



Kommuninvest

The Swedish Local Government Debt Office

AAA/Aaa, Level 1, 0% RW



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Kommuninvest

Brief overview and ESG agenda

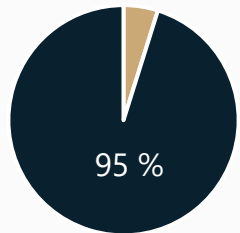


Kommuninvest finance investments within the local government sector in Sweden

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

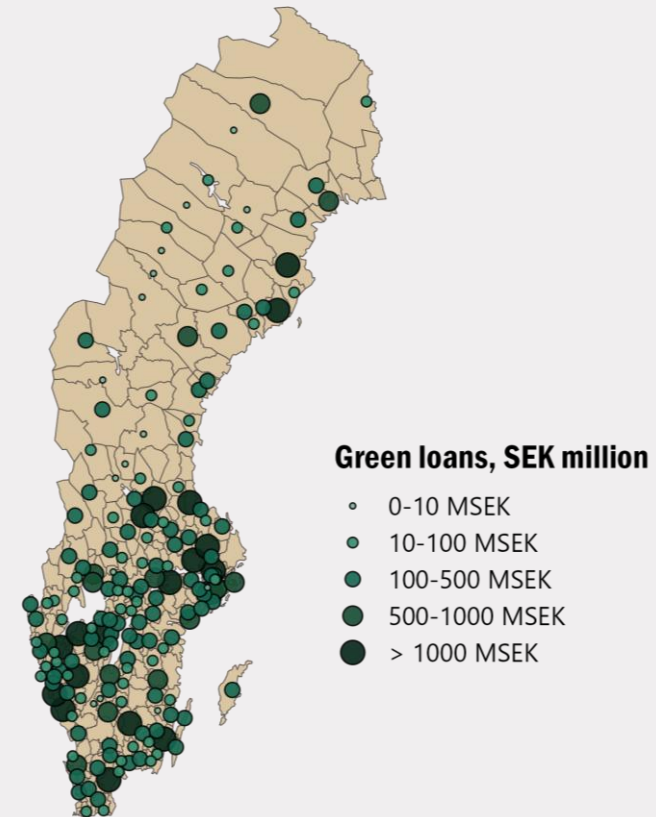
ESG integration in business and credit processes

- 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 to promote sustainability across all of 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%
Total sustainable lending	SEK 81.5 bn	SEK 96.2 bn	18%
Other lending	SEK 430.4 bn	SEK 449.0 bn	4%
Total lending	SEK 511.9 bn	SEK 545.2 bn	7%
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.

EU Taxonomy alignment

Green Bonds framework update 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
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Criteria

EU Taxonomy significant contribution (SC) criteria



Criteria tailored to Swedish muni context

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

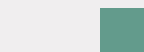
KI allows energy recovery from waste, subject to conditions. Alternative criteria regarding material recovery from non-hazardous waste.

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





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.

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.

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.



