

KOMMUNINVEST 2007

Interim Report 1 January–30 June



- 14 new members
- Balance sheet total SEK 97.5 billion
- Net lending SEK 7.3 billion
- Operation profit SEK 14.9 million

Interim Report for **Kommuninvest i Sverige AB (publ)**

Corporate Identity Number: 556281-4409. Registered office: Örebro, Sweden

1 January – 30 June 2007

Local debt office for Sweden's municipalities and county councils

Kommuninvest, which is part of the public sector, is owned and guaranteed by Swedish municipalities and county councils. Kommuninvest's remit is to create lasting favourable conditions for its owners' financial operations based on a municipal value foundation. This is achieved by Kommuninvest providing access to competitive loans, debt management and other services that contribute to effective financial administration. This remit is carried out without a vested interest in profit-making.

In its capacity as an organisation, Kommuninvest also helps look after the municipal sector's interests in financial matters in a broader perspective. Kommuninvest acts as a referral body in issues regarding legislation, implementation and adaptation to EU rules and directives, as well as other rule changes relating to the sector's opportunities for the most efficient financing possible.

The Kommuninvest concept, which is beneficial to society, essentially entails a local debt office. Consequently, all municipalities and county councils in Sweden are welcome to become members. Membership and use of the services are both voluntary.

Local government finances**Substantial share of public finances**

Sweden's municipal sector comprises 290 municipalities and 20 county councils and its finances represent a significant proportion of total public funding and the national economy. The local governments' consumption (excluding their companies) accounts for 70 per cent of public consumption expenditure and 20 per cent of GDP. The local government sector (including their companies) has approximately one million employees, which equates to 25 per cent of all employees in Sweden.

Strong public finances

Public finances have continued to develop strongly in 2007. The financial savings surplus is estimated by the Swedish Association of Local Authorities and Regions

1) As of 2006 the premium pension system is not included in the public sector. As a result, the old target of 2% has been revised to 1% excluding the premium pension system.

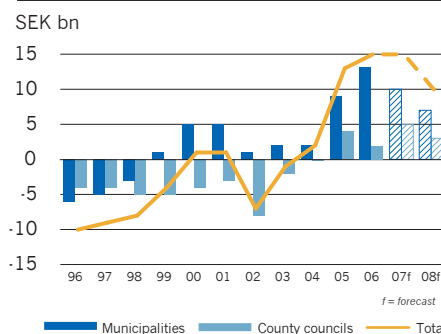
(SALAR) at 2.0% of GDP in 2006, and is expected to amount to 2.1% of GDP this year. The municipal sector is expected to contribute just over 0.2% to this surplus. Savings are therefore expected to be above the government's goal of 1% of GDP¹⁾. The positive financial development of municipalities and county councils is a major factor in making the public sector surplus in Sweden today high by international standards.

Municipal sector results continue to develop

Kommuninvest's assessments indicate that the results of municipalities and county councils are continuing to develop very strongly. Results for 2006 amounted to just over SEK 15 billion (excluding their companies). The municipalities contributed SEK 13 billion to the results, and the county councils SEK 2 billion. The improved results are mainly the effect of positive development in the Swedish economy in general and rising employment in particular, which has a positive impact on the taxation base and tax income. The vigorous efforts of recent years to achieve financial balance have resulted in tighter budget discipline, and the resulting cost control has helped the strong financial development to continue. Over the past three years the municipal sector has made significant progress towards its goal of sound financial management both in the overall economy and its own operations.

The results for 2007 and 2008 are expected to be lower but will continue to be strong and in line with sound financial management.

**Local government financial development
1996-2008 (excluding their companies)**



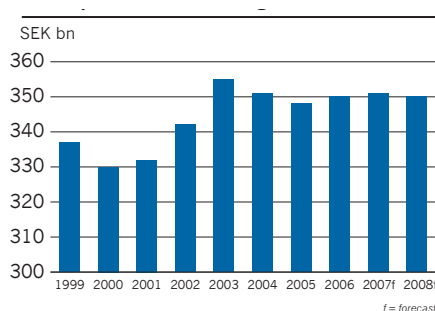
Source: Kommuninvest calculations

The consolidated results for the municipal sector (including owned corporations and foundations) are expected to amount to just under SEK 20 billion in 2007. Municipal sector corporations comprise the municipality and county council itself and the controlled share of municipal corporations. The corporations mainly comprise capital-intensive operations. The corporations are therefore more sensitive to changes in capital-related expenditure than the municipalities and county councils. The rising interest rates will therefore have an adverse impact on these corporations' finances. Consequently the municipal sector's consolidated results will be affected negatively.

