

KOMMUNINVEST **INVESTOR BRIEFING**

Funding forecast for 2021





Christian Ragnartz

Head of Debt Management

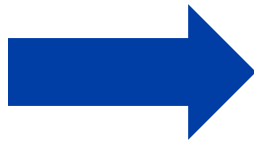


Agenda

- **Christian Ragnartz:** Achievements in 2020 and challenges for 2021
- **Emelie Värja:** The latest economic trends in the Swedish municipal sector
- **Tobias Landström:** The forecast and the analysis behind it



Achievements



Good access to market all the way through the most turbulent period



Further established as a frequent, transparent and stable issuer



Successful change from on-tap to weekly auctions in SEK



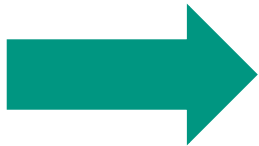
Challenges



The Corona pandemic and potential effects on the market



To make good use of all three strategic funding markets



Reflect the sectors fiscal situation in our funding forecast





Emelie Värja

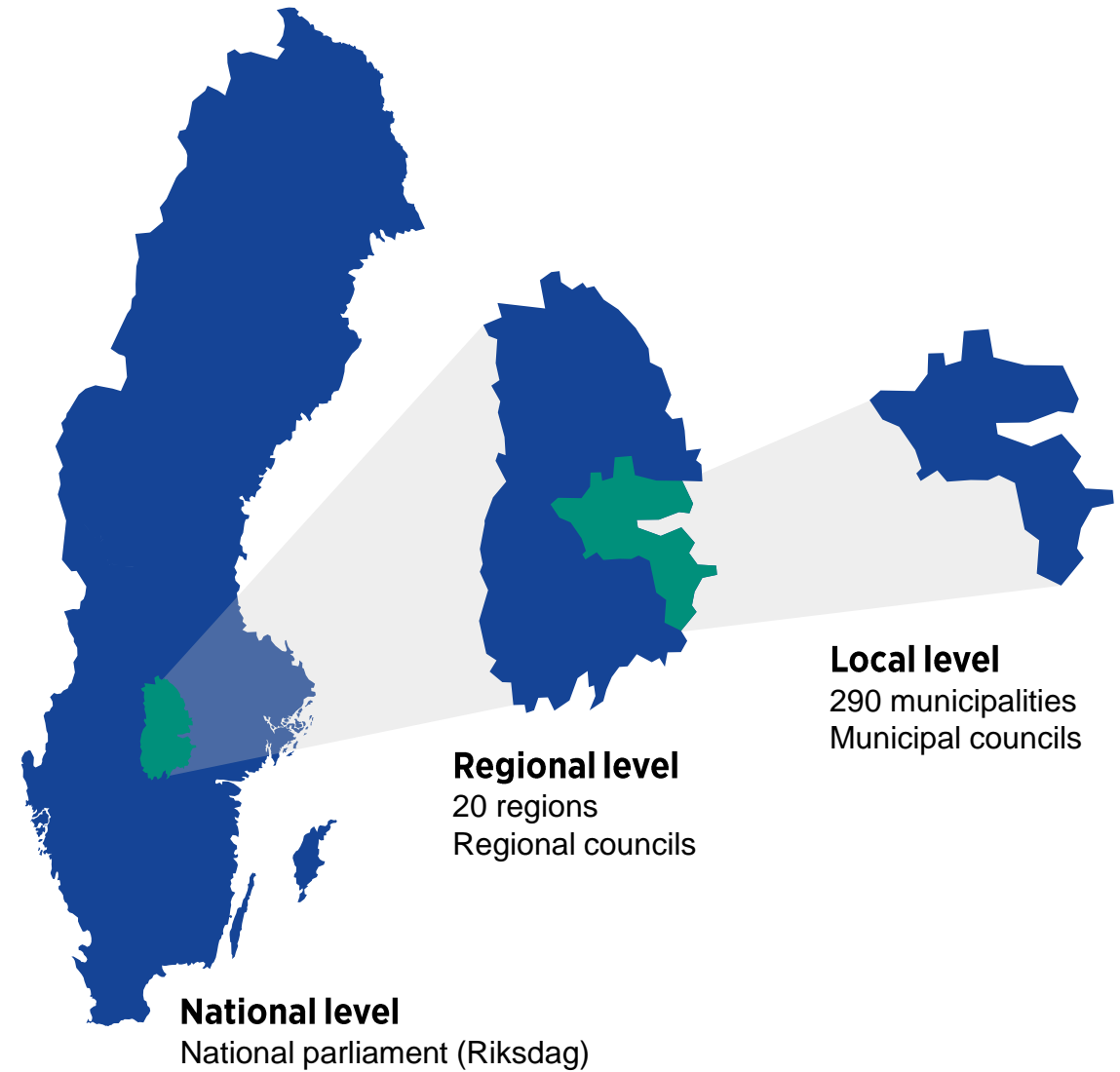
Head of Research



Development of the local government sector



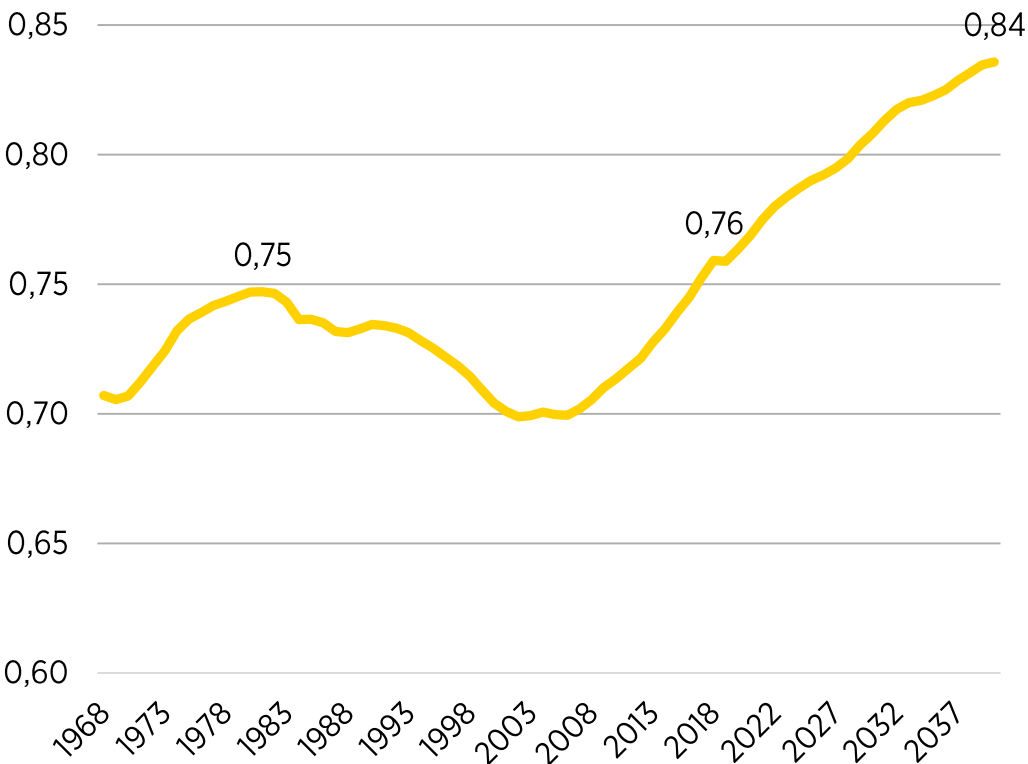
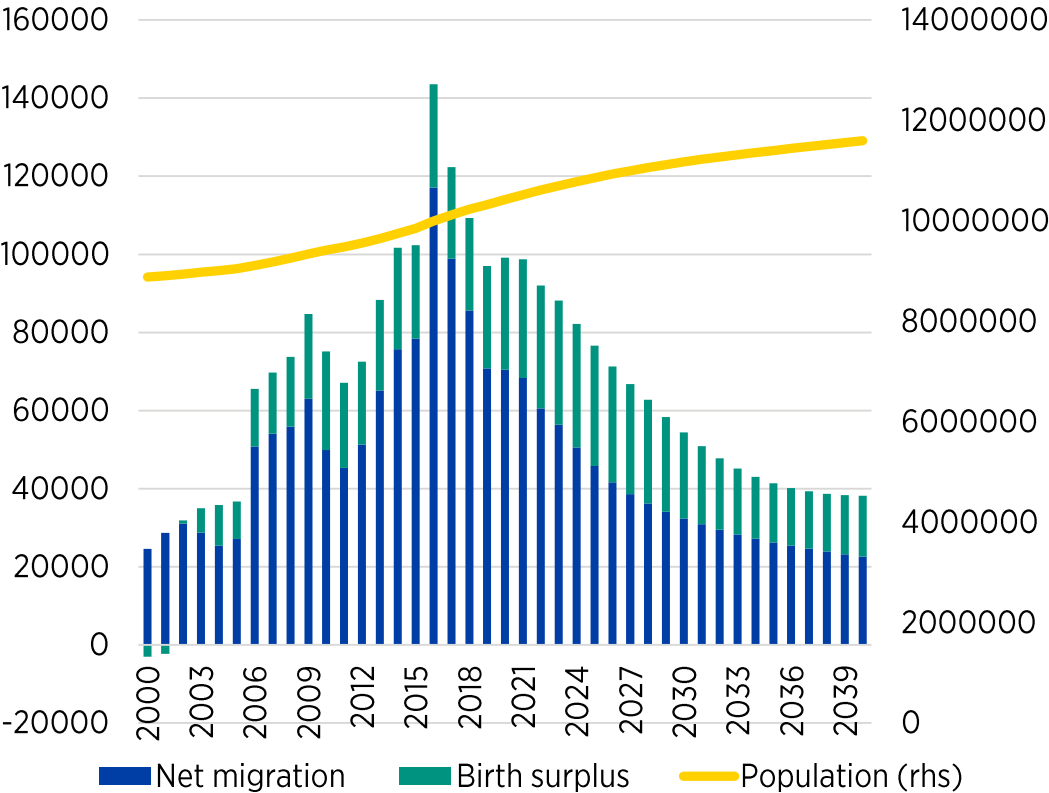
Three levels of government



