

STIBOR[®] Transparency Indicators Report

June 2024

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Disclaimer

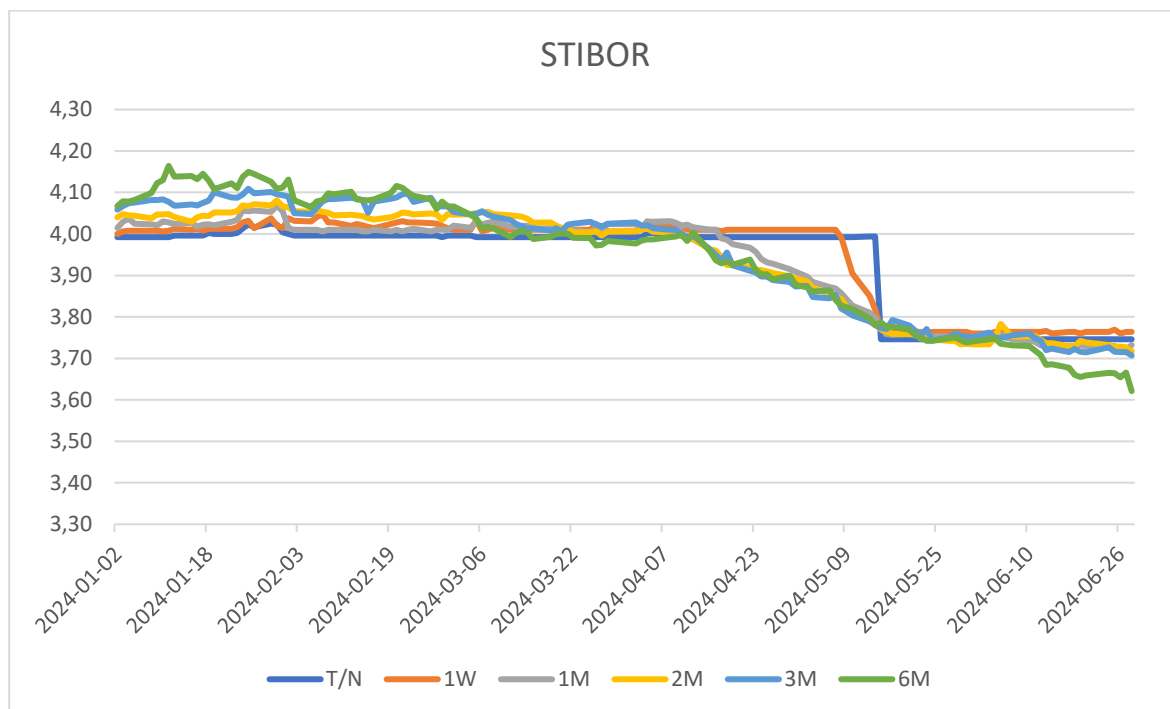
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Market Comment

Internationally, inflation has been relatively stable during the first half of 2024. This is because the central banks have implemented a tightening monetary policy and thus reduced demand and it has become difficult for companies to raise prices. However, inflation has not completely reached the target levels that could cause central banks to fully ease monetary policy. However, some reliefs have been implemented. At the beginning of the year, there was great uncertainty in the capital market and considerable volatility. However, this has not affected STIBOR in the way that occurred during the tightening in 2022.

In May, the Riksbank lowered its policy rates by 25 points and the ECB made the same change in June. Otherwise, the central banks important for STIBOR have not eased monetary policies. During the spring, the U.S. central bank (FED) showed signs of uncertainty as to whether they had succeeded in controlling inflation or not. Therefore, there has been increased volatility in the US capital markets.

Although there are expectations in the market that inflation has been defeated and that central banks will ease monetary policy, longer-term interest rates (bond-rates) have risen throughout the world during the spring. However, money market interest rates still discount future interest rate cuts from central banks. This indicates that the market expects falling policy rates but not to the levels seen before Russia's invasion of Ukraine.

