

Glossary to Financial Market Statistics

Agricultural buildings

The term agricultural buildings refer to the definition of agricultural unit in the Law on property taxation (1979:1152). Agricultural buildings include buildings for agriculture and forestry such as animal stalls, barns or machine halls together with arable land, grazing land, forest and unstocked forest (forest with low timber production). Single-family dwellings and land on the agricultural unit are also included.

Alternative investment funds (AIFs)

Alternative investment fund (AIF) refer to AIFs where the fund's assets largely comprise loans to households. AIFs included in the Financial Market Statistics are connected to a mortgage credit company. A mortgage credit company may finance its lending by selling its loans to one or several AIFs. Usually the mortgage credit companies retain the administration of the loan and the contact with the borrower.

Bonds

Bonds are interest bearing securities most often with original maturity over one year but in exceptional cases one year. Bonds are either zero coupon bonds or coupon bonds. Zero coupon bonds increase in value up to the date of maturity while coupon bonds offer continuous dividends.

Branch office

A branch office is a departmental office with independent management by means of which an institution conducts business operations in another country. The branch office is a part of the institution but maintains its own book keeping separate from that of the institution and has a managing director.

The statistics include the branch offices of Swedish MFIs abroad in all parts of the publication Financial Market Statistics except in Part 5 Money supply, where only operations in Sweden are included. In the

Balance Sheets part 6, there are separate reports on Swedish MFIs branch offices abroad.

Card credits, convenience credit cards and extended credit cards

Convenience credit card credit (also called delayed debit card credit) is a card credit to which no interest rate is charged from the moment the card is used until the next invoice is settled. The holder of the convenience credit card is granted an interest-free grace, usually between 30 and 40 days, with payment of the amount debited from the account for a certain period after which the debt is repaid. Today it is common that the card holder, after the interest rate free period, can choose to split the reimbursement and pay interest rate. The remaining credit in such cases is to be seen as credit card credits.

An extended credit card credit (also called credit card credit) is a credit not settled by the next invoicing and usually, there is an interest rate linked to the credit card credit.

Debit cards or bank cards are not included because the amounts involved in card purchases are drawn directly from an on demand deposit account. The card holder's assets in the deposit account decrease but do not normally accrue any debt for the card holder.

The number of outstanding debit and credit cards are reported in Table 7.8 in the publication Financial Market Statistics. Statistics about the number and different types of cards and transactions is also published annually by the European Central Bank on their website, www.ecb.int under "Statistics" - "Statistical Data Warehouse" - "Payments and securities trading, clearing, settlements".

Certificates

Certificates are interest bearing, negotiable securities that usually have an original maturity of one year at the most but can in exceptional cases have a maturity of two years. The statistics shows certificates held and issued by MFIs in Table 7.17 in the publication Financial Market Statistics. For issued securities there is, in addition to a breakdown by type of instrument, also a breakdown by maturity.

Condominium

Condominium are a special property form where the tenant owns a private apartment in a multi-dwelling building, as distinct from tenant-owner apartments where the tenant is a member of an economic association (tenant-owners association), which in turn owns the real estate. In Sweden, condominium has existed as tenure since May 2009.

Construction loans

Construction loans finance the construction of new buildings or renovation of existing properties. The interest rate on the loan is usually volatile and calculated on the amounts outstanding.

Consumption credits (loans with intended purpose)

Consumption credits are defined as "loans granted for the purpose of mainly personal use in the consumption of goods and services" (ECB/2008/32). Information about the intended purposes of loans is not directly collected in Sweden but instead estimated.

Consumption credits include lending from MFIs to households other than entrepreneur households where the loans are unsecured or have other guarantees than government guarantees (for example personal guarantees).

Consumption credits include delayed debit card and credit card credits because these loans, in general, have no collateral. For a further description of how intended purposes are calculated, see section 7. Balance sheet items

Contract credits

A company can borrow on their contracts to free capital. This type of credit is called a contract credit. The statistics refer to loans from MFIs. Contracts that can be borrowed on include for example credit payment contracts and leasing contracts. Also installment credits purchased by MFIs are included.

Covered bonds

Covered bonds are bonds that, due to legislation, Law (2003:1223) on issuing of covered bonds, protect the creditor better than usual bonds. The security for the bonds is in a fixed number of housing loans that exceed the value of the bonds by a fixed margin. In contrast to the institutions' other creditors, the bond bearer has the right to their share of the security in case something happens to the issuing institution (www.riksbank.se). Covered bonds began to be issued in Sweden in 2004. For more information about covered bonds see Law (2003:1223) on issuing of guaranteed bonds and the Financial Supervisory Authority's Statutes 2004:11. Tables 7.17 summarises statistics about covered bonds.