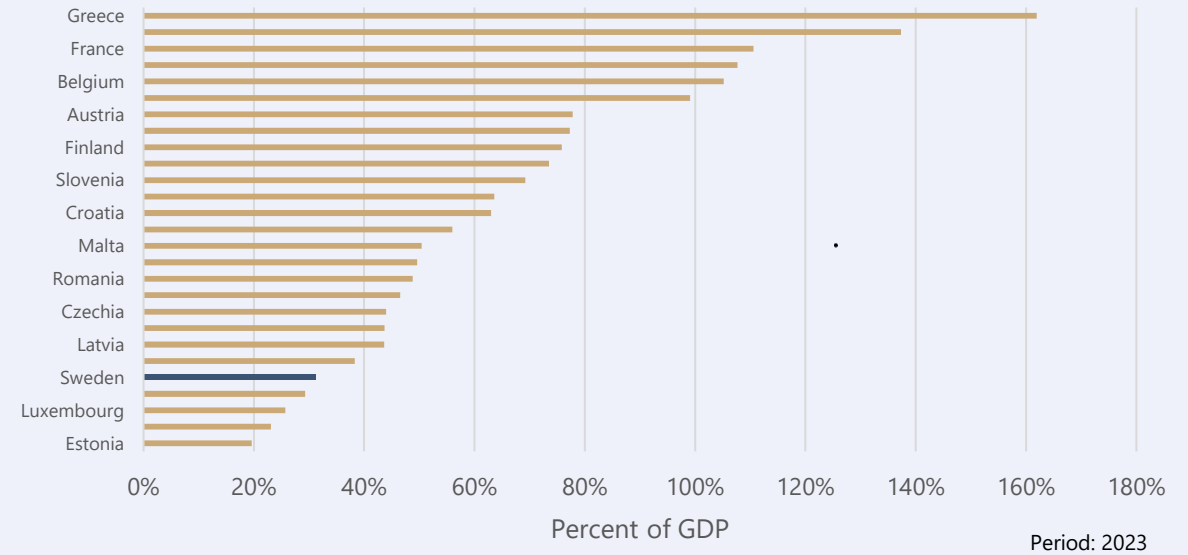
Key facts Sweden

- **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

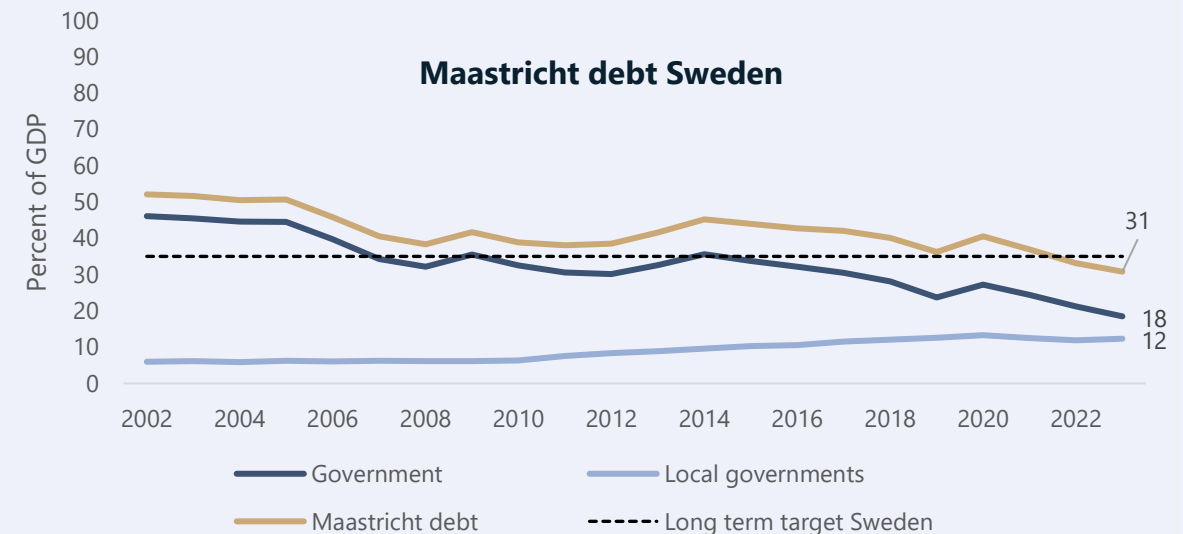
Year	GDP (year on year change)	CPI (year on year change)	Unemployment (Yearly average rate)	Policy rate (year end)
2019	1,20%	1,80%	6,80%	-0,25%
2020	-2,20%	0,50%	8,30%	0%
2021	4,80%	3,9%	8,80%	0%
2022	2,60%	12,3%	7,50%	2,50%
2023	-0,20%	4,4%	7,70%	4%
2024	0,60%	1,50%	8,40%	2,75%

