



Capital requirements for the Swedish banks, first quarter 2023

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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 first quarter 2023.

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.

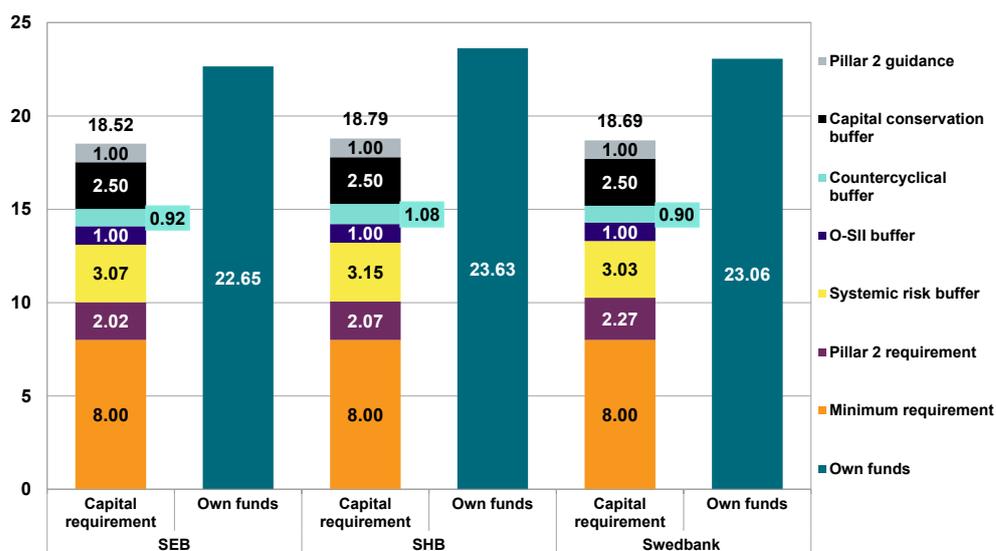
³ Klarna appealed FI's Pillar 2 guidance to The Administrative Court. After The Court overturned the decision and referred the case back to FI for continued examination, FI decided not to determine a Pillar 2 guidance for Klarna for the 2021 SREP. Klarna is however subject to a SREP for 2023.

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

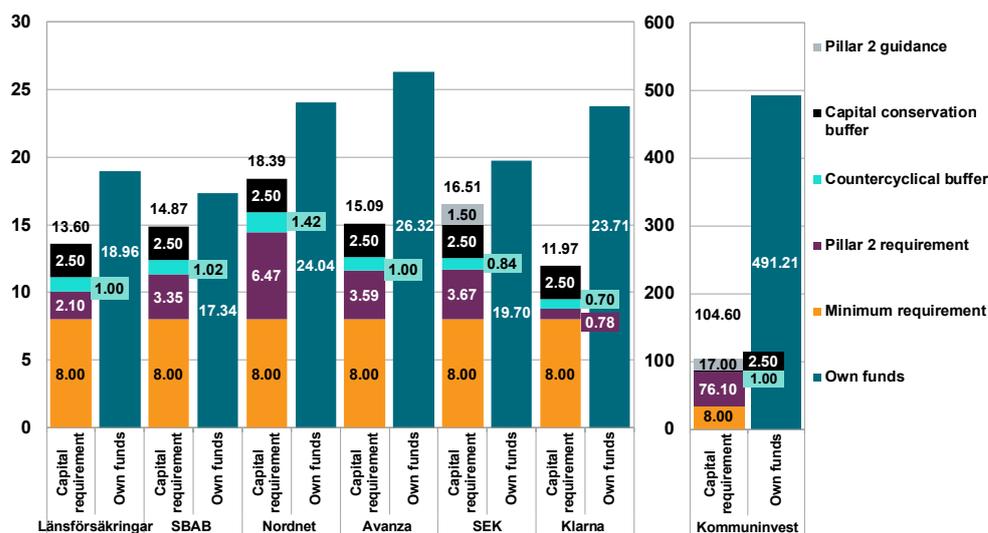
Capital requirements, first quarter 2023

In this chapter we present the capital requirements for Swedish banks as of the first quarter 2023.

