial assets are invested in high-risk assets, primarily shares and equity funds. This means that households' financial positions are sensitive to a drop in asset prices. A large share of households' equity and fund assets consist of US shares. This is due to direct investments but also to US companies, and technology companies in particular, having grown rapidly in global equity indexas their valuations have increased sharply. This means that savings in, for example, global funds have become increasingly concentrated to the

US. FI's calculations show that more than 30 per cent of the savings that households have invested in equity shares and funds are exposed to the stock markets in the US (Diagram B1). This means that a sharp price correction on the US stock market would have a tangible impact on Swedish households' wealth.

Overall, FI makes the assessment that many households have buffers through their financial assets. However, there is also a percentage of households with low available savings in relation to their debt, and these households represent a slightly elevated vulnerability.

4. Households' financial assets and liabilities are unevenly distributed between age groups

Per cent



Source: FI.
Note: The diagram shows financial assets in relation to mortgage debt for different age groups and types of households. Average ratios for each category. Only households with mortgages are included. Positions at year-end 2024

In-depth Review – More lenient mortgage rules could increase household debt

It is important in a well-functioning economy for households to have good access to loans. But household debt can also entail risks. There was a period in time when Sweden had exceptionally low interest rates, rapidly rising housing prices and debt, and banks that increasingly competed by issuing mortgages with high loan-to-value ratios and low amortisation. It was in the midst of this environment that FI

introduced several borrower-based measures – a mortgage cap in 2010 and an amortisation requirement in 2016 that was then tightened in 2018.[16]

The measures were introduced to prevent a deterioration in the household sector's resilience to financial shocks and to dampen the risks associated with large and rapidly growing mortgages. This was primarily due to the macroeconomic risks that could arise if households, as a result of much higher interest rates or other shocks, were to rapidly decrease their consumption and demand for housing and thus amplify an economic downturn. These types of amplification mechanisms could, in turn, threaten financial stability.

In February 2024, at the request of the Government, FI analysed the effects of increasing the mortgage cap from 85 to 90 per cent.[17] In its response to the Government, FI wrote that an increase in the cap could lead to higher household debt and higher housing prices. In addition, FI made the assessment that it was suitable to wait for the report from the committee appointed by the Government to analyse the risks associated with household mortgages and evaluate the implemented borrower-based measures.[18] Therefore, FI did not propose a change to the mortgage cap at that time.

In June of this year, the Swedish Ministry of Finance published a memorandum in which it proposes, among other things, that borrower-based measures – both the mortgage cap and amortisation requirements – be regulated by law and at the same time become less restrictive.[19] According to the proposal, the stricter amortisation requirement will be removed and the mortgage cap raised from 85 to 90 per cent when households take out a loan to buy a home. For mortgages that instead entail an increase in the existing loan, the loan-to-value ratio may amount to 80 per cent of the market value of the home. The proposal would entail in general that mortgagors with large loans relative to their income would not need to amortise as much, and they could borrow more with a given cash deposit – if approved by the banks' credit assessment.

FI has evaluated the borrower-based measures on several occasions.[20] The results from these studies of households' loan behaviour when the measures were introduced can be used as a basis for analysing potential effects of more lenient regulation. In general, the measures that were introduced contributed to new borrowers taking smaller loans and fewer households borrowing with high loan-to-value ratios and loan-to-income ratios than what they would have otherwise done. On average, new mortgagors borrowed 1 and 2 per cent less, respectively, as a

[16] For a discussion and evaluation of FI's borrower-based measures, see Finansinspektionen, *Låntagarbaserade åtgärder vid hög inflation och stigande räntor*, 2022. An English translation is available at www.fi.se.
[17] Finansinspektionen, *FI:s syn på en höjning av bolånetaket från 85 till 90 procent*, 2024. Available in Swedish.
[18] The committee's report was published in November 2024; see SOU 2024:71.
[19] *Utveckling av makrotillsynsområdet* (Macroprudential developments), (Fi2025/01375).
[20] See Finansinspektionen, *Samlad utvärdering av makrotillsynsåtgärder*, 2021, which, among other things, describes all of the evaluations of the effects of the measures that have been conducted. A translation of selected parts of the report is available at www.fi.se.

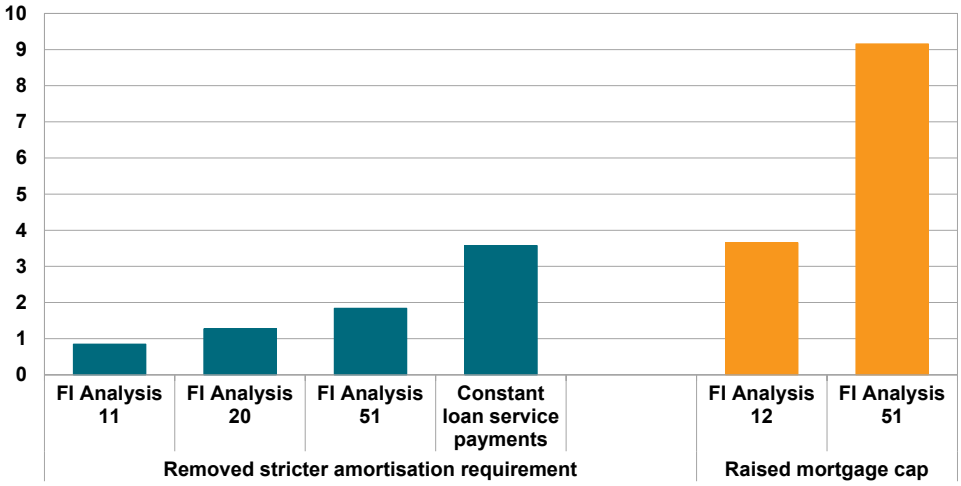
result of the stricter amortisation requirement and the mortgage cap. The measures dampened the increase in debt, primarily among the borrowers with the highest debt, which in FI's opinion decreased the risks associated with household mortgages. More lenient measures could result in borrowers taking loans that are instead larger in corresponding scope, and more could choose high loan-to-value ratios and loan-to-income ratios. A similar development was observed in Norway when the mortgage cap was raised from 85 to 90 per cent – the share of mortgages with more than 85 per cent increased from 5 per cent to just under 25 per cent.[21]

A new analysis, written by the staff at FI, investigates how households' choice of housing is impacted by various mortgage rules.[22] The analysis presents an empirical model that makes it possible to estimate how changes in rules can influence the size of the loans households want to borrow and which homes they want to buy. The analysis applies the model to calculate potential effects of an increase in the mortgage cap from 85 to 90 per cent on households' housing demand while at the same time taking away the stricter amortisation requirement.

[21] See Norwegian Financial Supervisory Authority, *Boliglånundersøkelsen,* 2025.
[22] Aranki, Koptyug och Sundmark (2025) *En modell för hushållens bostadsval*, *FI Analysis 51,* Finansinspektionen. An English translation is available at www.fi.se.

F1. Estimated effects of proposed more lenient mortgage rules on homebuyers' loans

Per cent



Source: FI.

Note: The diagram shows estimates of the effect of the rule changes on new homebuyers' mortgages using the methods and results that are presented in FI Analysis 11 (Finansinspektionen, 2017), FI Analysis 12 (Andersson, Aranki, Gjirja and Ingefeldt, 2018), FI Analysis 20 (Aranki and Larsson, 2019) and FI Analysis 51 (Aranki, Koptyug and Sundmark, 2025). The calculations are based on estimated effects on affected mortgagors. We scale the effects to obtain an average effect on all new homebuyers, where we assume that 43 per cent today would be impacted by a higher mortgage cap and 14.6 per cent by the removal of the stricter amortisation requirement. The results of FI Analysis 11 are based on the estimated elasticity (-0.3) between loan service payments and mortgages. Constant loan service payments show a calculation of how the loans change if new homebuyers fully replace reduced amortisation payments with increased interest expenses.

Based on earlier evaluations and the model that is used in the new analysis, we can calculate potential effects of more lenient mortgage regulations on new mortgagors' loans. Removing the stricter amortisation requirement could increase new mortgagors' mortgages by between just under 1 and 4 per cent (Diagram F1). An increase in the mortgage cap could increase loans by between 4 and 9 per cent. Aggregated, these two effects correspond to an increase in the new mortgages of around 5–13 per cent.[23] Over time, even the stock of all mortgages would increase. The effect of removing the stricter amortisation requirement is small primarily because few new borrowers have such high loan-to-income ratios

[23] FI Analysis 51 shows somewhat larger effects than the previous evaluations (FI Analysis 11, FI Analysis 12, and FI Analysis 20). This is because the analyses are based on different methods and data. FI Analysis 51 presents the combined effect of a raised mortgage cap and the removal of the stricter amortisation requirement. It shows that, on average, the new mortgagors who are analysed would want to borrow approximately 17 per cent more than under the current rules. If we adjust the effect for all new homebuyers that would be impacted by a higher mortgage cap or the removal of the stricter amortisation requirement (around 53 per cent), the overall effect would be around 11 per cent.

that they are impacted by the requirement. This differs from the mortgage cap, where many new mortgagors have loan-to-value ratios close to 85 per cent, and this percentage has increased over time.

FI makes the assessment that the dampened development on the mortgage and housing market in recent years, which in part can be traced to the end of the low interest rate environment that characterised the 2010s, opens the door to making the current borrower-based measures more lenient. The proposed changes would give households more freedom in how they distribute their money between savings and consumption and the type of savings they use, as well as increase the buying power of households with high income but limited equity. However, these benefits must be weighed against an increased risk associated with household debt. According to FI's calculations, the changes will lead to households taking larger mortgages and buying more expensive homes. This increases the vulnerabilities in the household sector when both the mortgage cap is raised and the link between income and the size of the mortgage in the regulation is weakened. To balance the upsides and downsides, it is important for any changes to be implemented responsibly. FI therefore takes the position that the Government should consider supplementary measures that limit households' possibilities for taking out large loans in relation to their income.[24]

When the responsibility for taking measures is transferred, it is important that the processes in place for assessing the risk profile and the need for measures work well and that the Government and Parliament are prepared to act if vulnerabilities increase in an unsustainable manner. More lenient rules make it particularly important to monitor developments. The Government therefore should ensure a structure where it regularly obtains the assessment of expert authorities, such as FI and the Riksbank, as a basis for making decisions.

At the same time, FI makes the assessment that it is positive that other parts of the current rules remain in place in the law that is proposed. The existence of amortisation requirements and a mortgage cap, for example, makes it difficult for banks to compete with less strict credit assessments or more generous terms and conditions on the loan in other respects. This helps limit the risk build-up in the household sector.

