

KOMMUNINVEST I SVERIGE AB

Interim report 2023



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.

280 + 14

Kommuninvest is owned by 280 municipalities and 14 regions.



Green Loans

Green Loans were introduced in 2015 for financing environmental and climate-related investments. Since the launch, the volume of Green Loans has grown to SEK 105.9 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

Administers membership and the joint and several guarantee, and is responsible for capital acquisition.

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.

495 SEK bn

On 30 June 2023, lending to customers amounted to SEK 495 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 2023

Comparison figures relating to the income statement refer to the preceding year (1 January–30 June 2022), unless otherwise stated. Comparative figures relating to the balance sheet and to risk and capital-related data refer to 31 December 2022 unless otherwise indicated.

While every care has been taken in translating of this report, readers are reminded that the original report, signed by the Board of Directors and the CEO, is in Swedish.

Comment from the CEO

Having now spent three months in the role of CEO of Kommuninvest, I must say that it has been a real privilege to get to know the employees, customers and members involved in these splendid operations that play such a key societal role. All of the skills, commitment and dedication to our assignment collected within Kommuninvest enable us, even in troubled times, to supply the local government sector with stable and cost-efficient financing. Naturally, this is of critical importance. Kommuninvest is built to stand firm “come rain or shine” and we are now able to affirm that the design works extremely well regardless of the weather.

That is not to say that we do not have a lot of work to do. Like many others, Kommuninvest must actively pursue development efforts. We must clarify our governance and management to increase security and efficiency within the organisation. We must further strengthen our customer focus to pervade all that we do to an even greater extent, regardless of our role. Over the upcoming years, extensive work is needed to future-proof the operations’ IT support. At the same time, the sustainability perspective must be more systematically implemented into our business, reporting and risk assessment.

External developments – with high inflation, rising interest rates and a weakening economy – has brought the local government sector under pressure. Even in this environment, our lending has continued to grow. Certain types of investments, such as new production of public housing, has decreased. At the same time, however, there are substantial underlying needs to maintain and upgrade properties and infrastructure. Among rather many of our customers/members, relatively high investment levels are being maintained.

Our sustainable loan products have enjoyed a favourable trend. In June, a total SEK 3.8 billion in Social Sustainability Loans was granted to Botkyrkabyggen, a public housing company in the Municipality of Botkyrka, south of Stockholm, for a major long-term societal initiative in Alby, Fittja and Norsborg. Realising this ambitious and interesting arrangement represented a key step forward. It will impact people’s well-being, security and social environment and involves investments likely to provide a favourable socio-economic yield for the



Katarina Ljungqvist, CEO

company concerned, as well as for individual citizens. Having passed two milestones, SEK 100 billion in granted loan volumes and 600 approved projects, the proportion of Green Loans relative to total lending, based on disbursed volume, has now reached 15 percent. This is a strong and highly favourable trend.

Operating income for the first half of the year ended up at SEK 366 million. This exceeds somewhat the levels we have experienced in recent years. We conduct stable and well-functioning operations that deliver well over time.

Operating profit for the period was SEK 196 million. We welcome our progression from an operating loss for full-year 2022 to an operating profit for the first half of the current year. At the same time, it is necessary to remain aware that operating profit has been burdened with a risk tax amounting to SEK 163 million for the period. The risk tax far exceeds the company’s total operating costs, challenging our capacity to offer members a reasonable rate of interest on their contributed capital.

Ultimately, the risk tax is a heavy and unreasonable burden for Kommuninvest.

In the autumn of 2021, the Riksdag (Swedish parliament) issued an announcement that Kommuninvest should be exempt. We are continuing to work very actively, in dialogue with the government and others, for this exemption to be realised – safeguarding our continued capacity to deliver substantial benefit through cost-efficient financing solutions!

Katarina Ljungqvist
President and CEO

Positive trend

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) Intensified its efforts regarding the integration of ESG factors in its credit provision processes, risk management and reporting

To ensure that Kommuninvest lives up to its assignment with regards to sustainable and efficient financing of local government sector investments, an extensive process is being conducted, targeting the core of the operations, credit provision, risk management and reporting. Among other things, this builds on the new regulations linked to ESG-questions (environmental, societal and corporate governance-related factors) that have been introduced or are in the process of being introduced. Among other things, the purpose is to guide capital flows towards more sustainable alternatives and for credit providers to consider ESG factors throughout their operations.

The work is being conducted focusing partly on integrating ESG factors into the business model in a straightforward, efficient and well-defined way, and partly on providing a tool and support for the local government sector's climate work.

During the period, Kommuninvest published, for example, its first report in accordance with the new reporting requirements regarding ESG, by means of what is referred to as Pillar 3 reporting.

2) Continued work on adapting the terms for Green Loans to the taxonomy.

The work that began in 2022 to gradually/ partially adapt the Green Bond framework to the EU taxonomy continued during the first half of the year, in collaboration with industrial organisations and public actors. The adaptation, which primarily addresses the terms for obtaining Green Loans, initially entails all project categories deemed possible and fair being required to meet the criteria for a "substantial contribution" to at least one of the EU's six environmental targets. For the second half of 2023, the ambition is to publish proposals for the design of new terms. During the period, the volume of approved Green Loans increased for first the time to more than SEK 100 billion.

3) Further developed its Social Sustainability Loans – having achieved a positive milestone

Following the launch of the new Social Sustainability Loans product in 2021, efforts have focused on encouraging more Kommuninvest members to make use of it. At the end of the period, Kommuninvest had granted SEK 5.6 billion in financing for 18 socially oriented investments and 14 members. With the approval in June of Botkyrkabyggen's large-scale investment in the refurbishment and development of rental properties in three vulnerable areas, the programme reached a milestone. In total, Botkyrkabyggen's investment amounts to SEK 5.2 billion, SEK 3.8 billion of which is intended to be financed through Social Sustainability Loans.

Social Sustainability Loans share 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 first half of 2023, Kommuninvest's Social Sustainability Committee granted a total of SEK 3.9 billion in Social Sustainability Loans

New investment projects approved during first six months of the year includes equipping/developing and financing of existing housing portfolios (Botkyrkabyggen: category housing and living environments), as well as an emergency facility for ambulance and rescue services (Municipality of Tanum: category: safety, security and accessibility).



Municipality of Tanum



Botkyrkabyggen

Updated guidance regarding the Finance Policy



At the end of May, Kommuninvest launched an updated advisory material for those designing or revising a finance policy within the local government sector. An initial presentation of the material was given at the “Current Financial Issues” conference organised by the Swedish Association of Local Government Economists in Stockholm on 31 May–1 June.

As the interest rate situation and other key conditions for local government finances have changed over the past few years, it has become relatively common for municipal and regional groups to review their finance policies. The arrangements applied previously during the years with very low interest rates no longer work as well.

This makes the updated advisory materials particularly relevant. In fact, much of Kommuninvest’s customer dialogue during the spring appears to have addressed the central components usually included in a finance policy. This has included a particular focus on debt management.

The advisory material comprises two parts. The first part, *Finance Policy Template*, can be used in preparing an in-house finance policy for a municipal or regional group. The templates include the fundamental components in the shape of, for example, frameworks and guidelines that need to be included in a thorough Finance Policy.

The other part of the material, *Guidance*, serves as a more detailed guide for those working with the templates. A more detailed reasoning on key aspects, problems and considerations is conducted there.

An important trade-off pervading debt management in particular is that between expense and risk. It is a matter of gaining a perception of the group’s own interest rate sensitivity. How much can increased interest expenses be allowed to affect net profit in a stressed market scenario? An appropriate balance can then be identified on this basis. With regard to these matters, the design of the material is based on the “Local Government Debt Management Handbook” that Kommuninvest published in September 2022.

Although the advisory material provides guidance, it should not be perceived as a cheat-sheet. The Finance Policy shall always be maintained and adapted to the group’s proprietary operations. The templates need to be processed on the basis of in-house analyses and assessments. A decisive factor is that the final policy should be well founded in the realities applicable for the proprietary organisation.

The updated advisory material has initially received a positive reception from several parts of the local government sector. This guidance is considered a useful tool to be applied in review processes that can, in part, be quite complicated.

Market and organisation

During the first six months of the year, there were positive trends in the global economy. Economically, 2023 looks like being a weak year, although most forecasts indicate that the economy is gradually improving. Inflation is falling. Although some central banks, including the Riksbank (Swedish central bank), may raise their key rates a little more to dampen inflationary pressure, much suggests that the peak of the interest rate hikes may relatively soon be reached. Despite a period of banking turmoil during the spring, in which the collapse of Silicon Valley Bank and the restructuring of Credit Suisse left a particularly clear impression, the financial market appears generally stable. Market volatility is generally lower now than at times in 2022.

At the same time, there is considerable uncertainty. It is unclear how the Russian war of aggression against Ukraine will develop. The concerns surrounding the private Wagner militia has also raised question marks regarding the domestic political situation in Russia. In several countries, and perhaps in Sweden particularly, the situation in the property sector is problematic. In the new interest rate environment, highly leveraged property companies face significant challenges. Where Sweden is concerned, the events surrounding SBB, in which many municipalities and regions are tenants, have demonstrated that the risks are real.

