



## Issuer Guide 2024 – Scandinavian Agencies (Nordics)

NORD/LB Floor Research

June 2024

Marketing communication (see disclaimer on the last pages)

**NORD/LB**

**ISSUER GUIDE 2024**

**Scandinavian Agencies**

**(Nordics)**

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**Assisted by**  
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[RESP NRDR <GO>](#)

## The Nordic agency market – an overview

Authors: Dr Norman Rudschuck, CIAA // Christian Ilchmann // Lukas-Finn Frese // assisted by Maike Maas

### Banks for regional authorities dominate the Nordic agency market

With outstanding bonds totalling the equivalent of EUR 218.0bn, split across a total of 1,326 bonds issued by the six agencies covered in this Issuer Guide, the Scandinavian (or Nordic) agency market is medium sized in a European comparison. The players within this market are very similar in many respects. Institutions whose mission is to finance local authorities play a particularly key role. Kommunalbanken (KBN) from Norway, Kommuninvest i Sverige from Sweden, Denmark's KommuneKredit and the Finnish organisation Municipality Finance (MuniFin) account for a large portion of the bonds issued by Nordic agencies that are currently in circulation. Given that they lend to municipalities, municipal associations, regions and public sector companies, there is a constant funding requirement that is largely covered through capital market activities. As measured in terms of total assets at year-end 2023, the largest Nordic agency is the Finnish municipal financier MuniFin, while Sweden's Kommuninvest i Sverige is the second largest institution. In addition to municipal financiers, other institutions tasked with handling export financing in their respective countries are also active. For example, the mandate of Svensk Exportkredit (SEK) is based on managing the state export financing scheme in Sweden. In this case, too, specialised lending leads to a funding requirement that is heavily influenced by the demand for export credit and, consequently, by growth in the Swedish export industry. The Finnish agency Finnvera, which is involved in financing small and medium sized enterprises (SMEs) in Finland in addition to export development activities, has a similar mandate. It became active in the EUR benchmark segment for the first time in 2014 and has been gradually building up a benchmark curve in EUR since then.

### Varying risk weights in accordance with [CRR/Basel III](#)

Four Nordic agencies exhibit forms of an explicit guarantee, enabling a risk weight of 0% based on the standard approach of CRR/Basel III. Although KBN has an implicit maintenance obligation in place through a Letter of Support, in this case it is only possible for a risk weight of 20% to be assigned. Since SEK does not have any kind of guarantee or liability mechanism, a risk weight of 20% is only possible based on the standard approach.

### Nordic agencies – an overview

Institution	Type	Owner(s)	Guarantee	Risk weighting
Kommunalbanken (KBN; Norway)	Municipal bank	100% Norway	Maintenance obligation	20%
Svensk Exportkredit (SEK; Sweden)	Export financier	100% Sweden	-	20%
Kommuninvest i Sverige (Sweden)	Municipal bank	100% Kommuninvest Cooperative Society	Joint and several guarantee	0%
Municipality Finance (MuniFin; Finland)	Municipal bank	53% municipalities, municipal associations and companies in municipality ownership; 31% municipal pension institutions; 16% Finland	Joint and several guarantee	0%
KommuneKredit (Denmark)	Municipal bank	100% all Danish municipalities and regions	Joint and several guarantee	0%
Finnvera (Finland)	Export financier	100% Finland	Explicit guarantee	0%

Source: Issuers, NORD/LB Floor Research

**Joint and several liability**

Local authorities bear joint and several liability for three of the four municipal financiers (Kommuninvest, KommuneKredit, MuniFin). This means that each individual local authority must assume responsibility for all of the liabilities of the respective municipal bank. If a liability event occurs, the creditors may demand performance or satisfaction of the claim from the entirety of the guarantors. The guarantors are obliged to service the overall claim even if one of the guarantors is unable to make the necessary payments. The respective liability quotas of the local authorities result from internal regulations in the internal relationship, although in the external relationship there is always an entitlement to full satisfaction of the claims.

**Maintenance obligation**

A maintenance obligation exists for Norway's KBN, which requires the Norwegian state to provide KBN with the funding necessary for its functioning through a Letter of Support. The state therefore has a duty to ensure that KBN's finances are managed in such a way that proper business operations are maintained and KBN's liabilities are serviced. The maintenance obligation therefore requires the guarantor to ensure solvency. De facto, this arrangement with the Norwegian state corresponds to an implicit (liquidity) guarantee.

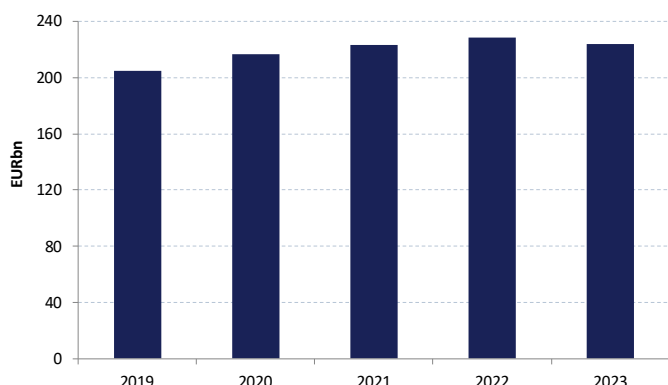
**Nordic regional authorities: Extremely high levels of creditworthiness**

Most credit risks of Nordic agencies are accounted for by regional and local authorities (sub-sovereigns) in the respective home countries. The degree of decentralisation in handling public expenditure is very high in Nordic states. Sub-sovereigns such as municipalities, municipal associations, administrative districts and regions are responsible for planning the majority of public sector expenditure. The need for funding is accordingly high. Nordic sub-sovereigns obtain a significant proportion of their revenues by levying income taxes.

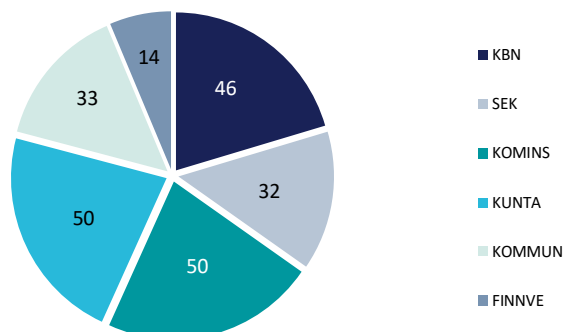
**Strong state links and exclusion from insolvency law**

Nevertheless, the links to central government are also very high. Municipal banks were established in the four Nordic countries to finance general budget expenditure or projects. The mission of these banks is to finance regional and local authorities and the companies with which they are associated. In Denmark, Finland, Norway and Sweden, municipal banks are the biggest financiers of the public sector. With the exception of KBN in Norway, the liabilities of the municipal banks are guaranteed by municipalities, municipal associations, regions or administrative districts. Regional and local authorities are exempted from insolvency laws in all four Nordic states, while at the same time they are also authorised to collect income taxes. As a result, these institutions not only exhibit high levels of revenue, but are simultaneously protected by law from the effects of any solvency difficulties.

**Balance sheet growth of Nordic agencies**



**Comparison of balance sheet totals 2023 (EURbn)**

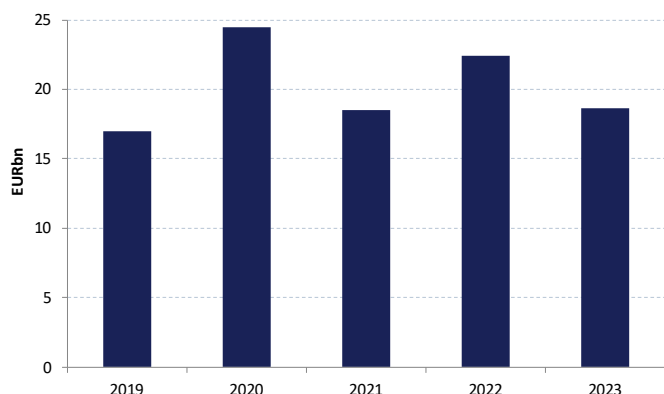


NB: Balance sheet data in foreign currencies in some instances. Converted at average exchange rates for the year.  
Source: Issuers, NORD/LB Floor Research

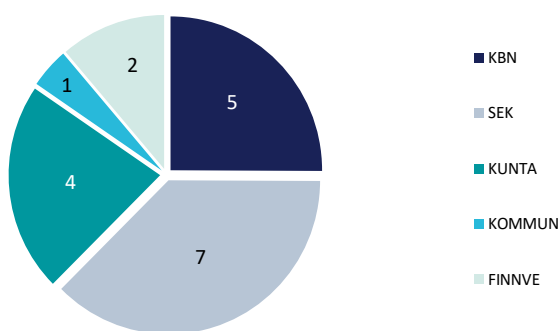
**Decline in total assets and volume of new commitments**

The aggregated total assets of the Nordic agencies included in this Issuer Guide have displayed steady growth since 2017. After the aggregated value last declined in 2017, there has been significant growth in assets since then. In 2023, the aggregated balance sheet total declined for the first time since this period of growth by (following conversion into EUR equivalents) EUR -4.5bn to EUR 223.8bn. However, the largest growth was recorded by MuniFin and Finnvera. After conversion into euros, the total assets of MuniFin rose by EUR +2.0bn (+4.2% Y/Y), which represents the strongest growth overall. This is followed by the total assets of Finnvera, which increased by EUR +1.7bn (+13.2% Y/Y). The Danish municipal bank KommuneKredit also recorded a balance sheet growth of EUR +0.7bn (+2.2% Y/Y). The sharpest decline in total assets in the last year was attributable to the Swedish export financier SEK, at EUR -3.4bn (-9.7% Y/Y), while Norway’s KBN recorded a reduction of EUR -3.0bn (-6.2% Y/Y). Assets at its Swedish counterpart Kommuninvest i Sverige also declined in the financial year under review by EUR -2.5bn (-4.7% Y/Y). As a result, in 2023, MuniFin became the largest Nordic agency as measured by total assets. Having grown in the previous year, the aggregated volume of new commitments declined again in financial year 2023 to a total of EUR 18.7bn. This equates to a reduction of -16.5% Y/Y. Of particular note in this regard is that the volume of new commitments at SEK practically halved in comparison with the prior year. Again, Kommuninvest has not provided any data on the volume of its new commitments.

