

KOMMUNINVEST COOPERATIVE SOCIETY

Annual Report 2021



KOMMUNINVEST

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Working together for better terms

Kommuninvest's role entails offering secure and cost-effective financing to its members and customers – Swedish municipalities, regions, municipal companies and other local government actors.

**280
+ 14**

Kommuninvest is owned by 280 municipalities and 14 regions.



Green Loans

Green Loans were introduced in 2015 for financing environmental and climate-related investments. Since the launch, the volume of Green Loans has increased to SEK 84 billion.

Our vision

Kommuninvest shall be the world's best organisation for local government financial administration. We finance the development of Sweden's local and regional sectors, as well as investments for a sound and sustainable society.

Basic concept

Together, municipalities and regions can borrow more securely and inexpensively than each of them could individually. Together, the local government sector can also increase its expertise in financial management.

Organisation with clear division of roles

Kommuninvest comprises two parts. The Kommuninvest Cooperative Society (the Society) and the credit market company Kommuninvest i Sverige AB (the Company).

Kommuninvest Cooperative Society

Administrates membership and the joint and several guarantee.

The Board of Directors consists of elected politicians from municipalities and regions.

Kommuninvest i Sverige AB

Conducts the financial operations, including funding, liquidity management and lending.

The Board of Directors consists of individuals with expertise in areas such as public administration, capital markets and business development.



Kommuninvest has the highest possible credit rating, AAA/Aaa, and a stable outlook.

Since 1986

Since its inception in 1986, Kommuninvest has helped reduce the Swedish local government sector's funding expenses by many billions of kronor. Ultimately this has benefited citizens who have had access to improved public services at both the local and regional levels.

SEK 461 bn

Lending to members amounted to SEK 461 billion at the end of 2021.

Eventful pandemic year

In 2021, Kommuninvest continued to efficiently address the pandemic and its repercussions. Digital and hybrid formats were widely used for meetings and events. Development was stable in both lending and funding. Important progress was achieved in the area of sustainability, particularly with the launch of Social Sustainability Loans. On the regulatory side, much effort was invested in advocacy, analysis and preparations regarding the “risk tax”. Kommuninvest is fully subject to the tax in 2022. Thereafter, it is the clear intention of the Riksdag (Swedish parliament) that Kommuninvest should be exempted.

The corona pandemic

The pandemic continued to pervade societal development during 2021. The year began with a high level of contagion and far-reaching restrictions in Sweden and around the world. During the spring and summer, vaccinations had an increasing impact. Restrictions were eased and societies opened up. In Sweden, society returned to some kind of normality. During the autumn, contagion increased in many areas, causing restrictions to be reintroduced. In Sweden, this became a reality in November – December. Thanks to vaccination efforts, the impact, in terms of the burden on healthcare and deaths, was less pronounced in this new wave than earlier during the pandemic.

The economic recovery over the year was strong and mostly stable. Growth figures were high in Sweden and nearly all over the world. During the recovery phase, the global economy has been affected by bottlenecks, shortages and production disruptions. Among other things, this has contributed to increased inflation and rising inflation expectations. As a result, a number of central banks have begun a tightening of monetary policy. Reduced asset purchases and higher policy rates are currently at the planning stage in many places. In the financial market, most of the world’s stock markets have

noted significant gains. There has been some concern about how a tighter monetary policy could affect market dynamics. By the end of the year, however, this had not led to corrections or turbulence to any great extent.

Within the framework of its QE programme, the Riksbank (Swedish central bank) continued to purchase local government bonds on a large scale during the year. This action has, by all accounts, pushed interest rates down and reduced interest rate spreads between Kommuninvest and other local government issuers. To some extent, this has sharpened the competitive situation, while not having a more fundamental effect where Kommuninvest is concerned.

Over the year, Kommuninvest’s lending grew at a slightly lower pace than initially forecast. The extensive central government allocations in connection with the pandemic have, in combination with the rapid recovery, created a situation in which many municipalities and regions have had strong financial outcomes and muted funding needs.

Kommuninvest’s funding is adjusted to the lending trend. With the lending forecast initially being set at SEK 120–140 billion, the total funding volume for the year was slightly more than SEK 120 billion. Funding conditions have been generally favourable. In terms of Kom-



muninvest's strategic markets, transactions have been made in SEK and USD, where prices have been roughly equal, but not in EUR, where prices have generally been worse. In accordance with the procedure initiated in the spring of 2020, the weekly auctions within the Swedish Benchmark Programme have continued to generate favourable results. In September, a new issue was, for the first time, implemented within the framework of this auction procedure.

In 2021, Kommuninvest achieved significant progress in its sustainability work. Green financing has continued to grow steadily. Based on disbursed volume, the share of Green Loans has increased in relation to total lending, and was approximately 13 percent at the end of the year. In May, Kommuninvest received the environmental targets award Miljömålpriset 2021 from the Swedish Environmental Protection Agency, for its contribution to achieving the environmental objective of limited climate impact. This provided important recognition of the good results achieved by the green financing programme.

After thorough preparations and a successful pilot phase, Social Sustainability Loans were launched for all members in March. This innovative loan product is for municipalities and regions, as well as their companies, seeking to strengthen their investments in social sustain-

ability and make them visible. An active process, involving discussions and an exchange of knowledge, has been conducted to generate awareness of the product and its possibilities. At the end of the year, seven customers, including the five pilot customers, had been granted loans for a total of SEK 614 million.

Over the year, Kommuninvest developed the support offered to customers/members in making financial decisions. This has occurred in close dialogue with customers/members and relevant organisations. The materials, including reports and analysis tools, and the advisory services have been strengthened in four areas. These address owning or leasing operational premises, guarantee fees, governance in financial balance and liquidity planning.

The Welfare Economists – the independent group of experts established by Kommuninvest to analyse the local government sector economy in the wake of the pandemic – published two new reports during the spring. The group has particularly emphasised the importance of applying systematic streamlining (by means of digitalisation and new working methods, for example) to build long-term sustainability into the finances of Swedish municipalities and regions.



Kommuninvest's operations have continuously been adapted to the varying conditions caused by the pandemic and the restrictions. Besides a period in October and November, during which there was a high level of attendance at the office, employees have worked from home to a fairly large extent. Opportunities for hybrid meetings have been strengthened, with participants attending both physically and online. All major events, including the regular member consultations in January, the Annual General Meeting of the Society in April, the Finance Forum in September – October and additional member consultations regarding the risk tax in October, have been conducted in digital format. In general, this flexible and somewhat complex approach has worked well, despite the challenges. Operations have continued at full capacity.

Risk tax

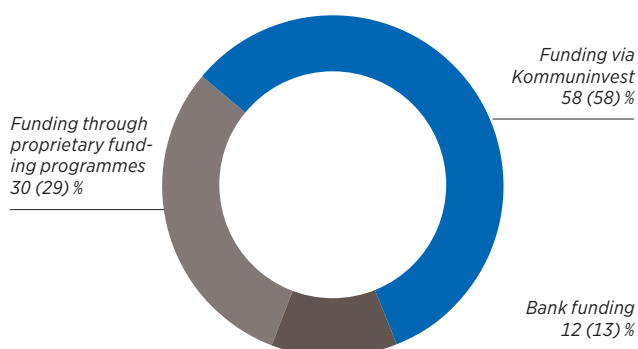
In September 2020, the central government presented a proposal for a so-called risk tax for banks and other credit institutes. This was updated in late May 2021. The design entails the tax applying fully to Kommuninvest. In an active advocacy process that included formulating consultation responses jointly with The Swedish Association of Local Authorities and Regions (SALAR), many other efforts, as well as key initiatives from individual members – Kommuninvest has opposed the tax being applicable to local government partnerships. Because Kommuninvest is guaranteed by its members, providing loans only to members and their companies, its operations do not entail the type of risk to the external community cited by the government as its motive for the tax.

On 14 December, the Riksdag voted to approve the government bill. Accordingly, the risk tax will be intro-

duced as of 1 January 2022. Kommuninvest expects to be required to pay about SEK 257 million in risk tax for 2022. This will be a heavy burden. Since Kommuninvest operates on a non-profit basis, the cost of the tax will ultimately be borne by the owners – 294 Swedish municipalities and regions. The Riksdag's assent was, however, accompanied by three announcements. The first of these concerned local government partnerships. The Riksdag held that the government should return to the matter, by 1 October 2022 at the latest, with a proposal to the effect that Kommuninvest would no longer be subject to the tax as of 1 January 2023. The Riksdag also held that the government should, as soon as possible, present a proposal for compensating the local government sector for the additional expense entailed by the temporary taxation of local government cooperation through Kommuninvest.

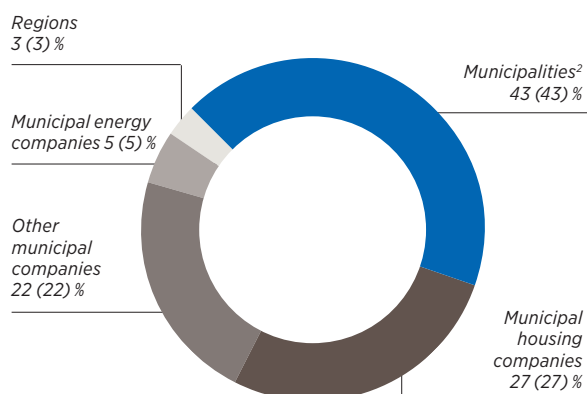
Kommuninvest has conducted extensive analysis and preparations with the purpose of ensuring that the operations are able to manage the risk tax to the extent necessary. The views of the members' were sought at the additional member consultations on the matter arranged in October. Within the framework of the Economic Society, stricter terms will play an important role in the overall solution for 2022. Another part is the restructuring programme, for both the Company and the Society, focused on lowering the Group's cost level (excluding the risk tax) through efficiency enhancements and savings. A fundamental principle of the design was that the programmes should primarily comprise measures that would be important or necessary for Kommuninvest to implement, even if it would not be affected by the risk tax. Implementation of the programmes commenced in November.

MARKET SHARES, LOCAL GOVERNMENT LOAN FINANCING¹



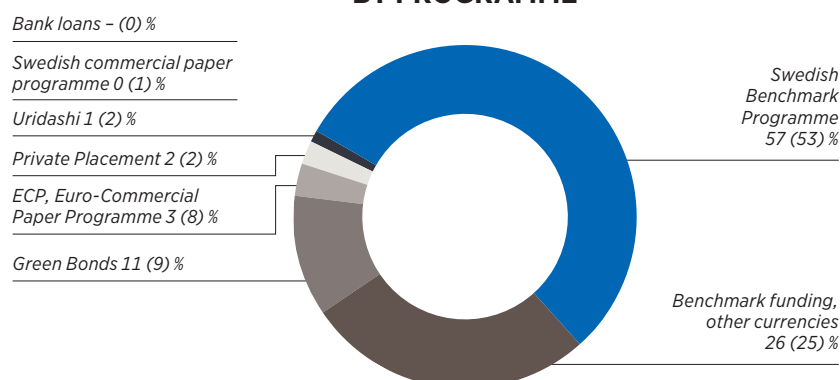
1) Forecast regarding outstanding funding (figures in brackets refer to actual outstanding funding in accordance with members' own Annual Reports as per 31 December 2020)

LENDING PORTFOLIO BY BORROWER CATEGORY



2) Some lending to municipalities is on-lent to municipal companies through municipal internal banks.

FUNDING PORTFOLIO BY PROGRAMME



All charts refer to 31 December 2021. Figures in parentheses refer to 31 December 2020.

Multi-year summary Kommuninvest-Group

	2021	2020	2019	2018	2017
Balance sheet total, SEK billion	524.3	527.4	471.3	417.2	357.0
Lending (recognised value), SEK, billion	460.7	445.8	408.2	355.7	310.1
Net profit, SEK, million	461.1	201.7	353.8	718.1	1,075.9
Members, total	294	292	290	288	288
of which, municipalities	280	278	278	277	277
of which, regions	14	14	12	11	11
Core Tier I capital ratio, %	403.7	357.4	128.2	187.7	218.0
Tier I capital ratio, %	403.7	357.4	128.2	187.7	218.0
Total capital ratio, %	403.7	357.4	128.2	192.8	231.4
Leverage ratio, %	15.37	12.30	1.59	1.74	1.82

Collaboration pays off

Kommuninvest is a very successful collaborative initiative in the Swedish local government sector. With its investments being financed in collaboration, the Swedish local government sector saves large sums each year. An increasing number of local government entities are discovering the benefit and therefore also seek membership in Kommuninvest. In 2021, the municipalities of Täby and Danderyd became members, and we bid them a warm welcome to the Kommuninvest family.

Accordingly, at the end of 2021, Kommuninvest had 294 members, corresponding to 97 percent of the Swedish municipalities and 67 percent of the regions.

Risk tax – despite everything

During the year, Kommuninvest completed an extensive process following the Government's proposal for a risk tax on banks and credit institutions. As Chairman of the Board, I am particularly proud that so many members, individually and with others, took strong initiatives on the issue, letting the government know that the local government sector stands united in its view that financial collaboration through Kommuninvest should not be covered by the risk tax, as the tax would impact the sector's welfare investments. Our advocacy efforts paid off to a certain extent, although the decision taken in December means we are still covered and will have to pay the risk tax in 2022. On a positive note, the Riksdag (Swedish parliament) also stated that Kommuninvest should be exempted from the risk tax as of 1 January 2023 and that the local government sector should be compensated in 2022 for the increased cost that the tax entails.

Although, despite our joint efforts, we did not quite achieve our objective, we nonetheless hope and believe that the government will deliver on the Riksdag's proviso, so that we will only be impacted by the tax for one year. Pushing in that direction will be our foremost priority in 2022.



As Chairman of the Board, I am particularly proud that so many members took strong initiatives on the issue, letting the government know that the local government sector stands united in its view that financial collaboration through Kommuninvest should not be covered by the risk tax.

In October 2021, we met with you, our members, to discuss the measures we would need to implement if Kommuninvest were to be subject to the risk tax. I am happy to now be able to inform you that we will not increase your costs for borrowing from us. We are working on the assumption that the risk tax will only affect us for one year and that we will therefore be able to counter the increased cost by streamlining our operations and without this affecting you as our customers.

Strong local government sector

For large parts of the sector, 2020 and 2021 brought major challenges with the pandemic that hit Sweden in early 2020. Despite the pandemic, the financial position of the local government sector is strong, which is explained largely by increased central government allocations. There are, however, reasons for staying alert to future developments. Many of the challenges pre-dating the pandemic will remain in the upcoming years, and some are even intensifying. In 2020 and 2021, we witnessed quite substantial shifts in demographic and migration patterns – the population is not increasing as quickly as previously forecast and there has been a certain degree of relocation from the metropolitan municipalities to regional and local centres.

Despite this, and to some extent due to it, welfare investment needs will remain considerable, and that is where Kommuninvest's business



model meets its members' needs in the optimum manner.

Broadened sustainability work

Kommuninvest's Green Bonds and Green Loans have proven successful. Today, we have granted Green Loans to more than 500 projects, corresponding to about 13 percent of our total lending, slightly more than SEK 60 billion. More than 180 of our members have at least one Green Loan. We are also very proud that Kommuninvest was one of the players to receive the Swedish Environmental Protection Agency's environmental targets award, Miljömålspriset, in the category "Courage and pace" for its work with the green funding programme.

It was also gratifying to be able to launch a new sustainability product in 2021 – Social Sustainability Loans – as a continuation of our sustainability efforts. Compared with our Green Loans, this remains a product under development, although we are moving in the right direc-

tion. So far, seven projects have been approved for a combined value of approximately SEK 600 million. We believe we are playing an important role pioneering the continued development of a Swedish market for the financing of socially oriented investments, and we hope that, in the long run, the response to this product will be as favourable as it was to our green products.

Finally, I also want to extend my gratitude to you, our members, for the past year, with the hope that our collaboration will remain equally favourable in the upcoming years.

Kommuninvest Cooperative Society

A handwritten signature in blue ink that reads "Göran Färm".

Göran Färm
Chairman

Steady and sustainable growth

During a pandemic year in which the local government sector's finances showed evident strength, Kommuninvest's lending continued to grow stably, albeit at a slower pace than previously. Substantial progress was made in the area of sustainability, particularly with the launch of Social Sustainability Loans. Extensive preparations were made to address the new risk tax, including focusing on forward-looking efficiencies.

Another year defined by the pandemic

The year 2021 was another defined by the pandemic. Despite the challenges, there was a tangible strength in the local government sector economy. This was in part caused by extensive central government allocations in connection with the pandemic. Another was the robust macroeconomic recovery around the world.

In this context, Kommuninvest's lending continued to grow, although not at the high pace to which we have become accustomed in recent years. The sector's financial strength, with increased liquidity, had a restraining effect on members' funding needs. The Riksbank's purchases of local government bonds within the QE programme also played a certain role. The interest rate discrepancies between different asset classes remained compressed, making local government collaboration through Kommuninvest less advantageous, compared with individual local government issuers. Although this has no fundamental impact on Kommuninvest's business model, it is not optimal in the long run.

Kommuninvest's operations were affected to only a limited extent by the pandemic. Even with substantial digital and hybrid working methods, the organisation worked at full capacity. In the long term, creativity and corporate culture can be negatively affected by fewer physical meetings and contacts. In the short term, however, such challenges can be dealt with.

Good progress

A clear indication that the operations achieved good progress was the launch of Social Sustainability



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In April, we received the 2021 environmental targets award, Miljömålspriset, for our contribution in achieving the environmental objective of limited climate impact. This provided important recognition of the local government sector's impressive efforts in the green transition.

ability Loans. This new loan product, which broadens our sustainability work, has been developed in close dialogue with a number of customers/members with specific interests in this area.

At the same time, green financing continued to grow. In April, we received the 2021 environmental targets award, Miljömålspriset, for our contribution in achieving the environmental objective of limited climate impact. This provided important recognition of the local government sector's impressive efforts in the green transition.

Another favourable path of development was our strengthening of the support in financial decisions – in the form of reports, calculation tools and advice, for example – that we offer our customers/members.

Addressing the risk tax

During the year, we conducted extensive efforts to address the Government's proposed risk tax for banks and other credit institutions. In part, and as part of a broad collaboration in the local government sector, we championed an advocacy process seeking an exemption for local government partnerships through Kommuninvest. And, in part, through analysis, preparation and dialogue, we developed a package of measures to be able to manage the tax within the organisation.

The Riksdag's (Swedish parliament) approval of the government bill in December was a setback – the risk tax thus becoming a reality without our being exempt. This will be a heavy burden for local government partnerships in 2022.



On the other hand, a victory was achieved when the Riksdag also stated its opinion that local government partnerships should no longer be subject to the tax as of 1 January 2023 and that the local government sector should be compensated for the additional expense in 2022. We now expect the government to deliver on this announcement.

Given that the risk tax, according to the Riksdag's thinking, will only affect Kommuninvest for one year, we are planning a balanced mix of measures. We will be focusing on key efficiencies that are crucial even independent of the tax. We are now intensifying our efforts to build an even sharper organisation.

Net profit

The operating profit for the year, SEK 476 million, was higher than expected. This is partly due to unrealised changes in market values turning out to be favourable at SEK 44 million, and to a higher return on the management of our liquidity reserve. At SEK 426 million, our operating income was, however, lower than in previous years. This follows the resolutions

taken by the 2018 Annual General Meetings and is in line with what we strive for in the long term. In accordance with these decisions, a smaller margin between funding and lending is intended to bring lower prices and less operating income.

Employees of the highest standard

Over the year, our colleagues have faced double challenges: the pandemic and the risk tax. And they have done so with great spirit. I am extremely grateful for their excellent performance and amazing commitment. Their efforts are what made the year now concluded such a good one.

Kommuninvest i Sverige AB

Tomas Werngren
President and CEO

How Kommuninvest helps build welfare

Kommuninvest finances most of the Swedish local government sector's investments in, for example, housing, schools, homes for the elderly, swimming baths and infrastructure.

Through our lending, we provide conditions for Swedish municipalities and regions to invest cost-efficiently in welfare. Since the financial crisis in 2008–2009, Kommuninvest's share of the local government sector's funding has increased sharply. Today, we account for more than half of total borrowing. The explanation is that an increasing number of municipalities and regions have joined as members, and that our growing economies of scale and regulatory development have made it increasingly difficult for banks and other financial institutions to compete with our favourable credit terms.

1. Funding

Kommuninvest continuously raises funds both in Sweden and in the international capital market. The local government sector's inherent stability, combined with our members' joint and several guarantee of Kommuninvest's commitments, means our funding is regarded as highly secure. From a credit risk perspective, Kommuninvest's funding is regarded as equivalent to the Swedish central government's own funding. The low risk, combined with Kommuninvest's history and good reputation in the capital market, affords us access to financiers who generally lend to us on favourable terms. To be able to meet our members' credit requirements, even when the markets are uneasy, we always maintain surplus liquidity in reserve.

2. Loan application and credit check

When one of Kommuninvest's customers decides to borrow money for one or more investments, the municipality or the region contacts Kommuninvest to apply for a loan. Normally, our lending is not linked to any specific purpose and borrowers need not, in accordance with the Swedish principle of municipal self-government, report what the money will be used for.

Since we know our members well, we generally have a good knowledge of their financial situation. We provide credit based on lending frameworks and credit decisions. The lending limits determine how much we can lend to the relevant municipal/regional group before an in-depth analysis

needs to be carried out. These should not be seen as fixed long-term ceilings, but are part of a continuous and active analysis process. Credit decisions are to be kept within these limits.

3. Green Loans and Social Sustainability Loans

Kommuninvest runs two sustainable financing programmes. These are designed to foster local and regional sustainability efforts. Green Loans are provided for environmental and climate initiatives, while Social Sustainability Loans are provided for social initiatives. For municipalities and regions to be granted loans within these programmes, the investment projects concerned must meet predetermined criteria and be included in one of the defined categories. Loan applications are examined by the Environment Committee or the Social Sustainability Committee, as relevant. In turn, Kommuninvest's sustainable lending is financed by issuing special bonds that are acquired by Swedish and international investors. To date, a large number of Green Bonds have been issued. Social bonds will be issued when the volume in the programme has grown sufficiently large.

4. Disbursement of loans

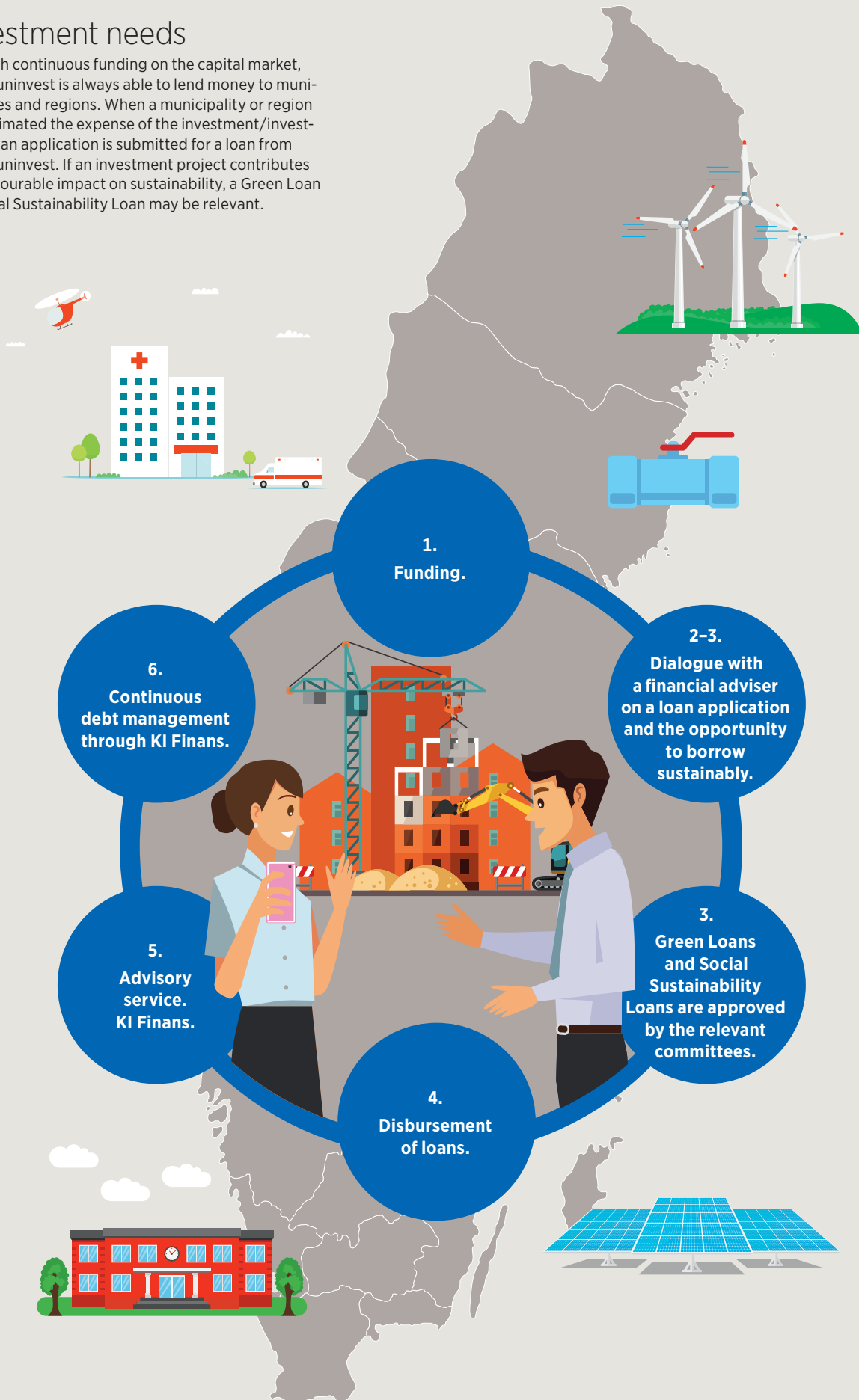
Because we know our members well and apply a fast, efficient and highly digitalised credit process, it takes only a short time between the customer's initiative and the disbursement of the loan. Whether it concerns a Green Loan or a Social Sustainability Loan, we handle the specific administration and documentation required to operate sustainable financing programmes – such as for external review and for the reporting of the impact to investors.

5–6. Advice and debt management through KI Finans

Throughout the term of the loan, the borrower is in continuous contact with our financial advisers and has access to all of Kommuninvest's combined expertise. In the web-based financial management service KI Finans, customers' finance officers have access to transaction management, analysis and reporting of liabilities and assets.

Investment needs

Through continuous funding on the capital market, Kommuninvest is always able to lend money to municipalities and regions. When a municipality or region has estimated the expense of the investment/investments, an application is submitted for a loan from Kommuninvest. If an investment project contributes to a favourable impact on sustainability, a Green Loan or Social Sustainability Loan may be relevant.



Sustainable financing is our mission

Kommuninvest's basic concept and vision includes encouraging social development that is sustainable in the long term. The sustainable financing solutions that Kommuninvest offers foster efficient use of tax revenues, financial stability and the local government sector's work with Agenda 2030. The partnership that Kommuninvest represents encompasses 97 percent of Swedish municipalities.

The municipalities and regions form the foundation of the Swedish welfare state. It is under their management that citizens encounter the most central welfare services, including healthcare, education and residential care. They also play a central role in the basic social infrastructure, in the form of housing, energy supply, public transport, water/sewerage, etc. Local government actors play a key role in advancing Swedish efforts towards Agenda 2030, in terms of both environmental change and societal issues.

How we generate sustainable values

Through lending to municipalities and regions, Kommuninvest establishes conditions for the expansion of Swedish welfare, increases the stability of local government finances and contributes to a more sustainable Sweden. By bringing local government funding needs together and channelling them through a single organisation, economies of scale can be achieved, while keeping operating expenses down. Accordingly, Kommuninvest plays a similar role for the local government sector as the National Debt Office does for the central government and its authorities.

As the largest lender to the sector by far, Kommuninvest helps generate both direct and indirect values. Crucially, the financing solutions and the knowledge and debt management tools we provide benefit financial stability in Swedish municipalities and regions and help develop members' debt management expertise. Accordingly, essential investments in welfare and sustainability can be made more efficiently and at a lower cost to taxpayers. This strengthens the welfare society by providing new or refurbished homes for the elderly, schools, apartments and healthcare facilities, or various forms of infrastructure such as roads, public transport, energy, water/sewerage.

Partnership strengthened during corona pandemic

The corona pandemic of recent years has entailed an extraordinary strain on municipal and regional operations – for this reason, Kommuninvest's support of the sector in the challenges it has faced has been particularly important. Kommuninvest has above all maintained continued access to the capital market and was able to finance municipalities' and regions' funding needs on favourable terms. We have also

intensified our knowledge-based support in the form of research and focus reports that in various ways foster effective governance and long-term management. For example, the Welfare Economists expert group, launched in 2020, is behind four reports, including a handbook on efficiency.

Given that the local government welfare mission and long-term economic sustainability are being challenged by demographic developments, with an increasing proportion of older people, alongside continuing substantial investment needs, it remains crucial for the sector to maintain favourable financing and support in effective debt management. During the year, the municipalities of Täby and Danderyd became members of the Society, meaning that 280 of Sweden's 290 municipalities are now members.

A non-profit concept that benefits society

Kommuninvest is established as a cooperative concept whose operations have no vested interest in generating a profit and are to be characterised by as low a level of risk-taking as possible. Accrued profit is returned to the members of the Society in the form of interest on their contribution capital and as refunds on their business volumes. In 2021, SEK 197.8 (355.4) million was transferred. In recent years, profits have decreased following a decision by the members in 2018 to change the pricing model, entailing a reduction in the prices offered by Kommuninvest.

Towards more complete integration of sustainability

It is becoming increasingly clear that the financial market can influence the transition to more sustainable societies. In 2021, the regulatory consequences of the action plan for financing sustainable growth launched by the EU in 2018 have begun to take shape in earnest. The action plan aims to direct capital towards sustainable investments, to manage financial risks caused by climate change, environmental degradation and social vulnerability, and to promote transparency and a long-term perspective in financial and economic activities. During the year, the Company commenced a process to be able to meet the mandatory and voluntary regulations that are planned, including a new directive for sustainability reporting, new requirements for regulatory reporting and a voluntary European standard for Green Bonds.



Creates stable finances in municipalities and regions.



Contributes to the general build-up of welfare in Sweden.



Lending

461

SEK bn

of which, 13 percent comprises Green Loans



Helps all of Sweden live.

197.8

SEK million in total distribution of surplus¹

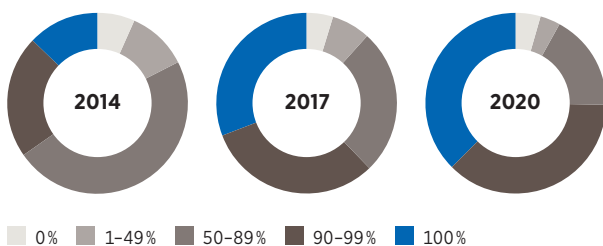
2,375

users of KI Finans

Helps to meet Sweden's sustainability targets.

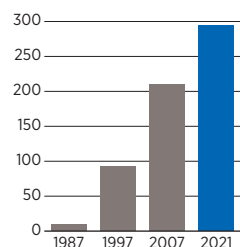
¹) Amount disbursed in 2021, relating to the 2020 financial year.

Kommuninvest's share of local government funding

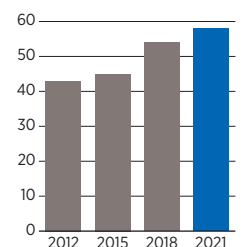


The compilation refers to Kommuninvest's share of funding among all of Sweden's municipalities, including both members and non-members. Most of the municipalities with no funding from Kommuninvest are non-members, meaning they are not entitled to raise loans from Kommuninvest. Of the 13 municipalities that had no funding from Kommuninvest in 2019, 12 were non-members. Data for 2021 were not available at the time of publication.

Number of members



Kommuninvest's market share, %



Sustainability work

Our sustainability work builds on the expectations of our stakeholders and on our mission to finance local government development and investment for a beneficial and sustainable society. The ambition is to integrate sustainability throughout our operations.

Our view on sustainability builds on the values of the Swedish local government sector, and actions are conducted in accordance with the Local Government Act and other legislation. It is therefore consistent with the international framework of the ILO Fundamental Conventions, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the UN Global Compact.

Financing, knowledge, responsibility

By providing efficient financing of investments for Sweden's municipalities and regions, we contribute to sustainable welfare over the long term. A strong ownership structure and the joint and several guarantee allow us to raise capital in the financial market cost-efficiently and stably. The members' considerable investment needs and Kommuninvest's position, being responsible for a sizeable proportion of members' funding, generate economies of scale.

We support our members' sustainability work with financing products clearly focused on environmental and social sustainability. Since their launch in 2015, Kommuninvest's green financing programme has grown to become one of the largest in the Nordic region. Since 2021, a new product has been offered, Social Sustainability Loans, aimed specifically at fostering systematic work with social initiatives.

We are also working to build knowledge on debt management, as part of good financial management in the sector. By extension, this should give elected representatives optimal room for manoeuvre in delivering welfare services to citizens. We have, for example, undertaken special efforts to improve awareness regarding whether municipalities and regions should own or rent their operational premises. Given its role in society, it is crucial that Kommuninvest be governed clearly to ensure the operations are conducted responsibly.

Stakeholder dialogue

We maintain a continuous dialogue with those stakeholders who, in various ways, influence and are affected by our operations, to identify the sustainability issues with which the Group should work. Our dialogue with stakeholders involves meetings with members, customers and employee delegates, as well as with representatives of government ministries and national authorities. We also conduct surveys among key stakeholders on an ongoing basis, including members, customers, employees and investors, both more traditional satisfaction surveys as well as more distinct sustainability surveys.

Swedish municipalities and regions are our most important stakeholder group. As members, they own and govern our operations, although, when they choose to borrow from

us, they are also our customers. The dialogue with municipalities and regions in their role as members is mainly conducted with elected politicians. The dialogue with municipalities and regions in their role as customers is conducted mainly with local government officials, generally with specialists in economics and finance.

Governance of sustainability work

The Sustainability Manager is responsible for managing, developing and reviewing Kommuninvest's sustainability work in close cooperation with the Executive Management Team and the department heads, who are responsible for taking sustainability aspects into account within their respective areas of responsibility. Guidelines for sustainability work are detailed in a Sustainability Policy adopted by the Company's Board of Directors, and are further specified in supplementary policies and instructions relating to occupational and personal safety, conflicts of interest, IT security, equality and diversity, bribery and hospitality, and regulatory compliance. Sustainability work is reported annually to the Board, and is supplemented by reviews on topical themes.

Sustainability risks

Sustainability risk is the risk that Kommuninvest's operations will directly or indirectly affect their surroundings negatively in terms of business ethics and corruption, including money laundering and terrorism financing, climate and environment, as well as human rights, including working conditions. The actions taken to address sustainability risks are largely governed by national and international regulations and guidelines alongside the Society's Ownership Directive, internal instructions and policies.

One of the most significant sustainability risks is associated with trust, due to insufficient control and requirements in terms of environmental, social and governance (ESG) criteria among borrowers and counterparties. As a first step, the Company has begun to introduce sustainability risks (ESG) as part of the assessment of municipalities in connection with a special review and in connection with the testing of the lending framework. This work is complex, given the local government sector's broad societal mission, and is expected to intensify in the upcoming years.

Given the Group's organisational and basic structure, including the members' joint and several guarantee for the Group's liabilities, that all lending is zero risk weighted and that primary and secondary local government authorities cannot be declared bankrupt, the financial exposure to sustainability-related risk is highly limited.



Our sustainability perspectives

Sustainability work builds on three perspectives

Sustainable financing

Supporting municipalities and regions' efforts in financial, environmental and social sustainability, as well as in fostering stability.

Responsible operations

Ensuring that Kommuninvest complies with its Code of Conduct, the expectations of stakeholders, as well as with laws, rules and regulations.

Sustainable organisation

Fostering a good working environment and employee health, good management, employee collaboration, and an agile organisation.



Which global goals are most clearly connected?

Sustainable financing					
Responsible operations					
Sustainable organisation					

Our influence is both direct (within the Company's decision-making mandate) and indirect (in the case of lending, funding and other balance sheet items). A mapping conducted in 2019 shows that the Group has a direct or indirect impact on 15 of the 17 global goals and on about 50 of the 169 sub-goals. The goals most clearly connected are presented here.

Sustainable financing

Kommuninvest offers financial services and products that support the work of the municipalities and regions regarding good financial management and sustainable development. This provides conditions for tax funds to be used as efficiently as possible, to increase the stability of the financial system and to promote the local government sector's sustainability work.

Our contribution in sustainable financing involves cost-effective and stable financing of public investments, products capable of promoting sustainable realignment, and long-term analysis for sustainable local government finances. The work also focuses on enhancing the skills of our members and customers in sustainable financial management, and offering tools that improve internal decision-making processes.

Comprehensive digitalisation

Lending forms the foundation of our operations. To be able to offer stable financing at the right price, it must continuously be streamlined in accordance with the needs of customers and members. Since 2020, the KI Låna lending process has essentially been entirely paper-free, even for the customer thanks to digital signing. This increases flexibility and reduces administration for customers while freeing up resources in the Company for more qualified customer support and strategic conversations.

At the same time, as a result of the corona pandemic, customer and investor meetings have increasingly been held online, with physical meetings now essentially only being held for special reasons. The more aggressive process of digitalisation also includes the events and seminars that Kommuninvest arranges, with these changes possibly becoming fully or partly permanent following the pandemic.

There are clear advantages for a membership organisation spread throughout the country to handle interaction and dialogue through digital formats to a relatively high degree. Many members perceive not having to travel as an advantage. During the year, the Company continued to invest in technology to enable smooth digital and hybrid meetings.

With KI Finans, Kommuninvest also offers a web-based financial management service for transaction management, analysis and reporting of financial liabilities and assets. All members of the Society have access to the service, which had more than 2,375 (2,246) users at the end of 2021.

Sustainable financing programmes

Since 2015 and 2020, respectively, Kommuninvest has been operating two sustainable financing programmes, both of which are designed to foster local and regional sustainability efforts. Environmental and climate initiatives, as well as social initiatives are financed either through Green Loans or Social Sustainability Loans – loans which are then refinanced by issuing bonds for which pension and mutual fund compa-

nies, for example, are the buyers. Kommuninvest is one of the Nordic region's largest issuers of Green Bonds and its ambition is to issue its first Social Bond as soon as the underlying loan volume is sufficiently large.

During the year, the milestone of 500 projects approved for Green Loans was passed, and Kommuninvest also received the Swedish Environmental Protection Agency's environmental targets award, Miljömålspriset, for its efforts with this programme. New policies were also adopted regarding the two programmes, entailing decisions to appoint members of the expert committees attached to the programmes, as well as the instructions given to the committees, being made by the Board of Directors of the Company. To safeguard a high degree of integrity and expertise in the committees, they include representatives from universities and state research institutes as well as local and regional expertise.

Catalyst for further-development of impact measures

The Green and Social financing programmes both promote increased measurement of their effects on society, that is, following up and assessing the investment contribution from a sustainability perspective. Financing is conditional on requirements for both transparency and feedback. For Green Loans, the impact generally involves reducing or avoiding CO₂ emissions, adapting to climate change or other environmental benefits. For Social Sustainability Loans, it may be a matter of increased security, increased participation, improved school results or increased employment. Contributing to a development results in improved governance, follow-up and assessment, as well as an increased focus on sustainable investments closely complements Kommuninvest's basic concept.

The expected annual reduction of CO₂ emissions and other environmental benefits from investment projects financed with Green Loans can be seen in Kommuninvest Green Bonds Impact Report. The principles for reporting are based on the Nordic co-operation initiated by Kommuninvest in this area, the Nordic Position Paper on Green Bonds Impact Reporting, which has been updated and published on three occasions.

Standard for impact measures for social initiatives

Impact measures for social initiatives, that is, analysis of the significance of such efforts in achieving predefined social objectives, is an area in which a common terminology and a more harmonised approach are sought. Accordingly, Kommuninvest participates in the technical committee for stand-



Investment in more climate-smart construction

As of 2022, legal requirements will be introduced requiring climate declarations for all newly-constructed properties – that is, the climate impact of any new building must be reported.

To stimulate a development in which local government customers take the lead, Kommuninvest, in partnership with Public Housing Sweden and IVL Swedish Environmental Institute, produced a guide for setting climate requirements when procuring construction projects. The partnership is taking place within the framework of the “Climate requirements at a reasonable cost” initiative.

Against this background, Kommuninvest has also developed new requirements for Green Loans. In addition to requirements regarding low energy consumption, construction projects commencing as of 2022, must also be able to demonstrate that, as a minimum, concrete life cycle-oriented climate measures are implemented for the skeleton of the building. This entails, for example, a frame of wood and/or climate-improved concrete, or that steel with a lower climate impact is used. Applicants must also be able to present a calculation of the building’s climate impact during the construction phase.



ardisation in impact measures for initiatives initiated in 2021 through the Swedish Institute for Standards, SIS.

Increasing awareness on local government financing

To increase knowledge of the local government sector’s long-term financial conditions, we conduct our own research and publish reports detailing trends in local government investments and their financing, including funding and debt analyses. The data are made available in public databases. Knowledge is disseminated on an ongoing basis by means of seminars and individual meetings. We also collaborate with higher education. Among other things, Kommuninvest has for several years partnered with the University of Örebro to promote research on the local government sector’s debt management and financial conditions, and we finance both a chair and post-graduate studies. Kommuninvest is also part of the reference group affiliated with the university’s Master’s programme in Sustainable Business.

Control in financial balance

Financial management is of great importance in safeguarding long-term sustainability in the local government sector’s finances. A thorough analysis provides a solid foundation for

effective management. Kommuninvest works actively to provide support in analysis and considerations and, during the year, published the report “Increased efficiency in local government sector financial management”. Alongside SALAR and Public Housing Sweden, an updated guide to guarantee fees for municipal housing companies was also published.

Voluntary adaptation to taxonomy studied

Based on the EU Taxonomy Regulation, which classifies what investments are to be considered environmentally sustainable, aspects of sustainability are being integrated in earnest into financial decision-making and reporting. Among other things, the purpose is to clarify how financial market players should inform and communicate about sustainability, how comparable, sufficient and qualitative information regarding companies’ sustainability work should be produced and how banks and credit institutions should work to integrate sustainability into their risk management. The efforts initiated by the Company in 2021 to meet the new regulatory requirements includes investigating the conditions for voluntarily adaptation of the green financing programme to a future EU standard for Green Bonds.

Responsible operations

A clear division of responsibilities and a focus on owner control, corporate governance and ethics shall help the Group to comply with the laws, regulations and rules applicable to the operations. Control and review activities are designed to meet the demands that can be made on a systemically important player.

