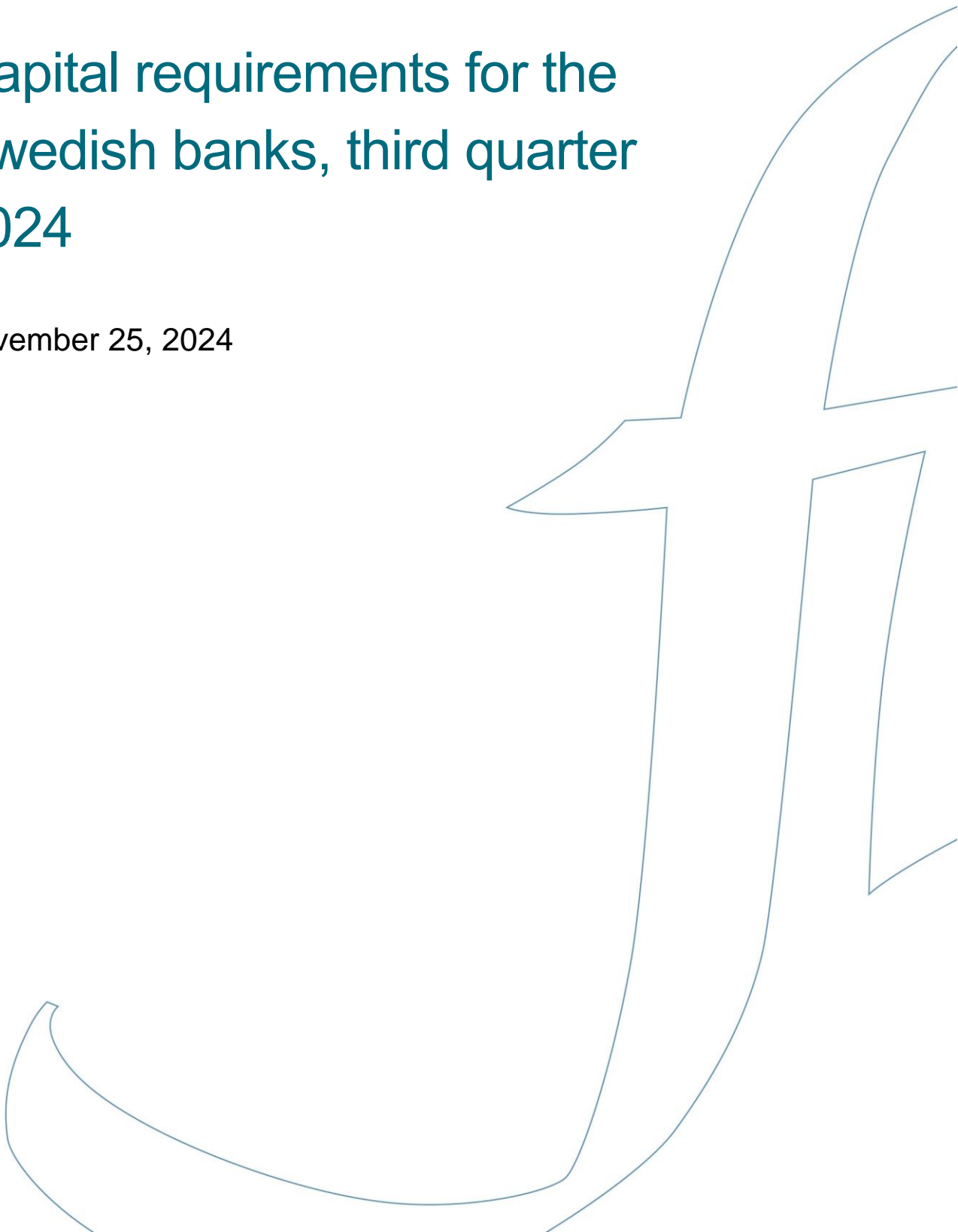




# Capital requirements for the Swedish banks, third quarter 2024

November 25, 2024



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## Preface

Every quarter, Finansinspektionen (FI) publishes the capital requirements of all Swedish banks and credit market companies under its supervision that have been categorised as Categories 1 and 2.<sup>1,2</sup> This memorandum discloses these companies' capital requirements, Pillar 2 guidance and capital ratios as of the end of the third quarter 2024.

