

# \*\*\* PRESS POINTS \*\*\*

3<sup>rd</sup> March 2021



**KOMMUNINVEST**

**Priced: USD 1 billion 0.375% long 3-year RegS / 144a Green Benchmark**

Tobias Landström, Deputy Head of Debt Management at Kommuninvest, commented:

*“It was important to kick off this year with another Green benchmark and today’s transaction marks our fourth Green Bond in US Dollars since the debut in 2016. With the US re-joining the Paris Climate Agreement and Sweden’s local government sector increasingly adopting environmental targets, our ability to assist in Sweden becoming one of the world’s first fossil fuel-free welfare nations has never been stronger. We are delighted by the outcome of the transaction and the ever increasing participation by global ESG motivated investors.”*

## Transaction Highlights

Kommuninvest (Aaa/AAA), the Swedish local government debt office, priced a new USD 1 billion long 3-year RegS/144A Green transaction on Wednesday 3<sup>rd</sup> March 2021, which is their 4<sup>th</sup> Green Bond in USD and 12 across currencies. The issue has a maturity of 19<sup>th</sup> June 2024, pays a semi-annual coupon of 0.375% and has an issue price of 99.666%, to give a spread of mid-swaps + 1bp, equivalent to +19.25bps over the UST 0.125% due February 2024.

- Capitalising on the stability post the recent sell-off and investor focus in the front end, Kommuninvest announced the mandate for their first USD benchmark of 2021 on Tuesday, March 2nd at 11:20 CET. The transaction for a USD 1bn no-grow, RegS/144A, long-3-year Green bond trade was later launched at 14:00 CET with Initial Price Thoughts (“IPTs”) at MS+4bp area.
- The transaction attracted strong regional support from the outset and books opened the following morning at 8:55 CET with indications of interest (“IOIs”) in excess of USD 2.1bn (excluding JLM interest) allowing Kommuninvest to tighten spread guidance to MS+2bp area (+/- 1 WPIR).
- Momentum continued throughout the European morning with high quality and ESG demand coming in, with books reaching in excess of USD 2.5 billion by 10:15am CET. At this stage, the decision was taken to tighten and set the spread at MS+1bps.
- Global books were closed at 10:45 CET and despite a spread tightening of 3bp from IPTs, the quality remained.
- Allocations were released and the new issue was priced at 16:20 CET, setting the reoffer yield of 0.478%, translating into a reoffer price at 99.666% for the 0.375% coupon bond.
- In terms of distribution, central banks and official institutions accounted for the largest participants at 60%, followed by Fund Managers at 21%, Bank treasuries at 14% and Corporate / other at 5%. We saw diverse participation across geographies, with the Americas & Asia at 34% and EMEA taking 32%.
- The proceeds of the bond will be used towards financing eligible projects under Kommuninvest’s Green Bonds Framework including but not limited to renewable energy, energy efficiency, green buildings, clean transportation, and waste and water management

## Joint Lead Manager Quotes

“Kommuninvest has achieved an exceptional result for this new 3-year USD 1bn Green Bond benchmark. The combination of tight pricing and oversubscribed orderbook underlines Kommuninvest’s best-in-class approach to the Green Bond market. More than 60 high-quality investors participated in this successful transaction and thereby join Kommuninvest on its mission to support the mitigation of climate change. At Credit Agricole CIB, we are proud to once again support Kommuninvest on this mission” – Tanguy Claquin, Global Head of Sustainable Banking, *Credit Agricole CIB*

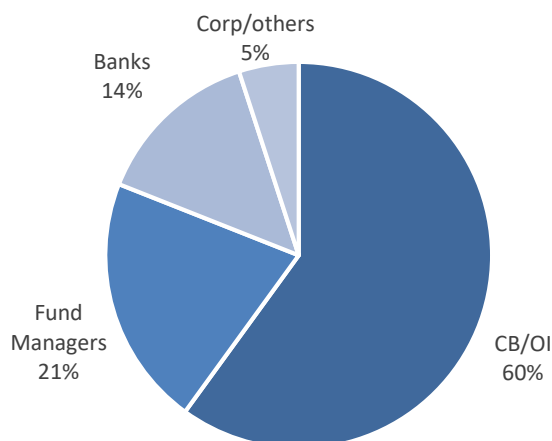
“Kommuninvest identified a favourable issuance window after a week of underlying market moves and reacted swiftly to seize the opportunity. That flexibility was rewarded with an impressive outcome, achieving the Swedish agency’s best USD 3-year benchmark pricing versus mid-swaps while garnering more than 60% of allocated CB/OI interest.” – Angelica Strolz, Executive Director, Head of ESG DCM for SSA, *J.P. Morgan*