**New commitments of Nordic agencies\***

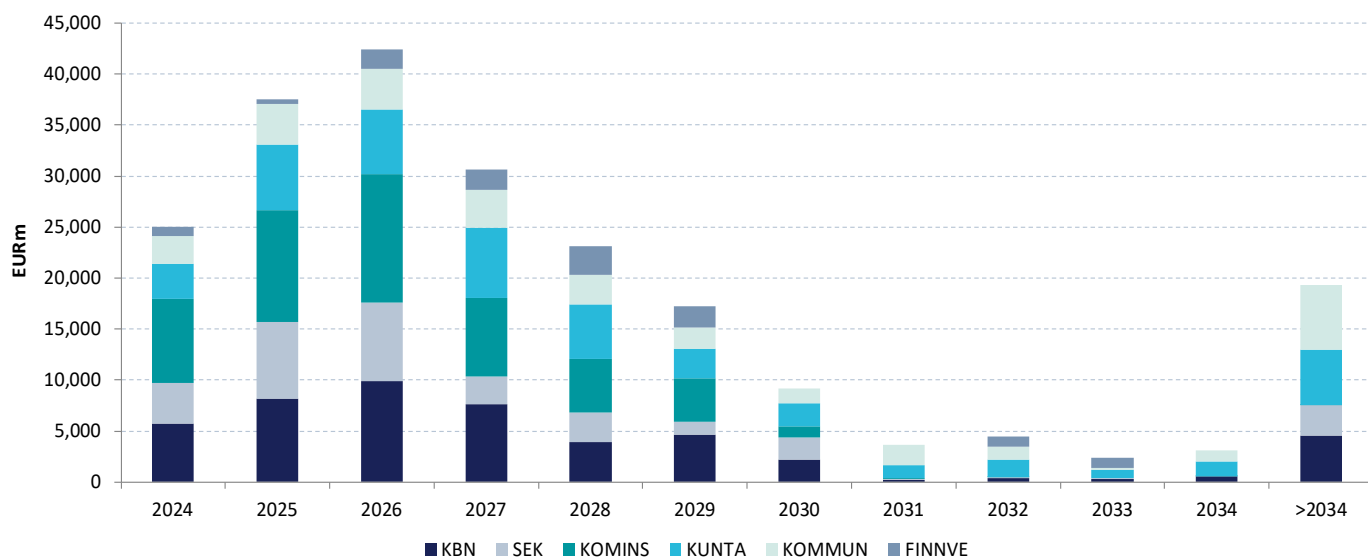


**Comparison of new commitments 2023 (EURbn)\***

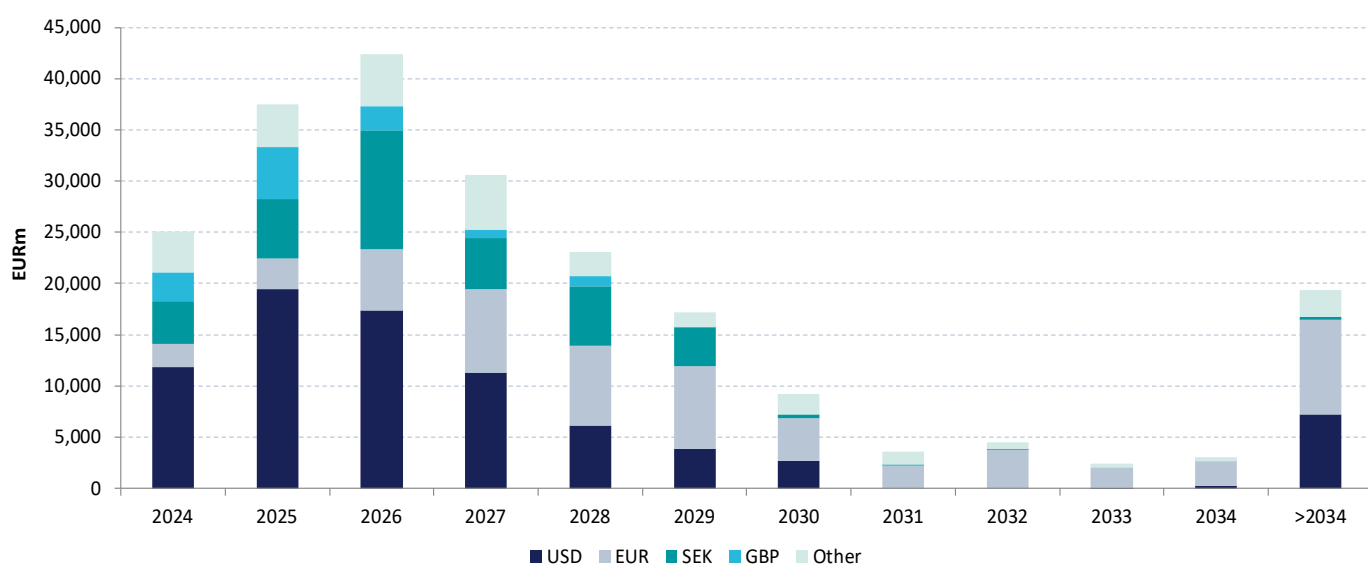


\*Excluding Kommuninvest. NB: Balance sheet data in foreign currencies in some instances. Converted at average exchange rates for the year.  
Source: Issuers, NORD/LB Floor Research

**Nordic agencies: Outstanding bonds by issuer**



**Nordic agencies: Outstanding bonds by currency**



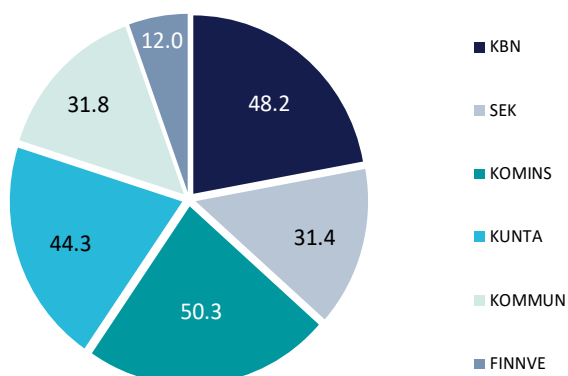
NB: Foreign currencies are converted into EUR at rates as at 10 June 2024.

Source: Bloomberg, NORD/LB Floor Research

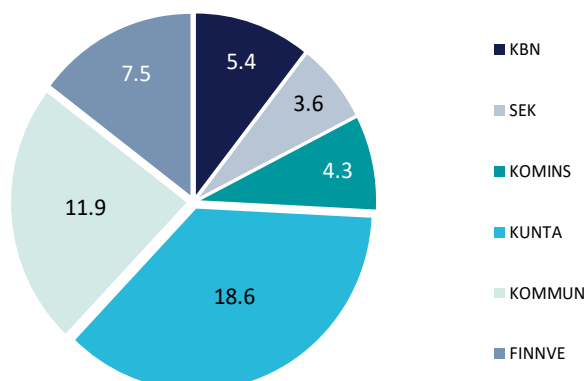
**Very broad supply of FX bonds**

The outstanding bonds issued by Nordic agencies are largely denominated in foreign currencies, with a particular focus in this regard on the USD. A total of 21 different foreign currencies are used for funding purposes by the six agencies covered in this publication. However, the EUR is of relatively minor importance in this respect: 73.0% of the outstanding volume is not denominated in the European single currency. In terms of the maturity structure, large sums are set to fall due within the next couple of years in particular. As such, we anticipate an increasing refinancing requirement on the part of Nordic agencies over the next few years.

## Outstanding bond volumes (EURbn)



## Outstanding EUR benchmarks (EURbn)



NB: Benchmarks are defined as bonds with a minimum volume of EUR 0.5bn. Foreign currencies converted into EUR at rates as at 10 June 2024.  
Source: Bloomberg, NORD/LB Floor Research

## Nordic agencies – an overview (EURbn/EUR equivalent)

Name	Ticker	Rating (Fitch/Moody's/S&P)	Outstanding Volume	Of which in EUR volume	Funding target 2024	Maturities 2024	Net Supply 2024	Number of ESG bonds	ESG volume
KBN	KBN	-/Aaa/AAA	48.2	6.0	8.6	7.4	1.2	15	4.6
SEK	SEK	-/Aa1/AA+	31.4	5.0	11.3	6.9	4.4	13	2.7
Kommuninvest	KOMINS	-/Aaa/AAA	50.3	4.3	12.7	13.4	-0.7	11	7.5
MuniFin	KUNTA	-/Aa1/AA+	44.3	22.7	9.5	6.9	2.6	10	4.7
KommuneKredit	KOMMUN	-/Aaa/AAA	31.8	13.3	5.0	4.0	1.0	8	3.8
Finnvera	FINNVE	AA+/Aa1/-	12.0	7.5	1.5	0.9	0.6	0	0.0
<b>Total</b>			<b>218.0</b>	<b>58.8</b>	<b>48.6</b>	<b>39.5</b>	<b>9.1</b>	<b>57</b>	<b>23.3</b>

NB: Foreign currencies are converted into EUR at rates as at 10 June 2024.

On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.

Source: Bloomberg, issuers, NORD/LB Floor Research

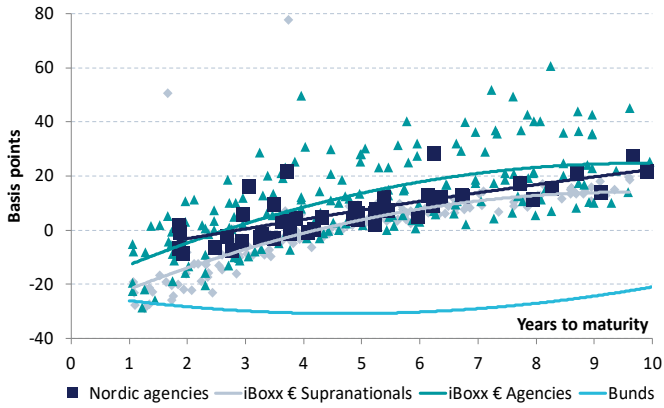
## Comment

The Nordic agency market is a significant player when compared with other European markets, especially with regard to foreign currency bonds. New issues are also at a high level, producing a broad supply in a range of foreign currencies. However, the EUR supply is relatively constrained. Looking towards the ESG segment, with the exception of Finnvera, all of the agencies covered in this publication are active issuers in this area, with a distinct focus on the sub-categories of green and social. We would expect state support to be forthcoming in the event that any of the institutes covered in this Issuer Guide were to encounter financial difficulties. Theoretically speaking, the importance of the respective institutions for their owners or states is too great for them not to step in should this ever be required. It should be noted that since no explicit guarantees are in place, KBN and SEK bonds are assigned a risk weight of 20% under CRR/Basel III. The Nordic agencies also differ considerably in terms of their refinancing targets for 2024. At the equivalent of EUR 12.7bn and EUR 11.3bn respectively, the Swedish issuers Kommuninvest and SEK have the greatest funding requirements for 2024. At the same time, Kommuninvest must also contend with the highest volume of maturities among the Nordic agencies at EUR 13.4bn. Meanwhile, Norway's municipal financier KBN intends to raise fresh capital of EUR 8.6bn this year, while its Danish counterpart KommuneKredit has planned for a volume of EUR 5.0bn. Finally, the Finnish issuers MuniFin and Finnvera have announced funding targets of EUR 9.5bn and EUR 1.5bn respectively for the current year.