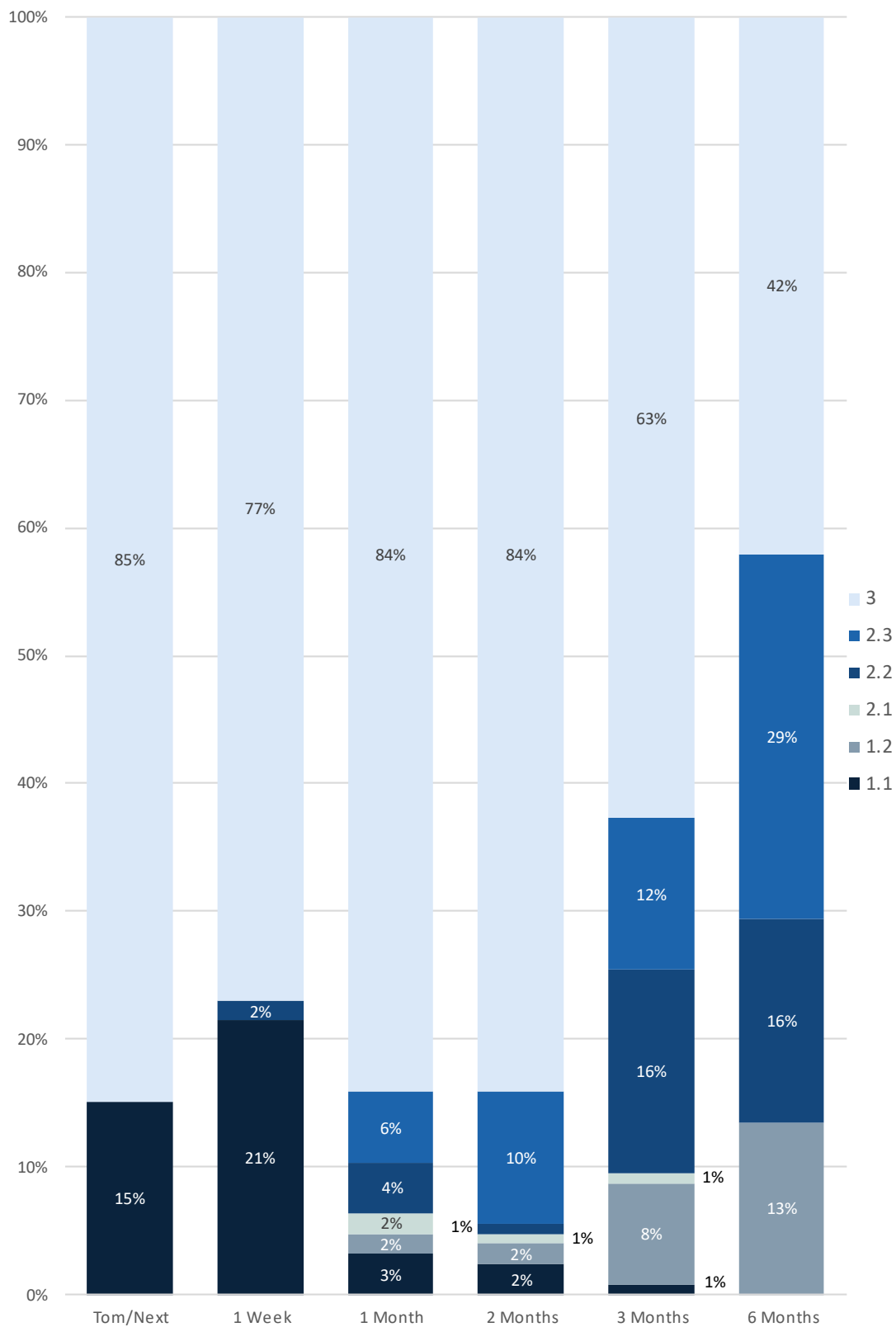


During the spring, STIBOR was mainly affected by the market's expectations of monetary policy easing. When the discussions emerged about a reduction in policy rates in May, this were priced into the longer maturities. This caused longer maturities of STIBOR to fall more than the policy rate, indicating further rate cuts.

