

# Minimum requirement for own funds and eligible liabilities (MREL)

Compliance Q3 2024



## 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 third quarter of 2024.<sup>1</sup>

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.<sup>2</sup> 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.<sup>3</sup> The In-depth part on pages 9–10 provides a general description of how the requirement are calculated and met.

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<sup>1</sup> This report is based on information provided by the banks to the Debt Office on 18 November 2024.

<sup>2</sup> [See the Debt Office’s website.](#)

<sup>3</sup> *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

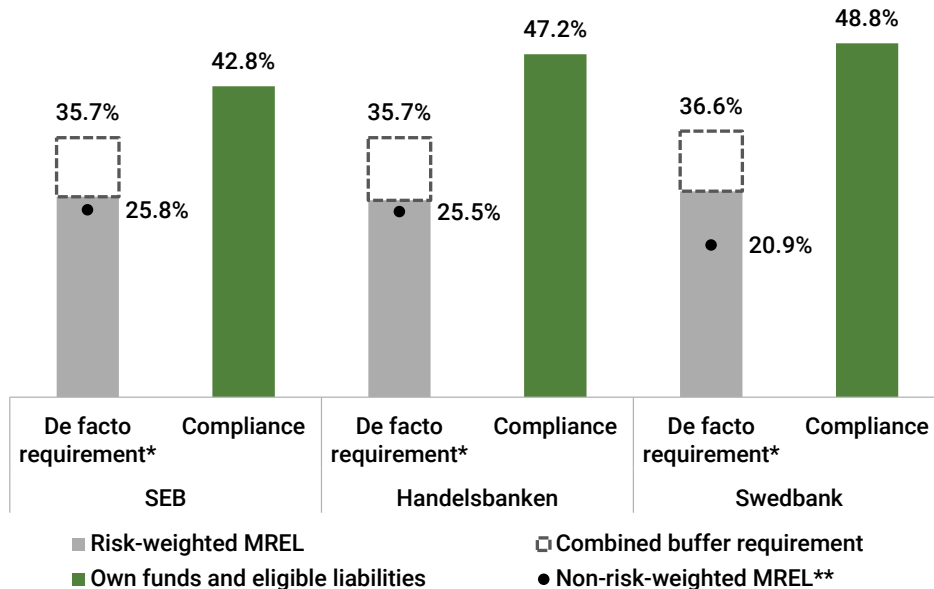
MREL consists of a risk-weighted and non-risk-weighted requirement. Both requirements apply and are to be met independently of each other. The banks' compliance with MREL, including the subordination sub-requirement, is shown in the figures below. See the In-depth part on pages 9–10 for more about how the requirements 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 third quarter of 2024.