In the Swedish version of this publication we are using a simplified term for capital requirement (*kapitalkrav*) instead of its formal legal term in Swedish (*kapitalbaskrav*). Note that the Pillar 2 guidance is included in figures and tables that show capital requirements despite that the Pillar 2 guidance does not constitute a formal requirement.

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) and Swedbank was completed in September 2024. For SBAB, Nordnet and Avanza they were completed in September 2023. Klarna's most recent evaluation was completed in October 2024, meaning in the fourth quarter, which is why the figures for Klarna in this publication refers to the evaluation that was completed in September 2023. The evaluation of Länsförsäkringar was completed in September 2022 whereas for Kommuninvest and Svensk Exportkredit (SEK) they were completed in September 2021. FI has decided on Pillar 2 requirements for these companies and communicated the capital ratio that FI considers they should keep (Pillar 2 guidance).

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.<sup>3</sup>

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<sup>1</sup> 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.fi.se/contentassets/9e2a1e10fcc9437f98085ec1975f27ea/tillsynskategorisering-kreditinstitut-filialer-2024.pdf>

<sup>2</sup> Swedish subsidiaries to foreign bank groups are not included in this memorandum. Hence, Nordea Hypotek's capital requirements are not included even though Nordea is categorised as a Category 1 institution.

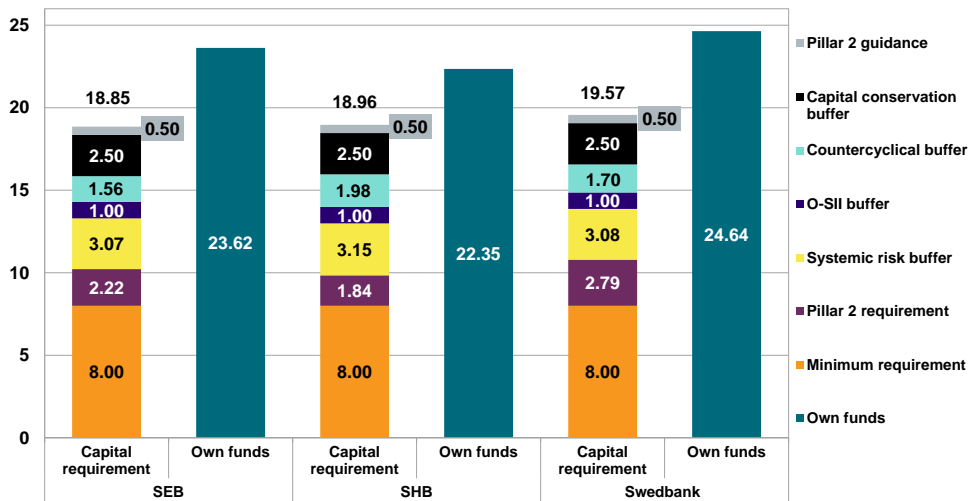
<sup>3</sup> <https://www.fi.se/en/bank/Capital-requirements-for-swedish-banks/>.

# Capital requirements, third quarter 2024

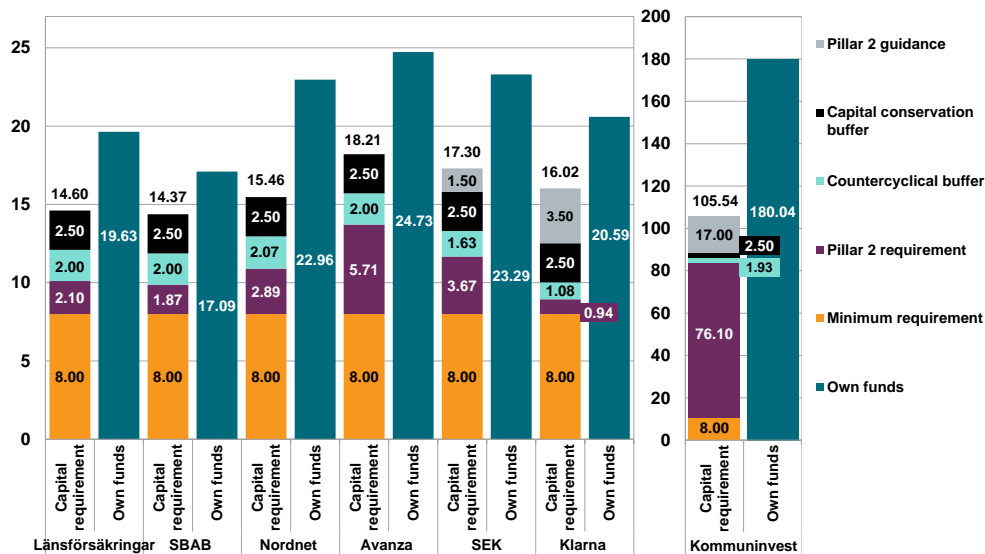
In this chapter we present the capital requirements for Swedish banks as of the third quarter 2024.