Our efforts build on the following circumstances:

- A clear division of responsibilities between the parent organisation and the business operations. The Society addresses membership and ownership matters, while the Company addresses business issues.
- Annual ownership directives indicate the Company's course ahead. Risk appetite is low and professional conduct, strict ethical requirements and good business practices are to permeate the operations.
- Clearly regulated requirements on matters of corporate governance, risk management and compliance, including in areas such as money laundering and anti-corruption.
- Integrated sustainability work, in terms of both direct and indirect impact.
- Commitment to relevant societal issues and coordination with others, to meet stakeholder expectations and increase the effect of our efforts.

Ethics at the fore

Both the Company's Sustainability Policy and its Code of Conduct emphasise the importance of ethical and responsible behaviour. We are to conduct financially sound and sustainable operations and shall not participate in violations of human rights or the rights of employees, nor shall we contribute to negative environmental impacts, or accept corruption. Our success depends on the trust of members, customers, counterparties, investors, employees and authorities.

Any conflicts of interest are to be identified and handled efficiently and effectively to prevent negative impacts on customers, members or the Company. With regard to tax matters, the Company's actions must be responsible, correct and transparent. The Company shall not participate in transactions or make products available that may be questionable in relation to applicable tax legislation. Where there is any doubt, the Company shall refrain from participating. Ethics shall always be taken into account.

Anti-corruption and anti-money laundering measures

A risk-based approach is applied to ensure that the Company's products and services are not used for money laundering or terrorist financing. Suspicions of serious irregularities that could entail or lead to a breach of law are to be reported. Such violations can also be reported anonymously via

a whistleblower function handled by an external party. No suspicions of corruption or money laundering were identified during the year.

The Company's compliance function works to monitor and control the Company's compliance with laws and other regulations. The function also provides advice to the Company's Board of Directors, the President and CEO and personnel, as well as providing training in the area to enhance employees' knowledge and vigilance.

Environmental and climate considerations

Kommuninvest's environmental and climate work takes into account both the direct impact of the office operations, purchases and services, as well as the indirect impact of the financial operations. Due to the corona pandemic, business travel remained at very low levels in 2021 and a number of measures were also taken to reduce the head office's climate impact: solar cells were installed on the roof and cooling units were replaced with a system based on district cooling. This is expected to contribute to increased energy production in-house, reduced energy consumption and reduced noise.

Climate compensation

We compensate for the emissions remaining following our own climate efforts. In accordance with the conditions that apply to municipalities and regions, we climate compensate internally, that is, for investments made locally/in Sweden. Earmarked funds set aside either to finance initiatives supporting the sustainability efforts of the Society's members or helping reduce Kommuninvest's own impact. To date, climate compensation funds have been used for the Group's participation in the project "Climate requirements at a reasonable cost", together with Public Housing Sweden and IVL, see the case presented on page 19. The project is now continuing, focusing on renovation, rebuilding and extension.

Community commitment and cooperation

To increase the impact of our sustainability work and to respond to stakeholder expectations, we engage in relevant social issues, often in partnership with others. We are also part of several initiatives aimed at promoting sustainable change, including the Viable Cities strategic innovation programme for intelligent, sustainable towns and cities.



Sustainable organisation

Having a sustainable organisation is crucial to meeting the expectations of our stakeholders in the long term. Our high level of ambition and the insight that each employee can make a difference are what guide us in this work. Communicative leadership, committed employee collaboration and a focus on skills are essential for success.

By “a sustainable organisation”, we mean an organisation characterised by a strong culture and favourable working conditions, with healthy and motivated employees and managers. The organisation stimulates learning on an ongoing basis and has a good ability to adapt to new conditions. The working environment promotes diversity and gender equality, while discrimination may not occur.

In 2021, employees worked both from home and at the office, depending on the contagion scenario at different times. Safeguarding a beneficial and safe working environment remains a priority, with opportunities for hybrid and digital meetings.

Respect for human rights is a basic requirement

The Group shall avoid causing or contributing to a negative impact on human rights in its own operations and address any such impact if it arises. Employees should be able to combine working life and their free time. Kommuninvest shall also maintain a good knowledge of, and compliance with, applicable legislation and labour market agreements. This involves, in particular, discrimination legislation, environmental legislation, legislation regarding public companies and legislation relating to business relations. No form of discrimination is tolerated.

An equal workplace

We foster equality, diversity and development and are to be an inclusive (non-discriminatory) workplace. This is emphasised in the Company’s Gender Equality and Diversity Policy. At the end of 2021, 41 (39) percent of the total number of employees were women. Of the managers, 38 (35) percent were women and, in the Executive Management Team, the proportion was 43 (43) percent. A defined target for the Company entails increasing the proportion of female managers.

The ambition is to be able to attract, retain and develop skilled employees, regardless of gender, ethnic background, faith, age, disability, sexual orientation, gender identity or gender expression. Towards the end of 2021, 13 (13) percent of the Company’s employees had their origins in countries other than Sweden. In the organisation, 14 (12) different countries were represented.

Continuous learning to increase benefit for members

Systematic skills supply shall safeguard appropriate capabilities being available in the right place at the right time.

To a large extent, skills supply entails increasing skills among existing personnel. As an effect of the corona pandemic, this increasingly occurs in digital formats. There are several benefits: access to a broader range, lower travel costs and less environmental impact, increased efficiency and better conditions for maintaining a balance in everyday life.

Focus on self-management

Building on the systems support, structures and processes for learning that the Company provides, the individual employees, together with their immediate managers, bear substantial responsibility for their own development and learning. The Company works pro-actively to promote the shift in culture and behaviour needed by managers and employees alike. Key elements in this are the management and employee programmes that have been implemented, multi-year investments in leadership, employee collaboration, communication and culture.

Regular employee surveys

Employee surveys are conducted annually, to gauge the working climate and, in a formalised format, ascertain how employees perceive their work situation. During the corona pandemic, frequent temperature checks were conducted to observe challenges and early signals of ill health more quickly. Certain preventive measures were put in place where needed. Employees have also been afforded opportunities to ask questions or to submit comments on an ongoing basis at the additional digital monthly meetings scheduled by the Company.

Sustainable daily life

We are working actively with the health concept Sustainable Daily Life, seeking to promote a healthy lifestyle, with a balance between work, leisure and parenting. Sustainable Daily Life encompasses the physical and social working environment, training and daily exercise, health-inspiring lectures, stress management, individual coaching and self-help programmes. Among other things, all employees are offered individual health and lifestyle reviews on a regular basis. Based on these, employees are given tools to establish a sustainable lifestyle in the areas where the need is perceived to be greatest. This can involve sleep, diet, exercise and lifestyle, as well as the situation at work.

A social finance market is taking shape

A socially sustainable society can be described as an egalitarian and gender-equal society in which people live a good life in good health and without unjust differences. However, as a result of demographic changes, increased segregation and the occurrence of a number of socio-economically vulnerable areas, this view is under threat in Sweden. Working with social sustainability is necessary and desirable from both a socio-economic and human perspective, and is also important for a democratically sustainable society.

Similar to how the development of a green financial market indicated the importance of engaging capital in the transition to a more sustainable society, there are now signs of an emerging social finance market in Sweden. Similar to developments in the area of the environment in 2013–2015, local government actors are also at the forefront of developments now. Examples include the Municipality of Norrköping, the City of Malmö and Region Stockholm.

Kommuninvest's contribution is the new Social Sustainability Loan product, which, for the first time, gives the local government sector the opportunity to use loans to finance socially-oriented investments, in a way that promotes better governance, impact measurement and review of initiative to build social sustainability. From the perspective of members, there are considerable similarities with the Green Loans programme, with Social Sustainability Loans being able to help strengthen and make visible local or regional sustainability initiatives, while facilitating the development of practices, coordination and impact measures.

Potential to help reduce society's expenses

Social Sustainability Loans were launched in March 2021 after a development phase of two years together with about ten members and customers. The Social Bonds framework that has been set out clarifies the kinds of social needs and challenges that can be financed. These involve housing and living environments/security, safety and accessibility/as well as health, education, sports and culture.

For the investment to be granted funding, it must be able to foster a socially sustainable society through innovation, by developing practices and/or by enhancing quality with regard to the physical investment, the social

initiative or the relevant target group. The borrower also undertakes to continuously monitor and assess the investment.

All applications are examined by the Social Sustainability Committee, an expert committee with representatives from member municipalities and regions, universities and state research institutes. The Committee is appointed by the Company's Board of Directors and is tasked with, among other things, reviewing and determining the social nature of the loan applications.

Favourable results in initial feedback

At the end of the year, seven customers had been approved for Social Sustainability Loans, corresponding to a total of SEK 614 million in approved financing. Five of these had provided initial feedback.

“Increased health and well-being”, “increased sense of security and well-being”, “increased integration”, “increased faith in the future” and “increased participation and dialogue and reduced vandalism”. These are some of the results that borrowers reported regarding their investments and related social initiatives.

Housing company Botkyrkabyggen, which received funding for its sustainable and cautious renovation strategy, as well as for its dialogue with residents, has been able to limit rent increases following renovation to only 13 percent in the properties concerned. Following the renovation, no one was found to have been forced to move because of the rent increases.

In Trollhättan, by moving its operations to a deserted and insecure place in a socially vulnerable area, housing company Eidar AB, transformed this into a vibrant district centre with increased public and private local services. At the same time, a large number of jobs was generated and the vacancy rate was reduced to zero. There are now hopes that this will be reflected in increased security and satisfaction in future surveys of residents.

A clear ambition with Social Sustainability Loans is to foster a culture of impact assessment in the local government sector and a systematic approach to social sustainability that includes amassing knowledge and developing methods. From the first year of the programme, the experience is that significant potential exists to be able to support members and customers in their efforts towards a socially sustainable society.



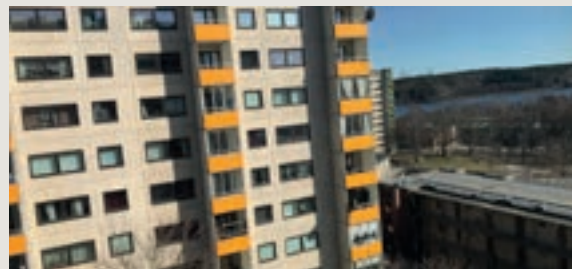
Municipality of Botkyrka

Stormwater parks that purify water and increase accessibility in the area. Fostering increased integration, enhancing perceived security and improving public health.



Eidar (Trollhättan)

Moving operations to a socially disadvantaged area created a lively district centre with a healthcare facility, a pharmacy and a community centre. Increased employment and reduced vacancies.



Botkyrkabyggen

Cautious and sustainable renovation for limited rent increases. Dialogue with residents and investment in well-being at home.



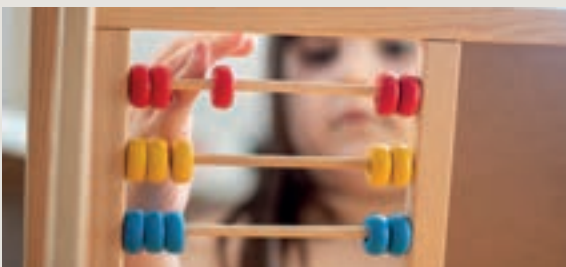
Uppsalahem

Renovation in accordance with a socially sustainable model. Flexible renovation choices through dialogue with residents and taking needs and ability to pay into account.



Ånge municipality/ÅFA

More appropriate premises and outdoor environments to bring people together more, increase access to remedial teaching and more advanced outdoor teaching to increase educational results for all children in the municipality.



Municipality of Vara

New family centre in a central location brings together businesses and professions focusing on preventive measures. Increased home visits to families with children aged 0-6 months.



Årehus

New and larger preschool brings preschool activities together and provides better conditions for strengthening the implementation of systematic sustainability efforts and safeguarding favourable skills supply.

Sustainability indicators

Sustainable financing

	Unit	2021	2020	2019
Lending volume				
Total lending to municipalities, regions, municipal companies, etc.	SEK, million	460,650.3	445,788.8	408,218.1
Share of the sector's financing	%	57.9	57.6	55.8
Operating expenses, excluding the resolution fee, as % of balance sheet total	%	0.048	0.045	0.050
Green Loans, volume outstanding, disbursed	SEK, million	60,209	52,478	40,283
Green Bonds, volume outstanding	SEK, million	54,561	43,636	36,636
Green Loans, proportion	%	13%	12%	10%
Social Sustainability Loans, volume outstanding, granted (volume disbursed)	SEK, million	614 (207)	463 (157)	-

Environmental indicators – Kommuninvest Group

	Unit	2021	2020	2019
Energy consumption				
Total energy consumption (in buildings)	kWh	561,117	518,793	616,853
– of which, electricity	kWh	325,657	334,963	385,980
– of which, heating	kWh	235,460	183,830	230,873
Total CO ₂ impact of energy consumption (in buildings)	Tonnes	119	119	142
– of which, from electricity consumption ¹	Tonnes	103	106	122
– of which, from heating ²	Tonnes	16	13	20
Proportion of renewable energy in energy consumption of electricity	%	100	100	56
Change in electricity consumption compared to the preceding year	%	-3	-13	5
Proportion of renewable energy in energy consumption for heating	%	100	100	95
Total office space	m ²	2,217	2,217	2,217
Total energy consumption per m ²	kWh/m ²	253	234	278
Total energy consumption per employee ³	kWh	5,611	5,037	6,107
Resource usage				
Purchased office paper	Tonnes	0.1	0.39	0.45
– of which sustainability labelled paper (PEFC)	Tonnes	0.1	0.33	0.45
Proportion of sustainability labelled office paper, of total purchases	%	100	84	100
Total paper consumption per employee	Kg	1.1	3.8	4.5
Paper recycling, incl. purchased and delivered paper	Tonnes	2.0	1.6	2.0
CO ₂ emissions avoided through recycling	Tonnes	2.3	2.3	2.7
Business travel				
Total business travel	Km	76,865	228,922	911,699
Total business travel per employee	Km	769	2,223	9,027
Total air travel	Km	14,899	90,363	493,063
Rail travel in Sweden	Km	44,504	120,241	364,616
Total CO ₂ emissions from business travel	Tonnes	5	43	225
CO ₂ emissions from business travel, per employee ⁴	Tonnes	0.05	0.42	2.2
Total climate footprint				
Total climate footprint of the operations ⁵	Tonnes	124	162	367
Total climate footprint per employee, CO ₂ e	Tonnes	1	1.6	3.6

1) The climate impact from electricity consumption, calculated applying an emissions factor for electricity of 315 g CO₂e/kWh, in accordance with the principles for impact reporting applied by Kommuninvest for Green Bonds (Nordic Position Paper on Green Bonds Impact Reporting). The reported values are within Scope 2, in accordance with the Greenhouse Gas Protocol.

2) The climate impact from heating, calculated applying the latest available emissions factor for district heating in the Municipality of Örebro for 2021 of 68 g CO₂e/kWh, in accordance with the principles for impact reporting applied by Kommuninvest for Green Bonds (Nordic Position Paper on Green Bonds Impact Reporting). The reported values are within Scope 2, in accordance with the Greenhouse Gas Protocol.

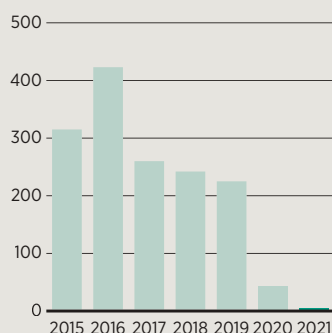
3) The emissions avoided through recycling over the year break down between 745 kg plastics, 2,045 kg paper, 139 kg iron, 30 kg hazardous waste and 331 kg alternative raw materials, source: Stena Recycling. Kommuninvest does not include emissions avoided by recycling resources, as the climate impact of the purchases in question has not been calculated.

4) Values are adjusted for high altitude factor.

5) Includes CO₂ emissions from energy consumption, resource consumption and business travel. All emissions are included in Scope 1 and Scope 2 and emissions from business travel are included in Scope 3.



CO₂ emissions from business travel, tonnes



Source: Big Travel, until 2020 with adjustment by Kommuninvest for so-called RFI factor regarding the high altitude effects of air travel.

Business travel continued to decline in 2021, mainly as a consequence of the corona pandemic. Business travel by air, measured in number of kilometres, decreased by 84 percent compared with 2020 and by 97 percent compared with 2019. Rail travel, measured in number of kilometres, decreased by 63 percent compared with 2020 and by 88 percent compared with 2019. The total carbon footprint continued to decline, amounting to 1.0 (1.6) tonnes CO₂e per employee in 2021.

Generating financial value – Kommuninvest Group

	Unit	2021	2020	2019
Total revenue				
Interest revenues	SEK, million	998.3	1,743.1	1,223.5
Other operating income	SEK, million	10.4	10.8	9.0
Distributed value				
Interest expenses	SEK, million	-317.5	-1,045.6	-412.5
Commission expenses	SEK, million	-11.4	-12.7	-11.3
Salaries and emoluments	SEK, million	-81.8	-76.6	-77.9
Pension expenses, training expenses and other payroll expenses	SEK, million	-32.5	-27.6	-24.5
Social security contributions and payroll tax on pension expenses	SEK, million	-29.0	-26.8	-27.8
Resolution fee	SEK, million	-23.0	-20.9	-27.4
Other operating expenses	SEK, million	106.2	-107.7	-106.0
Tax	SEK, million	-0.1	-2.3	-2.9
Transferred to the members of the Society during the year, refunds on business volumes and interest on member contributions for the previous financial year	SEK, million	197.8	355.4	717.8
Efficiency				
Operating expenses, excluding the resolution fee, as % of balance sheet total	%	0.048	0.045	0.050

In this note, revenues are recognised as positive and expenses as negative.

Employee statistics – Kommuninvest Group

	Unit	2021	2020	2019
Total number of employees, including those on part-time and probationary employment ¹	Number	118	116	111
Proportion of women/men – total	%	41/59	39/61	41/59
Proportion of women/men – all managers	%	38/62	35/65	29/71
Proportion of women/men – Executive Management Team	%	43/57	43/57	43/57
Average number of full-time annual employees (based on hours worked)	Number	100	103	101
Employment period <2 years (based on permanent employees)	%	17	15	17
Employment period 2–4 years	%	26	26	19
Employment period 5–9 years	%	27	32	34
Employment period >10 years	%	30	27	29
Personnel turnover	%	9	9	10
Participation in employee survey	%	89	94	95
Proportion of employees with university education	%	89	89	90
Proportion of employees who had development interviews	%	100	100	100
Proportion of employees who have undergone sustainability training	%	83	83	93

1) Number of employees refers to the total headcount, including full and part-time employees, those on parental leave and temporary employees. The total number of permanent and probationary employees was 96 at the end of 2021.

Auditor's opinion regarding the statutory Sustainability Report

To the Annual General Meeting of Kommuninvest i Sverige AB (publ),
company registration number 556281-4409

Engagement and responsibility

It is the Board of Directors that is responsible for the Sustainability Report for the year 2021 on pages 14–25 and that it is prepared in accordance with the Annual Accounts Act.

The scope of the examination

Our examination has been conducted in accordance with FAR's auditing standard RevR 12: The auditor's opinion regarding the statutory Sustainability Report. This means that our examination of the statutory Sustainability Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory Sustainability Report has been prepared.

Stockholm, 24 February 2022

KPMG AB

Anders Tagde
Authorised Public Accountant

Board of Directors' Report

- Comparison figures relating to the income statement refer to the preceding year (1 January - 31 December 2020), unless otherwise stated. Comparative balance sheet and risk related figures relate to 31 December 2020 unless otherwise indicated.
- Comments on the income statement, balance sheet and statement of changes in equity are provided in connection with the statements on pages 52, 54 and 56 thereof.
- In accordance with Chapter 6, Section 11 of the Annual Accounts Act, the Kommuninvest Cooperative Society has chosen to prepare the statutory Sustainability Report separately from the Annual Report. The Sustainability Report is available on pages 14-25 of this document.

Board of Directors' Report – Parent Society

Operations in general

Kommuninvest was founded in 1986 as a regional project for cooperation between local government authorities in the County of Örebro, through the company Kommuninvest i Örebro Län AB. Effective from 1993, it became possible for all municipalities and regions in the country to apply for membership of the Kommuninvest Cooperative Society (the Society). The Society owns the credit market company Kommuninvest i Sverige AB (the Company), in which all business activities are conducted.

The cooperation is voluntary and based on professionalism. The primary purpose of the operations is to achieve long-term favourable conditions for members' financing. Operations primarily involve loans for the financing of investments. Kommuninvest also functions as a member organisation to influence general conditions for financing of the sector.

Only members of the owner society and companies, foundations and associations controlled by members are entitled to use Kommuninvest's services. Loans to such companies, foundations and associations are conditional on the purpose of such loans being within the framework of local government expertise and on the member having signed a guarantee for the borrower's obligations. The financial cooperation is to be conducted with the lowest possible level of risk taking by the Society, the Company and its members.

Organisation of the financial cooperation

Following an approval process, Swedish municipalities and regions can become members of the Kommuninvest Cooperative Society. The Group consists primarily of the Society and the Company. Since 1 January 2012, the Company has also owned Kommuninvest Fastighets AB. Kommuninvest Fastighets AB owns the property in which the Company conducts its operations.

Joint and several guarantee

The members of the Society sign an unlimited joint and several guarantee for all of the Company's commitments. In addition to this commitment, the guarantors have signed an agreement allocating any claims based on the guarantee commitment relative to each local government authority's debt to the Company. The members have also signed a guarantee agreement regulating their responsibility for the counterparty exposures arising as a consequence of the Company's use of derivative contracts.

Operations based on members' needs

The scope of the Group's operations is determined mainly by the number of members in the Society and the financial needs of the individual members. As of 31 December 2021, the Society had 294 (292) members, of which 280 (278) were municipalities and 14 (14) were regions. Consequently, 97 (96) percent of Sweden's municipalities and 67 (67) percent of Sweden's regions were members (partners) in the Society. The Municipalities of Täby and Danderyd joined as members during the year.

Participation capital

The Board of Directors of the Society determines annually the scale of the contribution that members are to provide. The size of the contribution is related to the population of the municipality or region. At the end of 2021, participation capital in the Society totalled SEK 9,001.7 (8,151.5) million. The increase is an effect of capital contributions paid by members. In addition, participation capital can be increased through decisions by the Annual General Meeting regarding participation issues or decisions regarding new annual contributions.

Membership status

At the end of the year, there were 294 (292) members in the Kommuninvest Cooperative Society. No memberships were cancelled during 2021 and no repayment of capital contributions has been made as a consequence of membership cancellations to be made during the ensuing financial year.

Interest on members' contributions and refunds

By decision of the Annual General Meeting of the Society, as of the 2011 financial year, the Society distributes surpluses to the members. The distribution of the surplus can be achieved by the Company transferring the entire taxable profit to the Society as a Group contribution. The distributed surplus consists partly of interest on members' capital contributions and partly of bonuses.

Financial outcome

For 2021, the Society reported profit before tax of SEK 473.0 (197.5) million. This profit is primarily attributable to a Group contribution from the Company of SEK 488.0 (225.9) million. Profit after tax amounted to SEK 472.9 (199.7) million.

Human Resources

In 2021, the Society had one employee and total salary, including social security contributions and pension provisions amounted to SEK 2.7 million.

Appropriation of surplus

The Board of Directors of the Kommuninvest Cooperative Society proposes that:

The profit of SEK 480,129,866 at the disposal of the Annual General Meeting of the Society be appropriated as follows:

Interest of 2.5 percent on capital contributions is paid to members	199,646,540
Refunds be distributed to members in proportion to each member's share of the total business volume in 2021	273,253,460
To be carried forward	7,229,866
Total appropriated	480,129,866

See also Note 11 on page 89.

- *That* members entitled to interest on contributions and refunds are those municipalities and regions that had become members by 31 December 2021 at the latest.
- *That* interest on capital contributions and refunds are to be disbursed at the latest one month after the decision by the 2022 Annual General Meeting.
- *That* business volume refers to the average borrowing debt to Kommuninvest i Sverige AB of each member during 2021. The business volume for each member also includes the borrowing debt of the member's companies, etc. in the manner stated in Section 15 of the Articles of Association.

Applicable rules for capital adequacy and major exposures mean that Kommuninvest must at all times have a capital base which at least corresponds to the total of the capital requirements for credit risks, market risks and operational risks, and should also encompass the estimated capital requirements for other risks identified in the operation in accordance with Kommuninvest's internal capital assessment policy. The total capital ratio amounted to 403.7 (357.4) percent, compared with the requirement, including buffer requirements, specific capital base requirements and Pillar II guidance of 103.6 (10.5) percent.

The capital base amounts to SEK 9,409.9 (8,565.4) million after the proposed allocation of profits, and the final minimum capital requirement amounts to SEK 186.4 (191.7) million. A specification of items can be found in the Capital adequacy – Group section in Note 2.

Kommuninvest's financial position does not give rise to any assessment other than that Kommuninvest can be expected to fulfil its obligations in both the short and the long term. The Board of Directors' assessment is that the proposed distribution of interest on contributions and refunds does not jeopardise the Society's financial situation.

For information on Kommuninvest's net profit and general position, please refer to the income statements and balance sheets with associated comments on the financial statements.

Focus on governance and control

The Kommuninvest Cooperative Society is the Parent Society in the Kommuninvest Group. The Society is owned by 294 Swedish municipalities and regions with the purpose of enhancing the efficiency of their financial operations. Together with Kommuninvest i Sverige AB and Kommuninvest Fastighets AB, the Society forms a financial group of companies.

Good governance and control are crucial to the Group, as it is publicly owned and performs an assignment of considerable responsibility. The Corporate Governance Report for Kommuninvest i Sverige AB can be found in the Company's annual report.

Kommuninvest Group

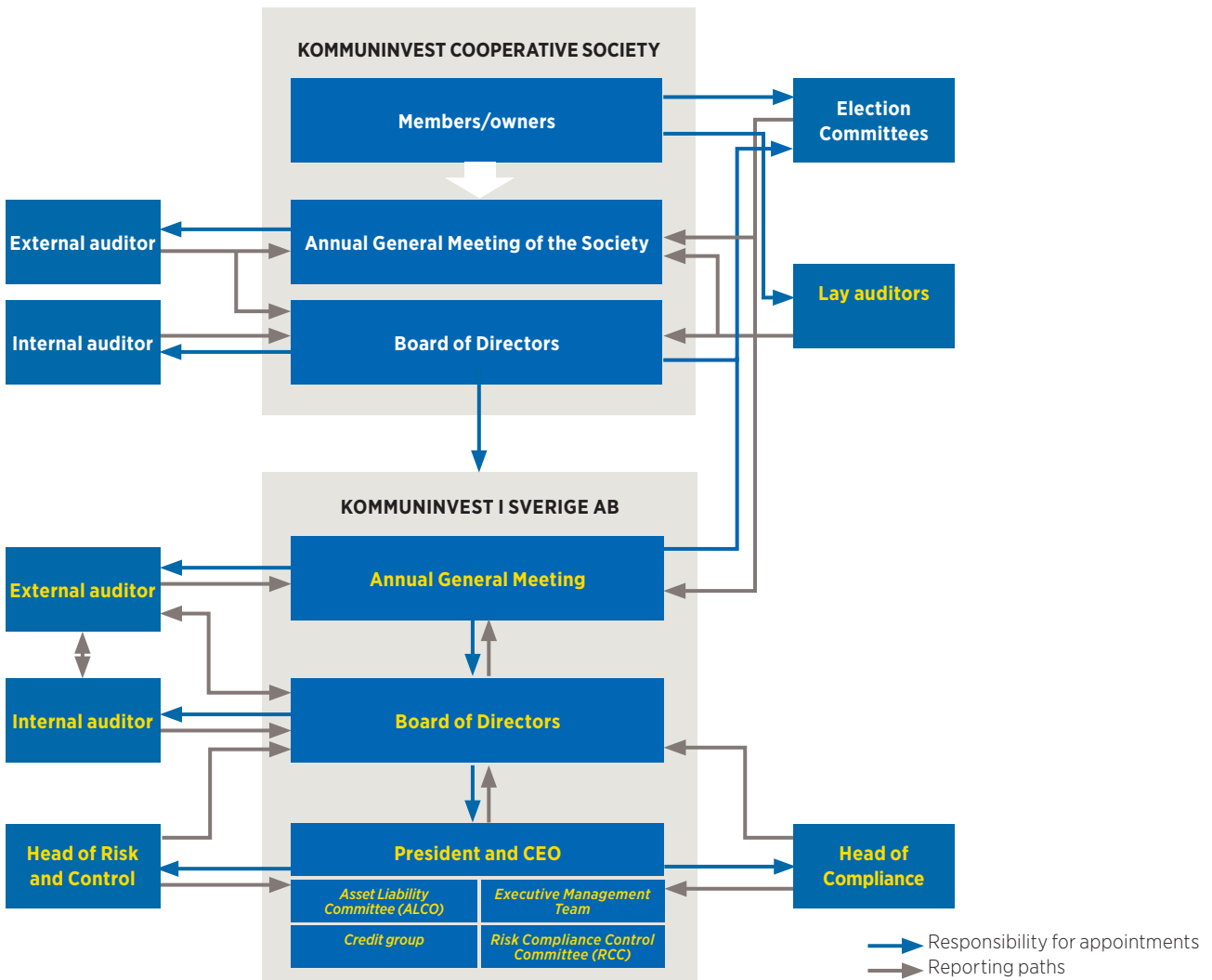
The Kommuninvest Cooperative Society ("the Society", Corp. ID No. 716453-2074) holds 100 percent of the shares in Kommuninvest i Sverige AB ("the Company", Corp. ID No. 556281-4409). The Company holds 100 percent of the shares in Kommuninvest Fastighets AB (Corp. ID No. 556464-5629). As of 31 December 2021, the participation capital in the Soci-

ety amounted to SEK 9,001.7 (8,151.5) million. Each new member of the Society contributes participation capital to the Society based on the number of inhabitants in the member municipality or region. As of 31 December 2021, the Society had 294 (292) members.

Principles of governance

The members of the Society consist of Swedish municipalities and regions. The Society is a cooperative venture with the principal purpose of providing members and their majority-owned companies access to cost-efficient and stable loan financing.

According to its Articles of Association, the Society shall not be operated with the purpose of generating profit. Once



consolidation needs have been satisfied, all surpluses shall accrue to the members. The members themselves determine the focus of the operations and no individual member has any decisive influence in isolation. At the Annual General Meeting of the Society, each member has one vote.

Presented below are some of the principles on which corporate governance is based. Additional to these are the formal work plan for the Board of Directors, the instructions to the President and CEO and other internal regulations adopted by the Board of Directors.

Member consultations

To stimulate owner influence and dialogue, annual member consultations are conducted at which representatives of the Board of the Cooperative Society discuss current issues with representatives of the membership in a smaller-scale forum. Member consultations represent important fora for the preparation of matters for resolution by the Annual General Meeting of the Society. Prior to the 2021 Annual General Meeting, member consultations were held on nine occasions in completely digital formats. 456 politicians and officials participated. In October 2021, three additional member consultations were also held to provide information regarding the risk tax. These events were also completely digital and had about 380 participants from all over the country.

Owner directives

The Board of Directors of the Society develops owner directives for the Company and these are set annually at the Annual General Meeting.

The owner directives set out the framework of the operations assigned to the Board of Directors of the Company by the Society. Above all, the owner directives include guidelines regarding consolidation, risk levels, remuneration principles, principles for business travel and representation, expertise on funding matters, development of products and services and any special assignments set for the Company by the Society. The owner directives take effect on being adopted by the Annual General Meeting of the Society and the Annual General Meeting of the Company.

Targets for operations

The Group's overarching objective is to generate the greatest possible benefit for the members of the Society. This will be achieved by, for example, maintaining a high proportion of satisfied customers, accounting for a large proportion of members' loan financing, maintaining a high level of cost efficiency and having the financial strength to support the long-term focus of the operations.

Remuneration principles

The Board of Directors of the Company determines, in accordance with the owner directives, the remuneration principles that apply within the Company. The principles are also reviewed regularly. The Company is not deemed to require a specific Remunerations Committee. These duties are performed instead by the Chairman of the Board of the Company.

Remunerations shall engender conditions to attract, retain and motivate employees so that operations can be conducted in an optimal manner. The basic principle is that remunerations and other terms of employment should be in-line with the market and should consist solely of fixed wages. No variable remunerations are paid. Wages are set taking into considera-

More information about Kommuninvest's corporate governance

The following information can be accessed via Kommuninvest's website www.kommuninvest.se/en:

- Statutes of the Kommuninvest Cooperative Society.
- Details of members and approval of new members.
- Articles of Association of Kommuninvest i Sverige AB.
- Information on the work of the Election Committees.

tion the tasks involved and their degree of difficulty, responsibilities, educational requirements and how the employee fulfils the demands imposed and contributes to improvements in operations.

Annual General Meeting

The Annual General Meeting is the highest decision-making body within the Group. The Annual General Meeting of the Society was held as a "hybrid meeting" in Stockholm on 15 April 2021. At a hybrid meeting, at least the chairman and secretary of the meeting are required to be present at the location at which the meeting has been convened. Other participants attend digitally. At the meeting, 177 (138) municipalities and regions were represented, corresponding to 65 (47) percent of the members. At the Annual General Meeting of the Society, each member has one vote. The resolutions adopted by the Meeting included:

- annual report.
- Interest on capital contributions and refunds to members.
- Owner directive to Kommuninvest i Sverige AB.
- a revised plan for Kommuninvest's build-up of capital.

The Annual General Meeting of the Company was held in direct connection with the Annual General Meeting of the Society.

Election Committees

The Group has two Election Committees, an Election Committee for the Society and an Election Committee for the Society's companies. The Election Committees bear the ultimate responsibility for the preparation of appointment decisions through a structured and transparent process allowing the members to give their views on proposals and to submit their own proposals regarding appointments and associated issues, thereby establishing favourable conditions for well-founded decisions.

The Election Committee of the Society is appointed by the Annual General Meeting of the Society, based on proposals submitted by the Society's Board of Directors. The Election Committee of the Society's companies is appointed among the members of the Board of Directors of the Society. The Board of Directors of the Society has resolved that its Working Committee shall act as the Election Committee for the Society's companies.

The work of the Board of Directors

Board work is conducted partly in the Board of Directors of the Society and partly in the Board of Directors of the Company. The main principle is that the Board of Directors of the Society deals with membership and ownership issues, while the Board of Directors of the Company deals with issues involving business operations. This means that issues concerning new members, resignations, possible exclusion, capitalisation of the

Election Committee of the companies owned by the Society 2021/2022

Göran Färm (S), Municipality of Norrköping, Chairman

Linda Frohm (M), Municipality of Kalix, Vice Chairman

Ewa-May Karlsson (C), Region Västerbotten

Pierre Sjöström (S), Municipality of Staffanstorps

Further information on the Election Committee, including its complete formal work plan, is available at www.kommuninvest.se/en.

Group, guarantee issues, etc. are addressed by the Board of Directors of the Society.

The Board of Directors of the Company addresses financing issues, credit issues (such as limits, analyses) and other operational issues. However, the connection between the two boards is strong, since certain issues concern both the Board of Directors of the Society as well as that of the Company. However, the Board of Directors of the Society, which represents the owners, has no direct right of determination over the Board of Directors of the Company. The Society's control of the Board of Directors of the Company takes place only by means of resolutions by the Annual General Meeting or by owner directives adopted by the Annual General Meeting.

Working Committee of the Board of Directors of the Society

From among the members of the Board of Directors of the Society, a working Committee is appointed each year, including the Chairman of the Board, the Vice Chairman of the Board and at least one other Board Member. On assignment from the Board of Directors, the Working Committee is responsible for matters including the preparation of the work of the Board of Directors and for annually assessing the work of the President. The Working Committee also acts as the Election Committee of the Society's companies and Audit Committee in accordance with rules of procedure established by the Annual General Meeting. In its capacity as Audit Committee, the Working Committee is also tasked with meeting the external auditors and lay auditors of the Society and the subsidiaries to obtain information on the focus and scope of the audit and the view of the risks for the Society and the Group. The results of the work of the Working Committee and the Audit Committee are to be reported at Board meetings on an on-going basis.

President and CEO

The President is responsible for the on-going administration of the Society in accordance with the Board's guidelines and instructions. Since the Society's owners are democratically governed organisations and the Society's operations are socially beneficial in nature, the President's responsibility for on-going administration shall be limited to on-going administrative matters that are not significant in terms of principles or otherwise of special significance for the Society. If it is unclear, in an individual case, whether the decision-making power should accrue to the Board of Directors or the CEO, the CEO shall let the Board of Directors consider the matter or, if the Board's position cannot be awaited, consult with the Chairman of the Board. According to Chapter 7, Section 29 of the Economic Associations Act (2018:672), the President and CEO is entitled, in certain instances, to undertake measures without the authorisation of the Board. For the reasons stated above, the President shall, in such instances observe very considerable

restriction and always seek consultation with the Chairman of the Board.

Ownership management review

In accordance with the regulations for financial companies under Finansinspektionen's control, Board members of Kommuninvest Ekonomisk förening and the CEO shall be subject to ownership management review.

Board members

Effective from the Annual General Meeting of 15 April 2021, the Board of Directors of the Kommuninvest Cooperative Society has consisted of Göran Färm (Chairman), Linda Frohm (Vice Chairman), Lilly Bäcklund, Britta Flinkfeldt, Ewa-May Karlsson, Maria Liljedahl, Örjan Mossberg, Ulf Olsson, Jonas Ransgård, Fredrik Larsson, Niclas Nilsson, Bo Rudolfsson, Mohamad Hassan, Pierre Sjöström and Anna-Britta Åkerlind. The members are presented on page 33.

Analysis and Finance Committee

The Board of Directors of the Society appoints an Analysis and Finance Committee. The committee is responsible for monitoring the members' financial status and the development in the local government sector as a whole. It is also tasked with preparing new membership applications on behalf of the Board of Directors of the Society. In contrast to other committees in the Society, it is made up of officials. The reason for this is that the tasks call for extensive specialised economic expertise. The Committee's brief states further that it shall represent different parts of the country, it shall have experience of different types of municipalities and it shall have knowledge of operations in the form of a public enterprise.

Remunerations

At the 2021 Annual General Meeting, it was decided to change the fees for the Board of Directors of the Society, see also Note 7, where the total fees are stated. Total fees paid to the members of the Board of Directors amounted to SEK 1,882.2 (1,681.3) for 2021.

Work of the Board of Directors in 2021

During 2021, the Board of Directors held five (five) ordinary meetings, one (one) extraordinary meeting, one (one) statutory meeting and three (one) seminars. In addition to ongoing matters, agendas and decisions have involved:

- Member consultations
- Planned build-up of capital
- Owner directives
- Follow up of members' and sector debt
- Internal audit reports
- Annual Report and interim reports
- Internal capital and liquidity assessment (ICLA)
- Offering of membership in the Kommuninvest Cooperative Society
- Board evaluation

Board of Directors of the Kommuninvest Cooperative Society

Chairman	Vice Chairman	Ordinary members			
					
GÖRAN FÄRM (S) Municipality of Norrköping	LINDA FROHM (M) Municipality of Kalix	LILLY BÄCKLUND (S) Municipality of Lycksele	BRITTA FLINKFELDT (S) Municipality of Arjeplog	ULF OLSSON (S) City of Borås	
					
MOHAMAD HASSAN (L) Municipality of Uppsala	EWA-MAY KARLSSON (C) Region Västerbotten	FREDRIK LARSSON (M) Region Värmland	MARIA LILJEDAHL (SD) Municipality of Köping	ÖRJAN MOSSBERG (V) Municipality of Växjö	
					
NICLAS NILSSON (SD) Municipality of Kristianstad	JONAS RANSGÅRD (M) City of Gothenburg	BO RUDOLFSSON (KD) Municipality of Laxå	PIERRE SJÖSTRÖM (S) Municipality of Staffanstorps	ANNA-BRITTA ÅKERLIND (C) Municipality of Örnsköldsvik	

DEPUTIES

Peter Hemlin (M)
Municipality of Bollebygd

Andreas Svahn (S)
Region Örebro County

Christina Johansson (M)
Municipality of Arboga

Peter Kärnström (S)
Municipality of Sandviken

Lill Jansson (L)
Municipality of Lerum

Hans Lindberg (S)
Municipality of Umeå

Hanne Lindqvist (M)
Municipality of Kalmar

Ann-Marie Johansson (S)
Region Jämtland Härjedalen

Anders Johansson (C)
Municipality of Mönsterås

Elizabeth Peltola (C)
Municipality of Älmhults

Catharina Fredriksson (S)
Municipality of Oxelösund

Teddy Nilsson (SD)
Municipality of Svalöv

Martin Kirchberg (SD)
Municipality of Torsås

Anna Lipinska (KD)
Municipality of Värmdö

Jeanette Wäppling (V)
Municipality of Gällivare

AUDITORS

The Annual General Meeting of the Kommuninvest Cooperative Society elects external and lay auditors. According to the Articles of Association, Kommuninvest shall have one auditor. The external auditor is appointed by the Annual General Meeting of the Society on the basis of a proposal from the Board of Directors' Audit Committee, for the period extending until the end of the ordinary Annual General Meeting held in the fourth financial year following the auditor's election. The Annual General Meeting of the Society also appoints a deputy auditor.

The same auditing company appointed as external auditor for the Society is also the appointed external auditor for the Company and Kommuninvest Fastighets AB. The purpose is to obtain more efficient auditing for the Group.

External auditor

At the 2020 Annual General Meeting of the Society, KPMG AB was appointed as the auditing company for the period extending until the end of the 2024 Annual General Meeting of the Society. KPMG AB has appointed authorised public accountant Anders Tagde as chief auditor. The chief auditor meets with the Board of Directors of the Company at least twice a year, and the Board of Directors of the Society at least once a year. Among Anders Tagde's other auditing assignments, ICA Banken and OK-Q8 Bank can be mentioned.

Internal auditor

Effective from 2017, the Board of Directors of the Society appointed PwC (PricewaterhouseCoopers AB) as its internal auditing company, with authorised internal auditor Peter Nilsson as the internal auditor.

Lay auditors

The lay auditors regularly meet the external auditors, the Chairman of the Board, the President and CEO, as well as other representatives of the Society. Where necessary, the lay auditors can initiate auditing measures additional to the normal statutory audit. At the 2020 Annual General Meeting of the Society, the following lay auditors for the Society were appointed for the period extending until the end of the 2024 Annual General Meeting: Anki Svensson (M), Municipality of Tyresö (re-elected) and Ambjörn Hardenstedt (S), Municipality of Svedala (newly elected).

