

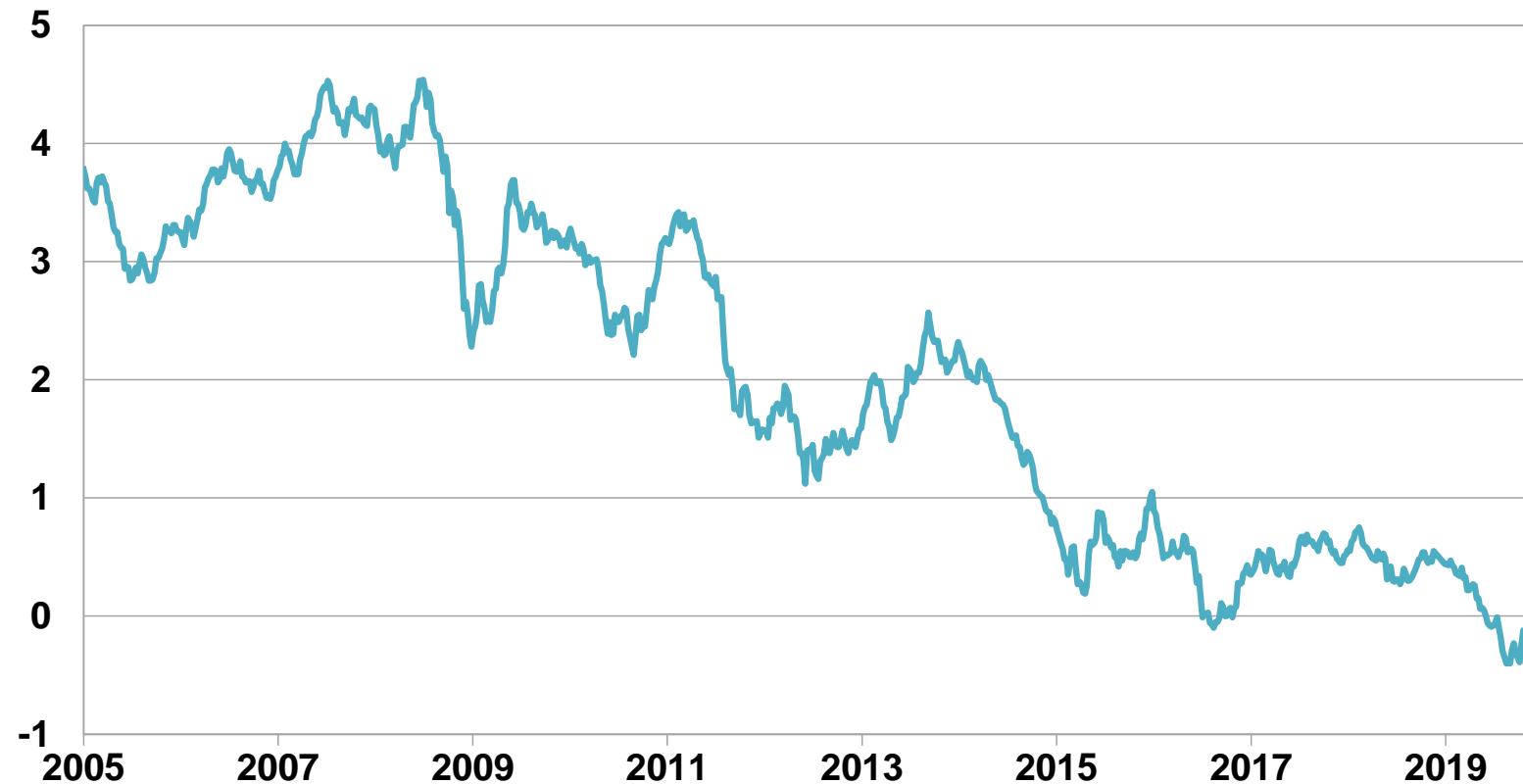
Corporate Finance in a Low Interest Environment