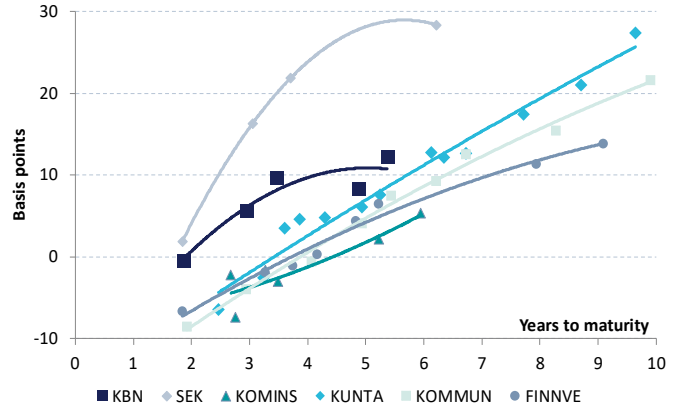


## Nordics A comparison of spreads

Nordic agencies vs. iBoxx € Indices & Bunds



Nordic agencies – a comparison

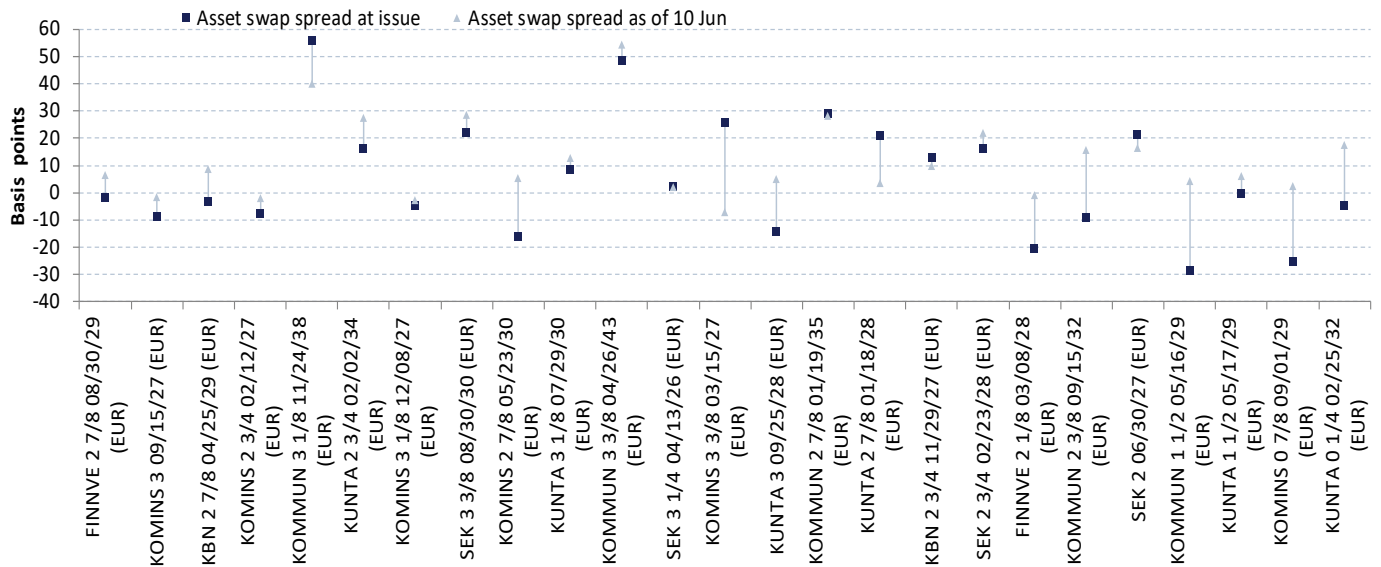


Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.

Source: Bloomberg, Markit, NORD/LB Floor Research

## Nordics Primary market activities – an overview

Development of fixed income benchmark issues 2022-2024



NB: Benchmarks are defined as bonds with a minimum volume of EUR 0.5bn or USD 1.0bn.

Source: Bloomberg, NORD/LB Floor Research



## Kommunalbanken (KBN)

KBN was formed in 1999 from Norges Kommunalbank, which had been established in 1926. Its mission is to provide low-cost financing to regional and local authorities in Norway. As a result, KBN’s business activities are strictly regulated: Loans may only be granted to municipalities and administrative districts, while explicit guarantees are required for financing inter-municipality companies. Although its mandate includes raising the level of competition in this market segment, KBN is already the largest competitor in this market with a share of 51.1%. The quality of KBN’s loan portfolio is extremely high: Since 1927, the year in which operations commenced at its predecessor institution, each and every loan has been repaid. In other words, not a single credit default has ever been recorded to date. KBN trades as an Aksjeselskap (AS), which is comparable to the German AG (Aktiengesellschaft) or a UK plc (public limited company). The bank’s future goals revolve in particular around further expanding its involvement in the area of sustainability and green finance, in addition to municipal sustainability projects. As at the reporting date in 2023, a total of just under USD 5.3bn in green loans is outstanding within the framework of this strategy. In this context, financing activities are conducted on the basis of [green bonds](#) in various currencies, among other aspects. KBN was one of the first European issuers to place a green bond in USD. The proceeds from the green bonds are being invested in the categories of buildings, renewable energy, transport, climate change adaptation, waste and the circular economy, water and wastewater management and land use. Although there is no state liability for KBN, the Norwegian government formulates its support for the municipal bank through a Letter of Support: The state therefore has a duty to ensure that KBN’s finances are managed in such a way that proper business operations are maintained and that servicing of KBN’s liabilities can be guaranteed (maintenance obligation).

### General information

[Homepage](#)

[Investor Relations](#)

#### Owner(s)

100% Norway

#### Guarantor(s)

Norway (implicit)

#### Liability mechanism

Maintenance obligation

#### Legal form

Aksjeselskap (AS)

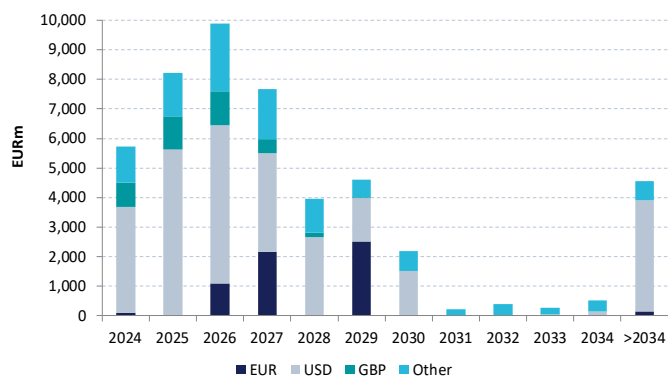
#### Bloomberg ticker

KBN

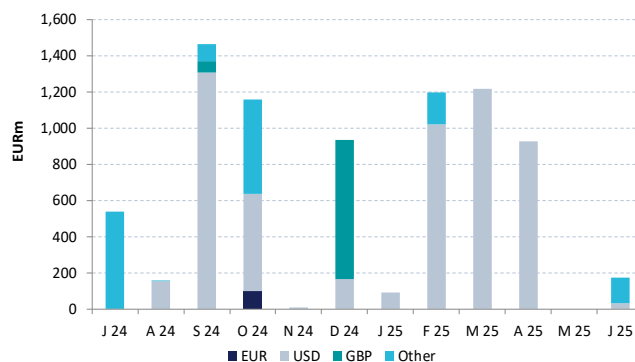
#### Ratings

	Long-term	Outlook
Fitch	-	-
Moody's	Aaa	stab
S&P	AAA	stab

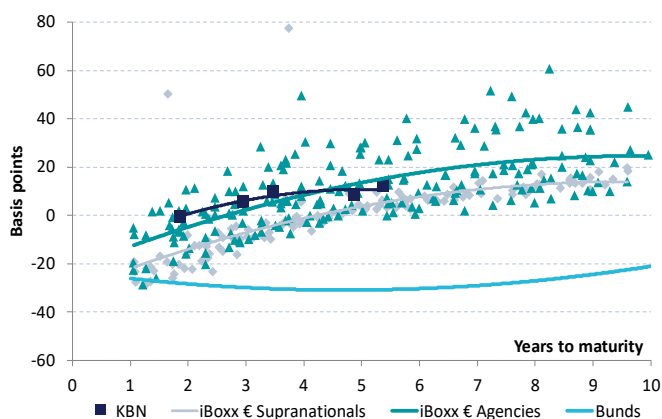
### Maturity profile by currency



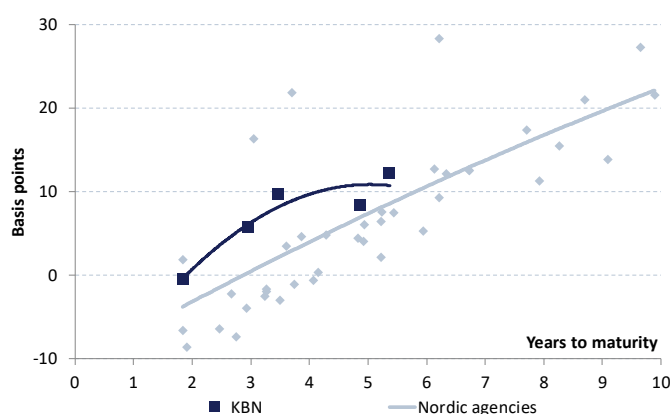
### Bond amounts maturing in the next 12 months



### KBN vs. iBoxx € Indices & Bunds



### KBN vs. Nordic agencies



NB: Foreign currencies converted into EUR at rates as at 10 June 2024; Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn. Source: Bloomberg, Markit, NORD/LB Floor Research

### Regulatory details

<b>Risk weighting according to CRR/Basel III (standard approach)</b>	<b>Liquidity category according to Liquidity Coverage Ratio (LCR)</b>	<b>Haircut category according to ECB repo rules</b>	<b>Leverage ratio / BRRD</b>
20%	Level 2A	IV	Relevant; in our opinion, implicit guarantee prevents use of a bail-in

### Relative value

Attractiveness vs. Bunds (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Public Banks
31	42	45	0	8	12	0.2%	0.8%

### Funding & ESG (EURbn/EUR equivalent)

<b>Target 2024</b>	<b>Maturities 2024</b>	<b>Net Supply 2024</b>	<b>Funding instruments</b>	<b>Central bank access</b>	<b>No. of ESG bonds</b>	<b>ESG volume</b>
8.6	7.4	1.2	Benchmarks, ESG bonds, other public bonds, PP, CP	-	15	4.6

### Outstanding volume (EURbn/EUR equivalent)

<b>Total</b>	<b>of which in EUR</b>	<b>No. of EUR benchmarks**</b>	<b>of which in USD</b>	<b>No. of USD benchmarks**</b>	<b>of which in other currencies</b>
48.2	6.0	5	27.5	17	14.7

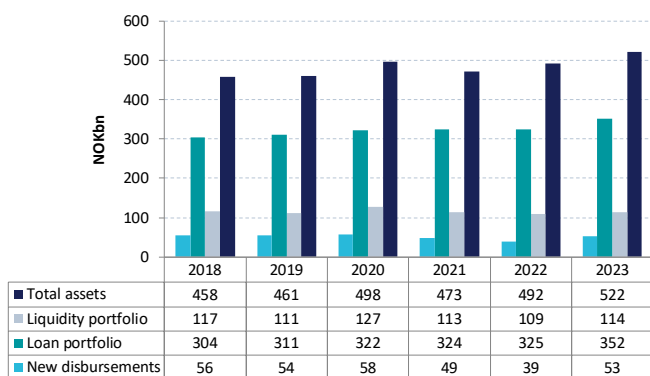
\* Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn.

\*\* Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies converted into EUR at rates as at 10 June 2024.

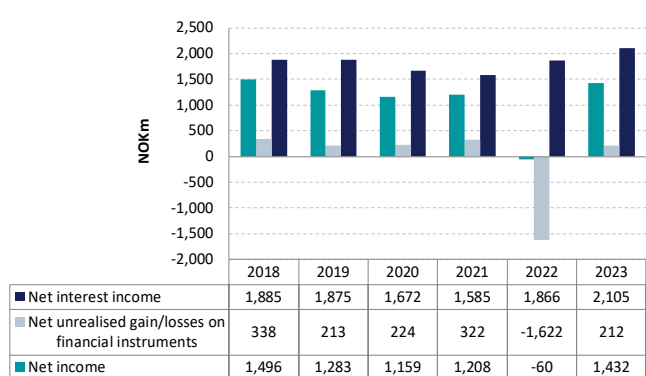
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.