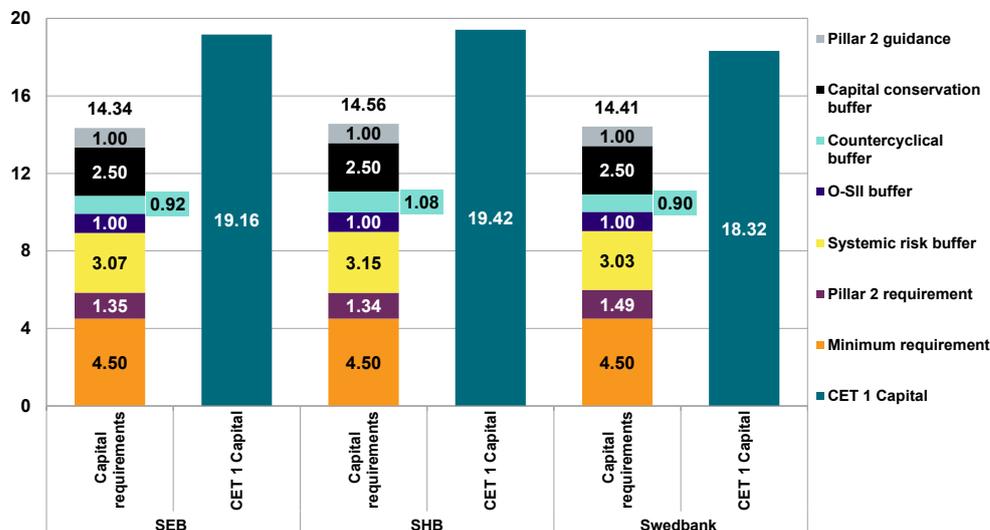
1. Own funds and capital requirements, three major banks (percent of REA)



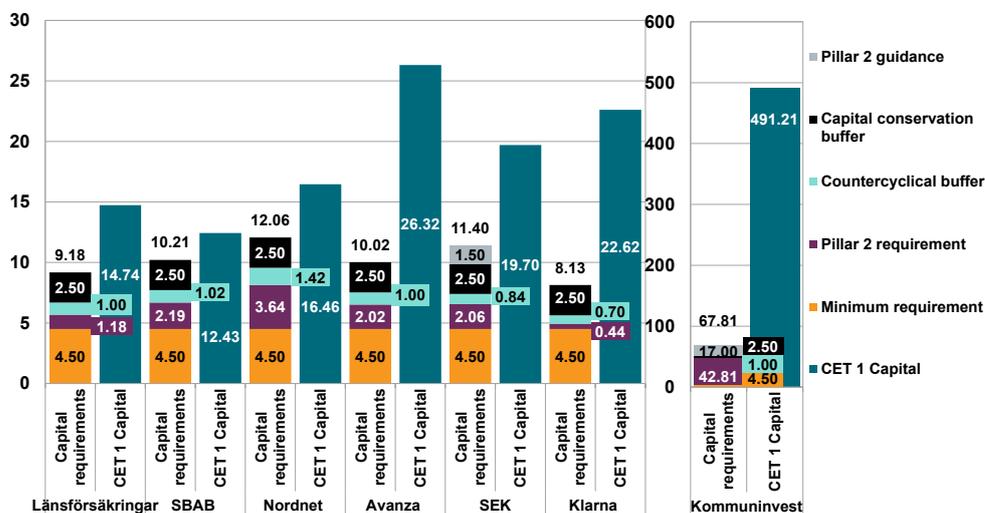
2. Own funds and capital requirements, category 2 (percent of REA)



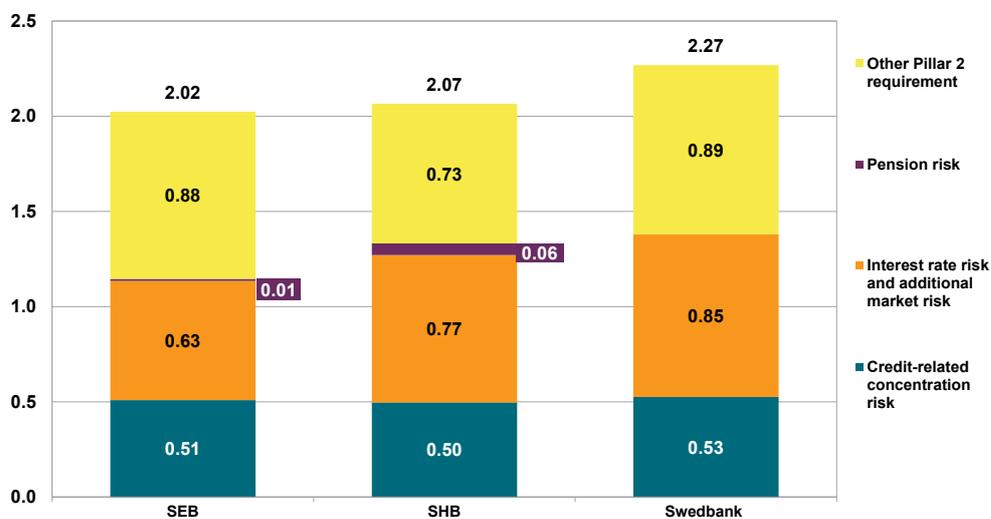
3. Common Equity Tier 1 capital and Common Equity Tier 1 capital requirements, three major banks (percent of REA)