The same individuals appointed as lay auditors for the Society were previously appointed as lay auditors for the Group as a whole. The 2020 Annual General Meeting of the Society resolved, however, that the assignment of the lay auditors should focus solely on reviewing the Society and its operations.

Research and training

Work in research and training is conducted in four areas: research, education, reports and the external community. All in all, these efforts will increase our knowledge of local government sector development, as well as active dissemination of knowledge to members and the external community. During 2021, work was partially adapted to conditions surrounding the Covid-19 pandemic.

In the area of research, the Kommuninvest Research Working Committee works to increase knowledge about the local government sector's financial situation and long-term challenges. The Committee shall also contribute to increasing members' understanding of the demands that will be placed on both elected representatives and officials in the local government sector. The focus during the year has been on launching the work of the Committee and increasing the visibility of the Committee for both researchers and members. During the year, we organised a webinar and released three research reports, one of which was written by the Committee. The Centre for Local Government Studies (CKS), the Council on Local Government Research and Education (KEFU), Local Government Research in Western Sweden (KFI) and Kommuninvest are jointly investing in a webinar series starting in February 2022.

In the area of education, the collaboration with the Association of Local Government Economists (KEF) has progressed with another round of courses. The collaboration with the Stockholm School of Economics has also carried out and additional training round for larger local government authorities. An educational concept has also been developed

for the smaller municipalities, with an initial round commencing in early 2022.

Two focus reports have been published in 2021 – “Owning or renting business premises – what the calculations look like in the local government sector” and “Governance in financial balance – more efficient financial management in the local government sector”. Both reports have been developed into advisory products within the company. The ninth edition of the report “Local government debt” was published during the year. To be up-to-date and concise in comments on occurrences in the local government sector, a blog was also initiated during the year, in which some 20 brief analyses and comments have been published. In addition, the quarterly reports “Local government sector debt management” have been published with two in-depth studies.

The final area, the external community, also occupied considerable space in 2021. The Welfare Economists¹ published two new reports and a debate article. With the opportunity to participate in digital webinars and training, the number of external lectures has also increased, with Kommuninvest participating in both major events and presentations for individual municipalities.

1) Kommuninvest took the initiative to establish a temporary expert group to analyse the finances of municipalities and regions in the wake of the corona crisis. At the end of the year, the group included Henrik Berggren, Lars Hultkrantz, Katarina Holmgren, Sören Häggroth, Roger Molin, Susanne Spector, Emelie Värja and Annika Wallenskog.



Capitalisation plan

Kommuninvest's lending has increased significantly in recent years. Compared with earlier years, lending to members increased at a somewhat slower pace in 2021. However, the forecasts indicate that lending to municipalities and regions will continue to rise over the next few years.

To safeguard risk management and stability in the operations and to continue being able to offer members financing for welfare investments, capital will need to be injected. Against this background, the Annual General Meeting of the Society in April 2020 adopted an aggressive plan for a gradual build-up of capital. The capitalisation period extends until the year 2024. The focus is for both internal and statutory capital requirements to always be met by a broad margin. The members of the Society must always have sufficient foresight to be able to make decisions on additional capital contributions in good time should this be needed, against all odds. The core the plan is a gradual increase in capital contributions.

Through the increase in 2021, the local government authorities' capital contributions were increased from SEK 900/inhabitant in 2020 to SEK 1,000/inhabitant in 2021, and will gradually increase to SEK 1,300/inhabitant in 2024. The regions' capital contributions, which are one-fifth of the municipalities', were increased from SEK 180/inhabitant in 2020 to SEK 200/inhabitant in 2021 and will be increased to SEK 260/inhabitant by 2024. According to Kommuninvest's forecasts and calculations, these sums are well balanced to be able to achieve statutory capital requirements, while also being able to offer members welfare financing.



Developed support in financial decisions

Over the year, Kommuninvest continued to develop the support offered to customers/members in making financial decisions. The purpose is to promote good financial management and to build up a knowledge and awareness of specific issues. This development has occurred in close dialogue with customers/members and relevant organisations. The material and the advisory approach, in which financial advisers assist with in-depth analyses, have been strengthened in four areas. These address owning or leasing operational premises, guarantee fees, governance in financial balance and liquidity planning.



New members

In 2021, the Kommuninvest Cooperative Society was pleased to welcome two new members: the Municipalities of Täby and Danderyd. The purpose of the two municipalities' memberships has, among other things, been to have access to an additional source of financing that can also, in the long run, halve the costs of borrowing for investments.



Sustainable financing and advanced knowledge

The Riksbank's measures to mitigate the effects of the corona pandemic have had an impact on Kommuninvest's competitiveness. However, the local government sector still has substantial investment needs and the long-term added value from municipal collaboration through Kommuninvest remains considerable.

Focus of the operations

By providing efficient financing of investments and improving knowledge and skills in local government debt management, Kommuninvest shall contribute to welfare that is sustainable in the long term. Kommuninvest offers products and services that meet customers' financing needs, support the sustainability work of the municipalities and regions and contribute to the entire sector's expertise in debt management.

Kommuninvest continues to digitalise and streamline the loan process. Functions facilitating customers' authorisation processes and the necessary decision documents within the loan process were launched during the year. The development of the digital lending process is appreciated by customers and the proportion of loans raised through the digital flow is continuously increasing.

During the year, Kommuninvest also offered more in-depth support in financial decisions, in the form of reports, webinars and tools in several key areas of focus for customers and members. These include a guide on guarantee fees for municipal housing companies, developed in collaboration with SALAR and Public Housing Sweden, support for analysis and considerations associated with the choice of owning or renting business premises and support for improved liquidity planning.

The new Social Sustainability Loans product was successfully launched during the year. In addition to the pilot customers, others have also joined. Efforts are ongoing to establish this loan product among our customers.

Kommuninvest's focus areas are the starting point for its operational governance.

The Company's focus areas

CUSTOMER/MEMBER

To be the customer's/member's first choice in local government finance management by adapting product and service offerings within all selected customer segments

SKILLS

Broadening and deepening employees' expertise to safeguard competitive operations in the future

EFFICIENCY

To ensure that the Company's lending price, average funding cost plus various margin surcharges, are competitive in relation to the local government authorities' own funding

Multi-year summary

The Company's lending trend has been affected by the pandemic and the extensive central government allocations to the local government sector, as well as the Riksbank's purchases of local government bonds. Lending totalled SEK 461 billion at the end of 2021, having grown by 3 percent over the year. This is to be compared with an annual growth of 10 percent over the past five years. The Company's share of the local government sector's external funding has increased from 50 percent to an estimated 58 percent over the same period.

For multi-year data in table format, see page 7.

Strong sector surpluses

Strong liquidity in municipalities and regions restrains borrowing needs. In 2021, Swedish local government borrowing grew by SEK 29 billion to SEK 795 (766)¹ billion. Kommuninvest retains a strong position, with the Company financing 58 (58) percent of the local government sector's total debt.

The combination of extensive renovation needs for homes and properties built in 1965–1975 and strong population growth, requiring additional operational premises and expanded infrastructure, is driving up the local government sector's investments. These investments encompass several areas of local government operations, including property, housing, water and sewerage, infrastructure and energy production. In 2020, however, investment in the local government sector decreased slightly, which is likely to be an effect of the corona pandemic. Kommuninvest's assessment is that investments will increase over the upcoming years, albeit at a slightly lower pace than the average over the preceding decade. The assessment is based on population forecasts being revised downwards, while needs for maintenance and realignment remain.

After two years of declining self-financing rates in investment, the trend stabilised in 2019 and, in 2020, the self-financing rate rose sharply due to record earnings combined with declining investment volumes. Self-financing is expected to have been relatively high in 2021 too, with the local government sector's liquidity situation being strong due to the large-scale central gov-

ernment allocations of 2020. This held back funding requirements in 2021, despite investment needs remaining considerable.

Kommuninvest grew strongly after the financial crisis of 2007–2008 and has since continued to increase its market share. In 2017–2021, Kommuninvest's market share increased from 50 percent to 58 percent. Over the same period, financing via the banking sector and bilateral parties decreased from 17 percent to 12 percent of the sector's borrowing. About 20 municipalities/regions and about ten municipal companies are currently active in the capital market. The issuance of local government bonds and commercial papers accounted for 30 percent of the sector's financing in 2021, a share that has been relatively constant in recent years.

Over the period 2017–2021, growth in the sector's loan debt averaged 7 percent. Over the same period, Kommuninvest's lending grew by an average 11 percent.

¹) Forecast based on Kommuninvest's ongoing monitoring of debt and investment trends in the Swedish local government sector. At the time of publication of this Annual Report, neither the complete data for 2021, nor the municipalities' and regions' own annual reports were available. Values and shares for 2020 have been adjusted in accordance with the municipalities' and regions' own Annual Reports.

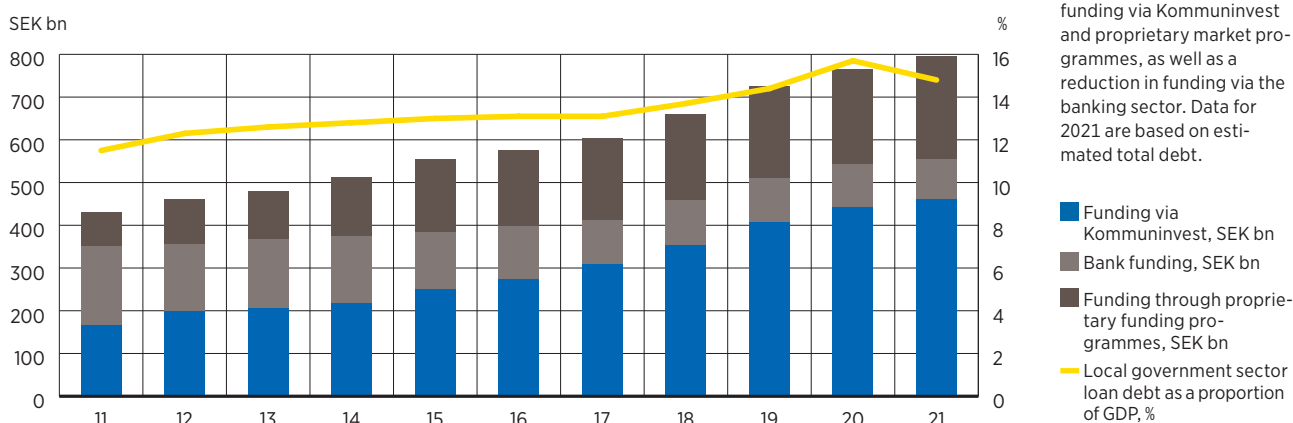
Forms of local government funding

Swedish municipalities and regions have access to three main sources of loan financing:

- funding via Kommuninvest
- funding via the bank sector or other bilateral parties
- funding via the money and bond markets

The local government sector's loan debt and forms of financing

2011-2021



The local government sector's funding over the past decade is characterised by an increased proportion of funding via Kommuninvest and proprietary market programmes, as well as a reduction in funding via the banking sector. Data for 2021 are based on estimated total debt.

Loans that meet customers' needs

In 2021, Kommuninvest's lending grew to SEK 460.7 (442.8) billion. The sector's strong liquidity dampens its funding needs. The sector's borrowing is increasing, but at a slower pace than last year. Kommuninvest's market share is holding steady at 58 percent. At the end of 2021, Kommuninvest had a total of 904 (912) active borrowers.

Loans provided only to Swedish municipalities and regions

All of Kommuninvest's lending is to Swedish municipalities and regions. Loans may be offered to:

- Municipalities and regions who are members of the Kommuninvest Cooperative Society.
- Municipal and regionally-owned companies, in which one or more members of the Kommuninvest Cooperative Society holds a controlling influence.
- Local government foundations and associations, on the condition that a guarantee is provided and that they are closely affiliated with a member or members of the Kommuninvest Cooperative Society.

Strengthened market position

Through Kommuninvest and other capital market players, Sweden's municipalities and regions were able to efficiently meet their funding needs in 2021. Kommuninvest offers loan products for which capital is tied up for short or long periods, at fixed or variable interest rates, as well as perpetual loans conveying mutual rights of complete or partial termination.

Lending growth has partially recovered in 2021 relative to the second half of 2020. Two factors continuing to affect growth are the sector's favourable liquidity due to extensive central government allocations during the pandemic, as well as a more challenging competitive position relative to customers with their own market programmes because of the squeezed interest rate situation.

The Riksbank's purchases of local government bonds have resulted in lower interest rates, but also to a decrease in the difference between Kommuninvest's prices to customers and the prices at which customers can themselves borrow on the capital market.

At the end of the year, lending amounted to SEK 460.7 (442.8) billion. Kommuninvest's competitiveness, expressed as the percentage of accepted bids, has remained strong. The acceptance rate was 98 (98) percent. However, the bid statistics do not reflect funding by Kommuninvest's members through their own funding programmes. Of the new lending and renegotiations of existing loans for the year, 89 (89) percent comprised loans with capital tied up for more

than one year and 11 (11) percent with capital tied up for one year or less. Loans with capital tied up for one to three years accounted for 20 (26) percent of the total volume. At the end of 2021, the lending portfolio consisted of 47 (49) percent loans with fixed interest and 53 (51) percent loans with variable interest rates.

Increased volumes of Green Loans

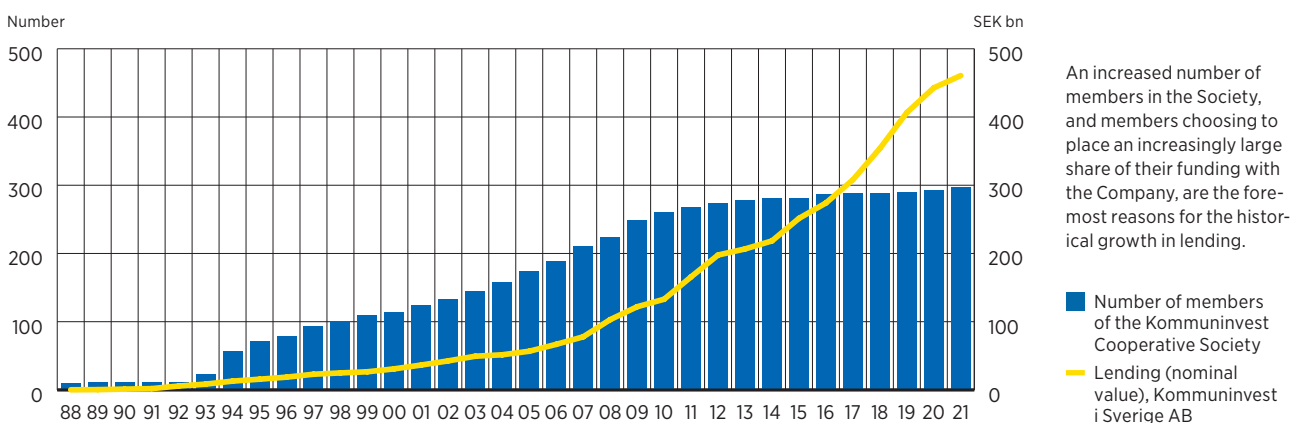
The volume of Green Loans granted, financing for municipal investment projects promoting the transition to low carbon emissions and sustainable growth, increased over the year. At the end of 2021, Green Loans had been granted for SEK 83.5 (74.7) million. The corresponding amount for Green Loans disbursed was SEK 60.2 (41.0) billion. The proportion of Green Loans in relation to total lending is based on disbursed volumes and amounted to 13 (12) percent. More information about Green Loans can be found on pages 18–19 and on page 24.

Social sustainability loans

As of 30 March, the process of developing a loan product for social sustainability, initiated in 2019 together with a small group of members and customers, transitioned from a "pilot launch" to a launch for all customers. At the end of 2021, SEK 614 million in Social Sustainability Loans had been granted to 7 projects and to 6 municipalities. The corresponding amount for disbursed Social Sustainability Loans was SEK 207 million. More information about Social Sustainability Loans can be found on pages 22–24.

Number of members and lending volume

1988–2021

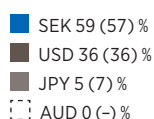
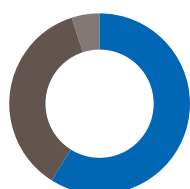


Significant borrower with highest credit rating

Kommuninvest borrows money in capital markets in Sweden and internationally to fund its lending to municipalities and regions. The funding operations functioned well over the year, with demand for Kommuninvest's bonds being favourable. The members' joint and several guarantee makes Kommuninvest a safe option for investors. At the end of the year, total funding amounted to SEK 506.7 (492.9) billion in nominal terms.

New funding by currency*

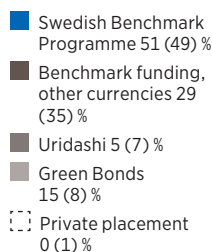
2021 (2020)



* excl. commercial paper funding

New funding by programme*

2021 (2020)



* excl. commercial paper funding

Focus on benchmark funding

Our strategic funding markets are the SEK, USD and EUR markets, both in terms of traditional funding and what is termed as sustainable funding. Funding is secured to replace loans that mature or are cancelled, to finance new loans in the lending operations and to adjust the size of the liquidity reserve according to the current market view and liquidity contingencies.

Over the year, funding of SEK 119.9 (131.4) billion was raised in bonds with maturities of more than one year, of which SEK 64.7 (68.7) billion was issued within the Swedish Benchmark Programme. At year-end, an amount of SEK 287.1 (259.3) billion was outstanding in this programme. In addition to this, funding with potential premature redemption within one year was agreed, corresponding to SEK 6.8 (9.5) billion. Funding through short-term commercial papers, with maturities of less than one year, amounted to SEK 47.1 (65.0) billion. Previously issued funding of SEK 9.4 (8.7) billion was repurchased and SEK 168.4 (129.4) matured.

During the year, two bonds with a new maturity were issued within the Swedish Benchmark Programme, which now encompasses a total of nine bonds outstanding. In the international market, five major benchmark funding procedures were conducted, all in USD, with one being a Green Bond. A total of three Green

Bonds were issued, facilitating the financing of environmentally oriented investment projects in the Society's member municipalities and regions.

Further development of the funding operations

Kommuninvest's greatest source of financing is its Swedish Benchmark Programme. During the spring of 2020, the issue procedure within the programme was developed with issues taking place through weekly auctions, rather than on request. In 2021, Kommuninvest issued its first new bond by means of the new procedure. The change has been well received by the market.

In November 2021, it was decided that Kommuninvest would leave the tactical Uridashi funding market. The Company has long benefited from the specific opportunities offered by the Japanese Uridashi market. In recent years, however, the importance of this market has diminished and, at the end of 2021, Uridashi accounted for only 1 percent of Kommuninvest's funding portfolio. The decision represents part of a continuous effort to optimise the funding strategy and to concentrate funding to strategic markets.

A significant SSA issuer

Kommuninvest issues securities on international funding markets in the category "Sovereigns, Supranationals and Agencies" (SSA). With large annual funding volumes, Kommuninvest is a major international player in the SSA segment. Borrowers with whom Kommuninvest compares itself include:

- Bank Nederlandse Gemeenten (Netherlands)
- European Investment Bank, EIB (Europe)
- KfW (Germany)
- Kommunalbanken (Norway)
- Kommunekredit (Denmark)
- Municipality Finance (Finland)
- Nordic Investment Bank, NIB (Nordic region and Baltic states)

Purchases of Kommuninvest bonds by the Riksbank

At the end of April 2020, the Riksbank expanded its QE programme to also include local government bonds. In 2021, the Riksbank acquired local government bonds on 45 different occasions for a total SEK 64 billion, of which SEK 60.2 billion involved purchases of the Company's outstanding bonds. At the end of 2021, the Riksbank's total purchases of local government bonds amounted to SEK 109 billion, of which SEK 100.8 billion comprised bonds issued by Kommuninvest.

Liquidity reserve to meet customer needs under all circumstances

To ensure that our commitments towards our customers are met, even in periods of stress in the financial markets, Kommuninvest maintains a liquidity reserve. The reserve comprises short-term investments with very high credit ratings. Good liquidity contingencies were maintained during the year. At year-end, the reserve amounted to SEK 53.6 (59.6) billion, equivalent to 12 (14) percent of the lending volume.

Reserve with high credit quality and low risk

The starting point for the liquidity strategy is a good matching of assets and liabilities. Kommuninvest also maintains a liquidity reserve, the purpose of which is to safeguard commitments during periods of high financial stress. The scale of the liquidity reserve is adapted according to funding maturities, for example, and external factors, such as exchange and interest rate fluctuations. In accordance with the strategy, the liquidity reserve shall be invested short-term, with the average maturity not exceeding 12 months. Individual investments may have a maturity of up to 39 months. Accordingly, the liquidity reserve is purposefully designed to ensure preparedness under turbulent market conditions.

Effective and conservative management in focus

In 2021, asset management activities were characterised by a liquidity reserve comprising highly tradable assets of superior credit quality. Direct investments are made primarily in securities issued by sovereigns or central banks, multilateral development banks and subsidised lenders¹. At the end of 2021, 93 (95) percent of the reserve was invested in securities with the highest possible creditworthiness. Also, 69 (75) percent consisted of investments in securities issued by issuers in Sweden.

See Note 2 for further information on the Company's credit risk exposure.

Investment rules for the liquidity reserve

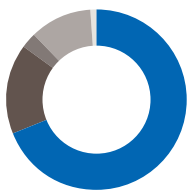
- The liquidity reserve may have a maximum average maturity of 12 months
- The maximum maturity of individual investments is 39 months.

For further information, see the Risk and capital management section on pages 44-48 or Kommuninvest's website, www.kommuninvest.se.

¹) Subsidised lenders refers to issuers of securities where exposures are treated as exposures to the national government in accordance with the CRR regulations. Among others, these include the Company's neighbour organisations in the other Nordic countries.

Liquidity reserve by country

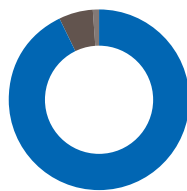
2021 (2020)



- Sweden 69 (75) %
- Supranationals 16 (12) %
- Finland 3 (2) %
- Germany 11 (9) %
- UK 1 (1) %
- Denmark 0 (0) %

Liquidity reserve distributed by rating category

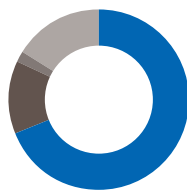
2021 (2020)



- AAA 93 (95) %
- AA 6 (4) %
- A 1 (1) %

Liquidity reserve distributed by issuer category

2021 (2020)



- National governments or central banks 69 (75) %
- Credit institutions (subsidised lenders) 13 (11) %
- Credit institutions (bank balances) 2 (2) %
- Multilateral development banks 16 (12) %

Streamlining for increased customer value

The rapid digital development that took place during the pandemic has provided key gains in efficiency and sustainability. This applies to society as a whole, as well as to Kommuninvest’s operations. At the same time, the new approach brought by digitalisation, with flexible, hybrid solutions, imposes considerable demands on management and control. Good transparency, active internal communication and a high degree of participation and co-determination are required.

Digital development during the pandemic has generated clear gains for the Company in terms of efficiency. Travel times have been shortened and less time is spent bringing meetings to order. Dialogues with customers and members have been rationalised. Skills development has made use of digital formats to a greater extent. Environmental impact has decreased and the social consequences, particularly with regard to the balancing of employees’ private and professional lives, have been positive.

Flexible working conditions have been developed to generate opportunities and added value for the Company and its employees. In consultation with the employee, managers determine where tasks are best performed on the basis of the employee’s role, tasks and self-management capacity. To support this, a number of principles have been developed to develop a common view of a relatively complex area.

Increased customer value through standardisation and streamlining

Due to the Government’s proposed “risk tax”, extensive analysis and preparation was initiated to be able to handle the possible additional expense of the tax. Among other things, these efforts, permeated by the principles of standardisation and streamlining, entailed implementing a thorough examination of the organisational structure, processes, working methods and staffing. This process resulted in a realignment programme for the Company. The organisational and employee-related parts of the programme, which have a step-by-step structure, began to be implemented in November. Implementing the programme is important to enhance the focus and suitability of the operations.

Continuous learning and adaptability

With the standardisation and efficiency measures that are taken, the Company’s investment in systematic skills supply, continuous learning and increased adaptability increase, if possible, further in importance. This is a necessary component for the realignment programme to work as intended. In 2022, detailed efforts will be required to map skills, establish plans for learning, and achieve the behavioural changes needed to translate knowledge and newly acquired skills into improved working methods and processes.

Employee survey 2021

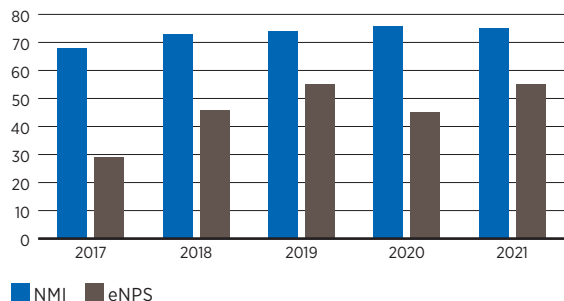
The 2021 employee survey gave an eSI (Employee Satisfaction Index) of 75 (76). The result is stable and high over time, indicating a good level of job satisfaction in a well-functioning workplace.

In the same survey, the employee-Net-Promoter-Score (eNPS) index increased by 10 units from 45 to 55. This is deemed a very good value, with a high proportion of ambassadors and a low proportion of critics.



Kommuninvest applies zero tolerance of all forms of discrimination or harassment and works preventively on these issues. The Company endeavours to integrate equality and diversity into all areas of the Company.

Employee survey



Financial position

At the end of 2021, the Group's equity amounted to SEK 10,106.0 (8,992.5) million. The total capital base was SEK 9,409.9 (8,565.4) million, which gave a total capital ratio of 403.7 (357.4) percent.

At the end of the period, the balance sheet total amounted to SEK 524,262.6 (527,378.2) million, with lending to municipalities and regions accounting for most of the assets. At the end of the year, lending amounted to SEK 460,650.3 (445,788.8) million.

As of 31 December 2021, equity amounted to SEK 10,106.0 (8,992.5) million.

Distribution of surplus in 2022

Pending a resolution by the Annual General Meeting of the Society, the Society will distribute the surplus as interest on capital contributions and as refunds for the 2021 financial year. The proposed distribution of surplus amounts to SEK 472.9 (197.8) million. To cover this, the Company has posted Group contribution paid of SEK 488.0 (225.9) million in the accounts.

Capital adequacy and leverage

The Group is well capitalised to withstand the operations' risks, with capital relationships exceeding the prescribed minimum requirements in Pillar I and the basic requirements in Pillar II by a good margin.

The core Tier I capital amounted to SEK 9,409.9 (8,565.4) million, entailing a core Tier I capital ratio of 403.7 (357.4) percent. Kommuninvest's capital base consists solely of core

Tier I capital and the total capital ratio also therefore amounts to 403.7 (357.4) percent. For further information regarding the Group's capital management, see pages 46–47 and Note 2.

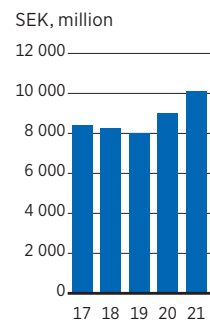
At the close of 2021, Kommuninvest had a leverage ratio of 15.37 (12.30) percent.

Rating

Kommuninvest holds the highest credit ratings – AAA from S&P Global Ratings and Aaa from Moody's. In December 2021, the rating agencies confirmed the Company's rating, with continued stable outlook. The rating agencies highlight the joint and several guarantee from the owners of the Cooperative Society, the mandate the Company has from its owner to act as a local government debt office for its members, the high quality of the loan portfolio and the strategy for building up capital to meet future regulations.

Kommuninvest's "ESG ratings" are also high. The rating by the ISS-Oekom institute is B– (Prime), the rating from Sustainalytics is 9.1, that is, "Negligible ESG risk" and the rating from MSCI is AA. The results place Kommuninvest among the group of financial institutions whose operations are considered least exposed to sustainability risks.

Equity



Comments on the accounts

Pages 52, 54 and 56 present comments to the income statement, balance sheet and statement of changes in equity. These comments form part of the Board of Directors' Report.

Low risk tolerance and effective risk management

The Company's principal assignment is to ensure access to stable and efficient funding for the local government sector. This entails borrowing funds on the financial market, in accordance with customers' needs. The operations shall apply a low level of risk-taking, with risks only being accepted to be able to fulfil the local government debt office assignment. Presented below is a comprehensive overview of the Company's targets, principles and methods for managing risk.

Risk management and risk exposure in 2021

In December, the Riksdag (Sweden's parliament) adopted the Government's proposal for a risk tax for certain credit institutions. The tax was introduced on 1 January 2022 with a structure under which Kommuninvest is fully eligible. For Kommuninvest, this is estimated to entail an additional expense of about SEK 257 million in 2022. This will be a heavy burden. At the same time, it was explained that the stance of the Riksdag was that Kommuninvest should be exempt from the tax as of 1 January 2023. This is partly on the grounds that Kommuninvest, in its capacity as a low-risk institution, does not constitute the risk to society intended to be addressed by the Government's proposal. Kommuninvest has conducted extensive analysis and preparations to ensure that the operations are able to manage the risk tax. Within the framework of the Economic Society, stricter terms will be an important part of this in 2022. Another part involves reducing the Group's cost level, excluding the risk tax, by means of efficiency enhancements and savings.

The Company takes economic, social and environmental sustainability into account throughout its operations, in terms of both the direct and indirect impact. From the perspective of risk, the focus during 2021 was on the indirect risks and their possible impact on confidence in the Company. Efforts have been made to ensure that sustainability is taken into account in the risk assessments, primarily with regard to risk in credit provision and counterparty risk.

Risk management has continued to be affected by the corona pandemic. At an overarching level, the Company can be said to have coped with the crisis well, with favourable access to liquidity being maintained throughout the pandemic. The Company has not suffered any credit losses. In 2020, the local government sector achieved a financial surplus of SEK 68 billion, its strongest to date. This is mainly explained by the increased central government allocations to municipalities and regions due to the pandemic. The favourable outcome contributed to improved self-financing and to debt increasing at a lower rate compared with the preceding year.

With regard to balancing working from home and working at the office, the Company has consistently followed the Public Health Agency of Sweden's advice and recommendations.

Risk profile

Kommuninvest plays a central role in the financing of investments by Swedish municipalities and regions. The Company raises funding in the financial market on the basis of customers' needs. The business model entails the Company being exposed to risks associated with the financial market, the Swedish central government and the local government authorities' financial conditions, their challenges in terms of climate and sustainability, as well as internal and external operational risks. The Company's risk profile and permitted risk taking is established annually in the owner directives, which are adopted by the Annual General Meeting of the Society. The owner directives state that the Company's level of risk-taking shall be low, with the only risks accepted being those necessary in fulfilling the assignment of local government debt office, while other risks are to be eliminated. The risk level may not exceed a permissible level of risk-taking for a member in accordance with the Swedish Local Government Act. In accordance with the owner directives, the Company's risk management is designed for operations to be conducted with a low level of risk taking. For an overview of the types of risks that Kommuninvest regularly manages and assesses, see page 48. To limit the risks associated with the Company's operating model and to ensure that operations are kept within the risk appetites specified by the Board of Directors, risk appetite indicators or other measures are applied.

Risk policy

The Company's attitude towards risk is set out in the Board of Directors' risk declaration, which is part of the Board of Directors' risk policy. The risk declaration is divided into four areas of limitation (pillars): capital, net profit, liquidity and confidence. Each of the pillars has an established qualitative risk appetite against which all risk is measured. The risk appetites describes the level of risk to which the Board is prepared to expose the Company for the purpose of fulfilling the assignment from the owners. The level of risk appetite is determined by factors including financial position, growth targets, market conditions for the given time period and whether efficiency gains can be achieved when risk-taking changes. The risk strategy is part of the Company's risk

Risk declaration				
RISK DECLARATION	The Company's level of risk-taking shall be low. Risks shall be accepted only to be able to fulfil the mission as local government debt office. Other risks are to be eliminated. The risks that are accepted must be clarified, limited and continuously assessed. A sound risk culture safeguards the Company's low risk profile.			
PILLAR	EQUITY	NET PROFIT	LIQUIDITY	CONFIDENCE
RISK APPETITE	The Company shall maintain a favourable capital situation to be able to meet both the members' financing needs, as well as regulatory requirements. This is achieved through foresight, capital planning and risk management.	The Company shall achieve an operating income covering the Society's operating expenses and interest on the owners' capital contributions. This is achieved through good cost control, sufficient lending margins and fees. The Company has no vested interest in generating a profit.	The Company shall meet the members' financing needs. This is achieved through good planning, diversified funding, maturity matching, efficient security management and a highly liquid reserve.	The Company shall maintain a high degree of trust among employees, customers, members and other stakeholders. This is safeguarded by means of a sound risk culture based on local government values, regulatory compliance and good internal governance and control.

framework, which encompasses the Board of Directors' fundamental instruments of operational governance and good internal control.

Equity

The Company's Board of Directors has determined that the Company's capital base shall cover the Company's internally estimated capital requirements or the regulatory capital requirement, whichever is highest, by a margin. This margin takes into account a number of uncertainty factors that may adversely affect the Company's capital ratios, such as stronger growth in lending than forecast. The scale of the capital target in quantitative terms is determined annually within the framework of the Company's internal capital and liquidity assessment (ICLA).

Net profit

The Company has no vested interest in generating profit. Its purpose is to provide economic benefit to members and, following any necessary consolidation, profits accrue to the members. Pricing is based instead on the requirements for financial results stated in the owner directives. These requirements mean that the margin between funding and lending rates must be sufficient to cover the operating expenses of the Company and the Society. The margin shall also provide an opportunity for a return on members' capital contributions.

Liquidity

The purpose of the Company's liquidity operations is to meet known and forecast liquidity needs. Liquidity preparedness shall also be favourable, both under normal market conditions and during periods of stressed liquidity. Liquidity management is designed to safeguard the Company's capacity to meet all of its payment commitments on time, without significant additional expenses, and to ensure that liquidity is sufficient to be able to extend existing loans. This is ensured through sufficient diversification of funding sources, taking into account the number and types of counterparties, types of financial instruments, maturities, currencies and geographic markets.

Confidence

The Company's business concept builds on society and actors in the finance market perceiving the Company as a "stable, efficient and knowledgeable player, whose role as a local government debt office benefiting society provides the Swedish local government sector the most efficient financial management possible, focusing on financing. The Company's efforts to build confidence in the operations build on a risk culture founded on the values of local government, regulatory compliance and good internal governance and control.

Risk organisation

The overall responsibility for the Company's risk framework lies with the Company's CRO. The manager of each individual area of operations is responsible for risk management and control within those operations. Forward-looking and historical analyses are used to ensure that the Company identifies, assesses and measures risks correctly.

The Credit Group functions as a preparatory body in the assessment of new counterparties, new financial instruments and other credit issues requiring decisions by the Board of Directors or the President and CEO. The Credit Risk Committee determines the model and factors on which the Company's calculation of expected credit losses is based. The Company's Asset Liability Committee (ALCO) is responsible for preparing matters concerning market risk and liquidity requiring a decision by the Board of Directors or the President and CEO.

The Company's RCC (Risk Compliance Control) committee aims to document the work of the Company's control functions, as well as preparing reports to the Executive Management Team and the Board of Directors.

Within the Company there are three independent control functions; the Risk and Control department, Compliance and the Internal Audit. Risk and Control and Compliance form the Company's second line of defence, while the Internal Audit is the Company's third line of defence. The three different lines of defence are visualised in the organisational chart on page 46.

Risk and Control

The Risk and Control department exercises group-wide risk control and monitors the Group's financial and operational risks. The Board of Directors receives regular updates on risk control issues. The function is separate from the business operations and reports to the President and CEO. The department is headed by the CRO, who is appointed by the President and CEO who also reports the appointment to the Board of Directors.

The department is responsible for following up that risks are reported correctly and in accordance with applicable external and internal regulations, regularly performing stress tests, as well as leading and coordinating efforts related to operational risks. It is also responsible for ensuring that all relevant information is available to the Board of Directors and the Management when making decisions on risk policy, risk appetites and risk appetite indicators.

Compliance

The Company's compliance function is an independent control and support function and reports to the President and CEO. The head of the compliance function is appointed by the CEO and reports on compliance matters to both the President and CEO, as well as to the Board of Directors. Among other things, the compliance function is responsible for monitoring and controlling regulatory compliance within the licensed operations, as well as providing advice and support to the operations and the Executive Management Team on matters regarding legislation and other regulations applicable to the licensed operations.

Internal audit

The Company's internal audit, which is outsourced to an external party, is an independent review function that reports to the Board of Directors. The internal audit is responsible for evaluating risk management, the Company's control and governance processes and for the operations being conducted

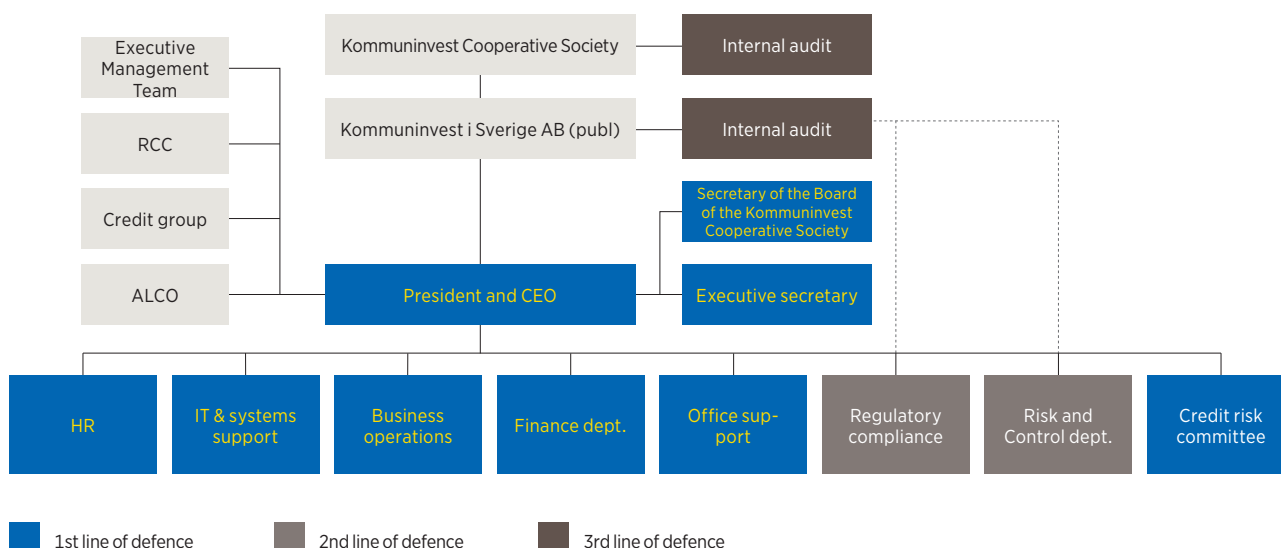
in accordance with the Company's internal regulations. The internal auditor reports to the Board of Directors and the President and CEO on an ongoing basis. Each year, the Board of Directors establishes a plan for the work of the internal audit. The President and CEO reports to the Board on measures implemented as a consequence of the internal audit unit's reports.

Risk management

To keep the operations within the established risk appetite, risk appetite indicators or other measures are applied, limiting the Company's risks. The risk appetite indicators are quantitative and designed to support the established risk appetite within each pillar. The level of the risk appetite indicators are dependent on both Company-specific factors (financial position, strategic targets, legal requirements, risk exposure, etc.), as well as on anticipated market conditions. Risk appetite indicators may be determined by the Board of Directors, the President and CEO, the CRO and/or others responsible (referred to as "risk owners") and constitute the various limits within the Company's risk framework.

In the Company's risk management, the qualitative risk appetites are connected to risk categories. Risks are categorised with the purpose of connecting the risk declaration and the quantitative risk appetites with the generally accepted risk taxonomy. They also symbolise different areas of responsibility within the Company. The connection is based on the pillars that potential risk would primarily affect if realised. The overarching risk categories managed by the Company are credit risk, market risk, liquidity risk, operational risk, strategic risk, regulatory compliance risk, stakeholder risk and sustainability risk. The Risk categories diagram on page 48 defines all of the risk categories managed by the Company. A detailed description of how the Company handles each risk can be found in Note 2.

Organisational chart with the operations' three lines of defence



Capital management

The Company must retain sufficient capital to be able to meet both internally estimated capital requirements and regulatory requirements. Sufficient capital adequacy is important for lending to Sweden's municipalities and regions to be able to continue growing and to maintain the confidence of the Company's stakeholders, particularly investors.

Kommuninvest is required to comply with the Supervisory Regulation (EU) No. 575/2013, also known as the CRR (Capital Requirements Regulation), which is directly applicable in Sweden and the Capital Adequacy Directive EU 2013/36, which is implemented in Sweden through legislation and regulations issued by the Swedish Financial Supervisory Authority (Finansinspektionen). In the spring of 2019, a decision was made to amend the regulations, with the amendments being referred to as the "EU bank package". Several of these regulatory changes, often referred to as CRR 2, came into effect on 28 June 2021.

On 20 November 2020, the Swedish Financial Supervisory Authority (Finansinspektionen) announced its adoption of an amended application of the capital requirements for Swedish banks to adapt these requirements to the EU's bank packages. Today, the Swedish Financial Supervisory Authority (Finansinspektionen) determines specific capital base requirements in Pillar II. The Swedish Financial Supervisory Authority (Finansinspektionen) can also provide Pillar II guidance specifying a level of capital it believes the institution should maintain in addition to the requirement.

Separate requirements and guidance are provided regarding risk-based capital requirements and capital requirements for the leverage ratio, respectively. Risk-based capital requirements and guidelines are stated as a percentage of risk-weighted assets, leverage ratio capital requirements are stated as percentages of the exposures. The Pillar II guidelines are based on the outcome of stress tests and other institution-specific assessments. The capital planning buffer is removed because its purpose must instead be fulfilled through Pillar II guidance.

The Board of Directors has set a principal capital target for the Company, exceeding by a margin, the highest of the internally estimated capital requirements and the Swedish Financial Supervisory Authority's (Finansinspektionen) overall capital base requirement for Kommuninvest i Sverige AB at the Group level. The scale of the capital target in quantitative terms is determined annually within the framework of the Company's internal capital and liquidity assessment (ICLA).

Kommuninvest's capitalisation – responsibility of the owners

The Society is responsible for the Group's capitalisation. Kommuninvest does not build up capital by retaining earnings, but by means of member contributions from the members of the Society, who are also the Company's owners. The Annual General Meeting of the Society adopts a new capital plan once per term of office, that is, every four years. At the Annual General Meeting of the Society in April 2020, a new plan for Kommuninvest's build-up of capital for 2021–2024

was adopted. The plan makes it possible for the Board of Directors of the Society to request approximately SEK 1 billion annually from the Society's members until 2024.