Source: Bloomberg, issuer, NORD/LB Floor Research

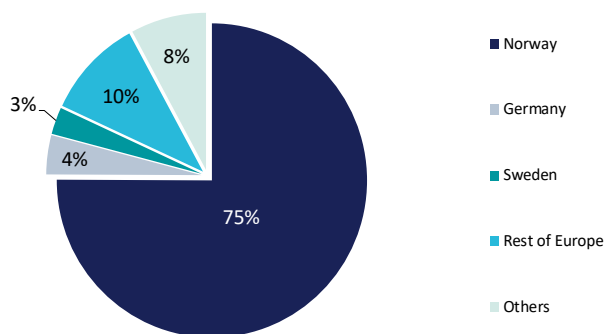
### Balance sheet development



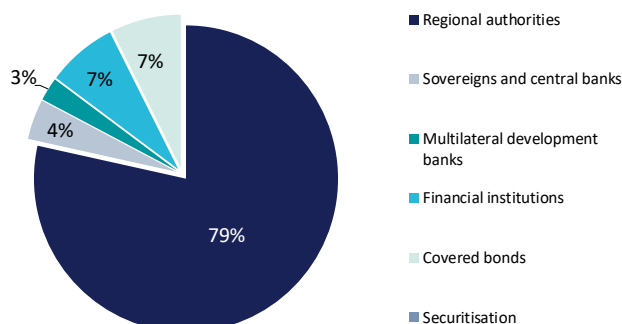
### Earnings development



### Exposure by country



### Exposure by counterparty



Source: Issuer, NORD/LB Floor Research

### Strengths/Chances

- + High likelihood of state support through Letter of Support
- + Quality of the liquidity portfolio due to investments in low-risk asset classes with short terms
- + No credit defaults in more than 95 years

### Weaknesses/Risks

- No explicit guarantee
- No central bank access
- Low leverage ratio in peer comparison

# SEK **Svensk Exportkredit (SEK)**

Svensk Exportkredit AB (SEK) was formed in 1962 by the Swedish government and Swedish commercial banks as a response to a sharp rise in demand for banking services, especially related to export finance. In order to boost its export promotion, Sweden implemented a state-backed loans system (SEK System) in 1978, through which SEK has been exclusively authorised to grant state-subsidised loans in a kind of monopoly position. In addition to managing the SEK System, SEK also offers export finance for example, with the range of services also including trade and project financing. SEK's lending activities are heavily based on guarantees from export credit agencies such as Euler Hermes and Coface. Accordingly, the quality of the loan portfolio is very high. SEK is hugely important due to Sweden's elevated export ratio and its monopoly status in the granting of low-interest loans. In 2023, Sweden exported goods worth USD 198bn. The significance of SEK for Swedish export policy could also be seen at the end of 2008, when the government implemented a capital increase (approximately SEK 3bn, or EUR 311.5m) to further support export financing in the midst of the global financial crisis. The Swedish state holds 100% of the shares in SEK. The export financier is active in the area of sustainability, having issued ESG bonds under its own [Sustainability Bond Framework](#) since 2020. This can also be linked back to the role of the Swedish state and its climate policy. Due to SEK's close links with the state, in particular through its monopoly position in the SEK System, combined with the immense importance of SEK for the export sector, we assume a high probability of support from the Swedish government in the (unlikely) event that the export financier ended up facing a payments crisis. SEK operates in the legal form of an Aktiebolag (AB), which is comparable to the German AG (Aktiengesellschaft) or a UK plc (public limited company).

**General information**

- [Homepage](#)
- [Investor Relations](#)

**Owner(s)**  
100% Sweden

**Guarantor(s)**  
-

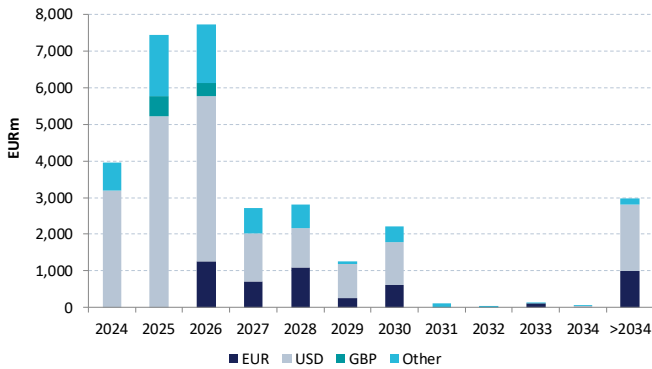
**Liability mechanism**  
-

**Legal form**  
Aktiebolag (AB)

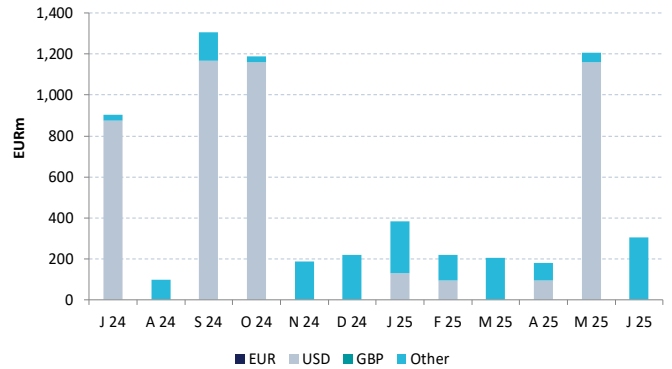
**Bloomberg ticker**  
SEK

Ratings	Long-term	Outlook
<b>Fitch</b>	-	-
<b>Moody's</b>	Aa1	stab
<b>S&amp;P</b>	AA+	stab

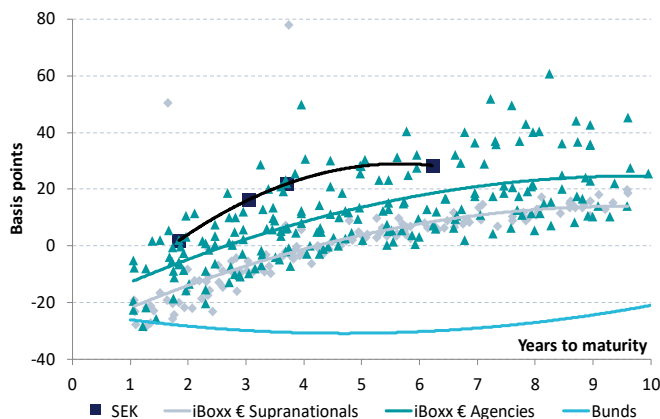
**Maturity profile by currency**



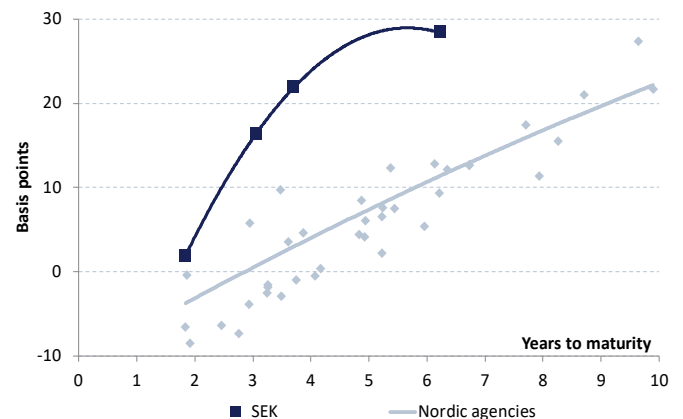
**Bond amounts maturing in the next 12 months**



**SEK vs. iBoxx € Indices & Bunds**



**SEK vs. Nordic agencies**



NB: Foreign currencies converted into EUR at rates as at 10 June 2024; Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn. Source: Bloomberg, Markit, NORD/LB Floor Research

### Regulatory details

<b>Risk weighting according to CRR/Basel III (standard approach)</b> 20%	<b>Liquidity category according to Liquidity Coverage Ratio (LCR)</b> Level 2A	<b>Haircut category according to ECB repo rules</b> IV	<b>Leverage ratio / BRRD</b> Possible
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### Relative value

Attractiveness vs. Bunds (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
34	55	59	5	20	30	0.1%	0.4%

### Funding & ESG (EURbn/EUR equivalent)

<b>Target 2024</b> 11.3	<b>Maturities 2024</b> 6.9	<b>Net Supply 2024</b> 4.4	<b>Funding instruments</b> Benchmarks, ESG bonds, other public bonds, PP, CP	<b>Central bank access</b> -	<b>No. of ESG bonds</b> 13	<b>ESG volume</b> 2.7
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### Outstanding volume (EURbn/EUR equivalent)

<b>Total</b> 31.4	<b>of which in EUR</b> 5.0	<b>No. of EUR benchmarks**</b> 4	<b>of which in USD</b> 19.3	<b>No. of USD benchmarks**</b> 13	<b>of which in other currencies</b> 7.1
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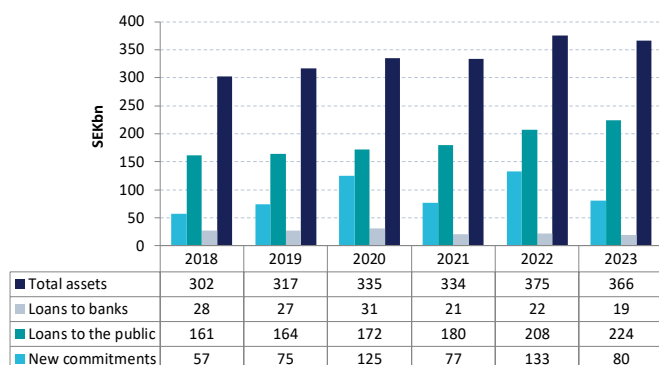
\* Residual term to maturity >1 year and <10 years; outstanding volume of USD 1.0bn.

\*\* Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies converted into EUR at rates as at 10 June 2024.

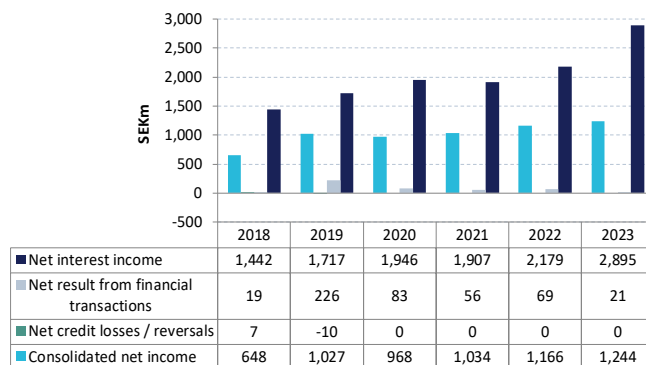
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.

