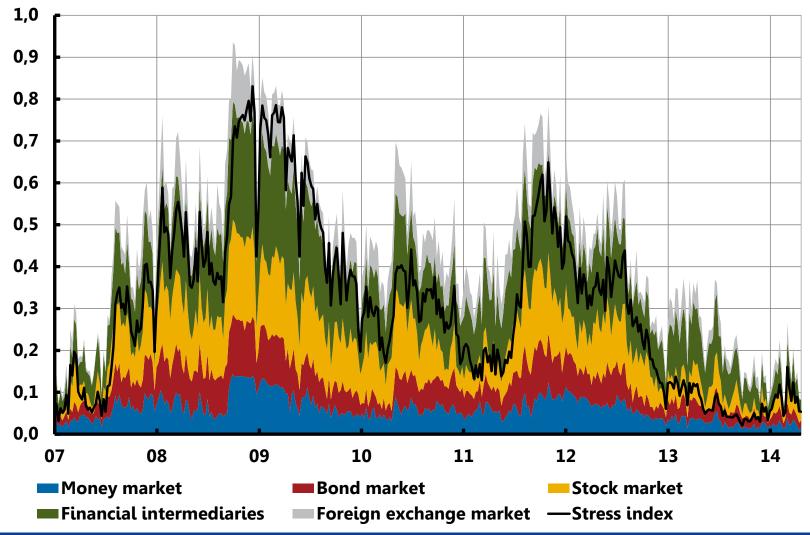


## Financial stability report 2014:1

2014-06-04

### **European stress index**

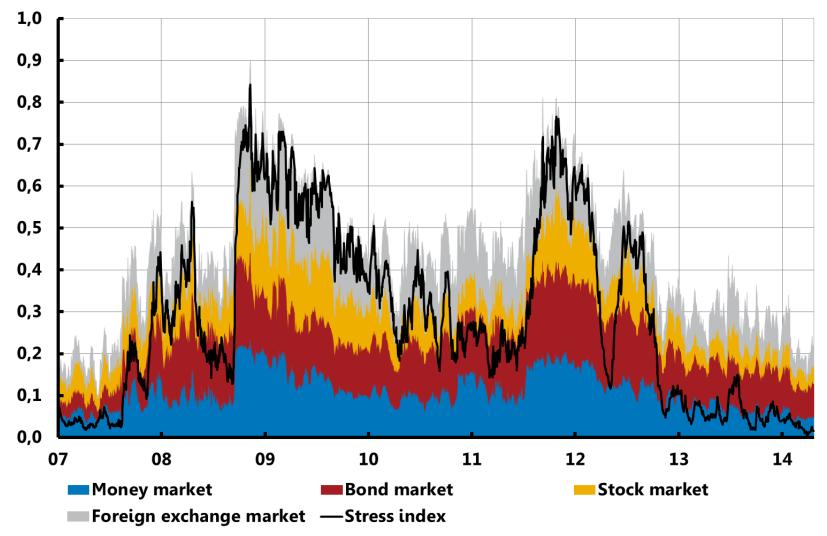
Ranking (1=high stress, 0=low stress)



SVERIGES RIKSBANK

## Swedish stress index

#### Ranking (1=high stress, 0=low stress)

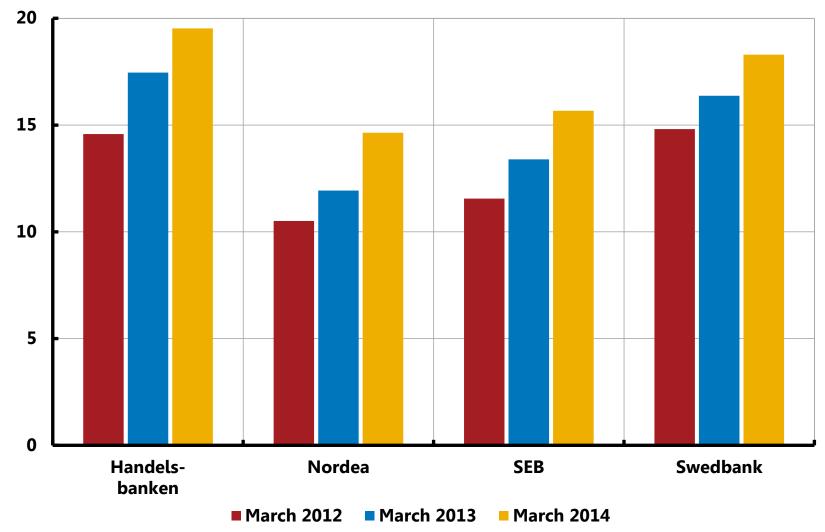




### CET 1 capital ratios in accordance with Basel III



Per cent

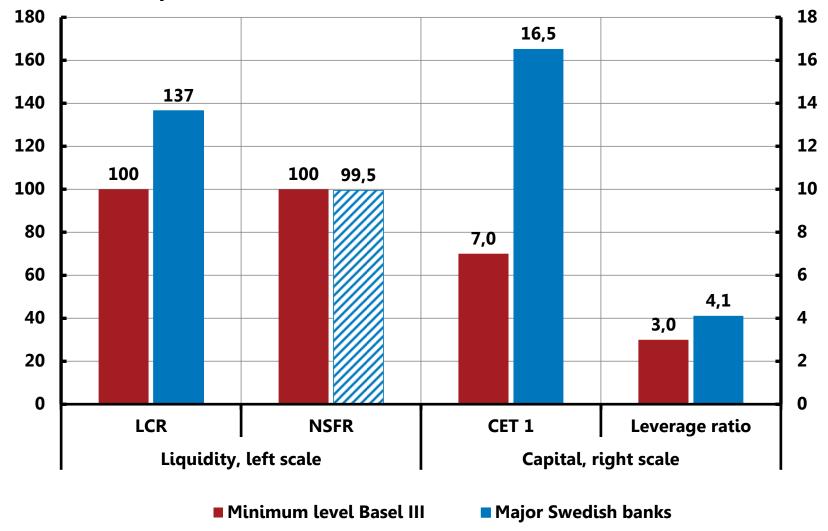


Sources: Bank reports and the Riksbank

### The four Basel III measures



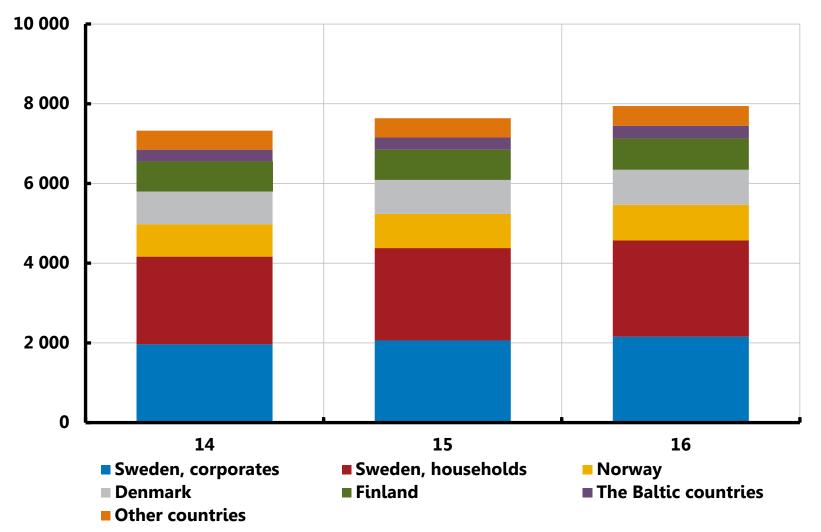
#### December 2013, per cent



Sources: Bank reports, BIS and the Riksbank

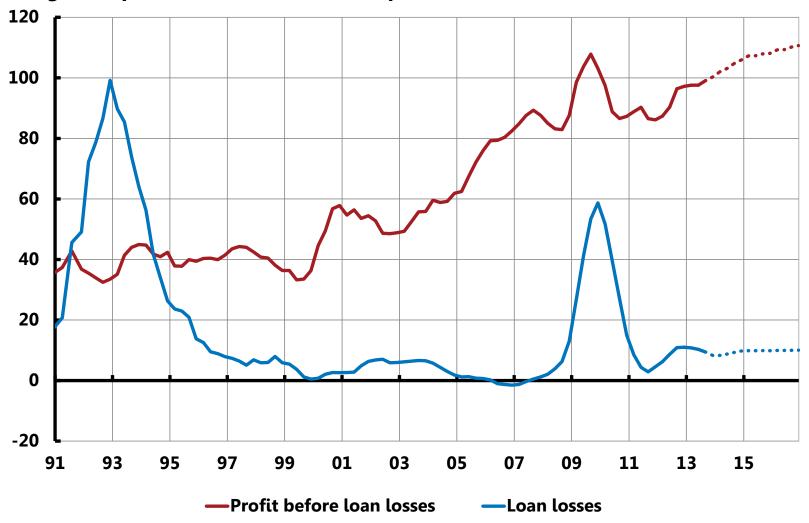
# Lending by the major Swedish banks in the Riksbank's main scenario

**SEK billion** 



# Profits before loan losses and loan losses in the major Swedish banks

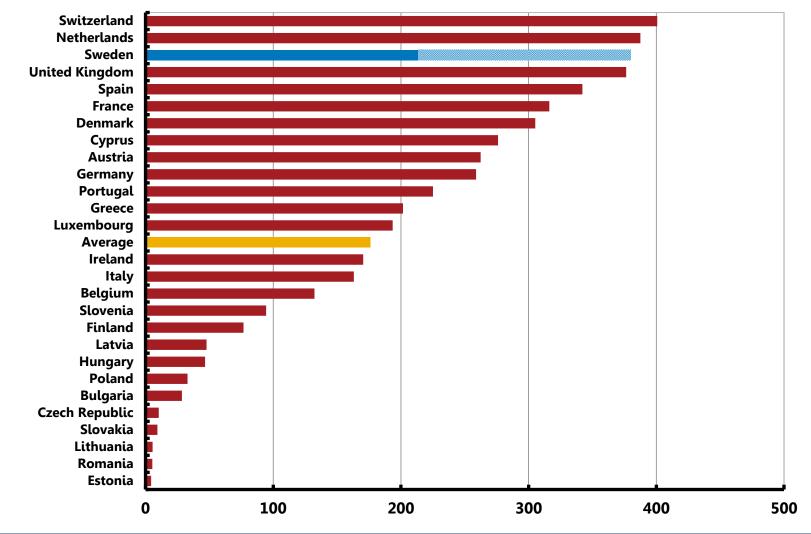
Rolling four quarters, SEK billion, fixed prices, March 2014





## The banks' assets in relation to GDP

#### December 2013, per cent



Sources: ECB, the European Commission, the Swiss National Bank and the Riksbank

### The major Swedish banks' wholesale funding via Swedish parent companies and subsidiaries

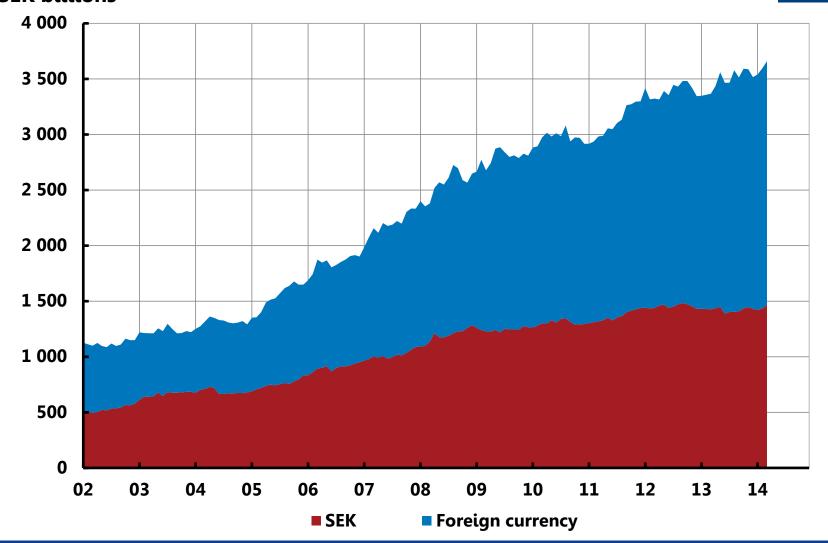


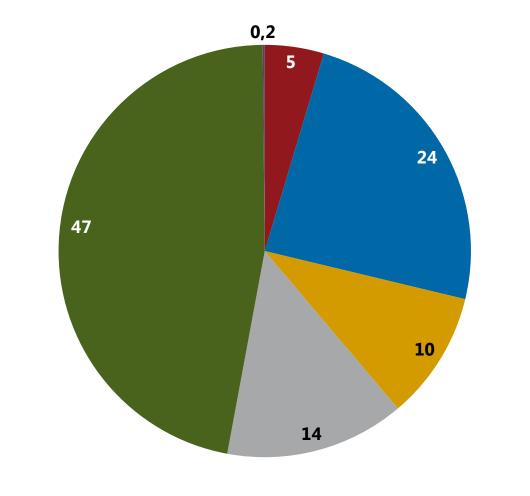
Chart 1:8

Sources: Statistics Sweden and the Riksbank



## The major Swedish banks' funding

March 2014, per cent



■ Interbank, net ■ Covered bonds ■ Senior bonds ■ Certificates ■ Deposits ■ Other



## The major Swedish banks' lending

December 2013, per cent

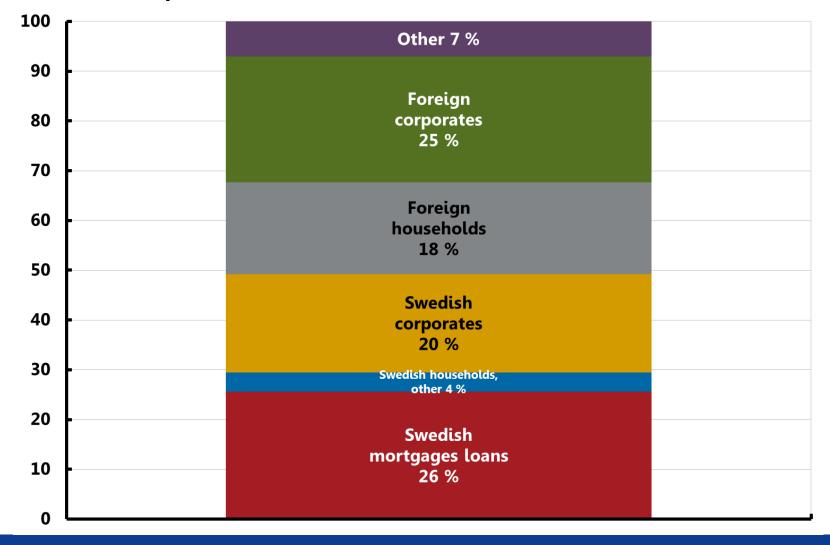


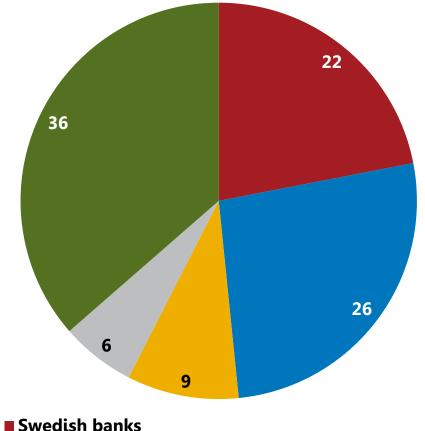
Chart 1:10

Sources: Bank reports, Statistics Sweden and the Riksbank

### **Owners of Covered Bonds**



December 2013, per cent



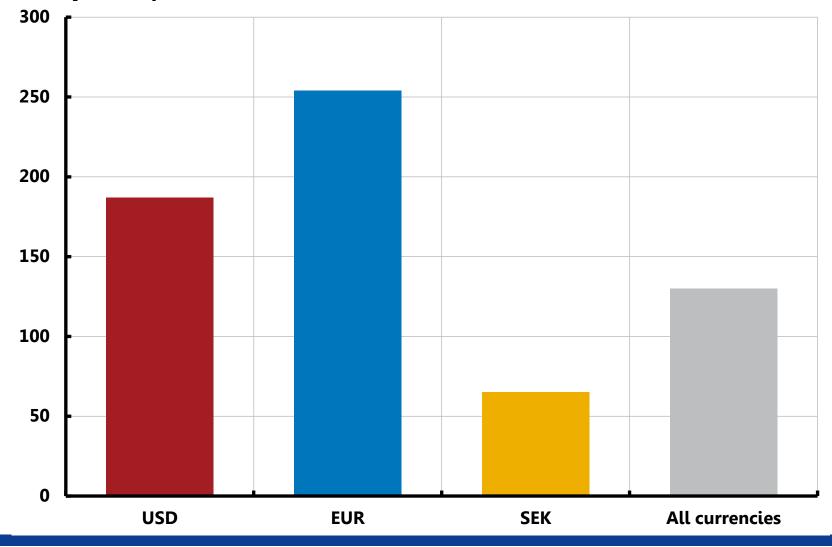
- Swedish insurance companies
- **Other financial institutions, including Swedish funds**
- **Public sector including National Swedish Pension Funds**
- Foreign investors