Increased investment with a slight increase in external borrowing

Municipality and county council investments are expected to increase by just under 10% this year. The strong focus in recent years on creating a balanced economy has also led to a lower rate of investment. This is one reason why the municipal sector as a whole is considered to have a slightly neglected investment requirement. Strong financial development has now given rise to greater optimism and an opportunity for the sector to raise its investment volume with only a slight increase in external loan financing.

The municipal sector's borrowings (including municipal corporations) amount to approximately SEK 350 billion. Municipalities and county councils account for just over SEK 150 billion and municipal corporations for SEK 200 billion. A high proportion of municipal borrowings are loaned to municipal corporations. Municipal lending to owned corporations is increasing in scope and amounts to just under SEK 130 billion. This is a result both of stronger control of the municipal corporations, and an improved cash flow in the municipalities which is increasing the scope to finance the investment requirement of owned corporations. The municipal sector's total volume of borrowing is expected to remain relatively unchanged over the next three years. In addition to external borrowing, the municipal sector has just over SEK 320 billion in total pension commitments, of which approximately SEK 270 billion has been re-loaned to operations.



Sources: Statistics Sweden, SALAR and Kommuninvest calculations.

Better prepared for future economic challenges

The positive financial development also means that financial strength overall is continuing to improve. This increases financial preparedness and the scope for action in dealing with future challenges.

Continued stable growth for Kommuninvest

Kommuninvest is a growing organisation supported by the idea of voluntary cooperation between municipalities and county councils with the aim of looking after common interests. The municipal sector's operation via Kommuninvest aims to offer customers – members and their majority-owned corporations – efficient, competitive finance solutions. The services include lending, advice, training, models and tools for effective funding management. Kommuninvest works to reduce financing costs, which primarily benefits customers although the positive effect reaches the entire sector.

The strength of the idea is proven by Kommuninvest's position as the largest intermunicipal cooperation organisation which is continuing to grow. At the end of June 2007, Kommuninvest had 203 (180) members, of which 196 (174) were municipalities and 7 (6) were county councils. All of the following 14 municipalities have become members during the first half of 2007:

Municipality of Nybro
Municipality of Hagfors
Municipality of Vännäs
Municipality of Bjurholm
Municipality of Eskilstuna
Municipality of Gnesta
Municipality of Forshaga
Municipality of Kalmar
Municipality of Sjöbo
Municipality of Stenungsund
Municipality of Strängnäs
Municipality of Åre
Municipality of Ludvika
Municipality of Lerum

The main reason for this stable growth is the cooperation via Kommuninvest which has consistently been able to provide financing solutions under favourable terms. More and more local authorities are seeing the benefits of cooperation and becoming members of Kommuninvest.

Highest credit rating – from two institutions

Kommuninvest has the highest possible credit rating from the two best-reputed credit rating institutions – Moody's and Standard & Poor's. In Sweden, only the Kingdom of Sweden (the Swedish State) and Kommuninvest have this high credit rating from two rating institutions. This reflects the overall financial strength of Kommuninvest's members and the public sector as a whole.

Steadily increasing market shares

After many years of saving the municipal sector is now facing major investments, part of which can be self-financed although external capital will also be required. During the report period, Kommuninvest has increased its net lending by SEK 7.3 billion. This rise can mainly be attributed to the growing number of members, but also to the fact that existing members are choosing to use Kommuninvest's services to an increasing extent.

Lending

All lending is carried out in Sweden and at present exclusively in Swedish kronor (SEK). As lending is exclusively for municipalities, county councils and majority-owned municipal corporations with indemnity from the owner, Kommuninvest has no impaired loans.