Capitalisation 2021

Over the year, the Society's members increased the participation capital in the Society by SEK 850 million. In November, the Society acquired shares in the Company for SEK 930 million, at a premium of 120 percent. Consequently, the share capital in the Company increased by SEK 775 million and unrestricted equity increased by SEK 155 million.

Capital plan and internal capital assessment

The Group's capital planning is integrated with the Company's strategic operational planning and internal capital and liquidity assessment (ICLA). The plans look five years ahead and the capital requirements of the Company and the Group are analysed in the process, based on forecast growth, operational changes affecting capital and future regulatory requirements. The objective of this capital planning is to ensure that the capital bases in the Company and the Group are large enough to bear the risks and regulatory requirements stemming from the implementation of the business plan. The forecasts are based on the Company's base scenario. Stress tests are also performed to determine the scale of the capital buffers that the Company needs to also be able to cope with deviations from the plan. The internal capital assessment identifies all significant risks within the Group and the capital requirements for these risks are evaluated and quantified. The internal capital evaluation is compiled in a report that is submitted to the Swedish Financial Supervisory Authority (Finansinspektionen) on request. The internal capital assessment conducted at the end of the year demonstrates that the Company meets all of the regulatory capital requirements, as well as its internal capital targets, see Note 2.

Leverage ratio

Effective 28 June 2021, the new capital requirement measure, leverage ratio, will be applied within the EU. The leverage ratio has been set at 3 percent and will be directly applicable to Kommuninvest via the Capital Adequacy Regulation (EU) 2019/876 of 20 May 2019. The leverage ratio is defined as the ratio between Tier I capital and total exposure in assets and commitments. Since 2014, the leverage ratio has been reported to the relevant authorities.

A specific leverage ratio regulation is applied when calculating the leverage ratio for Public Development Credit Institutions (PDCI), the category to which Kommuninvest belongs. For Kommuninvest, this means that all lending to members and their companies may be deducted from the exposure measure applied in calculating the Company's leverage ratio.

For more detailed information as well as quantitative data regarding the Company's risk exposure, please see Note 2 and the separate Risk and Capital Management Report, which is available at www.kommuninvest.se

Kommuninvest's risk management in brief

PILLAR	RISK CATEGORY	RISK DEFINITION
EQUITY	Strategic capital risk	The risk of inappropriate operational planning and the Company's role in its capital planning.
	Credit market risk	The risk of loss or a negative effect on the Company's income as a result of changes in basis or credit spreads.
NET PROFIT	Issuer risk	The risk that the issuer of a security fails to repay its full undertaking on maturity.
	Counterparty risk	The risk of a counterparty in derivative contracts failing prior to the final settlement of cash flows. The risk also includes potential concentrations among individual counterparties.
	Other price risks	The risk that a change in the pricing situation of underlying assets, such as shares or share indexes, will affect values of assets and liabilities negatively.
	Interest rate risk	The risk of loss (negative change in financial value) or a negative effect on the Company's income as a result of changes in interest rates.
	Foreign exchange risk	The risk of a negative effect on the Company's income as a result of exchange rate fluctuations.
LIQUIDITY	Liquidity risk	The risk of not meeting a payment commitment on the due date.
	Structural liquidity risk	The risk of the Company not having financed its long-term commitments in advance.
	Local government debt office liquidity risk	The risk of having to disapprove financing to a member.
CONFIDENCE	Operational risks – Personnel risk – Process risk – IT and systems risk – External risk	The risk of losses resulting from inadequate or failed internal processes or routines, human error, incorrect systems or external events, including legal risks.
	Stakeholder risk	The risk of a ratings agency, customer, member, employee, investor, mass media organisation, national assembly, central government or other stakeholder losing confidence in the Company and its business concept.
	Sustainability risk	The risk of the Company directly or indirectly negatively affecting or being affected in the areas of the environment and climate, corruption, human rights, working conditions or business ethics.
	Risk in credit provision	The risk that a credit counterparty is unable to meet its obligations.
	Compliance risk	The risk of the Company failing to comply with current external or internal regulations and thereby risking being sanctioned, suffering losses or impairment or loss of reputation.
	Strategic risk	Strategic risk is the long-term risk of losses due to erroneous or misguided strategic choices and business decisions, incorrect implementation of decisions or inadequate sensitivity to changes in society, regulatory systems or the sector.

Financial statements

FINANCIAL STATEMENTS

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Income statement – Group

1 January – 31 December

SEK, million	Note	2021	2020
Interest revenues calculated according to effective interest method		997.3	1,741.9
Other interest revenues		1.0	1.2
Interest expenses calculated according to effective interest method		-275.3	-973.0
Other interest expenses		-42.2	-72.7
NET INTEREST INCOME	3	680.8	697.4
Commission expenses	4	-11.4	-12.7
Net result of financial transactions	5	47.6	-247.7
<i>of which, derecognised assets measured at amortised cost</i>		2.5	0.2
Other operating income	6	10.4	10.9
TOTAL OPERATING INCOME		727.4	447.9
General administration expenses	7	-258.2	-248.4
Depreciation and impairment of intangible assets	18	-6.4	-1.1
Depreciation and impairment of material assets	19	-4.3	-3.9
Other operating expenses	8	-3.6	-6.2
TOTAL OPERATING EXPENSES		-272.5	-259.6
PROFIT BEFORE CREDIT LOSSES		454.9	188.3
Net credit losses	9	6.3	11.1
OPERATING PROFIT		461.2	199.4
Tax	10	-0.1	2.3
NET PROFIT		461.1	201.7

Statement of comprehensive income – Group

1 January – 31 December

SEK, million	2021	2020
NET PROFIT	461.1	201.7
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	461.1	201.7

Comments on the income statement – Group

Net interest income

Net interest income amounted to SEK 680.8 (697.4) million and was thus about SEK 17 million lower than for the preceding year. Total earnings from lending amounted to SEK 684 million, which was SEK 79 million lower than for the preceding year. The main reason for the discrepancy is that lending that matures and is renegotiated results in sharply reduced interest income as historical lending has been agreed with a significantly higher margin between funding and lending rates than the margin achieved over the past year. The Society had a reduced interest expense of SEK 14 million, however, as net interest income this year was not charged by interest on debenture loans.

Interest revenue from the liquidity reserve was higher than the interest expenses for the funding that finances it, which resulted in a surplus of SEK 36 million, which was SEK 44 million more than in the preceding year when the reserve generated a deficit. Expenses for ratings and the Swedish Benchmark Programme, as well as other fees for raising funds burdened net interest income by SEK 40 million, SEK 4 million less than the equivalent expense last year.

For further information regarding net interest for the period, see Note 3.

Net result of financial transactions

The net result of financial transactions amounted to SEK 47.6 (negative 247.7) million. The result is mainly explained by unrealised changes in market value of SEK 43.9 (negative 245.3) million. Since Kommuninvest intends to hold its assets and liabilities to maturity, these values are not normally realised. See also Note 5.

Operating expenses

Operating expenses totalled SEK 272.5 (259.6) million, including the cost of the resolution fee of SEK 23.0 (20.9) million. Excluding the resolution fee, operating expenses amounted to SEK 249.5 (238.7) million, of which payroll expenses accounted for SEK 143.4 (131.0) million and other operating expenses for SEK 106.1 (107.7) million.

Payroll expenses increased by approximately SEK 12.4 million compared with the preceding year. Of these, SEK 3.9 million is explained by time invested in developing our own systems, which reduced payroll expenses in 2020. An increased need for contracted personnel over the year gave an increased expense of SEK 2.9 million. Salary audits and other effects of personnel turnover have resulted in an increased expense of SEK

1.9 million, with SEK 3.7 million comprising higher Other payroll expenses over the year compared with the preceding year. Other operating expenses decreased by SEK 1.6 million, with, for the first time, the Company's development of a digital loan process generating depreciation of SEK 6.2 million over the year. The transfer of the asset management service to a third party, reduced operating expenses by SEK 3.5 million compared with the preceding year. A decrease in operating expenses of SEK 3.3 million can be attributed to the upgrade of the financial administration system, implemented primarily in 2020. Other items and general increases in expenses explain the remaining decrease in other operating expenses of SEK 1.0 million between 2021 and 2020.

The resolution fee is calculated as a risk-adjusted share of the balance sheet total less lending. The risk-adjusted percentage is determined by the Company's risk profile relative to other institutions required to pay the fee in accordance with the Commission's delegated regulation (EU) 2015/63. Kommuninvest's resolution fee for 2021 has been set by the Swedish National Debt Office at SEK 23.0 (20.9) million. The Company's wholly-owned subsidiary, Kommuninvest Fastighets AB, provided a group contribution of SEK 2.1 (1.9) million in 2021, which is eliminated in the consolidated accounts. The Board of Directors of the property company was of the opinion that the Group contribution would not prevent the property company from fulfilling its obligations in the short and long term, nor from making necessary investments.

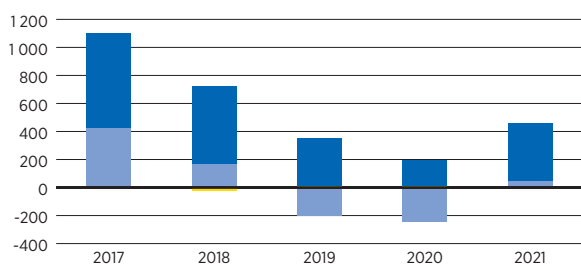
Net profit

Kommuninvest's operating profit, its profit before tax, amounted to SEK 461.2 (199.4) million. Operating profit includes unrealised changes in market value of SEK 43.9 (negative 245.3) million and expected credit losses of SEK 6.3 (11.1) million. Unrealised changes in market value were at a low level as the market data most impacting these changed very little over the year. Excluding changes in market value and expected credit gains (rather than expected credit losses), Kommuninvest's operating profit amounted to SEK 411.0 (433.6) million – for additional details, see Alternative performance measurements on page 103.

The tax expense for the year recognised in the income statement amounted to SEK 0.1 (2.3) million. For further information regarding tax, see Note 10. Profit after tax amounted to SEK 461.1 (201.7) million.

Operating profit before tax

SEK, million

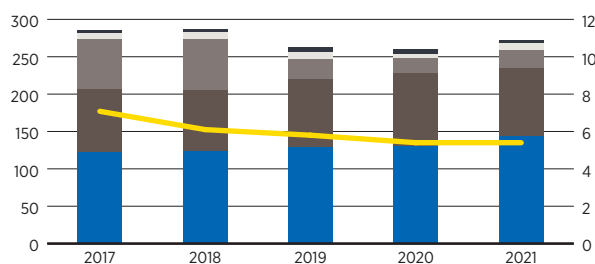


■ Operating profit before tax
 ■ Portion of profit attributable to unrealised changes in market value
 ■ Portion of profit attributable to credit losses, net

Distribution of operating expenses

SEK, million

Basis points



■ Payroll expenses
 ■ Other administration expenses
 ■ Resolution fee/stability fee¹
 ■ Depreciation and impairment of tangible assets
 ■ Other operating expenses
 — Operating expenses excl. resolution fee/stability fee in relation to lending volume, basis points

1) The resolution fee replaced the stability fee during 2016.

Balance sheet – Group

As per 31 December

SEK, million	Note	2021	2020
ASSETS			
Cash and balances with central banks	2	7,672.5	18,931.2
Sovereign bonds eligible as collateral	2, 12	30,724.1	28,035.2
Lending to credit institutions	2	1,349.8	1,699.9
Lending	2, 14	460,650.3	445,788.8
Change in value of interest-hedged items in portfolio hedging		-	33.9
Bonds and other interest-bearing securities	2, 15	15,529.8	13,822.9
Derivatives	2, 17, 29	5,729.3	2,429.4
Intangible assets	18	24.7	30.7
Tangible assets	19	6.0	7.0
Tangible assets, lands and buildings	19	26.7	27.7
Current tax assets		79.6	78.9
Other assets	21	2,427.0	16,472.1
Deferred tax assets	10	0.7	0.7
Prepaid operating expenses and accrued revenue		42.1	19.8
TOTAL ASSETS		524,262.6	527,378.2
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities and provisions			
Liabilities to credit institutions	2	277.7	947.0
Securities issued	2	506,080.1	498,305.9
Derivatives	2, 17, 29	3,851.4	18,977.6
Change in value of interest-hedged item in portfolio hedging	17	381.8	-
Other liabilities	22	3,519.5	106.8
Accrued operating expenses and prepaid revenues		46.1	48.4
Provisions for pensions and similar obligations	23	0.0	0.0
Total liabilities and provisions		514,156.6	518,385.7
Equity			
Participation capital		9,001.7	8,151.5
Reserves		24.7	30.4
Profit or loss brought forward		618.5	608.9
Net profit		461.1	201.7
Total equity	25	10,106.0	8,992.5
TOTAL LIABILITIES, PROVISIONS AND EQUITY		524,262.6	527,378.2

Comments on the balance sheet – Group

Assets

At the end of the period, Kommuninvest's total assets amounted to SEK 524,262.6 (527,378.2) million. Lending to municipalities and regions, which accounts for most of the assets, amounted to a recognised value of SEK 460,650.3 (445,788.8) million at the end of the year. In nominal terms, lending amounted to SEK 460,691.3 (442,840.6) million. The increase in lending was the lowest in several years, which was primarily due to members' temporarily strengthened liquidity, which was an effect of increased central government allocations. The Riksbank's purchases of local government bonds have also had an effect which made members electing to borrow directly from the market to a greater extent. The underlying driving force for growth in Kommuninvest's lending, local government sector investment needs, has not diminished.

The decline in the balance sheet, despite the increase in lending, is due to a decrease in the liquidity reserve and pledged assets. The liquidity reserve, consisting of the balance sheet items Cash and balances with central banks, Sovereign bonds eligible as collateral, Lending to credit institutions and Bonds and other interest-bearing securities, decreased to SEK 55,276.2 (62,523.1) million.

Pledged assets, which are included under the item Other assets, decreased to SEK 2,414.4 (16,460.3) million. Kommuninvest posts collateral for derivative liabilities. Derivative liabilities decreased because the SEK weakened against the USD over the year. The value of the currency swaps used to hedge the currency risks incurred through the Company's financing in USD then increase.

Collateral pledged for derivatives cleared by central clearing counterparties is netted per counterparty and currency in the balance sheet, see further under Note 26. No right of netting applies for cash collateral pledged for derivatives not cleared by a central clearing counterparty and these are therefore recognised gross in the balance sheet, with separate asset and liability items. For more information on other assets, see Note 21.

Derivative assets (derivatives with positive market value) increased to SEK 5,729.3 (2,429.4) million.

Liabilities

Kommuninvest's liabilities amounted to SEK 514,156.6 (518,385.7) million and funding increased to SEK 506,357.8 (499,252.9) million over the year.

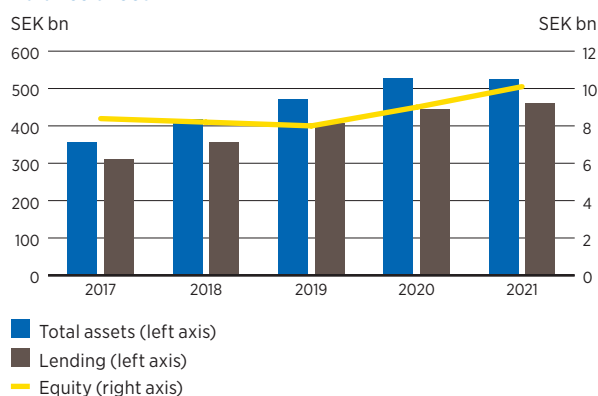
Derivative liabilities (derivatives with negative market value) amounted to SEK 3,851.4 (18,977.6) million. As mentioned above, the decrease in derivative liabilities was due to the SEK weakening.

The balance sheet item Other liabilities amounted to SEK 3,519.5 (106.8) million. Other liabilities include collateral received of SEK 3,503.3 (94.3) million, with this change also being due to the weakening of the SEK. Collateral received for derivatives cleared by central clearing counterparties is netted per counterparty and currency in the balance sheet, see further under Note 29. No right of netting applies for cash collateral received for derivatives not cleared by a central clearing counterparty and these are therefore included in full in the balance sheet. Further information on other liabilities can be found in Note 22.

Equity

For information on equity, see the Statement of changes in equity on page 56.

Balance sheet



Statement of changes in equity – Group

SEK, million	Participation capital	Reserves ¹	Profit or loss brought forward	Total shareholders' equity
Equity brought forward 1 Jan 2021	8,151.5	30.4	810.6	8,992.5
Total comprehensive income				
Net profit			461.1	461.1
Change in development expenditure reserve for the year		-5.7	5.7	-
Comprehensive income for the year		-		-
Total comprehensive income	-	-5.7	466.8	461.1
<i>Appropriation of profits under the General Meeting decision</i>				
Distribution of surplus as refunds and interest			-197.8	-197.8
<i>New participation capital during the year</i>				
Participation capital from new members of the Society	72.8			72.8
Contributions from existing members	777.4			777.4
Equity carried forward 31 Dec 2021	9,001.7	24.7	1,079.6	10,106.0
Equity brought forward 1 Jan 2020	7,000.0	21.1	973.6	7,994.7
Total comprehensive income				
Net profit			201.7	201.7
Change in development expenditure reserve for the year		9.3	-9.3	-
Comprehensive income for the year		-		-
Total comprehensive income	-	9.3	192.4	201.7
<i>Appropriation of profits under the General Meeting decision</i>				
Distribution of surplus as refunds and interest			-355.4	-355.4
<i>New participation capital during the year</i>				
Participation capital from new members of the Society	317.6			317.6
Contributions from existing members	833.9			833.9
Equity carried forward 31 Dec 2020	8,151.5	30.4	810.6	8,992.5

1) Reserves consist of the Fair value reserve, including financial assets available for sale and the Development expenditure reserve. The development expenditure reserve corresponds to capitalised development costs accrued in-house that have been transferred from profit or loss brought forward, adjusted for a proportionate share of the amortisation reversed from the fund to unrestricted equity.

Comment on the statement of changes in equity – Group

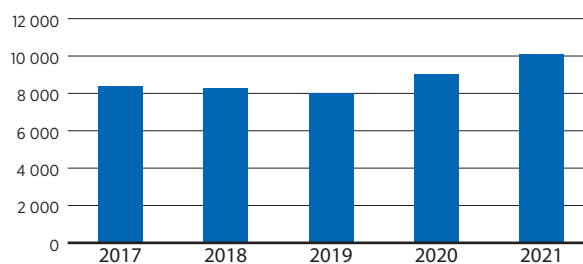
Equity

At the end of 2021, shareholders' equity in the Group amounted to SEK 10,106.0 (8,992.5) million. Over the period, equity was mainly affected by net profit for the year of SEK 461.1 (201.7) million and by the distribution of SEK 197.8 (355.4) million in surpluses to the members of the Society based on refunds and interest on contribution capital for the 2021 financial year. In addition, contribution capital of a total SEK 850.2 (1,151.5) million was received from the members of the Society during the year. For more information regarding distributions of surpluses and capital build-up via capital contributions, see page 43 and pages 46–47.

The development expenditure reserve of SEK 30.4 (21.1) million corresponds to capitalised in-house development costs adjusted by a proportionate share of the amortisation reversed from the reserve to unrestricted equity.

Equity

SEK, million



Cash flow statement – Group

1 January – 31 December

SEK, million	2021	2020
Operational activities		
Operating profit	461.2	199.4
Adjustment for items not included in cash flow	-38.4	239.9
Income tax paid	-0.7	-1.7
	422.1	437.4
Change in liquidity reserve	-4,443.7	-16,442.1
Change in lending	-17,824.4	-36,313.8
Change in other assets	14,022.7	-13,645.2
Change in other liabilities	3,410.4	-7,894.8
Cash flow from operational activities	-4,412.9	-73,858.5
Investment activities		
Acquisitions of intangible assets	-0.4	-10.4
Acquisitions of tangible assets	-1.7	-1.9
Divestments of tangible assets	-	0.0
Cash flow from investment activities	-2.1	-12.3
Financing activities		
Issue of interest-bearing securities	173,761.3	201,396.9
Maturity and repurchases of interest-bearing securities	-181,607.9	-129,437.1
Distribution of surplus as refunds and interest	-197.8	-355.4
Participation capital from new members of the Society	105.5	317.6
Contributions from existing members	744.7	833.9
Amortisation of subordinated liabilities	-	-1,000.0
Amortisation of leasing liability	-0.4	-0.4
Cash flow from financing activities	-7,194.6	71,755.5
Cash flow for the year	-11,609.6	-2,115.3
Cash and cash equivalents at start of the year	20,632.0	22,747.3
Cash and cash equivalents at end of the year	9,022.4	20,632.0
Liquid assets consists in their entirety of cash and balances at central banks, as well as loans to credit institutions that, at the time of acquisition, have a maturity of at most three months and that are exposed to insignificant risk of fluctuations in value.		
Adjustment for items not included in cash flow		
Depreciation	10.7	5.0
Profit from divestments of tangible assets	-	-
Exchange rate differences from change in financial assets	1.1	0.6
Unrealised changes in market value	-43.9	245.3
Net credit losses	-6.3	-11.0
Total	-38.4	239.9
Interest paid and received, included in the cash flow		
Interest received ¹	1163.6	1,898.2
Interest paid ²	-561.8	-720.2

1) Reported as interest received are payments that have been paid and received for the Group's loans and investments, as well as the payments paid and received for derivative contracts used to hedge the Group's loans and investments.

2) Reported as interest paid are payments that have been paid and received for the Group's funding, as well as payments paid and received for derivative contracts used to hedge the Group's funding.

Reconciliation of liabilities arising from financing activities

2021	Opening balance	Cash flows	Currency exchange fluctuations	Fair value change	Group contributions	Closing balance
Amortisation of leasing liability	0.3	-0.40			0.60	0.50
Subordinated liabilities	-	850.20				9,001.70
Funding, incl. derivatives	515,801.1	-7,846.60	1.10	-3,475.70		504,479.90
Total	515,801.4	-6,996.8	1.1	-3,475.7	0.0	513,482.1

Income statement – Parent Society

1 January – 31 December

SEK, million	Note	2021	2020
Operating expenses	7	-15.0	-14.5
Operating profit		-15.0	-14.5
Financial revenues and expenses			
Revenues from participations in Group companies, Group contributions		488.0	225.9
Interest expenses	3	-	-
Interest expenses, subordinated loan	3	-	-13.9
Total financial income and expenses		488.0	212.0
Profit/loss after financial items		473.0	197.5
Profit before tax		473.0	197.5
Tax	10	-0.1	2.2
NET PROFIT FOR THE YEAR		472.9	199.7

Statement of comprehensive income – Parent Society

1 January – 31 December

SEK, million	2021	2020
Net profit	472.9	199.7
Other comprehensive income	-	-
Comprehensive income for the year	472.9	199.7

Balance sheet – Parent Society

As per 31 December

SEK, million	Note	2021	2020
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>			
Shares in subsidiaries	16	9,130.0	8,200.0
Total fixed assets		9,130.0	8,200.0
Current assets			
<i>Receivables</i>			
Prepaid operating expenses and accrued revenue		0.2	0.2
Receivables from subsidiaries	20	488.0	276.9
Other current receivables		0.8	-
Total current assets		489.0	277.1
Lending to credit institutions	13	7.1	22.6
TOTAL ASSETS		9,626.1	8,499.7
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity			
Participation capital	24	9,001.7	8,151.5
Statutory reserve		140.3	140.3
Profit or loss brought forward	11	7.2	5.3
Net profit	11	472.9	199.7
Total equity		9,622.1	8,496.8
Liabilities			
<i>Current liabilities</i>			
Accounts payable	22	1.6	0.7
Tax liabilities	22	0.1	0.7
Other current liabilities	22	0.4	0.4
Accrued operating expenses and prepaid revenues		1.9	1.1
Total current liabilities		4.0	2.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		9,626.1	8,499.7

Statement of changes in equity – Parent Society

SEK, million	Participation capital	Statutory reserve ¹	Unrestricted equity	Total shareholders' equity
Equity brought forward 1 Jan 2021	8,151.5	140.3	205.0	8,496.8
Net profit			472.9	472.9
<i>Appropriation of surplus in accordance with decision by the Annual General Meeting of the Society</i>				
Distribution of surplus as refunds and interest			-197.8	-197.8
Allocation to statutory reserve				-
<i>New participation capital during the year</i>				
Participation capital from new members of the Society	72.8			72.8
Contributions from existing members	777.4			777.4
Equity carried forward 31 Dec 2021	9,001.7	140.3	480.1	9,622.1
Equity brought forward 1 Jan 2020	7,000.0	140.3	360.7	7,501.0
Net profit			199.7	199.7
<i>Appropriation of surplus in accordance with decision by the Annual General Meeting of the Society</i>				
Distribution of surplus as refunds and interest			-355.4	-355.4
Allocation to statutory reserve				-
<i>New participation capital during the year</i>				
Participation capital from new members of the Society	317.6			317.6
Contributions from existing members	833.9			833.9
Equity carried forward 31 Dec 2020	8,151.5	140.3	205.0	8,496.8

1) The statutory reserve comprises statutory provisions to restricted equity.

Cash flow statement – Parent Society

1 January – 31 December

SEK, million	2021	2020
Operational activities		
Operating profit	473	197.5
Adjustment for items not included in cash flow	-488.0	-225.9
Income tax paid	-0.7	-1.5
	-15.7	-29.9
Cash flow from changes in working capital		
Change in accounts payable, trade	0.9	-0.7
Change in other liabilities	0.8	-0.6
Change in other assets	-0.8	-0.1
Cash flow from operational activities	-14.8	-31.3
Financing activities¹		
Distribution of surplus as refunds and interest	-197.8	-355.4
Participation capital from new members of the Society	105.5	317.6
Contributions from existing members	744.7	833.9
New share issue by subsidiary	-930.0	-1,100.0
Repurchase of subordinated liabilities	-	-1,000.0
Change in intra-Group liabilities	276.9	1,345.9
Cash flow from financing activities	-0.7	42.0
Cash flow for the year	-15.5	10.7
Cash and cash equivalents at start of the year	22.6	11.9
Cash and cash equivalents at end of the year	7.1	22.6
Cash and cash equivalents consists in their entirety of cash and bank balances.		
Adjustment for items not included in cash flow		
Group contributions not received	-488.0	-225.9
Cash flow from financing activities	-488.0	-225.9
Interest paid and received, included in the cash flow		
Interest received	-	-
Interest paid	-	-13.9

1) Under "Financing activities" the Group has chosen to present Group contributions, distribution of surplus, new participation capital from members, since these transactions are closely associated with one another.

Notes

All amounts are given in millions of SEK unless otherwise stated.

Note 1 Accounting principles

Compliance with standards and legislation

The Annual Report was approved for publication by the Board of Directors on 24 February 2022. The income statement and balance sheet will be subject to ratification at the Annual General Meeting on 31 March 2022.

The accounting principles are in line with those applied in the 2020 Annual Report, with the exception of amendments caused by new or amended IFRS standards coming into effect during 2021.

Group

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards – IFRS as adopted by the EU. The consolidated accounts also apply the supplementary regulations in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), and the Swedish Financial Supervisory Authority's (Finansinspektionen) regulations and general recommendations regarding annual accounts for credit institutions and securities companies (FFFS 2008:25), and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Corporate Groups.

The Society

The Society's Annual Report was prepared in accordance with the Annual Accounts Act (ÅRL) and the Swedish Financial Reporting Board's recommendation RFR 2 Reporting for Legal Entities. Consequently all International Financial Reporting Standards and statements endorsed by the EU are followed as far as possible, within the provisions of ÅRL and considering the exemptions motivated by tax regulations.

Accordingly, the Society's accounting principles follow those applied by the Group, with the exception that the income statements and balance sheets follow the presentation formats of the Annual Accounts Act. IFRS 9 is not applied – instead, financial instruments are reported based on Acquisition value and with shares in subsidiaries being carried at acquisition value. Group contributions received are reported in the income statement as income from participations in Group companies.

New and amended standards and interpretations

In January 2020, the EU adopted amendments to IFRS 9, IAS 39 and IFRS 7 (Phase 1) as a result of the reform for new reference rates. The changes are aimed at minimising unwanted effects that may occur while the new reference rate reform is in progress and entail certain relief rules with regard to hedge accounting and new disclosure requirements. The amendments entail the Company being able to continue applying hedge accounting despite the possible inefficiencies that could arise in the hedge accounting as a consequence of the change in how Stibor and other IBOR are determined and/or the possible replacement of Stibor/other IBOR with a risk-free rate. Furthermore, amendments to IFRS 7 entail additional disclosure requirements being introduced. On 1 January 2021, additional changes associated with the reference rate reform came into effect (Phase 2) determining when the reform of a reference rate of relevance to the Company is complete. The changes entail a practical solution whereby certain modifications are allowed without it being necessary to break any hedging relationships. Kommuninvest has not made any changes associated with the reference interest rate reform

during the reporting period. Nor does Kommuninvest have any cash flow hedges or other hedging relationships linked to US LIBOR with maturities beyond 2022, meaning that the reform has not had any impact on Kommuninvest's principles for efficiency testing. The reform regarding new reference rates and its relief rules will have an immaterial effect on Kommuninvest's earnings and position because Kommuninvest has very few hedges linked to uncertainty in foreign IBOR. For further details, see Note 2 and Note 17.

Other new or amended laws, standards and interpretations introduced during the year have not had any material effect on Kommuninvest's earnings, position, disclosure, capital requirements, capital base or major exposures.

New and amended standards and interpretations yet to come into effect

Kommuninvest is monitoring developments in the ongoing reform regarding new reference rates and its impact on accounting standards.

No new or amended laws, standards or interpretations yet to come into effect are currently assessed to have any material impact on Kommuninvest's net profit, position, disclosures, capital requirements, capital base or major exposures.

Significant judgements and assumptions

The preparation of the Annual Report includes judgements and assumptions that affect the accounting and supplementary disclosures. The most important judgements when applying accounting principles concern how financial instruments are classified and assessed, as explained below in the section Financial instruments.

For assets and liabilities valued at fair value, their value is affected by the assessment of whether the available market prices are based on an active market. When determining the fair value of financial instruments not traded in an active market, Kommuninvest applies valuation techniques and then makes assumptions that may be associated with uncertainty. Note 28 describes how fair value for financial instruments is derived including significant assumptions, uncertainty factors and sensitivity analyses. The report has been prepared based on amortised cost, with the exception of a significant portion of the Company's financial assets and liabilities, which are measured at fair value in cases of accounting mismatches or amortised cost adjusted for fair value with regard to the risk that is subject to hedge accounting. For further information, see section Financial instruments and Note 28.

With regard to Kommuninvest's business model for financial assets, this has been assessed as being to hold such assets to maturity. During the year, the purpose of the business model did not change and the assessment is that the business model has both been complied with during the year and that its purpose of receiving contractual cash flows remains. This assessment has taken into account that the purpose of the assets in the Company's Finance Policy remains unchanged, as well as an evaluation of the year's sales. For more information on the net result of financial transactions, see Note 5.

Kommuninvest calculates expected credit losses in accordance with IFRS 9 on financial assets valued at amortised cost. The calculation of expected credit losses includes application of forward-looking scenarios and assumptions. Accordingly, the method for determining expected credit losses is associated with uncertainty. Note 2 describes the choice of method and its assumptions.

Consolidated accounts

The consolidated accounts cover the Parent Company and all companies in which the Parent Company controls more than 50 percent of the voting rights or in other regards has a controlling influence. Subsidiaries are consolidated from the date on which

Note 1, continued

control is transferred to the Group and cease to be consolidated on the date on which control is separated from the Group. When control of a subsidiary has ceased, the subsidiary's profits are included only for that part of the financial year during which the Group had control of the subsidiary.

The consolidated accounts are prepared in accordance with the acquisition method. Transactions between Group companies, balance sheet items and unrealised gains on transactions between companies are eliminated.

Subsidiaries

Holdings in subsidiaries are reported in accordance with the cost method.

Functional currency and presentation currency

Kommuninvest's functional currency is the Swedish krona (SEK) and the financial statements are presented in the same currency. All amounts are rounded off to the nearest million unless otherwise stated.

Transactions in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rate in force on the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate in force on the balance sheet date. Exchange rate differences arising from the conversions are recognised in the income statement.

Interest revenues and interest expenses

Interest revenues and interest expenses presented in the income statement comprise:

- Interest on financial assets and liabilities measured at amortised cost.
- Interest from financial assets classified as available-for-sale measured at fair value via profit or loss.
- Interest on derivatives that are hedging instruments and for which hedge accounting is applied.

Interest revenues and interest expenses on lending, interest-bearing securities, Liabilities to credit institutions and derivatives are calculated and reported by applying the effective interest method. Where applicable, interest revenues and interest expenses include periodised amounts with regard to transaction expenses.

Interest revenues consist of interest revenue from loans and investments, as well as interest revenues and interest expenses from derivatives hedging loans and investments.

In accordance with the effective interest method, interest expenses consist of interest expenses on funding, as well as interest revenues and interest expenses from derivatives hedging funding.

Kommuninvest grants lending at negative interest rates, these negative interest revenues being reported as interest expenses.

Other interest revenues and other interest expenses include interest on collateral pledged and received, as well as operating expenses for rating and funding programmes.

For more information on interest revenues and interest expense, see Note 3.

Commission expenses

Commission expenses consist of expenses for services received such as deposit fees, payment agency commissions and securities brokerage.

Net result of financial transactions

'Net result of financial transactions' encompasses the realised and unrealised changes in value arising from financial transactions. The net result of financial transactions comprises:

- Unrealised changes in the fair value on assets and liabilities recognised at fair value through the income statement, divided between Held for trade, Compulsory or through application of the Fair value option.
- Unrealised changes in fair value on derivatives where hedge accounting of fair value is applied.
- Unrealised changes in fair value on hedged item with regard to hedged risk in hedging fair value.
- Capital gain/loss from divestment of financial assets and liabilities.
- Exchange rate changes.

Financial instruments

Financial instruments recognised in the asset side of the balance sheet include lending, lending to credit institutions, interest-bearing securities, derivatives and other financial assets. Liabilities and equity include liabilities to credit institutions, issued securities, derivatives and other financial liabilities. For further information, see Note 28.

Recognition in and removal from the balance sheet

A financial asset or financial liability is recognised in the balance sheet when Kommuninvest becomes party to the instrument's contractual terms.

A financial asset is removed from the balance sheet when the contractual rights to cash flows from that financial asset cease or on the transfer of the financial asset, upon which Kommuninvest, in all material regards, transfers to another all of the risks and benefits associated with ownership of the financial asset. A financial liability is removed from the balance sheet once the obligation in the contract has been fulfilled or is in some other way extinguished. The same applies for part of a financial liability.

Financial assets and financial liabilities are netted and recognised at a net amount in the balance sheet only where there is a legal right to net the amounts and it is intended to adjust the items with a net amount or to at the same time capitalise the asset and adjust the liability. Derivatives cleared with a central clearing counterparty are reported net per counterparty and currency in the balance sheet. Acquisitions and sales of financial instruments are reported on the business day, i.e. the day Kommuninvest commits to acquiring or selling the instrument.

Financial instruments are initially measured at their fair value with transaction expenses taken into account, the exception being assets and liabilities included in the category of financial assets and liabilities measured at fair value through the income statement, which are measured at fair value without taking transaction expenses into account.

Classification and measurement of financial instruments

Financial assets are classified based on the Company's business model. The business model is identified at the portfolio level and reflects how the portfolio's financial assets are managed together to achieve a specific business objective.

Possible business models for financial assets are:

- Hold to maturity.
- Hold to maturity and sell.
- Held for trade or evaluated on a fair value basis.

Kommuninvest's financial assets are divided into three portfolios: lending portfolio, liquidity portfolio and other. All portfolios are deemed to have the same business objectives, to receive contractual cash flows, and the business model is to hold to maturity. To ensure that cash flows consist only of capital amounts and interest on principal, SPPI tests are carried out continuously on the Company's new assets. As per 31 December 2021, Kommuninvest had no assets that had failed the SPPI test.

Note 1, continued

The classification of the business model and the outcome of the SPPI test affects the Company's valuation of financial assets.

Financial instruments can be valued according to the categories:

- Amortised cost.
- Fair value through other comprehensive income.
- Fair value through the income statement, divided between Held for trade, Compulsory or Fair value option

Where there is no accounting mismatch, financial liabilities are recognised at amortised cost. Where there is an accounting mismatch, financial liabilities are recognised at fair value through the income statement.

Amortised cost

When the business model for financial assets is to hold to maturity and cash flows consist solely of capital amounts and interest on principal, that is, they pass the SPPI test, the financial assets shall be valued at amortised cost. This means that Kommuninvest's valuation of financial assets is based on amortised cost since the business model for all of Kommuninvest's instruments is to hold to maturity and all assets are deemed to have cash flows consisting only of capital amounts and interest on principal.

Where there is no accounting mismatch, financial liabilities are valued at amortised cost.

Fair value through other comprehensive income

Since Kommuninvest's business model is not to both hold to maturity and sell, it has no financial instruments in the valuation category Fair value through other comprehensive income.

Fair value through the income statement

The valuation category Fair value through the income statement is divided between Held for trade, Compulsory and Fair value option.

Kommuninvest's derivatives that are held for financial hedging, but not included in hedge accounting, are reported under the valuation category Held for trade for liability derivatives and Compulsory for asset derivatives.

If Kommuninvest has a financial asset that fails the SPPI test, the instrument is valued in the category Compulsory fair value through the income statement.

Kommuninvest applies the fair value option where accounting mismatches have been identified. Accounting mismatches occur when an instrument is hedged with one or more derivative contracts to minimise market risks without applying hedge accounting. As derivatives are valued at fair value through the income statement but not the hedged item, accounting mismatches occur. When this is the case, the financially hedged item is also valued at fair value through the income statement through the fair value option. It would result in accounting mismatches if the derivative were measured at fair value through the income statement but not the hedged item.

Financial liabilities in the category Fair value through the income statement refer primarily to funding at fixed interest and structured funding, that is, loans that are subject to cancellation and/or that have coupon payments that are variable, but not connected to the interbank rate.

The reason for fixed-rate funding being identified in this category is that such funding is hedged financially with a derivative without applying hedge accounting. It would result in accounting mismatches if the derivative were measured at fair value through the income statement but not the funding.

The reason for classifying structured funding in this category is that the funding includes material embedded derivatives and that it significantly reduces inconsistencies in the valuation of free-standing derivatives and funding.

Hedge accounting

Kommuninvest applies IAS 39 (the EU carve-out version) with regard to hedge accounting.

To obtain a true and fair picture of the operation, Kommuninvest applies, where possible, hedge accounting of fair value for the assets and liabilities which have been hedged with one or more financial instruments. The hedged risk is the risk of fluctuations in fair value as a consequence of changes in the interest on swaps.

Any inefficiency is recognised in the income statement. If a hedging relationship does not fulfil the efficiency requirements, the relationship is severed and the asset/liability is recognised at amortised cost and the accumulated change in value of the asset/liability is allocated over the remaining term. Kommuninvest's hedging relationships have been deemed efficient.

Transaction-matched hedging

The hedged item, consisting of fixed-interest funding or lending, is assessed on the basis of changes in fair value in terms of the hedged risk. Kommuninvest uses interest rate and currency swaps as hedge instruments. The change in value of the hedged risk is reported on the same line in the balance sheet as the hedged item. Both the change in value of the hedged item and the hedging instrument are recognised in the income statement under Net result of financial transactions.

Portfolio hedging

The hedged item derives from a fixed-interest lending portfolio based on maturity date. The hedged item is revalued at fair value, taking the hedged risk into account. The value of the hedged risk is reported on a separate line in the balance sheet as Change in value of interest-hedged items in portfolio hedging. As hedging instruments, Kommuninvest uses interest rate swaps whose terms are in agreement with the hedged item. Both the change in value of the hedged item and the hedging instrument are recognised in the income statement under Net result of financial transactions.

Credit losses and impairments on financial instruments

Kommuninvest calculates expected credit losses in accordance with IFRS 9. Loss provisions are also made for off-balance sheet commitments, which for Kommuninvest consist of committed undisbursed loans, liquidity guarantees and building loans. Kommuninvest has no realised credit losses.

The special status of the local government authorities in the Swedish constitution and their right to levy taxes mean that municipalities and regions cannot be declared bankrupt. Neither can they cease to exist in any other way. Moreover, it is forbidden to pledge local government property as security for a loan, which means that municipalities and regions are liable for all obligations they enter into, with all their tax power and their total assets.

Changes in expected credit losses are reported in the income statement under the item Net credit losses. Expected credit losses are reported in the balance sheet as an impairment of the recognised value of assets which, according to IFRS 9, are subject to impairment. Loss provisions on off-balance sheet items are reported as provisions in the balance sheet. For information on credit losses and the calculation model, see Note 2 and for the effect on earnings of credit losses, see Note 9.

Intangible assets

Intangible assets are carried at cost less accumulated depreciation and impairment.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful life of the intangible asset, effective from the month in which the asset is acquired and thus used. The useful lives of assets are reassessed at least once per year. The estimated useful life is five years.

Note 1, continued

Tangible assets

Tangible assets are recognised as assets in the balance sheet if it is probable that Kommuninvest will derive future economic benefit and the cost of the assets can be measured reliably.

Tangible assets are carried at cost less accumulated depreciation. The recognised value of a tangible fixed asset is de-recognised from the balance sheet on scrapping or sale, or when no future economic benefits are expected from its use or the scrapping/sale of the asset. The gain or loss that may arise from the sale or scrapping of an asset constitutes the difference between the sale price and the asset's recognised value less direct sales expenses. Gain/loss is recognised as other operating income/expense.

Depreciation is carried out on a straight-line basis over the estimated useful life of the asset, effective from the month in which the asset is acquired and thus used. Kommuninvest calculates a useful life of three or five years for equipment. Works of art included in the balance sheet are not depreciated.

Pension through insurance

Kommuninvest's pension plans for service pensions under collective agreements are safeguarded through an insurance agreement with Alecta.

According to IAS 19, a defined contribution pension plan is a plan for remuneration after termination of employment whereby the Company pays pre-determined fees to a separate legal entity, and has no legal or informal obligation to make further payments if the legal entity has insufficient assets to pay all employee benefits relating to service during the current and earlier periods. A defined benefit pension plan is classed as a different type of plan for post-employment benefit to a defined contribution plan.

The pension plan for Kommuninvest's employees has been deemed a defined contribution plan encompassing more than one employer. Kommuninvest's pension payments are entered as an expense in the income statement at the rate at which they are earned as employees carry out services for Kommuninvest during a particular period. Premiums are paid to Alecta based on the current salary.

