REPORT

Financial Stability and Preparedness

20th May 2026

Foreword

Financial institutions provide services that are vital to society. Problems in the financial sector can have serious consequences for both individuals and society. For this reason, such institutions are subject to specific regulatory frameworks and supervision aimed at strengthening resilience in the financial system and the economy as a whole. A key objective is to identify and reduce vulnerabilities, with a particular focus on areas where the risk of problems is higher or where the consequences could be especially severe.

Finansinspektionen (FI) continuously analyses the stability of the financial sector and has long published stability reports in which, at the Government's request, we present our assessment of financial stability.

The deteriorated security environment requires stronger preparedness across all critical societal functions. Companies and public authorities need a clear understanding of which parts of their operations are important from a total defence perspective. They also need to plan and act to ensure that these functions can be maintained in the event of a crisis or war. This includes both practical operational planning and cooperation between public and private actors. As the sector-responsible authority for the financial sector, FI leads and coordinates parts of this work.

FI assesses that preparedness has improved. However, the threats are numerous and the risks are difficult to assess. This is particularly true of operational risks, primarily those related to information and communication technology (ICT), which have become increasingly important over time. The job to strengthen preparedness must therefore continue. To highlight these issues, this report also addresses preparedness matters and has therefore been titled *Financial Stability and Preparedness*. It will be published twice a year, in a shorter format in the spring and a more extensive format in the autumn.

The report begins with an overall assessment of stability and preparedness. It then describes developments within the preparedness sector and how FI conducts supervision related to operational risks. This is followed by a brief overview of the situation in the banking system and of the markets of particular importance to bank resilience. Finally, the report describes the situation of investment funds and insurance undertakings from a financial stability perspective.

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Johan Almenberg
Director General

FI dnr 26–6772

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

Summarized stability assessment

The Swedish financial system is stable and the financial system's preparedness for crisis and war has been strengthened. The geopolitical situation has increased the risk of both financial and operational stress in the financial system. In addition, the rapid technological development, particularly within artificial intelligence (AI), enhances the significance of the operational risks and could contribute to a more complex and mor difficult risk assessment in the financial sector.

The conflict in the Middle East has increased the probability of a deeper economic downturn, rising inflation and higher interest rates in Sweden. This could once again lead to increased pressure on the economic margins of highly indebted households and non-financial firms, which increases the risk of credit losses in the banking sector. Swedish banks have a significant exposure to commercial real estate firms. The commercial real estate sector's financial situation has been strengthened recently, but several commercial real estate firms are highly indebted, have short fixed interest-rate terms and high vacancy ratios, which makes them vulnerable. However, since the major Swedish banks have significant capital and liquidity buffers and continue to have good profitability, they are resilient in such a scenario.

During the spring periods with large price fluctuations and high volatility occurred. In a worst-case scenario this could weaken the financial position of Swedish life insurance undertakings and occupational pension undertakings. This could also lead to higher borrowing costs for Swedish banks. However, the solvency of life insurance undertakings and occupational pension undertakings is strong, and the liquidity position of the major banks is good. Overall the Swedish financial system has good resilience to large price fluctuations on global financial markets.

The security situation in our immediate vicinity is strained, and the Swedish financial sector needs to be able to maintain its activities during heightened states of alert and war in Sweden. The Government assigned FI the task of leading and coordinating the preparedness work for the financial services sector. Over the past year, FI created a planning guidance for financial firms and established a new structure for private-public cooperation in the sector. FI also identified firms of importance to total defence, built up a new function for situational awareness, deepened the cooperation with both the private sector and other actors, and participated in and conducted exercises to improve the sector's ability to manage crises and war. The Government submitted a proposal to Parliament to establish as of 1 July 2026 a new function for operational crisis management in the financial sector under the management of the Swedish Riksbank. The function include FI, the Swedish National Debt Office and some financial firms.

Preparedness in the financial sector

Essential financial services need to work even during crises and war. Extensive work is under way within the financial sector to strengthen preparedness, and over the past year FI carried out several activities to enhance this capability. FI worked to strengthen private-public cooperation, identify firms of importance to total defence, and develop a new function for situational awareness. These activities helped raise the capability within the financial sector.

The financial sector must function during crisis and war

A central aspect of financial stability is that the financial system must function even during crisis and war. Disruptions to the payment system, for example, could rapidly impact both households and businesses, which would make it more difficult to make payments in society and undermine confidence in the financial system at large. The strained geopolitical situation currently already places high demands on financial firms' operational resilience. The financial sector also needs to be able to withstand a period of heightened alert and war in Sweden or in areas close to Sweden. As the sector-responsible authority, FI works together with financial firms on an ongoing basis to improve the sector's capability.[1]

Essential activity

An essential activity is defined as a business, service or infrastructure that maintains or ensures functions essential for society's basic needs, values or security.[2] FI is working continuously to identify essential financial services and firms that are of particular importance in the work with preparedness. Essential financial services can be broken into the following categories:

Payments: The ability to make payments is essential in all areas of society. Essential payment services include autogiro (automatic withdrawal), account-based payment, and cash and credit/debit card payments.

Lending: Being able to borrow money is important, but not all lending is essential. Essential lending aims to provide for the liquidity needs of households and

[1] Total defence rests on two pillars – military and civil – and comprises the activities required to prepare Sweden for war.
[2] See section 6 of the Central Government Authorities' Preparedness Ordinance (2022:524) (Preparedness Ordinance).

businesses, to ensure payment capability in retail transactions, or to finance major investments that are key for Swedish preparedness.

Insurance: Individuals' access to sustenance is essential. This means that sustenance payments (for example pension or unemployment payments) are services that FI considers to be essential, as well as some non-life insurance such as third-party motor insurance and transport insurance.

Deposits: Functional transaction accounts are essential to enable payments. During periods of crisis and war, it is also important to be able to open new transaction accounts since, for example, we may need to welcome refugees to Sweden. However, it is also important to be able to close existing accounts that are being used for illegal purposes during crisis and war.

