



# Kommuninvest

The Swedish Local Government Debt Office

AAA/Aaa, Level 1, 0% RW



# Content

- **Kommuninvest**
  - Brief overview and ESG agenda
- **Sweden**
  - Climate policy and key facts
- **Swedish Public Sector**
  - Facts and figures
- **Kommuninvest**
  - Owner structure and guarantee
  - Value and security for investors
  - Funding strategy and programs
  - Funding team contact information
- **Appendix**
  - Green bonds and green loans
  - Social sustainable lending





# Kommuninvest

Brief overview and ESG agenda

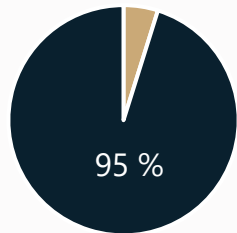


# Kommuninvest finance investments within the local government sector in Sweden

For a greener and social sustainable future



## Owned by the Swedish public sector



95% of Sweden's municipalities and regions are members of Kommuninvest

## Climate Goal



Kommuninvest serves as a tool to support municipalities and regions in achieving Sweden's goal of climate neutrality by 2045.

## Founded in 1986

Since the inception in 1986, Kommuninvest has helped reduce the Swedish local government sector's funding expenses by billions of kronor.



### Green Loans

Since the launch in 2015, the volume of disbursed Green Loans has increased to SEK 91.6 bn.



### Social Loans

Since the launch in 2021, the volume of Social Sustainability Loans has grown to SEK 4.6 bn



Kommuninvest has the highest possible credit rating with stable outlook

Bloomberg ticker:  
**KOMINS**

### Guarantee

Explicit, irrevocable, unlimited, joint and several guarantee from owners

## SEK 545.2 bn

On Dec 31 2024 total lending amounted to SEK 545.2 bn

# ESG agenda

## GHG target: net zero emissions by 2045

- Climate plan detailing GHG objectives established in 2022
- Base year GHG emissions established in 2024
- Reduction plan with 2030 interim targets.
- Climate transition plan under development

## Scale up and develop sustainable lending

- Well-established green bonds programme – framework update in 2024 incl. adaptation to EU Taxonomy (SC criteria)
- Social Loans programme enjoying rapid growth
- Fulfilling other client needs under review

## ESG integration in business and credit processes

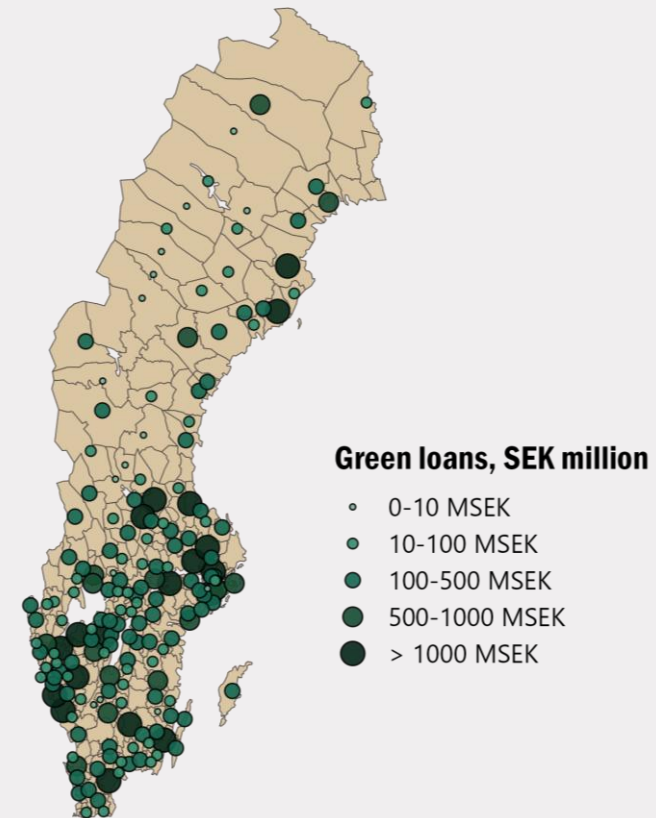
- Updated sustainability policy 2024: ESG integration for long-term value creation
- Four E-factors integrated in credit process as of 2023, S- and G-factors as of 2024
- ESG forms part of evaluation of repayment capacity
- Dialogue with clients about risk mitigation strategies





# Financing that promotes sustainability throughout Sweden

	31 Dec 2023	31 Dec 2024	Change
Green loans	SEK 79.4 bn	SEK 91.6 bn	15%
Social sustainable loans	SEK 2.1 bn	SEK 4.6 bn	119%
<b>Total sustainable lending</b>	<b>SEK 81.5 bn</b>	<b>SEK 96.2 bn</b>	<b>18%</b>
Other lending	SEK 430.4 bn	SEK 449.0 bn	4%
<b>Total lending</b>	<b>SEK 511.9 bn</b>	<b>SEK 545.2 bn</b>	<b>7%</b>
Green share of total lending	15.5 %	16.8 %	
Sustainable share of total lending	15.9 %	17.6 %	



Note: All numbers are based on disbursed amounts. The map illustrates green loans as of Nov 25, 2024.



# Sweden

Climate policy and key facts

# Sweden's climate policy framework

- In 2017, Sweden's Riksdag decided by a large political majority to introduce a climate policy framework with a climate act for Sweden.
- This framework is the most important climate reform in Sweden's history.
- It sets out implementation of the Paris Agreement in Sweden.
- The framework consists of three pillars.

## Climate Goals

The framework contains several climate goals for Sweden.

The goals reflect Sweden's aim to show international climate leadership.

## Climate Act

The Act states that each Government has an obligation to pursue a climate policy based on the climate goals adopted by the Riksdag.

## Climate Policy Council

The council is an independent expert body. It shall evaluate how well the Government's overall policy is aligned with the climate goals.

## Two of Sweden's climate goals

- By 2045, Sweden is to have zero net emissions of greenhouse gases into the atmosphere.
- By 2030, emissions from domestic transport will be reduced by at least 70 per cent compared with 2010.





