



Financial stability report 2015:2

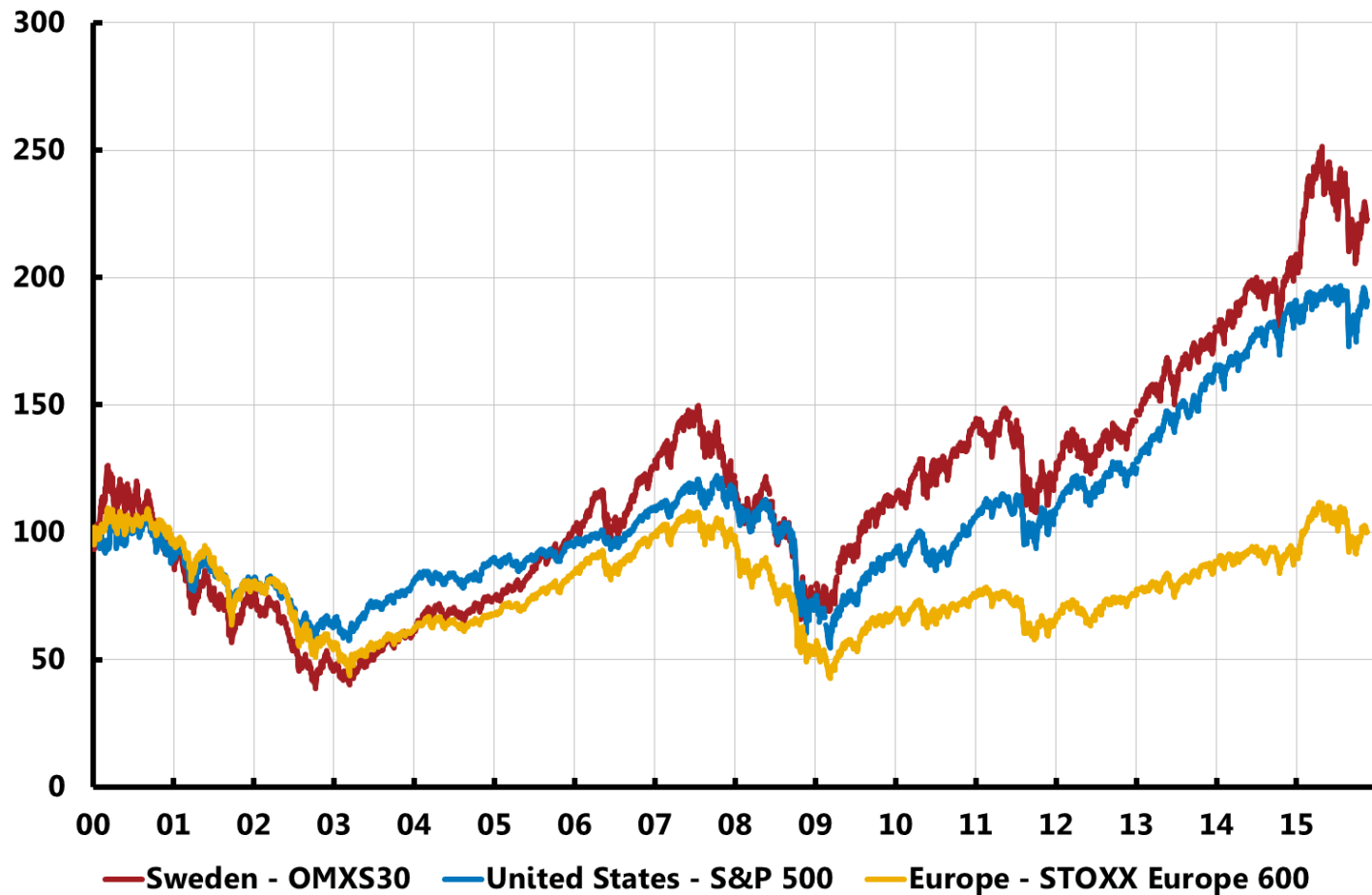
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Chapter 1

Assessment of current
situation

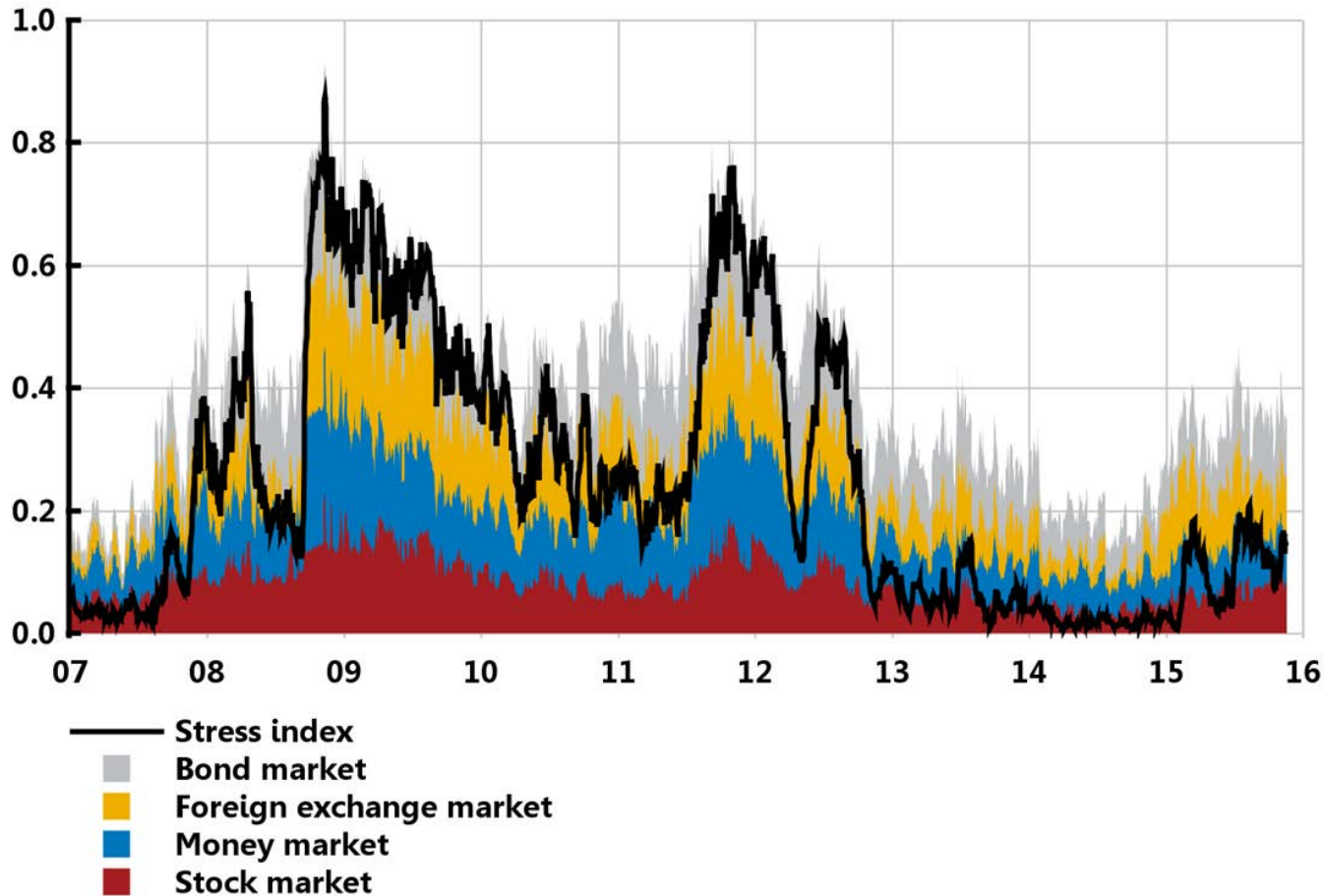
1:1. Stock markets

Index, 1 January 2000 = 100



1:2. Swedish stress index

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

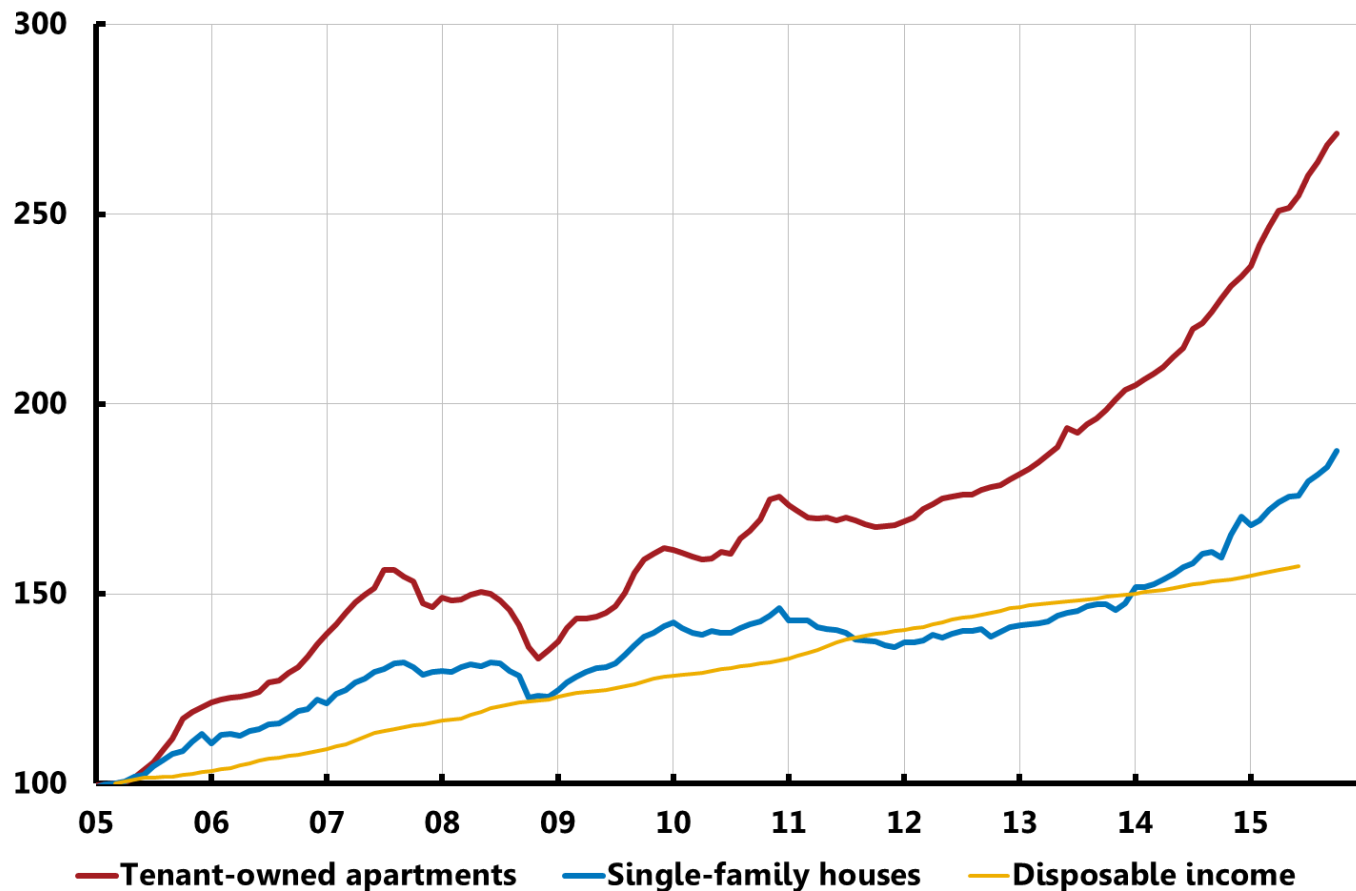


Note. The Swedish stress index has been produced by the Riksbank using a method similar to that used by the ECB for the European stress index. See Johansson, T. and Bonthron, F. (2013), Further development of the index for financial stress in Sweden, Economic Review 2013:1. Sveriges Riksbank.

Sources: Bloomberg and the Riksbank

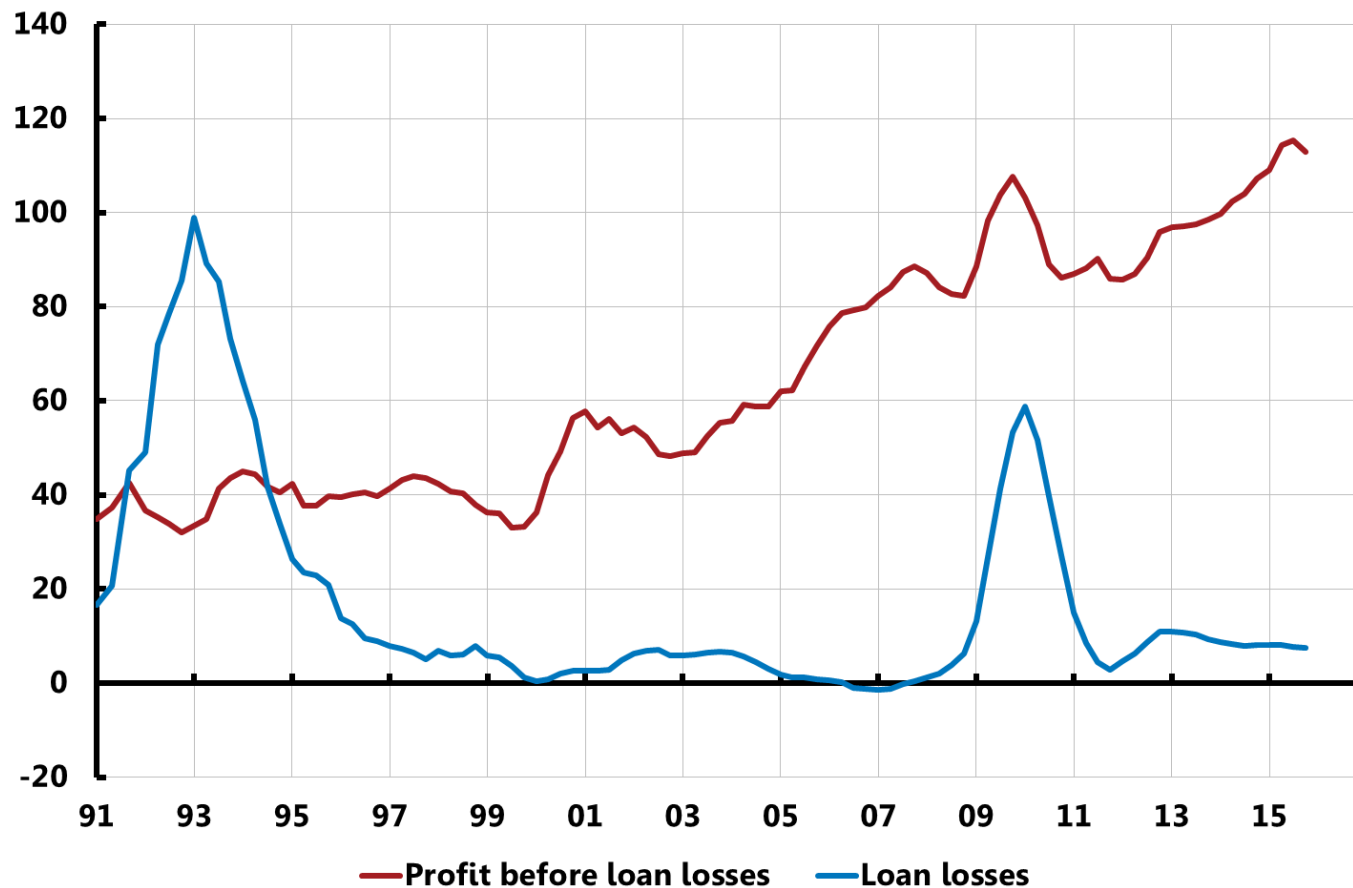
1:3. Housing prices and households' disposable income in Sweden

Index, March 2005=100



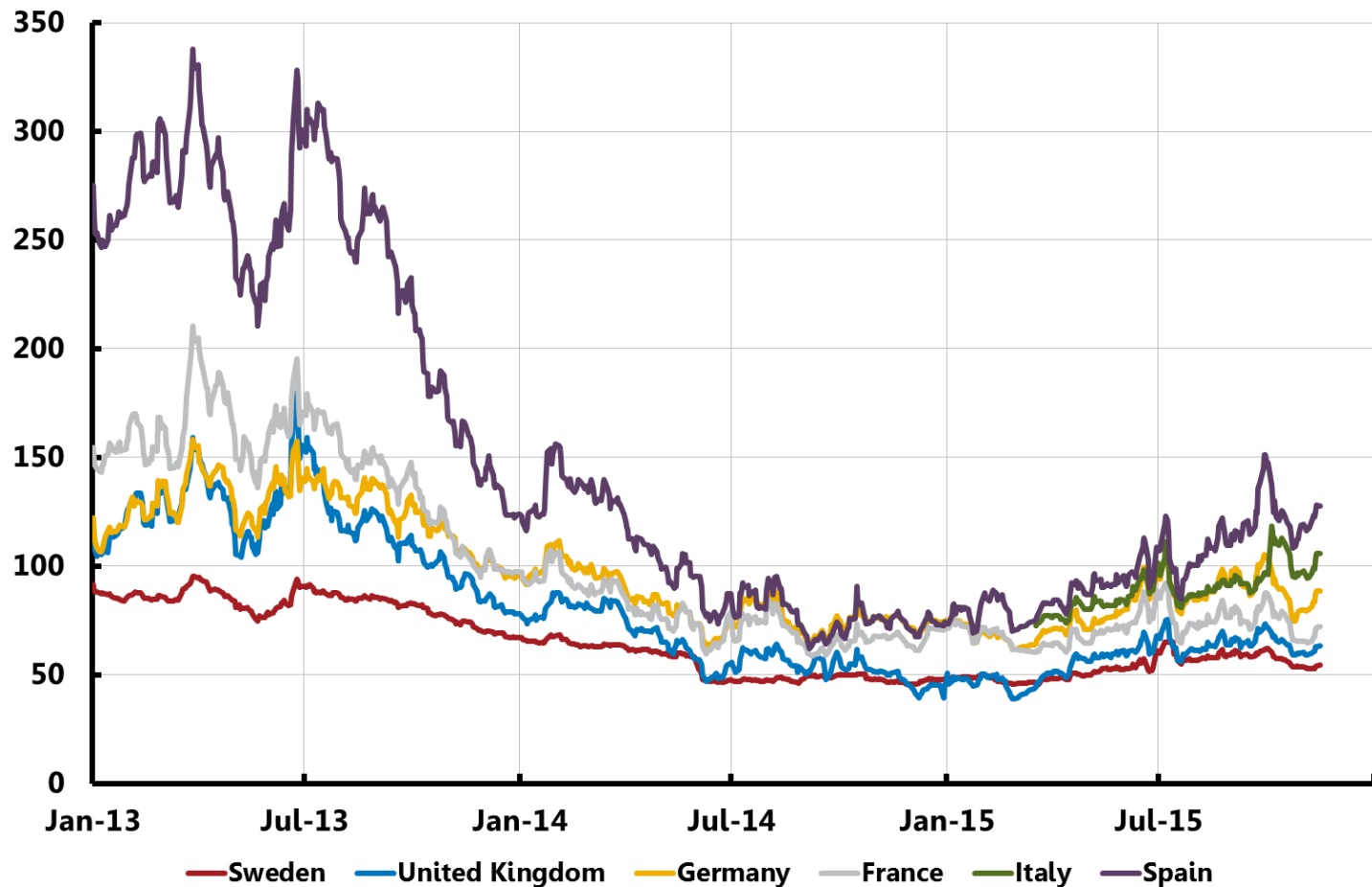
1:4. Profits before loan losses and loan losses in the major Swedish banks

Rolling four quarters, SEK billion, fixed prices, September 2015



1:5. Five year CDS premiums for banks

Basis points



Note. Average of comparable major banks domiciled in each country respectively. CDS premiums indicate the banks' costs for unsecured borrowing on the bond market.