The local government sector's financial terms have deteriorated. High inflation and rising interest rates, combined with the phasing out of the increased central government subsidies during the pandemic, have made balancing the economic equation difficult. According to SALAR, many municipalities and almost all regions are expected to report a deficit both this year and next.

In this context, Kommuninvest has continued to show good stability. The organisation has delivered on its principal assignment to provide its customers with loans on favourable terms, and has made good progress in key areas, such as sustainable loans.

Until the end of the first six months of the year, Kommuninvest's lending continued to grow. Kommuninvest has maintained good competitiveness and the municipalities continue to need loan financing. With the tougher economic conditions, certain types of investments, such as new production in public housing, have declined. There is, on the other hand, a major underlying need for maintenance and upgrading in areas including property and infrastructure.

For the sustainable loan products, the trend has been strong. During the spring, Green Loans passed two milestones: SEK 100 billion in loan volume and 600 approved projects. The proportion of Green Loans in relation to total lending, based on disbursed volumes, is now up at 15 per cent. In June, Social Sustainability Loans achieved a key step

forward when Botkyrkabyggen, a public housing company in the Municipality of Botkyrka, south of Stockholm, was awarded SEK 3.8 billion for a major long-term societal initiative in Alby, Fittja and Norsborg.

Kommuninvest's funding has developed as anticipated. The borrowing forecast issued in December 2022, of SEK 130–150 billion, remained valid at the end of the first six months of the year. Green funding has been successful, with three green emissions being implemented, two being implemented in EUR and one in SEK, and encountering considerable interest from investors.

Kommuninvest has, in accordance with the new strategic focus established in 2022, continued its efforts aimed at future-proofing the operations' IT support. Over the upcoming years, these include building up a new data warehouse and switching to new business systems for Treasury, lending and the supporting processes.

The risk tax remains a heavy burden for Kommuninvest. For 2023, it is calculated that the tax will amount to SEK 326 million. In 2021, the Riksdag (Swedish parliament) announced that Kommuninvest would no longer be subject to the tax as of 1 January 2023. To date, however, the government has not submitted a proposal regarding such an exemption. Kommuninvest continues to work highly actively for the exemption to be realised.

Ownership situation

The Kommuninvest Cooperative Society (the Society) owns 100 per cent 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 2023, the Society had 294 (294) members (partners), of which 280 (280) were municipalities and 14 (14) were regions. Between 1 January and 30 June 2023, no new members joined the Society.

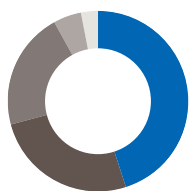
Resolutions by the Annual General Meeting of the Society

The Society held its Annual General Meeting on 30 March 2023 in Stockholm. As in 2021 and 2022, the 2023 Annual General Meeting of the Society was conducted as a so-called hybrid meeting, that is, with opportunities to participate either in person or digitally. A total of 406 people participated in the Meeting, with 204 attending on site in Stockholm and 202 attending digitally. At the formal meeting, 171 people participated.

The Annual General Meeting of the Society took the customary resolutions approving the Annual Report, discharge from liability for the Board of Directors, electing the Board of Directors of the Society and the Election Committee. For the first time in Kommuninvest's history, the Group reported

Lending portfolio by borrower category

30 Jun 2023 (31 Dec 2022)



■ Municipalities¹⁾ 45 (44) %
■ Municipal housing companies 26 (27) %
■ Other municipal companies 21 (21) %
■ Municipal energy companies 5 (5) %
■ Regions 3 (3) %

Kommuninvest's largest borrower groups are municipalities and municipal housing companies. As per 30 June 2023, they accounted for 71 (70) percent of the total lending.

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

a net loss of SEK 52 million. Accordingly, there was no surplus to distribute to members. This was, to all intents and purposes, a consequence of Kommuninvest being subject to risk tax of SEK 257 million for 2022.

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 2023 were a consequence of earlier resolutions. In 2023, both new and existing members are to pay in capital contributions so that they reach SEK 1,200 per inhabitant (SEK 240 per inhabitant for the regions).

The Annual General Meeting also adopted ownership directives for the Company for 2023. As in previous years, these state that it is the Society that is responsible for providing the Company with the capital required for the operations.

Local government debt

During the period, Swedish municipalities and regions were able to meet their borrowing 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 12 billion since the beginning of the year, was SEK 832 (820) billion as of 30 June 2023, corresponding to 13.5 (13.8) percent of GDP.

In Kommuninvest's assessment, the growth in borrowing amounted to 4 percent in 2023, which is lower than the average growth rate in recent years. The forecast for local government debt rests on the assumption of continued considerable investment needs in the local government sector due to demographic shifts and major renovation needs regarding existing buildings and infrastructure. Three causes of the somewhat lower expected rate of growth

in 2023 are lower population growth, strong liquidity and reduced housing investment among municipal housing companies.

The local government sector's funding is characterised by short maturities and relatively short-term interest rates. At the end of the period, the average amount of time during which capital was tied up was 2.57 years and 50 percent of funding carried variable interest. By using derivatives the average period of fixed interest was extended to 2.66 years. The average interest rate on borrowings amounted to 2.18 percent, an increase by 1.18 percentage points in a year.

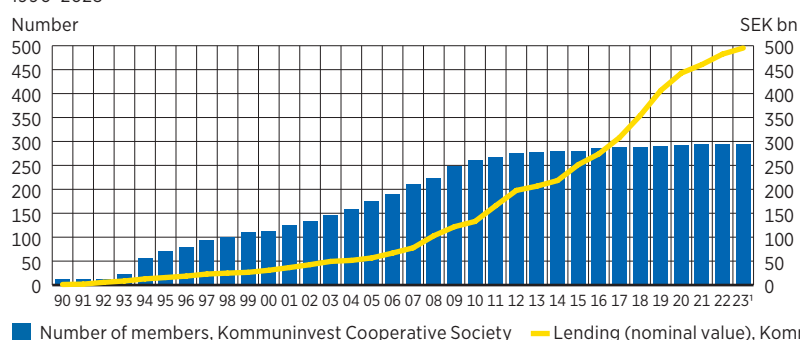
Kommuninvest's lending

As of 30 June 2023, Kommuninvest's lending amounted to SEK 495.2 (482.5) billion, an increase of 3 percent for the first six months of the year. The recognised value of the lending was SEK 484.4 (470.7) billion. Kommuninvest's assessment is that 59.5 (58.8) percent of local government debt is financed via Kommuninvest.

Growth in lending for the first six months of 2023 was roughly as high as for the first six months of 2022. Then too, it ended up at about 3 percent. Growth in lending is linked to the local government sector's rate of investment. There are certain indications that the rate of investment is continuing to slow. Raised interest and production expenses exert a braking efficient. This primarily appears to affect the municipal companies. Production in public housing has decreased. In the long term, it appears as though lowered population forecasts will dampen investment needs. The pressured economic situation is of significance. After a couple of years of favourable net profit, earnings levels have declined. According to SALAR, the combined net loss of the Swedish municipalities and regions for 2023 will decrease to SEK 6 billion, if no measures were to be taken. This

Number of members and lending volume 1990-2023

1990-2023


¹⁾ 30 Jun

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

could result in investment plans being cut back. At the same time, there are extensive maintenance and upgrading needs among properties and infrastructure, as well as an overarching need to advance the green transition. This would seemingly entail the rate of investment nonetheless being held up relatively well. Growth in lending is also linked to the extent to which municipalities and regions choose to finance their investments through loans. To date, liquidity has been relatively strong. In tougher times, however, when the company's own liquidity decreases, the degree of loan financing could increase. What direction the local government sector will take in this regard remains rather unclear.

Kommuninvest's competitiveness, expressed as the percentage of accepted bids, has remained strong. Based on nominal volumes, the bid acceptance rate amounted to 99 (99) percent. The bid statistics do not reflect funding by Kommuninvest's members through their own marketing programmes. Of the total lending, municipalities accounted for 45 (44) percent, municipal housing companies for 26 (27) percent and municipal companies for 26 (26) percent. Lending to regions accounted for 3 (3) percent.

Of the agreed lending for the period, 85 (84) percent comprised loans with capital tied up for more than one year and 15 (16) percent with capital tied up for one year or less. Loans with capital tied up for one to three years accounted for 28 (33) 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 2.5 (2.4) years.

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 2023, the green portfolio included 601 approved green proj-

ects, corresponding to SEK 105.9 billion to 190 municipalities and regions. This can be compared with the beginning of the year, when the portfolio amounted to SEK 99.9 billion regarding 563 investment projects among 186 municipalities and regions. The corresponding amount of disbursed Green Loans was SEK 73.4 billion as of 30 June 2023 and SEK 66.4 billion at the start of the year. The proportion of Green Loans in relation to total lending, based on disbursed volumes, amounted to 15.0 (14.0) percent.

Social Sustainability Loans were launched for all customers as of 30 March 2021. As of 30 June 2023, the portfolio of Social Sustainability Loans amounted to 18 (16) approved green projects, corresponding to SEK 5.6 (1.7) billion to 14 (14) municipalities. The amount disbursed in Social Sustainability Loans was SEK 1.2 (1.0) billion.