**Figure 1 Compliance with MREL on 2024-09-30 – major banks**

Per cent of TREA

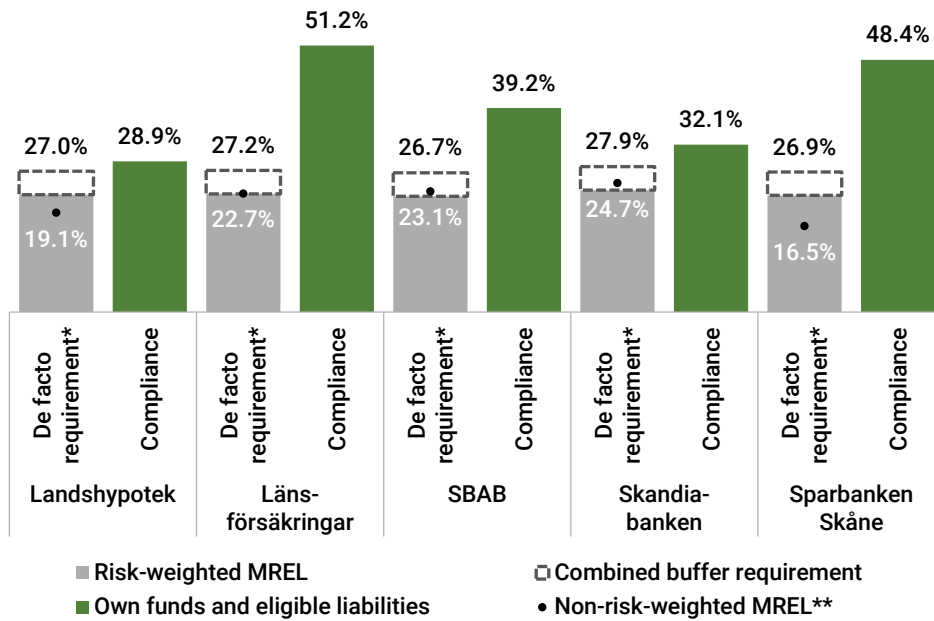


Note: \*The de facto requirement consists of the risk-weighted requirement plus the combined buffer requirement (see also the In-depth part on pages 9–10). \*\*The non-risk-weighted requirement is recalculated to per cent of TREA.

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

Figure 2 Compliance with MREL on 2024-09-30 – 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

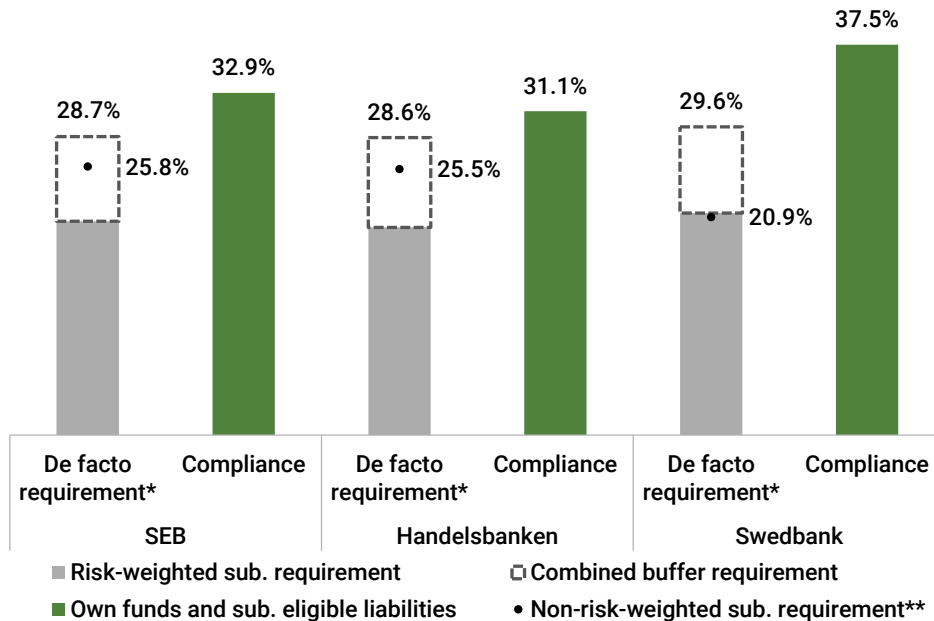
Parts of MREL, in accordance with the so-called subordination sub-requirement, may only be met with own funds and subordinated eligible liabilities.

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 third quarter of 2024.

