



# News & funding update

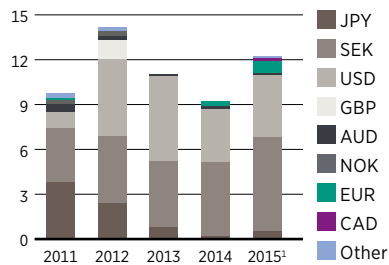
Newsletter December 2015

## Kommuninvest boosts 2016 issuance

**FUNDING YTD 2015:** As of 9 December, Kommuninvest had raised SEK 105.2 bn (USD 12.4 bn) in long-term funding (over 1 year). Funding has been concluded in seven currencies (AUD, CAD, EUR, JPY, SEK, TRY and USD). The majority of issuance has been made in SEK and USD benchmark bonds. The outstanding volume in Kommuninvest's Swedish Benchmark Programme exceeds SEK 125 bn (USD 15 bn).

### Funding currency distribution

Borrowing >1 yr, USD bn



1) As of 9 December

**2016 FUNDING EXPECTATIONS:** Kommuninvest's expected funding volume for 2016 is SEK 125–140 bn/USD 15–17 bn compared with a 2015 forecast of SEK 90–105 bn. The increase is explained by a forecasted continued increase in lending growth. 50 percent of the funding is expected to be undertaken in SEK, and 50 percent in other currencies. Kommuninvest maintains its diversified funding strategy.

### Inaugural Green Bond expected Q1-2016

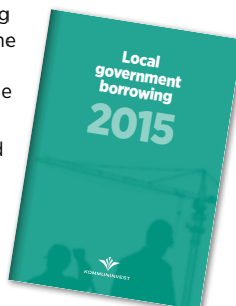
Kommuninvest expects to launch its inaugural Green Bond during Q1-2016, market conditions permitting. The pool of Green Loans, eligible for Green Bond financing, amounts to SEK 5.5 bn (USD 650 mn) in committed funding for 12 projects.

### HIGHLIGHTS

## Local government borrowings: 2015 report

Kommuninvest has recently published its third report on borrowing trends among Sweden's 310 municipalities and county councils. The report provides an in-depth analysis of investments activities over the past five years and a forecast stretching out to 2017. Among the report's key findings are:

- Swedish local governments faces a new period of large-scale and wide-ranging welfare investment, similar to the Swedish record years of 1965–1975. Kommuninvest expects local government debt to double from SEK 500 billion to over 1,000 billion by 2024, equivalent to a rise from 13 to 17 percent of GDP.
- The rise in borrowing is principally due to Sweden's high population growth and the resulting need for new investments, but also due to a need to upgrade and renovate existing infrastructure.



[Download the report](#)

## Funding strategy

### Diversification

Short and long-term funding on national and international capital markets. Maturities between one day and 30 years. Diversification as regards markets, currencies, products and investors. All non-SEK borrowing swapped to SEK, EUR or USD.

### Focus on strategic programmes

Recurring issuance in four strategic funding programs: ECP programme and benchmark programmes in SEK and USD for institutional investors; Uridashi funding for the Japanese retail market.

### 50 percent of funding in SEK

To reduce counterparty risks and costs associated with hedging, Kommuninvest has a target of 50 percent funding in Swedish krona.

### Liquid curves in public markets

We seek to maintain a presence in established capital markets and build liquid curves in select funding programmes.

## Funding forecast

**2016: SEK 125–140 bn/USD 15–17 bn**

Date of forecast: November 11, 2015



AlanCarpson

### NEW

## LCR level 1 also in the UK

From 1 October 2015, Kommuninvest bonds are eligible as level 1 assets with the Bank of England for liquidity coverage ratio purposes, and also accepted as collateral. Kommuninvest bonds are eligible as LCR level 1 in the EU, Switzerland and the UK.