Municipalities		Shared	Regions	
Compulsory	Voluntary	Compulsory	Compulsory	Voluntary
Social operations	Leisure and culture	Public transport	Health and care	Culture
Schooling	Technical services		Dental care 2)	Education
Planning and building issues	Energy supply	Regional development responsibility	Regional development responsibility	Tourism
Environmental health protection	Business development			
Sanitation and waste	Housing construction			
Water/sewerage				
Emergency services				
Library operations 1)				
Crisis contingency planning				
Housing provision				

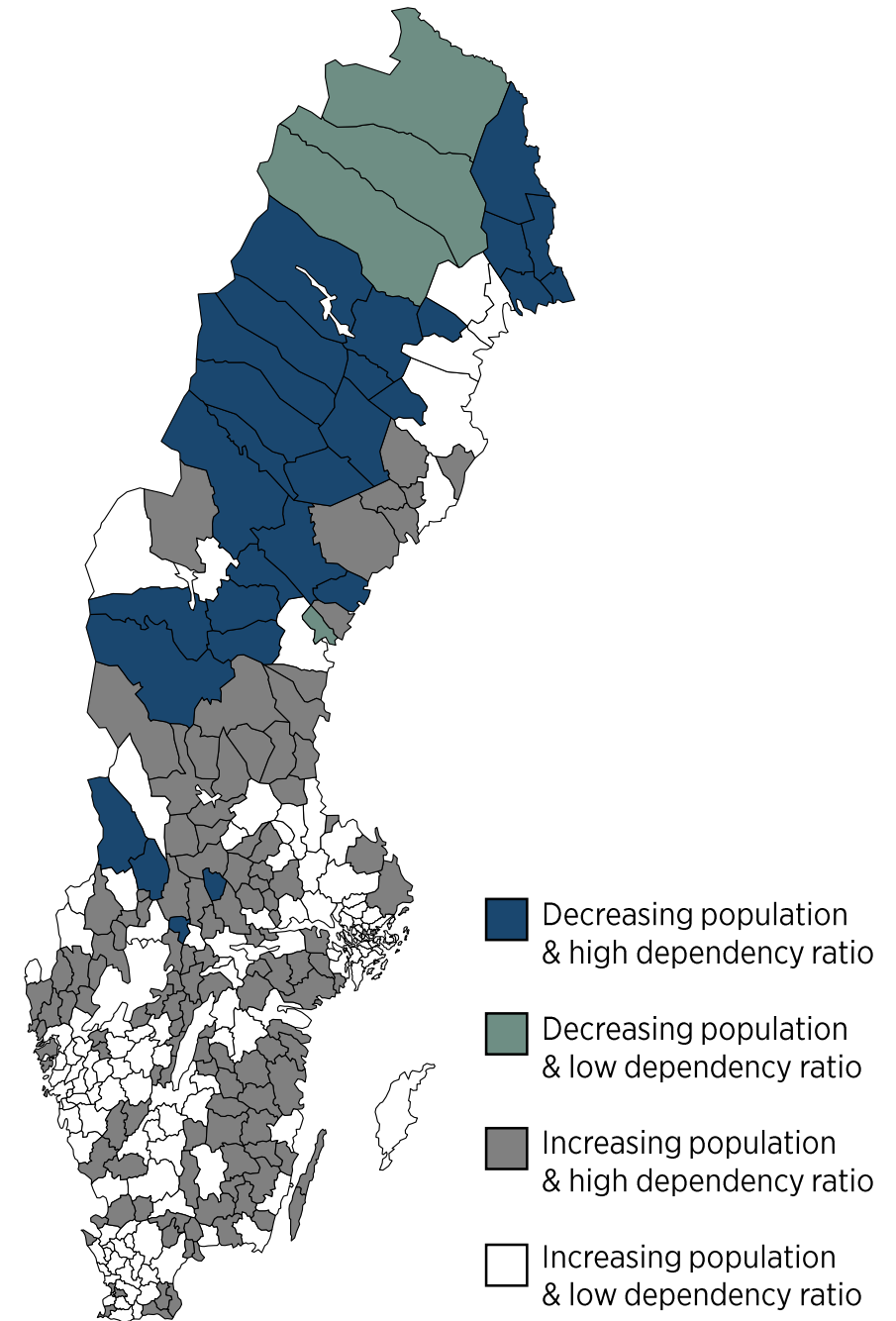


Population growth & dependency ratio

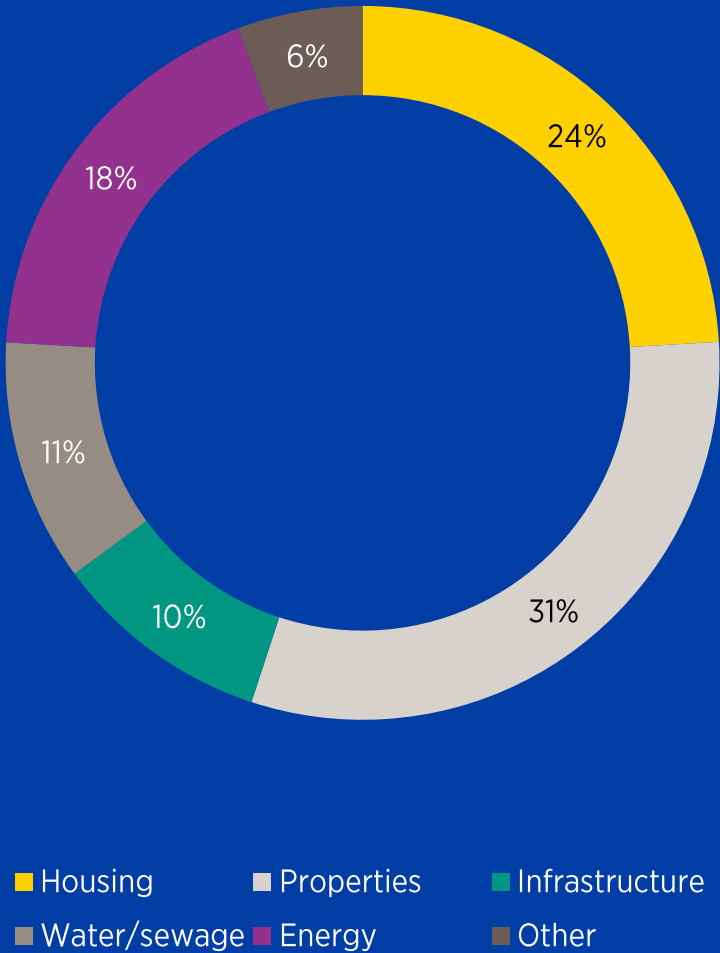
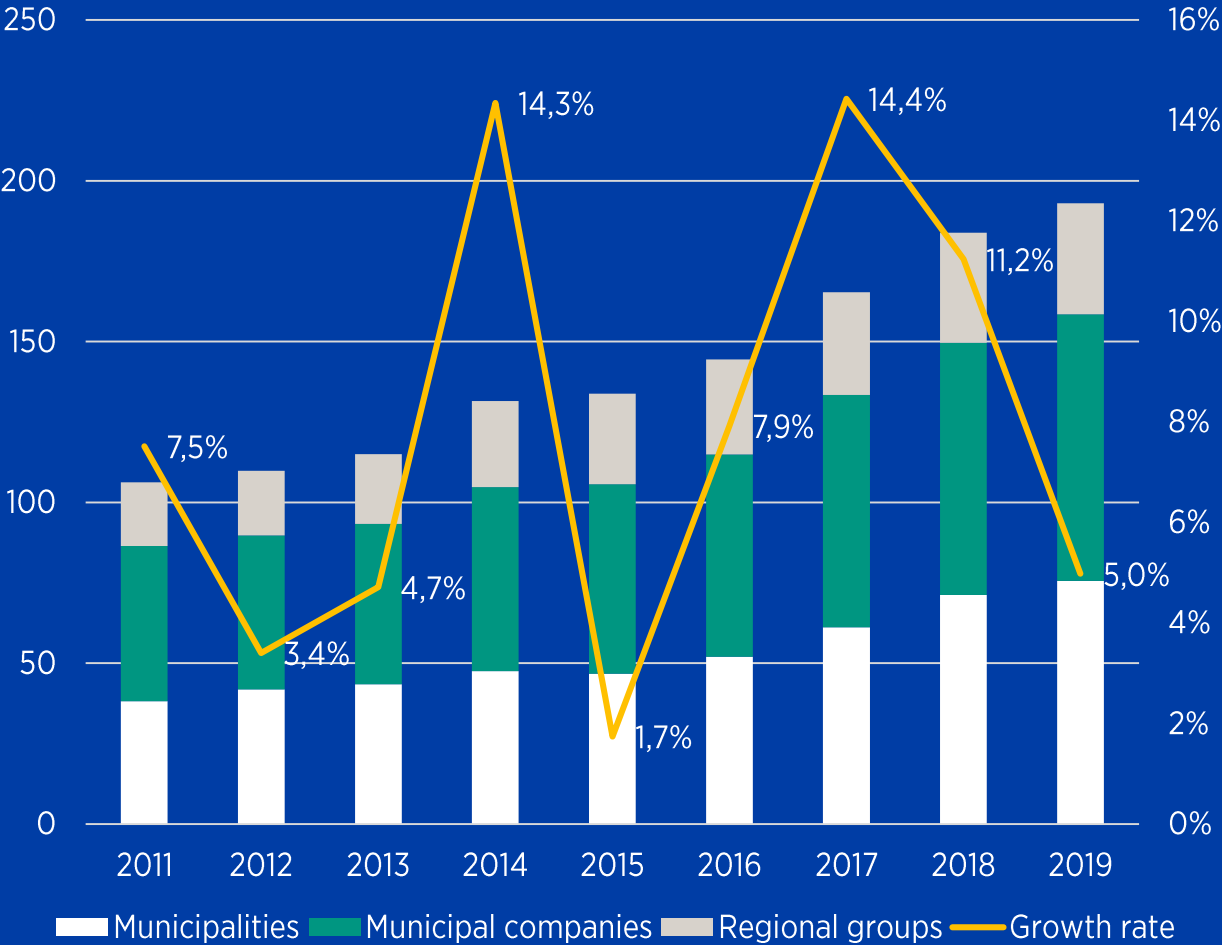


Source: Statistics Sweden

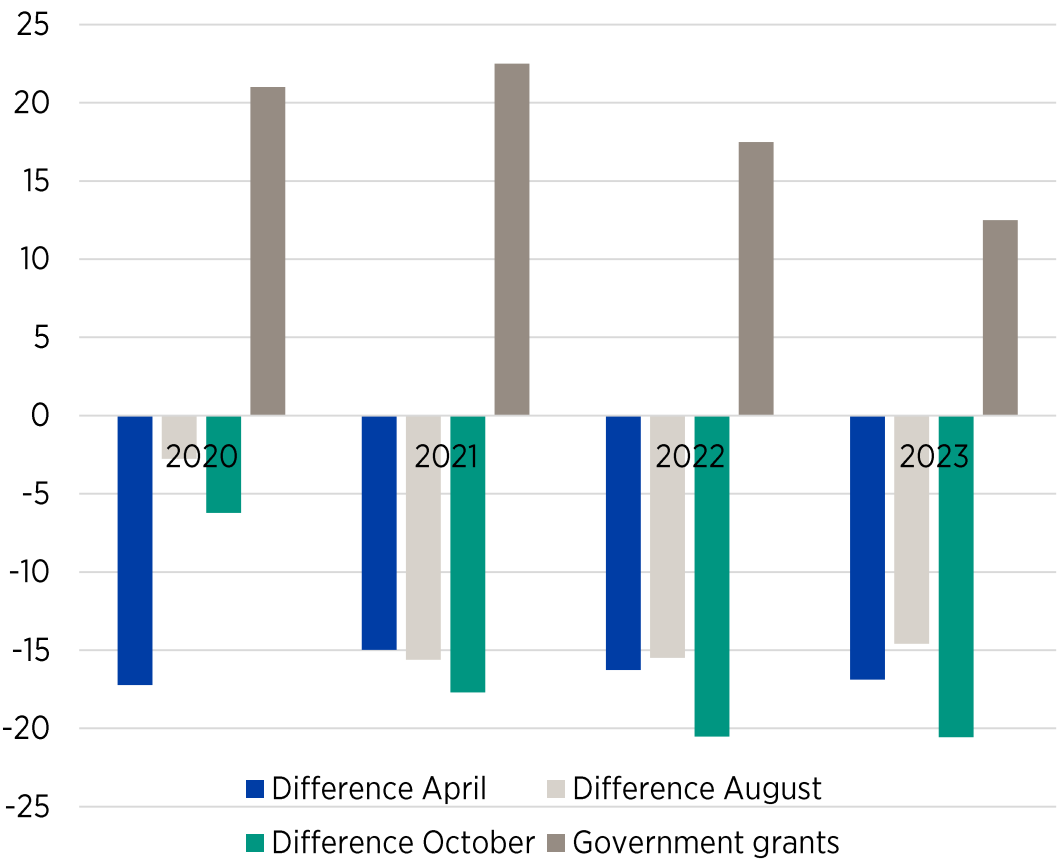
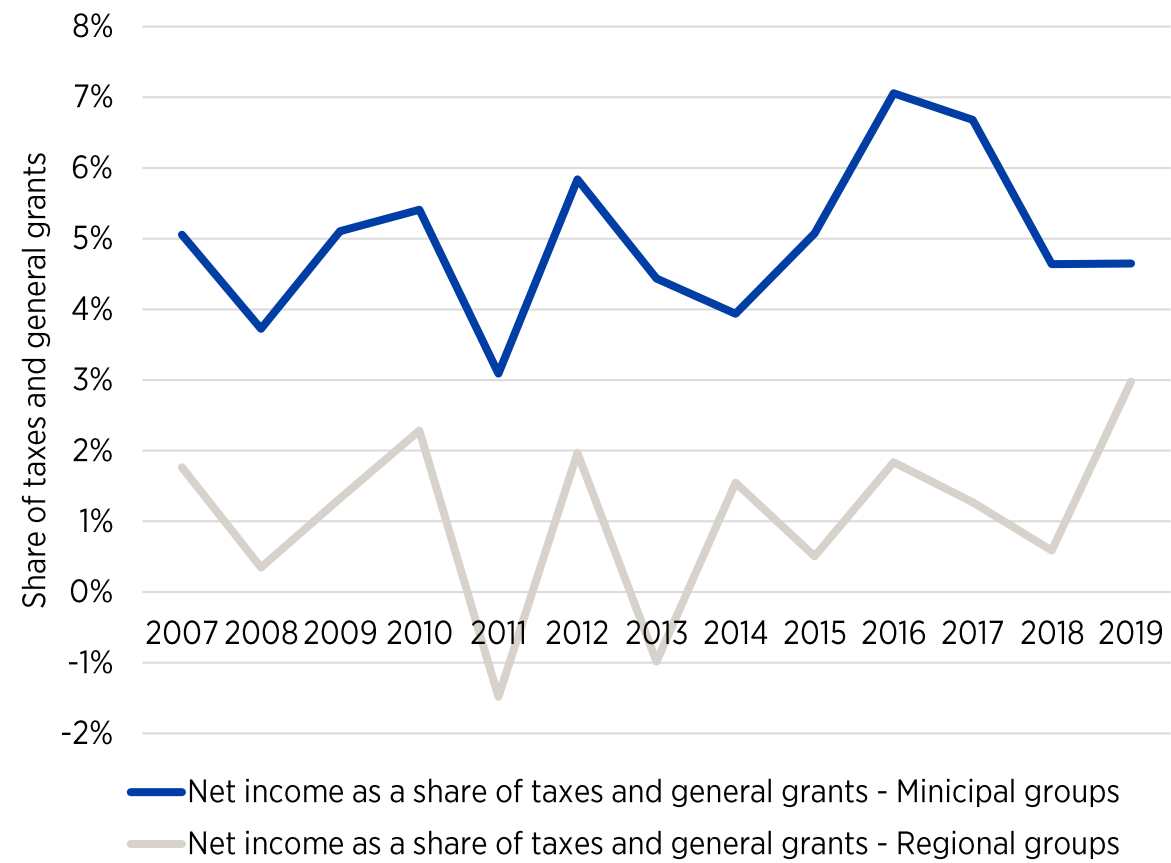
Population development & population structure



