

INTERIM REPORT KOMMUNINVEST

1 January–30 June

2010

- 5 new members
- Balance sheet total SEK 190.9 billion
- Lending SEK 128.8 billion
- Operating profit SEK 195.1 million





Interim Report for
Kommuninvest i Sverige AB (publ)

Registered company no.: 556281-4409.

Registered office: Örebro, Sweden

1 January – 30 June 2010

About Kommuninvest

Kommuninvest is owned by Swedish municipalities and county councils with the purpose of supporting their financial operations through secure and cost-efficient financing, financial advice, skills development and coordination. Kommuninvest consists of a member organisation, the Kommuninvest Cooperative Society and its wholly-owned credit market company, Kommuninvest i Sverige AB. Operations are conducted without a vested interest in profit-making through Kommuninvest i Sverige AB, which has 50 employees and an office located in Örebro.

Kommuninvest's remit is to act as Sweden's local government debt office. This entails acting as a guarantor for financial stability in the local government sector, offering all Swedish municipalities and county councils efficient financial management, focusing on financing.

CEO'S STATEMENT

Kommuninvest's stable development continues. Over the first six months of the year, our position as the Swedish Local Government Debt Office and the market-leading lender has been further reinforced.

The growth in membership continues to be favourable. Five new members joined Kommuninvest during the first six months of the year – fewer than in the corresponding period last year, but a large number given that this is an election year. Today, a large proportion of Sweden's municipalities and county councils are members of Kommuninvest and the current level of membership growth is probably representative for the coming years.

The increase in Kommuninvest's equity resolved by the owners, corresponding to a target level of 1 percent of the balance sheet total, is proceeding according to plan. This reinforcement of the company's capitalisation is mainly being achieved through the reinvestment of profit and a subordinated loan. The favourable outcome for the first six months of the year is attributable to the increased margins recommended by the owners to strengthen the capital base.

The decision to strengthen the capital base by SEK 1 billion by means of a subordinated loan was taken by the Annual General Meeting of the Cooperative Society in March 2010. During the spring and summer, members have taken decisions regarding their own participation in the capitalisation process, with subscription continuing until the end of September. We can already see that the issue has been more than fully subscribed. Several members have chosen to over-subscribe. Significant efforts have been made by elected politicians and officials alike to establish support for the capitalisation process among members.

The strong demand for financing in recent years has contributed to Kommuninvest's increasing lending volumes and we forecast continued growth. To be able to meet lending needs, we are working to launch a major borrowing programme involving benchmark bonds in the Swedish market. In June, very positive news for the programme came in the form of a clarification issued by the Swedish Financial Supervisory Authority. This stated that, from the perspective of financial law, Kommuninvest bonds can be considered equivalent to government bonds.

Over the period, Kommuninvest's position as an issuer of securities on the international capital markets has been strengthened – we retained, for example, access to borrowing on the USD market during the spring's European debt crisis. Current reports from credit rating agencies confirm Kommuninvest's high creditworthiness (AAA/Aaa).

Our financial stamina and ability to provide our members with long-term effective financing solutions remain very good.

Tomas Werngren,
President and CEO

The market

Over the first six months of the year, the situation in the global economy stabilised, although the risks of a weakening economic trend increased towards the end of the period. The uncertainties in the global economy are affected by budgetary austerity in several European countries, question marks surrounding the US economy and decreased growth in the major developing countries. Although the Swedish economic trend has been considerably better than that in other parts of the world, it is nonetheless strongly correlated to global economic developments.

In the financial markets, the situation has stabilised, although markets remain fragile and central banks around the world continue to lend major sums to the banking system. There also remain a number of uncertainties regarding the European banking system and the future framework of the EMU. Further uncertainty prevails as to how changes in financial regulations affect the banks' lending.