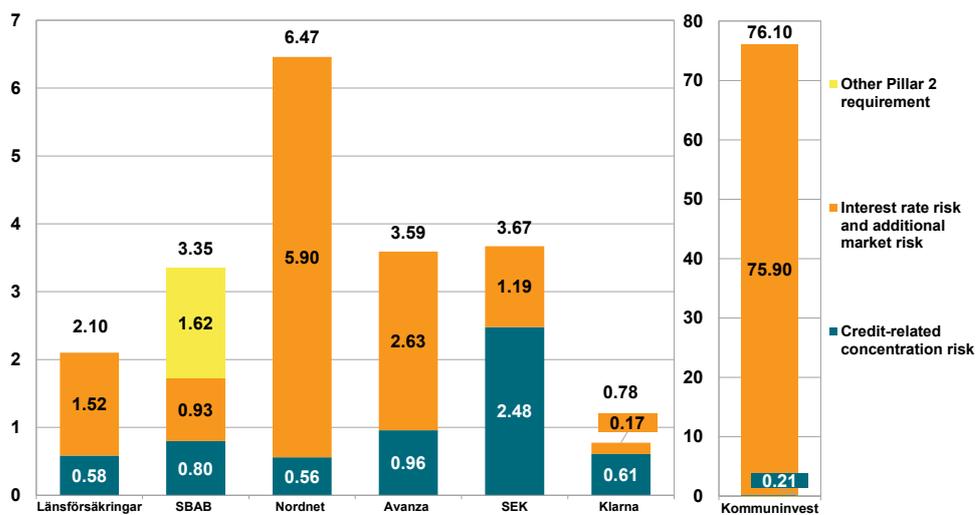
4. Common Equity Tier 1 capital and Common Equity Tier 1 capital requirements, category 2 (percent of REA)



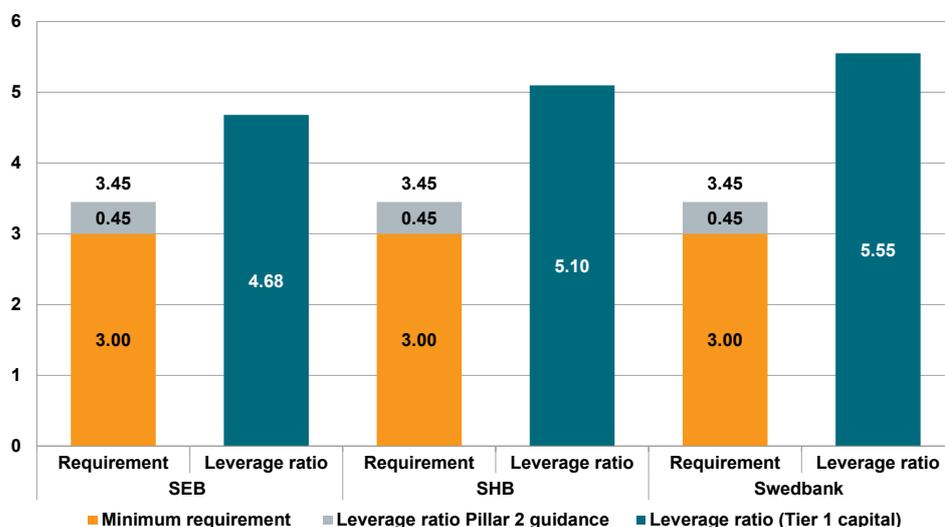
5. Capital requirements in Pillar 2, three major banks (percent of REA)



