

KOMMUNINVEST COOPERATIVE SOCIETY

Annual Report 2023



KOMMUNINVEST

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Annual Report of the Kommuninvest Cooperative Society. "Kommuninvest" or "the Group" refers to the Kommuninvest Group, comprising a member organisation, the Kommuninvest Cooperative Society (the Society), the credit market group Kommuninvest i Sverige AB (the Company) and Kommuninvest Fastighets AB. The Annual Report for Kommuninvest i Sverige AB (publ) is available at kommuninvest.se.

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

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 + 15

Kommuninvest is owned by 280 municipalities and 15 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 112 billion.

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.



Social Sustainability Loans

Social Sustainability Loans were launched in 2021 to promote the development of social sustainability in the local government sector. During the year, the volume of granted financing increased by SEK 5 billion.

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, lending and liquidity management.

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



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

Since 1986

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

SEK 512 bn

Lending to customers amounted to SEK 512 billion at the end of 2023.

Stable development despite turbulent times

External developments have had a major impact on local government finances over the past year. When the financial markets were shaken in the spring of 2023, Kommuninvest held strong and was able to conduct all of its funding as planned, despite market unease.

The year 2023 presented multiple challenges, largely in the shape of external uncertainties. We experienced continued war in Ukraine, a greatly worsened security situation in Israel and Gaza, continued high inflation, rising interest rates and an occasionally volatile market, both globally and locally. Although the financial markets were profoundly shaken in the spring, Kommuninvest held strong and was able to conduct its funding as planned, despite market unease. External developments had a major impact on local government finances. Increased inflation and rising interest rates impacted costs and contributed to a strained economic situation for municipalities and regions in 2023.

Borrowing trend and increased investment in environmental projects

Despite the external challenges, local government investment is needed for the future and our lending operations developed well in 2023. The total lending volume grew by 6 percent and, at the end of the year, amounted to more than SEK 500 billion.

In October, we published our annual Local Government Debt report. The report summarises developments in investments, loans and debt in the local government sector. Do take the opportunity to read it if you haven't already! The forward-looking part of the report presents a forecast of the debt trend in 2023-2026. Looking ahead, we see investment volumes growing at a relatively good pace over the next few years, despite a challenging external environment with decreasing development and housing investment. Borrowing is expected to grow by about 4 percent annually between 2023 and 2024 and by about 3 percent annually between 2025 and 2026.

We also published two research reports during the year. In March, we published the focus report, *How high is local government debt really?* This report explains why the Swedish local government sector stands out in an international perspective, in terms of its debt level. The key reasons include Sweden's decentralised welfare model and its municipal companies' extensive borrowing needs, combined with the widespread use of internal banks. In June, we published the report, *Interest Rate Sensitivity in Public Housing*, which highlighted the importance of

adapting the sector's debt management strategy to the economic circumstances of each area of operations.

In 2023, we noted increased need for investment in environmental projects and we also experienced a breakthrough year for Social Sustainability Loans. It is worth mentioning, for example, that municipal housing company Botkyrkabyggen, in the Municipality of Botkyrka, south of Stockholm, was granted a Social Sustainability Loan of SEK 3.8 billion earlier in the year. This involves a major long-term social initiative in the areas of Alby, Fittja and Norsborg. In November, we also approved a similar Social Sustainability Loan to the municipal housing company in Enköping.

In relation to total lending (based on disbursed volume), Green Loans increased by almost 2 percentage points in 2023, amounting to about 16 percent at the end of the year.

Also at the end of the year, Social Sustainability Loans had achieved 20 approved investment projects, SEK 6.7 billion in loans granted and SEK 2.1 billion in loans disbursed.

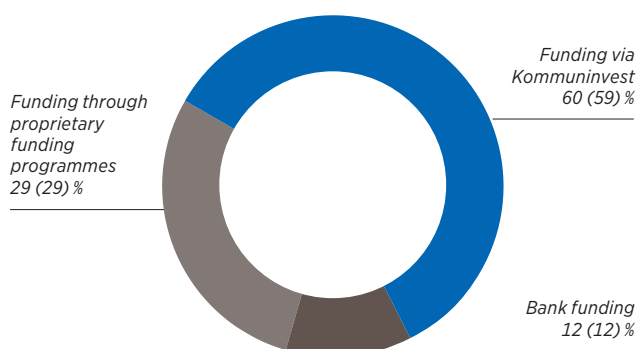
Sustainable bond issuer

Over the year, we established ourselves in earnest as sustainable issuer of Green Bonds in the EUR market. We have also issued Green Bonds in USD and SEK, with our issues continuing to meet strong demand in the market. Having long-term investors is key to Kommuninvest's opportunities to secure cost-efficient funding of the local government sector's green transition. Kommuninvest now has a total of SEK 77 billion outstanding in 11 Green Bonds – of which five are denominated in SEK, two in USD and four in EUR.