*GDP for 2024 is an indicative number

Maastricht debt Europe



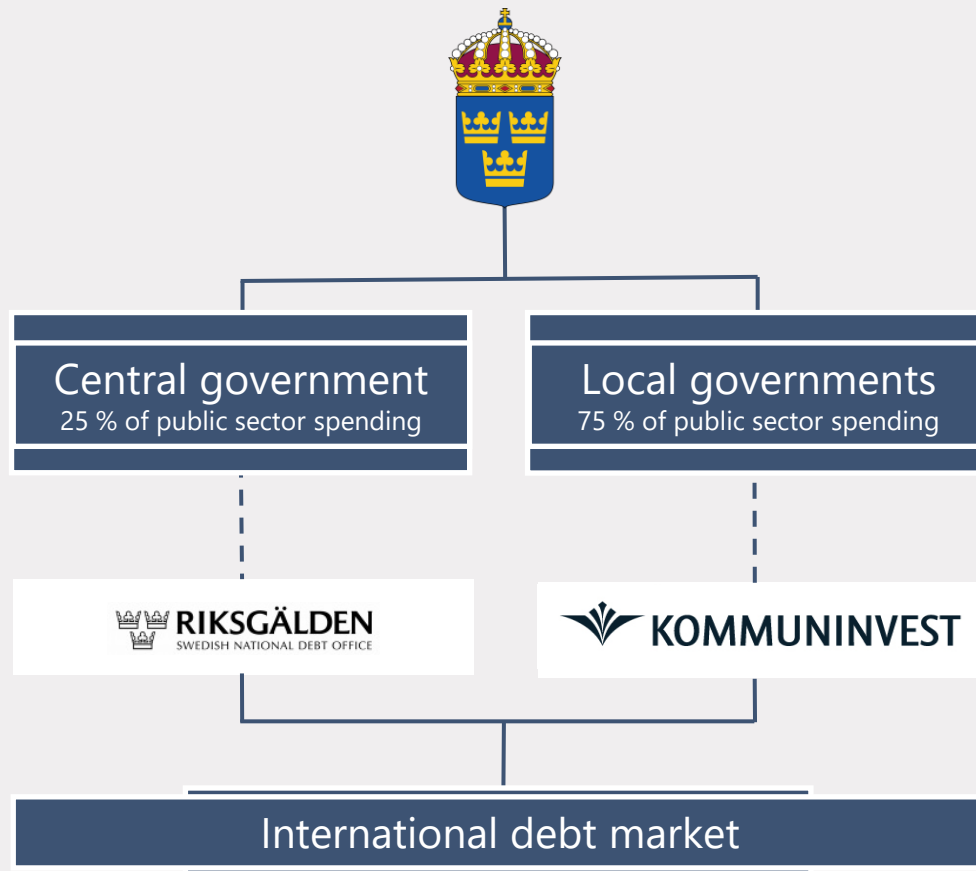
Maastricht debt Sweden





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

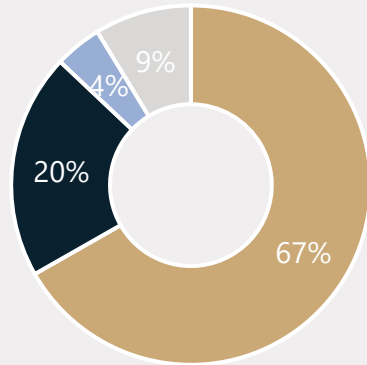
Equalization

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

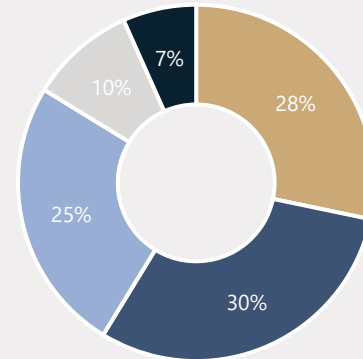
Revenues



Income tax ■ State grants ■ Charges ■ Other

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

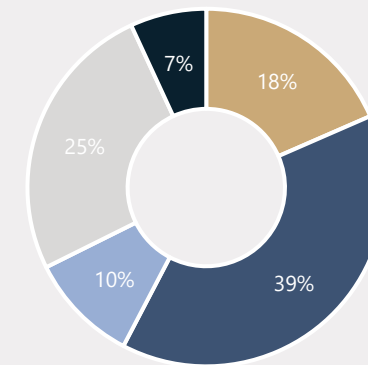
Expenditures



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

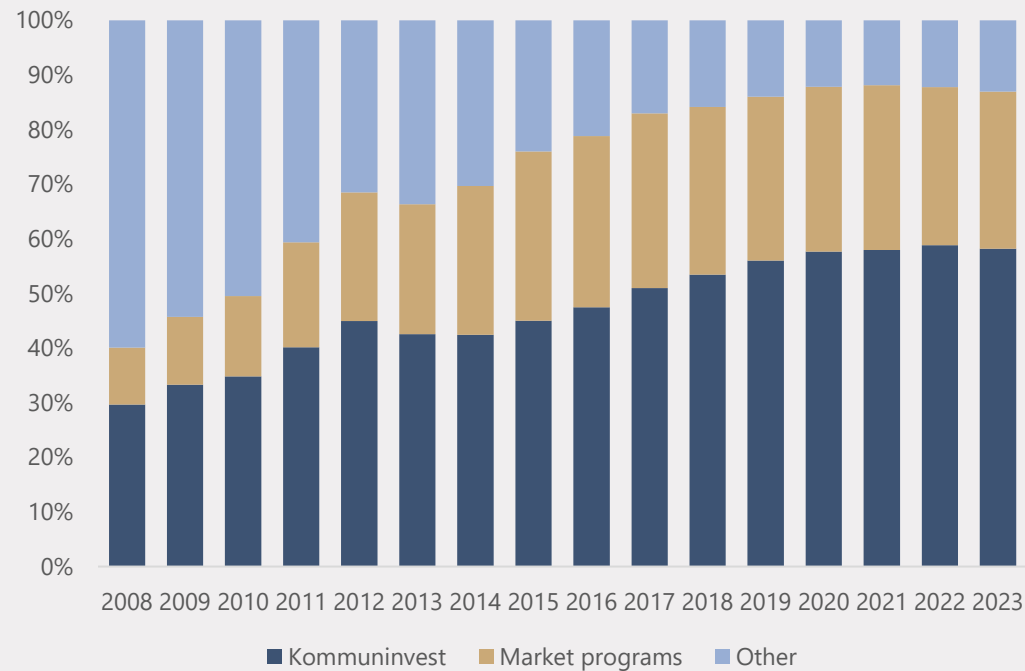


Housing ■ Properties
 Energy ■ Infrastructure incl. Water
 ■ Inventory

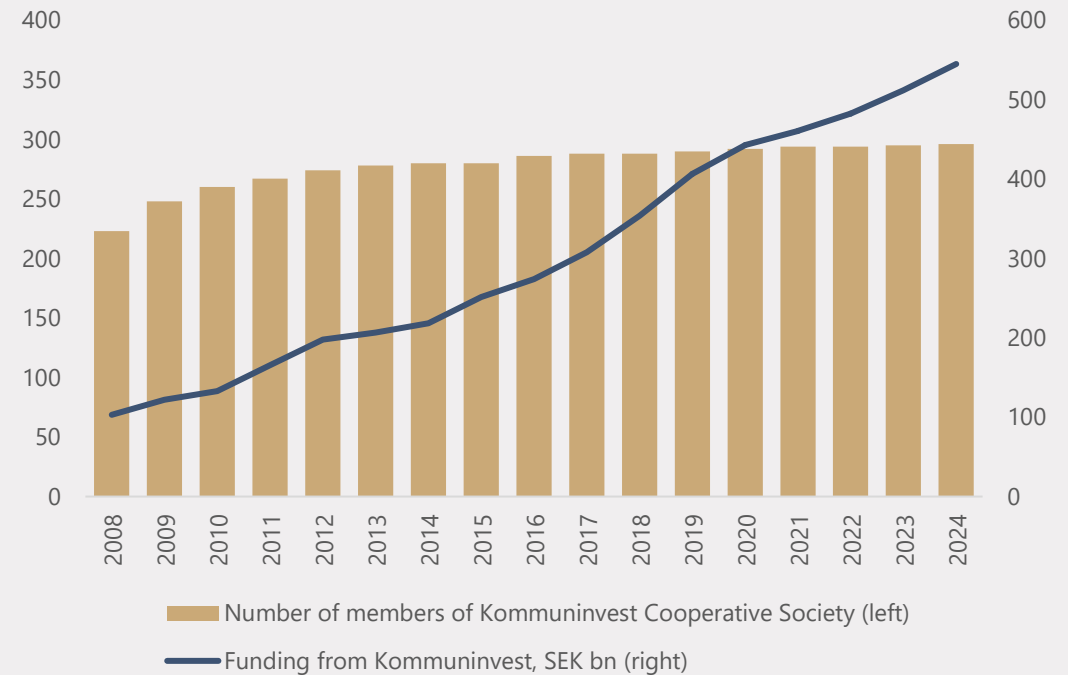
Local governments are only allowed to borrow for investments

