

# **GENERAL TERMS FOR THE RIKSBANK'S PROGRAMME FOR CREDIT IN SWEDISH KRONOR TO BANKS TO SUPPORT CORPORATE LENDING (GENERAL UBF TERMS)**

**17 March 2021**

## **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 (Terms and Conditions) lend Swedish kronor (SEK) against collateral in eligible assets (Credit):
- 1.2 The Riksbank can conclude agreements on Credit in SEK in accordance with the terms for the Riksbank's programme for Credit in SEK to banks to support corporate lending (General UBF Terms).
- 1.3 Unless expressly stated otherwise in the General UBF Terms, the Terms and Conditions apply where appropriate. Words or phrases beginning with a capital letter shall have the meaning stated in the specific terms for the Riksbank's programme for Credit in SEK to banks to support corporate lending (Specific UBF Terms) that are relevant for the Auction Day in question. 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 Specific UBF Terms are announced by publication on the Riksbank's website, normally five business days before the relevant Auction Day. Full information on which terms apply to each Auction Day can be found in General UBF Terms and Specific UBF Terms for the Auction Day in question.
- 1.5 Only those who at the time of submitting a bid 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 UBF Terms.

- 1.6 If any term in the General UBF Terms is incompatible with the Terms and Conditions, the General UBF Terms take precedence.

## **2 The programme and offered Credit in general**

- 2.1 The aim of the Riksbank's programme for Credit in SEK to banks for lending to Swedish non-financial corporations is to stimulate the lending of the Counterparty in SEK to non-financial corporations and sole proprietors (entrepreneurial households) domiciled in Sweden. Hereinafter, *Non-Financial Corporations* refer to non-financial corporations operating in Sweden and sole proprietors (entrepreneurial households) operating in Sweden as defined in the Riksbank's Financial Markets Statistics (MFI Statistics).
- 2.2 The Riksbank's programme for Credit in SEK to banks to support corporate lending runs in *Lending Periods* that affect how Additional Interest is calculated. The relevant Lending Period is specified in the Specific UBF Terms for each Auction Procedure.
- 2.3 In each Auction Procedure, a certain amount of Credit is offered at up to three different maturities. Applicable maturities are specified in the Specific UBF Terms that are relevant for each Auction Day by stating which Repayment Dates are being offered in each procedure. The Counterparty chooses maturity by stating its preferred Repayment Date/s in its Bid. The maturities on Credits will thus vary depending on the Auction Day and the Counterparty's choice of Repayment Date. The amount offered on each occasion is also stated in the Specific UBF Terms for each Auction Procedure (Offered Amount).
- 2.4 Counterparties that have received Credit in the Riksbank's programme for Credit in SEK for onward lending to Swedish non-financial corporations (General V Credit Terms) and that wish to utilise their option to extend such Credit can, in connection with such an option being permitted and through bilateral agreement

with the Riksbank, wholly or partly, transfer such Credit to the Riksbank's programme for Credit in SEK to banks to support corporate lending (General UBF Terms).

### **3 Registration**

To participate in an auction procedure, the Counterparty must, no later than two (2) business days prior to the Auction Day in which the Counterparty wishes to participate, register (via e-mail) their participation on a special registration form, enclosure 1. Registration involves the Counterparty confirming their compliance with the General UBF Terms through submission of a bid.

To transfer Credit received according to General V Credit Terms to General UBF Terms through bilateral agreement, the Counterparty shall, no later than three (3) business days before the relevant Repayment Date/Settlement Day, register the transfer (via e-mail) using a special registration form, enclosure 1 A, and in a special message via e-mail to [eol@riksbank.se](mailto:eol@riksbank.se) specify details about the Credit such as Settlement Day, amount and preferred Repayment Date. Registration involves the Counterparty confirming their compliance with the General UBF Terms and the terms specified in the special message.

### **4. Auction Procedure**

- 4.1 Credit in accordance with the General UBF Terms is decided after an auction procedure in accordance with D 3.1. in the Master Document of the Terms and Conditions on the Auction Day.
- 4.2 Bids shall include information about volume (SEK) per Repayment Date. The volume shall be stated as the Minimum Permitted Bid Volume or whole multiples thereof and the total bid volume may not exceed the Maximum Permitted Bid Volume (total per Auction Day) or Maximum Number of Bids per Repayment Date.
- 4.3 Bids are submitted by telephone +46 (0)8 696 69 70 during the Auction Time. Bids submitted by telephone are binding for the bidder. This means that the bidder is bound by a submitted bid

irrespective of by whom the bid was submitted on behalf of the bidder. It also means that the bidder may not cancel or alter submitted bids after the Auction Time 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 Auction Time. The bidder is liable for payment of interest for the entire maturity period in accordance with the bid even if payment from the Riksbank does not occur because the Riksbank has not received adequate collateral.

