

Resilient and resolvable banks

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Service Conference*

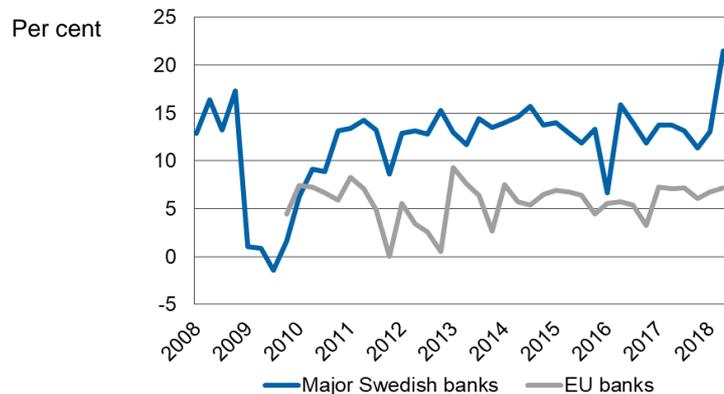
Stockholm, 5 September 2019

Remember, remember the 15th of September



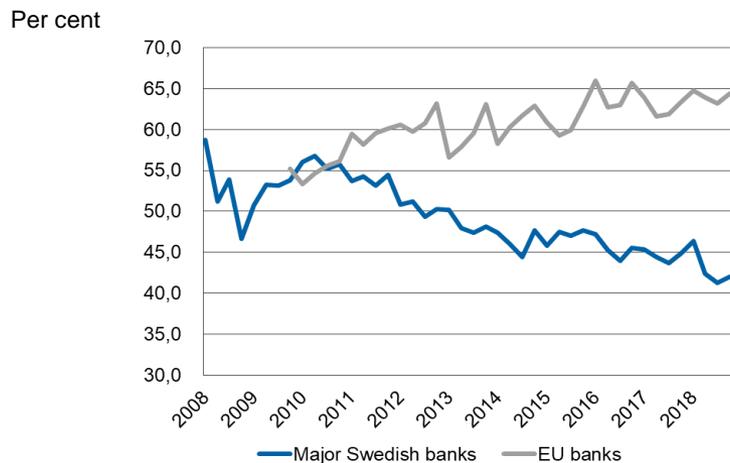
Swedish banks more resilient than European peers

Return on Equity



- Sweden has built resilience through:
 - Higher capital requirements
 - Higher liquidity requirements
 - Stricter MREL