Kommuninvest's funding

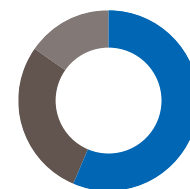
Kommuninvest finances its lending to municipalities and regions by borrowing funds on the Swedish and international capital markets. The strategy builds on maintaining a presence in strategic funding markets, matching assets and liabilities, a highly liquid reserve and correct pricing of liquid assets. The company's three strategic funding markets are denominated in SEK, USD and EUR.

During the period, market conditions have been marked by continued geopolitical unrest and rising interest rates due to high inflation. The Company's liquidity strategy 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 594.3 billion in nominal terms, compared with SEK 547.5 billion at the beginning of the year.

During the period, funding in long-term debt instruments with a maturity of more than one

New funding by currency¹⁾

1 Jan–30 Jun 2023
(1 Jan–30 Jun 2022)

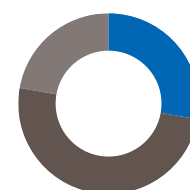


■ SEK 56 (43) %
■ USD 28 (51) %
■ EUR 15 (6) %

¹⁾ excl. commercial paper funding

New funding by programme¹⁾

1 Jan–30 Jun 2023
(1 Jan–30 Jun 2022)



■ International benchmark funding 28 (51) %
■ Swedish benchmark programme 50 (43) %
■ Green Bonds 22 (6) %

¹⁾ excl. commercial paper funding

Multi-year summary, Kommuninvest i Sverige AB

	30 Jun 2023	30 Jun 2022	31 Dec 2022	31 Dec 2021	31 Dec 2020
Total assets, SEK, million	609,873.9	597,763.9	553,256.5	524,261.7	527,363.6
Lending (recognised value), SEK, million	484,411.4	462,783.2	470,675.9	460,650.3	445,788.8
Net profit for the period, SEK, million	157.1	-346.5	-42.1	375.6	179.7
Members, total	294	294	294	294	292
of which, municipalities	280	280	280	280	278
of which, regions	14	14	14	14	14
Core Tier I capital ratio ²⁾ , %	481.9	278.3	454.1	397.1	302.5
Tier I capital ratio ³⁾ , %	481.9	278.3	454.1	397.1	302.5
Total capital ratio ⁴⁾ , %	481.9	278.3	454.1	397.1	302.5
Leverage ratio, %	9.19	7.55	14.23	15.36	10.60

²⁾ Core Tier I capital in relation to total risk exposure. See also pages 12–13 and Note 10.

³⁾ Tier I capital in relation to total risk exposure. See also pages 12–13 and Note 10.

⁴⁾ Total capital base in relation to total risk exposure. See also pages 12–13 and Note 10.

year was raised for an amount corresponding to SEK 76.1 (86.3) billion. Funding through short-term commercial papers, with maturities of less than one year, amounted to SEK 42.1 (41.4) billion. Previously issued funding of SEK 6.5 (7.9) billion was repurchased and SEK 68.0 (68.1) billion matured.

The Company's largest funding programme in terms of volumes outstanding is the Swedish Benchmark Programme. Within the programme, bonds outstanding are increased by means of weekly auctions. During the period, two benchmark funding programmes were also implemented in USD, as well as two green benchmark funding programmes in USD and two green benchmark funding programmes in EUR. The latter complements the EUR bond that was issued in the spring of 2022 and together they now form a green funding curve in EUR with maturities of four to seven years. Funding through Green Bonds finances green investment projects by the Society members.

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. This reserve amounted to SEK 99.7 (62.1) billion at the end of the period.

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

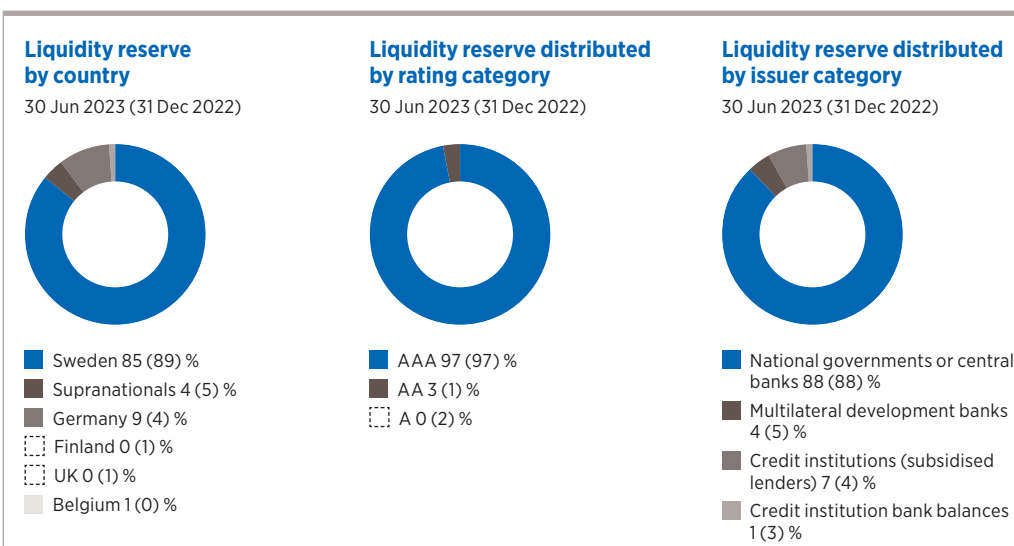
liquidity reserve is adjusted according to, for example, funding maturities and external factors, including readiness to post collateral in connection with changes in values of derivative contracts. Guiding principles in the management of such assets are high credit quality and tradability. To further 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, subsidised lenders and multilateral development banks.¹⁾

Rating

The Company holds the highest credit ratings – AAA from S&P Global Ratings and Aaa from Moody's. In December 2022, the rating agencies confirmed the Company's rating, with a 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.

Kommuninvest is also awarded so-called ESG ratings from a number of players, including ISSOekom, MSCI and Sustainalytics. The results place Kommuninvest among the group of financial institutions whose operations are considered to have a low exposure to sustainability risks.



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

Financial accounts

Net profit

Kommuninvest's operating profit, its profit before tax, amounted to SEK 195.7 (loss 346.5) million. Operating income, defined as operating profit/loss excluding unrealised changes in market value, expected credit losses and risk tax amounted to SEK 365.8 (178.7) million. The risk tax introduced on 1 January 2022 and that encompasses certain credit institutions, including Kommuninvest, burdened income by SEK 162.9 (128.7) million.

Net interest income

Net interest income amounted to SEK 501.8 (304.1) million. Significantly higher market interest rates during the first six months of 2023 have brought significantly higher interest revenues and interest expenses than in the preceding year. The higher net interest income compared with the preceding year is primarily explained by higher interest rates, increasing income in relation to equity, with this portion of net interest income amounting to SEK 177.3 (27.7) million. 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 17.5 (395.7) million, of which unrealised changes in market value were negative in the amount of SEK 9.6 (395.5) million. The net profit is mainly explained by a more stable market situation in the first six months of the year, giving smaller variations in the margin between the company's market-valued assets and liabilities than corresponding period the preceding year. Since Kommuninvest intends to hold assets and liabilities to maturity, these values are not normally realised.

Other operating income

Other operating income amounted to SEK 6.4 (5.6) million, with income from the KI Finans contract service increasing to SEK 5.5 (4.7) million. The price for the service has been indexed to cover increased costs, while the number of customers using the service has also increased slightly. For further information, see Note 3.

Operating expenses

Operating expenses amounted to SEK 119.8 (112.6) million, of which payroll expenses accounted for SEK 66.8 (66.5) million and other operating expenses totalled SEK 53.0 (46.1) million. The increase in other operating expenses is attributable to increased consulting support for preliminary studies and projects to future-proof Kommuninvest's systems platform.

Credit losses

Credit losses totalled SEK 2.4 (-1.0) 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. For further information, see Note 4.

Fees imposed: Risk tax and resolution fee

The risk tax burdened net profit by SEK 162.9 (128.7) million and the resolution fee, which is set by the Swedish National Debt Office, amounted to SEK 8.6 (12.5) million. The risk tax is levied at 6 basis points of the company's liabilities, which is 1 basis point higher than in 2022.

Assets

At the end of the period, Kommuninvest's total assets amounted to SEK 609,873.9 (553,256.5) million.

Lending to municipalities and regions, which accounts for most of the assets, had a recognised value of SEK 484,411.4 (470,675.9) million at the end of the period. In nominal terms, lending increased to SEK 495,216.4 (482,459.1) million, corresponding to a growth rate of 2.6 percent for the first six months of the year.

The liquidity portfolio, in the balance sheet distributed between the 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 102,683.7 (65,422.6) million.

Derivative assets (derivatives with positive market value) increased to SEK 22,186.9 (16,353.0) million. The value of derivatives used to hedge the currency risks in the Company's funding in USD is substantially affected by the SEK/USD exchange rate. The SEK weakened during the first six months of the year and, since most derivatives were agreed at a lower exchange rate than that currently applicable, they generate a positive value.

Other assets amounted to SEK 490.9 (685.7) million, mainly comprising collateral pledged to derivative counterparties where the combined value of the derivatives is negative. For more information on other assets, see Note 8.

Liabilities

The Company's liabilities amounted to SEK 599,548.1 (543,087.8) million. Over the period, new borrowings were raised in long-term debt instruments equivalent to SEK 76,099.7 (86,315.6) million, of which 56 percent were raised in SEK, 28 percent in USD and 15 percent in EUR. Despite troubled market conditions, Kommuninvest has been able to meet its funding needs on favourable terms and total funding, in the form of securities issued, amounted to SEK 571,342.8 (520,777.0) million in recognised value. For further information, see Note 6.