Funding

Kommuninvest has been highly active on the capital markets during the first half of the year and has conducted its latest public benchmark loan. Kommuninvest has also been active on the Swiss and Swedish markets for major bond issues. As with the whole of 2006, structured borrowing has continued to be an important source of financing, mainly on markets such as Sweden, Denmark and Asia. The conditions obtained have been, in the longer-term view, very favourable, and show the importance of Kommuninvest as a cooperative organisation. Total long-term borrowing, i.e. loans with a maturity of over one year, amounted to SEK 86.4 billion at the end of the period. The five-year transaction, which amounted to USD 1 billion, accounts for approximately 20% of the year's total borrowing and has a settlement date of 3 July 2007.

Financial reporting

As of 1 January 2007, Kommuninvest applies legally restricted International Financial Reporting Standards (IFRS) which means that unrealised changes in the market values of financial instruments recognised at fair value (see accounting principles) are entered in the balance sheet and income statement. The application of legally restricted IFRS entails a new opening balance for 1 January 2007 which includes the valuation of financial instruments recognised at fair value. The change in the opening balance is recognised directly against equity and amounts to SEK 33.5 million. However, the operating profit during the first six months of 2007 has only been slightly affected by the transition to the new rules. The effect on the income statement is SEK 0.2 million, and the direct effect on equity is SEK 6.8 million.

Operating profit amounted to SEK 14.9 (14.9) million. Operating profit for 2007 includes unrealised changes in market value of SEK 0.2 million, which are recog-

nised under net profit/loss from financial transactions.

Net interest income amounted to SEK 47.6 (51.8) million.

Net profit from financial transactions amounted to SEK 12.9 (7.3) million, of which SEK 12.7 (8.4) million was related to the buy-back of the company's own bonds and SEK 0.2 million to unrealised changes in market values.

Expenditure is on a par with last year amounting to SEK 44.0 (42.4) million for the first six months of the year.

The **balance sheet total** amounted to SEK 97,464.3 (105,914) million. The balance sheet total was adversely affected by a decrease in the volume of borrowing and positively affected by increased lending and the fact that all derivatives are recognised in the balance sheet. Kommuninvest is carrying out its annual public benchmark bond issue in July, which amounts to USD 1 billion and will have a positive impact on the balance sheet.

Lending amounted to SEK 74,804.7 million on 30 June 2007. In nominal terms, lending amounted to SEK 74,134.6 million, which entails an increase in lending of SEK 12.6 billion (+ 21%) compared with 30 June 2006.

Invested equity pending onward lending amounted to SEK 18,731 million, a decrease on last year. The decrease is linked to the reduction in borrowing and the increase in lending. Kommuninvest's investment activities include investing in securities with a high credit rating, of which 60% are zero risk weighted investments in states or financial institutions guaranteed by states.

Borrowing amounted to SEK 86,370.5 million on 30 June 2007. In previous reports derivatives were recognised at their accrued acquisition value. These are recognised at fair value, under other assets and other liabilities.

Derivates are recognised in the balance sheet on a net basis, under other assets and other liabilities. Derivatives with positive market value amounted to SEK 4,489.7 million and derivatives with negative market value amounted to SEK 10,591.2 million.

Accrued interest income and accrued interest expenses were recognised under accrued income and accrued expenses respectively in previous reports. As a result of the application of legally restricted IFRS, these are now reported as individual balance sheet items.

When calculating the legal minimum capital requirement, Kommuninvest's capital base amounts to 20.8% of the risk-weighted exposure amount.

Share issues during the year increased share capital

So far this year, two targeted new share issues have been carried out to the Parent Society equivalent to a nominal amount totalling SEK 22.8 million. Share capital after the issues totalled SEK 175.9 million. Payments for the subscribed shares have partly taken place using funds which the Parent Society has received as Group contributions, and partly as participation capital paid in by new members of the Parent Society.

Risk management

Counterparty risks have been kept at a low level, primarily by investing with counterparties that have government guarantees for their obligations. It has also been possible to reduce exposure to individual counterparties through security agreements related to derivative contracts. During the first half of 2007, a review of internal procedures was carried out when calculating the market value of derivative instruments. This also included reconciliation against counterparties' calculations.