**Figure 3 Compliance with the subordination requirement on 2024-09-30 – major banks**

Per cent of TREA

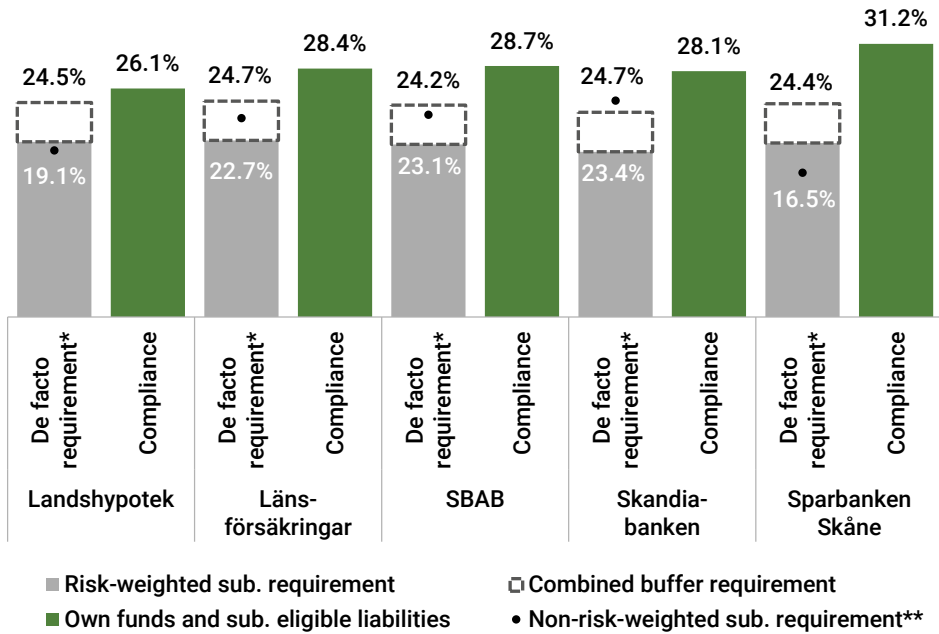


Note: \*The de facto requirement consists of the risk-weighted requirement plus the combined buffer requirement (see also the In-depth part on pages 9–10). \*\*The non-risk-weighted requirement is recalculated to per cent of TREA.

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

**Figure 4 Compliance with the subordination requirement on 2024-09-30 – 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.

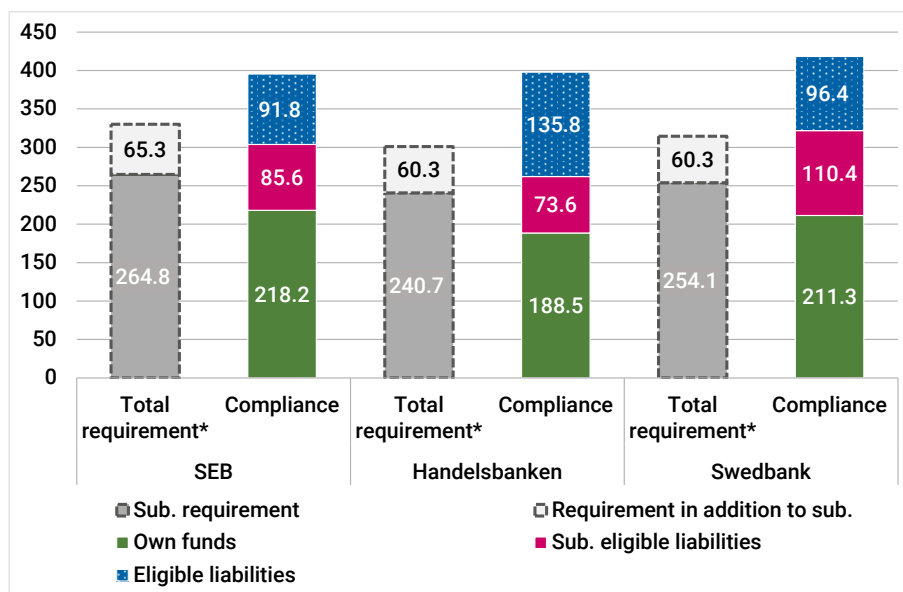
Sources: The Debt Office and Finansinspektionen (Swedish Financial Supervisory Authority)

## 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 third 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 2024-09-30 – major banks**

