

KOMMUNINVEST I SVERIGE AB

# Interim report 2021



KOMMUNINVEST

# 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.

**279  
+ 14**

Kommuninvest is owned by 279 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 78 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.

## Start 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 453 bn**

On 30 June 2021, lending to members amounted to SEK 453 billion.

### Interim report for Kommuninvest i Sverige AB (publ)

This is the interim report for the credit market company Kommuninvest i Sverige AB (Kommuninvest). Corporate identity number: 556281-4409  
Registered office: Örebro 1 January–30 June 2021

Comparison figures relating to the income statement refer to the corresponding period of the preceding year (1 January–30 June 2020), unless otherwise stated. Comparative figures relating to the balance sheet and to risk and capital-related data refer to 31 December 2020 unless otherwise indicated.

# Comment from the CEO

Despite the severe strain brought by the corona pandemic, the local government sector economy demonstrated manifest strength during the first half of the year. Extensive central government allocations in connection with the pandemic were one reason for this. Another was the rapid economic recovery that began in the autumn of 2020. The pace of investment remained high. Accordingly, we also witnessed increased lending. However, because many municipalities and regions experienced favourable liquidity, the rate at which lending increased was relatively subdued.

The Riksbank's purchases of municipal bonds, within the QE programme, continued to have consequences in the market during the first half of the year. The effect of the programme in holding interest rates down is mainly positive. Its effect in squeezing interest rate differentials between different issuers is, however, problematic. The programme has not had any fundamental impact on Kommuninvest's business model. In our lending, however, we are noticing increased activity among individual municipal borrowers to some extent.

Operating profit for the first half of the year reached SEK 124.2 million. Operating income ended up at SEK 224.5 million. This reflects a positive and stable development of the operations.

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. With the proposed design, Kommuninvest would be fully encompassed by the tax. This would take important resources away from welfare. The fact that funding through local government cooperation would be taxed, unlike other municipal funding, would also cause imbalances and increased risk in the market. Through active advocacy efforts during the spring, particularly following the launch of the revised proposal, we argued for an exemption for municipal cooperation through Kommuninvest. With Kommuninvest being guaranteed by its members and with lending only being provided to members and their companies, there is no real risk in our operations of the kind to



Tomas Werngren, CEO

which the central government has referred in motivating the tax. In June, just as in November 2020, we submitted a critical consultation response together with the Swedish Association of Local Authorities and Regions (SALAR). At the end of the first six months of the year, it remained unclear what would happen with the proposal.

During the spring, our sustainability work passed two important milestones. In late March, following a pilot phase, we launched Social Sustainability Loans for all members. Accordingly, we broadened the horizons of sustainable financing. In April we received the Environmental targets award, Miljömålspriset 2021. We won the award in the category "Courage and pace", for our contribution towards achieving the environmental objective of limited impact on the climate. This provided amazing recognition of the green financing programme that we have built up over the past 5-6 years. At the same time, it should be underscored that the key to success has been the impressive sustainability work advanced daily in the municipalities and regions.

Tomas Werngren  
President and CEO



# Important steps forward

For Kommuninvest, whose mission is to finance the local government sector's development and investments for a beneficial and sustainable society, sustainability work includes environmental, climate, as well as social and economic dimensions alike.

The description below is based on the Company's work with regard to environmental and social sustainability in business operations, despite this being part of the basic mission (in which financial sustainability is a cornerstone) where the Company makes its principal contribution.

During the period, Kommuninvest has:

## 1) Introduced new green financing requirements with a focus on climate impact in the construction process, initiating a new project regarding renovations

To make it easier for non-profit housing companies to take a leading role in the restructuring of the construction and property sectors, Kommuninvest, IVL Svenska Miljöinstitutet and Public Housing Sweden cooperate within the framework of the "Climate requirements at a reasonable cost" initiative. In light of the procurement guidelines presented in 2020, Kommuninvest introduced stricter requirements for granting Green loans for Green buildings in January. Applicants must be able to show either that a) lifecycle-oriented climate measures are implemented in the project or that b) the building's climate impact during the construction phase has been calculated. The requirements are intended to be tightened further over the upcoming years.

Step 2 of the, "Climate requirements at a reasonable cost – renovations" initiative, commenced in May. In this project, the knowledge amassed in Step 1 in terms of climate calculations and lifecycle analysis is also intended to be applied for renovation and remodelling projects. The project includes both public and private property owners.

## 2) Awarded Miljömålspriset 2021 (environmental targets award)



On 6 May, Kommuninvest was awarded Miljömålspriset 2021 in the category "Courage and pace". This occurred at an award ceremony at the Swedish Environmental Protection

Agency's conference on environmental targets. Other nominees in the category were Ragn-Sells/EasyMining and VA Syd.

The Miljömålspriset award is presented annually by the Swedish Environmental Protection Agency. The purpose is to draw attention to and reward ambitious and successful environmental work that contributes to achieving Sweden's environmental targets. In the category "Courage and pace", a major or rapid process of change is rewarded, as well as work that tests new ways of achieving the environmental targets.

Kommuninvest received the award for its contribution towards achieving the environmental objective of limited climate impact. Since its inception in 2015, the green financing programme has been successfully built up. At the beginning of the year, SEK 75 billion had been granted in Green loans for a total of 431 green investment projects. Accordingly, the programme brings together and fosters an important part of the strong sustainability work conducted on a broad front by Swedish municipalities and regions.

## 3) Updated framework for green bonds, initiated adjustment to the new taxonomy

In June, Kommuninvest published an updated Framework for Green Bonds, with a new reference to the National Board of Housing, Building and Planning's revised building regulations, BBR 29, and with additions to the climate requirements for the construction process that Kommuninvest introduced at the beginning of the year and that were mentioned above.

A more thorough update of the framework has already been initiated and is planned to take place during the autumn. In connection with this, the framework is to be adapted to the new EU taxonomy, taking into account



#### Social Sustainability Loans granted

Following the pilot phase, the project portfolio encompassed five projects: Preschool with greater equality (Municipality of Ånge/ÅFA: category, health, education, sports and culture), Socially sustainable renovation (Municipality of Uppsala/Uppsalahem: category, housing and living environments), Stormwater parks (Municipality of Botkyrka: category, safety, security and accessibility), Socially sustainable renovation (Botkyrkabyggen: category, housing and living environments) and Grangården Centrum (AB Eidar Trollhättans bostadsbolag: category, housing and living environments).

what is possible and reasonable. An initial value in the process is to ensure that adjustments to the taxonomy do not become counterproductive in such a way that they would counteract the purposes of the green financing programme.

#### 4) Launched Social Sustainability Loans

In late March 2021, following a successful pilot phase over about six months, Social Sustainability Loans were launched for all members. This new loan product shares essential basic features with Green Loans, but adds some new aspects to be able to contribute meaningfully to the municipalities' and regions' work for a beneficial life for as many citizens as possible. Among other things, clear requirements are set for measuring effects and for a systematic approach to the process. Loans may be granted for investments in three categories: housing and living environments/security, safety and accessibility/as well as health, education, sports and culture.

These loans are to finance investments that, individually or in combination with targeted social initiatives, can facilitate the achievement of social objectives. During the pilot phase, five customers/members were granted loans: Botkyrkabyggen, AB Eidar Trollhättans

bostadsbolag, Municipality of Botkyrka, Municipality of Uppsala/Uppsalahem and Municipality of Ånge/ÅFA. These customers have played important roles in the development process. The loans are granted on the basis of the Framework for Social Bonds. The framework has been verified in a secondary statement from the independent analysis company Sustainalytics. Applications are reviewed by the Social Sustainability Committee. This comprises eight experts with qualified and multifaceted expertise in the social field, in both research and innovation, as well as in operational development work. In the longer term, the objective is to issue a first social bond when the total loan volume is sufficiently large. Just as for Green Bonds, the principle is that investor funds shall finance loans disbursed for eligible investment projects.

Associated with the social lending programme, Kommuninvest operates a network for dialogue and exchanging knowledge. Newsletters, webinars/seminars, workshops and training are offered within this framework. During the period, Kommuninvest also took a seat on a newly established technical committee for the development of a Swedish standard for measuring the impact of social initiatives.

# Analysis that makes a difference

## Reports and advice: On owning or letting business premises

Investments in the local government sector have increased rapidly. Factors including changes in demographic structure, population growth, stricter sustainability requirements and a maintenance backlog for properties built in the 60s and 70s have driven up investment needs. This is particularly applicable to the local supply. There is a need to invest heavily in preschools and schools, as well as in homes for the elderly and hospitals.

At the same time, a segment has emerged in the property industry, “community service properties”, focused on needs for public premises. Many players seek to own properties or premises solutions with municipalities and regions as tenants. Municipalities and regions are generally able to opt to build, own and operate their own operational premises. Today, however, there is also relatively often the option to rent from a private player.

Lately, customers/members have increasingly been asking questions about the financial considerations in connection with owning or leasing. For this reason, Kommuninvest intensified its work in the area during the spring. In April, Kommuninvest published the report “Owning or renting operational premises – what are the calculations that need to be made in the local government sector?”. Based on the report, the advisory work was clarified and systematised. A collaboration was also initiated – initially with SALAR, the Municipality of Sollentuna and the Municipality of Uppsala – to determine how the exchange of knowledge and experience in the local government sector could be strengthened.



## Welfare Economists:

### Streamlining key to sustainable finances

The independent expert group Welfare Economists, established by Kommuninvest in June 2020 to strengthen the analysis of how the corona pandemic affects local government finances, continued its work during the spring. In February, it issued the report “After a year of Covid-19: five things to keep track of in local government sector finances ” and in June it issued the report “Handbook on efficiency – five useful pieces of advice”.

An important common thread in the expert group’s analysis is that efficiencies, aided in particular by digitalisation and new ways of working, will be necessary to build long-term financial sustainability. In the latter report, the expert group argues that a more tangible and systematic efficiency agenda is needed for the municipal sector – and that such an agenda should contain five main points:

1. Take comparisons seriously: use them to learn and improve
2. Take the new technology seriously: use it proactively and fully
3. Act early – do not let problems grow
4. Steer with a view to wholeness, the long-term perspective and trust
5. Collaborate where this leads to more effective outcomes

# Market and organisation

## The corona pandemic

During the first half of the year, the corona pandemic has continued to make its mark on societal development. In January, the second wave of contagion ebbed out in several countries. The third wave then hit on many fronts between February and April. Sweden was impacted by a strong second wave and a relatively strong third wave. New virus mutations have altered the nature and strength of the contagion. Viewed across the full six-month period, the general trend has, however, been positive. The mass vaccination that had made considerable progress in Sweden and many other countries by 30 June has had a favourable effect. Contagion has been held at bay. It has been possible to ease restrictions and communities have begun to open up.

