



Capital requirements for the Swedish banks, third quarter 2022

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Preface

Finansinspektionen (FI) publishes on a quarterly basis the capital requirements of all Swedish banks and credit market companies under its supervision that have been categorised as Categories 1 and 2.^{1,2} This memorandum discloses these companies' capital requirements and capital ratios as of the end of the third quarter 2022.

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

Further information on the capital requirements and their application to the Swedish banks can be found in the memorandum "New capital requirements for Swedish banks", FI Ref. 20-20990, and on FI's website.³

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

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

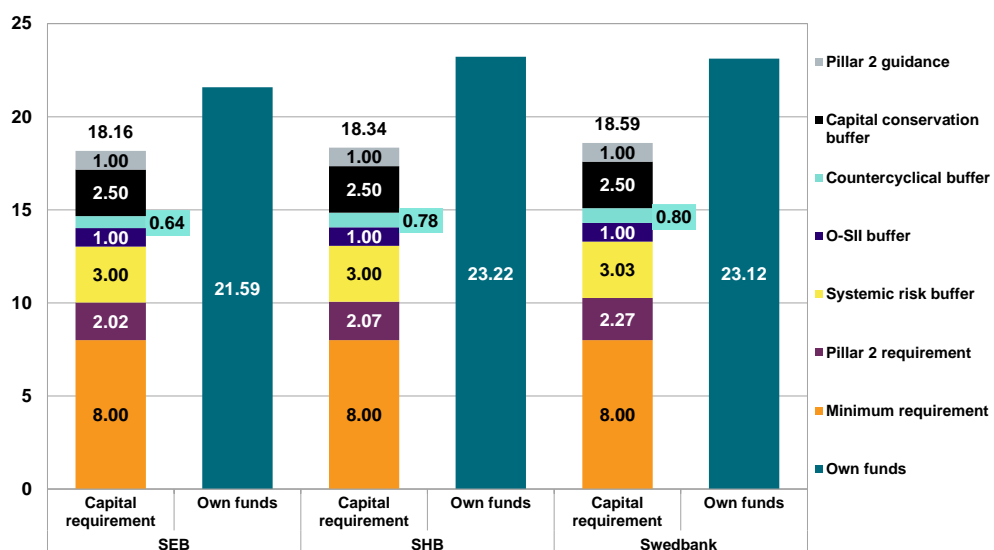
³ <https://www.fi.se/en/bank/Capital-requirements-for-swedish-banks/>.

Capital requirements, third quarter 2022

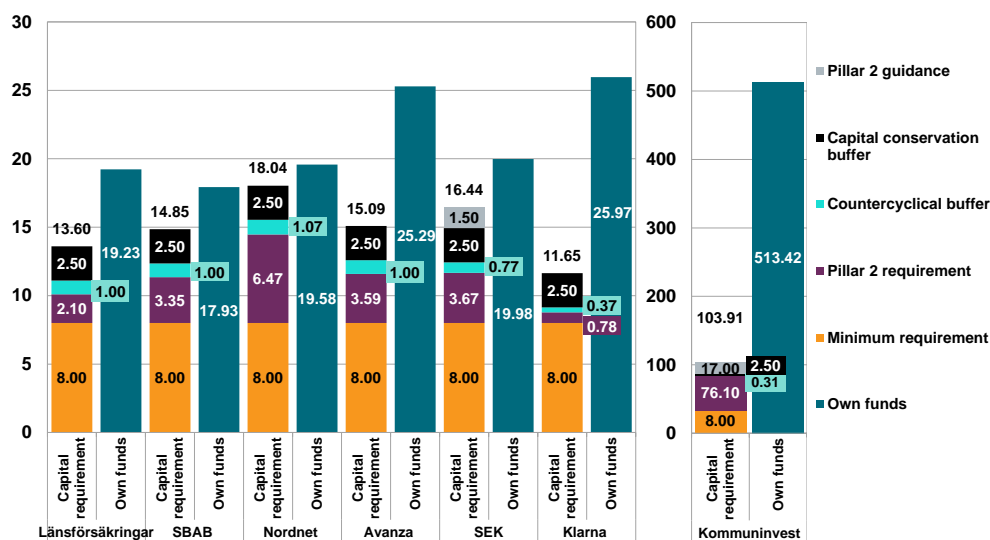
In this chapter we present the capital requirements for Swedish banks as of the third quarter 2022.