Changes in the operations

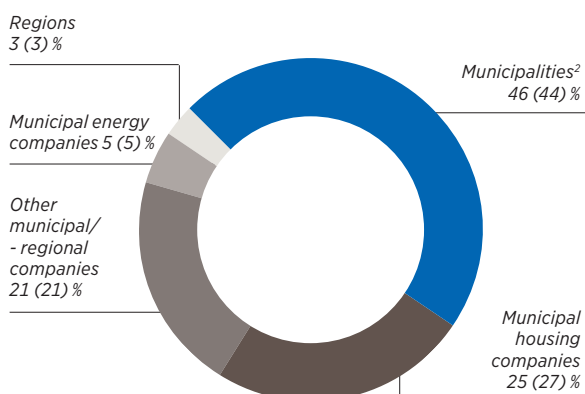
The Annual General Meeting of the Kommuninvest Cooperative Society was held in March, with a hybrid setup, with in-person attendance in Stockholm. In connection with the Annual General Meeting of the Society in March, Linda Frohm was elected as the new Chairman of the Kommuninvest Cooperative Society and Erik Langby was elected as the new Chairman of Kommuninvest i Sverige AB. Shortly thereafter, on 1 April, Katarina Ljungqvist was appointed as the new CEO of Kommuninvest. She took on the role of CEO for both the Kommuninvest Cooperative Society and for Kommuninvest i Sverige AB.

MARKET SHARES, LOCAL GOVERNMENT LOAN FINANCING¹



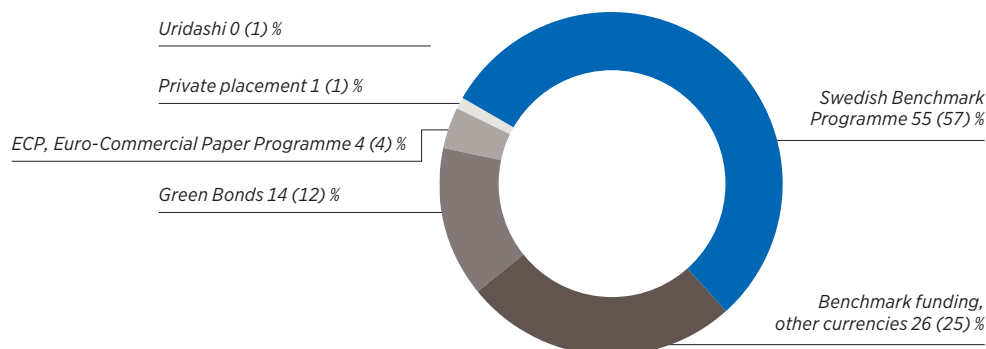
1) Forecast regarding outstanding funding (figures in brackets refer to actual outstanding funding in accordance with municipalities' and regions' own Annual Reports as per 31 December 2022).

LENDING PORTFOLIO BY BORROWER CATEGORY



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

FUNDING PORTFOLIO BY PROGRAMME



All charts refer to 31 December 2023. Figures in parentheses refer to 31 December 2022.

Multi-year summary, Kommuninvest Group

	2023	2022	2021	2020	2019
Balance sheet total, SEK billion	568.9	553.3	524.3	527.4	471.3
Lending (recognised value), SEK billion	508.8	470.7	460.7	445.8	408.2
Net profit, SEK million	419.2	-54.1	461.1	201.7	353.8
Members, total	295	294	294	292	290
of which, municipalities	280	280	280	278	278
of which, regions	15	14	14	14	12
Core Tier I capital ratio, %	359.4	459.6	403.7	357.4	128.2
Tier I capital ratio, %	359.4	459.6	403.7	357.4	128.2
Total capital ratio, %	359.4	459.6	403.7	357.4	128.2
Leverage ratio, %	20.3	14.26	15.37	12.30	1.74

Time for development, security and hopefulness in an uncertain world

In challenging times, the business model that we have built up, combined with the joint and several guarantee on which our operations are based, has served us well. Our continuous evolution is decisive in generating security in an uncertain world. We must face current and future challenges and opportunities alike while bringing our operations up to date in certain areas.

Over the year now ended, we operated in a rapidly changing and uncertain world. With a war taking place nearby, with high inflation, low growth and rising interest rates. Our companies, shareholders and customers alike had to cope with considerable and, in many respects, new challenges. In challenging times, the business model that we have built up, combined with the joint and several guarantee on which our operations are based, has served us well. We can affirm that the profit for the year means that the lending volume increased more than we budgeted and that we are able to deliver a positive outcome despite the current economic environment and despite the risk tax, which impacts our finances very severely.