[24] Finansinspektionen, *Remissvar: Utveckling av makrotillsynsområdet*, 2025, FI Ref. 25-18174. Available in Swedish.

Non-financial corporations

After a period of very low demand for new loans, corporate borrowing is now starting to increase. Most corporate debt is located in the commercial real estate sector. Developments in this sector are moving in the right direction, and vulnerabilities have decreased. However, some corporate real estate firms are still vulnerable due to their high debt.

	Level of vulnerability	Development
High debt growth		→
High indebtedness		↘
Financing difficulties		↘

The colors indicate the current level of vulnerability. Green represents low vulnerability. Yellow, orange and red indicate differing degrees of elevated vulnerability. The arrows show how FI assesses that the vulnerability develops. An upward-pointing arrow means that the vulnerability is increasing and a downward-pointing arrow that it is shrinking. The assessment of vulnerabilities are based on a combination of quantitative measurements and expert assessments.

Corporate demand for new loans has increased slightly

The sentiment among non-financial corporations is currently stronger than among households and is at a normal level from a historical perspective. During 2025, industrial firms were negatively impacted by dampened demand in the global economy, but there are signs that the downturn in the industrial sector has levelled off and a slow recovery will begin next year.[25] Large areas of the service sector are experiencing relatively strong demand. Lower interest rates and growing optimism have contributed to the increase in corporate demand for bank loans during 2025 after a weak year in 2024. In September, corporate bank loans were 3 per cent larger than they were the previous year.

The commercial real estate sector represents the majority of corporate bank loans and total financing needs. In addition, commercial real estate firms constitute a significant portion of banks' credit risk (see In-depth Review – Vulnerable corporations and banks' credit losses). In the past year, commercial real estate firms' borrowing began to increase again. The rate of increase for market financing in September was around 5 per cent compared to the previous year (Diagram 5). The sector's bank loans increased at a moderate rate. Overall, commercial real estate firms' debt was approximately 3 per cent larger than in the previous year. New lending is used primarily to finance offices, commercial premises and, to less of an extent, other commercial premises such as housing. Cautious volumes of new

[25] For example, according to the Riksbank's corporate survey (September 2025), industrial firms in general expect a slight improvement in the sector, but this improvement is based on hope rather than actual signals.. In NIER's economic tendency survey, sentiment in the industry strengthened in late 2025.

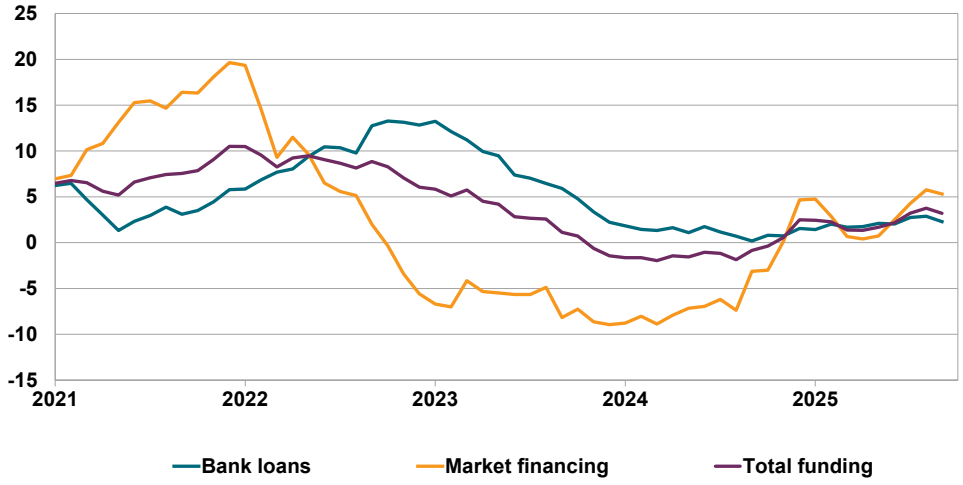
housing constructions is contributing to residential real estate firms' dampened demand for credit. The transaction volumes for existing commercial real estate, which plummeted in 2023, have since increased to a level that is in line with the historical average. The recent increase in the volumes on the transaction market may have contributed to higher demand for new loans.

Short-term interest rates decreased in 2025, which led to a decrease in commercial real estate firms' financing costs. This is the primary explanation for the increase in profitability in the sector in recent quarters. However, commercial real estate firms' management margins are still weaker than they were before interest rates started to rise in 2022.

Lower financing costs could lead to a continued increase in the firms' demand for new loans given continued improvements in the economy and the firms' optimism. However, FI makes the assessment that vulnerabilities related to growth in the firms' debt are currently low.

5. Commercial real estate firms' demand for market financing has increased over the past six months

Per cent



Sources: FI and SCB.
Note: Annual change in growth in per cent. Bank loans refer to loans raised in Sweden. Market financing refers to both bonds and money market instruments.

Commercial real estate sector debt is still high

Even if commercial real estate firms' debts are not increasing rapidly, the level of debt in the sector is still high. Total debt amounts to more than SEK 1,800 billion, or almost 51 per cent of the non-financial corporations' total debt. But low debt growth and improved profitability have improved the financial key ratios over the past year. Net debt in relation to operating income has stabilised. In addition, the

lower interest expenses contributed to a gradual improvement in commercial real estate firms' interest coverage. Lower interest rates and improved profitability have meant that some commercial real estate firms, primarily in the industrial and logistics segments, have raised their expectations on their future earnings potential. This in turn has led to write-ups in property values. Given the stabilised debt development, higher property values have meant that loan-to-value ratios have decreased for the whole sector.

Even though many commercial real estate firms have strengthened their balance sheets, some are still vulnerable due to their high level of debt. To further strengthen resilience in the sector, the more vulnerable commercial real estate firms need to continue to work to reduce their debt and strengthen their balance sheets.

During the year, the development in the share prices of listed commercial real estate firms was weak, and a majority of the firms continue to be valued at large discounts in relation to the carrying amount of their net assets (net worth). Such discounts are the largest for firms in the Residential and Retail segments. Net worth discounts could be interpreted to mean that the market takes a more pessimistic view on the properties' valuations and future earnings potential than what the commercial real estate firms believe themselves. One threat to earnings is an increase in commercial and residential vacancies, which has been observed in all property segments. Vacancies were highest for the Offices segment, especially for offices in the suburbs of metropolitan areas, where vacancies on average are larger than 15 per cent. The increase in the long-term market rates had a negative impact on listed commercial real estate firms' valuations. This is because there is a negative correlation between interest rate development and the market valuation of commercial real estate firms since the firms' relative return is weakened when interest rates rise.

This means it is less attractive to acquire additional properties if the firm's share is being traded at a significant discount compared to the estimated net worth. Firms that are valued at a discount instead tend to buy back their own shares. The net worth discounts could therefore have a dampening effect on the activity in the transaction market.

Improved financing opportunities for commercial real estate firms

As commercial real estate firms' demand for financing has increased, the market supply has also increased. This is because investors have become more willing to take on risk at the same time as the real estate sector has become more attractive through strengthened profitability, lower interest rate costs, and stabilised debt levels. During the first three quarters of 2025, the sector issued bonds totalling more than SEK 100 billion. This was an increase compared to 2024, and a clear

increase from 2023, when investors were cautious about the commercial real estate sector. Maturing bonds and repurchases of own bonds also helped reduce the rate at which the volume of outstanding market financing is increasing. Bond repurchasing is at a high level historically, which indicates that firms are continuing to actively adjust their balance sheets to lower their financing cost, achieve greater flexibility in their financing, or signal to the market that they have a robust financial position.

Interest rates for commercial real estate firms' new bank loans have gradually dropped, and they were roughly 3.4 per cent on average at the end of the third quarter. This is a decrease of around 2 percentage points in the past two years. The variable interest rates for the firms' market financing have decreased further and are approaching 2 per cent for firms with good creditworthiness. Both lower policy rates and decreased risk premiums contributed to this development. Decreased risk premiums also improved the financing terms for firms with weaker creditworthiness. The variable rate for their market financing decreased to less than 5 per cent.[26] The long-term market rates increased, however, which makes it more expensive for firms to add new financing with longer durations.

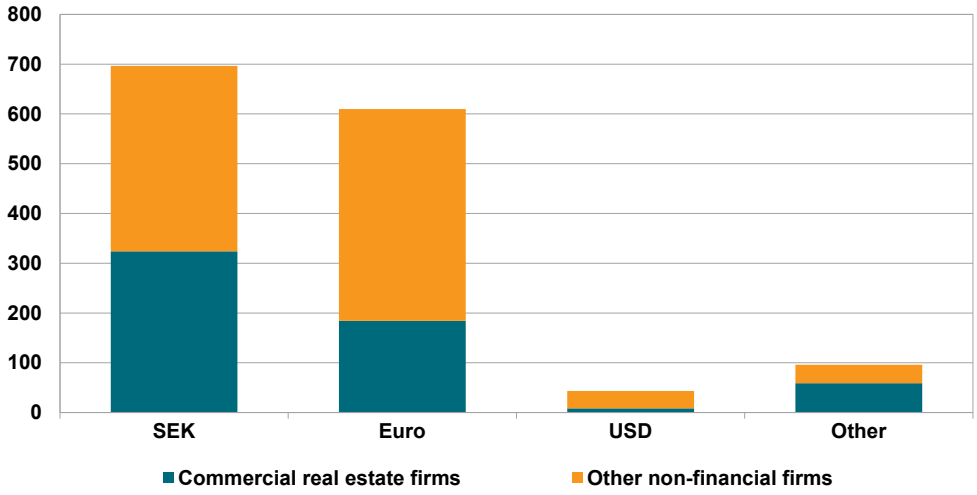
Recent interest rate developments have resulted in commercial real estate firms choosing short-term financing to a greater extent. Commercial real estate firms' average fixed interest rate period was approximately 3 years at the end of the third quarter. This is shorter than the historical average and is the shortest average fixed interest rate period since 2015. Around 24 per cent of the commercial real estate firms' total outstanding debt had a fixed interest rate period of less than one year. Commercial real estate firms have thus become somewhat more vulnerable to stress on the financial markets.

More than half of the commercial real estate firms' market financing is issued in SEK, and the corresponding figure for other non-financial corporations is just over 42 per cent (Diagram 6). For all non-financial corporations, more than 90 per cent of the market financing is issued in SEK or EUR. Issues in USD are limited to just over 1 per cent for commercial real estate firms and 4 per cent for other non-financial corporations. It is therefore not likely that a potential deterioration in the supply for USD based financing would have a significant negative impact on the non-financial corporations' opportunities to raise financing.