Market risks

Kommuninvest's policy is to keep financial risks as low as possible. Terms and conditions between borrowing and lending are largely secured through derivative contracts. Due to the scope of the operation, however, interest risks for instruments with a short fixed interest period are limited at the portfolio level. The maximum risk permitted is SEK 10 million. Currency risks are limited through derivative contracts and the frequent exchange of returns on investment into Swedish kronor.

Liquidity risk

Kommuninvest has a surplus liquidity which covers 9 to 15 months' lending. In addition to the surplus liquidity, there is a liquidity reserve of at least 4% and at most 6% of the company's balance sheet total.

Counterparty risks

Kommuninvest minimises counterparty risk within its financing activities by only entering into contracts with banks with a high credit rating, at least level A from the main rating institutions. To further reduce overall risk, there are also restrictions on the total value that may be invested in counterparties from the same country. Lending is restricted to members of the parent company and their majority-owned corporations. There is always a guarantee from a member municipality for the majority-owned corporations.

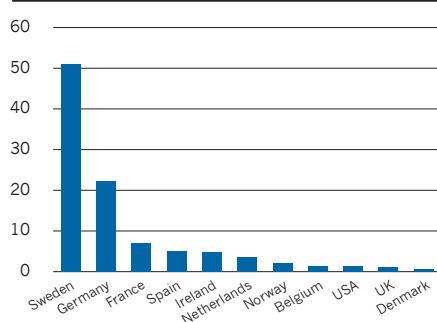
Operational risks

In 2007 the company introduced a new capital assessment process in accordance with an EC Directive (Basel II). This has been taken into consideration when calculating the company's capital coverage ratio.

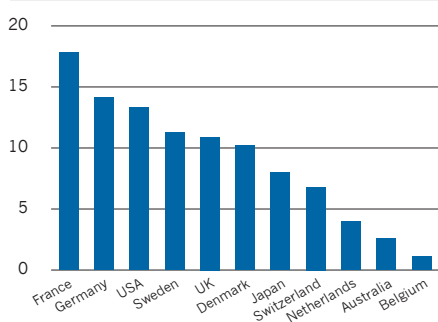
Risk diversification 30 June 2007

Since the new year, equity invested in Swedish securities has increased, and as a result Swedish counterparties are predominant. Counterparties from Denmark are not included in the chart due to their low share. With regard to derivatives, counterparties from France dominate the geographical distribution for nominal amounts. Counterparties from Spain are not included in the chart due to their low share.

Investments by country, %



Derivative contracts by country, %

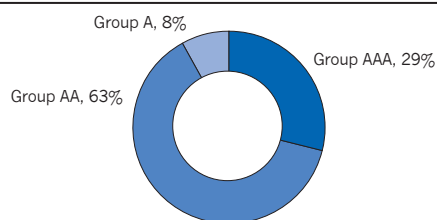


For investments, over 92% are distributed among counterparties with a credit rating of at least AA-. For derivatives, approximately 90% are distributed among counterparties with a rating of at least AA-.

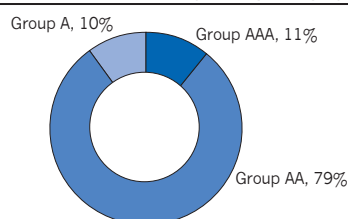
Executive management

The executive management remained unchanged during the first half of 2007 and comprised Tomas Werngren, President and CEO, Harriet Forsell Söderberg, Executive Vice President and Head of Municipal Finance, Ulf Jivmark, Head of Legal, Johanna Larsson, Head of Administration and Maria Viimne, Head of Funding and Investments.

Invested equity by rating category



Nominal amount of derivatives by rating category



Events after the accounting date

The financial turmoil in the banking market, mainly caused by problems in the American mortgage sector, does not have any consequences for Kommuninvest at the present time. Kommuninvest has no exposure to the American mortgage sector, nor does it have positions in CDOs (Collateralised Debt Obligations) or ABS (Asset Backed Securities). Kommuninvest's counterparties are large and well-diversified banks with high credit ratings. Over 60% of invested assets are with zero risk weighted states or financial institutions that have guarantees from those states. Kommuninvest is following market developments.

