



# PRESS RELEASE

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## ■ The banks have good resilience

*The major Swedish banks are well-equipped to meet poorer economic developments. They are well-capitalised in an international comparison and have good access to market funding, despite the financial turbulence abroad. However, there is considerable uncertainty over future economic developments in the euro area. The banks should therefore retain or increase their capital ratios from the current level to preserve and further increase their resilience.*

### **Swedish banks well-equipped in times of financial unease**

Over the past six months the public finance problems in the euro area have led to increased turbulence in the financial markets. This has also affected the conditions for the European banks, as it has become more difficult and more expensive for them to obtain market funding.

Unlike many European banks, the Swedish banks have good access to the international capital markets, despite the financial turbulence abroad. This is because the major Swedish banks are still well-capitalised in an international perspective and they have only small exposures to the European countries with weak public finances. Earnings have increased and loan losses are expected to remain low. This means that the Swedish banks are well-equipped to meet a future economic downturn.

### **The banks risk being affected if the turbulence increases further**

But there is still considerable uncertainty over future developments. If concerns over sovereign debt problems increase further, Swedish banks may also be affected. The Riksbank's stress tests show, however, that the Swedish banks have sufficient capital to give them good resilience, even if the loan losses were much greater than those expected in the report's main scenario. However, their liquidity risks are still higher than in many other European banks, although the risks have on the whole declined somewhat over the year.



## ■ The Riksbank's recommendations to participants in the financial system

The Riksbank makes recommendations on measures that aim to reduce risks and vulnerabilities that may affect the stability of the financial system. The recommendations can be aimed at banks as well as legislators and other authorities. The Riksbank considers that the recommendations presented in the previous Financial Stability Report still apply, but also sees reasons to clarify and supplement them.

The Riksbank, together with Finansinspektionen (the Swedish Financial Supervisory Authority) and the Ministry of Finance, advocates that the major Swedish banks should hold more capital than the minimum levels stipulated in Basel III. They propose that the four major Swedish banking groups, Handelsbanken, Nordea, SEB and Swedbank, should hold at least 10 per cent of their risk-weighted assets in Common Equity Tier 1 capital with effect from 1 January 2013 and 12 per cent with effect from 1 January 2015.

Moreover, the Riksbank considers that binding liquidity requirements should be imposed on the banks in Swedish krona and foreign currencies with effect from January 2013. These and further recommendations are explained in more detail in the Financial Stability Report.

A press conference with Riksbank Governor Stefan Ingves, Deputy Governor Lars Nyberg and Mattias Persson, Head of the Financial Stability Department, will be held today at 11 a.m. in the Riksbank. NB! Entry via the bank's entrance at Malmskillnadsgatan 7. Press cards must be shown. The press conference will be broadcast live on the Riksbank's website, [www.riksbank.se](http://www.riksbank.se).

The Financial Stability Report can be downloaded from the Riksbank's website, or ordered via e-mail: [kontorsservicecenter@riksbank.se](mailto:kontorsservicecenter@riksbank.se), or telephone +46-(0)8-787 00 00. The printed version of the Report will be available from 30 November.