Sources: Fitch and the Riksbank



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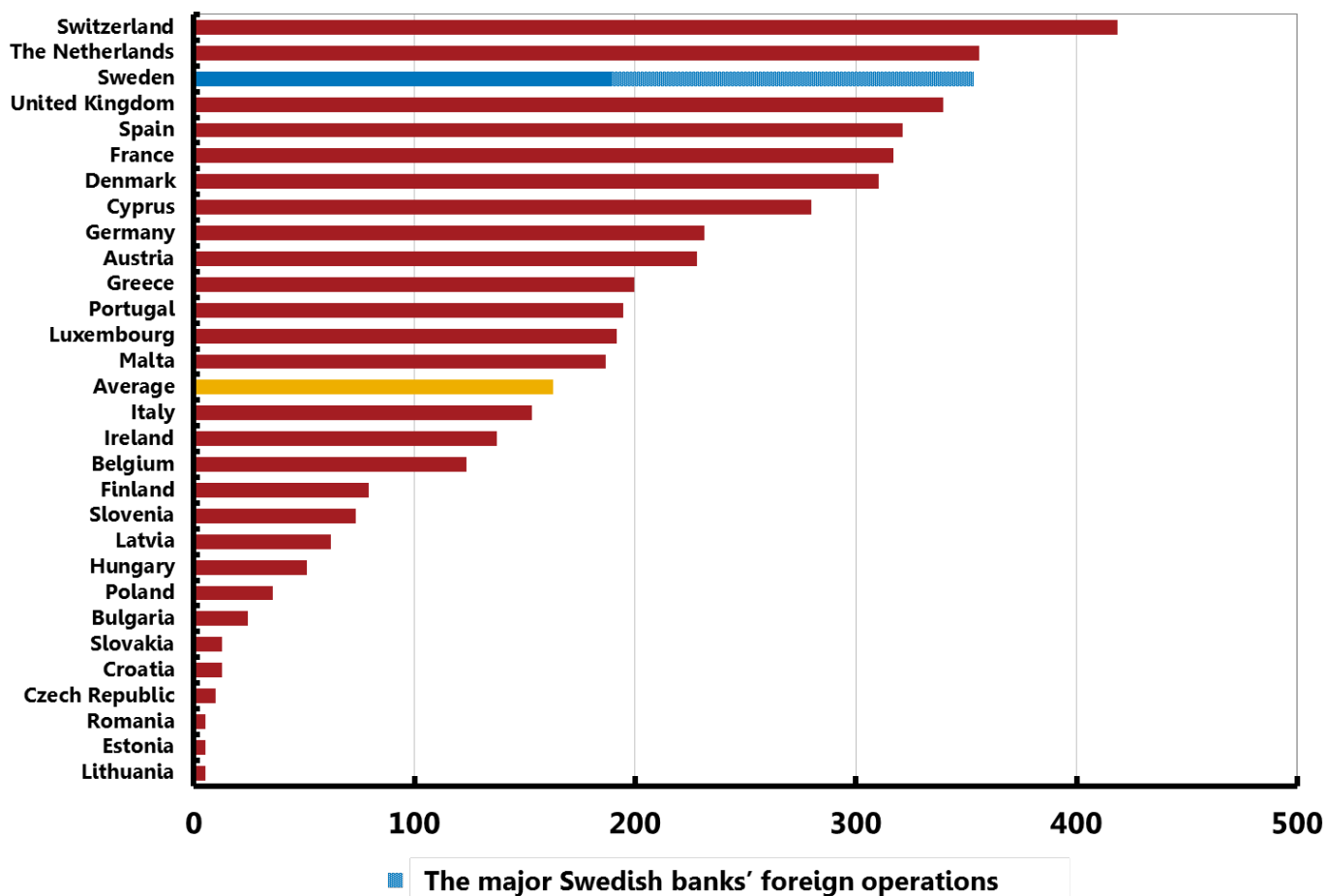
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Chapter 2

Vulnerabilities and risks in the
financial system

2:1. The banks' assets in relation to GDP

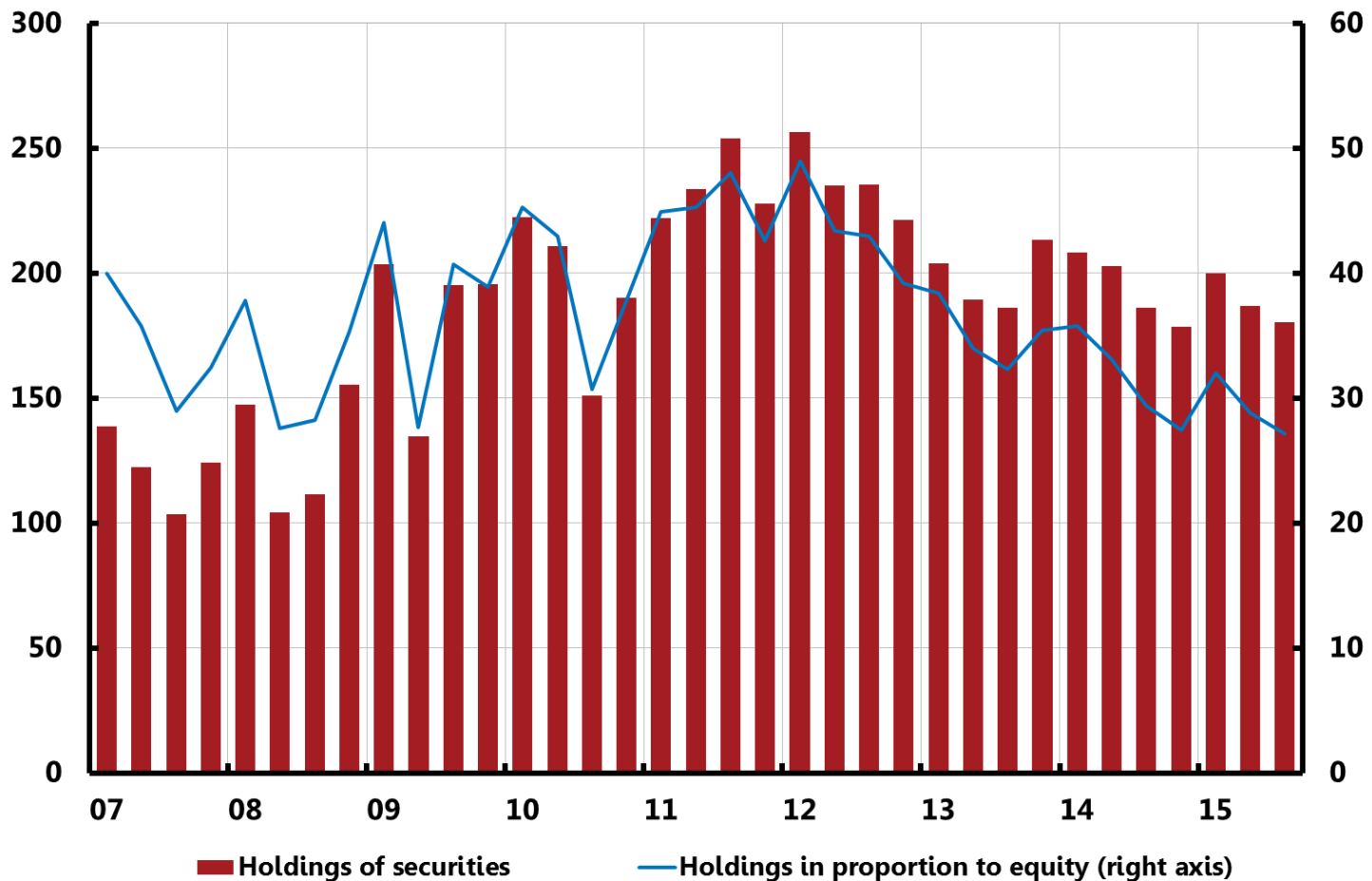
December 2014, per cent



Note. Banking assets includes all of the assets of the national banking groups, that is both foreign and domestic assets. The banks' insurance operations are, however, excluded. The shadowed part of the blue bar shows the four major banks' assets in foreign subsidiaries and branches in relation to Sweden's GDP.

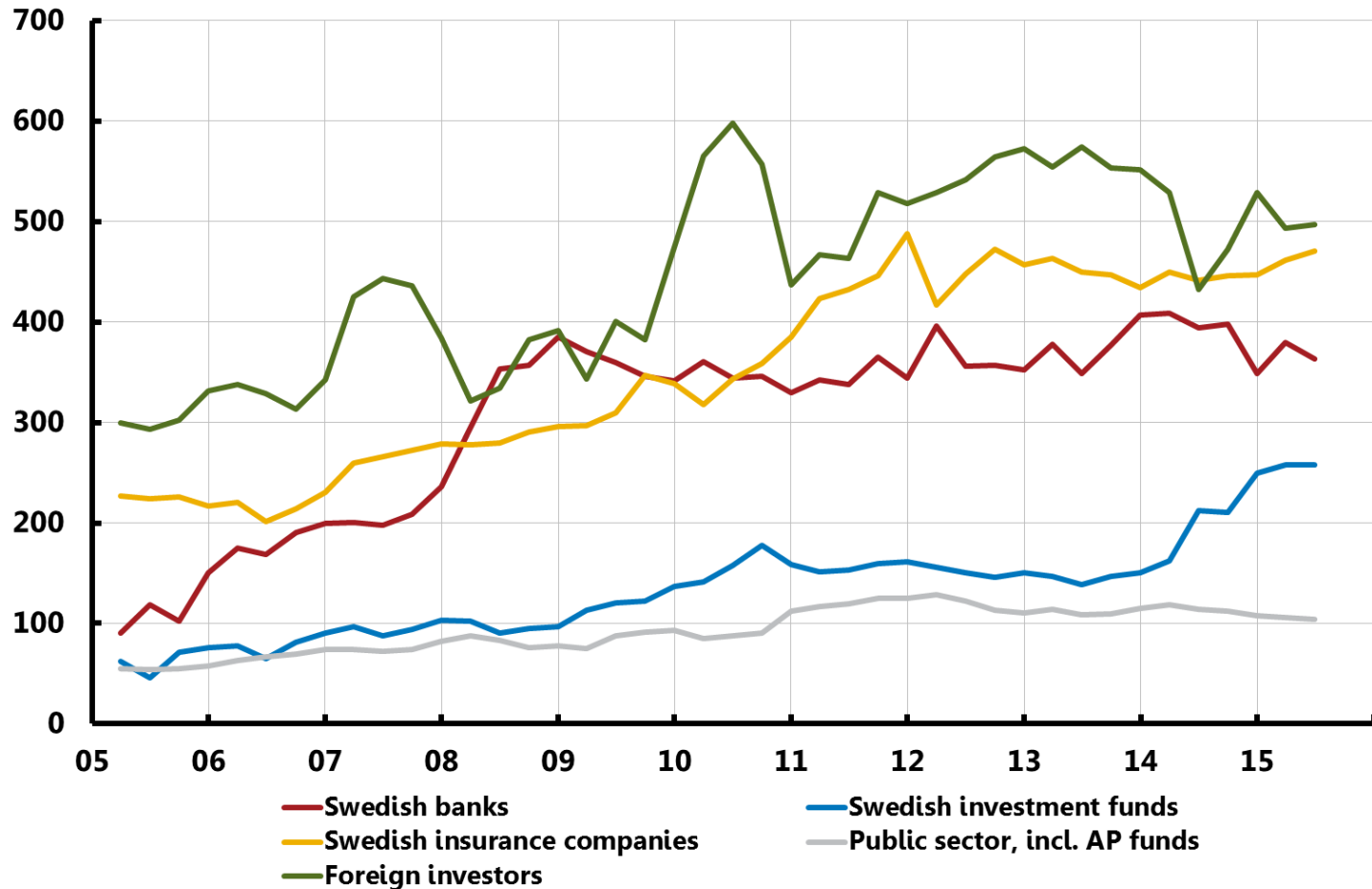
2:2. The major Swedish banks' holding of each other's securities

SEK billion and per cent



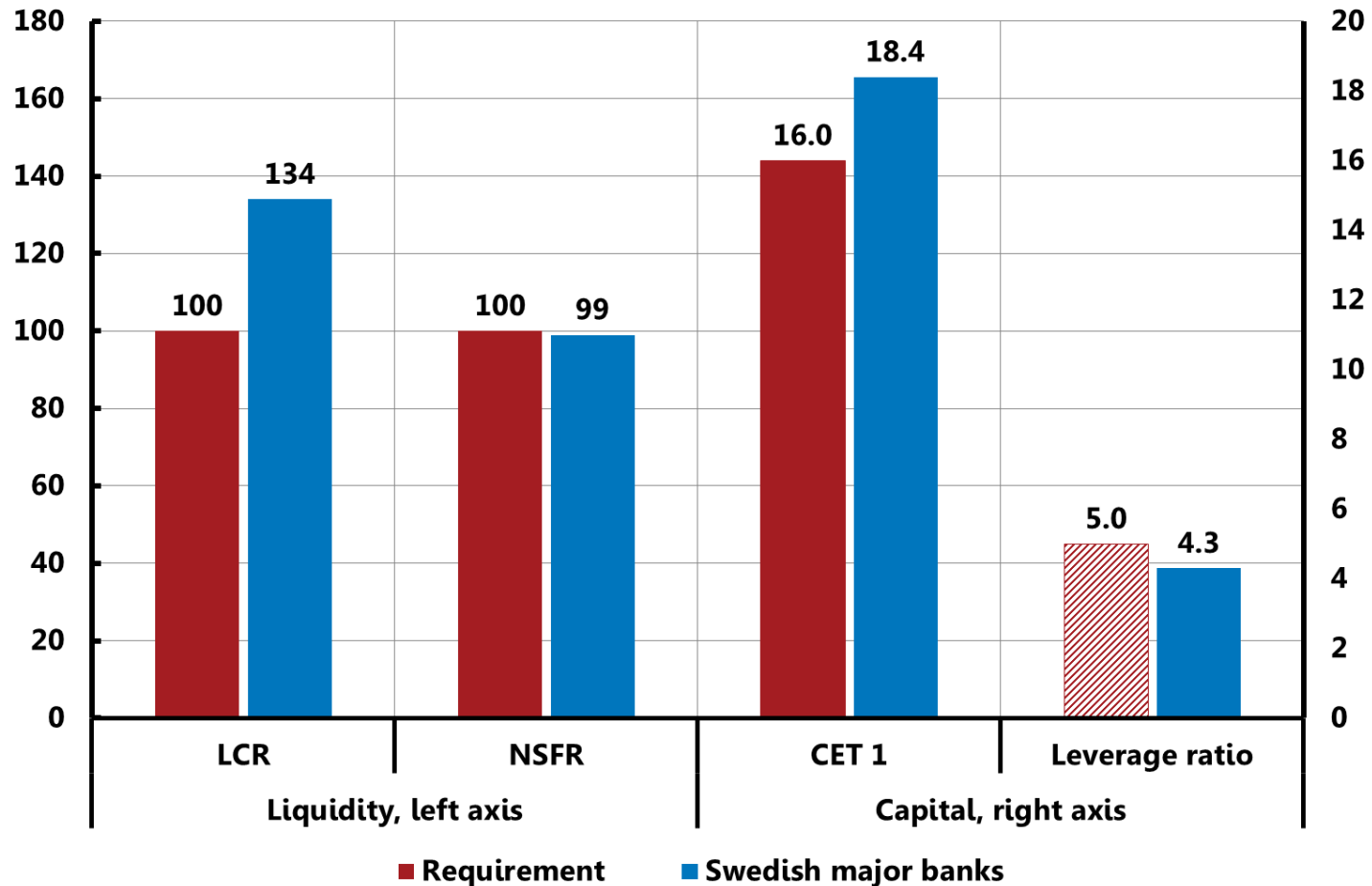
2:3. Owners of Swedish covered bonds

SEK billion



2:4. The four Basel III-measurements

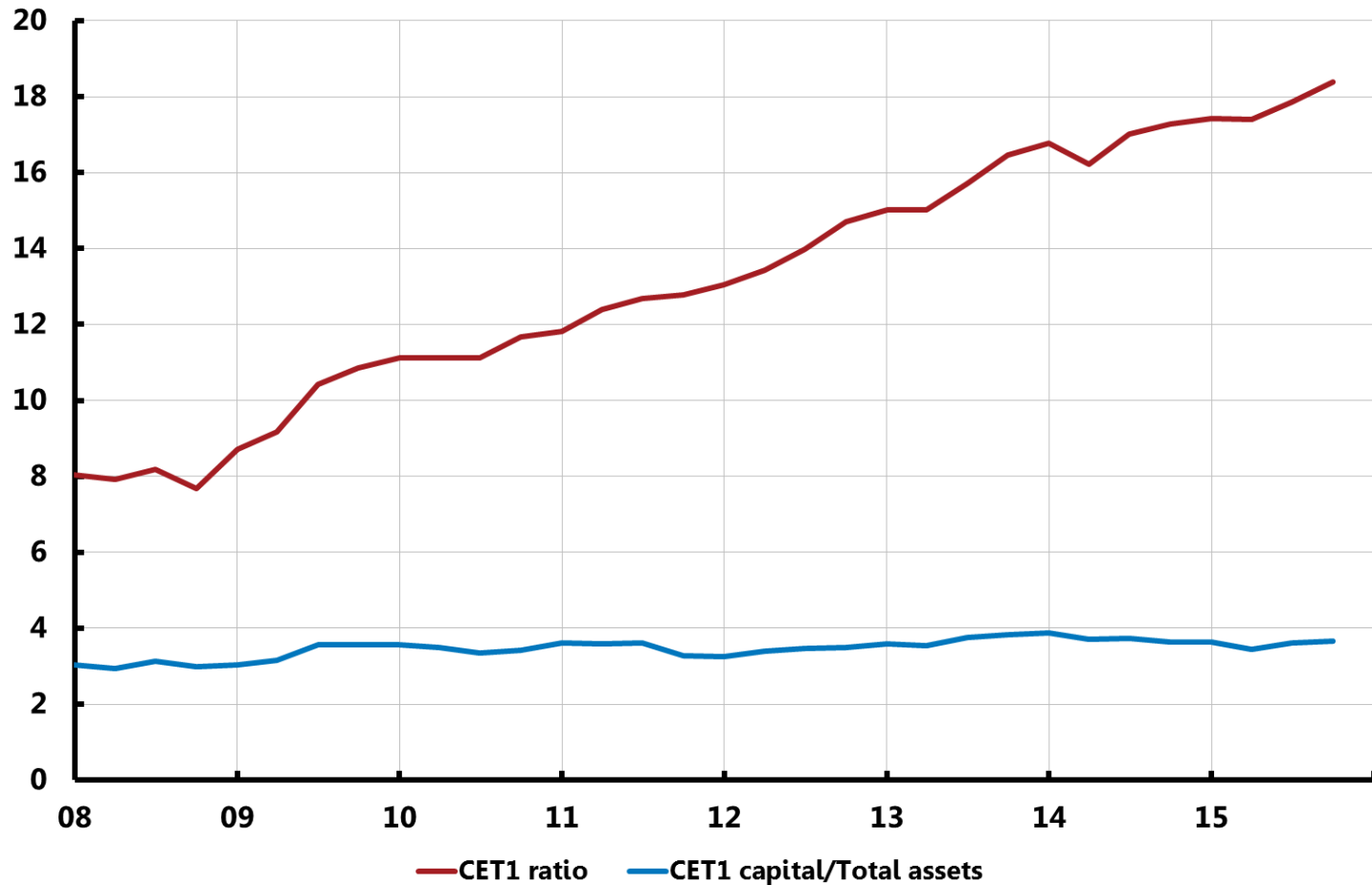
September 2015, per cent



Note. Minimum leverage ratio is yet to be determined, the chart therefore shows the level that the Riksbank recommends as of 2018. The minimum level for the CET 1 ratio is calculated as the average weighted total capital requirement for the major banks. The banks' capital ratios are expressed as a weighted average.

2:5. The major Swedish banks' CET 1 ratios and CET 1 capital in relation to total assets

Per cent

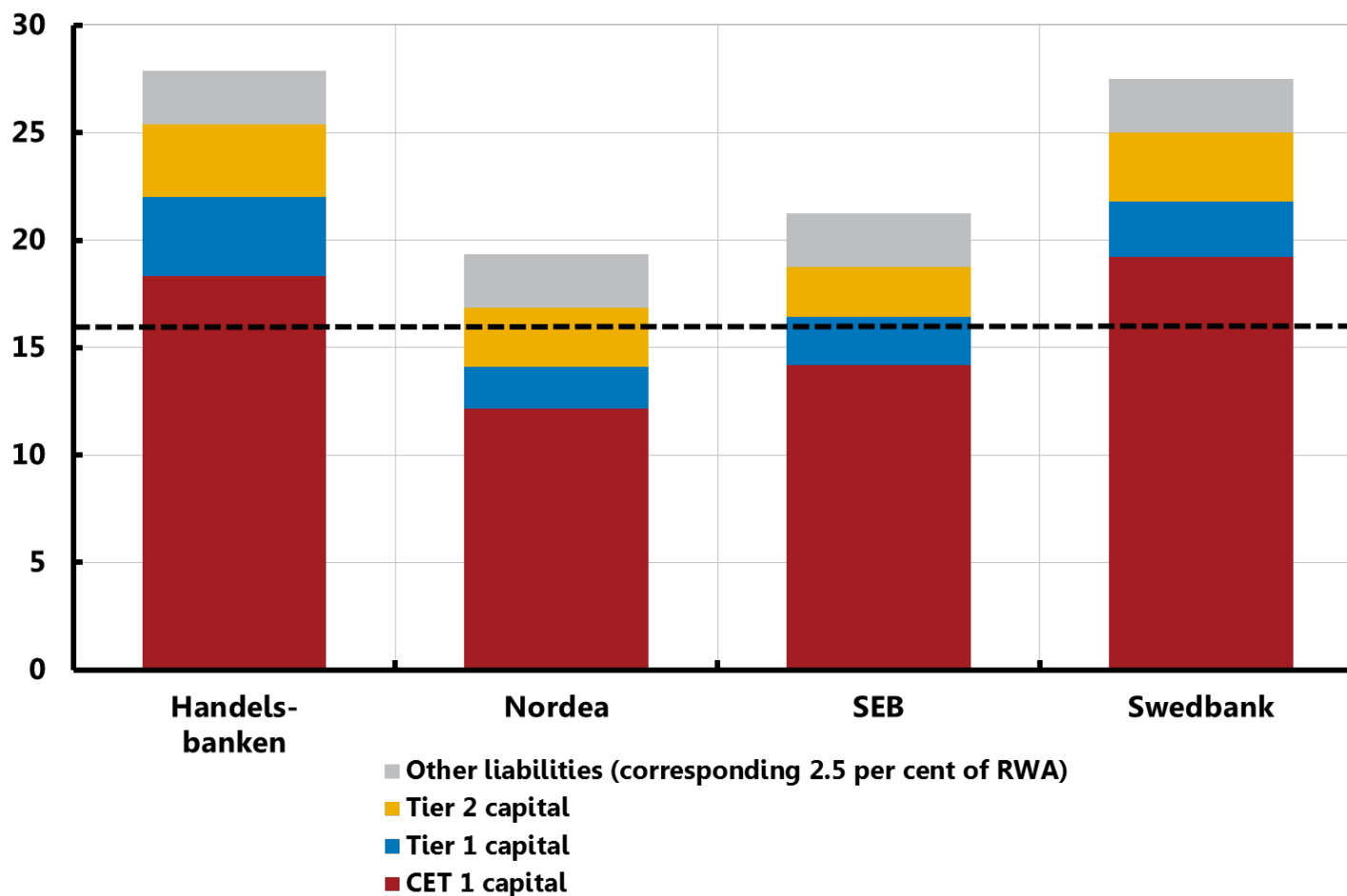


Note. Weighted average. CET 1 capital in relation to total assets is used as a simplified estimate of the banks' leverage ratios.

