

Notification template for Articles 133 and 134(5) of the Capital Requirements Directives (CRD) – Systemic risk buffer (SyRB)

Template for notifying the European Central Bank (ECB) and European Systemic Risk Board (ESRB) of the setting or resetting of one or more systemic risk buffer rates pursuant to Article 133(9) CRD and to request that the ESRB issue a recommendation to other Member States to reciprocate the measure under Article 134(5) CRD

Please send/upload this template to

- macropru.notifications@ecb.europa.eu when notifying the ECB (under Article 5 of the Single Supervisory Mechanism (SSM) Regulation¹);
- notifications@esrb.europa.eu when notifying the ESRB.

The ESRB will forward the notification to the European Commission, the European Banking Authority (EBA) and the competent and designated authorities of the Member States concerned without delay. This notification will be made public by the ESRB once the relevant authorities have adopted and published the notified macroprudential measure².

E-mailing/uploading this template to the above addresses constitutes official notification; no further official letter is required. To facilitate the work of the notified authorities, please send the notification template in a format that allows the information to be read electronically.

1. Notifying national authority and scope of the notification	
1.1 Name of the notifying authority	Finansinspektionen (Swedish Financial Supervisory Authority, FI).
1.2 Country of the notifying authority	Sweden.
1.3 Type of measure (also for reviews of existing measures)	<p>Which SyRB measure do you intend to implement?</p> <p><input type="checkbox"/> Activate a new SyRB</p> <p><input type="checkbox"/> Change the level of an existing SyRB</p> <p><input type="checkbox"/> Change the scope of an existing SyRB (incl. changes to a subset of institutions or exposures)</p> <p><input type="checkbox"/> De-activate an existing SyRB</p> <p><input checked="" type="checkbox"/> Reset an existing SyRB (review)</p>

¹ Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

² On request by the notifying authority, it may be agreed with the Head of the ESRB Secretariat that this notification, or a part thereof, should not be published for reasons of confidentiality or financial stability.

2. Description of the measure

2.1 Institutions covered by the intended SyRB

Please indicate whether the SyRB applies to:

- All institutions authorised in the Member State
- One or more subsets of credit institutions in the sector (please provide the names and identifiers (Legal Entity Identifier (LEI) code) of institutions covered)

Name of institution	LEI code	Consolidation level
Skandinaviska Enskilda Banken AB	F3JS33DEI6XQ4ZBPTN86	Consolidated
Svenska Handelsbanken AB	NHBDILHZTYCNBV5UYZ31	Consolidated
Swedbank AB	M312WZV08Y7LYUC71685	Consolidated

- A subsidiary whose parent is established in another Member State. (Please provide the names and identifiers (LEI code) of subsidiaries)

Name of subsidiary	Name of the parent	LEI code of the subsidiary

If the SyRB applies to a subset of institutions, please describe the criteria for selection of the relevant institutions.: See answer in section 4.

2.2 Exposures covered by the SyRB (Article 133(5) CRD)

Please indicate the exposures to which the SyRB applies:

- (a) all exposures located in the Member State that is setting the buffer;
- (b) the following sectoral exposures located in the Member State that is setting the buffer:
- (i) all retail exposures to natural persons that are secured by residential property;
 - (ii) all exposures to legal persons that are secured by mortgages on commercial immovable property;
 - (iii) all exposures to legal persons excluding those specified in point (ii);
 - (iv) all exposures to natural persons excluding those specified in point (i);
- (c) subsets of any of the sectoral exposures identified in point (b). Please specify the subsets in Section 2.3;
- (d) all exposures located in other Member States;
- (e) exposures located in third countries.