Chart 1:11

## The major Swedish bank's liquidity coverage ratio (LCR)



February 2014, per cent

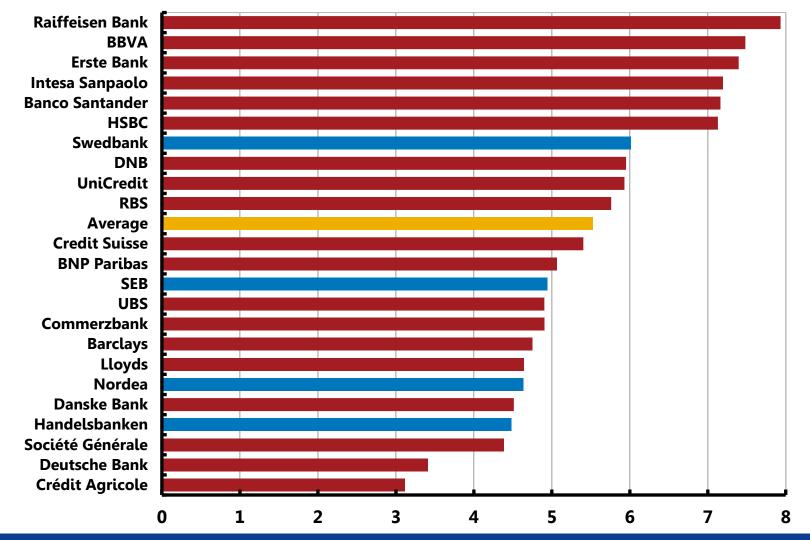


Sources: Finansinspektionen and the Riksbank



## **Equity in relation to total assets**

December 2013, per cent

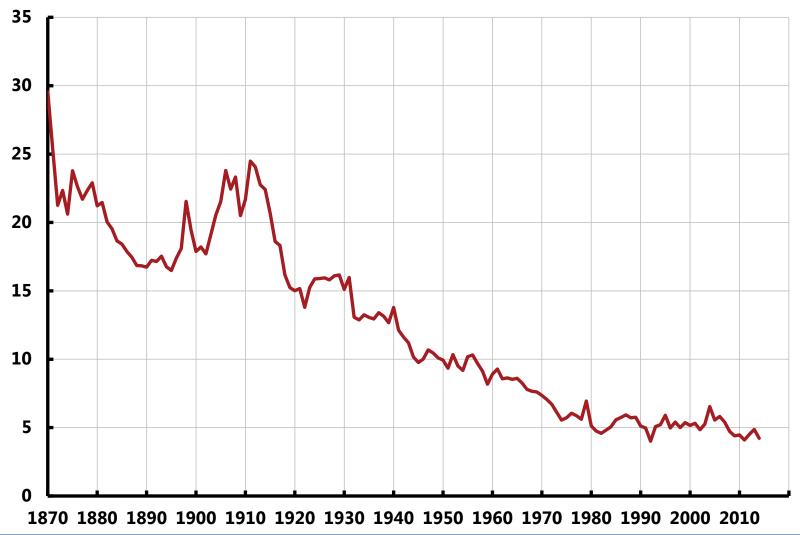


Source: SNL Financial

### Equity in relation to total assets, Swedish bank



Per cent



Sorces: Hortlund, Do Inflation and High Taxes Increase Bank Leverage?, SSE/EFI Working Paper Series in Economics and Finance, No 6122005, November 2005 and the Riksbank

### Household debts in various countries

December 2012, percentage of disposable income

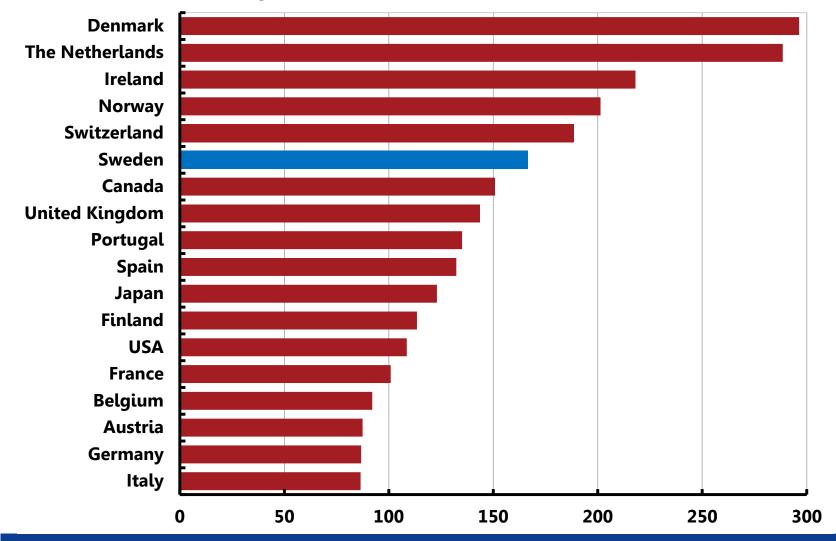
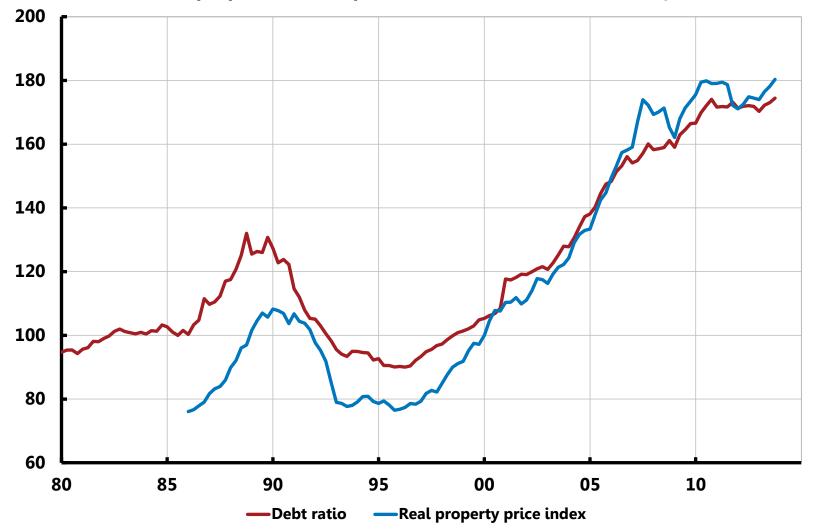


Chart 1:15



# The Swedish households' debt and real property price index

Per cent, total debt as a proportion of disposable income and index, 2000 Q1 = 100



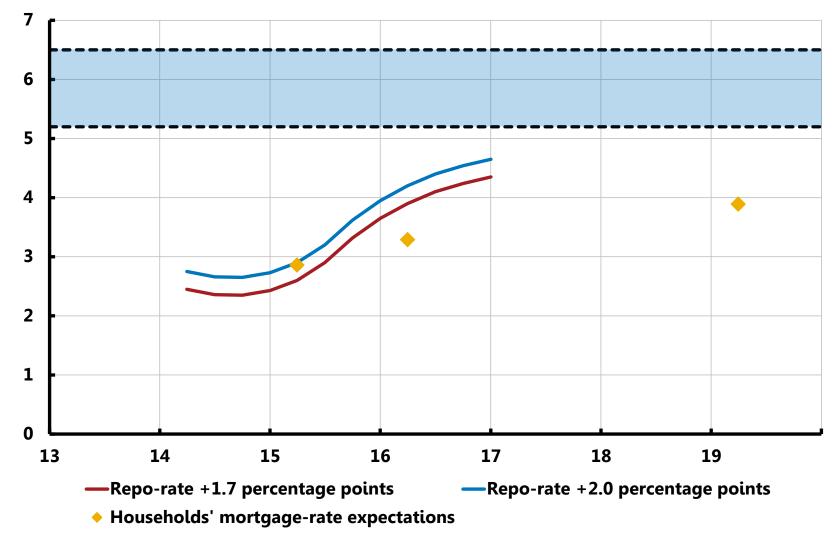
SVERIGES RIKSBANK

Chart 1:16

Sources: Statistics Sweden and the Riksbank

### Household expectations of the variable mortgage rate one, two and five years ahead Per cent

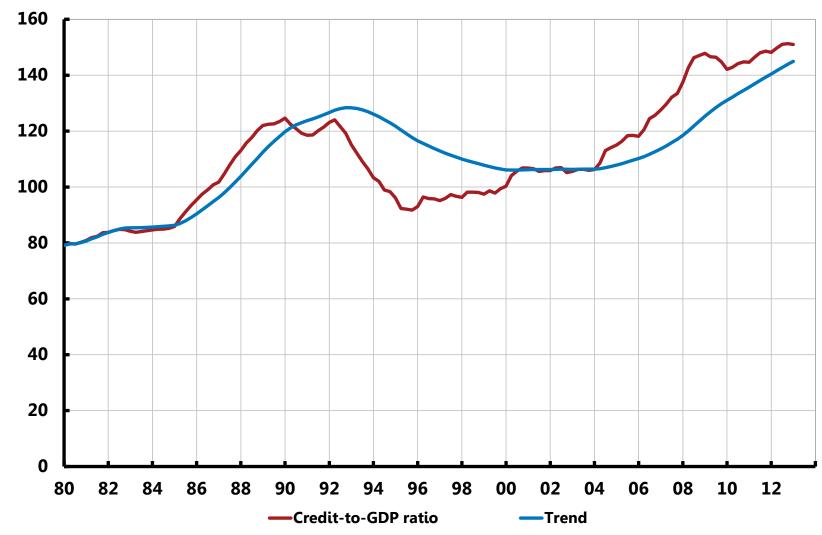




Sources: The National Institute of Economic Research and the Riksbank

### The credit-to-GDP ratio and statistical trend according to the Basel Committee's standard method Per cent





## The countercyclical buffer rate according to the Basel Committee's standard method

Per cent

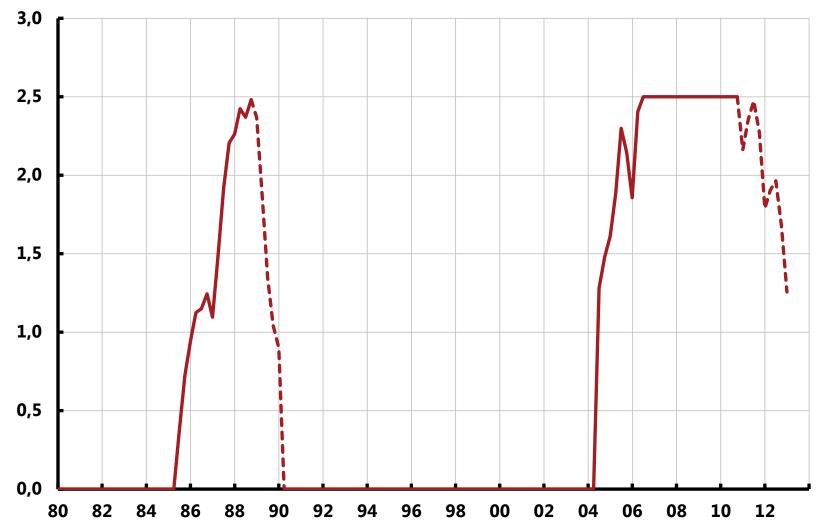
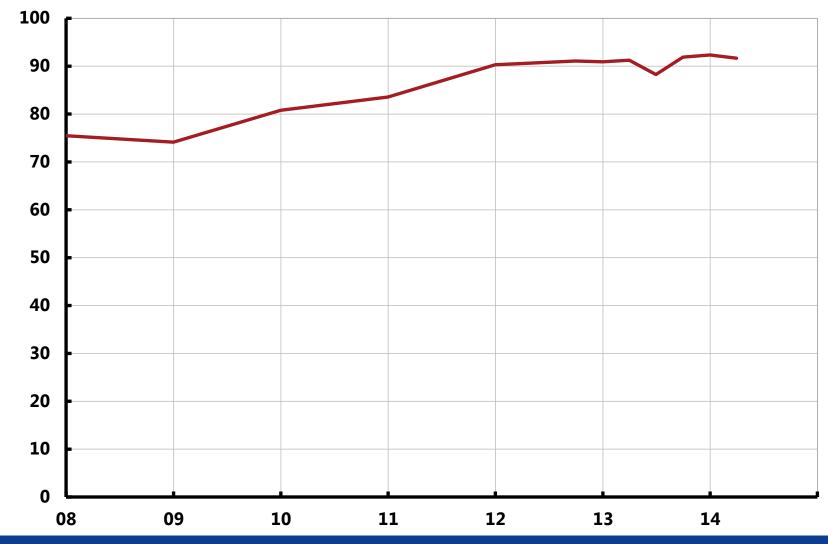


Chart 1:19

## The major Swedish banks' results in the Riksbanks' structural liquidity measure







Sources: Liquidatum and the Riksbank

### The credit-to-GDP ratio and statistical trend according to the Basel Committee's standard method Per cent



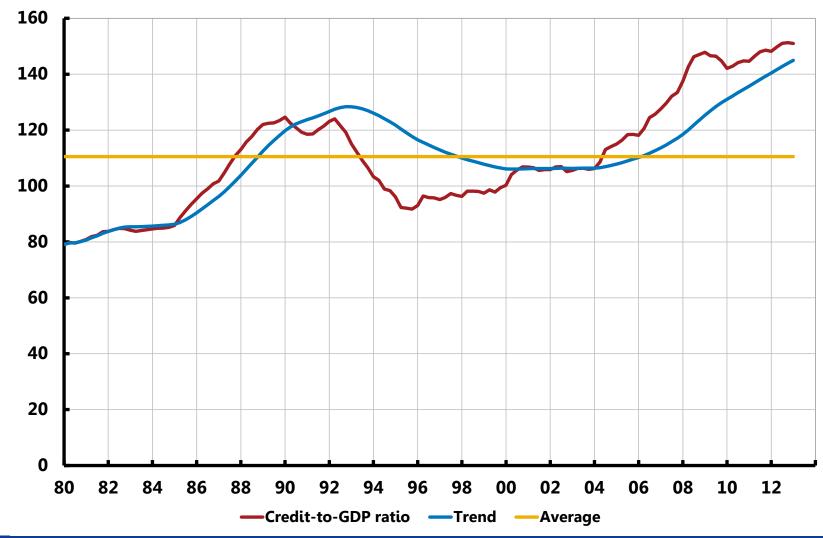


Chart B1:1

Source: The Riksbank

## The countercyclical buffer rate according to the Basel Committee's standard method

SVERIGES RIKSBANK



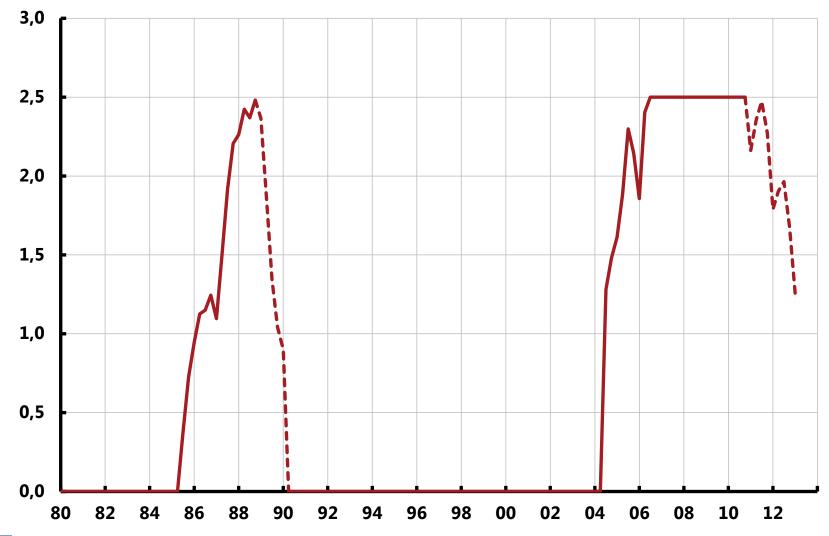


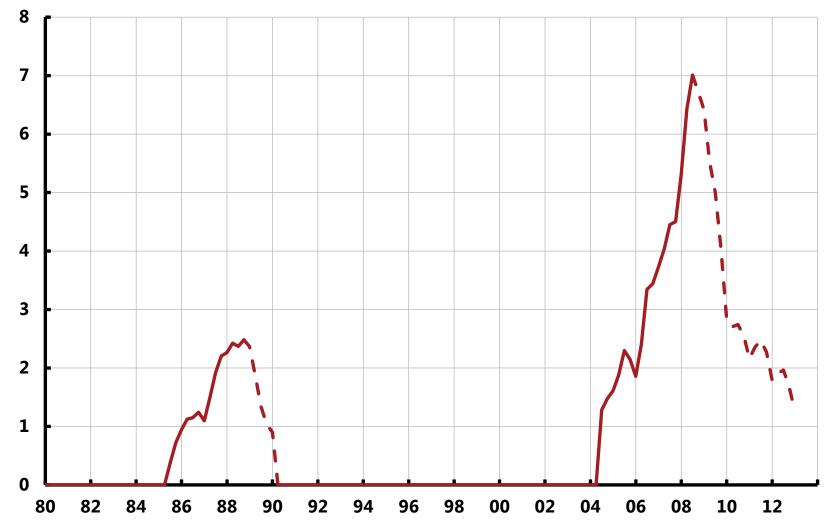
Chart B1:2

Source: The Riksbank

### The countercyclical buffer rate according to the Basel Committee's standard method with no upper limit for the buffer rate

