RIKSGÄLDEN
SWEDISH NATIONAL DEBT OFFICE

2025-03-06

Minimum requirement for own funds and eligible liabilities (MREL)

Compliance Q4 2024

Reg. No. RGR 2025/44

Foreword

The Swedish National Debt Office – Sweden's resolution authority – publishes a quarterly report on the Swedish systemically important banks' compliance with the minimum requirement for own funds and eligible liabilities (MREL). MREL is to ensure that a bank maintains both a sufficient level of own funds and of liabilities that can be written down or converted into equity so that, if resolution were to become necessary, the viability of that bank could be restored. In this report, we show how well the banks complied with MREL at the end of the fourth quarter of 2024.[1]

In accordance with the Swedish Resolution Act (2015:1016), the Debt Office sets MREL annually. This report presents compliance in relation to the requirements that are applicable as of 1 January 2024. The requirements were set in December 2023.[2] As of the time of those decisions, there are eight Swedish banks that are deemed systemically important. The Debt Office manages systemically important banks that have failed, or are at risk of failing, through resolution.

Further information about MREL and its application for Swedish banks is available in the Debt Office's MREL policy and on its website.[3] The In-depth part on pages 9–10 provides a general description of how the requirement are calculated and met.

[1] This report is based on information provided by the banks to the Debt Office on 18 February 2025.

[2] See the Debt Office's website.

[3] *MREL policy: Minimum requirement for own funds and eligible liabilities (MREL)* from 13 October 2021 (Reg. no. RGR 2021/26). See also the accompanying decision memorandum: *Minimum requirement for own funds and eligible liabilities (MREL)* from 13 October 2021 (Reg. no. RGR 2021/26).

Compliance with MREL

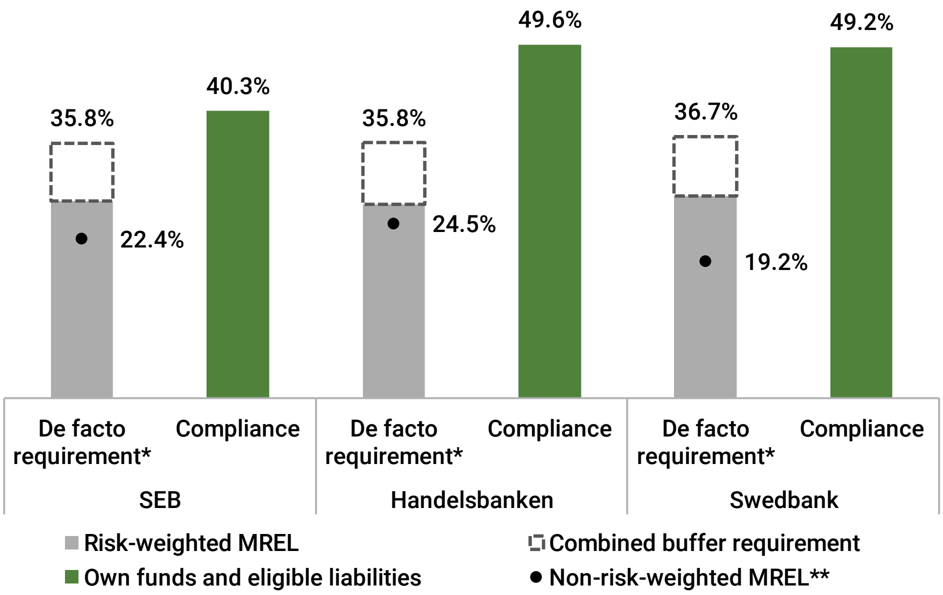
MREL consists of a risk-weighted and non-risk-weighted requirement. Both requirements apply and are to be met independently of each other. The banks' compliance with MREL, including the subordination sub-requirement, is shown in the figures below. See the In-depth part on pages 9–10 for more about how the requirement are calculated and met.

Figures 1 and 2 show compliance with MREL for the major banks and the medium-sized banks. The risk-weighted requirement consists of the actual requirement plus the combined buffer requirement. The non-risk-weighted requirement amounts to 6 per cent of the leverage ratio exposure measure (LRE) for all banks. To enable comparison between the requirements, the non-risk-weighted requirement is recalculated from per cent of LRE to per cent of total risk-weighted exposure amount (TREA). The figures thereby show compliance (right column for each bank) in relation to the de facto risk-weighted target level and non-risk-weighted target level (left column for each bank).

Figures 1 and 2 show that all systemically important banks reached the MREL at the end of the fourth quarter of 2024.