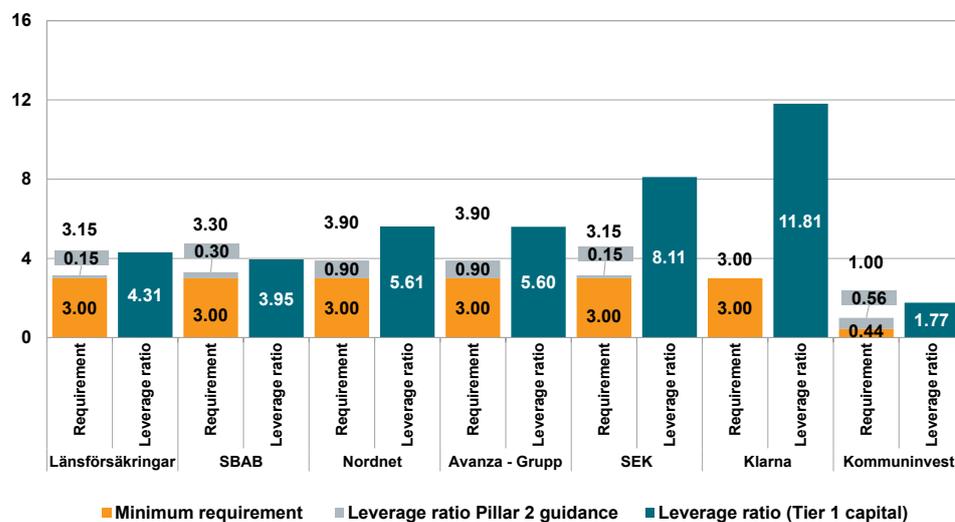
6. Capital requirements in Pillar 2, category 2 (percent of REA)



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)



Note. 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 82 billion SEK. The leverage ratio after deductions was 12.11 percent.

Capital requirements in SEK

Table 1. Capital requirements in million SEK, 2023-03-31

SEB	Total	Tier 1	CET 1
Capital	196 362	180 615	166 144
Risk based capital requirements	160 541	139 198	124 332
Leverage ratio requirements		133 174	17 371

SHB	Total	Tier 1	CET 1
Kapital	195 398	176 038	160 583
Riskbaserat kapitalkrav	155 423	134 914	120 443
Bruttosoliditetskrav		119 153	15 542

Swedbank	Total	Tier 1	CET 1
Kapital	185 944	162 241	147 702
Riskbaserat kapitalkrav	150 705	130 368	116 189
Bruttosoliditetskrav		100 794	13 147

Länsförsäkringar	Total	Tier 1	CET 1
Capital	23 756	20 666	18 466
Risk based capital requirements	17 044	13 880	11 506
Leverage ratio requirements		15 119	720

SBAB	Total	Tier 1	CET 1
Capital	27 529	25 534	19 734
Risk based capital requirements	23 606	19 097	16 208
Leverage ratio requirements		21 317	1 938

Nordnet	Total	Tier 1	CET 1
Capital	4 443	4 443	3 043
Risk based capital requirements	3 399	2 730	2 229
Leverage ratio requirements		3 090	713

Avanza	Total	Tier 1	CET 1
Capital	3 504	3 504	3 504
Risk based capital requirements	2 009	1 623	1 334
Leverage ratio requirements		2 442	563

Kommuninvest	Total	Tier 1	CET 1
Capital	9 890	9 890	9 890
Risk based capital requirements	2 106	1 683	1 365
Leverage ratio requirements		5 603	3 153

Svensk Exportkredit	Total	Tier 1	CET 1
Capital	21 269	21 269	21 269
Risk based capital requirements	17 821	14 669	12 305
Leverage ratio requirements		8 258	393

Klarna	Total	Tier 1	CET 1
Capital	13 720	13 492	13 085
Risk based capital requirements	6 926	5 656	4 705
Leverage ratio requirements		3 428	0

Note. 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 82 billion SEK. The leverage ratio after deductions was 12.11 percent.

Roundings may lead to differences when comparing amounts above to public reports.

Exposure amounts

Table 2. REA and leverage ratio exposure amount, 2023-03-31

mkr	Risk exposure amount	Leverage ratio exposure amount
SEB	866 914	3 860 124
SHB	827 075	3 453 723
Swedbank	806 178	2 921 562
Länsförsäkringar	125 295	479 966
SBAB	158 738	645 980
Nordnet	18 483	79 226
Avanza	13 314	62 607
Kommuninvest	2 013	81 659
Svensk Exportkredit	107 941	262 165
Klarna	57 853	114 258

Note. Kommuninvest's leverage ratio exposure amount is after the deduction of exposures 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' first quarter reporting in 2023. The reporting was submitted to FI up through 12th of May 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.