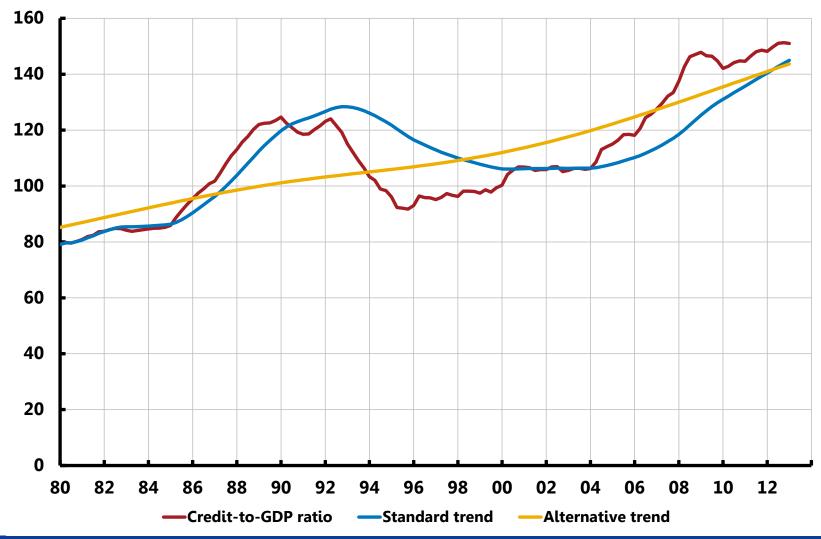


Per cent



## The credit-to-GDP ratio and alternative trend using Norges Bank's method

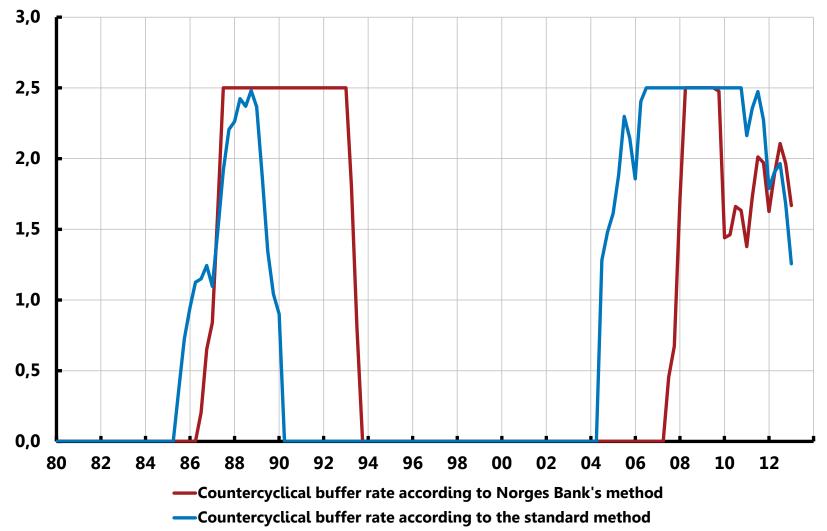
Per cent



Eres Eres

## The countercyclical buffer rate in Sweden according to Norges Bank's method

Per cent

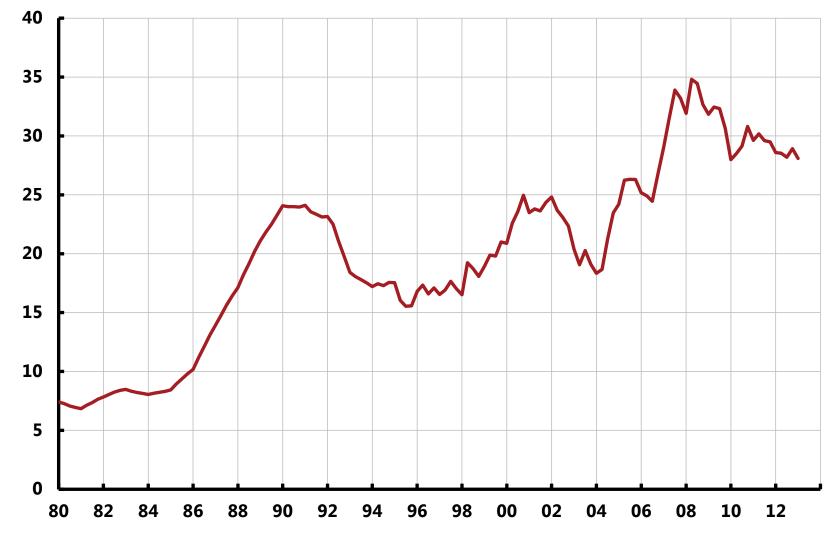


Nor Nor

## Credit funded by non-stable funding









## Real house prices and statistical trend

Index, 1980 Q4=100

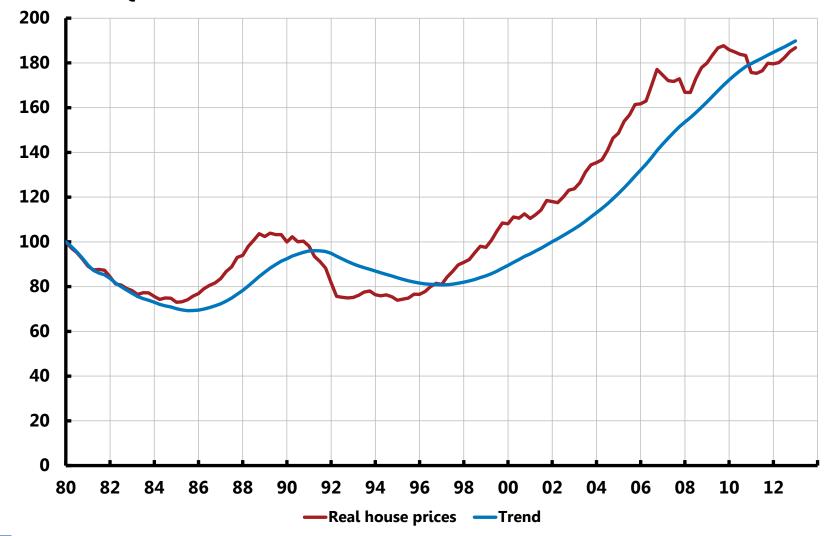


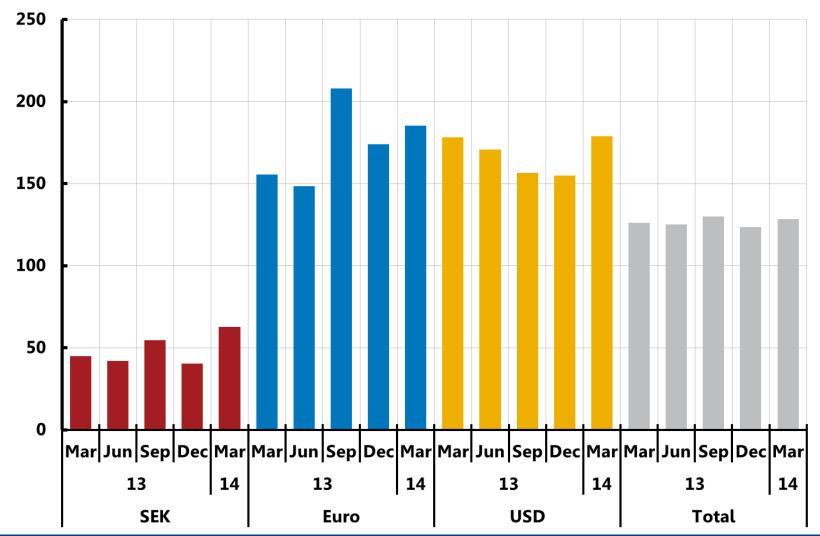
Chart B1:7

Source: The Riksbank



## The major Swedish banks LCRs

Per cent



Sources: Finansinspektionen and the Riksbank

## The major Swedish banks average and lowest LCR levels in Swedish kronor

Per cent

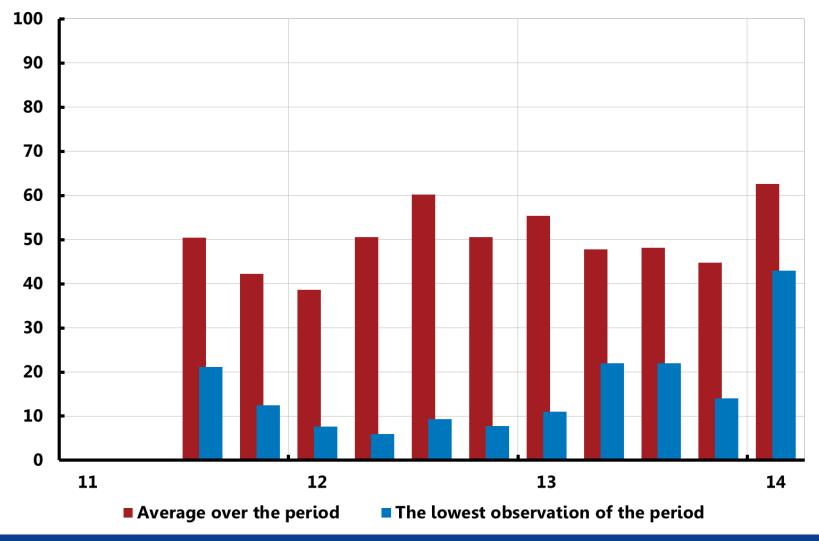


Chart B1:9

Sources: Finansinspektionen and the Riksbank

Nos Nos

# Distribution of the major Swedish banks' liquidity buffers



March 2014, per cent

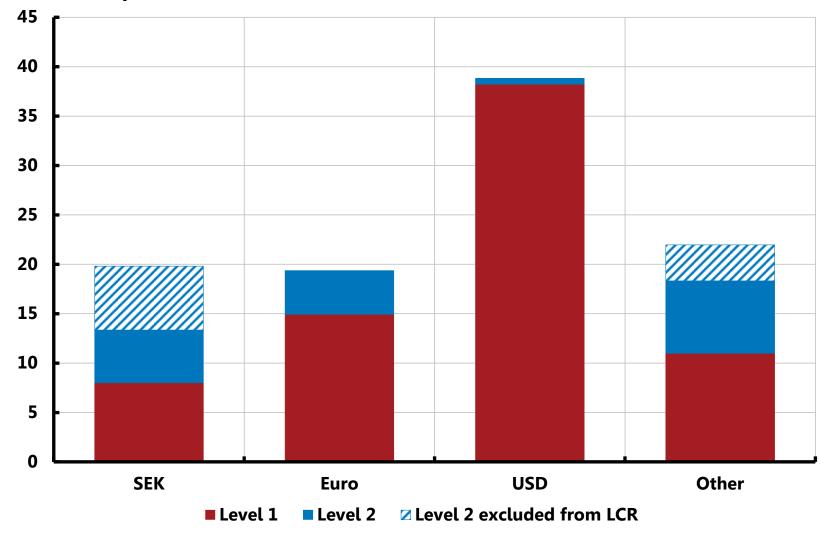
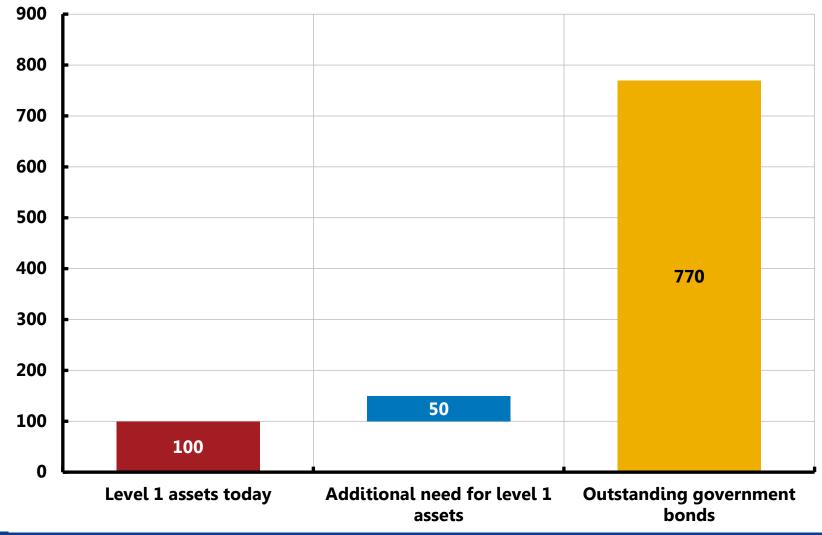


Chart B1:10

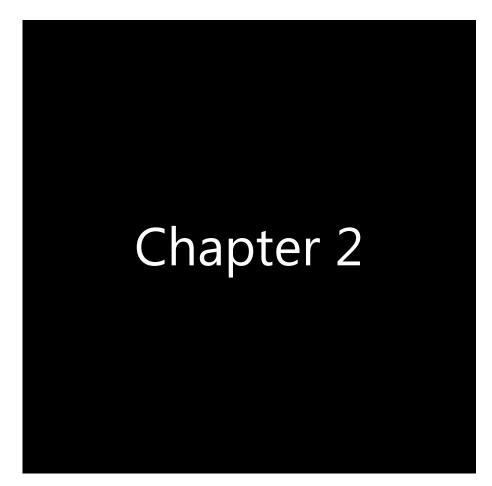
Sources: Finansinspektionen and the Riksbank

The major Swedish banks' need for additional level 1 assets to reach an LCR in kronor of 60 per cent, compared to outstanding government bonds SEK billion



Sources: Finansinspektionen, the Swedish National Debt Office and the Riksbank



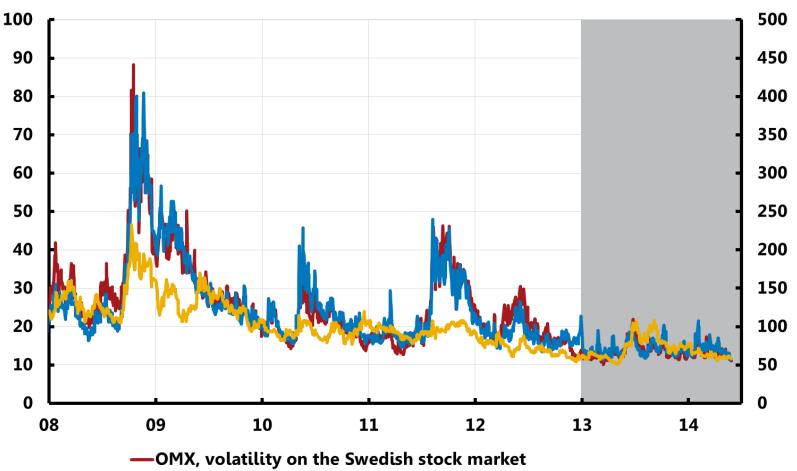


2014-06-04

# Expected volatility on the bond and stock markets



Index

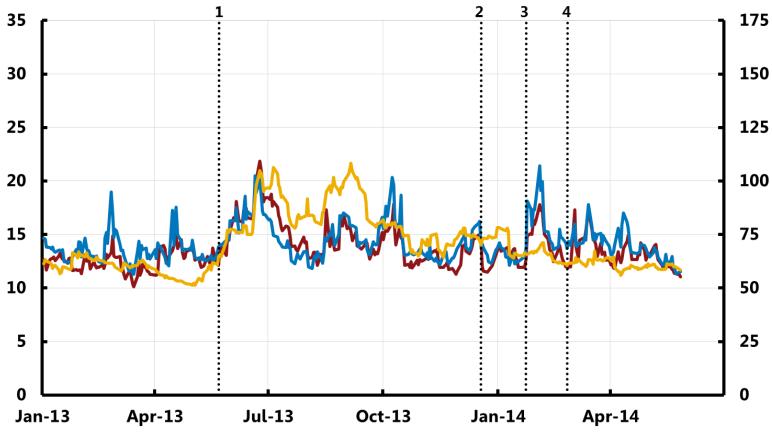


- - —MOVE, volatility on US government bonds (right-hand scale)

# Expected volatility on the bond and stock markets



Index



-OMX, volatility on the Swedish stock market

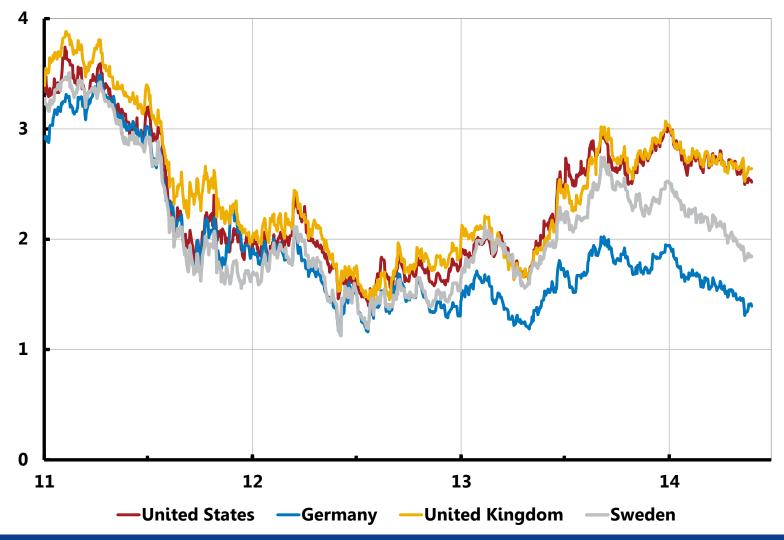
-VIX, volatility on the US stock market

—MOVE, volatility on US government bonds (right-hand scale)