[26] Refers to firms without a credit rating or with a credit rating below BBB.

6. Low share of dollar-based market financing for non-financial corporations

SEK billion



Source: Statistics Sweden.
Note: Distribution of outstanding volume of market financing per currency and broken down into commercial real estate firms and non-financial corporations Position as at 31/10/2025

In-depth Review – Vulnerable firms and banks' credit losses

Non-financial corporations play a key role in financial stability since they represent a significant portion of banks' lending. Problems in the corporate sector could thus spread to the banks and, by extension, threaten financial stability. Regularly monitoring risks and vulnerabilities in the corporate sector is thus a key component of FI's ongoing stability analysis.

In this in-depth review, we conduct a stress test using a negative macroeconomic scenario to assess how vulnerable the non-financial corporations are to shocks and how this vulnerability could impact the banks.[27] The stressed scenario entails changes to GDP, inflation, interest rates and asset prices.[28] By performing calculations over time, we can also comment on how the vulnerabilities have developed.

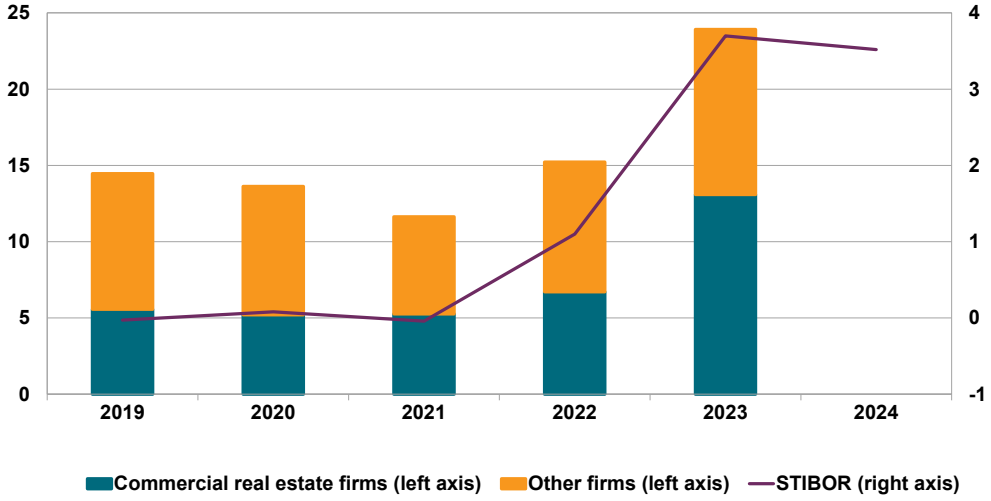
The stress test shows that the firms' resilience to the stress scenario decreased sharply in 2023 (Diagram F2).[29] Around 24 per cent of the banks' lending to non-financial corporations was then classed as an elevated risk, which was significantly

[27] The method is described in more detail in Aranki and Barkfeldt (2025) "Stresstest av bankernas utlåning till icke-finansiella företag", FI Analysis 52, FI. An English translation is available at www.fi.se.
[28] We assume that GDP decreases by 10 per cent, inflation is 2 per cent, firms face an increase in interest expenses of 3 per cent, and asset prices (including real estate) drop by 20 per cent. Note that the stress test does not estimate the probability of these assumptions.
[29] The analysis is based on the firms' annual reports, and the most recent reports are from 2023.

more than in the previous year. The primary explanation is that the firms' margins were under pressure from higher financing costs. The reference rates increased from close to zero in mid-2022 to almost 4 per cent at the end of 2023, which made the firms more sensitive to additional increases in interest expenses than they were before. Since interest rates reached their peak in 2023 and firms have had time to adapt their balance sheets to the higher interest rates, it is probable that the firms' resilience has been strengthened since then.

F2. Estimated share of loans to firms with elevated credit risk in FI's stress test and average reference rate

Per cent of lending (left) and per cent (right)



Sources: European Central Bank (ECB) and FI.
Note: The diagram shows the share of bank loans to firms classified as vulnerable in the stress test. The calculations are based on data from each year from 2019 to 2023 and represent a scenario for the following year. STIBOR refers to a reference rate with 3-month maturity and is given as average values since this best reflects the firms' reference rate in each given year. The years on the X axis refer to the annual reports on which the stress test is based.

More vulnerable firms means that banks will need to increase their credit loss provisions. Our calculations show that the credit losses in the stressed scenario could amount to around 4.6 per cent of the banks' lending to non-financial corporations (Diagram F3), which corresponds to almost SEK 100 billion. This is a sharp increase compared to the estimates for the same scenario in previous years. However, in a scenario with constant interest rates, the increase is significantly smaller.[30] This shows that it is the sharp increase in interest rate costs between the years that is largely driving up the losses. The increase in credit losses, however, is not solely explained by higher interest expenses; the results indicate that other vulnerabilities also increased over the years. Even if commercial real estate firms contribute most to the losses in the stress test, other industries together account

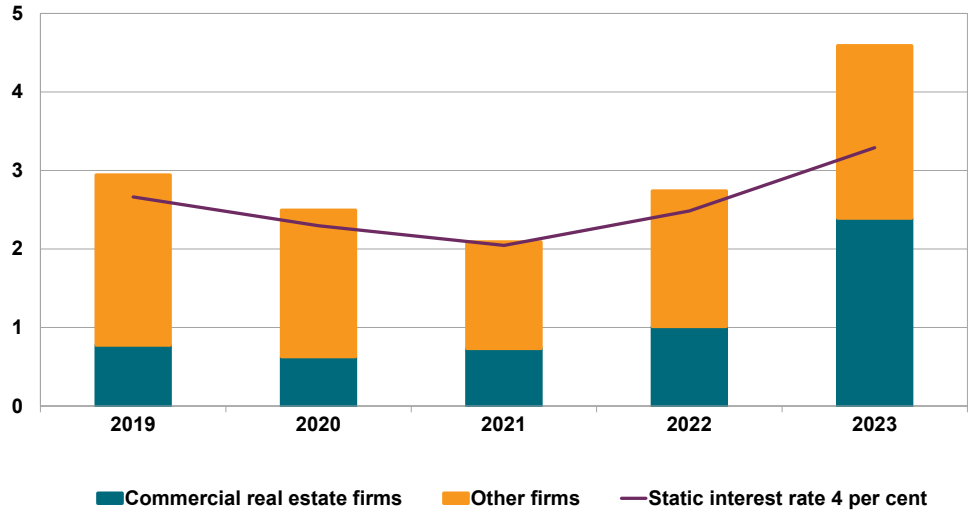
[30] Constant for all firms and all periods.

for an almost equally large share. This underlines that the credit risks are not limited to an individual industry.

Because interest rates have decreased since 2023, it is likely that the firms' vulnerabilities have been dampened, which should reduce potential credit losses. This assessment is enhanced by the banks' credit risk and provision rates, which have decreased since 2023 (see the chapter Stability in the banking sector). At the same time, the elevated risks persist, primarily related to economic development and the firms' profitability.

F3. Estimated credit losses in FI's stress test

Percentage of lending to firms



Source: FI.

Note: *Credit loss* refers to estimated credit losses during periods of stress. *Static interest rate of 4 per cent* refers to estimated credit losses under the assumption that all firms' interest expenses amount to 4 per cent for all years.

Stability in the banking sector

The major Swedish banks have high resilience and remain very profitable even if profitability has decreased due to lower interest rates. While tangible credit risks persist in the lending portfolios, the asset quality remains stable. The financing situation is also considered stable, with good access to liquidity. However, the major banks raise financing partly in the short term via the US money market, which could give rise to risks if the global situation changes.

	Level of vulnerability	Development
High concentration and interconnection		→
Weak solvency and profitability		→
Deficiency in asset quality and credit risk		→
Difficulties with access to financing and liquidity		→

The colors indicate the current level of vulnerability. Green represents low vulnerability. Yellow, orange and red indicate differing degrees of elevated vulnerability. The arrows show how FI assesses that the vulnerability develops. An upward-pointing arrow means that the vulnerability is increasing and a downward-pointing arrow that it is shrinking. The assessment of vulnerabilities are based on a combination of quantitative measurements and expert assessments.

Banking sector concentrated and interconnected

The Swedish banking sector is largely concentrated to five major banks: Svenska Handelsbanken, SEB and Swedbank, as well as Nordea and Danske Bank's Swedish branches and mortgage companies[31]. The major banks are closely linked, both to one another and to other parts of the financial sector. This creates structural vulnerabilities in the financial system, and this stability report thus focuses primarily on these systemically important banks.

Large buffers and good profitability contribute to resilience

The major banks continue to be profitable and have significant capital buffers, which equip them well for future challenges. This is particularly valuable given the current high uncertainty surrounding future economic development. FI intends to leave the countercyclical buffer rate unchanged at 2 per cent for the fourth quarter of 2025 (see In-depth Review – FI intends to leave the countercyclical buffer rate unchanged in the fourth quarter).

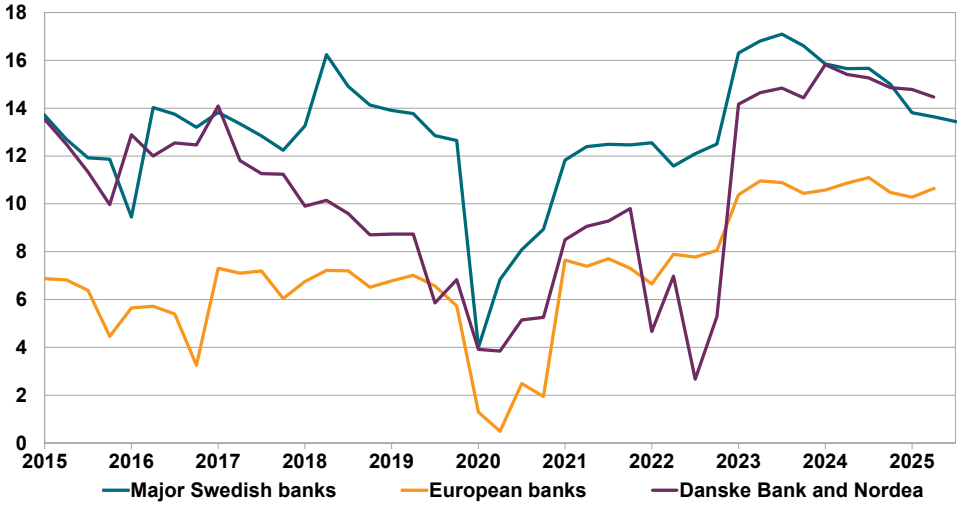
The major banks' high level of profitability in recent years can primarily be explained by a high net interest income, but this income has decreased since the start of 2024, which has diminished the profitability. Due to the lower interest

[31] For the five major banks, consolidated figures are used unless otherwise specified. Together they account for around 75 per cent of deposits from and lending to Swedish households and businesses and for around 70 per cent of the domestic payments.

rates, the major banks' net interest income is expected to continue to decrease but with somewhat of a delay. Despite the downturn, return on equity remains at a high level historically (Diagram 7).