Sources: Bank reports and the Riksbank

2:6. Equity and eligible liabilities (TLAC) in relation to risk-weighted assets

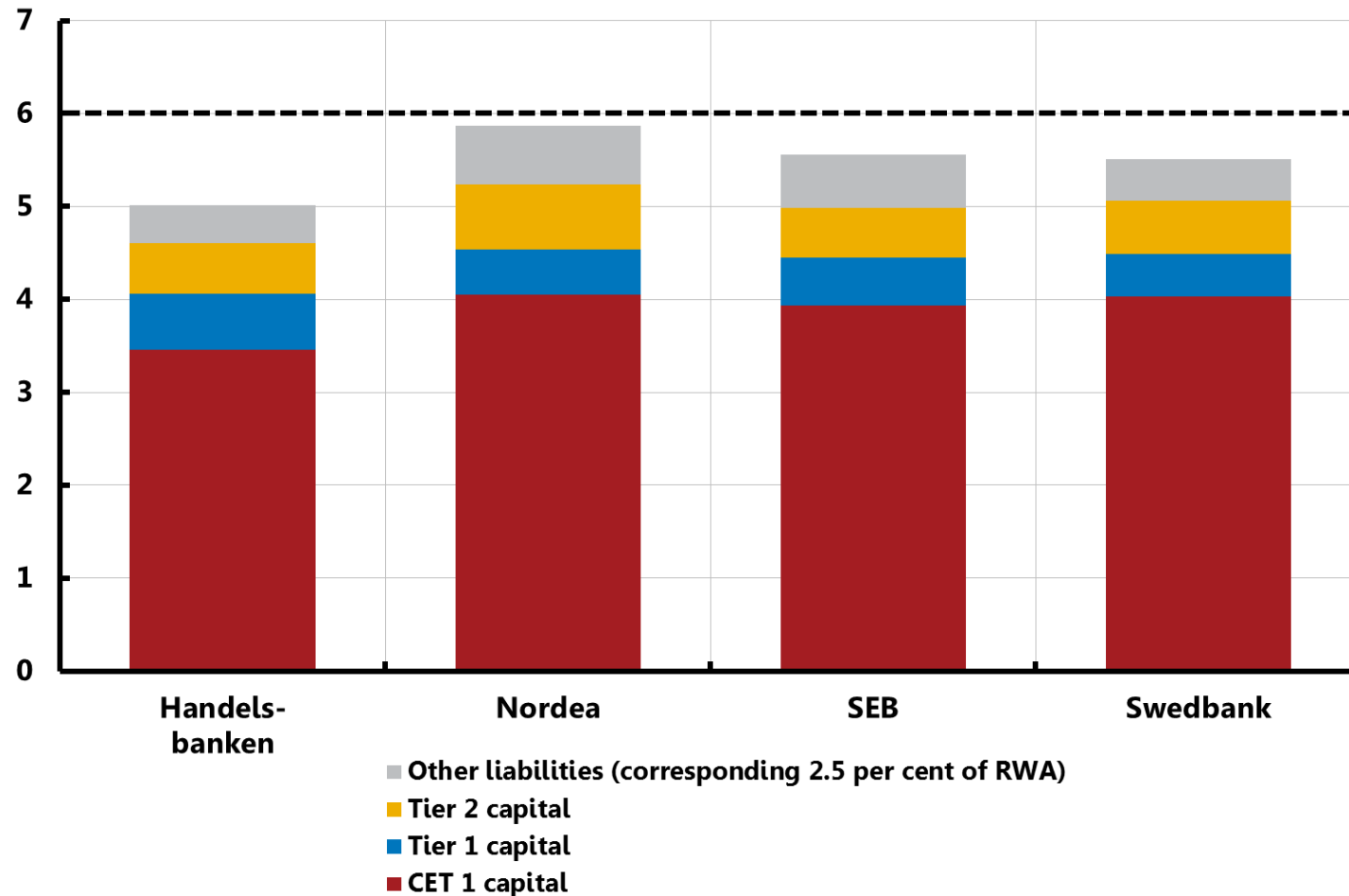
June 2015, per cent



Note. The capital held to meet the requirement for the Basel regulatory framework's buffers has been excluded from Chart 2:6. Both Chart 2:6 and Chart 2:7 are based on the Riksbank's own calculations, which use public data as a base. The calculations include CET 1, Additional Tier 1 and the Tier 2 that is included in the capital base. Furthermore, unsecured debts corresponding to 2.5 per cent of RWA is included. Other subordinated liabilities are not included, which implies a potential underestimation of the total loss-absorbing capacity.

2:7. Equity and eligible liabilities (TLAC) in relation to total exposures

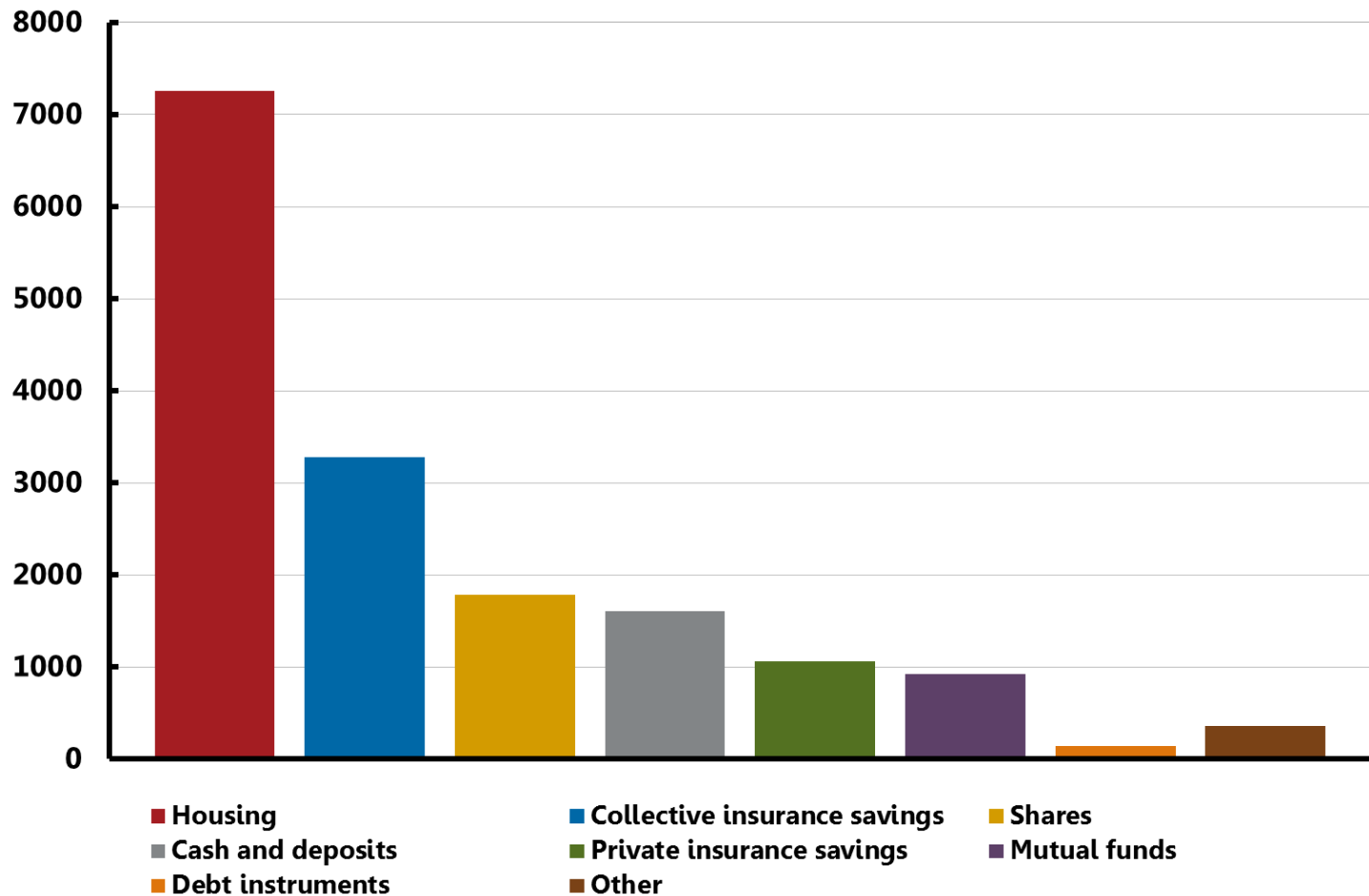
June 2015, per cent



Note. The capital held to meet the requirement for the Basel regulatory framework's buffers has been excluded from Chart 2:6. Both Chart 2:6 and Chart 2:7 are based on the Riksbank's own calculations, which use public data as a base. The calculations include CET 1, Additional Tier 1 and the Tier 2 that is included in the capital base. Furthermore, unsecured debts corresponding to 2.5 per cent of RWA is included. Other subordinated liabilities are not included, which implies a potential underestimation of the total loss-absorbing capacity.

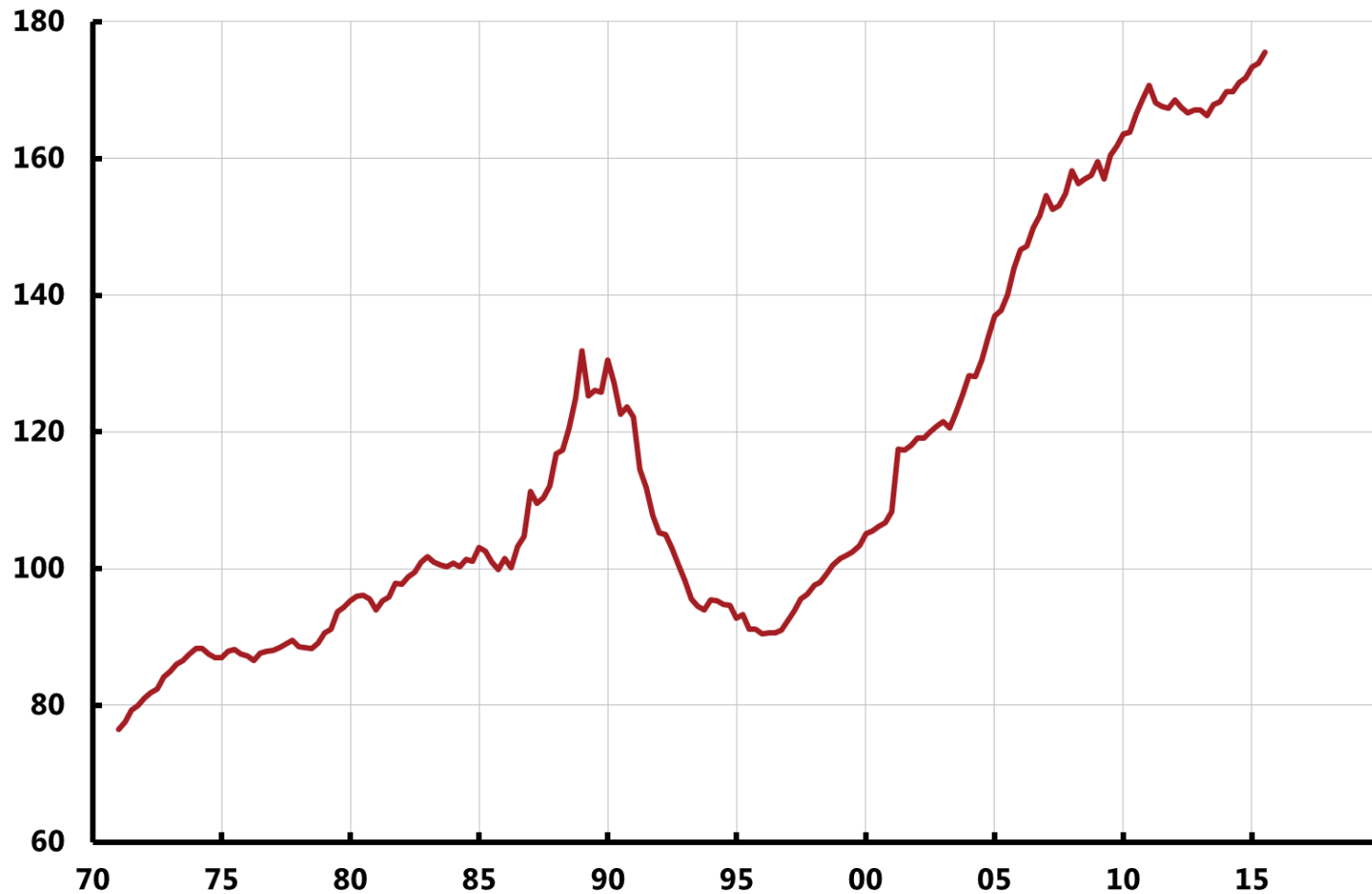
2:8. The household's assets in Sweden

September 2015, SEK billion



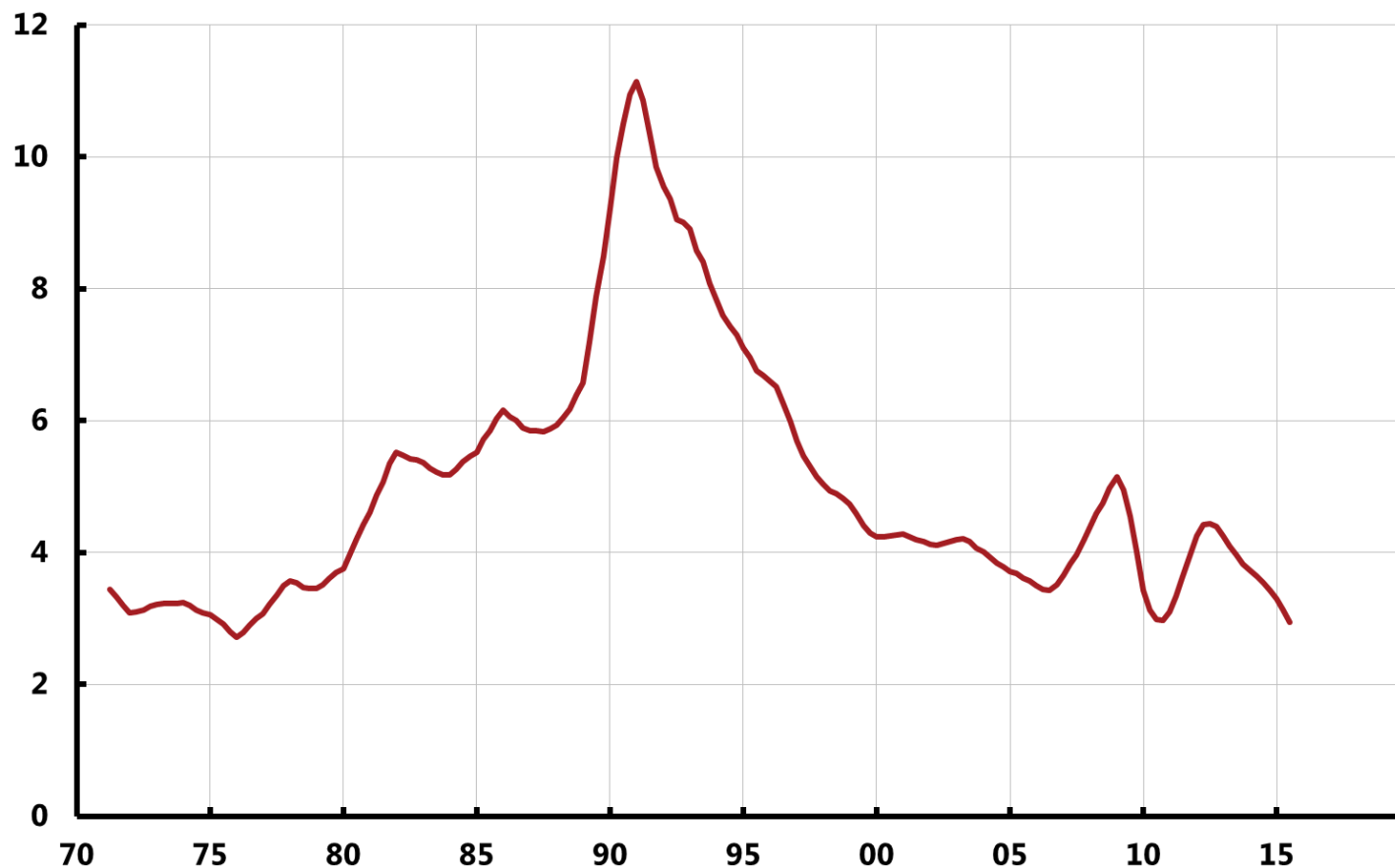
2:9. The households' debts in Sweden

Percentage of disposable income



2:10. Household interest expenditure in Sweden

Percentage of disposable income



Note. Interest expenditure is after tax.

Sources: Statistics Sweden and the Riksbank

2:11. Real residential real estate index in Sweden

Index, Q1 2000=100

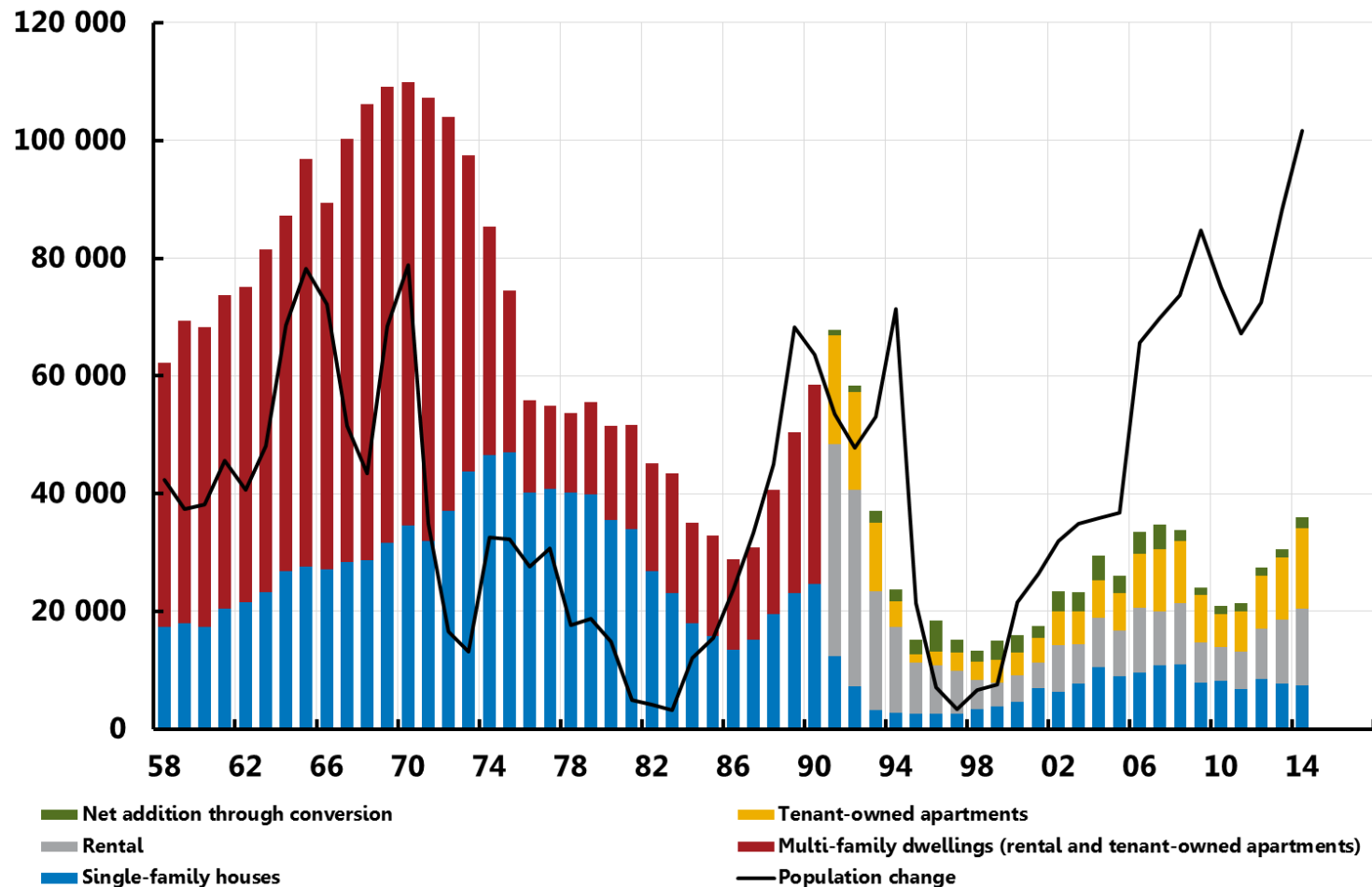


Note. Housing prices have been seasonally adjusted.