- 4.4 The Riksbank has the right to reject bids that contain conditions other than those set out in the General UBF Terms and the Specific UBF Terms. 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 Auction Time, or if the e-mail message and the telephone bid are inconsistent.
- 4.5 The Riksbank has the right to reject bids that exceed the Maximum Permitted Bid Volume (totally per Auction Day), are less than the Minimum Permitted Bid Volume or exceed the Maximum Number of Bids per Repayment Date.
- 4.6 (i) Allocation takes place 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 per Bid Volume. Any sum not allocated will be allocated to other bidders in accordance with (i).
- (iii) Allocations will be announced at the Allocation Time in Globe NewsWire (or another electronic system for spreading/receiving information to which the Riksbank refers in particular).
- 4.7 The Riksbank reserves the right to rejected submitted bids entirely or partially, even if this may lead to the final volume being less than the Offered Amount or no allocation taking place at all.

## **5. Interest**

- 5.1 Interest on the Credit is calculated on an annual basis using the repo rate applying at any time.
- 5.2 An appropriate interest rate convention is 30E/360, i.e. all months are assumed to have 30 days. Interest is calculated from the Settlement Date to the Repayment Date.
- 5.3 Interest shall be paid on the respective Repayment Date.
- 5.4 If the Counterparty does not fulfil the Riksbank's requirement for lending to Non-Financial Corporations, interest in accordance with the Additional Interest Rate applicable at any time that is specified in the Specific UBF Terms and in accordance with item 11 below.

## **6 Settlement Date**

The Credit amount is paid out on the Settlement Date to the Counterparty's account in RIX with clearing code DAG.

## **7 Collateral**

- 7.1 Credit in accordance with the General UBF Terms is paid out only in so far as adequate eligible collateral according to the Riksbank's requirements applicable at any time in the Terms and Conditions has been registered in a securities account pledged to the Riksbank no later than 11.00 (CET/CEST) on the Settlement Date. Adequate 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 7.2 below, that corresponds to the Credit amount plus interest accrued at any time from the Settlement Date.
- 7.2 What is stipulated in the Terms and Conditions applies to the valuation of collateral and haircuts. A sum equivalent to the loan amount plus interest accrued since the Settlement Date 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.

## **8. Lending and requirement for reporting**

8.1 A Counterparty that has received an allocation shall report monthly on their lending to Non-Financial Corporations in accordance with the detailed instructions shown on the form, enclosure 2. A Counterparty subject to the Riksbank's credit reporting regulations (KRITA) can be exempted from reporting.

8.2 Irrespective of the requirements stipulated in item 12 below, Counterparties are expected to lend to Non-Financial Corporations when the need arises.

## **9. Base Lending Amount and Base Period**

For a Counterparty that has received an allocation, a *Base Lending Amount* is established that is the average of the Counterparty's lending in SEK to Non-Financial Corporations on the last day of each month during the relevant *Base Period* of twelve months. The relevant Base Period is specified in the Specific UBF Terms.

## **10. Evaluation Rounds**

The Counterparty's lending to Non-Financial Corporations is evaluated once a year as long as the Repayment Date for the Credit received has not occurred. Relevant Evaluation Rounds are specified in the Specific UBF Terms for each Auction Procedure. The evaluation will be based on the Riksbank's Financial Market Statistics. When calculating the lending, lending for all Swedish MFIs<sup>1</sup> belonging to the same group as the Counterparty will be included.

---

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.

## 11. Evaluation and Additional Interest

11.1 In Evaluation round 1, an Outcome Figure 1 is established that is the average of the Counterparty's lending in SEK to Non-Financial Corporations on the last day of each month during Comparison Period 1. Outcome Figure 1 is compared with the Base Lending Amount. If the percentage change in the Counterparty's lending to Non-Financial Corporations (Outcome 1) is equal to or greater than the Riksbank's requirement for Lending Growth for Evaluation Round 1, no Additional Interest is charged. If the percentage change (Outcome 1) is less than the Riksbank's requirement for Lending Growth for Evaluation Round 1 (Requirement 1), Additional Interest is charged. Any Additional Interest is calculated according to the following formula (unless another formula is specified in the Specific UBF Terms):

$$\text{Effective additional interest rate} = \text{Additional interest rate} \times \frac{(\text{Requirement 1} - \text{Outcome 1})}{\text{Requirement 1}}$$
. If Outcome 1 is less than 0, the Effective Additional Interest Rate is the same as the Additional Interest Rate. Additional interest is calculated from the Effective Additional Interest Rate for the time the Credit has run during Lending Period 1.