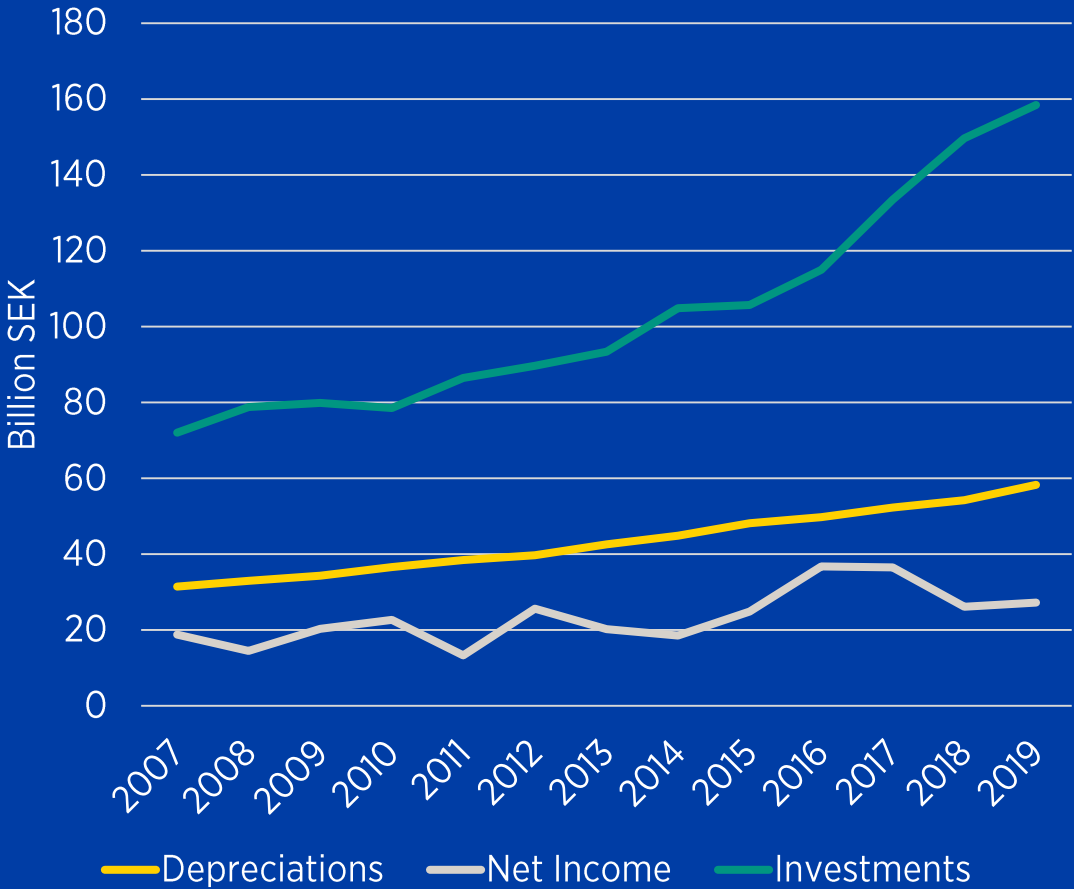
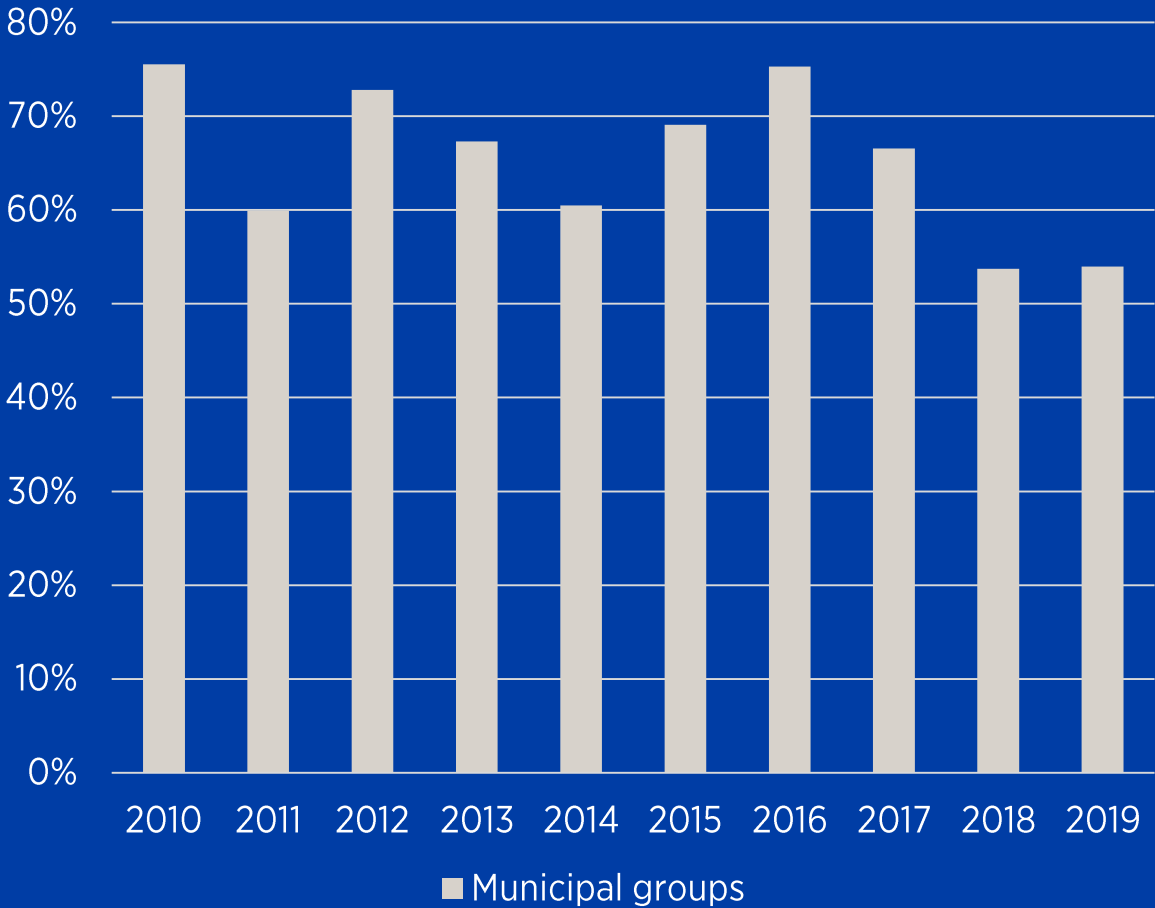
Investment