Sources: Valueguard and the Riksbank

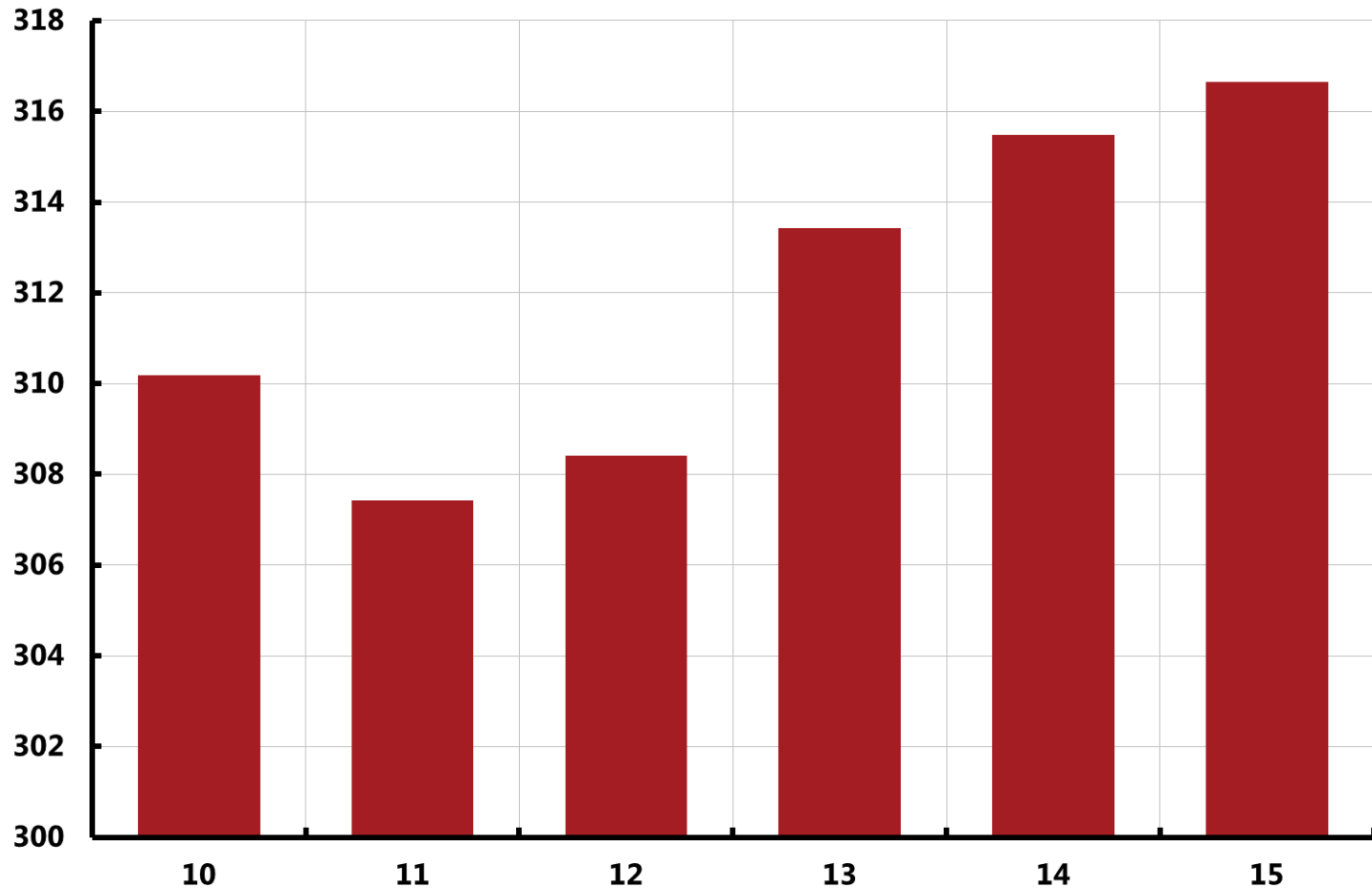
2:12. Housing construction and population changes in Sweden

Number of housing units completed and number of new inhabitants per year



2:13. Average debts for Swedish households with mortgages

Percentage of disposable income

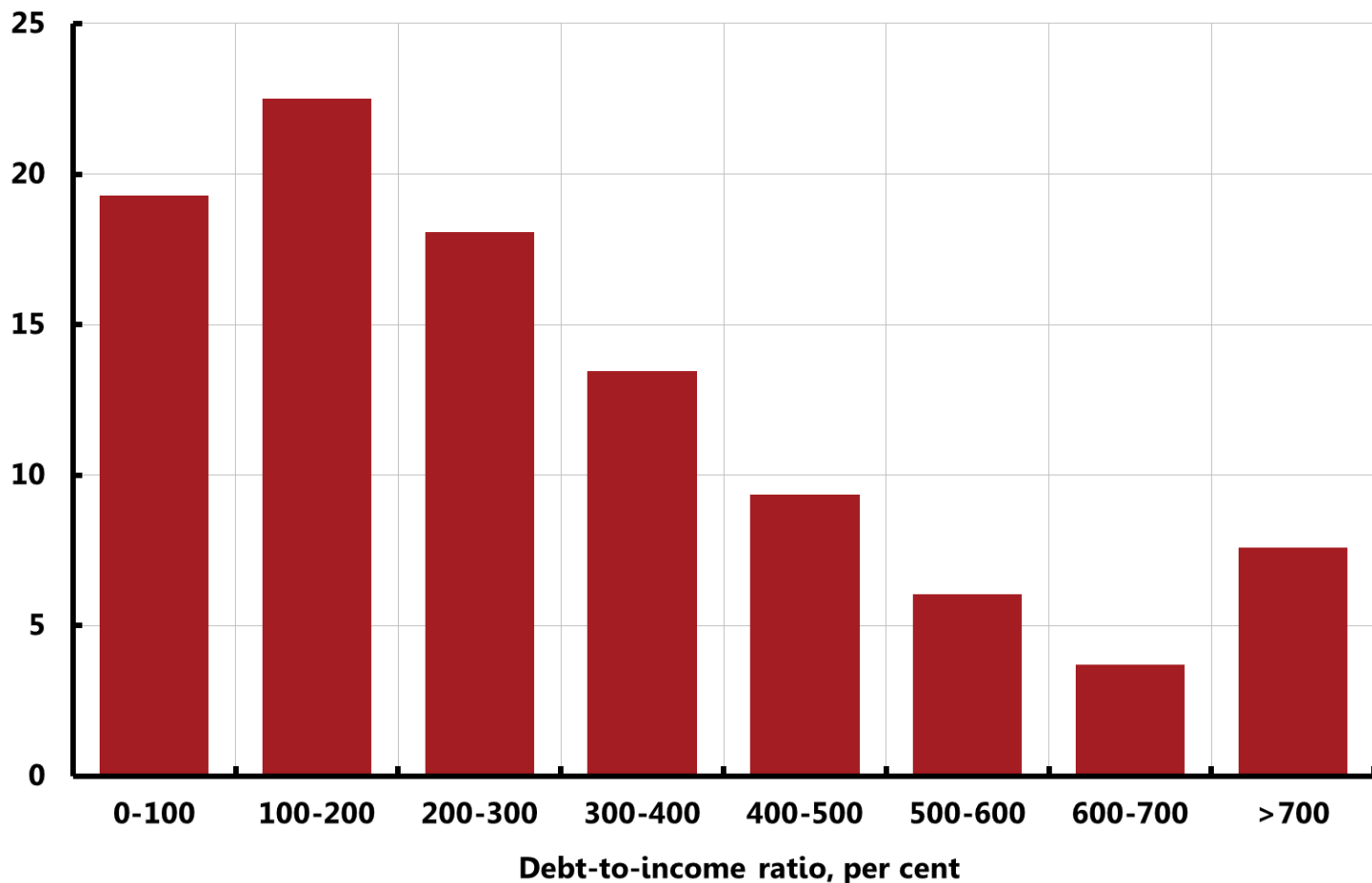


Note. Mean values for indebted households in July each year.

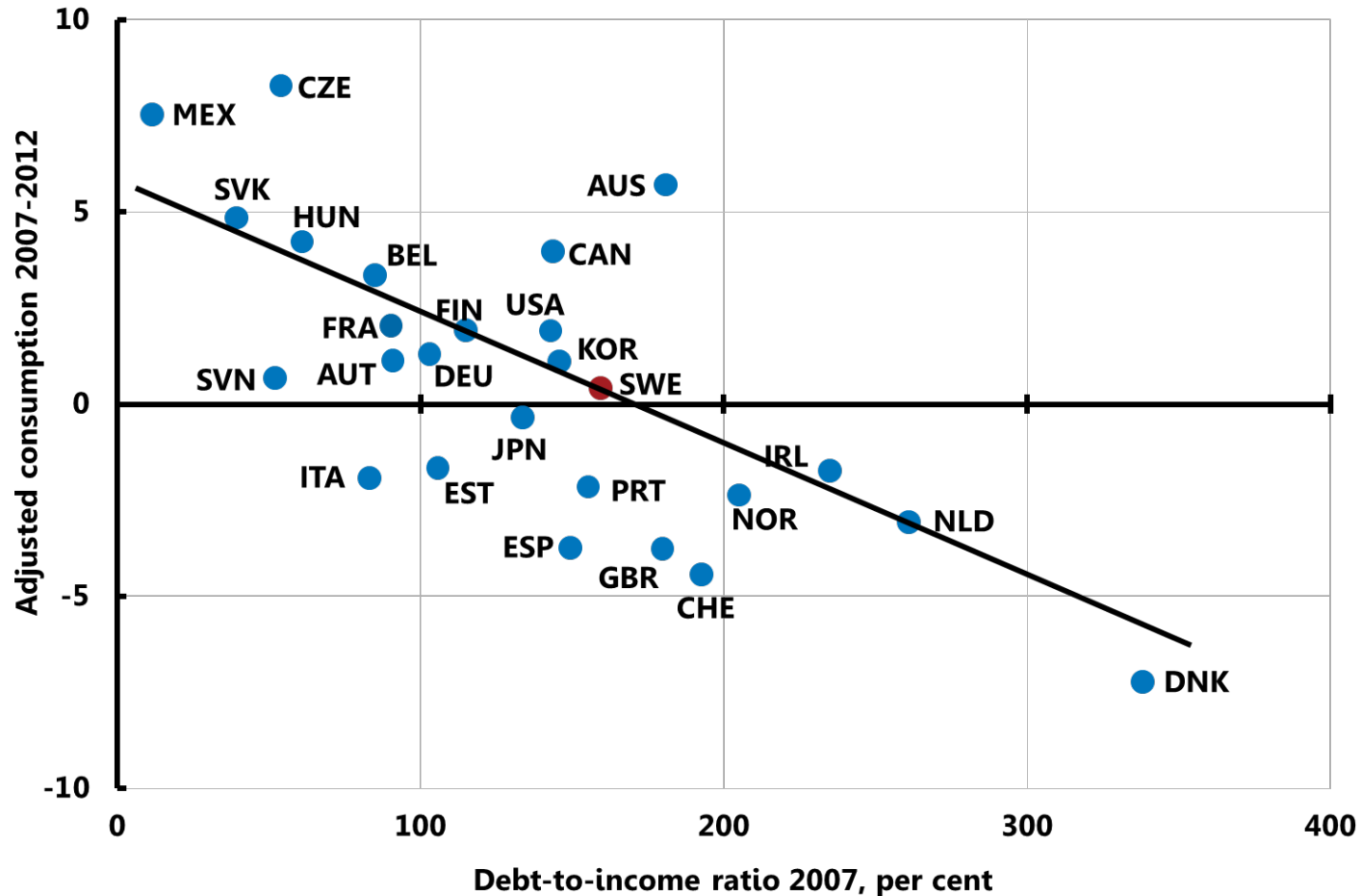
Source: The Riksbank

2:14. Allocation of debts among Swedish households with mortgages during 2015

Percentage of disposable income



2:15. The relationship between debt-to-income ratio and consumption growth, 2007–2012



Note. Adjusted consumption growth has been calculated as actual consumption growth minus contributions from growth in debt ratio, current account and consumption. For further information, see Flodén, Martin, (2014), Did household debt matter in the Great Recession?



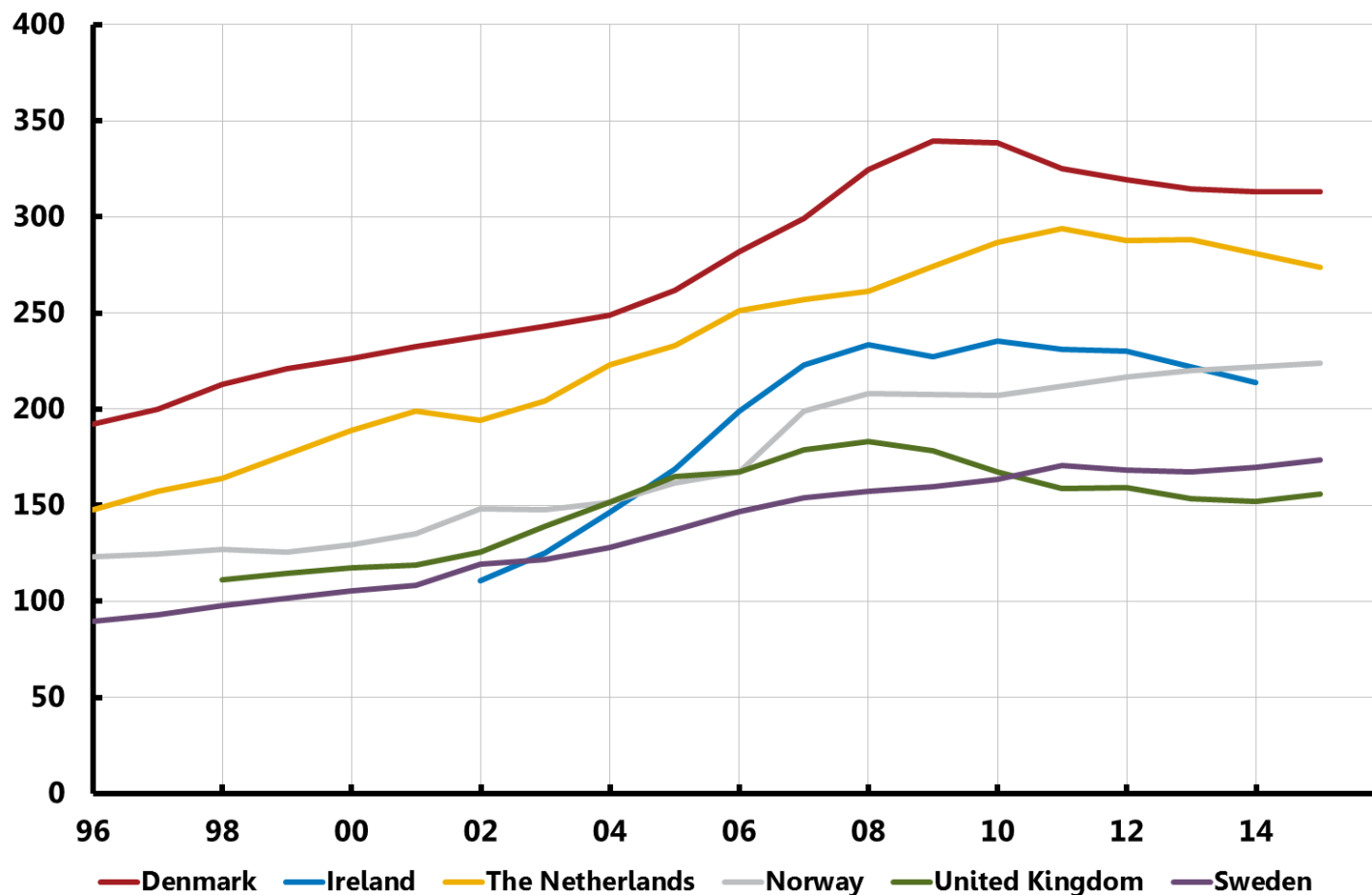
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Chapter 3 Recommendations

3:1. Households' debts in a sample of other countries

Percentage of disposable income

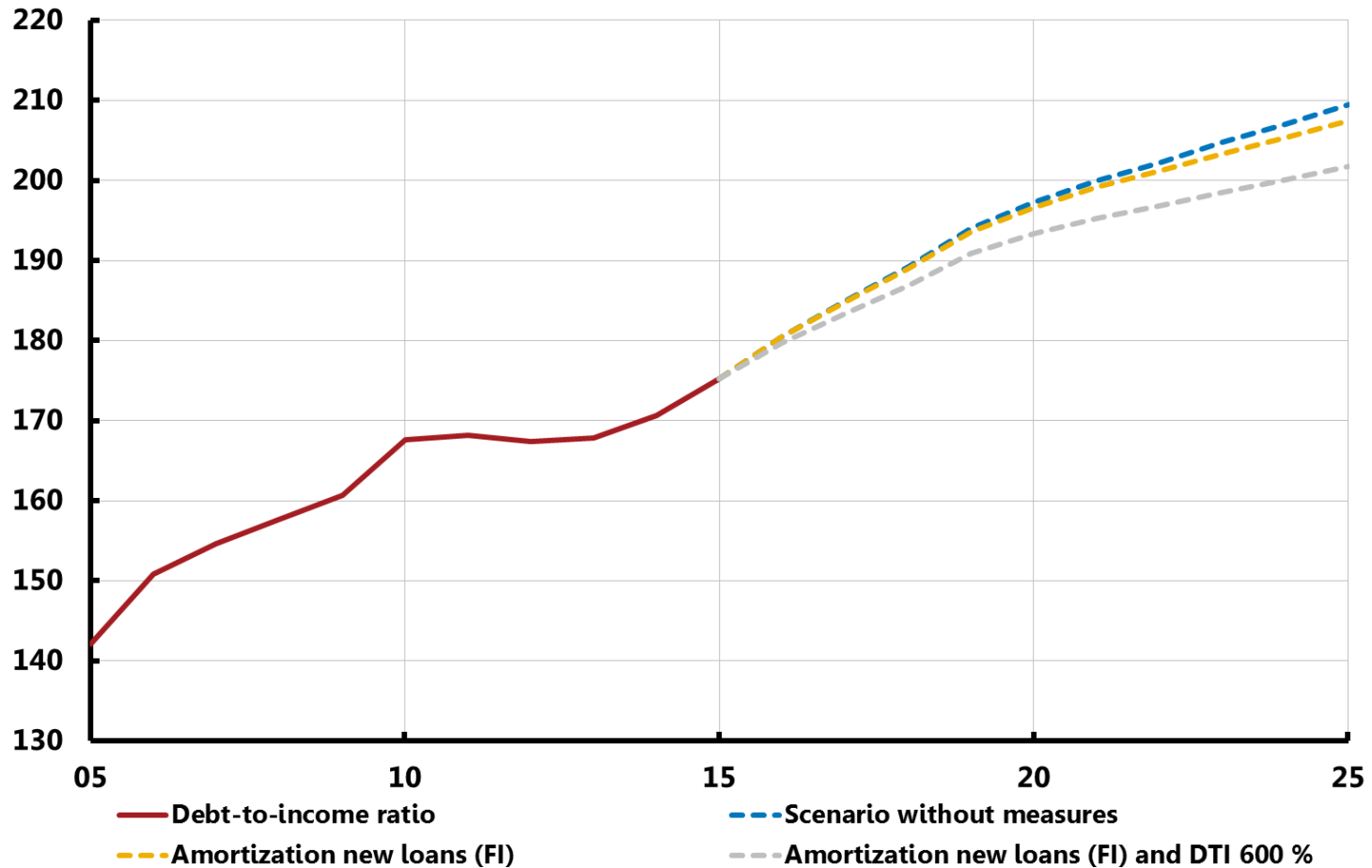


Note. These are the countries as in table 3:1.