## Capital requirements in percent

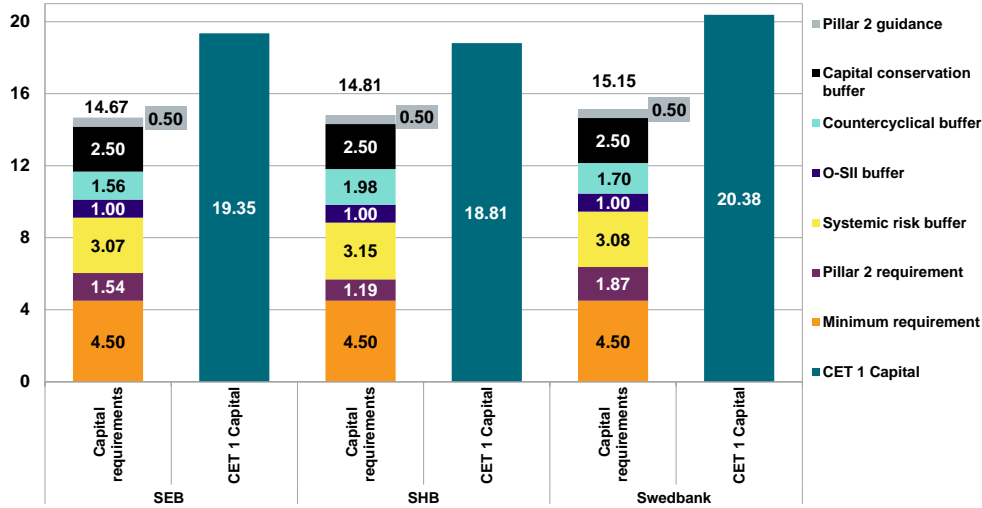
### 1. Own funds and capital requirements, three major banks (percent of REA)



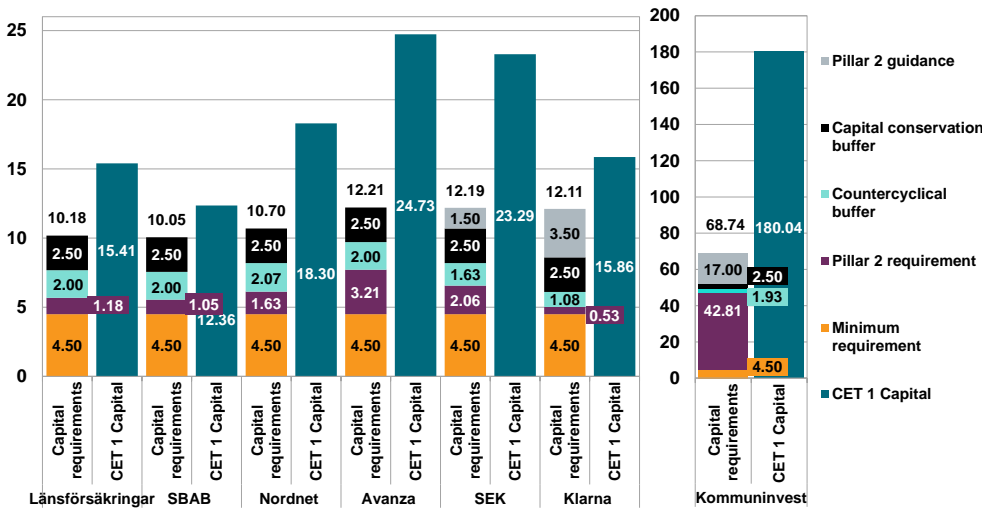
### 2. Own funds and capital requirements, category 2 (percent of REA)



