

GENERAL TERMS FOR THE RIKSBANK'S PROGRAMME FOR CREDIT IN SWEDISH KRONOR FOR ONWARD LENDING TO SWEDISH NON-FINANCIAL CORPORATIONS (GENERAL V CREDIT TERMS)

15 July 2020

1 Introductory terms

- 1.1 The Riksbank can in accordance with D.1.2.2. of the Master Document in the Riksbank's Terms and Conditions for RIX and monetary policy instruments (the Terms and Conditions) lend Swedish kronor (SEK) against collateral in eligible assets (Credit):
- 1.2 The Riksbank can make agreements concerning Credit in SEK in accordance with what is stipulated in the terms for the Riksbank's programme for Credit in SEK for onward lending to companies (General V Credit Terms).
- 1.3 Unless expressly stated otherwise in the General V Credit Terms, the Terms and Conditions apply where appropriate. Words or phrases beginning with a capital letter shall have the sense stated in the specific terms for the Riksbank's programme for Credit in SEK for onward lending to companies (Specific V Credit Terms) that are relevant for the Bid Submission Date in question. Specific V Credit Terms are announced by publication on the Riksbank's website, normally two bank days before the relevant Bid Submission Date. Otherwise, words or phrases beginning with a capital letter shall have the sense stated in annex H1 to the Master Document of the Terms and Conditions.
- 1.4 Only those who at the time of submitting a bid or the time of using an Option are Monetary Policy Counterparties or Temporary Monetary Policy Counterparties in accordance with the Conditions

for the Riksbank's Temporary Monetary Policy Counterparties ("Counterparty") have the right to receive Credit in SEK according to the General V Credit Terms.

- 1.5 The purpose of the Credit is, according to the General V Credit Terms, to stimulate the Counterparties' lending in SEK to non-financial corporations and sole traders (entrepreneurial households) with operations in Sweden defined in accordance with the Riksbank's Financial Markets Statistics (MFI statistics).
- 1.6 If any term in the General V Credit Terms is incompatible with the Terms and Conditions, the General V Credit Terms have priority.
- 1.7 General V Credit Terms dated 15 July 2020 will also be applied to any Credit here obtained by the Counterparty prior to General V Credit Terms dated 15 July 2020 entered into force.

2 The Credit

Credit in accordance with the General V Credit Terms is decided after an bid procedure on the basis of D 3.1.2 in the Master Document of the Terms and Conditions on the Bid Submission Date.

3 Bid procedure

- 3.1 To submit a bid, the bidder must no later than two (2) bank days prior to the Bid Submission Date register (via e-mail) interest in participation by using a special registration form, enclosure 1. Registration entails that the bidder confirms it is bound by the General V Credit Terms through submitting a bid.
- 3.2 Bids shall include information about volume (SEK). Volume shall be stated as Minimum Permitted Volume or whole multiples thereof and the total volume bid may not exceed the Maximum Permitted Bid Volume.
- 3.3 Bids shall be submitted by telephone +46-(0)8-696 69 70 during the Bid Submission Period. A bid submitted by telephone is binding on

the bidder. This means that the bidder is bound by a submitted bid irrespective of by whom at the bidder the bid was submitted. It also means that the bidder may not recall or alter a submitted bid after the Bid Submission Period has expired. Bids submitted shall be confirmed by the bidder by e-mail to eol@riksbank.se no later than 15 minutes after the end of the Bid Submission Period. The bidder is liable for payment of interest for the entire maturity in accordance with the tender even if payment from the Riksbank does not occur because the Riksbank has not received adequate collateral.

3.4 The Riksbank has the right to reject bids that contain conditions other than those set out in the General V Credit Terms and the Specific Terms V Credit. The Riksbank also has the right to reject a bid if the Riksbank has not received confirmation via e-mail no later than 15 minutes after the end of the Bid Submission Period, or if the e-mail message and the telephone bid are inconsistent.

3.5 The Riksbank has the right to reject bids that exceed the Maximum Permitted Bid Volume or are lower than the Minimum Permitted Bid Volume.

3.5.1 (i) Allocation will be made in accordance with D 3.1.4.1 in the Master Document of the Terms and Conditions.

(ii) A Counterparty cannot be allocated more than the Maximum Allocation. Any sum not allocated will be allocated to the other bidders in accordance with what is stated in (i).

(iii) Allocations will be announced on the Allocation Date on Globe NewsWire (or another electronic system for spreading/receiving information to which the Riksbank refers).

3.6 The Riksbank reserves the right to reject bids submitted entirely or in part, even if this would mean that the final volume is lower than the Requested volume, or even if it means that no allocation is made.

4 Interest

- 4.1 Interest on the Credit is calculated on an annual basis using the repo rate applying at each time.
- 4.2 The applicable interest rate convention is the actual number of days divided by 360. Interest is calculated from the Settlement Date to the Repayment Date. If an Option is used, interest will be calculated from the date the option amount was paid out up to and including the relevant Option Repayment Date and the Final Repayment Date respectively.
- 4.3 Interest shall be paid on the Repayment Date, Option Repayment Date and Final Repayment Date respectively.