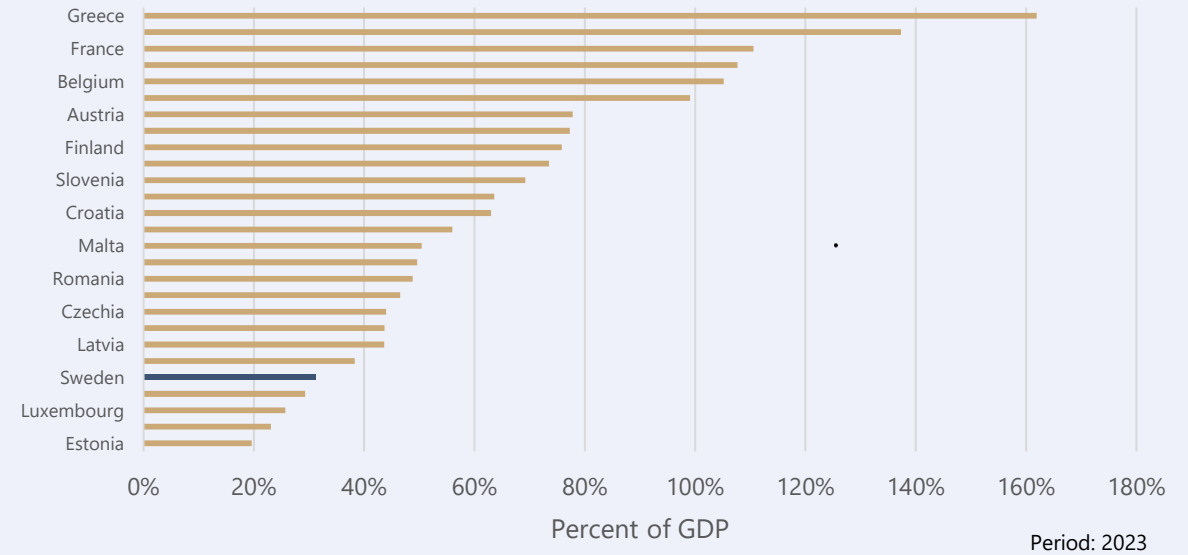
# Key facts Sweden

- **Rating** AAA/Aaa (stable outlook)
- **Government** Parliamentary democracy
- **Population** 2024: 10.6 million
- **Currency** Swedish krona (SEK)
- **European Union** EU member since 1995
- **Nato** Full member since March 2024

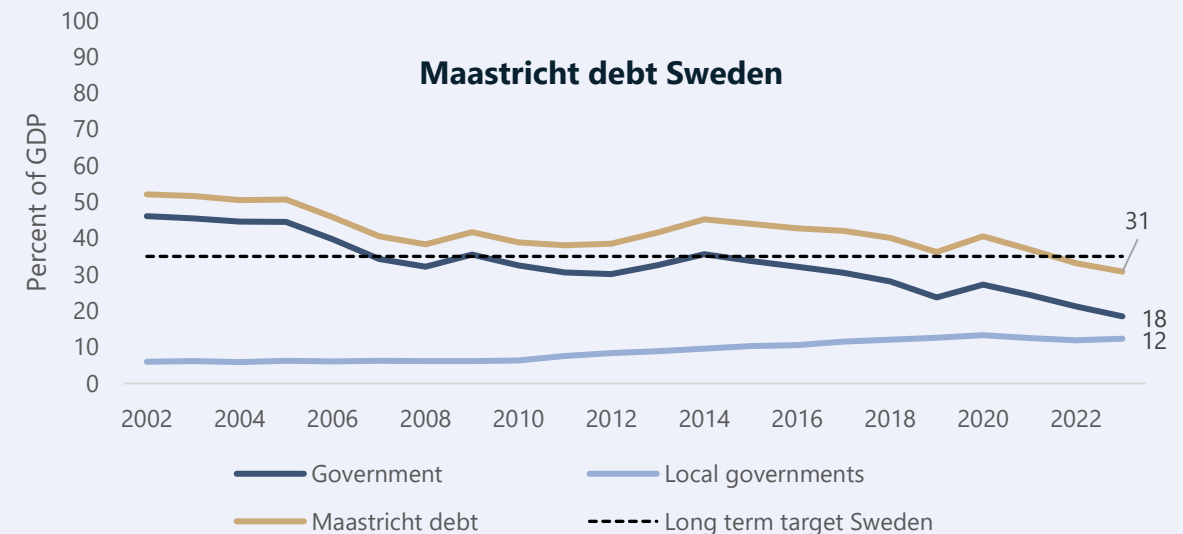
Year	GDP (year on year change)	CPI (year on year change)	Unemployment (Yearly average rate)	Policy rate (year end)
2019	1,20%	1,80%	6,80%	-0,25%
2020	-2,20%	0,50%	8,30%	0%
2021	4,80%	3,9%	8,80%	0%
2022	2,60%	12,3%	7,50%	2,50%
2023	-0,20%	4,4%	7,70%	4%
2024	0,60%	1,50%	8,40%	2,75%

\*GDP for 2024 is an indicative number

### Maastricht debt Europe



### Maastricht debt Sweden





# Swedish Public Sector

Facts and figures





Swedish constitution

Art 1 Swedish democracy is founded on the free formation of opinion and on universal and equal suffrage. It shall be realized through a representative and parliamentary polity and through local self-government.

Art 7 Sweden has local authorities at local and regional level.

Chapter 14, Art 4 The local authorities may levy tax for the management of their affairs.

Co-equal status between central and local government defined by constitution.

An unlimited joint and several guarantee covers all liabilities Kommuninvest has already entered into and will subsequently enter into.

Local governments cannot legally declare insolvency nor suspend payment.

# Strong institutional framework

A local government cannot be declared bankrupt. They can not fulfil the criteria of being insolvent since they have the right to levy taxes.