In this context, the economic recovery has been strong and stable. Growth has been vigorous in Sweden and virtually worldwide. High growth figures have been forecast for 2021 as a whole, as well as for 2022, albeit at somewhat lower levels. In the financial market, most of the world's stock markets have continued to rise. Disregarding brief episodes of turbulence, the gains have been stable. Beginning with the US and the dynamics of the recovery, there has been a clear focus on inflation, inflation expectations and interest rate paths. Inflation and interest rates have risen in the US, with some repercussions in the world economy. Whether this has only been a short-term effect, directly associated with the recovery, or whether the consequences could also be long-term, remained unclear at the beginning of the year.

Kommuninvest has had relatively favourable conditions to relate to in its funding operations. In accordance with the procedure initiated in the spring of 2020, the weekly auctions within the Swedish benchmark programme have generated favourable results. A new bond within this programme and maturing in 2028, was issued in April. In June, a green bond was also issued in SEK. Three benchmark issues in USD were also made, one of which was green. In general, the terms have been roughly equally favourable in the SEK and USD markets. In Kommuninvest's third strategic market,

EUR, prices have been relatively high. No transactions have been made there.

Kommuninvest began the year with a funding forecast (for maturities exceeding one year) of SEK 120–140 billion. In June, this was revised down somewhat to SEK 120–130 billion. One reason was that the central government allocations made in connection with the pandemic had caused a situation in which many municipalities and regions had strong liquidity and subdued funding needs. In the longer term, the local government sector continues to face major challenges in terms of both investment and financial sustainability.

Within the framework of its QE programme, the Riksbank (Swedish central bank) continued to purchase municipal bonds on a large scale during the first half of the year. On the whole, this appears to have exerted some downward pressure on interest levels, reducing interest rate differentials between Kommuninvest and other actors. To date, the programme has, however, not been of more fundamental significance as far as Kommuninvest is concerned.

Given the pandemic, Kommuninvest's operations continued to be conducted mostly digitally during the first half of the year. Employees have mainly worked from home. All events, including the Annual General Meeting of the Society in April, have been conducted in digital format. On the whole, working online continued to function well. Operations have continued at full capacity. Although a return to working from the office is planned, when this happens depends on developments in terms of contagion and restrictions.

The Welfare Economists – the independent group of experts established by Kommuninvest last summer, and tasked with analysing 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.

**Ownership situation**

The Kommuninvest Cooperative Society (the Society) owns 100 percent of the shares in the credit market company Kommuninvest i Sverige AB (Kommuninvest or the Company), in which all business activities within the Kommuninvest Group (the Group) are conducted. At 30 June 2021, the Society had 293 (292) members (partners), of which 279 (278) were municipalities and 14 (14) were regions. Consequently, 96 (96) percent of Sweden’s municipalities and 70 (70) percent of Sweden’s regions were members (partners) in the Society. During the period from 1 January to 30 June 2021, the Municipality of Täby became a member.

**Resolutions by the Annual General Meeting of the Society**

The Society held its Annual General Meeting on 15 April 2021 in Stockholm. Taking the corona pandemic into account, as well as the Swedish Public Health Agency’s recommendations regarding public gatherings, the 2021 Annual General Meeting of the Society was held as a so-called hybrid meeting, that is, with only a few people personally on site in Stockholm and with the representatives attending online. At the Annual General Meeting of the Society, 177 representatives were in attendance.

The Meeting made the customary resolutions concerning elections to the Board of Directors of the Society, discharge of respon-

sibility for the Board of Directors of the Society and the distribution of surpluses to members. The distributed surplus consisted of interest on contribution capital and refunds based on business volumes and totalled SEK 197 million.

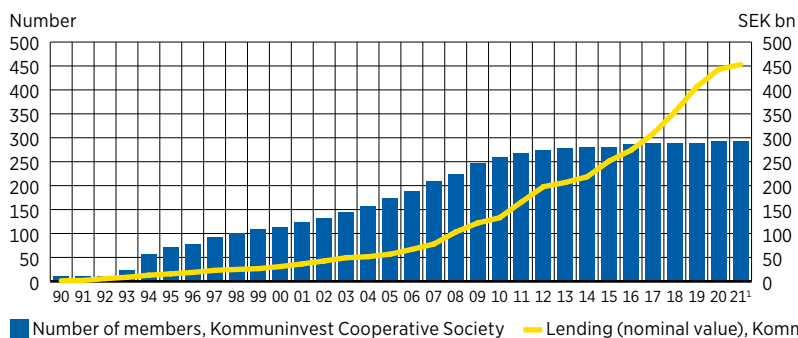
The 2020 Annual General Meeting of the Society adopted amended Articles of Association and a new plan for Kommuninvest’s build-up of capital, which means that decisions on capital contributions made in 2021 were a consequence of the preceding year’s resolution. In 2021, both new and existing members are to pay in capital contributions so that they reach SEK 1,000 per inhabitant (SEK 200 per inhabitant for the regions).

The Annual General Meeting also adopted ownership directives for the Company for 2021. As in previous years, these state that it is the Society that is responsible for providing the Company with the capital required for its operations.

**Local government debt**

During the period, Swedish municipalities and regions were able to meet their funding needs efficiently through Kommuninvest, the capital market and the banks. In Kommuninvest’s assessment, the local government sector’s external debt, after rising by SEK 23 billion since the beginning of the year, amounted to SEK 798 (775) billion as of 30 June 2021, corresponding to 15.7 (15.6) percent of GDP. This

**Number of members and lending volume**  
1990–2021



The main explanations for the historically high growth in lending are an increasing need for local government funding, more members having joined the Association and the fact that the members have chosen to source an increasing portion of their funding with the Company.

1) 30 June



assessment is more uncertain than normal due to the prevailing situation.

The forecast for local government debt for 2021 rests on the assumption of extensive investment needs in the local government sector due to population growth, demographic shifts, urbanisation and major needs for renovations of existing buildings and infrastructure. In Kommuninvest's assessment, debt will grow by 6 percent over 2021, then increase a little to 7 percent in 2022. One reason for the slightly lower anticipated growth rate in 2021 is continued strong liquidity among Swedish municipalities and regions.

The local government sector's funding is characterised by short maturities and short-term interest rates. At the end of the period, the average amount of time during which capital was tied up was 2.82 years and 49 percent of funding carried variable interest. By using derivatives the average period of fixed interest was extended to 2.84 years. The average interest rate on the debt was 0.93 percent, a decrease of 19 basis points in one year<sup>1</sup>.

### Kommuninvest's lending

As per 30 June 2021, Kommuninvest's lending amounted to SEK 452.9 (442.8) billion in nominal terms, an increase of 2 (8) percent. The recognised value of the lending was SEK 454.4 (445.8) billion. In Kommuninvest's assess-

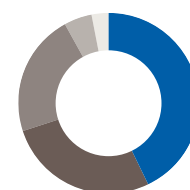
ment, 57 (57) percent of local government debt is financed via Kommuninvest<sup>2</sup>.

Lending growth has partially recovered in 2021 relative to the second half of 2020. Two factors continuing to affect growth are the local government sector's favourable liquidity due to large-scale 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. Unlike earlier years, central government allocations are being disbursed monthly, which seems to have affected lending less than in the second half of 2020. The Riksbank's purchases of municipal bonds have resulted not only in lower interest rates, but also in a decrease in the difference between Kommuninvest's prices to customers and the prices at which customers can borrow themselves in the capital market. Investment needs are expected to remain high in the sector as a whole.

Kommuninvest's competitiveness, expressed as the percentage of accepted bids, has remained strong. Based on nominal volumes, the bid acceptance rate amounted to 99 (98) percent. The bid statistics do not reflect funding by the Society's members through their own funding programmes. Of the total lending, municipalities accounted for 43 (43) percent, municipal housing companies for

### Lending portfolio by borrower category

30 Jun 2021  
(31 Dec 2020)



- Municipalities<sup>1</sup>  
43 (43) %
- Municipal housing companies 27 (27) %
- Other municipal companies 22 (22) %
- Municipal energy companies 5 (5) %
- Regions 3 (3) %

Kommuninvest's largest borrower groups are municipalities and municipal housing companies. As per 30 June 2021, they accounted for 70 (70) percent of the total lending.

<sup>1)</sup> Some lending to municipalities is on-lent to municipal companies through municipal internal banks.

<sup>1)</sup> As of the second quarter of 2020, the average interest rate has been adjusted to 1.12.

<sup>2)</sup> The forecast for outstanding borrowing (the figure in parentheses refers to the actual outstanding borrowing in accordance with the members' own annual reports as of 31 December 2020).

### Multi-year summary, Kommuninvest i Sverige AB

	30 Jun 2021	30 Jun 2020	31 Dec 2020	31 Dec 2019	31 Dec 2018
Total assets, SEK, million	549,726.5	537,446.3	527,363.6	471,320.7	417,202.1
Lending (recognised value), SEK, million	454,357.7	441,481.9	445,788.8	408,218.1	355,710.0
Net profit for the period, SEK, million	97.2	-159.6	179.7	307.9	586.1
Members, total	293	291	292	290	288
of which, municipalities	279	278	278	278	277
of which, regions	14	13	14	12	11
Core Tier I capital ratio <sup>3</sup> , %	303.9	153.4	302.5	126.8	188.4
Tier I capital ratio <sup>4</sup> , %	303.9	153.4	302.5	126.8	188.4
Total capital ratio <sup>5</sup> , %	303.9	153.4	302.5	126.8	188.4
Leverage ratio, %	9.27	7.84	10.60	12.29	11.30

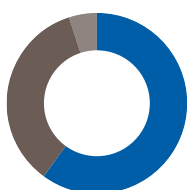
<sup>3)</sup> Core Tier I capital in relation to total risk exposure. See also pages 14-15 and Note 9.

<sup>4)</sup> Tier I capital in relation to total risk exposure. See also pages 14-15 and Note 9.

<sup>5)</sup> Total capital base in relation to total risk exposure. See also pages 14-15 and Note 9.

**New funding by currency<sup>1</sup>**

1 Jan-30 Jun 2021  
(1 Jan-30 Jun 2020)

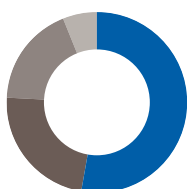


- SEK 60 (67) %
- USD 35 (25) %
- JPY 5 (8) %
- AUD - 0 (0) %

<sup>1)</sup> excl. commercial paper funding

**New funding by programme<sup>1</sup>**

1 Jan-30 Jun 2021  
(1 Jan-30 Jun 2020)



- Swedish Benchmark Programme 53 (61) %
- Benchmark funding 23 (25) %
- Green Bonds 18 (6) %
- Uridashi 6 (8) %

<sup>1)</sup> excl. commercial paper funding

27 (27) percent and municipal companies for 27 (27) percent. Lending to regions accounted for 3 (3) percent.