This is precisely the role that Kommuninvest is intended to bear – to deliver favourable, secure financing for welfare in all circumstances. Delivering this does not just happen all by itself but is a product of our amazing personnel in the Company and in the Society. It has been my privilege to hold the role of Chairman of the Kommuninvest Cooperative Society for nearly a year. In April, our new CEO Katarina Ljungqvist was appointed, and it was also my pleasure to be involved in her recruitment process. I would like to take this opportunity to extend my thanks to our CEO and all members of staff for their efforts during 2023. You really make a difference with all of your impressive work.

Since 1986, when Kommuninvest was formed, the Society has enjoyed a rapid and increasing growth in its membership numbers and the company has, the whole time, increased both its lending volumes and market share. We have a strong foundation to stand on and we play an important role in the development of Sweden's municipalities and regions. We now find ourselves in a situation in which 95 percent of our potential members have already joined Kommuninvest. We must face current and future challenges and opportunities alike while needing to bring our business systems up to date. In addition to this, we have initiated a process to revise our vision and mission. Although, combined, this will entail substantial efforts ahead, it also entails opportunities for development. Our continued development is decisive in generating security in an uncertain world.



We have a strong foundation to stand on and we play an important role in the development of Sweden's municipalities and regions"



At the 2023 Annual General Meeting, our former Chairman, Göran Färm, concluded his assignment after eight years, with Tomas Werngren concluding his assignment as CEO of Kommuninvest at the same time – a position he commenced in 2006. At the end of the year, the Secretary of the Society, Ulf Bengtsson, chose to conclude his assignment after many years. I have had the privilege of getting to know these people and working alongside them for a long time and they have all, individually and combined, meant a great deal for Kommuninvest's development and for the competitive credit institution that we are today. I want to extend my most humble thanks and to underscore the priceless efforts that have been performed. Efforts that we are now taking with us for further future development.

In an uncertain world where we are expected to deliver secure, value-for-money products and services, cohesion and a clear, shared course ahead is absolutely decisive. I enjoy the benefit of leading a Board of Directors whose members have been politically appointed and that has been able, under all circumstances, to work for Kommuninvest's and our members' best interests across party lines and party politics. It is an honour to head a Board of Directors like this, one that generates hope, even when times are challenging.

In conclusion, I would like to thank all of our members and customers. Without you, the Kommuninvest Cooperative Society is nothing.

Linda Frohm
Chairman

Challenging international situation, strenuous economy and urgent realignment

Rising inflation and interest rates impacted our cost scenario and contributed to an arduous economic position over the year, not at least for municipalities and regions. We are a stable and transparent bond issuer in the market and, backed by strong owners, we are able to safeguard highly favourable lending capacity even in troubled times.

I stepped into the role of CEO for Kommuninvest in April 2023. With my extensive background in banking and finance, I can bring experience and skills from the financial sector into a new context with owners and customers in the welfare sector. This has been both stimulating and a real privilege. I would like to take this opportunity to extend my gratitude for the warm and open reception I received from my colleagues and from the members and customers I have met over the year. I am particularly pleased that, in October, we had the opportunity to welcome a new member when Region Västernorrland chose to join Kommuninvest. Despite continuing external challenges, 2023 brought great development in business volumes and in sustainable financing. For this reason, I am all the more certain today that we can be a powerful resource in the crucial realignment taking place in society, despite the still challenging external environment.

Challenging external environment

Last spring, the financial markets were deeply shaken when first Silicon Valley Bank collapsed, followed by two more US banks, as well as Credit Suisse. In parallel, we continued to experience a challenging external environment, in terms of the geopolitical, security, inflation and interest situation alike. Under circumstances like those, it is necessary to keep several thoughts in mind simultaneously. The geopolitical situation impacts domestic security, bringing an increased risk of cyberattacks, for example. Rising inflation and interest rates impacted our cost scenario and contributed to an arduous economic position over the year, not at least for municipalities and regions.



Maintaining a high level of preparedness to address security and continuity is an issue growing continuously in importance and on which Kommuninvest must stay focused”

One thing that was clear over the past year was that our robust business model held strong even in a troubled external environment and an arduous, high-inflation economy in Sweden. For our customers, we are a stable and transparent bond issuer in the market and, backed by strong owners, we are able to safeguard highly favourable lending capacity even in troubled times. Maintaining a high level of preparedness to address security and continuity is an issue growing continuously in importance and on which Kommuninvest must stay focused.

