



City of
Gothenburg

Market update 2017

City of Gothenburg treasury

December 2016

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Responsibilities

The municipalities are legally or contractually responsible for:

- Childcare and preschools
- Primary and secondary education
- Care of the elderly and disabled
- Social services
- Water supply and sewerage
- Infrastructure, traffic, public transport
- Plan and environmental issues
- Rescue services and emergency preparedness.

Other services provided on a voluntary basis include for example:

- Culture and Leisure services
- Housing
- Industrial and commercial services.

Strong institutional framework

According to the Swedish Bankruptcy Act a local government cannot be declared bankrupt since they do not fulfil the criteria of being insolvent. This is due to the fact that the local governments have the constitutional right to levy taxes. The Swedish Court has stated that the local governments in Sweden are not covered by the Bankruptcy Act. (RH 1996:75). This view is supported by the Swedish legal doctrine.

Requirement for sound financial management

- Local governments must work according to a sound financial management
- Law: “Kommunallagen chap. 8 §2(1991:900)”

Balanced budget requirement

- Annual local government budgets should normally be in balance, imbalances must be restored within 3 years
- Law: “Kommunallagen chap. 8 §4-5 (1991:900)”

Local government financing principle

- If the government alters the tasks of local governments, the governments must also neutralise their financial effect
- Approved by the government and in force since 1972.

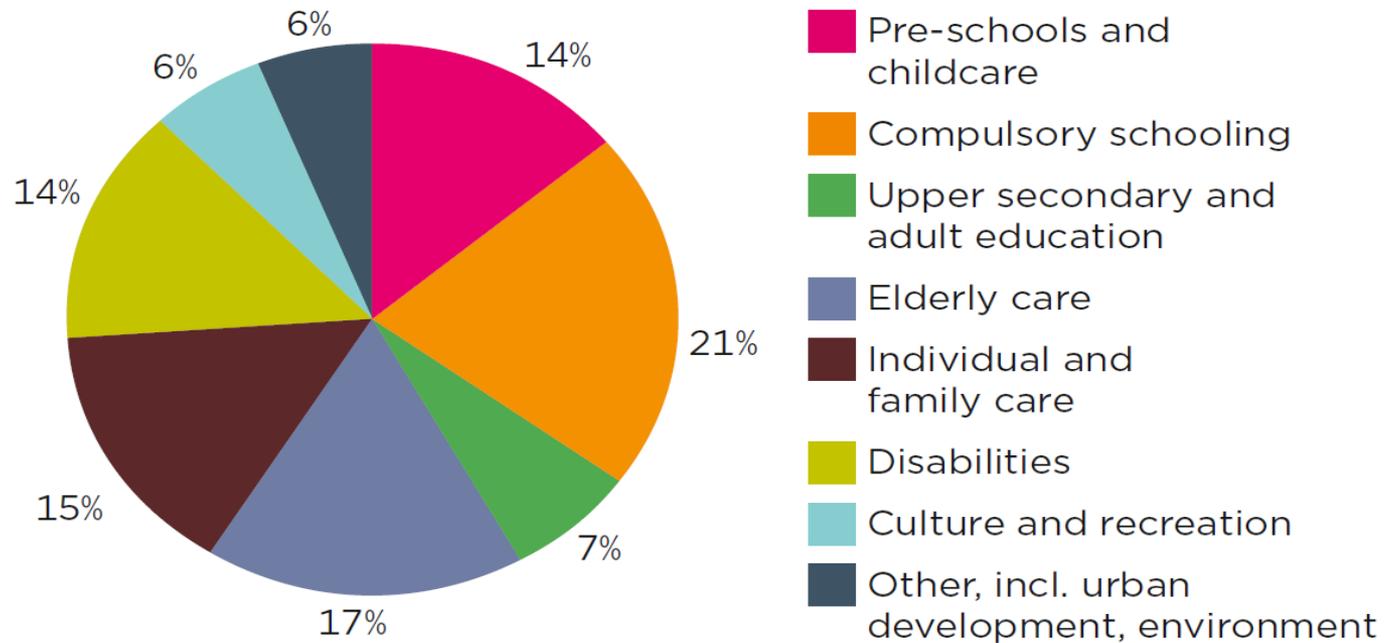
Financial equalisation

- Imbalances between local governments are equalised annually through income and cost equalisation schemes
- Law: “Lagen (2004:773) om kommunalkekonomska utjämningsåtgärder”