5 Settlement Date

The Credit amount is paid out on the Settlement Date to the Counterparty's account in RIX with clearing code DAG. If an Option according to item 10 is used, the option amount is paid out on the same day as the Repayment Date and relevant Option Repayment Date respectively.

6 Collateral

- 6.1 Credit in accordance with the General V Credit Terms is paid out only in so far as sufficient eligible assets according to the Riksbank's requirements in the Terms and Conditions have been registered in a securities account pledged to the Riksbank no later than 11.00 hours (CET/CEST) on the Settlement Date. Sufficient collateral is said to exist if, in addition to the value requisitioned for Credit paid by the Riksbank, for instance, intraday credit or other Credit in SEK or foreign currency, there is a collateral value, calculated according to item 6.2 below, that corresponds to the Credit amount plus interest at that time accrued from the Settlement Date. If an Option according to item 10 is used, sufficient collateral must exist to correspond to the option amount plus interest accrued from the date the Option amount was paid out.

6.2 Valuation of collateral and haircuts is to comply with what is stipulated in the Terms and Conditions. A sum equivalent to the loan amount plus interest accrued since the Settlement Date or the Option amount plus interest at that time accrued from the date the Option amount was paid out is reserved in the adjusted market value of the collateral pledged to the Riksbank for this Credit. This reserved amount limits the scope for intraday credit in RIX and Credit in the Standing Facilities.

7. Follow-up and reporting requirement

7.1 *Circle of borrowers* refers in the following to non-financial corporations with operations in Sweden *or* non-financial corporations and sole traders (entrepreneurial households) with operations in Sweden.

7.2 Bidders who have received an allocation shall report monthly on their lending to the relevant Circles of borrowers in accordance with the more detailed instructions shown on the form, enclosure 2.

7.3 The Riksbank will regularly follow up that the Credit is used for lending in SEK to relevant Circles of borrowers. This follow-up will be based on the Riksbank's Financial Market Statistics and the special reporting described in item 7.1. Irrespective of the requirements stipulated in item 8, Counterparties are expected to lend to the relevant Circles of borrowers when the need arises.

8. Evaluation and additional interest

8.1 The Riksbank will evaluate the Counterparty's lending in SEK to the relevant Circles of borrowers. Any Credit the Counterparty has received prior to the coming into force of the General V Credit Terms dated April 2020 will also be evaluated against the relevant Circle of borrowers. The evaluation will be based on the Riksbank's Financial Market Statistics. When calculating the lending, lending for all Swedish MFIs¹ belonging to the same group as the

¹ Monetary Financial Institutions (mainly limited liability banks, savings banks, cooperative banks, credit market companies and investment firms with authorisation to trade on their own behalf and to both provide customers with credit and receive deposits from customers in accounts as well as foreign banks' branches in Sweden). These institutions report to the Riksbank's Financial Market Statistics.

Counterparty will be included.

- 8.2 Evaluation of the Counterparty's lending in relation to the Credits provided by the Riksbank will occur on four occasions. The first evaluation will be made on 31 August 2021. The second evaluation will be made on 31 August 2022. The third evaluation will be made on 31 August 2023. The fourth evaluation will be made on 31 August 2024. If no Options are utilised (see item 10), only one evaluation will be made.
- 8.3 The Counterparty's Basic lending for the respective Circle of borrowers is determined at the total lending according to item 8.1 on 29 February 2020.
- 8.4 For evaluation of the Counterparty's lending in relation to received Credit in accordance with the General V Credit Terms, up to four Outcome figures and up to four Comparison figures are determined for lending to the respective Circle of borrowers.

Outcome figure 1 for the respective Circle of borrowers is calculated as the Counterparty's lending according to item 8.1 on 30 June 2021 minus the Basic lending for the respective Circle of borrowers. If the result of this calculation is less than zero, Outcome figure 1 shall be determined to be zero.

Outcome figure 2 for the respective Circle of borrowers is calculated as the Counterparty's lending according to item 8.1 on 30 June 2022 minus the Basic lending for the respective Circle of borrowers. If the result of this calculation is less than zero, Outcome figure 2 shall be determined to be zero. If Option 1 is not utilised, no Outcome figures 2, 3 and 4 are calculated.

Outcome figure 3 for the respective Circle of borrowers is calculated as the Counterparty's lending according to item 8.1 on 30 June 2023 minus the Basic lending for the respective Circle of borrowers. If the result of this calculation is less than zero, Outcome figure 3 shall be determined to be zero. If Option 2 is not utilised, no Outcome figures 3 and 4 are calculated.

Outcome figure 4 for the respective Circle of borrowers is calculated as the Counterparty's lending according to item 8.1 on 30 June 2024 minus the Basic lending for the respective Circle of borrowers.

If the result of this calculation is less than zero, Outcome figure 4 shall be determined to be zero.

If Option 3 is not utilised, no Outcome figure 4 is calculated.

Comparison figure 1 is calculated as one tenth of the total Credit amount received according to these General V Credit Terms (excluding possible Credits following on from Options).