Volatility in STIBOR has been historically low during the period. This is perhaps best illustrated by the fact that there was no absolute daily rate movement greater than five basis points in the first half of the year, except for the shortest maturities in connection with the Riksbank policy rate change in May.

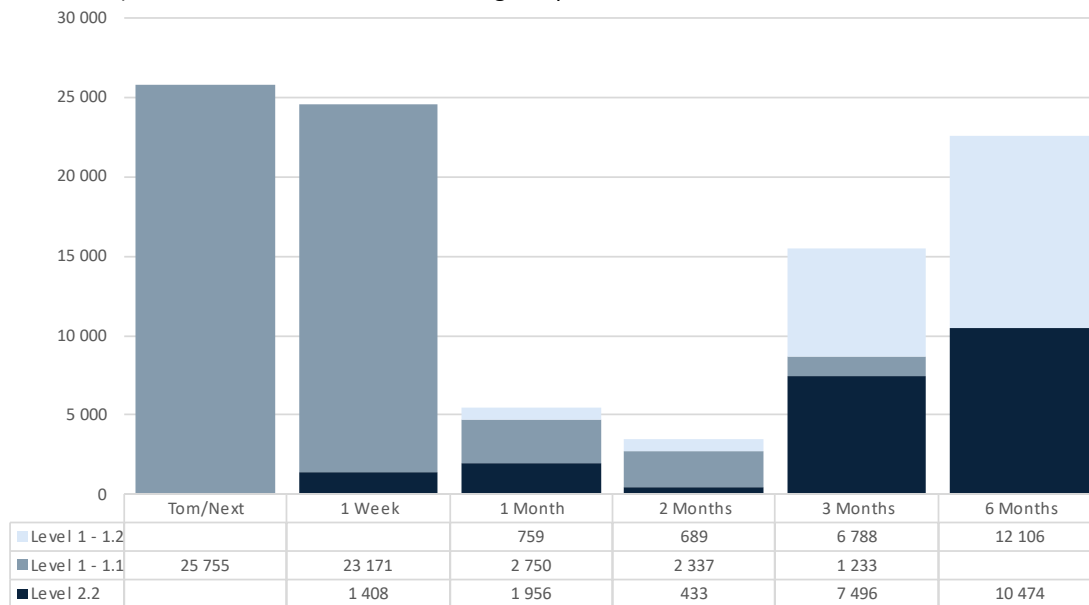
Overall, STIBOR has moved in a way that is in line with the underlying markets during the spring. STIBOR's longer maturities have fallen in line with expectations of a change in monetary policy but have not displayed any hasty movements which could indicate a disconnect from the underlying markets.

