

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

- KommuneKredit carefully diversifies the funding on a range of different markets and products in order to minimize dependence on specific sources of funding.
 1. Regular issuance of benchmark transactions and public issues in other markets.
 2. Issuance of private placements and commercial papers.
 3. High flexibility in meeting demand from investors in terms of currency, maturity etc.
 4. Active EMTN and ECP programmes.
- Estimated long-term funding budget for 2023: EUR 5bn.
- Strict risk policies are maintained by KommuneKredit to secure that the business is managed with very limited currency and interest rate exposure.

ISSUER

KommuneKredit
16 Kultorvet
DK-1175 Copenhagen 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 in Denmark and in several other European countries
HQLA Level 1 asset by the Danish FSA

FINANCIAL HIGHLIGHTS 2022

Millions	DKK	EUR
Total assets	237,052	31,877
Total loans	174,974	23,529
Equity	9,766	1,313
Profit before tax	991	133

MACRO ECONOMICS 2022

%	DK	EU-27
Real GDP growth	3.8	3.5
Consumer prices	8.5	9.2
LFS Unemployment	4.5	6.2
Govt. Budget Balance as % of GDP	3.3	-3.4
EMU Debt as % of GDP	30.1	84.0

Source: Eurostat, Statistics Denmark

CONTACTS

Ms. Jette Moldrup
Director, Head of
Treasury & Sustainability
+45 33 69 76 17
JEM@kommunekredit.dk

Mr. Daniel Aagaard Pedersen
+45 33 69 76 70
DAP@kommunekredit.dk

Ms. Louise Gregersen
+45 33 69 76 07
LGR@kommunekredit.dk

Ms. Louise Rosentoft
+45 33 69 76 81
LRO@kommunekredit.dk