Figure 1 Compliance with MREL on 2024-12-31 – major banks

Per cent of TREA

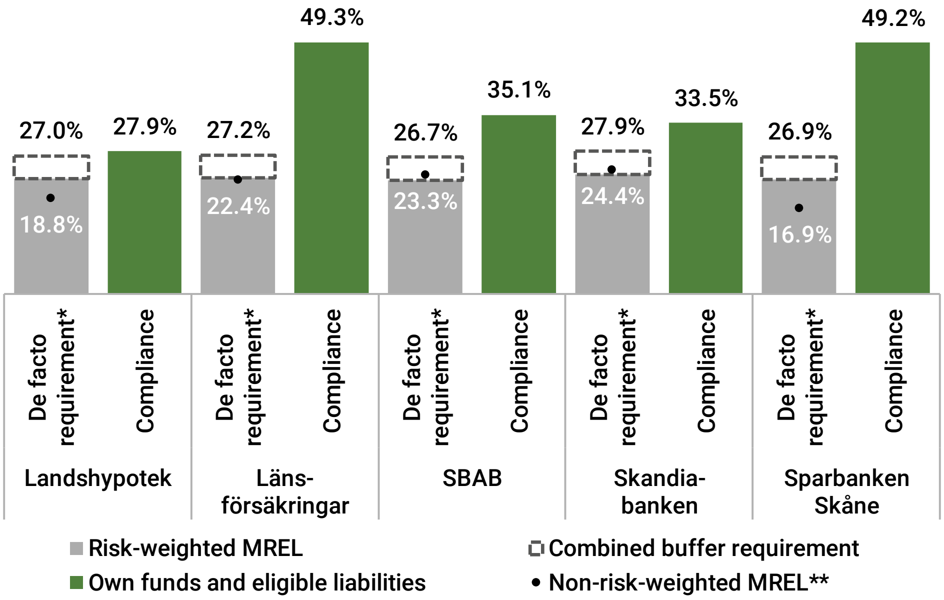


Note: *The de facto requirement consists of the risk-weighted requirement plus the combined buffer requirement (see also the In-depth part on pages 9–10). **The non-risk-weighted requirement is recalculated to per cent of TREA.

Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Figure 2 Compliance with MREL on 2024-12-31 – medium-sized banks

Per cent of TREA



Note: *The de facto requirement consists of the risk-weighted requirement plus the combined buffer requirement (see also the In-depth part on pages 9–10). **The non-risk-weighted requirement is recalculated to per cent of TREA.

Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Subordination sub-requirement

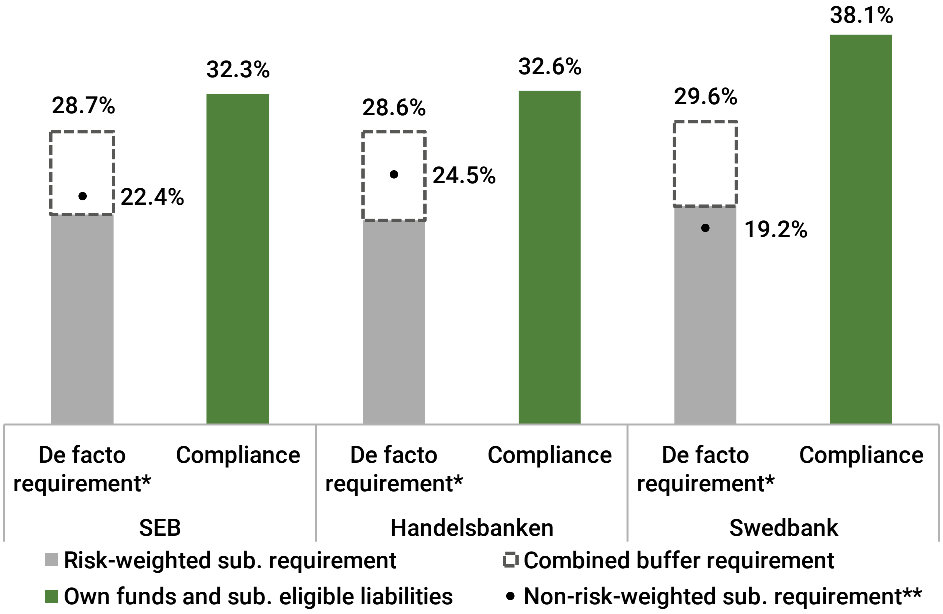
Parts of MREL, in accordance with the so-called subordination sub-requirement, may only be met with own funds and subordinated eligible liabilities.

Figures 3 and 4 show compliance with the subordination sub-requirement for the major banks and the medium-sized banks. The risk-weighted requirement consists of the actual requirement plus the combined buffer requirement. The non-risk-weighted requirement amounts to 6 per cent of LRE for all banks. To enable comparison between the requirements, the non-risk-weighted requirement is recalculated from per cent of LRE to per cent of TREA. The figures thereby show compliance (right column for each bank) in relation to the de facto risk-weighted target level and non-risk-weighted target level (left column for each bank).

Figures 3 and 4 show that all systemically important banks met the subordination requirement at the end of the fourth quarter of 2024.