Capital market: Being able to transform and redistribute liquidity on the capital market is an essential activity. Trading in funds and asset management are examples of necessary conditions that make funds available to make payments to individuals and businesses, for example related to insurance and pension payments. In order to be able to meet these needs, marketplaces need to be available even during crisis and war.

Varying importance of firms for total defence

The importance of financial firms for total defence varies, and FI therefore divides them into three categories. The assessment of the category to which individual firms are assigned is based on the extent to which the firms provide essential services or critical infrastructure and the effect of an incident within the firm's operations on society.

1 All financial firms

The first category encompasses all firms conducting financial operations that are subject to an authorisation, registration or notification obligation. FI refers to this group as *all financial firms.*

2 Essential financial firms

The second category encompasses firms conducting essential activities of a significant scope and that therefore are considered essential in the meaning of the Preparedness Ordinance. These firms are prioritised in the preparedness work, and they are referred to as *essential financial firms*.

3 Firms of importance to total defence

The third category encompasses firms referred to as *financial firms of importance to total defence*. It comprises firms that are judged to be of particular importance in maintaining essential services. They are therefore given special priority in preparedness work. FI's preparedness work aims ultimately to safeguard and maintain the most important financial services even during periods of heightened

states of alert and war. Identifying firms of importance to total defence is therefore necessary to be able to cooperate in an appropriate manner with the commercial sector.

The road to enhanced preparedness

The Parliament and the Government have established that the total defence must be built to be able to handle a weaponised attack. However, there are several variations in a war that could involve different types of actions. The financial sector's ability to achieve this goal therefore needs to be enhanced in different ways. In order to enhance preparedness within the financial sector, the activities FI is performing are broad and extensive. Below are the measures we consider to be of major importance for the financial sector's ability to contribute to the civil defence. The work to enhance preparedness is a continuous process and requires all actors to actively work to raise this capability.

Private-public cooperation

The financial sector consists largely of private actors. In order for FI to be able to take action to enhance the capability of the financial sector, we therefore need to work closely with the actors in the sector. At the start of 2026, FI, the Riksbank, the Swedish National Debt Office, and representatives from financial firms and industry organisations together launched a new structure for private-public cooperation for preparedness in the financial sector: FTPOS – Financial Services Public-Private Cooperation. FTPOS represents the continued development of the cooperation that previously took place within FI's Financial Sector Public-Private Cooperation (FSPOS). These two previous separate tracks have now been consolidated to a single structure.

The new structure provides clearer guidance from FI as the sector-responsible authority. This means that FI currently is responsible for ensuring that FTPOS's activities are performed in line with the targets the Government has set for the civil defence. FTPOS aims to ensure that both private and public actors have sufficient capability for withstanding threats and risks, preventing vulnerabilities, managing peacetime crisis situations, and performing their activities during heightened states of alert. The organisation's focus, however, is on elevating preparedness to manage the impact of a weaponised attack in line with the Government's guidance.

Support for firms' total defence planning

In November 2025, FI published its so-called planning guidance. This planning guidance will serve as support for financial firms and aid them in their work to improve their preparedness. It supplements and specifies the conditions for planning that apply to civil defence as a whole for the specific conditions in the financial sector. The aim is to create a shared understanding of the capabilities that need to be developed within the sector during the total defence period 2025–2030.

Based on categorisation of the firms' activities, FI describes in the planning guidance how financial firms can target their civil defence work. The planning guidance expresses a target to work towards within the framework of a private-public cooperation.

Identify firms of importance to total defence

As discussed above, firms of importance to total defence are financial firms that are of particular importance for total defence and that therefore need to be given special priority in the cooperation and preparations for elevated preparedness. FI has completed a first identification of firms of importance to total defence and has had a dialogue with all identified firms to discuss the assessment and continued cooperation. We are thereby creating conditions for such planning and the cooperation with the private sector, which are necessary to enhance the preparedness capability within the sector. Through concrete planning with firms of importance to total defence, this capability will increase further in coming years.

Develop a new function for situational awareness

During 2025, FI started work to build up an internal function for situational awareness that regularly monitors the development in the financial sector. The function for situational awareness constitutes a hub with regard to gathering data and preparing sector-wide status reports together with the Riksbank and the Swedish National Debt Office as well as financial firms in the sector. Developing a new function for situational awareness has an immediate positive impact on capability. This capability is elevated in part by the authorities gaining a better understanding than before of the current status. This leads in turn to better conditions for analysis and decisions. In part, the capability is elevated through the possibility of using the structures that are being built to further enhance the capability in the financial sector and in part by the commercial sector – as part of the private-public cooperation – more actively participating in the planning and implementation of various preparedness measures.

Establish a new function for operational crisis management

The Government has proposed the establishment of a new function for operational crisis management as of 1 July 2026.[3] The function will manage serious operational disruptions in the financial sector and aims to strengthen preparedness and the capability for managing serious IT incidents and crises. It has been proposed that the Riksbank, which has an explicit responsibility to make payments in crisis situations, be given the responsibility for leading the function. The Riksbank already currently places demands through regulations on firms that are of particular importance for making payments. In addition to the Riksbank, it is also proposed that FI, the Swedish National Debt Office and some firms in the financial firms be included in the function. The capacities for which FI has been driving

[3] Bill 2025/26: 116, A new function for operational crisis management in the financial sector.

development as the sector-responsible authority, for example status reports, could be used as part of the function.

Preparedness responsibility of financial firms

FI received an assignment from the Government to analyse and propose how financial firms can be involved in civil defence with regard to their ability to maintain their operations in the event of heightened states of alert and war. FI also intends – in response to the above-mentioned assignment – to request new legislation and the right for the authority to issue regulations about how some financial firms should work to be able to manage heightened states of alert and war, similar to the regulatory right that the Riksbank has with regard to payment preparedness. FI's response to the Government assignment will be published in the near future.

