



Capital requirements for the Swedish banks, fourth quarter 2022

24 February 2023



Dnr 22-5832

Contents

Preface	3
Capital requirements, fourth quarter 2022	4
Capital requirements in percent.....	4
Capital requirements in SEK	9
Exposure amounts	11
Description of the calculations.....	12
Risk-based capital requirements	12
Leverage ratio requirement	13

Finansinspektionen
Box 7821, 103 97 Stockholm
Besöksadress Brunnsgatan 3
Telefon +46 8 408 980 00
finansinspektionen@fi.se
www.fi.se

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 fourth 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 keep³.

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

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

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

³ Klarna appealed FI's Pillar 2 guidance to The Administrative Court. After The Court overturned the decision and referred the case back to FI for continued examination, FI decided not to determine a Pillar 2 guidance for Klarna for the 2021 SREP. Klarna will however be subject to a SREP for 2023.

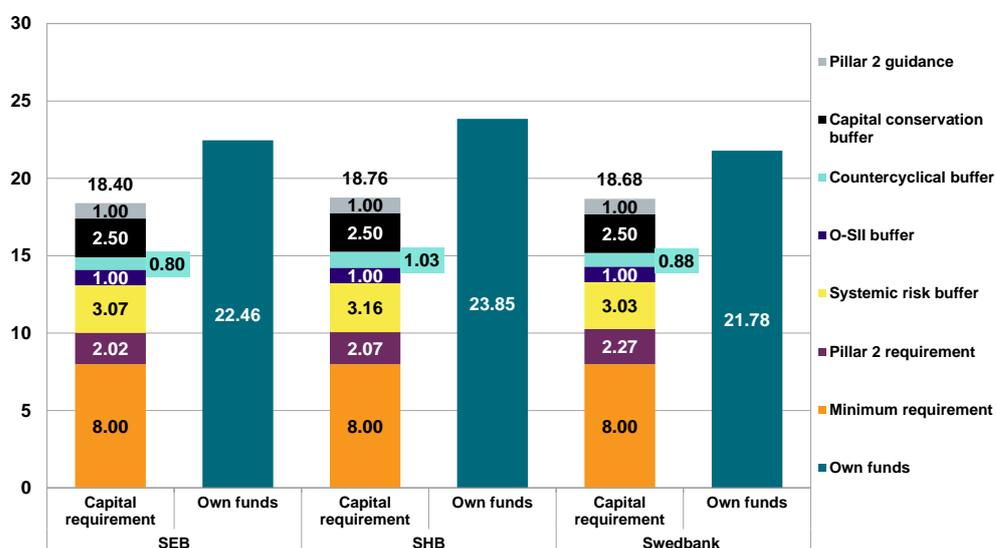
⁴ <https://www.fi.se/en/bank/Capital-requirements-for-swedish-banks/>.

Capital requirements, fourth quarter 2022

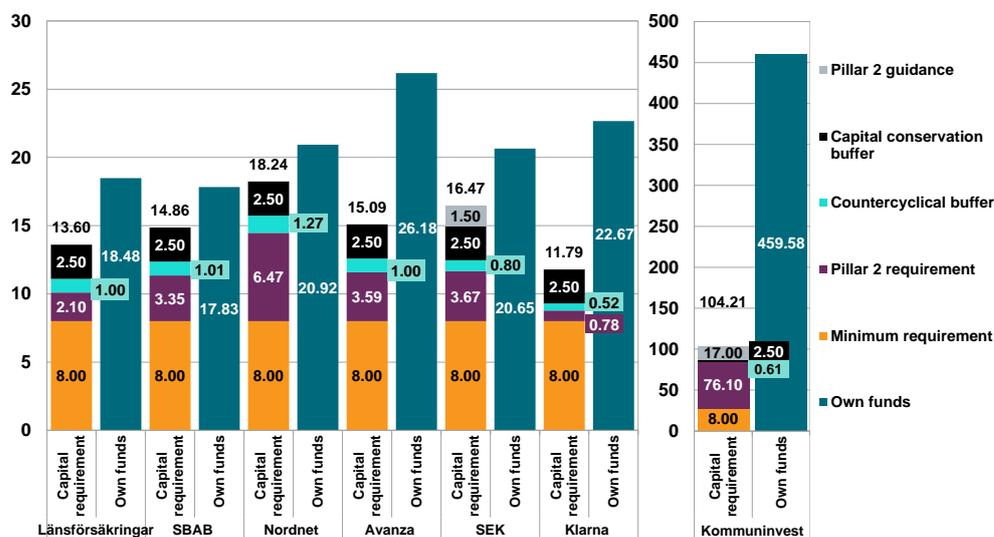
In this chapter we present the capital requirements for Swedish banks as of the fourth quarter 2022.