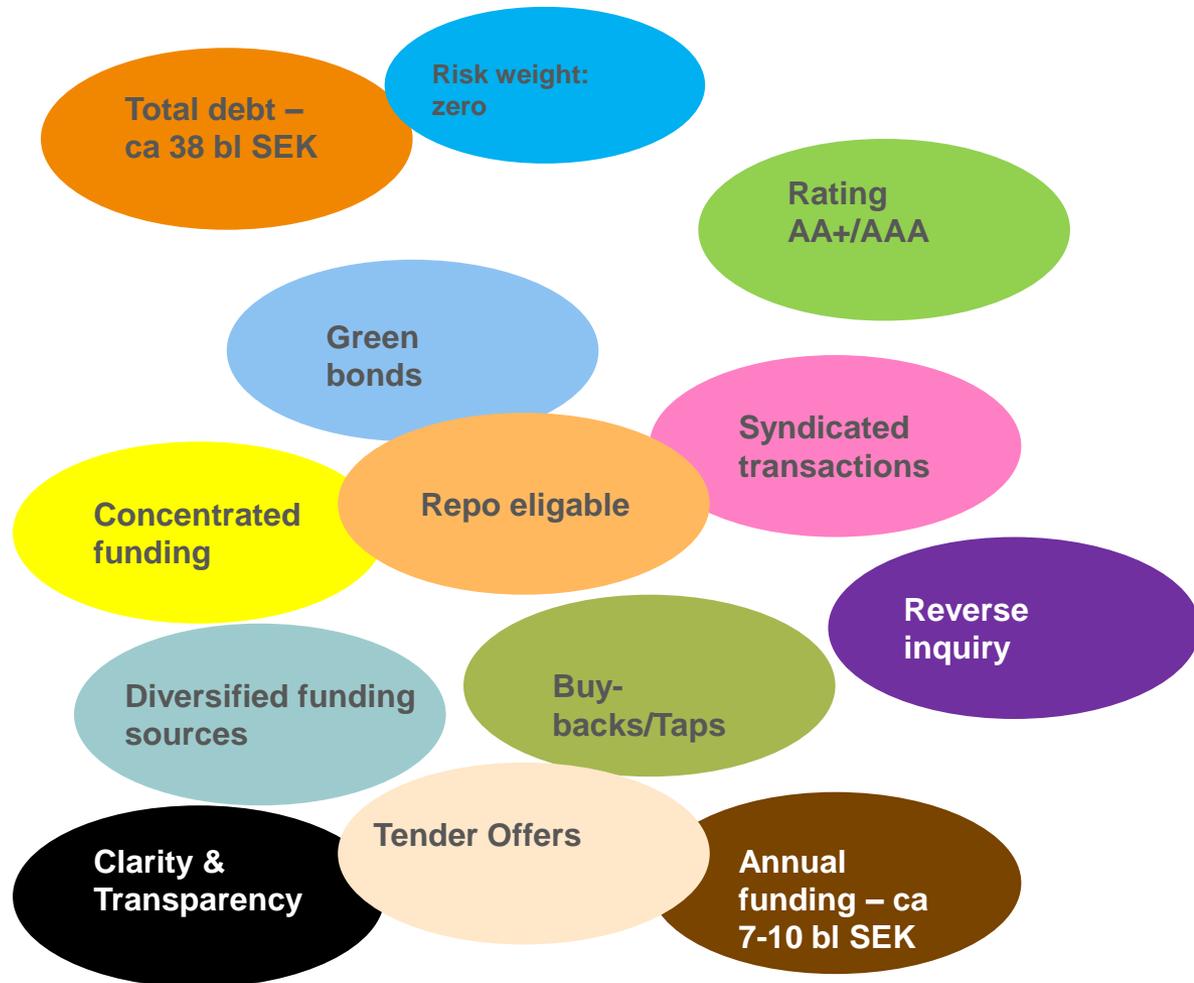
Financial prudence explains Sweden’s strong public finances and low levels of public debt