Exercises to elevate capability

Exercises are one way to prepare and elevate capability. Over the past year, FI participated in exercises in various contexts and constellations, both within its own preparedness sector and with authorities outside this sector. We participated, for example, in an exercise through FSPOS together with around 100 other organisations in the sector and completed an internal status report exercise in which a number of firms of importance to total defence, the Riksbank and the Swedish National Debt Office also participated.

In addition, FI is participating in the so-called Total Defence Exercise, which is running during the period 2025–2027. It is a national series of exercises that aims to strengthen Sweden's resilience and total defence capability based on a systemic perspective. It entails both training courses and actual exercises, both within each individual organisation and in cooperation with others.

By practising under worst-case conditions, we also become better prepared to manage situations that are less serious. By continuously practising, we strengthen our ability to be able to manage the impact of a weaponised attack both on our own and in collaboration with others.

Operational stability risks

During a time of high geopolitical uncertainty, rapid technological development, and increased digitalisation, operational risks in the financial system have increased. Disruptions to critical systems or at central service providers could quickly impact several actors simultaneously and thus threaten the provision of key financial services. This places high demands on the firms' operational resilience and continuity capabilities.

Increased operational risks in the financial system

The Swedish financial system is highly digitalised. In recent years, the technological development linked to AI has increased in tempo. AI can create significant efficiency gains, but also leads to new potential vulnerabilities.[4] For example, AI can be used to detect weaknesses in IT systems; Anthropic's new AI model Mythos is a well-publicized example of this. AI models can be used by ill-intentioned actors, but it can also be used by firms to protect themselves and build resilience. Interest has therefore increased in gaining access to the models before they are released on the open market, so-called privileged access.

The probability of ICT incidents increases as a result of the rapid technological development and the strained security situation. Incidents could be the result of mistakes and errors as well as cyber attacks, misinformation, infiltration and sabotage. This places increased demands on the degree of operational resilience in the Swedish financial system and that identified vulnerabilities are rectified in a systematic and prompt manner (patch management).

The DORA Regulation [5] raises the requirement on financial firms to identify and manage their digital and operational vulnerabilities, such as the use of ICT services provided by third-party providers. Many actors within the financial sector use ICT services from third-party providers, which creates complex supplier chains and concentration for some providers. A high degree of concentration and interconnectivity means that operational disruptions could have contagion effects and impact the entire system's possibility to provide important financial services. Depending on the services affected, the impact could extend to financial stability. FI continuously follows how firms manage their ICT risks (see In-depth Review – Analysis of financial firms' implementation of the DORA regulation).

[4] For a more detailed description of potential vulnerabilities from increased use of AI, see In-depth Review – AI and financial stability, Stability in the Financial System 2025:2, FI Ref. 25-30190

[5] 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.

Since January 2025, institutes have reported ICT-related incidents to FI. This incident reporting shows that a significant portion of the incidents are linked to a third party. But the most frequent types of reported incidents consist of internal system and process errors. This indicates that both technological dependencies and internal control deficiencies continue to be central risk areas. Even cyber security-related incidents are evident in the reporting.

In-depth Review – Analysis of the financial firms' implementation of the DORA regulation

During 2025 and 2026, FI conducted an in-depth analysis of firms in the financial sector, which have conducted self-assessments on the extent to which they implemented a number of requirements set out in the DORA Regulation. The review consisted of three surveys answered by 50 financial firms and focused on how the firms assess their ability to live up to the requirements on risk management in the firms' own IT environment, the requirements on incident management, testing and continuity, and management of ICT third-party risks. The firms that participated are banks, insurance companies, payment institutions and trading facilities.

The analysis of the survey results shows that the firms have largely established structures and processes for ICT risk management but that there is a development need related to the extent to which firms have a sufficiently documented, cohesive and implemented ICT risk management framework.

It shows that the firms need to develop their procedures and measures for incident management, testing and continuity in order to strengthen their ability to identify, manage and recover from disruptions and interruptions that could occur in their IT environment. The degree of maturity varies from firm to firm, but the firms' responses indicate, for example, that most do not have comprehensive continuity, crisis and recovery plans or comprehensive mapping and documentation of the operation's ICT assets. These challenges are particularly evident in firms that have a complex IT environment. In such an operation, a limited overview could impact the firm's ability to manage disruptions. At the same time, the results show that multiple firms have established processes and structures in place, which indicates a good foundation for further development.

With regard to management of ICT third-party risks, the analysis shows that the firms to a large extent have fundamental structures in place but that there is a need to develop ongoing follow-up, governance and documentation throughout the entire life cycle for ICT agreements and in relation to which preparedness measures the firms are able to take in conjunction with a disruption at ICT third-party suppliers.

In total, the analysis indicates that the firms' ICT risk management is not sufficiently proactive to the extent required by the DORA Regulation. This limits the firms' ability to ensure effective risk governance, traceability and continuity in their operations, which in turn could lead to the firms not having the resilience and

capability required in order to be able to appropriately prevent, identify, manage and restore ICT-related disruptions.

FI expects that measures to rectify these deficiencies are a priority and that firms have a systematic and governance-driven approach. A clear distribution of responsibility, comprehensive documentation and regular verification that processes and controls are implemented in full operations as part of the firms' ICT risk management framework. FI may follow up on the results of these surveys through supervision investigations of individual firms.

That the financial firms fulfil the requirements set out in the DORA Regulation and thereby achieve good resilience in their IT environments is a basic condition for both financial stability and Sweden's national security.

A stable payment infrastructure is important

The ability to execute payments is central for a functional society, financial stability, and thus society's resilience. Bankgirot is undergoing extensive work to modernise and develop new system solutions for the payment infrastructure. The new system solutions are adapted to the requirements on IT and information security as a result of regulations and international standards. High resilience and a good ability to manage risks are particularly important aspects when new systems are being developed. During 2026, Bankgirot is moving payment flows to the new systems. We are following this work within the framework of our supervision.

At the beginning of the year, the company Getswish AB (Swish) received authorisation to conduct clearing operations for payments. There are thus two such firms under FI's supervision. The other is Bankgirot. Because Swish now has authorisation for such business, the firm needs to live up to the requirements resulting from the authorisation and that are followed up within FI's supervision.