Liabilities to credit institutions, in the form of repos, decreased to SEK 89.4 (1,487.5) million over the period.

Derivative liabilities, derivatives with negative market value, amounted to SEK 1,690.4 (2,834.2) million.

Other liabilities amounted to SEK 23,387.2 (15,059.9) million. For further information on other liabilities, see Note 9.

Equity

At the end of the period, equity in Kommuninvest amounted to SEK 10,325.8 (10,168.7) million, of which the share capital amounted to SEK 9,475.0 (9,475.0) million, divided between 94,750,000 (94,750,000) shares. The share capital is attributable entirely to the members of the Kommuninvest Cooperative Society and no shares are available for trading.

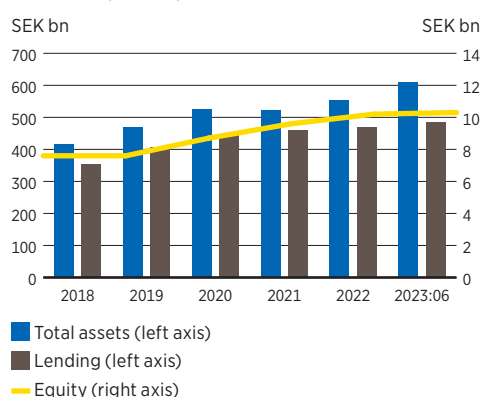
For further information, see the Statement of changes in equity on page 18.

Capital adequacy

The Company must retain sufficient capital to be able to meet both internally estimated capital requirements and regulatory requirements. Sufficient capital adequacy is important for

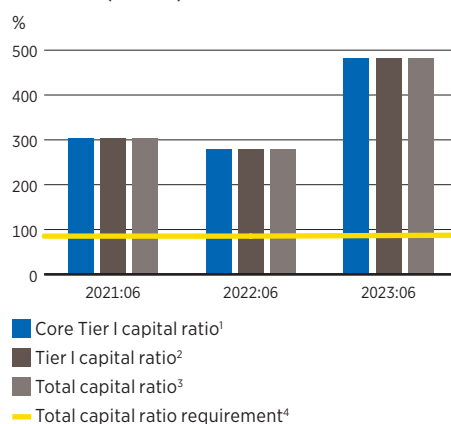
Kommuninvest's balance sheet

2018–2023 (30 June)



Capital adequacy

2021–2023 (30 June)



1) Core Tier I capital in relation to total risk exposure.

2) Tier I capital in relation to total risk exposure.

3) Total capital base in relation to total risk exposure.

4) Capital requirements including buffer requirements in accordance with CRR (Regulation (EU) No 575/2013 of the European Parliament and of the Council) and Finansinspektionen's consideration of decisions regarding Capital Base Requirements, Pillar II requirements.

lending to Sweden's municipalities and regions to be able to continue growing and to maintain the confidence of the Company's stakeholders, particularly investors.

Kommuninvest is required to comply with the Supervisory Regulation (EU) No. 575/2013, also known as the CRR (Capital Requirements Regulation), which is directly applicable in Sweden and the Capital Adequacy Directive EU 2013/36, which is implemented in Sweden through legislation and regulations issued by 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 the changes came into effect on 28 June 2021.

On 20 November 2020, the Swedish Financial Supervisory Authority (Finansinspek-

tionen) announced its adoption of an amended application of the capital requirements for Swedish banks to adapt these requirements to the EU's bank packages. Today, Finansinspektionen determines 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.

Separate requirements and guidelines are stated regarding risk-based capital requirements and leverage ratio capital requirements. Risk-based capital requirements and guidelines are stated as a percentage of risk-weighted assets, capital requirements and leverage ratio guidance figures, 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 24 September 2021, Finansinspektionen announced its decision regarding the risk-based Pillar II requirements and Pillar II guidance that are applicable to the Company and that are based on Finansinspektionen's review and evaluation process, see Note 10. According to Finansinspektionen's decision, the Company does not need to hold capital for Pillar II guidance.

The Company is well capitalised to withstand the operations' risks, with capital relationships exceeding the prescribed minimum requirements in Pillar I, the capital base requirement in Pillar II, as well as the combined buffer requirement by a good margin.

The core Tier I capital amounted to SEK 9,933.4 (9,909.9) million, entailing a core Tier I capital ratio of 481.9 (454.1) percent. The Company's capital base consists solely of Tier I capital and the total capital ratio also therefore amounts to 481.9 (454.1) percent. For further information, see Note 10.

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 supervisory regulation (amending regulation) (EU) 2019/876 of 20 May 2019.

The leverage ratio is defined as the ratio between Tier I capital and total exposure in assets and commitments. A specific leverage ratio regulation is applied when calculating the leverage ratio for Public Development Credit

Institutions (PDCI), the category to which Kommuninvest belongs. For Kommuninvest, this means that all lending to members and their companies may be deducted from the exposure measure applied in calculating the leverage ratio.

On 24 September 2021, Finansinspektionen announced its decision regarding the risk-based Pillar II requirements and Pillar II guidance concerning the leverage ratio that are applicable to the Group and that are based on Finansinspektionen's review and evaluation process, see Note 10. The decision means that the Company does not need to hold capital to cover the risk of an insufficient leverage ratio under Pillar II.

The company's leverage ratio amounts to 9.19 (14.23) percent.

Low risk tolerance and effective risk management

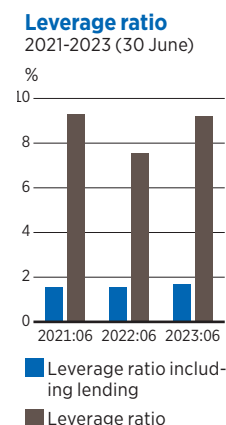
The Company's principal assignment is to ensure access to stable and efficient funding for the local government sector. This entails borrowing funds on the financial market, in accordance with customers' needs. Presented below is a comprehensive overview of the Company's targets, principles and methods for managing risk.

Risk profile

Kommuninvest plays a central role in the financing of the Swedish municipalities' and regions' investments. 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 relations, 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 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 basis of the company's efforts to build confidence in its operations is a risk culture based on the rules and practice applicable in the economic administration of municipalities, 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 610,645.3 (553,805.7) million. Of this exposure, 79 (85) percent involved Swedish municipalities and regions in the form of lending, 17 (12) percent involved sovereigns and other issuers of securities in the form of investments and deposits, while 4 (3) percent involved exposures to derivative counterparties.

As per 30 June 2023, counterparty exposure to derivative counterparties amounted to SEK 3,069 (3,401.8) 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. Over the first half of the year, geopolitical unrest, a high rate of inflation and bank collapses in the US and Europe have caused high volatility in interest rates, credit spreads and currencies.

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 (Swedish central bank) 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. This provides the necessary prerequisites to cover new lending, loan extensions and financing maturities even under weakened market conditions.

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 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 2022 Annual Report for Kommuninvest i Sverige AB, is available at

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

Employees

As of 30 June 2023, the number of employees amounted to 104 (99). Recruitment and skills supply/development have progressed according to plan.

Board of Directors

At the Annual General Meeting on 30 March 2023, Ellen Bramness Arvidsson stepped down from her assignment as Chairman of the Board. Rickard Simonsson was elected as a new Board Member and Erik Langby was elected as the new Chairman of the Board. The Board of Directors consists of Erik Langby (Chairman), Mats Filipsson, Lars Heikensten, Anette Henriksson, Catrina Ingelstam, Rickard Simonsson, Kristina Sundin Jonsson, as well as employee representatives Mattias Bokenblom and Kristin Ekblad.

Management

As of the end of the period, the company's Executive Management Team comprised Katarina Ljungqvist (President and CEO), Maria Viimne (Deputy CEO and COO), Patrick Niemander (CFO), Malin Waldenström (Head of Human Resources), Jonas Berglund (CRO), David Ljung (Head of Lending and Advisory Services) and Jimmy Leonborg (IT Manager). In April, Tomas Werngren stepped down from his role as President and CEO and was replaced by Katarina Ljungqvist. In March, Jens Larsson stepped down from his position as Chief Legal Officer to be replaced by Acting Chief of Staff Ulf Bengtsson, who was co-opted to the Executive Management Team. During the spring, Jonas Berglund held the role of Acting CRO, transitioning in June into the role as regular CRO.

