

STIBOR[®] Transparency Indicators Report

June 2022

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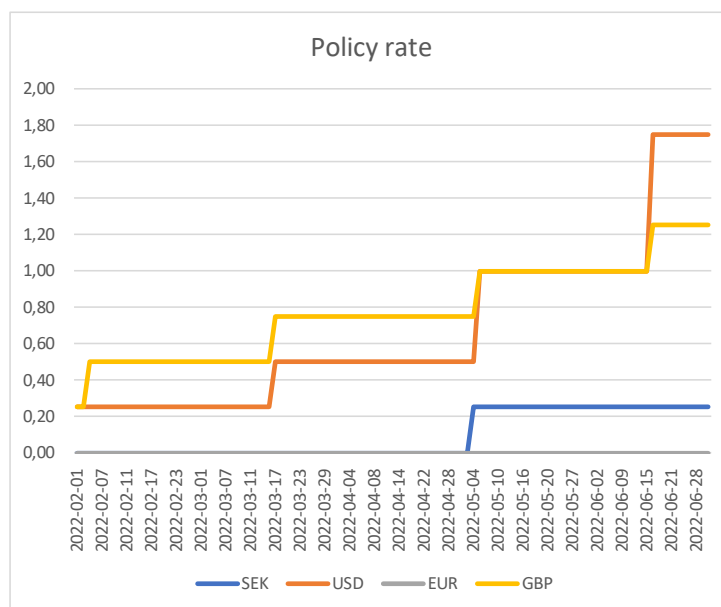
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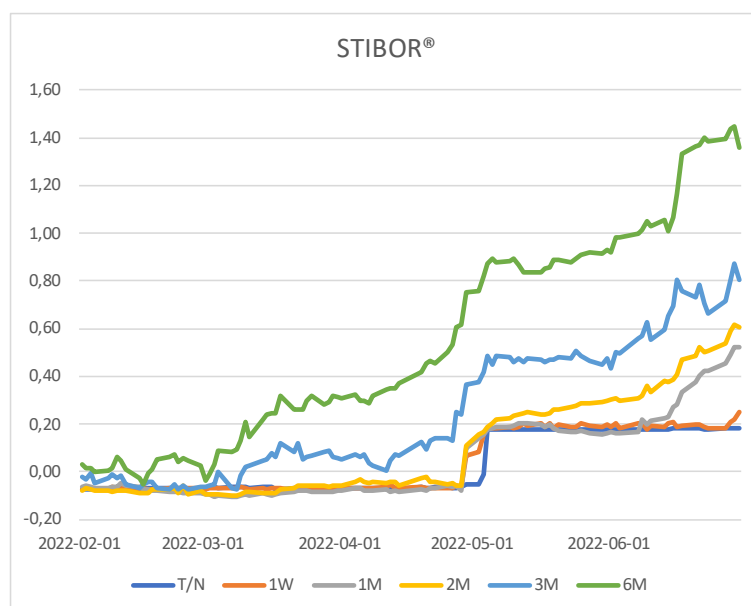
Market Comment

Money market rates as well as volatility have increased globally since the beginning of this year due to uncertainty on timing and measures taken by central banks to battle inflation. STIBOR® is continuing to reflect higher policy rates which is also mirrored in the SEK derivatives markets, both for RIBA and FRA.