Source: Bloomberg, issuer, NORD/LB Floor Research

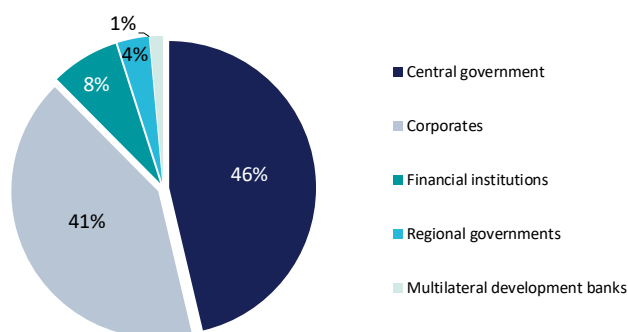
### Balance sheet development



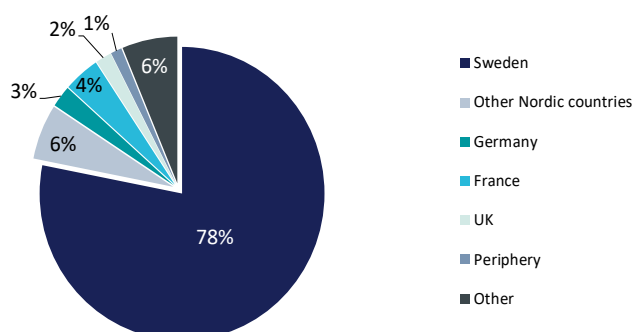
### Earnings development



### Net exposure by counterparties



### Net exposure by country/region



Source: Issuer, NORD/LB Floor Research

### Strengths/Chances

- + Return on equity has been rising since 2020
- + High quality of the loan portfolio, often supported by guarantees

### Weaknesses/Risks

- No explicit guarantee
- No central bank access



## Kommuninvest i Sverige

Kommuninvest i Sverige AB was established in 1986 as a subsidiary of the Kommuninvest Cooperative Society (KCS). Its mission is to provide low-cost financing to KCS members, which are exclusively regional and local governments in Sweden. Overall, 280 of the 290 municipalities (97%) and 15 of the 20 administrative districts (75%) are now members of the KCS. Kommuninvest offers these municipalities and administrative districts debt management services, which includes the provision of long-term financing and short-term liquidity. The quality of Kommuninvest's loan portfolio is extremely high: Swedish regional and local governments are exempted from insolvency by law. A default on a loan has never occurred in this sector. From a constitutional viewpoint, the status of regional and local governments is comparable with that of the central government, since both are authorised to levy taxes. Additionally, the subordinate regional authorities are heavily regulated: By law, they are required to conduct solid financial management, with a balanced budget also being mandatory. For example, any deficits that are incurred must be settled within three years. If the central government transfers additional duties to regional or local governments, it must provide sufficient financial resources in order to neutralise the cost effect arising from the transfer of duties. There is also a financial equalisation system that seeks to balance out revenues and expenditure on an annual basis. Kommuninvest, which is solely owned by KCS, trades in the legal form of an Aktiebolag (AB). This is comparable with the German AG (Aktiengesellschaft) or the UK's plc (public limited company). All KCS members guarantee the liabilities of Kommuninvest on a joint and several basis. Since 2017, Kommuninvest has also been a regular issuer of [green bonds](#) in benchmark format: As at year-end 2023, issuances of this kind accounted for a share of 14% of Kommuninvest's funding portfolio, making the municipal bank the largest issuer of green bonds in Sweden. In the future, Kommuninvest is also planning to issue social bonds.

### General information

- [Homepage](#)
- [Investor Relations](#)

### Owner(s)

100% Kommuninvest Cooperative Society (KCS)

### Guarantor(s)

Members of the KCS

### Liability mechanism

Joint and several guarantee

### Legal form

Aktiebolag (AB)

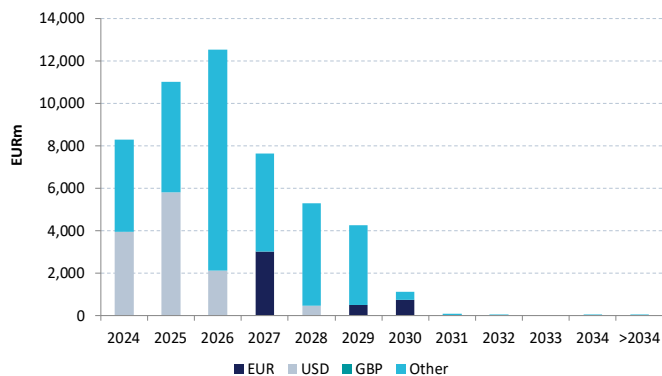
### Bloomberg ticker

KOMINS

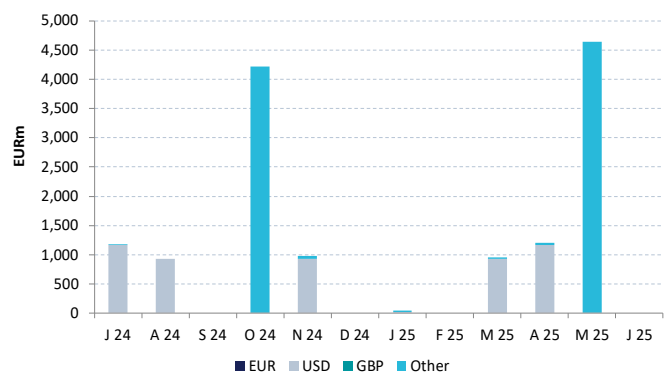
### Ratings

	Long-term	Outlook
Fitch	-	-
Moody's	Aaa	stab
S&P	AAA	stab

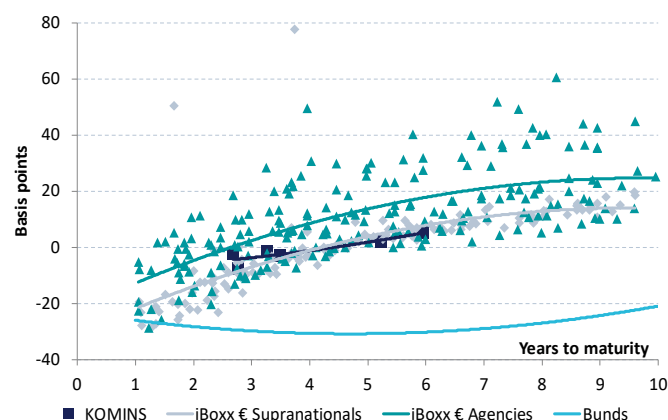
### Maturity profile by currency



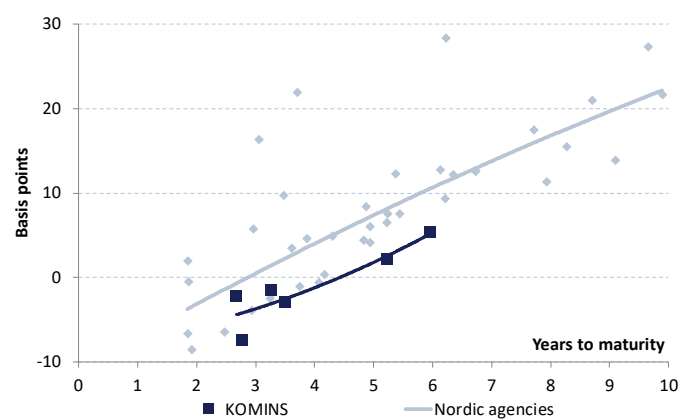
### Bond amounts maturing in the next 12 months



### KOMINS vs. iBoxx € Indices & Bunds



### KOMINS vs. Nordic agencies



NB: Foreign currencies converted into EUR at rates as at 10 June 2024; Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn. Source: Bloomberg, Markit, NORD/LB Floor Research

### Regulatory details

<b>Risk weighting according to CRR/Basel III (standard approach)</b>	<b>Liquidity category according to Liquidity Coverage Ratio (LCR)</b>	<b>Haircut category according to ECB repo rules</b>	<b>Leverage ratio / BRRD</b>
0%	Level 1	IV	Relevant; in our opinion, explicit guarantee prevents use of a bail-in

### Relative value

Attractiveness vs. Bunds (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
30	33	36	-6	-2	6	0.0%	0.0%

### Funding & ESG (EURbn/EUR equivalent)

<b>Target 2024</b>	<b>Maturities 2024</b>	<b>Net Supply 2024</b>	<b>Funding instruments</b>	<b>Central bank access</b>	<b>No. of ESG bonds</b>	<b>ESG volume</b>
12.7	13.4	-0.7	Benchmarks, ESG bonds, other public bonds, PP, CP	Riksbank	11	7.5

### Outstanding volume (EURbn/EUR equivalent)

<b>Total</b>	<b>of which in EUR</b>	<b>No. of EUR benchmarks**</b>	<b>of which in USD</b>	<b>No. of USD benchmarks**</b>	<b>of which in other currencies</b>
50.3	4.3	6	12.4	12	33.7

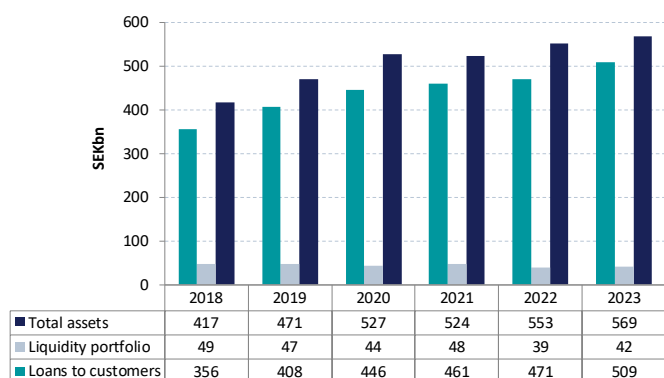
\* Residual term to maturity >1 year and <10 years; outstanding volume of USD 1.0bn.

\*\* Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies converted into EUR at rates as at 10 June 2024.

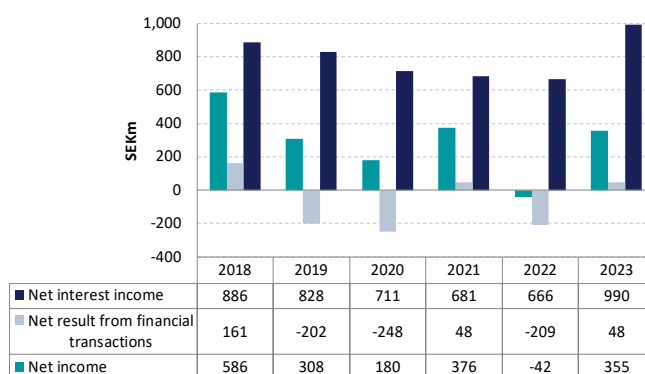
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.

Source: Bloomberg, issuer, NORD/LB Floor Research

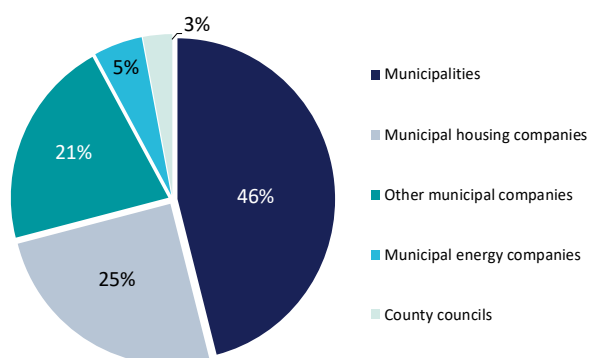
### Balance sheet development



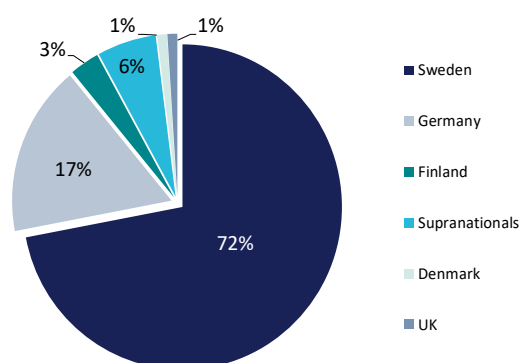
### Earnings development



### Lending business by sector



### Breakdown of liquidity portfolio by country



Source: Issuer, NORD/LB Floor Research

### Strengths/Chances

- + Explicit guarantee through joint and several liability mechanism
- + Loan portfolio of very high quality
- + Central bank access

### Weaknesses/Risks

- Not recognised as an agency by the ECB
- Low diversification of the liquidity portfolio

# MuniFin

## Municipality Finance (MuniFin)

Formed in 2001 from the merger of Municipality Finance and Municipality Housing Finance, the mandate of Municipality Finance (MuniFin; Kuntarahoitus Oyj) is to provide public sector financing in Finland. Specifically, MuniFin exclusively finances local authorities and public sector housing developers, with the portfolio rounded off by long-term municipal financing, loans for public housing projects and leasing services. Loans are granted either directly to municipalities or companies for which, in turn, Finnish municipalities or regions act as guarantors. There has never been a case where a Finnish local or regional government has been unable to repay a loan as required. In addition, Finnish sub-sovereigns are exempt from insolvency law. The Finnish central government accepts explicit liability for loans to public-sector housing construction companies. The quality of MuniFin’s loan portfolio is accordingly very high. MuniFin trades in the legal form known as “Oyj” in Finnish, which is comparable to the German AG or a UK plc. According to its Articles of Association, only institutions from the public sector are eligible to hold shares in MuniFin. In 2009, the Finnish state invested in MuniFin via a capital increase and holds a stake of 16% to this day, which serves to underline the major importance of the municipal bank for the public sector. The Municipal Guarantee Board (MGB), to which all Finnish municipalities belong aside from the autonomous province of Åland, guarantees MuniFin’s liabilities on a joint and several basis. Since 2023, the newly founded Wellbeing Service Counties have also been in operation. The most important changes to the Finnish public sector include transferring the responsibilities for overseeing social security, healthcare and emergency services from the municipalities to the Wellbeing Service Counties. MuniFin is active on the capital market as an issuer of [green](#) and [social bonds](#), whereby it pursued a strategy of issuing one fresh bond per year in the respective format.