Swedish local government sector funding

Sources of funding within the local government sector



Members and funding from Kommuninvest

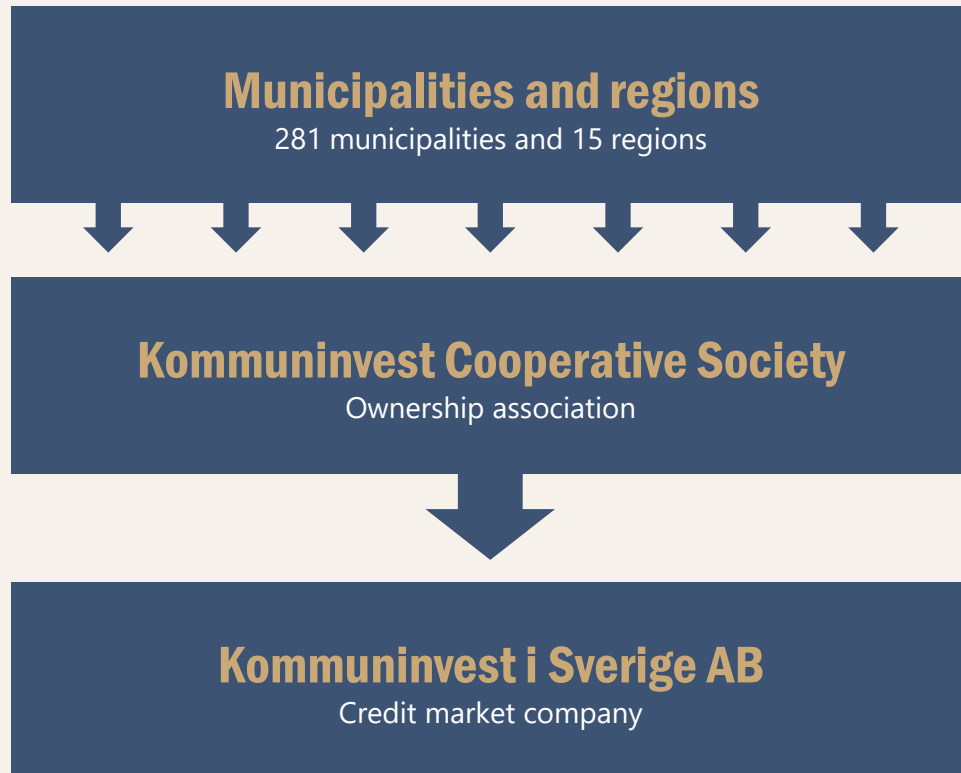




Kommuninvest

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



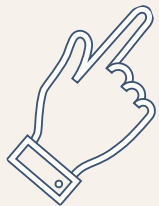
Kommuninvest

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 1st 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

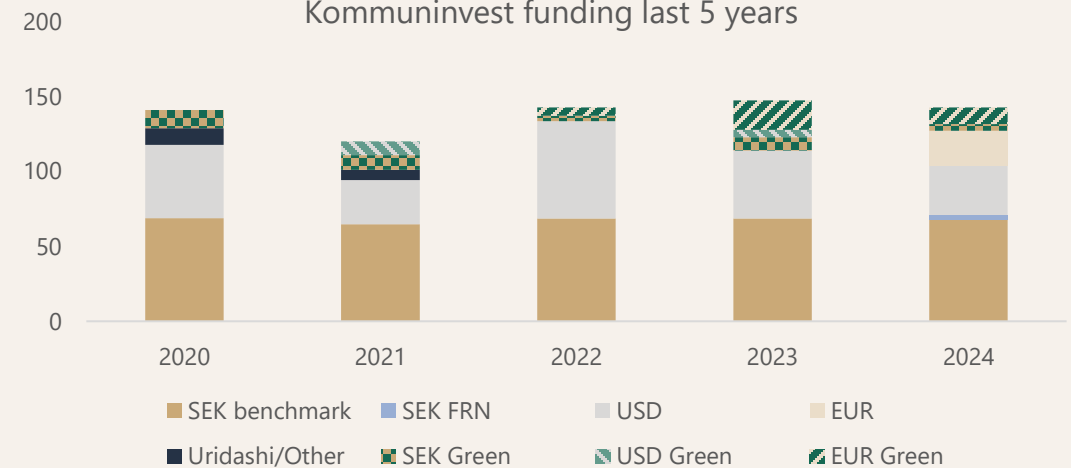
- Working with a few strategic counterparties
- Increased focus on IR

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

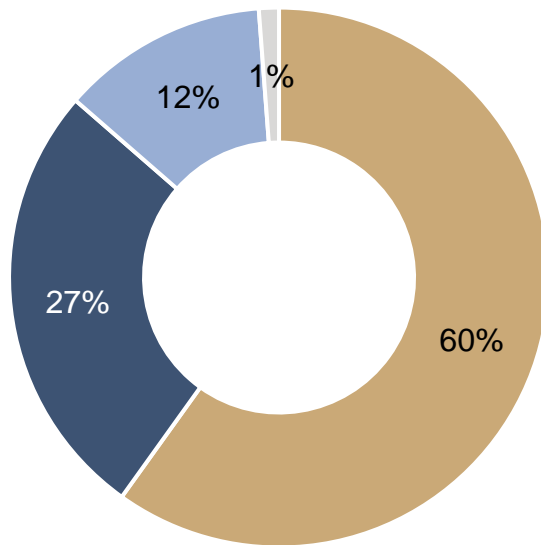
	Money market Short-term funding		Bond market Long-term funding	
Programme	Euro-Commercial Paper programme	Swedish Certificate programme	Euro Medium Term Note programme	Swedish Benchmark programme
Capacity	EUR 10 bn	SEK 50 bn	Unlimited	Unlimited
Rating	P-1 (Moody's)	No rating	AAA (S&P), Aaa (Moody's)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

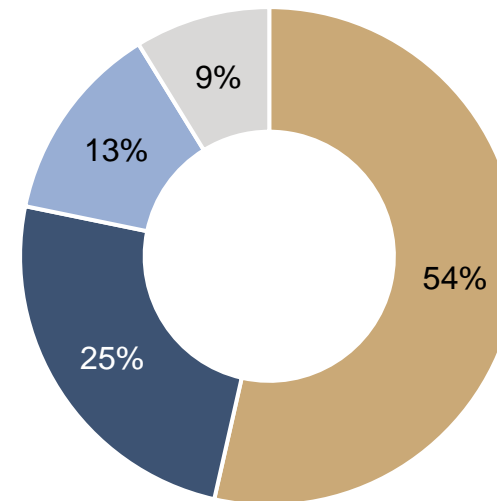
SEK 589 (551) bn
 31 December 2024 (31 December 2023)