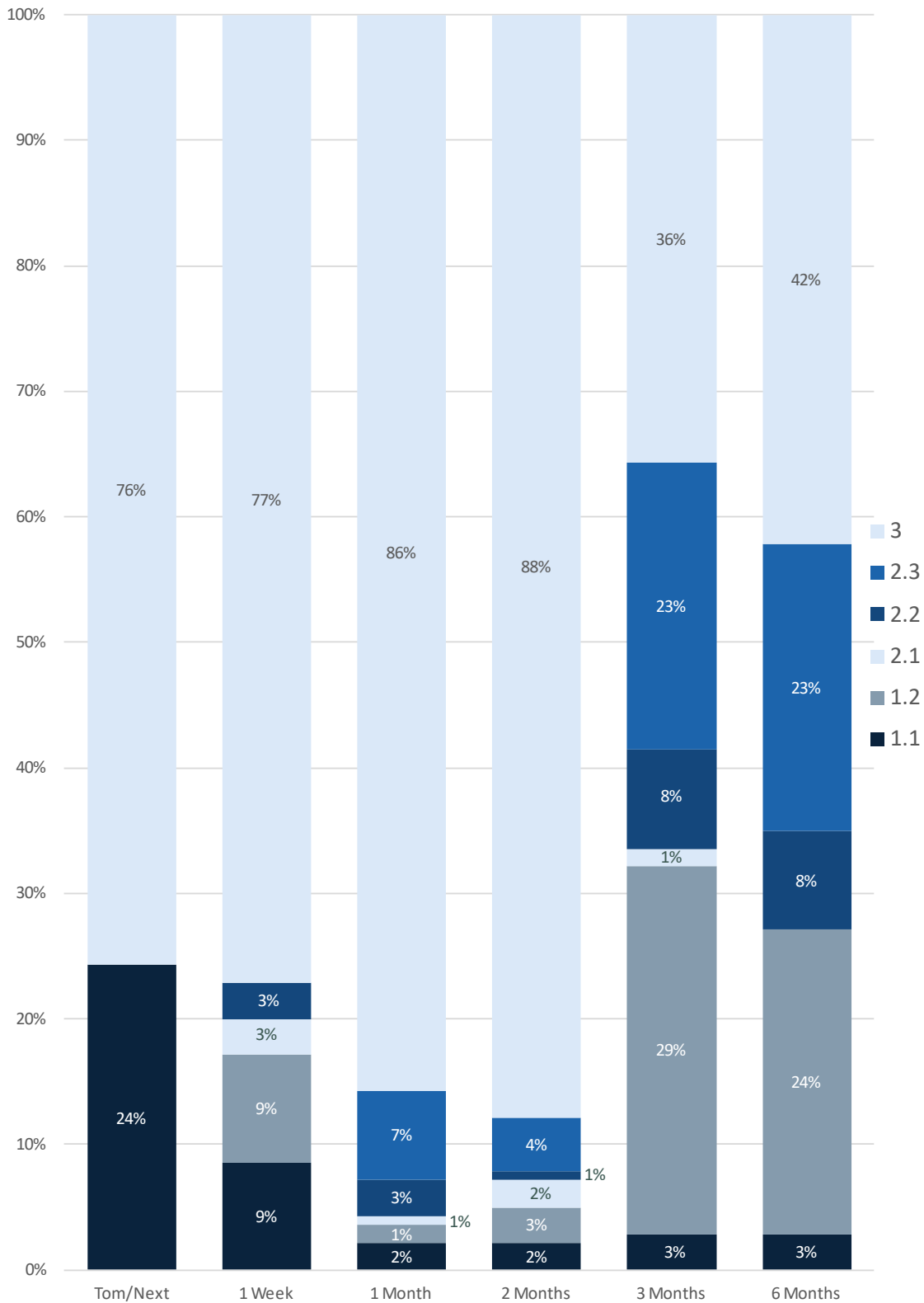
During the first half of 2022 some dramatic changes in the money market rates across the globe were witnessed. Increasing pandemic restrictions in Europe and the US added to overall demand of goods and services while China’s continued restrictions disrupted the global supply chain even further. During the winter 2021/2022 higher energy prices and commodity prices were already noticeable. The increasing price levels combined with the Russian invasion of Ukraine hastened the tightening of monetary policies by Central Banks. A period, across Europe and the US, of increasing policy rates combined with a tightening of liquidity through Quantitative tightening (QT) to manage the rapid pick up of the rate of inflation manifested itself.



On June 30th, the Swedish central bank *Riksbanken* announced a 75bps hike of the policy rate coming into force on July 6th and STIBOR® rates are indicating market expectations of further monetary tightening. At the end of the reporting period inflation has not fallen in any major economy and talk of stagflation emerged. This has resulted in a slight drop of the longer market rates.