Kommuninvest reports lending growth of 12 percent compared with the corresponding period in 2009 and has thus strengthened its market position. However, the increase in lending was greater in the latter half of 2009 than in the first half of 2010, which is explained by the Swedish government's economic support package for 2010, which amounts to SEK 12 billion. The economic support package has resulted in a temporary decrease in local government borrowing needs.

To obtain financing, Kommuninvest has been successful in addressing the capital market for both short and long periods of maturity. Kommuninvest represents the type of borrower that is in great demand among investors in times of increased risk awareness. Kommuninvest's high credit rating, its members' joint and several guarantee undertaking and their high credit quality contribute to this, along with operations focusing exclusively on financing publicly run operations.

With a view to continuing to ensure access to liquidity, Kommuninvest is following its strategy of expanding its investor base both with new borrowing mar-

kets and new investor categories, and continuing to develop new loan products that meet the needs of investors. During the first six months of the year, a borrowing programme was established in the Australian market. The first issue was implemented in August, after the end of the reporting period. Kommuninvest's AUD bonds were included in the The UBSA Sovereign and Supranational Index, one of the most widely used indices for Australian government securities.

Five new members

Kommuninvest is an organisation supported by the idea of voluntary collaboration between municipalities and county councils with the aim of looking after common interests. Kommuninvest is Sweden's fastest growing inter-municipal cooperative society.

At 30 June 2010, Kommuninvest had 253 members, of which 246 were municipalities and 7 were county councils. Consequently, Kommuninvest represents 85 percent of municipalities in Sweden.

The following became new members during the period:

- Municipality of Sorsele
- Municipality of Falköping
- Municipality of Upplands Väsby
- Municipality of Hylte
- Municipality of Borgholm

The municipality of Höör has also joined us as a member since the end of the report period. Additional membership applications are being processed.

Still the highest credit rating

Kommuninvest has the highest possible credit rating from the two most reputable credit rating institutions – Moody's and Standard & Poor's. In Sweden, only the Kingdom of Sweden (the Swedish State), the City of Stockholm and Kommuninvest have this high credit rating from both rating institutions. The ratings reflect Kommuninvest's concept of financial cooperation guaranteed by its members and the overall financial strength of its members and the public sector as a whole.

Financial account*

Profit/loss

The operating profit (profit before allocations, transfers and taxes) amounted to SEK 195.1 million (loss 65.3). The improvement in profit is mainly attributable to the net results of financial transactions.

The profit after allocations, transfers and taxes amounted to SEK 105.3 million (loss 62.0).

Net interest income totalled SEK 214.2 million (206.1). Net interest income is attributable to the strong trend in recent years with increased lending volumes and improved margins. The improvement in margin is an effect of ongoing efforts to increase the company's capitalisation in accordance with directives from the owners.

The buy-back of issued securities and the sale of financial instruments have contributed favourably to profit by SEK 78.1 (69.7), as recognised in net result of financial transactions.

Unrealised changes in market value recognised in the income statement amounted to a negative SEK 15.6 million (negative 291.7) and are also entered under net result of financial transactions. Last year's change in market value was attributable to the increase in the margin between borrowing and lending. Over the year, the margin has been maintained, although this does not entail the same change in market values. Kommuninvest's intention is to hold assets and liabilities to maturity, which means that these are values which will not be realised.

Operational profit, excluding the effect of market value changes, amounted to SEK 210.7 million (226.4).

Costs rose to SEK 80.1 million (50.2), with the increase being attributable to the stability fee and higher consulting fees.

Credit losses

Credit losses totalled SEK 0 million (0).

Financial position

The balance sheet total amounted to SEK 190,882.6 million (155,872.4) at the end of the period.

Lending totalled SEK 128,785.2 million (114,740.3). In nominal terms (actual amount loaned), lending amounted to SEK 126,962.2 million (113,521.3). The increase in lending is attributable to strong lending growth over the year, driven by a strong demand from Kommuninvest's members.

Invested funds pending onward lending to members totalled SEK 46,973.1 million (27,440.8).