## Management

Local governments must have sound financial management

*Law:  
"Kommunallagen chap. 8  
§1-2 (1991:900)"*

## Budget

Local government budgets shall be in balance. Any imbalances must be restored within 3 years

*Law:  
"Kommunallagen chap. 8  
§4-5 (1991:900)"*

## Compensation

If the government alters the tasks of local governments, the government must also neutralize their financial effect

*In force since 1993*

## Equalization

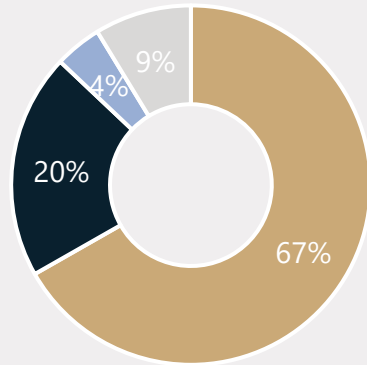
Financial imbalances between local governments are equalized

*Law: "Lagen (2004:773)  
om kommunalekonomisk  
utjämning"*



# Swedish local governments have a strong revenue base and borrow only for investments

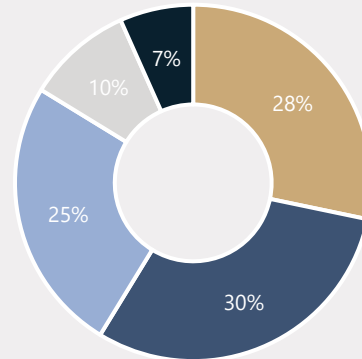
## Revenues



Income tax ■ State grants ■ Charges ■ Other

90 % of the income tax in Sweden goes to the local governments

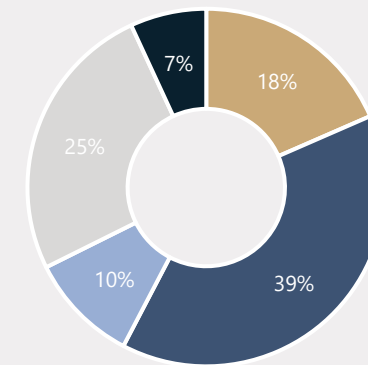
## Expenditures



Education and childcare ■ Healthcare  
 Elderly care and social services ■ Infrastructure  
 ■ Other

The welfare system is the responsibility of the local governments  
 75 % of the public spending in Sweden is made by the local governments.

## Investments

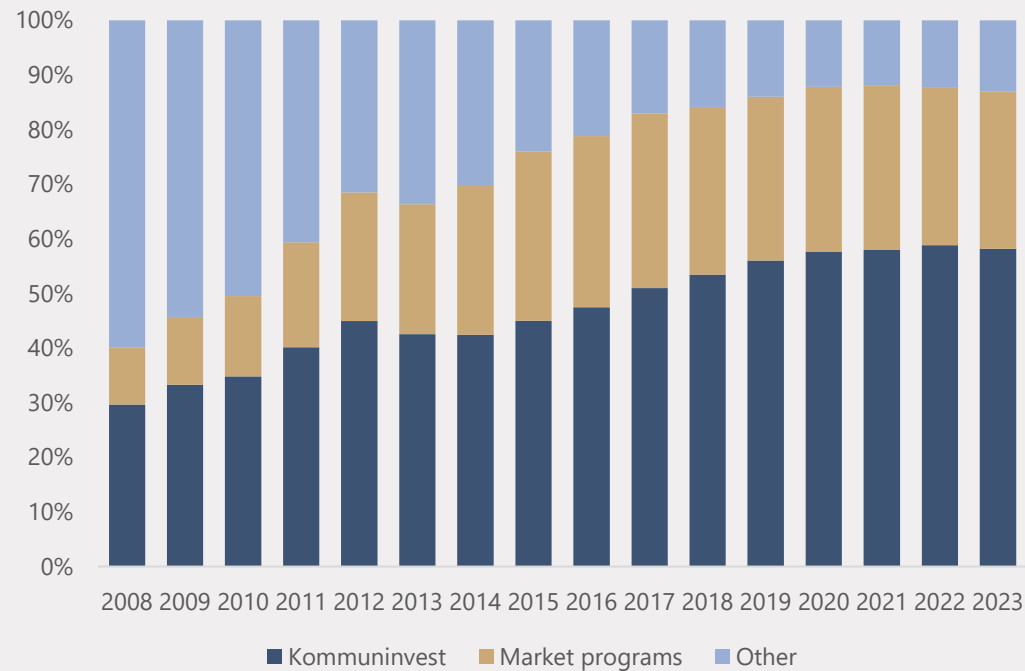


Housing ■ Properties  
 Energy ■ Infrastructure incl. Water  
 ■ Inventory

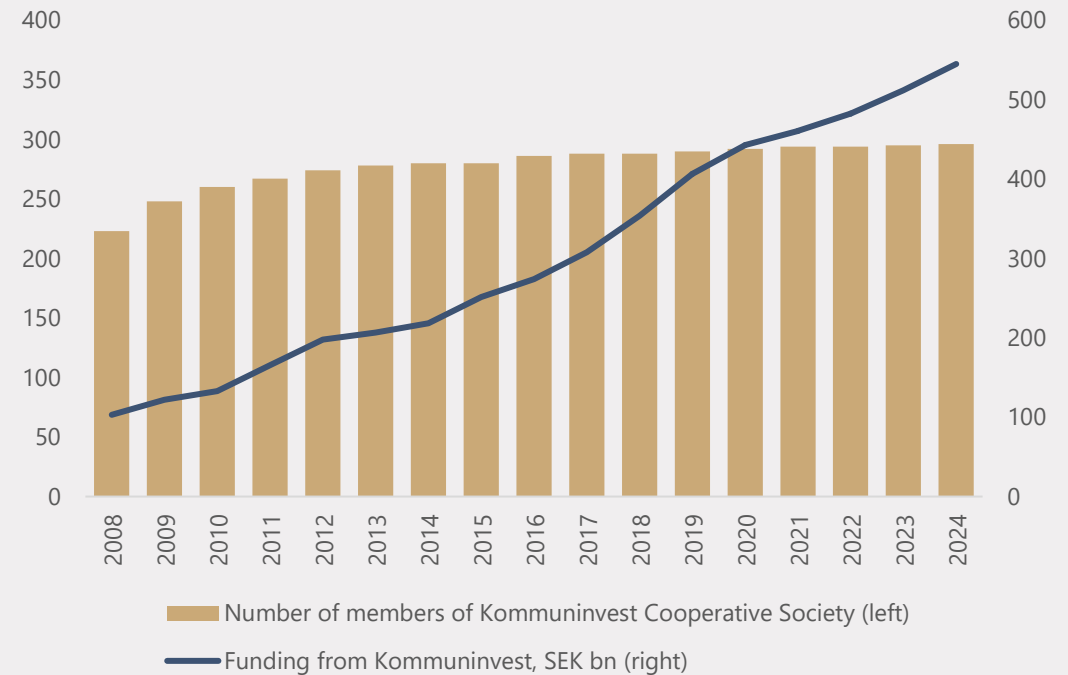
Local governments are only allowed to borrow for investments