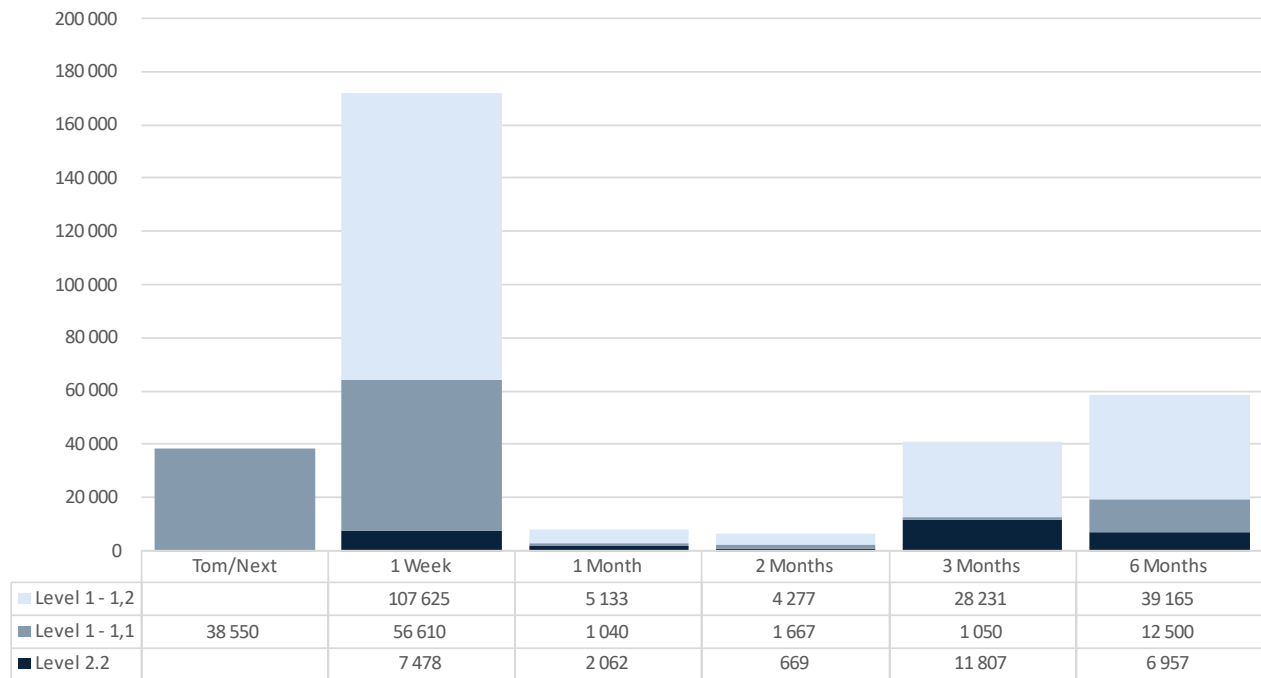


Contribution levels broken down by STIBOR tenor



Aggregate notional volumes of transactions

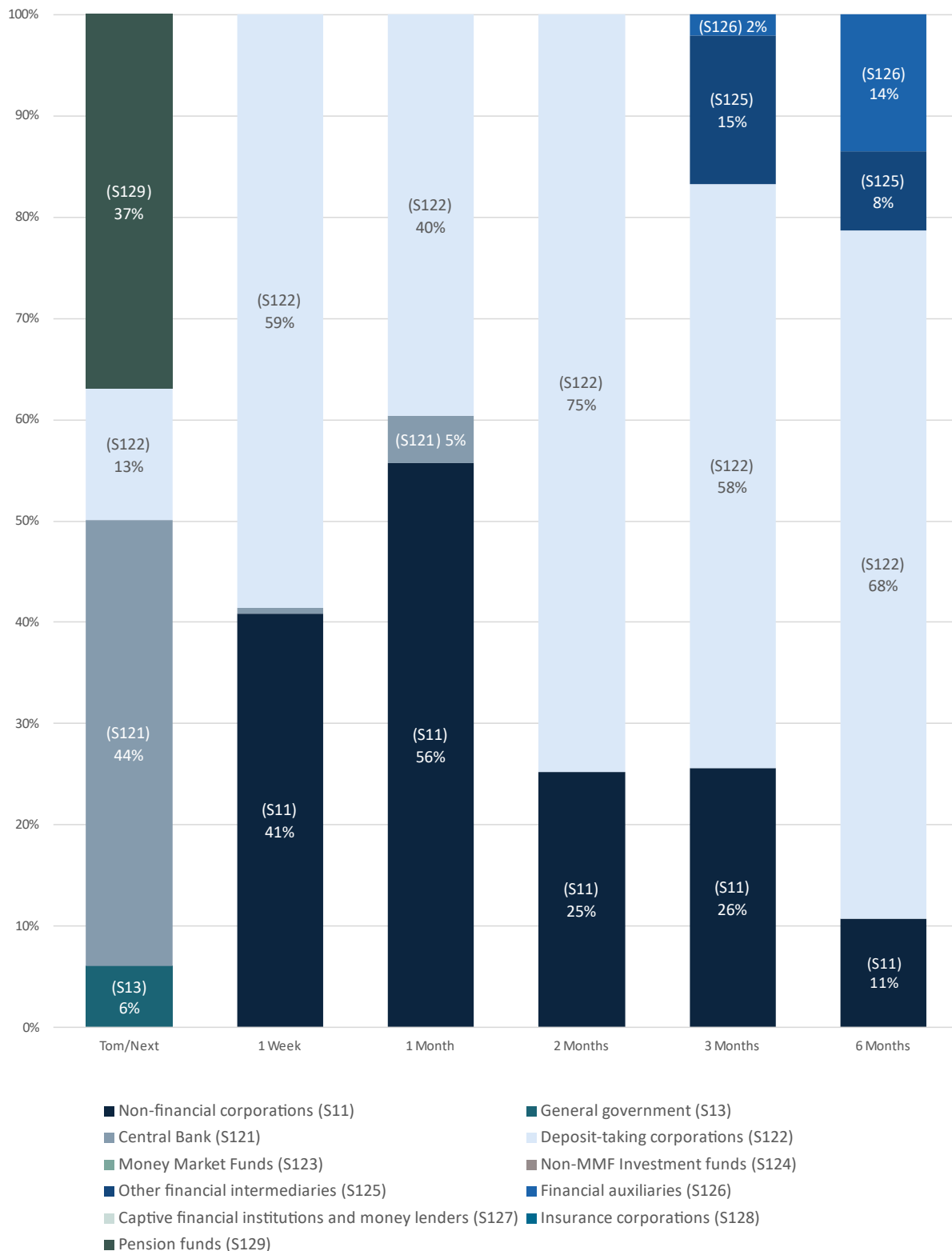
Aggregate notional volumes in mSEK¹ of transactions used in the determination of STIBOR® (Level 1.1, 1.2 and Level 2.2). Total transactional volume during the period was 324 821 mSEK.



¹ Transaction in foreign currency is converted to SEK (EUR, GBP and USD).

Counterparty sectors' share of volume

The counterparty sectors' share of volume² (%) used in the determination of STIBOR (Level 1.1., 1.2 and Level 2.2), broken down by tenor, during the period. The counterparty classification is based on the definitions of the European System of Accounts (ESA 2010).