Capital requirements in percent

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

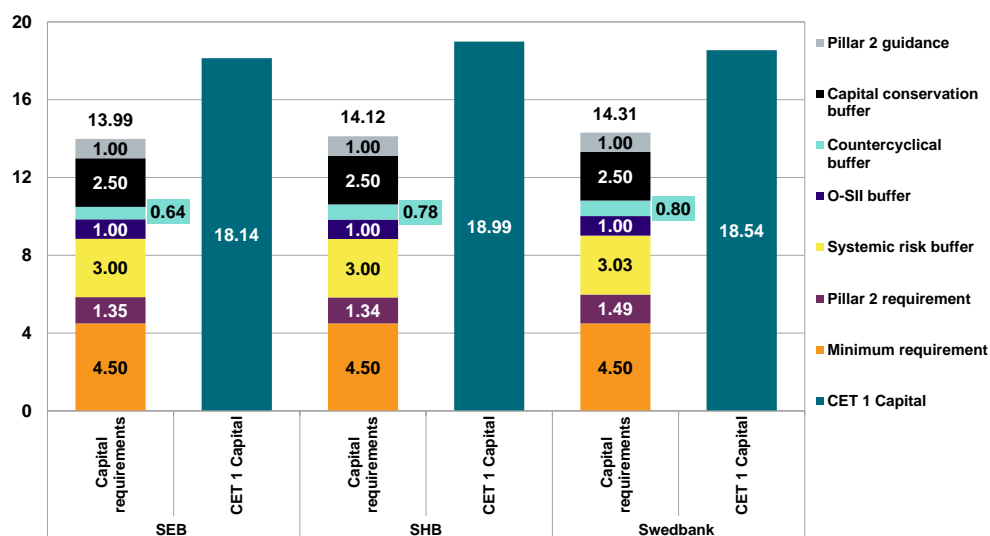


2. Own funds and capital requirements, category 2 (percent of REA)

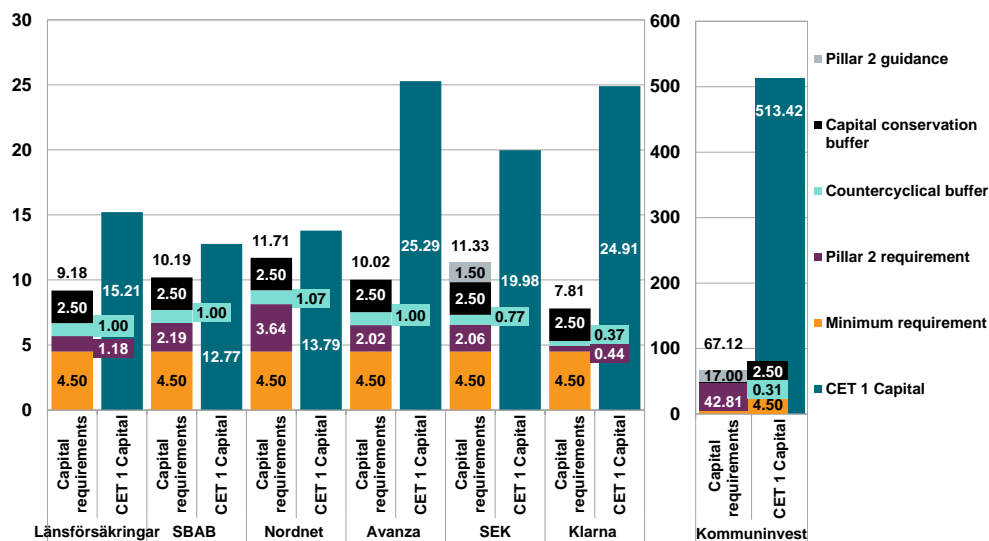


Klarna has appealed FI's Pillar 2 guidance. Pending the decision in court, FI does not apply any Pillar 2 guidance for Klarna.