Net income

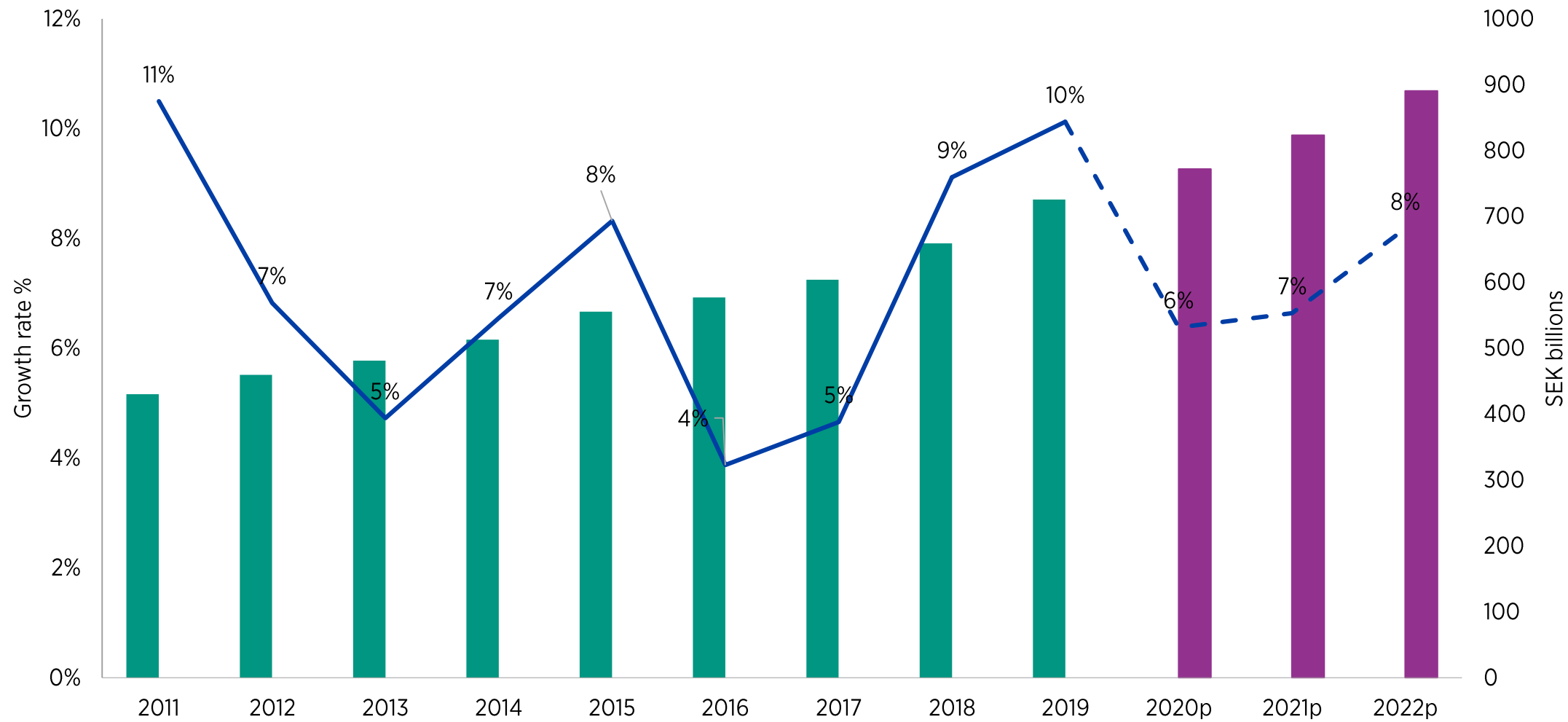


Self-financing ratio

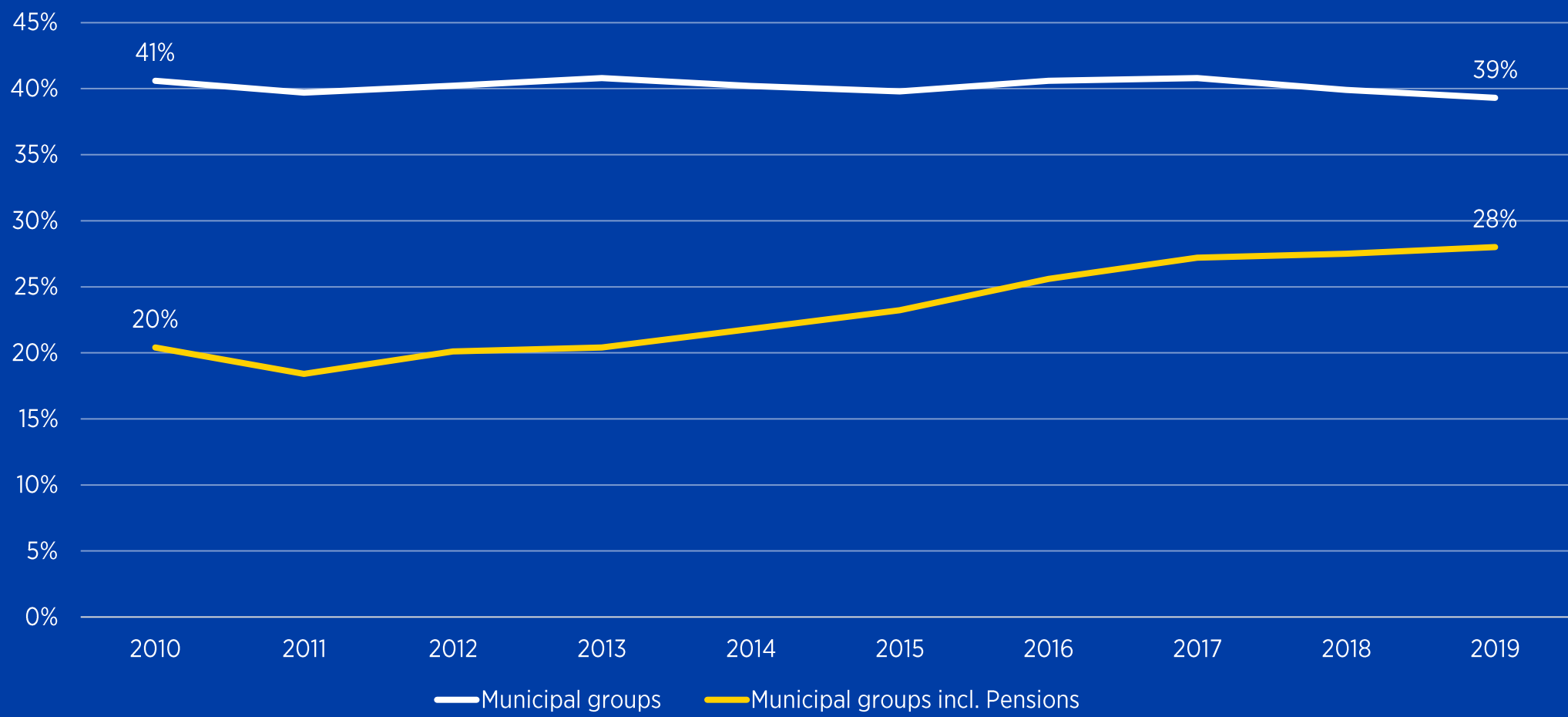


$$\frac{\text{Net