At the end of the period, borrowing amounted to SEK 182,001.6 million (145,918.9).

Derivatives with positive and negative market value amounted to SEK 14,986.0 million (13,656.3) and SEK 7,766.2 million (9,461.0) respectively.

Equity totalled SEK 757.9 million (411.3). Besides the profit for the year, equity has been affected by changes in the market values of financial assets classified as available for sale, where unrealised changes in market value are entered directly against equity. The change for the year totalled SEK -41.5 million (4.7).

Share capital has increased through a new issue, on the authorisation given to the Board by the AGM. A new issue to the value of SEK 3.9 million (7.9) was carried out during the year. The purpose was to strengthen the company's financial base by transferring participation capital from new members of the Society. Such transfers have been carried out regularly as membership has increased. Share capital amounted to SEK 273.5 million distributed over 2,735,000 shares.

Capital cover

The capital coverage quota amounts to 5.81 (3.12).

* Changes in certain valuation and accounting principles, detailed more closely under accounting principles below, have entailed certain comparison figures for 2009 being changed.

Risks and uncertainty factors

In its business, Kommuninvest encounters a number of risks and uncertainty factors which may have an adverse impact on the company's profit, financial position, future prospects or opportunities to attain set targets. These are related mainly to world developments, Kommuninvest's operations and financial risks.

The general developments on the capital market, including interest rate development and the liquidity situation, along with the willingness to invest on various markets, may affect the competitive situation and how the competitive advantage of Kommuninvest develops. If Kommuninvest is unable to recruit and retain qualified employees, this may restrict Kommuninvest's competitiveness and opportunities for development.

Employees and the environment

The number of employees rose by two over the year, amounting to 50 people by the end of the first six months of 2010. Kommuninvest does not conduct any operations requiring a licence under Sweden's Environmental Code. The company has prepared an environmental policy which was decided upon by the Board of Directors in February 2009.

Risk management

Kommuninvest handles market, liquidity and counterparty risks restrictively. Surplus liquidity is invested in interest-bearing securities issued by financial institutions with a credit rating of at least A2 from Moody's and/or A from Standard & Poor's, as well as in interest-bearing securities issued by states. Kommuninvest has no exposure to the American mortgage market, nor any positions in CDOs (Collateralised Debt Obligations) or ABSs (Asset Backed Securities).

To ensure a high level of liquidity, investments in government bonds dominate. Collateral agreements with derivatives counterparties are prioritised. During the first six months of the year, additional such agreements have reduced counterparty risks.

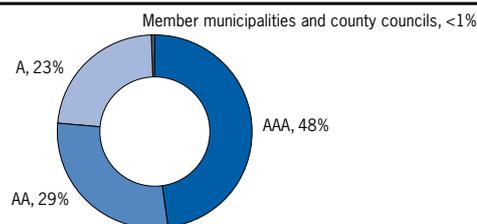
Operational risks

In 2007 the company introduced a new capital assessment process in accordance with an EC Directive (Basel II), which has been taken into account when calculating the company's capital coverage quota. The capital assessment process is inspected by the Swedish Financial Supervisory Authority which judges that Kommuninvest is sufficiently capitalised to meet the demands imposed on its operations.

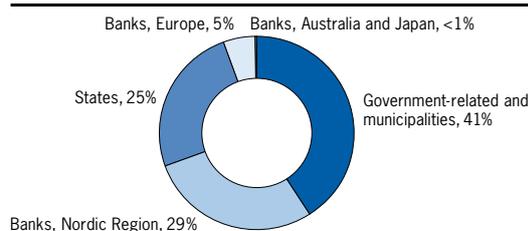
Risk diversification

Since the start of the year, the proportion of equity invested in Swedish government securities has increased. Exposures are dominated by counterparties with the highest rating and counterparties from Sweden.