Debenture loans and subordinated debentures

Subordinated debentures are a kind of interest bearing convertible debt with a period of many years, issued by banks, industrial corporations and housing credit institutions. The subordinated debenture certifies that the holders have lent money without any specific security. Debenture loans are a loan where the percentages are signed for

through subordinated debentures. A debenture loan confers the right to payment after other debts are paid in the event of a company's bankruptcy. This means there is a higher risk for the holder of a debenture loan compared to bonds, thus also often having a higher interest rate. Debenture loans are primarily bought by institutional investors. MFIs debenture loans are presented in Table 7.17.

Deposits

Deposits from households indicate households' on demand deposits and savings accounts in banks and other MFIs. Deposits are defined as amounts that respondents are liable to their creditors, excluding amounts stemming from issued, negotiable securities. Deposits also cover loans.

Distinction by different types of deposit accounts can be seen in Part 5 Money supply, where on demand deposits in Sweden-based MFIs and the Swedish National Debt Office are reported under M1 and deposits with certain conditions (see below) are reported under M2. Table 7.14 presents deposits by type of deposit. For example deposits with agreed maturity (see below) and deposits redeemable at notice (see below) are presented separately.

Deposits redeemable at notice

Deposits redeemable at notice refer to deposits that cannot be withdrawn in cash prior to the notice period's expiration or that only can be withdrawn in cash for a fee or a worsening of interest rate conditions. Accounts with a limited number of free withdrawals a year are also included here.

Deposits with agreed maturity

This refers to deposits with agreed maturity that cannot be withdrawn as cash during such a period or that can only be withdrawn in cash for a fee or a worsening of interest rate conditions. An agreed maturity refers to the original maturity. The maturity is the time during which the deposit is under withdrawal restrictions. Accounts with a fixed interest rate and other accounts where deposits cannot be withdrawn before a predetermined date are included here.

Deposits with certain conditions

Deposits with certain conditions are used as a definition for the monetary aggregate M2. Deposits with certain conditions refer to deposits with a redemption notice period of up to 3 months or deposits with an agreed maturity of up to 2 years.

Derivatives

Derivatives are financial instruments for which the value depends on certain underlying assets, such as shares, interest rates or a commodities index. Derivatives are used inter alia to handle currency exchange and interest rate risks (see "Guidelines to the international locational banking statistics", www.bis.org).

The statistics summarize derivatives with positive market values under assets and derivatives with negative market values under liabilities. Derivatives by counterparts in Tables 7.18 are done in accordance with the derivatives' contractual counterparts and not with those issuers of the underlying asset.

Entrepreneur household

An entrepreneur household (also called sole proprietors) refers to households whose largest income is from activities with or without employees. An entrepreneur household is not a legal entity.

Entrepreneur households include the following:

- income from activities conducted in one's own name
- partial ownership of a basic company
- shipping partnership or equivalent thereto, that is not a legal entity
- agricultural property that is not leased out and other real estate

Factoring and factoring credits

Factoring means that a company seeks financing by borrowing on or selling their accounts receivable to a finance company. A factoring credit (borrowing on accounts receivable) means credit where accounts receivable serve as security. In the case of factoring credits, a finance company can take over the administration of accounts receivable and in some cases also the credit risk. Also invoice claims sold to MFIs are included.

Table 7.6 in the publication Financial Market Statistics summarizes statistics about factoring credits. The statistics deal with those factoring credits granted by MFIs, however other financial institutions can also conduct factoring business.

Floating charges

Collateral can take the form of a floating charge certificate. The Swedish Companies Registration Office is the Swedish authority that attends to floating charge certificates.

Guarantee, central government

Central government guarantee, or credit guarantee, includes for example Guarantees issued by the Swedish National Housing Credit

Guarantee Board Guarantees for export loans from The Swedish Export Credits Guarantee Board, EKN, guarantees from the County Administrative Board, guarantees from the Swedish National Debt Office, SNDO.

Guarantee, local government

When a local government puts up guarantee for a loan, the security is called local government guarantee. Local government guarantee is usually given to companies where the local government has an owning interest, e.g. local government housing companies, but associations and non-profit organizations can also obtain local government guarantee as security. In the event of local government guarantee, the local government assumes the risk associated with the loan and this often involves an advantageous interest rate. Local government guarantee has become a more customary form of security. For more information about local government guarantee see SOU 2008:38.