# Swedish local government sector funding

Sources of funding within the local government sector



Members and funding from Kommuninvest



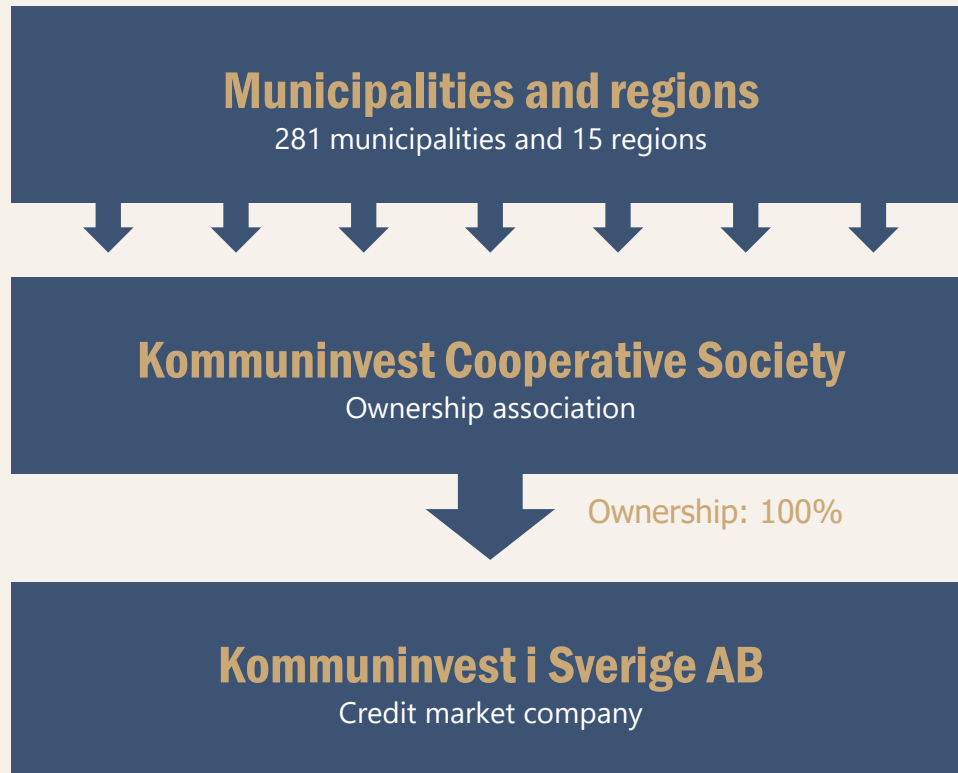


A scenic landscape photograph showing a wide river or lake winding through a valley. The foreground is dominated by lush green fields and scattered trees. In the middle ground, there are several traditional houses with dark roofs. The background consists of rolling hills under a soft, hazy sky, suggesting a sunrise or sunset. The overall tone is peaceful and natural.

# Kommuninvest

Owner structure and Guarantee

# Kommuninvest owner structure



## An organisation with clear division of roles

Kommuninvest comprises two parts:

- 1) The Kommuninvest Cooperative Society and
- 2) The credit market company Kommuninvest i Sverige AB.

Kommuninvest Cooperative Society administers membership, the joint and several guarantee and is responsible for capital acquisition. The Board of Directors consists of elected politicians from municipalities and regions.

Kommuninvest i Sverige AB manage the financial operations, including funding, lending and liquidity management. The Board of Directors consists of individuals with expertise in areas such as public administration, capital markets and business development.



# Explicit and unlimited guarantee

## STRONG

- ✓ Municipalities and regions cannot be declared bankrupt nor cease to exist
- ✓ Swedish municipalities and regions levy taxes
- ✓ The government ultimately responsible

## STABLE

- ✓ No Swedish local government has ever defaulted on a payment commitment
- ✓ Sweden's Supreme Administrative Court confirmed the right of local government to sign the joint and several guarantee in a 1994 ruling

## IMMEDIATE

- ✓ Investors can make a claim on any, or all, of the guarantors without a court order
- ✓ All debt guaranteed by Swedish local governments is BIS 0% risk-weighted in the EU area



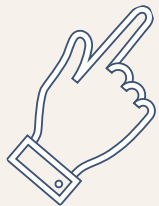
# Kommuninvest

Value and security for investors

## Kommuninvest has the highest possible credit rating with stable outlook

Moody's: Aaa / P1, stable outlook  
Standard & Poor's: AAA, stable outlook

# AAA



# Aaa

## Kommuninvest's bonds are a secure investment option for investors seeking climate-smart and socially sustainable assets in their portfolio

- Explicit, irrevocable, unlimited, joint and several guarantee from owners.
- Regulated by the Swedish FSA which has concluded that the risk exposure associated with Kommuninvest securities is equivalent to government securities.
- Lowest possible credit risk (0% risk weight, Basel). Highest possible liquidity (LCR "Level 1", Basel). Applicable in EU, Schweiz, Singapore, Sweden, UK and USA.
- Monetary policy counterparty to the Riksbank and a member of the central clearing- and payment system, RIX.
- Repo eligible at the Riksbank, FED and ECB\*.
- Eligible as collateral at London Clearing House (LCH) and Nasdaq OMX.

\*Repo eligibility in ECB applies to USD denominated bonds that are issued after the 1<sup>st</sup> of September 2022. All EUR denominated bonds are repo eligible in ECB.