Structure of public sector spending City of Gothenburg

Spending – City Of Gothenburg



City of Gothenburg - funding



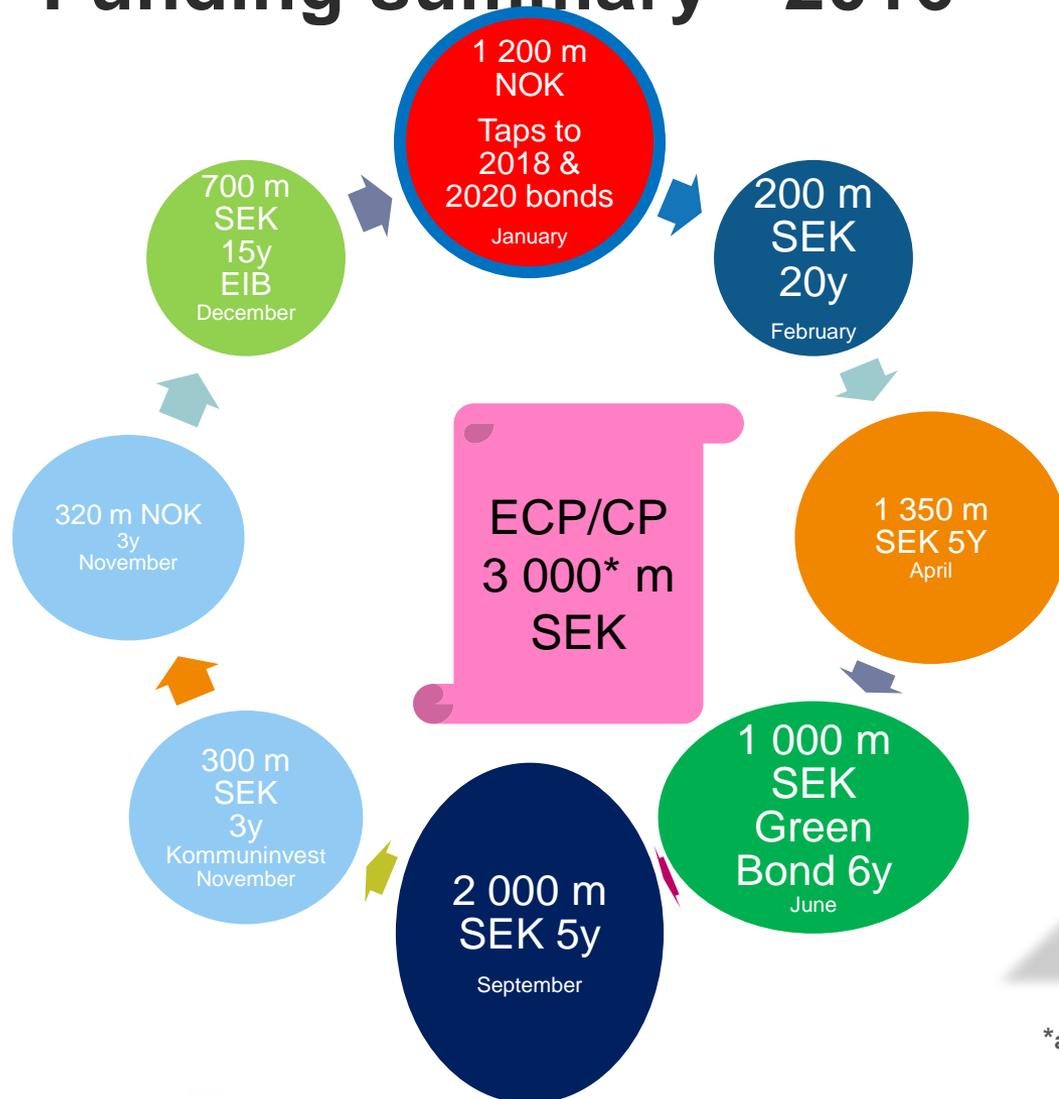
Capital market programmes*

*As of 2016-12-02

Programme	Limit amount	Outstanding amount*
EMTN	6 000 m €	2 627 m €
ECP	500 m \$	296 m \$
CP	6 000 m SEK	-**
<i>Other funding sources</i>		
EIB	4 900 m SEK	4 900 m SEK
Kommuninvest	-	3 300 m SEK