Figure 3 Compliance with the subordination requirement on 2024-12-31 – major banks

Per cent of TREA

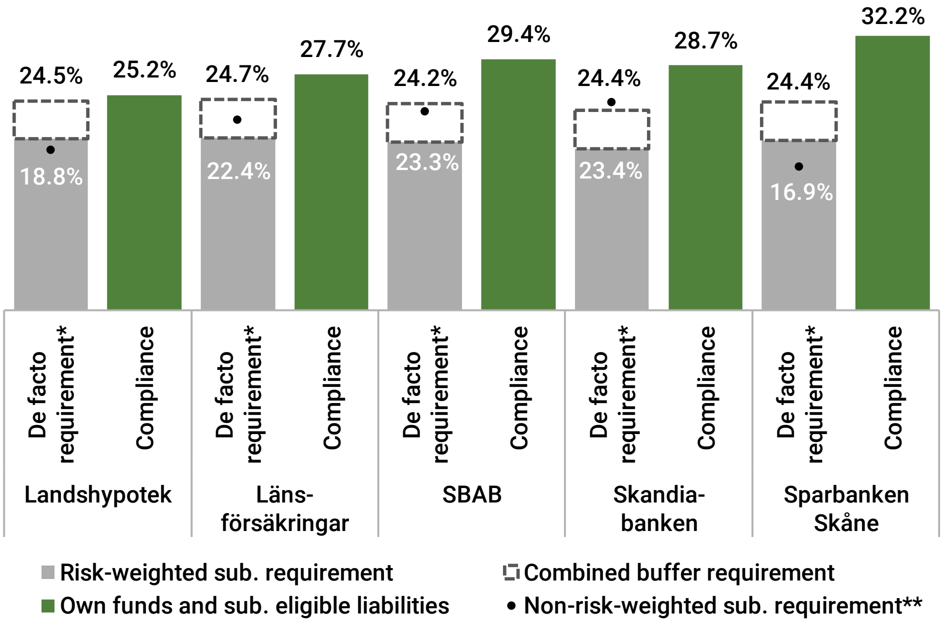


Note: *The de facto requirement consists of the risk-weighted requirement plus the combined buffer requirement (see also the In-depth part on pages 9–10). **The non-risk-weighted requirement is recalculated to per cent of TREA.

Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Figure 4 Compliance with the subordination requirement on 2024-12-31 – medium-sized banks

Per cent of TREA



Note: *The de facto requirement consists of the risk-weighted requirement plus the combined buffer requirement (see also the In-depth part on pages 9–10). **The non-risk-weighted requirement is recalculated to per cent of TREA.

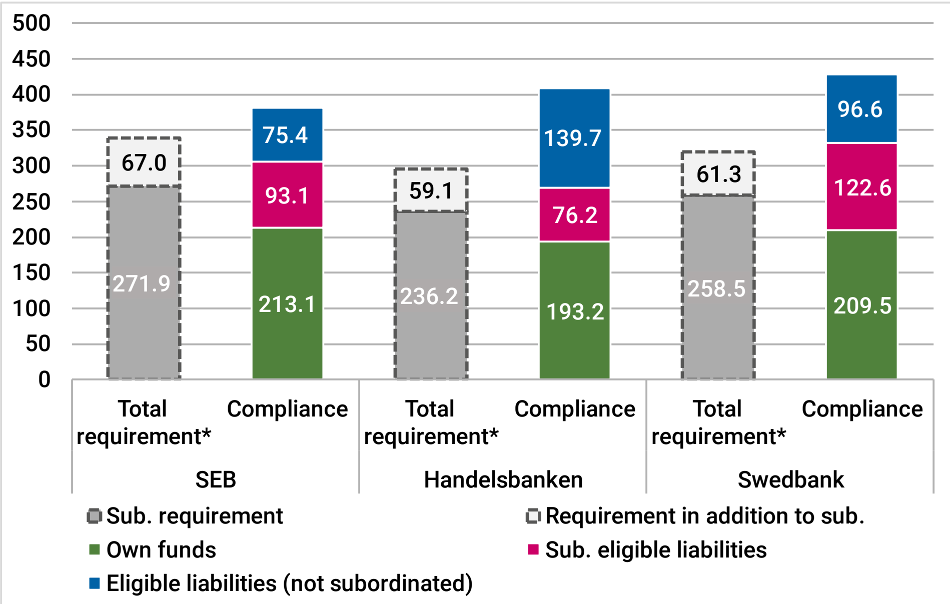
Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Compliance with MREL per type of instrument

MREL and the subordination sub-requirement lead to a total need for own funds, subordinated eligible liabilities, and non-subordinated eligible liabilities (see also the In-depth part on pages 9–10 for a description of what the requirement consist of and how they are met). Figures 5, 6, and 7 show the status of the systemically important banks' compliance at the end of the fourth quarter of 2024 with the requirements that apply as of 1 January 2024 (the subordination requirement and total MREL). The requirements and compliance with them are expressed in SEK billion.