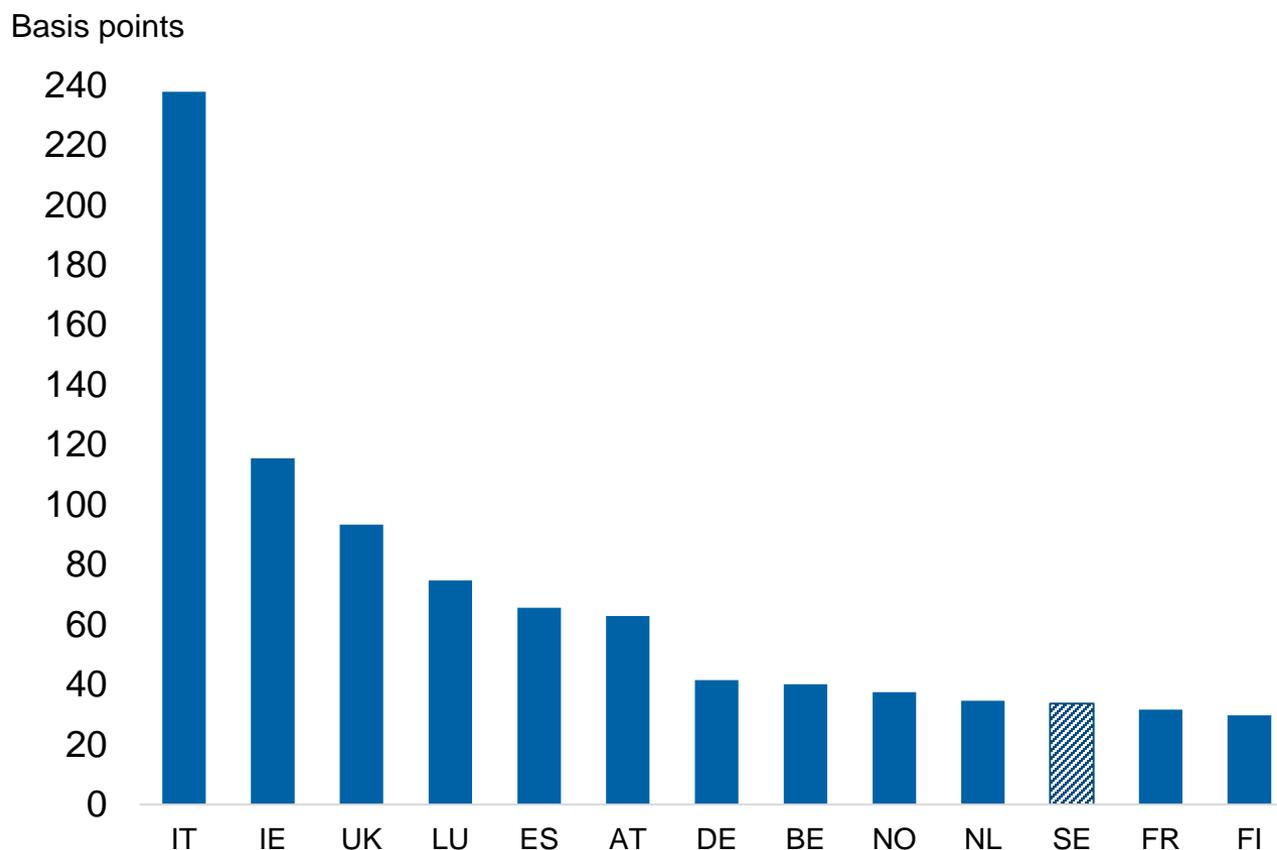
Cost to Income



Source: Finansinspektionen, EBA and SNL.