**Due to positive FX-swap levels between SEK and USD or GBP, the activity in the domestic CP programme has been limited

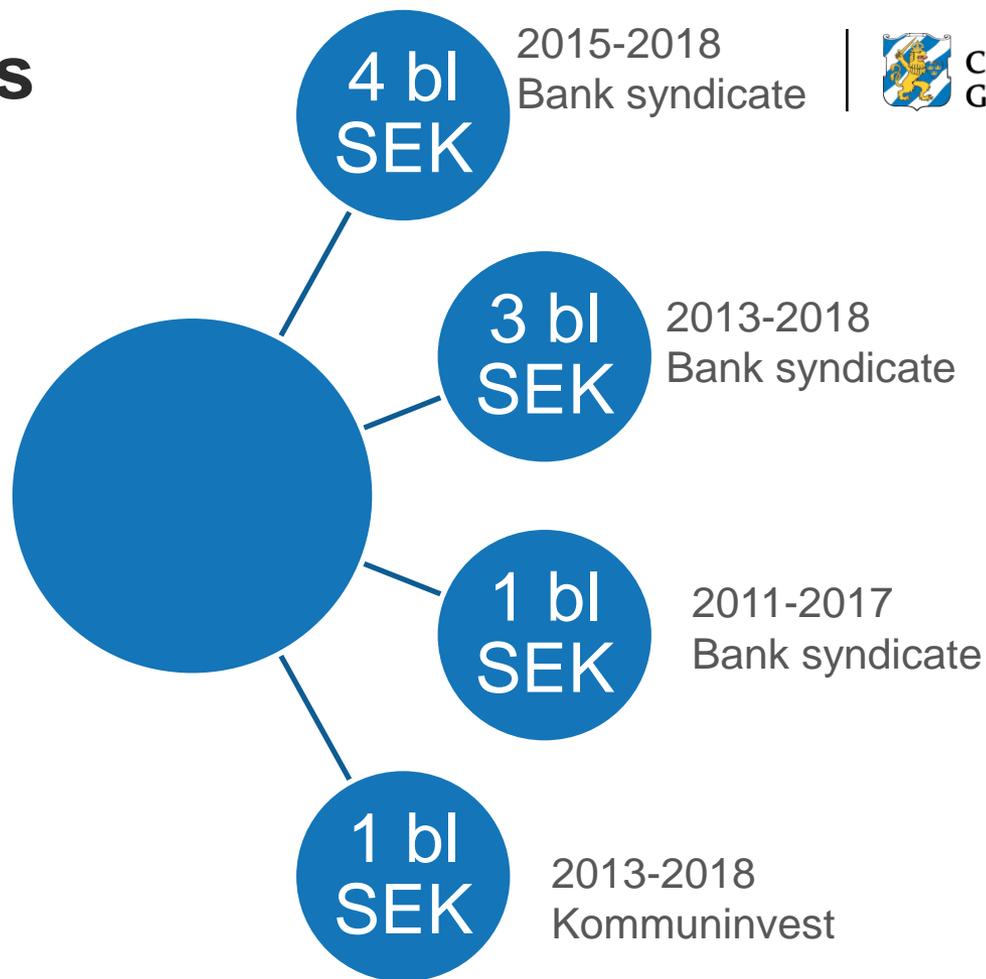
Funding summary - 2016



Amt Issued(MM)	Curr	Name	Issue Date↑
650.00	SEK	City of Gothenburg Sw	09/13/2016
1350.00	SEK	City of Gothenburg Sw	09/13/2016
1000.00	SEK	City of Gothenburg Sw	06/15/2016
1350.00	SEK	City of Gothenburg Sw	05/10/2016
200.00	SEK	City of Gothenburg Sw	02/08/2016
200.00	SEK	City of Gothenburg Sw	12/17/2015
1000.00	NOK	City of Gothenburg Sw	11/13/2015
1500.00	SEK	City of Gothenburg Sw	09/09/2015
1000.00	NOK	City of Gothenburg Sw	08/28/2015
1050.00	SEK	City of Gothenburg Sw	06/30/2015
2000.00	SEK	City of Gothenburg Sw	03/10/2015
250.00	SEK	City of Gothenburg Sw	02/20/2015
1250.00	SEK	City of Gothenburg Sw	10/20/2014
1500.00	SEK	City of Gothenburg Sw	06/03/2014
310.00	SEK	City of Gothenburg Sw	06/03/2014
500.00	SEK	City of Gothenburg Sw	03/12/2014
1200.00	SEK	City of Gothenburg Sw	03/12/2014
125.00	SEK	City of Gothenburg Sw	12/05/2013
1550.00	SEK	City of Gothenburg Sw	12/05/2013

*average during the year

Back-up facilities



2015-2018
Bank syndicate



3 bl SEK
2013-2018
Bank syndicate

1 bl SEK
2011-2017
Bank syndicate

1 bl SEK
2013-2018
Kommuninvest

This years' highlights

- City of Gothenburg is awarded for it's work with green bonds in the category "Financing for Climate Friendly Investment"

- Momentum for Change is an initiative spearheaded by the UN Climate Change secretariat to shine a light on the enormous groundswell of activities underway across the globe that are moving the world toward a highly resilient, low-carbon future. Momentum for Change recognizes innovative and transformative solutions that address both climate change and wider economic, social and environmental challenges.

- Learn more [here](#).



