



Memorandum for decision

DATE: 7 October 2008

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DNR

■ Payment of liquidity assistance on special terms to Kaupthing Bank Sverige AB

Background

The situation in the financial markets and particularly the conditions in the Icelandic bank sector have made it impossible for Kaupthing Bank Sverige AB (publ) to meet its payment obligations. The bank has also experienced problems in processing its payments during the day. The Riksbank therefore makes the assessment that the bank is experiencing or will shortly experience liquidity problems. The Riksbank has received a request from the bank for liquidity assistance in the form of a loan on special terms.

The Riksbank has analysed the bank's assets, ability to repay and capital structure and found that the bank is capable of meeting its obligations if it receives liquidity assistance. Finansinspektionen (the Swedish Financial Supervisory Authority) has made the assessment that the bank is solvent. The Riksbank makes the assessment that a payment default by the bank could risk seriously undermining confidence in the Swedish credit and payment systems.

The Riksbank has been informed that a process of selling Kaupthing Bank Sverige AB has been started.

Proposed decision

It is proposed that the Executive Board decide that

1. the Riksbank, pursuant to Chapter 6, Section 8 of the Sveriges Riksbank Act (1988:1385), grants Kaupthing Bank Sverige AB (publ) a loan on special terms as follows.
 - a. Amount: Up to SEK 5 billion
 - b. Maturity: Until further notice
 - c. Collateral:
 - All of the shares in Kaupthing Sverige AB and all of the shares in all of its subsidiaries.

- - Icelandic government bonds acquired from Sedlabanki (the Icelandic central bank) on behalf of the Riksbank and holdings in EUR and/or USD in accounts in the Riksbank.
 - The Riksbank reserves the right to demand pledging of Kaupthing Bank Sverige AB's loans, or parts thereof.
 - d. Price of the loan: The repo rate with an addition of 150 basis points.
 - e. Payment of the loan is made by transfer in RIX.
 - f. The borrower may only use the loan for activities in companies owned by Kaupthing Sverige AB. However, the borrower may pay funds to depositors who have accounts with Kaupthing hf, Iceland, Office in Sweden, which the Riksbank may also request. No payment of funds may be made to offices or other companies within the Kaupthing Group outside of Sweden.
2. The Executive Board gives Stefan Ingves and Lars Nyberg together the task of determining the conditions for the loan in more detail.