7. Profitability decreases but is still at high level

Return on equity, per cent



Source: EBA and FI.

Note: Return on equity is calculated using the European Banking Authority's (EBA) method, the net income is extrapolated at an annual rate, and equity is calculated as an average of the current quarter and the fourth quarter from the previous year. The ratios refer to weighted averages that have been weighted against equity. *European banks* refers to approximately 160 large European banks. The series for European and Nordic banks are reported in EUR and are not adjusted for exchange rate fluctuations.

Improved asset quality in an uncertain economy

FI assesses the banks' asset quality to have continued to improve since the beginning of 2024.[32] The more advantageous interest rate environment for borrowers has contributed to an improved risk profile and a decreased share of credit that is associated with an elevated risk (Diagram 8). Lending to commercial real estate firms constitutes the largest portion of banks' lending to non-financial corporations and is also the segment in which credit risk has decreased the most. Banks have gradually dissolved large portions of their management overlays for the property portfolio. Risks in the commercial real estate firms persist due to high indebtedness and rising vacancies, however, the banks' exposures to vulnerable firms accounts for a limited portion of the portfolio.

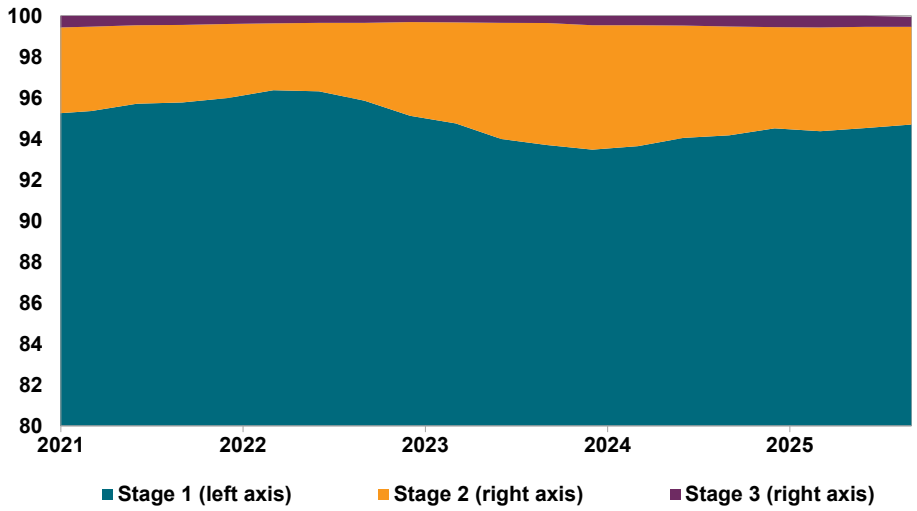
[32] In order to assess asset quality, FI conducts an overall assessment using qualitative information and quantitative indicators, for example the percentage of non-performing loans and loans with a significant increase in credit risk.

Even if FI sees a weak improvement in asset quality in general, forborne loans are at an elevated but still low level for both non-financial corporations and households. This means that some of the banks' customers continue to have an impaired repayment capacity. FI makes the overall assessment, though, that the banks' lending largely continues to maintain good quality.

Economic uncertainty and the geopolitical development mean that there continue to be risks that the asset quality will deteriorate going forward. Risks associated with trade policy have materialised given that we now see significant trade barriers for European export firms. However, the exact effects of the trade barriers are difficult to predict, and they are expected to arise with a delay. Even if the major Swedish banks have relatively limited exposures to the US and the sectors that can be expected to be hardest hit, there continues to be a risk of greater trade barriers and a broader economic downturn. A downturn in the Swedish economy could lead to more bankruptcies and higher unemployment, which in the long run poses a risk to households' and non-financial corporations' repayment capacity. A deterioration in the repayment capacity of banks' customers could in turn lead to impaired asset quality when it comes to late or missing payments. In the long run, this could lead to an increase in loan defaults and credit losses.

8. Slightly improved asset quality on aggregate level

Per cent



Source: FI.

Note: Refers to the major Swedish banks and Nordea's and Danske Bank's Swedish branches. The breakdown in stages is based on IFRS 9, where Stage 1 entails loans without a significant increase in credit risk. Stage 2 shows the percentage of loans where there has been a significant increase in credit risk since the loan was first issued. Stage 3 entails credit-impaired loans. Stages 2 and 3 are shown on the right axis. Note: The Y axis is cut and starts at 80 per cent.

Stable financing despite financial uncertainty

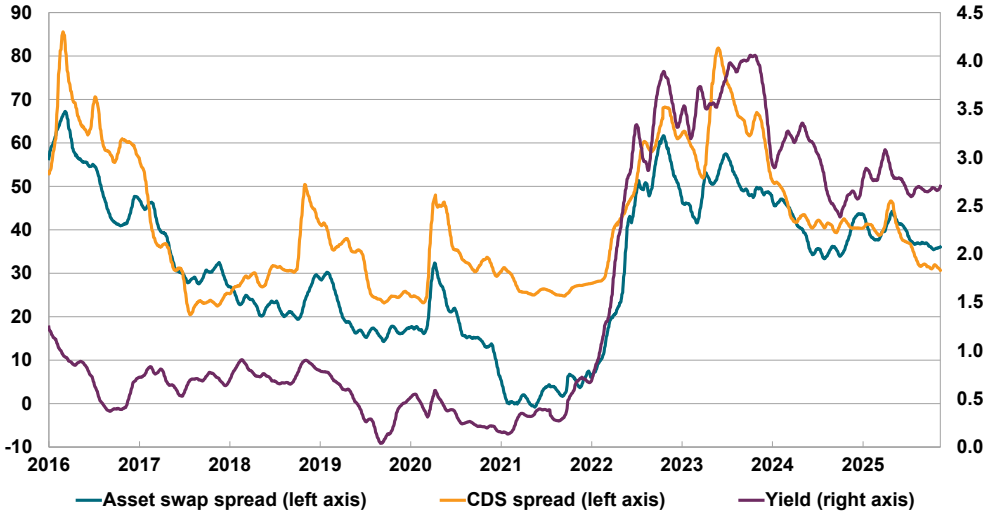
Banks finance themselves primarily via deposits from the public and market financing. For their long-term financing, banks issue bonds, primarily in SEK, and, for their short-term financing through certificates, primarily in USD. The short-term USD borrowing means that the banks are dependent on a well-functioning USD market. However, because a large portion of the short-term USD-based financing is placed with the Federal Reserve, the major banks can access liquidity if short-term USD financing deteriorates. The banks also have a clear surplus in USD financing in relation to their USD lending. This means that they do not have a fundamental need for USD-based financing, but rather can turn to other currencies if needed. Alternative financing could be more expensive, though, and impact the banks' lending rates as well as their ability to meet customer demand for USD.

The major banks are closely linked to the rest of the Swedish financial system by offering different types of services to other financial corporations. This means that a shock to the banking sector could give rise to contagion effects. One example is Swedish life insurance undertakings and occupational pension undertakings, which are large counterparties to the banks in currency derivative contracts. They can thus be affected if the US money market is exposed to shocks (see the chapter Stability in the insurance and fund sector).

Banks have recently maintained good access to both short-term and long-term market financing in all currencies. The considerable global uncertainty has led to somewhat higher borrowing costs for some new bond issues (Diagram 9). However, the effect on the major banks' total financing costs has been limited to date.

9. Credit spreads have fallen back since the market uncertainty at the beginning of April

Basis points (left axis) and per cent (right axis)



Source: Refinitiv.

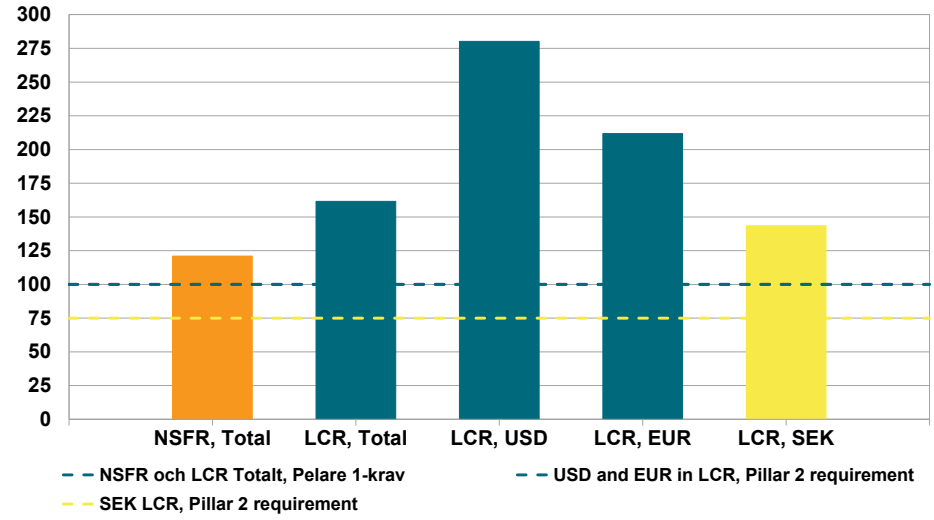
Note: Asset swap spread: credit spread for Swedish covered bonds with estimated fixed duration of five-year effective maturity; refers to one-month rolling average for the three major Swedish banks. CDS spread: credit spread for senior unsecured bonds; refers to one-month rolling average for the three major Swedish banks. Yield: interpolated market yield for Swedish covered bonds with estimated fixed duration of five-year effective maturity. Refers to the average for the three major Swedish banks.

Banks have good liquidity margins

The major Swedish banks have comfortable margins above the liquidity coverage ratio (LCR) requirements and the net stable funding ratio (NSFR) (Diagram 10). The major banks' liquidity reserves consist primarily of central bank assets, in EUR and USD. The reserve levels have been enhanced in the past few years and function as a buffer given stressed market conditions. This constitutes a satisfactory short-term resilience for the major banks. FI is also regularly following the banks' financing and liquidity situation, in part through internal stress tests that are used to assess the resilience of individual banks and the banking system as a whole. Overall, FI makes the assessment that the banks' financing situation is currently stable and that the banks' resilience to liquidity shocks remains strong.