Figure 5 Aggregate compliance per type of instrument, on 2024-12-31 – major banks

SEK billion

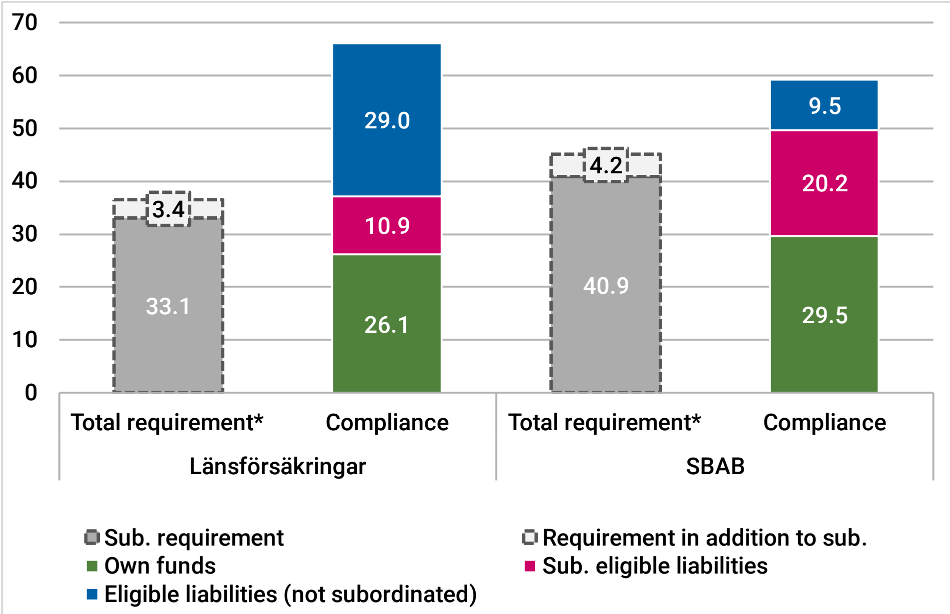


Note: *Aggregate requirement (de facto risk-weighted and non-risk-weighted) on the basis of total MREL and the subordination sub-requirement (see also the In-depth part on pages 9–10).

Sources: The Debt Office

Figure 6 Aggregate compliance per type of instrument, on 2024-12-31 – Länsförsäkringar and SBAB

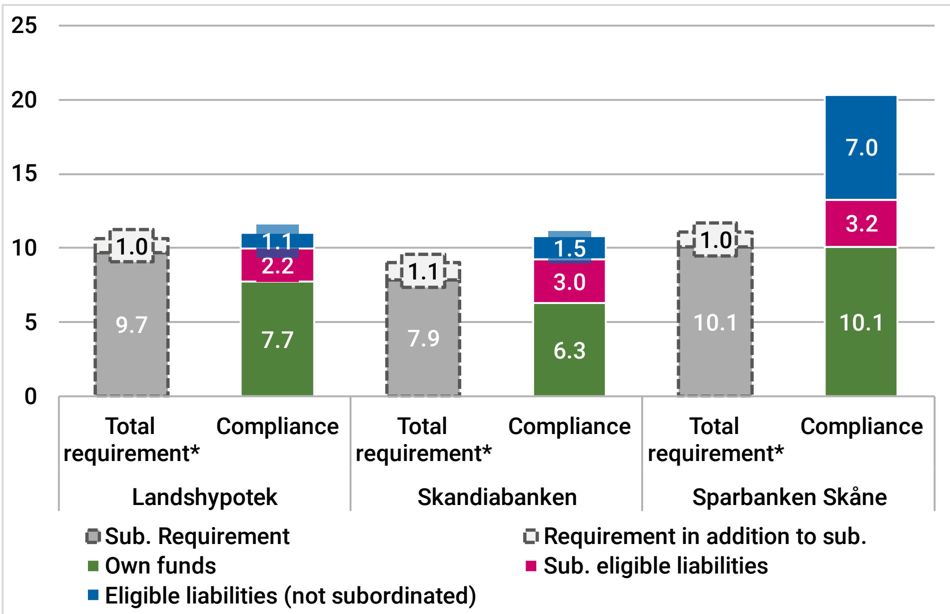
SEK billion



Note: *Aggregate requirement (de facto risk-weighted and non-risk-weighted) on the basis of total MREL and the subordination sub-requirement (see also the In-depth part on pages 9–10).
Sources: The Debt Office

Figure 7 Aggregate compliance per type of instrument, on 2024-12-31 – Landshypotek, Skandiabanken, and Sparbanken Skåne

SEK billion



Note: *Aggregate requirement (de facto risk-weighted and non-risk-weighted) on the basis of total MREL and the subordination sub-requirement (see also the In-depth part on pages 9–10).
Sources: The Debt Office

In-depth

Calculating and meeting MREL

The following is a description of the calculation of, and compliance with, MREL.[4]

Calculation

MREL is calculated on the basis of a bank's capital requirements and consists of a risk-weighted and a non-risk-weighted requirement. The risk-weighted requirement is expressed as a percentage of the total risk-weighted exposure amount (TREA) and the non-risk-weighted requirement as a percentage of the leverage ratio exposure measure (LRE). Both the risk-weighted and the non-risk-weighted requirements are made up of the sum of a loss absorption amount (LAA) and a recapitalisation amount (RCA)[5].