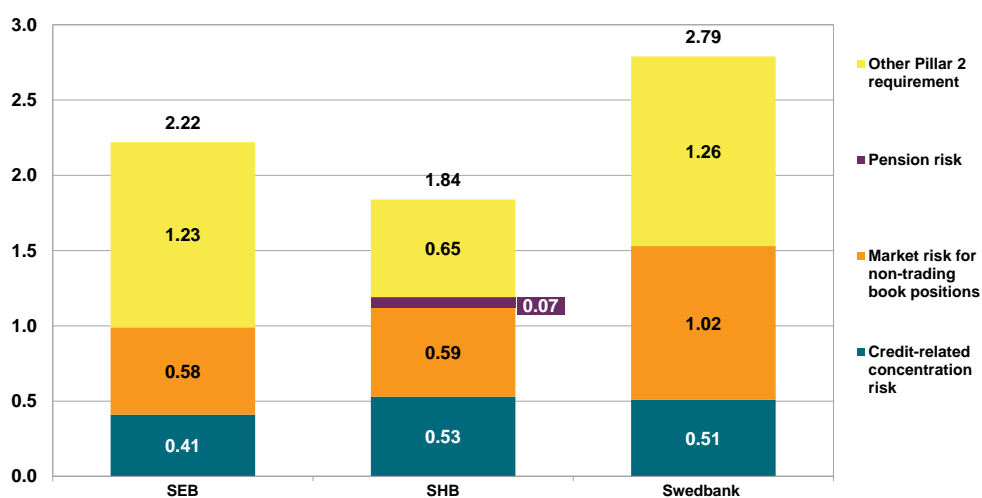
3. Common Equity Tier 1 capital and Common Equity Tier 1 capital requirements, three major banks (percent of REA)



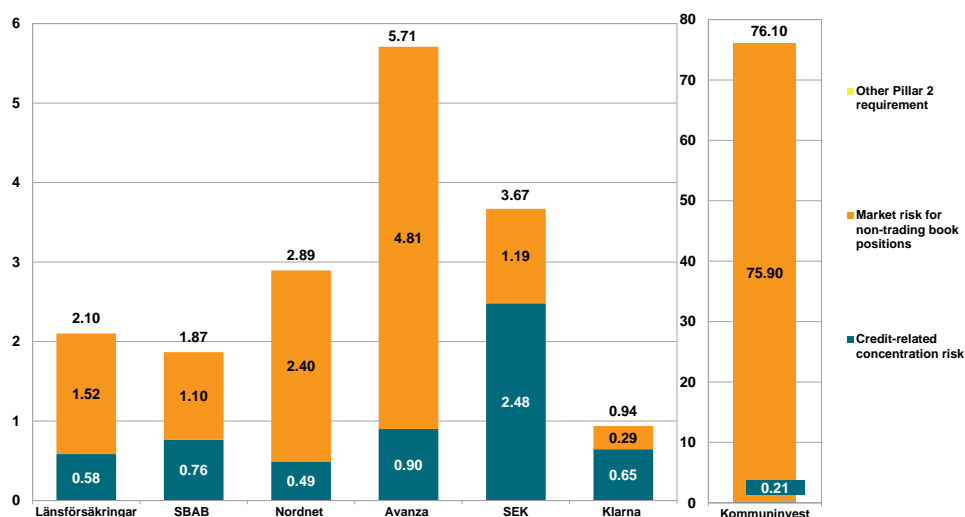
4. Common Equity Tier 1 capital and Common Equity Tier 1 capital requirements, category 2 (percent of REA)