income} + \text{depreciations}}{\text{Investments}}$$

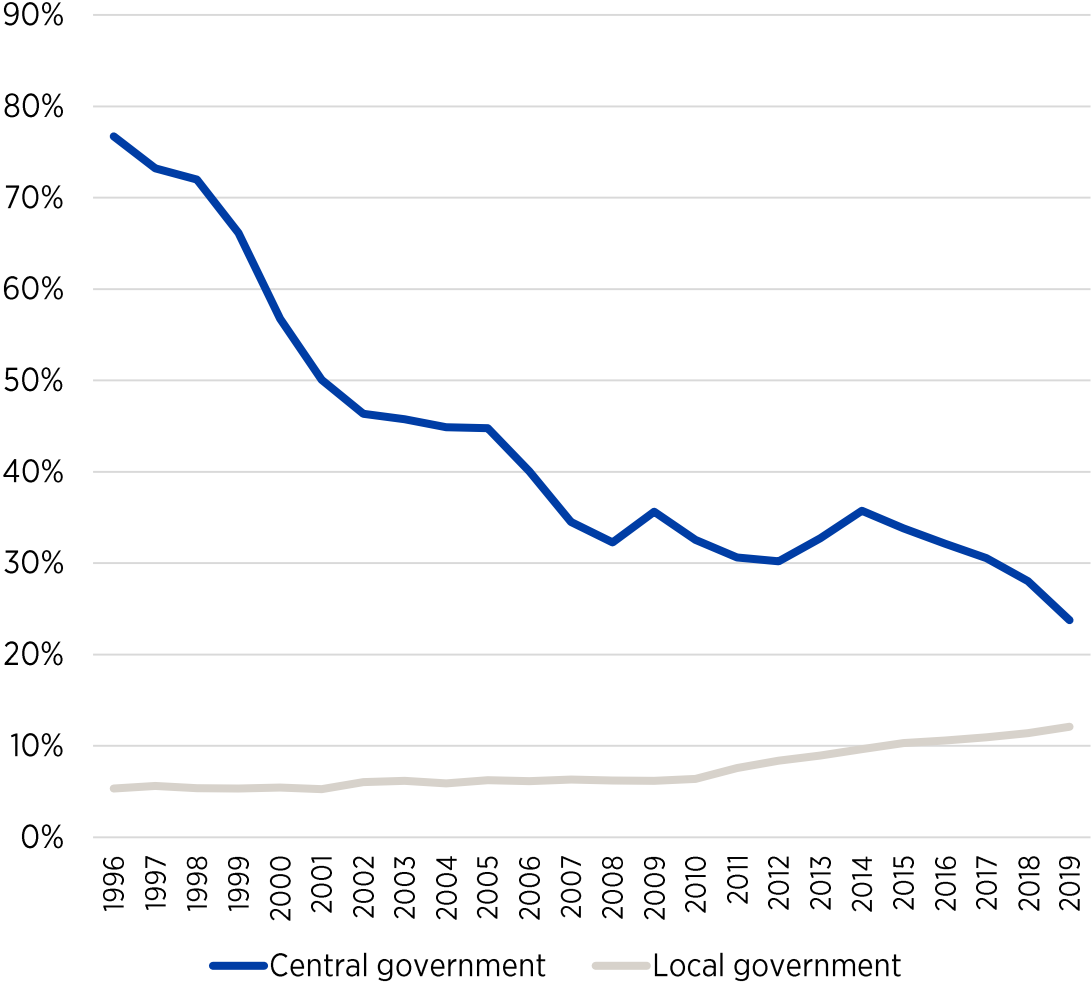
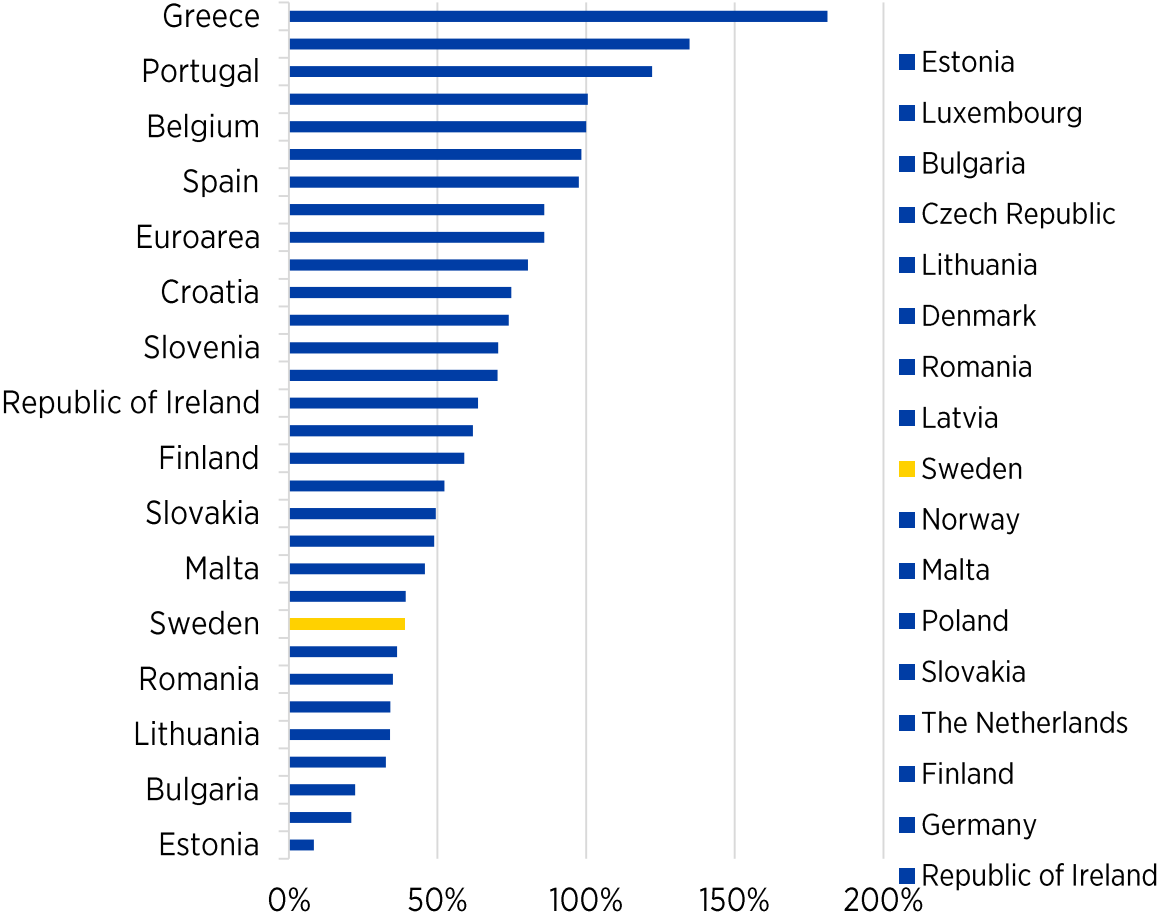
Local government debt - scenario