Funding by currency



■ SEK ■ USD ■ EUR

Funding by programme



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

SEK benchmark programme

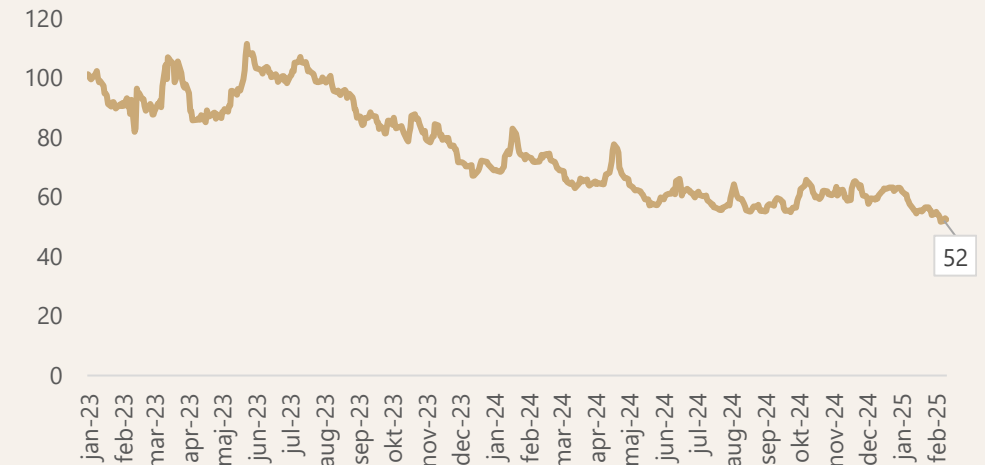
Total amount outstanding SEK 323 bn*

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

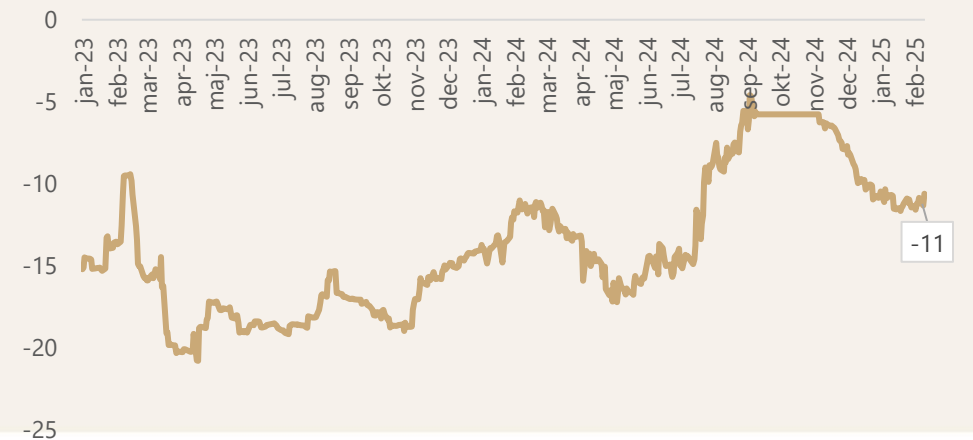
*2024-12-31

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

Spread KI vs. Sweden 5Y



Spread KI vs. Covered bonds 5Y

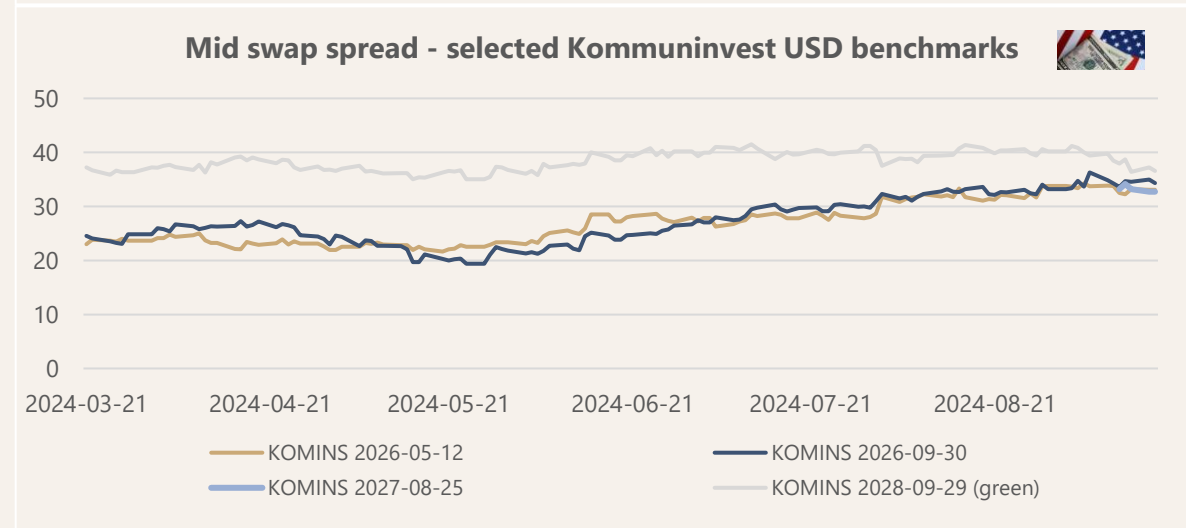
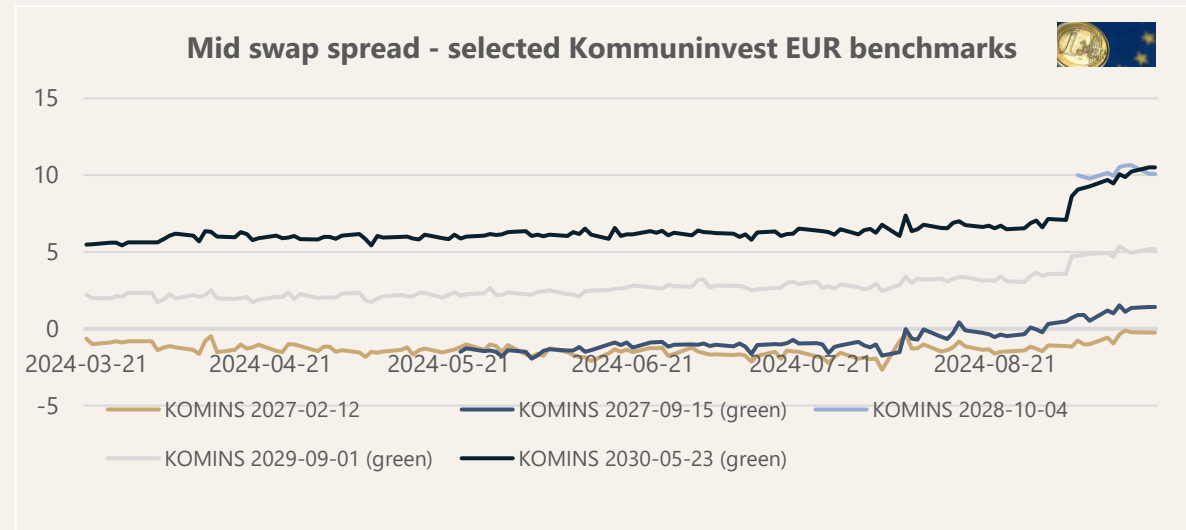