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

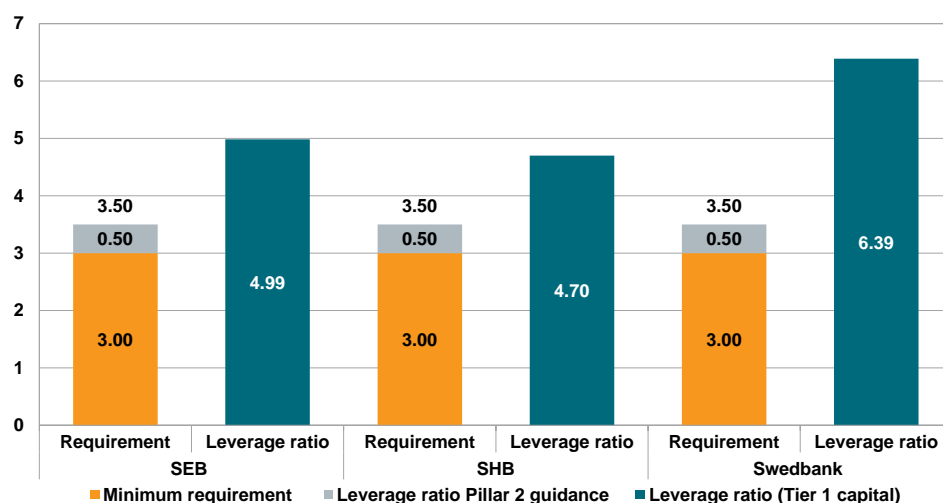


6. Capital requirements in Pillar 2, category 2 (percent of REA)

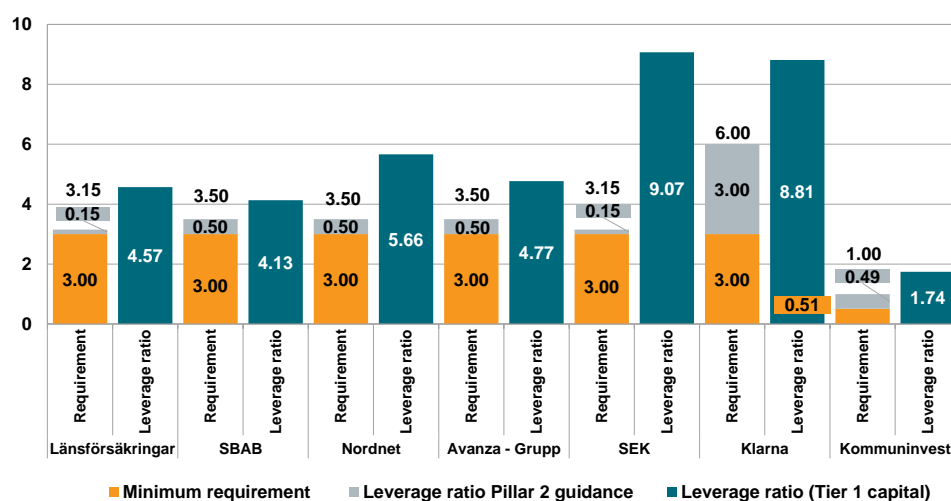


Note: None of the category 2 institutions have a Pillar 2 requirement for pension risk.

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



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



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 of exposures Kommuninvest does according to the regulation for public development credit institutions. The leverage ratio exposure amount before the deduction was 674 billion SEK and after the deduction 115 billion SEK. The leverage ratio after deductions was 10.2 percent.

## Capital requirements in SEK

Table 1. Capital requirements and Pillar 2 guidance in million SEK, Large Banks, 2024-09-30

<b>SEB</b>	<b>Total</b>	<b>Tier 1</b>	<b>CET 1</b>
Capital	218 187	197 962	178 737
Risk based capital requirements	174 141	151 142	135 533
Leverage ratio requirements		138 981	19 854

<b>SHB</b>	<b>Total</b>	<b>Tier 1</b>	<b>CET 1</b>
Capital	188 223	168 512	158 433
Risk based capital requirements	159 718	139 334	124 763
Leverage ratio requirements		125 492	17 927

<b>Swedbank</b>	<b>Total</b>	<b>Tier 1</b>	<b>CET 1</b>
Capital	211 344	191 178	174 816
Risk based capital requirements	167 847	145 286	129 931
Leverage ratio requirements		104 792	14 970

Note. The Pillar 2 guidance is included in the risk-based capital requirements and in the leverage ratio requirements even though Pillar 2 guidance's does not constitute formal requirements.