### General information

- [Homepage](#)
- [Investor Relations](#)

### Owner(s)

53% municipalities, municipal associations and companies in municipality ownership;  
31% municipal pension institutions;  
16% Finland

### Guarantor(s)

Members of the MGB

### Liability mechanism

Joint and several guarantee

### Legal form

Julkinen Osakeyhtiö (Oyj)

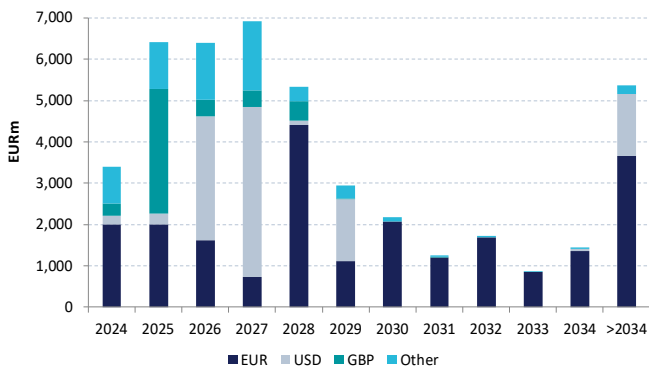
### Bloomberg-Ticker

KUNTA

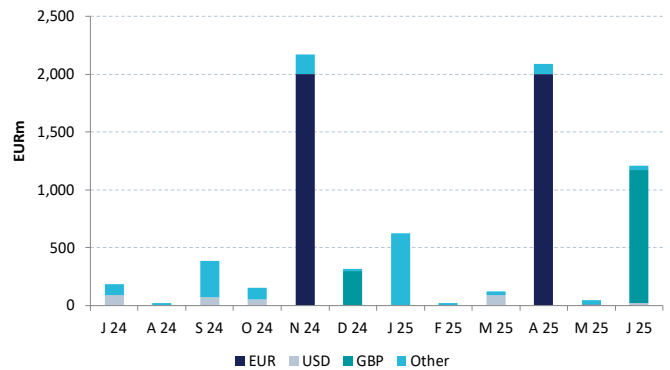
### Ratings

	Long-term	Outlook
Fitch	-	-
Moody's	Aa1	stab
S&P	AA+	stab

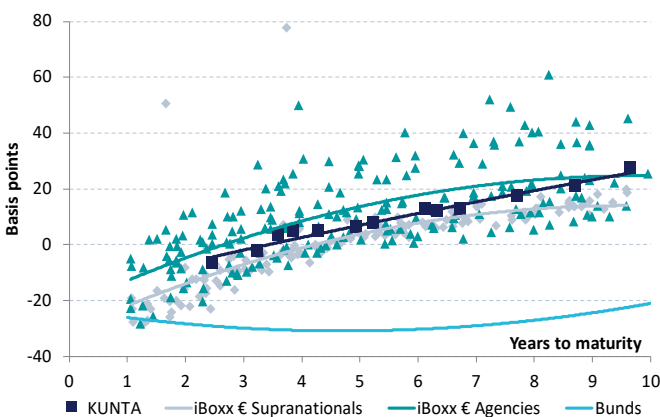
### Maturity profile by currency



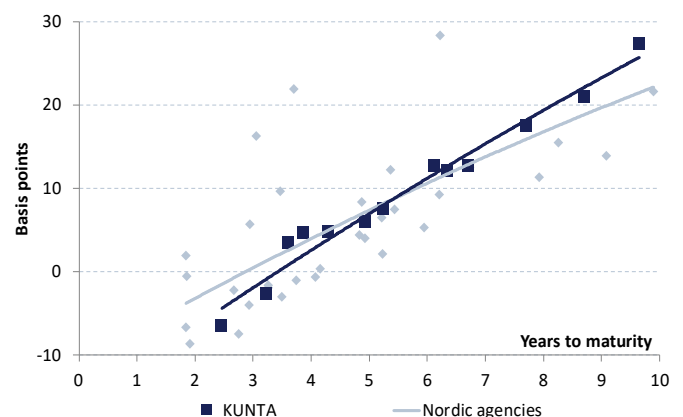
### Bond amounts maturing in the next 12 months



### KUNTA vs. iBoxx € Indices & Bunds



### KUNTA vs. Nordic agencies



NB: Foreign currencies converted into EUR at rates as at 10 June 2024; Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn. Source: Bloomberg, Markit, NORD/LB Floor Research



### Regulatory details

<b>Risk weighting according to CRR/Basel III (standard approach)</b>	<b>Liquidity category according to Liquidity Coverage Ratio (LCR)</b>	<b>Haircut category according to ECB repo rules</b>	<b>Leverage ratio / BRRD</b>
0%	Level 1	II	Relevant; in our opinion, explicit guarantee prevents use of a bail-in

### Relative value

Attractiveness vs. Bunds (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
26	39	54	-6	8	27	0.7%	2.4%

### Funding & ESG (EURbn/EUR equivalent)

<b>Target 2024</b>	<b>Maturities 2024</b>	<b>Net Supply 2024</b>	<b>Funding instruments</b>	<b>Central bank access</b>	<b>No. of ESG bonds</b>	<b>ESG volume</b>
9.5	6.9	2.6	Benchmarks, ESG bonds, other public bonds, PP, CP	ECB	10	4.7

### Outstanding volume (EURbn/EUR equivalent)

<b>Total</b>	<b>of which in EUR</b>	<b>No. of EUR benchmarks**</b>	<b>of which in USD</b>	<b>No. of USD benchmarks**</b>	<b>of which in other currencies</b>
44.3	22.7	16	10.7	7	10.8

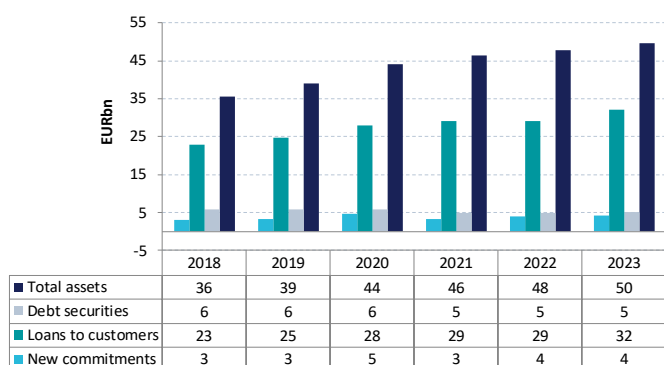
\* Residual term to maturity >1 year and <10 years; outstanding volume of USD 1.0bn.

\*\* Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies converted into EUR at rates as at 10 June 2024.

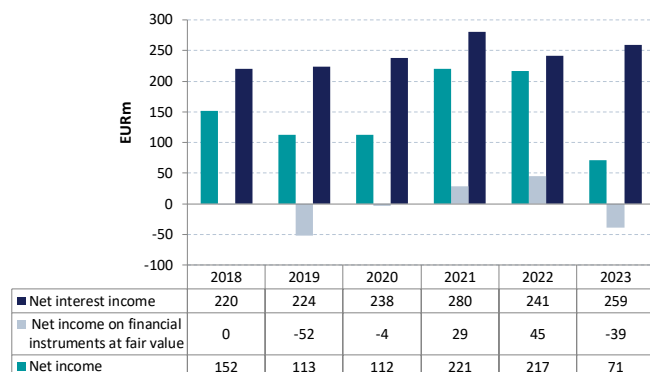
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.

Source: Bloomberg, issuer, NORD/LB Floor Research

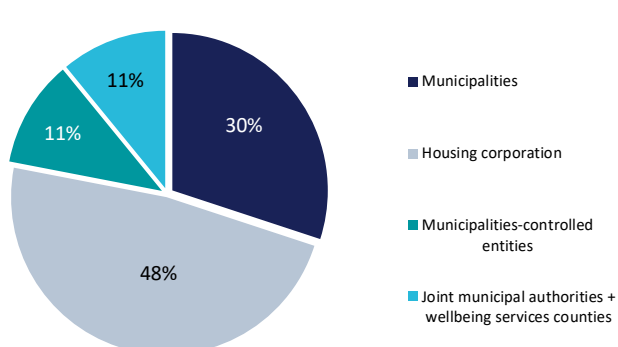
### Balance sheet development



### Earnings development



### Loan portfolio by sector

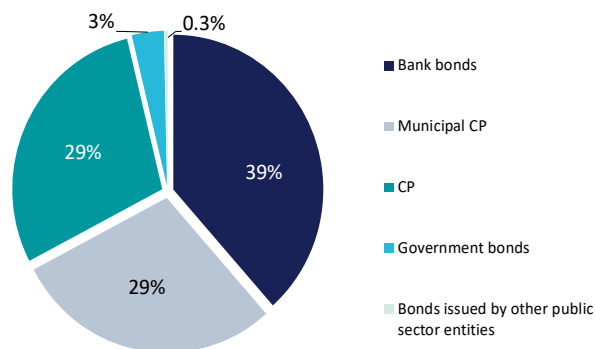


Source: Issuer, NORD/LB Floor Research

### Strengths/Chances

- + Explicit guarantee through joint and several liability mechanism
- + High quality of the loan portfolio
- + Central bank access

### Overview of liquidity portfolio



### Weaknesses/Risks

- High concentration of borrowers
- Average term of the liabilities is less than that of assets



## KommuneKredit

Established in 1899, KommuneKredit’s mandate is to provide low-cost financing to its customers. The Articles of Association stipulate that the customer base is restricted to Danish municipalities and regions as well as other institutions that hold an explicit guarantee from a local authority. Loans may not be granted beyond the borders of Denmark. In addition to conventional lending, the product portfolio of KommuneKredit includes leasing and advisory services, as well as public private partnerships, while derivative products are offered as well. KommuneKredit boasts a market share of around 99%, according to its own figures. The municipal bank operates as a non-profit organisation, with its customers characterised by extremely high creditworthiness. Regional authorities are strictly regulated in Denmark. As a result, they are only authorised to borrow in order to finance capital expenditure, for example. At the same time, they are monitored by the state in an attempt to ensure balanced budgets and are authorised to levy taxes. Since KommuneKredit was formed, every loan has been repaid as required. As such, the municipal bank has not recorded a single credit default in its entire history. Furthermore, the insolvency of a regional or local authority in Denmark is precluded by law. The members of KommuneKredit, which was established as a type of membership organisation (Forening med solidarisk hæftelse; association with joint and several liability) within the framework of the KommuneKredit Act (Lov om Kredittforeningen af kommuner og regioner i Danmark), are five regions and 98 municipalities, i.e. all the regional governments and local authorities across Denmark. Every member of KommuneKredit guarantees its liabilities on a joint and several basis. In 2017, KommuneKredit issued its first [green bond](#), with the aim of supporting the sustainable transformation of Danish municipalities and regions.