10. Major Swedish banks meet liquidity requirements by a large margin

Per cent



Source: FI.
Note: Only major Swedish banks. Unweighted average. Data for September 2025.

In-depth Review – Major Swedish banks show resilience in the EBA's stress test

The European Banking Authority (EBA) conducted in 2025 a stress test of the banking system in the EU and the EEA using a crisis scenario developed by the European Systemic Risk Board (ESRB). Stress tests are one of several ways to test banks' resilience. The EBA has developed extensive method descriptions to make the results for the banks included in the test as comparable as possible.

The scenario in the stress test covered three years and included a recession in the wake of a negative geopolitical development. Increasing protectionism is assumed to lead to shocks in supply chains with higher commodity and energy prices. This results in higher inflation and interest rates and negative effects on private consumption and investment. The scenario was intended to be severe but plausible and would entail a significant deterioration compared to current outlook. The stress test should be viewed primarily as a comparison of the extent to which different banks in the EU could be impacted in such a scenario – not as an exact forecast of how banks' credit losses, earnings and risk-weighted assets would develop if the scenario were to materialise.

For Sweden, the scenario entailed that GDP decreases by at the most 8.5 per cent, compared to 6.3 per cent for the EU as a whole, and that unemployment increases to 15.1 per cent. The adverse conditions entail that share prices decrease by 50 per cent and Swedish long-term market rates increase by 1.0

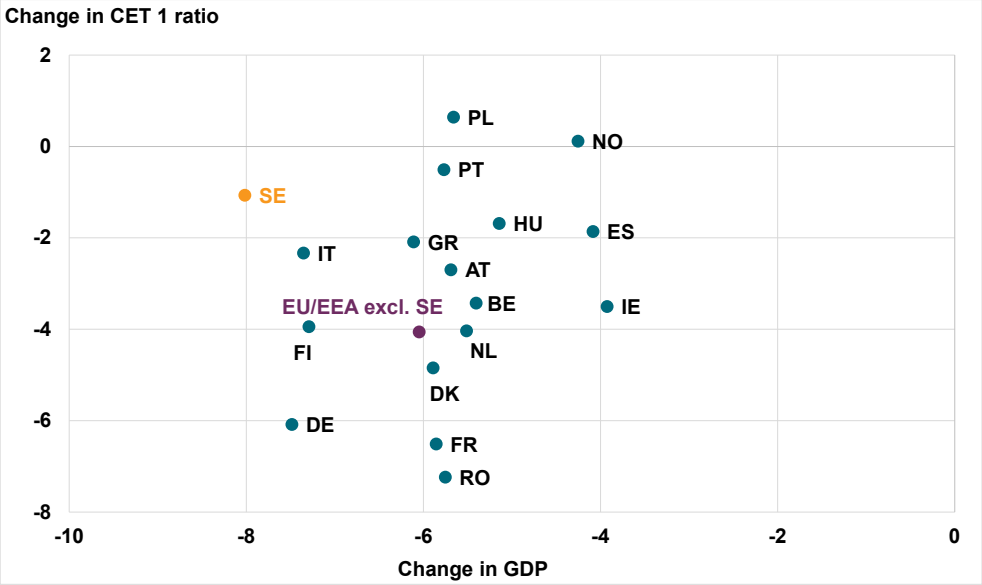
percentage point during the scenario's first year. Housing prices decrease by 25 per cent, while commercial real estate prices decrease by 33 per cent.

The stress test included a sample of 64 banks and encompassed about 75 per cent of the banking sector's assets in the EU and Norway. The banks calculated their results themselves but under the supervision of their supervisory authorities. FI and the EBA together reviewed the Swedish banks' assumptions, calculations and results to ensure the final calculations met the requirements on comparability. The EBA's stress test reported the outcomes for the banks' capital ratios in two ways. First, the results were reported assuming a gradual phase-in of changes in the capital requirement regulations, which is the method that applies in practice in accordance with the decisions made within the EU. Some changes start to apply as late as 2033. Second, the results were reported as if the changes had been fully phased in already at the beginning of the stress test period to illustrate how the new rules could impact the outcomes.

The EBA published the results on 1 August. For EU/EEA banks, the Common Equity Tier 1 capital ratio decreased on average by approximately 4.1 percentage points at the end of the three-year period of the stress test given the gradual phase-in of the new rules. For Swedish banks, this capital ratio decreased by only 1.1 percentage points even though the macroeconomic scenario for Sweden was more severe than for almost all other countries (Diagram F4).

F4. Limited capital reduction in Sweden despite severe scenario

Y-axis: Change in CET1 ratio, per cent. X-axis: Change in GDP, per cent



Source: EBA.

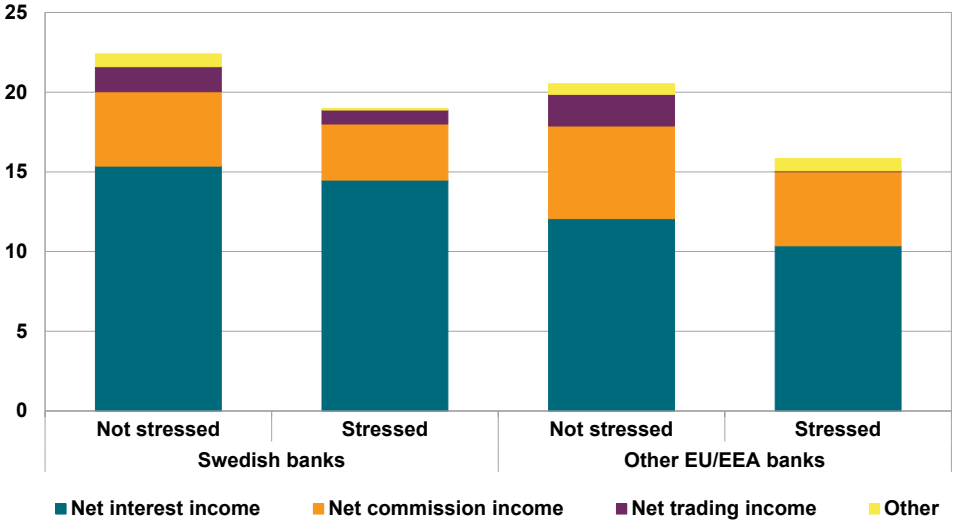
Note: The diagram shows the cumulative downturn in GDP and the decrease in CET1 capital ratio between 2024 and 2027 for a median bank in each country. The downturn in GDP can be viewed as a simplified measure of how hard each country's banks were stressed. The change in CET1 capital ratio is in accordance with the gradual phase-in of the changes in regulations for capital requirements (CRR3) and with 2024, which has been recalculated by banks to be consistent with CRR3.

There are several reasons for why the Swedish banks did well in the test compared to other EU/EEA banks. The primary reason is that Swedish banks started with higher earnings and lower expenses, which means they were able to absorb more credit losses before they started to report losses that reduced their capital. Another reason is that the Swedish banks' earnings decreased less after under the stress than the earnings of other EU/EEA banks. Part of the explanation is that much of the Swedish banks' lending occurs at variable rates. The banks are therefore able to transfer higher financing costs to customers to a greater extent than many European banks can. This means that the Swedish banks' net interest income did not decrease as much (Diagram F5).[33]

[33] Note that the EBA's stress test method does not allow net interest income to increase and that costs decrease in the adverse scenario during the period 2025–2027 compared to 2024.

F5. Swedish banks have higher earnings than other EU/EEA banks even after stress

Operating income as a share of risk-weighted assets, per cent



Source: EBA.
Note: The diagram shows banks' earnings during a three-year stressed scenario compared to a non-stressed alternative with earnings at the same level as in 2024.

The five Swedish banks that participated in the stress test showed satisfactory resilience in the adverse scenario. Given a gradual phase-in of the new regulations, the maximum decrease in the CET1 ratio was between 0.7 and 2.1 percentage points for the major banks (Svenska Handelsbanken, Skandinaviska Enskilda Banken and Swedbank). The stress test also showed a limited impact on the other Swedish banks (Länsförsäkringar Bank and SBAB Bank). All Swedish banks thus withstood the scenario without breaching the capital requirements FI expects them to meet.

The results for the Swedish banks were weaker given an immediate phase-in of the new regulations. This means that the banks will need to make adjustments as the new rules are phased in. Banks are aware of the need to adjust. FI is following this as part of our ongoing supervision, noting that it is important that the banks do not put off the necessary adjustments until the end of the phase-in period.

Overall, the results from the EBA's stress test supports FI's assessment that the Swedish banks are satisfactorily resilient. Their capital buffers are sufficiently large to be able to continue to provide credit to the real economy even if a severe economic shock were to occur.

In-depth Review – FI intends to leave the countercyclical buffer rate unchanged in the fourth quarter

The countercyclical buffer rate has been at 2 per cent since June 2022. This corresponds to the positive neutral level that FI applies to the countercyclical buffer rate during periods in which FI does not consider cyclical systemic risks to be accruing or elevated. FI intends to leave the countercyclical buffer rate unchanged during the fourth quarter of 2025.

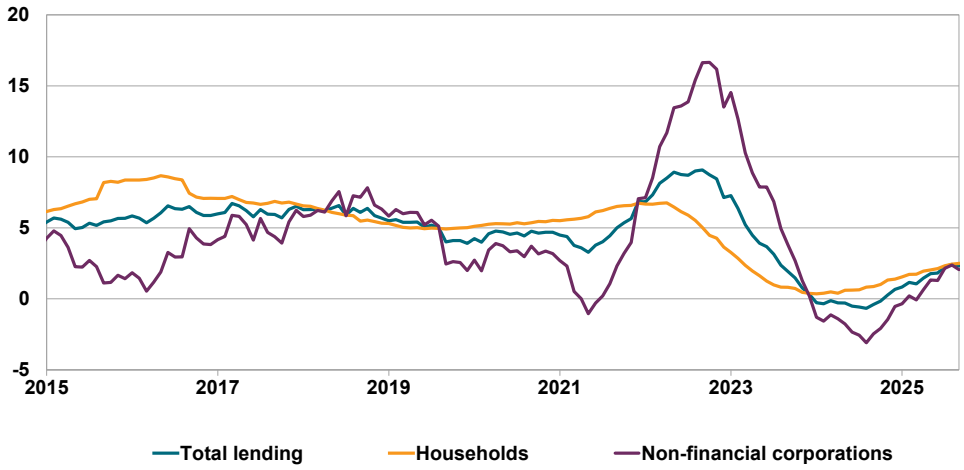
Sweden continues to be in an economic downturn. Due to the higher uncertainty, economic sentiment among Swedish households is slightly weaker than normal. Sentiment among non-financial corporations is at a more normal level. The growth rate for banks' lending to households and non-financial corporations continues to be low (see Diagram F6). During the second quarter of 2025, the credit-to-GDP gap is largely unchanged and the buffer guide remained at 0 per cent (see Diagrams A2 and A3 in the diagram appendix). The systemic risk indicator (d-SRI) describes the overall risk build-up.[34] Due to low credit growth and dampened asset price development in real terms, d-SRI has decreased in recent quarters. During the second quarter of 2025, d-SRI increased slightly, but the indicator continues to be at a low level (see Diagram F7). FI makes the assessment that cyclical systemic risks are still not currently building up in the Swedish economy.