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

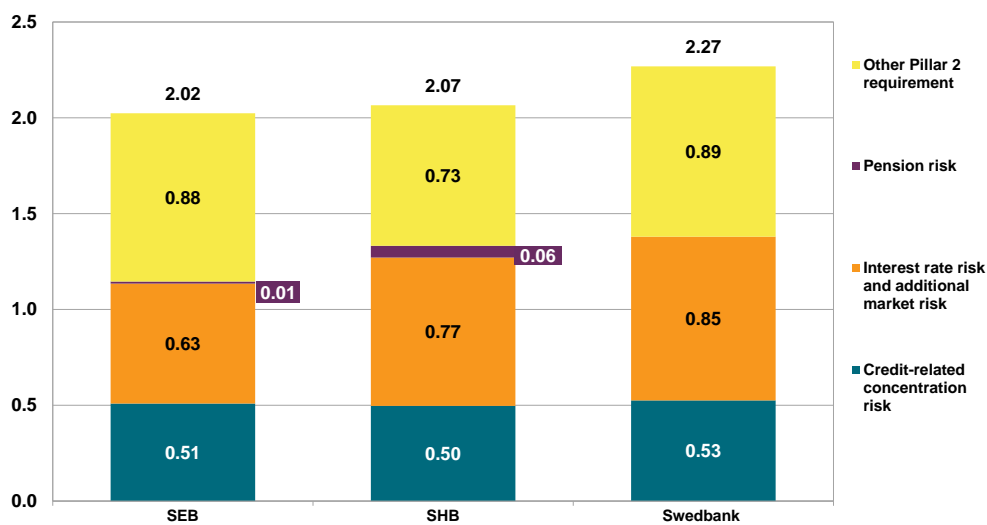


4. Common Equity Tier 1 capital and Common Equity Tier 1 capital requirements, category 2 (percent of REA)

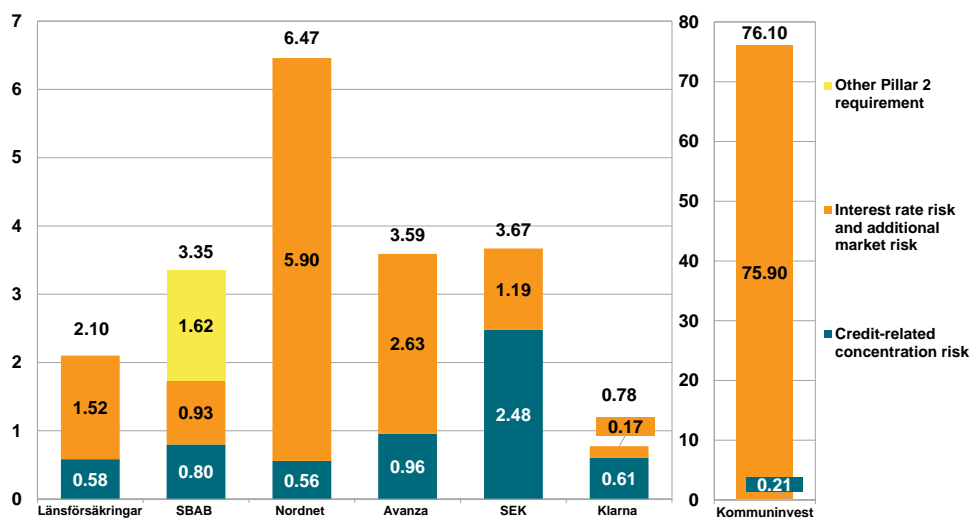


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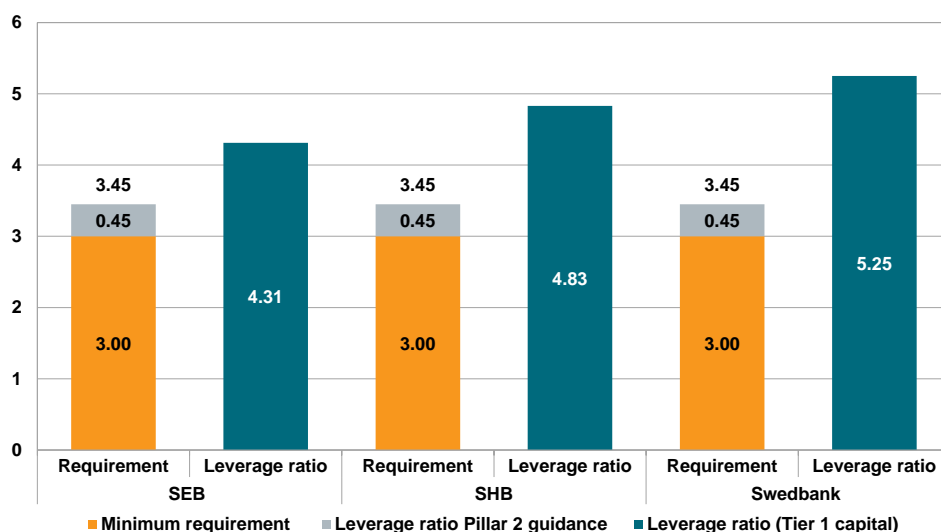
5. Capital requirements in Pillar 2, three major banks (percent of REA)



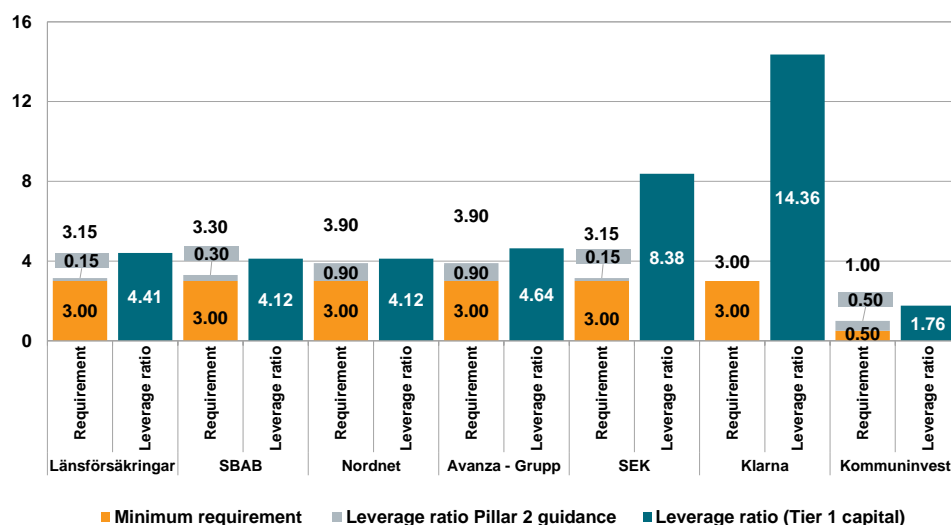
6. Capital requirements in Pillar 2, category 2 (percent of REA)



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



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



Kommuninvest's Pillar 2 guidance for leverage ratio is calculated so that the company's leverage ratio requirement is one percent of the total leverage ratio exposure amount before the deduction Kommuninvest does according to the regulation for public development credit institutions. The leverage ratio exposure before deductions was 560 billion SEK and after deduction 94 billion SEK. The leverage ratio after deductions was 10.47 percent.

Klarna has appealed FI's Pillar 2 guidance. Pending the decision in court, FI does not apply any Pillar 2 guidance for Klarna.