## Ten-year government bond yields

Per cent

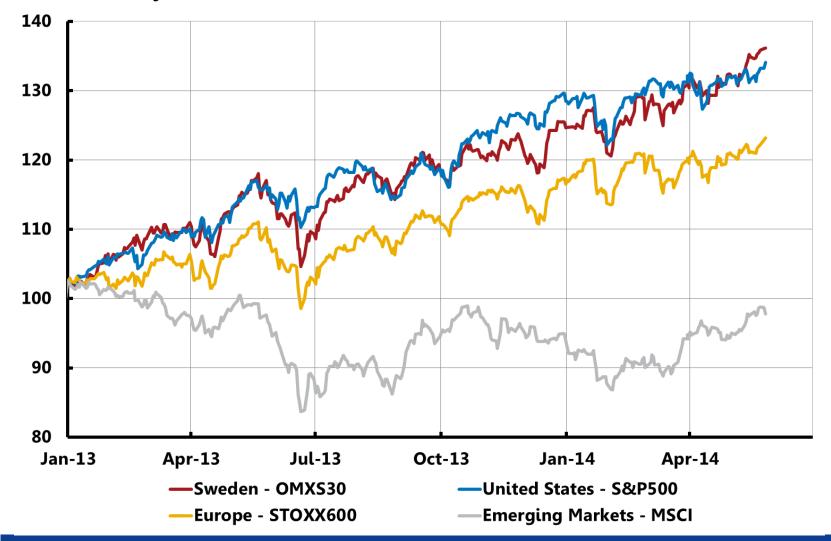


Source: Reuters EcoWin



## **Developments on the stock market**

Index, 1 January 2013 = 100



# The difference between the yield on European corporate bonds and German government bonds Percentage points

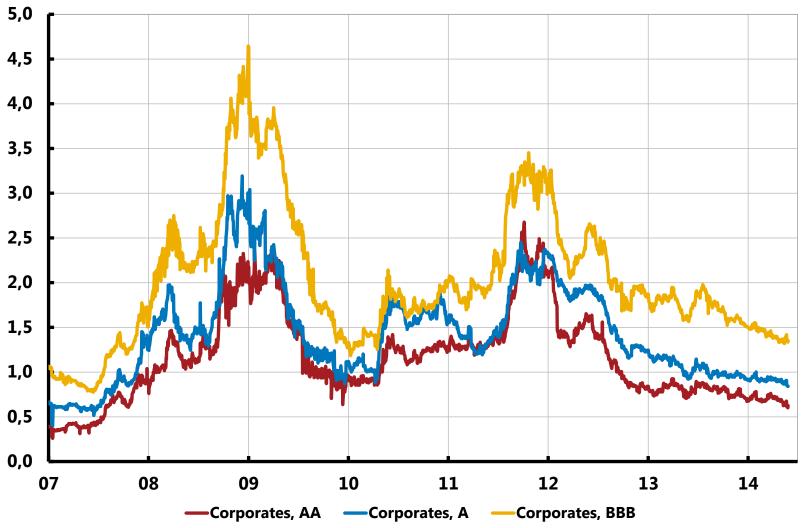


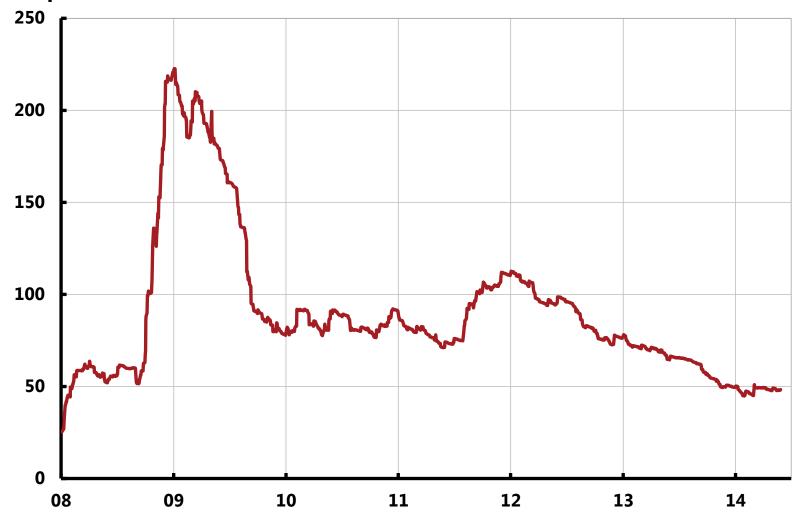
Chart 2:5

Sources: Reuters EcoWin and the Riksbank

# Risk premia for Swedish corporate bonds



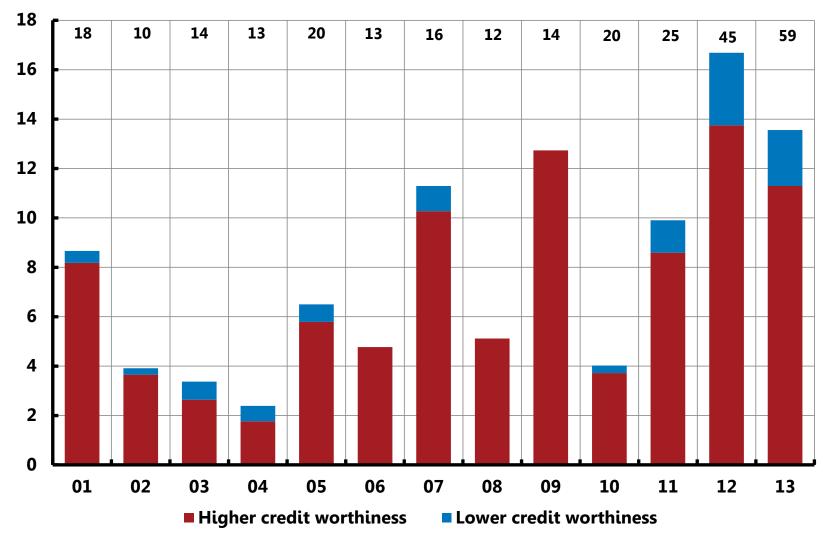
**Basis points** 



Source: NASDAQ OMX

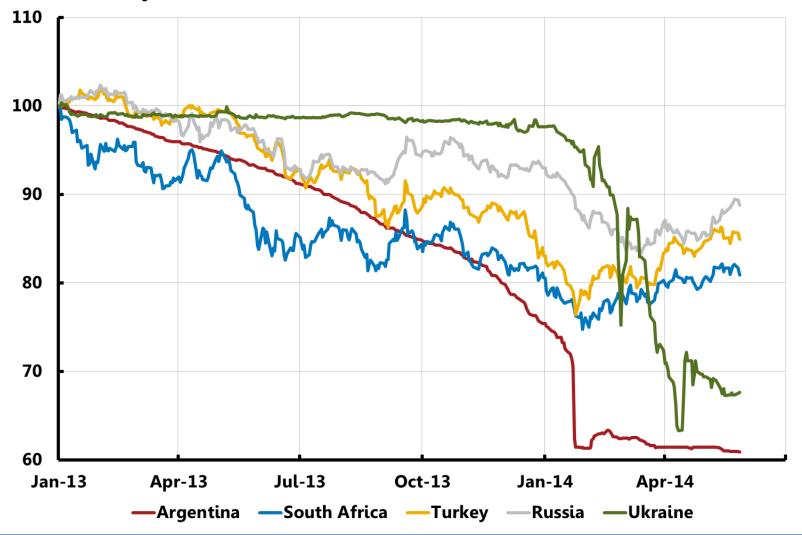
### Issued volumes for Swedish corporates, regardless of currency and number of issuers EUR billion and number





## Emerging market economies' exchange rate against US dollar

Index, 1 January 2013 = 100





## Ten-year government bond yields

Per cent

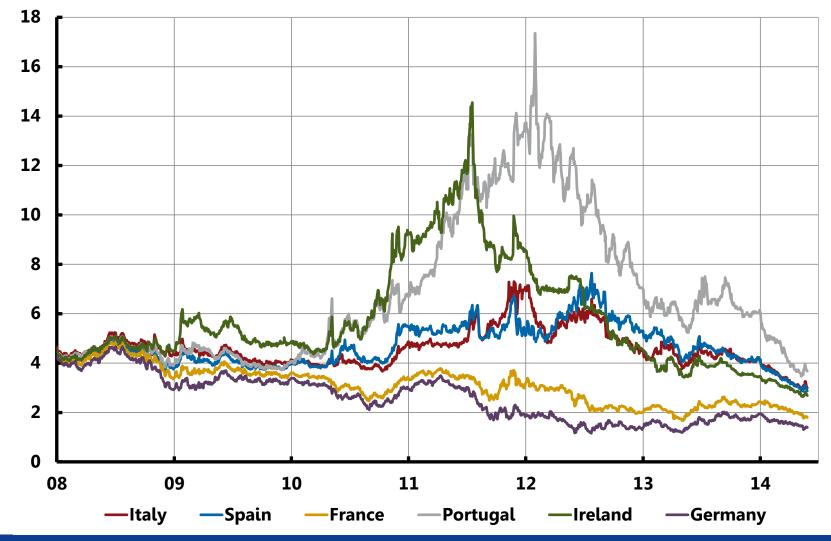
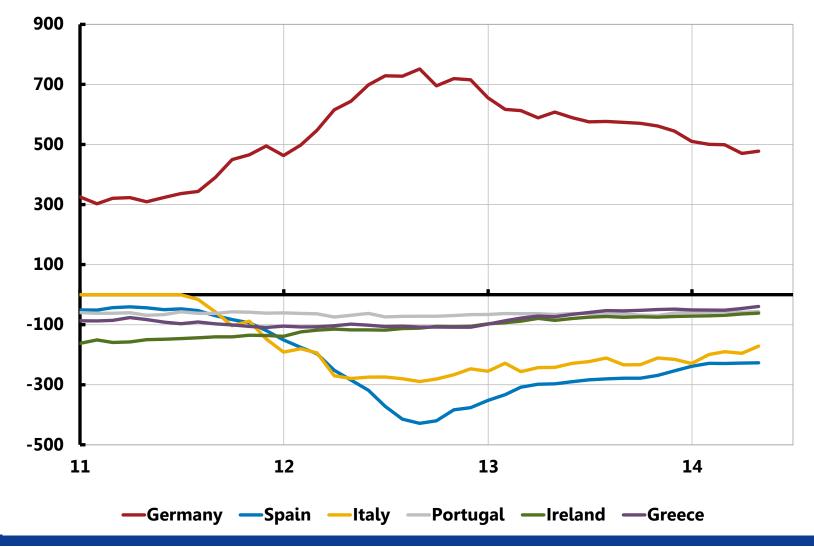


Chart 2:9

### **Balances in Target2**



**EUR billion** 

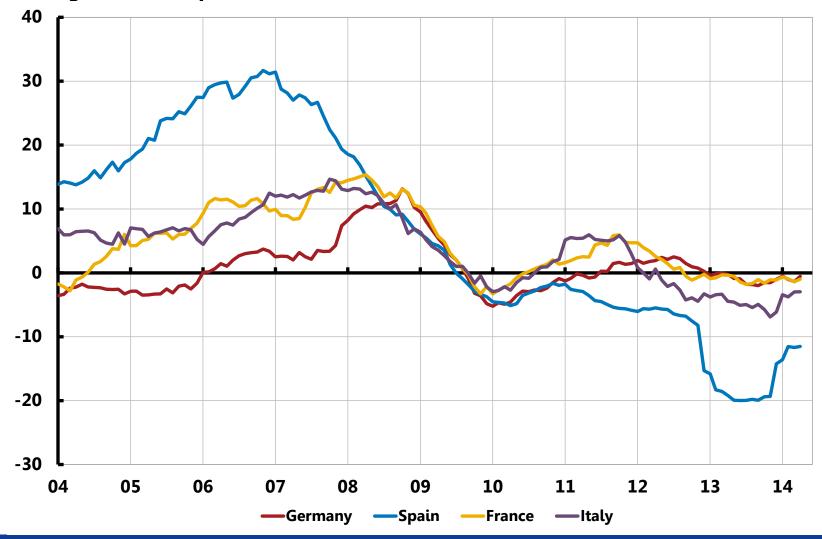


Source: Bloomberg and the Riksbank

## The banks' lending to non-financial companies



Annual growth rate, per cent





## **Covered bond yield and the swap rate**

Per cent

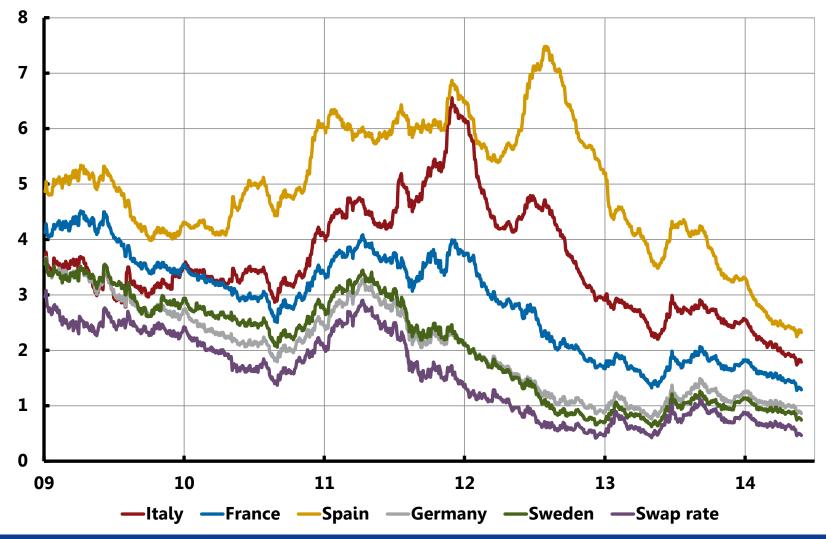


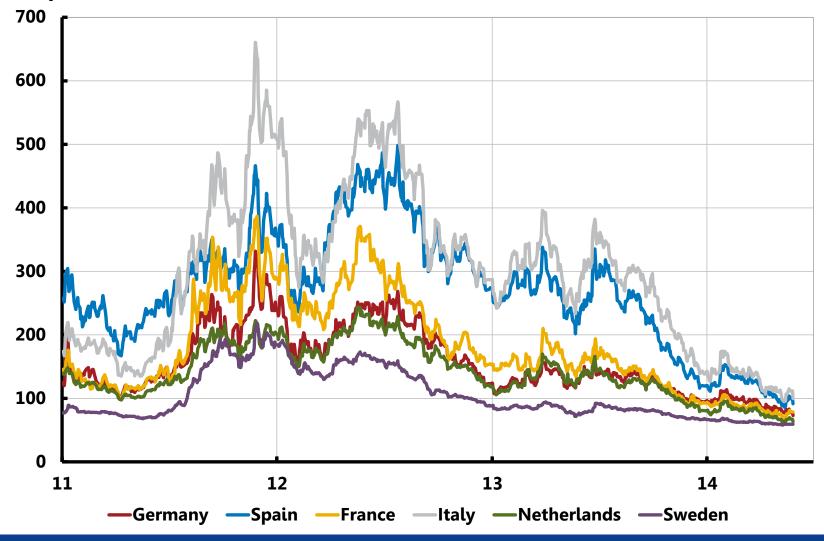
Chart 2:12

Sources: Barclays Research and Bloomberg



## **Five-year CDS premiums for banks**

**Basis points** 

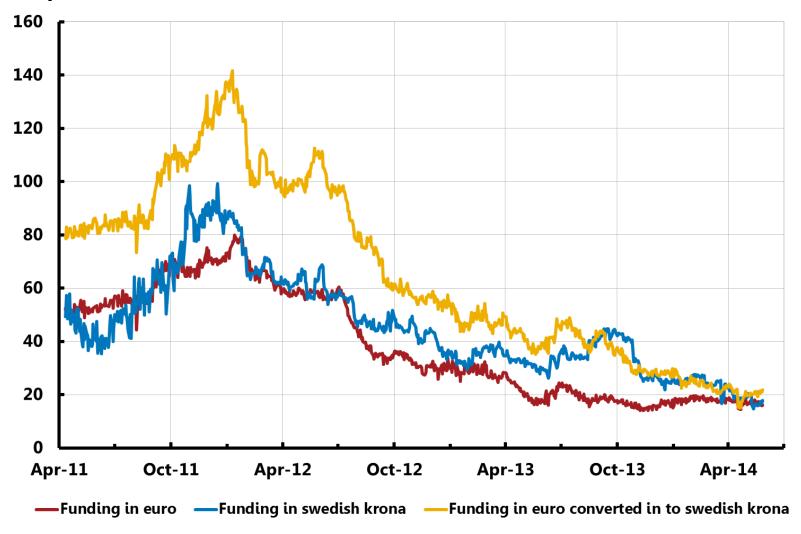


Sources: Bloomberg, Reuters EcoWin and the Riksbank

## Swedish banks' funding cost via covered bonds



**Basis points** 



Source: Bloomberg and the Riksbank

# The risk premium on the interbank market



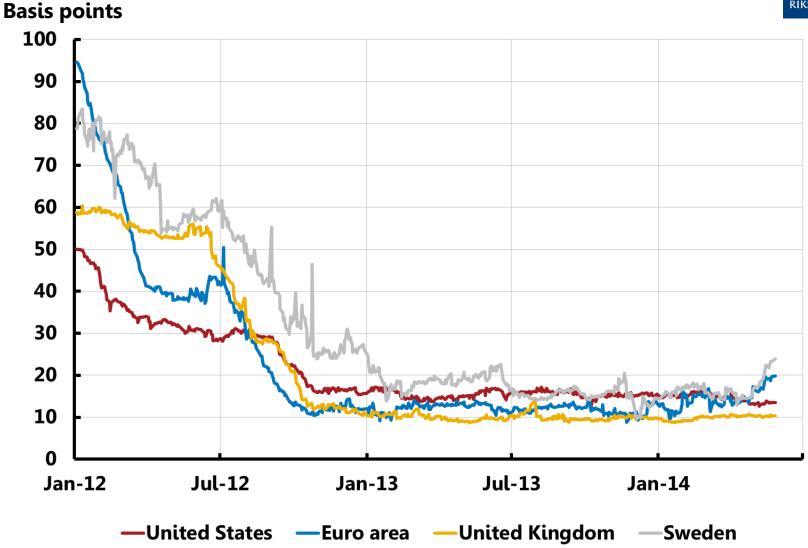


Chart 2:15

Sources: Bloomberg and the Riksbank

Stibor and the interest rate for unsecured loans from tomorrow until the day after tomorrow between the banks in the Stibor panel