### General information

- [Homepage](#)
- [Investor Relations](#)

### Owner(s)

100% all Danish municipalities and regions

### Guarantor(s)

All Danish municipalities and regions

### Liability mechanism

Joint and several guarantee

### Legal form

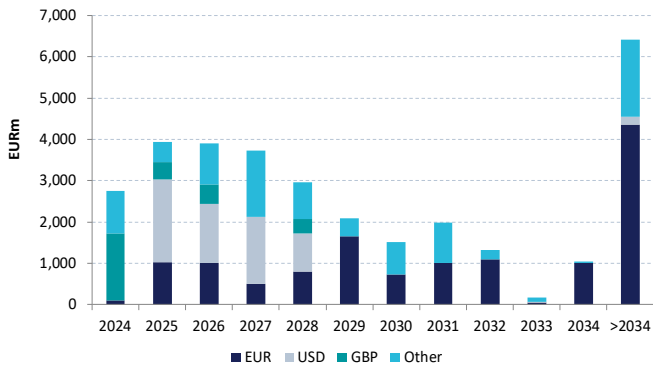
Forening med solidarisk hæftelse

### Bloomberg ticker

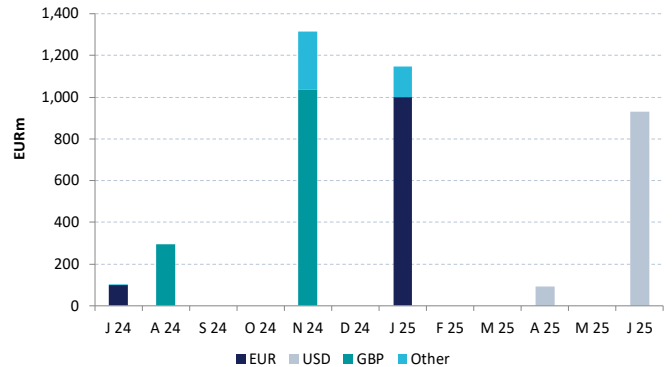
KOMMUN

Ratings	Long-term	Outlook
Fitch	-	-
Moody's	Aaa	stab
S&P	AAA	stab

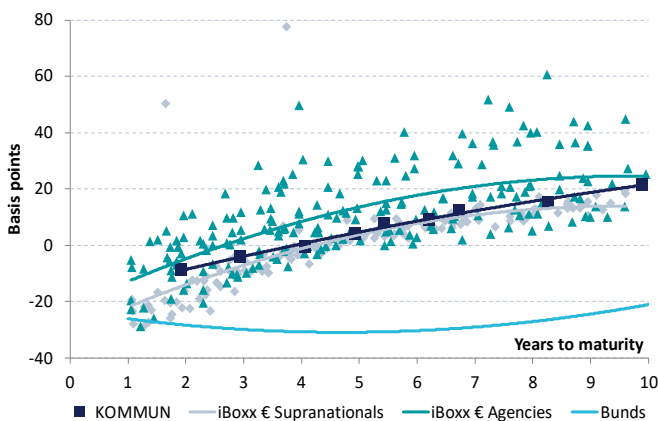
### Maturity profile by currency



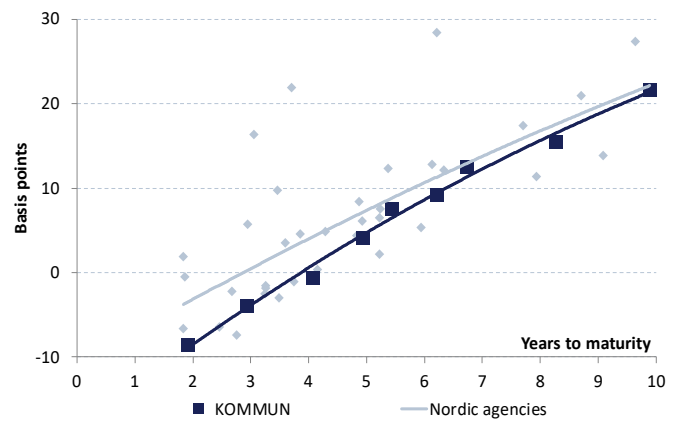
### Bond amounts maturing in the next 12 months



### KOMMUN vs. iBoxx € Indices & Bunds



### KOMMUN vs. Nordic agencies



NB: Foreign currencies converted into EUR at rates as at 10 June 2024; Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn. Source: Bloomberg, Markit, NORD/LB Floor Research

**Regulatory details**

<b>Risk weighting according to CRR/Basel III (standard approach)</b>	<b>Liquidity category according to Liquidity Coverage Ratio (LCR)</b>	<b>Haircut category according to ECB repo rules</b>	<b>Leverage ratio / BRRD</b>
0%	Level 1	IV	Relevant; in our opinion, explicit guarantee prevents use of a bail-in

**Relative value**

<b>Attractiveness vs. Bunds (G-spread; in bp)*</b>			<b>Attractiveness vs. Mid-Swap (ASW-spread; in bp)*</b>			<b>Index weighting</b>	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
22	40	49	-9	7	22	0.2%	0.8%

**Funding & ESG (EURbn/EUR equivalent)**

<b>Target 2024</b>	<b>Maturities 2024</b>	<b>Net Supply 2024</b>	<b>Funding instruments</b>	<b>Central bank access</b>	<b>No. of ESG bonds</b>	<b>ESG volume</b>
5.0	4.0	1.0	Benchmarks, ESG bonds, other public bonds, PP, CP	-	8	3.8

**Outstanding volume (EURbn/EUR equivalent)**

<b>Total</b>	<b>of which in EUR</b>	<b>No. of EUR benchmarks**</b>	<b>of which in USD</b>	<b>No. of USD benchmarks**</b>	<b>of which in other currencies</b>
31.8	13.3	16	6.2	4	12.3

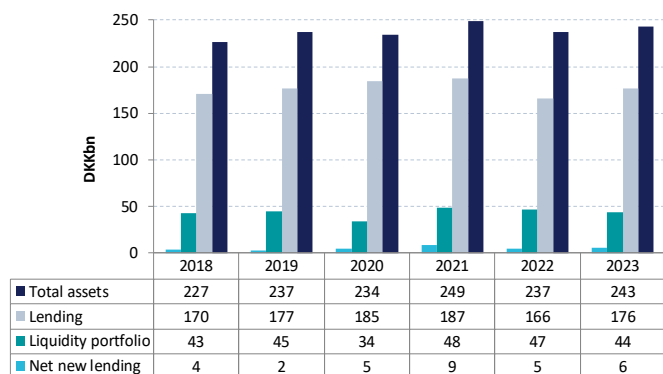
\* Residual term to maturity >1 year and <10 years; outstanding volume of USD 1.0bn.

\*\* Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies converted into EUR at rates as at 10 June 2024.

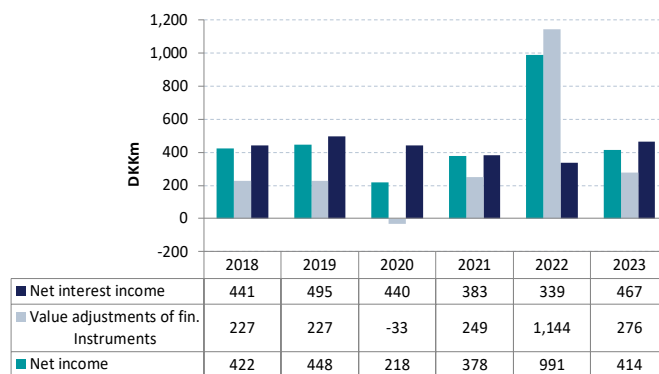
On account of the issuer’s individual funding mix, the values for “funding target” and “net supply” in particular may deviate from reality.

Source: Bloomberg, issuer, NORD/LB Floor Research

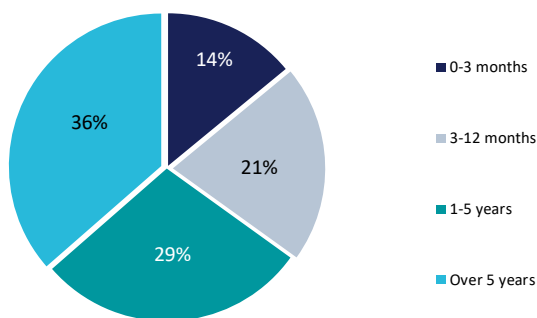
**Balance sheet development**



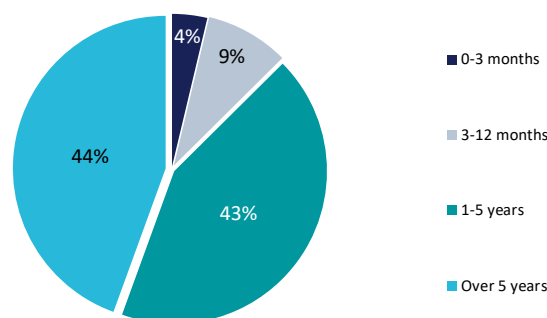
**Earnings development**



**Financing breakdown by market**



**Lending and leasing business by debtor**



Source: Issuer, NORD/LB Floor Research

**Strengths/Chances**

- + Explicit guarantee through joint and several liability mechanism
- + Loan portfolio of very high quality
- + Solid capitalisation

**Weaknesses/Risks**

- No central bank access
- Low diversification of the loan portfolio – mitigated by high quality of proprietary assets



**Finnvera**

Established in 1998, Finnvera’s mandate is to promote small and medium size enterprises (SMEs) in Finland. It maintains a specific focus on the export orientation and internationalisation of companies, as well as on implementing the Finnish government’s economic policy. Within this framework, Finnvera, which is the official export credit agency of Finland, grants export loans and guarantees, SME loans and guarantees, as well as venture capital. In financial year 2023, Finnvera granted loans and guarantees in the amount of EUR 5.4bn. Within the Finnvera Group, exports are financed through Finnish Export Credit, which provides financing through the respective house banks. Losses from export financing are partially offset by the Finnish government. SME financing focuses particularly on start-ups and growth companies. In order to pursue a higher-risk business model than conventional credit institutions, the Finnish government compensates some of the losses resulting from domestic financing activities. In 2023, the bank worked with roughly 23,100 customers (2022: 24,400), of which 85.8% were microenterprises, 13.7% were SMEs and 0.5% were large corporates. Given that Finnvera’s refinancing activities have been handled through the government since 2009, the promotional bank now pursues a model similar to that of the Swedish SEK or German KfW, and therefore seeks to make more intensive use of the capital markets. Finnvera trades in the legal form of a Julkinen Osakeyhtiö (Oyj; comparable to the German AG or UK plc). The Finnish state is the sole owner of Finnvera, offering an explicit guarantee for the export financier’s liabilities. The primary source for long-term funding is the EMTN programme with a total volume of EUR 15bn, while short-term liabilities are issued under the ECP programme with a volume of EUR 3bn.