# Outstanding bonds

(a selection)

## USD FIXED

ISIN*	Maturity	Coupon (semi-annual)	Outstanding*
XS0919401678	15 Jun, 2016	0.500 %	USD 2.35 bn
XS1108361715	11 Sep, 2016	0.625 %	USD 0.80 bn
XS0981932279	13 Dec, 2016	0.875 %	USD 1.25 bn
XS0745301258	13 Feb, 2017	1.625 %	USD 1.00 bn
XS1053517394	11 Apr, 2017	1.000 %	USD 1.00 bn
XS1220816729	21 Apr, 2017	0.625 %	USD 0.50 bn
XS0847832267	24 Oct, 2017	1.000 %	USD 1.75 bn
XS1173233237	29 Jan, 2018	1.000 %	USD 1.25 bn
XS1302788416	9 October 2018	1.125 %	USD 1.25 bn
XS1114373274	12 Nov, 2019	2.000 %	USD 1.00 bn

\* Kommuninvest USD benchmark issues are available in RegS and 144A format (as of Oct 2012).  
Outstanding volume refers to total outstanding volume in RegS and 144A; ISIN-code to RegS tranche.

## USD FLOATING

Note: Due to current interest rate environment, issuance of FRN is restricted.

ISIN*	Maturity	Documentation	Outstanding*
XS1087838188	15 Jan, 2016	RegS/144A	USD 300 mn
XS1144483978	3 Dec, 2018	RegS/144A	USD 500 mn
XS1238251448	28 May, 2019	RegS/144A	USD 500 mn

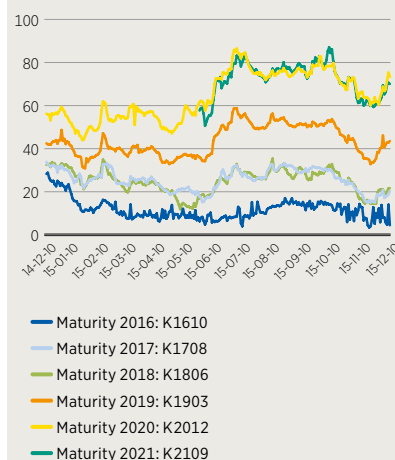
\* Kommuninvest USD floating interest rate issues are available in RegS and 144A format (as of Oct 2012).  
Outstanding volume refers to total outstanding volume in RegS and 144A; ISIN-code to RegS tranche.

## SEK FIXED (Swedish Benchmark Programme)

ISIN	Maturity	Coupon	Outstanding
SE0005423753 (K1610)	12 Oct, 2016	2.00 %	SEK 15.0 bn
SE0003787985 (K1708)	12 Aug, 2017	4.00 %	SEK 28.0 bn
SE0006424990 (K1806)	12 Jun, 2018	1.00 %	SEK 15.4 bn
SE0005131299 (K1903)	12 Mar, 2019	2.25 %	SEK 25.1 bn
SE0005705621 (K2012)	1 Dec, 2020	2.50 %	SEK 29.1 bn
SE0006995064 (K2109)	15 Sep, 2021	1.00 %	SEK 13.5 bn

## Swedish benchmark programme

Spreads over Swedish government bonds  
Basis points



## Liquidity measures

To support programme liquidity, Kommuninvest has equipped the Swedish Benchmark programme with a number of features:

- 5 market makers providing buy/sell quotes (provided outstanding amount > SEK 3 bn and remaining time to maturity is >12 months).
- Kommuninvest continuously provides market makers with generous repo facilities.
- Buy-backs can be offered when time-to-maturity approaches one year.

## Contacts



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## Kommuninvest in brief

- Sweden's local government debt office. AAA/Aaa, stable outlook.
- Owned by 280 (total=310) Swedish local governments. Founded in 1986.
- Explicit, irrevocable unlimited, joint and several guarantee from owners. Local governments have constitutional right to levy income taxes on citizens.
- Equal to state risk from a domestic regulatory perspective according to Swedish FSA<sup>1</sup>. Level 1 asset in Sweden (from 2013), the EU and Switzerland (from 2015).
- Monetary policy counterparty to the Swedish Central Bank, the Riksbank. Member of Riksbank payment and clearing system, RIX.
- Regulated by the Swedish FSA.
- Total assets (31 Dec 2014) USD 39.9 bn.

<sup>1)</sup> Clarification letter from Swedish FSA is included in the Kommuninvest Investor Factbook.