Prospects for the second half of 2007

The number of members in the cooperative society will continue to increase, although the increase of 14 members during the first six months will probably not be repeated. The sharp rise in membership has influenced and will influence the lending operation this year. It is difficult in the short term to determine the size of the effect on the lending operation during the rest of the year, as other factors also need to be considered, such as the level of the sector's new investment.

On the whole, growth in membership remains one of the most important fundamental factors in ensuring a future increase in lending, both in the second half of 2007 and in future years.

INCOME STATEMENT

(in millions of SEK)	Jan–Jun 2007	Jan–Jun 2006	Jan–Dec 2006
Interest income	1,754.5	1,432.0	3,216.4
Interest expenses	-1,706.9	-1,380.2	-3,116.2
NET INTEREST INCOME (Note 1)	47.6	51.8	100.2
Commission expenses	-1.7	-2.2	-4.1
Net result of financial transactions	12.9	7.3	12.6
Other operating income	0.1	0.4	1.1
TOTAL OPERATING INCOME	58.9	57.3	109.8
General administration expenses	-41.7	-39.7	-74.5
Depreciation of tangible assets	-0.6	-0.9	-2.1
Other operating expenses	-1.7	-1.8	-3.7
TOTAL EXPENSES	-44.0	-42.4	-80.3
OPERATING INCOME	14.9	14.9	29.5
Appropriations	-1.9	-2.7	-3.6
Tax on profit for the period	-3.8	-3.7	-8.0
PROFIT FOR THE PERIOD	9.2	8.5	17.9

BALANCE SHEET

(in millions of SEK)	30 June 2007	30 June 2006	31 Dec 2006
ASSETS			
Cash	0.0	0.0	0.0
State bonds eligible as collateral	6 797.8	9,593.8	6,349.3
Lending to credit institutions	2 567.8	3,625.7	2,680.5
Lending	74 084.7	61,496.7	66,811.9
Bonds and other interest-bearing securities	9 351.9	29,334.0	21,567.3
Shares in associated companies	0.5	0.5	0.5
Tangible assets, equipment	3.7	4.0	3.4
Other assets	4 657.1	1,213.5	3,067.0
Prepaid expenses and accrued income	0.8	645.8	694.1
TOTAL ASSETS	97 464.3	105,914.0	101,174.0
LIABILITIES AND EQUITY			
Liabilities to credit institutions	4 496.9	3,124.0	3,618.4
Securities issued	81 873.6	100,597.8	93,388.2
Other liabilities	10 702.8	1,168.3	3,105.5
Accrued expenses and prepaid income	10.1	722.6	755.2
Total liabilities	97 083.4	105,612.7	100,867.3
Untaxed reserves	43.0	40.2	41.1
Share capital	175.9	153.1	153.1
Statutory reserve	17.5	17.5	17.5
Profit brought forward	135.3	82.0	77.1
Profit for the period	9.2	8.5	17.9
Equity	337.9	261.1	265.6
TOTAL EQUITY AND LIABILITIES	97 464.3	105,914.0	101,174.0

Note 1

Last year's net interest income has been adjusted for the result of buying back own bonds which is now recognized under Net result of financial transactions, instead of how it was recognized during 2006.

CHANGE IN EQUITY

(in millions of SEK)	30 June 2007	31 Dec 2006
Equity brought forward	299.1	249.5
Profit for the period	9.2	17.8
Group contribution		-4.8
New share issue	22.8	3.1
Effects of transition to IFRS IAS 39		33.5
Adjusted equity carried forward		299.1
Changes in value attributable to available-for-sale assets	6.8	
Equity carried forward	337.9	