SNS/SHOH Finance Panel

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Chief Economist
2020-10-16

Interest rates are low

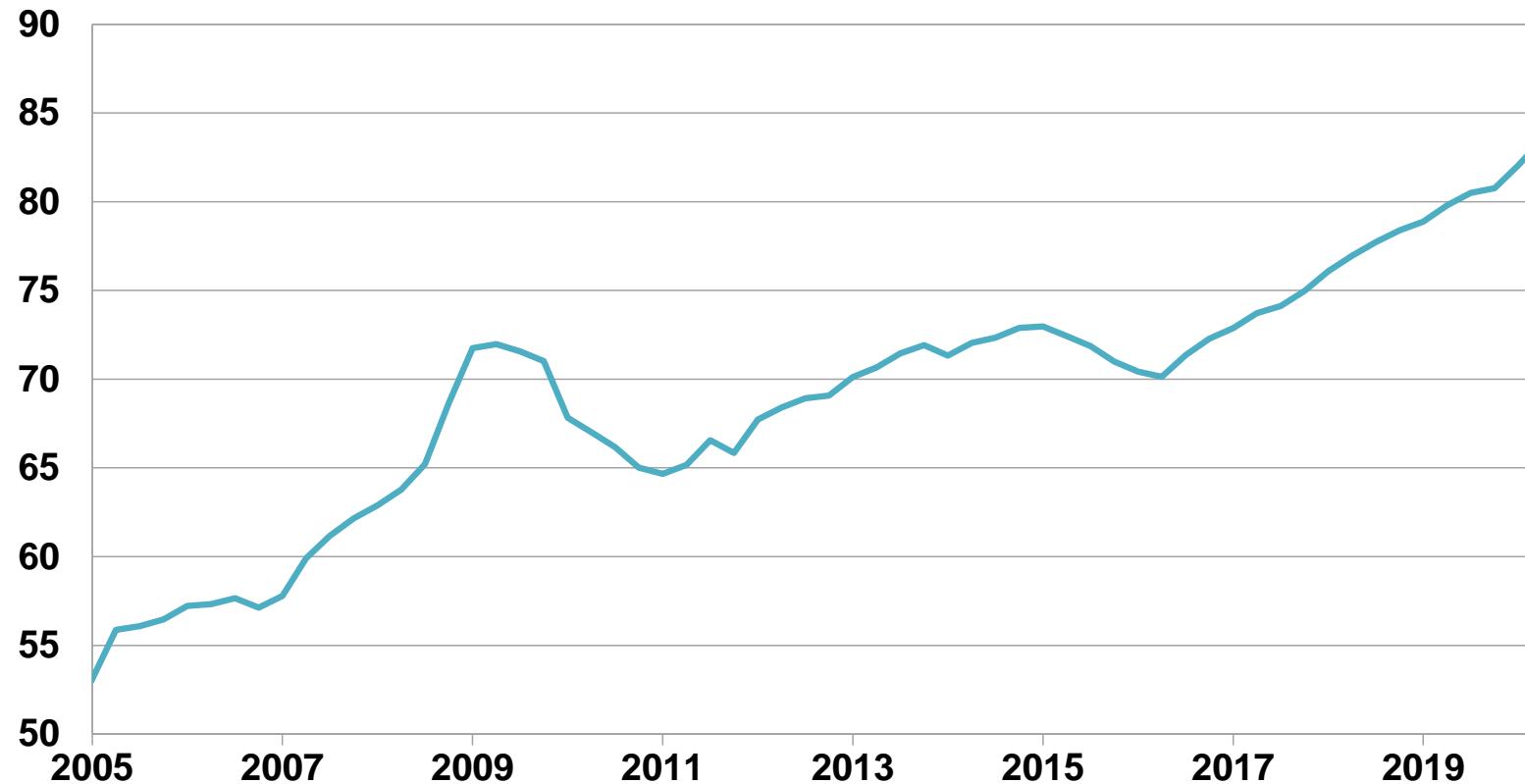
Per cent



Source: Swedish National Debt Office