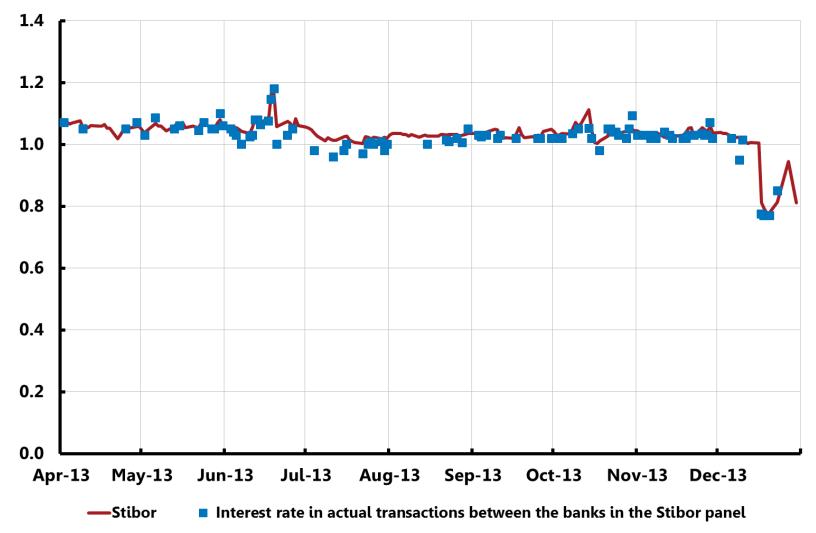
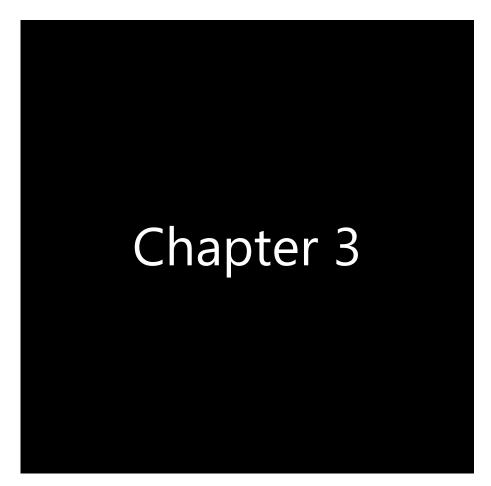


Chart B2:1

Source: The Riksbank



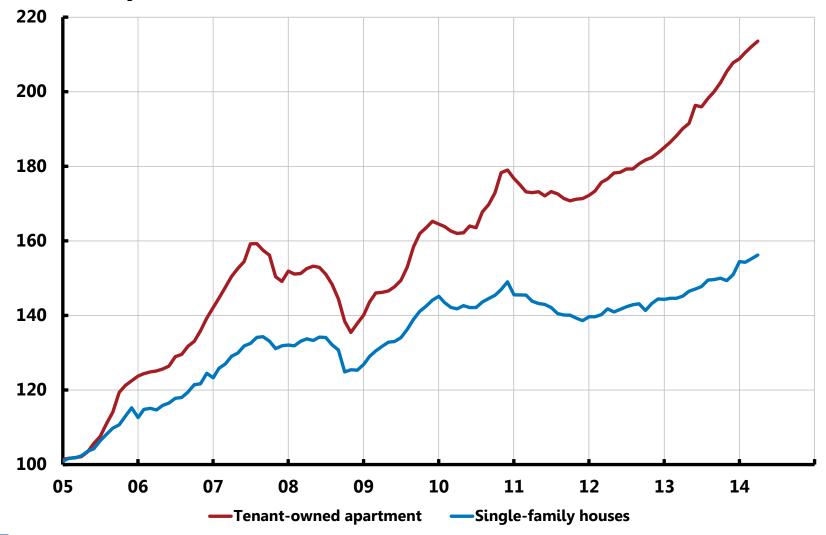


2014-06-04

## Housing prices in Sweden



Index, January 2005=100

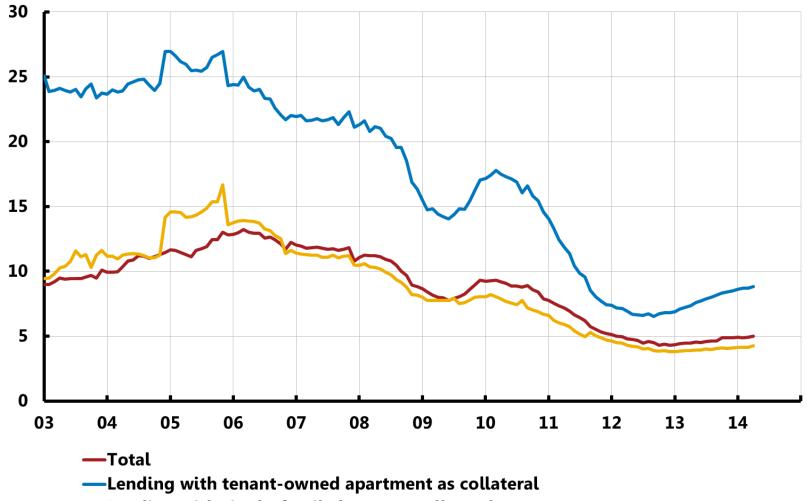


Sources: Valueguard and the Riksbank



## The Swedish households' debts

#### Annual percentage change

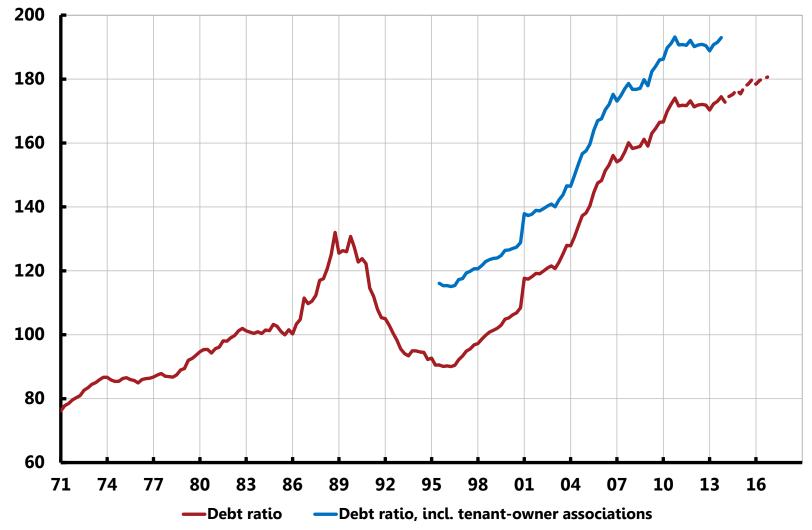


—Lending with single-family house as collateral



## The Swedish households' debt ratio

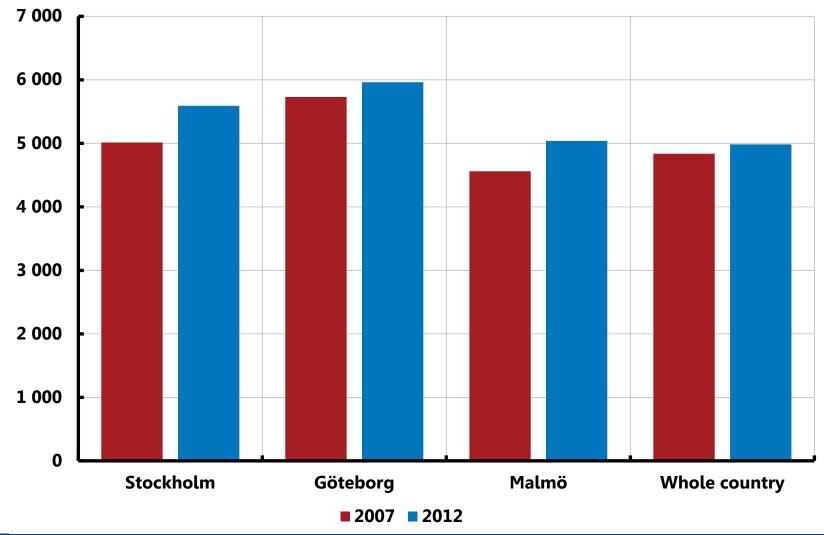
Per cent, total debt in relation to disposable income



## Average debt of Swedish tenant-owner associations in different municipalities



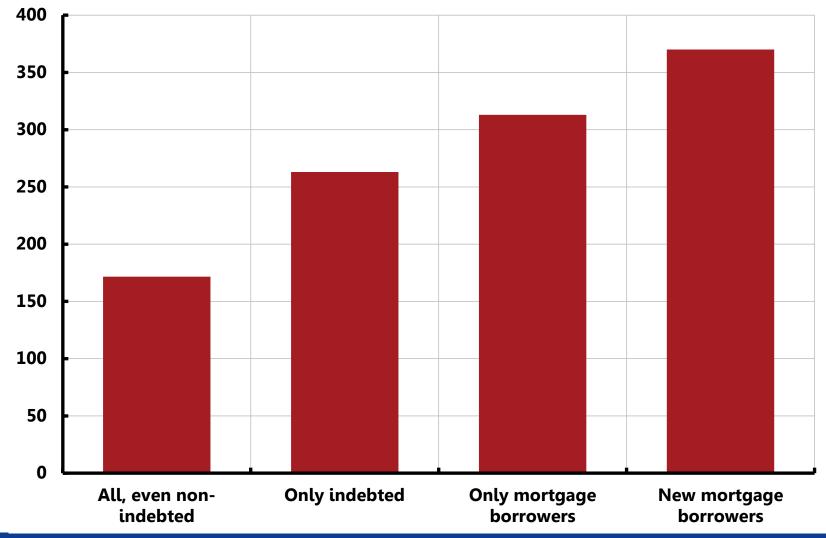
SEK per square meter of living space





## Debt ratios for different groups, 2013

#### Per cent, debt in relation to disposable income



Sources: Statistics Sweden, Finansinspektionen and the Riksbank

## Household debt ratios in different income groups, only mortgage borrowers

Per cent, debt in relation to disposable income

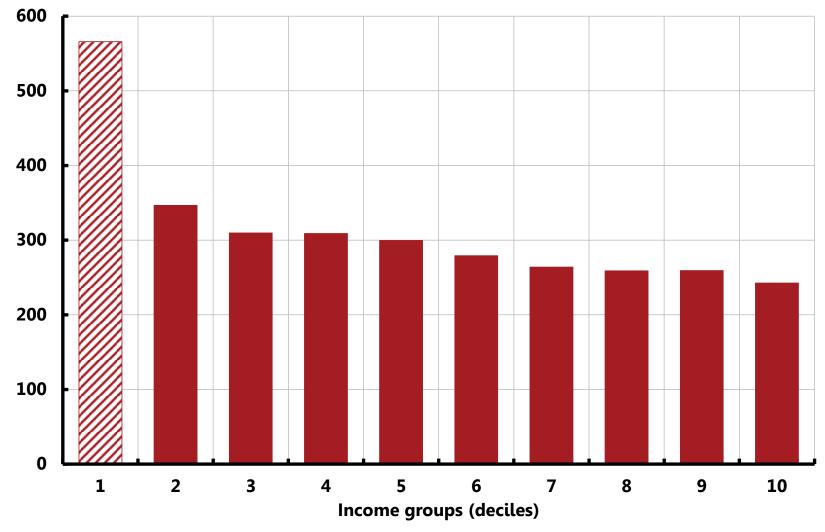
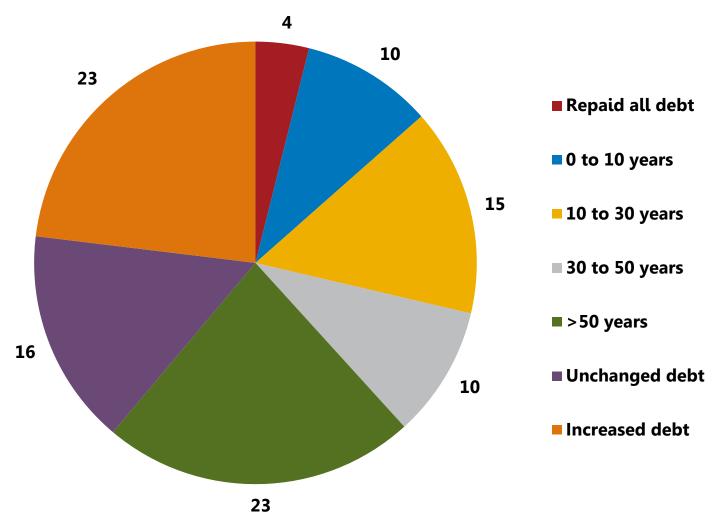


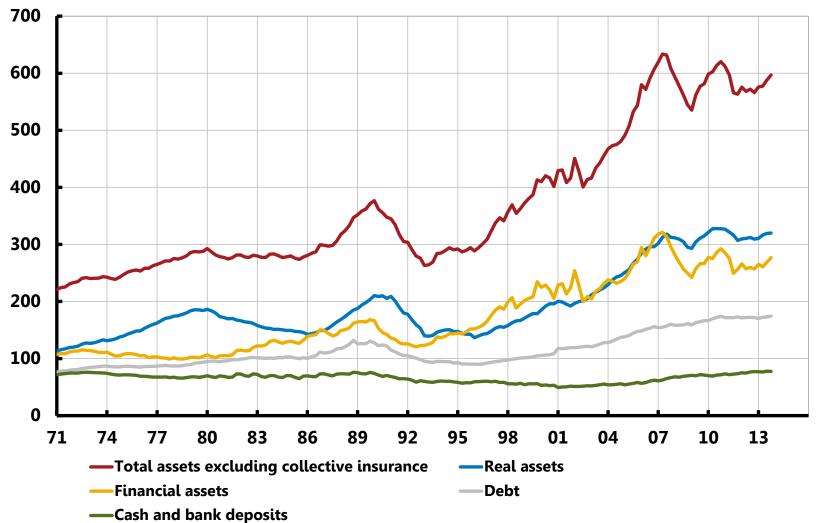
Chart 3:6

Proportion of mortgage borrowers that has increased, decreased or kept their debts unchanged between 2012 and 2013, and calculated repayment rate Percentages