Increased investments in the water and sewerage sector, as well as in environmental projects

We perceive clear increases among investments in operational premises and infrastructure by Swedish municipalities and regions – particularly in the water and sewerage sector, but also in environmental projects. An example of operations recently granted a Green Loan is AB Sjöbohem. Not only is self-sufficiency in energy achieved through electricity produced in-house from renewable sources, an energy system is also built that can store excess energy for later use in the form of hydrogen gas. This is one of many positive example of investments contributing to the crucial realignment.

Lending growth increased towards the end of the year, ending up at slightly more than 6 percent for the year, higher than forecast. We foresee a slightly lower growth rate going forward and expected it to be about 4 percent over the next three years. Allowing for a continued challenging external environment, forecasting declining development and housing investment, we still expect investment to grow at a relatively



good pace – particularly given the need for realignment to a sustainable society.

More greens projects and a breakthrough for Social Sustainability Loans

During the year, the Municipality of Botkyrka and public housing company Botkyrkabyggen were granted a Social Sustainability Loan of SEK 3,8 billion. The loan will reinforce the public housing company's ongoing efforts for social, ecological and economic sustainability. It is highly gratifying that the public housing company in Enköping has also been granted a similar Social Sustainability Loan. Combined, these entail SEK 5 billion in increased lending.

Kommuninvest i Sverige AB

Katarina Ljungqvist
President and CEO

How Kommuninvest helps build welfare

Kommuninvest accounts for most of the loan financing for the local government sector's investments. This applies to housing, schools, nursing homes, swimming pools and infrastructure, among other things.

Through our lending, we provide conditions for Swedish municipalities and regions to invest cost-efficiently in welfare. Kommuninvest's share of local government sector borrowing has increased in recent years. Today we account for 60 percent of lending to the local government sector. This is explained by the fact that an increasing number of municipalities and regions have joined as members, generating additional economies of scale which, in combination with superior accessibility and good advice, strengthen Kommuninvest's competitiveness.

1. Funding

Kommuninvest raises funds on an ongoing basis, both in Sweden and in the international capital markets. The local government sector's inherent stability combined with our members' joint and several guarantee undertaking means that our repayment capacity is deemed highly secure. From a credit risk perspective, Kommuninvest's funding is regarded as equivalent to the Swedish central government's funding. The low risk, combined with Kommuninvest's history and good reputation in the capital market, affords us access to financiers who generally lend to us on beneficial terms. To safeguard our lending and to always be able to offer good new lending capacity, we always maintain a liquidity reserve.

2. Loan application and credit check

When one of Kommuninvest's customers decides to borrow money for one or more investments, the municipality or the region contacts Kommuninvest to apply for a loan. Normally, our lending is not linked to any specific purpose.

As we know our customers well, we have a good knowledge of their financial situation. We provide credit based on lending frameworks and credit decisions. The lending frameworks indicate the total credit scope for each municipal/regional group. If needs arise beyond that lending framework, an in-depth analysis is performed. The lending frameworks are thus dynamic and part of a continuous and active credit process. Credit decisions are to be kept within these limits.

3. Green Loans and Social Sustainability Loans

Kommuninvest runs two sustainable financing programmes. These are designed to foster local and regional sustainability efforts. Green Loans are provided for environmental and climate initiatives, while Social Sustainability Loans are provided for social initiatives. For municipalities and regions to be granted loans within these programmes, the investment projects concerned must meet predetermined criteria and be included in one of the defined project categories. Loan applications are examined by the Environment Committee or the Social Sustainability Committee, as relevant.

In turn, Kommuninvest's sustainable lending is financed by funding through special bonds that are acquired by Swedish and international investors. To date, a large number of Green Bonds have been issued. Social bonds are issued when the volume of social lending has grown sufficiently large.

