

2026-10-13

Decision



FI dnr 26-994

Skandinaviska Enskilda Banken AB (publ)

Att: the Chief Executive Officer

via the Chair of the Board of Directors, Chief Risk Officer, Chief Financial Officer and Head of Group Compliance

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Requirement to take corrective measures

Finansinspektionen's decision (to be announced 14 October 2026 at 7:00 a.m.)

Summary

Banks and other institutions covered by the Capital Requirements Regulation (EU) No 575/2013 are subject to rules on the minimum amount of own funds they must hold, known as capital requirements. The overarching purpose of capital requirements is to ensure that banks have sufficient own funds relative to the risks they take, so they can absorb losses without encountering financial difficulties that could negatively affect the bank's customers and other participants in the financial system.

Banks can calculate their risk-weighted exposure amounts, and thus their capital requirements, using either the standardised approach or its own internal ratings-based approach (IRB approach). According to the standardised approach the institution should use fixed regulatory parameters. The IRB approach, which must be approved by the competent authorities, allows institutions to instead estimate the parameters required to calculate capital requirements themselves. To be allowed to use the IRB approach for calculating capital requirements for credit risk, an institution must ensure that its IRB approach meets the requirements set out in Section II, Chapter 3 of the Capital Requirements Regulation.

Since 2007, Skandinaviska Enskilda Banken AB (SEB) has been authorized to use the IRB approach to calculate its risk-weighted exposure amounts for credit risk. Finansinspektionen (FI) has reviewed how SEB complies with the requirements for the IRB approach under Chapter 5 of the Act (2014:968) on

Special Supervision of Credit Institutions and Securities Firms. The review covers the bank's internal models for estimating the probability of default (PD) for corporate exposures and all other exposures that are not exposures to households or the public sector. The PD models are part of the bank's IRB approach for calculating risk-weighted exposure amounts for credit risk. The review covers the PD models used within the SEB Group but not those models whose application is limited to the Baltic region.

The review focuses on the aspects deemed most central to the PD models' ability to estimate risk and is therefore not exhaustive. Finansinspektionen has identified material shortcomings in the bank's compliance with regulations in six areas: (i) model assignment, (ii) risk differentiation, (iii) risk classification process, (iv) risk quantification, (v) adjustments and margins of conservatism, and (vi) review of estimates.

Finansinspektionen assesses that the identified shortcomings mean that the reviewed models neither provide the conditions for an appropriate assessment of the debtor's characteristics, appropriate risk differentiation, nor correct and consistent quantitative risk estimates. Furthermore, the inspection finds extensive shortcomings in how the bank has documented the PD models and the rationale for their design. Therefore, the shortcomings in the models are of such nature and extent that the bank does not meet the Capital Requirements Regulation's fundamental requirements for the use of the IRB approach (Article 144.1(a) and (e) of the Capital Requirements Regulation). According to Finansinspektionen, the shortcomings have a significant impact on the bank's and group's risk identification and risk coverage.

Already in the Supervisory Review and Evaluation Process (SREP) 2023, Finansinspektionen determined that the models now under review had such shortcomings that the bank failed to meet the fundamental requirements for using the IRB approach, and that, due to these shortcomings, the bank must comply with a specific capital requirement. The current review shows that the shortcomings persist and are more extensive and pervasive than those identified in the more limited review conducted as part of SREP 2023.

It is therefore necessary to impose supervisory measures to mitigate the consequences of the material shortcomings identified by the review. Taking into account the bank's action programme, an add-on to the capital requirements that ensures that the bank's capital requirements increase — but does not fully correspond to the capital requirements under the standardised approach — is assessed as a necessary and proportionate measure. Such a measure also reduces the risk that SEB gains an undue competitive advantage relative to other market participants until the shortcomings are remedied.

Finansinspektionen therefore decides that, for the exposures covered by the reviewed PD models, the bank shall apply a risk weight floor at the model level, which, based on an average of the reviewed models, amounts to a percentage of the risk exposure amount that would have applied to the same exposures under

the standardised approach in the Capital Requirements Regulation. The floor shall be distributed proportionally among the models based on the risk weights generated by the models as of 30 June 2026. Finansinspektionen will, in dialogue with SEB, closely monitor the bank's efforts to address the shortcomings.