It is important that banks are able to provide households and businesses with credit. A weakened real economic development or weaker access to market financing could mean that households and businesses will turn more to banks for financing. FI makes the assessment that the current low lending growth is due primarily to lower demand from borrowers rather than a limited supply of credit from the banks. If FI were to assess that the supply of credit from the banks is limited, it could lower the buffer rate to create capacity for the banks to lend more. However, banks have good profitability (see Diagram 7) and large capital buffers. This indicates that their capacity for maintaining their supply of credit is stable. FI therefore intends to leave the countercyclical buffer rate unchanged during the fourth quarter of 2025.

[34] For more information, see Sandström, C. (2023) "d-SRI: En systemriskindikator för Sverige", FI Analysis 43, FI Ref. 23-34670, Finansinspektionen. An English translation is available at www.fi.se.

F6. Lending growth is low

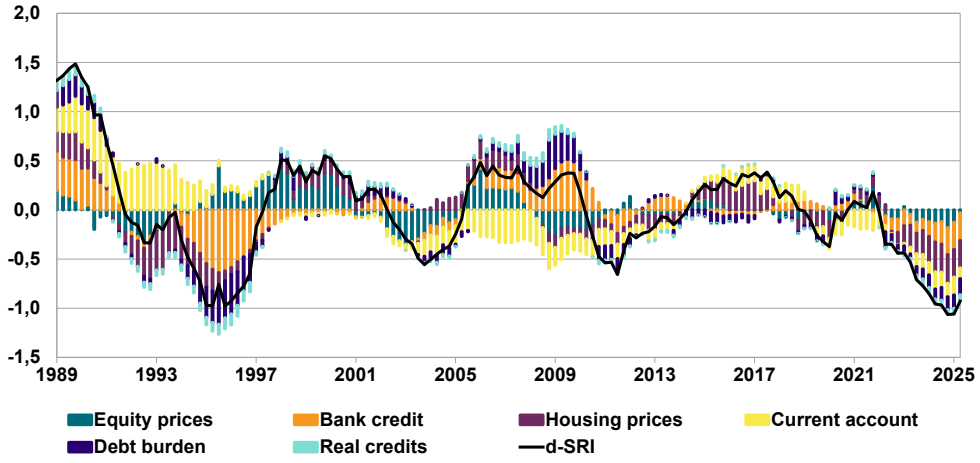
Per cent



Source: Statistics Sweden.
Note: Total lending from monetary financial institutions at annual growth rate.

F7. Systemic risk indicator d-SRI shows low risk accumulation

Normalised value



Source: FI.
Note: Normalised value means subtracting the median from the observation and dividing by the standard deviation.

Stability in the insurance and fund sector

Swedish life insurance undertakings and occupational pension undertakings have a high percentage of risky assets and are interconnected with other sectors, which makes them vulnerable to developments on the financial markets. But they also have buffers that correspond to the vulnerability, and their solvency continues to be stable. Due to the situation in the global market, liquidity risk on the fund market is elevated.

	Level of vulnerability	Development
Investeringsrisk i försäkringssektorn		→
Finansiell ställning i försäkringssektorn		→
Koncentration av tillgångar i försäkringssektorn		→
Likviditetsrisk på fondmarknaden		↗

The colors indicate the current level of vulnerability. Green represents low vulnerability. Yellow, orange and red indicate differing degrees of elevated vulnerability. The arrows show how FI assesses that the vulnerability develops. An upward-pointing arrow means that the vulnerability is increasing and a downward-pointing arrow that it is shrinking. The assessment of vulnerabilities are based on a combination of quantitative measurements and expert assessments.

Insurance sector's investments continue to be risky

Life insurance undertakings and occupational pension undertakings invest in a significant portion of riskier asset classes, such as shares (see Diagram A4 in the diagram appendix). In terms of the undertakings' investment assets, excluding unit-linked and deposit insurance, around 17 per cent of the exposures are to the US market (Diagram 11). US assets, primarily some technology shares, are highly valued, and the risk of downward price corrections is high. There is also considerable uncertainty about the development on the financial markets due to the US administration's unpredictable actions, in part related to trade policy, which further elevates the risk (see the chapter The macrofinancial situation).

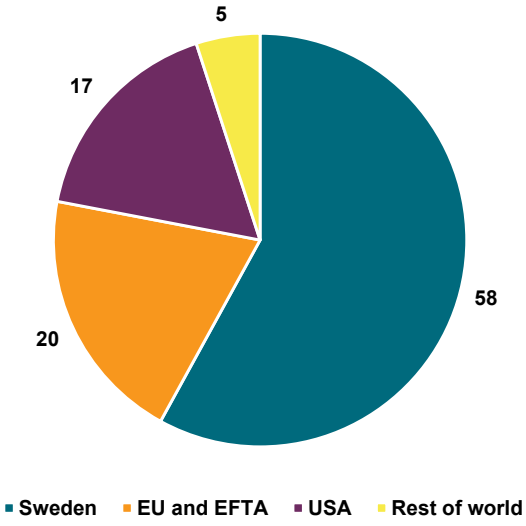
The undertakings use currency forward agreements and swap contracts to manage currency risks in their assets in other currencies. These contracts refer primarily to USD. If the supply of USD derivatives were to decrease significantly, this would weaken the undertakings' possibilities for hedging their foreign assets and obligations. Higher currency risk is not necessarily a problem in and of itself if the undertakings allow for it in their investment mandates and have coverage for it from a capital requirement perspective.[35] However, in the long run, increased

[35] Currency risk constitutes a part of the calculation of the capital requirement – in both Solvency II and Finansinspektionen's regulations and general guidelines (FFFS 2019:21)

frictions on the USD market could have an impact on the undertakings' investment decisions.[36]

11. Geographic distribution of investment assets

Per cent



Source: FI.
Note: Refers to life insurance undertakings and occupational pension undertakings, excluding unit-link and deposit insurance, as at 30 September 2025.

Stable financial position in the insurance sector

Both life insurance undertakings and occupational pension undertakings have good solvency. Occupational pension undertakings have been reporting largely unchanged solvency over the past few years (Diagram 12). Diversified investment portfolios and buffers of liquid asset classes decrease the vulnerability to the turbulence that could arise on the financial markets due to geopolitical developments. If a situation arises where both market rates and asset prices go down at the same time, this would affect the undertakings negatively. Lower interest rates lead to higher estimated present value of the pension liability and combined with lower asset prices this would lead to impaired solvency. Even if holdings in interest-bearing securities could benefit from lower market rates, equity portfolios will probably be hit hard by strong price corrections downward. However, Swedish life insurance undertakings and occupational pension undertakings have a long-term investment horizon and a strong financial position. This counteracts the risk that they will make short-term decisions during periods of market unrest. Instead of taking procyclical action and risking amplification of a

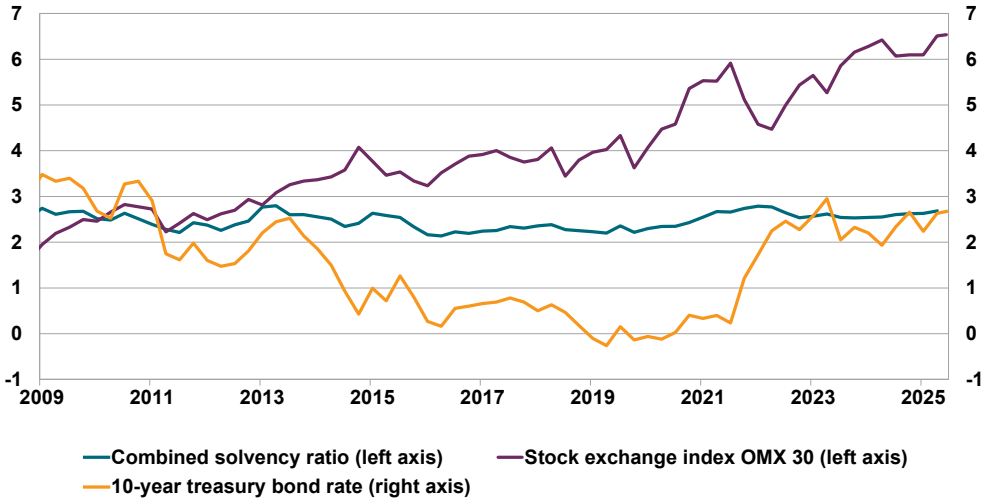
regarding institutions for occupational retirement provision. Currency hedges reduce to some extent the capital requirement for assets in foreign currency.
[36] See also Riksbanken Finansiell Stabilitetsrapport 2020:1 pp. 35-41.

downturn, the undertakings have sufficient margins to wait for beneficial conditions for investments.

Life insurance undertakings show a corresponding development in their solvency but to less of an extent. Within this category there is a large percentage of unit-linked and deposit insurance policies where the policyholders carry the investment risk themselves. This means that a large percentage of the obligations are managed without financial guarantees – unlike in tradition management – and the size of the capital buffers in general is somewhat smaller.

12. Solvency is stable

Ratio (left axis) and per cent (right axis)



Source: FI, Nasdaq OMX and Sveriges Riksbank.
Note: The traffic-light ratio for life insurance undertakings and occupational pension funds is shown through 31 December 2021. The diagram shows solvency in accordance with the new occupational pension regulation since 31 March 2022. The series is a mix of two measurements that we have chosen to call a combined solvency ratio. Solvency data has been collected through 30 September 2025.