This years' highlights

- City of Gothenburg announced a tender offer as part of their commitment to actively manage their balance sheet. The main purpose of the tender offer was to manage upcoming redemptions and at the same time extend their maturity profile

- Bonds included in the tender offer were:

- SEK 50,000,000 FRN Notes due 16 November 2016

- SEK 1,393,000,000 FRN Notes due 5 December 2016

- SEK 125,000,000 1.63 per cent Notes due 5 December 2016

- SEK 500,000,000 FRN Notes due 12 August 2017

- The tender offer closed with an aggregated uptake of approximately SEK 1.2bn

- The tender was a great success and the first of its kind from a Swedish municipality in SEK, highlighting the issuer's level of sophistication in the market



**Highly
successful
Tender Offer**

This years' highlights

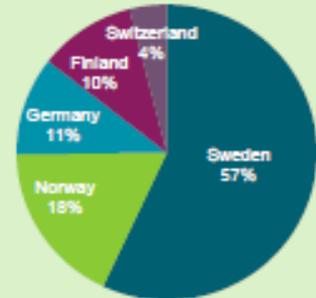
- Investors were invited to Gothenburg for a full day of green bond discussions and presentations on June 2nd. City of Gothenburg also presented its first [impact report](#) (the first of its kind from a Nordic issuer), which has also been published on the city's website. The innovative report provide additional transparency and insight to investors on the environmental and sustainability impacts of financed projects.

- City of Gothenburg has obtained a [green bond assessment](#) from Moody's, which is available at Moody's website ("GB1", the highest ranking). GB1 is for the development of a formal and rigorous process to identify, consider, evaluate and select eligible projects for funding through the issuance of Green Bonds.

- The final book was of the highest quality, closing well oversubscribed with a good blend of green anchor orders complemented by intermediate and incremental tickets. The composition was particularly strong with a backbone of pension funds taking some 55%.



Investor allocations by country



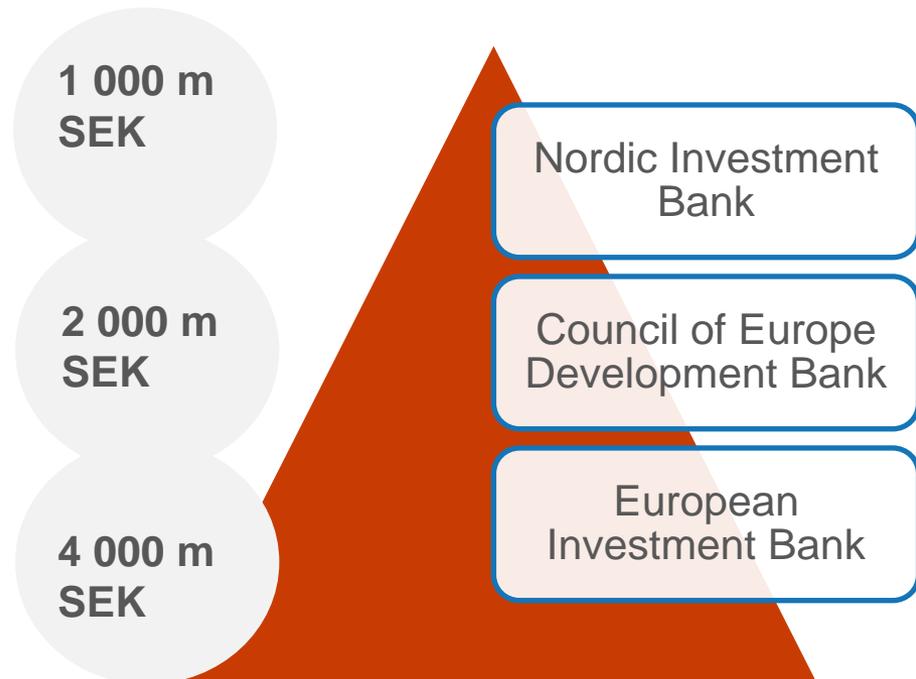
Key terms

Issuer	City of Gothenburg
Rating	Aaa/AA+ (stab/stab)
Launch date	8 June 2016
Settlement date	15 June 2016
Maturity date	15 June 2022
Tenor	6 years
Amount	SEK 1,000m
Spread	MS+51bps
Coupon	0.885%
Issue price	100.000%
Listing	London

This years' highlights

Ongoing bilateral negotiations

- Project financing
- Longer tenors without break clauses
- Diversification
- Competitive pricing
- Funding infrastructure and social projects
- Period 2017-2020