With regard to pension terms for senior executives, Kommuninvest has decided to comply with the principles set out in the Swedish government's guidelines for senior executives of state-owned companies (April 2009). The Company pays into a defined-contribution pension scheme equivalent to 30 percent of the President and CEO's and senior executives' pensionable salary, at most until the executive reaches the age of 65.

The year's expenses for insurance premiums are shown in Note 7.

General administration expenses

General administration expenses include payroll expenses, including salaries and emoluments, pension expenses, payroll taxes and other social security contributions and temporary/contract personnel, training expenses and other payroll expenses. Other expenses included in administrative expenses are the resolution fee, expenses for consultants, premises, IT, travel, rating, market data and other. For further information, see Note 7.

Other operating income

Other operating income consists primarily of the financial management service KI Finans, which Kommuninvest provides to the members of the Kommuninvest Cooperative Society. The members who have chosen to use this service pay an annual fee to Kommuninvest, which is reported under other operating income.

Since 1 January 2018, revenues from KI Finans is recognised in accordance with IFRS 15 and Kommuninvest recognises revenue for KI Finans during the contract period when the customer is entitled to access the service, meaning that revenue for the financial management service is allocated over the calendar year.

Current expenses related to KI Finans are expensed. For further information, see Note 6.

Other operating expenses

Other operating expenses primarily include expenses for marketing and insurance.

Contingent liabilities

Disclosures regarding contingent liabilities are provided when there is a possible obligation arising from past events and the existence of which is substantiated only by one or more uncertain future events, or when there is an obligation which is not recognised as a liability or provision because it is not likely that an outflow of resources will be needed.

Leasing

Kommuninvest applies IFRS 16 Leases in reporting leasing arrangements. Leases are capitalised as rights of use assets under tangible assets and as leasing debts under other liabilities in the balance sheet. The relief rule is applied that allows all leases to be expensed for which the underlying asset is of low value.

Tax

Tax on net profit includes current and deferred tax. Income taxes are recognised in the income statement, except when the underlying transaction is recognised directly against other comprehensive income or equity, whereby the appurtenant tax effect is also recognised in other comprehensive income or equity.

Current taxes are taxes that must be paid for the current year. This also includes adjustments to current taxes attributable to previous periods.

Deferred tax is calculated on the basis of temporary differences between reported and tax values of assets and liabilities according to the balance sheet approach.

Equity

Kommuninvest has classified the share capital in the Kommuninvest Cooperative Society as equity in the Group as the share capital has the characteristics and meets the conditions specified in IAS 32:16 A and B, see also Note 24.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash flow statement has been divided into inward and outward payments from operational activities, investment activities and financing activities. Operating activities mainly include changes in the lending and liquidity portfolio.

Investing activities encompass investments in tangible and intangible assets. The financing activities shows the issue and redemption/repurchase of securities issued.

Kommuninvest applies the exemption rule in IAS7:23 and reports issues of less than three months net. The financing activities also include a new share issue and change in consolidated debt.

Segment reporting

Kommuninvest does not prepare segment reports since it has only one segment: lending to members. All operations are conducted in Sweden and all customers are domiciled in Sweden. Kommuninvest has no single customer who accounts for 10 percent or more of income.

Note 2 Risk and capital management

Kommuninvest's principal assignment is to ensure access to stable and efficient funding for the local government sector. This entails borrowing funds on the financial market, based on customers' needs. The operating model entails the Company being exposed to risks. The Company's targets, principles and methods for managing these risks, and the methods for measuring those risks, are presented below (see also pages 37–41 for a comprehensive description of the Company's risk profile and risk organisation and the separate Risk and Capital Management Report, which is available at www.kommuninvest.se). Also shown under each area of risk are the current exposure and estimated capital requirement.

Credit risk

Credit risk refers to the risk of a loss being incurred as a consequence of a counterparty's incapacity to meet its obligations on time. Credit risk arises in various ways in the Company's oper-

ations and is divided into three areas: risk in credit provision arising in the lending operations, issuer risk arising in the Company's liquidity reserve and counterparty risk, which arises when the Company uses derivative instruments.

At least once a year, the Board sets limits for all investment and derivative counterparties, which relate to the Company's total exposure to the counterparty. Additional limits are determined by the President and CEO based on the counterparty's creditworthiness. When the Company assesses which investment and derivative counterparties are to be approved, as well as the requirements to which these are subject, the counterparty's creditworthiness, including ownership status, scope and extent of operations, and financial stability are to be taken into account.

The Group's credit risk exposures are presented in the table below.

Credit risk exposure	2021					2020				
	Recognised gross value	Expected credit losses	Recognised value ¹	Risk-weighted exposure value	Capital requirement	Recognised gross value	Expected credit losses	Recognised value ²	Risk-weighted exposure value	Capital requirement
Credit provision										
Lending to municipalities and municipal companies ²	460,651.4	-1.1	460,650.3	-	-	445,794.7	-5.9	445,788.8	-	-
– Risk category 1	274,930.9	-0.6	274,930.3	-	-	265,293.8	-3.5	265,290.3	-	-
– Risk category 2	155,116.3	-0.4	155,115.9	-	-	156,148.5	-2.1	156,146.4	-	-
– Risk category 3	27,632.7	-0.1	27,632.6	-	-	21,414.0	-0.3	21,413.7	-	-
– Risk category 4	2,971.5	0.0	2,971.5	-	-	2,938.4	0.0	2,938.4	-	-
Investments										
Sovereign bonds eligible as collateral	30,724.2	-0.1	30,724.1	-	-	28,036.0	-0.8	28,035.2	-	-
– AAA	30,724.2	-0.1	30,724.1	-	-	28,036.0	-0.8	28,035.2	-	-
Cash and balances with central banks	7,672.5	0.0	7,672.5	-	-	18,931.9	-0.7	18,931.2	-	-
– AAA	7,672.5	0.0	7,672.5	-	-	18,931.9	-0.7	18,931.2	-	-
Bonds and other interest-bearing securities	15,529.9	-0.1	15,529.8	-	-	13,822.9	0.0	13,822.9	-	-
– AAA	13,307.7	-0.1	13,307.6	-	-	12,054.9	-	12,054.9	-	-
– AA	2,222.2	0.0	2,222.2	-	-	1,768.0	0.0	1,768.0	-	-
Lending to credit institutions	1,349.9	-0.1	1,349.8	270.1	21.6	1,700.2	-0.3	1,669.9	264.1	21.1
– AAA	-	-	-	-	-	379.7	-	379.7	0.0	0.0
– AA	769.3	0.0	769.3	153.8	12.3	510.5	-0.1	510.4	102.1	8.2
– A	580.6	-0.1	580.5	116.3	9.3	810.0	-0.2	809.8	162.0	12.9
Derivatives										
Derivatives ¹	5,729.3	-	5,729.3	-	-	2,429.4	-	2,429.4	-	-
– AA	1,801.8	-	1,801.8	-	-	477.7	-	477.7	-	-
– A	3,679.4	-	3,679.4	-	-	1,572.6	-	1,572.6	-	-
– BBB	248.1	-	248.1	-	-	379.1	-	379.1	-	-
Other assets										
Other assets	2,606.8	-	2,606.8	101.2	8.1	16,670.8	-	16,670.8	86.0	6.9
Off-balance sheet items										
Committed loans ²	239.1	-	239.1	-	-	355.3	-	355.3	-	-
Committed, undisbursed loans ²	278.7	-	278.7	-	-	1,859.1	-	1,859.1	-	-
Total (including off-balance sheet items)	524,781.8	-1.4	524,780.4	371.3	29.7	529,600.3	-7.7	529,592.6	350.1	28.0

1) The recognised value corresponds to the maximum credit risk exposure without taking collateral received or other forms of credit enhancement into account. For information on collateral received, see section Counterparty risk on page 71.

2) Guaranteed by local government undertaking.

*Note 2, continued**Expected credit losses (ECL)*

Kommuninvest calculates expected credit losses in accordance with IFRS 9. Decisions on the methods used in these calculations are made by the Company's Credit Risk Committee, which meets quarterly. The daily follow-up and implementation of the Credit Risk Committee's decisions is performed by the Finance Department and the Risk and Control Department. Changes in credit risk are monitored daily.

Credit risk exposure

Kommuninvest is exposed to credit risks through its lending portfolio, through off-balance sheet items and through investments.

Kommuninvest's lending portfolio comprises lending to municipalities and regions (members of the Society), as well as companies and other entities. Any lending to parties other than members (municipalities/regions) directly requires a guarantee from one or more members. Off-balance sheet items consist of contracted new lending yet to be disbursed, building loans and liquidity guarantees. Investments comprise cash and cash equivalents or holdings in sovereigns or state-related counterparties, including federal states, local government authorities and credit institutions similar to Kommuninvest.

Calculation of ECL

When calculating expected credit losses (ECL), the exposure at default (EAD) is multiplied by the proportion determining the loss given default (LGD). This is then multiplied by the probability of default (PD).

$$ECL = PD * LGD * EAD$$

ECL is updated on a daily basis. The three factors, as well as phase allocation, are monitored on an ongoing basis. On a quarterly basis, an assessment is made of the trend for the period, and of any need for adjusting the model.

Expected maturity in the ECL calculation

ECL shall be calculated for different periods, which vary depending on the development of the counterparties' credit-worthiness. When a contract is initiated, it is in Phase 1. ECL is then calculated on the basis of default possibly occurring within the ensuing 12 months. In the event that an exposure be classified in Phase 2 due to a heightened credit risk, the calculation is based instead on all cash flows throughout the remaining maturity. In the event of default, the exposure is transferred to Phase 3. Indicators are used to continuously monitor the development of credit risk in the Company's lending. All credit exposures are currently in Phase 1.

For the investments, Kommuninvest uses the regulatory exemption for low credit risk. This is supported by the investment portfolio's credit risk profile and favourable credit quality. Kommuninvest defines low credit risk as a credit rating from Moody's of at least Baa3 and from S&P Global Ratings of at least BBB-.

Kommuninvest currently only has exposures with very good credit quality, which, in addition to cash and cash equivalents at payment banks, comprise sovereign or government relations. In connection with negative changes in credit ratings, qualitative assessments are often made to determine whether credit risk has increased significantly. Assuming that no significant increase is deemed to have occurred and the credit rating meets the Company's requirement of low credit risk, the asset remains in Phase 1.

Definition of default

Any lending to parties other than members directly requires a guarantee for the entire credit amount from one or more mem-

bers. Kommuninvest's definition of default is in line with the guidelines developed by the European Banking Authority (EBA) and entail a counterparty having defaulted when at least one of the following situations has occurred:

- Kommuninvest considers it unlikely that the counterparty will be able to meet its commitments in full.
- Any of the counterparty's commitments to Kommuninvest have been due for payment for more than 90 days.

Before an exposure is considered to be in default, Kommuninvest is to perform an expert assessment. Based on the EBA's guidelines, this shall ascertain whether a "technical default" situation has arisen. If the exposure is directly to a member (municipality or region), the in-depth analysis is motivated primarily by the local government authorities' constitutionally protected role in society, including the right to levy taxes, meaning in practice that a local government authority cannot be declared bankrupt.

Determination of impaired credit quality

Kommuninvest applies a set of indicators to continuously monitor the development of credit risk in the lending portfolio. The function of the indicators is to demonstrate whether there is a change in the probability of default necessitating a transfer between credit risk phases based on limits. Kommuninvest uses both quantitative and qualitative indicators in its ongoing monitoring of the lending portfolio. The quantitative indicators consist of ratings from rating agencies and data from credit information providers (risk score, risk forecast and payment orders) and Kommuninvest's internal risk value model for assessing lending counterparties. Limits have been established for the quantitative indicators, and violations are followed up. A limit is also applied, meaning that an asset will be transferred to Phase 2 if payment is delayed by more than 30 days. The qualitative indicators consist of restructuring of loan terms. Before an individual counterparty is transferred to phase 2, a special assessment is to be made to elucidate the underlying causes and the counterparty's overall repayment capacity. The credit quality of the financial assets is determined by the Credit Risk Committee.

Kommuninvest has never suffered any actual credit loss, nor has it modified payment flows or renegotiated any existing agreements. In light of the above, the Company has no specific principles for write-offs.

Probability of default (PD)

The Company uses S&P Global Ratings' database for historical probability of bankruptcy and applies an internal theoretical model to obtain forward-looking data.

In the calculation of expected credit losses in investments, PD is allocated based on the issuer's rating.

In calculating ECL in the lending portfolio, PD is allocated on the basis of an interpolation between PD for the Swedish central government and PD for a level worse than the lowest rating for a local government exposure in the portfolio. This is because not all local government authorities have credit ratings. For the interpolation of the lending counterparty's rating, Kommuninvest's internal risk value model is used. For the lending portfolio, Kommuninvest determines PD at the counterparty level and not at the transaction level. This is motivated by the fact that the conditions for all lending are identical with no hierarchical order of credit having been assigned to counterparties. In other words, a deteriorated credit quality will affect all of the counterparty's transactions.

Factors affecting the calculation of PD:

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Note 2, continued

- The weightings for macroeconomic factors are based on the empirical correlations between macro factors and Z-factors. Z-factors are used to adjust historical probability to become forward-looking.
- For each segment, a specific long-term probability of bankruptcy is applied, in which the categories “Non-financial corporations” and “sovereigns” are used for the lending portfolio and “Financial corporations” for investments.
- Z benchmark intervals are calibrated dynamically and individually for each segment.

Weightings, macroeconomic factors

	Lending		Liquidity reserve	
	2021 %	2020 %	2021 %	2020 %
GDP forecast	28%	18%	8%	15%
Unemployment	24%	39%	14%	10%
Stock market	14%	14%	40%	21%
Energy index	5%	5%	5%	7%
Non-energy index	6%	5%	6%	8%
Credit rating	23%	19%	27%	39%

Historical probability of default

S&P Rating	Non-financial companies and sovereigns		Financial companies	
	2021	2020	2021	2020
AAA	0.00165%	0.00132%	0.00943%	0.00993%
AA+	0.00286%	0.00230%	0.01419%	0.01490%
AA	0.00495%	0.00400%	0.02136%	0.02237%
AA-	0.00857%	0.00697%	0.03215%	0.03358%
A+	0.01483%	0.01215%	0.04839%	0.05041%
A	0.02566%	0.02116%	0.07282%	0.07567%
A-	0.04441%	0.03686%	0.10958%	0.11357%
BBB+	0.07685%	0.06419%	0.16485%	0.17041%
BBB	0.13296%	0.11176%	0.24794%	0.25563%
BBB-	0.22994%	0.19453%	0.37276%	0.38331%
BB+	0.39736%	0.33839%	0.56006%	0.57440%
BB	0.68586%	0.58800%	0.84068%	0.85991%
BB-	1.18132%	1.01986%	1.26012%	1.28552%
B+	2.02740%	1.76328%	1.88485%	1.91771%
B	3.45825%	3.03199%	2.81049%	2.85180%
B-	5.83874%	5.16557%	4.17138%	4.22131%
CCC-C	24.33623%	22.35699%	12.92792%	12.98004%

The PD used to calculate expected credit losses is a weighted average of three different macro scenarios (normal, medium-low and medium-high economic situations).

Scenario weights

Scenario	2021 %	2020 %	Change %
Positive scenario	20%	20%	0%
Base scenario	60%	60%	0%
Negative scenario	20%	20%	0%

The data on which historical default figures are based have been collected from S&P Global Ratings and then calibrated for each individual scenario. The scenario involving a normal economic situation is based on observed values for the macroeconomic factors included in the model, while the scenario involving a medium-low economic situation is based on a historically low percentile for the values for the macroeconomic factors and vice versa for the scenario involving a medium-high economic situation.

Macroeconomic factor

Historical input data	Scenario	2021
Historical change in credit rating (Sovereigns-Companies)	Principal scenario	-53.03%
	Positive scenario	-71.02%
	Negative scenario	-35.03%
Historical change in credit rating (Financial)	Principal scenario	-191.41%
	Positive scenario	-255.38%
	Negative scenario	-127.44%
Historical change in OMX index (-1Q)	Principal scenario	-2.94%
	Positive scenario	1.51%
	Negative scenario	-7.38%
Historical change in S&P 500 index (-1Q)	Principal scenario	3.33%
	Positive scenario	6.08%
	Negative scenario	0.59%

Forecast input data	Scenario	2022	2023	2024
GDP trend Sweden	Principal scenario	3.40%	2.10%	1.40%
	Positive scenario	5.11%	3.81%	3.11%
	Negative scenario	1.69%	0.39%	-0.31%
Change in unemployment Sweden	Principal scenario	-15.73%	-10.67%	0.00%
	Positive scenario	-23.96%	-18.90%	-8.23%
Change in global energy Index	Principal scenario	2.21%	-13.36%	0.12%
	Positive scenario	16.69%	1.12%	14.60%
Change in global non-energy index	Principal scenario	-12.28%	-27.85%	-14.37%
	Positive scenario	-2.36%	-3.53%	-1.93%
	Positive scenario	5.12%	3.94%	5.55%
	Negative scenario	-9.83%	-11.01%	-9.40%

Loss given default “LGD”

Lending

Swedish municipalities cannot be declared bankrupt and the assessment is also that there is a high degree of covariation between Swedish local government authorities and the Swedish central government in times of crisis. The tax base for both is also the Swedish economy. Accordingly, there is a strong connection between the LGD for Swedish local government authorities and the Swedish central government. For Swedish local government authorities, a standard value is applied by means of an expert analysis based on S&P Global Ratings “Aggregated European Recovery Data” as well as on Moody’s Sovereign Default and Recovery Rates”. The result of the assessment is to apply an LGD of 35 percent.

Investments

Kommuninvest’s counterparties all have high credit ratings and a stable financial position. Historically, no Kommuninvest counterparty has suspended payments. Consequently, no empirical history for LGD exists. To assess LGD, standard values are used instead. For sovereigns and state-related counterparties, an expert analysis is made based on S&P Global Ratings “Aggregated European Recovery Data” as well as on Moody’s Sovereign Default and Recovery Rates. The result of the assessment is to apply an LGD of 35 percent. For other counterparties, LGD is applied in accordance with the CRR regulations. Under Article 161, senior exposures (non-subordinated exposures) to unsecured financial institutions must be allocated an LGD of 45 percent. For covered bonds, LGD is also applied to in accordance with the regulations in CRR. Under Article 161, covered bonds that meet the terms of Article 129 are to be allocated an

Note 2, continued

LGD of 11.25 percent. Covered bonds include excess collateral. In the event that the regulations are amended or the reports from Moody's and S&P are updated, LGD may be adjusted.

Exposure at default (EAD)

For EAD, the nominal amount of the assets and outstanding contractual cash flows are discounted by applying the effective interest rate. Which cash flows are included in the calculation depends on the outcome of the phase allocation. As the exemption for low credit risk is applied to investments, only cash flows with a one-year horizon are included in these assets. The Company has no collateral for its credit risk exposure.

The effective interest rate comprises swap rates, the spread for the Company's outstanding issues and lending, and the spread between the Company's funding expenses and the various types of issuers included in the investments. Swap rates and spreads for the Company's issues are obtained from the secondary market, spreads for the Company's lending are obtained from the current customer price list. The spread between the Company's funding expenses and the various types of issuers is determined through expert assessment. By combining these components, a discount curve for each currency and maturity is derived.

Sensitivity analyses

Since all exposures are in Phase 1, it is only the PD of one year that affects the Company's expected credit losses and the sensitivity analysis is performed on a one-year horizon in the principal scenario.

The sensitivity analysis for the macroeconomic factors can be found in the table below. The tables show how ECL is affected by the macroeconomic factors, given the Company's current scenario weighting.

Sensitivity analysis, macroeconomic factors, lending, (change, from, to)	ECL, SEK million
GDP forecast (-1% +3.4% +2.4%)	-0.16
Unemployment (+10% +7.5% +8.25%)	-0.14
OMX (-10% -2.9% -12.9%)	-0.33
Energy index (-10% -2.2% -7.8%)	-0.03
Non-energy index (-10% -2.4% -12.4%)	-0.07
Credit rating, govt.-owned comps. (+10% -53.0% -43.0%)	-0.28
Credit rating, fin. (+10% -191.4% -181.4%)	-

Sensitivity analysis, macroeconomic factors, investments, (change, from, to)	ECL, SEK million
GDP forecast (-1% +3.4% +2.4%)	-0.02
Unemployment (+10% +7.5% +8.25%)	-0.02
S&P (-10% +3.3% -6.7%)	-0.21
Energy index (-10% -2.2% -7.8%)	-0.01
Non-energy index (-10% -2.4% -12.4%)	-0.02
Credit rating, govt.-owned comps. (+10% -53.0% -43.0%)	-0.02
Credit rating, fin. (+10% -191.4% -181.4%)	-0.04

Sensitivity to change in scenario weighting shown in table below.

Sensitivity analysis scenario weights	Effect, SEK million
More positive (P30 B60 N10)	0.22
More negative (P10 B60 N30)	-0.37
Pre-Covid (P5, B85, N10)	-0.04

P stands for "positive", B stands for "base" and N stands for "negative".

Changes during the year

Changes in ECL during the period

The Company's ECL decreased by SEK 6.3 million overall, from SEK 7.7 million to SEK 1.4 million. The effects of the corona pandemic remain in the ECL value through greater uncertainties in the scenario weights. Before the pandemic, the Company had a weighting of P5, B85 and N10. Had these weights been applied, the Company's ECL would have decreased by SEK 0.04 million. In other respects, the Company has not applied any expert adjustments based on the effects of the pandemic.

The same model has been applied throughout 2021. Minor adjustments within the model mean that:

- ECL for the Riksbank is now a separate segment with a government-related PD instead of a PD for financial companies. This corresponds better to the risk of exposure and has resulted in a lowering of the ECL by SEK 0.4 million.
- Macroeconomic factors involving changes in credit ratings are adjusted not only on the basis of historical data but also applying forward-looking data based on a calibrated forecast for Global GDP. This has resulted in a lowering of ECL by SEK 0.7 million.

Changes in PD and LGD are shown in the table below. For changes in EAD, see table Change in provisions for credit losses on page 68.

S&P Rating	Non-financial companies and sovereigns		Financial companies	
	2021	2020	2021	2020
AAA	0.00058%	0.00349%	0.00383%	0.00880%
AA+	0.00106%	0.00579%	0.00600%	0.01328%
AA	0.00194%	0.00961%	0.00940%	0.02004%
AA-	0.00353%	0.01596%	0.01472%	0.03024%
A+	0.00643%	0.02649%	0.02305%	0.04564%
A	0.01173%	0.04398%	0.03610%	0.06888%

PD factor	Change contribution, %
Scenario weights	0.0%
Macro weights	-15.0%
GDP forecast	-15.2%
Unemployment	29.0%
Share index	-10.1%
Energy index	33.2%
Non-energy index	33.0%
For Credit rating	62.6%
Historical probability of default	-17.4%
Total	100.0%

Changes in PD factor reduced ECL by SEK 4.4 million, see the division into risk variables and change of model in the section Change in provisions for credit losses on page 68.

Change in LGD	2021 %	2020 %
Lending	35%	35%
Investments	45%	45%
Riksbank	35%	35%

LGD has not changed and did not thus affect ECL.

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Note 2, continued

Change for the period in provisions for credit losses

All provisions relate to stage 1 and have been constant during the year. Kommuninvest has never suffered any confirmed credit losses.

For more information on recognised gross value in the tables below, see the table on Credit risk exposures on page 66.

Change in provisions for credit losses						
	Opening balance	Initiated during the period	Maturing during the period	Changed risk variables	Change of model	Closing balance
2021						
Cash and balances at central banks	-0.7	-	0.8	-	-	0.1
Sovereign bonds eligible as collateral	-0.8	-9.3	16.4	-6.9	0.5	-0.1
Lending to credit institutions	-0.3	-	-	0.1	-	-0.2
Lending	-5.9	-0.4	0.8	4.4	-	-1.1
Bonds and other interest-bearing securities	-	-6.5	-	5.8	0.6	-0.1
Provisions for off-balance sheet items	-	-0.3	0.4	-0.1	-	-
Total	-7.7	-16.5	18.4	3.3	1.1	-1.4

Change in provisions for credit losses						
	Opening balance	Initiated during the period	Maturing during the period	Changed risk variables	Change of model	Closing balance
2020						
Cash and balances at central banks	-	-0.7	-	-	-	-0.7
Sovereign bonds eligible as collateral	-0.5	-32.7	31.1	1.3	-	-0.8
Lending to credit institutions	-0.4	-	-	0.1	-	-0.3
Lending	-17.8	-3.5	3.7	-30.2	41.9	-5.9
Bonds and other interest-bearing securities	-	-0.4	-	0.4	-	0.0
Provisions for off-balance sheet items	-0.1	-2.8	3.7	-0.8	-	0.0
Total	-18.8	-40.1	38.5	-29.2	41.9	-7.7

Changes in gross recognised value of provisions for credit losses				
	Opening balance	Initiated during the period	Maturing during the period	Closing balance
2021				
Cash and balances at central banks	18,931.9	7,672.5	18,931.9	7,672.5
Sovereign bonds eligible as collateral	25,199.2	1,554,472.7	1,550,599.7	29,072.2
Lending to credit institutions	1,290.2	1,334.8	1,290.2	1,334.8
Lending	335,745.7	405,596.5	389,592.0	351,750.2
Bonds and other interest-bearing securities	8,036.9	8,282.2	9,782.0	6,537.1
Off-balance sheet items	1,691.5	74,472.9	75,807.4	357.0
Total	390,895.4	2,051,831.6	2,046,003.2	396,723.8

Changes in gross recognised value of provisions for credit losses				
	Opening balance	Initiated during the period	Maturing during the period	Closing balance
2020				
Cash and balances at central banks	811.1	4,160,267.7	-4,142,146.9	18,931.9
Sovereign bonds eligible as collateral	13,511.7	1,193,244.5	-1,181,557.0	25,199.2
Lending to credit institutions	1,874.5	411,822.2	-412,406.5	1,290.2
Lending	271,045.5	130,196.8	-65,496.6	335,745.7
Bonds and other interest-bearing securities	-	8,036.9	-	8,036.9
Off-balance sheet items	2,182.5	132,410.7	-132,901.7	1,691.5
Total	289,425.3	6,035,978.8	-5,934,508.7	390,895.4

Risk in credit provision

Risk in credit provision refers to the risk that a credit counterparty fails to meet its obligations. This risk is limited by providing credit only to members and approved companies, foundations and associations in which one or more members has a controlling influence. Approved companies, foundations and associations are to be covered by a guarantee from one or more members.

Members and approved companies, foundations and associations are followed up continuously and assessed from a holistic perspective at the corporation level. The risk in the Company's lending operations is very low and the Company has never suffered any credit losses in its lending operations.

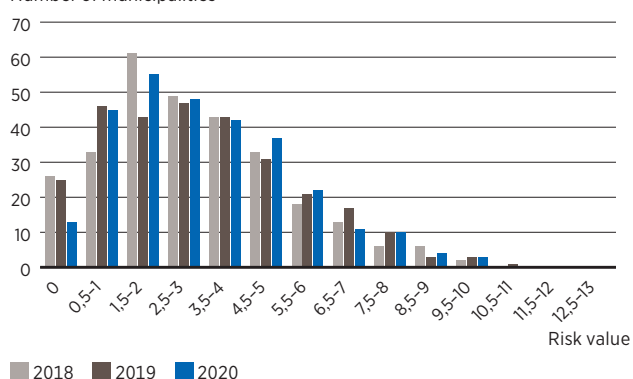
The municipalities and regions and the companies they own respectively are analysed when processing membership applications and on an ongoing basis during their membership. To obtain an overall view of a member's financial situation, a quantitative risk value analysis is performed. This assesses the income statement, balance sheet, demographics and risks in municipal operations.

Based on this analysis, each of the Society's member municipalities and regions is allocated a risk value between 0 and 13, where a lower value represents a lower risk.

Note 2, continued

Risk value model

Number of municipalities



Capital requirement for risk in credit provision

From the perspective of capital adequacy, the local government sector has a risk weight of 0 percent, meaning that when the Company uses the standardised method in the CRR regulations, there is no statutory capital requirement for risk in credit provision.

Counterparty risk

Counterparty risk refers to the risk that a counterparty in a financial agreement fails to fulfil its obligations under the contract. Counterparty risk arises when the Company includes derivative contracts to limit market risks. Counterparty risks are restricted by entering into contracts with financial institutions with high creditworthiness and requirements for pledged assets. Interest-rate contracts entered into as of October 2016 must be cleared by a central clearing counterparty.

In order for the Company to enter into an uncleared derivative, the counterparty must, at the time of the transaction, have a credit rating, as an issuer of senior securities of at least BBB+ or be guaranteed by someone with this credit rating. For the Company to enter into a cleared derivative, the counterparty must, at the time of the transaction, have a credit rating as an issuer of senior securities of at least BBB-. Counterparty risks are further reduced by concluding ISDA agreements and security agreements (known as CSA agreements) with all counterparties. ISDA agreements allow netting of positive and negative exposures. The exposure to counterparty risk is determined based on the market value of the derivative contracts. CSA agreements govern the right to collect collateral to eliminate the exposure arising from changes in the value of derivative contracts that have been entered. In connection with the EMIR regulatory framework, which requires the replacement of variation margins for OTC derivatives, the Company has, since March 2017, introduced CSA agreements with most counterparties, entailing a daily exchange of collateral without thresholds.

The initial margin set for cleared derivatives also entails a counterparty, as well as surplus collateral being pledged. Accordingly, the total counterparty risk amounts to SEK 2,613.6 (3,102.5) million.

Derivative exposure	2021	2020
Recognised value ¹	5,729.3	2,429.4
Amount netted in the balance sheet	4,521.8	6,036.7
Gross market value²	10,251.1	8,466.1
Netting gains	-4,691.6	-1,978.4
Current replacement cost³	5,559.5	6,487.7
Collateral received	-5,443.1	-6,058.9
Net per counterparty incl. deductions for collateral	116.4	428.8
Initial margin pledged	2,464.7	2,665.7
Surplus collateral pledged	32.5	8.1
Total counterparty risk	2,613.6	3,102.5

1) Total positive market values after netting. 2) Total positive gross market values before netting. 3) Total positive gross market values after netting within each netting agreement.

Capital requirements for counterparty risk

In calculating capital requirements for counterparty risk, Kommuninvest applies the market valuation method where the exposure value is equal to the sum of the current replacement cost and potential future exposure. To determine the current replacement cost for all contracts with a positive value, the contracts are assigned the current market values. To determine the potential future exposure, the nominal amount is multiplied by the percentages stated, based on maturity and contract structure, in the CRR regulations.

The exposure value is then multiplied by the current risk weight, giving the risk-weighted exposure value. Since all members of the Society have signed a guarantee agreement, under which they assume responsibility for the Company's exposures, the risk weight of zero is assigned to all counterparty exposures. Accordingly, the risk-weighted exposure amounts are zero and the capital requirement for counterparty risk is thus also zero. See table Capital requirements for counterparty risk

Capital requirements for counterparty risk	2021	2020
Current replacement cost ¹	5,559.5	6,487.7
Collateral received	5,663.9	5,787.5
Capital requirement	11,223.4	12,275.2
Risk-weighted exposure value ²	0.0	0.0
Capital requirement	0.0	0.0

1) Total positive gross market values after netting within each netting agreement.
2) Guarantee undertaking by local government authorities gives a risk weight of 0 percent.

Issuer risk

Issuer risk refers to the risk that the issuer of a security fails to repay its full undertaking on maturity. The risk is limited by investing the liquidity reserve in securities and bank balances where the issuer has a credit rating of at least A (Standard & Poor's) or equivalent at an approved credit rating agency. Placements are subject to a country limit where the exposure to any individual country may not exceed SEK 15 billion, with the exception of Sweden for which there is no country limit. In addition, the Board of Directors determines annually the maximum gross exposure to individual issuers.

At year-end, the average remaining maturity of liquidity reserve investments was 2.2 (3.3) months.

The longest remaining maturity of an individual security was 20.2 (24.8) months.

The tables below show the exposure by country, rating and issuer category. The category "credit institution" consists primarily of securities issued by so-called subsidised lenders, which are treated as exposures to the national government, according to the CRR regulations.

Note 2, continued

Investments by country	2021	2020
Sweden	38,396.6	47,346.0
Supranationals	8,757.8	7,390.2
Germany	6,134.6	5,618.0
Finland	1,406.7	1,157.3
United Kingdom	580.5	809.8
Denmark	-	167.8
Total	55,276.2	62,489.1

Investments by rating	2021	2020
AAA	51,704.2	59,400.9
AA	2,991.5	2,278.4
A	580.5	809.8
Total	55,276.2	62,489.1

Investments by issuer category	2021	2020
National governments or central banks	38,396.6	46,966.3
Credit institute	8,121.8	8,132.6
<i>of which, subsidised lenders</i>	6,772.0	6,432.8
<i>of which, investment repos</i>	-	379.7
<i>of which, bank balances</i>	1,349.8	1,320.1
Multilateral development banks	8,757.8	7,390.2
Total	55,276.2	62,489.1

Capital requirement for issuer risk

When calculating capital requirements for issuer risk, Kommuninvest uses the standard method in accordance with the CRR regulations, where the exposure value is equivalent to the recognised value. The risk-weighted exposure value is calculated by the exposure being assigned a risk weight in accordance with the regulations. The risk-weighted exposure value is multiplied by 9 percent and, accordingly, the capital requirement for issuer risk amounts to SEK 21.4 (20.9) million.

Concentration in issuer risk

In addition to the losses justified by an individual issuer's creditworthiness, there is also a risk of further losses as a result of issuers' risk of default co-varying. The correlation in the risk of default can be explained by factors such as industrial and geographical affiliation. The Company's assignment, to provide credit to the local government sector, entails concentrations in the provision of credit. In other contexts, the corresponding risk also applies to counterparties and customers. Concentrations in risk in credit provision are controlled by means of limits on lending to individual customers. However, since all of the Company's lending is covered by a guarantee from one or more members, the assessment is made that no capital requirement need be recognised for concentration risk in the provision of credit. Concentrations towards counterparties in the Company's derivative portfolio are controlled, in part, through limits on individual counterparties and, in part, by limits on how large a share of the total derivative portfolio (nominal volume) may result from exposure to individual counterparties. Given

that the Society's members sign guarantee undertakings for the Company's derivative exposures, no capital requirement is recognised for concentration risk in the derivative portfolio. Accordingly, the Company's concentration risk derives solely from issuers in the Company's liquidity reserve. This is controlled through limits on individual counterparties and through country limits. For this concentration risk, the Company recognises capital requirements as shown below.

Capital requirement for concentration in issuer risk

The calculations of capital requirements for credit risk-related concentration risk implemented by the Company are based on the method described in the Swedish Financial Supervisory Authority's (Finansinspektionen) memorandum "FI's methods for assessing individual risk types under Pillar II" from 8 May 2015. Credit-related concentration risks are measured for three concentrations: geographic concentration, industry-specific concentration, name concentration.

Concentration risks are estimated applying the Herfindahl index, meaning that exposures are grouped and weighted in relation to their share of the total exposure. A higher Herfindahl index means a greater concentration. Capital requirements for concentration risks are subsequently calculated, applying formulas, as a proportion of the capital requirement for credit risk under Pillar I. When the calculations were performed as per 31 December 2021, the capital requirement under Pillar II for concentration risks in the liquidity reserve was 18.0 (16.6) percent of the capital requirement for credit risk under Pillar I, that is to say, SEK 5.1 (5.0) million.

Market risk

Market risk is defined as the risk of loss (negative change in financial value) or a negative effect on the Company's income as a result of changes in risk factors in the financial market. The market risks are divided into interest rate risk, foreign exchange risk, credit market risk, as well as other price risks. Market risk mainly arises from mismatches between assets and liabilities. The Company's exposure to market risk is limited by means of derivative contracts. The Company accepts some exposure to market risks to increase operational efficiency, but never for speculative purposes.

Interest rate risk

Interest rate risk is defined as the risk of a loss (negative change in financial value) or a negative effect on the Company's income as a result of changes in interest rates. Interest rate risk arises as a consequence of the periods for which interest is fixed for assets and liabilities not being in agreement. The Company does not assume interest rate risk positions for speculative purposes but only to manage its operations. Risk management is based on matching interest maturities between assets and liabilities. When necessary, derivatives are used to achieve favourable matching. Interest rate risk includes earnings risks, meaning the risk of losses resulting from revenues or expenses deviating from the business plan and forecasts.

Note 2, continued

The table below shows the periods of fixed interest for assets and liabilities. For cancellable lending and funding, the period of fixed interest term refers to the next possible cancellation date.

Periods of fixed interest	Nominal amount						Total
	2021	0-3 months	3 months-1 year	1-5 years	5-10 years	More than 10 years Without interest	
Assets							
Cash and balances with central bank	7,672.5	-	-	-	-	-	7,672.5
Sovereign bonds eligible as collateral	29,572.0	1,150.0	-	-	-	-	30,722.0
Lending to credit institutions	1,349.8	-	-	-	-	-	1,349.8
Bonds and other interest-bearing securities	3,860.0	8,356.5	3,225.3	-	-	-	15,441.8
Lending	224,826.6	31,224.2	169,283.6	33,533.4	1,823.5	0.0	460,691.3
Derivative investments	11,277.8	-8,192.5	-3,085.3	-	-	-	-
Derivative lending	223,143.9	-21,426.2	-166,782.6	-33,360.4	-1,574.7	0.0	-
Other assets	1,601.7	-	-	-	-	1,005.1	2,606.8
Total assets	503,304.3	11,112.0	2,641.0	173.0	248.8	1,005.1	518,484.2
Liabilities							
Liabilities to credit institutions	275.1	-	-	-	-	-	275.1
Securities issued	35,666.5	100,845.7	338,793.2	33,950.0	250.0	-	509,505.4
Derivative funding	454,863.2	-92,078.0	-337,466.2	-33,950.0	-	-0.1	-8,631.1
Other liabilities	3,503.3	-	-	-	-	444.2	3,947.5
Subordinated liabilities	-	-	-	-	-	0.0	0.0
Equity	-	-	-	-	-	10,106.0	10,106.0
Total liabilities and equity	494,308.1	8,767.7	1,327.0	0.0	250.0	10,550.1	515,202.9
Difference, assets and liabilities.	8,996.2	2,344.3	1,314.0	173.0	-1.2	-9,545.0	3,281.3

Periods of fixed interest	Nominal amount						Total
	2020	0-3 months	3 months-1 year	1-5 years	5-10 years	More than 10 years Without interest	
Assets							
Cash and balances with central bank	18,931.9	-	-	-	-	-	18,931.9
Sovereign bonds eligible as collateral	26,029.8	2,000.0	-	-	-	-	28,029.8
Lending to credit institutions	1,699.9	-	-	-	-	-	1,699.9
Bonds and other interest-bearing securities	3,481.5	1,936.7	8,219.7	-	-	-	13,637.9
Lending	222,674.7	27,978.6	146,953.2	42,866.3	2,367.8	-	442,840.6
Derivative investments	9,908.3	-1,552.6	-8,355.7	-	-	-	-
Derivative lending	193,781.4	-8,338.2	-142,914.1	-40,403.0	-2,126.1	-	-
Other assets	16,296.8	-	-	-	-	373.9	16,670.7
Total assets	492,804.3	22,024.5	3,903.1	2,463.3	241.7	373.9	521,810.8
Liabilities							
Liabilities to credit institutions	930.0	-	-	-	-	-	930.0
Securities issued	42,905.0	97,347.2	304,870.4	48,781.8	1,250.0	-	495,154.4
Derivative funding	432,119.9	-71,473.6	-303,229.4	-46,233.8	-1,000.0	-	10,183.1
Other liabilities	94.3	-	-	-	-	60.9	155.2
Subordinated liabilities	-	-	-	-	-	-	-
Equity	-	-	-	-	-	8,992.5	8,992.5
Total liabilities and equity	476,049.2	25,873.6	1,641.0	2,548.0	250.0	9,053.4	515,415.2
Difference, assets and liabilities.	16,755.1	-3,849.1	2,262.1	-84.7	-8.3	-8,679.5	6,395.6

Sensitivity analysis of financial value

According to a fixed limit set by the Board of Directors, the exposure to interest rate risk in the portfolio may never exceed SEK 100 million given a one percentage point parallel shift in the yield curve. At year-end, the exposure (throughout the portfolio) amounted to a positive SEK 12.5 (negative 29.1) million given a one percentage point parallel shift (upwards) in the yield curve. An exposure with a positive value means an

increase in the economic value of assets and liabilities if the interest rate rises and a decrease in the economic value of assets and liabilities if the interest rate falls. If only transactions valued at fair value are taken into account, the result would change by SEK 213.1 (134.5) million given a one percentage point parallel shift (upwards) in all market interest rates.

FINANCIAL STATEMENTS

Note 2, continued

Sensitivity analysis of the Company's net interest income

The effect on the Company's net interest income is analysed on the basis of two scenarios: a parallel displacement upwards of 100 basis points and a parallel displacement downwards of 50 basis points. Given the generally very low market rates, the scenarios are made asymmetrical – the interest rate was adjusted less in the scenario where interest rates fall further.

The Company has good matching of cash flows between assets and liabilities. The only exceptions are assets financed by equity, which lack cash flows. Earnings from assets financed with equity will therefore increase if market interest rates rise and correspondingly decrease if market interest rates fall.

If all market interest rates were to rise by 100 basis points at year-end, net interest income over a one-year period would increase by SEK 80.7 (123.8) million, provided that the size and composition of balance sheet does not change, and correspondingly, if all market interest rates were to fall by 50 basis points at year-end, net interest income would have decreased by SEK 40.3 (61.9) million over a one-year period.

Capital requirement for interest rate risk

The capital requirement for interest rate risk under Pillar II has been calculated based on the Swedish Financial Supervisory Authority's (Finansinspektionen) model for interest rate risk in the banking book. The model calculates the change in the value of the Company's net assets, given a number of change scenarios for the zero coupon curve.

The change scenarios consist partly of parallel displacements, upwards and downwards, where the magnitude of the shift is based on historical market data and partly of four changes in the curve gradient, where the interest rate curve

increases or decreases over short or long maturities. As one of the ten largest institutes in Sweden, Kommuninvest calculates the capital requirement according to the advanced approach, in which cash flows are grouped by trading day. Under Pillar II, a capital requirement for interest rate risk of SEK 101.2 (106.9) million has been entered.

Foreign exchange risk

Currency risk refers to the risk of a negative effect on the Company's income as a result of exchange rate fluctuations. Foreign exchange risk arises if assets and liabilities denominated in a specific currency are mismatched in terms of size in the balance sheet. The Company hedges all known future flows by means of derivatives. However, foreign exchange risk arises on an ongoing basis through the net interest income generated on returns on foreign currency investments. This risk is limited by such returns continuously being exchanged to SEK. The maximum permitted exposure corresponds to SEK 5 million in each currency.