Contribution levels broken down by STIBOR tenor



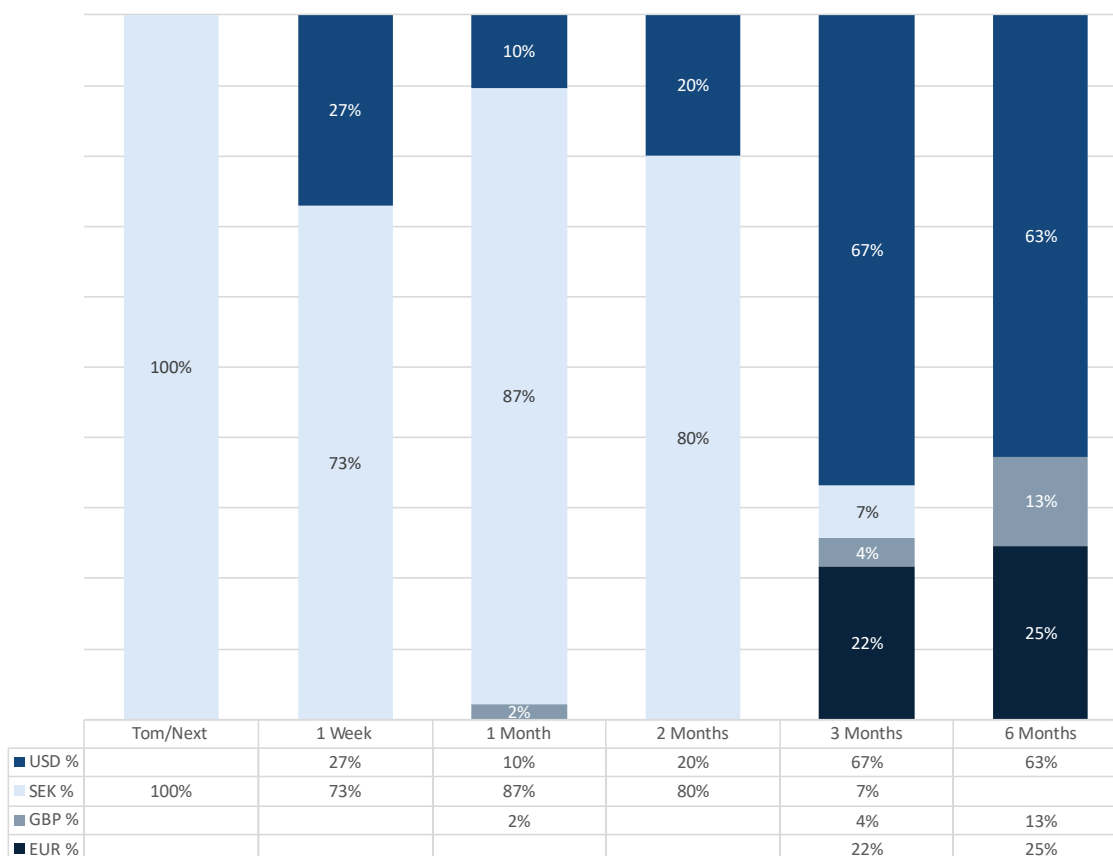
Aggregate notional volumes of transactions

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 97 355 mSEK.