SEK billion

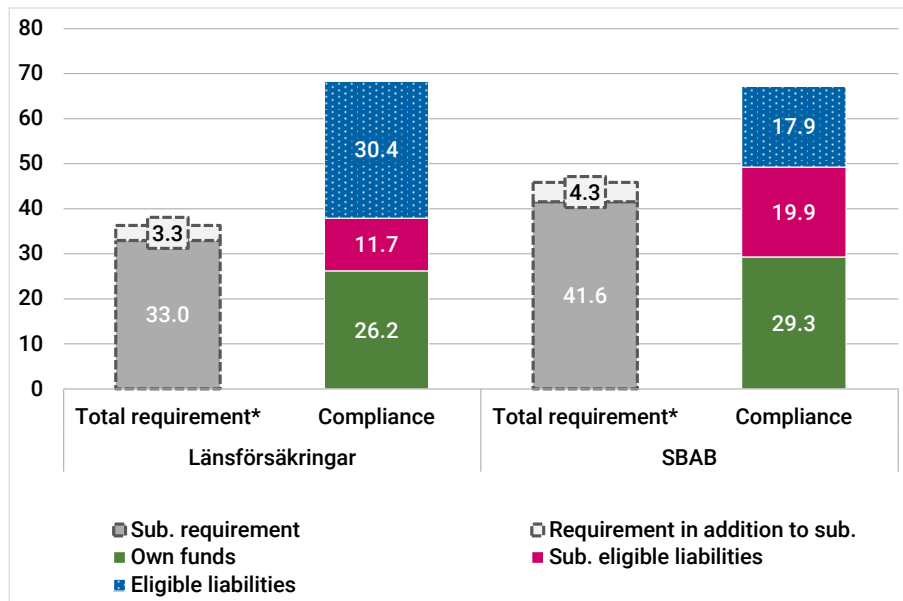


Note: \*Aggregate requirement (de facto risk-weighted and non-risk-weighted) on the basis of total MREL and the subordination sub-requirement (see also the In-depth part on pages 9–10).

Sources: The Debt Office

**Figure 6 Aggregate compliance per type of instrument, on 2024-09-30 –  
Länsförsäkringar and SBAB**

SEK billion

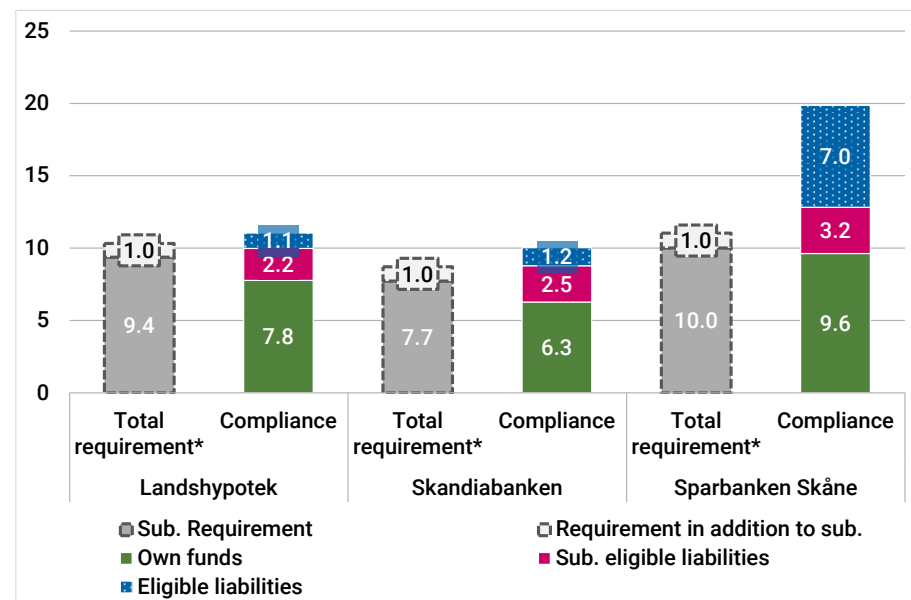


Note: \*Aggregate requirement (de facto risk-weighted and non-risk-weighted) on the basis of total MREL and the subordination sub-requirement (see also the In-depth part on pages 9–10).

Sources: The Debt Office

**Figure 7 Aggregate compliance per type of instrument, on 2024-09-30 –  
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.<sup>4</sup>

## 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)<sup>5</sup>.

For risk-weighted MREL, LAA amounts to the sum of the bank's risk-weighted Pillar 1<sup>6</sup> and Pillar 2 requirements<sup>7</sup>. For non-risk-weighted MREL, RCA amounts to the bank's minimum leverage ratio requirement<sup>8</sup> (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<sup>9</sup> excluding the countercyclical buffer requirement, plus the banks' Pillar 2 guidance<sup>10</sup>. For non-risk-weighted

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<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> *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.