Increased global interest in stablecoins

In a global context, FI continues to see a growing use for and interest in e-tokens (also referred to as stablecoins). This interest comes from both cryptoactors and more traditional financial actors who want to offer these assets. If this development continues, the integration between cryptoassets and the global financial system will increase, which in the long term could led to greater vulnerabilities. Stablecoins are backed by reserves that often consist of secure and highly liquid financial assets. If many holders redeem their tokens at the same time, the issuer may need to quickly sell assets in its reserve. This could lead to major price fluctuations on central financial markets. Thus, there is a clear contagion channel between cryptoassets and the traditional financial system.

In the long term, it is possible that increased use of these assets in the payment system could lead to increased redundancy, but currently the use of stablecoins outside the crypto ecosystem[6] is limited. FI currently makes the assessment that the stability risks linked to cryptoassets continue to be low in Sweden. However, continued strong growth combined with insufficient global regulation could change this assessment in the future.

[6] *Crypto ecosystem* refers to the digital platforms and services that enable trading and investments in cryptoassets. Stablecoins are largely used just now to enable trading in other types of cryptoassets.

Macrofinancial situation

The global environment remains uncertain. The conflict in the Middle East has contributed to higher energy prices, increased financial market volatility, and a weakening of the inflation and economic outlook. At the same time, risk appetite in financial markets remains elevated. FI assesses that the Swedish financial system has sufficient resilience against a period of heightened financial market stress. However, a scenario with prolonged supply-side disruptions and elevated inflation could result in significantly higher interest rates, placing renewed pressure on banks borrowers.

The conflict in the Middle East deteriorates the inflation and economic growth outlook

Geopolitical uncertainty remains elevated. The increasingly unpredictable stance of the United States in trade and security policy has altered the foundations of international cooperation. The conflict in the Middle East has escalated following military strikes on Iran by the United States and Israel. At the same time, Russia's full-scale invasion of Ukraine continues, and the security situation remains strained.

The Swedish economy remains in a period of subdued activity, although the recovery phase has begun. Inflation, as measured by the CPIF (Consumer Price Index with a Fixed Interest Rate), has remained below the 2 per cent target in recent months. According to the Economic Tendency Survey published by the National Institute of Economic Research (NIER), sentiment in the business sector is stronger than normal, while household confidence remains weaker than normal.

Higher energy prices resulting from the conflict in the Middle East have prompted international forecasting institutions to revise their projections. The Organization for Economic Co-operation and Development (OECD) has raised its inflation forecast for the United States and revised up its inflation forecast while lowering its GDP growth forecast for the euro area in 2026. NIER has also raised its inflation forecast for the Swedish economy, although it continues to expect CPIF inflation to remain below the inflation target this year. However, in an adverse scenario with further escalation of the conflict in the Middle East and persistently elevated oil prices, inflation could rise significantly while global economic activity weakens. As a small open economy, Sweden would also be adversely affected through a deeper economic downturn, higher inflation and rising interest rates. This would put pressure on the cash flows of highly indebted households and non-financial corporations, potentially leading to increased credit losses in the Swedish banking sector (see chapter – The banking sector).

Continued high risk appetite on financial markets

The outbreak of the war in Iran had a significant impact on financial markets. Oil prices rose sharply and government bond yields increased rapidly. Financial market volatility also increased as global equity markets declined and credit spreads widened. Since then, however, market conditions have recovered, and despite the uncertain global environment, risk appetite in financial markets remains elevated. Global equity markets continue to trade at historically high valuations, while the US stock market remains heavily concentrated to a small number of large technology companies. Credit spreads in both the United States and Europe are low from a historical perspective.

An adverse scenario in which the conflict in the Middle East intensifies could lead to even higher energy prices and rapidly rising market interest rates. Given the elevated level of risk appetite, this could result in large price movements on financial markets. During the spring, government bond yields increased, particularly in countries with weak public finances. As the global government bond market is a key market for both financing and risk management, large price movements in this market could spread to other parts of the global financial system. However, Sweden has strong public finances, and liquidity in the government bond market has improved in recent years.[7] FI assesses that this contributes to resilience and reduces the likelihood that large price movements will have spillover effects on the Swedish financial system.

Private credit funds are a growing phenomenon

In recent years, so-called non-banks have accounted for an increasing share of total global lending.[8] One type of non-bank is private credit funds. These funds raise capital from investors and extend loans to companies with tailored lending terms. This phenomenon is currently more widespread in the United States than in Europe. In Sweden, there are a limited number of domestic private credit funds, while some foreign funds are also active in the Swedish market. Private credit funds generally offer limited redemption opportunities, and their assets are rarely reported at market value. Data limitations make it difficult to obtain a comprehensive overview, complicating the assessment of risks. Recently, several large private credit funds in the United States have faced significant redemption requests due to concerns about whether the valuation of their assets is fair. Some private credit funds have exercised contractual provisions to temporarily limit redemptions to a certain share of the fund capital.

[7] Liquidity in the secondary market for Swedish nominal government bonds has improved according to FI's quantitative liquidity measures.
[8] Non-banks are financial institutions that are not banks but that provide credit to borrowers in various ways. Examples of such institutions include insurance companies, pension funds, and other asset managers.