Note: Government borrowing rate

Corporate leverage is high

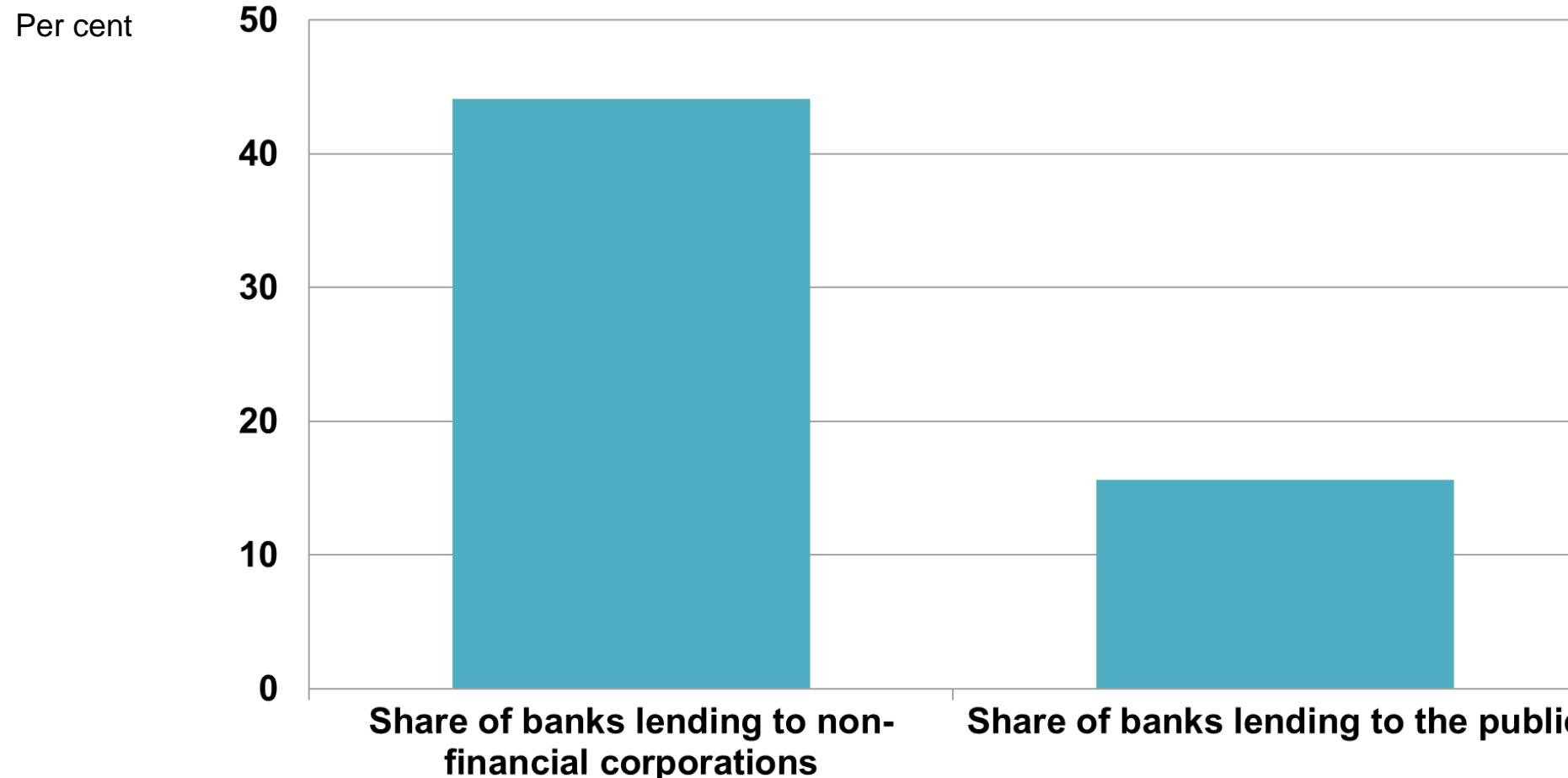
Per cent



Source: Statistics Sweden

Note: Non-financial firms debt to GDP

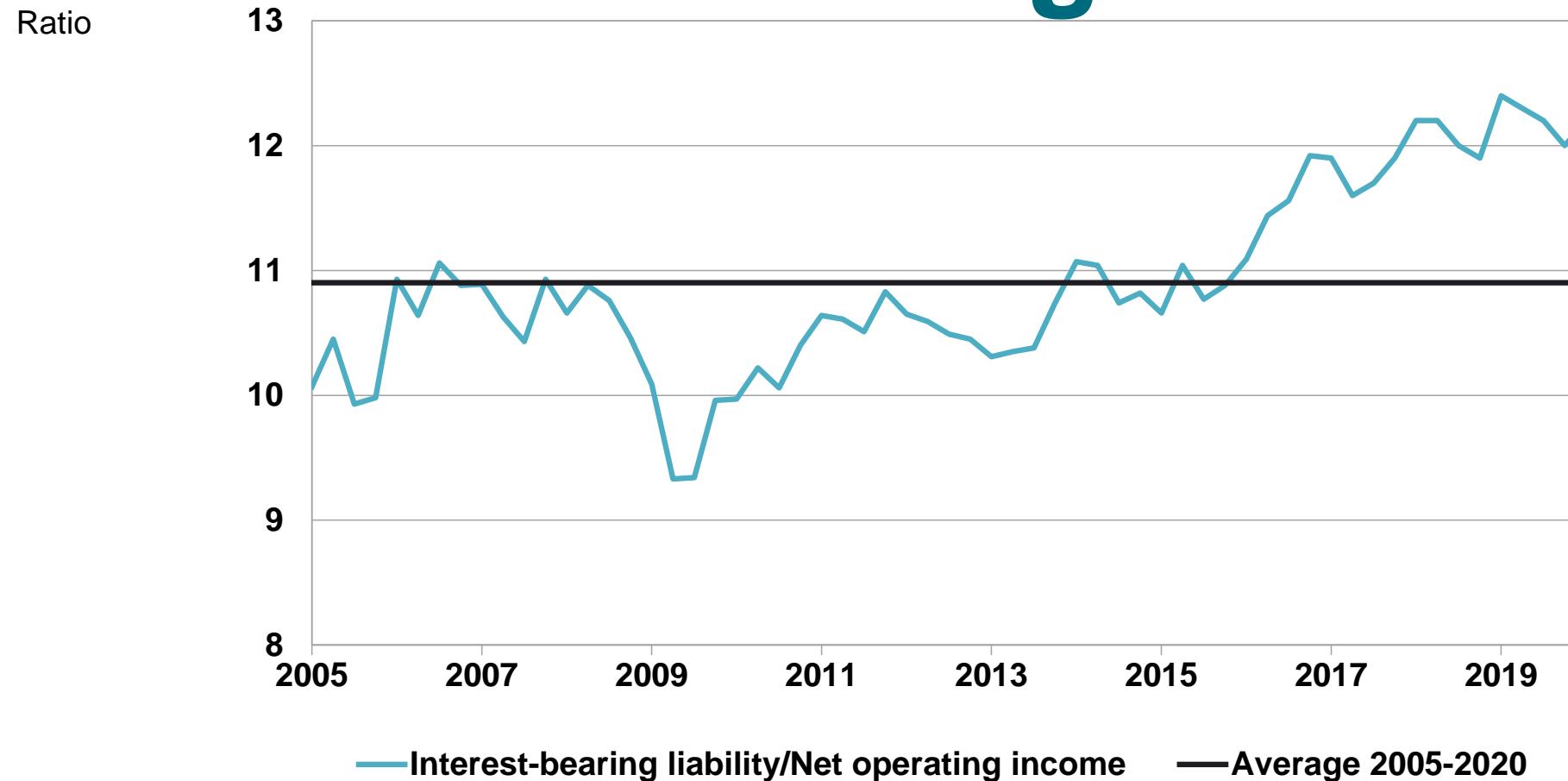
Commercial real estate is important for financial stability



Source: FI

Note: "Banks" refers to Danske Bank, Handelsbanken, Länsförsäkringar bank, Nordea, SBAB, SEB and Swedbank in Q4 2019.