Capital requirement for foreign exchange risk

The Company's exposure to foreign exchange risk is so low that there is no longer a statutory capital requirement.

The capital requirement under Pillar II is calculated by multiplying the exposure by the foreign exchange fluctuations over the year. In 2021, the SEK/EUR and SEK/USD foreign exchange rates fluctuated by as much as 7 (8) percent per month. An exchange rate fluctuation of 7 (8) percent, with an exposure of SEK 5 million, would entail a capital requirement of SEK 0.3 (0.4) million per month. Accordingly, on an annual basis, this corresponds to a capital requirement of SEK 4.1 (4.8) million.

Assets and liabilities by currency	Recognised value							Total
	SEK	EUR	USD	JPY	AUD	Other currencies	Fair value adjustment	
2021								
Assets								
Cash and balances with central bank	7,672.5	-	-	-	-	-	-	7,672.5
Sovereign bonds eligible as collateral	30,723.5	-	-	-	-	-	0.6	30,724.1
Lending to credit institutions	769.3	93.1	487.3	-	-	0.1	-	1,349.8
Bonds and other interest-bearing securities	6,936.2	-	8,602.8	-	-	-	-9.2	15,529.8
Lending	461,067.1	-	-	-	-	-	-416.8	460,650.3
Derivatives	-103,085.8	-31.5	102,514.3	406.4	1,815.5	1,985.9	2,124.5	5,729.3
Other assets	1,553.1	-	1,053.7	-	-	-	-	2,606.8
Total assets	405,635.9	61.6	112,658.1	406.4	1,815.5	1,986.0	1,699.1	524,262.6
Liabilities								
Liabilities to credit institutions	277.7	-	-	-	-	-	-	277.7
Securities issued	334,645.9	-	161,038.5	5,668.2	3,355.7	3,333.4	-1,961.6	506,080.1
Derivatives	59,071.9	60.8	-50,491.5	-5,261.8	-1,540.2	-1,347.5	3,359.7	3,851.4
Other liabilities	1,453.8	-	2,111.8	-	-	-	381.8	3,947.4
Subordinated liabilities	-	-	-	-	-	-	-	-
Equity	10,186.9	-	-	-	-	-	-80.9	10,106.0
Total liabilities and equity	405,636.2	60.8	112,658.8	406.4	1,815.5	1,985.9	1,699.0	524,262.6
Difference, assets and liabilities	-0.3	0.8	-0.7	0.0	0.0	0.1	0.1	-
Effect (pre-tax) of a 10 percent increase in the SEK exchange rate compared to the foreign currency	-	0.1	-0.1	0.0	0.0	0.0	-	-

Note 2, continued

Assets and liabilities by currency	Recognised value							Fair value adjustment	Total
	2020	SEK	EUR	USD	JPY	AUD	Other currencies		
Assets									
Cash and balances with central bank	18,931.2	-	-	-	-	-	-	-	18,931.2
Sovereign bonds eligible as collateral	27,699.7	-	334.6	-	-	-	0.9	28,035.2	
Lending to credit institutions	890.1	35.5	774.2	0.0	0.0	0.1	-	1,699.9	
Bonds and other interest-bearing securities	6,923.4	-	6,860.5	-	-	-	39.0	13,822.9	
Lending	443,237.9	-	-	-	-	-	2,550.9	445,788.8	
Derivatives	-16,175.2	785.2	2,692.5	5,139.5	1,732.5	3,547.2	4,707.7	2,429.4	
Other assets	13,699.1	-	2,937.8	-	-	-	33.9	16,670.8	
Total assets	495,206.2	820.7	13,599.6	5,139.5	1,732.5	3,547.3	7,332.4	527,378.2	
Liabilities									
Liabilities to credit institutions	379.7	565.0	-	-	-	-	2.3	947.0	
Securities issued	304,526.3	2,520.4	167,250.7	8,339.5	3,956.1	7,304.7	4,408.2	498,305.9	
Derivatives	181,119.2	-2,269.7	-153,737.5	-3,200.0	-2,223.6	-3,757.5	3,046.7	18,977.6	
Other liabilities	63.7	5.1	86.4	-	-	0.0	-	155.2	
Subordinated liabilities	-	-	-	-	-	-	-	-	
Equity	9,117.3	-	-	-	-	-	-124.8	8,992.5	
Total liabilities and equity	495,206.2	820.8	13,599.6	5,139.5	1,732.5	3,547.2	7,332.4	527,378.2	
Difference, assets and liabilities	0.0	-0.1	0.0	0.0	0.0	0.1	0.0	-	
Effect (pre-tax) of a 10 percent increase in the SEK exchange rate compared to the foreign currency	-	0.0	0.0	0.0	0.0	0.0	-	-	

Credit market risk

Credit market risk is defined as the risk of loss or a negative effect on the Company's income as a result of changes in basis or credit spreads. Credit market risk is divided into two subcategories: (a) credit spread risk on derivatives (CVA risk) and credit spread risk on lending, funding and investments, and (b) basis spread risk.

Credit spread risk on lending, funding and investments, and basis spread risk

Credit spread risk on lending, funding and investments, and basis spread risk arises primarily as a consequence of imbalances in maturities between assets and liabilities valued at fair value. The Company restricts the credit market risk through good maturity matching between assets (loans and investments) and liabilities (funding and shareholders' equity). Shown below is the Company's sensitivity to general changes in market credit spreads corresponding to a basis point parallel shift (upwards).

Sensitivity to credit market risk	2021	2020
Investments, fair value option	-1.2	-2.1
Lending	-19.5	-19.1
Funding	22.4	22.4
Total	1.7	1.2

Credit spread risk on derivatives (CVA risk)

The credit spread risk on derivatives (CVA risk) derives from the risk of the Company's income statement being adjusted for the risk of changes in credit rating, or Credit Value Adjustment (CVA). CVA is a price adjustment applied to derivatives depending on the development of CDS prices, FX volatility and the exposure to the counterparty. CVA can be considered equal to the deviation from the risk-free price of a contract and is often

interpreted as the market price for counterparty risk. At the end of the year, recognised CVA amounted to SEK 4.1 (5.1) million.

CVA risk refers to the risk that the Company's earnings will be negatively affected by an increase in reported CVA.

Capital requirement for credit market risk

A total capital requirement under Pillar II for credit market risk (excluding credit spread on derivatives) is calculated for a number of scenarios. The largest capital requirement calculated for a single principal scenario will then constitute the Company's capital requirement for credit market risk. The principal scenarios on which the capital requirement calculation is based are either historical, simulated or theoretical. The historical and simulated scenarios are intended to capture periods when fluctuations were greatest in the credit markets where the Company makes business transactions.

The simulated scenarios include scenarios in which credit and basic swap movements are simulated using mathematical models, with a certain degree of probability, based on market data from various, selected periods of time.

The theoretical scenarios are prepared based on the credit market risks associated with the Company's business model and that could arise from that. These scenarios are included to ensure that the capital requirements cover all of the risks that could arise from the Company's business model since the historical and simulated scenarios do not necessarily cover all of the various possible scenarios.

In the calculations performed as per 31 December 2021, the total capital requirement for credit market risk amounted to SEK 1,329.3 (1,711.9) million.

In calculating capital requirements for CVA risk under Pillar I, Kommuninvest applies the standardised method in the capital requirement regulations (CRR). As the exposure value, the fully adjusted exposure value is used, meaning that the risk-reducing effects of the collateral are taken into account. In

Note 2, continued

accordance with the regulations, transactions with central clearing counterparties are excluded. The Company's derivatives entered into after 1 March 2017 are included in the daily reconciliation with the exchange of collateral, which reduces the capital requirement. At the end of the year, the capital requirement for CVA risk was SEK 67.6 (59.3) million.

Other price risks

Other price risks refers to the risk that a change in the pricing situation of underlying assets and indexes, such as shares or share indexes, will lead to a loss or negative effect on the Company's income. The Company uses derivatives to hedge price risks with regard to underlying assets and indexes.

Liquidity risk

Liquidity risk refers to the risk that it will not be possible to meet payment obligations on maturity. Kommuninvest's liquidity risk management is pervaded by a highly restrictive attitude towards liquidity risk, with the risk being limited by maintaining a liquidity reserve of highly liquid assets. The liquidity risk is further limited by the Company being a full member of the Riksbank's (Swedish central bank) RIX payment system, through which the Company can, among other things, raise loans against collateral.

The Company also manages structural liquidity risk, which is the risk that the Company has not financed its long-term commitments in advance. This risk is restricted, in part, through access to liquid funding markets and, in part, through good matching of maturities between assets and liabilities.

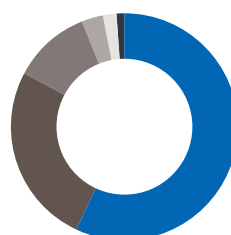
The Company's principal assignment is to act as a local government debt office and to ensure access to stable and efficient funding for the local government sector. The greatest risk that the Company will not be able to fulfil its assignment as a local government debt office is that the Company would not have access to sufficient liquidity to cover the needs of the local government sector. The Company has identified this risk as a local government debt office liquidity risk and primarily manages this through access to liquid funding markets.

Liquid funding markets

To ensure that funding activities provide the necessary conditions to cover lending and funding maturities, even under aggravated market conditions, the Company has access to liquid funding markets with broad investor bases. The Company's strategic funding markets are the Swedish Benchmark Programme and benchmark borrowing in USD and EUR within the EMTN programme (Euro Medium Term Note). Short-term funding in the form of commercial papers are made within the ECP programme (Euro-Commercial Paper) and the Swedish commercial paper programme. The Company maintains a continuous market presence in these programmes. The Company has previously been active in the Japanese Uridashi market, but chose to leave that market in November 2021. In its strategic funding markets, the Company issues Green Bonds on an ongoing basis.

Total funding by type of instrument

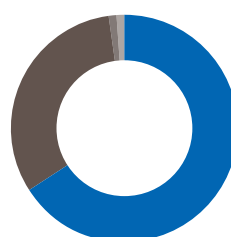
2021 (2020)



- Swedish Benchmark Programme 57 (53) %
- Benchmark funding, other currencies 26 (25) %
- Green Bonds 11 (9) %
- ECP, Euro-Commercial Paper Programme 3 (8) %
- Private Placement 2 (2) %
- Uridashi 1 (2) %
- ⋯ Swedish Commercial Paper Programme 0 (1) %
- ⋯ Bank loans - (0) %

Total funding by currency

2021 (2020)



- SEK 66 (62) %
- USD 32 (34) %
- JPY 1 (2) %
- AUD 1 (1) %
- ⋯ GBP 0 (1) %
- ⋯ Other currencies 0 (1) %

Good matching between assets and liabilities

When assets and liabilities have different maturities, liquidity risks arise. To minimise this risk, the Company strives to achieve good matching between assets (lending and investments) and liabilities (funding and shareholders' equity). Assets and liabilities with maturities of more than one year are to be matched. The graph below illustrates the balance sheet maturity profile, indicating good matching between assets and liabilities.

The average maturity of the Company's outstanding funding amounted to 2.4 (2.3) years at the end of the year, if the earliest possible cancellation date is used in the calculation. In connection with cancellable funding, the investor has the right, under certain conditions, to request premature repayment of loaned funds.

At year-end, the average maturity on the Company assets amounted to 2.4 (2.4) years, with capital tied up in the Company's lending portfolio for an average 2.7 (2.7) years, and with capital tied up in the liquidity reserve for 0.2 (0.3) years.

Maturity analysis

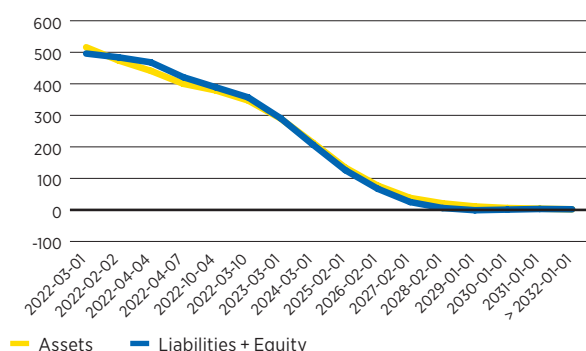
The maturity analysis below shows undiscounted cash flows, including amortisation and interest payments, based on the remaining agreed maturity dates. All flows are converted to Swedish kronor by applying a spot rate.

Note 2, continued

Maturity profile, balance sheet

31 Dec 2021

SEK bn

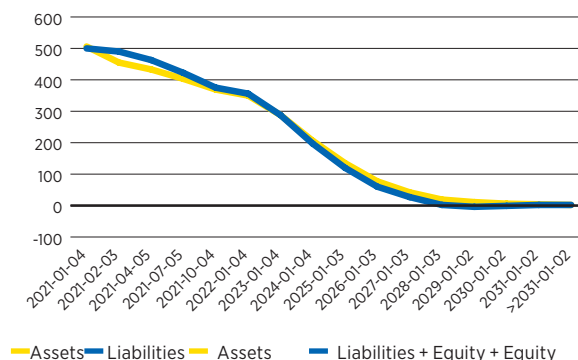


- Assets - Liabilities + Equity

Maturity profile, balance sheet

31 Dec 2020

SEK bn



- Assets - Liabilities - Assets - Liabilities + Equity + Equity

2021	Contractual, non-discounted cash flows						Total	Recognised value
	On demand	0-3 months	3 months-1 year	1-5 years	> 5 years	No maturity		
Assets								
Cash and balances with central bank	7,672.5	-	-	-	-	-	7,672.5	7,672.5
Sovereign bonds eligible as collateral	-	29,572.0	1,150.0	-	-	-	30,722.0	30,724.1
Lending to credit institutions	-	1,349.8	-	-	-	-	1,349.8	1,349.8
Bonds and other interest-bearing securities	-	3,469.0	8,864.7	3,231.8	-	-	15,565.5	15,529.8
Lending	-	33,874.5	75,020.2	314,505.5	46,540.3	-	469,940.5	460,650.3
Derivatives	-	1,321.6	3,472.9	6,247.2	394.6	-	11,436.3	5,729.3
Other assets	-	2,606.8	-	-	-	-	2,606.8	2,606.8
Total assets	7,672.5	72,193.7	88,507.8	323,984.5	46,934.9	-	539,293.4	524,262.6
Liabilities								
Liabilities to credit institutions	-	277.7	-	-	-	-	277.7	277.7
Securities issued	-	28,834.6	105,379.2	346,238.0	34,823.8	-	515,275.6	506,080.1
Derivatives	-	1,165.3	1,337.7	3,462.0	300.4	-	6,265.4	3,851.4
Other liabilities	-	3,947.5	-	-	-	-	3,947.5	3,947.4
Subordinated liabilities	-	-	-	-	-	-	-	-
Equity	-	0.0	0.0	0.0	0.0	10,106.0	10,106.0	10,106.0
Total liabilities and equity	-	34,225.1	106,716.9	349,700.0	35,124.2	10,106.0	535,872.2	524,262.6
Total difference	7,672.5	37,968.6	-18,209.1	-25,715.5	11,810.7	-10,106.0	3,421.2	0.0
Committed loans	239.1	-	-	-	-	-	239.1	-
Committed, undisbursed loans ¹	-	-251.7	-20.9	175.3	106.6	-	9.4	-

1) Negative amounts refer to outflows and positive amounts to inflows.

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Note 2, continued

2020	Contractual, non-discounted cash flows						Total	Recognised value
	On demand	0-3 months	3 months-1 year	1-5 years	> 5 years	No maturity		
Assets								
Cash and balances with central bank	18,931.2	-	-	-	-	-	18,931.2	18,931.2
Sovereign bonds eligible as collateral	-	26,034.4	2,000.0	-	-	-	28,034.4	28,035.2
Lending to credit institutions	-	1,669.6	-	-	-	-	1,669.6	1,669.6
Bonds and other interest-bearing securities	-	2,924.2	2,020.6	8,901.2	-	-	13,846.0	13,822.9
Lending	-	25,132.5	76,789.0	287,500.8	60,884.5	-	450,306.8	445,788.8
Derivatives	-	1,434.5	3,053.1	5,087.6	325.2	-	9,900.4	2,429.4
Other assets	-	16,670.9	-	-	-	-	16,670.9	16,670.8
Total assets	18,931.2	73,896.4	83,862.7	301,489.6	61,209.7	-	539,389.6	527,378.2
Liabilities								
Liabilities to credit institutions	-	379.7	563.7	-	-	-	943.4	947.0
Securities issued	-	36,310.1	100,844.2	313,842.1	50,716.9	-	501,713.3	498,305.9
Derivatives	-	2,886.7	4,717.0	11,842.7	353.4	-	19,799.8	18,977.6
Other liabilities	-	155.2	-	-	-	-	155.2	155.2
Subordinated liabilities	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	8,992.5	8,992.5	8,992.5
Total liabilities and equity	-	39,731.7	106,124.9	325,684.8	51,070.3	8,992.5	531,604.2	527,378.2
Total difference	18,931.2	34,164.7	-22,262.2	-24,195.2	10,139.4	-8,992.5	7,785.4	-
Committed loans	355.3	-	-	-	-	-	355.3	-
Committed, undisbursed loans ¹	-	-1,667.2	443.5	812.8	429.1	-	18.2	-

1) Negative amounts refer to outflows and positive amounts to inflows.

Liquidity reserve

To ensure good liquidity contingencies even during periods of stress (e.g. aggravating financing opportunities in the capital markets), the Company maintains a liquidity reserve. The liquidity reserve is defined as the Company's holdings in securities, investment repos and bank balances. Bank balances refer to investments lacking underlying securities. The Company's direct holdings of securities and securities pledged as collateral are excluded from the reserve.

The scale of the liquidity reserve is governed by the principle that a sufficient volume shall be maintained to meet the Company's liquidity needs even during periods of substantial unease in the financial markets. The Company's liquidity reserve shall also comprise assets of good credit quality that are easily traded or redeemed. Investments may only be made in liquid interest-bearing securities and bank balances with senior status in the event of insolvency. Investment may include implicit or explicit zero interest rate flooring but no other structures.

Liquidity measure

The liquidity coverage ratio (LCR) measures the ratio of highly liquid assets to net cash outflows over a 30-day period, in a stressed situation. Accordingly, an LCR of 100 percent ensures that, in the short term, the Company's liquidity reserve comprises sufficiently liquid assets to meet net cash outflows over the ensuing 30 days in a stressed situation.

Kommuninvest measures and monitors LCR on a daily basis in part, on an overall level and, in part, for significant currencies, that is, within each currency where the Company has funding amounting to 5 percent or more of total funding (those currencies being SEK and USD).

According to the limit set by the Board of Directors, the LCR quota may not be lower than 110 percent. This requirement includes all currencies combined, and individually for EUR and USD, given that each currency is a so-called significant currency. For SEK, the Board of Directors has set a limit of 85 percent.

The high proportion of sovereign bonds and other cash and cash equivalents in the Company's liquidity reserve mean that the liquidity ratio exceeds the government's requirements by a good margin. In accordance with the CRR regulations, the Company's LCR, as of 31 December 2021, was 376.1 (271.8) percent, 67,313.5 (491.8) percent in USD and 675.0 (502.4) percent in SEK (see the table on the next page).

For measures of structural liquidity risk, the Company measures and monitors the net stable funding ratio (NSFR), that is, the relationship between available stable financing and the Company's need for stable financing. In 2018, a statutory quota of 100 percent was introduced and the Company has a limit set by the Board of Directors since 2016 requiring that the NSFR not fall below 110 percent. At year-end, the NSFR was 142.9 (141.5) percent.

Note 2, continued

Liquidity Coverage Ratio (LCR) in accordance with the CRR regulations	2021			2020		
	Total	USD	SEK	Total	USD	SEK
Extremely highly liquid assets (Level 1), excluding covered bonds	52,218.1	946.1	43,674.3	60,629.8	868.6	53,532.0
Extremely highly liquid covered bonds (Level 1)	-	-	-	-	-	-
Highly liquid assets (Level 2)	-	-	-	-	-	-
Liquidity buffer, SEK million	52,218.1	946.1	43,674.3	60,629.8	868.6	53,532.0
Cash outflows, SEK million	-15,530.3	-5.6	-7,920.1	-25,048.5	-706.4	-13,136.0
Cash inflows, SEK million	1,646.0	4.2	1,450.0	2,738.1	529.8	2,480.0
Net cash outflow, SEK million	-13,884.3	-1.4	-6,470.1	-22,310.4	-176.6	-10,656.0
Liquidity coverage ratio (%)	376.1	67,313.5	675.0	271.8	491.8	502.4

Operational risks

Operational risk refers to the risk of losses resulting from inadequate or failed internal processes or routines, human error, incorrect systems or external events, including legal risks.

Operational risk is inherent in the Company's operations and cannot be completely avoided, eliminated or transferred to another party. However, through good governance and control, Kommuninvest can reduce the likelihood of this risk arising and can reduce the consequences that may arise as a result of operational risk.

Risk management

Operational risks exist throughout the operations and can never be completely avoided. Risk management and analysis are performed continuously. Self-assessment, incident management, approval processes in connection with amendments, and contingency and continuity planning are among the methods used to identify, manage and analyse operational risk.

The risks are mitigated by good governance and control, thus keeping operational risk at a controlled and acceptable level. Risk management within Kommuninvest comprises uniform measurement and reporting of operational risks. An analysis of the level of risk in all operations is performed on a regular basis and reported to the Board of Directors, the President and CEO and management. The operational risk unit within the Risk and Control department bears overall responsibility for the methods and procedures used to measure, identify, control, assess, analyse, evaluate and report operational risks. The process of managing operational risk is performed based on Kommuninvest's risk appetite and the processes essential to the operations.

Methods for identifying, managing and analysing operational risks**Risk indicators**

Risk indicators are a measure of the effects of governance and control within the Company, and are to be monitored and analysed continuously to alert the operations if their risks increase. Reviewing these indicators serves to inform the operations if the risk situation within Kommuninvest changes.

Self-assessment

Operational risks can arise in any part of the Company's operations. What the operational risks have in common is that their size is only to a minor extent affected by external factors, such as changes in market rates or in the creditworthiness of different customers or counterparties. Instead, operational risks arise through shortcomings in Kommuninvest's own operations and/or organisation. Against this background, the President and CEO is responsible, alongside all department managers, for conducting self-assessment of the operational net risks in the Company's products, services, functions, processes and IT systems. The results of the self-assessment are reported

annually to the Board of Directors, the President and CEO and the management.

Stress tests

Stress tests are a tool for ensuring that Kommuninvest keeps a forward-looking perspective in its risk management and capital planning. Stress test is a collective name for various types of evaluations that the Company performs in its operations, experienced-based or hypothetical, to quantify risks and to measure the Company's capacity to manage extraordinary circumstances. Stress tests are to be performed using scenario analyses or sensitivity analyses.

Incident management

A reportable event is defined as one that deviates from the expected. Reportable events are those where risks are materialised, that is, external events or events within Kommuninvest that have, or could have, a negative impact on the Company's business, assets, or reputation.

Kommuninvest shall, in an organised and structured manner, track reportable events (incidents), basing this work on the Company's established instructions for such reporting. Events that deviate from the expected should, as far as possible, be reported and handled within the area of operations or the process in which the risk arises.

The respective process owners are responsible for ensuring that employees report such incidents and that measures are taken to handle the incidents.

Processes for approving new products, services, markets, currencies, IT systems, and organisational and operational changes (NPAP)

Kommuninvest's approval process is to be initiated when the need for a new product, service, market, currency, process, or IT system arises or is identified, or when a substantial change is needed in an existing one. The process should also be initiated in connection with major changes in the Company's operations or organisation. The purpose of the process is to identify and manage the risks that may arise in connection with change.

Written documentation for approval decisions shall be prepared in accordance with the operational management templates by the individual initiating the matter. The documentation shall be developed in dialogue with all relevant functions at the Company.

Continuity management

The organisation shall perform crisis prevention work. This is done in the operations under the direction of the relevant department manager. To provide support, guidelines are to be provided in the form of security instructions, continuity management plans and security procedures.

At least once a year, the Board of Directors shall be informed of the latest results from tests of the contingency, continuity and recovery plans.

Note 2, continued
Capital requirement for operational risk

Kommuninvest applies the base indicator method to determine the capital requirement for operational risk. The method calculates the capital requirement based on 15 percent of the operating income over the past three years.

Kommuninvest's capital requirement under Pillar I for operational risks amounts to SEK 91.0 (107.0) million.

Strategic risk

Strategic risk refers to the long-term risk of losses due to erroneous or misguided strategic choices and business decisions, incorrect implementation of decisions or inadequate sensitivity to changes in society, regulatory systems or the financial sector and/or local government sector. The Company has a procedure for developing strategic targets set by the Board of Directors. Strategic risks are limited by strategic decisions being made on the basis of well-founded analyses and decisions of a strategic nature often being made by the Board of Directors.

Included under strategic risk is business risk, which is the risk of reduced revenues or increased expenses as a consequence of factors in the external business environment (including market conditions, customer behaviours and technological developments) having a negative impact on volumes and margins. All departments within the Company work continuously with external monitoring in their respective fields.

Capital requirement for strategic risk

The Company's assessment is that the capital requirement for strategic risk is managed within operational risks.

Stakeholder risk

Stakeholder risk refers to the risk of a ratings agency, customer, member, employee, investor, mass media organisation, national assembly, central government or other stakeholder losing confidence in the Company and its business concept.

The Company's stakeholder risk is managed by the Company safeguarding a sound risk culture based on local government values, regulatory compliance and good internal governance and control. An analysis of the level of risk is performed on a regular basis and reported to the Board of Directors, the President and CEO and management.

Capital requirement for Stakeholder risk

The Company's assessment is that the capital requirement for stakeholder risk is managed within operational risks.

Compliance risk

Regulatory compliance risk refers to the risk of the Company failing to comply with current external or internal regulations and thereby risking being sanctioned, suffering losses or impairment or loss of reputation.

The Company works continuously with external monitoring and analysis of regulatory changes to reduce the Company's regulatory compliance risks. External monitoring is coordinated by the Company's regulatory group, which also verifies the analyses. The principal responsibility for the operation being conducted in accordance with current regulations rests with the operational organisation. The regulatory compliance function contributes both pro-actively through advice and support for the operational organisation and reactively by examining and checking the risk management processes. In preparation for each year, an analysis is made of the Company's regulatory compliance risks and, based on that analysis, a plan is drawn up for the future work of the function. The plan is approved by the CEO and reported to the Board of Directors.

Capital requirement for regulatory compliance risk

The Company's assessment is that the capital requirement for regulatory compliance risk is addressed within the operational risks.

Sustainability risk

Sustainability risk refers to the risk of the Company directly or indirectly negatively affecting or being affected in the areas of the environment and climate, corruption, human rights, working conditions or business ethics.

Sustainability risks are managed by considering economic, social and environmental sustainability throughout the operations. Requirements are based on national and international regulations and guidelines in the areas of the environment and climate, corruption, human rights, working conditions or business ethics. An analysis of the level of risk is performed on a regular basis and reported to the Board of Directors, the President and CEO and management.

Capital requirement for sustainability risk

The Company's assessment is that the capital requirement for sustainability risk is addressed within the operational risks.

Capital adequacy

The capital adequacy requirements are calculated in accordance with the Supervisory Regulation (EU) No. 575/2013, also known as the CRR (Capital Requirements Regulation), which is directly applicable in Sweden and the Capital Adequacy Directive EU 2013/36, which is implemented in Sweden through legislation and regulations issued by Finansinspektionen. On 28 September 2021, the Swedish Financial Supervisory Authority (Finansinspektionen) decided to increase the buffer value to 1 percent, applicable as of 29 September 2022. Until then, the buffer value of 0 percent, applicable since 16 March 2020, remains in effect.

Capital base	2021	2020
Capital Instruments ¹	9,001.7	8,151.5
Non-distributed retained earnings ²	606.7	608.9
Accumulated other comprehensive income and other reserves	24.6	30.4
Core Tier I capital before regulatory adjustments	9,633.0	8,790.8
Further value adjustments	-218.9	-225.4
Intangible assets	-4.2	-
		-225.4
Total regulatory adjustments to core Tier I capital	-223.1	-225.4
Total core Tier I capital	9,409.9	8,565.4
Tier I capital contributions	-	-
Total Tier I capital	9,409.9	8,565.4
Total Tier II capital	-	-
Total capital	9,409.9	8,565.4

1) For a more detailed description of the constituent instruments, see page 57.

2) Deductions have been made from the profit for the year and the proposed dividend that exceeds the profit for the year by 11.8 (-).

Note 2, continued

Risk exposure amounts and minimum capital amounts	2021			2020		
	Risk exposure	Capital requirement, percent	Capital requirement	Risk exposure	Capital requirement, percent	Capital requirement
Capital requirement, Pillar I						
Capital requirement for credit risks (the standardised method)	371.3	8%	29.7	350.0	8%	28.0
of which, institutional exposures	270.1	8%	21.6	264.2	8%	21.2
of which, corporate exposures	101.2	8%	8.1	85.8	8%	6.9
Operational risks, basic indicator method	1,114.1	8%	89.1	1,305.2	8%	104.4
Credit valuation adjustment	845.3	8%	67.6	741.4	8%	59.3
Total risk exposure amount and minimum capital amount	2,330.7	8.0%	186.4	2,396.6	8.0%	191.7

Capital adequacy ratios	2021	2020
Core Tier I capital ratio	403.7%	357.4%
Tier I capital ratio	403.7%	357.4%
Total capital ratio	403.7%	357.4%

Specific capital base requirements for risks other than insufficient leverage ratio ¹	2021		2020	
Additional capital base requirements, Common Equity Tier I capital	42.8%	997.5	-	-
Additional capital base requirements, Tier I capital	14.3%	333.3	-	-
Additional capital base requirements, Tier II capital	19.0%	442.8	-	-
Total specific capital base requirements for risks other than insufficient leverage ratio	76.1%	1773.7	-	-

1) In accordance with the Swedish Financial Supervisory Authority's (Finansinspektionen) decision of 24 September 2021, in connection with the review and assessment process and addressing specific capital base requirements, liquidity requirements and Pillar II guidance

Combined buffer requirement	2021		2020	
Capital conservation buffer	2.5%	58.3	2.5%	59.9
Countercyclical buffer	-	-	-	-
Systemic risk buffer	-	-	-	-
Total buffer requirements	2.5%	58.3	2.5%	59.9
Core Tier I capital available for use as buffer	319.6%	7,449.8	394.4%	8,373.7

Total risk-based capital base requirement	2021		2020	
Capital base requirement in accordance with Pillar I	8.0%	186.4	8.0%	191.7
Capital base requirement, Pillar II requirement ¹	76.1%	1773.7	-	-
Combined buffer requirement	2.5%	58.3	2.5%	59.9
Pillar II guidance ¹	17.0%	396.2	-	-
Total assessed capital base requirement	103.6%	2,414.7	10.5%	251.6

1) In accordance with the Swedish Financial Supervisory Authority's (Finansinspektionen) decision of 24 September 2021, in connection with the review and assessment process and addressing specific capital base requirements, liquidity requirements and Pillar II guidance

Other information to be provided in accordance with section 8 of the CRR and the Swedish Financial Supervisory Authority's (Finansinspektionen) regulations and general advice on annual accounts in credit institutions and securities companies, FFFS 2008:25, see Kommuninvest's website.

Leverage ratio	2021	2020
Total assets	524,262.6	527,378.2
Less asset amounts deducted to determine the core Tier I capital	-223.1	-225.4
Adjustment for derivative instruments	-2,176.8	-11,717.2
Deduction in the form of exposure to members and their companies	-460,650.3	-445,822.7
Plus possible change in risk in connection with repo transactions	0.7	-
Total exposure	61,213.1	69,612.9
Tier I capital, calculated applying transitional rules, see the section Capital adequacy	9409.9	8565.4
Leverage ratio	15.37%	12.30%

Leverage ratio, capital base requirements	2021		2020	
Capital base requirement in accordance with Pillar I	3.0%	1,836.4	-	-
Capital base requirement, Pillar II requirement ¹	-	-	-	-
Pillar II guidance ¹	5.5%	3,384.8	-	-
Total assessed capital base requirement	8.5%	5,221.2	-	-

1) In accordance with the Swedish Financial Supervisory Authority's (Finansinspektionen) decision of 24 September 2021, in connection with the review and assessment process and addressing specific capital base requirements, liquidity requirements and Pillar II guidance

Internally estimated capital requirements

The difference between the Company's internal assessment and Finansinspektionen's capital base requirements and Pillar II guidance, mainly comprises the capital requirement for insufficient leverage ratio. In the Company's assessment, the capital requirement for the risk of insufficient leverage ratio is equivalent to the difference between a leverage ratio of 0.7 and other risk-adjusted capital requirements, including the buffers in Pillars I and II. In Finansinspektionen's assessment, the Pillar II guidance on leverage ratio should be met at the Group level and not at the individual Company level.

Internally estimated capital requirements	2021	2020
Capital requirement, Pillar II		
Credit risk	31.4	20.6
Market risks	1,434.7	1,823.6
Capital planning buffer	1,006.0	1,070.4
Total internally assessed capital requirement (Pillar II), excluding the risk of insufficient leverage ratio	2,472.1	2,914.6
Internally assessed capital requirement for the risk of insufficient leverage ratio	938.0	449.6
Total internally assessed capital requirement (Pillar II)	3,410.1	3,364.2

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Note 2, continued

Kommuninvest's internal capital assessment forms the basis for the internally assessed capital requirement. For more information on the Company's internal capital assessment and capital plan, see pages 39–40.

Capital targets

The Company's capital target for 2021 amounts to SEK 6,700 (6,500) million, corresponding to a 1 percent leverage ratio plus the Board of Directors' buffer of SEK 1000 (900) million. In relation to the Company's capital base, which amounts to SEK 9,399.2 (7,376.6) million, the capital target is met by a good margin. The aim of Kommuninvest's capital planning is for all operations to be adequately capitalised to meet both current and future regulatory requirements. For further information on the Company's internal capital assessment and capital plan, see pages 39–40, for details of capital targets, see the table.

Capital targets	2021	2020
Capital target, Company	6,700.0	6,500.0
Board of Directors' buffer	1,100.0	1,200.0
Capital targets	7,800.0	7,700.0

Liquidity

Liquidity Coverage Ratio (LCR)	2021	2020
Total high-quality liquid assets (HQLA) (weighted value)	70,061.2	61,533.9
Cash outflows – total weighted values	33,467.2	33,741.9
Cash inflows – total weighted values	9,494.7	19,274.9
Net cash outflows (adjusted value)	23,365.3	15,106.5
Liquidity coverage ratio, %	318.1%	499.0%

Net Stable Funding Ratio (NSFR)	2021	2020
Total available stable financing	412,553.4	403,787.6
Total need for stable financing	288,738.4	281,448.0
NSFR, %	142.9%	143.5%

External monitoring

Reference rate phase-out

The most important reference rates for Kommuninvest, bar none, are the Stibor and USD Libor three-month rates. As a consequence of EUR being approved as a strategic funding market, Euribor and its potential replacement will also become increasingly important.

At the end of the year, Kommuninvest held SEK 725.9 billion in derivatives referencing Stibor 3m and SEK 213.9 billion in lending referencing Stibor 3m. The only instruments outstanding referencing USD Libor 3m were derivatives. The total nominal amount was USD 295.6 billion. The only instruments outstanding referencing Euribor 3m were also derivatives for a nominal total of EUR 0.09 billion.

Since 17 October 2018, the Swedish reference rate, Stibor, has been included in the EU's list of critical reference values, the so-called Benchmark Regulation. In December, the Swedish Financial Benchmark Facility (SFBF), which administrates Stibor, requested that the Swedish Financial Supervisory Authority (Finansinspektionen) issue a conclusive assessment of Stibor's compliance with the regulation.

Work to develop alternatives to Stibor commenced late compared with other currencies. In December 2018, on the initiative of the Swedish Bankers' Association, a working group was commissioned to submit a recommendation regarding reference rates that could act as a complement and/or alternative to

Stibor. The Swedish Bankers' Association published its final recommendations on 15 May 2020.

Following this publication, the development process was taken over by the Swedish central bank (Riksbank) to produce a final framework and reference rate able to function as an alternative for financial contracts in SEK. On 2 September 2021, the Riksbank began publishing the alternative reference rate Swestr, encouraging market participants to replace Stibor T/N (Tomorrow/Next) with the new reference rate. Swestr is a transaction-based reference rate in Swedish kronor and applies to the shortest term, "over-night". Like the Bank of England and the Federal Reserve, the Swedish central bank also publishes historical averages based on the daily quotations. Publication of average rates based on Swestr commenced in October for terms of 1 week and 1 month, and on 1 November and 1 December for terms of 2 months and 3 months respectively. Publication of a corresponding average rate for a term of 6 months will commence on 1 March 2022.

In the US, at the initiative of the Federal Reserve, an Alternative Reference Rates Committee (ARRC) was appointed as early as in 2014, to determine a reference rate suitable as a replacement for Libor in USD. In June 2017, the Secured Overnight Financing Rate (SOFR) was chosen, an interest rate based entirely on actual repo market transactions. SOFR has been published since early April 2018 and a market for swaps and futures has already been established. SOFR-linked bonds have also been issued since 2018.

On 5 March 2021, ICE Benchmark Administration (IBA, administrator of Libor in USD) announced that the publication of Libor in GBP, EUR, CHF and JPY would cease on 31 December 2021, as planned. For USD, only Libor for terms of 1 week and 2 months ceased at the end of 2021, while other terms (over-night and 1, 3, 6 and 12 months) will continue to be published until 30 June 2023. However, the IBA advises against entering into new Libor agreements after the end of 2021.

In 2021, a project was conducted to enable the operational handling of derivatives referencing SOFR. Handling contracts referencing SOFR is more complex than handling Libor contracts as rates are set daily and, furthermore, retrospectively. This entails bilateral derivative agreements containing numerous technicalities in terms of calculations and payment dates. The Company's capacity for handling the new reference rate was assured with the completion of the project in December 2021.

Although Kommuninvest has assured its capacity for handling SOFR-related contracts, and thus also for handling interest rate and currency risks in connection with new funding in USD, there are a number of contracts referencing USD Libor but maturing after the discontinuation of that reference rate. A small number of interest rate and currency basis swaps are linked to fixed-rate borrowings and investments in USD. A nominal USD 7.6 billion in interest rate swaps remains outstanding, as well as USD 6.7 billion in currency swaps. Some 30 structured derivatives mature after 30 June 2023, with the payment leg referencing USD Libor 3m. The nominal amount is slightly less than USD 600 million in total.

As a result of these outstanding contracts, Kommuninvest is exposed to operational risks in the handling of the contracts in connection with the transition. However, although the nominal amounts are large, the number of contracts is very small, substantially reducing the scale of operational handling for the swaps and thus the apurtenant risks.

The change of reference interest rate on outstanding contracts could potentially entail earnings risks for Kommuninvest. These are handled by all contracts being covered by the same so-called "fallback" rules. Kommuninvest and all of its

Note 2, continued

derivatives counterparties have signed the ISDA's "IBOR Fall-backs Supplement and Protocol", which governs how expiring reference rates are to be handled. Accordingly, all outstanding currency swaps referencing USD Libor 3m are covered by the ISDA protocol. All interest rate swaps are cleared in LCH, which at the transition will follow the ISDA protocol.

In accordance with the ISDA protocol, referencing of USD Libor 3m should switch to SOFR, adding an adjustment spread. On 5 March 2021, the adjustment spread to be applied for USD Libor 3m in accordance with the protocol was set at 26,161 basis points.

Brexit

The UK left the EU on 1 February 2020. Prior to the UK's withdrawal, the parties agreed that a transitional period would apply until 31 December 2020, with existing regulations continuing to apply while new agreements were negotiated. This postponed the risk of the UK leaving without an agreement.

For Kommuninvest, this risk lay in UK financial institutions not being able to act as derivative counterparties in the event of a withdrawal without an agreement. This could entail higher concentration risks and lower prices in derivative transactions. Despite an agreement being signed late in 2020, uncertainties regarding the financial sector remain. This risk has been managed by approving new counterparties within the EU and negotiating new agreements with them. Preparations for withdrawal without an agreement were made in 2020, with new agreements being drawn up with nine of the Company's prioritised counterparties. Negotiations with other counterparties continued during 2021. The Swedish central government decided to extend the transitional rules until the end of 2021 for companies from third countries that conduct securities operations and some counterparties have chosen to apply these rules. During 2021, the ambition was to novate (transfer) transactions established with financial institutions unable to act as derivatives counterparties after the end of the year because of Brexit. Part of the portfolio was novated during the year. The remaining transactions have yet to be novated because certain counterparties demand compensation for conducting the novation, while other counterparties are not permitted to novate due to internal rules.

Another risk for Kommuninvest has been no longer being able to hedge derivatives subject to clearing obligations under EMIR via London Clearing House Limited (LCH) of the UK. In order to prevent the risk of disruption, the European Securities and Markets Authority (ESMA) initially decided that LCH would be permitted to provide its services as a clearing house within the EU, even following a Brexit without an agreement, for a transitional period extending until 30 June 2022. This risk has been managed by approving another clearing house, Eurex Clearing AG in Germany. In November, the European Commission announced that a further extension of the temporary exemption is planned, with further information being issued in early 2022.

The assessment is that the UK's exit from the EU will not entail any significant impact on Kommuninvest's earnings, position, disclosures, capital requirements, capital base or large exposures.

Note 3 Net interest income

Group	2021	2020
Interest revenues		
Interest revenues calculated according to effective interest method	997.3	1,741.9
<i>of which, lending</i>	1,003.3	1,671.2
<i>of which, interest-bearing securities</i>	-6.0	70.7
Other interest revenues	1.0	1.2
Total	998.3	1,743.1
Of which: interest revenues from financial items not measured at fair value through the income statement	716.7	1,197.1
Interest expenses		
Interest expenses calculated according to effective interest method	-275.3	-973.0
<i>of which, liabilities to credit institutions</i>	-22.0	-26.3
<i>of which, securities issued</i>	-247.3	-942.0
<i>of which lending, negative lending rate</i>	-6.0	-4.7
Other operating expenses	-42.2	-72.7
Total	-317.5	-1,045.7
Of which: interest expenses from financial items not measured at fair value through the income statement	-344.5	-1,110.4
Total net interest income	680.8	697.4

Kommuninvest considers all income and expenses to be attributable to the country in which Group's Company has its registered office, Sweden. In this note, revenues are recognised as positive and operating expenses as negative. For further information on net interest income for the period, please see the Comments on the income statement on page 52.