<p>2.3 Subsets of sectoral exposures</p>	<p>Where the systemic risk buffer applies to subsets of any of the sectoral exposures identified (see point 2.2 (c)), please specify:</p> <ul style="list-style-type: none"> - The elements of the dimensions and subdimensions that were used to identify the subset(s) of sectoral exposures as laid down in the EBA Guidelines on the appropriate subsets of exposures in the application of SyRB: <table border="1" data-bbox="632 421 1461 703"> <thead> <tr> <th>Dimensions/subdimensions</th> <th>Elements</th> </tr> </thead> <tbody> <tr> <td>1. Type of debtor or counterparty sector</td> <td></td> </tr> <tr> <td><i>1.a Economic activity</i></td> <td></td> </tr> <tr> <td>2. Type of exposure</td> <td></td> </tr> <tr> <td><i>2.a Risk profile</i></td> <td></td> </tr> <tr> <td>3. Type of collateral</td> <td></td> </tr> <tr> <td><i>3.a Geographical area</i></td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> - Assessment conducted in accordance with Section 5 of the EBA Guidelines on the systemic relevance of the risks stemming from this subset, taking into account: <ul style="list-style-type: none"> (i) size (ii) riskiness (iii) interconnectedness. - Why it would not have been appropriate to set the systemic risk buffer at the level of a sector (as in point 2.2(b)) to cover the risk targeted? 	Dimensions/subdimensions	Elements	1. Type of debtor or counterparty sector		<i>1.a Economic activity</i>		2. Type of exposure		<i>2.a Risk profile</i>		3. Type of collateral		<i>3.a Geographical area</i>																															
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<p>2.4 Exposures located in other Member States and in third countries</p>	<p>Not applicable as the systemic risk buffer applies to all of the institutes' exposures on group level.</p>																																												
<p>2.5 Buffer rate (Article 133(9)(e) CRD)</p>	<table border="1" data-bbox="632 1211 1473 1973"> <thead> <tr> <th rowspan="2">Exposures</th> <th colspan="2">New SyRB rate</th> <th colspan="2">Previous SyRB rate</th> </tr> <tr> <th>All institutions (SyRB rate)</th> <th>Set of institutions (range of SyRB rates)</th> <th>All institutions (SyRB rate)</th> <th>Set of institutions (range of SyRB rates)</th> </tr> </thead> <tbody> <tr> <td>(a) All exposures located in the Member State that is setting the buffer</td> <td>%</td> <td>3%</td> <td></td> <td>3%</td> </tr> <tr> <td colspan="5"><i>(b) The following sectoral exposures located in the Member State that is setting the buffer:</i></td> </tr> <tr> <td>(i) All retail exposures to natural persons that are secured by residential property</td> <td>%</td> <td>% - %</td> <td></td> <td></td> </tr> <tr> <td>(ii) All exposures to legal persons that are secured by mortgages on commercial immovable property</td> <td>%</td> <td>% - %</td> <td></td> <td></td> </tr> <tr> <td>(iii) All exposures to legal persons excluding those specified in point (ii)</td> <td>%</td> <td>% - %</td> <td></td> <td></td> </tr> <tr> <td>(iv) All exposures to natural persons excluding those specified in point (i)</td> <td>%</td> <td>% - %</td> <td></td> <td></td> </tr> <tr> <td>(c) All exposures located in other Member States</td> <td>%</td> <td>3%</td> <td></td> <td>3%</td> </tr> </tbody> </table>	Exposures	New SyRB rate		Previous SyRB rate		All institutions (SyRB rate)	Set of institutions (range of SyRB rates)	All institutions (SyRB rate)	Set of institutions (range of SyRB rates)	(a) All exposures located in the Member State that is setting the buffer	%	3%		3%	<i>(b) The following sectoral exposures located in the Member State that is setting the buffer:</i>					(i) All retail exposures to natural persons that are secured by residential property	%	% - %			(ii) All exposures to legal persons that are secured by mortgages on commercial immovable property	%	% - %			(iii) All exposures to legal persons excluding those specified in point (ii)	%	% - %			(iv) All exposures to natural persons excluding those specified in point (i)	%	% - %			(c) All exposures located in other Member States	%	3%		3%
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	(f) Subsets of any of the sectoral exposures identified in point (b):				
	(i) Please specify the subset [Dimension/subdimensions]	%	% - %		
If different buffer requirements apply to different subsets of institutions, please specify for each institution mentioned under 2.1.					
Set of institutions					
	Exposures	Name of institution	LEI code	New SyRB rate	Previous SyRB rate
				%	
				%	
				%	
3. Timing for the measure					
3.1 Timing for the decision	06/12/2024				
3.2 Timing for publication	06/12/2024				
3.3 Disclosure	The outcome of the review will be published on FI's website the same day.				
3.4 Timing for application	The previous decision was applicable from 29 December 2020. Since the current review will not change the level of the SyRB, or which credit institutions it applies to, the previous application date is still effective.				
3.5 Phasing in	No phase-in. The above-mentioned credit institutions are already subject to systemic risk buffers of 3 %.				
3.6 Review/deactivation of the measure	The systemic risk buffer will be reviewed at least every two years.				
4. Reasons for the notified SyRB					
4.1 Description of the macroprudential or systemic risk in your Member State (Article 133(9)(a) of the CRD)	<p>Skandinaviska Enskilda Banken AB, Svenska Handelsbanken AB and Swedbank AB ("the three credit institutions") shall be subject to a SyRB of 3 %. The primary reason is to mitigate the structural systemic risk that arises due to these three groups having large similarities. Consequently, the risk of a problem in one major bank coinciding with problems in the other two is appreciably greater than for the other banks in the marketplace. Because these three banks also constitute a large share of the market, the repercussions are much more serious if problems were to arise.</p> <p>The Swedish banking system is large in relation to the size of the economy. On top of this, the banking system is characterised by a high degree of market financing, including a substantial element of financing in foreign currencies</p> <p>The banking system is characterised by a high level of market concentration. There are three major Swedish banks, Skandinaviska Enskilda Banken AB, Svenska Handelsbanken AB and Swedbank AB (all of them are identified as O-SII), which conduct business in a major part of Sweden. They hold around 54 % of the banking system's lending to the public and around 57 % of the assets.</p> <p>Unlike the smaller Swedish banks, the three major banks are similar to one another in that they have substantial operations outside of Sweden, primarily in</p>				