In the United States, private credit funds are closely interconnected with the traditional banking system. Banks provide direct lending to private credit funds, but they may also have borrowers that have themselves received financing from private credit funds. If credit losses were to arise, there are several channels through which they could spread into the traditional banking system. As US banks and financial markets play a central role in the global financial system, problems affecting private credit funds in the United States could spill over and negatively affect the Swedish financial system. At present, FI does not have a complete and comprehensive view of all private credit funds active in Sweden or potential indirect exposures. However, the funds registered in Sweden are small, and Swedish banks do not have significant lending exposures to private credit funds. FI therefore assesses that there are currently no significant financial stability risks associated with these funds in a Swedish context. To gain a better understanding of the market, FI will conduct a more in-depth analysis of the interconnections between Swedish banks and the private credit market.[9]

[9] See (in Swedish): https://www.fi.se/sv/publicerat/nyheter/2026/fi-granskar-sammanlankningar-mellan-banker-och-privata-krediter/

The banking sector

The major Swedish banks continue to be profitable and well-capitalised and have a strong liquidity position. The uncertain global situation could lead to impaired economic development, with higher credit losses and periods of rapidly rising financing costs. This could have a negative impact on banks. Overall, FI makes the assessment that the banks' large capital and liquidity buffers mean that they have good resilience in such a scenario.

The Swedish banking sector has good resilience

The Swedish banking sector is largely concentrated to five major banks. [10] The major banks are closely linked both to one another and to other parts of the financial sector. This creates structural vulnerabilities. The capital and liquidity requirements that FI thus places on systemically important Swedish banks are particularly high. International discussion about regulatory changes in the banking sector are currently ongoing. It is important to future regulations are not weakened and that FI continues to have the possibility to safeguard good resilience for systemically important banks.

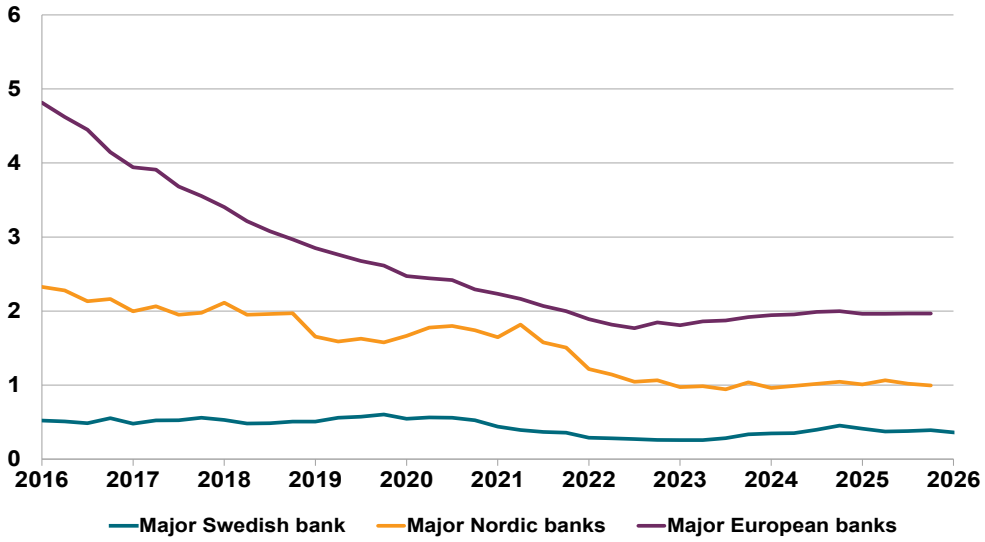
The asset quality of the major banks is good and has improved over the past year. The major Swedish banks also continue to have a low share of non-performing loans, and a lower share than that of comparable banks in the rest of Europe (see Chart 1).[11] Swedish banks have a significant exposure to the commercial real-estate sector, and vulnerabilities continue to be present there (see the chapter Loans to non-financial firms).[12] The uncertain global situation has increased the probability of a deepened economic downturn, rising inflation and higher interest rates in Sweden. This could lead to highly indebted households and non-financial firms once again experiencing stressed cash flows, which increases the risk of higher credit losses in the banking sector. However, the major Swedish banks have significant capital buffers (see Table 1 in the appendix, combined buffer

[10] The five major banks are Svenska Handelsbanken, SEB and Swedbank, as well as Nordea's and Danske Bank's Swedish branches and mortgage companies. Together the major banks represent around 70 per cent of deposits and lending to Swedish households and non-financial firms. Some of the major banks are also active in the Baltic countries, where they hold significant market shares.
[11] The share of non-performing loans and credit losses as a percentage of total lending are lower at major Swedish banks than at banks in the euro zone. One possible explanation is that the major Swedish banks have a higher share of corporate loans with collateral than banks in the euro zone; for more information, see the Riksbank's Economic commentary: Corporate bankruptcies and loan losses in Swedish banks (2025).
[12] In 2025, FI extend the special risk weight floors that are applied to mortgages, commercial real estate and commercial residential properties. https://www.fi.se/sv/publicerat/sarskilda-pm-beslut/2025/klart-fi-forlanger-riskviktsgolven-for-svenska-bolan-och-kommersiella-fastigheter/.

requirement and Common Equity Tier 1 capital, including P2G) and continued good profitability (see Table 1 in the appendix, return on equity). Overall, FI makes the assessment that the Swedish banking sector has good resilience in such a negative scenario.

1. Share of non-performing loans

Per cent



Source: FI and EBA.

Note. The ratios refer to weighted averages. The share of non-performing loans (loans that either are past due for payment by more than 90 days or where there is a risk that payment will not be made) in relation to total lending. Major Nordic banks consists of Nordea, Danske Bank and DNB, with the exception of the period Q2 2021–Q1 2022 when DNB was not included in the data. Major European banks included 24 of the largest non-Nordic banks in the EEA based on total assets. The series for European and Nordic banks are reported in EUR and have not been adjusted for exchange rate fluctuations.

The major banks are funded primarily through deposits and market financing. The short-term market funding is largely denominated in USD, while long-term funding is primarily raised in SEK and EUR. FI thus requires that banks hold adequate liquidity buffers in these currencies, and the major banks have recently had good access to funding in all of these currencies. Because of the short maturity of the major banks' USD funding, the banks need to refinance these loans relatively often. As a result, sharply rising interest rates on the US money market could quickly impact the banks' funding cost.

The overall liquidity situation of the major Swedish banks is strong, and the banks' liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) are well above required levels (see Table 1 in the appendix). FI performs regular stress tests on the banks' liquidity situation, and the results show that the banks have a strong

liquidity position. Overall, FI makes the assessment that the banks' funding situation is good.