Larger capital cushions needed to cover rising CRE-risks

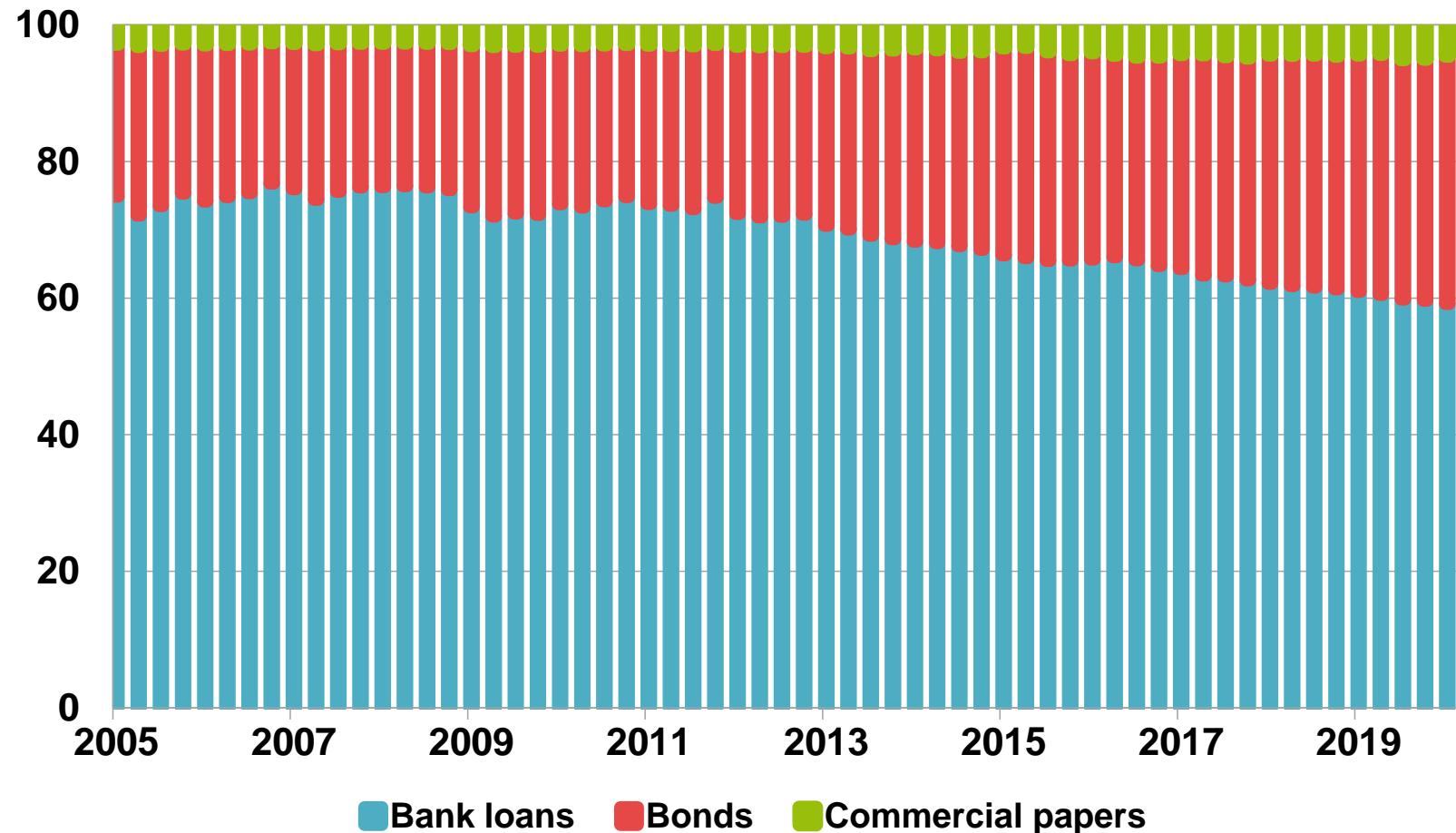


Source: Catella

Note: Refers to listed CRE firms on Nasdaq Nordic Main Market.