# Kommuninvest

Funding Strategy and Programs

# Funding Strategy

## Strategic markets

SEK \* USD \* EUR  
With the possibility to issue green, social and conventional bonds in all three currencies

## Long term relationships

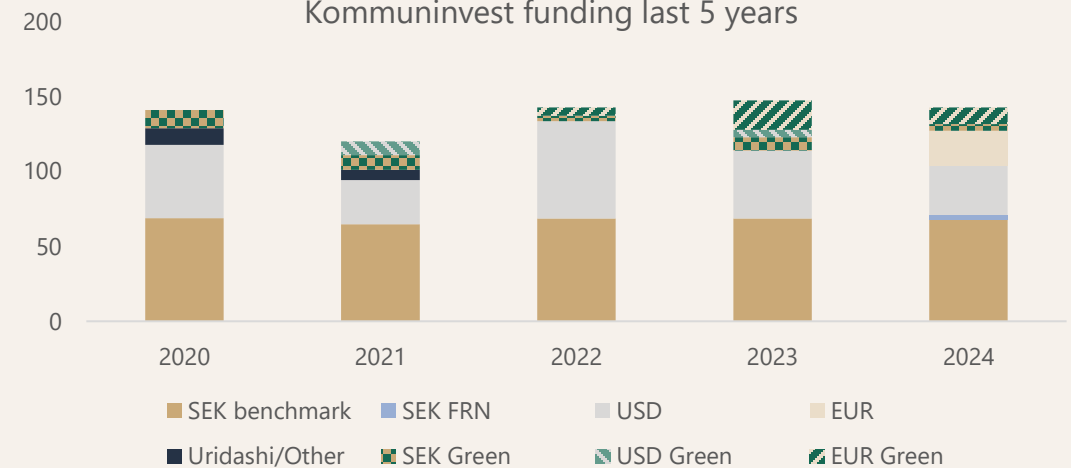
- Working with a few strategic counterparties
- Increased focus on IR

## ALM

- Matching assets and liabilities
- Tenors normally 2-7 years

Funding forecast 2025  
**SEK 150-170 bn**  
long-term funding

Kommuninvest funding last 5 years



# Funding programmes

	Money market Short-term funding		Bond market Long-term funding	
Programme	Euro-Commercial Paper programme	Swedish Certificate programme	Euro Medium Term Note programme	Swedish Benchmark programme
Capacity	EUR 10 bn	SEK 50 bn	Unlimited	Unlimited
Rating	P-1 (Moody's)	No rating	AAA (S&P), Aaa (Moody's)	AAA (S&P), Aaa (Moody's)
Currencies	EUR, USD, CHF, GBP	SEK, EUR	EUR, USD, SEK	SEK
Sustainable funding			EUR, USD, SEK	

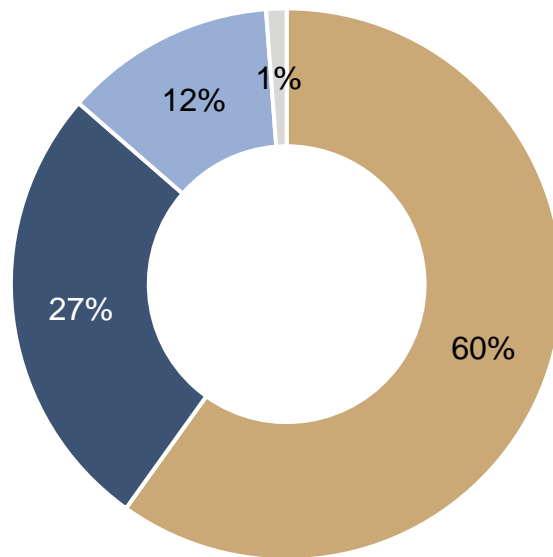
*Green and social bonds are issued under Kommuninvest's EMTN programme*



# Funding Portfolio

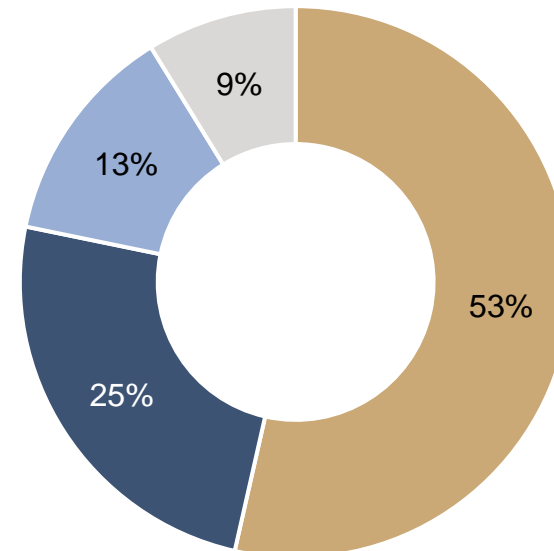
SEK 589 (551) bn  
 31 December 2024 (31 December 2023)

**Funding by currency**



■ SEK ■ USD ■ EUR ■ Other

**Funding by programme**



■ Swedish benchmark program  
 ■ EMTN-program (excl. Green bonds)  
 ■ EMTN-program, Green Bonds  
 ■ ECP Program

# SEK benchmark programme

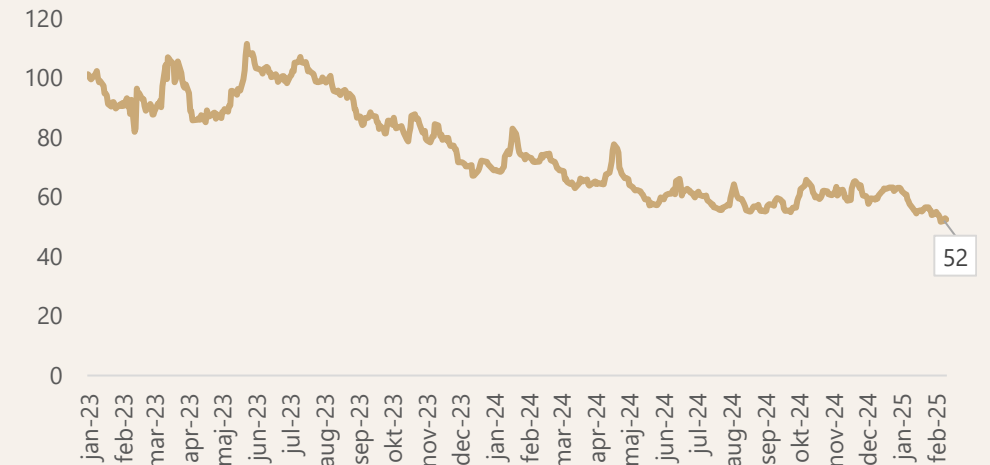
## Total amount outstanding SEK 323 bn\*