<sup>7</sup> *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.

<sup>8</sup> *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.

<sup>9</sup> 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*.

<sup>10</sup> 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).

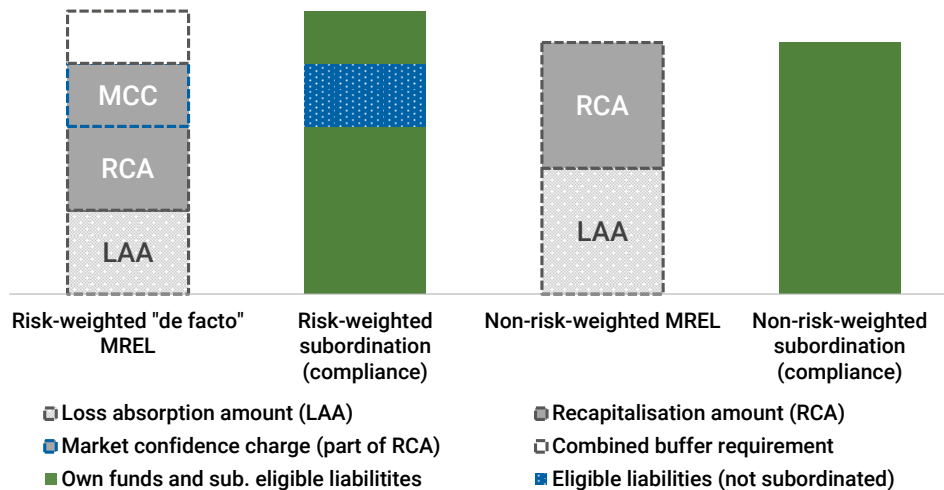
## Compliance

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. 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

## 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 1 SEB aggregate data, 2024-09-30**

<b>SEB</b>	<b>SEK million</b>	<b>% of TREA</b>	<b>% of LRE</b>
Total risk-weighted exposure amount (TREA)	923,626	-	-
Leverage ratio exposure measure (LRE)	3,970,882	-	-
Own funds	218,187	23.62%	5.49%
Own funds and subordinated eligible liabilities	303,741	32.89%	7.65%
Own funds and eligible liabilities	395,520	42.82%	9.96%
Combined buffer requirement	75,128	8.13%	-
<u>MREL (including buffer)</u>			
Risk-weighted MREL	330,141	35.74%	-
Risk-weighted subordination requirement	264,841	28.67%	-
Non-risk-weighted MREL	238,253	-	6.00%

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

**Table 2 Handelsbanken aggregate data, 2024-09-30**

<b>Handelsbanken</b>	<b>SEK million</b>	<b>% of TREA</b>	<b>% of LRE</b>
Total risk-weighted exposure amount (TREA)	842,280	-	-
Leverage ratio exposure measure (LRE)	3,585,482	-	-
Own funds	188,460	22.38%	5.26%
Own funds and subordinated eligible liabilities	262,095	31.12%	7.31%
Own funds and eligible liabilities	397,895	47.24%	11.10%
Combined buffer requirement	72,626	8.62%	-
<u>MREL (including buffer)</u>			
Risk-weighted MREL	301,052	35.74%	-
Risk-weighted subordination requirement	240,745	28.58%	-
Non-risk-weighted MREL	215,129	-	6.00%

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

**Table 3 Swedbank aggregate data, 2024-09-30**

<b>Swedbank</b>	<b>SEK million</b>	<b>% of TREA</b>	<b>% of LRE</b>
Total risk-weighted exposure amount (TREA)	857,827	-	-
Leverage ratio exposure measure (LRE)	2,994,068	-	-
Own funds	211,344	24.64%	7.06%
Own funds and subordinated eligible liabilities	321,787	37.51%	10.75%
Own funds and eligible liabilities	418,192	48.75%	13.97%
Combined buffer requirement	70,998	8.28%	-
<u>MREL (including buffer)</u>			
Risk-weighted MREL	314,363	36.65%	-
Risk-weighted subordination requirement	254,058	29.62%	-
Non-risk-weighted MREL	179,644	-	6.00%