Transactions: currency break down

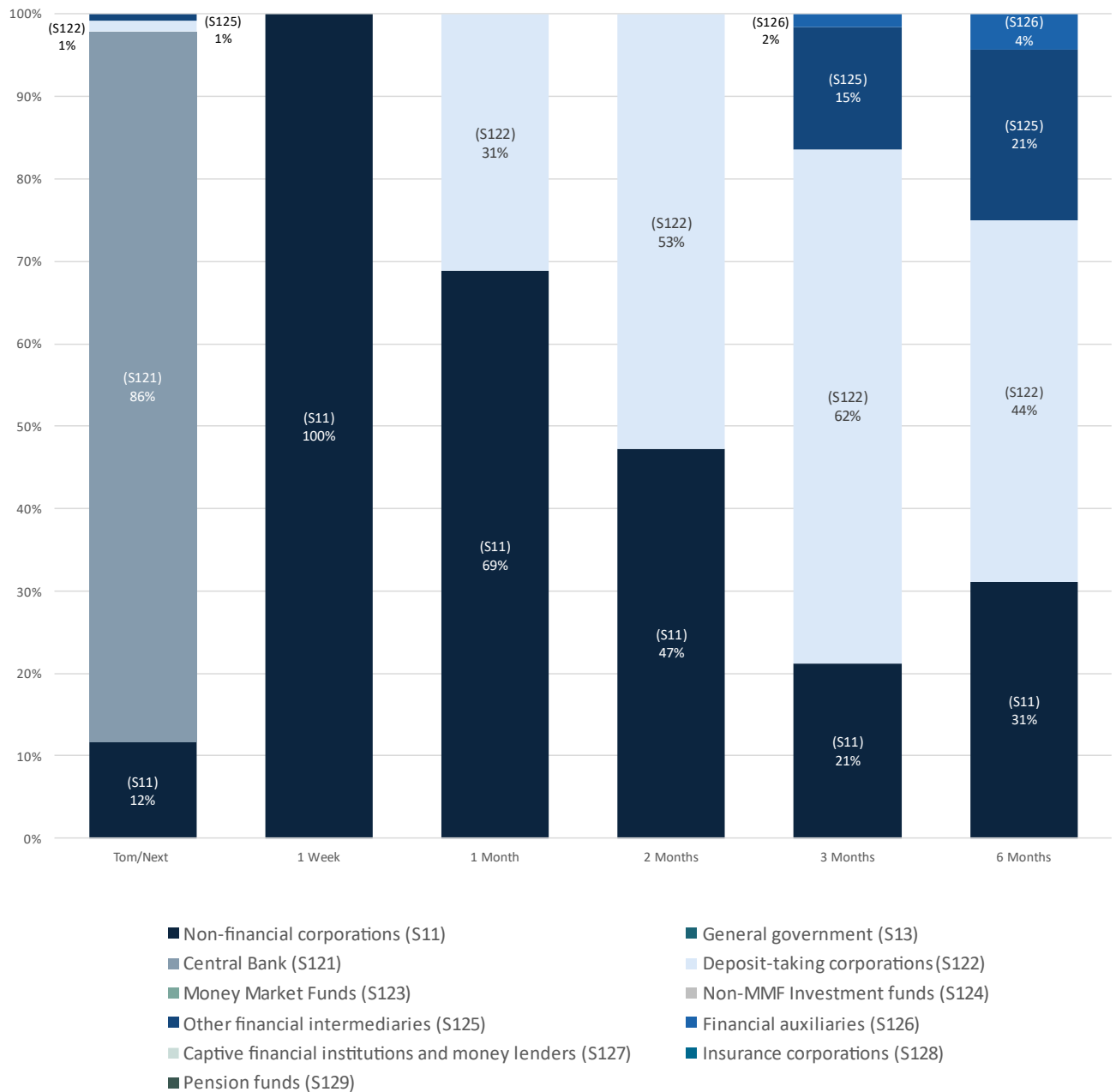
Currency denomination broken down by individual STIBOR tenor.



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. 2024	18	756	69%	31%
Tom/Next			71%	29%
1 Week			74%	26%
1 Month			42%	58%
2 Months			67%	33%
3 Months			74%	26%
6 Months			89%	11%

Data on default, mean, median, 25th and 75th percentile BOS contributed by Panel banks, per tenor, during June 2024 (includes default and altered BOS contributions).

Tenor	Default spread (bps)	Mean spread (bps)	Median spread (bps)	25th Percentile (bps)	75th Percentile (bps)
Tom/Next	8	11,4	8,0	8,0	15,0
1 Week	10	12,8	10,0	10,0	13,8
1 Month	15	19,1	16,1	15,0	19,9
2 Months	15	18,2	15,0	15,0	17,4
3 Months	15	17,4	15,0	15,0	15,5
6 Months	15	15,4	15,0	15,0	15,0

Data on non-default, mean, median, 25th and 75th percentile BOS contributed by Panel banks, per tenor, during June 2024 (excludes default BOS contributions).

Tenor	Non-Default spread (bps)	Mean spread (bps)	Median spread (bps)	25th Percentile (bps)	75th Percentile (bps)
Tom/Next	≠ 8	19,6	16,8	15,0	22,5
1 Week	≠ 10	20,9	17,0	15,0	23,1
1 Month	≠ 15	22,1	18,5	16,6	24,6
2 Months	≠ 15	24,6	20,2	17,4	33,6
3 Months	≠ 15	24,2	27,6	17,3	29,6
6 Months	≠ 15	18,3	17,9	17,2	19,6

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, 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;
- **Funding variances** – specific market conditions may produce fundings at levels which is out of line with the panel bank's internally modelled SEK term rate structure, based on the current and future expected levels of the Riksbank Policy Rate. Under such a scenario, an adjustment of the BOS will be required to contribute an offered rate in line with the perceived SEK term rate structure.

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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