CASH FLOW STATEMENT

(in millions of SEK)	30 June 2007	31 Dec 2006
Liquid assets at the start of the accounting period	139.8	302.8
OPERATIONAL ACTIVITIES		
Operating profit	14.9	29.5
Adjustment for items not included in cash flow (Note 1)	1.7	7.4
Income tax paid	-6.3	-13.4
Cash flow from operational activities before the change in the assets and liabilities of operational activities	10.3	23.5
Changes in interest-bearing securities	11,734.2	984.9
Change in lending	-7,939.6	-10,073.7
Change in other assets	794.5	-1,095.3
Change in other liabilities	6,515.9	1,163.2
Cash flow from operational activities	11,115.3	-8,997.4
INVESTMENT ACTIVITIES		
Sales of obsolete tangible assets	0.0	0.1
Acquisition of tangible assets	-0.9	-2.4
Cash flow from investment activities	-0.9	-2.3
FINANCING ACTIVITIES		
Change in securities issued	-12,151.8	8,644.6
Change in liabilities to credit institutions	878.5	193.8
New share issue	22.8	3.1
Group contribution paid		-4.8
Cash flow from financing activities	-11,250.5	8,836.7
Cash flow for the year	-136.1	-163.0
Liquid assets at the end of the accounting period	3.7	139.8

This Cash Flow Statement has been prepared using the cash accounting method and based on operating profit for the period and changes in the Balance Sheet's opening balances. Operating profit has been adjusted for changes not included in operating activities. Cash flow is accounted divided into inward and outward payments from operating activities, investment activities and financing activities. Liquid assets include cash, balances on current accounts and postal giro accounts. The 2007 cash flow statement has been adapted to correspond to the classifications in the income statement and balance sheet.

Note 1. Adjustment for items not included in cash flow	30 June 2007	31 Dec 2006
Depreciation	0.6	2.1
Net change in accrued acquisition value in the period	1.2	3.0
Exchange rate differences from change in financial tangible assets	0.1	2.3
Unrealised changes in market value	-0.2	
	1.7	7.4

ACCOUNTING PRINCIPLES /

CHANGE IN ACCOUNTING PRINCIPLES

As of 1 January 2007, Kommuninvest applies legally restricted IFRS, which means that the interim report is drawn up according to IAS 34 with considerations made for the exceptions from and the additions to IFRS/IAS as stated in Swedish Financial Supervisory Authority's regulations and general recommendations as well as RR 32 Accounting for legal entities.

The introduction of legally restricted IFRS has entailed a change in accounting principles and has had an effect on the opening balance from 1 January 2007 which is shown in the table on page 10.

Supported by the relief rules in FFFS 2006:16, previous accounting principles are applied in the comparison information on financial instruments which fall into the application area for IAS 39.

The changed accounting principles primarily refer to IAS 39, Financial Instruments: Recognition and Measurement. IAS 39 stipulates that all financial instruments should be classified in accordance with one of the following categories, which form the basis for how the instrument is then recognised and measured.

	Category	Valuation/Accounting
Assets	Financial assets at fair value through profit or loss	Fair value with change in value in income statement
	Available-for-sale financial assets	Fair value with change in value in equity
	Loans and receivables	Accrued cost
	Held-to-maturity investments	Accrued cost
Liabilities	Financial liabilities at fair value through profit or loss	Fair value with change in value in income statement
	Other financial liabilities	Accrued cost

IAS 39 stipulates that all derivatives should be measured at fair value with the change in value recognised in the income statement. Kommuninvest uses derivatives to hedge various market risks, such as interest and currency risk, both for borrowing and lending.

Kommuninvest has decided to classify the company's lending as financial assets at fair value through profit or loss.

As regards Kommuninvest's borrowing, the Annual Accounts Act does not permit measurement at fair value for liabilities if no part of the liability has been hedged against a financial instrument. To obtain a true and fair picture of the operation Kommuninvest applies, where possible, hedge accounting of fair value for liabilities which have been hedged with one or more financial instruments. This means that the liability is measured at fair value through profit or loss with regard to the components which the instrument

hedges. The liabilities which are not part of a hedging relationship are recognised at accrued cost.

The application of hedge accounting requires measurement of the efficiency between the liability and the hedging instrument, which Kommuninvest gauges through regression analysis. In a hedging relationship without proven efficiency, the liability is recognised at accrued cost and the accumulated change in value of the liability is allocated over the remaining term.