Capital requirements in SEK

Table 1. Capital requirements in million SEK, 2022-09-30

SEB	Total	Tier 1	CET 1
Capital	190 304	175 476	159 890
Risk based capital requirements	160 118	138 413	123 296
Leverage ratio requirements		140 407	18 314
SHB	Total	Tier 1	CET 1
Capital	192 697	174 121	157 552
Risk based capital requirements	152 236	131 658	117 138
Leverage ratio requirements		124 352	16 220
Swedbank	Total	Tier 1	CET 1
Capital	174 137	149 435	139 624
Risk based capital requirements	140 007	121 009	107 765
Leverage ratio requirements		98 137	12 801
Länsförsäkringar	Total	Tier 1	CET 1
Capital	22 931	20 341	18 141
Risk based capital requirements	16 220	13 209	10 950
Leverage ratio requirements		14 533	692
SBAB	Total	Tier 1	CET 1
Capital	27 106	25 111	19 311
Risk based capital requirements	22 456	18 162	15 411
Leverage ratio requirements		20 097	1 827
Nordnet	Total	Tier 1	CET 1
Capital	3 718	3 718	2 618
Risk based capital requirements	3 425	2 737	2 223
Leverage ratio requirements		3 523	813
Avanza	Total	Tier 1	CET 1
Capital	3 148	3 148	3 148
Risk based capital requirements	1 879	1 518	1 247
Leverage ratio requirements		2 646	611
Kommuninvest	Total	Tier 1	CET 1
Capital	9 860	9 860	9 860
Risk based capital requirements	1 996	1 592	1 289
Leverage ratio requirements		5 598	2 773

Svensk Exportkredit	Total	Tier 1	CET 1
Capital	20 467	20 467	20 467
Risk based capital requirements	16 832	13 842	11 599
Leverage ratio requirements		7 695	366

Klarna	Total	Tier 1	CET 1
Capital	16 580	16 327	15 903
Risk based capital requirements	7 435	6 034	4 984
Leverage ratio requirements		3 412	0

Klarna has appealed FI's Pillar 2 guidance. Pending the decision in court, FI does not apply any Pillar 2 guidance for Klarna. Kommuninvest's Pillar 2 guidance for leverage ratio is calculated so that the company's leverage ratio requirement is one percent of the total leverage ratio exposure amount before the deduction Kommuninvest does according to the regulation for public development credit institutions. Leverage ratio exposure before deductions was 560 billion SEK and after deduction 94 billion SEK. Leverage ratio after deductions was 10.47 percent.

Exposure amounts

Table 1 shows the companies' REA and leverage ratio exposure amount.

Table 1. REA and leverage ratio exposure amount, 2022-09-30

mkr	Risk exposure amount	Leverage ratio exposure amount
SEB	881 588	4 069 779
SHB	829 860	3 604 416
Swedbank	753 060	2 844 556
Länsförsäkringar	119 230	461 373
SBAB	151 178	609 015
Nordnet	18 987	90 328
Avanza	12 448	67 844
Kommuninvest	1 920	94 170
Svensk Exportkredit	102 416	244 300
Klarna	63 843	113 719

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

Description of the calculations

Own funds, the risk exposure amount (REA), the leverage ratio exposure amount and the countercyclical buffer are based on the companies' third quarter reporting in 2022. The reporting was submitted to FI up through 11 November 2022. The rounding of each component of the capital requirement may result in a discrepancy between the sum of all parts and the total capital requirement. The data is reported at group level.

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

Risk-based capital requirements

Minimum requirement, Pillar 1

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

Pillar 2 requirement

FI decides on a Pillar 2 requirement in conjunction with our supervisory review and evaluation of the companies. In support of the decision, FI uses a number of methods that disclose how we assess and calculate the requirement for specific risks. FI can also decide on Pillar 2 requirements based on other assessments that we make.⁴

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

Systemic risk buffer

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

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

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

Countercyclical capital buffer

The countercyclical buffer value is currently set at one percent on exposures in Sweden. FI has decided to increase the buffer value to two percent from 22 June

⁴ For more information, see <https://www.fi.se/en/bank/Capital-requirements-for-swedish-banks>.

2023. The buffer value that the banks report is an average value, weighted by the risk exposure amount, of the countercyclical buffer values applied in the countries to which the company has exposures. The countercyclical capital buffer must be covered by CET 1 capital.

Capital conservation buffer

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

Pillar 2 guidance

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

Leverage ratio requirement

Minimum requirement for leverage ratio

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

Pillar 2 requirement

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

Pillar 2 guidance

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