Of the agreed lending for the period, 91 (90) percent comprised loans with capital tied up for more than one year and 9 (10) percent with capital tied up for one year or less. Loans with capital tied up for one to three years accounted for 18 (26) percent of the total volume. At the end of the period, the average period for which capital was tied up in the Company's lending portfolio was 2.7 years and was thus unchanged compared with 30 June 2020.

The volume of approved Green Loans increased. These provide financing for municipal and regional investment projects that promote the transition to low-carbon, climate friendly growth. As per 30 June 2021, the green portfolio included 471 approved green projects, corresponding to SEK 78.1 billion to 174 municipalities and regions. This can be compared with the end of 2020, when the portfolio amounted to SEK 74.7 billion regarding 431 investment projects among 167 municipalities and regions. The corresponding amount of disbursed Green Loans was SEK 56.2 billion as of 30 June 2021 and SEK 41.0 billion at the start of the year. The proportion of Green Loans in relation to total lending is based on disbursed volumes and amounted to 12.4 (11.2) percent.

As of 30 March 2021, 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. As of 30 June 2021, the portfolio of Social Sustainability Loans amounted to five approved projects for social sustainability, corresponding to SEK 528.0 million to four municipalities. The amount disbursed in Social Sustainability Loans was SEK 157.0 million.

**Kommuninvest's funding**

Kommuninvest finances its lending to municipalities and regions by raising funds on the Swedish and international capital markets. The Company's strategic funding markets are the SEK, USD and EUR markets. For tactical

reasons, Kommuninvest also raises funding in the Japanese market.

The financial and monetary policy support measures introduced in response to the corona pandemic appear to have had the desired stabilising effect. The Riksbank's holdings of municipal bonds exceeded SEK 80.0 billion at the beginning of the year, of which more than 90 percent consisted of bonds issued by Kommuninvest. The Riksbank's purchases of securities have resulted not only in lower interest rates in the Swedish market, but also in a squeezed interest rate situation between different asset classes. The Company's focus on major liquid funding markets has worked well. Access to liquidity has been good and the Company has been able to finance its funding needs and those of its customers on favourable terms. At the end of the period, the total funding outstanding amounted to SEK 526.7 (492.9) billion in nominal terms, compared with SEK 492.9 billion at the beginning of the year. The increase of SEK 33.8 billion is due to higher lending and a larger liquidity reserve compared with the beginning of the year.

During the period, funding in long-term debt instruments with a maturity of more than one year was raised for an amount corresponding to SEK 69.6 (77.0) billion. In addition, funding with potential premature redemption within one year was agreed, corresponding to SEK 4.2 (7.1) billion. Funding through short-term commercial papers, with maturities of less than one year, amounted to SEK 41.9 (40.7) billion. Previously issued funding of SEK 3.3 (2.6) billion was repurchased and SEK 84.6 (62.9) billion matured.

The Company's largest funding programme is its Swedish Benchmark Programme. The procedure with weekly auctions in the Swedish market, which was introduced a year ago, continues to work very well. It contributes to higher transparency, less administration, and more efficient pricing. A total of SEK 39.0 (50.9) billion was issued in the Swedish benchmark programme.

During the period, three benchmark fundings were also implemented in USD. Kommuninvest continued, as planned, to issue Green Bonds, which are mainly acquired by inves-

tors seeking to support environmentally oriented investments. Funds borrowed via Green Bonds finance municipalities' and regions' green investment projects.

**Liquidity management**

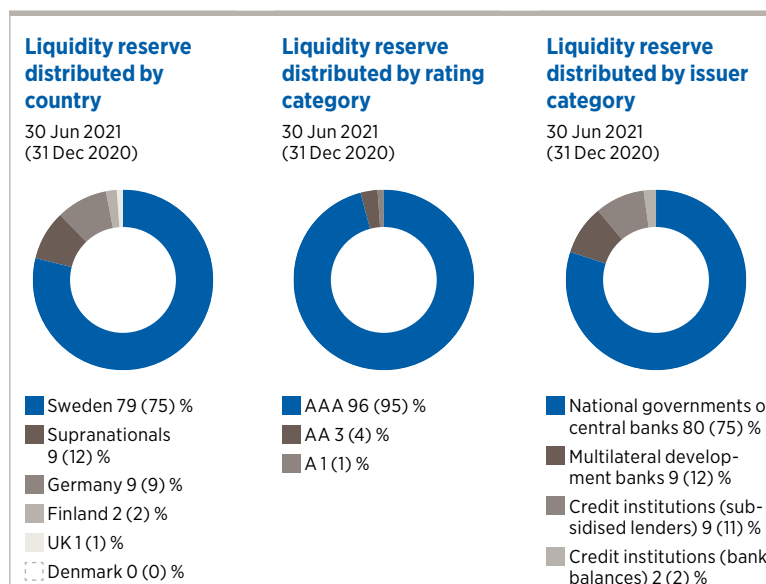
To be able to continue providing customers with financing during periods of stress in the financial markets, and to ensure that matured funding can be repaid in a timely manner, Kommuninvest maintains a liquidity reserve. At the end of the period, the reserve amounted to SEK 82.6 (75.8) billion, equivalent to 18 (17) percent of the lending volume.

Strict rules and a conservative approach to risk govern Kommuninvest's liquidity reserve. According to the Company's instructions, the liquidity reserve shall ensure that the Company's commitments can be maintained while maintaining lending capacity. The size of the liquidity reserve is adapted, among other things, to funding maturities and external factors, including contingencies for posting collateral if values of derivative contracts change. Guiding principles in the management of such assets are high credit quality and tradability. To further increase accessibility, the liquidity reserve shall be invested short-term, with the average maturity not exceeding 12 months. Individual investments may have a maturity of 39 months at most.

During the period, the reserve was largely invested with the Riksbank. Direct investments are made mainly in securities issued by sovereigns or central banks, multilateral development banks and subsidised lenders<sup>1</sup>. Covered housing bonds are approved as collateral only in connection with repo transactions.

**New reference rates**

Kommuninvest is closely monitoring developments regarding the current reference rate reform. The Company has a reconnaissance group comprising representatives from relevant functions who monitor developments in the area and assess the measures to be implemented in the operations. This process is



ongoing and the assessment is that Kommuninvest is well prepared for the upcoming changes.

**Rating**

The Company holds the highest credit ratings – AAA from S&P Global Ratings and Aaa from Moody's. In December 2020 and June 2021, respectively, the rating agencies confirmed the Company's credit rating, with 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 is also awarded so-called ESG ratings from a number of agencies, including ISS-Oekom, MSCI and Sustainalytics. The results show that Kommuninvest belongs to the group of financial institutions whose operations are considered to have a low exposure to sustainability risks.

<sup>1</sup>) 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.

# Financial accounts

## Net profit

Kommuninvest's operating profit, its profit before tax, amounted to SEK 124.2 (loss 159.6) million. Operating income, defined as operating profit/loss excluding unrealised changes in market value and net credit losses, amounted to SEK 224.5 (239.0) million.

## Net interest income

Net interest income amounted to SEK 357.0 (359.8) million.

Somewhat lower net interest income compared with the corresponding period in the preceding year, despite increased lending, was primarily attributable to Kommuninvest lowering the margins between its funding and lending rates in June 2018. The margin was lowered due to the introduction of a new pricing strategy that does not take unrealised changes in market value into account. This adjustment will gradually lower net interest income over several years as lending agreed at a higher margin matures. Interest revenue and expenses decreased by SEK 508.6 million and SEK 479.2 million, respectively, over the period, largely due to three-month interest rates having fallen. The fact that interest revenue and expenses are falling largely in parallel is attributable to Kommuninvest's investments, lending and funding alike, together with its interest rate derivatives, being subject to a three-month interest rate.

For further information regarding net interest income for the period, see Note 2.

## Net result of financial transactions

The net result of financial transactions amounted to a negative SEK 102.1 (408.2) million. The result is mainly explained by unrealised changes in market value of a negative SEK 102.9 (405.6) million. Since Kommuninvest intends to hold its assets and liabilities to maturity, these values are not normally realised.

Most of the unrealised changes in market values were due to the cost of funding in foreign currencies becoming more favourable than financing directly in SEK. Since liabilities only include fundings in foreign currencies that are reported at fair value, this has entailed an

increase in the margin between the Company's funding and lending instruments, which are marked to market, leading to adverse unrealised changes in market values.

## Expenses

Total expenses amounted to SEK 132.1 (117.3) million, including the resolution fee of SEK 11.5 (10.4) million. Kommuninvest's resolution fee for 2021 has been set by the Swedish National Debt Office at SEK 23.0 (20.9) million. The resolution fee accounted for 9 (9) percent of Kommuninvest's total expenses for the period. Excluding the resolution fee, expenses amounted to SEK 120.6 (106.9) million, of which personnel expenses accounted for SEK 71.6 (65.5) million and other expenses for SEK 49.0 (41.4) million. The increase in other expenses was primarily due to IT-related expenses.

## Credit losses

Credit losses totalled SEK 2.6 (7.0) million.

The Company has never suffered any confirmed credit losses. All credit losses are expected credit losses calculated in accordance with the accounting standard IFRS 9. The standard requires expected credit losses to be calculated based on a forward-looking analysis of the economic trend.

## Assets

At the end of the period, Kommuninvest's total assets amounted to SEK 549,726.5 (527,363.6) million.

Lending to municipalities and regions, which accounts for most of the assets, amounted to a recognised value of SEK 454,357.7 (445,788.8) million at the end of the period. In nominal terms, lending increased to SEK 452,945.0 (442,840.6) million, corresponding to an annual growth rate of 5 percent.

The increase in lending was lower than it has been in recent years. Although the local government sector's investment needs remain high, the favourable liquidity situation arising as a consequence of strengthened central government allocations has temporarily reduced the members' funding needs. The Riksbank's purchases of municipal bonds have also

affected lending, with members choosing, to a greater extent than previously, to borrow directly on the capital market through their own funding programmes.

The liquidity portfolio, 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, increased to SEK 85,007.0 (62,458.9) million. For more information regarding the principles for liquidity management, see the Liquidity management section on page 11.