Invested funds by rating category, 30 June 2010

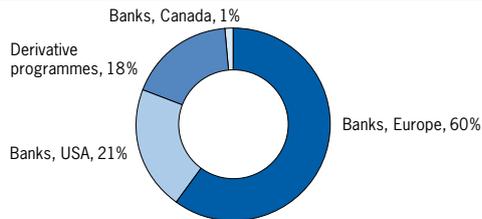


Invested funds by issuer category, 30 June 2010

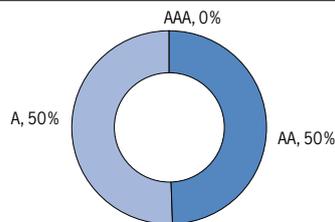


Among derivatives, more than 50 percent are distributed between counterparties with a credit rating of at least Aa3 from Moody's and/or AA- from Standard & Poor's. Derivative exposures mainly consist of European banks.

Receivables on derivatives by counterparty group – less collateral, 30 June 2010



Nominal amounts on derivatives by rating category, 30 June 2010



Board of Directors

Anna Sandborgh and Kurt Eliasson were elected as new Board members at the Annual General Meeting on 25 March 2010. The Board of Directors also includes Ellen Bramness Arvidsson (Chairman), Lorentz Andersson, Anna von Knorring, Catharina Lagerstam and Johan Törngren. Tommy Persson was the Chairman of the Board until 1 June, after which Ellen Bramness Arvidsson was appointed to that position.

Management

Over the first six months of 2010, Kommuninvest's executive management team consisted of Tomas Werngren, President and CEO, Maria Viimne, Executive Vice President, Anders Gänge, Head of Funding & Treasury and Johanna Larsson, Head of Administration.



INCOME STATEMENT

SEK mn	Jan-Jun 2010	Jan-Jun 2009	Jan-Dec 2009
Interest income	1,292.2	1,879.2	3,339.7
Interest expenses	-1,078.0	-1,673.1	-2,957.6
Net interest income	214.2	206.1	382.1
Commission expenses	-1.7	-1.5	-3.5
Net result of financial transactions	62.5	-219.9	90.6
Other operating income	0.2	0.2	0.2
Total operating income	275.2	-15.1	469.4
General administration expenses	-76.7	-47.4	-127.8
Depreciation of tangible assets	-1.3	-0.8	-1.8
Other operating expenses	-2.1	-2.0	-4.8
Total expenses	-80.1	-50.2	-134.4
Operating profit/loss	195.1	-65.3	335.0
Allocations	-51.4	1.6	-82.5
Tax on profit for the period	-38.4	1.7	-81.9
Profit for the period	105.3	-62.0	170.6
Statement of Comprehensive Income			
Income for the period accounted for in the Income Statement	105.3	-62.0	170.6
Other comprehensive income			
Financial assets available for sale	-54.2	11.9	50.7
Loans and receivables	-2.1	-2.1	-4.2
Tax attributable to other comprehensive income	14.8	-5.1	-14.7
Total other comprehensive income	-41.5	4.7	31.8
Total comprehensive income	63.8	-57.3	202.4