11.2 In Evaluation round 2, an Outcome Figure 2 is established that is the average of the Counterparty's lending in SEK to Non-Financial Corporations on the last day of each month during Comparison Period 2. Outcome Figure 2 is compared with the Base Lending Amount. If the percentage change in the Counterparty's lending to Non-Financial Corporations (Outcome 2) is equal to or greater than the Riksbank's requirement for Lending Growth, no Additional Interest is charged. If the percentage change (Outcome 2) is less than the Riksbank's requirement for Lending Growth for Evaluation Round 2 (Requirement 2), Additional Interest is charged. Any Additional Interest is calculated according to the following formula (unless another formula is specified in the Specific UBF Terms):

$$\text{Effective additional interest rate} = \text{Additional interest rate} \times \frac{(\text{Requirement 2} - \text{Outcome 2})}{\text{Requirement 2}}$$
. If Outcome 2 is less than 0, the Effective Additional Interest Rate is the same as the Additional Interest Rate. Additional interest is calculated from the Effective Additional

Interest Rate for the time the Credit has run during Lending Period 2.

- 11.3 In Evaluation round 3, an Outcome Figure 3 is established that is the average of the Counterparty's lending in SEK to Non-Financial Corporations on the last day of each month during Comparison Period 3. Outcome Figure 3 is compared with the Base Lending Amount. If the percentage change in the Counterparty's lending to Non-Financial Corporations (Outcome 3) is equal to or greater than the Riksbank's requirement for Lending Growth for Evaluation Round 3, no Additional Interest is charged. If the percentage change (Outcome 3) is less than the Riksbank's requirement for Lending Growth for Evaluation Round 3 (Requirement 3), Additional Interest is charged. Any Additional Interest is calculated according to the following formula (unless another formula is specified in the Specific UBF Terms):

*Effective additional interest rate* = *Additional interest rate* ×  $\frac{(\text{Requirement 3} - \text{Outcome 3})}{\text{Requirement 3}}$ . If Outcome 3 is less than 0, the Effective Additional Interest Rate is the same as the Additional Interest Rate. Additional interest is calculated from the Effective Additional Interest Rate for the time the Credit has run during Lending Period 3.

- 11.4 If the Riksbank's evaluation shows that the Riksbank's requirement for Lending Growth to Non-Financial Corporations has not been fulfilled, Additional Interest is charged and invoiced to the Counterparty. The Riksbank shall after each Evaluation Round inform the Counterparty of its decision that Additional Interest is payable, the size of the Additional Interest Amount, how the calculation has been made and when the Additional Amount is to be paid.

- 11.5 The additional interest amount shall be paid at the specified time in accordance with item 11.4.

## 12. Requirement for Lending Growth to Non-Financial Corporations



The Riksbank's requirement for annual percentage Lending Growth to Non-Financial Corporations compared with the Base Lending Amount in each Evaluation Round is specified in the Specific UBF Terms.

### **13. Repayment**

- 13.1 The credit amount plus interest shall be repaid by the Riksbank on the Repayment Date 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.
- 13.2 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.
- 13.3 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 13.2, to recompense the Riksbank for the costs and losses the delay has caused the Riksbank.
- 13.4 The Credit cannot normally be repaid ahead of time.
- 13.5 On 19 March 2020, the Riksbank decided that covered bonds shall be eligible as collateral for credit in the Riksbank without any limitation and that covered bonds issued by the Counterparty or party closely linked to the Counterparty shall be eligible as collateral without any limitation. The measure has been designed as a temporary amendment in the Terms and Conditions that, according to a decision by the Riksbank, is to apply until 31 December 2024 or until this decision is revoked by the Riksbank. If these temporary, more generous requirements for collateral, are revoked by the Riksbank prior to 31 December 2024, a Counterparty with outstanding loans during the programme will be offered the option of paying off these loans ahead of time. A Counterparty shall in that case notify the Riksbank via e-mail to [anmalan@riksbank.se](mailto:anmalan@riksbank.se) no later

than twenty (20) Business Days prior to the date on which it wishes to pay off the loan ahead of time.

**14. Amendments**

The Riksbank reserves the right to make amendments to the General UBF Terms. Any such amendments will be communicated no later than 15.00 on the day before the relevant Auction Day.

**Sveriges Riksbank**