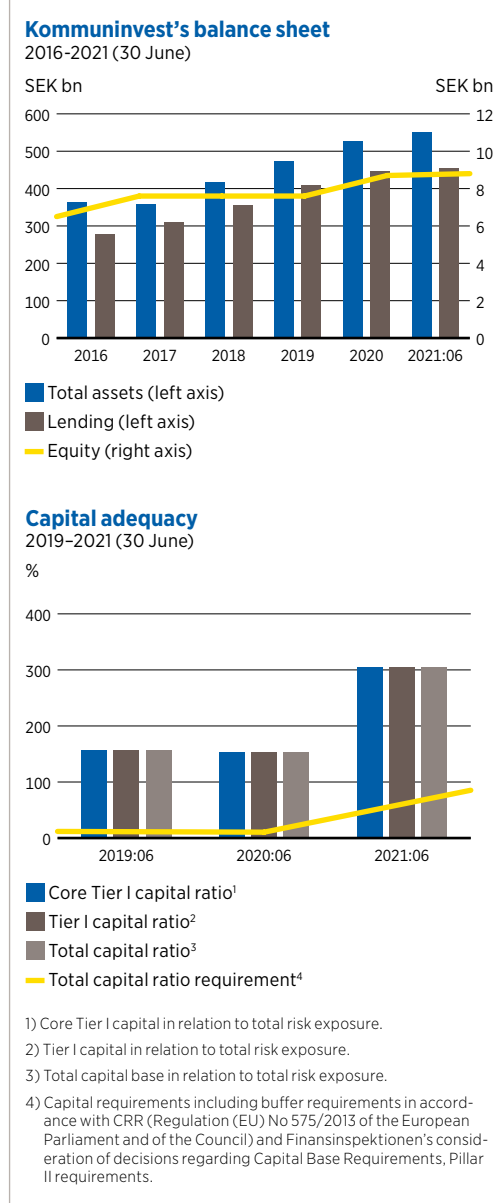
Derivative assets (derivatives with positive market value) increased to SEK 2,803.0 (2,429.4) million. The value of derivative assets depends primarily on the SEK/USD exchange rate, which affects the value of the currency swaps used to hedge the currency risks incurred through the Company's funding in USD. With the SEK having strengthened towards the end of the preceding year, most currency swaps were agreed at a higher exchange rate than the rate at the time and therefore have a negative value. Accordingly, the derivative assets remain at a low level.

Other assets amounted to SEK 7,336.0 (16,474.5) million. Other assets consist primarily of SEK 7,227.6 (16,460.3) million in pledged collateral. The Company posts collateral when the netted value of the derivatives with a particular counterparty is negative. With the SEK having weakened somewhat during the period, derivative liabilities decreased, with collateral therefore also decreasing.

Collateral pledged for derivatives cleared by central clearing counterparties is netted per counterparty and currency in the balance sheet, see further under Note 6. No right of netting applies for cash collateral pledged for derivatives not cleared by a central clearing counterparty and these are therefore included in full in the balance sheet. For more information on other assets, see Note 7.

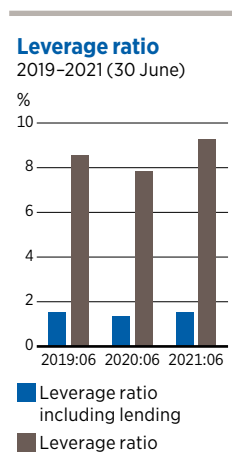
### Liabilities

The Company's liabilities amounted to SEK 540,925.1 (518,659.4) million and funding increased to SEK 529,948.0 (499,252.9) million over the period. Derivative liabilities (deriva-



tives with negative market value) amounted to SEK 9,351.3 (18,977.6) million. The decrease in derivative liabilities is due to the SEK having weakened somewhat against the USD during the period, causing the negative value of currency swaps to decrease somewhat.

Other liabilities amounted to SEK 1,483.5 (382.3) million. Other liabilities include collat-



eral received of SEK 711.3 (94.3) million. Collateral received for derivatives cleared by central clearing counterparties is netted per counterparty and currency in the balance sheet, see further under Note 6. 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 8.

### Equity

At the end of the period, equity in Kommuninvest amounted to SEK 8,801.4 (8,704.2) million, of which the share capital amounted to SEK 8,200.0 (7,100.0) million, divided between 82,000,000 (70,999,720) shares. The increase in the share capital stems from the new share issue in progress at the beginning of the year. Total share capital is attributable to the Society's members and no shares are available for trading. For further information on equity, see the Statement of changes in equity on page 20.

### Capital adequacy

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, 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. In the future, Finansinspektionen will formally determine specific capital base requirements in Pillar II. Finansinspektionen can also provide Pillar II guidance specifying a level of capital it believes the

institution should maintain in addition to the requirement. Another change is that separate requirements and guidelines are stated regarding risk-based capital requirements and leverage ratio capital requirements, 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 guidance is 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.

On 30 June 2021, Finansinspektionen announced its draft decision regarding the Pillar II requirement applicable to the Company, see Note 9. According to Finansinspektionen's draft decision, the Company need not retain capital for Pillar II guidance at the individual level. The decision will be finalised during the third quarter and will be based on Finansinspektionen's review and evaluation process.

The Company is well capitalised to withstand the operational risks, with capital ratios exceeding the prescribed minimum requirements in Pillar I and the capital base requirement in Pillar II by a good margin.

The core Tier I capital amounted to SEK 8,496.0 (7,376.6) million, entailing a core Tier I capital ratio of 303.9 (302.5) percent. The Company's capital base consists solely of core Tier I capital and the total capital ratio also therefore amounts to 303.9 (302.5) percent. See Note 9 for further information.

### Leverage ratio

Effective 28 June 2021, the new capital requirement measure, leverage ratio, is 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 Tier I capital divided by total exposures in assets and commitments. The leverage ratio has been reported to the relevant authorities since 2014.

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 can be deducted from the exposure measure applied in calculating the Company's leverage ratio. Accordingly, Kommuninvest meets the leverage requirement of 3 percent by a good margin.

In its draft decision of 30 June 2021, Finansinspektionen makes the assessment that the Company need not retain capital at the individual level to avoid an insufficient leverage ratio under Pillar II. At the Group level, however, Kommuninvest is subject to Pillar II guidance regarding the risk of an insufficient leverage ratio of 1 percent of the total gross exposure.

#### *Leverage ratio as per 30 June 2021*

As per 30 June 2021, the Company's leverage ratio, was 9.27 (10.60) percent. Accordingly, Kommuninvest meets the legal requirement in Pillar I by a good margin.

See Note 10 for calculations. The leverage ratio, calculated on the basis of the total gross exposure, under which all lending to members and their companies is included, amounted to 1.55 (1.43) percent. See under Alternative performance measurements on page 32.

#### **Low risk tolerance and effective risk management**

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. 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 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 operating model entails the Company being exposed to 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 directive states that the Company's risks should be small and never greater than necessary for achieving the objectives of the operations. The risk level may not exceed a permissible level of risk-taking for a member in accordance with the Swedish Local Government Act.

#### *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 ownership directives. These requirements mean that the margin between funding and lending rates must be sufficient to cover the operating costs of the Company and the Society. The margin shall also provide an opportunity for a return on members' contribution capital.

**Liquidity**

The purpose of the Company's liquidity management is to meet known and forecast liquidity needs and to be able to meet the members' needs for financing even during periods of stress. 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 costs, and to ensure that surplus 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 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. In the Company's risk management, the qualitative risk appetites are connected to risk categories. 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.

At the end of the period, the Company's total credit risk exposure amounted to SEK 556,994.1 (529,585.7) million. Of this exposure, 82 (82) percent involved Swedish municipalities and regions in the form of lending, 15 (15) percent involved sovereigns and other issuers of securities in the form of investments and deposits, 1 (2) percent involved exposures to derivative counterparties and 1 (2) percent of the exposure involved other assets.

As per 30 June 2021, counterparty exposure to derivative counterparties amounted to SEK 2,918.9 (3,102.5) million after netting for each counterparty and net of collateral received. 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. Counterparty risks are further reduced by concluding ISDA agreements and security agreements (known as CSA agreements) with all counterparties. See further under Note 6.

The Company accepts some exposure to market risks to increase operational efficiency, but never for speculative purposes. The exposure to market risk is limited by means of derivative contracts.

Liquidity risk is limited by maintaining a liquidity reserve with highly liquid assets. The liquidity risk is further limited by the Company being a full member of the Riksbank's RIX payment system, through which the Company can, among other things, raise loans against collateral. Through access to diversified funding and good matching of maturities between assets and liabilities, the Company also limits structural liquidity risk.

Operational risk is inherent in the Company's operations and cannot be completely avoided. 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.

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. The Company has a procedure for developing strategic targets set by the Board of Directors. The Company works continuously with external monitoring and analysis of regulatory changes to reduce the both the Company's strategic risk, as well as its regulatory compliance risks.

External monitoring is coordinated by the Company's regulatory group, which also verifies the analyses in terms of regulatory compliance. 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.

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, CEO and the management.

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, CEO and the management. A description of the Company's risk exposure and risk management can be found on pages 37–41 in the 2020 Annual Report for Kommuninvest i Sverige AB, as well as in the Risk and Capital Management Report that is available at [www.kommuninvest.se](http://www.kommuninvest.se).

No significant changes have occurred since the publication of these documents.

### Employees

The number of employees has decreased during the period, now amounting to 95 individuals, compared with 97 at the beginning of the year. The average number of employees during the period was 96 (99 in 2020). The operations have largely been conducted on a digital basis since 18 March 2020. Recruitment and skills development have nonetheless continued largely according to plan.

### Board of Directors

At the Annual General Meeting of the Company on 15 April 2021, Kurt Eliasson stepped down from the Board of Directors. Anette Henriksson and Mats Filipsson were elected as new members. In addition to them, the Board of Directors consists of Ellen Bramness Arvidsson (Chairman), Lars Heikensten, Catrina Ingelstam, Erik Langby, Kristina Sundin Jonsson, as well as employee representatives Mattias Bokenblom and Kristin Ekblad.

### Management

At the end of the period, the Company's executive management consisted of Tomas Werngren (President and CEO), Maria Viimne (Deputy CEO and COO), Patrick Nimander (CFO), Malin Waldenström (Head of Human Resources), Britt Kerkenberg (CRO), Jens Larsson (Chief Legal Officer) and Christofer Ulfgren (CIO). No changes occurred during the first half of the year.

### Events after the balance sheet date

No significant events have occurred following the end of the reporting period.