BALANCE SHEET

SEK mn	30 June 2010	30 June 2009	31 Dec 2009
ASSETS			
Cash	0.0	0.0	0.0
National debt instruments eligible as collateral	15,150.4	7,785.2	20,912.3
Lending to credit institutions	1,390.3	3,319.2	1,851.3
Lending	128,785.2	114,740.3	123,624.1
Bonds and other interest-bearing securities	30,432.4	16,336.4	25,604.1
Shares and participations	0.8	0.4	0.7
Shares in associated companies	0.5	0.5	0.5
Derivatives	14,986.0	13,656.3	11,105.2
Tangible assets, equipment	6.4	3.8	3.6
Other assets	123.8	28.0	19.3
Prepaid expenses and accrued revenues	6.8	2.3	7.1
Total assets	190,882.6	155,872.4	183,128.2
LIABILITIES AND EQUITY			
Liabilities to credit institutions	7,710.2	4,521.8	7,348.1
Securities issued	174,291.4	141,397.1	164,696.1
Derivatives	7,766.2	9,461.0	9,873.0
Other liabilities	115.6	19.7	349.6
Accrued expenses and deferred revenues	54.2	10.5	35.6
Provisions for pensions and similar obligations	1.0	0.5	0.9
Total liabilities	189,938.6	155,410.6	182,303.3
Untaxed reserves	186.1	50.5	134.7
Share capital	273.5	244.6	269.6
Statutory reserve	17.5	17.5	17.5
Fair value reserve	-0.2	14.2	41.3
Profit brought forward	361.8	197.0	191.2
Profit for the period	105.3	-62.0	170.6
Total equity	757.9	411.3	690.2
Total equity and liabilities	190,882.6	155,872.4	183,128.2
Memorandum items			
Other pledged assets	3,156.4	411.0	3,499.9
Contingent liabilities	None	None	None
Obligations			
Pledged loans	1,976.4	1,941.0	1,498.9

CHANGE IN EQUITY

30 June 2010 SEK mn	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserve	Fair value reserve	Profit or loss brought forward	Profit for the year	
Equity brought forward 1 Jan 2010	269.6	17.5	41.3	191.2	170.6	690.2
Appropriation of surplus	-	-	-	170.6	-170.6	0.0
Comprehensive income for the period	-	-	-41.5	-	105.3	63.8
Total capital changes, excl. transactions with the company's owners	269.6	17.5	-0.2	361.8	105.3	754.0
New share issue	3.9	-	-	-	-	3.9
Equity carried forward 30 June 2010	273.5	17.5	-0.2	361.8	105.3	757.9
30 June 2009 SEK mn	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserve	Fair value reserve	Profit or loss brought forward	Profit for the year	
Equity brought forward 1 Jan 2009	236.7	17.5	9.5	152.5	44.5	460.7
Appropriation of surplus	-	-	-	44.5	-44.5	0.0
Comprehensive income for the period	-	-	4.7	-	-62.0	-57.3
Total capital changes, excl. transactions with the company's owners	236.7	17.5	14.2	197.0	-62.0	403.4
New share issue	7.9	-	-	-	-	7.9
Equity carried forward 30 June 2009	244.6	17.5	14.2	197.0	-62.0	411.3
31 Dec 2009 SEK mn	Restricted equity		Unrestricted equity			Total equity
	Share capital	Statutory reserve	Fair value reserve	Profit or loss brought forward	Profit for the year	
Equity brought forward 1 Jan 2009	236.7	17.5	9.5	152.5	44.5	460.7
Appropriation of surplus	-	-	-	44.5	-44.5	0.0
Comprehensive income for the period	-	-	31.8	-	170.6	202.4
Total capital changes, excl. transactions with the company's owners	236.7	17.5	41.3	197.0	170.6	663.1
New share issue	32.9	-	-	-	-	32.9
Group contribution	-	-	-	-7.9	-	-7.9
Tax effect on Group contribution	-	-	-	2.1	-	2.1
Equity carried forward 31 Dec 2009	269.6	17.5	41.3	191.2	170.6	690.2