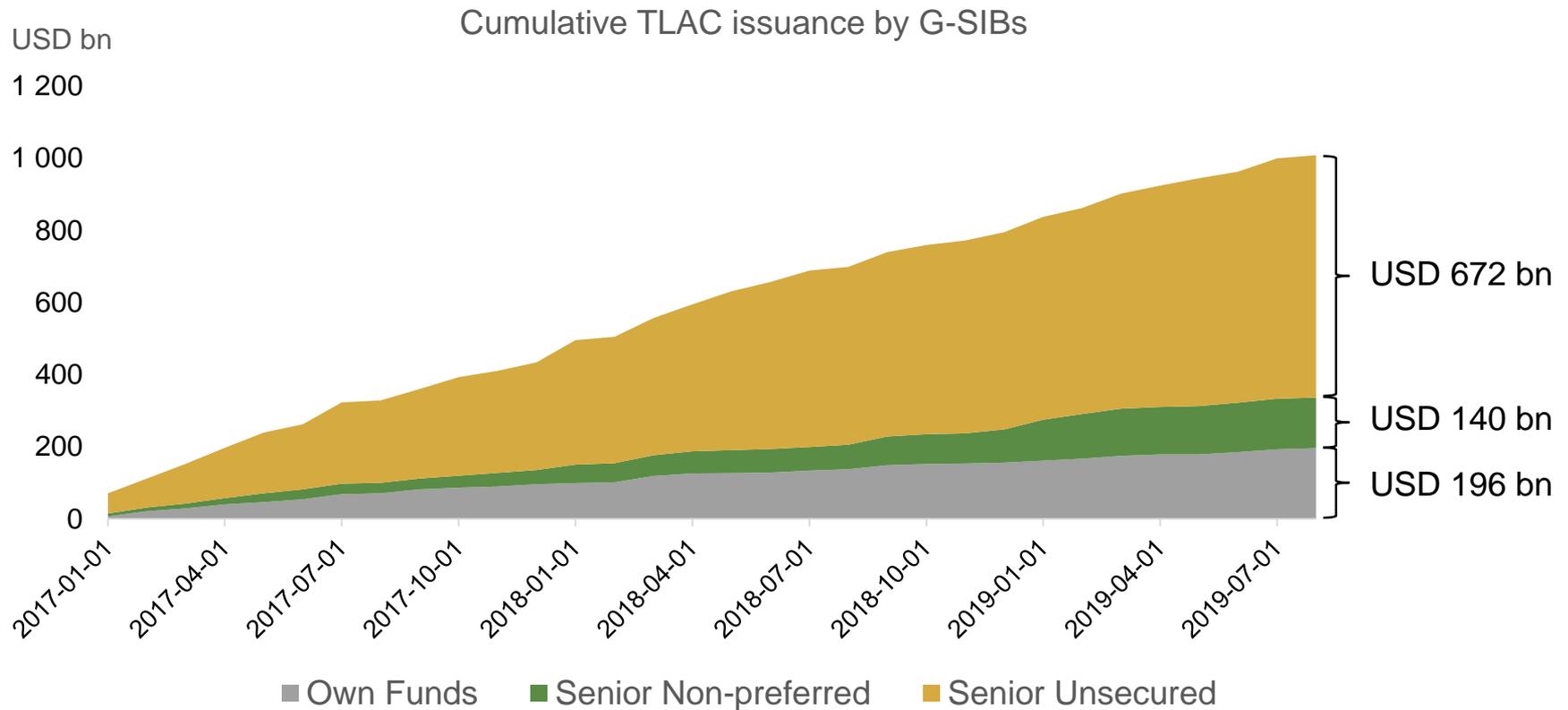
Swedish banks have low funding costs

Spreads on senior unsecured funding



Note. Euro denominated senior unsecured bond spreads, z-spreads
Source: Riksgälden based on Bloomberg

TLAC/MREL market well-established



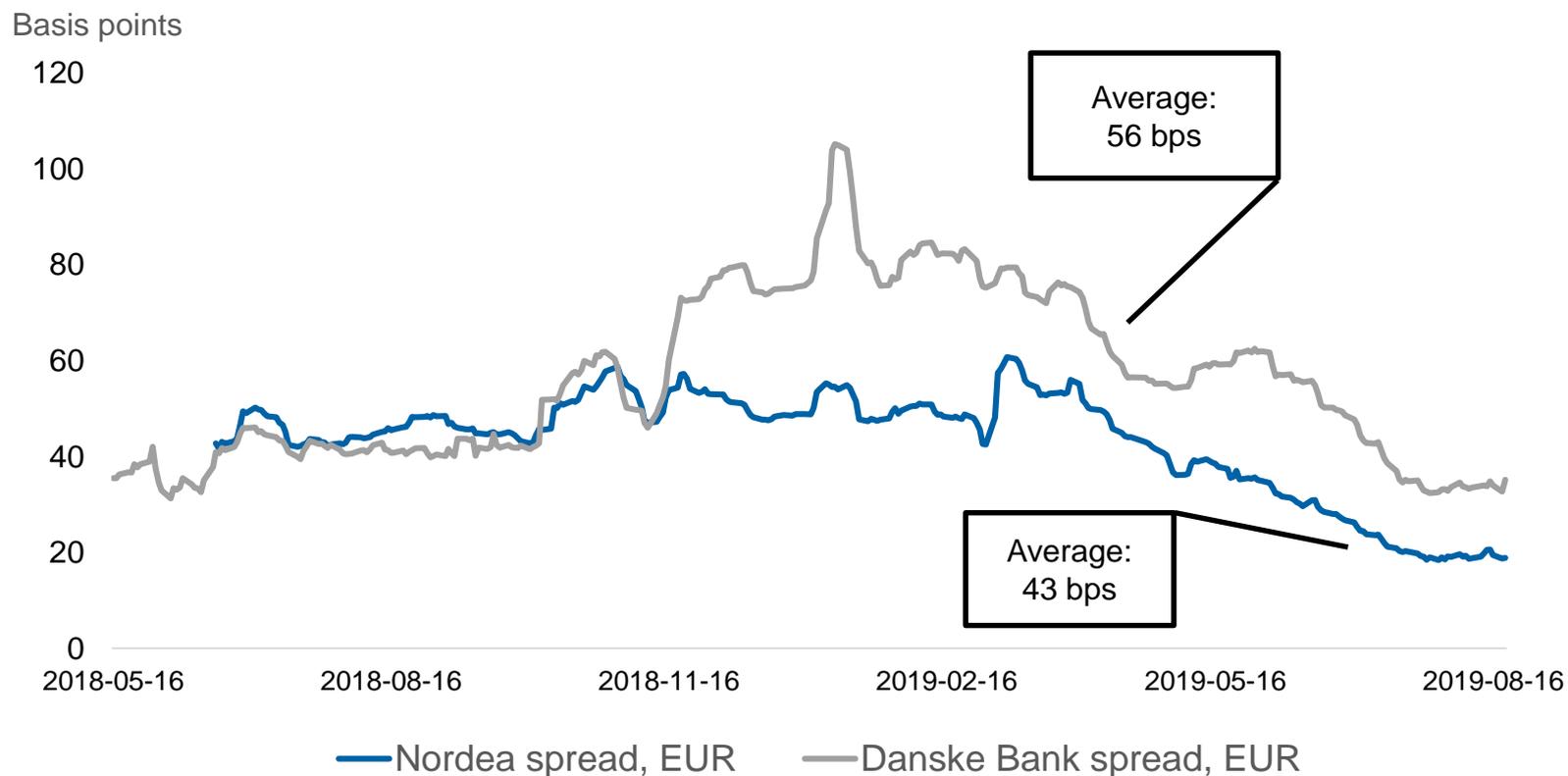
Source: Riksgälden based on Bloomberg

Time for Swedish banks to issue

- Deadline to meet requirements is 1 January 2022
- Level and composition of current requirements largely compatible with BRRD 2
- Investors signal strong demand
- SNDO to start publishing banks' gradual build-up of subordinated debt during autumn 2019