# The Swedish households' assets and debts

#### Per cent of disposable income

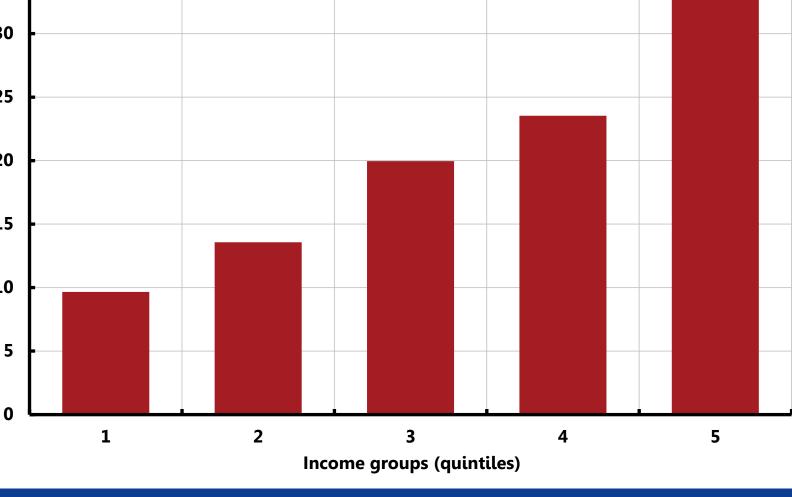




### The share of debt held by indebted households in different income groups, 2013 Per cent



35 30 25 20 15 10

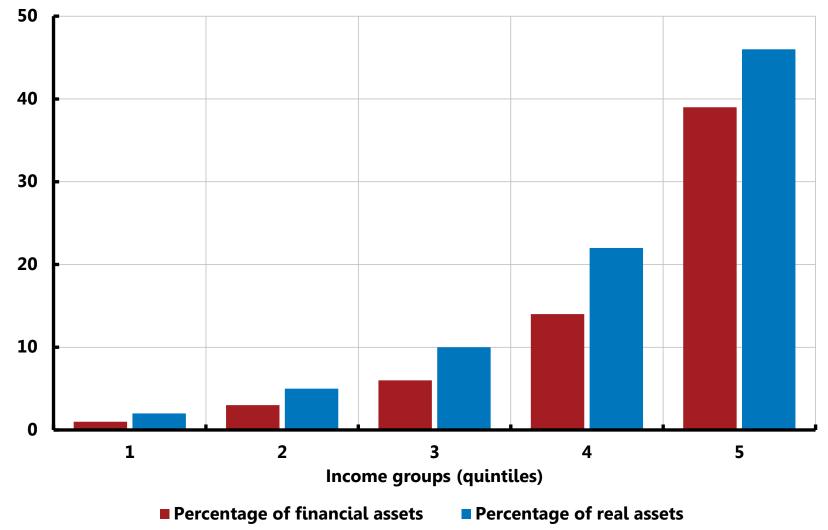


Source: The Riksbank

### The share of financial assets and real assets held by indebted households in different income groups, 2007



Per cent



Sources: Statistics Sweden and the Riksbank

# The Swedish households' interest expenditure



#### Per cent of disposable income

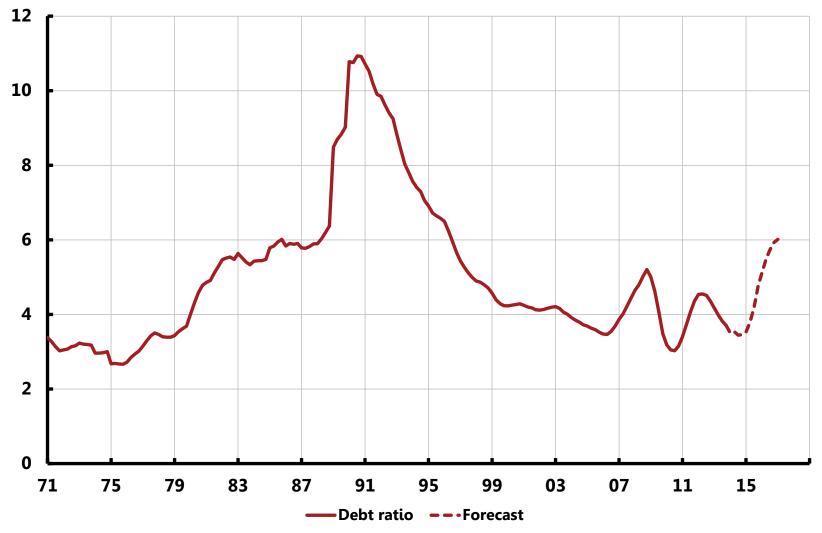


Chart: 3:11

Sources: Statistics Sweden and the Riksbank

# The Swedish households' expectations of housing prices



Net figures

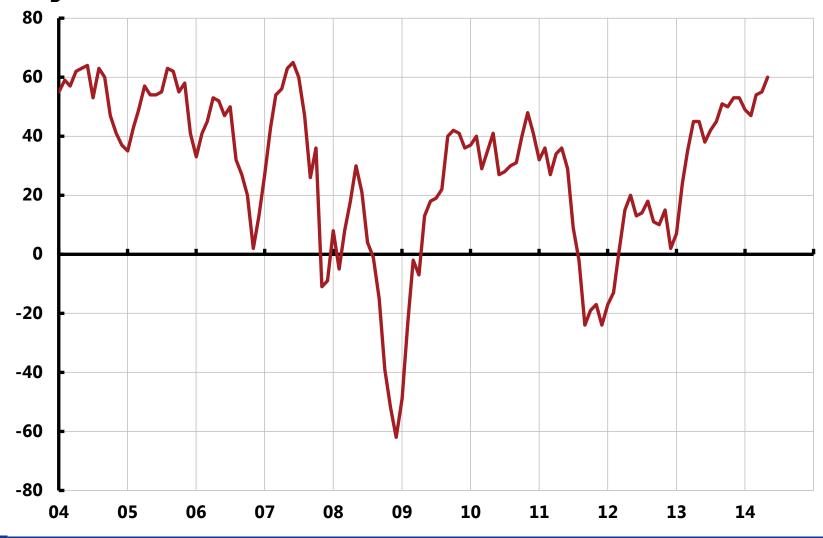


Chart 3:12

### Swedish corporate debt

### Annual percentage change



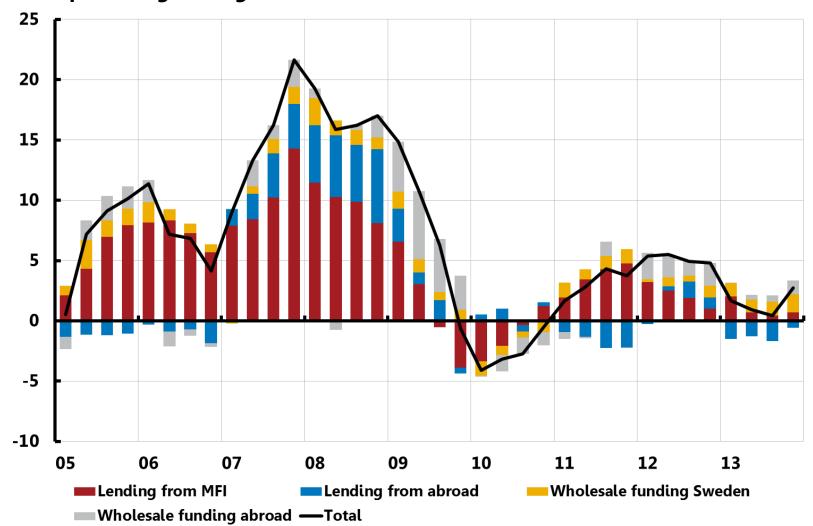
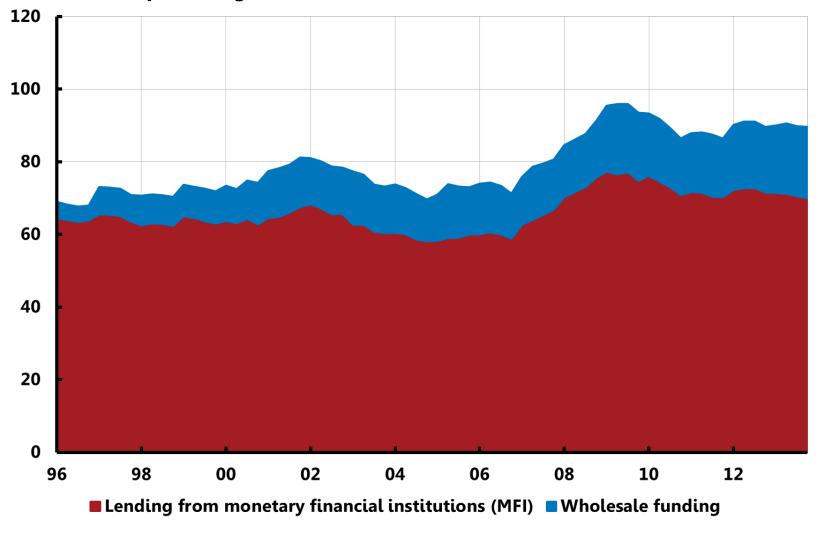


Chart 3:13

Sources: Statistics Sweden and the Riksbank

### Swedish corporate debt

Total debt as a percentage of GDP





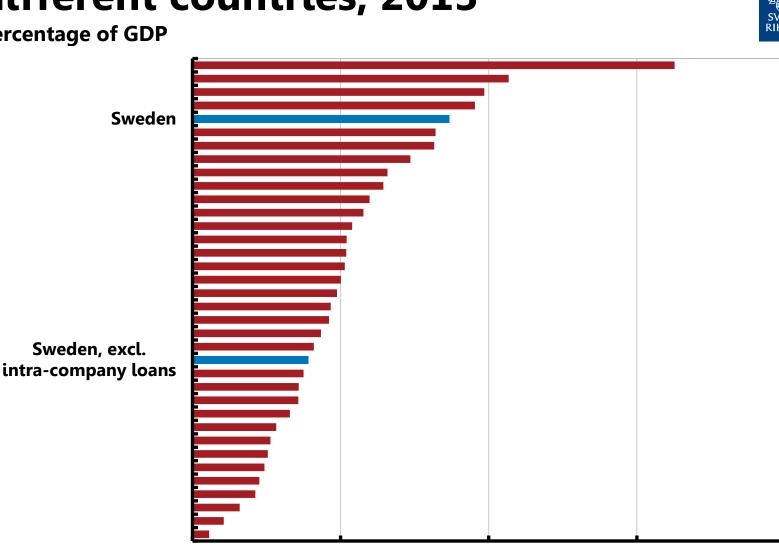
Sources: Statistics Sweden and the Riksbank

## Non-financial companies' debt in different countries, 2013

100

0

Percentage of GDP



Sources: Bank for International Settlements, Statistics Sweden and the Riksbank

300

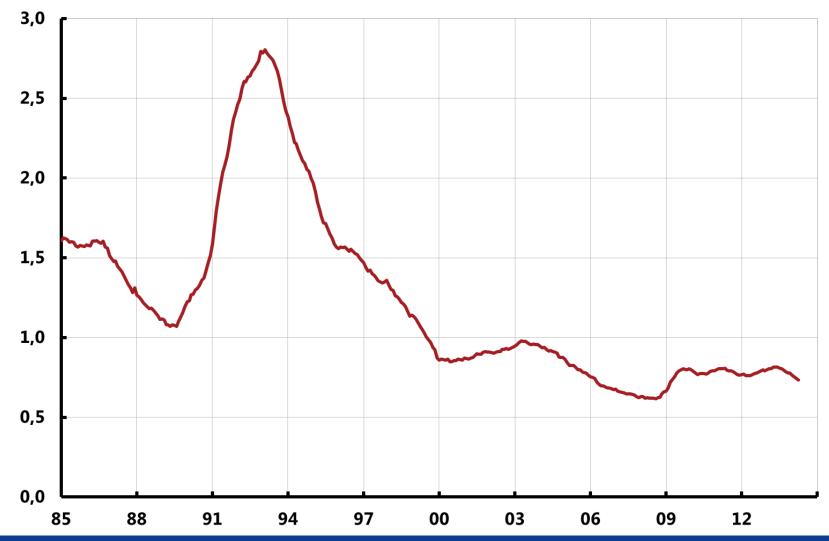
400

200



## **Default rate for Swedish companies**

Per cent



Sources: Swedish Companies Registration Office, Statistics Sweden and The Riksbank

### **Expected default frequencies for Swedish companies**



Median

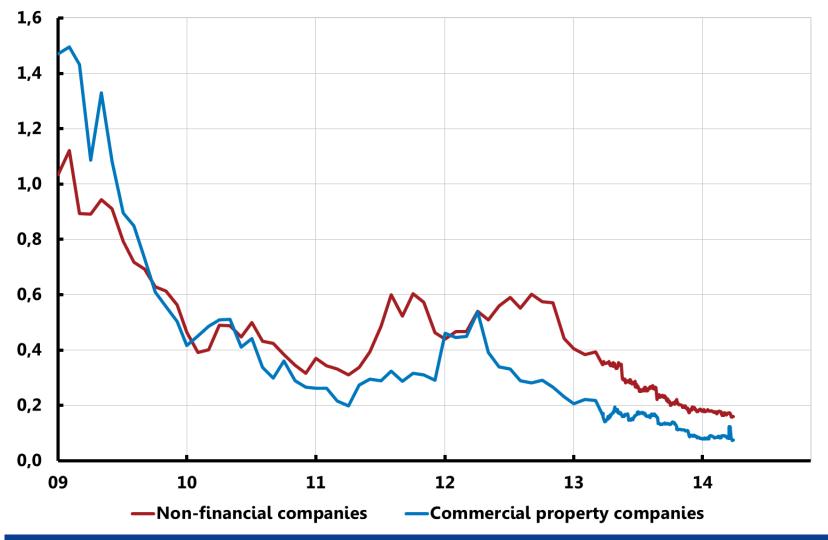
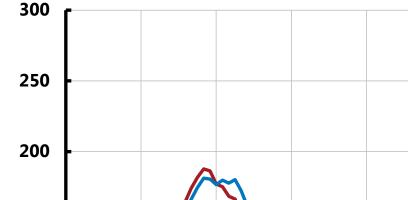


Chart 3:17

Source: Moody's KMV



### **Commercial property prices in Sweden** Index, 1984=100



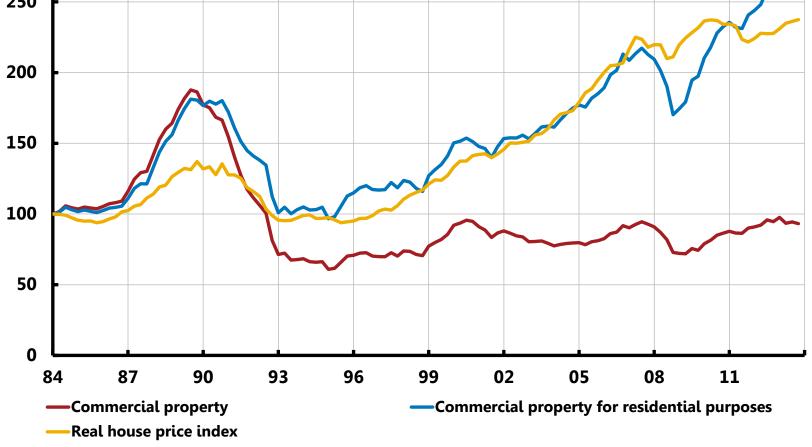


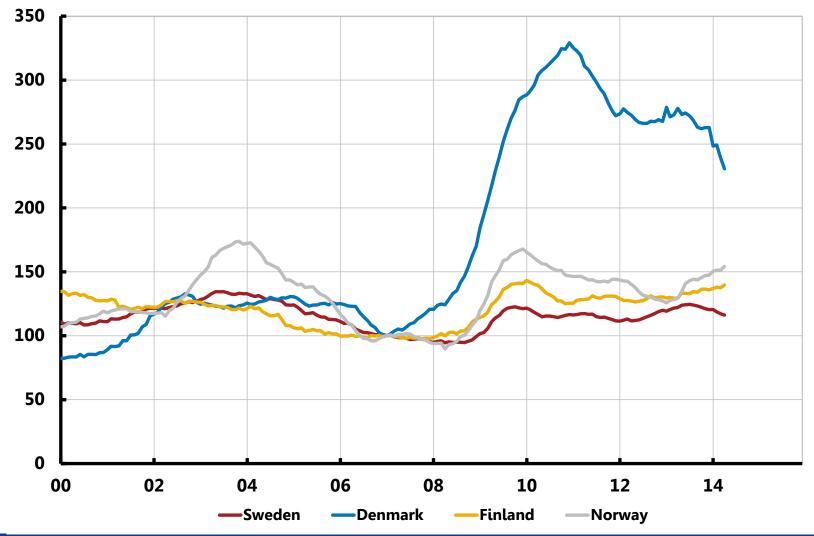
Chart 3:18

Sources: IPD and the Riksbank



## Number of corporate bankruptcies

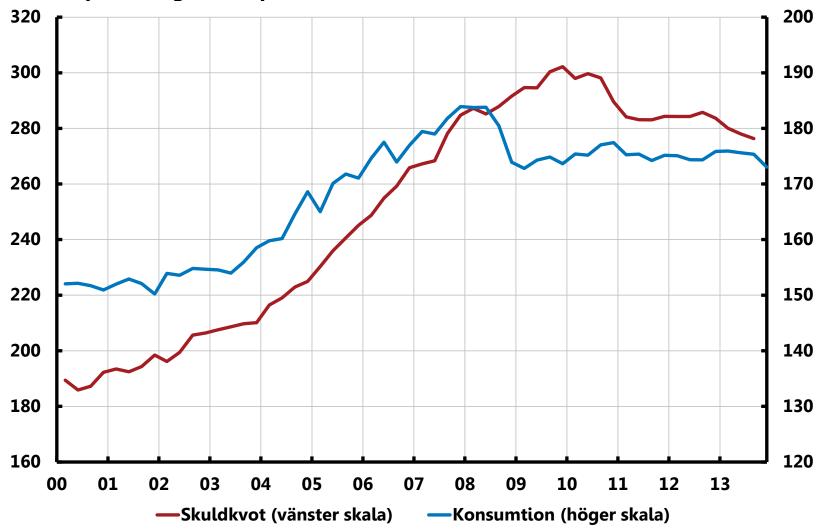
Twelve-month moving average, index, 2007=100



