29 September 2023

SREP 2023 decision

The Swedish Financial Supervisory Authority ("SFSA") has informed the Bank of its decision on the Supervisory Review and Evaluation Process ("SREP") 2023, which applies from 29 September 2023.

The total effect of the decision implies small changes to the nominal capital requirement compared to the previous year. The capital and liquidity requirements are unchanged compared to the preliminary decision, for which Swedbank published a press release on 1 July 2023.

The decision means that the Pillar 2 requirement ("P2R") increases by 0.32 percentage points for CET1 and by 0.40 percentage points for total capital compared to last year's decision.

The change is mainly driven by a temporary add-on related to the on-going review of IRB models, which will be partly offset by a decrease of the risk exposure amount ("REA") voluntarily held by the bank in line with Article 3 in the Capital Requirements Regulations. Meanwhile, the risk weight floor for commercial real estate is transferred from P2R to REA in Pillar 1. In total, REA is expected to increase slightly.

The Pillar 2 guidance for risk-weighted assets decreases by 0.50 percentage points.

The Pillar 2 guidance for leverage ratio increases by 0.05 percentage points due to an updated method for the SFSA's stress test.

No changes have been made in requirements or guidance for liquidity ratios.

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