For risk-weighted MREL, LAA amounts to the sum of the bank's risk-weighted Pillar 1[6] and Pillar 2 requirements[7]. For non-risk-weighted MREL, RCA amounts to the bank's minimum leverage ratio requirement[8] (3 per cent of LRE).

For risk-weighted MREL, RCA amounts to the sum of the banks' risk-weighted Pillar 1 and Pillar 2 requirements as well as a market confidence charge (MCC). MCC corresponds to the combined buffer requirement[9] excluding the countercyclical buffer requirement, plus the banks' Pillar 2 guidance[10]. For non-risk-weighted

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[4] See also the decision memorandum: Minimum requirement for own funds and eligible liabilities (MREL) from 13 October 2021 (Reg. no. RGR 2021/26) for a more detailed description of the legal conditions and the Debt Office's application of MREL.

[5] For institutions deemed capable of being managed through bankruptcy or liquidation proceedings, RCA is set to zero. This report only presents compliance for the institutions that the Debt Office has deemed systemically important, for which RCA is therefore set at a higher amount than zero.

[6] *Pillar 1 requirements* include capital requirements for credit risks, market risks, and operational risks. This requirement amounts to 8 per cent of the firm's risk-weighted assets.

[7] *Pillar 2 requirements* include capital requirements based on the supervision and evaluation of the banks by the Swedish Financial Supervisory Authority (Finansinspektionen). Finansinspektionen (FI) has the right to decide on an institution-specific special own funds requirement, i.e. a Pillar 2 requirement. The Pillar 2 requirement is for instance intended to cover material risks that are not fully or partially covered by the minimum requirements in Pillar 1, as well as certain other situations.

[8] *The minimum leverage ratio* requirement is 3 per cent of the leverage ratio exposure amount. The measure is intended to limit, i.e. act as a safety barrier for, the minimum level of Tier 1 capital that a bank must hold.

[9] According to current own funds requirements, the sum of a bank's capital conservation buffer, countercyclical buffer, systemic risk buffer, and the highest of the buffer for global systemically important institutions and other systemically important institutions is called the *combined buffer requirement*.

[10] Within the framework of Pillar 2, FI can also notify the bank of how much own funds the authority expects the bank to hold in addition to the minimum requirement, the special own funds requirement in Pillar 2, and the combined buffer requirement in order to cover risks to which the bank is exposed and manage future financial stress. This is called *the risk-based guidance in Pillar 2*. For more information and definitions regarding capital requirement components, see FI's memorandum *New capital requirements for Swedish banks* (FI Reg. no. 20-20990).

MREL, RCA amounts to the bank's minimum leverage ratio requirement (3 per cent of LRE).