Kommuninvest has chosen to classify the company's invested assets as available-for-sale financial assets with the change in value recognised under equity.

Kommuninvest establishes fair value via established accounting methods for financial instruments.

The introduction of legally restricted IFRS also means that Kommuninvest applies trade date accounting.

BALANCE SHEET

(in millions of SEK)	31 Dec 2006	Effects of the transition to legally restricted IFRS	01 Jan 2007
ASSETS			
Cash and balances with central banks	0.0		0.0
State bonds eligible as collateral	6,349.3	1,497.1	7,846.4
Lending to credit institutions	2,680.5	0.8	2,681.3
Lending	66,811.9	531.8	67,343.7
Bonds and other interest-bearing securities	21,567.3	-1,449.6	20,117.7
Shares in associated companies	0.5		0.5
Tangible assets, equipment	3.4		3.4
Other assets	3,067.0	1,476.5	4,543.5
Prepaid expenses and accrued income	694.1	-692.3	1.8
TOTAL ASSETS	101,174.0	1,364.3	102,538.3
LIABILITIES AND EQUITY			
Liabilities to credit institutions	3,618.4	17.0	3,635.4
Securities issued	93,388.2	-5,192.8	88,195.4
Other liabilities	3,105.5	7,253.7	10,359.2
Accrued expenses and prepaid income	755.2	-747.1	8.1
Total liabilities	100,867.3	1,330.8	102,198.1
Untaxed reserves	41.1		41.1
Share capital	153.1		153.1
Statutory reserve	17.5		17.5
Profit brought forward	77.1	33.5	110.6
Profit for the period	17.9		17.9
Equity	265.6	33.5	299.1
Total liabilities and equity	101,174.0	1,364.3	102,538.3

CAPITAL COVERAGE

The information on Kommuninvest's capital coverage below refers to periodic information to be submitted in accordance with the regulations and general recommendations of the Swedish Financial Supervisory Authority regarding disclosure of information on capital coverage and risk management (FFFS 2007:5).

The law sets out specific minimum capital requirements for Kommuninvest regarding credit risks, market risks and operational risks. Kommuninvest also has an internal capital assessment process which aims to ensure that Kommuninvest's capital also covers other risks in the operation, such as interest rate risks in the balance sheet, for example. The disclosures below regarding capital requirement are limited to the legal minimum capital requirement.

Capital base	30 June 2007
Primary capital, net	328,356
Total capital base	328,356
Capital requirement	
Capital requirement for credit risk in accordance with the standardised method	126,366
Capital requirement for operational risk	15,131
Capital requirement for currency risk	10,644
Total minimum capital requirement	152,141

Örebro, 29 August 2007

Robert Stenram
Chairman

Christer Akej

Alf Egnerfors

Petter Skouen

Ellen Bramness Arvidsson
Vice Chairman

Lorentz Andersson

Kerstin Ryding

Anna von Knorring

Tomas Werngren
President

The interim report has been reviewed by
the auditor of the corporation.

REVIEW REPORT FOR KOMMUNINVEST I SVERIGE AB

*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) for the period from January 1, 2007 to June 30, 2007. It is the Board of Directors and the Managing Director who are responsible for the presentation of this interim report in accordance with the Swedish Act on Annual Accounts for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

The Scope of the Review

We conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, Review of the Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Federation of Authorized Public Accountants. 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 Standards on Auditing in Sweden (RS) 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. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as an conclusion based on an audit.

Conclusion

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.

Stockholm; August 31, 2007

Ernst&Young AB

Peter Strandh
Certified Public Accountant



KOMMUNINVEST

The Swedish Local Government Funding Agency

Kommuninvest i Sverige AB (publ)
Corporate Identity Number: 556281-4409
Registered office: Örebro, Sweden
Postal address: Box 124 SE-701 42 Örebro, Sweden. Visiting address: Fenix House, Drottninggatan 2, Örebro.
Telephone: +46 (0)19-16 78 00. Fax: +46 (0)19-12 11 98. E-mail: forename.surname@kommuninvest.se.
www.kommuninvest.org