Sources: Reuters EcoWin and the Riksbank

## Households' debt ratio and consumption in Denmark

Debt as a percentage of disposable income and DKK billion



SVERIGES RIKSBANK

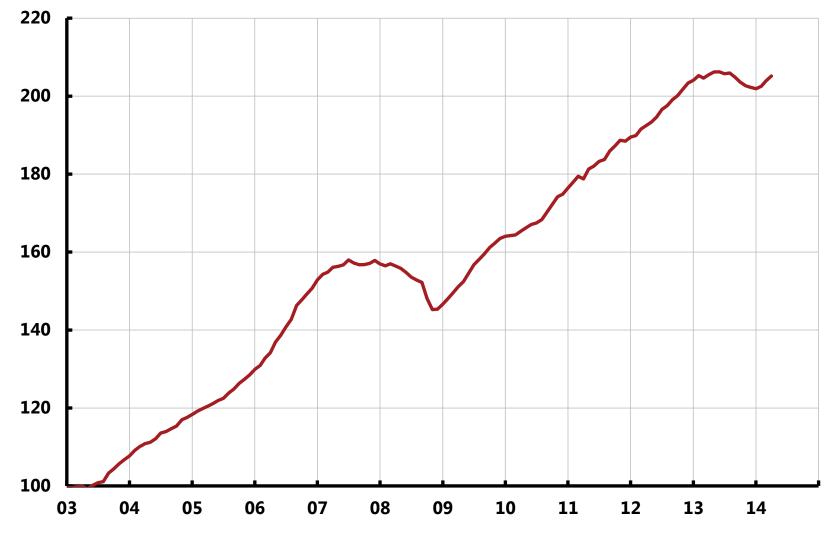
Source: Macrobond

Chart 3:20

## **Housing prices in Norway**



Index, 2003=100

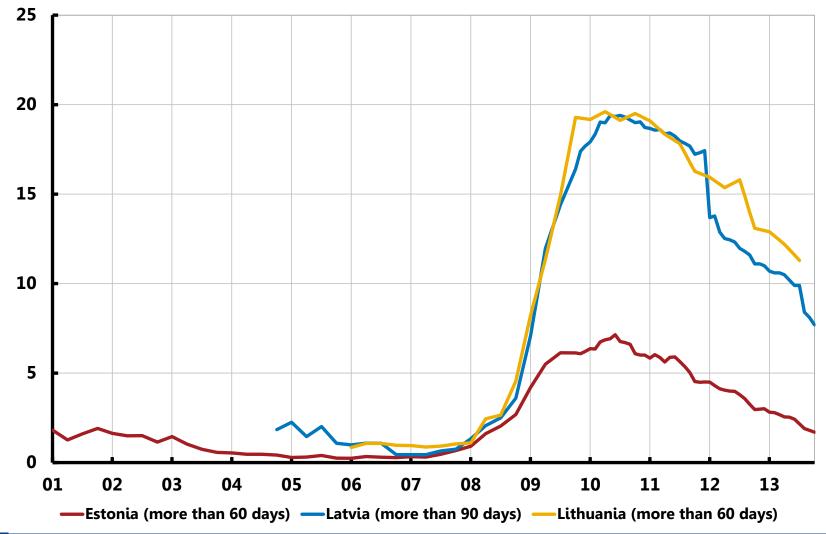


Sources: Norwegian Association of Real Estate Agents and the Riksbank



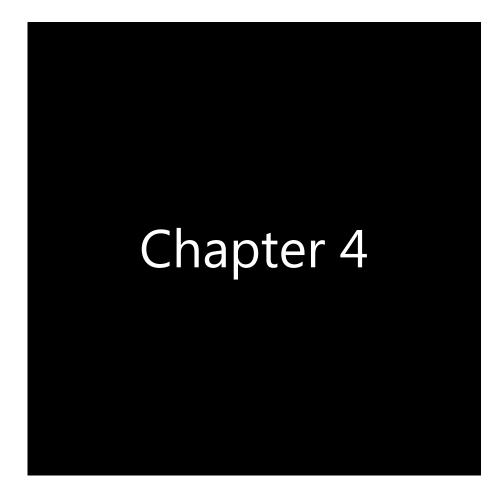
### Late payments

#### Per cent of outstanding loans



Sources: Eesti Pank, Financial and Capital Market Comission and Lietuvos Bankas

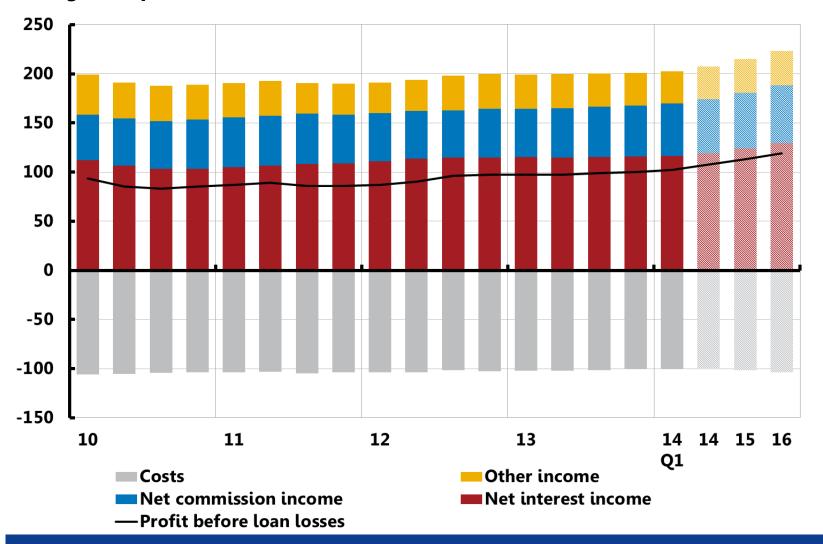




2014-06-04

## The major Swedish banks' income and costs

**Rolling four quarters, SEK billion** 



SVERIGES RIKSBANK

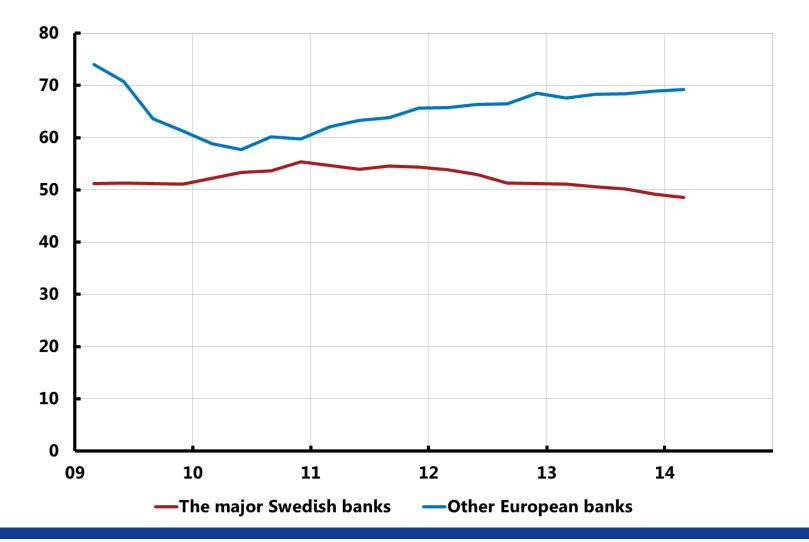
Sources: Bank reports and the Riksbank

Chart 4:1

### **Costs in relation to income**

#### Rolling four quarters, per cent



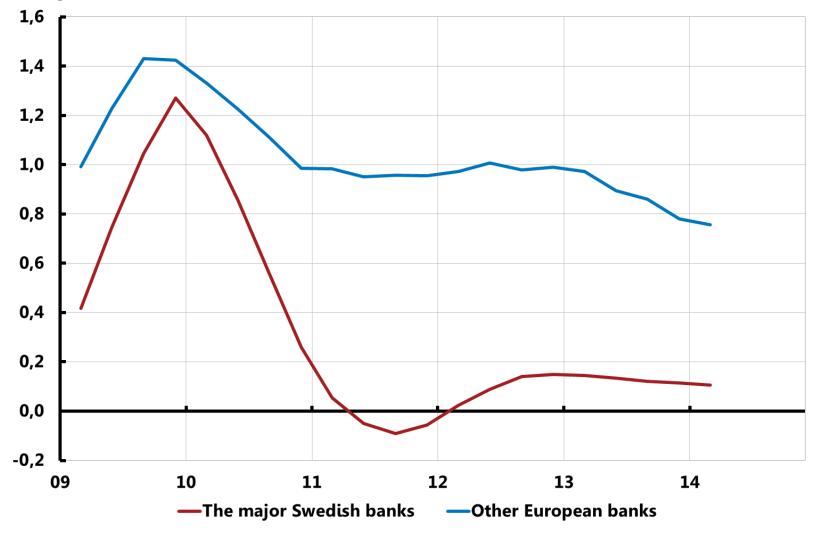


Sources: SNL Financial and the Riksbank

## Loan losses in relation to lending to the public



Rolling four quarters, per cent

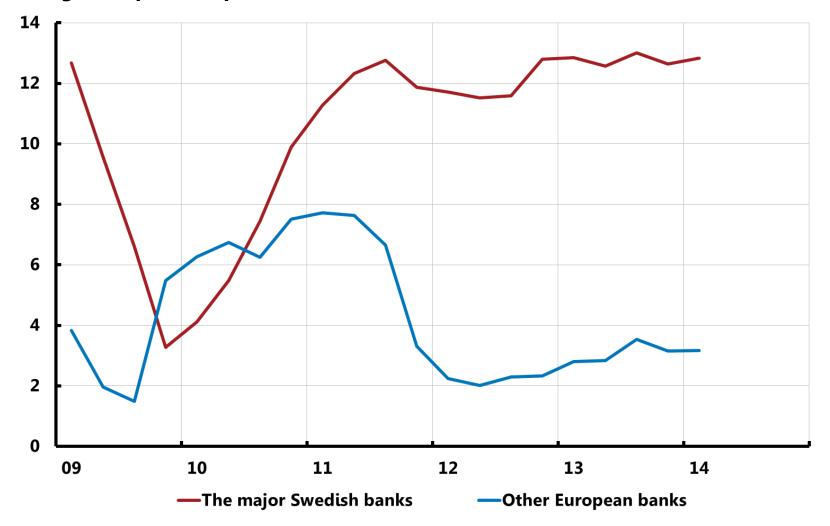


Sources: SNL Financial and the Riksbank

### **Return on equity**



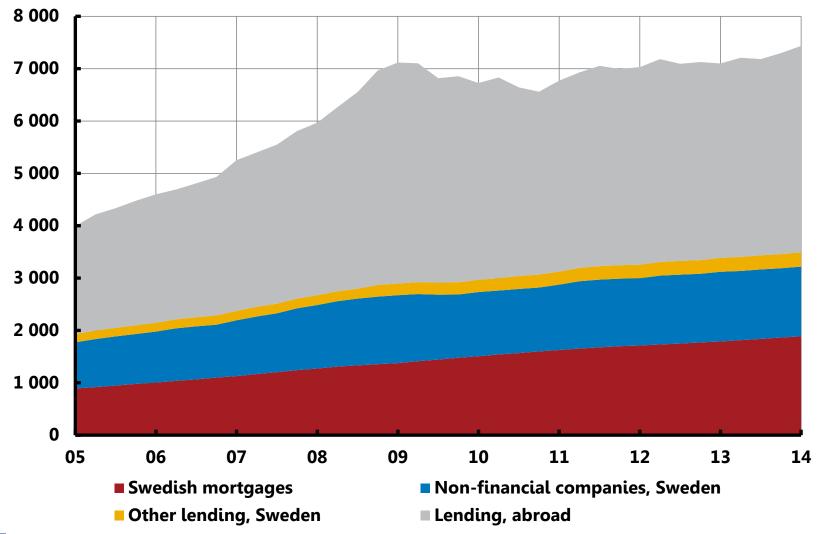
Rolling four quarters, per cent



### Lending to the public of the major Swedish banks



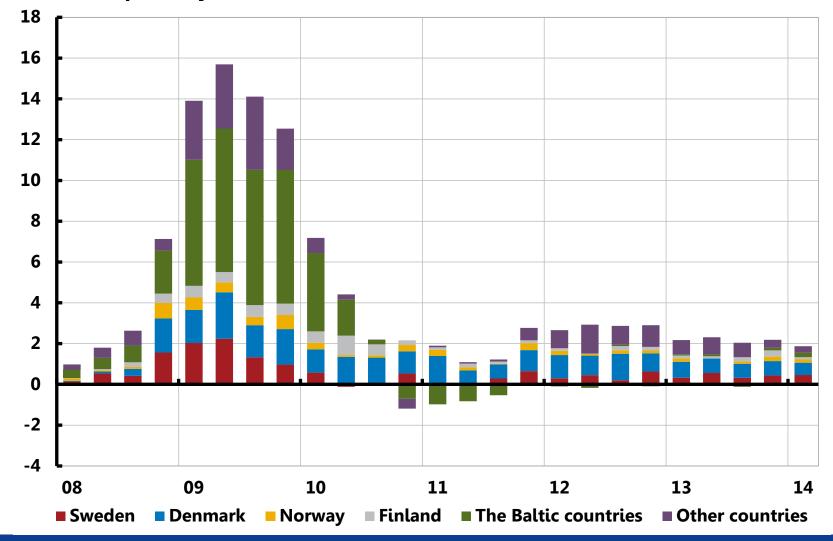
**SEK billion** 





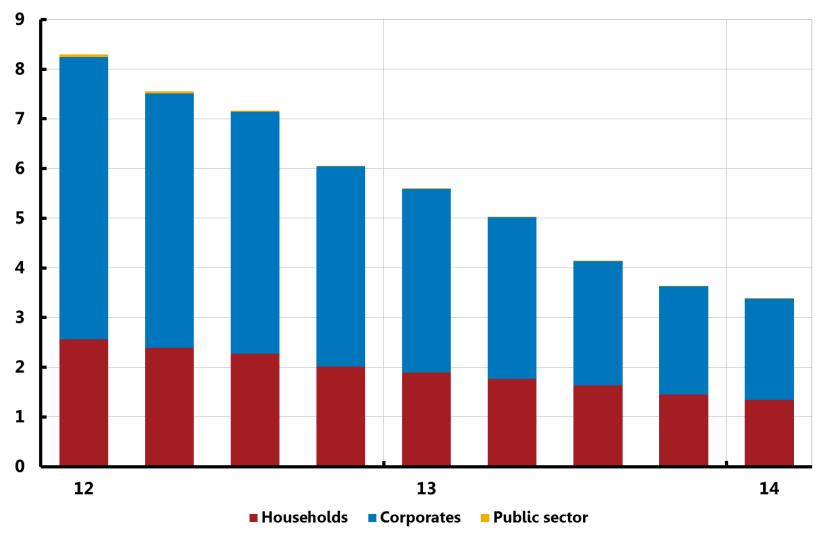
### The major Swedish banks' loan losses

SEK billion, quarterly



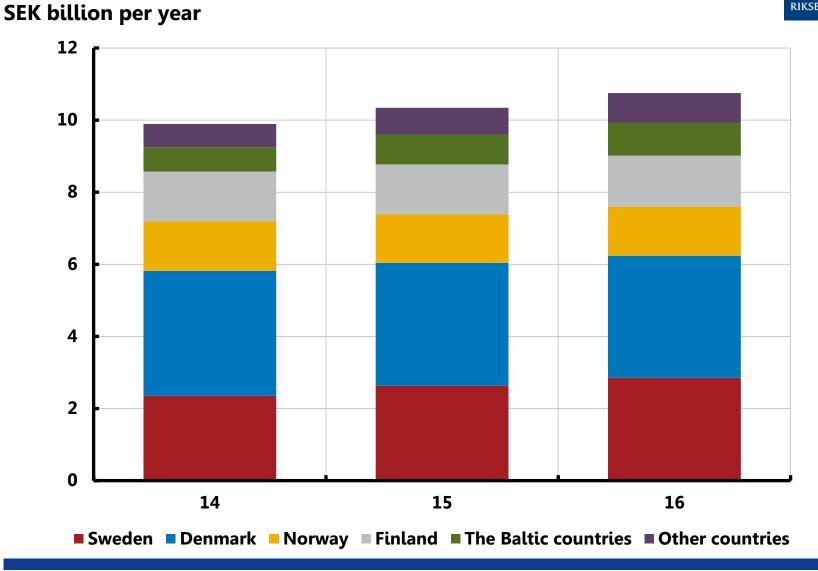
Sources: Bank reports and the Riksbank

### The major Swedish banks impaired loans as a percentage of total lending, the Baltic countries Per cent



Sources: Bank reports and the Riksbank

### Forecast of the major Swedish banks loan losses according to the Riksbank's main scenario

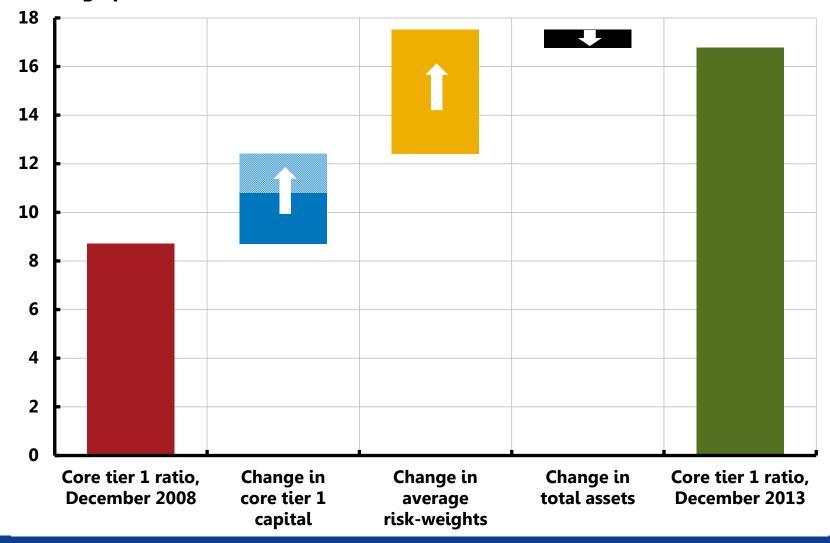


Source: The Riksbank

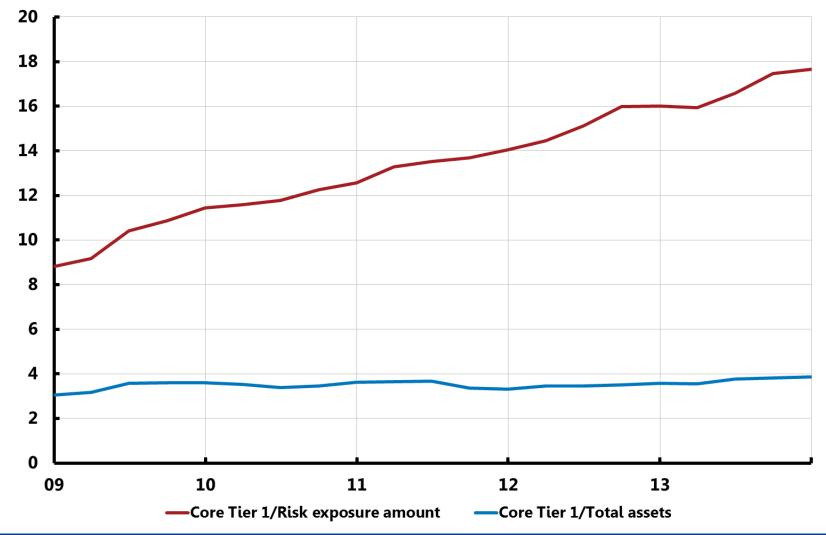
### Development of the major Swedish banks' core Tier 1 capital ratios, Basel II