Insurance sector is linked to other sectors

Even if the investment portfolios are diversified by asset class, there are still concentrations to individual sectors. The undertakings have significant holdings in the banking sector in the form of shares and interest-bearing securities, of which covered bonds constitute a large share. Real estate constitutes another concentration through both direct and indirect holdings, for example via corporate bonds and fund units but also via banks that lend to the commercial real estate sector.

In addition to different types of holdings in banks, the undertakings sign currency forward contracts and swap contracts with Swedish and international banks in order to hedge their foreign assets and thus reduce currency risk in their investment

portfolios. The maturity of a currency derivative is generally much shorter than the maturity of the investment assets, which gives rise to a maturity imbalance. If there is a shock to the US money market, it could become significantly more expensive for the major Swedish banks to raise financing in USD. In turn, this could make it more difficult or more expensive for Swedish life insurance undertakings and occupational pension undertakings to renew their currency derivative contract. In addition to it potentially being more difficult to sign new agreements during periods of market uncertainty, there is also a risk that the undertakings will be negatively impacted if they need to meet high margin calls following sharp downturns in the value of the derivative contracts. The vulnerabilities thus decrease via the undertakings' diversified portfolios and buffers of liquid assets.

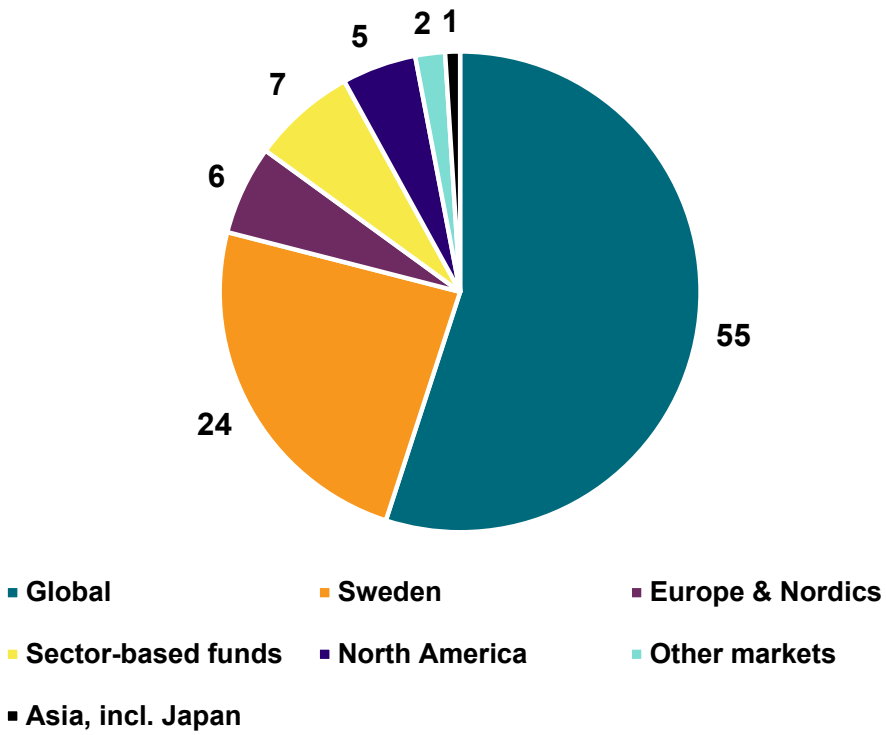
Liquidity risks on the Swedish fund market

In the spring when the US announced extensive import tariffs against other countries, global stock markets dropped sharply. In conjunction with the high uncertainty, Swedish fund savers[37] sold equity funds with a US focus and purchased equity funds with a focus on Europe and Sweden. During the summer, net flows stabilised at low levels for Swedish, European and US equity funds. However, during the spring and summer, Swedish fund savers purchased large net volumes of global equity funds, of which around 75 per cent consist of US shares.

Swedish fund savers have also increased their exposures to global equity funds over a longer period of time. This means that Swedish fund savers are highly exposed to US shares. Since funds do not currency hedge their holdings to any major extent, Swedish fund savers are also exposed to developments in the US dollar. In 2015, global equity funds accounted for 40 per cent of Swedish fund savings compared to in 2025 when it accounted for 55 per cent (see Diagram 13).

[37] *Swedish fund savers* refers to the overall fund saving in Sweden, which includes both households and institutions.

13. Swedish fund savers are highly exposed to US shares
Per cent



Source: Swedish Investment Fund Association.
Note: Shares of Swedish fund savings broken down by investment policy. The data refers to October 2025.

According to FI's stress test of funds' liquidity risks, corporate bonds funds continue to be the fund category that is most vulnerable to liquidity risks. This category is vulnerable since the Swedish corporate bond market is small and has low liquidity. Even some Swedish SME funds have a lower estimated liquidity and could be vulnerable if they encounter high redemption demands.

Swedish funds handled the spring's volatile fund flows well, but the elevated global uncertainty increases the need for good liquidity management at fund management companies. It is important for fund managers to be able to maintain trading and value their managed funds even under stressed market conditions. It is therefore also important that they have processes that ensure continuous trading to the greatest extent possible. In order to better handle liquidity risks in the fund sector, a proposal from a government inquiry has proposed that a requirement be introduced in 2026 for every open fond to introduce at least two liquidity tools in

their fund rules.[38] This is expected to build resilience to liquidity risks in the Swedish fund sector.

FI has warned in previous stability reports that the procurement of the new fund marketplace for premium pensions could lead to increased liquidity risks in Swedish funds and on the Swedish stock market. It is therefore important for there to be good planning for how eventual flows will be handled. We have primarily warned that Swedish SME funds and some equity funds that invest in large and mid-size Swedish companies may need more time to liquidate their holdings. During the autumn, the Swedish Fund Selection Agency (Fondtorgsnämnden) presented the results of the procurement for the category Swedish equity funds – large companies. Because several large existing Swedish funds will remain on the fund marketplace, the amount of capital that will need to turn over on the equity market will not be as large as if only new funds had won the procurement. But the amounts that need to turn over will still be large, and it is important that the transfer of premium pension capital occurs in an orderly and well-planned manner.

[38] Betänkandet en starkare fondmarknad (Interim Report A Stronger Fund Market) (SOU 2025:60). The liquidity tools that fund managers could choose are redemption gates, extension of notice periods, redemption fees, swing pricing, dual pricing, anti-dilution levies, and, in some cases, asset transfer (redemption in kind). In addition, all funds will continue to have the option of postponing the sale and redemption of shares and will now have the possibility of activating sidepockets.

Operational stability risks

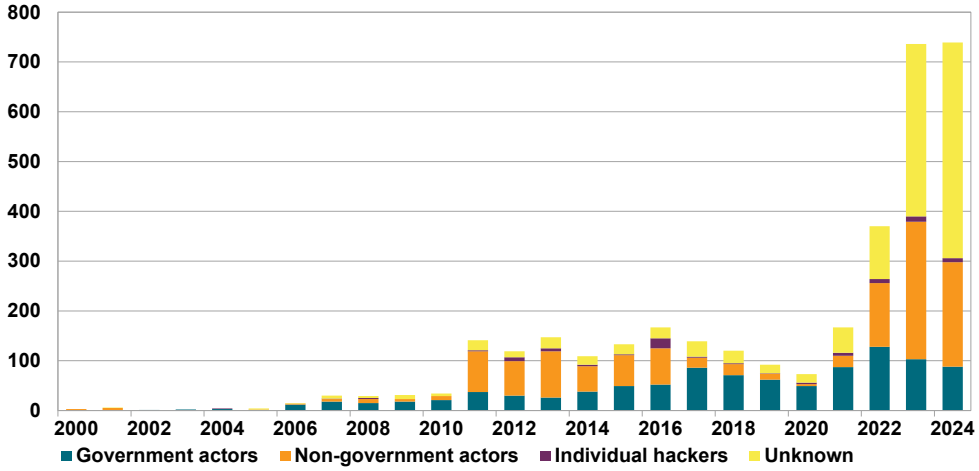
The risk of cyber attacks has increased as the geopolitical situation has deteriorated. In order to protect the business from operational shocks, financial firms need to work continuously to ensure that they maintain a high level of operational resilience. FI and the financial sector are also working actively to strengthen civil preparedness.

Geopolitics places high demands on firms' resilience

The resilience to operational shocks, i.e., the ability to ensure good security and recovery of business networks and information technology systems, is key for reducing the risk of disruptions in critical financial services. Geopolitical uncertainty is still high. This continues to place high demands on firms in the financial sector to be able to protect their operations and manage incidents. At the European level, the number of verified cyber attacks to critical infrastructure has increased gradually over many years (Diagram 14). The increase has been particularly clear in recent years since Russia's full-scale invasion of Ukraine. In addition, the number of unreported cyber attacks is assumed to be large, and it is difficult to say what the actual number is. This shows that the risks of a firm suffering cyber-related incidents continues to be high and that the firms continue to need to work to ensure high resilience in their operations.

14. Cyber attacks in Europe have increased as the geopolitical situation has deteriorated

Number of cyber attacks



Source: ECB and Eurepoc database.
Note: ECB's processing of the data. The data refers to verified incidents to critical social functions at large and not only the financial sector.

Different types of incidents – such as cyber attacks, data breaches, drone fly-bys, GPS interruptions and cable disruptions in the Baltic Sea – typically occur sporadically. This makes them difficult to predict, and these incidents have the potential to cause large-scale shocks to society. Therefore, firms need to plan for several different types of scenarios and practice how to manage them. Financial firms need to allow for operating risks and have secure and resilient systems in order to be able to manage an operational shock on their own.

In order to help firms adapt and develop their preparedness work based on their role in Sweden's total defence, FI published a planning guidance in November 2025.[39]

In-depth Review – Total defence: a shared responsibility

Sweden's total defence aims to ensure that Sweden has the ability to maintain key social functions during periods of heightened states of alert and, ultimately, war. It rests on two pillars – military and civil – comprises the operations required to prepare Sweden for war.

FI is both the sector-responsible authority for the financial services preparedness sector and a preparedness authority within the sector. As a sector-responsible

[39] FI's planning guidance is available in both Swedish and English at fi.se: https://www.fi.se/sv/publicerat/nyheter/2025/sverige-behover-finansiella-tjanster-i-krig2/.

authority, we tasked with leading the work to coordinate measures within the sector during both peacetime crisis situations and heightened states of alert. As a sector-responsible authority, FI should also drive the work within the preparedness sector, support the preparedness authorities, promote the clarification of tasks and roles, and support coordination with the private sector to the extent needed. This means that FI should ensure the coordination of measures taken by FI and the Swedish National Debt Office. This work is carried out in close cooperation with the Riksbank. As a preparedness authority, FI should also, among other things, work to ensure that affected firms develop their ability to withstand threats and risks, prevent vulnerabilities, manage peacetime crisis situations, and perform their activities during heightened states of alert.