Changing composition of funding

Per cent



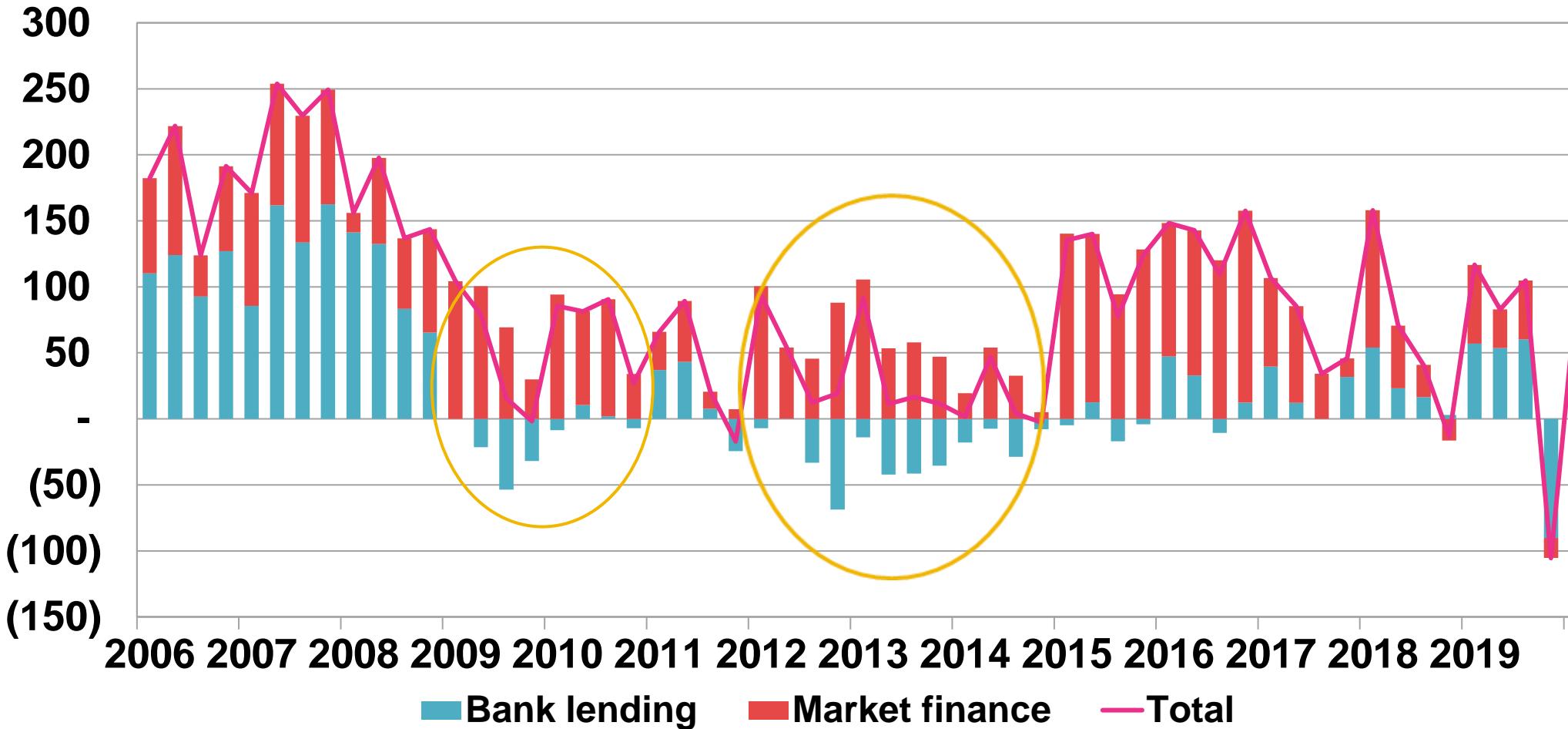
Source: Statistics Sweden

Note: Refers to non-financial firms.