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

**Table 4 Landshypotek aggregate data, 2024-09-30**

<b>Landshypotek</b>	<b>SEK million</b>	<b>% of TREA</b>	<b>% of LRE</b>
Total risk-weighted exposure amount (TREA)	38,193	-	-
Leverage ratio exposure measure (LRE)	121,350	-	-
Own funds	7,776	20.36%	6.41%
Own funds and subordinated eligible liabilities	9,985	26.14%	8.23%
Own funds and eligible liabilities	11,041	28.91%	9.10%
Combined buffer requirement	1,719	4.50%	-
<u>MREL (including buffer)</u>			
Risk-weighted MREL	10,327	27.04%	-
Risk-weighted subordination requirement	9,373	24.54%	-
Non-risk-weighted MREL	7,281	-	6.00%

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

**Table 5 Länsförsäkringar aggregate data, 2024-09-30**

<b>Länsförsäkringar</b>	<b>SEK million</b>	<b>% of TREA</b>	<b>% of LRE</b>
Total risk-weighted exposure amount (TREA)	133,461	-	-
Leverage ratio exposure measure (LRE)	505,877	-	-
Own funds	26,202	19.63%	5.18%
Own funds and subordinated eligible liabilities	37,923	28.42%	7.50%
Own funds and eligible liabilities	68,296	51.17%	13.50%
Combined buffer requirement	6,006	4.50%	-
<u>MREL (including buffer)</u>			
Risk-weighted MREL	36,301	27.20%	-
Risk-weighted subordination requirement	32,965	24.70%	-
Non-risk-weighted MREL	30,353	-	6.00%

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

**Table 6 SBAB aggregate data, 2024-09-30**

<b>SBAB</b>	<b>SEK million</b>	<b>% of TREA</b>	<b>% of LRE</b>
Total risk-weighted exposure amount (TREA)	171,486	-	-
Leverage ratio exposure measure (LRE)	661,432	-	-
Own funds	29,312	17.09%	4.43%
Own funds and subordinated eligible liabilities	49,261	28.73%	7.45%
Own funds and eligible liabilities	67,162	39.16%	10.15%
Combined buffer requirement	7,724	4.50%	-
<u>MREL (including buffer)</u>			
Risk-weighted MREL	45,863	26.74%	-
Risk-weighted subordination requirement	41,575	24.24%	-
Non-risk-weighted MREL	39,686	-	6.00%

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

**Table 7 Skandiabanken aggregate data, 2024-09-30**

<b>Skandiabanken</b>	<b>SEK million</b>	<b>% of TREA</b>	<b>% of LRE</b>
Total risk-weighted exposure amount (TREA)	31,220	-	-
Leverage ratio exposure measure (LRE)	128,777	-	-
Own funds	6,282	20.12%	4.88%
Own funds and subordinated eligible liabilities	8,780	28.12%	6.82%
Own funds and eligible liabilities	10,029	32.12%	7.79%
Combined buffer requirement	1,409	4.51%	-
<u>MREL (including buffer)</u>			
Risk-weighted MREL	8,715	27.91%	-
Risk-weighted subordination requirement	7,310	23.41%	-
Non-risk-weighted MREL	7,727	-	6.00%

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

**Table 8 Sparbanken Skåne aggregate data, 2024-09-30**

<b>Sparbanken Skåne</b>	<b>SEK million</b>	<b>% of TREA</b>	<b>% of LRE</b>
Total risk-weighted exposure amount (TREA)	41,028	-	-
Leverage ratio exposure measure (LRE)	112,803	-	-
Own funds	9,623	23.45%	8.53%
Own funds and subordinated eligible liabilities	12,821	31.25%	11.37%
Own funds and eligible liabilities	19,867	48.42%	17.61%
Combined buffer requirement	1,847	4.50%	-
<u>MREL (including buffer)</u>			
Risk-weighted MREL	11,037	26.90%	-
Risk-weighted subordination requirement	10,012	24.40%	-
Non-risk-weighted MREL	6,768	-	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.**



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