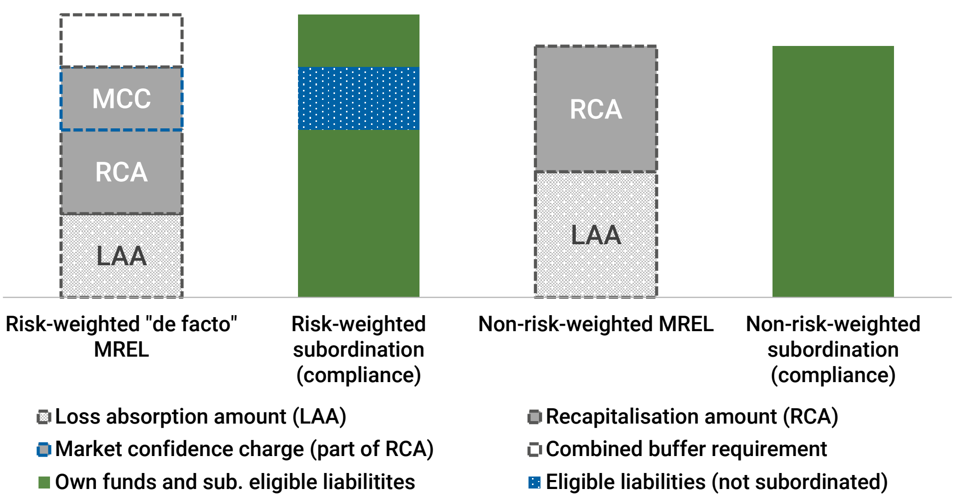
Compliance

MREL is to be met with own funds and eligible liabilities. In addition to the level of MREL, the Debt Office decides on the size of the requirement that is to be met with own funds and subordinated eligible liabilities. The subordination sub-requirement constitutes a part of MREL and can thereby not exceed the risk-weighted or non-risk-weighted MREL. The risk-weighted sub-requirement amounts to twice as much as the banks' Pillar 1 and Pillar 2 requirements. The non-risk-weighted sub-requirement amounts to 8 per cent of the bank's total liabilities and own funds, although never higher than the non-risk-weighted MREL. In practice, the banks' MCC can thus be met with eligible liabilities, while other parts of the requirements are to be met with own funds and subordinated eligible liabilities.

The Common Equity Tier 1 capital that is used to meet the combined buffer requirement may not at the same time be used to meet the risk-weighted MREL (this applies to both total MREL and the subordination sub-requirement). The combined buffer requirement shall thus be met in addition to risk-weighted MREL.[11] This leads to an aggregate "de facto" risk-weighted requirement that consists of MREL plus the combined buffer requirement.

The figure below shows what the rules for MREL and the Debt Office's application entail for the level of MREL (de facto risk-weighted requirement and non-risk-weighted requirement) as well as how they are met.

Figure 8 Illustration of MREL and subordination (compliance)



Sources: The Debt Office

[11] A bank that fails to comply with the combined buffer requirement in addition to risk-weighted MREL may be subject to so-called dividend restrictions.

Effective CET1 capital headroom

To manage various risks and the continual volatility in their assets, banks usually maintain a certain margin against their regulatory requirements (both risk-weighted and non-risk weighted capital requirements and MREL, respectively). This margin is referred to here as *CET1 capital headroom*.

Considering that a bank has several regulatory requirements to adhere to, it is not certain that the CET1 capital headroom that a bank reports in relation to its regulatory need for CET1 capital (CET1 requirement) can be used in its entirety before the bank risks breaching another of its regulatory requirements.[12]

To illustrate this relationship, both the Debt Office and Finansinspektionen publish the *effective* CET1 capital headroom that the banks have after taking all regulatory requirements into account.[13]

A bank's effective CET1 capital headroom is the amount in kronor (recalculated to per cent of TREA) whereby the gap between the bank's own funds as well as eligible liabilities, and the regulatory requirement as well as Pillar 2 guidance,[14] is at a minimum. Accordingly, the effective CET1 capital headroom is calculated in relation to the requirement, or the Pillar 2 guidance, that the bank is at risk of breaching first. The effective CET1 capital headroom is affected by the extent to which a bank chooses to comply with its requirements using other Tier 1 capital, Tier 2 capital, and eligible liabilities, as well as what margins the bank chooses to maintain against each requirement.

Figures 9 and 10 show how much of the systemically important banks' own buffer of CET1 capital is available for covering losses without the bank breaching any regulatory requirement or Pillar 2 guidance (green column). For each bank, the effective CET1 capital headroom is also compared with the CET1 capital headroom that there is in relation to the bank's CET1 requirement (black point). Table 1 shows which of the systemically important banks' regulatory requirements (and potential Pillar 2 guidance) is the most restrictive.

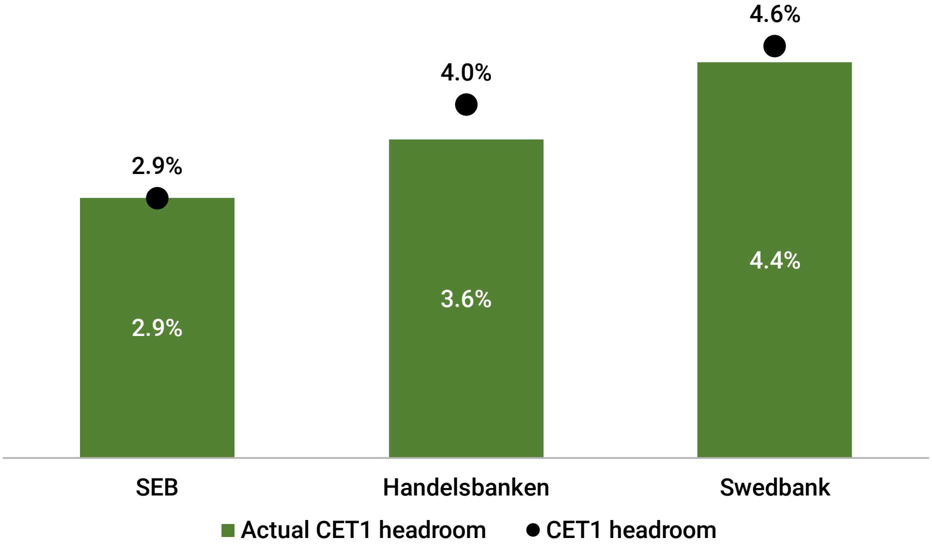
[12] The consequences may vary depending on which requirement the bank breaches. If a bank breaches the combined buffer requirement in addition to risk-weighted MREL, the Debt Office may decide on so-called dividend restrictions. Finansinspektionen also has the possibility to intervene if a bank breaches its MREL.