# Income statement

SEK, million	Note	Jan - Jun 2021	Jan - Jun 2020	Jan - Dec 2020
Interest revenues calculated according to effective interest method		510.4	1,019.0	1,741.9
Other interest revenues		1.1	1.1	1.2
Interest expenses calculated according to effective interest method		-136.5	-615.7	-973.0
Other interest expenses		-18.0	-44.6	-58.8
<b>NET INTEREST INCOME</b>	2	<b>357.0</b>	<b>359.8</b>	<b>711.3</b>
Dividends received		-	-	1.9
Commission expenses		-5.6	-5.9	-12.7
Net result of financial transactions		-102.1	-408.2	-247.7
<i>of which, derecognised assets measured at amortised cost</i>		<i>1.0</i>	<i>0.2</i>	<i>0.2</i>
Other operating income	3	4.4	5.0	11.6
<b>TOTAL OPERATING INCOME</b>		<b>253.7</b>	<b>-49.3</b>	<b>464.4</b>
General administration expenses		-126.3	-114.1	-240.2
Depreciation and impairment of intangible assets		-3.2	-0.4	-1.1
Depreciation and impairment of tangible assets		-1.3	-1.1	-2.3
Other operating expenses		-1.3	-1.7	-3.9
<b>TOTAL EXPENSES</b>		<b>-132.1</b>	<b>-117.3</b>	<b>-247.5</b>
<b>PROFIT BEFORE CREDIT LOSSES</b>		<b>121.6</b>	<b>-166.6</b>	<b>216.9</b>
Net credit losses	4	2.6	7.0	11.1
<b>OPERATING PROFIT</b>		<b>124.2</b>	<b>-159.6</b>	<b>228.0</b>
Tax		-27.0	0.0	-48.3
<b>NET PROFIT FOR THE PERIOD</b>		<b>97.2</b>	<b>-159.6</b>	<b>179.7</b>

# Statement of comprehensive income

SEK, million	Jan - Jun 2021	Jan - Jun 2020	Jan - Dec 2020
<b>NET PROFIT FOR THE PERIOD</b>	<b>97.2</b>	<b>-159.6</b>	<b>179.7</b>
Other comprehensive income	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>97.2</b>	<b>-159.6</b>	<b>179.7</b>

# Balance sheet

SEK, million	Note	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>ASSETS</b>				
Cash and balances with central banks		26,194.8	19,872.8	18,931.2
Sovereign bonds eligible as collateral	5	42,191.6	27,845.0	28,035.2
Lending to credit institutions	5	1,529.9	18,438.0	1,669.6
Lending	5	454,357.7	441,481.9	445,788.8
Change in value of interest-hedged item in portfolio hedging		-	63.2	33.9
Bonds and other interest-bearing securities	5	15,090.7	14,132.2	13,822.9
Shares and participations in subsidiaries		42.0	42.0	42.0
Derivatives	5, 6	2,803.0	10,376.9	2,429.4
Intangible assets		28.0	26.0	30.7
Tangible assets		6.5	6.3	6.8
Current tax assets		95.1	122.1	79.0
Other assets	7	7,336.0	5,013.4	16,474.5
Prepaid expenses and accrued revenues		51.2	26.5	19.6
<b>TOTAL ASSETS</b>		<b>549,726.5</b>	<b>537,446.3</b>	<b>527,363.6</b>
<b>LIABILITIES, PROVISIONS AND EQUITY</b>				
<b>Liabilities and provisions</b>				
Liabilities to credit institutions	5	1,566.4	5,052.7	947.0
Securities issued	5	528,381.6	513,062.0	498,305.9
Derivatives	5, 6	9,351.3	5,130.5	18,977.6
Change in value of interest-hedged item in portfolio hedging		106.1	-	-
Other liabilities	8	1,483.5	6,725.0	382.3
Accrued expenses and prepaid revenues		36.2	33.6	46.6
Provisions		0.0	0.1	0.0
<b>Total liabilities and provisions</b>		<b>540,925.1</b>	<b>530,003.9</b>	<b>518,659.4</b>
<b>Equity</b>				
<b>Restricted equity</b>				
Share capital		8,200.0	7,100.0	7,100.0
New share issue in progress		-	-	1,100.0
Development expenditure reserve		27.6	25.6	30.4
Statutory reserve		17.5	17.5	17.5
<b>Unrestricted equity</b>				
Profit or loss brought forward		459.1	458.9	276.6
Net profit for the period		97.2	-159.6	179.7
<b>Total equity</b>		<b>8,801.4</b>	<b>7,442.4</b>	<b>8,704.2</b>
<b>TOTAL LIABILITIES, PROVISIONS AND EQUITY</b>		<b>549,726.5</b>	<b>537,446.3</b>	<b>527,363.6</b>

# Statement of changes in equity

SEK, million	Restricted equity				Unrestricted equity		Total equity
	Share capital	New share issue in progress	Development expenditure reserve <sup>1</sup>	Statutory reserve <sup>2</sup>	Profit or loss brought forward	Net profit for the period	
<b>Equity brought forward 1 Jan 2021</b>	<b>7,100.0</b>	<b>1,100.0</b>	<b>30.4</b>	<b>17.5</b>	<b>276.6</b>	<b>179.7</b>	<b>8,704.2</b>
Net profit for the period						97.2	97.2
Change in development expenditure reserve for the period			-2.8		2.8		-
Other comprehensive income							-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-2.8</b>	<b>-</b>	<b>2.8</b>	<b>97.2</b>	<b>97.2</b>
<b>Transactions with shareholders</b>							
Appropriation of surplus					179.7	-179.7	-
New share issue	1,100.0	-1,100.0					-
<b>Total transactions with shareholders</b>	<b>1,100.0</b>	<b>-1,100.0</b>	<b>-</b>	<b>-</b>	<b>179.7</b>	<b>-179.7</b>	<b>-</b>
<b>Equity carried forward 30 Jun 2021</b>	<b>8,200.0</b>	<b>-</b>	<b>27.6</b>	<b>17.5</b>	<b>459.1</b>	<b>97.2</b>	<b>8,801.4</b>
<b>Equity brought forward 1 Jan 2020</b>	<b>7,100.0</b>	<b>-</b>	<b>21.1</b>	<b>17.5</b>	<b>155.5</b>	<b>307.9</b>	<b>7,602.0</b>
Net profit for the period						-159.6	-159.6
Change in development expenditure reserve for the period			4.5		-4.5		-
Other comprehensive income							-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>4.5</b>	<b>-</b>	<b>-4.5</b>	<b>-159.6</b>	<b>-159.6</b>
<b>Transactions with shareholders</b>							
Appropriation of surplus					307.9	-307.9	-
New share issue							-
<b>Total transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>307.9</b>	<b>-307.9</b>	<b>-</b>
<b>Equity carried forward 30 Jun 2020</b>	<b>7,100.0</b>	<b>-</b>	<b>25.6</b>	<b>17.5</b>	<b>458.9</b>	<b>-159.6</b>	<b>7,442.4</b>
<b>Equity brought forward 1 Jan 2020</b>	<b>7,100.0</b>	<b>-</b>	<b>21.1</b>	<b>17.5</b>	<b>155.5</b>	<b>307.9</b>	<b>7,602.0</b>
Net profit for the period						179.7	179.7
Change in development expenditure reserve for the period			9.3		-9.3		-
Other comprehensive income							-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>9.3</b>	<b>-</b>	<b>-9.3</b>	<b>179.7</b>	<b>179.7</b>
<b>Transactions with shareholders</b>							
Appropriation of surplus					307.9	-307.9	-
New share issue							-
New share issue in progress		1,100.0					1,100.0
Group contributions					-225.9		-225.9
Tax effect on Group contribution					48.3		48.3
<b>Total transactions with shareholders</b>	<b>-</b>	<b>1,100.0</b>	<b>-</b>	<b>-</b>	<b>130.4</b>	<b>-307.9</b>	<b>922.5</b>
<b>Equity carried forward 31 Dec 2020</b>	<b>7,100.0</b>	<b>1,100.0</b>	<b>30.4</b>	<b>17.5</b>	<b>276.6</b>	<b>179.7</b>	<b>8,704.2</b>

1) The development expenditure reserve corresponds to 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 reserve to unrestricted equity.

2) The statutory reserve refers to previous statutory provisions to restricted equity. The requirement was abolished in 2006 and prior provisions remain.

For further information on equity, see Equity in the Financial accounts on page 14.

# Cash flow statement

SEK, million	Jan - Jun 2021	Jan - Jun 2020	Jan - Dec 2020
<b>Operational activities</b>			
Operating profit	124.2	-159.6	228.0
Adjustment for items not included in cash flow	105.5	400.5	238.1
Income tax paid	-43.1	-43.1	-
	<b>186.6</b>	<b>197.8</b>	<b>466.1</b>
Change in liquidity portfolio	-15,447.6	-16,518.8	-16,442.1
Change in lending	-10,078.7	-31,681.5	-36,313.8
Change in other assets	9,106.7	-2,191.0	-13,645.1
Change in other liabilities	605.0	-2,341.7	-7,893.7
<b>Cash flow from operational activities</b>	<b>-15,628.0</b>	<b>-52,535.2</b>	<b>-73,828.6</b>
<b>Investment activities</b>			
Acquisitions of intangible assets	-0.4	-4.9	-10.3
Acquisitions of tangible assets	-1.0	-0.3	-2.0
Divestments of tangible assets	-	-	-
<b>Cash flow from investment activities</b>	<b>-1.4</b>	<b>-5.2</b>	<b>-12.3</b>
<b>Financing activities</b>			
Issue of interest-bearing securities	114,143.4	121,223.5	201,396.9
Redemption and repurchases of interest-bearing securities	-91,876.4	-52,756.6	-129,437.1
New share issue in progress	-	-	1,100.0
Change in intra-Group liabilities	485.8	-342.4	-1,345.9
<b>Cash flow from financing activities</b>	<b>22,752.8</b>	<b>68,124.5</b>	<b>71,713.9</b>
<b>Cash flow for the period</b>	<b>7,123.4</b>	<b>15,584.1</b>	<b>-2,127.0</b>
<b>Cash and cash equivalents at start of the period</b>	<b>20,601.7</b>	<b>22,728.7</b>	<b>22,728.7</b>
<b>Cash and cash equivalents at end of the period</b>	<b>27,725.1</b>	<b>38,312.8</b>	<b>20,601.7</b>
Cash and cash equivalents consists in their entirety of cash and balances with central banks, as well as lending 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.			
<b>Adjustment for items not included in cash flow</b>			
Depreciation	4.5	1.5	3.3
Profit from divestments of tangible assets	-	-	-
Exchange rate differences from change in financial assets	0.6	0.4	0.6
Unrealised changes in market value	102.9	405.6	245.3
Net credit losses	-2.5	-7.0	-11.1
<b>Total</b>	<b>105.5</b>	<b>400.5</b>	<b>238.1</b>
<b>Interest paid and received, included in the cash flow</b>			
Interest received <sup>1</sup>	515.7	1,292.5	1,898.2
Interest paid <sup>2</sup>	-126.2	-430.2	-706.3

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

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

# Notes

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

## Note 1 Accounting principles

### Compliance with standards and legislation

Kommuninvest's interim report has been prepared applying the regulation regarding interim reports in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), and Finansinspektionen's (the Swedish Financial Supervisory Authority's) regulations and general recommendations regarding annual accounts for credit institutions and securities companies (FFFS 2008:25). Consequently all International Financial Reporting Standards and interpretations endorsed by the EU are followed as far as possible, within the provisions of ÅRKL and considering the additions and exemptions specified in FFFS 2008:25. Furthermore, the recommendations from the Swedish Financial Reporting Board, Accounting for legal entities (RFR 2) have been applied. In accordance with Chapter 7, section 6a of ÅRKL, Kommuninvest has chosen not to prepare consolidated accounts, see Note 12.