Table 2. Capital requirements and Pillar 2 guidance in million SEK for banks in supervisory category 2, 2024-09-30

<b>Länsförsäkringar</b>	<b>Total</b>	<b>Tier 1</b>	<b>CET 1</b>
Capital	26 202	23 112	20 562
Risk based capital requirements	19 490	16 119	13 590
Leverage ratio requirements		15 935	759
<b>SBAB</b>	<b>Total</b>	<b>Tier 1</b>	<b>CET 1</b>
Capital	29 312	27 293	21 193
Risk based capital requirements	24 645	20 414	17 242
Leverage ratio requirements		23 150	3 307
<b>Nordnet</b>	<b>Total</b>	<b>Tier 1</b>	<b>CET 1</b>
Capital	4 428	4 428	3 528
Risk based capital requirements	2 981	2 456	2 062
Leverage ratio requirements		2 739	391
<b>Avanza</b>	<b>Total</b>	<b>Tier 1</b>	<b>CET 1</b>
Capital	3 622	3 622	3 622
Risk based capital requirements	2 667	2 165	1 788
Leverage ratio requirements		2 659	380
<b>Kommuninvest</b>	<b>Total</b>	<b>Tier 1</b>	<b>CET 1</b>
Capital	11 724	11 724	11 724
Risk based capital requirements	6 872	5 503	4 476
Leverage ratio requirements		6 736	3 293
<b>Svensk Exportkredit</b>	<b>Total</b>	<b>Tier 1</b>	<b>CET 1</b>
Capital	23 133	23 133	23 133
Risk based capital requirements	17 177	14 280	12 107
Leverage ratio requirements		8 035	383
<b>Klarna</b>	<b>Total</b>	<b>Tier 1</b>	<b>CET 1</b>
Capital	14 940	13 153	11 509
Risk based capital requirements	11 622	10 000	8 784
Leverage ratio requirements		8 955	4 478

Note 1. The Pillar 2 guidance is included in the risk-based capital requirements and in the leverage ratio requirements, even though Pillar 2 guidance does not constitute a formal requirement.

Note 2. Rounding may lead to differences when comparing the above amounts to public reports.

Note 3. Kommuninvest's Pillar 2 guidance for leverage ratio is calculated using a different method (see note in Figure 8).

## Exposure amounts

Table 2. REA and leverage ratio exposure amount, 2024-09-30

<b>mkr</b>	<b>Risk exposure amount</b>	<b>Leverage ratio exposure amount</b>
SEB	923 626	3 970 882
SHB	842 280	3 585 482
Swedbank	857 827	2 994 068
Länsförsäkringar	133 461	505 877
SBAB	171 486	661 432
Nordnet	19 282	78 271
Avanza	14 646	75 962
Kommuninvest	6 512	114 755
Svensk Exportkredit	99 307	255 078
Klarna	72 560	149 254

Note. Kommuninvest's leverage ratio exposure amount is presented after the deduction of exposures in accordance with the regulation for public development credit institutions.

# Description of the calculations

Own funds, the risk exposure amount (REA), the leverage ratio exposure amount, the countercyclical buffer and the systemic risk buffer are based on the companies' third quarter reporting in 2024. The reporting was submitted to FI on the 11<sup>th</sup> of November 2024. 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.

## Risk-based capital requirements

### **Minimum requirement, Pillar 1**

The Pillar 1 minimum requirement amounts 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.<sup>4</sup>

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 institute (O-SII buffer)**

The O-SII buffer amounts 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 to two percent of exposures in Sweden (as of 22<sup>nd</sup> June, 2023). The buffer value that the banks report can, somewhat simplistically, be described as an average value, weighted by the risk exposure amount, of the countercyclical buffer values applied in the countries to

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

which the company has exposures. The countercyclical capital buffer must be covered by CET 1 capital.

**Capital conservation buffer**

The capital conservation buffer amounts 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 review and evaluation process. The guidance is not a formally decided requirement for the company.

## Leverage ratio requirement

**Minimum requirement for leverage ratio**

The minimum requirement for the leverage ratio amounts 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.