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 2023	Jan-Jun 2022	Jan-Dec 2022
Interest revenues calculated according to effective interest method		8,704.6	682.3	4,780.0
Other interest revenues		56.0	6.5	133.9
Interest expenses calculated according to effective interest method		-8,222.1	-360.6	-4,179.8
Other interest expenses		-36.7	-24.1	-68.3
NET INTEREST INCOME	2	501.8	304.1	665.8
Dividends received		-	-	1.8
Commission expenses		-6.1	-5.7	-11.7
Net result of financial transactions		-17.5	-395.7	-208.8
<i>of which, derecognised assets valued at amortised cost</i>		-	0.2	0.2
Other operating income	3	6.4	5.6	11.9
TOTAL OPERATING INCOME		484.6	-91.7	459.0
General administration expenses		-114.7	-107.2	-212.4
Depreciation and impairment of intangible assets		-3.1	-3.2	-6.3
Depreciation and impairment of tangible assets		-1.0	-0.9	-1.8
Other operating expenses		-1.0	-1.3	-3.4
TOTAL EXPENSES		-119.8	-112.6	-223.9
PROFIT BEFORE CREDIT LOSSES		364.8	-204.3	235.1
Net credit losses	4	2.4	-1.0	-5.9
<i>Fees imposed: Risk tax and resolution fee</i>	5	-171.5	-141.2	-282.3
OPERATING PROFIT		195.7	-346.5	-53.1
Tax		-38.6	-	11.0
NET PROFIT FOR THE PERIOD		157.1	-346.5	-42.1

Statement of comprehensive income

SEK, million	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
NET PROFIT FOR THE PERIOD	157.1	-346.5	-42.1
Other comprehensive income	-	-	-
TOTAL COMPREHENSIVE INCOME	157.1	-346.5	-42.1

Balance sheet

SEK, million	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS				
Cash and balances with central banks		7,720.1	48,927.7	26,217.2
Sovereign bonds eligible as collateral	6	81,646.0	43,141.3	30,689.7
Lending to credit institutions	6	686.1	1,755.6	1,763.4
Lending	6	484,411.4	462,783.2	470,675.9
Bonds and other interest-bearing securities	6	12,631.5	14,803.1	6,752.3
Shares and participations in subsidiaries		42.0	42.0	42.0
Derivatives	6, 7	22,186.9	23,863.5	16,353.0
Intangible assets		15.4	21.6	18.5
Tangible assets		5.1	5.2	4.4
Current tax assets		-	87.8	3.6
Other assets	8	490.9	2,287.8	685.7
<i>Deferred tax assets</i>		-	-	14.0
Prepaid expenses and accrued revenues		38.5	45.1	36.8
TOTAL ASSETS		609,873.9	597,763.9	553,256.5
LIABILITIES, PROVISIONS AND EQUITY				
Liabilities and provisions				
Liabilities to credit institutions	6	89.4	6,172.6	1,487.5
Securities issued	6	571,342.8	557,106.6	520,777.0
Derivatives	6, 7	1,690.4	2,199.7	2,834.2
Change in value of interest-hedged item in portfolio hedging		2,997.7	2,483.3	2,886.3
Other liabilities	9	23,387.2	20,490.7	15,059.9
Accrued expenses and prepaid revenues		40.6	35.1	42.9
Provisions		0.0	0.0	0.0
Total liabilities and provisions		599,548.1	588,488.0	543,087.8
Equity				
Restricted equity				
Share capital		9,475.0	8,975.0	9,475.0
Development expenditure reserve		15.4	21.6	18.5
Statutory reserve		17.5	17.5	17.5
Unrestricted equity				
Unrestricted share premium reserve		255.0	155.0	255.0
Profit or loss brought forward		405.8	453.3	444.8
Net profit for the period		157.1	-346.5	-42.1
Total equity		10,325.8	9,275.9	10,168.7
TOTAL LIABILITIES, PROVISIONS AND EQUITY		609,873.9	597,763.9	553,256.5

Statement of changes in equity

SEK, million	Restricted equity				Unrestricted equity			Total equity
	Share capital	New share issue in progress	Development expenditure reserve ¹	Statutory reserve ²	Unrestricted share premium reserve	Profit or loss brought forward	Net profit for the period	
Equity brought forward 1 Jan 2023	9,475.0	0.0	18.5	17.5	255.0	444.8	-42.1	10,168.7
Net profit for the period							157.1	157.1
Change in development expenditure reserve for the period			-3.1			3.1		0.0
Other comprehensive income								0.0
Total comprehensive income	0.0	0.0	-3.1	0.0	0.0	3.1	157.1	157.1
Transactions with shareholders								
Appropriation of surplus						-42.1	42.1	0.0
New share issue								0.0
Total transactions with shareholders	0.0	0.0	0.0	0.0	0.0	-42.1	42.1	0.0
Equity carried forward 30 Jun 2023	9,475.0	0.0	15.4	17.5	255.0	405.8	157.1	10,325.8
Equity brought forward 1 Jan 2022								
Equity brought forward 1 Jan 2022	8,975.0	0.0	24.7	17.5	155.0	74.5	375.6	9,622.3
Net profit for the period							-346.5	-346.5
Change in development expenditure reserve for the period			-3.1			3.1		-
Other comprehensive income								-
Total comprehensive income	-	-	-3.1	-	-	3.1	-346.5	-346.5
Transactions with shareholders								
Appropriation of surplus						375.6	-375.6	-
New share issue in progress								-
Total transactions with shareholders	-	-	-	-	-	375.6	-375.6	-
Equity carried forward 30 Jun 2022	8,975.0	0.0	21.6	17.5	155.0	453.3	-346.5	9,275.9
Equity brought forward 1 Jan 2022								
Equity brought forward 1 Jan 2022	8,975.0	0.0	24.7	17.5	155.0	74.5	375.6	9,622.3
Net profit for the period							-42.1	-42.1
Change in development expenditure reserve for the period			-6.2			6.2		0.0
Other comprehensive income								0.0
Total comprehensive income	0.0	0.0	-6.2	0.0	0.0	6.2	-42.1	-42.1
Transactions with shareholders								
Appropriation of surplus						375.6	-375.6	0.0
New share issue	500.0							500.0
Unrestricted share premium reserve					100.0			100.0
New share issue in progress								0.0
Group contributions						-14.6		-14.6
Tax effect on Group contribution						3.0		3.0
Total transactions with shareholders	500.0	0.0	0.0	0.0	100.0	364.0	-375.6	588.4
Equity carried forward 31 Dec 2022	9,475.0	0.0	18.5	17.5	255.0	444.8	-42.1	10,168.7

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 2016 and prior provisions remain.

For further information on shareholders' equity, see Shareholders' equity in the Financial accounts on page 12.

Cash flow statement

SEK, million	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operational activities			
Operating profit	195.7	-346.5	-53.1
Adjustment for items not included in cash flow	11.7	401.0	224.5
Income tax paid	-26.7	-8.8	75.4
	180.7	45.7	246.8
Change in liquidity portfolio	-56,899.5	-11,789.1	8,750.0
Change in lending	-13,292.5	-12,894.4	-22,531.8
Change in other assets	193.2	136.3	1,746.7
Change in other liabilities	7,486.5	16,349.9	11,527.8
Cash flow from operational activities	-62,331.6	-8,151.6	-260.5
Investment activities			
Acquisitions of intangible assets	-	-	-
Acquisitions of tangible assets	-1.6	-0.2	-0.3
Cash flow from investment activities	-1.6	-0.2	-0.3
Financing activities			
Issue of interest-bearing securities	118,153.4	127,709.0	208,652.7
Maturity and repurchases of interest-bearing securities	-76,239.4	-78,008.1	-189,529.5
New share issue	-	-	600.0
Change in debt ratios within the Group	844.0	127.5	-488.0
Cash flow from financing activities	42,758.0	49,828.4	19,235.2
Cash flow for the period	-19,575.2	41,676.6	18,974.4
Cash and cash equivalents at start of the period	27,981.7	9,007.3	9,007.3
Cash and cash equivalents at end of the period	8,406.5	50,683.9	27,981.7
Cash and cash equivalents consists in their entirety of cash and balances with central banks, as well as loans to credit institutions that, at the time of acquisition, have a maturity of at most three months and that are exposed to insignificant risk of fluctuations in value.			
Adjustment for items not included in cash flow			
Depreciation and impairment	4.1	4.1	8.1
Exchange rate differences from change in financial assets	0.4	0.4	1.0
Unrealised changes in market value	9.6	395.5	209.5
Net credit losses	-2.4	1.0	5.9
Total	11.7	401.0	224.5
Interest paid and received, included in the cash flow			
Interest received ¹	6,715.0	477.7	3,346.1
Interest paid ²	-6,361.0	-302.5	-2,721.0

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 paid interest 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

The Kommuninvest 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 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 financial statements, see Note 12.

New and amended standards and interpretations yet to come into effect

For all material purposes, the accounting policies and calculation methods in the interim report remain unchanged compared with the 2022 Annual Report. No new or amended laws, standards or interpretations have come into effect in 2023 that 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 2023	Jan-Jun 2022	Jan-Dec 2022
Interest revenues			
Interest revenues according to effective interest method	8,704.6	682.3	4,780.0
<i>of which, lending</i>	7,505.5	650.9	4,272.7
<i>of which, interest-bearing securities</i>	1,199.1	31.4	507.3
Other interest revenues	56.0	6.5	133.9
Total	8,760.7	688.8	4,913.9
<i>Of which: interest revenues from financial items not measured at fair value through the income statement</i>	4,239.8	847.1	3,604.1
Interest expenses			
Interest expenses according to effective interest method	-8,222.1	-360.6	-4,179.8
<i>of which, liabilities to credit institutions</i>	0.0	-2.2	-9.0
<i>of which, securities issued</i>	-8,221.6	-354.9	-4,166.7
<i>of which lending, negative lending rate</i>	-0.5	-3.5	-4.1
Other interest expenses	-36.7	-24.1	-68.3
Total	-8,258.9	-384.7	-4,248.1
<i>Of which: interest expenses from financial items not measured at fair value through the income statement</i>	-2,574.8	-995.1	-3,255.2
Net interest income	501.8	304.1	665.8

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.

