



Ministry of Finance
Financial Stability Council

Minutes from the meeting of the Financial Stability Council¹ held on 4 June 2024

§ 1 Stability assessment, operational preparedness and measures

The authorities presented their stability assessments, view of operational preparedness and discussed possible measures.²

Stability risks have moderated somewhat since the December Stability Council meeting, as lower inflation and expectations of interest rate cuts have contributed to less tight financial conditions. At the same time, there is considerable uncertainty and if policy rates remain high over a longer period of time, this would increase pressure on highly indebted companies and households.

The high interest rates have been particularly challenging for the commercial real estate sector. The situation of commercial real estate companies has nevertheless improved somewhat, partly in the light of better financing conditions in the bond market. However, many commercial real estate companies still have lower financing costs compared to prevailing market rates and as the financing is renewed, their financing costs will increase. In the long term, commercial real estate companies also face other challenges, such as declining demand for office space. Vulnerable commercial real estate companies need to continue to strengthen resilience and reduce risk-taking.

¹ Present: *Ministry of Finance*: Niklas Wykman, Chair of meeting, Johan Almenberg, Erik Lenntorp; *Riksbank*: Erik Thedéen, Anna Breman, Olof Sandstedt; *Finansinspektionen*: Daniel Barr, Jon Thor Sturluson, Caroline Rygaard; *National Debt Office*: Karolina Ekholm, Fredrik Bystedt, Erika Färnstrand Damsgaard; and *Financial Stability Council Secretariat*: Niclas Alsén.

² Finansinspektionen presented its report *Stability in the Financial System (2024:1)* on 27 May and the Riksbank presented its *Financial Stability Report 2024:1* on 29 May.

It is also important that commercial real estate companies increase the transparency of property valuations.

The resilience of the major Swedish banks is good. On the other hand, some other banks, which lend to customers with lower credit ratings, often through consumer loans, have suffered higher credit losses. This can lead to pressure on their profitability and weakened resilience. These banks often rely heavily on volatile deposit financing. It is therefore important to continue mapping these risks.

Even in a situation where economic activity is picking up and interest rates are continuing to fall, the risks associated with high private indebtedness remain. The authorities have long pointed out the risks associated with the high level of indebtedness. It is important to keep a close watch on developments.

The increased tensions abroad have worsened the security policy situation and are contributing to an increasing number of cyberattacks. Interconnection in the financial sector makes it vulnerable to cyberattacks, which can thus spread rapidly and have major negative consequences. In view of the high degree of digitalisation in the financial sector, the ability to resist cyberattacks becomes a contingency issue.

§ 2 Planning for crisis exercises

The Stability Council discussed how to develop work on crisis exercises.

§ 3 International questions

The Ministry of Finance and the authorities informed each other about the work on financial market issues internationally, both within the European Union and global standard-setting bodies.

§ 4 New organisational form for the Stability Council

The Stability Council followed up on the new organisation. The Financial Stability Council has been part of the Government Offices since 1 April 2024. The new organisational form was found to have been implemented smoothly and effectively.

The Council noted that the *Memorandum of Understanding with respect to cooperation regarding financial stability and crisis management* of 2016 has played out its role.

§ 5 Completed work within the Stability Council

The Ministry of Finance presented information on the work carried out since the previous meeting.

The next ordinary meeting of the Stability Council will be held in December 2024.