Equity ratio



Maastricht debt



Source: Statistics Sweden

Summary

- Increase in investment levels, but investment needs varies between municipal groups.
- Strong net income in the short run, but demographic development putting pressure on municipalities in the long run
- If net income decreases - hard to maintain high investment levels over time
- Increased debt and self-financing below average, but strong equity ratio due to increased assets





Tobias Landström

Deputy Head of Debt Management



Funding forecast 2021



Funding Strategy

- Strategic benchmark programs
- Green bonds in all strategic markets
- Matching assets and liabilities

Funding forecast 2021

SEK 120 - 140 bn

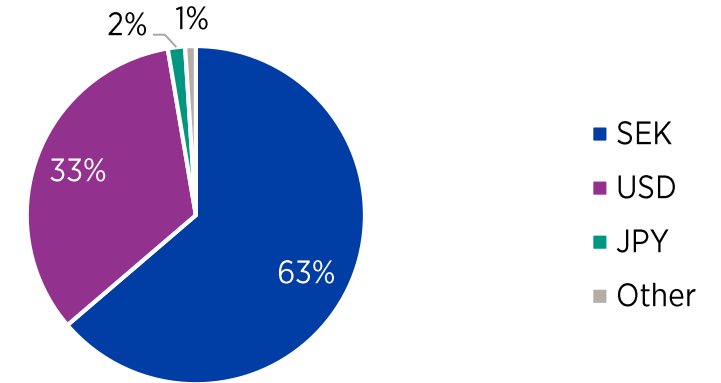
long-term funding



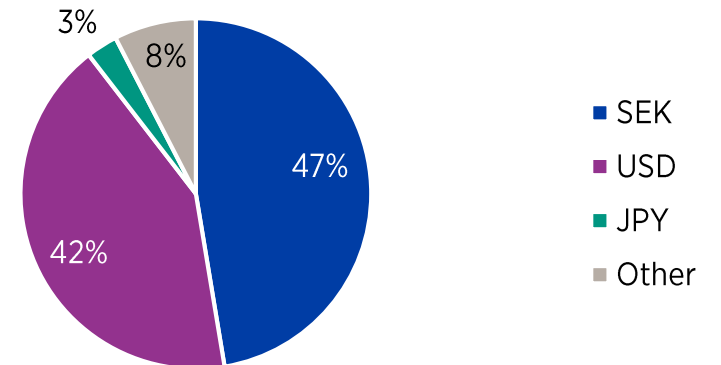
Strategic markets

- SEK, USD and EUR defined as strategic markets
- Access to liquidity and economics of scale are key aspects to fulfill our mission
- Benchmark strategy
- The Swedish benchmark program, largest funding source

Outstanding funding by currency 2020-12-01



Outstanding funding by currency 2015-12-31



What determines long-term funding?

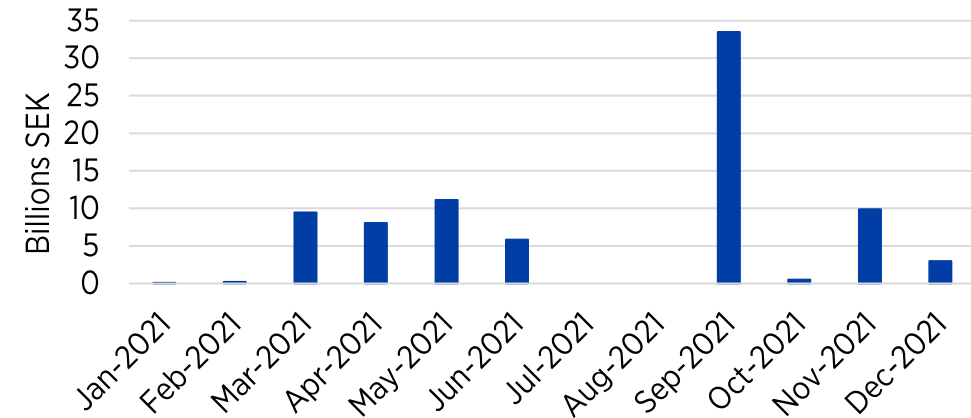
Volume

- Maturing loans in the lending (and funding) portfolio
- New loans in the lending portfolio
- To a lesser degree funding for the liquidity reserve

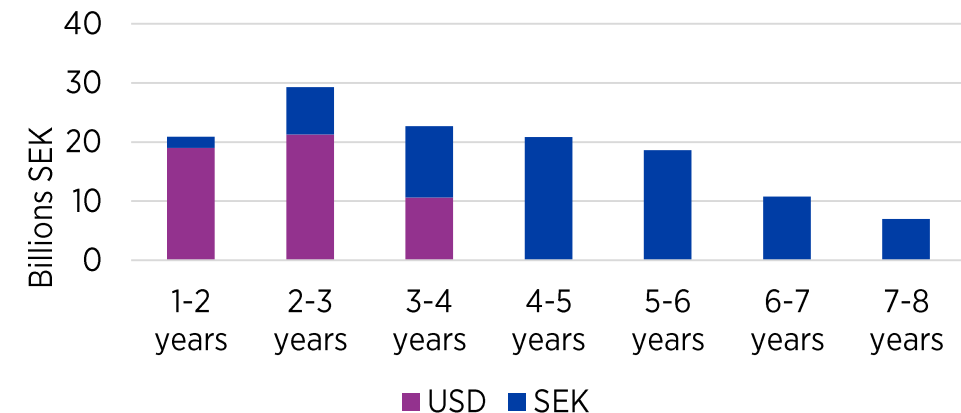
Timing and term

- Based on customer demand
- Relatively constant over time

Maturity date by month 2021



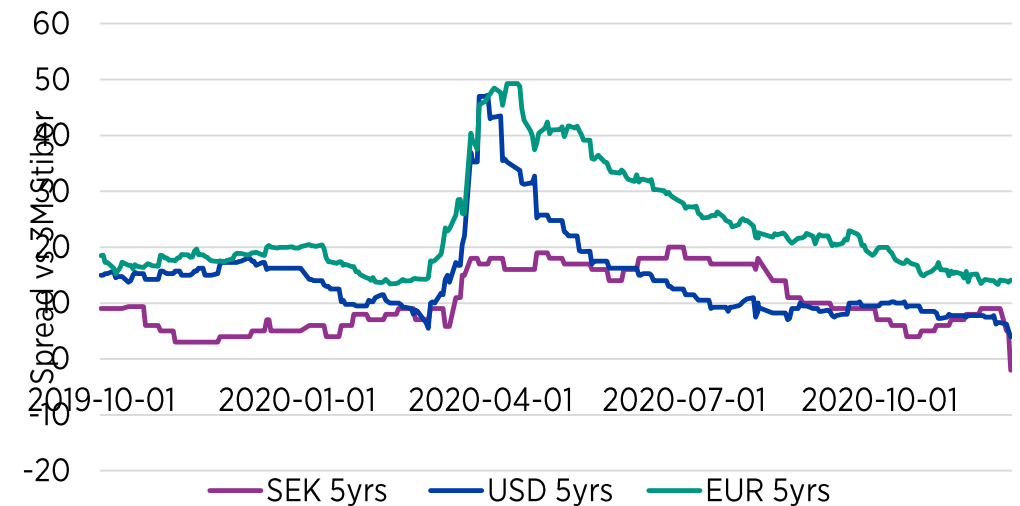
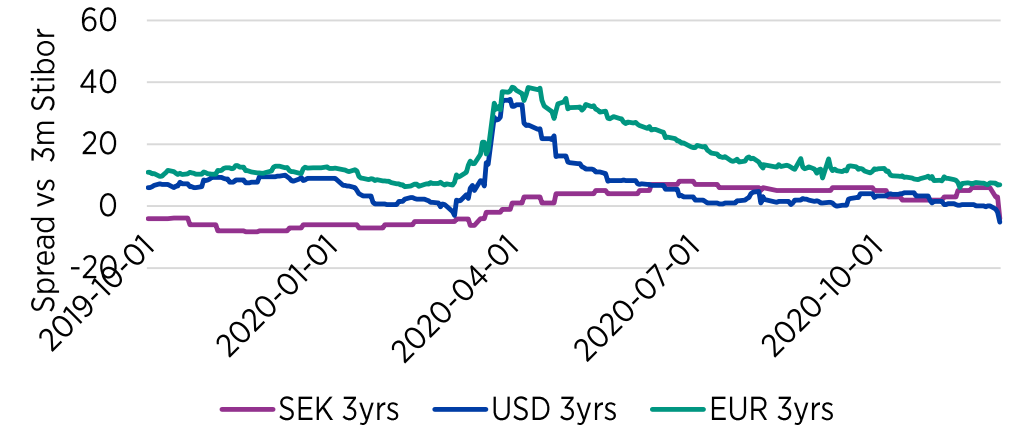
Funding by term 2020