### New and amended laws, standards and interpretations

The accounting principles and calculation methods in the interim report are essentially unchanged compared with the 2020 Annual Report. No new or amended laws, standards or interpretations have come into effect in 2021 that are assessed to have any material impact on Kommuninvest's net profit, position, disclosures, capital requirements, capital base or major exposures.

### New and amended laws, standards and interpretations yet to come into effect

No new or amended laws, standards or interpretations yet to come into effect in 2021 are assessed to have any material impact on Kommuninvest's net profit, position, disclosures, capital requirements, capital base or major exposures.

## Note 2 Net interest income

	Jan - Jun 2021	Jan - Jun 2020	Jan - Dec 2020
<b>Interest revenues</b>			
Interest revenues calculated according to effective interest method	510.4	1,019.0	1,741.9
<i>of which, lending</i>	507.9	955.2	1,671.2
<i>of which, interest-bearing securities</i>	2.5	63.8	70.7
Other interest revenues	1.1	1.1	1.2
<b>Total</b>	<b>511.5</b>	<b>1,020.1</b>	<b>1,743.1</b>
<i>Of which: interest revenues from financial items not measured at fair value through the income statement</i>	722.0	871.4	1,197.1
<b>Interest expenses</b>			
Interest expenses calculated according to effective interest method	-136.5	-615.7	-973.0
<i>of which, liabilities to credit institutions</i>	-16.2	-2.9	-26.2
<i>of which, securities issued</i>	-117.4	-610.3	-942.1
<i>of which lending, negative lending rate</i>	-2.9	-2.5	-4.7
Other interest expenses	-18.0	-44.6	-58.8
<b>Total</b>	<b>-154.5</b>	<b>-660.3</b>	<b>-1,031.8</b>
<i>Of which: interest expenses from financial items not measured at fair value through the income statement</i>	-798.4	-1,112.9	-1,110.4
<b>Net interest income</b>	<b>357.0</b>	<b>359.8</b>	<b>711.3</b>

In this note, income is recognised as positive and expenses as negative. Kommuninvest considers all income and expenses to be attributable to the country in which the Company has its

registered office, Sweden. For further information on net interest income for the period, see Financial accounts on page 12.

### Note 3 Other operating income

	Jan - Jun 2021	Jan - Jun 2020	Jan - Dec 2020
Capital gain on divestments of tangible assets	-	-	-
Revenue from contracts with customers	4.0	4.1	8.2
Other operating income	0.4	0.9	3.4
<b>Total</b>	<b>4.4</b>	<b>5.0</b>	<b>11.6</b>

All revenues from contracts with customers relate to revenues from a financial management service, 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.

### Note 4 Net credit losses

#### Credit losses and Covid-19

Kommuninvest continuously monitors financial development among its members and customers. The corona pandemic affects customers differently. Kommuninvest is monitoring developments closely, particularly the central government's

measures for municipalities and regions, as well as how the counterparties will be affected in the long term. However, Kommuninvest does not see the pandemic leading to any realised credit losses.

#### Changes in recognised gross value

30 Jun 2021	Recognised gross value	Provisions for credit losses	Recognised net value
Cash and balances with central banks	26,195.0	-0.2	26,194.8
Sovereign bonds eligible as collateral	42,191.6	-	42,191.6
Lending to credit institutions	1,530.2	-0.4	1,529.8
Lending	454,362.3	-4.6	454,357.7
Bonds and other interest-bearing securities	15,090.7	-	15,090.7
Provisions for off-balance sheet items	6,541.3	-	6,541.3
<b>Total</b>	<b>545,911.1</b>	<b>-5.2</b>	<b>545,905.9</b>

31 Dec 2020	Recognised gross value	Provisions for credit losses	Recognised net value
Cash and balances with central banks	18,931.9	-0.7	18,931.2
Sovereign bonds eligible as collateral	28,036.0	-0.8	28,035.2
Lending to credit institutions	1,669.8	-0.3	1,669.5
Lending	445,794.8	-5.9	445,788.9
Bonds and other interest-bearing securities	13,822.9	-	13,822.9
Provisions for off-balance sheet items	1,859.1	-	1,859.1
<b>Total</b>	<b>510,114.5</b>	<b>-7.7</b>	<b>510,106.8</b>

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Note 4, continued

### Change in provisions for credit losses

30 Jun 2021	Opening balance	Initiated during the period	Maturing during the period	Changed risk variables	Changed models	Closing balance
Cash and balances with central banks	-0.7	-0.2	0.7	-	-	-0.2
Sovereign bonds eligible as collateral	-0.8	-7.4	10.5	-2.3	-	-
Lending to credit institutions	-0.3	-2.0	-	1.9	-	-0.4
Lending	-5.9	-0.3	0.5	1.1	-	-4.6
Bonds and other interest-bearing securities	-	-	-	-	-	-
Provisions for off-balance sheet items	-	0.2	-0.3	0.1	-	-
<b>Total</b>	<b>-7.7</b>	<b>-9.7</b>	<b>11.4</b>	<b>0.8</b>	<b>-</b>	<b>-5.2</b>

31 Dec 2020	Opening balance	Initiated during the period	Maturing during the period	Changed risk variables	Changed models	Closing balance
Cash and balances with 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	-	-
Provisions for off-balance sheet items	-0.1	-2.8	3.7	-0.8	-	-
<b>Total</b>	<b>-18.8</b>	<b>-40.1</b>	<b>38.5</b>	<b>-29.2</b>	<b>41.9</b>	<b>-7.7</b>

## Note 5 Financial assets and liabilities

### Financial instruments broken down by valuation category

30 Jun 2021	Amortised cost	Fair value through the income statement			Recognised value	Fair value
		Held for trade	Compulsory	Fair value option	Derivatives used for hedge accounting	
<b>Financial assets</b>						
Cash and balances with central banks	26,194.8	-	-	-	-	26,194.8
Sovereign bonds eligible as collateral	39,789.3	-	-	2,402.3	-	42,191.6
Lending to credit institutions	1,529.9	-	-	-	-	1,529.9
Lending	345,556.6	-	-	108,801.1	-	454,357.7
Bonds and other interest-bearing securities	7,299.7	-	-	7,791.0	-	15,090.7
Derivatives	-	-	2,306.0	-	497.0	2,803.0
Other financial assets	7,282.6	-	-	-	-	7,282.6
<b>Total</b>	<b>427,652.9</b>	<b>-</b>	<b>2,306.0</b>	<b>118,994.4</b>	<b>497.0</b>	<b>549,450.3</b>
<b>Financial liabilities</b>						
Liabilities to credit institutions <sup>1</sup>	997.4	-	-	569.0	-	1,566.4
Securities issued <sup>1</sup>	387,283.8	-	-	141,097.8	-	528,381.6
Derivatives	-	8,978.1	-	-	373.3	9,351.3
Change in value of interest-hedged items in portfolio hedging	106.1	-	-	-	-	106.1
Other financial liabilities	1,480.6	-	-	-	-	1,480.6
<b>Total</b>	<b>389,867.9</b>	<b>8,978.1</b>	<b>-</b>	<b>141,666.8</b>	<b>373.3</b>	<b>540,886.0</b>



Note 5, continued

31 Dec 2020	Amortised cost	Fair value through the income statement				Recognised	Fair value
		Held for trade	Compulsory	Fair value option	Derivatives used for hedge accounting	value	
<b>Financial assets</b>							
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	2,429.4
Other financial assets	16,464.2	-	-	-	-	16,464.2	16,464.2
<b>Total</b>	<b>406,073.8</b>	<b>-</b>	<b>1,693.2</b>	<b>118,671.9</b>	<b>736.2</b>	<b>527,175.1</b>	<b>528,098.2</b>
<b>Financial liabilities</b>							
Liabilities to credit institutions <sup>1</sup>	379.7	-	-	567.3	-	947.0	947.0
Securities issued <sup>1</sup>	349,899.6	-	-	148,406.3	-	498,305.9	499,820.2
Derivatives	-	18,464.0	-	-	513.6	18,977.6	18,977.6
Other financial liabilities	379.6	-	-	-	-	379.6	379.6
<b>Total</b>	<b>350,658.9</b>	<b>18,464.0</b>	<b>-</b>	<b>148,973.6</b>	<b>513.6</b>	<b>518,610.1</b>	<b>520,124.4</b>

1) The nominal amount of funding, that is, the amount to be paid up by the maturity date, amounts to SEK 532,925.0 (496,443.1) million.

The recognised value for lending consists of lending recognised at amortised cost, lending included in a fair value hedging relation and lending recognised at fair value.

The recognised value for liabilities to credit institutions and securities issued is composed partly of liabilities recognised at amortised cost, liabilities included in a fair value hedging relation and liabilities recognised at fair value.

#### 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. Fundings 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.

*Note 5, continued***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 duration of seven days. Other assets and liabilities consist primarily of pledged/received cash collateral, accounts receivable and payable, open items, as well as Group-internal receivables and liabilities.

**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 184 (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 238 (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 +/- 53 (+/- 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 net profit of SEK +/-16 (+/-18) million.

All of the above changes refer to 30 June 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 duration 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 duration of the contracts.

Kommuninvest has calculated the duration to 1.9 years but estimates that, under reasonable conditions, unobservable input data lead to an average duration of prematurely cancellable funding in the interval of 1.0 to 3.7 years. This would have an effect on net profit in the interval SEK +0.7 million – SEK –3.9 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 Cooperative Society, Kommuninvest's own credit risk is considered to be negligible. Changes in Kommuninvest's own credit risk are only considered to occur as a consequence of events such as a major downgrading of the Company's rating, or significant

*Note 5, continued*

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 consid-

ered to derive from changes in credit risk.