Capital requirements in percent

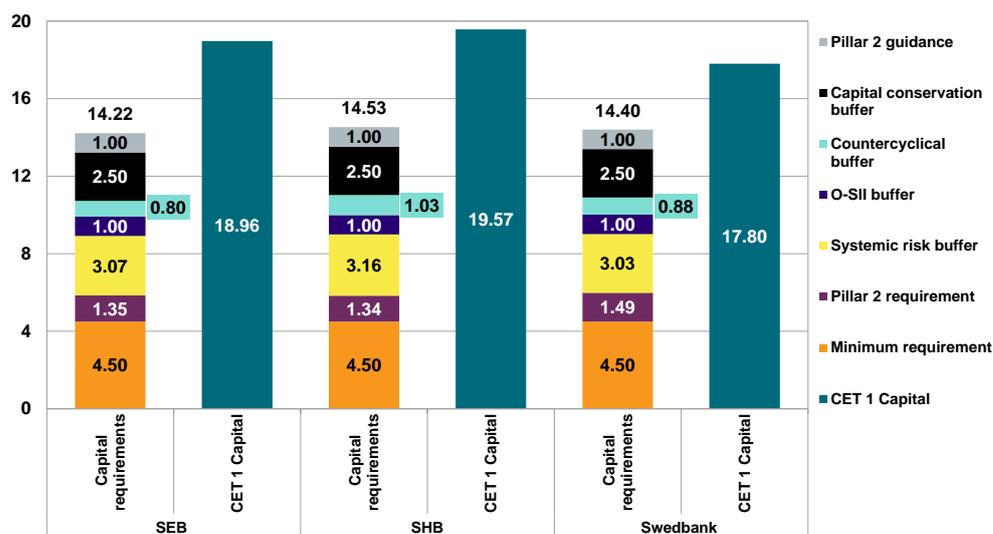
1. Own funds and capital requirements, three major banks (percent of REA)



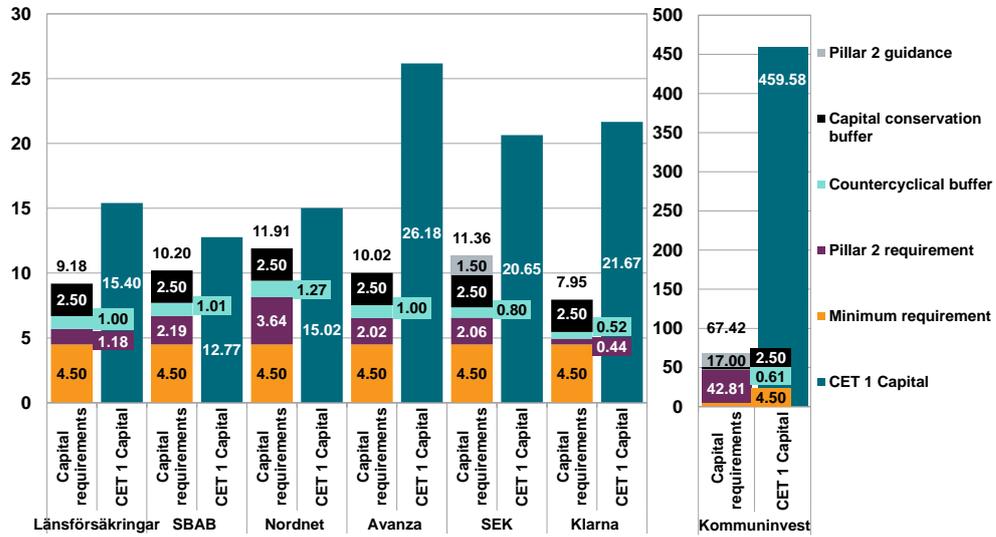
2. Own funds and capital requirements, category 2 (percent of REA)