Hire purchase credits

Hire purchase credits are a loan form that can be used when purchasing goods such as machines and vehicles. The product is owned by the debtor and serves as collateral for the loan, which means that no other collateral is required. Hire purchase credits should not be confused with installment payments for short-term credit or other loans where the purchased object does not serve as the collateral for the loan.

Housing credit institutions

Housing credit institutions is a subcategory of MFIs, and are classified as sector 122300 (housing credit institutions) according to INSEKT 2014.

Housing loan (loans with intended purpose)

Housing loans are defined as "credit extended for the purpose of investing in houses for own use or rental, including building and refurbishments" (ECB/2008/32). Information about the intended purposes of these loans is not directly collected in Sweden but instead estimated from the reported collateral. Housing loans include all loans to households where single-family dwellings, condominiums or tenant-owner apartments make up the collateral for the loan. For a further description of how intended purposes are calculated, see section 7. Balance sheet items.

Index-linked bonds

Index-linked bonds or share bonds are a financial product with a bond as a base. Options, with one or more underlying assets such as shares or interest rates, are tied to the bond. The dividends on index-linked

bonds depend on the development of the underlying assets. By investing in index-linked bonds the investor is guaranteed to see their investment returned, except for fees and possible premiums on an issue and assuming the issuing institution's solvency. In general the dividends are not as high as the direct investment in the underlying assets. Information about issued index-linked bonds is separately published in part 7.17. in the publication Financial Market Statistics

Individual pension savings (IPS)

Individual Pension Savings (IPS) is pension savings without elements of insurance. Savings can be in funds, bonds, shares or in a savings account. IPS is only meant for private individuals' own pension savings. A permit from the Swedish Financial Supervisory Authority is required for a company to offer IPS and call itself a pension savings institute. Pension savings institutes can be e.g. banks or securities companies. IPS makes up a smaller part of the total pension savings. Aside from the social insurance system and the Swedish Pensions Agency (former Premium Pension Authority, PPM), life insurance companies account for a large part of pension savings, both the private pension savings and occupational pensions. Occupational pensions can also be managed by occupational pension funds, pension foundations, or by the companies themselves as book reserves.

Leasing, financial

Financial leasing can be seen as a form of hire purchase. In the event of financial leasing, the lessee alone is accountable for maintenance and service of the leased product. The fee paid by the lessee should cover the costs that the lessor incurs for procuring the product, financial costs, etc. When the period of the contract has ended the ownership can transfer from the leasing company to the lessee. More detailed information is available at the Swedish National Financial Management Authority website (www.esv.se).

Financial leasing is included in lending. Operational, financial, and leasing broken down by type of leasing object is presented in part 7.12. in the publication Financial Market Statistics.

Leasing objects

Leasing per object is presented in part 7.12. in the publication Financial Market Statistics.

Light Lorries are cars that are mainly used for goods traffic or cars that are not passenger cars or busses and where the total weight is a maximum of 3.5 metric tons.

Medical equipment also contains, in addition to equipment for health, medical and dental care, veterinary equipment.

Other leased objects may for example include machines in the wood pulp and paper industry and energy equipment.

Leasing, operational

Operational leasing can be seen as a type of rental contract. The lessor purchases equipment to then rent to the lessee for a fee. In the event of operational leasing the lessor is accountable for maintenance and service of the product. The fee paid by the lessee should cover the costs for the product, as well as costs for maintenance and service. More detailed information is available at the Swedish National Financial Management Authority website (www.esv.se).

Operational leasing is not included in lending. Operational, financial, and leasing broken down by type of leasing object is presented in part 7.12. in the publication Financial Market Statistics.

Monetary base

The monetary base is a measure of the financial base of the money supply and includes:

1. Notes and coins in circulation
2. Deposits from MFIs in the Riksbank
3. Claims with the Riksbank due to debt securities issued

Money market funds

In January 2012, the definition of money market funds was changed in harmonization with ECB statistics and the guidelines from European Securities and Markets Authority (ESMA). Some of the differences from the earlier definition are that the funds' portfolio must have a weighted average maturity of no more than 6 months. In addition to this the fund must limit investment in securities to those with a residual maturity until the legal redemption date is less than or equal to 2 years, provided that the time remaining until the next interest rate reset date is less than or equal to 397 days. The earlier definition stated that the original maturity was to be 397 days or less, or funds where the average maturity period for the portfolio was 397 days or less. Due to the definition change the number of money market funds has decreased. ESMA:s guidelines is not adopted in Swedish law. Funds can therefore use the expression money market funds in their name without meeting ESMA:s definition.