**General information**

[Homepage](#)

[Investor Relations](#)

**Owner(s)**

100% Finland

**Guarantor(s)**

Finland

**Liability mechanism**

Explicit guarantee

**Legal form**

Julkinen Osakeyhtiö (Oyj)

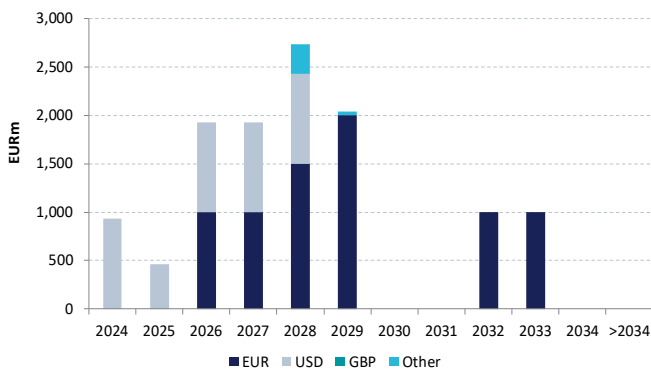
**Bloomberg ticker**

FINNVE

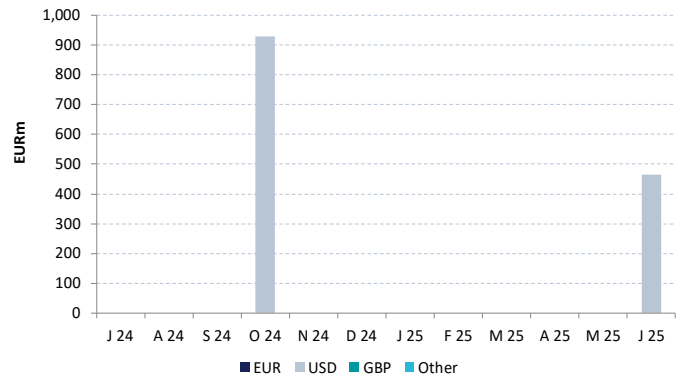
**Ratings**

	Long-term	Outlook
<b>Fitch</b>	AA+	stab
<b>Moody’s</b>	Aa1	stab
<b>S&amp;P</b>	-	-

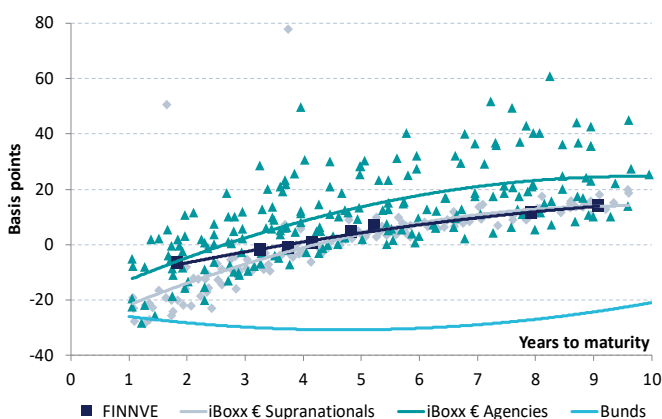
**Maturity profile by currency**



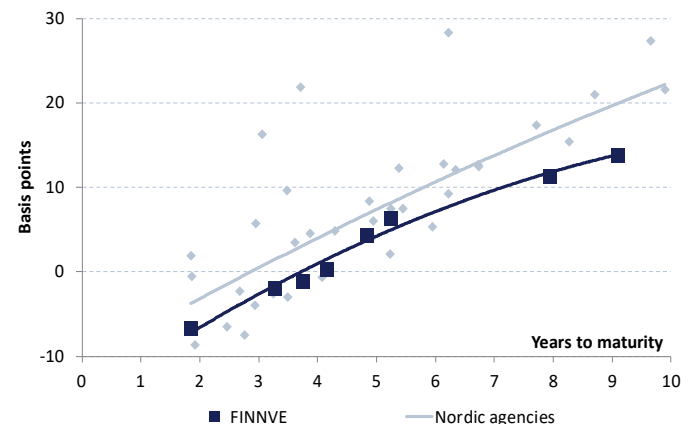
**Bond amounts maturing in the next 12 months**



**FINNVE vs. iBoxx € Indices & Bunds**



**FINNVE vs. Nordic agencies**



NB: Foreign currencies converted into EUR at rates as at 10 June 2024; Residual term to maturity >1 year and <10 years; outstanding volume at least EUR 0.5bn. Source: Bloomberg, Markit, NORD/LB Floor Research

### Regulatory details

<b>Risk weighting according to CRR/Basel III (standard approach)</b>	<b>Liquidity category according to Liquidity Coverage Ratio (LCR)</b>	<b>Haircut category according to ECB repo rules</b>	<b>Leverage ratio / BRRD</b>
0%	Level 1	IV	Does not apply

### Relative value

Attractiveness vs. Bunds (G-spread; in bp)*			Attractiveness vs. Mid-Swap (ASW-spread; in bp)*			Index weighting	
Minimum	Median	Maximum	Minimum	Median	Maximum	iBoxx € Sub-Sovereigns	iBoxx € Agencies
25	35	43	-4	3	15	0.3%	1.0%

### Funding & ESG (EURbn/EUR equivalent)

<b>Target 2024</b>	<b>Maturities 2024</b>	<b>Net Supply 2024</b>	<b>Funding instruments</b>	<b>Central bank access</b>	<b>No. of ESG bonds</b>	<b>ESG volume</b>
1.5	0.9	0.6	Benchmarks, other public bonds, PP, CPP	-	0	0.0

### Outstanding volume (EURbn/EUR equivalent)

<b>Total</b>	<b>of which in EUR</b>	<b>No. of EUR benchmarks**</b>	<b>of which in USD</b>	<b>No. of USD benchmarks**</b>	<b>of which in other currencies</b>
12.0	7.5	8	4.2	4	0.3

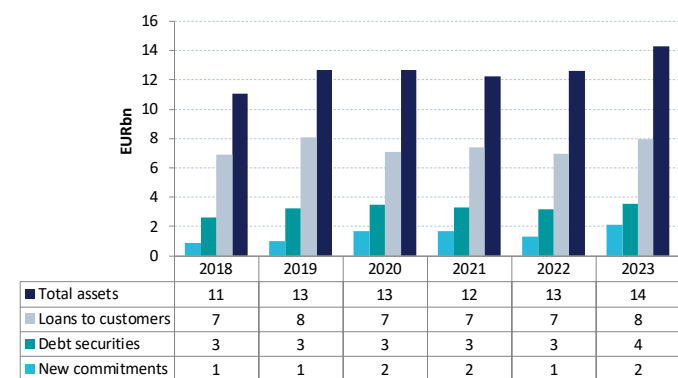
\* Residual term to maturity >1 year and <10 years; outstanding volume of USD 1.0bn.

\*\* Bonds with a minimum volume of EUR 0.5bn or USD 1.0bn. Foreign currencies converted into EUR at rates as at 10 June 2024.

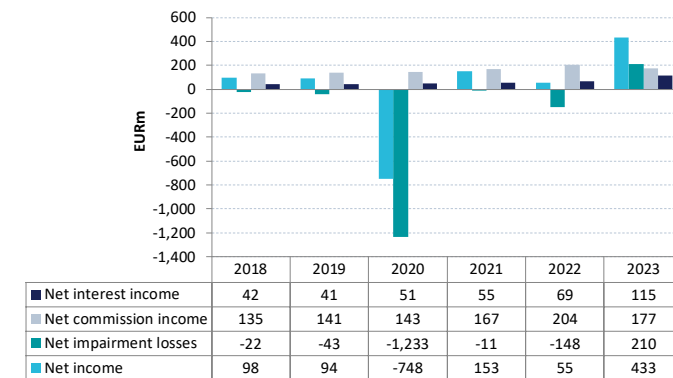
On account of the issuer's individual funding mix, the values for "funding target" and "net supply" in particular may deviate from reality.

Source: Bloomberg, issuer, NORD/LB Floor Research

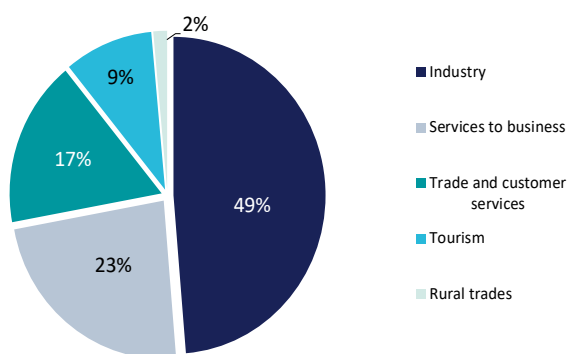
### Balance sheet development



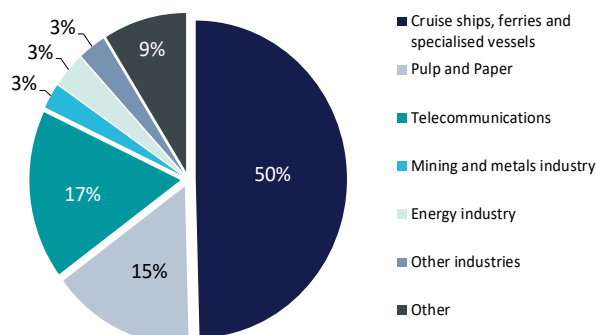
### Earnings development



### Credit and guarantee portfolios by sector



### Exposure by sector



Source: Issuer, NORD/LB Floor Research

### Strengths/Chances

- + Explicit guarantee from the Finnish state
- + Increased profitability in 2023
- + Constant growth in net interest income and leverage ratio since 2020

### Weaknesses/Risks

- No central bank access
- Comparatively higher risk business model
- Comparatively low core capital ratio (CET1)

## Appendix

### Publication overview

#### Covered Bonds:

[Issuer Guide – Covered Bonds 2023](#)

[Covered Bond Laws](#)

[Covered Bond Directive: Impact on risk weights and LCR levels](#)

[Risk weights and LCR levels of covered bonds](#) (updated semi-annually)

[Transparency requirements §28 PfandBG Q1/2024](#) (quarterly update)

[Transparency requirements §28 PfandBG Q1/2024 Sparkassen](#) (quarterly update)

#### SSA/Public Issuers:

[Issuer Guide – German Laender 2023](#)

[Issuer Guide – German Agencies 2023](#)

[Issuer Guide – Canadian Provinces & Territories 2024](#)

[Issuer Guide – European Supranationals 2023](#)

[Issuer Guide – French Agencies 2023](#)

[Issuer Guide – Dutch Agencies 2024](#)

[Issuer Guide – Non-European Supranationals \(MDBs\) 2024](#)

[Beyond Bundeslaender: Belgium](#)

[Beyond Bundeslaender: Greater Paris \(IDF/VDP\)](#)

[Beyond Bundeslaender: Spanish regions](#)

#### Fixed Income Specials:

[ESG-Update 2024](#)

[Decision Day: One swallow does not make an ECB summer!](#)

## Appendix

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Governments	+49 511 9818-9660
Länder/Regionen	+49 511 9818-9660
Frequent Issuers	+49 511 9818-9640

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