*Changed valuation models*

The valuation models are unchanged since the beginning of the 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*

<b>30 Jun 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>				
Sovereign bonds eligible as collateral	-	2,402.3	-	2,402.3
Lending	-	108,801.1	-	108,801.1
Bonds and other interest-bearing securities	5,157.9	2,633.1	-	7,791.0
Derivatives	-	2,684.2	118.8	2,803.0
<b>Total</b>	<b>5,157.9</b>	<b>116,520.7</b>	<b>118.8</b>	<b>121,797.4</b>
<b>Financial liabilities</b>				
Liabilities to credit institutions	-	569.0	-	569.0
Securities issued	88,254.4	48,492.7	4,350.7	141,097.8
Derivatives	-	8,535.2	816.1	9,351.3
<b>Total</b>	<b>88,254.4</b>	<b>57,596.9</b>	<b>5,166.8</b>	<b>151,018.1</b>
<b>31 Dec 2020</b>				
<b>Financial assets</b>				
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
<b>Total</b>	<b>2,632.3</b>	<b>117,983.8</b>	<b>485.0</b>	<b>121,101.1</b>
<b>Financial liabilities</b>				
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
<b>Total</b>	<b>122,672.4</b>	<b>37,224.4</b>	<b>8,054.4</b>	<b>167,951.2</b>

## FINANCIAL STATEMENTS

Note 5, continued

Transfer between levels of instruments recognised at fair value in the balance sheet

	Recognised value 30 Jun 2021	Recognised value 31 Dec 2020
<b>Assets</b>		
To level 1 from level 2	-	-
To level 2 from level 1	-	585.2
<b>Liabilities</b>		
To level 1 from level 2	-	-
To level 2 from level 1	40,787.7	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 40,787.7 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 30 June 2021 and 31 December 2020 for the preceding period.

### 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
<b>Opening balance, 1 Jan 2021</b>	<b>485.0</b>	<b>-389.9</b>	<b>-7,664.5</b>	<b>-7,569.4</b>
Recognised gains and losses:				
- recognised in the income statement (net result of financial transactions)	-366.2	-426.2	787.6	-4.8
Borrowing raised/securities issued			-4,149.2	-4,149.2
Matured during period			6,675.3	6,675.3
<b>Closing balance, 30 Jun 2021</b>	<b>118.8</b>	<b>-816.1</b>	<b>-4,350.8</b>	<b>-5,048.1</b>
Gains and losses recognised in the income statement (net result of financial transactions) for assets included in the closing balance as per 30 Jun 2021	52.3	-544.0	485.9	-5.8

	Derivative assets	Derivative liabilities	Securities issued	Total
<b>Opening balance, 1 Jan 2020</b>	<b>184.8</b>	<b>-489.0</b>	<b>-6,731.5</b>	<b>-7,035.7</b>
Recognised gains and losses:				
- recognised in the income statement (net result of financial transactions)	300.3	99.1	-386.4	13.0
Borrowing raised/securities issued			6,173.7	6,173.7
Matured during the year			-6,720.2	-6,720.2
<b>Closing balance, 31 Dec 2020</b>	<b>485.1</b>	<b>-389.9</b>	<b>-7,664.5</b>	<b>-7,569.4</b>
Gains and losses recognised in the income statement (net result of financial transactions) for assets included in the closing balance as per 31 Dec 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 6 Information on financial assets and liabilities subject to netting

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 of netting only applies for a stated type of suspension of payments, insolvency or bankruptcy.

30 Jun 2021	Financial assets and liabilities, gross amounts	Amounts netted in the balance sheet <sup>1</sup>	Net amount reported in the balance sheet	Related amounts that are not netted in the balance sheet			Net amount
				Financial instruments	Provided (+)/ Received (-) collateral - security	Provided (+)/ Received (-) cash collateral	
<b>Assets</b>							
Derivatives	8,507.4	-5,704.4	<b>2,803.0</b>	-1,381.7	-596.1	-604.0	<b>221.2</b>
Repos			-				-
<b>Liabilities</b>							
Derivatives	-11,356.4	2,005.1	<b>-9,351.3</b>	1,381.7	2.0	6,906.6	<b>-1,061.0</b>
Repos	-997.4		<b>-997.4</b>		997.4		-
<b>Total</b>	<b>-3,846.4</b>	<b>-3,699.3</b>	<b>-7,545.7</b>	<b>-</b>	<b>403.3</b>	<b>6,302.6</b>	<b>-839.8</b>

31 Dec 2020	Financial assets and liabilities, gross amounts	Amounts netted in the balance sheet <sup>1</sup>	Net amount reported in the balance sheet	Related amounts that are not netted in the balance sheet			Net amount
				Financial instruments	Provided (+)/ Received (-) collateral - security	Provided (+)/ Received (-) cash collateral	
<b>Assets</b>							
Derivatives	10,000.3	-7,570.9	<b>2,429.4</b>	-1,134.8	-668.2	-77.2	<b>549.2</b>
Repos	379.7		<b>379.7</b>		-379.5		<b>0.2</b>
<b>Liabilities</b>							
Derivatives	-21,357.8	2,380.2	<b>-18,977.6</b>	1,134.8	2.0	16,292.8	<b>-1,548.0</b>
Repos	-379.7		<b>-379.7</b>		379.7		-
<b>Total</b>	<b>-11,357.5</b>	<b>-5,190.7</b>	<b>-16,548.2</b>	<b>-</b>	<b>-666.0</b>	<b>16,215.6</b>	<b>-998.6</b>

1) The amount netted for derivative assets/liabilities includes cash collateral of SEK 3,699.3 million as per 30 June 2021 and SEK 5,190.7 million as per 31 December 2020.

## Note 7 Other assets

	30 Jun 2021	30 Jun 2020	31 Dec 2020
Receivables from subsidiaries	-	-	1.9
Marginal collateral pledged	7,227.6	4,958.7	16,460.3
Contract assets	-	-	-
Other assets	108.4	54.7	12.3
<b>Total</b>	<b>7,336.0</b>	<b>5,013.4</b>	<b>16,474.5</b>

Kommuninvest pledges collateral for derivatives cleared by central clearing counterparties, which are netted per counterparty and currency in the balance sheet. For further information, see Note 6. The Company also pledges cash collateral for derivatives not cleared by central clearing counterparties and for which no right of netting applies. Accordingly, these are entered in full in the balance sheet.

Contract assets refer to the posting of non-invoiced revenue attributable to Kommuninvest's financial management service, KI Finans. For revenue recognition, see Note 3.

## Note 8 Other liabilities

	30 Jun 2021	30 Jun 2020	31 Dec 2020
Liabilities to Parent Society	762.7	1,054.6	276.9
Marginal collateral received	711.3	5,627.0	94.3
Other liabilities	9.5	43.4	11.1
<b>Total</b>	<b>1,483.5</b>	<b>6,725.0</b>	<b>382.3</b>

The liability to the Parent Society, the Kommuninvest Cooperative Society, involves Group and member contributions, 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.

Kommuninvest receives collateral for derivatives cleared by central clearing counterparties, which are netted per counterparty and currency in the balance sheet. For further information, see Note 6. The Company also receives cash collateral for derivatives not cleared by central clearing counterparties and for which no right of netting applies. Accordingly, these are entered in full in the balance sheet.

## Note 9 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. As defined in Article 4.146 (d) in CRR2, Kommuninvest is a major institution. In addition, Kommuninvest issues securities admitted for trade on a regulated market in a Member State, meaning that the Company is not covered by the definition of a non-listed institution in accordance with Article 4.148 in CRR2. The Company has not been identified as systemically critical institute.

The countercyclical buffer requirement for Sweden remains at 0 percent, following the reduction by Finansinspektionen on 16 March 2020 in order to safeguard a well-functioning credit supply. The reduction had no significant effect on Kommuninvest's total capital requirements. As of 30 June 2021, the institution-specific countercyclical buffer, amounted to 0.0 (0.0) percent of the Risk Exposure Amount (REA), which in SEK million corresponds to 0.0 (0.0). The capital conservation buffer amounts to 2.5 (2.5) percent of the REA, which in SEK million corresponds to 69.9 (118.0). Kommuninvest meets the buffer requirements by a good margin. For further information, see Financial accounts on pages 14–15.

Capital base	30 Jun 2021	30 Jun 2020	31 Dec 2020
Capital Instruments <sup>1</sup>	8,200.0	7,100.0	7,100.0
Retained earnings	486.7	324.9	484.5
Accumulated other comprehensive income and other reserves	17.5	17.5	17.5
<b>Core Tier I capital before regulatory adjustments</b>	<b>8,704.2</b>	<b>7,442.4</b>	<b>7,602.0</b>
Further value adjustments	-205.9	-197.9	-225.4
Intangible assets	-2.3	-	-
<b>Total regulatory adjustments to core Tier I capital</b>	<b>-208.2</b>	<b>-197.9</b>	<b>-225.4</b>
<b>Total core Tier I capital</b>	<b>8,496.0</b>	<b>7,244.5</b>	<b>7,376.6</b>
Tier I capital contributions	-	-	-
<b>Total Tier I capital</b>	<b>8,496.0</b>	<b>7,244.5</b>	<b>7,376.6</b>
<b>Total Tier II capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital</b>	<b>8,496.0</b>	<b>7,244.5</b>	<b>7,376.6</b>

<sup>1)</sup> For a more detailed description of the constituent instruments, see page 57 of the 2020 Annual Report.

Capital requirement, Pillar I	30 Jun 2021		30 Jun 2020		31 Dec 2020	
	Risk exposure	Capital requirement	Risk exposure	Capital requirement	Risk exposure	Capital requirement
<b>Risk exposure amounts and minimum capital amounts</b>						
Capital requirement for credit risks (the standardised method)	434.7	34.8	1,578.5	126.3	360.3	28.8
<i>of which, institutional exposures</i>	306.0	24.5	1,393.3	111.5	258.2	20.6
<i>of which, corporate exposures</i>	128.7	10.3	101.6	8.1	102.1	8.2
<i>of which, exposures in the form of covered bonds</i>	-	-	83.6	6.7	-	-
Operational risks, basic indicator method	1,337.1	107.0	1,917.5	153.4	1,337.1	107.0
Market risks	-	-	-	-	-	-
Credit valuation adjustment	1,023.9	81.9	1,225.1	98.0	741.4	59.3
<b>Total risk exposure amounts and minimum capital amounts</b>	<b>2,795.7</b>	<b>223.7</b>	<b>4,721.1</b>	<b>377.7</b>	<b>2,438.8</b>	<b>195.1</b>
<b>Capital adequacy ratios</b>						
Core Tier I capital ratio		303.9%		153.4%		302.5%
Tier I capital ratio		303.9%		153.4%		302.5%
Total capital ratio		303.9%		153.4%		302.5%
<b>Buffer requirements</b>						
Capital conservation buffer		2.5%		2.5%		2.5%
Countercyclical buffer		-		-		-
Capital planning buffer <sup>1</sup>		-		18.9%		43.8%
<b>Total buffer requirements</b>		<b>2.5%</b>		<b>21.4%</b>		<b>46.3%</b>
<b>Core Tier I capital available for use as buffer</b>		<b>295.9%</b>		<b>6,866.8</b>		<b>7,181.5</b>

<sup>1)</sup> The capital planning buffer was discontinued in connection with the introduction of Pillar II guidance.