Source: The OECD

3:2. Scenarios of how the aggregated debt-to-income ratio may develop with and without macroprudential measures

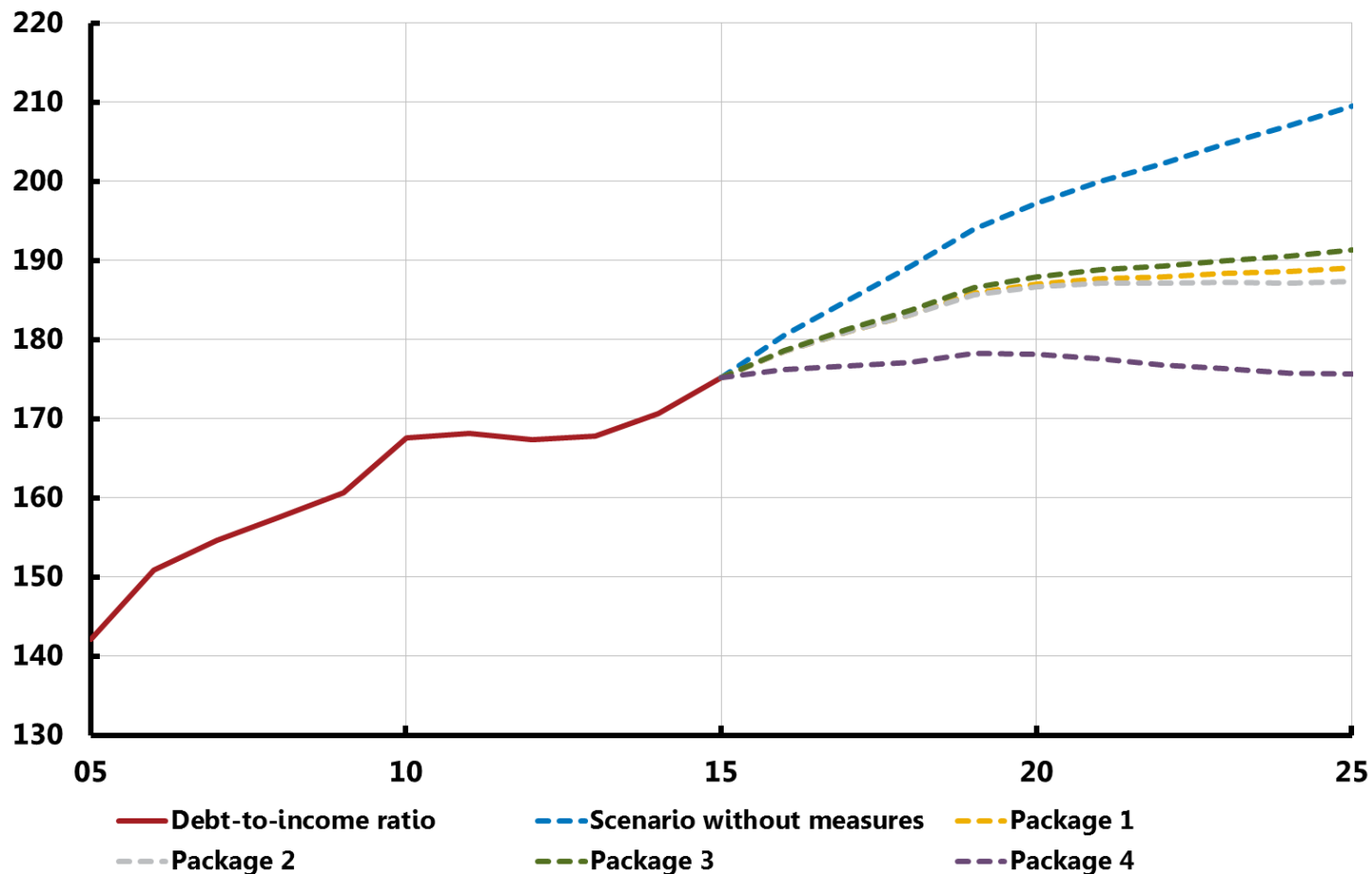
Total debts as percentage of disposable income



3:3. Proposals for different packages of measures to stabilise the development of the debt-to-income ratio



Total debts as percentage of disposable income

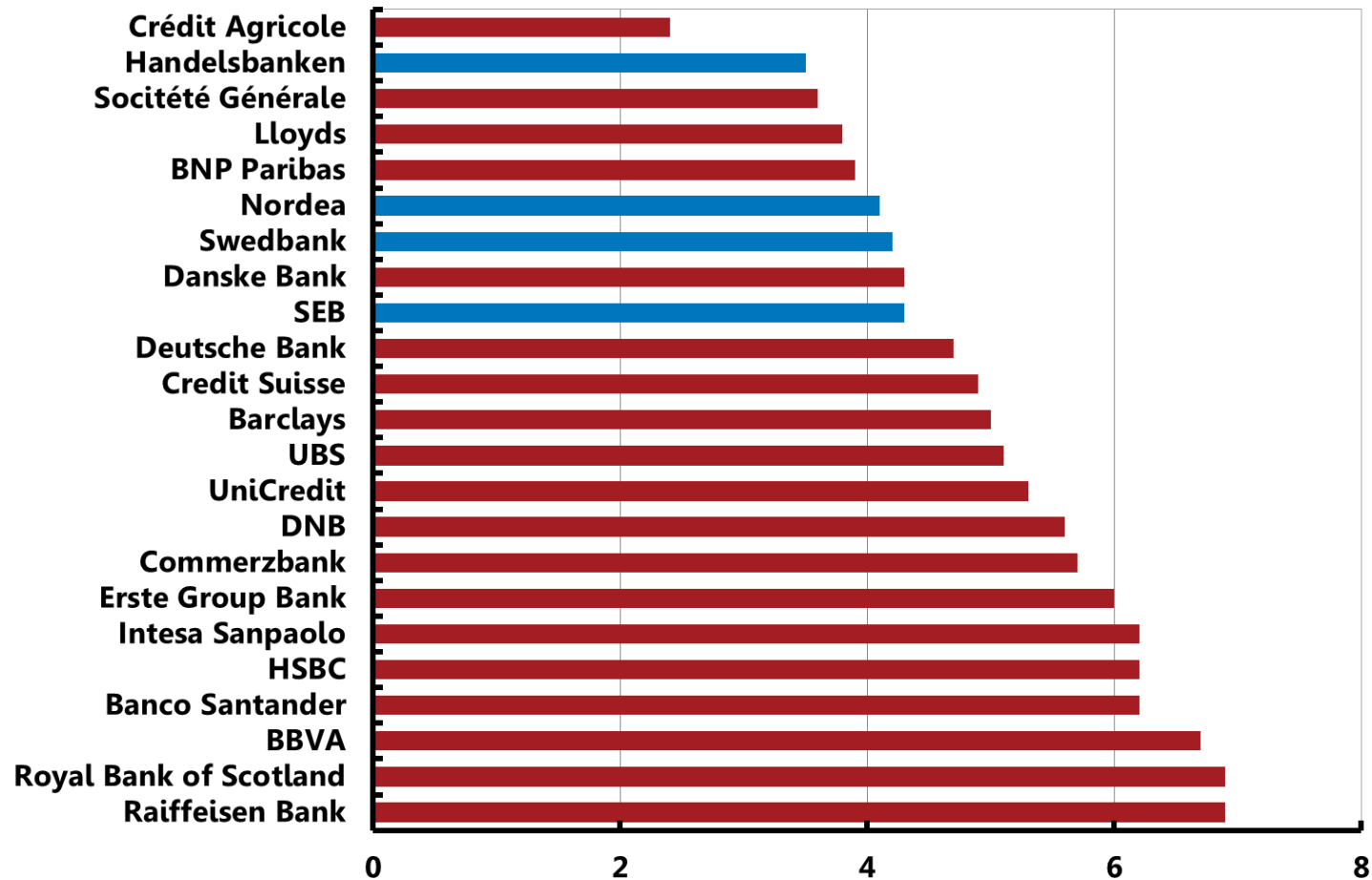


Note. The chart shows the different scenarios described in Table 3:3.

Sources: Statistics Sweden and the Riksbank

3:4. Capital in relation to total assets

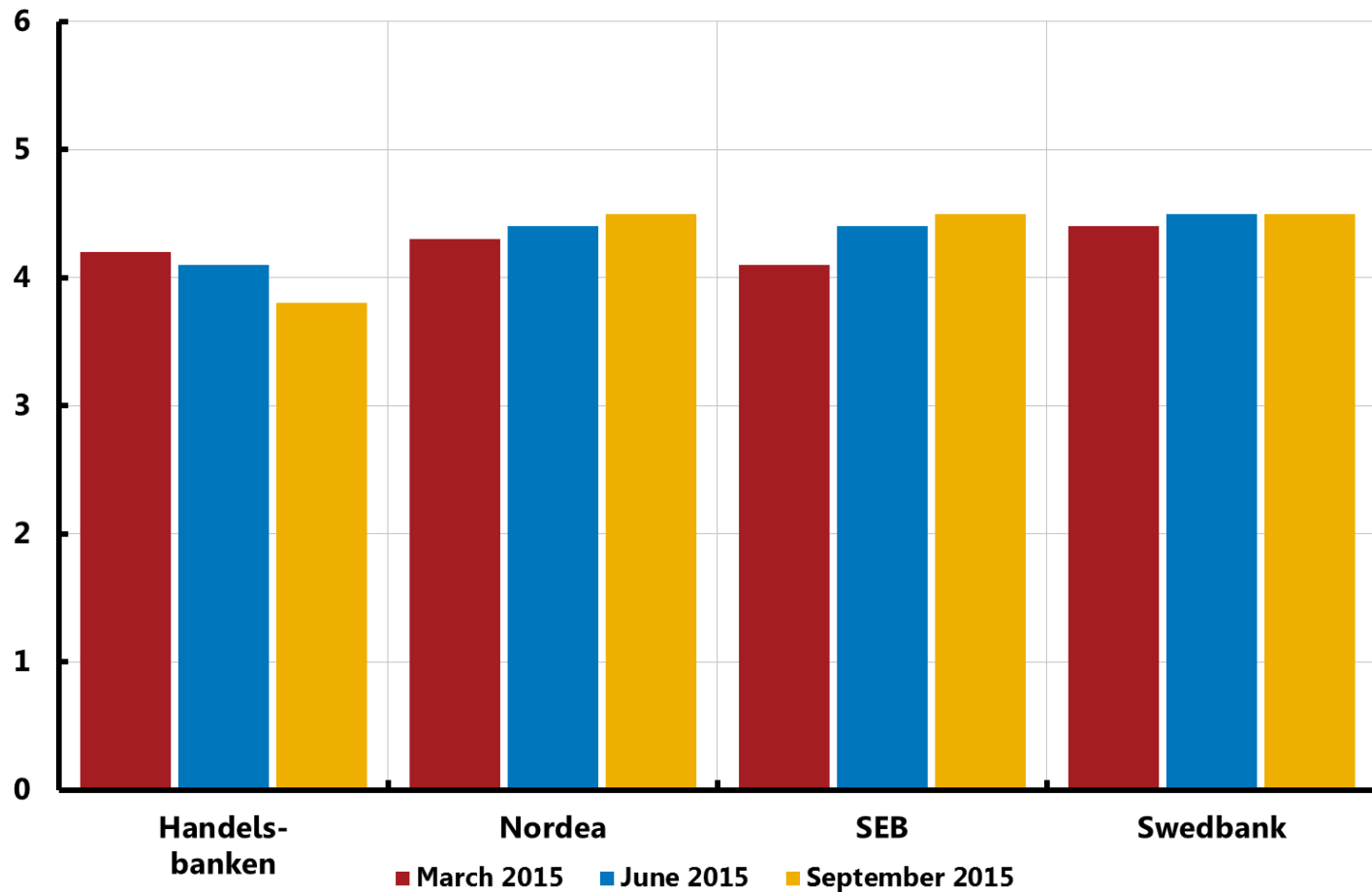
September 2015, per cent



Note. The measure has been defined by SNL Financial as an estimate of banks' leverage ratio and refers to Tier 1 capital in relation to total assets, excluding derivatives.

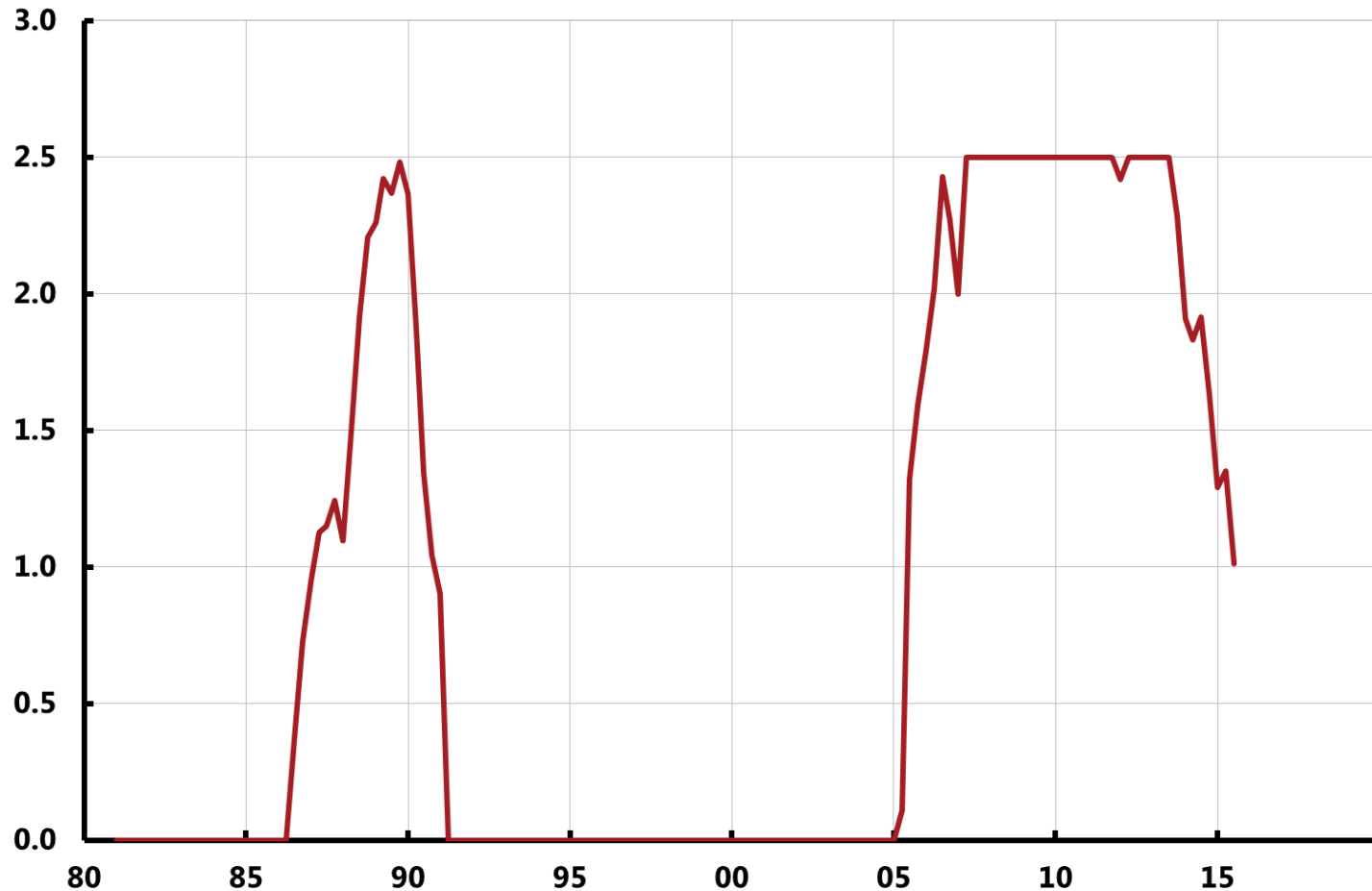
3:5. Reported leverage ratio

Per cent



3:6. The countercyclical buffer rate according to the Basel Committee's standard method

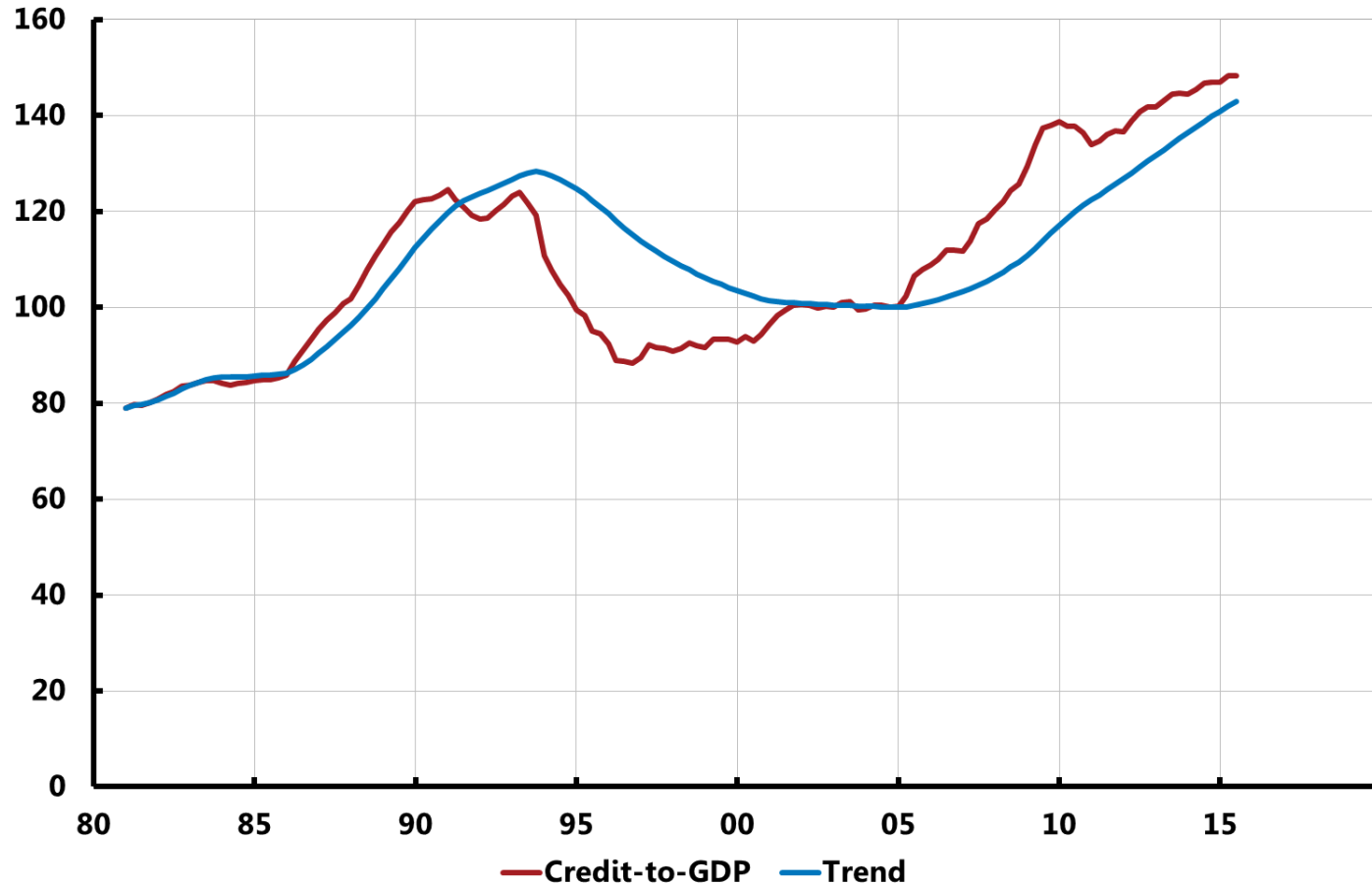
Per cent



Note. The countercyclical buffer value for exposures in Sweden is based on a mechanical application of the credit gap according to the BIS standard method. The credit gap shows how much the credit-to-GDP ratio deviates from its statistical trend.

3:7. The credit-to-GDP ratio and statistical trend according to the Basel Committee's standard method

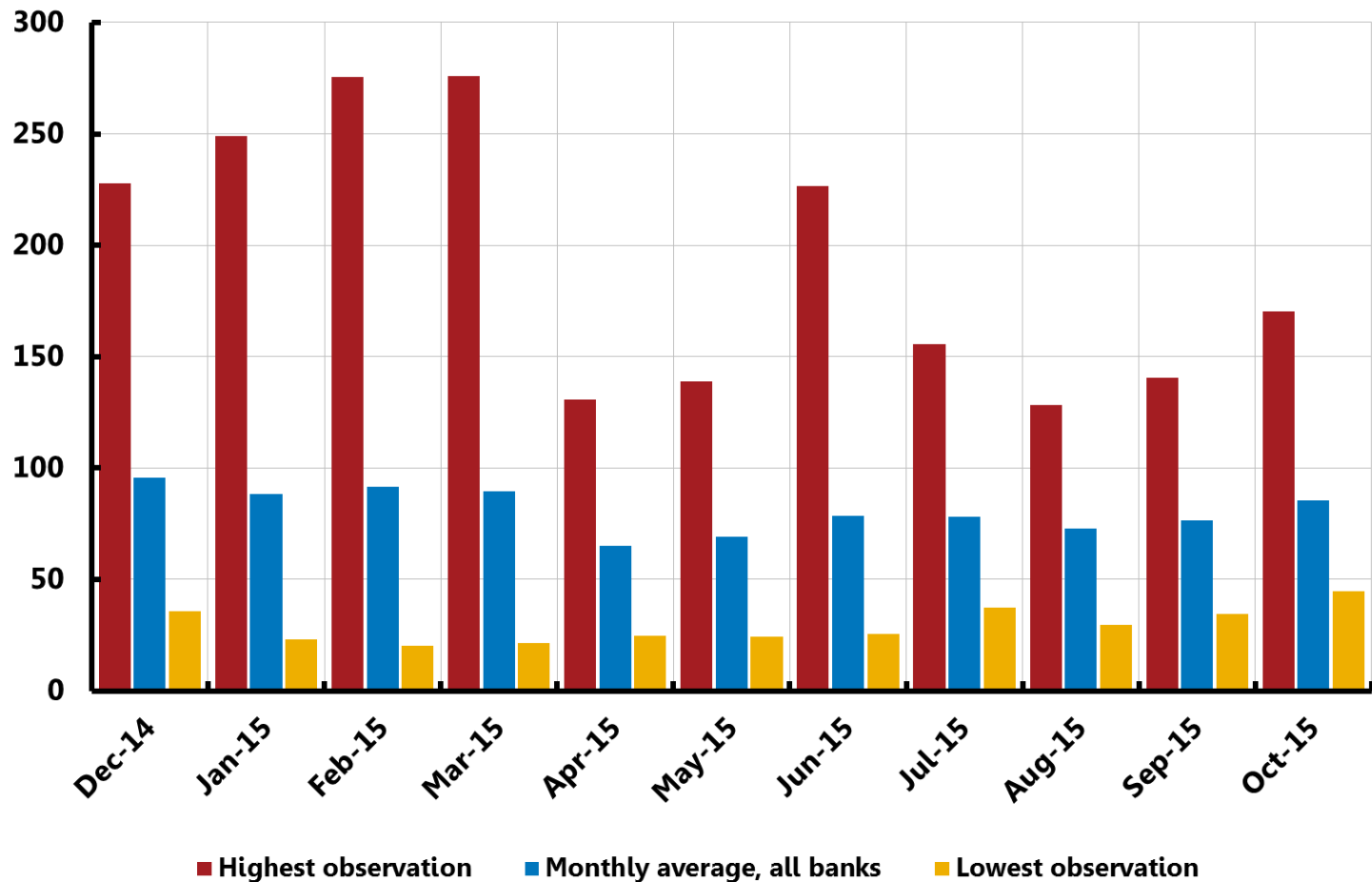
Per cent



Note. Credit is defined as monetary financial institutions' lending to the private non-financial sector and the outstanding stock of certificates and bonds issued by the Swedish private non-financial sector. GDP is in nominal terms and is defined as the sum of GDP for the four last quarters. The statistical trend is calculated using a one-sided HP filter with the smoothing parameter equal to 400,000.