Kommuninvest Cooperative Society

Group	2021	2020
Interest expenses		
Liabilities to credit institutions	0.0	0.0
Interest expenses, subordinated loan	-	-13.8
Other	-	-
Total	0.0	-13.8
Total net interest income	0.0	-13.8

Note 4 Commission expenses

Group	2021	2020
Payment agency commissions	8.1	8.4
Brokerage for securities	2.9	3.2
Other commissions	0.4	1.1
Total	11.4	12.7

Note 5 Net result of financial transactions

Group	2021	2020
Realised profit	4.8	-1.7
<i>of which, interest-bearing securities</i>	-	-
<i>of which, other financial instruments</i>	4.8	-1.7
Unrealised changes in market value	43.9	-245.3
Exchange rate changes	-1.1	-0.7
Total	47.6	-247.7

Kommuninvest considers all revenues and operating expenses to be attributable to the country in which the Company has its registered office, Sweden.

Net gain/loss by measurement category	2021	2020
Financial assets at fair value through the income statement	-730.6	210.6
<i>of which, compulsory</i>	-180.8	-7.3
<i>of which, fair value option</i>	-549.8	217.9
Financial assets measured at amortised cost	2.5	0.1
Financial liabilities at fair value through the income statement	748.8	-461.2
<i>of which, held for trade</i>	-1,464.6	-68.4
<i>of which, fair value option</i>	2,213.4	-392.8
Financial liabilities measured at amortised cost	-	-
Change in fair value of derivatives that are hedging instruments in fair value hedge	-1,666.9	648.8
Change in fair value of derivatives that are hedging instruments in a fair value hedge, portfolio	416.0	-34.8
Change in fair value on hedged item with regard to hedged risk in fair value hedging	1,694.7	-645.1
Change in fair value on hedged item with regard to hedged risk in fair value hedging, portfolio	-415.8	34.6
Exchange rate changes	-1.1	-0.7
Total	47.6	-247.7

Results (net)

Net result of available-for-sale financial assets recognised in other comprehensive income	-	-
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Kommuninvest has no assets or liabilities that are reported in other comprehensive income. Kommuninvest does not enter any credit risk of its own in the financial statements, see Note 25.

Net profit on financial assets measured at amortised cost amounts to SEK 2.5 (0.2) million. This amount includes compensation for the interest spread of SEK 2.5 (0.2) million, pertaining to prematurely discontinued lending. In all instances, discontinuation has been on the customer's initiative.

Note 6 Other operating income

Group	2021	2020
Capital gain on divestments of tangible assets	-	-
Revenue from contracts with customers	8.7	8.2
Other operating income	1.7	2.7
Total	10.4	10.9

All revenues from contracts with customers relate to revenues from a financial management service, K1 Finans, which is offered to members of the Kommuninvest Cooperative Society. The service allows customers to create an overview of their financial positions. All revenues derive from a customer category consisting of municipalities and regions which are members of the Kommuninvest Cooperative Society and all customers operate in the same geographical market, Sweden. All contracts are processed at the portfolio level, entitle the customer access to a service and the performance commitment is fulfilled over time during the period in which the service is provided. All contracts extend over one calendar year and are normally invoiced within that financial year. No adjustment is made for any material financing component since payment terms, invoicing and access to the service occur within an individual financial year. The revenue is recognised within the financial year as performance commitment is met. The transaction price of the agreements is fixed with no adjustments for variable compensation, obligations or benefits linked to the agreements or other assessment items. The transaction price is determined by Kommuninvest's price list and takes the customer group's external borrowing debt. Contract expenses for the K1 Finans system are capitalised as an intangible asset and recognised under IAS 38 Intangible Assets, and current expenses attributable to K1 Finans are expensed in accordance with IFRS 15, paragraph 96. No specific expenses associated with the contracts are paid by the customer.

Kommuninvest considers all income to be attributable to the country in which the Company has its registered office, Sweden.

Note 7 General administration expenses

Group	2021	2020
In TSEK		
Payroll expenses		
Salaries and emoluments	81,811	76,591
Social security contributions	45,404	41,517
<i>of which, social security contributions and wage debt for social security contributions</i>	25,199	23,235
<i>of which, pension expenses</i>	16,368	14,713
<i>of which, special payroll tax on pension expenses</i>	3,838	3,569
Temporary/contract personnel	10,319	7,461
Education/training expenses	2,767	2,698
Other payroll expenses	3,048	2,721
Total payroll expenses	143,350	130,988
Other general administration expenses		
Travel expenses	861	1,616
IT expenses	25,944	24,489
Consultancy fees	21,154	28,239
Rating expenses	2,324	3,009
Market data	9,080	9,344
Rent and other expenses for premises	6,412	-418
Property expenses	1,761	1,777
Annual Report and interim report	1,336	953
Resolution fee	23,015	20,879
Other operating expenses	28,521	27,561
Total other general administration expenses	114,863	117,449
Total	258,212	248,439
Kommuninvest Cooperative Society		
	2021	2020
Salaries and emoluments, incl. social security contributions	2,555	2,651
Other operating expenses	16,233	11,884
Total	18,788	14,535

Salary policy, Kommuninvest i Sverige AB

The Company applies a salary policy that explains that Kommuninvest does not apply variable remuneration. Nor has any variable remuneration been paid to Kommuninvest employees in 2021. No non-recurring remuneration has been approved in connection with new appointments, nor has any severance been paid to Board Members, the President and CEO or other senior executives. No individual employee receives compensation equivalent to EUR 1 million or more per financial year.

In TSEK	2021	2020
Ellen Bramness Arvidsson (chairman)	600	585
Lars Heikensten	330	321
Erik Langby	330	321
Kristina Sundin Jonsson	330	321
Catrina Ingelstam	330	234
Mats Filipsson, appointed in April 2021	234	-
Anette Henriksson, appointed in April 2021	234	-
Kurt Eliasson, stepped down in April 2021	96	321
Anna von Knorring, stepped down in October 2020	-	239
Johan Törngren, stepped down in April 2020	-	88
Mattias Bokenblom, employee representative	-	-
Kristin Ekblad, employee representative	-	-
Total	2,484	2,430

Remuneration to the senior executives of Kommuninvest i Sverige AB

Remuneration for the President and CEO has been decided by the Board. For 2021, the President and CEO received TSEK 3,864 (3,443) in basic salary. No variable remuneration was paid. Pension expenses for the President and CEO amounted to TSEK 1,234 (1,087) and are covered by insurance. For termination initiated by the Company, salary will continue to be paid for the duration of the 6-month notice period, along with severance pay of 18 months reduced by an amount corresponding to new income if a new position is obtained.

Remuneration for the Deputy CEO has been decided by the Board. The Deputy CEO received TSEK 2,223 (2,181) in basic salary for 2021. No variable remuneration was paid. Pension expenses for the Deputy CEO amounted to TSEK 712 (699) and are covered by insurance. For termination initiated by the Company, salary will continue to be paid for the duration of the 6-month notice period, along with severance pay of 18 months reduced by an amount corresponding to new income if a new position is obtained.

Remuneration details regarding other senior executives only include remunerations paid during the period in which each individual has been a member of the Executive Management Team. At the end of the year, other senior executives consisted of 5 (5) people, of whom 2 (2) were women and 3 (3) were men. For further information regarding the composition of Company management and changes during the year, see page 47.

Remuneration to other senior executives in Company management has been determined by the Board. During 2021, the total remuneration to senior executives who were part of the Executive Management Team amounted to TSEK 6,836 (6,508). The pension expenses are covered through insurance.

In accordance with the work plan for the Board of Directors established in 2021, the Chairman of the Board is responsible for an independent review being performed of the Company's salary and compensation policies, for preparing the Board's decisions, and for remuneration to the Executive Management Team, as well as for compensation to employees bearing the overall responsibility for any of the Company's control functions, and for measures to monitor the application of the Company's salary policy.

Remuneration to the Board of Directors of the Kommuninvest Cooperative Society

At the end of the year, the Board of Directors comprised 15 (15) members, of whom 6 (6) were women, and 15 (15) deputies, of whom 8 (8) were women. At the Annual General Meeting, Göran Färm was re-elected as Chairman and Linda Frohm as Deputy Chairman of the Board of Directors of the Kommuninvest Cooperative Society. At the Meeting, 1 (1) member and 2 (2) deputies stepped down from the Board of Directors. A former deputy was elected as a regular member and three new deputies were elected. For more information on the composition of the Board of Directors, see page 42.

The Annual General Meeting also approved changed fees for the Board of Directors of the Society. The fee is based on the monthly fee paid to the members of the Swedish Riksdag (parliament) approved by the Riksdag's remuneration committee. The fee for each function on the Board of Directors corresponds to a certain percentage of this base amount. The Meeting's resolutions entail the Chairman receiving a fixed fee of TSEK 315 (308) and the Vice Chairman a fixed fee of TSEK 210 (205). Alongside the Chairman and Vice Chairman, two members of the Board of Directors form the Society's Working Committee and accordingly receive an annual fixed fee of TSEK

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116 (114). These amounts apply on an annual basis and no variable remuneration is paid. Other ordinary members, 11 in number, will receive a fixed fee of TSEK 8.4 (8.2) and a variable fee of TSEK 4.9 (4.8) per meeting. Deputy board members receive a variable fee of TSEK 4.9 (4.8) per meeting.

Remuneration to the Board of Directors of the Kommuninvest Cooperative Society, in TSEK ¹	2021	2020
Anders Johansson	29.2	26.2
Andreas Svahn, newly elected in April 2021	44.1	-
Anna Lipinska, newly elected in April 2021	29.4	-
Anna-Britta Åkerlind	47.3	39.2
Ann-Marie Johansson	39.1	31.1
Bo Rudolfsson	52.2	43.9
Britta Flinkfeldt	52.2	53.5
Carina Sándor, stepped down in April 2020	-	9.4
Catharina Fredriksson	39.0	31.0
Catharina Winberg, stepped down in April 2021	9.6	45.4
Christina Johansson	43.9	35.8
Elizabeth Peltola	29.2	38.3
Ewa-May Karlsson	115.3	112.8
Fredrik Larsson	47.3	41.5
Göran Färm	312.8	305.8
Hanne Lindqvist, newly elected in April 2021	44.1	-
Hans Lindberg	34.1	31.1

Remuneration to the Board of Directors of the Kommuninvest Cooperative Society, in TSEK ¹	2021	2020
Jeanette Wåppling	29.3	43.0
Jonas Ransgård	52.2	43.9
Kenneth Handberg, stepped down in April 2021	12.0	24.8
Lill Jansson	34.1	33.6
Lilly Bäcklund	47.3	43.9
Linda Frohm	208.5	203.9
Maria Fälth, stepped down in April 2021	-	2.4
Maria Liljedahl	52.2	43.9
Martin Kirchberg	39.0	35.9
Mohamad Hassan	47.3	36.9
Niclas Nilsson	52.2	43.9
Peter Hemlin	43.9	31.1
Peter Kärnström	43.9	35.8
Pierre Sjöström	115.3	112.8
Teddy Nilsson	34.1	26.2
Ulf Olsson, from deputy to regular member in April 2021	49.9	31.0
Örjan Mossberg	52.2	43.9
Total	1882.2	1,681.3

1) The amounts refer to remuneration in the each financial year, meaning the amounts are not comparable to the actual amounts decided at the Meeting, as is stated in the section Remuneration to the Board of Directors of the Kommuninvest Cooperative Society.

Wages and remunerations – Kommuninvest i Sverige AB

2021, in TSEK	Basic salary/Board fee	Other benefits	Pension expense	Total
Board of Directors	2,484	-	-	2,484
President and CEO	3,864	116	1,234	5,214
Deputy CEO	2,223	-	712	2,934
Others in Company management	6,836	27	2,482	9,345
Other salaried employees	62,307	194	11,392	73,894
Total	77,714	337	15,820	93,871

2020, in TSEK	Basic salary/Board fee	Other benefits	Pension expense	Total
Board of Directors	2,430	-	-	2,430
President and CEO	3,443	116	1,087	4,646
Deputy CEO	2,181	-	699	2,880
Others in Company management	6,508	4	2,204	8,716
Other salaried employees	59,930	60	10,723	70,713
Total	74,492	180	14,713	89,385

Group

Average number of employees – Group	2021	2020
Average number of employees during the year	103	103
of whom, women	44	39

In 2021, the Society had one employee.

Auditing engagement

At the Company's 2020 Annual General Meeting, KPMG AB was appointed as the auditing company for the period extending until the end of the Annual General Meeting in 2024. Auditing engagement refers to the scrutiny of the Annual Report and bookkeeping and administration by the Board of Directors and President, other tasks that are the responsibility of Kommuninvest i Sverige AB's auditors, and other advice or assistance brought about by observations from such audits and/or performance of other tasks. The term Other audit services refers to quality assessment services, such as reviews resulting in reports or attestations intended for recipients including others than the client. Other services refers to those not included in any of the above.

Group

Emoluments and expenses for the auditors, TSEK, KPMG AB	2021	2020
Auditing engagement	2,126	1,530
Other audit services	905	659
Tax advice	-	-
Other Services	63	140

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Emoluments and compensation for expenses for the auditors, TSEK, KPMG AB	2021	2020
Auditing engagement	212	193
Other audit services	298	-
Tax advice	-	-
Other Services	63	63

Leasing

On 1 January 2020, IFRS 16 Leases came into effect, replacing IAS 17 Leases. RFR 2 includes an option not to apply IFRS 16 in legal entities and to instead apply the rules for lease accounting included in RFR 2. The Company has chosen to apply the option in RFR 2 not to apply IFRS 16.

The tables below show future leasing fees in accordance with RFR 2 and leasing expenses for the period in 2021. The scale of leasing activities is unchanged from previous years. No breakdown has been made based on the terms of the leases, as the leasing activity is such an immaterial part of Kommuninvest's operations. Most of the expenses are attributable to the Company's rental of office premises from the subsidiary Kommuninvest Fastighets AB.

Future leasing fees	2021
Within 1 year	1.5
Between 1 and 5 years	1.0
Total	2.5

Leasing expenses for the period	2021	2020
Interest expenses on lease debt	0.0	0.0
Amortisation/depreciation	0.5	0.4
<i>of which, equipment</i>	<i>0.2</i>	<i>0.1</i>
<i>of which, buildings</i>	<i>0.3</i>	<i>0.3</i>
Leasing expenses for low-value assets	2.0	1.9
Other leasing expenses	0.1	0.1
Total	2.6	2.4

Rights of use assets	2021	2020
Equipment	0.0	0.0
Land and buildings	0.2	0.5
Total	0.2	0.5

Note 8 Other operating expenses

Group	2021	2020
Insurance expenses	1.3	1.8
Communication and information	2.3	4.4
Other operating expenses	0.0	0.0
Total	3.6	6.2

Note 9 Net credit losses

Group	2021	2020
Cash and balances at central banks	0.6	-0.7
Sovereign bonds eligible as collateral	0.7	-0.3
Lending to credit institutions	0.3	0.2
Lending	4.8	11.9
Bonds and other interest-bearing securities	-0.1	-
Off-balance sheet items	0.0	0.0
Total	6.3	11.1

In accordance with IFRS 9, Kommuninvest accounts for expected credit losses. Kommuninvest has not had any realised credit losses. In 2021, expected credit losses amount to a positive amount, mainly due to changes that affect the probability of default, PD. For information on the calculation model, provisions and credit loss fluctuations, see Note 3.

Note 10 Tax

Group

Recognised in income statement	2021	2020
Current tax expense	0.1	0.0
Deferred tax expense (+) / tax income (-) attributable to temporary differences	0.0	-0.1
Adjustment of taxes attributable to previous years	0.0	-2.2
Total tax expense recognised	0.1	-2.3

Reconciliation of effective tax	2021		2020	
Profit before tax	-	461.2	-	199.4
Tax according to prevailing tax rate	20.6%	95.0	21.4%	42.7
Tax effect of deductible distribution	-21.1%	-97.4	-21.2%	-42.3
Tax effect of dividend in excess of net profit	-	-	-	-
Non-deductible expenses	0.5%	2.5	-0.2%	-0.4
Tax attributable to previous years	0.0%	0.0	-1.1%	-2.2
Recognised effective tax	0.0%	0.1	-1.1%	-2.3

Kommuninvest Cooperative Society

Recognised in income statement	2021	2020
Tax expense for the year	0.1	0.0
Adjustment of taxes attributable to previous years	0.0	-2.2
Total tax expense recognised	0.1	-2.2

Reconciliation of effective tax	2021		2020	
Profit before tax	-	473.0	-	197.5
Tax according to prevailing tax rate	20.6%	97.4	21.4%	42.3
Tax effect of deductible distribution	-20.6%	-97.4	-21.4%	-42.3
Non-deductible expenses	0.0%	0.1	0.0%	0.1
Tax attributable to previous years	0.0%	0.0	1.1%	-2.2
Recognised effective tax	0.0%	0.1	1.1%	-2.2

Note 11 Appropriation of surplus

The Board of Directors of the Kommuninvest Cooperative Society proposes that:	2021
The profit of SEK 480.1 million at the disposal of the Annual General Meeting of the Society be appropriated as follows:	
Interest of 2.5 percent on capital contributions is paid to members	199.6
Bonuses be distributed to members in proportion to each member's share of the total volume of business volume in 2021	273.3
To be carried forward	7.2
Total appropriated	480.1

For more information, see Page 29.

Note 12 Sovereign bonds eligible as collateral

Group

	2021				2020			
	Recognised value				Recognised value			
	Amortised cost	Fair value through the income statement	Total recognised value	Fair value	Amortised cost	Fair value through the income statement	Total recognised value	Fair value
Sovereign bonds eligible as collateral								
– Swedish central government	29,072.1	1,652.0	30,724.1	30,724.0	25,198.4	2,836.8	28,035.2	28,036.4
– Foreign governments	–	–	–	–	–	–	–	–
Total	29,072.1	1,652.0	30,724.1	30,724.0	25,198.4	2,836.8	28,035.2	28,036.4
Positive difference of book values exceeding nominal values			2.1				6.0	
Negative difference of book values falling below nominal values			0.0				-0.6	
Total			2.1				5.4	

Note 13 Lending to credit institutions

Kommuninvest Cooperative Society

	2021	2020
Lending in SEK	7.1	22.6
Total	7.1	22.6

Note 14 Lending

Group

	2021				2020			
	Recognised value				Recognised value			
	Amortised cost	Fair value through the income statement	Total recognised value	Fair value	Amortised cost	Fair value through the income statement	Total recognised value	Fair value
Lending								
- municipalities and regions	161,346.7	51,098.5	212,445.2	212,531.6	155,571.9	49,169.4	204,741.2	205,327.2
- housing companies with municipal guarantees	121,586.0	35,926.6	157,512.6	157,421.7	115,177.3	38,232.3	153,409.7	153,689.1
- other companies with municipal guarantees	68,816.3	21,876.2	90,692.4	90,509.4	64,990.5	22,647.4	87,637.9	87,700.8
Total	351,749.0	108,901.3	460,650.3	460,462.7	335,739.7	110,049.0	445,788.8	446,717.1

Lending refers to lending to municipalities and regions, as well as to companies owned by municipalities and regions.

Note 15 Bonds and other interest-bearing securities

Group

	2021				2020			
	Recognised value				Recognised value			
	Amortised cost	Fair value through the income statement	Total recognised value	Fair value	Amortised cost	Fair value through the income statement	Total recognised value	Fair value
Bonds and other interest-bearing securities								
- Swedish mortgage finance institutions	-	-	-	-	-	-	-	-
- other Swedish issuers	3,005.00	1,241.8	4,246.8	4,246.8	3,013.7	1,215.4	4,229.1	4,224.4
- other foreign issuers	3,532.0	7,751.0	11,283.0	11,286.0	5,023.1	4,570.7	9,593.8	9,591.9
Total	6,537.0	8,992.8	15,529.8	15,532.8	8,036.8	5,786.1	13,822.9	13,816.3
Positive difference of book values exceeding nominal values			99.7				185.1	
Negative difference of book values falling below nominal values			-11.7				0.0	
Total			88.0				185.1	

Note 16 Shares and participations in subsidiaries

Kommuninvest Cooperative Society

Company	2021		2020	
	Recognised value	Number of shares	Recognised value	Number of shares
Kommuninvest i Sverige AB, 556281-4409	9,130.0	89,750,000	8,200.0	82,000,000
Total	9,130.0	89,750,000	8,200.0	82,000,000

Note 17 Derivatives and hedge accounting

Kommuninvest's funding is conducted in several different currencies and at both fixed and variable interest rates. Kommuninvest's lending is conducted only in Swedish kronor, but at both fixed and variable interest rates. Kommuninvest uses derivative instruments to hedge interest rate and currency risks that arise when the contractual terms of the Company's funding and lending do not match.

With the aim of reducing volatility in earnings and equity, hedge accounting of fair value is applied for fixed-rate funding and lending. This hedging entails one or more derivative contracts, known as hedging instruments, being signed to hedge one or more market risks associated with funding or lending. Only plain-vanilla derivatives in the form of interest rate and currency swaps are used as hedging instruments.

Hedging relationships

In hedge accounting, Kommuninvest uses two different types of hedging relationships, hedging of interest rate risk and hedging of interest rate and currency risk. As of 2019, Kommuninvest applies both transaction-matched hedges and portfolio-level hedging. Previously, only transaction-based hedging relationships were applied.

In the case of transaction-matched hedging, the critical terms – currency, due date, date of fixed-interest payments and the total nominal amount always agree between the hedging instrument and the hedged item. Accordingly, Kommuninvest expects sources of inefficiency during the validity of the hedging relationship to solely comprise changes in the value of the variable legs of the hedging instrument and, where applicable, changes in the currency basis spread.

Portfolio hedging is applied on some fixed-rate lending to hedge interest rate risk based on the maturity date of the loan. The hedging instruments applied are interest rate swaps on terms that agree with the hedged item.

Interest rate risk hedging

Interest rate risk arises when Kommuninvest borrows or lends money at fixed interest rates. Since funding and lending do not occur simultaneously, they are hedged using one or more derivative instruments. Kommuninvest's objective with these hedges is to reduce the risk of changes in the fair value of the funding or lending transaction caused by changes in the benchmark interest rate. Kommuninvest identifies this benchmark interest rate risk as the risk component hedged in funding and lending.

For transaction-matched hedging, the hedged item consists of fixed-rate funding or lending, and for portfolio hedging, the hedged item consists of a secured amount. The hedging instrument consists of one or more interest rate swaps. The interest rate swaps must be in the same currency and have the same maturity date and total nominal amount as the hedged item.

Interest rate and currency risk hedging

Interest rate and currency risk arises when Kommuninvest borrows money in foreign currency at a fixed interest rate. Since Kommuninvest's lending is in Swedish kronor, derivative contracts are used to exchange this money to SEK, meaning that this funding is hedged at the transaction level with one or more derivatives. Kommuninvest's objective with these hedges is to reduce the risk of changes in the fair value of the funding caused by changes in the current benchmark interest rate and exchange rate. Kommuninvest identifies this benchmark interest rate and currency risk as the risk components hedged in its funding.

In these cases, the hedged item consists of fixed-rate funding in foreign currency. The hedging instruments consist of one or more currency swaps where the hedging results in variable SEK flows. Interest rate swaps are to be based on the same currency, maturity date, dates for fixed rate payments and total nominal amount as the hedged item.

Efficiency testing

Kommuninvest conducts an initial prospective review when a hedging relationship is to be initiated and thereafter retrospective tests on a quarterly basis. The prospective review ascertains whether the critical terms for the hedged item and the hedging instrument are consistent. If the critical conditions do not agree, hedge accounting will not be applied.

The efficiency of the hedging relationship is measured retrospectively in an analysis based on historical data for balances of unrealised market value for the hedged item and the hedging instrument. The analysis comprises a regression test. The regression test deems the hedge relationship efficient if a linear regression produces a regression coefficient between -0.8 and -1.25. If the hedging relationship is not deemed efficient, the relationship is broken, the previously hedged item is recognised at amortised cost and the changes value are allocated across the remaining maturity of the item.

All hedging relationships have been deemed efficient. Kommuninvest has no hedging relationships that have been discontinued prematurely.

Hedge accounting and uncertainty resulting from the reference interest rate reform

The reform regarding new reference interest rates will have an immaterial effect on Kommuninvest's earnings and position because Kommuninvest has very few hedges linked to uncertainty in foreign IBOR.

Kommuninvest has three hedging relationships linked to LIBOR 3m that extend beyond the end of 2021 and have a nominal amount of SEK 2 billion. These mature in 2022 and Kommuninvest no longer enters into any new such hedging relationships.

Kommuninvest includes hedge accounting linked to Stibor 3m, for which the nominal amount totals slightly less than SEK 588.7 billion. Today, it has yet to be established how Stibor will be affected by the reference interest rate reform. The new reference rate SWESTR will apply in parallel with Stibor.

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Note 17, continued

Hedging instrument	Nominal amount					Assets at fair value		Liabilities at fair value		Changes in fair value used for accounting of hedging inefficiency	
	Remaining contractual maturity			Total		2021	2020	2021	2020	2021	2020
	<1 year	1-5 years	>5 years	2021	2020						
<i>Derivatives in hedging relationship</i>											
Derivatives in hedging of interest rate risk	69,230.3	358,878.9	64,792.6	492,901.8	448,843.2	243.6	566.7	-228.5	-454.5	-1,606.8	702.5
Derivatives in hedging of interest rate risk, portfolio	-	28,275.0	2,660.0	30,935.0	16,255.0	0.0	0.0	0.0	0.0	416.0	-34.8
Derivatives in hedging of interest rate and currency risk	1,581.5	-	-	1,581.5	2,357.8	-	169.4	-46.2	-59.1	-60.2	-52.7
Total	70,811.8	387,153.9	67,452.6	525,418.3	467,456.0	243.6	736.1	-274.7	-513.6	-1,251.0	615.0
Average interest rate	0.13%	0.10%	0.27%								
<i>Derivatives not used for hedging</i>											
Interest rate-related	98,638.4	118,703.7	1,432.5	218,774.6	239,009.5	0.3	0.1	-74.8	-194.5		
Currency-related	94,318.5	69,533.6	272.1	164,124.2	201,799.8	5,485.3	1,342.1	-3,136.5	-18,020.6		
Other	20.6	5,146.2	-	5,166.8	6,779.1	0.1	351.0	-365.3	-249.0		
Total	192,977.5	193,383.5	1,704.6	388,065.6	447,588.4	5,485.7	1,693.2	-3,576.6	-18,464.1		
Total	263,789.3	580,537.4	69,157.2	913,483.9	915,044.4	5,729.3	2,429.3	-3,851.3	-18,977.7		

Hedged items	Assets, recognised value		Accrued amount for adjustment of fair value, assets		Liabilities, recognised value		Accrued amount for adjustment of fair value, liabilities		Changes in fair value used for accounting of hedging inefficiency	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Lending in an interest rate risk hedge	155,092.0	145,286.9	-560.3	1,895.5					-2,455.8	1,026.0
Investment in an interest rate risk hedge	5,899.5	7,389.9	0.3	8.8					-8.5	8.8
Funding in an interest rate risk hedge					331,190.9	299,897.0	-1,701.6	2,397.7	4,099.3	-1,740.4
Funding in an interest rate and currency risk hedge					1,535.9	2,468.0	33.4	92.8	59.4	60.6
Hedged item, portfolio	30,935.0	16,255.0	-381.8	33.9					-415.7	34.6
Total	191,926.5	168,931.8	-941.8	1,938.2	332,726.8	302,365.0	-1,668.2	2,490.5	1,278.7	-610.4

Total hedging inefficiency	2021	2020
<i>Interest rate risk hedging</i>		
Derivatives	-1,606.8	702.5
Funding	4,099.3	-1,740.4
Lending	-2,455.8	1,026.0
Investment	-8.5	8.8
Portfolio	0.3	-0.2
Total	28.5	-3.3
<i>Interest rate and currency risk hedging</i>		
Derivatives	-60.2	-52.7
Funding	59.4	60.6
Total	-0.8	7.9

All inefficiency is recognised in net result of financial transactions.

Note 18 Intangible assets

Group	2021	2020
<i>Acquisition value</i>		
Acquisition value brought forward	52.1	44.1
Investments for the year	0.4	10.3
Disposals and scrappings	-16.1	-2.3
Acquisition value carried forward	36.4	52.1
<i>Depreciation</i>		
Opening balance, depreciation	-21.4	-22.7
Depreciation for the year	-6.4	-0.7
Disposals and scrappings	16.1	2.0
Depreciation carried forward	-11.7	-21.4
Planned residual value at the end of the accounting period	24.7	30.7

Kommuninvest's intangible assets consist of business systems developed in-house. The item Disposals and scrappings pertains to the scrapping of a license.

Note 19 Tangible assets

Group	2021	2020
Equipment		
<i>Acquisition value</i>		
Acquisition value brought forward	30.4	28.4
Investments for the year	1.7	2.0
Disposals and scrappings	-	-
Rights of use, leasing	0.0	0.0
Acquisition value carried forward	32.1	30.4
<i>Depreciation</i>		
Opening balance, depreciation	-23.4	-21.0
Depreciation for the year	-2.7	-2.4
Disposals and scrappings	-	-
Rights of use, leasing	0.0	0.0
Depreciation carried forward	-26.1	-23.4
Planned residual value at the end of the accounting period	6.0	7.0
Land and building		
<i>Acquisition value</i>		
Acquisition value brought forward	52.8	52.8
Investments for the year	-	-
Disposals and scrappings	-	-
Rights of use, leasing	0.5	-
Acquisition value carried forward	53.3	52.8
<i>Depreciation</i>		
Opening balance, depreciation	-25.1	-23.4
Depreciation for the year	-1.2	-1.3
Disposals and scrappings	-	-
Rights of use, leasing	-0.3	-0.4
Depreciation carried forward	-26.6	-25.1
Planned residual value at the end of the accounting period	26.7	27.7
Tax assessment values		
Tax assessment value of Fenix 1 property	42.4	42.4
Of which, land (in Sweden)	15.4	15.4

Equipment mainly comprises IT equipment and office equipment.

Note 20 Receivables from subsidiaries

Kommuninvest Cooperative Society	2021	2020
Group contributions for the year	488.0	225.9
Accounts receivable	-	0.0
Other receivables	-	51.0
Total	488.0	276.9

Note 21 Other assets

Group	2021	2020
Marginal collateral pledged	2,414.4	16,460.3
Other assets	12.6	11.8
Total	2,427.0	16,472.1

In 2016, Kommuninvest began pledging collateral for derivatives cleared by a central clearing counterparty, with the net collateral for each counterparty and currency being recognised in the balance sheet, see further under Note 29. In 2017, the Company also began to issue cash collateral for derivatives not cleared by central clearing counterparties and for which there no right of netting applies. Accordingly, these are entered in full in the balance sheet.

Note 22 Other liabilities

Group	2021	2020
Marginal collateral received	3,503.3	94.3
Other liabilities	15.8	12.2
Leasing debt	0.4	0.3
Total	3,519.5	106.8

In 2016, Kommuninvest began receiving collateral for derivatives cleared by a central clearing counterparty, with the net collateral for each counterparty and currency being recognised in the balance sheet, see further under Note 29. In 2017, the Company also began to receive cash collateral for derivatives not cleared by central clearing counterparties and for which there no right of netting applies and which are therefore included in full in the balance sheet.

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	2021	2020
Other liabilities	0.4	0.4
Tax liabilities	0.1	0.7
Accounts payable	1.6	0.7
Total	2.1	1.8

Note 23 Provisions

Group	2021	2020
Provisions for off-balance sheet commitments	0.0	0.0
Total	0.0	0.0

This item includes provisions for expected credit losses on off-balance sheet commitments.

Note 24 Equity

Kommuninvest Cooperative Society

Of the Group's participation capital, the Kommuninvest Cooperative Society (the Society) has classified SEK 9,001.7 (8,151.5) million as equity, of which SEK 296.5 (697.2) million relates to the excess contributions, that is, the part of the capital contribution that, for certain members, exceeds the highest level stipulated in the statutes.

Members who leave or are expelled from the Society will be able to recover subscribed capital they have paid in or been allocated through participation issues. It is only on leaving or being expelled that members can recover their total subscribed capital. Payment is to be made six months after the member has withdrawn.

In the case of any excess contribution capital, however, the member is entitled to request repayment of all or part of the contributions without having to withdraw from the Society. The repayment of the excess contributions can be made six

months after the end of the year in which the withdrawal occurs. However, repayments of subscribed capital may only be made to the extent permitted by the Society's retained assets in accordance with the balance sheet set up at the point of the discontinuation of membership without having to make use of the statutory reserve or appreciation fund and only on the condition that this can be done without setting aside the equal rights of the other members. Furthermore, such payments are only made if it is feasible, in the assessment of the Board of Directors, to make payment without, to any material extent, adversely affecting the capital coverage situation of the Society's group of companies or the Society's companies, or that it would entail similar deficiencies. In 2021, SEK 1.7 (-) million in excess contributions was repaid.

On repayment, the Society is entitled to subtract the amount required for past due counter-claims from the Society and any claims from the Society's companies.

Note 25 Equity

Group

SEK, million	Participation capital	Reserves ¹	Profit or loss brought forward	Total unrestricted equity
Equity brought forward 1 Jan 2021	8,151.5	30.4	810.6	8,992.5
Total comprehensive income				
Net profit			461.1	461.1
Change in development expenditure reserve for the year		-5.7	5.7	
Comprehensive income for the year		-		0.0
Total comprehensive income	0.0	-5.7	466.8	461.1
<i>Appropriation of profits under the General Meeting decision</i>				
Distribution of surplus as refunds and interest			-197.8	-197.8
<i>New participation capital during the year</i>				
Participation capital from new members of the Society	72.8			72.8
Contributions from existing members	777.4			777.4
Equity carried forward 31 Dec 2021	9,001.7	24.7	1,079.6	10,106.0
Equity brought forward 1 Jan 2020	7,000.0	21.1	973.6	7,994.7
Total comprehensive income				
Net profit			201.7	201.7
Change in development expenditure reserve for the year		9.3	-9.3	-
Comprehensive income for the year		-		-
Total comprehensive income	-	9.3	192.4	201.7
<i>Appropriation of profits under the General Meeting decision</i>				
Distribution of surplus as refunds and interest			-355.4	-355.4
<i>New participation capital during the year</i>				
Participation capital from new members of the Society	317.6			317.6
Contributions from existing members	833.9			833.9
Equity carried forward 31 Dec 2020	8151.5	30.4	810.6	8,992.5

1) Reserves comprise capitalised development expenses accrued in-house that have been transferred from profit or loss brought forward, adjusted for a proportionate share of the amortisation reversed from the fund to unrestricted equity.

Note 26 Pledged assets, contingent liabilities and commitments

Group	2021	2020
Pledged assets		
<i>In the form of assets pledged for own provisions and liabilities</i>		
Deposited at the Riksbank		
– government bonds	-	334.6
– state-related securities	8,521.8	8,220.6
Assets pledged for derivative contracts		
– cash collateral according to collateral agreements for derivative contracts	1,601.7	16,296.9
– securities according to collateral agreements for derivative contracts	1,650.0	2,507.5
Assets pledged, total	11,773.5	27,359.6
Contingent liabilities	None	None
Committed undisbursed loans	278.7	1,859.1
Committed loans	239.1	355.3

The recognised value of liabilities and provisions involving pledges amounted to SEK 0.0 (2.0) million. To qualify for participation in RIX, the Riksbank's system for the transfer of account funds, Kommuninvest is required to deposit securities with the Riksbank. This is also a condition for short-term liquidity management via RIX.

Note 27 Related party relationships

In 2021, the Kommuninvest Cooperative Society had related party transactions with Kommuninvest i Sverige AB.

Related party, in TSEK	Year	Sales of goods/ services to related parties	Purchase of goods/services from related parties	Other (interest)	Receivables from related parties on 31 December	Liabilities to related parties on 31 December
Kommuninvest i Sverige AB	2021	14	396	-	488,005	152
	2020	-	1,515	-	276,890	269

The Society's related party relationship with Kommuninvest i Sverige AB includes a claim on the subsidiary regarding a group contribution. In the preceding year, member contributions were also included, which are handled by the Company on the Society's behalf and have not yet been transferred to the Company in the form of new share capital.

Note 28 Financial assets and liabilities

Group

Financial instruments broken down by valuation category

2021	Amortised cost	Fair value through the income statement			Recognised value	Fair value
		Held for trade	Compulsory	Fair value option		
Financial assets						
Cash and balances with central banks	7,672.5	-	-	-	7,672.5	7,672.5
Sovereign bonds eligible as collateral	29,072.1	-	-	1,652.0	30,724.1	30,724.1
Lending to credit institutions	1,334.7	-	-	-	1,334.7	1,334.7
Lending	351,749.0	-	-	108,901.3	460,650.3	460,462.7
Change in value of interest-hedged items in portfolio hedging	-	-	-	-	-	-
Bonds and other interest-bearing securities	6,537.0	-	-	8,992.8	15,529.8	15,532.8
Derivatives	-	-	5,485.7	-	243.6	5,729.3
Other financial assets	2,417.7	-	-	-	2,417.7	2,417.7
Total	398,783.0	-	5,485.7	119,546.1	243.6	524,058.4
Financial liabilities						
Liabilities to credit institutions ¹	277.7	-	-	-	277.7	277.7
Securities issued ¹	349,319.4	-	-	156,760.7	506,080.1	507,840.9
Derivatives	-	3,576.7	-	-	274.7	3,851.4
Change in value of interest-hedged items in portfolio hedging	381.8	-	-	-	381.8	381.8
Other financial liabilities	4,002.4	-	-	-	4,002.4	4,002.4
Total	353,981.3	3,576.7	-	156,760.7	274.7	514,593.4

1) The nominal amount of funding, that is, the amount to be paid up by the maturity date, amounts to SEK 509,910.9 (496,443.1) million.

2020	Amortised cost	Fair value through the income statement			Recognised value	Fair value
		Held for trade	Compulsory	Fair value option		
Financial assets						
Cash and balances with central banks	18,931.2	-	-	-	18,931.2	18,931.2
Sovereign bonds eligible as collateral	25,198.4	-	-	2,836.8	28,035.2	28,036.4
Lending to credit institutions	1,669.6	-	-	-	1,669.6	1,669.6
Lending	335,739.7	-	-	110,049.0	445,788.7	446,717.1
Change in value of interest-hedged items in portfolio hedging	33.9	-	-	-	33.9	33.9
Bonds and other interest-bearing securities	8,036.8	-	-	5,786.1	13,822.9	13,816.4
Derivatives	-	-	1,693.2	-	736.2	2,429.4
Other financial assets	16,464.2	-	-	-	16,464.2	16,464.2
Total	406,073.8	-	1,693.2	118,671.9	736.2	527,175.1
Financial liabilities						
Liabilities to credit institutions ¹	379.7	-	-	567.3	947.0	947.0
Securities issued ¹	349,899.6	-	-	148,406.3	498,305.9	499,820.2
Derivatives	-	18,464.0	-	-	513.6	18,977.6
Change in value of interest-hedged items in portfolio hedging	-	-	-	-	-	-
Other financial liabilities	379.6	-	-	-	379.6	379.6
Total	350,658.9	18,464.0	-	148,973.6	513.6	518,610.1

1) The nominal amount of funding, that is, the amount to be paid up by the maturity date, amounts to SEK 496,443.1 (451,880.3) million.

Note 28, continued

Calculation of fair value**General**

For financial instruments, fair value calculations are to be divided according to the following three levels:

- Level 1:** Valuation is made according to prices noted on an active market for the same instrument.
- Level 2:** Valuation is made on the basis of directly or indirectly observable market data not included in level 1.
- Level 3:** Valuation is made on the basis of non-observable market data, with significant elements of internal and external estimates.

Some of the financial instruments in Kommuninvest's debt portfolio and liquidity reserve are traded on active markets with quoted prices in accordance with level 1. For almost all of the remainder of the debt portfolio and liquidity reserve, including all lending and derivatives not traded on an active market with quoted prices, accepted and well-established valuation techniques are applied to determine fair value based on observable market data in accordance with level 2. For a small portion of financial instruments in Kommuninvest's debt portfolio with input data not observable through the market or proprietary assessments, material effects on the valuation of these instruments are, accordingly, classified under level 3.

Lending

Fair value has been calculated by discounting anticipated future cash flows by a discount rate set at the swap rate adjusted by current new lending margins. This means that if new lending margins rise, the fair value lower of existing loans will decline and vice versa at lower margins.

Sovereign bonds eligible as collateral, and bonds and other interest-bearing securities

In the valuation of securities, the quoted price of the asset is used. If trading is considered to occur on an active market, the valuation is classified under level 1, while other securities are classified under level 2.

Liabilities to credit institutions, securities issued and other subordinated liabilities

Funding is valued in the same way as by market participants holding the debt as an asset, either through quoted market prices or by discounting anticipated future cash flows. The discount rate is set to swap rate, adjusted for current funding margins, for the structure of the funding and for the market by using secondary market spreads on similar instruments issued by Kommuninvest. For funding in currencies other than SEK, EUR and USD, the current funding margin is set as the funding margin in USD plus the currency basis spread between the currency concerned and USD. Market prices used for valuation are mid-prices. Funding expected to be traded in an active market are classified in level 1. Funding valued at quoted prices, not deemed as traded in an active market, are classified in level 2. Funding valued based on discounted future cash flows are classified in level 2, with the exception of funding for which anticipated future cash flows are attributable to significant non-observable market data, which are classified in level 3. The members' guarantee undertaking affects the valuation of funding and that the guarantee undertaking is taken into account by market players and thus affects quoted market prices and current funding margins.

Derivatives

Standardised derivatives in the form of FRA contracts scheduled for IMM days and traded in an active market are measured

according to level 1. The fair value of other derivatives is calculated by discounting the anticipated future cash flows taking place at mid-prices at relevant reference rates for the currency concerned. Where anticipated future cash flows are dependent on unobservable market data or elements on in-house assessment, derivatives are classified in level 3; otherwise, they are classified in level 2. All derivatives classified in level 3 are swaps matching funding transactions classified in level 3. The discount rate has been set as the current quoted swap rate in each currency. For currency swaps, the discount rate has been adjusted according to current basis swap spreads.

The credit valuation adjustment for derivatives, CVAs, is the market value of the expected loss of counterparty risks for derivatives. The valuation takes into account the risk mitigation measures taken by Kommuninvest, such as netting agreements (ISDA-agreements) and agreements on the exchange of collateral (CSA-agreements). Netting agreements and exchanges of collateral reduce the expected exposure in the event that a counterparty defaults. For those of Kommuninvest's derivative contracts that are cleared with central clearing counterparties, initial marginal collateral is provided, entailing a further step in reducing the counterparty risk. For these derivative contracts, CVA is not calculated. For derivative contracts not cleared by central clearing counterparties, CVA is calculated and entered in the accounts.