CASH FLOW STATEMENT

SEK mn	30 June 2010	30 June 2009	31 Dec 2009
Cash and equivalents at the beginning of the period	427.7	340.8	340.8
Operating activities			
Operating profit/loss	195.1	-65.3	335.0
Adjustment for items not included in cash flow: (NOTE 1)	16.9	290.5	8.2
Income tax paid	-66.7	-7.2	-14.3
Cash flow from current operations before changes in the assets and liabilities of operating activities	145.3	218.0	328.9
Change in interest-bearing securities	2,290.6	-4,011.8	-26,260.1
Change in lending	-5,090.7	-10,380.3	-18,655.1
Change in other assets	-47.9	-0.7	2.9
Change in other liabilities	-220.8	-7.3	256.2
Cash flow from current operations	-2,923.5	-14,182.1	-44,327.2
Investment activities			
Sale/disposal of tangible assets	0.0	0.0	0.0
Acquisition of tangible assets	-4.0	-0.2	-1.0
Cash flow from investment activities	-4.0	-0.2	-1.0
Financing activities			
Change in securities issued	3,615.0	16,449.1	42,381.4
Change in liabilities to credit institutions	279.2	-817.7	2,013.3
New share issue	3.8	7.9	32.9
Group contribution paid	-7.9	-12.5	-12.5
Cash flow from financing activities	3,890.1	15,626.8	44,415.1
Cash flow for the year	962.6	1,444.5	86.9
Cash and equivalents at the end of the accounting period	1,390.3	1,785.3	427.7

NOTE 1. Adjustment for items not included in cash flow	30 June 2010	30 June 2009	31 Dec 2009
Depreciation	1.3	0.8	1.8
Net change in accrued acquisition cost during the period	0.0	0.0	0.0
Exchange rate differences from change in financial assets	0.0	-2.0	-3.0
Unrealised market values	15.6	291.7	9.4
Total	16.9	290.5	8.2

ACCOUNTING PRINCIPLES

The Interim Report has been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), and the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual accounts for credit institutions and securities companies (FFFS 2008:25).

The accounting principles and calculation methods used in this interim report are identical to those used in the most recent annual report, unless otherwise stated below.

Due to changes implemented through regulation FFFS 2009:11 on changes to the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual accounts for credit institutions and securities companies (FFFS 2008:25), Kommuninvest has amended certain valuation and accounting principles and recalculated previous periods as detailed below.

In accordance with principles applied in previous years, Kommuninvest has, within the framework of the principles applied for hedge accounting (as set out in FFFS 2008:25 and not IAS 39), valued financial liabilities at fair value.

Since the regulations and general recommendations of the Swedish Financial Supervisory Authority no longer permit the application of any other model for hedge accounting than that set out in IAS 39, Kommuninvest has amended the principles it applies as follows:

- Fair value hedge accounting has been introduced in accordance with the principles in IAS 39 and is applied for financial liabilities with fixed interest, which are subject to hedging through interest or currency derivatives.
- The fair value option is applied for financial liabilities with fixed interest and those involving embedded derivatives.

Fair value hedge accounting

Fair value hedge accounting in accordance with the principles of IAS 39 is applied for financial liabilities with fixed interest and subject to hedging through interest or currency derivatives. The hedged risk is the risk of fluctuations in fair value as a consequence of changes in the interest rate. The hedged item is therefore reassessed on the basis of changes in the fair value of the hedged risk.

Since Kommuninvest has previously applied another model and principle than that set out in IAS 39 for hedge accounting, the transition to the application of the principles in IAS 39 also entails a change in accounting principle. In accordance with the principal rule in IAS 39 (p. 104) regarding how the introduction of this standard shall be reported, the opening balance for profit carried forward for the immediately preceding period and all other comparison figures shall be recalculated as if this standard had always been applied. Consequently, the opening balance for 2010 is adjusted such that the change in market value (resulting from fluctuations in the funding spread and previously reported as an adjustment in the value of the hedge instrument) now reduces profit carried forward and deferred tax. The income statement for 2009 has also been recalculated. See Note 1 for further disclosures on the amounts concerned.

Application of fair value option for financial liabilities with fixed interest and those involving embedded derivatives

Kommuninvest applies the opportunity offered by IAS 39 to value a financial liability involving an embedded derivative, even when not held for trade, at fair value via profit and loss. Because its financial liabilities include considerable embedded derivatives, Kommuninvest elects to proceed in this manner since doing so significantly reduces inconsistencies in the valuation of freestanding derivatives and financial liabilities.