3:8. The major Swedish banks' LCR in SEK

Per cent

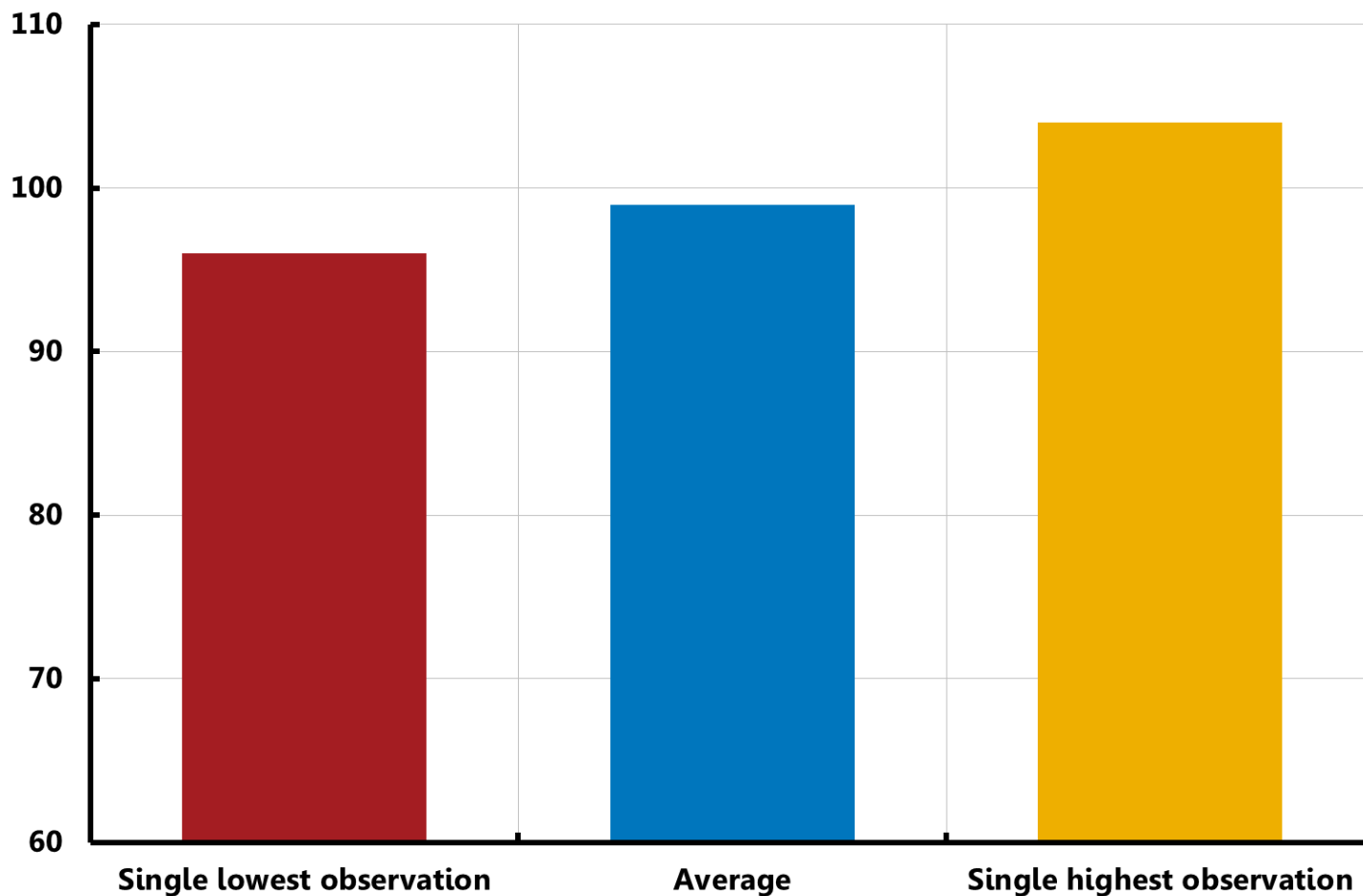


Note. The major Swedish banks' average daily LCR in SEK per month, and the single highest and lowest observations each month.

Source: The Riksbank

3:9. The major Swedish banks' lowest, average and highest monthly NSFRs

July to September 2015, per cent



Note. Every month the Riksbank collects the major banks' NSFRs in accordance with the Basel Committee's final definition. The chart shows both the average and the highest and lowest observations for the third quarter of 2015.

Source: The Riksbank



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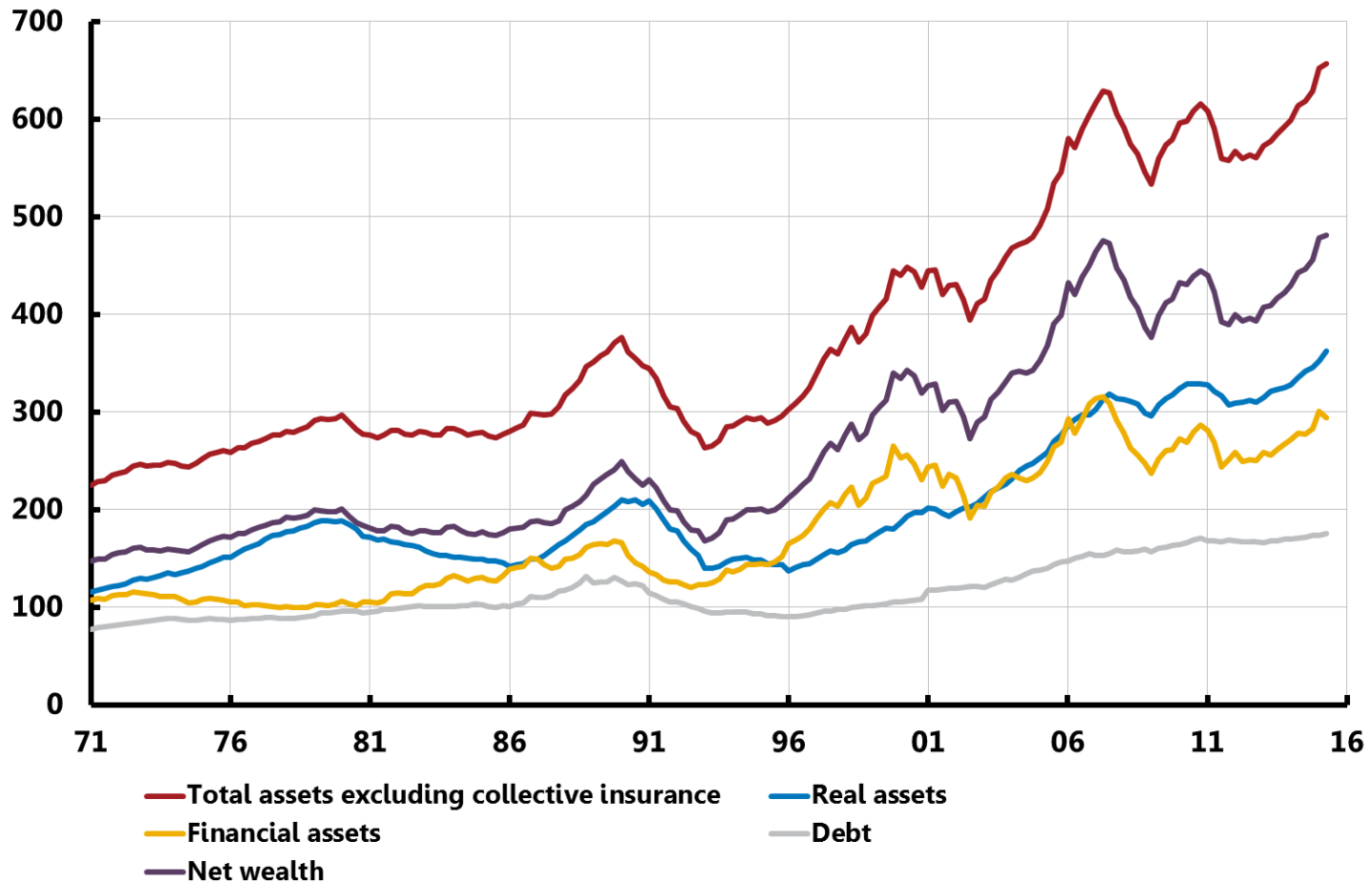
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Article 1

Asset valuations and
financial stability

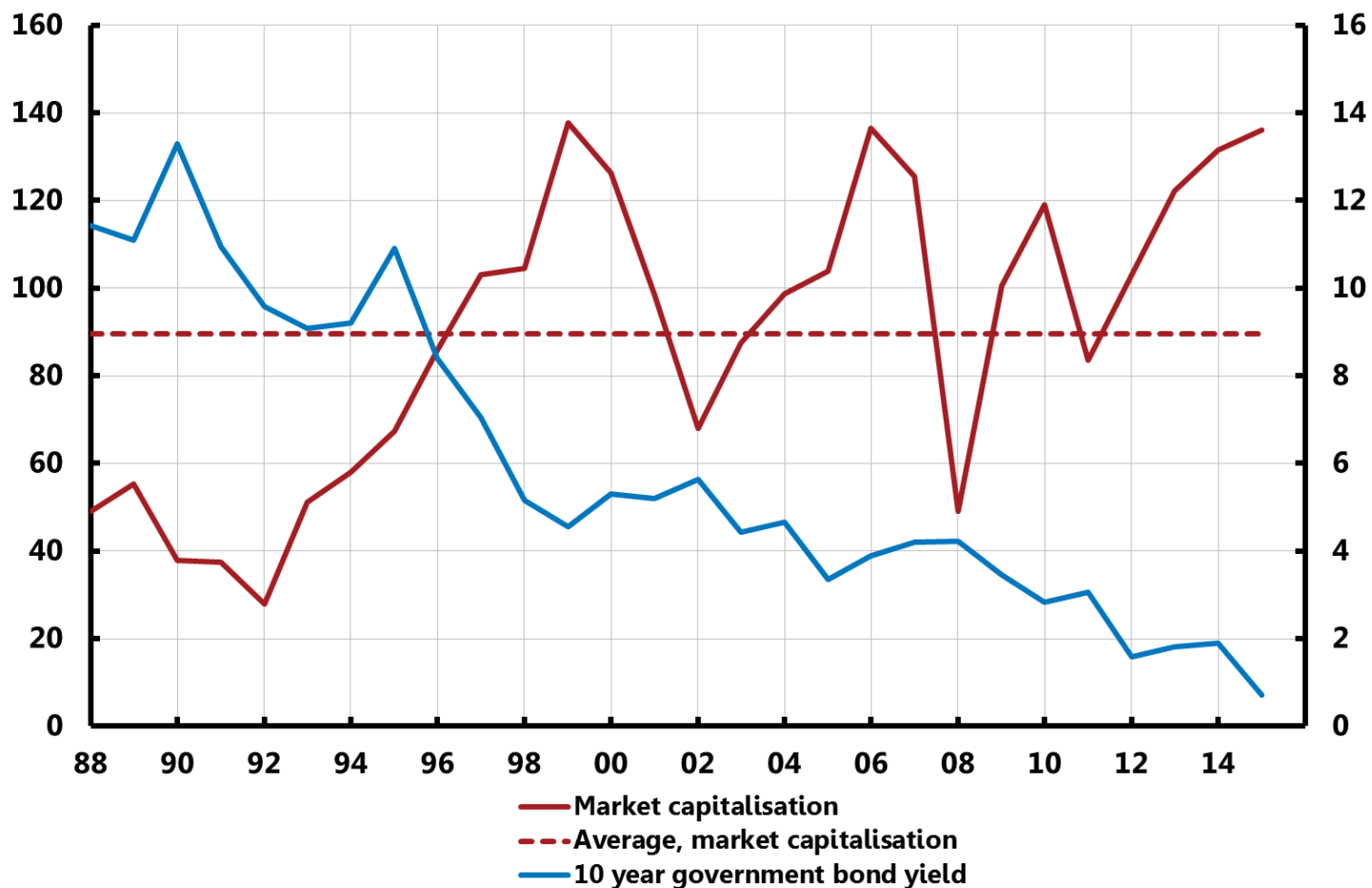
A3:1. Household assets and debts

Percentage of disposable income



A3:2. Market capitalisation in relation to GDP, Sweden

Per cent

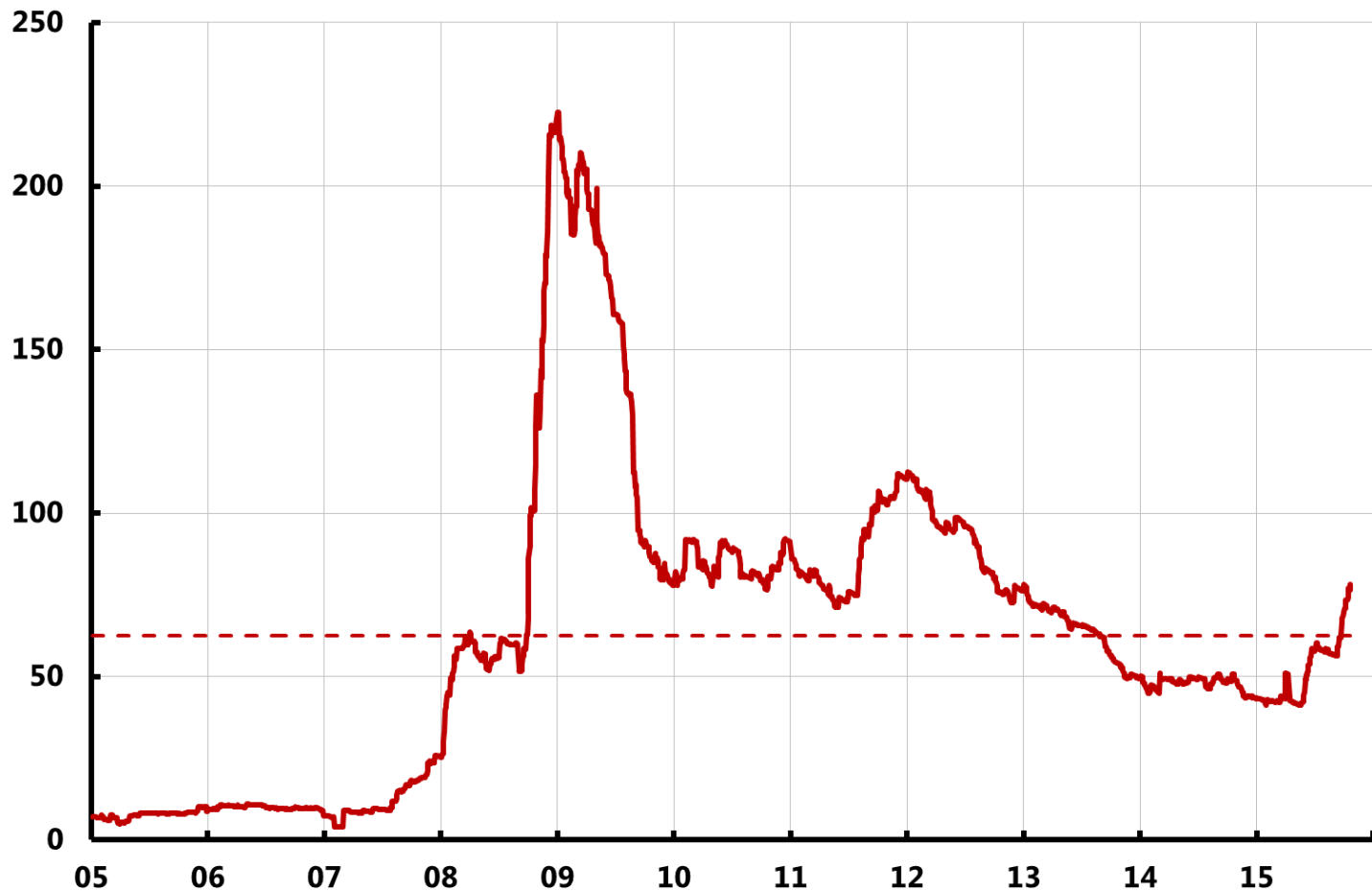


Note. The chart is based on annual data (observed in September).
Market capitalisation data after 2012 is based on the Riksbank's own estimates.

Sources: World Bank, Bloomberg and the Riksbank

A3:3. Risk premiums for Swedish corporate bonds

Basis points

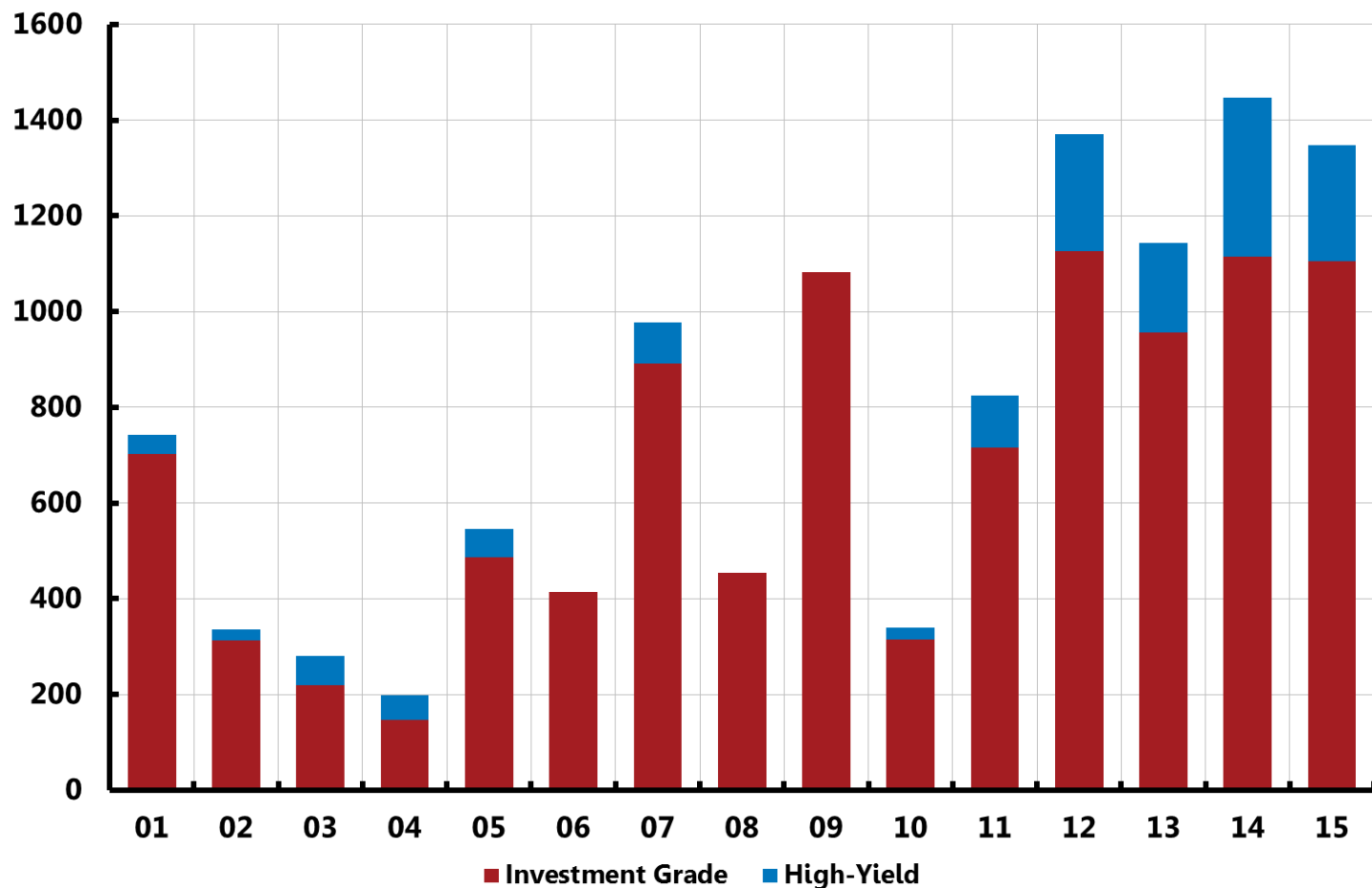


Note. The risk premium is expressed as the difference between the average interest rate from a representative sample of Swedish corporate bonds issued in SEK and the risk-free interest rate (swap rate).