Twin-engine approach to credit supply

Bond markets held out better in the Eurozone

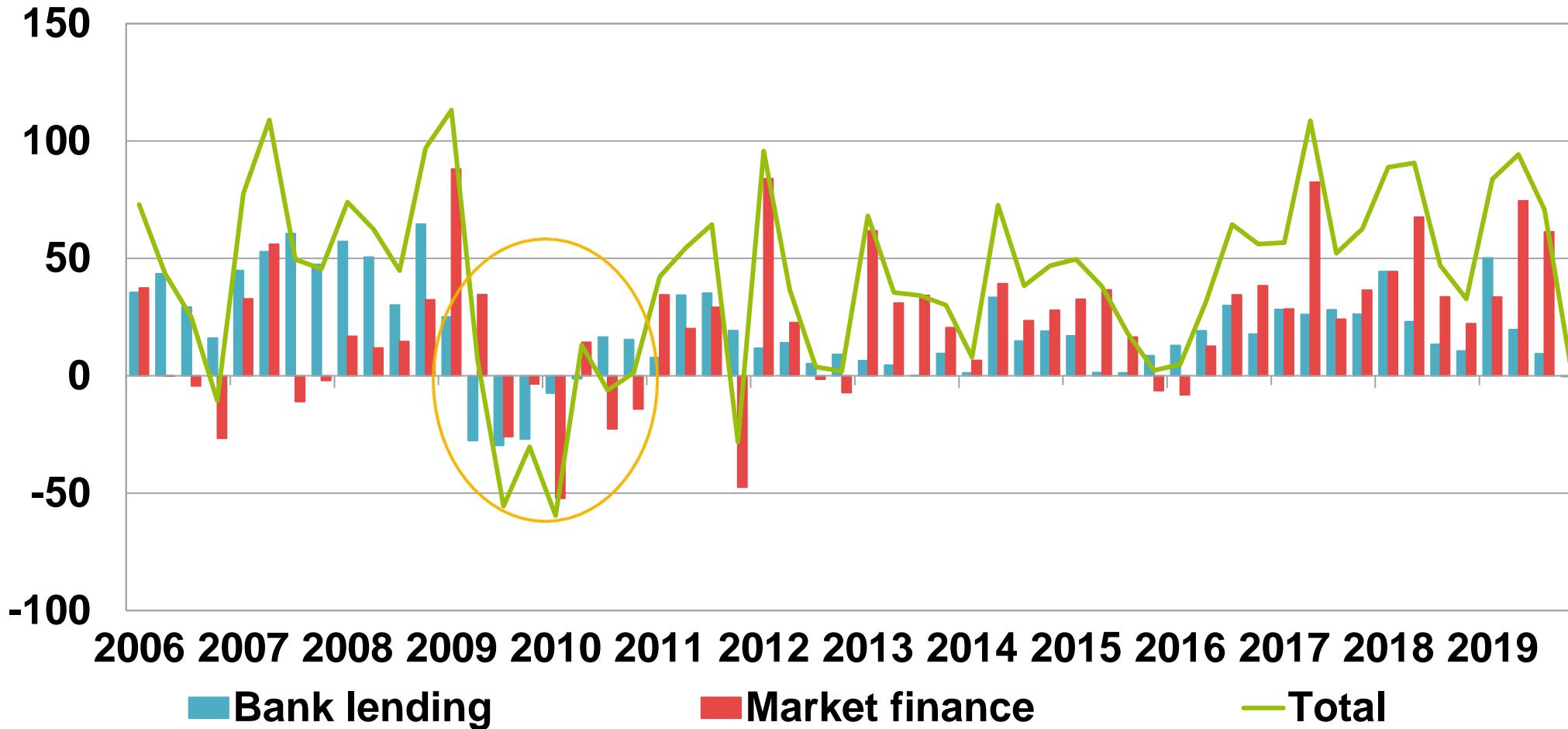
Billion EUR



Note: Credit flow to non-financial corporates in the eurozone area
Source: ECB

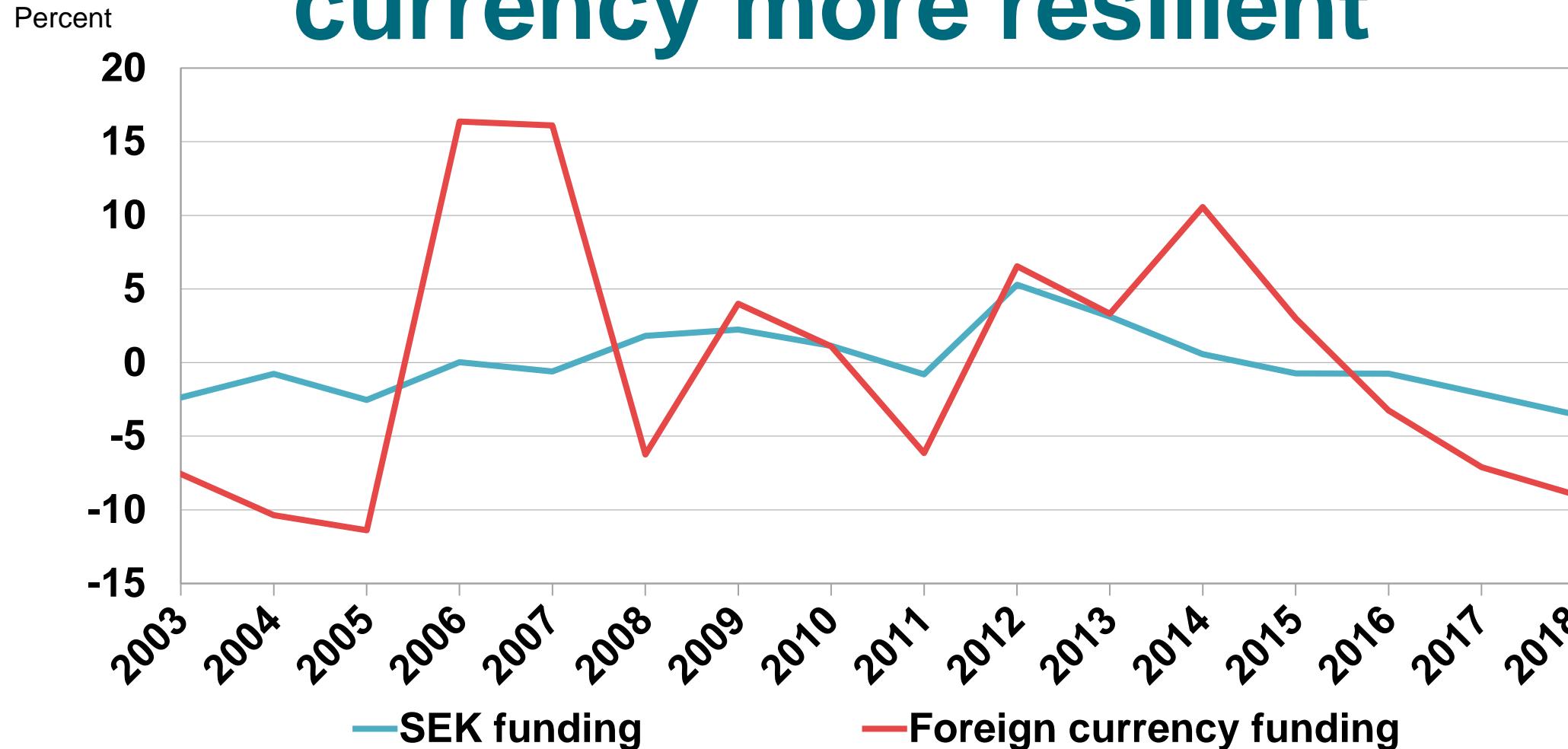
But less so in Sweden

Billion SEK



Note: Credit flow to non-financial corporates in Sweden
Source: SCB

Bond market funding in foreign currency more resilient



Note: Variation in share of bank loans in new NFC financing over time, trend-adjusted
Source: S&P Capital IQ

Lessons?