For certain financial liabilities at fixed interest, Kommuninvest exercises the opportunity offered by IAS 39 to value a financial asset at fair value via profit and loss despite the liability not being held for trade. Kommuninvest elects to proceed in this manner because these credits are mainly used for lending that is valued at fair value.

However, the application of the fair value option has had no effect on the amounts reported in the income statement and balance sheet since these market values were already reported within the framework of the previously applied method and principles for hedge accounting. Consequently, it has not been necessary to adjust the comparison figures.

Note 1. Effects of changed valuation principles

The changed valuation principles have had the following effect on the previously published income statement and on profit carried forward.

30 June 2009

The net result of financial transactions has been adjusted down by SEK 115.7 million.
The tax on profit for the period has been adjusted up by SEK 30.4 million.
The profit for the period has been adjusted down by SEK 85.3 million.

31 Dec 2009

The net result of financial transactions has been adjusted up by SEK 141.3 million.
The tax on profit for the period has been adjusted down by SEK 37.2 million.
The profit for the period has been adjusted up by SEK 104.1 million.

Consequently, profit brought forward at 1 January 2010 has been adjusted up by SEK 104.1 million.

CAPITAL COVER

The information on Kommuninvest's capital coverage 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 (in SEK thousands)	30 June 2010	30 June 2009	31 Dec 2009
Primary capital, net	903,277	488,036	619,055
Total capital base	903,277	488,036	619,055
Capital requirement			
Capital requirement for credit risk in accordance with the standardised method	75,514	120,993	116,932
Capital requirement for operational risk	30,104	19,190	30,104
Capital requirement for foreign exchange risk	149	196	61
Capital requirement for positions in interest-linked financial instruments	49,690	15,950	27,084
Total capital requirement	155,457	156,329	174,181
Capital coverage quota	5.81	3.12	3.55

RECLASSIFICATION

On 10 November 2008, assets in the form of interest-bearing securities (previously recorded in the category of financial assets available for sale) were reclassified and included in the category of loans and receivables.

As this reclassification has been made from financial assets available for sale, the income statement is not affected by changes in value which are recorded in equity in the fair value reserve.

30 June 2010

Had this reclassification not taken place, equity would have been affected negatively by SEK 19,399 thousands in the fair value reserve as at 30 June 2010.

Interest income amounting to SEK 10,817 thousands has been recognised in the income statement for the period 1 January – 30 June with regard to the reclassified assets.

	30 June 2010		31 Dec 2009	
	Book value	Fair value	Book value	Fair value
Interest-bearing securities	5,872,741	5,853,342	5,598,758	5,570,825

31 Dec 2009

Had this reclassification not taken place, equity would have been affected negatively by SEK 27,933 thousands in the fair value reserve as at 31 December 2009.

Interest income amounting to SEK 62,982 thousands has been recognised in the income statement for the period 1 January – 31 December with regard to the reclassified assets.

	31 Dec 2009		31 Dec 2008	
	Book value	Fair value	Book value	Fair value
Interest-bearing securities	5,598,758	5,570,825	6,057,591	5,991,173

All assets are of high quality, mostly zero-risk-weighted, interest payments are being made according to plan and Kommuninvest is of the view that a nominal amount will be received on the due date.

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, 23 August 2010

Ellen Bramness Arvidsson
Chairman

Lorentz Andersson
Board Member

Kurt Eliasson
Board Member

Anna von Knorring
Board Member

Catharina Lagerstam
Board Member

Anna Sandborgh
Board Member

Johan Törngren
Board Member

Tomas Werngren
President and CEO

REVIEW REPORT FOR KOMMUNINVEST I SVERIGE AB (PUBL)

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 1 January 2010 to 30 June 2010. The Board of Directors and the President are responsible for the presentation of this interim report in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope and focus 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 FAR (the Swedish Institute 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 in accordance with the Swedish auditing standards (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 a 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 Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) and the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual accounts for credit institutions and securities companies (FFFS 2008:25).

Stockholm; 23 August 2010

Ernst&Young AB

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