	<p>northern Europe. Furthermore, they are to a greater extent active on the international financial markets. These international operations make the three credit institutions more vulnerable to international economic problems and international financial stress.</p> <p>These banks' combined market share, in combination with their similarities, means that there is a structural systemic risk that increases the vulnerability of the Swedish banking system. The risk of a problem with one major bank coinciding with problems that also arise in the other two is thus appreciably greater than for the other banks in the marketplace.</p> <p>The similarities between the major banks also means that the market may, to a greater extent, presuppose that a problem in one major bank is also present in the other two, further exacerbating the structural risk. Consequently, there is a dependency of confidence between the three of them.</p> <p>Major shocks in the financial system risk leading to serious and negative repercussions for the real economy, and it may be difficult to alleviate a crisis without substantial cost to society. Because of the way the Swedish banking system is structured there is a concentration of risk and clear links between the major banks. There is thus a risk that a crisis will affect the system as a whole. The risk of a financial crisis is not necessarily greater in Sweden than in other countries, but there is a risk that the consequences of a banking crisis would be substantial if it were to happen here. One contributory factor in this respect is the central role played by the major banks in the supply of credit to the real economy. The banks' ability to continue lending is especially important during periods of crisis.</p>
<p>4.2 Reasons why the dimension of the macroprudential or systemic risks threatens the stability of the financial system in your Member State (Article 133(9)(b) CRD)</p>	<p>Please see 4.1.</p>
<p>4.3 Indicators used for activation of the measure</p>	<p>The above-mentioned three credit institutions are already subject to a systemic risk buffer of 3 %. The decision to maintain the buffer is based on a number of different indicators relating to the size of the above-mentioned credit institutions in relation to the Swedish economy as well as their similarities, large market shares etc. (as described further under 4.1).</p>
<p>4.4 Effectiveness and proportionality of the measure (Article 133(9)(c) CRD)</p>	<p>The purpose of the buffer is to ensure that the above-mentioned three credit institutions hold more capital and are thereby more resilient towards stressed events. FI believes it is important for banks that are of systemic importance to have more usable capital in order to make them better equipped to manage any problems and be able to continue lending during periods of financial stress. Based on the previously mentioned risks FI considers the measure both to be effective and proportionate.</p>
<p>4.5 Reason why the systemic risk buffer is not duplicating the functioning of the O-SII buffer provided for in Article 131 CRD (Article 133(9)(f) CRD)</p>	<p>The two buffers complement each other. The purpose of the SyRB is to counteract the structural systemic risk arising from similarities of the three above-mentioned banking groups, while the O-SII buffer manages the risk that each individual O-SII constitutes for the system. The fact that there are three banks with similar risk profiles, which together account for a large portion of the operations in the banking market, creates structural systemic risks that are covered by the systemic risk buffer, but not by the O-SII buffer.</p>
<p>5. Sufficiency, consistency and non-overlap of the policy response</p>	
<p>5.1 Sufficiency of the policy response</p>	<p>FI believes that a 3 % systemic risk buffer, together with the additional capital requirements, are sufficient in order to mitigate the individual and aggregate risks that have been identified (see also section 4.1).</p>