Mortgagors

A lower interest rate level and improved real income development have contributed to the improvement in households' economic margins. Household debt is growing at a moderate rate, but the uncertain global situation has increased the probability of higher inflation and impaired economic growth. This could lead to weakened financial margins for households going forward.

Households' financial margins have improved, but the future is uncertain

More than 80 per cent of banks' lending to Swedish households consists of mortgages. FI therefore follows primarily household mortgages in its assessment of financial stability. The current growth of household debt is low in a historical context, and the development in housing prices has been dampened the past year. FI's statistics for new mortgagors in 2025 show that more homebuyers took large loans in relation to the value of the home (see Table 2 in the appendix, loan-to-value ratio homebuyers) and somewhat more of them borrowed a lot in relation to their income (see Table 2 in the appendix, loan-to-income ratio).

According to NIER's economic tendency survey, sentiment among households is weak due primarily to a more pessimistic view of the future of both their own finances and the Swedish economy. However, lower interest rates have had an positive impact on households' finances the past year since a large percentage of mortgages have variable rates.[13] FI's data on new mortgagors in 2025 shows that the average mortgage payment has decreased noticeably since 2023 (see Table 2 in the appendix, loan service ratio). Lower interest rates together with higher real disposable income have strengthened households' cash flows. NIER's most recent forecast makes the assessment that households' real disposable income will continue to increase going forward, although the uncertain global situation has increased the probability of a deeper economic downturn, rising inflation and higher interest rates in Sweden. This could lead to highly indebted households once again experiencing stressed margins from weaker real income development and because the short fixed-interest rate terms mean that higher interest rates quickly have an impact on households' finances.

During the spring of 2026, the regulatory framework for mortgages changed.[14] The stricter amortisation requirement was removed at the same time as the amount of

[13] In March 2026, more than 75 per cent of the total mortgage volume was at a variable rate.
[14] The regulatory framework for mortgages changed following the entry into force of the Limitation on Mortgage Credits Act (2026:226) on 1 April.

the value of the home that may be financed through loans was increased slightly.[15] This change also entails that somewhat less of the value of the home may be financed through equity withdrawals.[16] Combined with the decrease in interest rates in recent years, the regulatory changes could entail that household debt will begin to increase at a faster rate going forward. Right now, FI makes the assessment that households' debt growth does not constitute a significant vulnerability.

Many households are still demonstrating caution and are using their improved margins for savings rather than consumption. On aggregate, households' savings are high, and the financial savings ratio is almost as high as it was during the pandemic. The strong development in the value of the stock market over the past few years has strengthened households' total financial assets. However, ownership of financial assets is unevenly distributed between households. There are households with loans that are vulnerable since they have little or no buffer in the form of liquid assets. It is difficult to quantify how large the share of households is that is vulnerable due to limited buffers using available data.

[15] The change entails that the requirement on amortisation at a loan-to-income ratio of more than 450 per cent of gross income has been removed. Requirements on amortisation at loan-to-value ratios of more than 50 and 70 per cent, respectively,
are still in place. The share of the price of the home that may be financed via loans is being raised at the same time from 85 to 90 per cent. The interest rate deduction for loans without collateral has also been removed.
[16] Equity withdrawals refer to an increased mortgage on an existing home. The share of the value of the home that may be used as collateral for a new equity withdrawal is lowered from 85 to 80 per cent. The property may first be revalued after five years.

Loans to non-financial firms

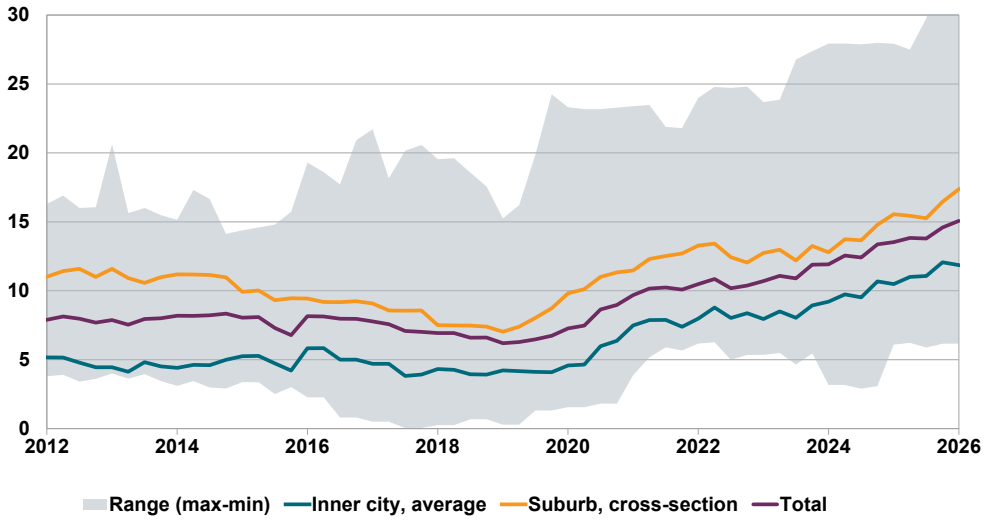
Credit growth among non-financial firms is moderate, and commercial real estate firms represent a majority of the non-financial firms' debt. The financial position of the firms has been strengthened, and FI assesses that the vulnerabilities of these firms have decreased. If the geopolitical situation were to worsen and interest rates were to increase, commercial real estate firms would primarily be impacted since they are highly indebted and have a short interest rate period.

The financial position of firms has strengthened

According to NIER's economic tendency survey, sentiment in the commercial sector is stronger than normal, but firms are pessimistic about demand. Non-financial firms' credit growth was moderate in 2025 and 2026, and FI makes the assessment that the vulnerability linked to non-financial firms' credit growth is limited. Commercial real estate firms account for a majority of the non-financial firms' debts. Low debt growth and improved profitability have stabilised financial firms' financial ratios over the past six months. Due to lower interest rates and improved profitability, several commercial real estate firms have written up the property values in their portfolios. As a result, the loan-to-value ratio for the sector as a whole has decreased slightly. However, one threat to commercial real estate firms' earnings is that vacancies are continuing to increase (see Diagram 2).