**Percentage points** 



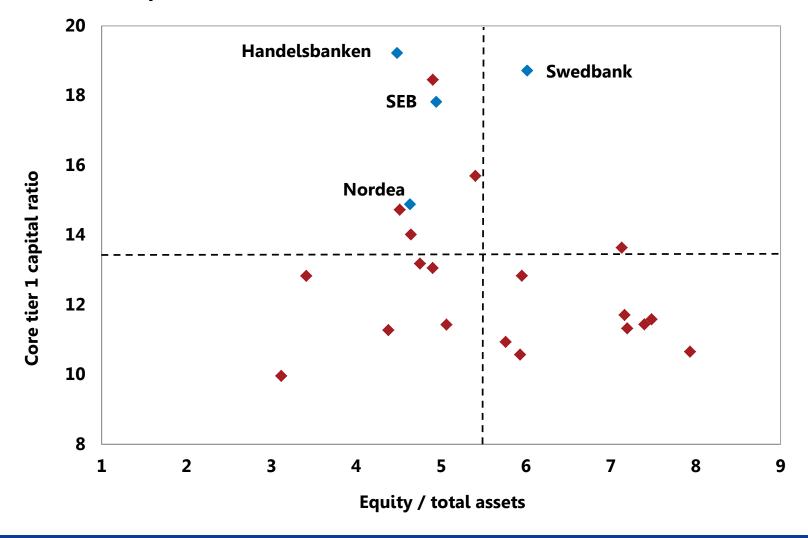
#### The major Swedish bank's core Tier 1 capital ratios and core Tier 1 capital in relation to total assets Per cent



Sources: SNL Financial and the Riksbank

### Swedish and European banks' core tier 1 capital ratios and equity in relation to total assets

December 2013, per cent

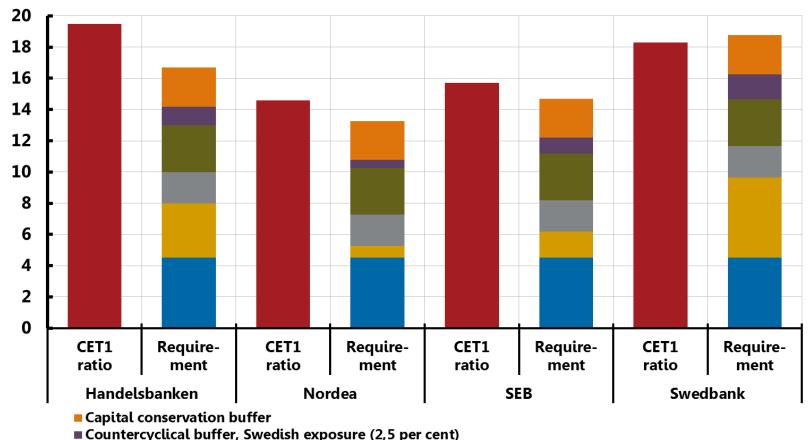


Sources: SNL Financial and the Riksbank

NY NY

## The major Swedish banks' CET 1 capital ratios and requirements

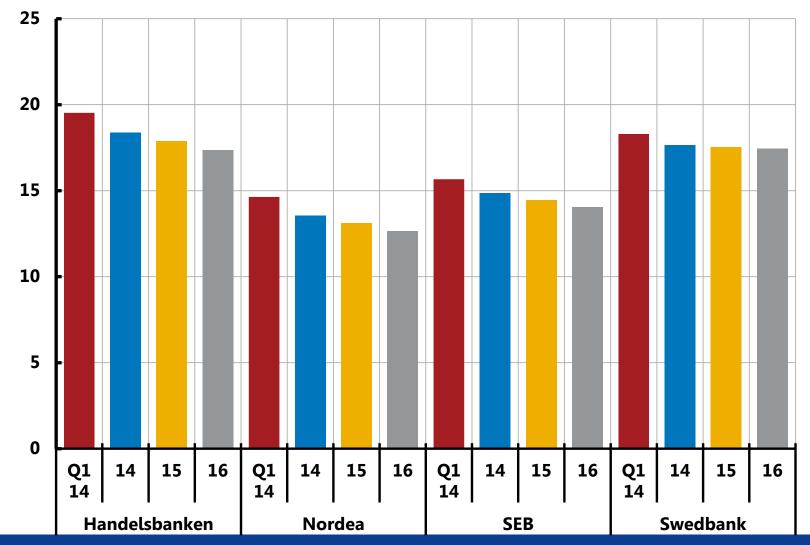
March 2014, per cent



- Systemicc risk buffer
- Systemic risk (Pillar 2)
- 25 per cent risk weight floor on Swedish mortgages (Pillar 2)
- Minimum requirement
- CET1 ratio

## CET 1 capital ratios according to Basel III, initially and in the stress test

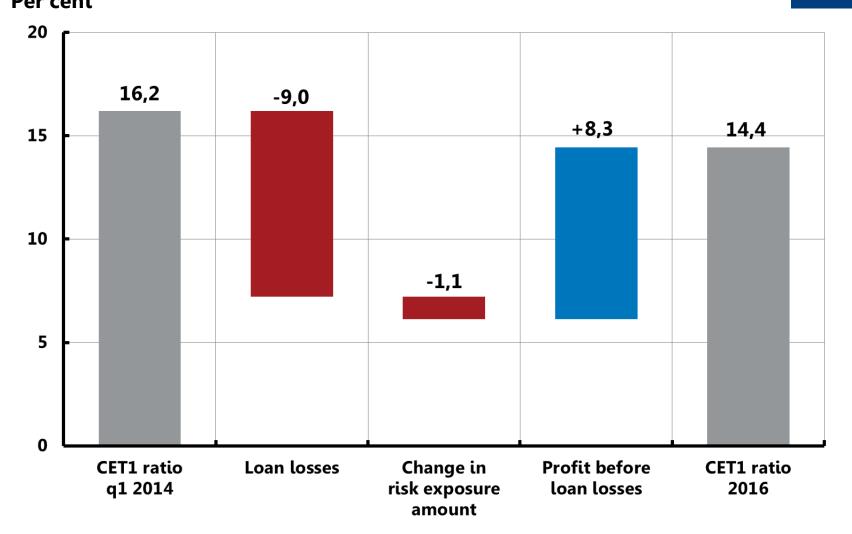
Per cent



Sources: Bank reports and the Riksbank

RA RA

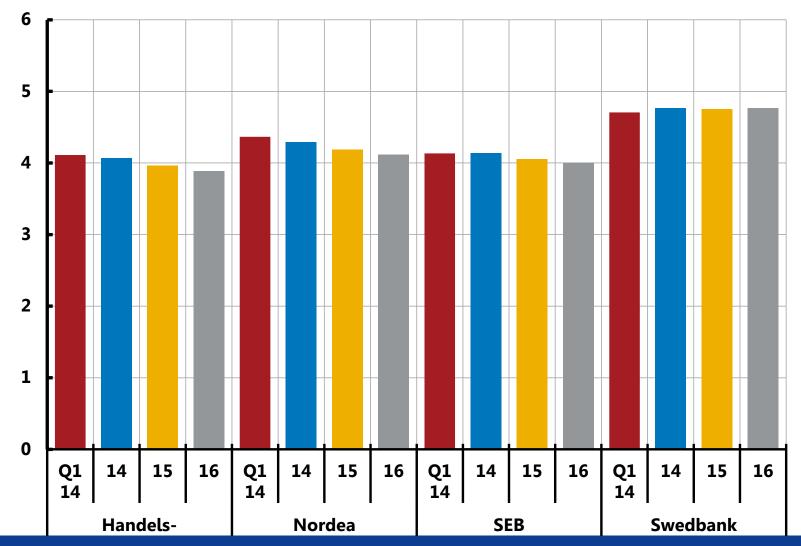
#### The major Swedish banks' CET 1 capital ratios in the stress test and changes in them over time Per cent



## Leverage ratios, initially and in the stress test



Per cent

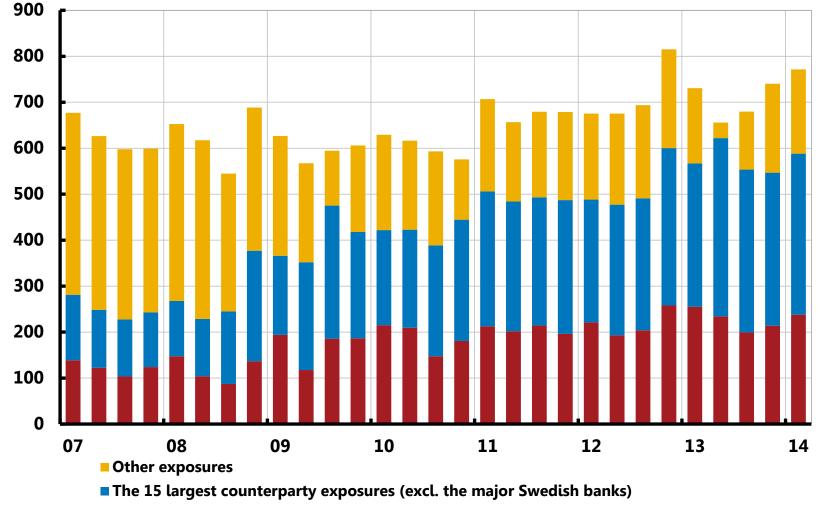


Sources: SNL Financial and the Riksbank

### The major Swedish banks' counterparty exposures through securities holdings

SVERIGES RIKSBANK



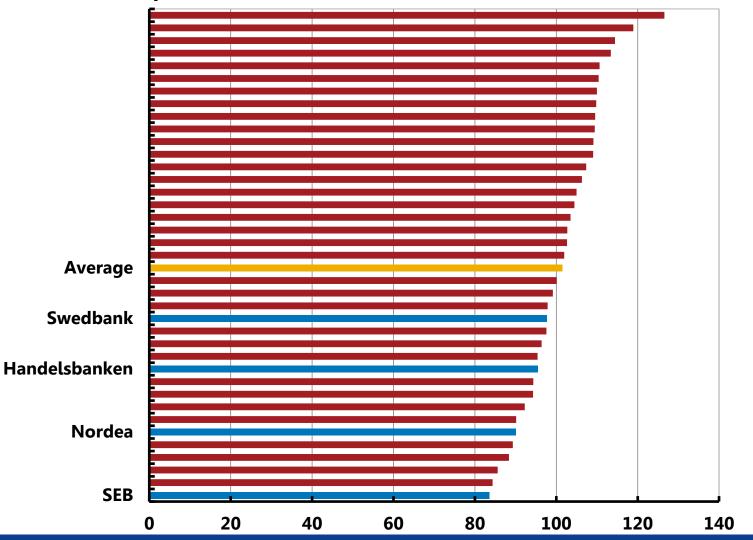


The major Swedish banks

### The Riksbank's structural liquidity

#### measure

December 2013, per cent



SVERIGES RIKSBANK

Sources: Liquidatum and the Riksbank

## Average maturity of issued Swedish covered bonds



Number of years



Source: Association of Swedish Covered Bond issuers

## Swedish money market funds' assets per legal domicile

SVERIGES RIKSBANK



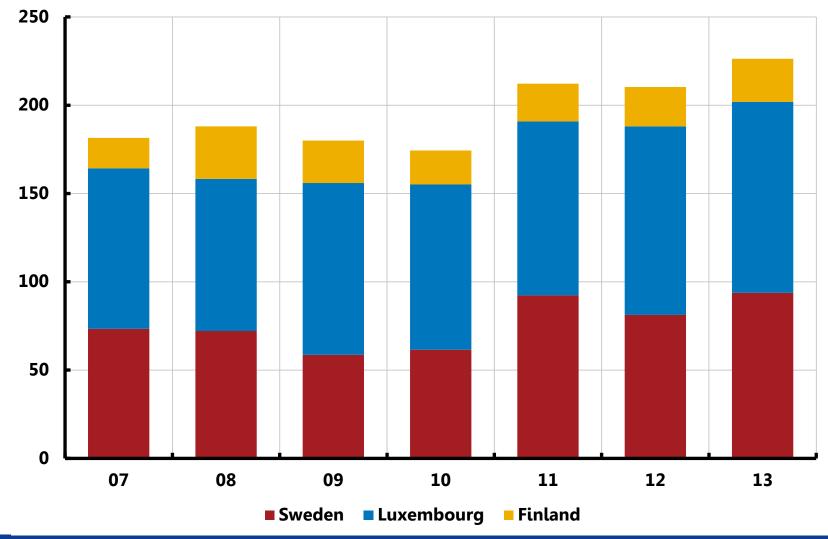


Chart B4:1

Source: Morningstar

#### **Outstanding Swedish debt instruments** per remaining maturity and type of issuer March 2014, SEK billion



1600 1400 1200 1000 800 600 400 200

#### < 1 year maturity



Banks, incl. covered bonds

Certificates

Non-financial corporations Government, regional, municipalities

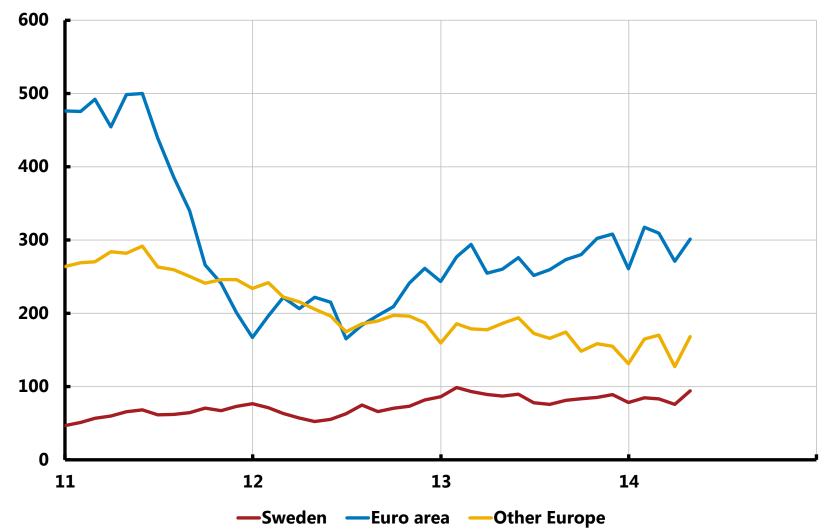
Chart B4:2

0

Source: Statistics Sweden

### US money market funds' investments in different countries' banking sectors



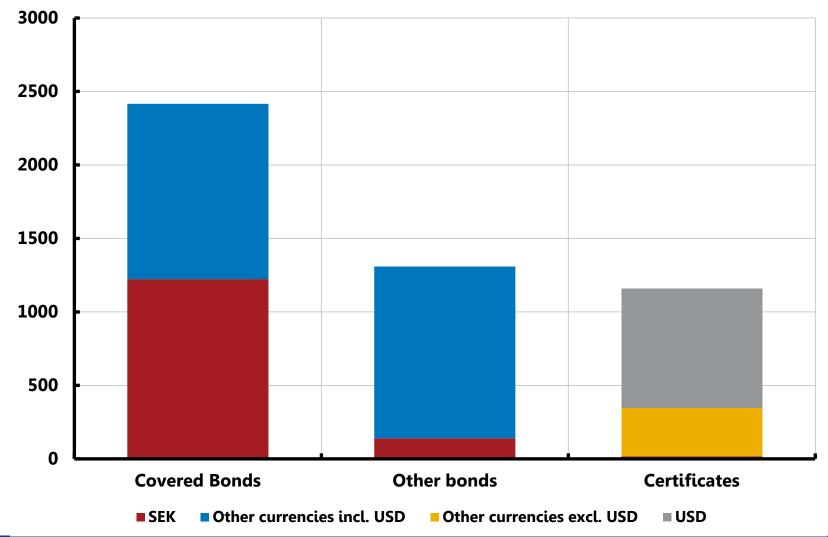


Sources: ICI and the Riksbank

## The major Swedish bank's market funding

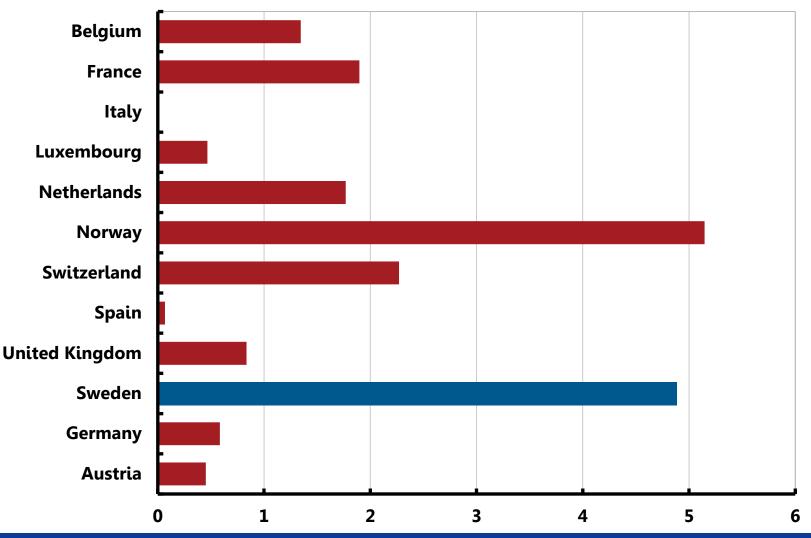


March 2014, SEK Billion



# US money market funds' investments in the country's banks in relation to the size of the banking sector

April 2014, per cent



SVERIGES RIKSBANK

Chart B4:5

Sources: SNL Financial, ECB, ICI and the Riksbank