EMTN Program

Fact

- Kommuninvest's EMTN program is used for public benchmark issuances in currencies EUR, USD and SEK.
- Under this program 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](#)

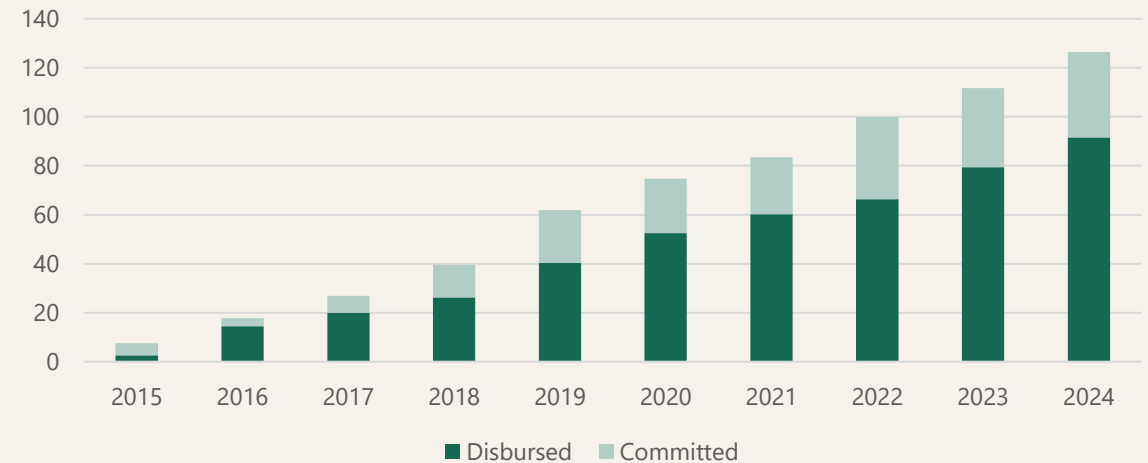
Allocation principle: Kommuninvest will not provide protection to any investors. All investors categorized by lead managers as having the same quality will receive the same allocation key. Minor differences may occur for long-term investors, early book entries, and green transactions, but the general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



EMTN programme – green bonds

- 710 approved green projects
- Green loans in relation to total lending 17%
- SEK 91,6 bn disbursed green lending
- Kommuninvest is the leading Nordic issuer of green bonds
- Green bonds outstanding in all three strategic currencies (SEK, EUR, USD)

Green lending development



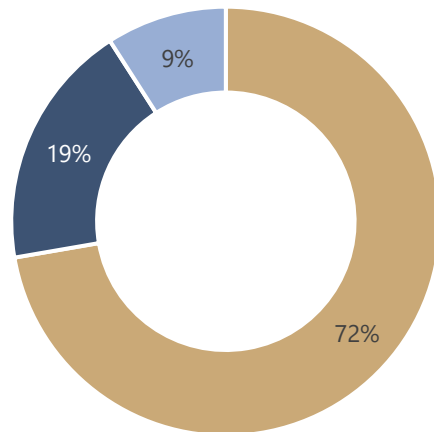
*more information about Kommuninvest's green bonds can be found in appendix

Liquidity Reserve

SEK 57 (44) bn

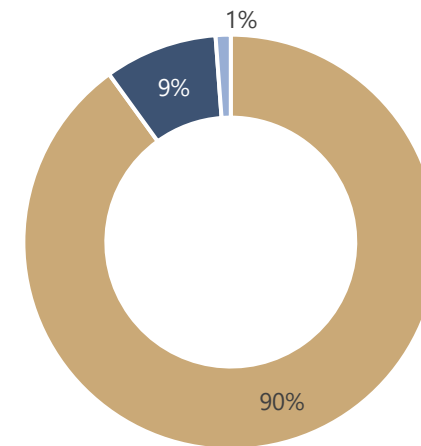
31 December 2024 (31 December 2023)

Liquidity reserve by currency



■ SEK ■ USD ■ EUR

Liquidity reserve by rating



■ AAA ■ AA ■ A

Contacts



Tobias Landström
Head of Debt Management
+46 (0) 70 586 78 51
tobias.landstrom@kommuninvest.se



Marcus Waineby
Senior Funding Manager
+46 (0) 70 696 77 69
marcus.waineby@kommuninvest.se



Erik Rosenberg
Senior Funding Manager
+46 (0) 10 470 87 03
erik.rosenberg@kommuninvest.se



Per Adolfsson
Senior Analyst
+46 (0) 10 470 88 66
per.adolfsson@kommuninvest.se



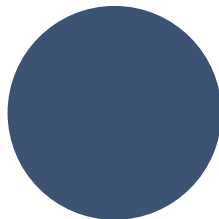
Lennart Zetterberg
Senior Analyst
+46 (0) 10 470 88 65
lennart.zetterberg@kommuninvest.se



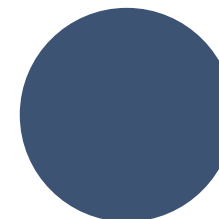
Märta Petrini
Funding and IR
+46 (0) 70 557 72 57
marta.petrini@kommuninvest.se