<p>5.2 Consistency of application of the policy response</p>	<p>The application of the systemic risk buffer is consistent with the applicable articles in CRD as well as Swedish law. It is also consistent with the objectives as outlined in ESRB/2013/1 since the application of the SyRB is ultimately aimed at strengthening the resilience of the Swedish financial sector (recommendation A, policy objective (e)).</p>
<p>5.3 Non-overlap of the policy response</p>	<p>FI has not introduced any other policy instruments to address the same systemic risk. The above-mentioned three credit institutions are subject to a systemic risk buffer, an O-SII buffer and two risk weight floors for mortgages and commercial real estate via article 458. The measures cover different risks and complement each other. If a reciprocated systemic risk buffer covers the same risk as the Swedish systemic risk buffer the highest of them will be applied in accordance with CRD and Swedish law.</p>
<p>6. Cross-border and cross-sector impact of the measure</p>	
<p>6.1 Assessment of cross-border effects and the likely impact on the Internal Market (Article 133(9)(d) of the CRD and Recommendation ESRB/2015/2³)</p>	<p>FI does not expect the measure to have any negative consequences for the internal market. The systemic risk buffer is placed on the three major bank's total exposures; thus no difference is made based on the domicile of the exposures.</p> <p>The above-mentioned credit institutions have been subject to a systemic risk buffer of 3 % since 1 January 2015. FI has not noted any negative consequences for the internal market.</p>
<p>6.2 Assessment of leakages and regulatory arbitrage within the notifying Member State</p>	<p>FI does not expect the measure to have any negative consequences for leakages and regulatory arbitrage. The systemic risk buffer is placed on the above-mentioned credit institution's total exposures, thus no difference is made based on the domicile or type of exposures. FI will monitor closely any impact of the measure on other sectors of the Swedish financial system.</p>
<p>6.3 Request for reciprocation by other Member States (Article 134(5) CRD and Recommendation ESRB/2015/2)</p>	<p>No FI will not request for reciprocation by other Member States since the systemic risk buffer will only apply on group level.</p>
<p>6.4 Justification for the request for reciprocation by other Member States (Article 134(5) CRD and Recommendation ESRB/2015/2)</p>	<p>Not applicable.</p>

³ Recommendation of the European Systemic Risk Board of 15 December 2015 on the assessment of cross-border effects of and voluntary reciprocity for macroprudential policy measures (ESRB/2015/3) (OJ C 97, 12.3.2016, p. 9).

7. Combination of the SyRB with other buffers																																				
7.1 Combination with G-SII and/or O-SII buffers (Article 131(15) CRD)	<table border="1"> <thead> <tr> <th>Name of institution</th> <th>G-SII/O-SII buffer rate</th> <th>O-SII consolidation level</th> <th>Sum of G-SII/O-SII and SyRB rates</th> </tr> </thead> <tbody> <tr> <td>Skandinaviska Enskilda Banken AB</td> <td>1%</td> <td>Consolidated</td> <td>4%</td> </tr> <tr> <td>Svenska Handelsbanken AB</td> <td>1%</td> <td>Consolidated</td> <td>4%</td> </tr> <tr> <td>Swedbank AB</td> <td>1%</td> <td>Consolidated</td> <td>4%</td> </tr> <tr> <td>Nordea Hypotek Aktiefbolag</td> <td>1%</td> <td>Subsidiary</td> <td>1%</td> </tr> <tr> <td></td> <td>%</td> <td></td> <td>%</td> </tr> <tr> <td></td> <td>%</td> <td></td> <td>%</td> </tr> <tr> <td></td> <td>%</td> <td></td> <td>%</td> </tr> </tbody> </table>	Name of institution	G-SII/O-SII buffer rate	O-SII consolidation level	Sum of G-SII/O-SII and SyRB rates	Skandinaviska Enskilda Banken AB	1%	Consolidated	4%	Svenska Handelsbanken AB	1%	Consolidated	4%	Swedbank AB	1%	Consolidated	4%	Nordea Hypotek Aktiefbolag	1%	Subsidiary	1%		%		%		%		%		%		%			
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7.2 Combination with other systemic risk buffers (Article 133(11) and (12) CRD)	<p>Not applicable.</p> <p>The two buffers that Sweden has imposed are the O-SII buffer at 1% and the systemic risk buffer at 3%. Combined none of the buffers add up to above 5% (see also table above in 7.1.)</p>																																			
8. Miscellaneous																																				
8.1 Contact person(s)/mailbox at notifying authority	<p>Lisa Wrede, Analyst, Bank Analysis and Policy +46 8 408 98 09 lisa.wrede@fi.se</p> <p>Patricia Vernholmen, Junior Analyst, Bank Analysis and Policy +46 8 408 986 74 patricia.vernholmen@fi.se</p>																																			
8.2 Any other relevant information	-																																			
8.3 Date of the notification	06/11/2024																																			