Note 3 Other operating income

	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Revenue from contracts with customers	5.5	4.7	9.7
Other operating income	0.9	0.9	2.2
Total	6.4	5.6	11.9

All revenues from contracts with customers relate to revenues from a financial management service, K1 Finans, which is offered to members of the Kommuninvest Cooperative Society. The service allows customers to create an overview of their financial positions. All revenues derive from a customer category consisting of municipalities and regions which are members of the Kommuninvest Cooperative Society and all customers operate in the same geographical market, Sweden.

All contracts are processed at the portfolio level, entitle the customer access to a service and the performance commitment is fulfilled over time during the period in which the service is provided. All contracts extend over one calendar year.

Note 4 Net credit losses

Credit losses

Kommuninvest continuously monitors financial development among its members and customers. In the current situation, the more tangible challenges include increased inflation and higher interest rates. Kommuninvest is monitoring developments and

particularly how customers with relatively high debt and those with extensive investment needs are affected. However, Kommuninvest does not see the weaker economic trend leading to any credit losses being realised.

Changes in recognised gross value

30 Jun 2023	Opening balance	Initiated during the period	Maturing during the period	Closing balance
Cash and balances with central banks	26,217.2	7,720.2	-26,217.2	7,720.2
Sovereign bonds eligible as collateral	30,689.7	1,410,370.0	-1,359,413.7	81,646.0
Lending to credit institutions	1,763.4	9,274.6	-10,351.9	686.1
Lending	470,675.9	76,758.8	-63,023.3	484,411.4
Bonds and other interest-bearing securities	6,752.3	17,234.3	-11,355.1	12,631.5
Off-balance sheet items	-	68,616.1	-67,900.2	715.9
Total	536,098.5	1,589,974.0	-1,538,261.4	587,811.1

31 Dec 2022	Opening balance	Initiated during the period	Maturing during the period	Closing balance
Cash and balances with central banks	7,672.5	26,217.2	-7,672.5	26,217.2
Sovereign bonds eligible as collateral	30,724.1	2,030,828.0	-2,030,862.4	30,689.7
Lending to credit institutions	1,334.7	14,765.4	-14,336.7	1,763.4
Lending	460,650.3	129,185.0	-119,159.4	470,675.9
Bonds and other interest-bearing securities	15,529.8	25,612.1	-34,389.6	6,752.3
Off-balance sheet items	357.1	129,724.0	-130,081.1	-
Total	516,268.5	2,356,331.7	-2,336,501.7	536,098.5

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Note 4, continued

Change in provisions for credit losses

30 Jun 2023	Opening balance	Initiated during the period	Maturing during the period	Changed risk variables	Changed models	Closing balance
Cash and balances with central banks	-0.4	-	0.3	-	-	-0.1
Sovereign bonds eligible as collateral	-0.5	-14.8	17.3	-2.7	-	-0.7
Lending to credit institutions	-0.7	-	-	0.5	-	-0.2
Lending	-5.7	-0.5	0.9	1.4	-	-3.8
Bonds and other interest-bearing securities	-0.1	-3.0	0.1	2.8	-	-0.2
Provisions for off-balance sheet items	0.0	-0.2	0.3	-0.1	-	0.0
Total	-7.4	-18.5	18.9	1.9	-	-5.0

31 Dec 2022	Opening balance	Initiated during the period	Maturing during the period	Changed risk variables	Changed models	Closing balance
Cash and balances with central banks	0.1	-0.4	-0.1	-	-	-0.4
Sovereign bonds eligible as collateral	-0.1	-3.4	9.3	-6.3	-	-0.5
Lending to credit institutions	-0.2	-	-	-0.5	-	-0.7
Lending	-1.1	-0.1	0.3	-4.8	-	-5.7
Bonds and other interest-bearing securities	-0.1	-5.9	0.3	5.6	-	-0.1
Provisions for off-balance sheet items	0.0	0.1	-0.1	0.0	-	0.0
Total	-1.4	-9.7	9.7	-6.0	-	-7.4

Note 5 Fees imposed: Risk tax and resolution fee

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Risk tax	162.9	128.7	257.3
Resolution fee	8.6	12.5	25.0
Total	171.5	141.2	282.3

From January 2022, the resolution fee is presented on the same individual line as the recently introduced risk tax. In previous years, the resolution fee has been reported under Other general administration expenses. The comparative figures for 30 June 2022 have been updated to reflect the change.

Note 6 Financial assets and liabilities

Financial instruments broken down by valuation category

30 Jun 2023	Amortised cost	Fair value through the income statement				Recognised value	Fair value
		Held for trade	Compulsory	Fair value option	Derivatives used for hedge accounting		
Financial assets							
Cash and balances with central banks	7,720.1	-	-	-	-	7,720.1	7,720.1
Sovereign bonds eligible as collateral	76,969.4	-	-	4,676.6	-	81,646.0	81,636.5
Lending to credit institutions	686.1	-	-	-	-	686.1	686.1
Lending	326,594.8	-	-	157,816.6	-	484,411.4	481,027.3
Bonds and other interest-bearing securities	3,227.1	-	-	9,404.4	-	12,631.5	12,631.1
Derivatives	-	-	21,973.7	-	213.2	22,186.9	22,186.9
Other financial assets	489.4	-	-	-	-	489.4	489.4
Total	415,686.9	-	21,973.7	171,897.6	213.2	609,771.4	606,377.4
Financial liabilities							
Liabilities to credit institutions ¹	89.4	-	-	-	-	89.4	89.4
Securities issued ¹	383,166.8	-	-	188,176.0	-	571,342.8	571,154.8
Derivatives	-	1,352.9	-	-	337.5	1,690.4	1,690.4
Change in value of interest-hedged items in portfolio hedging	2,997.7	-	-	-	-	2,997.7	2,997.7
Other financial liabilities	22,944.9	-	-	-	-	22,944.9	22,944.9
Total	409,198.8	1,352.9	-	188,176.0	337.5	599,065.2	598,877.2

Note 6, continued

31 Dec 2022	Amortised cost	Fair value through the income statement				Recognised value	Fair value
		Held for trade	Compulsory	Fair value option	Derivatives used for hedge accounting		
Financial assets							
Cash and balances with central banks	26,217.2	-	-	-	-	26,217.2	26,217.2
Sovereign bonds eligible as collateral	28,872.6	-	-	1,817.1	-	30,689.7	30,688.1
Lending to credit institutions	1,763.4	-	-	-	-	1,763.4	1,763.4
Lending	314,055.2	-	-	156,620.7	-	470,675.9	468,549.0
Bonds and other interest-bearing securities	1,505.9	-	-	5,246.4	-	6,752.3	6,752.6
Derivatives	-	-	16,127.6	-	225.4	16,353.0	16,353.0
Other financial assets	682.3	-	-	-	-	682.3	682.3
Total	373,096.6	-	16,127.6	163,684.2	225.4	553,133.8	551,005.6
Financial liabilities							
Liabilities to credit institutions ¹	1,487.5	-	-	-	-	1,487.5	1,487.4
Securities issued ¹	361,041.7	-	-	159,735.3	-	520,777.0	520,551.2
Derivatives	-	2,609.7	-	-	224.5	2,834.2	2,834.2
Change in value of interest-hedged items in portfolio hedging	2,886.3	-	-	-	-	2,886.3	2,886.3
Other financial liabilities	14,800.2	-	-	-	-	14,800.2	14,800.2
Total	380,215.7	2,609.7	-	159,735.3	224.5	542,785.2	542,559.3

¹ The nominal amount of funding, that is, the amount to be paid up by the maturity date, amounts to SEK 599,204.0 (549,472.6) million.

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, the liquidity reserve, 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 lending margins. This means that if 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 and securities issued

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 has been set to the swap rate adjusted for current borrowing margins for the funding structure and market by applying the Company's current funding margins. For funding in currencies other than SEK, EUR and USD, the current funding margin is set as the funding margin in USD plus the currency basis spread between the currency concerned and USD. Market prices used for valuation are mid-prices. Funding expected to be traded in an active market is classified in level 1. Funding valued at quoted prices, not deemed as traded in an active market, is 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 6, 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 comprises bank accounts and short-maturity repo transactions. Other assets and liabilities consist primarily of pledged assets/cash collateral received, accounts receivable and payable, open items, as well as Group-internal receivables and 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 borrowing 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 256 (270) 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 256 (243) 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 +/- 1 (+/- 28) million. A displacement of the valuation curve upwards or downwards by 10 basis points for the financial instruments valued according to level 3 would mean a change in income of SEK +/-1 (+/-12) million.

All of the above changes refer to 30 June 2023 (comparative figures refer to 31 December 2022) 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 the 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 anticipated 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 0.8 years but estimates that, under reasonable conditions, unobservable input data lead to an average duration of prematurely cancellable funding in the interval from the earliest date of premature redemption to 1.9 years. This would have an effect on net profit in the interval SEK 0.0 million – SEK 0.2 million.