Subordinated debt for Nordic banks

Difference in spreads between senior unsecured and senior non-preferred bonds

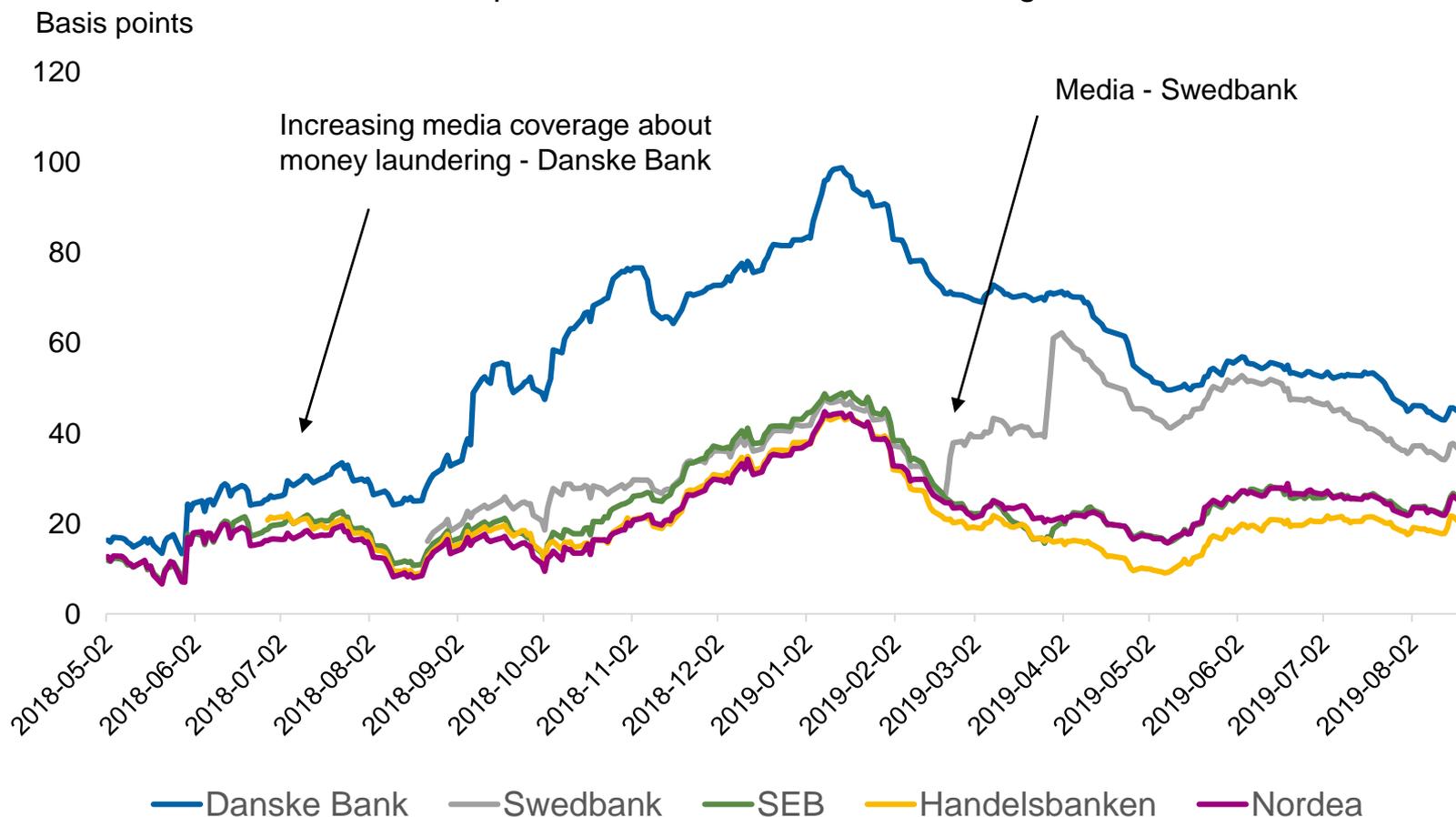


Note: Difference between mid Z-spreads (bps)