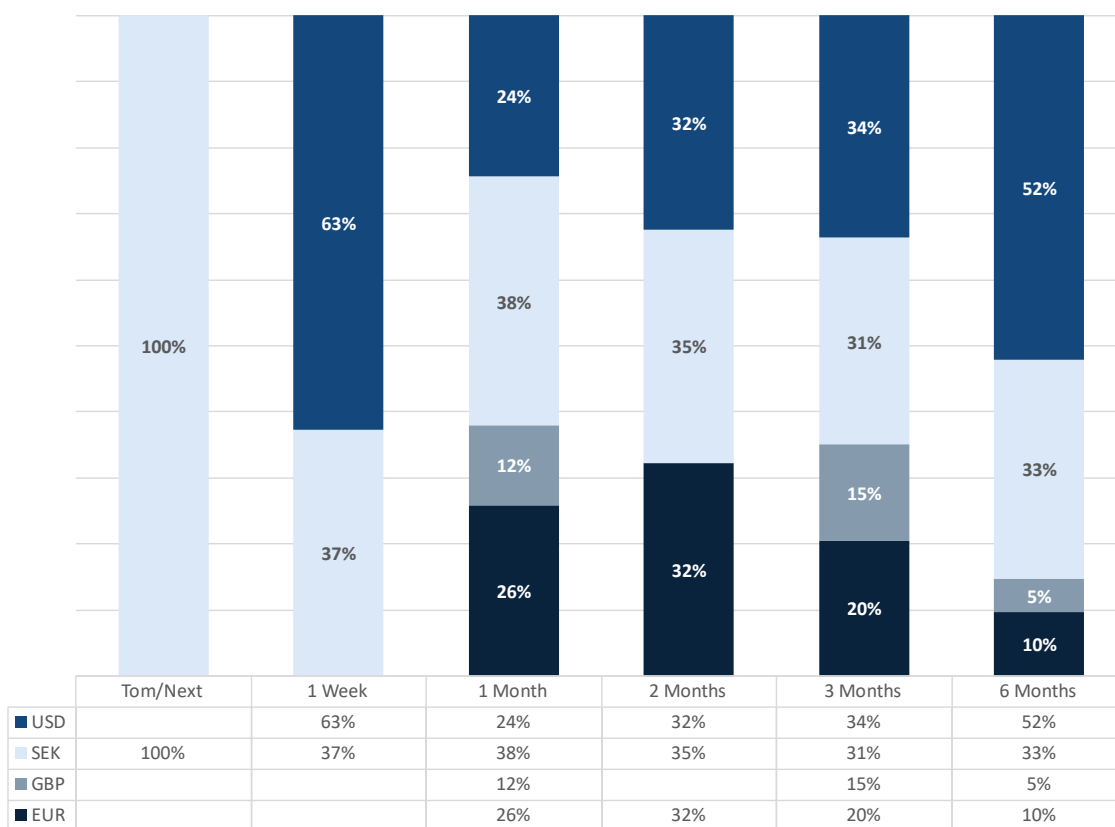
² Transaction in foreign currency is converted to SEK (EUR, GBP and USD).

Bid to Offer Spread (BOS)

Period	Number of business days	Number of contributions	% Application of BOS by system	% Application of BOS by Panel Banks'
June 2022	20	840	89%	11%

Transactions: currency break down

Currency denomination broken down by individual STIBOR tenor.



Notes

STIBOR is determined with the Input Data contributed, in an automated and controlled manner, by Panel Banks representative of the Swedish financial market. A Panel Bank's contribution toward STIBOR is **based on executed transactions**, when available, and on a combination of market pricing and mathematical techniques when transactional evidence is insufficient. The minimum notional volume for an eligible transaction is equal to or above 100 mSEK.

Hierarchical Input Data waterfall resulting in three possible levels of Panel Bank's contribution towards STIBOR.

- **Level 1** consists of contributions based on transactions executed by the Panel Bank during the previous day that reflect the Panel Bank's cost of funds.
- **Level 2** consists of contributions derived from the evidence of Level 1 transactions, using interpolation, extrapolation, and the application of a Market Adjustment Factor (MAF).
- **Level 3** consists of contributions based on commercial paper (CP) and certificates of deposit (CD's) issuance prices, using data through the application of a combination of modelling techniques and the Panel Bank's judgement.
- **Bid to Offer Spread (BOS)** - The final step addresses differences in value by adding a BOS, effectively moving the calculated COF rate to that of a 'lending rate'.

A 'Bid to Offer Spread' (BOS) is added, effectively moving the calculated COF rate to that of a 'lending rate'. The application of the BOS is automatically performed by the STIBOR calculation system.

Panel Banks are allowed to alter the default BOS under two circumstances:

- **Balance-Sheet Considerations** - the additional cost related to the adjustment of the bank's balance sheet for key reporting dates, most notably over year-end, e.g., bank tax
- **Riksbank Deposit Rate** – the calculation of an implied SEK rate when funding generated by CP and CD issuance is out of line with the perceived SEK term rate structure determined by the floor created by the Riksbank overnight deposit rate

For further in-depth details on the revised calculation methodology, and the alignment with BMR requirements, documentation is publicly available on www.swfbf.se to ensure transparency.

STIBOR was designated a critical benchmark on 17 October 2018 in accordance with EU Commission Implementing Regulation (EU) 2018/1557. The Swedish Financial Benchmark Facility AB (SFBF) assumed the administration responsibility for STIBOR in April 2020.

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