Investor relations



Webpage

finans.goteborg.se

Group
meetings

Private
meetings

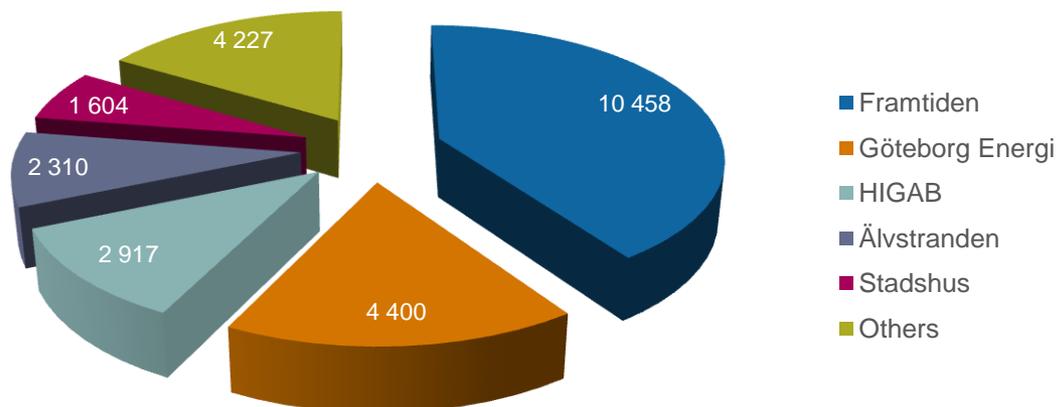
Proactive
meetings

Investors
visiting

Other activities

Lending to internal entities, MSEK

SEK millions



Housing company debt migration to treasury



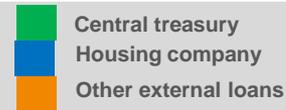
Outstanding debt	Volume
2017	3153
2018	1098
Totalt, mSEK	4251