Source: Riksgälden based on Bloomberg

Money laundering affects the market

Spreads on senior unsecured funding

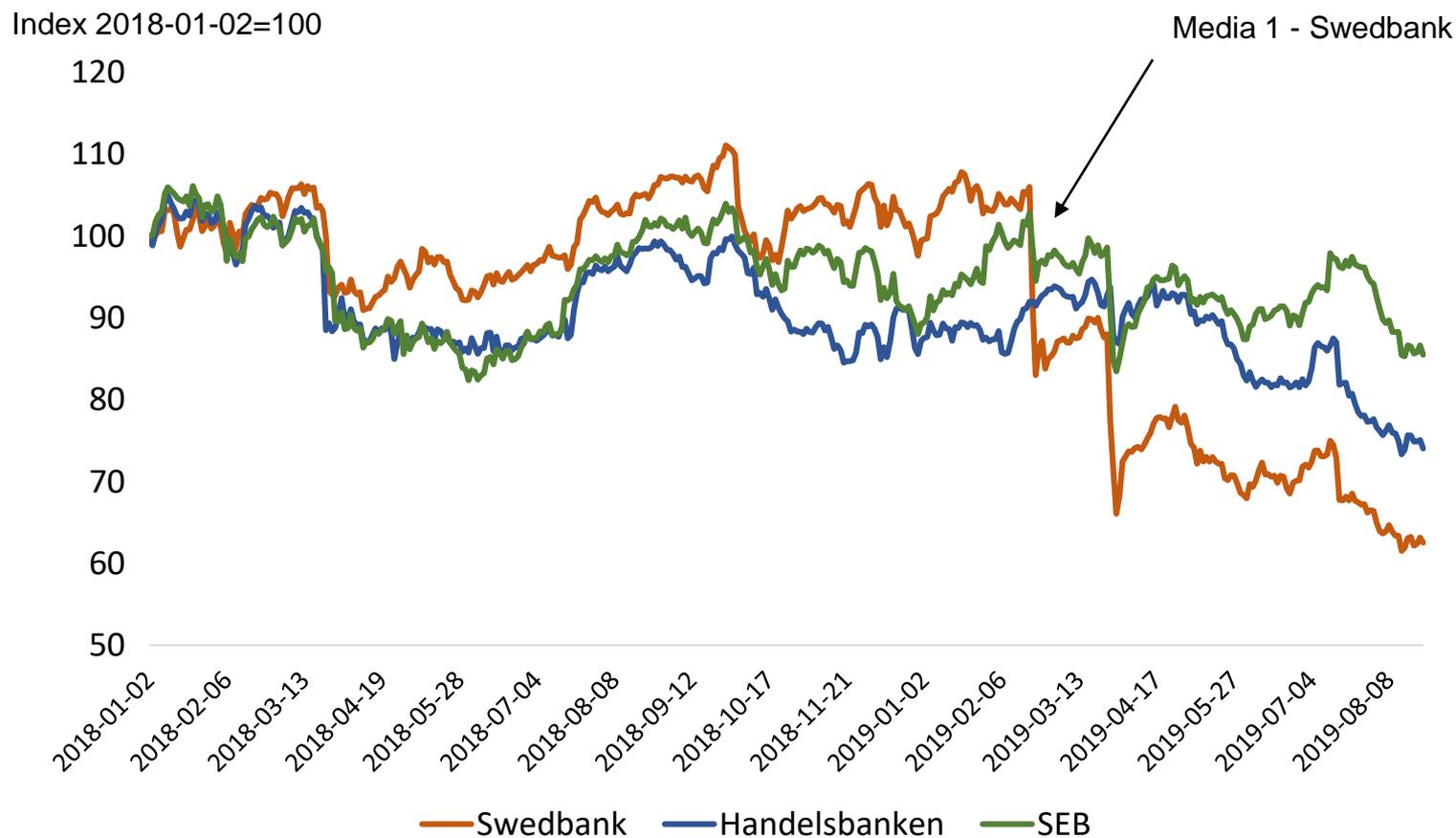


Note: Mid z-spread. All bonds maturing in 2023.

Source: Riksgälden based on Bloomberg

Money laundering affects the market

Share prices for Swedish banks



Note: Index 2018-01-02= 100

Source: Riksgälden based on Bloomberg

Resilient & resolvable banks

- Classic sense: strong and adapted balance sheets
 - Capital and liquidity buffers
 - Subordinated TLAC/MREL debt
- New dimension: sustainable corporate cultures & practices
 - Corporate and social responsibility
 - Transparency and accountability
 - Internal control & whistleblowers
 - Qualified Board of Directors
- On the horizon: cyber resilience