Viktor Mejman
Funding Manager
+46 73 805 08 65
viktor.mejman@kommuninvest.se



Oscar Gomez
Funding Manager
+46 76 108 40 15
oscar.gomez@kommuninvest.se



Arnold Schanzer Larsen
Funding Manager
+46 76 273 52 42
Arnorld.Schanzer-
Larsen@kommuninvest.se



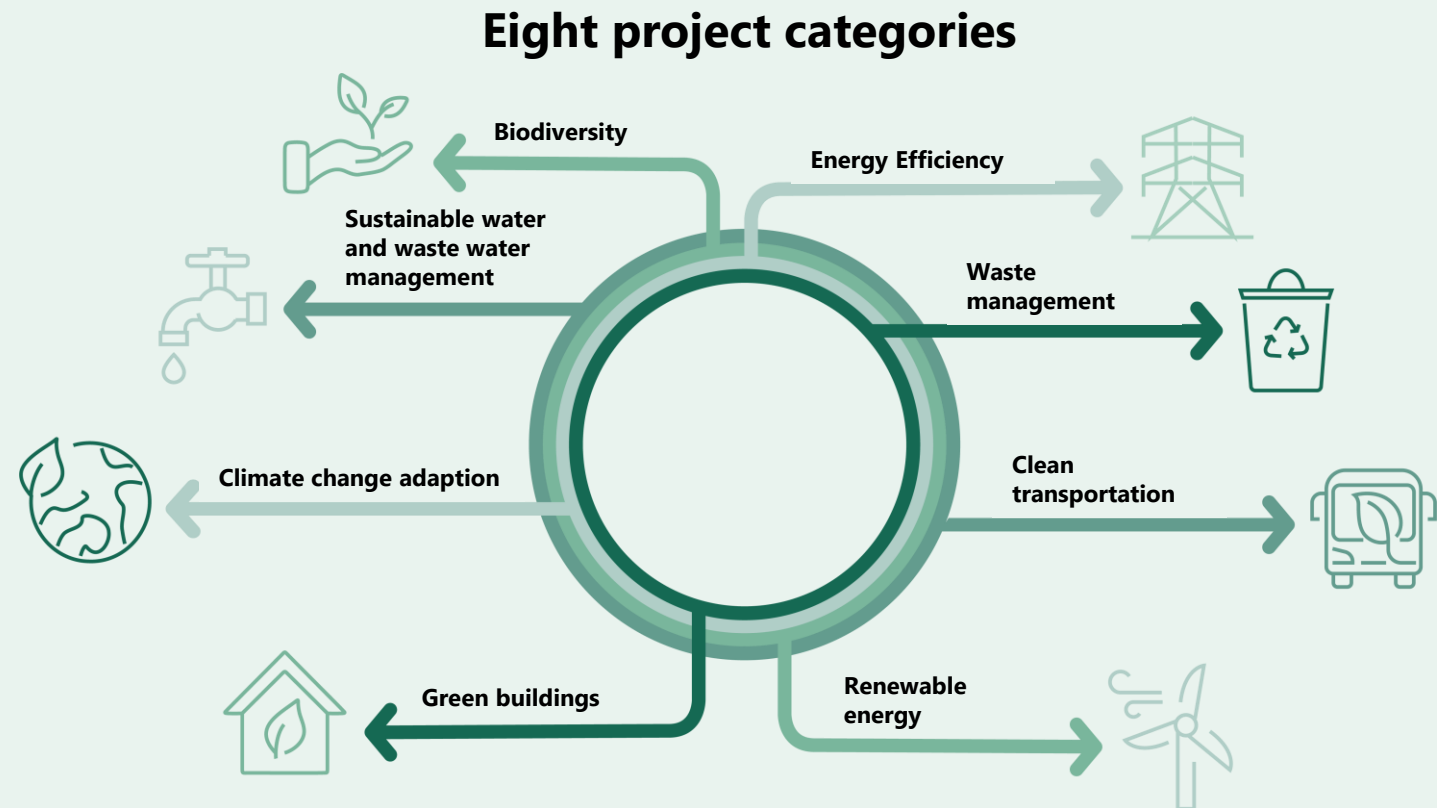
Appendix

Green and Social Products

Green Bonds

Kommuninvest's Green Bonds finance the green transition within the local government sector in Sweden

- Kommuninvest is the largest issuer of Green Bonds in Sweden
- Eligible projects are screened and approved by the Green Bonds Environmental Committee
- 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
- Second opinion from S&P