- 8 outstanding benchmark bonds\* • Transparent and predictable issuances
- 1-2 new benchmarks annually • Repo facility
- Weekly auctions
- 6 market makers\*\*
- Included in major indices

\*2024-12-31

\*\*Danske Bank, Nordea, SEB, Svenska Handelsbanken, Swedbank

Spread KI vs. Sweden 5Y



Spread KI vs. Covered bonds 5Y

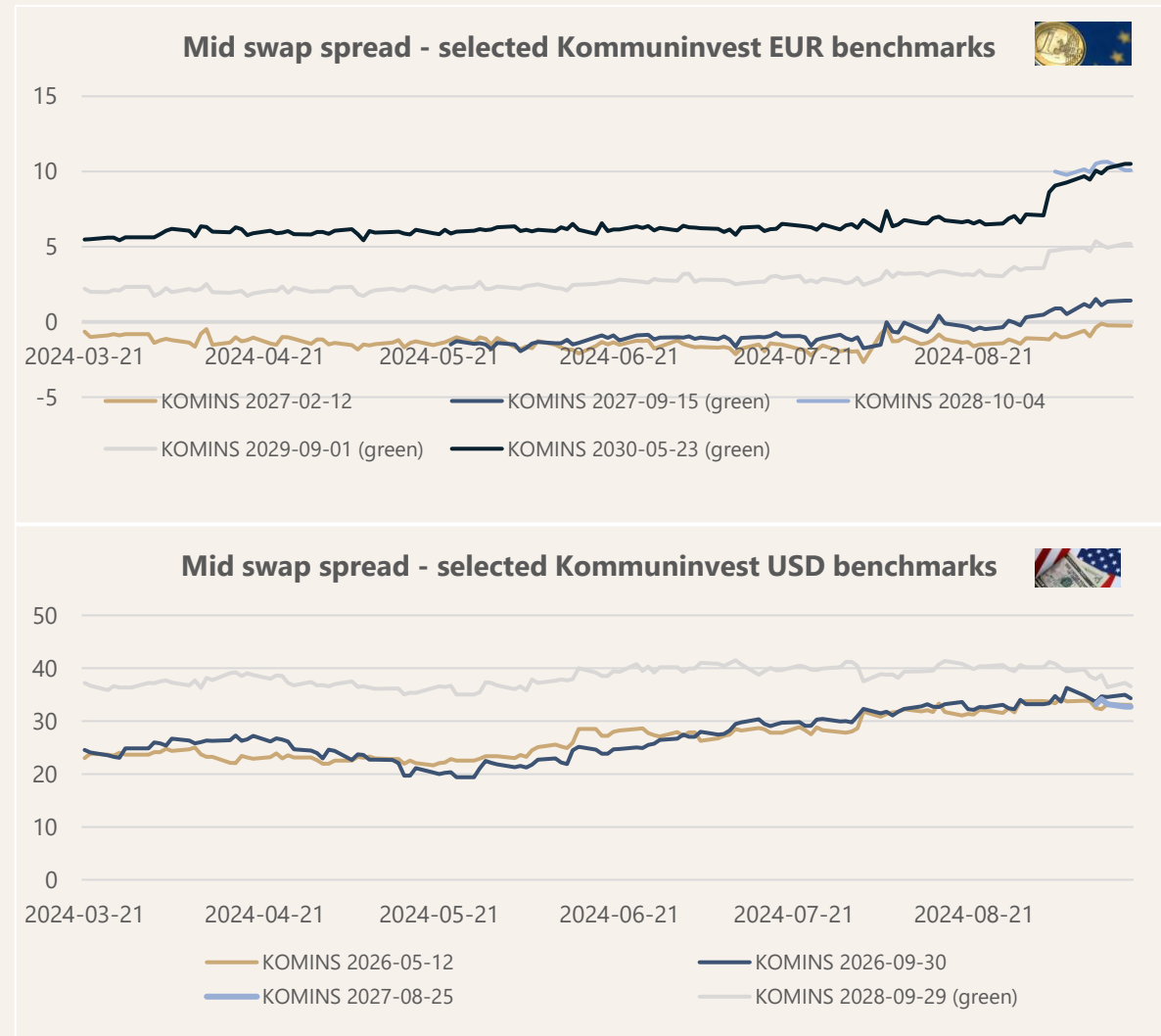


# EMTN programme

## Fact

- Kommuninvest's EMTN programme is used for public benchmark issuances in currencies EUR, USD and SEK.
- Under this programme Kommuninvest issues conventional and sustainable bonds.
- Program rating AAA (Standard & Poor's), Aaa (Moody's).
- All outstanding bonds and relevant documentation can be found on Kommuninvest's webpage: [EMTN program](#)

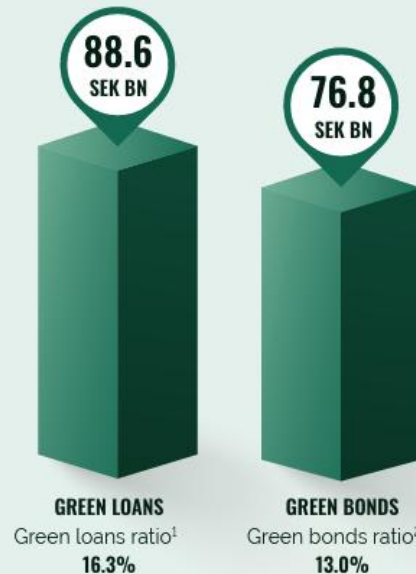
*Allocation principle:* Kommuninvest will not provide protection to any investors. All investors categorized by lead managers as having the same quality will receive the same allocation key. Minor differences may occur for long-term investors, early book entries, and green transactions, but the general principle is equal treatment for all.





# EMTN programme – green bonds

- Kommuninvest is the largest issuer of Green Bonds in Sweden
- Issuance volume is determined by disbursed lending, new greens bonds will be fully allocated at issuance
- Eligible projects are screened and approved by the Green Bonds Environmental Committee
- Second opinion from S&P with medium green shading
- Green Bonds Framework adheres to the guidelines set out by the Green Bond Principles and is partially adapted to the Significant Contribution Criteria according to the EU Taxonomy
- Kommuninvest’s green funding instruments respect the EU Paris Aligned Benchmark (EU PAB) exclusions, by applying a look-through approach at the project level.