2. Vacancies continue to increase

Per cent



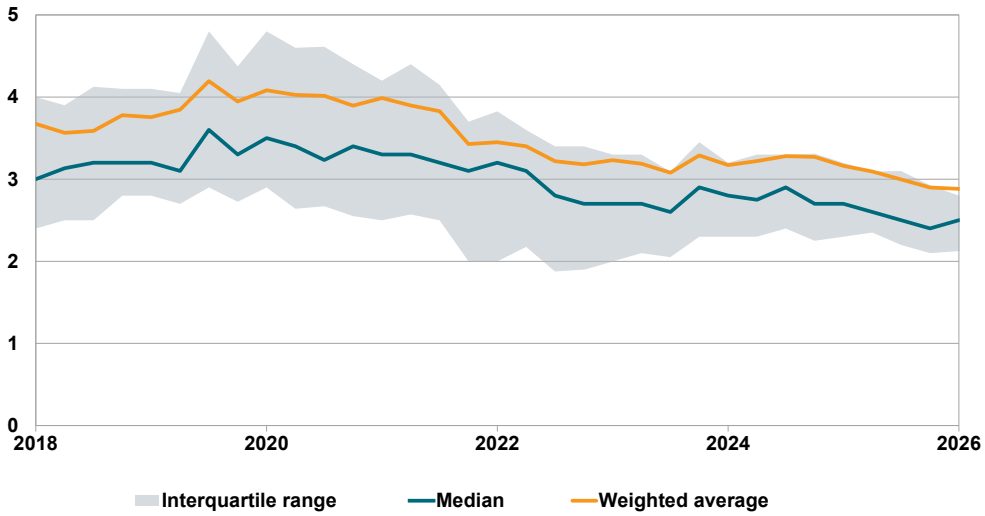
Sources: FI and JLL.

Note. Refers to vacant office space. Average from submarkets of downtown Stockholm, Gothenburg and Malmö and their suburbs. Total refers to an average for all of the metropolitan regions.

The non-financial firms' access to financing has been relatively good at the start of 2026. Commercial real estate firms' average interest cost is just above 3 per cent, and over the past year they have chosen increasingly shorter fixed-interest rate periods for their financing (see Diagram 3). FI estimates that approximately 30 per cent of the commercial real estate firms' total financing will fall due within the coming 12 months. This is an increase from just under 25 percent one year ago. An increasing share of financing with a short maturity means that commercial real estate firms are more vulnerable to rising market rates.

The uncertain global situation has increased the probability of a deeper economic downturn, rising inflation and higher interest rates in Sweden. This could lead to weaker cash flows and a deteriorated financial position for non-financial firms. According to FI's stress test of non-financial firms, the vulnerabilities have decreased slightly, which is primarily due to lower interest rates.[17] Even if vulnerabilities have decreased, FI makes the assessment that there continue to be vulnerable firms. This applies primarily to commercial real estate firms with high debt that therefore need to continue to work to strengthen their financial position.

3. Fixed-interest period of commercial real estate firms is decreasing
Year



Sources: FI and Sedis.

[17] The stress test method is described 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.

Note. Fixed-interest rate period in years. Value-weighted based on total interest-bearing liabilities. Interquartile range refers to the distance between the 75th and the 25th percentiles.

Insurance and fund sector

Life insurance undertakings and occupational pension undertakings have a large share of risky assets that could be negatively impacted following shocks to the financial markets. The undertakings are also interconnected with the rest of the financial system. However, the undertakings' solvency continues to be stable, which constitutes a resilience to a shock. Resilience to liquidity risks in the Swedish fund sector is expected to be strengthened in the future once the new liquidity management tool regulations have entered into force.

Insurance undertakings have strong solvency, and the fund sector's resilience has been strengthened going forward

Life insurance undertakings and occupational pension undertakings are interconnected with the rest of the financial system. They are linked to the banking sector through holdings in shares, interest-bearing securities, and interest-rate and currency derivative contracts. These undertakings also have direct and indirect holdings in the real estate sector. A shock in these sectors could thus spread to the insurance sector.

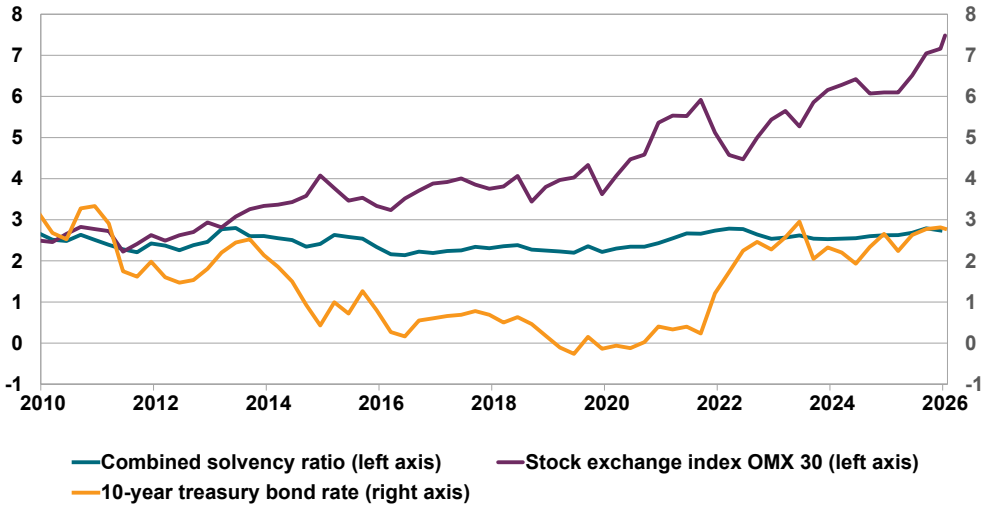
Life insurance undertakings and occupational pension undertakings are large investors in the financial markets and own a large share of risky assets. The high geopolitical uncertainty combined with the high risk-taking in financial markets increases the probability of a shock in the form of falling asset prices and increasing market rates. This would decrease the value of their investment assets, which weakens their solvency. At the same time, higher interest rates lead to a decrease in the estimated present value of the pension liability, which dampens the vulnerability. However, a scenario where asset prices and interest rates decrease would be negative for the undertakings' solvency since the value of the pension liability then increases at the same time as the investment assets decrease in value and buffers shrink.