Sources: Nasdaq and Bloomberg

A3:4. Swedish non-financial corporations bond issues

Average per month, EUR million

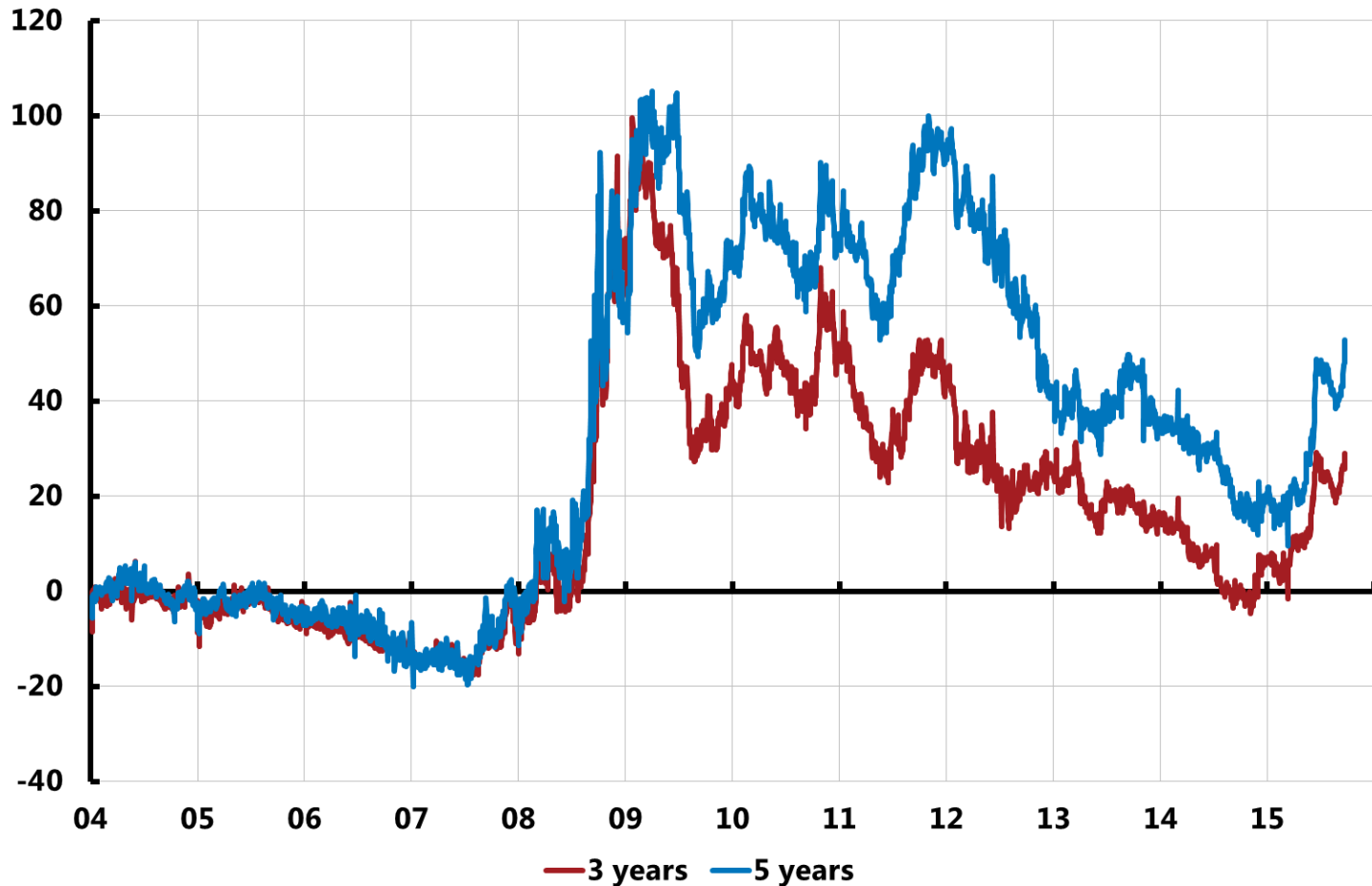


Note. Some bonds have no credit rating from a credit institution and for these bonds the allocation between Investment Grade and High Yield is based on the banks' credit assessments of the companies.

Source: Dealogic

A3:5. Difference between the yield on Swedish covered bonds and risk-free yield

Basis points

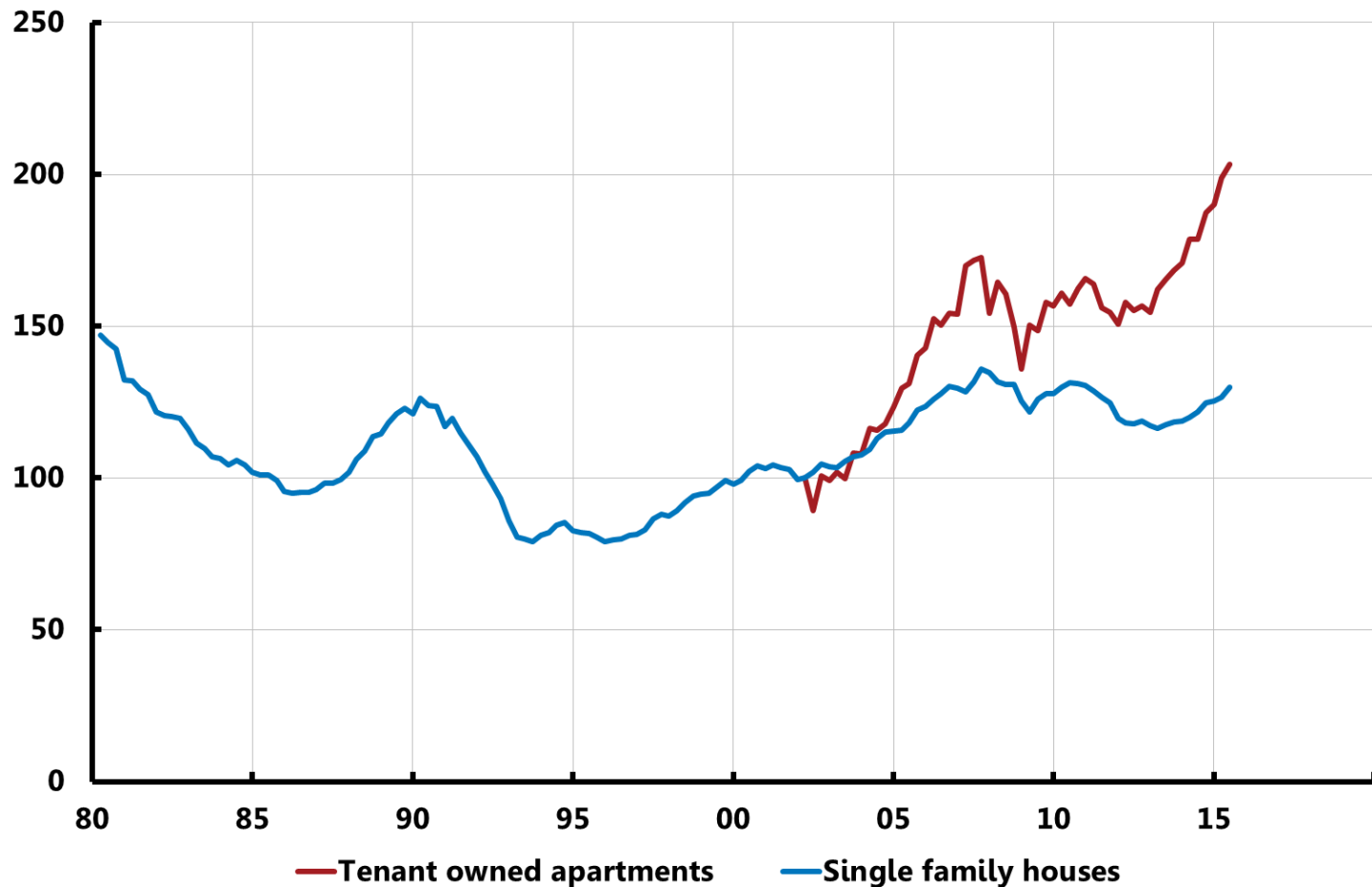


Note. The risk-free yield refers to the swap rate and the covered bonds are issued in SEK.

Source: Macrobond

A3:6. Swedish housing prices in relation to disposable income

Index, 2002=100





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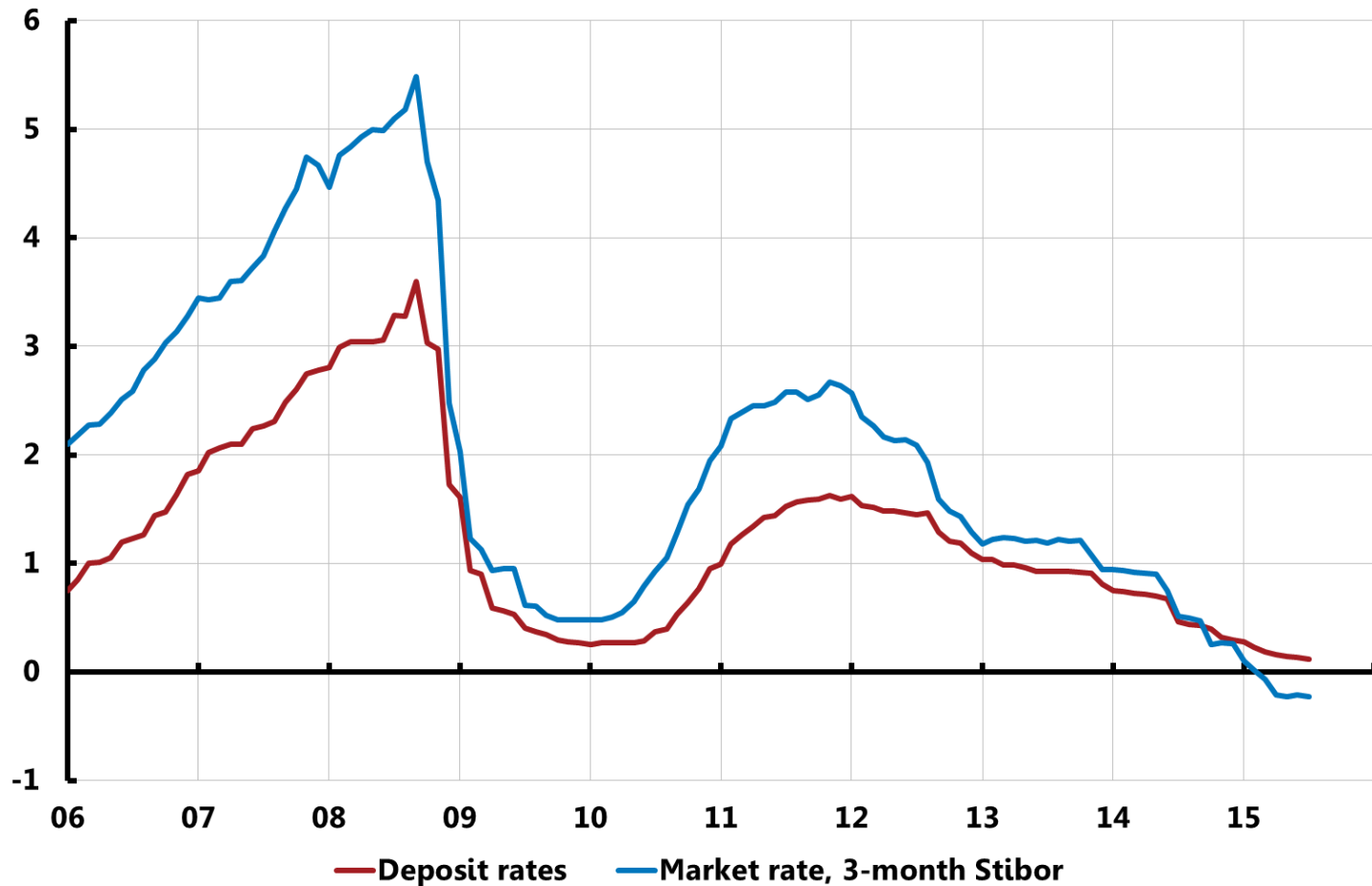
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Article 2

Swedish financial institutions
and low interest rates

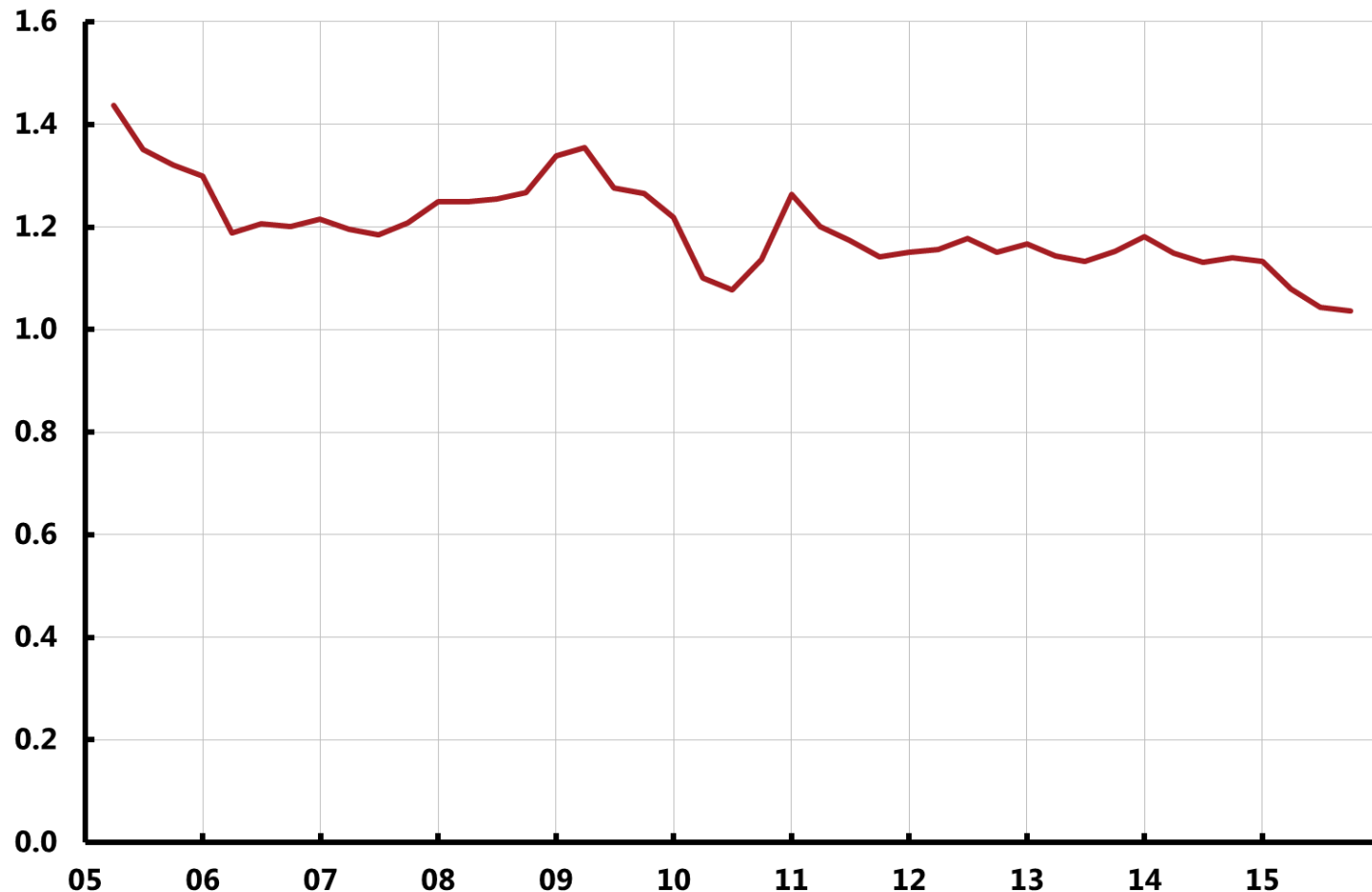
A3:7. Market rates and deposit rates

Per cent



A3:8. The major Swedish banks' net interest income margins

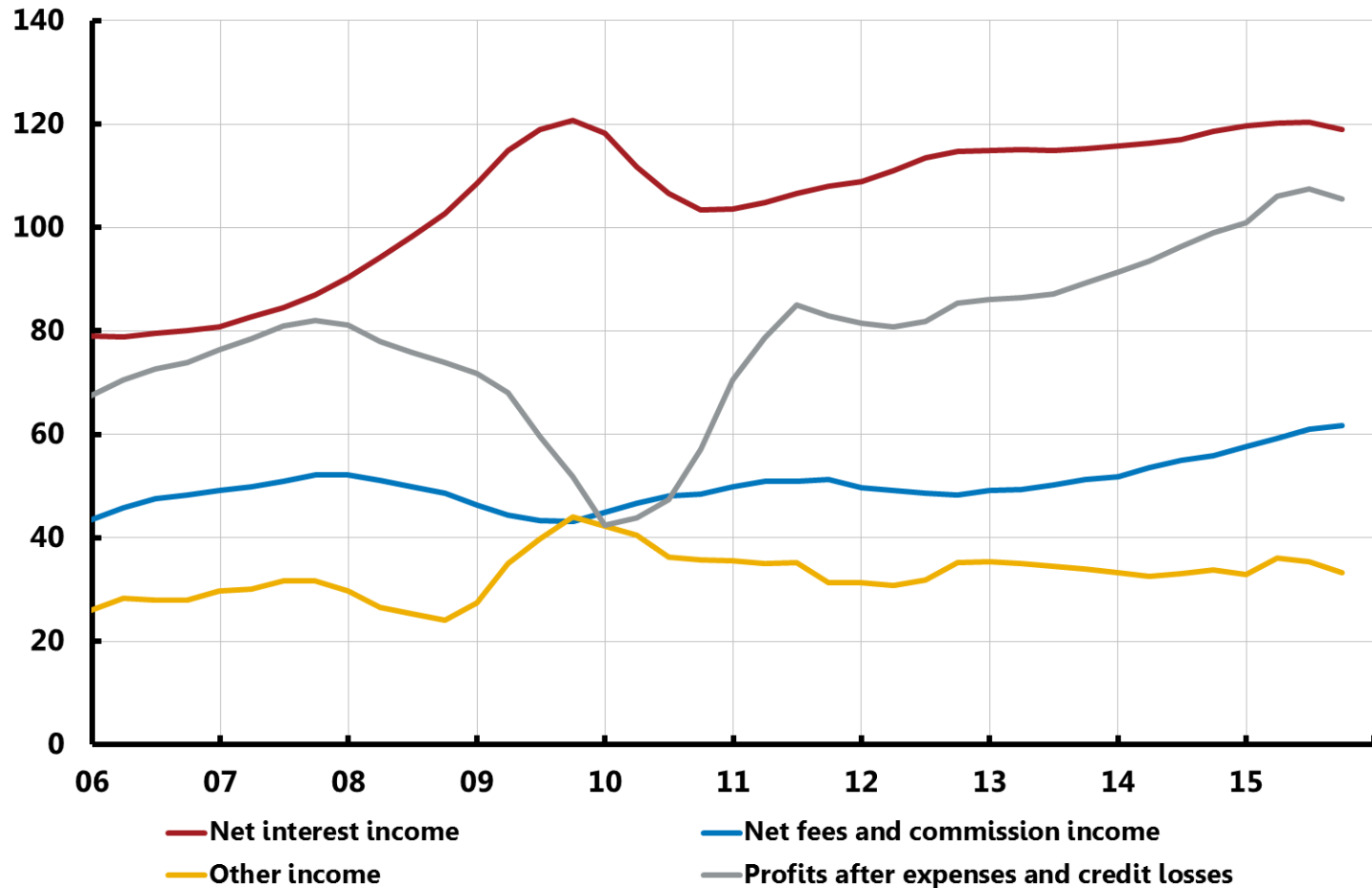
Per cent



Note. Net interest income margin is the relationship between net interest income and interest-bearing assets. Interest-bearing assets include lending to the public and credit institutions as well as interest-bearing securities. Balances at central banks have also been included.

A3:9. The major Swedish banks' profits

SEK billion

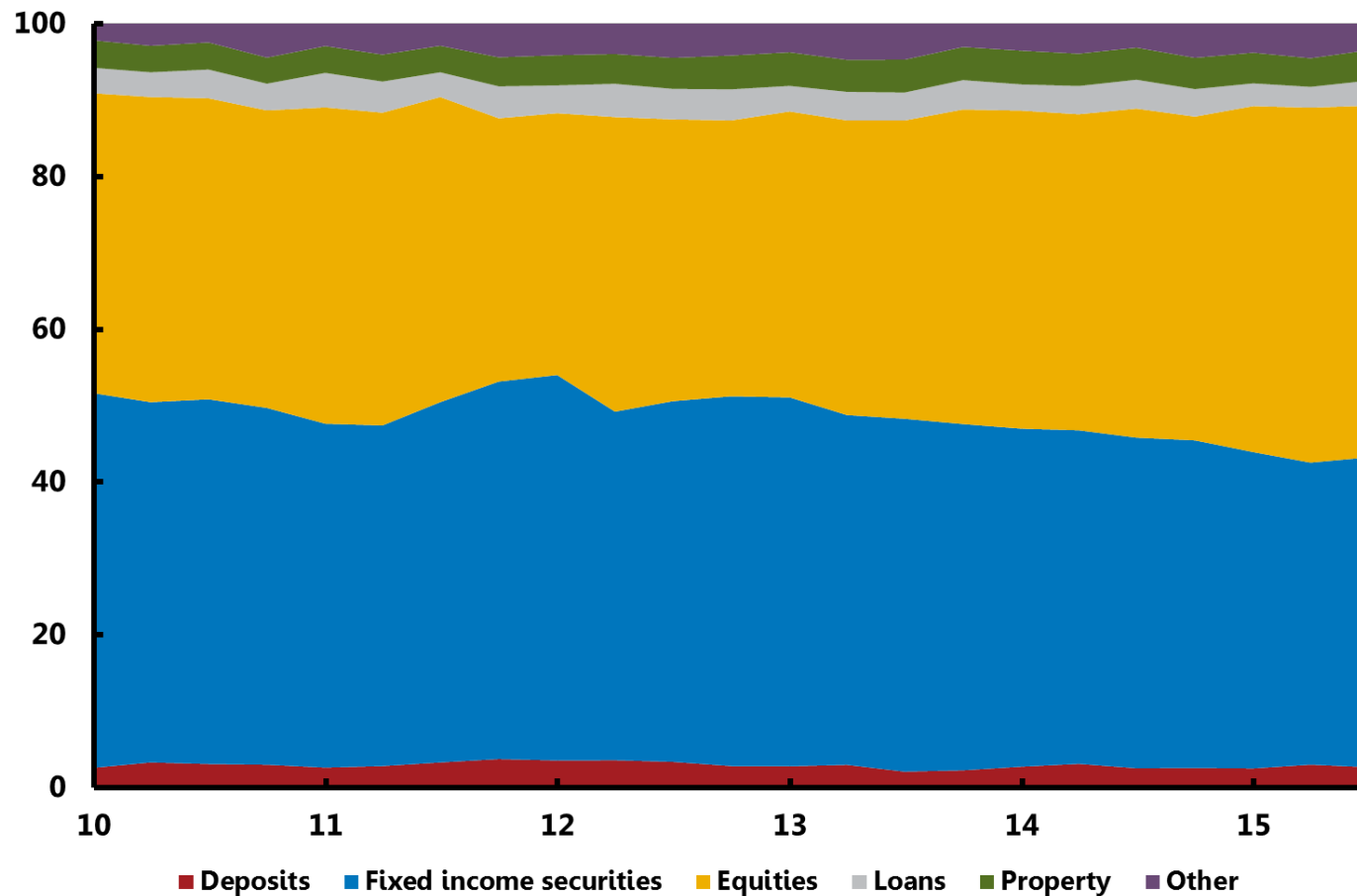


Note. Rolling four quarters. Other income includes income from changes in value of fair-valued instruments.