“Yet another incredibly well timed and successful transaction for Kommuninvest. Post the recent rate volatility, investor have been looking for top names in the front end of the curve. An excellent first outing for the year and the Green framework resonated with Global investors, affording Kommuninvest the ability to tighten 3bp from initial pricing thoughts. The deal’s oversubscription and book quality are a testament to both the credit quality and ESG ratings that Kommuninvest commands” – Mark Yeomans, Managing Director, SSA Debt Capital Markets, *Nomura*

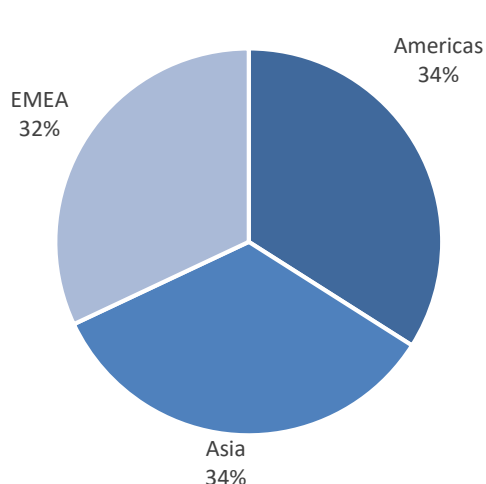
“A fantastic outcome of Kommuninvest’s first USD trade of the year which is the Issuer’s 4th Green Bond in USD currency to date. Kommuninvest now have USD 6bn equivalent of green bonds outstanding in SEK and USD which is a testament to Kommuninvest’s strong environmental commitment. I speak for the full team at SEB when I say that we are very pleased to contribute to this successful transaction.” – Karl-Johan Nystedt, Head of SSA Origination, *SEB*

## Distribution statistics

### By Investor Type



### By Geography



## Summary Terms

<b>Issuer:</b>	Kommuninvest i Sverige Aktiebolag
<b>Rating:</b>	Aaa (stb) / AAA (stb) (Moody's / S&P)
<b>Issue amount:</b>	USD 1 billion
<b>Pricing date:</b>	3 March 2021
<b>Payment Date:</b>	10 March 2021 (T+5)
<b>Maturity:</b>	19 June 2024
<b>Coupon:</b>	0.375% (semi-annual)
<b>Re-offer Price:</b>	99.666%
<b>Re-offer Yield:</b>	0.478% (semi-annual)
<b>Benchmark UST:</b>	UST 0.125% due February 2024
<b>Re-offer vs. UST:</b>	+19.25bps
<b>Denominations:</b>	USD 200,000 and increments of USD 1,000 thereof
<b>Listing:</b>	Luxembourg Stock Exchange's Regulated Market
<b>Joint-lead Managers:</b>	Credit Agricole CIB, J.P. Morgan, Nomura and SEB

## About Kommuninvest

- Kommuninvest of Sweden is a public sector owned and guaranteed credit Market Company, regulated by the Swedish Financial Supervisory Authority.
- Kommuninvest lends only to municipalities and regions, including their majority-owned companies that are members of Kommuninvest Cooperative Society. 292 out of Sweden's 310 local governments are members. All members have entered a joint and several guarantee covering all of Kommuninvest's liabilities.
- At the end of 2020, Kommuninvest's Green Loans portfolio reached SEK 74.7 bn, relating to a total of 431 investment projects in 167 Swedish municipalities and regions, of which SEK 53 bn have been disbursed. The proportion of Green Loans disbursed in relation to total lending was 12.0 per cent.
- Following today's green transaction, the 12th so far, Kommuninvest has a total of approximately SEK 51 billion outstanding in seven Green Bonds – four of which are in SEK and three in USD.
- Kommuninvest's ESG ratings are high. The rating by the ISS-ESG institute is B– (Prime), the rating from Sustainalytics is 9.1, that is "Negligible ESG risk", and the rating from MSCI is AA. The results show that Kommuninvest belongs to the group of financial institutions whose operations are considered least exposed to sustainability risks.
- Kommuninvest seeks to maintain an active role in the establishment and development of industry-wide standards for Green Bond issuance and reporting. The Green Bonds Framework adheres to the Green Bond Principles and the Green Bond Harmonized Framework for Impact Reporting. Kommuninvest is a co-writer of "Nordic Public Sector Issuers: Position Paper on Green Bonds Impact Reporting", which was updated in 2020.

## Kommuninvest Contacts

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