Money orders

The Riksbank's publication The Swedish Financial Market 2009 describes a money order as "a secure means of payment that is used for major purchases that need to be paid in cash, such as the purchase of a house or car. A money order can be purchased from one of the Swedish

banks, is for a specified amount and is made out to the recipient or buyer of the money order. If it is made out to the buyer it can later be assigned to the recipient, in which case it constitutes a secure form of payment, as it has already been paid for.” Money orders are separately published in part 7.17. in the publication Financial Market Statistics.

Mortgage credit companies

Mortgage credit companies are firms with authorisation from Finansinspektionen to issue mortgages. Mortgage credit companies are not classified as MFIs. In INSEKT 2014, they are classified as sector 125300 (financial corporations engaged in lending). Collection of statistics of mortgage credit companies started in December 2018, and the statistics were first published in February 2020.

Multi-dwelling buildings

Multi-dwelling buildings refer to buildings with at least three apartment dwellings in them.

New agreements (interest rate statistics)

New agreements refer to agreements entered into during a given month. New agreements include the following:

- All financial agreements where the terms and conditions affecting the interest rates on deposits and lending are determined for the first time.
- All new agreements resulting from direct negotiations affecting existing deposits and lending. Direct negotiations include inter alia relocation of loans, early repayment and renegotiations.
- Extensions of existing agreements that indirectly mean renegotiations of terms and conditions.
- Savings account for which there is no predetermined amount of monthly savings.

For loans the entire outstanding amount in a transactional account with credit and overnight loans are considered new agreements. This mainly affects the categories "all accounts" and "consumer credit". Categories under loans with fixed interest rates are not affected.

For deposits the entire outstanding amount for overnight deposits, on demand deposits and deposits redeemable at notice are considered new agreements. This mainly affects the deposit category "all accounts".

Non-performing loans

In order for a loan to be non-performing, at least one of the following criteria has to be fulfilled:

- The payments of interest and principal are past due by 90 days or more
- It exist a risk that the loan will not be fully repaid without the use of collateral.

This definition corresponds to the definition in the supervisory report FINREP.

Non-performing loans are presented in part 7.11. in the publication Financial Market Statistics. Also, the non-performing loans are related to total lending.

Non-profit institutions serving households (NPISH)

Non-profit institutions serving households refer to non-profit organisations that are not market producers and that serve the household sector with the aim of guarding household interests or conducting humanitarian assistance work.

The following are examples:

- Trade unions, trade associations, political parties, churches and religious groups, social and cultural associations and leisure and sport clubs that operate on a non-profit basis.
- Charitable, support and assistance organisations.
- Stipend foundations and donation funds.

For more detailed division into economic sectors, see Statistics Sweden: Standard Classification by Institutional Sector, INSEKT 2014.

On demand deposits

On demand deposits are deposits that can be readily converted to cash on short notice and/or can be used for payment transactions. For example salary-linked bank accounts and savings accounts with free withdrawals are included in on demand deposits.

Other loans (loans with intended purposes)

Other loans can be defined as "loans granted for purposes other than consumption and house purchase, such as business, debt consolidation, education, etc." (ECB/2008/32). The Swedish National Board of Student Aid (CSN) is a large creditor to students, but the Board is not classified as an MFI and thus is not included in Other loans. Information about the purposes of loans is not directly collected in Sweden but instead estimated. Other loans include all lending to non-profit institutions serving households and loans to households where the loan cannot be classified as a housing loan or a consumption credit. For a further description of how intended purposes are calculated, see section 7. Balance sheet items in the publication Financial Market Statistics.

Overdrafts and revolving loans

Revolving loans refers to loans with credit granted and where credit may be used freely as long as the borrower remains within the credit granted. Regular repayments may not be required but when the loan is repaid, the borrower's credit line increases again.

The category Overdrafts and revolving loans includes, for example, bank overdrafts, building credits, credit card and delayed debit card loans.

Overnight loans Overnight loans are loans with an agreed maturity of one business day. Much of the overnight market, as well as repurchase transactions, are made between credit institutions or between credit institutions and the Riksbank.

Parent company

For a limited company to be defined as a parent company it is required that the limited company hold more than 50 percent of the votes for all shares or percentages in another legal entity (subsidiary). The limited company is also required to have the exclusive right to exercise decisive influence over the subsidiary. More detailed information can be found in the Law on Limited Companies (2005:551).

Private bonds

Bonds aimed towards private persons are called private bonds. Private bonds are normally listed on a stock exchange and can be purchased in small trade items. Covered private bonds are also reported as private bonds. Information about private bonds is separately published in part 7.17.