Sources: Bank reports and the Riksbank

A3:10. Swedish life insurance companies' assets as a proportion of total assets

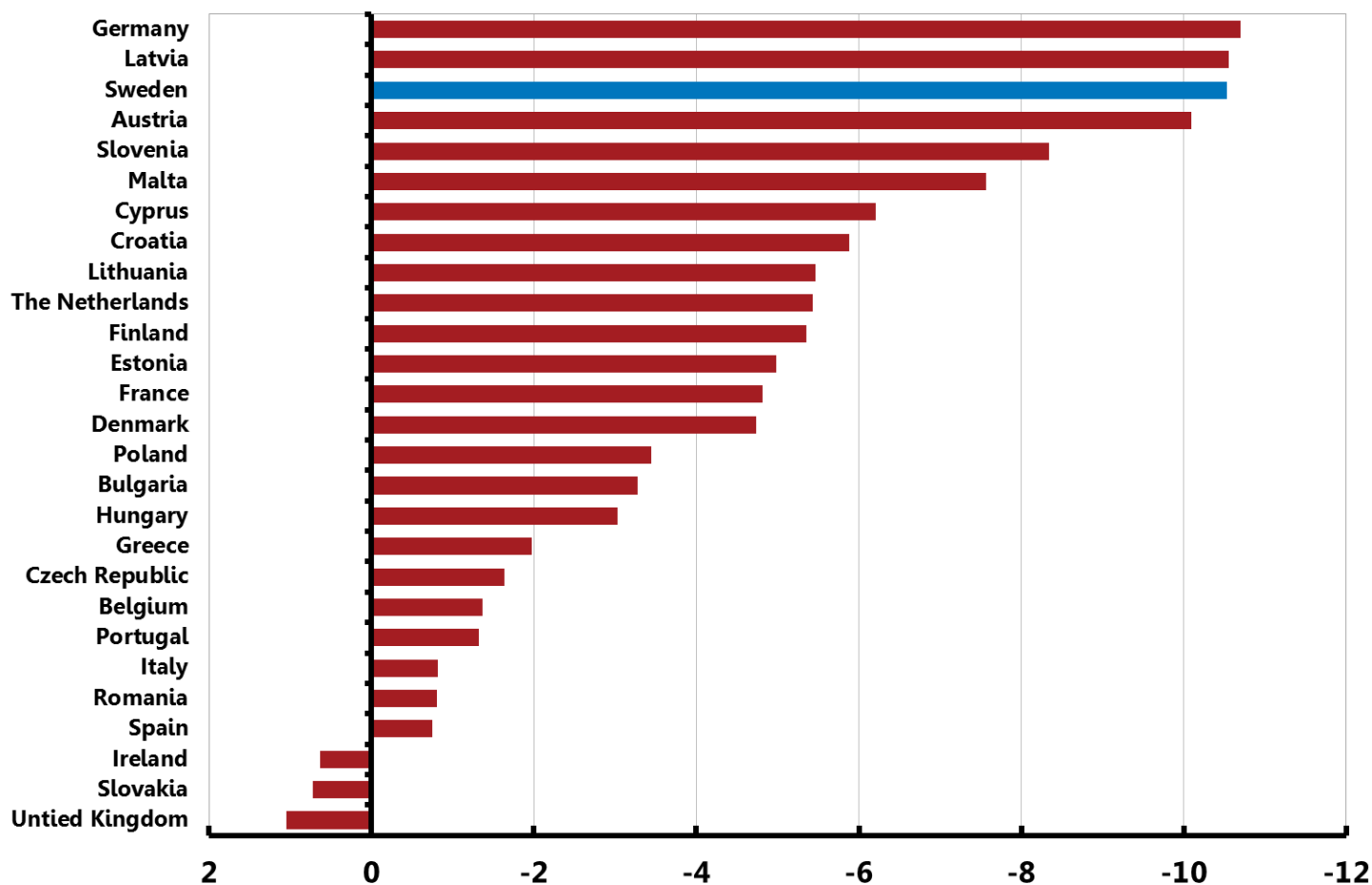
Per cent



Note. "Fixed income securities" include both bonds and certificates. "Equities" also include mutual funds, except for unit linked insurance. "Real Estate" refers to buildings and land as well as stock in wholly owned property companies. "Other" refers to repos, derivatives and accrued interest income.

A3:11. Difference in maturity between assets and debts for life insurance companies in the EU

Year



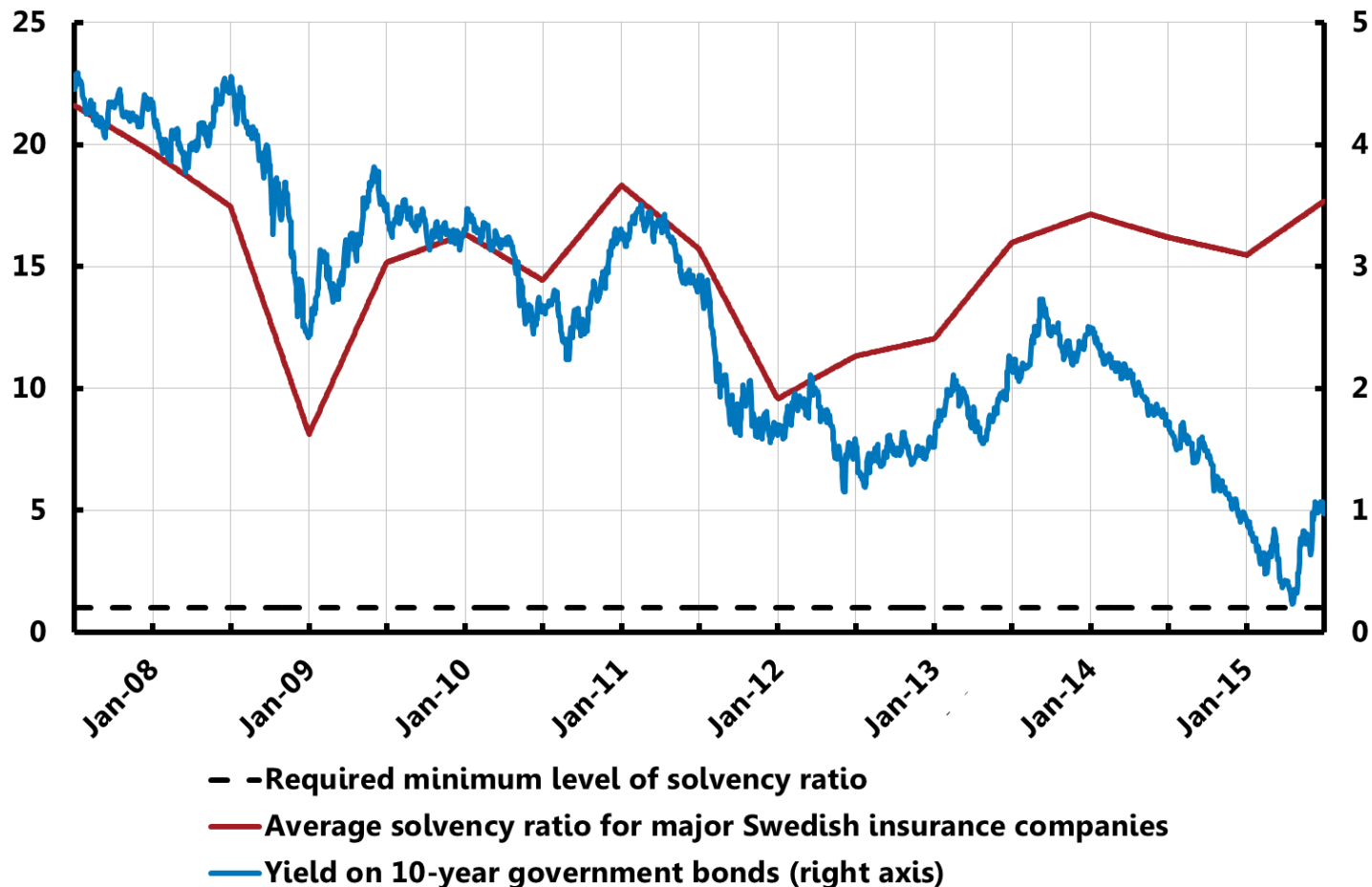
Note. Based on EIOPA's 2014 stress test of insurance companies in the EU. The figure refers to the duration of assets and debts.

Source: IMF Global Financial Stability Report 2015:1, April 2015. The International Monetary Fund

A3:12. Solvency ratio for major Swedish life insurance companies and yield on government bonds



Solvency ratio (left axis), percent (right axis)

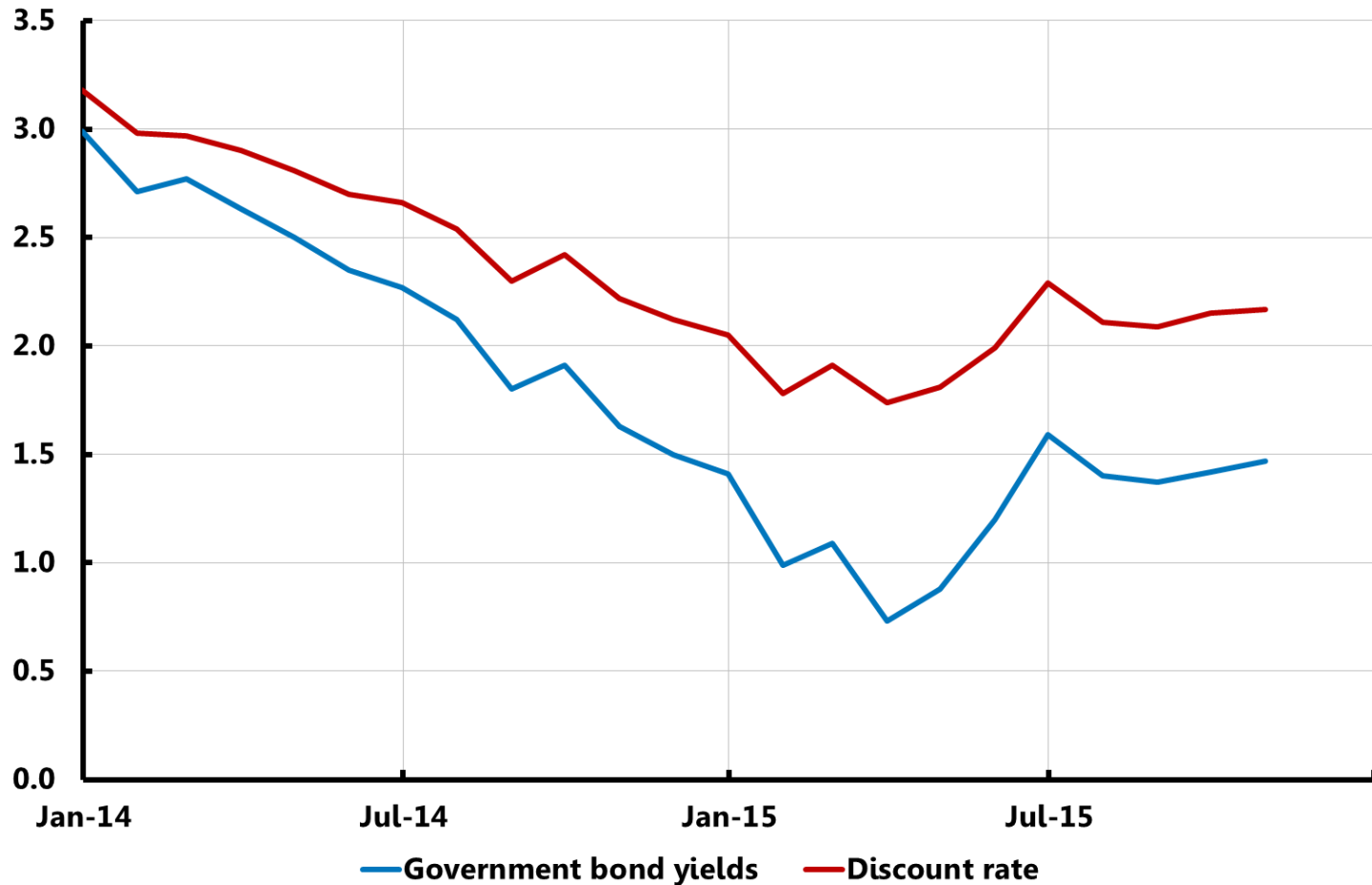


Note. The solvency ratio refers to companies who are classified as mutual life insurance companies by Finansinspektionen. Solvency ratio reported every six months for the last day of the period.

A3:13. Different yields in Sweden with maturities of 20 years

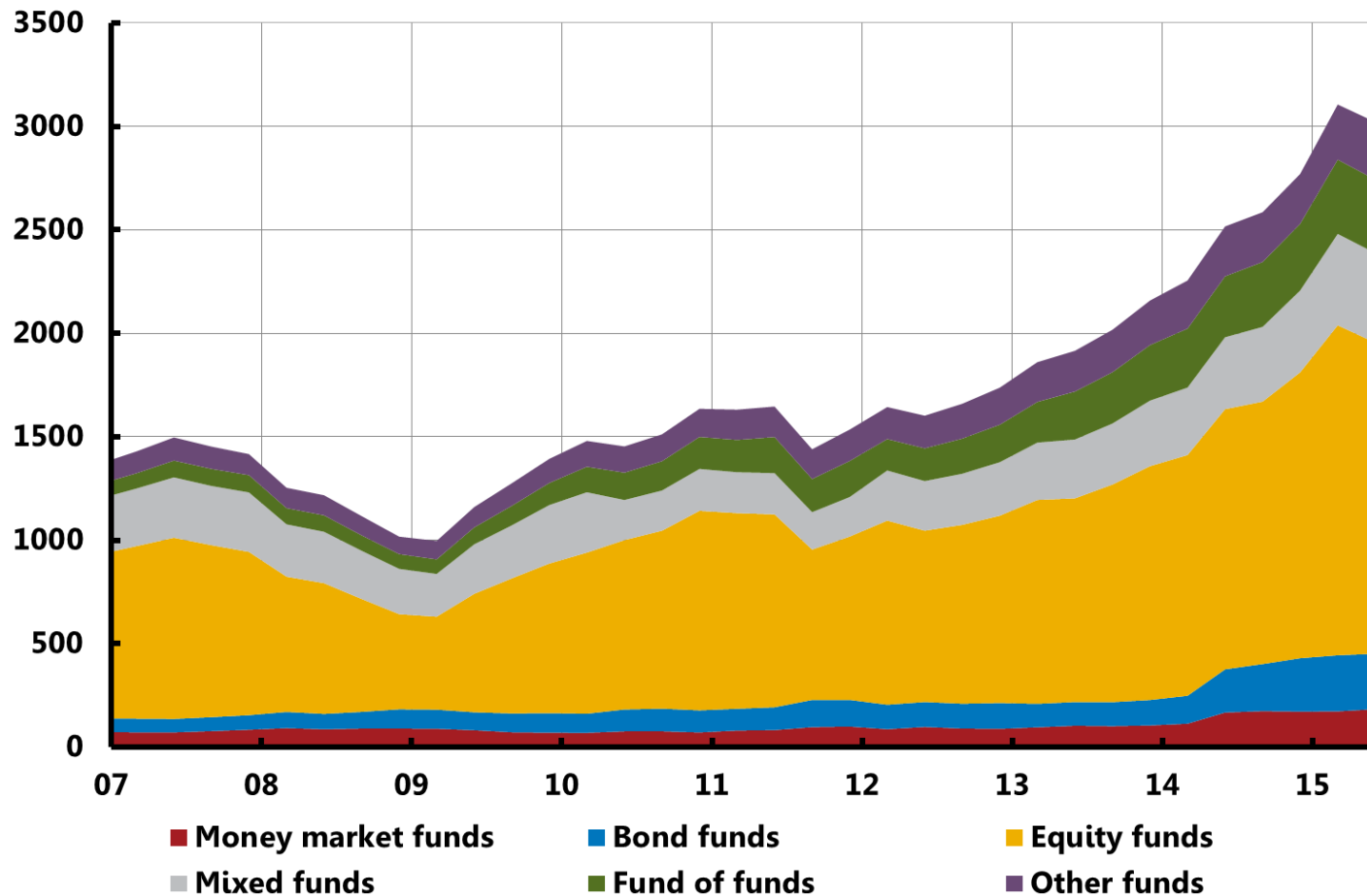


Per cent



A3:14. Size of Swedish investment funds

SEK billions

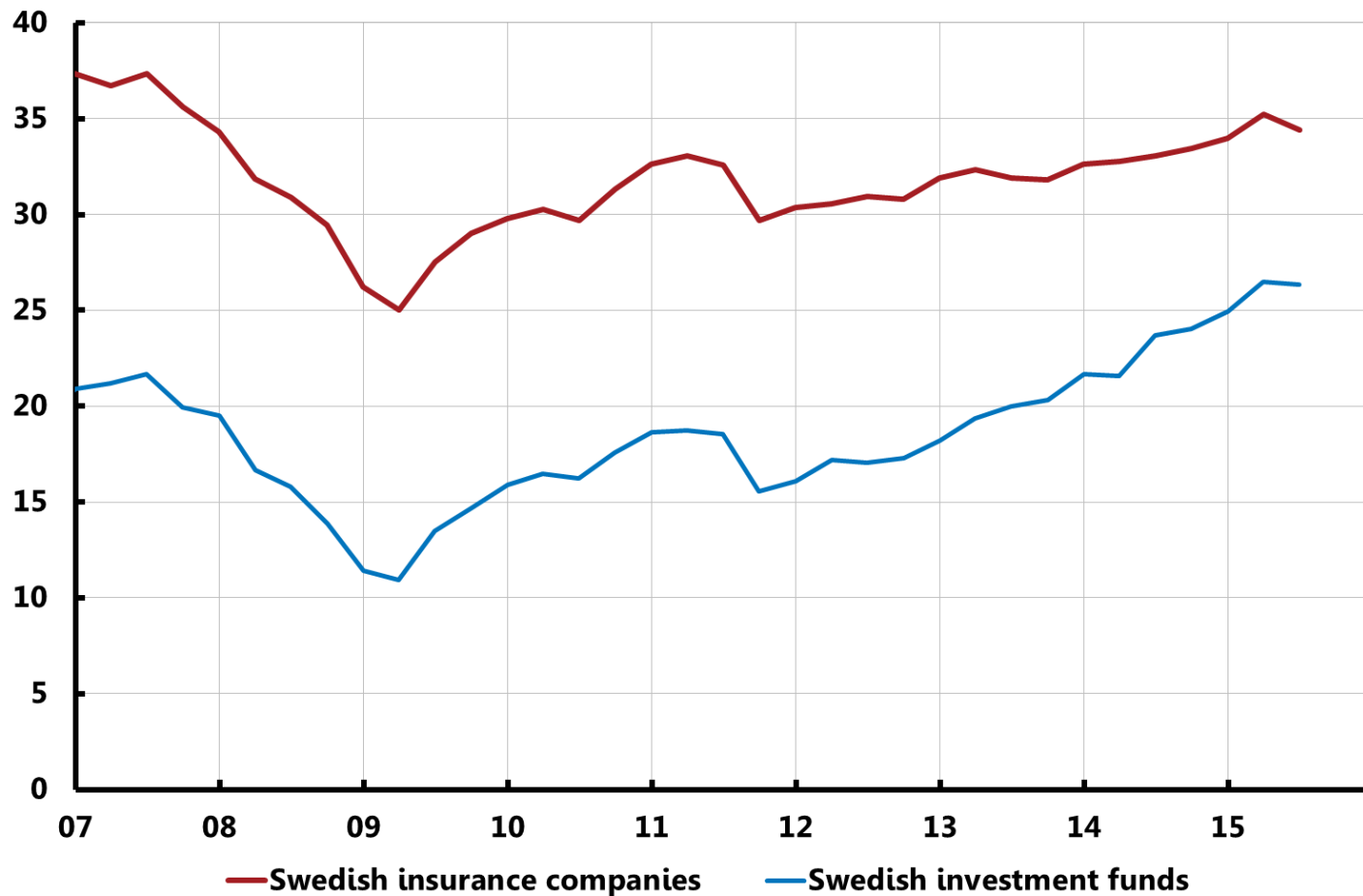


Note. Money market funds are those funds that by Statistics Sweden are classified as short-term fixed-income funds, while bond funds are those classified as long-term fixed income funds.

Source: Statistics Sweden

A3:15. Assets in investment funds and insurance companies in relation to assets in banks

Share of the bank sector, per cent



Note. Does not include the Swedish banks' foreign operations. Insurance companies also include pension funds, except for premium pensions.

Source: Statistics Sweden

A3:16. Swedish corporate bond holders

SEK billion