Change in value due to changed 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 are only considered to occur in Kommuninvest's own credit risk as a consequence of events such as a major downgrading of the Company's rating, or signi-

Note 6, continued

ficant amendments to the members' guarantee undertaking that would reduce their collective responsibility for the Company's commitments. Since no such events or changes have occurred, all variations in funding margins and resulting changes in the value of funding are deemed attributable to general changes in the market price of credit and liquidity risk and not from changes in Kommuninvest's own credit risk.

The credit risk in lending is considered to be the same as Kommuninvest's own credit risk. Accordingly, no part of the change in the value of lending is considered to derive from changes in credit risk.

The assets in the liquidity reserve hold a very high credit rating. A change in credit risk affecting their valuation is deemed to occur only in connection with significant downgrades. Such downgrades have not occurred for any of the issuers, which is why no changes in the value of the liquidity reserve are considered to derive from changes in credit risk.

Changed valuation models

The valuation models have been unchanged since the 2020 Annual Report. This also means that the turbulence of recent

years has not caused any changes to valuation models. As part of the market's transition to new reference rates, a smaller number of older interest rate, currency and structured derivatives in USD have been converted from Libor to SOFR as the reference rate for their remaining maturities following the cessation of USD Libor on 30 June 2023. For non-cleared currency and structured derivatives, the change has also entailed switching the discount rate to SOFR. The overall transition effect among the converted derivatives as of 30 June 2023 is SEK 30.9 million. 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

30 Jun 2023	Level 1	Level 2	Level 3	Total
Financial assets				
Sovereign bonds eligible as collateral	2,502.4	2,174.2	-	4,676.6
Lending	-	157,816.6	-	157,816.6
Bonds and other interest-bearing securities	5,149.9	4,254.5	-	9,404.4
Derivatives	-	22,183.4	3.5	22,186.9
Total	7,652.3	186,428.7	3.5	194,084.5
Financial liabilities				
Securities issued	126,855.4	58,189.9	3,130.7	188,176.0
Derivatives	-	743.9	946.5	1,690.4
Total	126,855.4	58,933.8	4,077.2	189,866.4
31 Dec 2022				
Financial assets				
Sovereign bonds eligible as collateral	-	1,817.1	-	1,817.1
Lending	-	156,620.7	-	156,620.7
Bonds and other interest-bearing securities	-	5,246.4	-	5,246.4
Derivatives	-	16,350.5	2.5	16,353.0
Total	-	180,034.7	2.5	180,037.2
Financial liabilities				
Securities issued	46,962.5	108,361.8	4,411.0	159,735.3
Derivatives	-	1,407.6	1,426.6	2,834.2
Total	46,962.5	109,769.4	5,837.6	162,569.5

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Note 6, continued

Transfer between levels of instruments recognised at fair value

	Recognised value 30 Jun 2023	Recognised value 31 Dec 2022
Assets		
To level 1 from level 2		-
To level 2 from level 1	-	2,469.5
Liabilities		
To level 1 from level 2	55,320.4	-
To level 2 from level 1	-	65,306.3

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 levels 1 and 2. The indicators show the number of observations and their standard deviation for bond prices and a specific number of executable quotes. The transfers are considered to have taken place on 30 June 2023 and 31 December 2022 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
Opening balance, 1 Jan 2023	2.5	-1,426.6	-4,411.0	-5,835.1
Recognised gains and losses:				
- recognised in the income statement (net result of financial transactions)	1.0	480.1	178.6	659.7
Loans raised/Issues	-	-	-	-
Matured during period	-	-	1,101.7	1,101.7
Closing balance, 30 Jun 2023	3.5	-946.5	-3,130.7	-4,073.7
Gains and losses recognised in the income statement (net result of financial transactions) for assets included in the closing balance as per 30 June 2023	3.5	225.0	-234.5	-6.0

	Derivative assets	Derivative liabilities	Securities issued	Total
Opening balance, 1 Jan 2022	91.2	-567.2	-5,149.5	-5,625.5
Recognised gains and losses:				
- recognised in the income statement (net result of financial transactions)	-88.7	-859.4	906.4	-41.7
Loans raised/Issues	-	-	-	-
Matured during period	-	-	-167.9	-167.9
Closing balance, 31 Dec 2022	2.5	-1,426.6	-4,411.0	-5,835.1
Gains and losses recognised in the income statement (net result of financial transactions) for assets included in the closing balance as per 31 Dec 2022	-3.6	-218.5	179.6	-42.5

Because the instruments in level 3 are hedged on a transaction basis, and each borrowing combination behaves as a borrowing combination in level 2, the changes in value in level 3 are analysed in the same manner as in level 2.

Note 7 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 2023	Financial assets and liabilities, gross amounts	Amounts netted in the balance sheet ¹	Net amount reported in the balance sheet	Related amounts that are not netted in the balance sheet			Net amount
				Financial instruments	Provided (+)/ Received (-) collateral – securities	Provided (+)/ Received (-) cash collateral	
Assets							
Derivatives	38,914.3	-16,727.4	22,186.9	-1,095.6	-139.9	-20,897.8	53.6
Repos	-		-				-
Liabilities							
Derivatives	-27,241.7	25,551.3	-1,690.4	1,095.6	-	462.5	-132.3
Repos	-89.4		-89.4		89.4		0.0
Total	11,583.2	8,823.9	20,407.1	0.0	-50.5	-20,435.3	-78.7

31 Dec 2022	Financial assets and liabilities, gross amounts	Amounts netted in the balance sheet ¹	Net amount reported in the balance sheet	Related amounts that are not netted in the balance sheet			Net amount
				Financial instruments	Provided (+)/ Received (-) collateral – securities	Provided (+)/ Received (-) cash collateral	
Assets							
Derivatives	32,214.0	-15,861.0	16,353.0	-2,105.8	-101.3	-14,042.6	103.3
Repos	-		-				-
Liabilities							
Derivatives	-28,290.6	25,456.4	-2,834.2	2,105.8	-	624.8	-103.6
Repos	-1,487.5	-	-1,487.5		1,487.5		-
Total	2,435.9	9,595.4	12,031.3	-	1,386.2	-13,417.8	-0.3

1) The amount offset for derivatives includes cash collateral of SEK 8,823.9 million as per 30 June 2023 and SEK 9595.4 million as per 31 December 2022.

Note 8 Other assets

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Receivables from subsidiaries	-	-	1.8
Marginal collateral pledged	480.1	2,271.0	676.5
Contract assets	5.5	-	-
Other assets	5.3	16.8	7.4
Total	490.9	2,287.8	685.7

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 7. 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, K1 Finans. For revenue recognition, see Note 3.

Note 9 Other liabilities

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Tax liability	19.1	-	-
Liabilities to parent society	858.6	615.5	14.6
Marginal collateral received	22,014.1	19,709.2	14,738.7
Other liabilities	495.4	166.0	306.6
Total	23,387.2	20,490.7	15,059.9

The liability to the Parent 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, see further under Note 7. 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 10 Capital

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 legis-

lation and regulations issued by Finansinspektionen. On 28 September 2021, Finansinspektionen decided to increase the buffer value to 1 percent, applicable as of 29 September 2022. Until then, the buffer value of 0 percent, applicable since 16 March 2020, remains in effect.

Capital base	30 Jun 2023	30 Jun 2022	31 Dec 2022
Capital Instruments ¹	9,475.0	8,975.0	9,475.0
Non-distributed retained earnings	676.2	283.4	676.2
Accumulated other comprehensive income and other reserves	17.5	17.5	17.5
Core Tier I capital before regulatory adjustments	10,168.7	9,275.9	10,168.7
Further value adjustments	-225.0	-209.8	-236.6
Latent tax	-	-	-13.9
Intangible assets	-10.3	-6.2	-8.3
Total regulatory adjustments to core Tier I capital	-235.3	-216.0	-258.8
Total core Tier I capital	9,933.4	9,059.9	9,909.9
Tier I capital contributions	-	-	-
Total Tier I capital	9,933.4	9,059.9	9,909.9
Total Tier II capital	-	-	-
Total capital	9,933.4	9,059.9	9,909.9

1) For a more detailed description of the constituent instruments, see page 12.

