



PRESS RELEASE

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■ New capital requirements for Swedish banks

Finansinspektionen (the Swedish Financial Supervisory Authority), the Ministry of Finance and the Riksbank today publish the capital ratios that will be advocated for the major Swedish banks. The capital requirements are tougher than the minimum requirements in Basel III. This is to create more stable banks, prevent future crises and thus reduce the risk of costs for tax-payers.

The recent financial crisis has clearly illustrated the enormity of the costs to society when the banking sector gets into difficulties. International work is therefore underway to create a more stable financial system. One result of this work is the Basel III Accord, which stipulates global minimum requirements as to how much capital all banks should hold in the future.

Finansinspektionen, the Ministry of Finance and the Riksbank advocate that the capital adequacy requirements for the four major Swedish banking groups Handelsbanken, Nordea, SEB and Swedbank should be at least 10 per cent of their risk-weighted assets in what is known as common equity Tier 1 capital from 1 January 2013, and 12 per cent from 1 January 2015. The requirements follow the definitions given in the Basel III Accord. These levels include, like Basel III, a capital conservation buffer of 2.5 per cent, but no countercyclical buffer.

The Basel III regulations, put in simple terms, set a minimum level for common equity Tier 1 capital of 7 per cent of the banks' risk-weighted assets. These regulations will be phased in from 2013 and will apply in full from January 2019. The Swedish proposal thus goes further than Basel III, both with regard to the levels and when they are introduced. This also means that Sweden is a pioneer in the international process to set higher standards for systemically-important banks.

The major Swedish banks are well-capitalised and already close to the requirements proposed by Finansinspektionen, the Ministry of Finance and the Riksbank. The banks thus have good chances of attaining the proposed common equity Tier 1 capital ratios.