

KommuneKredit (Aaa/AAA)

The credit association for local and regional authorities in Denmark



ORGANIZATION

- KommuneKredit was established in 1898 by a special Act and is legally organized as a credit association under Danish law
- Membership is mandatory for any Danish municipality and region (local governments) having obtained a loan from KommuneKredit. Currently, all local governments are members, thereby representing the entire population of Denmark.
- KommuneKredit is supervised by The Ministry of Industry, Business and Financial Affairs.

DANISH LOCAL GOVERNMENTS

- Local governments are a cornerstone of the extensive Danish welfare society. The sector provides a wide range of important services such as: social security, health care, education and caring for children and the elderly.
- The most important sources of financing are income taxes and grants.
- There is a close relationship between central government and the local governments:
 1. The Ministry of Social Affairs and the Interior is closely monitoring the economy of the entire sector.
 2. Borrowing by the local governments is highly regulated and only permitted to finance capital investments.
- Danish local governments cannot be subject to insolvency proceedings.
- The fundamentals of the Danish economy are in good shape.

LIABILITY STRUCTURE

- Members of KommuneKredit are statutory directly jointly and severally liable for all KommuneKredit's obligations. As the municipalities in Denmark have an unlimited right to levy taxes on income and property, the security behind KommuneKredit constitutes the entire tax base of Denmark collected by the municipalities.
- KommuneKredit has an excellent asset quality and has not suffered any losses on loans in more than 120 years of operation.

OBJECTIVE

- KommuneKredit operates with the objective to secure cost-efficient financing for its clients. Clients are Danish municipalities, regions and other entities benefitting from a 100% local government guarantee. Cross border lending is not allowed.
- Local government borrowing in Denmark is highly regulated and at a low level. Total government debt in Denmark is among the lowest within the EU.
- The products offered are loans and financial leasing.

FUNDING - AS OF 26 MARCH 2025

- As of March 2025, KommuneKredit's funding will be provided directly by the Danish State at the State's own cost of financing. Going forward, Danmarks Nationalbank on behalf of the Danish State must provide the needed funding to KommuneKredit. This will not affect existing bonds or KommuneKredit's liability structure, which will still be backed by the joint and several liability of all Danish municipalities and regions.
- Strict risk policies are maintained by KommuneKredit to secure that the business is managed with very limited currency and interest rate exposure.

ISSUER

KommuneKredit
Store Kongensgade 72C
DK-1264 København K
www.kommunekredit.com

BUSINESS

Local government funding agency

CREDIT RATINGS

Moody's: Aaa/ A-1+ (Stable)
Standard & Poor's: AAA / P-1 (Stable)

RISK WEIGHTING AND LCR

0% risk weighting according to CRR.
HQLA Level 1 asset

FINANCIAL HIGHLIGHTS 2024

Millions	DKK	EUR
Total assets	252,498	33,82
Total loans	200,000	26,790
Equity	10,188	1,36
Profit before tax	13	1,74

CONTACTS

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