[13] More information on the calculation of effective CET 1 headroom can be found in Finansinspektionen's memorandum *Effective CET 1 capital headroom for banks* (FI Reg No. 25-3319).

[14] The Pillar 2 guidance is included in the calculation even though it is not a formal requirement.

Figure 9 Effective CET1 capital headroom, on 2024-12-31 – major banks

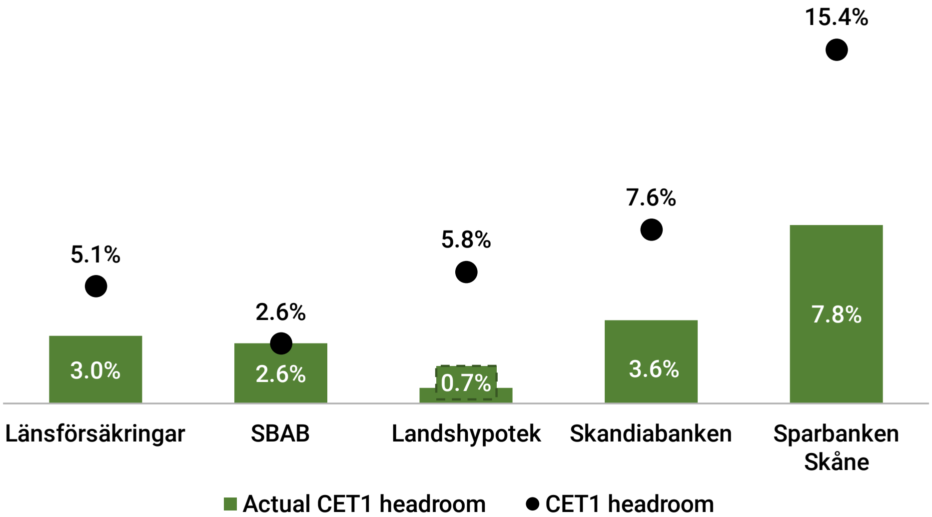
Per cent of TREA



Note: Requirements that are calculated in per cent of LRE are recalculated to per cent of TREA.
Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Figure 10 Effective CET1 capital headroom, on 2024-12-31 – medium-sized banks

Per cent of TREA



Note: Requirements that are calculated in per cent of LRE are recalculated to per cent of TREA.
Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Table 1 The systemically important banks' most restrictive regulatory requirement, on 2024-12-31

	CET 1 capital requirements	Tier 1 capital requirements	Total risk-based capital requirements	Leverage ratio requirements	Risk-weighted MREL	Non-risk-weighted MREL*	Risk-weighted sub. requirement
SEB	X						
Handelsbanken		X					
Swedbank			X				
Länsförsäkringar							X
SBAB	X						
Landshypotek							X
Skandiabanken				X			
Sparbanken Skåne							X

Note: *Since the non-risk-weighted MREL is to be met with own funds and subordinated eligible liabilities, the non-risk-weighted subordination requirement is not presented in the table.
Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Appendix of tables

The tables below show the data on each bank's compliance and requirement used for the figures in this report. Differences due to rounding of figures may occur.

Table 2 SEB aggregate data, 2024-12-31

SEB	SEK million	% of TREA	% of LRE
Total risk-weighted exposure amount (TREA)	947,860	-	-
Leverage ratio exposure measure (LRE)	3,535,907	-	-
Own funds	213,104	22.48%	6.03%
Own funds and subordinated eligible liabilities	306,214	32.31%	8.66%
Own funds and eligible liabilities	381,625	40.26%	10.79%
Combined buffer requirement	77,204	8.15%	-
<u>MREL (including buffer)</u>			
Risk-weighted MREL	338,908	35.76%	-
Risk-weighted subordination requirement	271,895	28.69%	-
Non-risk-weighted MREL	212,154	-	6.00%

Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Table 3 Handelsbanken aggregate data, 2024-12-31

Handelsbanken	SEK million	% of TREA	% of LRE
Total risk-weighted exposure amount (TREA)	825,457	-	-
Leverage ratio exposure measure (LRE)	3,368,806	-	-
Own funds	193,191	23.40%	5.73%
Own funds and subordinated eligible liabilities	269,421	32.64%	8.00%
Own funds and eligible liabilities	409,100	49.56%	12.14%
Combined buffer requirement	71,481	8.66%	-
<u>MREL (including buffer)</u>			
Risk-weighted MREL	295,345	35.78%	-
Risk-weighted subordination requirement	236,243	28.62%	-
Non-risk-weighted MREL	202,128	-	6.00%

Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Table 4 Swedbank aggregate data, 2024-12-31

Swedbank	SEK million	% of TREA	% of LRE
Total risk-weighted exposure amount (TREA)	871,902	-	-
Leverage ratio exposure measure (LRE)	2,790,854	-	-
Own funds	209,547	24.03%	7.51%
Own funds and subordinated eligible liabilities	332,124	38.09%	11.90%
Own funds and eligible liabilities	428,737	49.17%	15.36%
Combined buffer requirement	72,405	8.30%	-
MREL (including buffer)			
Risk-weighted MREL	319,763	36.67%	-
Risk-weighted subordination requirement	258,469	29.64%	-
Non-risk-weighted MREL	167,451	-	6.00%

Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Table 5 Landshypotek aggregate data, 2024-12-31

Landshypotek	SEK million	% of TREA	% of LRE
Total risk-weighted exposure amount (TREA)	39,438	-	-
Leverage ratio exposure measure (LRE)	123,566	-	-
Own funds	7,742	19.63%	6.27%
Own funds and subordinated eligible liabilities	9,950	25.23%	8.05%
Own funds and eligible liabilities	11,001	27.90%	8.90%
Combined buffer requirement	1,775	4.50%	-
MREL (including buffer)			
Risk-weighted MREL	10,664	27.04%	-
Risk-weighted subordination requirement	9,678	24.54%	-
Non-risk-weighted MREL	7,414	-	6.00%

Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Table 6 Länsförsäkringar aggregate data, 2024-12-31

Länsförsäkringar	SEK million	% of TREA	% of LRE
Total risk-weighted exposure amount (TREA)	134,063	-	-
Leverage ratio exposure measure (LRE)	500,176	-	-
Own funds	26,143	19.50%	5.23%
Own funds and subordinated eligible liabilities	37,072	27.65%	7.41%
Own funds and eligible liabilities	66,100	49.31%	13.22%
Combined buffer requirement	6,033	4.50%	-
MREL (including buffer)			
Risk-weighted MREL	36,465	27.20%	-
Risk-weighted subordination requirement	33,114	24.70%	-
Non-risk-weighted MREL	30,011	-	6.00%

Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Table 7 SBAB aggregate data, 2024-12-31

SBAB	SEK million	% of TREA	% of LRE
Total risk-weighted exposure amount (TREA)	168,889	-	-
Leverage ratio exposure measure (LRE)	656,664	-	-
Own funds	29,534	17.49%	4.50%
Own funds and subordinated eligible liabilities	49,704	29.43%	7.57%
Own funds and eligible liabilities	59,204	35.06%	9.02%
Combined buffer requirement	7,604	4.50%	-
MREL (including buffer)			
Risk-weighted MREL	45,165	26.74%	-
Risk-weighted subordination requirement	40,943	24.24%	-
Non-risk-weighted MREL	39,400	-	6.00%

Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Table 8 Skandiabanken aggregate data, 2024-12-31

Skandiabanken	SEK million	% of TREA	% of LRE
Total risk-weighted exposure amount (TREA)	32,321	-	-
Leverage ratio exposure measure (LRE)	131,269	-	-
Own funds	6,269	19.40%	4.78%
Own funds and subordinated eligible liabilities	9,267	28.67%	7.06%
Own funds and eligible liabilities	10,816	33.46%	8.24%
Combined buffer requirement	1,458	4.51%	-
MREL (including buffer)			
Risk-weighted MREL	9,021	27.91%	-
Risk-weighted subordination requirement	7,566	23.41%	-
Non-risk-weighted MREL	7,876	-	6.00%

Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

Table 9 Sparbanken Skåne aggregate data, 2024-12-31

Sparbanken Skåne	SEK million	% of TREA	% of LRE
Total risk-weighted exposure amount (TREA)	41,282	-	-
Leverage ratio exposure measure (LRE)	116,174	-	-
Own funds	10,085	24.43%	8.68%
Own funds and subordinated eligible liabilities	13,282	32.17%	11.43%
Own funds and eligible liabilities	20,329	49.24%	17.50%
Combined buffer requirement	1,859	4.50%	-
MREL (including buffer)			
Risk-weighted MREL	11,106	26.90%	-
Risk-weighted subordination requirement	10,074	24.40%	-
Non-risk-weighted MREL	6,970	-	6.00%

Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

The Swedish National Debt Office is the central government's financial manager and the national resolution authority. The Debt Office plays an important role in the Swedish economy and financial markets.

RIKSGÄLDEN
SWEDISH NATIONAL DEBT OFFICE

Visiting address: Olof Palmes gata 17 | Postal address: SE-103 74 Stockholm, Sweden | Phone: +48 8 613 45 00

E-mail: riksgalden@riksgalden.se | Web: riksgalden.se