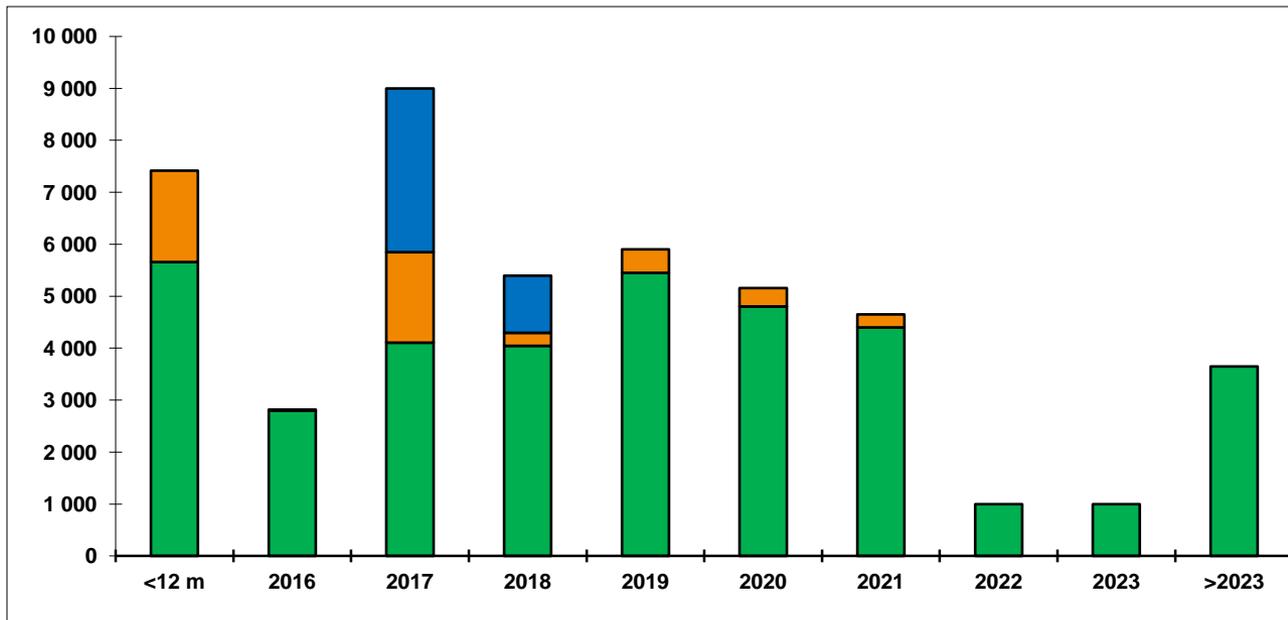
 Framtiden



Current debt portfolio*

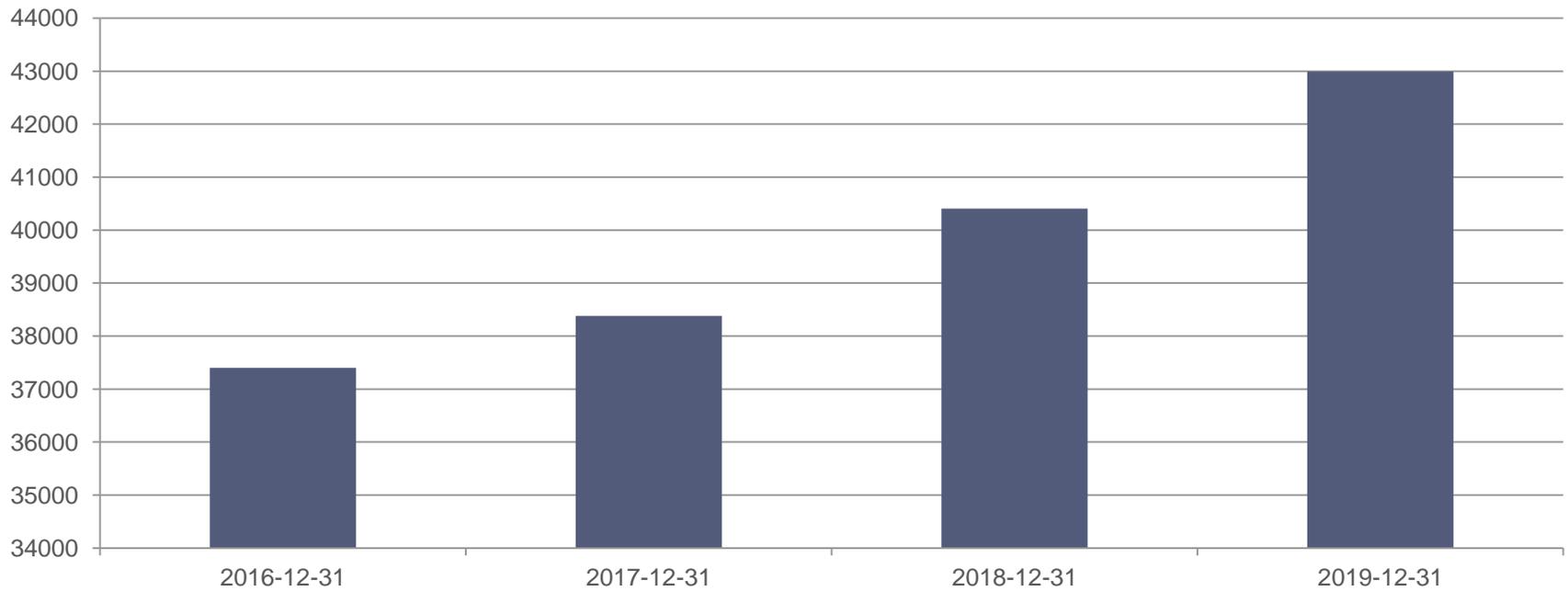


*as of 2016-11-05



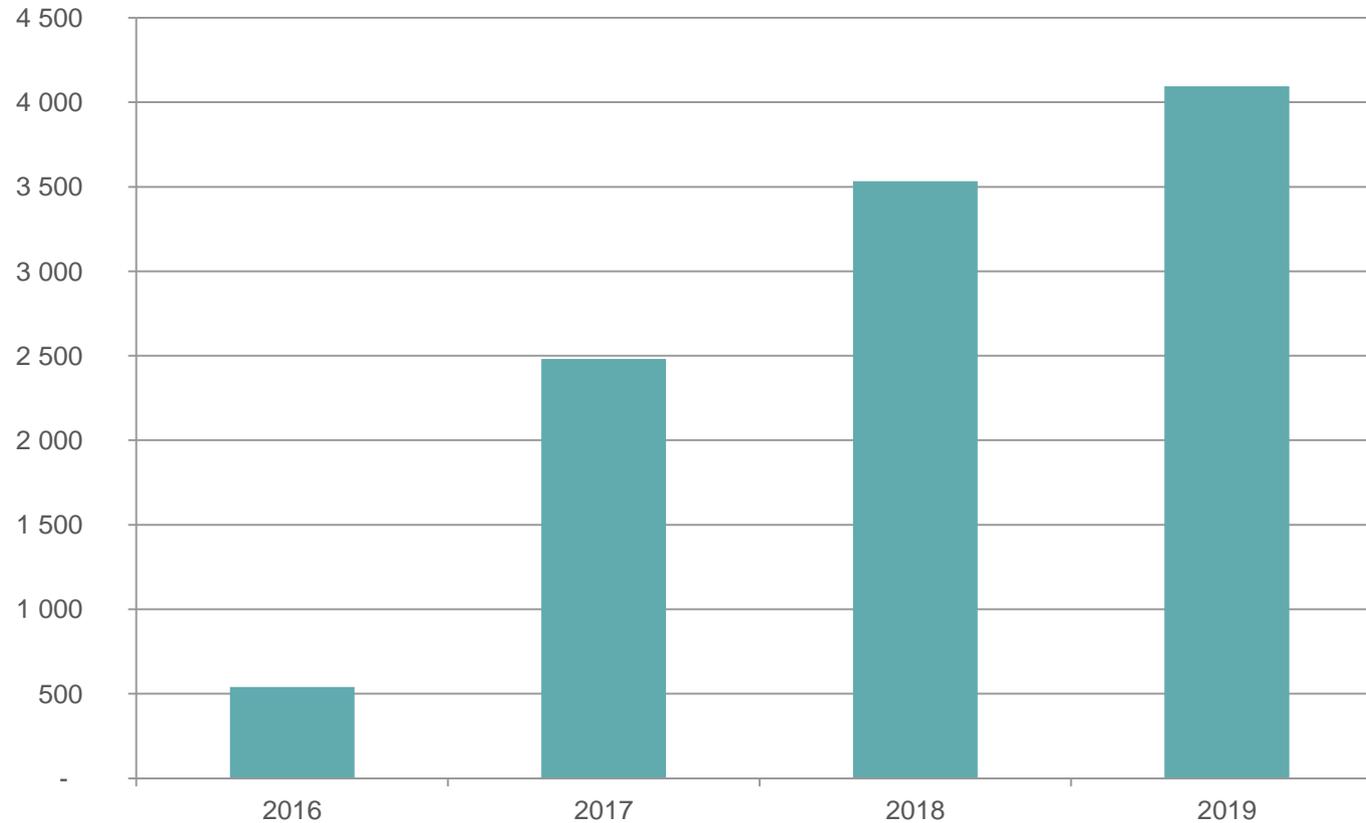
Projected debt portfolio 2016-2019

Total debt(MSEK)

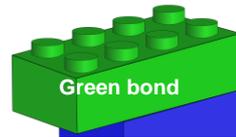


Projected increase in internal lending 2016-2019

Expected increase in lending(MSEK)



Market activities 2017



Revolving
Credit Facilities

✓ Forecast for long term funding: 5 500*m SEK

✓ EMTN – standard funding source, tenors >3y

✓ Kommuninvest – coming strong, subject to levels

✓ Bilateral loans – funding diversification, longer tenors

✓ Forecast for short term funding: 2-4.000m SEK

✓ ECP – subject to swap

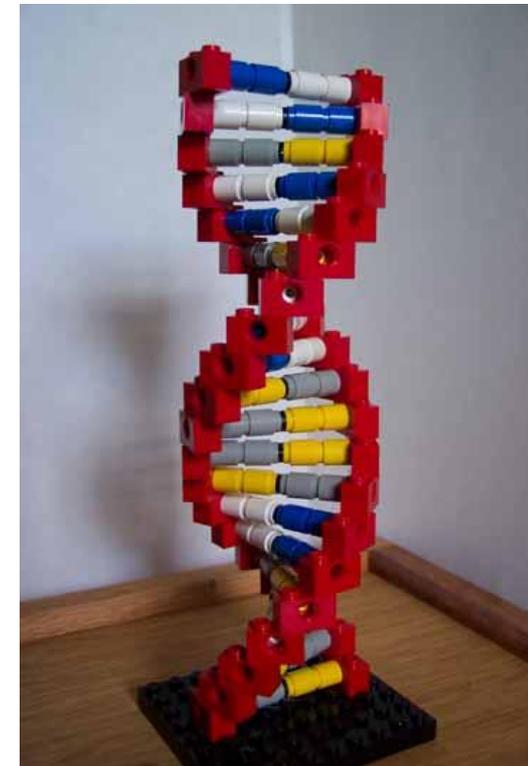
✓ CP – activity dependent on ECP

✓ Revolving credit facilities*: 9 000m SEK

✓ Procurement of bank services

✓ Signing of credit facilities with bilateral counterparties**

*Excluding potential tendering of 2018 bonds



**subject to negotiation

Forecasting market activities

- It's just a forecast/projection
- Rather difficult to predict volumes
- Demographic factors may affect actual results



The slide is titled "Expected market activities in 2016" and features a photograph of a three-masted sailing ship on the ocean. The City of Gothenburg logo is in the top right corner. A list of activities is shown on the right side of the slide. At the bottom, there is a green bar with the text "SUSTAINABLE CITY – OPEN TO THE WORLD" and the number "13".

Expected market activities in 2016

- Long term funding - 7.2 bl SEK
- Short term funding - 2.5-4 bl SEK
- Three benchmark issues
- One green bond
- EIB
- Reverse inquiries
- Buy-backs/taps

SUSTAINABLE CITY – OPEN TO THE WORLD 13



City of
Gothenburg

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