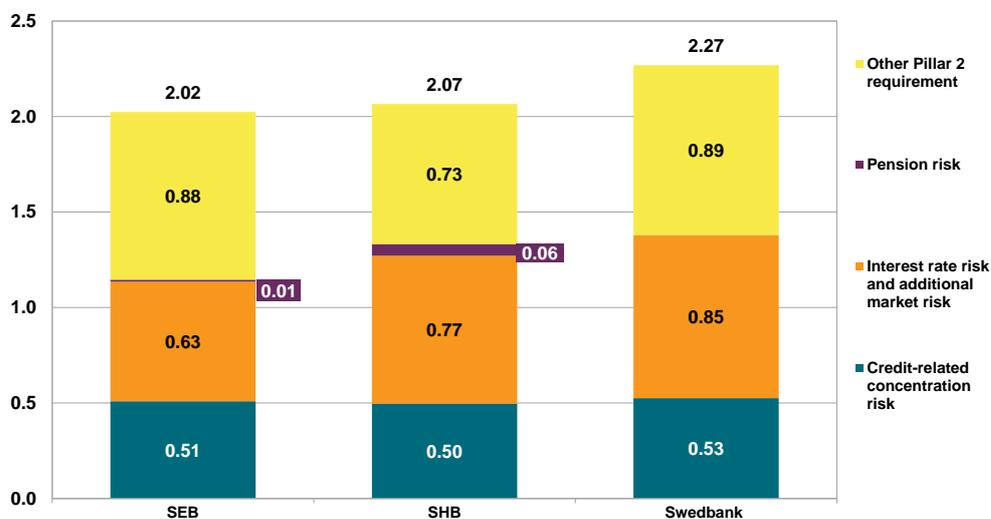
3. Common Equity Tier 1 capital and Common Equity Tier 1 capital requirements, three major banks (percent of REA)



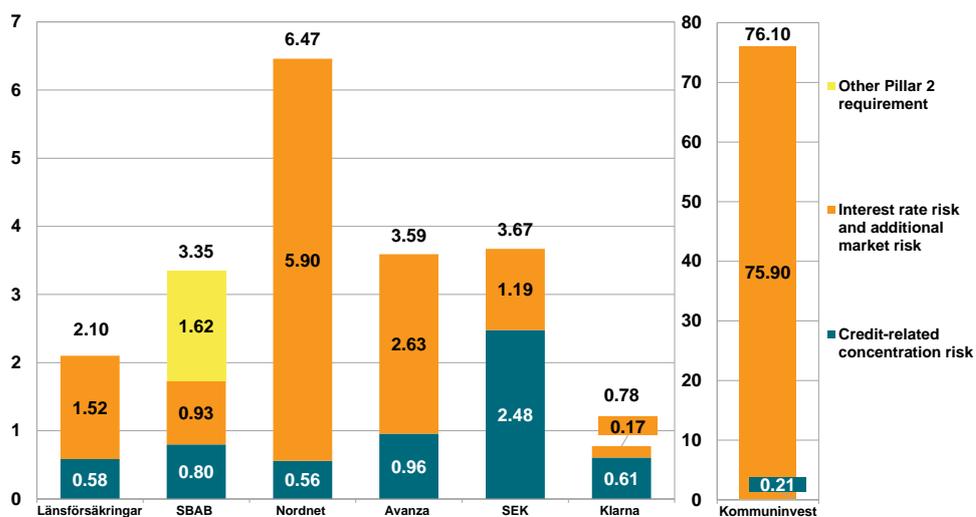
4. Common Equity Tier 1 capital and Common Equity Tier 1 capital requirements, category 2 (percent of REA)



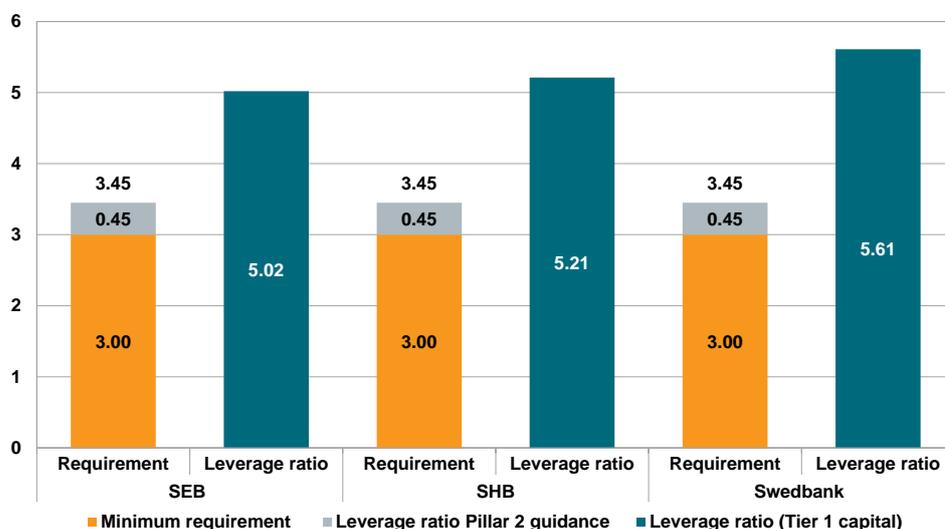
5. Capital requirements in Pillar 2, three major banks (percent of REA)