Risk-based capital base requirement	30 Jun 2021		30 Jun 2020		31 Dec 2020	
Capital base requirement in accordance with Pillar I	223.7	8.0%	377.7	8.0%	195.1	8.0%
Capital base requirement, Pillar II requirement <sup>1</sup>	2,091.2	74.8%	-	-	-	-
Combined buffer requirement	69.9	2.5%	118.0	2.5%	61.0	2.5%
Pillar II guidance <sup>1</sup>	-	-	-	-	-	-
<b>Total risk-based capital base requirement</b>	<b>2,384.8</b>	<b>85.3%</b>	<b>495.7</b>	<b>10.5%</b>	<b>256.1</b>	<b>10.5%</b>

<sup>1)</sup> According to Finansinspektionen's deliberations regarding its decision.

## Note 9, continued

Information to be provided in accordance with section 8 of the CRR and Finansinspektionen's regulations and general recommendations on annual accounts in credit institutions and securities companies, FFFS 2008:25, see Kommuninvest's website.

The difference between the Company's internal assessment and Finansinspektionen's capital base requirements and guidance in Pillar II lies partly in the capital requirement for market risk but mainly in the capital requirement for insufficient leverage ratio. The capital base requirement for market risks in Pillar II amounted to 74.59 percent of the REA according to Finansinspektionen's preliminary assessment and the internally estimated capital requirement for market risks amounted to 59.58 percent of the REA. The difference is attributable to Finansinspektionen establishing its guidance annually, while the Company updates the internal assessment quarterly. The Company's internal assessment includes a capital requirement for the risk of an insufficient leverage ratio, which is not included in Finansinspektionen's Pillar II requirements or Pillar II guidance. Finansinspektionen has only issued Pillar II guidance regarding the leverage ratio at the Group level. Accordingly, the Company's internally estimated capital requirement is higher than Finansinspektionen's preliminary decision.

Internally estimated capital requirements	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>Capital requirement, Pillar II</b>			
Credit risk	17.1	44.9	20.7
Market risks	1,665.8	1,858.5	1,823.6
Capital planning buffer	-	893.2	1,069.3
Other risk <sup>1</sup>	1,870.7	458.3	446.0
<b>Total internally estimated capital requirement</b>	<b>3,553.6</b>	<b>3,254.9</b>	<b>3,359.6</b>

<sup>1</sup>) Consists of capital requirements for the risk of excessively low leverage ratio. The internally estimated capital requirement for leverage ratio has increased as a result of the capital planning buffer being removed.

Kommuninvest's internal capital assessment forms the basis for the internally estimated capital requirement. For further information on the Company's internal capital assessment and capital plan, see pages 39-40 of the 2020 Annual Report.

## Note 10 Leverage ratio

The leverage ratio is defined as the Tier I capital divided by total exposures in assets and commitments and the requirement is set at 3 percent. When calculating the leverage ratio, Kommuninvest can deduct all lending to members and their companies, in accordance with the specific leverage ratio regulation for so-called Public Development Credit Institutions (PDCI). Off-balance sheet commitments, that is, committed loans and committed undisbursed loans, are also deducted from the exposure amount.

With regard to the liquidity reserve, the exposure corresponds to the recognised value. For derivative assets, the exposure is calculated in accordance with the standard method for counterparty credit risk, in accordance with the CRR.

Leverage ratio	30 Jun 2021	30 Jun 2020	31 Dec 2020
Total assets	549,726.5	537,446.3	527,363.6
Less asset amounts deducted to determine the core Tier I capital	-208.2	-197.9	-225.4
Adjustment for derivative instruments	-3,555.6	-3,403.7	-11,717.2
Deduction in the form of exposure to members and their companies	-454,357.7	-441,481.9	-445,822.7
Plus possible change in risk in connection with repo transactions	-	6.4	-
<b>Total exposure</b>	<b>91,605.0</b>	<b>92,369.2</b>	<b>69,598.3</b>
<b>Tier I capital, calculated applying transitional rules, see the Capital adequacy section</b>	<b>8,496.0</b>	<b>7,244.5</b>	<b>7,376.6</b>
<b>Leverage ratio</b>	<b>9.27%</b>	<b>7.84%</b>	<b>10.60%</b>

Leverage ratio, capital base requirements	30 Jun 2021	
Capital base requirement in accordance with Pillar I	3.0%	2,748.2
Capital base requirement, Pillar II requirement <sup>1</sup>	-	-
Pillar II guidance <sup>1</sup>	-	-
<b>Total leverage ratio, capital base requirements</b>	<b>3.0%</b>	<b>2,748.2</b>

<sup>1</sup>) According to Finansinspektionen's deliberations regarding its decision.

Kommuninvest has a capital plan to achieve future legal requirements and internal capital targets. For further information, see pages 14-15 and page 40 in the 2020 Annual Report.

## Note 11 Transactions with related parties

Transactions with related parties are disclosed in Note 24 of the 2020 Annual Report for Kommuninvest i Sverige AB. No significant changes have taken place in relationships or transactions with related parties compared with those described in the 2020 Annual Report.

## Note 12 Consolidated accounts

Since 1 January 2012, Kommuninvest i Sverige AB owns Kommuninvest Fastighets AB, which means that Kommuninvest i Sverige AB is now a group with Kommuninvest i Sverige AB as the parent company and Kommuninvest Fastighets AB as its subsidiary. The operations of Kommuninvest Fastighets AB consist entirely of owning and managing the building in which Kommuninvest i Sverige AB conducts its operations. In accordance with Section 7:6a of ÅRL, Kommuninvest i Sverige AB will not prepare consolidated accounts since its subsidiary is of limited significance in presenting a fair portrayal of position and net profit. For the first six months of the year, Kommuninvest Fastighets AB has a balance sheet total of SEK 47.8 (46.8) million, equity of SEK 43.3 (42.0) million and net profit of SEK 1.3 (0.7) million.

## Note 13 Events after the balance sheet date

No significant events have occurred following the end of the reporting period.

# Alternative performance measurements

In this interim report, Kommuninvest i Sverige AB 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 perfor-

mance measurements have been defined in accordance with the guidelines of the European Securities and Markets Authority (ESMA).

Alternative performance measurements	Definition	Reconciliation	Jan – Jun 2021	Jan – Jun 2020	Jan – Dec 2020
Operating income	Operating profit reduced with the result of unrealised changes in market value that are included in the income statement item Net result of financial transactions and net credit losses. The key ratio is of interest in showing Kommuninvest's underlying earning capacity.	Operating profit	124.2	-159.6	228.0
		Result of unrealised changes in market value	102.9	405.6	245.3
		Net credit losses	-2.6	-7.0	-11.1
		<b>Operating income</b>	<b>224.5</b>	<b>239.0</b>	<b>462.2</b>
Alternative performance measurements	Definition	Reconciliation	Jan – Jun 2021	Jan – Jun 2020	Jan – Dec 2020
Leverage ratio including lending to members and their companies	Kommuninvest's Tier I capital divided by the total exposure amount including 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, Finansinspektionen's leverage ratio requirement and Pillar II guidance, which for the Group is set at 1 percent.	Total exposure according to current regulations	91,605.0	92,369.2	69,598.3
		Exposure in the form of lending to members and their companies	457,991.5	443,439.2	446,929.9
		<b>Total exposure</b>	<b>549,596.5</b>	<b>535,808.4</b>	<b>516,528.2</b>
		Tier I capital, calculated applying transitional rules	8,496.0	7,244.5	7,376.6
		<b>Leverage ratio including lending to members and their companies</b>	<b>1.55%</b>	<b>1.35%</b>	<b>1.43%</b>



# Board member signatures

The Board of Directors hereby declares that this interim report provides a true and fair overview of the operations, position and results of the Company as well as describing significant risks and uncertainty factors facing the Company.

Örebro, 24 August 2021

Ellen Bramness Arvidsson  
*Chairman*

Mats Filipsson  
*Board Member*

Lars Heikensten  
*Board Member*

Anette Henriksson  
*Board Member*

Catrina Ingelstam  
*Board Member*

Erik Langby  
*Board Member*

Kristina Sundin Jonsson  
*Board Member*

Mattias Bokenblom  
*Employee representative*

Kristin Ekblad  
*Employee representative*

Tomas Werngren  
*President and CEO*

*The report contains information that Kommuninvest is required to publish under the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 24 August 2021 at 4:00 p.m. CET.*

# Auditor's review report

To the Board of Directors of Kommuninvest i Sverige AB (publ).  
Corporate identity number 556281-4409

## Introduction

We have reviewed the interim report for Kommuninvest i Sverige AB (publ) as per 30 June 2021 and the six-month period ending on that date. The Board of Directors and the President are responsible for preparing and presenting this report in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

## The focus and scope of the review

We have conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope compared to an audit

conducted according to the International Standards on Auditing and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. This statement of opinion is based on a review and, accordingly, does not provide the same degree of assurance as an opinion based on an audit.

## Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, is not prepared in accordance with the Swedish Act on Annual Accounts for Credit Institutions and Securities Companies.

Örebro, 24 August 2021

KPMG AB

Anders Tagde  
*Authorised Public Accountant*



**On the Kommuninvest website, [www.kommuninvest.se/en](http://www.kommuninvest.se/en), you can read more about Kommuninvest, our services and news affecting the economy and finances of municipalities and regions in Sweden.**

**On the website you will find:**

- Our newsletter, each week providing members the latest updates on macroeconomic developments and other areas affecting local government finances
- Reports on local government finances
- Membership magazine Dialog
- Log-in to the finance management tool KI Finans
- Information for investors



**KOMMUNINVEST**

Postal address: P.O. Box 124, SE-701 42 Örebro, Sweden. Visitors: Fenixhuset, Drottninggatan 2, Örebro.  
Telephone: +46 (0)10-470 87 00. Telefax: +46 (0)19-12 11 98. E-mail: [name.surname@kommuninvest.se](mailto:name.surname@kommuninvest.se)  
[www.kommuninvest.se](http://www.kommuninvest.se)