Promissory note credit

Promissory note credit refers to a written debt agreement or a creditor's letter of commitment. As a rule, a promissory note contains information about the terms of the loan (principle, interest rate, collateral, period and days for paying interest). Loans in return for promissory note credits are banks' and housing credit institutions' most common form of lending.

Repurchase agreement

Genuine repurchase agreements or repos can be defined as "an agreement whereby one party undertakes to sell a security to another party in return for liquid funds. At the same time, it is also agreed that the same security will be repurchased at a fixed price at a given time in the future." (The Swedish Financial Market 2007, the Riksbank). In the event of such repurchasing agreements, the sold security remains listed

in the vendor's balance sheet. Paid and received purchase price is included in lending and deposits. Repurchase agreements are usually short, which makes their volume vary greatly.

Savings banks

Savings banks (in Swedish Sparbank) are banks, which, unlike commercial banks, has no shareholders and hence no share capital. Formation and organization of savings banks are regulated in Savings Bank Act (1987:619). Many savings banks have converted to commercial banks and thus are not savings banks in the legal sense, although they may have kept the word Sparbank in the name. The banks that have converted into commercial banks are part of the statistics for commercial banks, not savings banks. The savings banks' assets and liabilities are presented in part 6.6 and 6.9 in the publication Financial Market Statistics.

Securitization

Securitization refers to a process whereby assets such as housing loans, business loans or risks associated with such loans are collected and repackaged as securities (asset-backed securities). There are two types of securitization, traditional and synthetic. Traditional securitization occurs when a bank (originator) sells non-liquid assets such as loans (with or without collateral) to a third party who finances the purchase through issuing securities backed by the assets bought from the bank. Securities can be public or private investments. The third party who purchases loans and issues securities goes by different names such as FVC (Financial Vehicle Corporation), SPE (Special Purpose Entity) or SPV (Special Purpose Vehicle). In synthetic securitization, the credit risk is transferred to a third party but not the underlying assets.

Securitization is relatively unusual in Sweden. In those cases where large transactions affect the statistics such will be commented on in footnotes.

Bought and sold loans i.e. loans that have been bought, sold, securitized or acquired are separately published in Table 4.2. in the publication Financial Market Statistics.

Single-family dwellings

Single-family dwellings refer to real estates for living for one or two families. Examples of single-family dwellings are villas and terraced houses. Certain apartment houses in agricultural areas are also considered single-family dwellings. For more detailed information, see the Law on Property Taxation (1979:1152).

Subsidiary

A subsidiary refers to a legal entity where another company, the parent company, holds more than 50 percent of the votes for all shares or percentages. To be defined as a subsidiary it is also required that the parent company has the defined right to exclusively exercise decisive influence over the subsidiary. More detailed information can be found in the Law on Limited Companies (2005:551).

As a rule, reporting for financial market statistics occurs at the level of the parent company. If a financial corporate group has a bank, a housing credit institution and an insurance company in Sweden then the bank will be included under the list of banks and housing credit institutions under the list of housing credit institutions. Both banks and housing credit institutions are considered MFIs. In contrast, an insurance company is not considered an MFI. The statistics do not include Swedish MFIs subsidiaries abroad.

Tenant-owner apartments Refers to an apartment or a one-to-two family dwelling that is owned by an economic association (tenant-owner association), in which the occupant is a member.

Tenant-owners' associations

Tenant-owners' associations are considered non-financial corporations. If a household take a loan to purchase a tenant-owner apartment this is recorded as a loan to households (most often with the apartment, or more precisely the shares in the association, serving as collateral) while if a tenant-owners' association takes a loan, e.g. for construction or renovation, then this is a loan to a non-financial corporation. Lending to tenant-owners' associations is separately published in part 7.3. in the publication Financial Market Statistics.

Treasury bills, etc. eligible for refinancing

According to the Financial Supervisory Authority's Statutes FFFS 2008:25 the following assets are to be treated as Treasury bills, etc. eligible for refinancing:

“1. Treasury bills, government bonds and similar securities issued by public bodies and eligible for refinancing with the central bank in the state where it is established.

2. Other bills eligible for refinancing with the central bank in the state where the institution is established, if the eligibility complies with national legislation.”

MFIs holdings of Treasury bills, etc. eligible for refinancing, is published in table 7.17.1. in the

Unsecured credits

Unsecured credits or unsecured loans are loans granted without any guarantee or collateral. This type of loan often has a higher interest rate compared to loans where security is involved, e.g. housing loans. The statistics also include delayed debit card and credit card credits as these loans, in general, have no collateral.