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■ Sveriges Riksbank and central banks of Estonia, Latvia and Lithuania sign MoU

An agreement entitled "Memorandum of Understanding on Management of a financial crisis in banks with cross-border subsidiaries or branches" was signed in Stockholm today by Andres Lipstok, Governor of the central bank of Estonia, Ilmars Rimsevics, Governor of the central bank of Latvia, Deputy Governor Darius Petrauskas, representing Reinoldijus Sarkinas, Governor of the central bank of Lithuania, and Stefan Ingves, Governor of the central bank of Sweden.

At present, Swedish banks own a large share in the banking systems of Estonia, Latvia and Lithuania. If a financial crisis were to arise in a bank that was part of a cross-border banking group, it would have repercussions on the whole group. There is therefore a need for the authorities in these countries to have a close cooperation to be able to act if a cross-border bank experiences problems.

The memorandum of understanding signed today focuses on practical issues. It stipulates that the central bank that first identifies a potential crisis should contact the other central banks. In addition, it indicates which central bank should be responsible for coordinating information and contacts and states the type of information considered relevant.

The signed memorandum of understanding supplements those signed earlier between the authorities within the EU on the management of financial crises in cross-border banks. It deals only with the cooperation between the central banks and does not affect other international agreements.

The agreement is available on the Riksbank's website, www.riksbank.se.