## Outstanding green bonds as of 31 December 2024

BOND ID	ISIN	MATURITY	AMOUNT OUTSTANDING
G2509	XS2530407340	2025-09-01	SEK 3.5 billion
G2606	XS2351401109	2026-06-10	SEK 14 billion
G2711	XS2259127269	2027-11-26	SEK 7 billion
G2905	XS2402061530	2029-05-16	SEK 5 billion
G3106	XS2843736344	2031-06-18	SEK 4.5 billion
G2809	XS2725836097	2028-09-29	USD 0.5 billion
G2703	XS2597673263	2027-03-15	EUR 0.5 billion
G2709	XS2830444324	2027-09-15	EUR 1 billion
G2909	XS2462606489	2029-09-03	EUR 0.5 billion
G3005	XS2625986836	2030-05-23	EUR 0.75 billion
G2712	XS2676440048	2027-12-08	EUR 0.5 billion

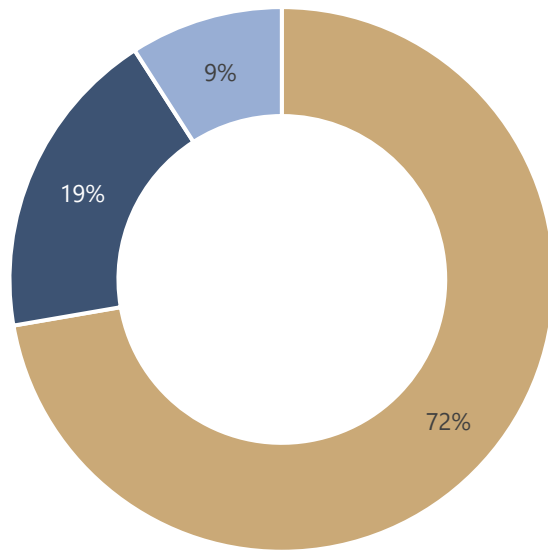
\*more information about Kommuninvest’s green bonds can be found in appendix

# Liquidity Reserve

SEK 57 (44) bn

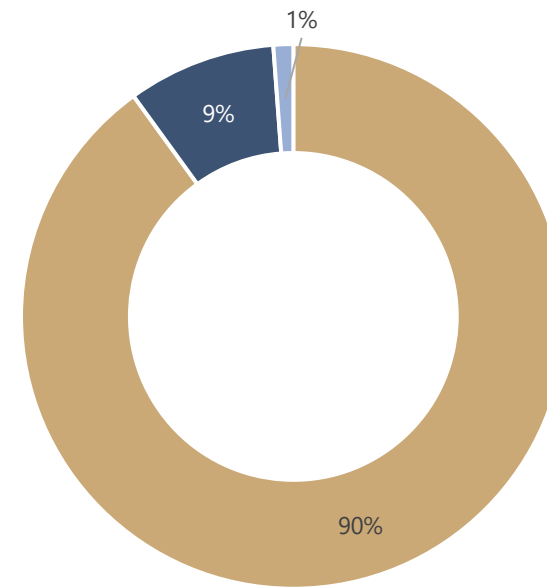
31 December 2024 (31 December 2023)

### Liquidity reserve by currency



■ SEK ■ USD ■ EUR

### Liquidity reserve by rating



■ AAA ■ AA ■ A

# Contacts



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# Appendix

Green and Social Products

# Green Loans summary

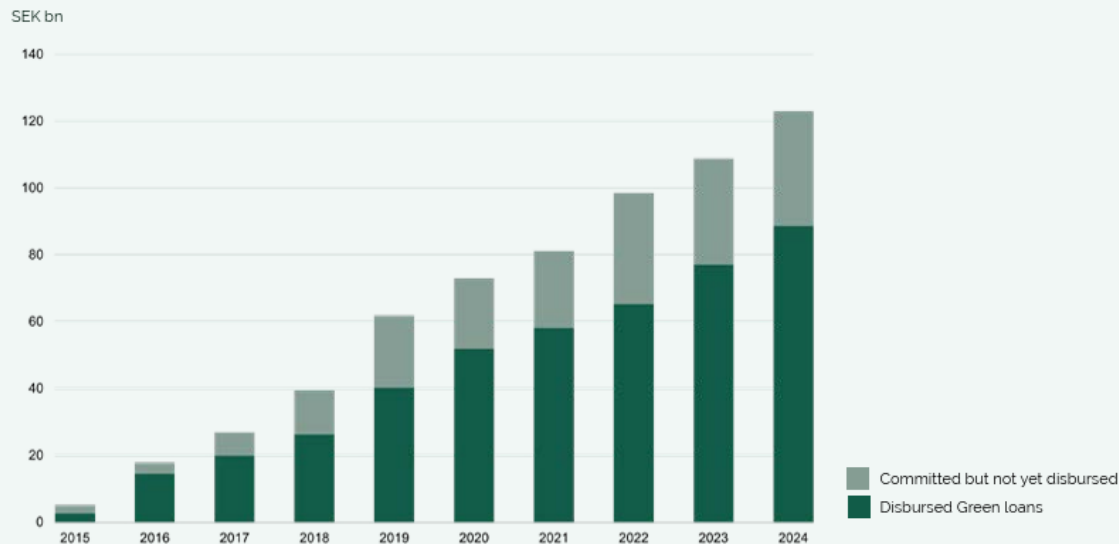
Kommuninvest began offering reduced-rate Green Loans in 2015, for investments that contribute to addressing local and regional climate and environmental objectives. The Green Loans are financed by green bonds.

The demand for Green Loans has increased substantially since launch, outpacing the general borrowing trend amongst Swedish municipalities and regions. In 2024, Kommuninvest's Green Loan portfolio increased by SEK 11.6 billion to a total of SEK 88.6 billion (based on disbursed amounts).

Growth of the Green Loan portfolio accounted for more than 30 percent of the growth in Kommuninvest's total outstanding lending, contributing to increasing the Green Loan Ratio to 16.3 (15.1) percent.