Ninety-five per cent of the financial sector are private actors, and number of services that these actors perform are so crucial that they need to function in all situations. Being able to make payments is particularly time-sensitive. Other crucial activities include savings and financing, insurance and the capital market. Using the criteria that FI describes in its planning guidance, financial firms categorised as critical for society or important for Sweden's total defence can adapt as they deem necessary for their operations.

As part of Sweden's total defence, a Total Defence Exercise is being conducted during the period 2025–2027, the overarching objective of which is to strengthen Sweden’s total defence resilience and capacity from a system perspective. Capacity refers primarily in this context to the skills that are needed to be able to manage a war. The Total Defence Exercise entails both knowledge management activities and exercises, both within the organisation and in cooperation with others. The exercise will conclude in 2027 with a national system exercise. Financial firms need to identify their own roles and abilities, and they need to practice, thereby strengthening their ability. Practice enables skills development and preparation for real-life situations but also identifies and resolves deficiencies within an organisation.

During the autumn, a sector-wide exercise was conducted under FSPOS[40], of which FI is the chair. New for this year's exercise was that it was dimensioned for a scenario that included heightened states of alert and war-like situations.

Total defence is a shared responsibility, so it is important that all affected actors also participate in the work. Simulating abilities and roles of responsibility during peacetime increases the odds that everyone will know what to do in the event of heightened states of alert or war. If critical functions in the financial system do not work, such as payments or other financial infrastructure, this could have far-reaching consequences for the economy.

[40] FSPOS stands for Financial Sector's Private-Public Collaboration (Finansiella sektorns privat-offentliga samverkan).

Interconnectedness and concentration means high vulnerability

The high degree of digitalisation, the interconnectedness in the financial sector, and that many actors within the financial sector outsource parts of their operations to a third party are vulnerabilities that FI has previously identified. This is also evident in the incident reporting that has been submitted. Because of these factors, operational shocks at individual actors, whether cyber-related or other types of incidents, can easily spread to other actors and thus have an impact on financial stability.

The DORA Regulation raises the requirement on financial firms to identify and manage their digital and operational vulnerabilities. This means that firms need to ensure on a regular basis that they maintain a high level of resilience and continuity in their operations. A central part of the regulation is also that the firms must report ICT-related incidents to national supervisory authorities. Even if FI has been receiving such reports since January 2025, it is too early to draw any general conclusions. However, in the long term, this reporting will give us a clearer overview and present better conditions than we have today to compare and analyse digital operational resilience.

In addition to requiring firms to identify and manage vulnerabilities, the DORA Regulation also contains specific rules for managing ICT-related third-party risks that could arise during outsourcing. In part, financial firms must prepare a register of all such outsourcing that they then share with concerned supervisory authorities. The EU's three supervisory authorities[41] for the European financial market recently decided which firms constitute so-called critical third-party suppliers[42] and will fall under the supervision of the supervisory authorities. FI will participate in this supervision work.

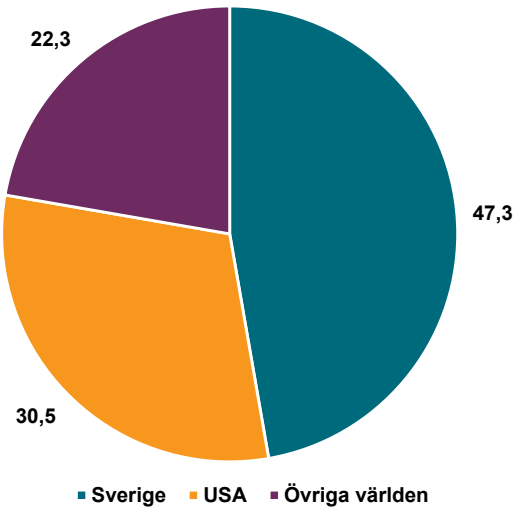
FI currently assesses the risks associated with the outsourcing of ICT services to be the same as before. The reporting will give us a better overview over time of both the outsourcing and the resulting concentration risks. This will enable us to easier identify risks and impose clearer requirements in our supervision.

[41] The three EU supervisory authorities for the European financial market are the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA), and the European Insurance and Occupational Pensions Authority (EIOPA).
[42] The full list of firms can be found here: https://www.eba.europa.eu/publications-and-media/press-releases/european-supervisory-authorities-designate-critical-ict-third-party-providers-under-digital.

Appendix of diagrams

A1. Large share of shares and funds are invested in the US

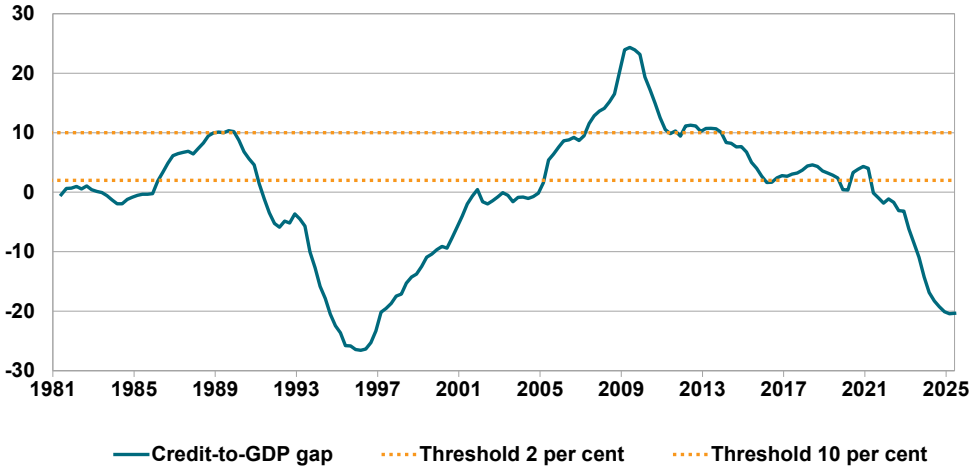
Per cent



Source: FI and Morningstar.
Note: Households' shares and funds broken down by geographical market for investments. For global funds, the percentage invested in the US has been assumed to be the index weight for the US in the NSCI World index on 31 October 2025, which was 72.7 per cent.

B2. Credit-to-GDP gap continues to be negative

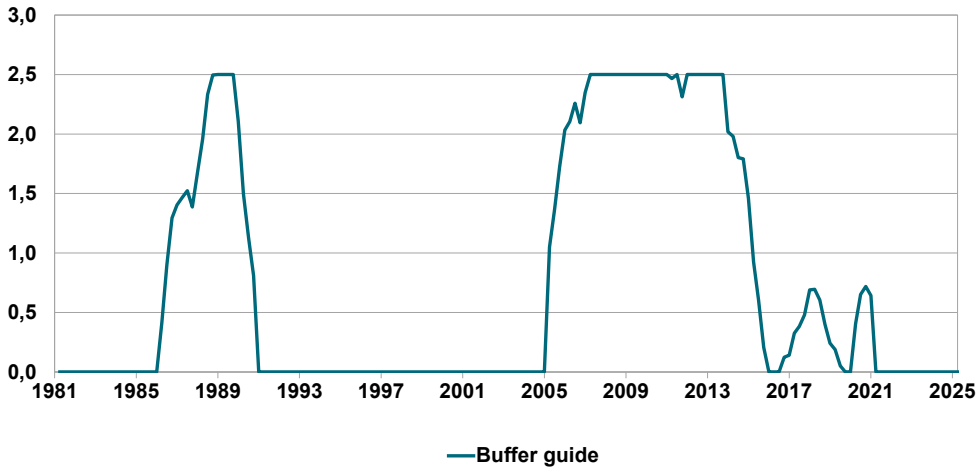
Deviation from trend, ppts



Source: FI and SCB.
Note: Credit-to-GDP gap according to the standardised approach. The dashed lines show the thresholds (2 and 10 per cent, respectively) that according to the standardised approach are to be used to transform the credit-to-GDP gap into a buffer guide.

B3. Buffer guide remains at 0 per cent

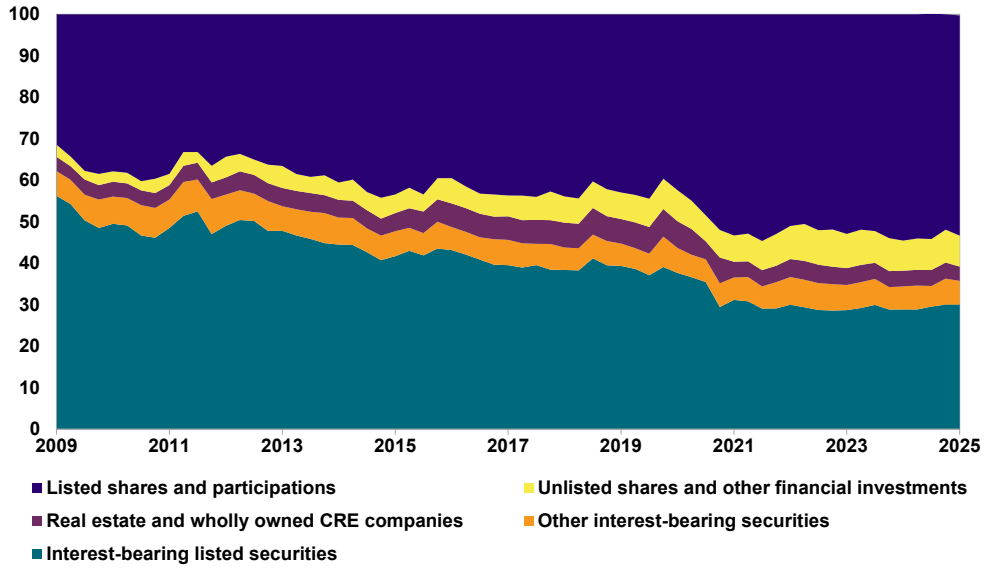
Per cent



Source: FI and SCB.
Note: Buffer guide according to the standardised approach.

A4. Distribution between asset classes has stabilised

Per cent



Source: Statistics Sweden.
Note: Riskier asset classes include shares, unlisted shares and other financial investments, properties and wholly owned CRE companies. Interest-bearing, and in this context less risky, assets include listed interest-bearing securities and other interest-bearing securities. The diagram refers to life insurance undertakings and occupational pension undertakings (excluding unit-link and deposit insurance) up to an including 30 June 2025.