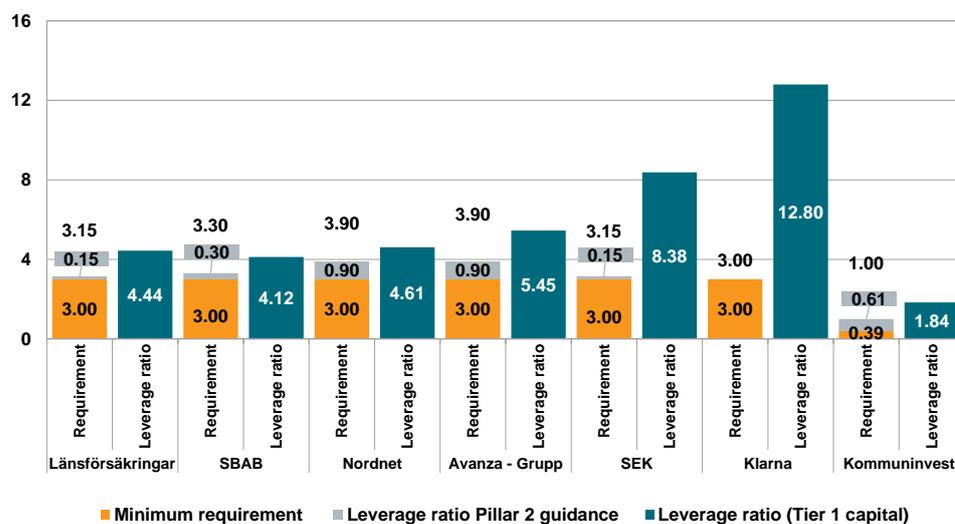
6. Capital requirements in Pillar 2, category 2 (percent of REA)



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



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



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 541 billion SEK and after deduction 69.6 billion SEK. The leverage ratio after deductions was 14.26 percent.

Capital requirements in SEK

Table 1. Capital requirements in million SEK, 2022-12-31

SEB	Total	Tier 1	CET 1
Capital	193 025	177 517	162 956
Risk based capital requirements	158 119	136 963	122 228
Leverage ratio requirements		122 116	15 928
SHB	Total	Tier 1	CET 1
Capital	193 186	174 134	158 551
Risk based capital requirements	151 945	131 856	117 681
Leverage ratio requirements		115 276	15 036
Swedbank	Total	Tier 1	CET 1
Capital	176 331	153 320	144 107
Risk based capital requirements	151 214	130 794	116 558
Leverage ratio requirements		94 358	12 308
Länsförsäkringar	Total	Tier 1	CET 1
Capital	22 164	20 669	18 469
Risk based capital requirements	16 312	13 283	11 011
Leverage ratio requirements		14 669	699
SBAB	Total	Tier 1	CET 1
Capital	27 484	25 489	19 689
Risk based capital requirements	22 914	18 537	15 731
Leverage ratio requirements		20 425	1 857
Nordnet	Total	Tier 1	CET 1
Capital	3 898	3 898	2 798
Risk based capital requirements	3 398	2 724	2 219
Leverage ratio requirements		3 296	761
Avanza	Total	Tier 1	CET 1
Capital	3 402	3 402	3 402
Risk based capital requirements	1 961	1 585	1 302
Leverage ratio requirements		2 436	562
Kommuninvest	Total	Tier 1	CET 1
Capital	9 928	9 928	9 928
Risk based capital requirements	2 251	1 797	1 457
Leverage ratio requirements		5 406	3 317

Svensk Exportkredit	Total	Tier 1	CET 1
Capital	20 838	20 838	20 838
Risk based capital requirements	16 622	13 675	11 465
Leverage ratio requirements		7 831	373

Klarna	Total	Tier 1	CET 1
Capital	15 548	15 292	14 865
Risk based capital requirements	8 090	6 585	5 456
Leverage ratio requirements		3 584	0

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 541 billion SEK and after deduction 69.6 billion SEK. Leverage ratio after deductions was 14.26 percent.

Exposure amounts

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

Table 1. REA and leverage ratio exposure amount, 2022-12-31

mkr	Risk exposure amount	Leverage ratio exposure amount
SEB	859 320	3 539 598
SHB	810 144	3 341 332
Swedbank	809 438	2 735 019
Länsförsäkringar	119 910	465 690
SBAB	154 151	618 926
Nordnet	18 631	84 519
Avanza	12 998	62 464
Kommuninvest	2 160	69 628
Svensk Exportkredit	100 926	248 596
Klarna	68 597	119 462

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' fourth quarter reporting in 2022. The reporting was submitted to FI up through 11 February 2023. The rounding of each component of the capital requirement may result in a discrepancy between the sum of all parts and the total capital requirement. The data is reported at group level.

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

Risk-based capital requirements

Minimum requirement, Pillar 1

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

Pillar 2 requirement

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

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

Systemic risk buffer

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

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

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

Countercyclical capital buffer

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

⁵ 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.