	30 Jun 2023			30 Jun 2022			31 Dec 2022		
Capital requirement, Pillar I	Risk exposure	Capital requirement, %	Capital requirement, SEK	Risk exposure	Capital requirement, %	Capital requirement, SEK	Risk exposure	Capital requirement, %	Capital requirement, SEK
Capital requirement for credit risks (the standardised method)	244.8	8%	19.6	482.7	8%	38.6	456.9	8%	36.6
<i>of which, institutional exposures</i>	137.3	8%	11.0	367.6	8%	29.4	352.6	8%	28.2
<i>of which, corporate exposures</i>	107.5	8%	8.6	115.1	8%	9.2	104.3	8%	8.4
Operational risks, basic indicator method	1,032.9	8%	82.6	1,137.5	8%	91.0	1,032.9	8%	82.6
Credit valuation adjustment	783.7	8%	62.7	1,635.4	8%	130.8	692.6	8%	55.4
Total risk exposure amount and minimum capital amount	2,061.4	8.0%	164.9	3,255.6	8.0%	260.4	2,182.4	8.0%	174.6

Capital adequacy ratios	30 Jun 2023	30 Jun 2022	31 Dec 2022
Core Tier I capital ratio	481.9%	278.3%	454.1%
Tier I capital ratio	481.9%	278.3%	454.1%
Total capital ratio	481.9%	278.3%	454.1%

Specific capital base requirements for risks other than insufficient leverage ratio ¹	30 Jun 2023 ¹		30 Jun 2022 ¹		31 Dec 2022 ¹	
Additional capital base requirements, Common Equity Tier I capital	42.1%	867.2	42.1%	1,369.6	42.1%	918.1
Additional capital base requirements, Tier I capital	14.0%	289.1	14.0%	456.5	14.0%	306.0
Additional capital base requirements, Tier II capital	18.7%	385.4	18.7%	608.8	18.7%	408.1
Total specific capital base requirements for risks other than insufficient leverage ratio	74.8%	1,541.7	74.8%	2,434.9	74.8%	1,632.2

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

Note 10, continued

Combined buffer requirement	30 Jun 2023		30 Jun 2022		31 Dec 2022	
Capital conservation buffer	2.5%	51.5	2.5%	81.4	2.5%	54.6
Countercyclical buffer	2.0%	41.3	-	-	0.6%	13.7
Systemic risk buffer	-	-	-	-	-	-
Total buffer requirements	4.5%	92.8	2.5%	81.4	3.1%	68.3
Core Tier I capital available for use as buffer	399.1%	8,226.8	195.5%	6,364.6	371.3%	8,103.1

Total risk-based capital base requirement	30 Jun 2023 ¹		30 Jun 2022 ¹		31 Dec 2022 ¹	
Capital base requirement in accordance with Pillar II	8.0%	164.9	8.0%	260.4	8.0%	174.6
Capital base requirement, Pillar II requirement	74.8%	1,541.7	74.8%	2,434.9	74.8%	1,632.2
Combined buffer requirement	4.5%	92.8	2.5%	81.4	3.1%	68.3
Pillar II guidance	-	-	-	-	-	-
Total risk-based capital base requirement	87.3%	1,799.4	85.3%	2,776.7	85.9%	1,875.1

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

For other information to be provided in accordance with section 8 of the CRR and Finansinspektionen's regulations and general advice on annual accounts in credit institutions and

securities companies, FFFS 2008:25, see the Capital Adequacy and Risk Management Report on Kommuninvest's website.

LEVERAGE RATIO

Leverage ratio	30 Jun 2023	30 Jun 2022	31 Dec 2022
Total assets	609,873.9	597,763.9	553,256.5
Less asset amounts deducted to determine the core Tier I capital	-235.3	-216.0	-258.8
Adjustment for derivative instruments	-17,110.7	-14,912.6	-12,702.5
Deduction in the form of exposure to members and their companies	-484,411.4	-462,783.2	-470,675.9
Plus possible change in risk in connection with repo transactions	-	69.5	0.7
Total exposure	108,116.5	119,921.6	69,620.0
Tier I capital, , calculated applying transitional rules, see the section Capital adequacy	9,933.4	9,059.9	9,909.9
Leverage ratio	9.19%	7.55%	14.23%

Leverage ratio, capital base requirements	30 Jun 2023 ¹		30 Jun 2022 ¹		31 Dec 2022 ¹	
Capital base requirement, Pillar I	3.0%	3,243.5	3.0%	3,597.6	3.0%	2,088.6
Capital base requirement, Pillar II requirement	-	-	-	-	-	-
Pillar II guidance	-	-	-	-	-	-
Total leverage ratio, capital base requirements	3.0%	3,243.5	3.0%	3,597.6	3.0%	2,088.6

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

INTERNALLY ESTIMATED CAPITAL REQUIREMENTS

The difference between the Company's internal assessment and Finansinspektionen's capital base requirements and Pillar II guidance, mainly comprises the capital requirement for insufficient leverage ratio. In the Company's assessment, the capital requirement for the risk of insufficient leverage ratio is equivalent

to the difference between a leverage ratio of 0.7 percent and other risk-adjusted capital requirements, including the buffers in Pillars I. and II. In Finansinspektionen's assessment, the Pillar II guidance on leverage ratio should be met at the Group level and not at the individual Company level.

Internally estimated capital requirements	30 Jun 2023	30 Jun 2022	31 Dec 2022
Capital requirement, Pillar II			
Credit risk	22.4	32.4	48.3
Market risks	2,123.3	1,771	1,696.4
Capital buffer, Pillar II	767.3	984.2	764.3
Total internally assessed capital requirement (Pillar II), excluding the risk of insufficient leverage ratio	2,913.0	2,787.6	2,509.0
Internally assessed capital requirement for the risk of insufficient leverage ratio	979.7	958.6	1,032.1
Total internally assessed capital requirement (Pillar II)	3,892.7	3,746.2	3,541.1

Kommuninvest's internal capital assessment forms the basis for the internally estimated capital requirement. For more information on the Company's internal capital assessment and capital plan, see pages 12-14.

Note 10, continued

LIQUIDITY

Liquidity Coverage Ratio (LCR)	30 Jun 2023	30 Jun 2022	31 Dec 2022
Total high-quality liquid assets (HQLA) (weighted value)	80,142.2	73,983.0	83,408.5
Cash outflows – total weighted values	38,056.7	35,455.7	39,260.1
Cash inflows – total weighted values	10,342.0	11,491.3	11,680.9
Net cash outflows (adjusted value)	27,714.7	23,893.1	27,596.9
Liquidity coverage ratio, %	302.7	354.7	342.9

Net Stable Funding Ratio (NSFR)	30 Jun 2023	30 Jun 2022	31 Dec 2022
Total available stable financing	428,843.9	431,082.8	419,521.3
Total need for stable financing	301,806.6	293,728.5	292,669.3
NSFR, %	142.1	146.8	143.3

Note 11 Transactions with related parties

Transactions with related parties are disclosed in Note 25 of the 2022 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 2022 Annual Report.

Note 13 Events after the balance sheet date

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

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 chapter 7, section 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 earnings. For the first six months of the year, Kommuninvest Fastighets AB has a balance sheet total of SEK 45.5 (45.5) million, equity of SEK 42.9 (42.0) million and profit of SEK 0.9 (0.0) million.

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 finan-

cial reporting. These alternative performance measurements have been defined in accordance with the guidelines of the European Securities and Markets Authority (ESMA).

Alternative performance measurements	Definition	Reconciliation	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operating income	Operating profit reduced with the result of unrealised changes in market value that are included in the income statement item Net profit from financial transactions and expected credit losses. The key ratio is of interest in showing Kommuninvest's underlying earning capacity.	Operating profit	195.7	-346.5	-53.1
		Result of unrealised changes in market value	9.6	395.5	209.5
		Net credit losses	-2.4	1.0	5.9
		Risk tax	162.9	128.7	257.3
		Operating income	365.8	178.7	419.6

Alternative performance measurements	Definition	Reconciliation	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Leverage ratio including lending to members and their companies	Kommuninvest's Tier I capital divided by the gross exposure amount less 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 amounts to 1 percent.	Total exposure according to current regulations	108,116.5	119,921.6	69,633.9
		Exposure in the form of lending to members and their companies	484,411.4	464,083.0	470,950.5
		Total exposure	592,527.9	584,004.6	540,584.4
		Tier I capital, calculated applying transitional rules	9,933.4	9,059.9	9,909.9
		Leverage ratio including lending to members and their companies	1.68%	1.55%	1.83%

Board member signatures

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

Örebro 2023-08-22

Erik Langby
Chairman

Lars Heikensten
Board Member

Catrina Ingelstam
Board Member

Mats Filipsson
Board Member

Rickard Simonsson
Board Member

Kristina Sundin Jonsson
Board Member

Anette Henriksson
Board Member

Mattias Bokenblom
Employee representative

Kristin Ekblad
Employee representative

Katarina Ljungqvist
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 22 August at 2023, 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 2023 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.

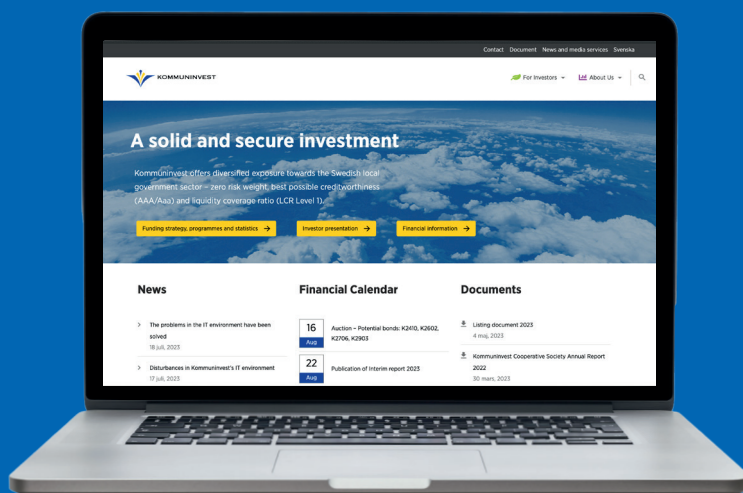
Opinion

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.

Stockholm 2023-08-22

KPMG AB

Tobias Lilja
Authorised Public Accountant



On the Kommuninvest website, 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:

- An opportunity to sign up for our newsletter, providing weekly updates on Kommuninvest and local government finances
- Reports on local government finances
- Membership magazine Dialog
- Log-in to the finance management tool KI Finans
- Information for investors



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