The debt valuation adjustment for derivatives (DVA) corresponds to the credit valuation adjustment that Kommuninvest's derivative counterparties have through their exposure to Kommuninvest. Due to the members' joint and several guarantee and their high creditworthiness, the debt valuation adjustment is an insignificant amount.

Lending to credit institutions, other assets and other liabilities

For these items, the recognised value is an acceptable approximation of fair value. Lending to credit institutions consists of bank accounts and repo transactions with a maximum maturity of seven days. Other assets and liabilities consist primarily of pledged assets/cash collateral received, accounts receivable and payable, open items, as well as Group-internal receivables and debts.

Significant assumptions and uncertainty factors

Kommuninvest has applied the valuation techniques best deemed to reflect the value of the Company's assets and liabilities. Changes in underlying market data could mean changes to the income statement and balance sheet in respect of unrealised market values. The valuation curves are also determined on the basis of current funding and lending margins, increased margins on lending leading to unrealised losses when the value of existing business is reduced. Kommuninvest has only a marginal exposure to swap rates and, since it hedges other market risks, it is changes in funding and lending margins, basis swap spreads and credit spreads, on holdings in the liquidity reserve that give rise to the changes in market value.

An increase in the lending price, in relation to swap rates, by 10 basis points on the receivables recognised at fair value would mean a negative change in net profit of SEK 195 (191) million. An increase in the funding cost, in relation to swap rates, by 10 basis points on the liabilities recognised at fair value would mean a positive change in net profit of SEK 224 (224) million. A parallel displacement in the lending and funding price, in relation to swap rates, by 10 basis points would mean a change in net profit of SEK +/- 29 (+/- 33) million. A displacement of the valuation curve upwards or downwards by 10 basis points for the financial instruments valued according to level 3 would mean a change in income of SEK +/-17 (+/-18) million.

Note 28, continued

All of the above changes refer to 31 December 2021 (comparative figures refer to 31 December 2020) and exclude tax effects. Impact on equity relates to the tax effect. All market value effects are unrealised, and as Kommuninvest intends to hold its assets and liabilities to maturity, this means that these values will not normally be realised. Exceptions are repurchases of funding or lending instruments, which always take place on the investors' or customers' initiative respectively, leading to market values being realised.

Uncertainty in measurement due to unobservable input data

Input data that cannot be observed in the market consist of correlations between market data and volatilities in maturities longer than those for which observable market data are available. Instruments affected by unobservable input data consist of issued structured securities with options for premature redemption and the derivatives that hedge these at the transaction level. The recipient leg of such a derivative always consists of the warrants in the issued security and the payment leg of the interbank interest rate +/- a fixed margin.

The effect on net profit of these contracts is realised when Kommuninvest's funding margins for this type of funding change. The scope of the change depends on the expected remaining maturities of the contracts, which depend in turn on unobservable data. The effect on net profit from the unobservable input data that arises is therefore attributable to how input data affect the estimated remaining maturity of the contract.

Kommuninvest has calculated the duration to 1.5 years but estimates that, under reasonable conditions, unobservable input data lead to an average duration of prematurely cancellable borrowing in the interval of 1.0 to 3.4 years. This would have an effect on net profit in the interval SEK +0.4 million – SEK -2.6 million.

Change in value due to expected credit risk

With the joint and several guarantee for Kommuninvest's funding provided by the members of the Kommuninvest Coopera-

tive Society, Kommuninvest's own credit risk is considered to be negligible.

Changes are only considered to occur in Kommuninvest's own credit risk as a consequence of events such as a major downgrading of the Company's rating, or significant amendments to the members' guarantee undertaking that would reduce their collective responsibility for the Company's commitments. Since no such events or changes have occurred, all variations in funding margins and resulting changes in the value of funding are deemed attributable to general changes in the market price of credit and liquidity risk and not from changes in Kommuninvest's own credit risk.

The credit risk in lending is considered to be the same as Kommuninvest's own credit risk. Accordingly, no part of the change in the value of lending is considered to derive from changes in credit risk.

The assets in the liquidity reserve hold a very high credit rating. A change in credit risk affecting their valuation is deemed to occur only in connection with significant downgrades. Such downgrades have not occurred for any of the issuers, which is why no changes in the value of the liquidity reserve are considered to derive from changes in credit risk.

Changed valuation models

The valuation models are unchanged since the beginning of the preceding year. No changes in valuation models have been triggered by the crisis associated with the corona virus.

For previous changes, see Note 25 in Kommuninvest's 2020 Annual Report.

Approval of valuation models

The valuation models applied are approved by the CFO and reported to the Company's ALCO (Asset and Liability Committee) and Board of Directors. The Finance department is responsible for the valuation process, including the valuation models. The Risk and Control department is responsible for ensuring independent control of the quality of valuation models and market data used in the valuation.

Financial instruments recognised at fair value in the balance sheet

2021	Level 1	Level 2	Level 3	Total
Financial assets				
Sovereign bonds eligible as collateral	-	1,652.0	-	1,652.0
Lending	-	108,901.3	-	108,901.3
Bonds and other interest-bearing securities	5,941.8	3,051.1	-	8,992.9
Derivatives	0.0	5,638.2	91.1	5,729.3
Total	5,941.8	119,242.6	91.1	125,275.5
Financial liabilities				
Liabilities to credit institutions	-	-	-	-
Securities issued	112,586.9	39,024.2	5,149.7	156,760.8
Derivatives	-	3,284.2	567.2	3,851.4
Total	112,586.9	42,308.4	5,716.9	160,612.2

Note 28, continued

2020	Level 1	Level 2	Level 3	Total
Financial assets				
Sovereign bonds eligible as collateral	-	2,836.8	-	2,836.8
Lending	-	110,049.0	-	110,049.0
Bonds and other interest-bearing securities	2,632.3	3,153.7	-	5,786.0
Derivatives	-	1,944.3	485.0	2,429.3
Total	2,632.3	117,983.8	485.0	121,101.1
Financial liabilities				
Liabilities to credit institutions	-	567.3	-	567.3
Securities issued	122,672.4	18,069.4	7,664.5	148,406.3
Derivatives	-	18,587.7	389.9	18,977.6
Total	122,672.4	37,224.4	8,054.4	167,951.2

Transfer between levels of instruments recognised at fair value in the balance sheet

	Recognised value 31 Dec 2021	Recognised value 31 Dec 2020
Assets		
To level 1 from level 2	-	-
To level 2 from level 1	-	585.2
Liabilities		
To level 1 from level 2	-	-
To level 2 from level 1	31,929.0	8,284.9

Kommuninvest continuously reviews the criteria for its division into levels of financial assets and liabilities measured at fair value. The movements are attributable variations in the indicators that Kommuninvest uses to demarcate between level 1 and level 2. The indicators show the number of observations and their standard deviation for bond prices and a specific number of executable quotes. The transfer to level 2 from level 1 during

the period of SEK 31,929.0 million is due to the above indicators for the relevant instruments no longer indicating an active market in accordance with level 1, and the valuation is instead performed in accordance with level 2. The transfers are considered to have taken place on 31 December 2021 and 31 December 2020 for the preceding period.

Fair value of financial instruments not recognised at fair value in the balance sheet

2021	Level 1	Level 2	Level 3	Total fair value	Recognised value
Financial assets					
Cash and balances with central banks	-	7,672.5	-	7,672.5	7,672.5
State bonds eligible as collateral	-	29,072.1	-	29,072.1	29,072.1
Lending to credit institutions	-	1,334.7	-	1,334.7	1,334.7
Lending	-	351,561.5	-	351,561.5	351,749.0
Change in value of interest-hedged items in portfolio hedging	-	-	-	-	-
Bonds and other interest-bearing securities	691.0	5,849.0	-	6,540.0	6,537.0
Other assets	-	2,417.7	-	2,417.7	2,417.7
Total	691.0	397,907.5	-	398,598.5	398,783.0
Financial liabilities					
Liabilities to credit institutions	-	277.6	-	277.6	277.7
Securities issued	-	351,080.2	-	351,080.2	349,319.4
Change in value of interest-hedged items in portfolio hedging	-	381.8	-	381.8	381.8
Other liabilities	-	4,002.4	-	4,002.4	4,002.4
Total	-	355,742.0	-	355,742.0	353,981.3

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Note 28, continued

2020	Level 1	Level 2	Level 3	Total fair value	Recognised value
Financial assets					
Cash and balances with central banks	-	18,931.2	-	18,931.2	18,931.2
Sovereign bonds eligible as collateral	-	25,199.7	-	25,199.7	25,198.4
Lending to credit institutions	-	1,699.9	-	1,699.9	1,699.9
Lending	-	336,668.0	-	336,668.0	335,739.7
Change in value of interest-hedged items in portfolio hedging		33.9		33.9	33.9
Bonds and other interest-bearing securities	3,673.0	4,357.3	0.0	8,030.3	8,036.8
Other assets	-	16,461.7	-	16,461.7	16,461.7
Total	3,673.0	403,351.7	0.0	407,024.7	406,101.6
Financial liabilities					
Liabilities to credit institutions	-	379.7	-	379.7	379.9
Securities issued	-	351,413.9	-	351,413.9	349,899.6
Other liabilities	-	103.5	-	103.5	103.5
Total	0.0	351,897.1	0.0	351,897.1	350,383.0

Changes in level 3

The table below presents a reconciliation of opening and closing balances for financial instruments recognised at fair value in the balance sheet based on an assessment technique proceeding from unobservable input data (level 3). Value changes in level 3 are followed up continuously over the period.

	Derivative assets	Derivative liabilities	Securities issued	Total
Opening balance, 1 Jan 2021	485.1	-389.9	-7,664.4	-7,569.2
Recognised gains and losses:				
- recognised in the income statement (net result of financial transactions)	-393.9	-177.3	569.0	-2.2
Funding raised/Securities issued			-4,993.4	-4,993.4
Maturing during the year			6,939.3	6,939.3
Closing balance, 31 Dec 2021	91.2	-567.2	-5,149.5	-5,625.5
Gains and losses recognised in the income statement (net result of financial transactions) for assets included in the closing balance as per 31 December 2021	7.6	-213.1	202.1	-3.4
Opening balance, 1 Jan 2020	184.8	-489.0	-6,731.5	-7,035.7
Recognised gains and losses:				
- recognised in the income statement (net result of financial transactions)	300.3	99.1	-386.4	13.0
Funding raised/Securities issued			6,173.7	6,173.7
Maturing during the year			-6,720.2	-6,720.2
Closing balance, 31 Dec 2020	485.1	-389.9	-7,664.4	-7,569.2
Gains and losses recognised in the income statement (net result of financial transactions) for assets included in the closing balance as per 31 December 2020	135.9	-166.9	31.9	0.9

Because the instruments in level 3 are hedged on a transaction basis, and each funding combination behaves as a funding combination in level 2, the changes in value in level 3 are analysed in the same manner as in level 2.

Note 29 Information on financial assets and liabilities subject to netting

Group

Kommuninvest nets assets and liabilities in the balance sheet where there is a legal right to do so and the intention is to settle the items net, which occurs for Kommuninvest's derivative assets and liabilities towards central counterparties for clearing.

Kommuninvest's derivatives are what are known as OTC derivatives, that is, they are not traded on an exchange but are issued under ISDA (International Swaps and Derivatives Association) Master agreements. In addition to the ISDA agreement, a supplementary CSA (Credit Support Annex) has been signed with a considerable portion of the counterparties. CSA agreements regulate the right to secure collateral to eliminate the exposure.

For non-cleared derivatives carried out under ISDA Master agreements, all payment flows with a particular counterparty that mature on the same date are, to the greatest extent possible, netted in each currency to a net amount to be paid by one counterparty to another. For specific events, such as past-due payment, bankruptcy, etc. all transactions are concluded with that counterparty, as assessment is conducted and a net settlement is made.

ISDA Master agreements do not meet the criteria for netting in the balance sheet, since the legal right to netting only applies for a stated type of suspension of payments, insolvency or bankruptcy.

2021	Financial assets and liabilities, in the balance sheet gross amounts	Amounts netted in the balance sheet ¹	Net amount reported in the balance sheet	Related amounts that are not netted in the balance sheet			Net amount
				Financial instruments	Provided (+)/ Received (-) collateral - securities	Provided (+)/ Received (-) cash collateral	
Assets							
Derivatives	10,251.1	-4,521.8	5,729.3	-2,104.0	-400.8	-3,077.2	147.3
Repos	-	-	-	-	-	-	-
Liabilities							
Derivatives	-6,929.0	3,077.6	-3,851.4	2,104.0	-	1,569.2	-178.2
Repos	-277.6	-	-277.6	-	277.6	-	-
Total	3,044.5	-1,444.2	1,600.3	-	-123.2	-1,508.0	-30.9

2020	Financial assets and liabilities, in the balance sheet gross amounts	Amounts netted in the balance sheet ¹	Net amount reported in the balance sheet	Related amounts that are not netted in the balance sheet			Net amount
				Financial instruments	Provided (+)/ Received (-) collateral - securities	Provided (+)/ Received (-) cash collateral	
Assets							
Derivatives	10,000.3	-7,570.9	2,429.4	-1,134.8	-668.2	-77.2	549.2
Repos	379.7	-	379.7	-	-379.5	-	0.2
Liabilities							
Derivatives	-21,357.8	2,380.2	-18,977.6	1,134.8	2.0	16,292.8	-1,548.0
Repos	379.7	-	379.7	-	-379.7	-	-
Total	-10,598.1	-5,190.7	-15,788.8	-	-1,425.4	16,215.6	-998.6

1) The amount offset for derivative liabilities includes cash collateral of SEK 1,444.2 (5,190.7) million.

Note 30 Events after the balance sheet date

No significant events have occurred after the end of the period.

Five-year summary – Group

Key ratios 2017–2021, SEK, million	2021	2020	2019	2018	2017
Equity					
Core Tier I capital ratio (%)	403.7	357.4	128.2	187.7	218.0
Tier I capital ratio (%)	403.7	357.4	128.2	187.7	218.0
Total capital ratio (%)	403.7	357.4	128.2	192.8	231.4
Leverage ratio (%)	15.37	12.30	12.36	11.19	15.24
Net profit					
Operating income	411.0	433.6	538.0	581.7	677.9
Return on assets (%)	0.088	0.038	0.075	0.172	0.301
Cost/income ratio	0.394	0.367	0.321	0.326	0.323
Other information					
Number of employees at the end of the year	103	97	93	92	96
Income statement 1 January – 31 December, SEK, million	2021	2020	2019	2018	2017
Net interest income	680.8	697.5	811.0	872.5	878.7
Commission expenses	-11.4	-12.7	-11.3	-8.2	-7.3
Net result of financial transactions	47.6	-247.7	-201.5	161.4	512.0
Other operating income	10.4	10.8	9.0	7.6	6.2
Total operating income	727.4	447.9	607.2	1,033.3	1,389.6
Total operating expenses	-272.5	-259.6	-263.1	-287.2	-285.7
Net profit before credit losses	454.9	188.3	344.1	746.1	1,103.9
Net credit losses	6.3	11.1	12.6	-24.3	-
Operating profit	461.2	199.4	356.7	721.8	1,103.9
Tax	-0.1	2.3	-2.9	-3.7	-28.0
Net profit	461.1	201.7	353.8	718.1	1,075.9
Balance sheet summary as at 31 December, SEK million			2019	2018	2017
Cash and balances with central bank	7,672.5	18,931.2	811.1	-	-
Sovereign bonds eligible as collateral	30,724.1	28,035.2	17,686.3	39,230.3	24,635.8
Lending to credit institutions	1,349.8	1,699.9	21,935.7	1,870.7	698.5
Lending	460,650.3	445,788.8	408,218.1	355,710.0	310,147.3
Change in value of interest-hedged items in portfolio hedging	-	33.9	-	-	-
Bonds and other interest-bearing securities	15,529.8	13,822.9	7,722.6	7,457.8	12,500.0
Derivatives	5,729.3	2,429.4	11,967.0	11,333.2	8,044.6
Other assets	2,606.8	16,636.9	2,980.5	1,609.0	945.2
Total assets	524,262.6	527,378.2	471,321.3	417,211.0	356,971.4
Liabilities to credit institutions	277.7	947.0	4,027.7	584.0	1,318.4
Securities issued	506,080.1	498,305.9	446,763.0	396,796.9	337,755.8
Derivatives	3,851.4	18,977.6	3,484.5	5,959.6	7,793.9
Change in value of interest-hedged item in portfolio hedging	381.8	-	0.7	-	-
Other liabilities	3,565.6	155.2	8,050.6	4,621.8	714.2
Subordinated liabilities	-	-	1,000.1	1,000.1	1,000.1
Total liabilities and provisions	514,156.6	518,385.7	463,326.6	408,962.4	348,582.4
Equity	10,106.0	8,992.5	7,994.7	8,248.6	8,389.0
Total liabilities, provisions and equity	524,262.6	527,378.2	471,321.3	417,211.0	356,971.4

Alternative performance measurements – Group

In this Annual Report, the Group has chosen to present a number of alternative performance measurements that are not defined or specified in the applicable rules on financial reporting.

These alternative performance measurements have been defined in accordance with the guidelines of the European Securities and Markets Authority (ESMA).

Alternative performance measurements	Definition	Reconciliation	2021	2020
Operating income	Operating profit reduced with the result of unrealised market value changes that are included in the income statement item Net profit from financial transactions and expected credit losses. The key ratio is of interest in showing Kommuninvest's underlying earning capacity.	Operating profit	461.2	199.4
		Result of unrealised changes in market value	43.9	-245.3
		Net credit losses	6.3	11.1
		Operating income	411.0	433.6
Leverage ratio including lending to members and their companies	Kommuninvest's Tier I capital divided by the total exposure amount excluding exposures in the form of Kommuninvest's lending to members and their companies. The key ratio is relevant in showing that Kommuninvest meets, by a good margin, the Swedish Financial Supervisory Authority's (Finansinspektionen) leverage ratio requirement and Pillar II guidance, which for the Group amounts to 1 percent.	Total exposure according to current regulations	61,212.2	69,598.3
		Exposure in the form of lending to members and their companies	460,909.2	446,929.9
		Total exposure including lending to members and their companies.	522,121.4	516,528.2
		Tier I capital, calculated applying transitional rules	9,409.9	7,376.6
Operating expenses, excluding the resolution fee, as % of lending	Operating expenses over the financial year, excluding the resolution fee in relation to the carrying value of lending on the closing date. A key ratio that is relevant in assessing the organisation's overall cost effectiveness in relation to lending, adjusted for the resolution fee.	General administration expenses	-258.2	-248.4
		Depreciation and amortisation	-10.7	-5.0
		Other operating expenses	-3.6	-6.2
		Total operating expenses	-272.5	-259.6
Operating expenses, excluding the resolution fee, as % of balance sheet total	Total operating expenses over the financial year, excluding the resolution fee in relation to total assets on the closing date. A key ratio that is relevant in assessing the organisation's overall cost effectiveness in relation to total assets, adjusted for the resolution fee.	Resolution fee	-23.0	-20.9
		Total operating expenses excluding the resolution fee	-249.5	-238.7
		Lending as per the closing date	460,650.3	445,788.8
		Operating expenses, excluding the resolution fee as % of lending	0.054	0.054
Return on assets (%)	Net profit in relation to total assets, expressed as a percentage. Key ratios presented in accordance with FFFS 2008:25 Chapter 6, Section 2a.	General administration expenses	-258.2	-248.4
		Depreciation and amortisation	-10.7	-5.0
		Other operating expenses	-3.6	-6.2
		Total operating expenses	-272.5	-259.6
Cost/income ratio	Total operating expenses in relation to net interest income and other operating income. An established key ratio in the banking sector for assessing the relationship between operating expenses and revenues.	Resolution fee	-23.0	-20.9
		Total operating expenses excluding the resolution fee	-249.5	-238.7
		Total assets as per the closing date	524,262.6	527,378.2
		Operating expenses, excluding the resolution fee, as % of balance sheet total	0.048	0.045
Return on assets (%)	Net profit in relation to total assets, expressed as a percentage. Key ratios presented in accordance with FFFS 2008:25 Chapter 6, Section 2a.	Net profit	461.1	201.7
		Total assets	524,262.6	527,378.2
		Return on assets (%)	0.088	0.038
		Total operating expenses	-272.5	-259.6
Cost/income ratio	Total operating expenses in relation to net interest income and other operating income. An established key ratio in the banking sector for assessing the relationship between operating expenses and revenues.	Net interest income	680.8	697.5
		Other operating income	10.4	10.8
		Total net interest income and other operating income	691.2	708.3
		Cost/income ratio	0.394	0.367

Signatures

The Board of Directors and the President certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as determined by the IASB and adopted by the EU, and provide a true and fair view of the Group's financial position and earnings. The Parent Society's accounts have been prepared in accordance with generally accepted accounting principles in Sweden and provide a true and fair view of the Parent Society's financial position and earnings. The Board of Directors' Report for the Group and the Parent Society provides a true and fair description of the development of the Group and Par-

ent Society's operations, financial position and earnings, and addresses significant risks and uncertainties facing the Parent Society and the companies within the Group.

The Annual Report and consolidated financial statements were, as stated below, approved for publication by the Board of Directors on 24 February 2022. The consolidated income statement, statement of comprehensive income and balance sheet, as well as the Parent Company's income statement and balance sheet are subject to approval by the Annual General Meeting on 31 March 2022.

Stockholm, 24 February 2022

Göran Färm
Chairman

Linda Frohm
Vice Chairman

Lilly Bäcklund
Board Member

Britta Flinkfeldt
Board Member

Mohamad Hassan
Board Member

Ewa-May Karlsson
Board Member

Fredrik Larsson
Board Member

Maria Liljedahl
Board Member

Örjan Mossberg
Board Member

Niclas Nilsson
Board Member

Ulf Olsson
Board Member

Jonas Ransgård
Board Member

Bo Rudolfsson
Board Member

Pierre Sjöström
Board Member

Anna-Britta Åkerlind
Board Member

Tomas Werngren
President and CEO

Our Audit Report was submitted on

KPMG AB

Anders Tagde
Authorised Public Accountant

Audit Report

To the Annual General Meeting of the Kommuninvest Cooperative Society, corporate identity number 716453-2074

Report on the annual accounts and consolidated accounts Statements

We have audited the annual and consolidated accounts of the Kommuninvest Cooperative Society for 2021. The Society's annual and consolidated accounts are included on pages 27–104 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present, in all material respects, a fair portrayal of the financial position of the Parent Society as of 31 December 2021 and its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and give, in all material respects, a true and fair view of the Group's financial position as of 31 December 2021 and of its financial performance and cash flows for the year in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting of the Society adopt the income statement and balance sheet for the Parent Society and for the Group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Society and the Group in accordance with generally accepted accounting practices in Sweden and have, in all other regards, fulfilled our ethical responsibilities under these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Information other than the annual and consolidated accounts

This document also contains information other than the annual and consolidated and this is presented on pages 3–24 and 109–111. The Board of Directors and the President and CEO are responsible for this other information.

Our opinion regarding the annual and consolidated accounts does not include this information, and we make no statement of assurance regarding this other information.

In connection with our audit of the financial statements, it is our responsibility to read the information identified above and determine whether there are any significant inconsistencies with the financial statements. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the President and CEO

The Board of Directors and the President are responsible for the preparation of the annual and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and the Annual Accounts Act for Credit Institutions and Securities Companies and, for the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts the Board of Directors and the President and CEO are responsible for the assessment of the Company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. However, the assumption of continued operation is not applied if the Board of Directors and the President intend to liquidate the Society, cease operations, or have no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the Society's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the President.
- Conclude on the appropriateness of the Board of Directors' and the President's use of the going concern basis of accounting in preparing the annual and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Society and the Group's ability to continue its operations. If we conclude that there is a substantial element of uncertainty, we must in the auditor's report draw attention to the information in the Annual Report regarding such element of uncertainty, or, if such information is insufficient, modifying the statement on the annual and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Society and a Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the management, supervision and execution of the audit of the Group. We are solely responsible for our statements.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual and consolidated accounts, we have also audited the administration of the Board of Directors and the President of the Kommuninvest Cooperative Society for 2021 and the proposed appropriations of the Society's profit or loss.

We recommend that the Annual General Meeting appropriate the Society's profits in accordance with the proposal presented in the Board of Directors' Report and that the Meeting discharge the Members of the Board of Directors and the President from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the Parent Society and the Group in accordance with generally accepted accounting practices in Sweden and have, in all other regards, fulfilled our ethical responsibilities under these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibility of the Board of Directors and the President and CEO

The Board of Directors is responsible for the proposal for appropriations of the Society's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Society's and the Group's type of operations, size and risks place on the size of the Society's and the Group's shareholders' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Society's organisation and the administration of the Society's affairs. This includes among other things continuous assessment of the Society's and the Group's financial situation and ensuring that the Society's organisation is designed so that the accounting, management of assets and the Society's financial affairs otherwise are controlled in a reassuring manner. The President is responsible for the ongoing management in accordance with the Board's guidelines and instructions, including taking the measures necessary for the Society's accounting to be completed in accordance with the law and for the management of funds being handled in a secure manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the President and CEO in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Society, or
- in any other way acted in contravention of the Economic Associations Act, the Annual Accounts Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Society's Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Society's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Economic Associations Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Society, or that the proposed appropriations of the Society's profit or loss are not in accordance with the Economic Associations Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the

audit. The examination of the administration and the proposed appropriations of the Society's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgement with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Society's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As the basis for our opinion on the Board of Directors' proposal regarding the appropriation of the Society's profit or loss, we have considered whether or not the proposal is consistent with the Economic Associations Act.

Stockholm,

KPMG AB

Anders Tagde
Authorised Public Accountant

Review Report for 2021

We the lay auditors, appointed by the Annual General Meeting of the Kommuninvest Cooperative Society, have examined the operations of the Kommuninvest Cooperative Society in 2021.

The Board of Directors is responsible for the operation being conducted in accordance with the Articles of Association of the Society as well as the regulations pertaining to the operations. The responsibility of the lay auditors is to examine the operation and control and assess if the operation has been conducted in accordance with the mandate of the Annual General Meeting of the Society.

The review was conducted in accordance with the Economic Associations Act, the Articles of Association of the Society and the rules of procedure for the lay auditors adopted by the

Annual General Meeting of the Society. By reviewing documents/basis for decisions, protocols/information and by discussion with Management, the Board of Directors of the Society and the authorised auditors, the audit has been made with the focus and scope necessary to give a reasonable basis for opinion and assessment.

It is our opinion that the Society's operations have been carried out in a purposeful and financially satisfactory manner, that the operations have been conducted in accordance with the principles of local government law and the principles of local government operations in corporate formats, and that the Society's internal control has been sufficient.

Örebro, 24 February 2022

Ambjörn Hardenstedt

Anki Svensson

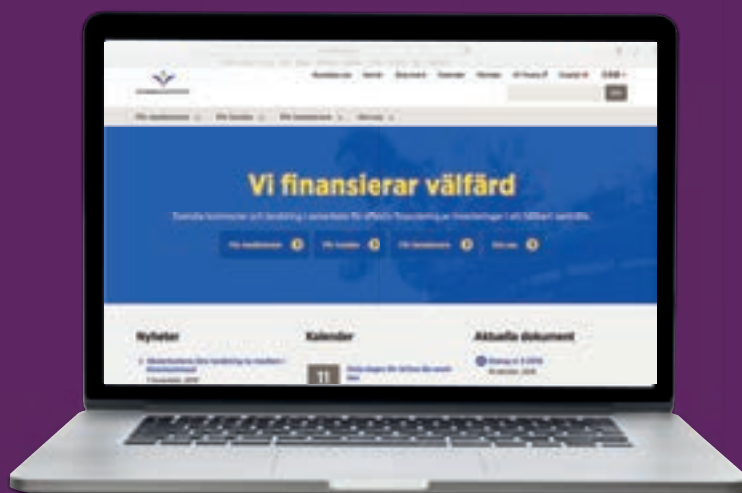
Members of the Kommuninvest Cooperative Society

Name of member	Member No.	Population 31 Dec 2021	Member year	Name of member	Member No.	Population 31 Dec 2021	Member year
Municipality of Gävle	1	103,136	1993	Municipality of Katrineholm	50	34,764	1994
Municipality of Umeå	2	130,997	1993	Municipality of Vadstena	51	7,528	1994
City of Trollhättan	3	59,154	1993	Municipality of Pajala	52	5,973	1994
Municipality of Lindsberg	4	23,601	1993	Municipality of Piteå	53	42,323	1994
Municipality of Uddevalla	5	57,122	1993	Municipality of Kristianstad	54	86,641	1994
Municipality of Vänersborg	6	39,636	1993	Municipality of Berg	55	7,135	1995
Municipality of Sandviken	7	39,250	1993	Municipality of Vårgårda	56	12,180	1995
Municipality of Varberg	8	66,658	1993	Municipality of Ödeshög	57	5,309	1995
Municipality of Mjölby	9	28,269	1996	Municipality of Orsa	58	6,918	1995
Region Örebro County	10	306,792	1993	Municipality of Svedala	59	23,222	1995
Municipality of Örebro	11	156,987	1993	Municipality of Lomma	60	24,638	1995
Municipality of Kumla	12	22,144	1993	Municipality of Lekeberg	61	8,603	1995
Municipality of Laxå	13	5,582	1993	Municipality of Kungsör	62	8,787	1995
Municipality of Ljusnarsberg	14	4,604	1993	Municipality of Tjörn	63	16,312	1995
Municipality of Karlskoga	15	30,437	1993	Municipality of Staffanstorps	64	26,242	1995
Municipality of Hallsberg	16	16,196	1993	Municipality of Härryda	65	39,006	1995
Municipality of Degerfors	17	9,534	1993	Municipality of Grum	66	9,091	1995
Municipality of Askersund	18	11,534	1993	Municipality of Höganäs	67	27,589	1995
Municipality of Nora	19	10,721	1993	Municipality of Ängelholm	68	43,633	1995
Municipality of Hällefors	20	6,849	1993	Municipality of Flen	69	16,316	1995
Municipality of Härnösand	21	25,012	1993	Municipality of Essunga	70	5,698	1995
Municipality of Ale	22	32,148	1993	Municipality of Nordmaling	71	7,100	1995
Municipality of Norberg	23	5,714	1993	Municipality of Oskarshamn	72	27,220	1996
Municipality of Karlskrona	24	66,708	1993	Municipality of Båstad	73	15,636	1996
Municipality of Skellefteå	25	73,393	1994	Municipality of Storuman	74	5,808	1996
Municipality of Västervik	26	36,747	1994	Municipality of Älvdalen	75	7,042	1996
Municipality of Fagersta	27	13,319	1994	Municipality of Sunne	76	13,355	1995
Region Gotland	28	61,001	1994	Municipality of Hjo	77	9,233	1996
Municipality of Alingsås	29	41,853	1994	Municipality of Mönsterås	78	13,258	1996
Municipality of Smedjebacken	30	10,933	1994	Municipality of Malå	79	3,034	1997
Municipality of Boxholm	31	5,512	1994	Municipality of Högsby	80	5,645	1997
Municipality of Ockelbo	32	5,865	1994	Municipality of Torsby	81	11,472	1997
Municipality of Tanum	33	12,965	1994	Municipality of Lycksele	82	12,264	1997
Municipality of Borlänge	34	52,254	1994	Municipality of Bengtsfors	83	9,409	1997
Municipality of Strömsund	35	11,473	1994	Municipality of Åstorp	84	16,308	1997
Municipality of Kungsbacka	36	85,301	1994	Municipality of Simrishamn	85	19,267	1997
Municipality of Valdemarsvik	37	7,660	1994	Municipality of Vimmerby	86	15,578	1997
Municipality of Eda	38	8,490	1994	Municipality of Hultsfred	87	14,056	1997
Municipality of Gnosjö	39	9,570	1994	Municipality of Mörbylånga	88	15,722	1997
Municipality of Övertorneå	40	4,211	1994	Municipality of Arvika	89	25,854	1997
Municipality of Hedemora	41	15,458	1994	Municipality of Hammarö	90	16,765	1997
Municipality of Luleå	42	78,867	1994	Municipality of Karlshamn	91	32,226	1997
Municipality of Falun	43	59,837	1994	Municipality of Skara	92	18,732	1997
City of Landskrona	44	46,488	1994	Municipality of Sävsjö	93	11,709	1997
Municipality of Arboga	45	14,100	1994	Municipality of Skurup	94	16,419	1998
Municipality of Munkedal	46	10,588	1994	Municipality of Vindeln	95	5,550	1998
Municipality of Orust	47	15,345	1994	Municipality of Rättvik	96	11,103	1998
Municipality of Falkenberg	48	46,773	1994	Municipality of Mellerud	97	9,268	1998
Region Sörmland	49	301,801	1994	Municipality of Färgelanda	98	6,576	1998

LIST OF MEMBERS

Name of member	Member No.	Population 31 Dec 2021	Member year	Name of member	Member No.	Population 31 Dec 2021	Member year
Municipality of Söderköping	99	14,673	1998	Municipality of Bollnäs	156	26,753	2004
Municipality of Vetlanda	100	27,621	1998	Municipality of Storfors	157	3,948	2004
Municipality of Herrljunga	101	9,501	1999	Municipality of Huddinge	158	113,951	2004
Municipality of Laholm	102	26,319	1999	Municipality of Häbo	159	22,344	2005
Region Gävleborg	103	287,767	1999	Municipality of Gällivare	160	17,449	2005
Municipality of Mark	104	35,201	1999	Region Uppsala	161	395,026	2005
Municipality of Leksand	105	16,012	1999	Municipality of Kramfors	162	18,005	2005
Municipality of Strömstad	106	13,277	1999	Municipality of Haparanda	163	9,496	2005
Municipality of Upplands-Bro	107	31,082	1999	Municipality of Krokoms	164	15,352	2005
Municipality of Alvesta	108	20,287	1999	Municipality of Arvidsjaur	165	6,143	2005
Municipality of Kalix	109	15,768	1999	Municipality of Mariestad	166	24,723	2005
Municipality of Bräcke	110	6,175	2000	Municipality of Åsele	167	2,807	2005
Municipality of Örkelljunga	111	10,499	2000	Municipality of Sollefteå	168	18,814	2005
Municipality of Götene	112	13,263	2000	Municipality of Örnsköldsvik	169	55,823	2005
Municipality of Ovanåker	113	11,711	2000	Municipality of Karlstad	170	95,408	2005
Municipality of Ydre	114	3,695	2001	Municipality of Surahammar	171	10,099	2005
Municipality of Bollebygd	115	9,634	2001	Municipality of Filipstad	172	10,403	2005
Municipality of Torsås	116	7,113	2001	Municipality of Motala	173	43,674	2005
Municipality of Habo	117	12,810	2001	Municipality of Jokkmokk	174	4,780	2005
Municipality of Gagnef	118	10,502	2001	Municipality of Hallstahammar	175	16,608	2006
Municipality of Sotenäs	119	9,125	2001	Municipality of Avesta	176	22,925	2006
Municipality of Köping	120	26,133	2001	Municipality of Trosa	177	14,658	2006
Municipality of Boden	121	28,160	2001	Municipality of Lilla Edet	178	14,509	2006
Municipality of Tranemo	122	11,937	2001	Municipality of Skinnskatteberg	179	4,371	2006
Municipality of Nässjö	123	31,782	2001	Municipality of Kiruna	180	22,555	2006
Municipality of Kinda	124	10,048	2001	Municipality of Finspång	181	21,889	2006
Municipality of Sigtuna	125	50,273	2002	Municipality of Lysekil	182	14,266	2006
Municipality of Karlsborg	126	6,965	2002	Municipality of Söderhamn	183	25,446	2006
Municipality of Robertsfors	127	6,786	2002	Municipality of Hudiksvall	184	37,744	2006
Municipality of Älvsbyn	128	8,009	2002	Region Norrbotten	185	249,693	2006
Municipality of Mora	129	20,670	2002	Municipality of Dorotea	186	2,459	2006
Municipality of Tranås	130	18,874	2002	Municipality of Nordanstig	187	9,480	2006
Municipality of Eksjö	131	17,834	2002	Municipality of Arjeplog	188	2,707	2006
Municipality of Heby	132	14,303	2002	Municipality of Botkyrka	189	95,318	2006
Municipality of Oxelösund	133	12,132	2003	Municipality of Nybro	190	20,284	2007
Municipality of Haninge	134	95,658	2003	Municipality of Hagfors	191	11,553	2007
Municipality of Kungälv	135	48,271	2003	Municipality of Vännäs	192	9,054	2007
Municipality of Tomelilla	136	13,712	2003	Municipality of Bjurholm	193	2,395	2007
Municipality of Växjö	137	95,995	2003	Municipality of Eskilstuna	194	107,593	2007
Municipality of Trelleborg	138	46,231	2003	Municipality of Gnesta	195	11,513	2007
Municipality of Lessebo	139	8,574	2003	Municipality of Forshaga	196	11,606	2007
Municipality of Säter	140	11,242	2003	Municipality of Kalmar	197	247,175	2007
Municipality of Ånge	141	9,233	2003	Municipality of Sjöbo	198	19,497	2007
Region Västmanland	142	278,967	2003	Municipality of Stenungsund	199	27,556	2007
Municipality of Ljusdal	143	18,804	2003	Municipality of Strängnäs	200	38,129	2007
Municipality of Norsjö	144	3,971	2003	Municipality of Åre	201	12,271	2007
Municipality of Hofors	145	9,578	2003	Municipality of Ludvika	202	26,497	2007
Municipality of Överkalix	146	3,252	2004	Municipality of Lerum	203	43,399	2007
Municipality of Kil	147	12,134	2004	Municipality of Nykvarn	204	11,500	2007
Municipality of Härjedalen	148	10,114	2004	Municipality of Vilhelmina	205	6,485	2007
Region Värmland	149	283,196	2004	Municipality of Emmaboda	206	9,329	2007
Municipality of Eslov	150	34,593	2004	Municipality of Vansbro	207	6,776	2007
Municipality of Mullsjö	151	7,430	2004	Municipality of Töreboda	208	9,207	2007
Municipality of Vingåker	152	9,063	2004	Municipality of Sölvesborg	209	17,540	2007
Municipality of Munkfors	153	3,680	2004	Municipality of Ragunda	210	5,210	2007
Municipality of Ystad	154	31,560	2004	Municipality of Osby	211	13,269	2008
Municipality of Säffle	155	15,396	2004	Municipality of Vaggeryd	212	14,746	2008

Name of member	Member No.	Population 31 Dec 2021	Member year	Name of member	Member No.	Population 31 Dec 2021	Member year
Municipality of Timrå	213	17,923	2008	Municipality of Värnamo	270	34,661	2012
Municipality of Knivsta	214	19,818	2008	Municipality of Södertälje	271	101,209	2012
Municipality of Åtvidaberg	215	11,462	2008	City of Gothenburg	272	587,549	2012
Municipality of Uppvidinge	216	9,449	2008	Municipality of Skövde	273	57,016	2012
Municipality of Svenljunga	217	10,864	2008	City of Sundbyberg	274	53,564	2012
Municipality of Tingsryd	218	12,319	2008	Municipality of Uppsala	275	395,026	2013
Municipality of Jönköping	219	367,064	2008	Municipality of Tibro	276	11,281	2013
Municipality of Lund	220	127,376	2008	Municipality of Järfälla	277	83,170	2013
Municipality of Ulricehamn	221	24,898	2008	Municipality of Svalöv	278	14,412	2013
Municipality of Tierp	222	21,485	2008	Municipality of Klippan	279	17,783	2014
Municipality of Grästorp	223	5,730	2008	Municipality of Markaryd	280	10,320	2014
Municipality of Malung-Sälen	224	10,218	2009	Region Jämtland Härjedalen	281	132,054	2016
Municipality of Östra Göinge	225	14,941	2009	Municipality of Partille	282	39,529	2016
Municipality of Årjäng	226	9,942	2009	Region Kronoberg	283	203,340	2016
Municipality of Dals-Ed	227	4,756	2009	Municipality of Sollentuna	284	75,108	2016
City of Vaxholm	228	11,996	2009	Municipality of Kävlinge	285	32,341	2016
Municipality of Älvkarleby	229	9,627	2009	Region Västerbotten	286	274,563	2016
Municipality of Ljungby	230	28,433	2009	City of Mölndal	287	69,943	2017
Municipality of Hörby	231	15,745	2009	Municipality of Linköping	288	165,527	2017
Municipality of Älmhult	232	17,963	2009	Region Blekinge	289	158,937	2019
Municipality of Burlöv	233	19,753	2009	Municipality of Ekerö	290	29,096	2019
Municipality of Hässleholm	234	52,309	2009	Region Kalmar Län	291	247,175	2020
Municipality of Olofström	235	13,263	2009	Region Västra Götaland	292	1,744,859	2020
Municipality of Sala	236	22,998	2009	Municipality of Täby	293	73,955	2021
Municipality of Öckerö	237	12,902	2009	Municipality of Danderyd	294	32,803	2021
Municipality of Kristinehamn	238	24,099	2009				
Municipality of Östhammar	239	22,364	2009				
Municipality of Bromölla	240	12,650	2009				
Municipality of Gullspångs	241	5,206	2009				
Municipality of Aneby	242	6,892	2009				
Municipality of Lidköping	243	40,460	2009				
Municipality of Bjuv	244	15,842	2009				
Municipality of Nynäshamn	245	29,495	2009				
Municipality of Norrköping	246	144,458	2009				
Municipality of Halmstad	247	104,573	2009				
Municipality of Ronneby	248	29,200	2009				
Municipality of Sorsele	249	2,460	2010				
Municipality of Falköping	250	33,270	2010				
Municipality of Upplands Väsby	251	47,820	2010				
Municipality of Hylte	252	10,619	2010				
Municipality of Borgholm	253	10,895	2010				
Municipality of Höör	254	16,954	2010				
Municipality of Vara	255	16,162	2010				
Municipality of Vallentuna	256	34,246	2010				
Municipality of Salem	257	17,252	2010				
Municipality of Tyresö	258	49,062	2010				
Municipality of Tidaholm	259	12,825	2010				
Municipality of Värmdö	260	46,232	2010				
Municipality of Norrtälje	261	64,762	2011				
Region Dalarna	262	288,387	2011				
City of Solna	263	84,187	2011				
Municipality of Perstorp	264	7,565	2011				
Municipality of Nyköping	265	57,633	2011				
Municipality of Gislaved	266	29,556	2011				
City of Borås	267	114,091	2011				
Municipality of Enköping	268	47,489	2012				
Municipality of Åmål	269	12,318	2012				



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