Green Bonds and Green Loans

Green Bonds issuance focused on strategic funding markets

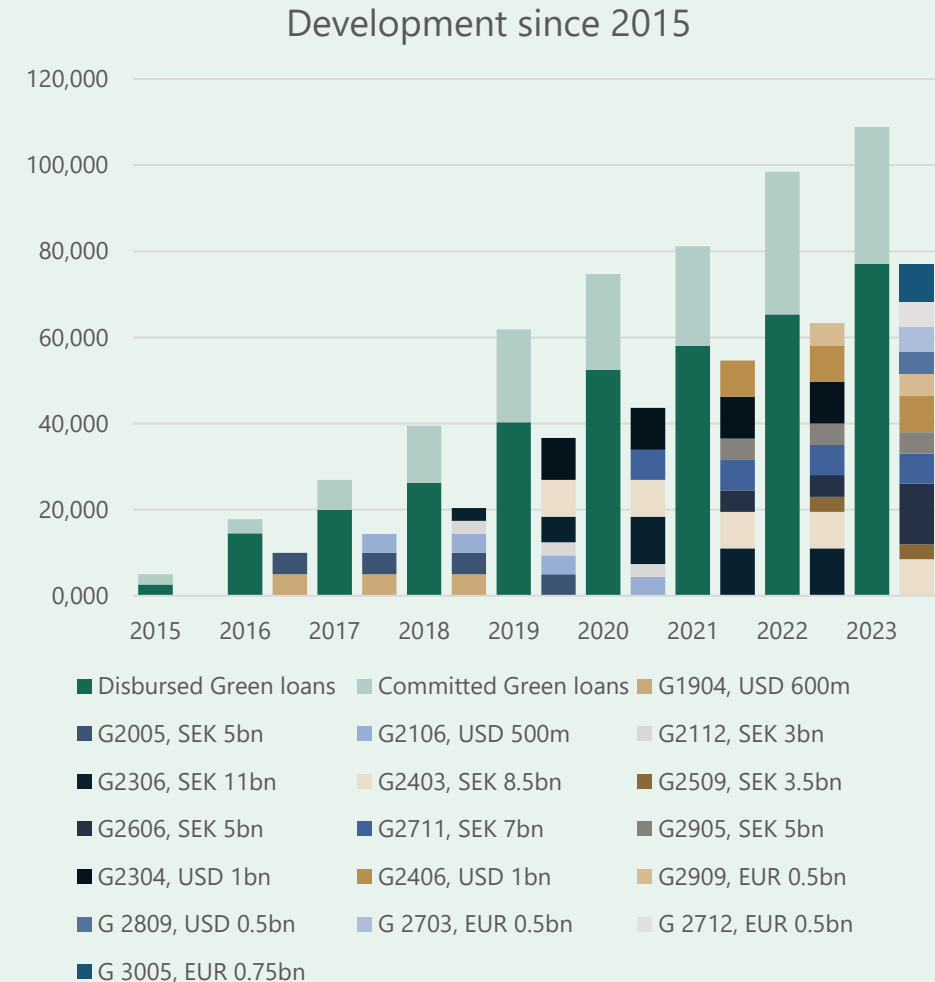
Issuance to date has been made in strategic funding markets SEK, USD and EUR

Issuance volume determined by disbursed lending

Total outstanding amount in Green Bonds capped at 100% of total disbursed Green Loans

No duration matching

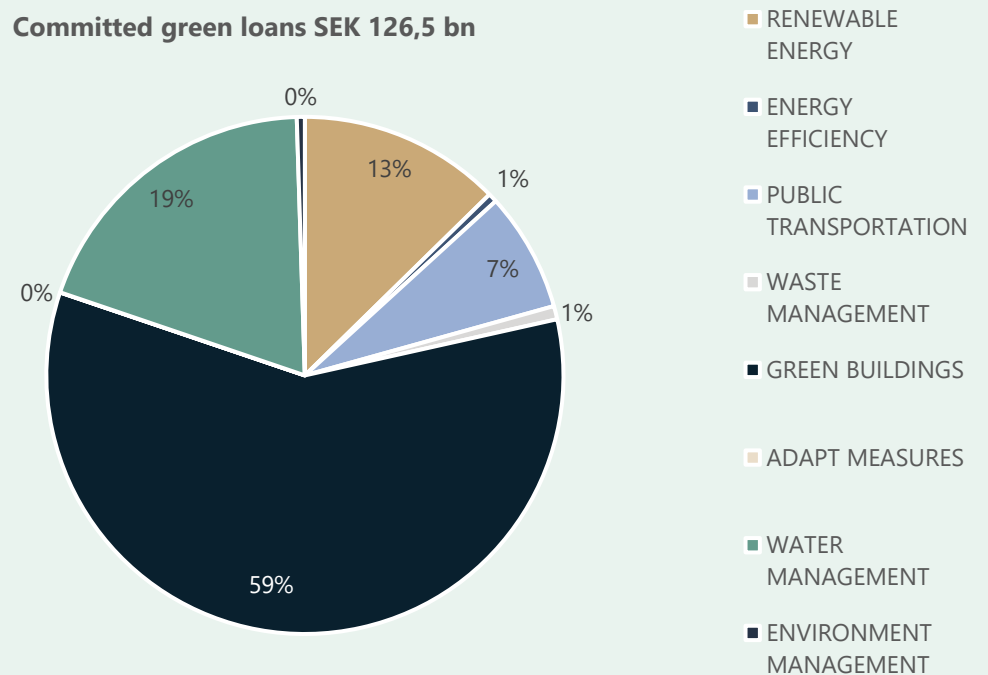
Funding to be shorter than economic life of Green loan projects





Green loans by project category

Committed green loans SEK 126,5 bn



Environmental Committee reviews projects

Expertise

- Energy and climate strategy
- Urban development and planning
- Waste management and circular economy, ecological economics
- Environmental management
- Environmental engineering
- Sustainability reporting

Responsibilities

- Green Loan applications
- Advisory board
- Green Loan & Impact reporting
- Green Bonds framework



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.**

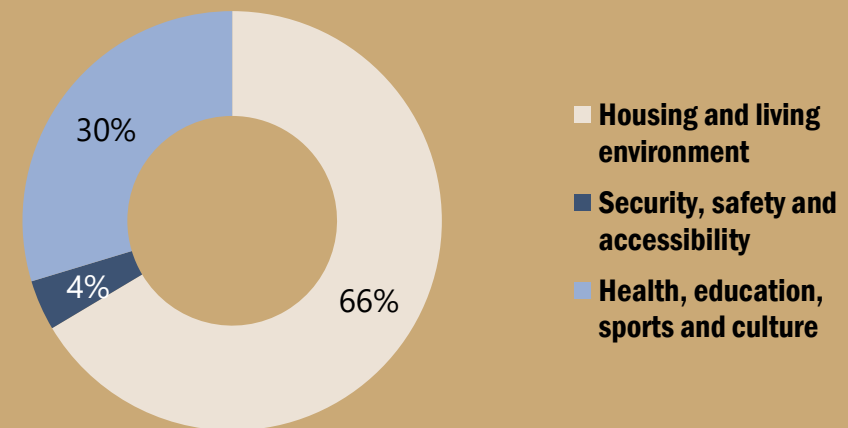
*Innovation refers to a local/regional perspective, e.g., implementing methods that have been successfully tested elsewhere.



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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Kommuninvests skuldförvaltning

upplaning@kommuninvest.se

www.kommuninvest.se