## GREEN LOANS PORTFOLIO

(Committed and disbursed loan volume)



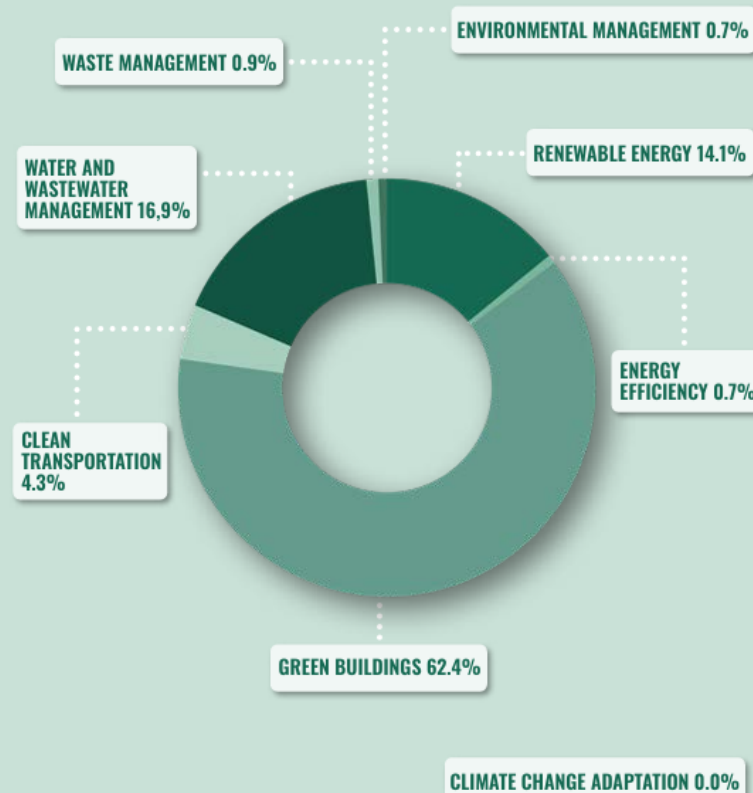
**GREEN LOANS OUTSTANDING**  
(disbursed and outstanding)

**88.6**  
billion SEK

**GREEN LOAN RATIO**  
(share of lending)

**16.3%**

## GREEN PROJECT PORTFOLIO DISTRIBUTION based on disbursed amounts



# EU Taxonomy alignment

## Green Bonds framework update 2024

**UPDATED GREEN BONDS FRAMEWORK LAUNCHED IN 2024**  
 In June 2024 Kommuninvest published an updated Green Bonds Framework, including new terms for Green Loans. The new criteria are designed to promote the green transition within the Swedish municipal sector, with the EU taxonomy as a central point of reference. The new Green Loan terms entered into force on 1 December 2024.

	Renewable energy	Energy efficiency	Green buildings	Clean transportation	Waste management, pollution prevention and control, control of GHG emissions	Sustainable water and wastewater management	Climate change adaptation	Biodiversity
<b>Criteria</b>								
EU Taxonomy significant contribution (SC) criteria								
<b>Criteria tailored to Swedish muni context</b>								
Material differences vs. EU Taxonomy SC criteria		Simplified criteria regarding Energy storage and Hydrogen		In addition to EUT focus on zero-emissions-vehicles, KI allows biofuels and electrofuels, subject to conditions	KI allows energy recovery from waste, subject to conditions. Alternative criteria regarding material recovery from non-hazardous waste.		Simplified criteria regarding climate risk and vulnerability assessment	KI criteria based on Do No Significant Harm criteria of Taxonomy, as opposed to SC criteria for biodiversity

SPO from S&P	Dark green	Medium green	Light green
Renewable energy	■		
Energy efficiency		■	
Green buildings		■	■
Clean transportation	■	■	
Waste management, pollution prevention and control, control of GHG emissions		■	
Sustainable water and wastewater management		■	
Climate change adaptation	■	■	
Biodiversity	■		





## SOCIAL BONDS Framework



Kommuninvest i Sverige AB  
February 2021

# Social Bonds

- **Kommuninvest's social bonds finance investments that promote a socially sustainable society**
- **Loans are approved by an independent expert committee**
- **Loans provided for two types of investments:**
  - 1) Physical investments with an associated social intervention, where the physical investment is a suitable platform for work on social sustainability and where there is a clear link between the physical investment, the social intervention and the social objectives.
  - 2) Physical investments where the physical investment itself qualifies as a social intervention. This applies in cases where research, pre-study and/or proven experience shows that the physical investment can in itself contribute to achieve the set social objectives.

As of 2024-12-31 Kommuninvest had no social bonds outstanding

## Basic requirements

To be granted a Social Sustainability Loan, the initiative must

- 1. Promote a socially sustainable society through the development of practices, innovation\*, and/or increased quality**
- 2. Be part of systematic work for social sustainability or contribute to the development of such work**
- 3. Target a defined audience**
- 4. Be long-term**
- 5. Have clear goals and include systematic evaluation of results.**

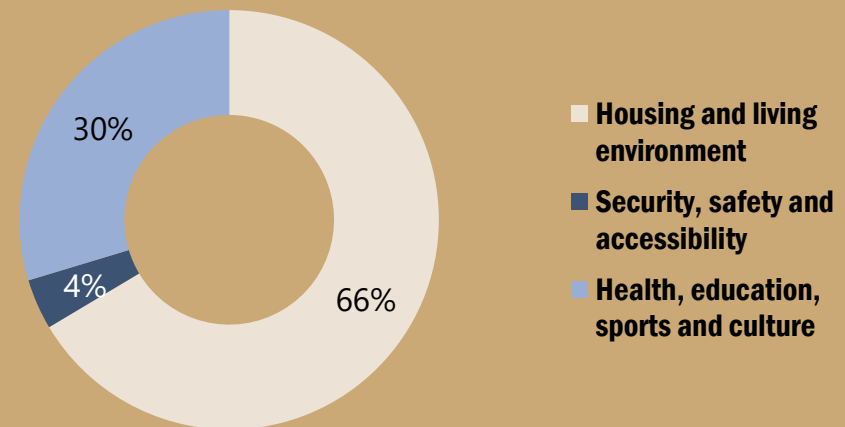
\*Innovation refers to a local/regional perspective, e.g., implementing methods that have been successfully tested elsewhere.



# Loans for Social Sustainability: the portfolio\*

Approved projects: 27	Members: 20
Approved volume: SEK 10.9 billion	Disbursed volume: SEK 4.6 billion

## Three different loan categories



\* Numbers as of 2024-12-31



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