Decide strategic market

When deciding market to fund, different factors are taken into account

- Price and market conditions
- Funding requirement
- Timing
- Tactical considerations



Sustainable lending and funding

Green Loans since 2015

- Maturities between 3-25 years

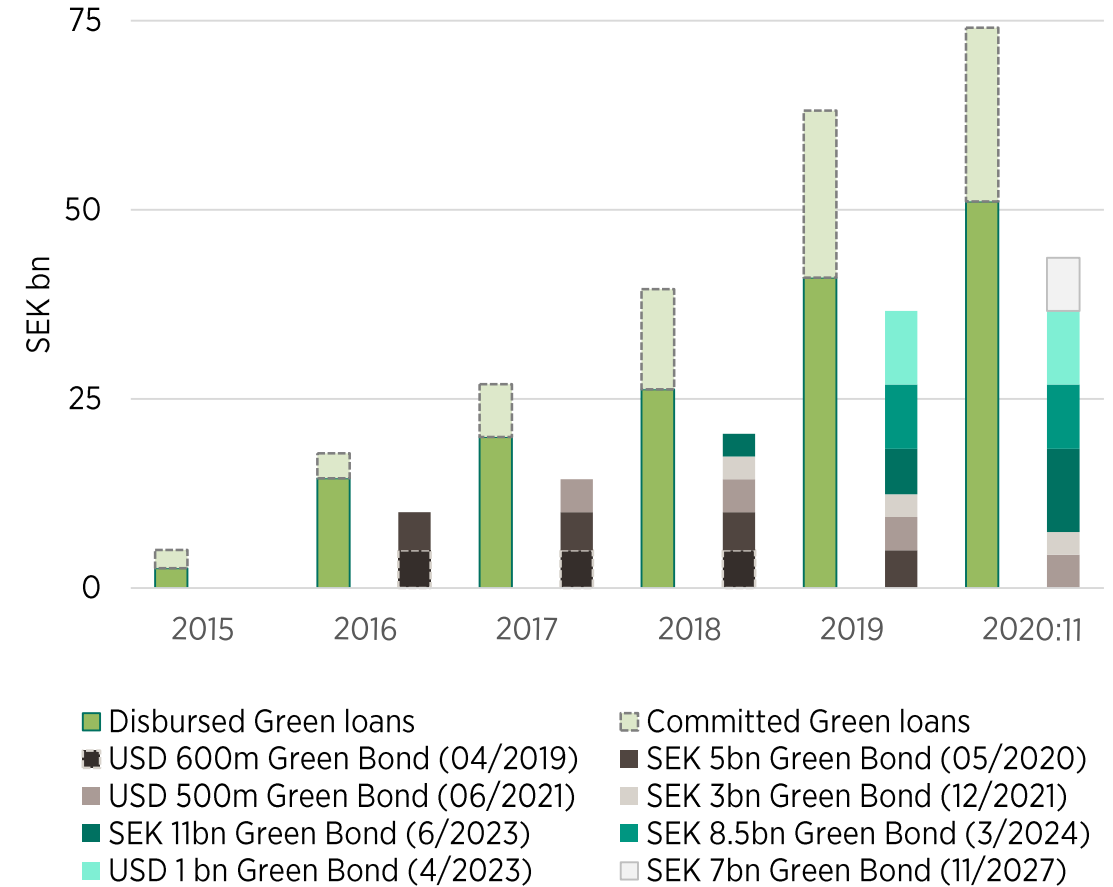
→ 11,5 % of lending is green

Green Bonds issued since 2016

- Kommuninvest is Sweden's largest issuer of green bonds
- Leads Nordic public sector initiative on impact reporting

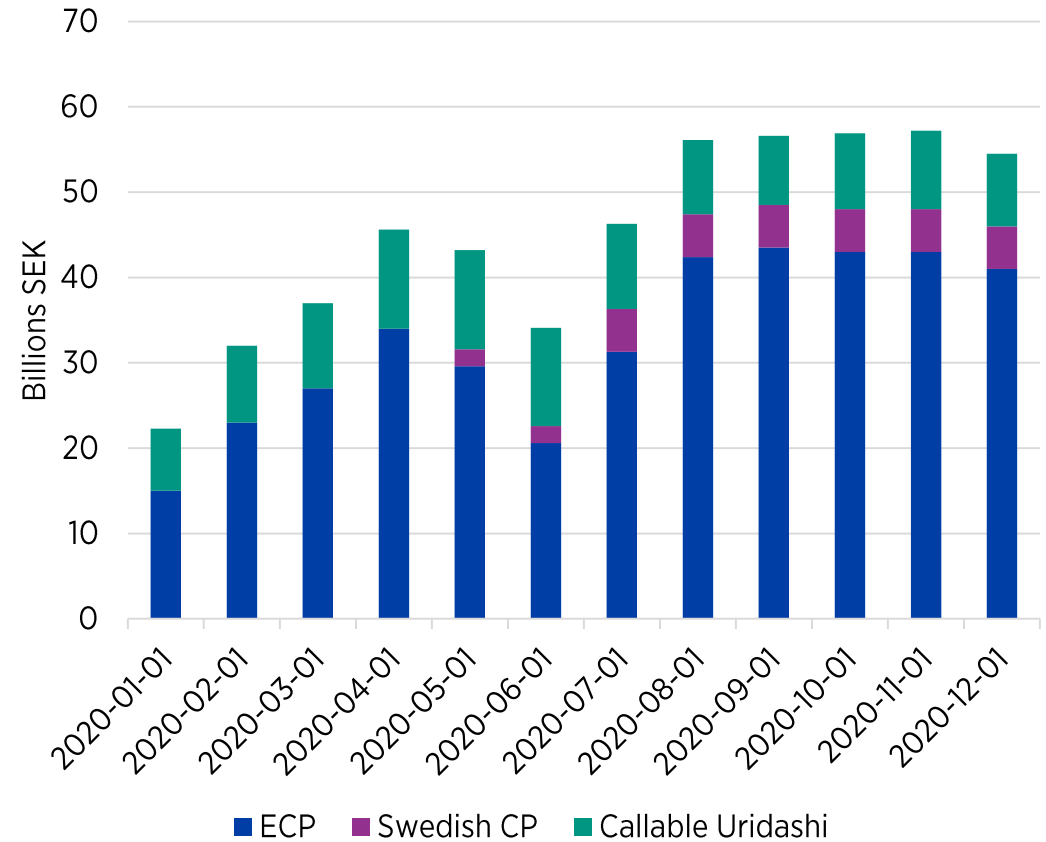
Social lending

- New lending product currently in pilot phase



Short-term funding

- ECP and Swedish CP issuance primarily used to fund liquidity reserve
- Price an important factor when choosing between ECP and Swedish CP
- Callable Uridashi notes being issued continuously based on investor demand





Thank you for your participation

If you have more questions, you'll find more information at **www.kommuninvest.se/en**



The webinar can be
viewed shortly on