Comparison figure 2 is calculated as one fifth of the total option amounts following on from Option 1 received in accordance with the General V Credit Terms. If Option 1 is not utilised, no Comparison figures 2, 3 and 4 are calculated.

Comparison figure 3 is calculated as one fifth of the total option amounts following on from Option 2 received in accordance with the General V Credit Terms. If Option 2 is not utilised, no Comparison figures 3 and 4 are calculated.

Comparison figure 4 is calculated as one fifth of the total option amounts following on from Option 3 received in accordance with the General V Credit Terms. If Option 3 is not utilised, no Comparison figure 4 is calculated.

8.5 If Outcome figure 1 is lower than Comparison figure 1 for both Circles of borrowers, an interest supplement must be paid, calculated as follows: *Additional interest amount* =
$$\left(1 - \frac{\text{Outcome figure 1}}{\text{Comparison figure 1}}\right) \times$$
Additional interest rate, 0.10 per cent per year × *total Credit amounts in accordance with General V Credit Terms* . When making this calculation, the highest of the ratios of Outcome figure 1 and Comparison figure 1 for the respective Circle of borrowers will be used.

8.6 If Outcome figure 2 is lower than Comparison figure 2 for both Circles of borrowers, an interest supplement must be paid, calculated as follows: *Additional interest amount* =

$$\left(1 - \frac{\text{Outcome figure 2}}{\text{Comparison figure 2}}\right) \times$$

Additional interest rate, 0.10 per cent per year ×
total Credit amounts following on from Option 1
in accordance with General V Credit Terms. When making this calculation, the highest of the ratios of Outcome figure 2 and Comparison figure 2 for the respective Circle of borrowers will be used.

- 8.7 If Outcome figure 3 is lower than Comparison figure 3 for both Circles of borrowers, an interest supplement must be paid, calculated as follows.

$$\begin{aligned} & \text{Additional interest amount} \\ & = \left(1 - \frac{\text{Outcome figure 3}}{\text{Comparison figure 3}}\right) \end{aligned}$$

× *Additional interest rate, 0.10 per cent per year*
 × *total option amounts following on from Option 2*
in accordance with General V Credit Terms. When making this calculation, the highest of the ratios of Outcome figure 3 and Comparison figure 3 for the respective Circle of borrowers will be used.

- 8.8 If Outcome figure 4 is lower than Comparison figure 4 for both Circles of borrowers, an interest supplement must be paid, calculated as follows: *Additional interest amount* =

$$\left(1 - \frac{\text{Outcome figure 4}}{\text{Comparison figure 4}}\right) \times$$

Additional interest rate, 0.10 per cent per year ×
total option amounts following on from Option 3
in accordance with General V Credit Terms. When making this calculation, the highest of the ratios of Outcome figure 4 and Comparison figure 4 for the respective Circle of borrowers will be used.

- 8.9 If the Riksbank's evaluation results in an interest supplement being applicable, the Riksbank shall after each evaluation inform the Counterparty of its decision that an interest supplement must be paid, the size of the additional interest amount, how the calculation has been made and when the additional amount is to be paid.

- 8.10 The additional interest amount shall be paid at the specified time in accordance with item 8.9.

9. Repayment

- 9.1 The Credit amount plus interest shall be repaid by means of the Riksbank, on the Repayment Date, Option Repayment Date and Final Repayment Date respectively, debiting the Counterparty's account in RIX with the Credit amount plus interest with the clearing code ADG. If the Counterparty does not have an account in RIX, the Counterparty must itself arrange repayment to the Riksbank on the respective Repayment Date.
- 9.2 In the event of a late repayment of the Credit amount, interest or additional interest as a result of insufficient access to liquid funds, the Counterparty is obliged to pay penalty interest pursuant to the Interest Act (1975:635) to the Riksbank.
- 9.3 In the event of a late repayment of the Credit amount, interest or additional interest, the Counterparty is obliged, in addition to possible penalty interest in accordance with item 9.2, to recompense the Riksbank for the costs and losses the delay has caused the Riksbank.
- 9.4 The Credit cannot be repaid ahead of time.

10. Options to extend

A Counterparty has the right on the Repayment Date to receive a new Credit (Option 1) at a maximum amount the same as the Credit sum falling due on this date and on the terms applying according to the General V Credit Terms. This Credit falls due on Option Repayment Date 1.

The Counterparty has the right, on Option Repayment Date 1, to receive a new Credit (Option 2) at maximum same amount as the Credit amount falling due on this date and on the terms applying in accordance with the General V Credit Terms. This Credit falls due on Option Repayment Date 2.

The Counterparty has the right, on Option Repayment Date 2, to receive a new Credit (Option 3) at maximum same amount as the

Credit amount falling due on this date and on the terms applying in accordance with the General V Credit Terms. This Credit falls due on the Final Repayment Date.

If a Counterparty does not wish to use an Option, wholly or partly, the Riksbank shall be informed of this no later than one week before the Repayment Date and relevant Option Repayment Date respectively.

11. Amendments

The Riksbank reserves the right to make amendments to the General V Credit Terms. Any such amendments will be communicated to the counterparties not later than 15.00 hours on the day before the relevant Bid Submission Date.

Sveriges Riksbank