The undertakings are reporting continued strong solvency (see Diagram 4).[18] Good solvency builds resilience and decreases the risk of procyclical behaviour, which could amplify downturns on financial markets. Overall, FI makes the assessment that Swedish life insurance undertakings and occupational pension undertakings have good resilience to strong price fluctuations on global financial markets.

[18] Own funds in relation to an estimated risk-based capital requirement pursuant to the Insurance Business Act (2010:2043) and Finansinspektionen's regulations and general guidelines (FFFS 2019:21) regarding occupational pension undertakings.

4. Solvency is stable

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



Sources: FI, Nasdaq OMX Stockholm 30 Index and The 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 starting on 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 31 March 2026.

According to FI's stress test of funds' liquidity risks, corporate bonds 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. The elevated global uncertainty increases the need for good liquidity management at fund management companies. The EU has adopted rules regarding so-called liquidity management tools for funds, and the Government has submitted proposals for the implementation of the new rules.[19] This means that requirements will be introduced on fund managers to introduce at least two liquidity management tools in their fund rules.[20][21]

The rules have not entered into force yet, but FI expects approved tools to be in place for all funds in 2027. FI makes the assessment that the tools will increase resilience to liquidity risks in the Swedish fund sector in the future.

[19] See Bill 2025/26:186, En starkare fondmarknad (A Stronger Fund Market).
[20] *Fund managers* refers to managers of UCITS, non-UCITS and open alternative investment funds. Money market funds only need to introduce one liquidity management tool in their fund rules.
[21] The liquidity management 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 so-called sidepockets.

Appendix

Table 1. Key ratios, major Swedish banks

Per cent

	Q1 2025	Q2 2026
Combined buffer requirement and CET1 capital headroom, incl. P2G	12,50	11,61
CET1 capital headroom, incl. P2G	4,44	3,19
Net Stable Financing Ratio (NSFR), Total	120,39	118,18
Liquidity Coverage Ratio (LCR), Total	159,22	157,48
Return on equity	13,79	13,54
C/I ratio	41,99	42,41
Share of non-performing loans	0,43	0,36

Source: FI and the banks' public reports.
Note. The term major Swedish banks refers to Svenska Handelsbanken, SEB and Swedbank. Common Equity Tier 1 capital requirements as a share of risk-weighted assets. Refers to buffers at the consolidated level. The combined buffer requirement includes the systemic risk buffer, the buffer for other systemically important institutions (O-SII buffer), the countercyclical capital buffer, and the capital conservation buffer. In this definition, CET1 capital headroom is defined as CET1 capital held above applicable requirements, including the so-called Pillar 2 Guidance (P2G), which for the major Swedish banks is set at 0.5 percent. The LCR and NSFR are regulatory metrics that provide an overall picture of a bank's liquidity position in the short term and over a somewhat longer horizon, respectively. The figures reported for the LCR and NSFR are simple averages. Return on equity and the cost-to-income (C/I) ratio are calculated in accordance with the EBA methodology, whereby income statement items are annualised and equity is calculated as the average of the current quarter and the fourth quarter of the previous year. The C/I ratio measures banks' cost efficiency as costs relative to income. The non-performing loan ratio refers to the share of banks' total lending that is either more than 90 days past due or considered unlikely to be repaid.

Table 2. Key ratios for new mortgagors

Per cent

		2020	2021	2022	2023	2024	2025
Loan-to-value ratio, homebuyers, group shares (per cent)	0–50	17,5	19,6	20,2	22,6	20,8	18,7
	51–70	19,8	22,5	21,9	22,4	22,8	20,5
	71–80	11,1	10,4	9,9	10,8	10,3	9,8
	81–85	51,5	47,5	46,0	43,4	46,1	50,9
	85–90	0,1	0,0	2,0	0,7	0,0	0,1
Loan-to-value ratio, equity withdrawal, group shares (per cent)	0–50	30,3	34,5	33,8	31,3	31,6	29,3
	51–70	33,8	34,5	36,2	35,6	33,8	33,7
	71–80	18,5	17,0	15,5	16,6	17,6	18,0
	81–85	17,3	13,9	14,3	16,5	17,0	19,1
	85–90	0,0	0,0	0,2	0,1	0,0	0,0
Loan-to-income ratio, homebuyers, group shares (per cent)	0–150	13,1	9,9	11,1	14,4	13,9	13,3
	151–300	33,4	29,5	31,5	38,1	38,4	37,8
	301–450	44,7	48,4	46,5	41,9	42,2	41,8
	451–550	6,9	8,6	7,7	4,4	4,2	5,3
	>550	1,8	3,6	3,2	1,2	1,4	1,8
Loan service ratio, homebuyers	Average	11,1	11,7	16,0	18,0	16,4	13,8
	Median	10,4	10,9	15,5	17,7	15,9	13,2
	10th perc.	4,3	4,7	6,6	7,3	6,7	5,2
	90th perc.	17,7	18,4	25,0	28,4	26,0	22,4

Source: FI, sample of new mortgagors.
Note. The groups total 100 for each year. The loan-to-value ratio refers to the current total loan amount on the collateral given the most recent current market value. The loan-to-income ratio refers to the household's total loan collateralised by a home in relation to the household's income. The loan service ratio is payments on the loan in relation to the household's disposable income. *Perc*. stands for percentile and shows the 10th and the 90th percentiles in the breakdowns.