4. Disbursement of loans

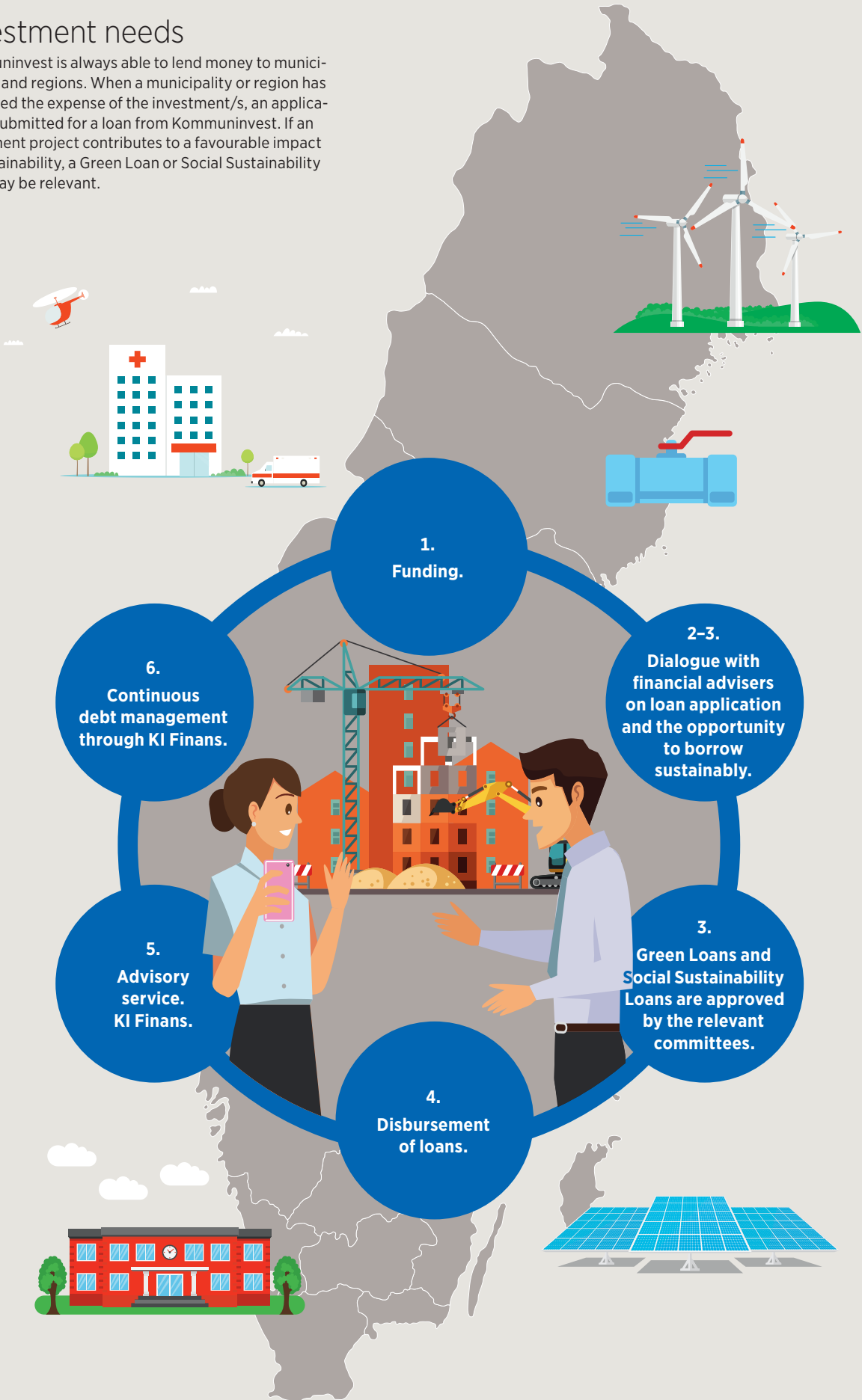
Thanks to our close cooperation with our customers and our efficient and highly digitalised credit provision, it takes only a short time between the customer's loan application and the disbursement of the loan. Whether it concerns a Green Loan or a Social Sustainability Loan, we handle the specific administration and documentation required to operate sustainable financing programmes – such as for external review and for the reporting of the impact to investors.

5–6. Advice and debt management through KI Finans

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

Investment needs

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



Creates stable finances in municipalities and regions.



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



Lending

512

SEK bn

Of which, 16 percent are Green Loans



Helps all of Sweden live.

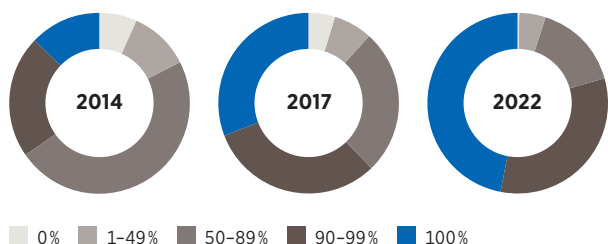
373
SEK million in distributable funds¹

2,586
users of KI Finans

Helps to meet Sweden's sustainability targets.

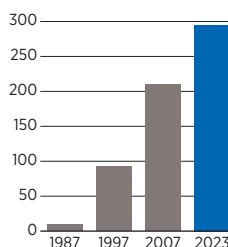
¹) Dividend expected to be distributed in 2024, for the 2023 financial year.

Kommuninvest's share of local government funding

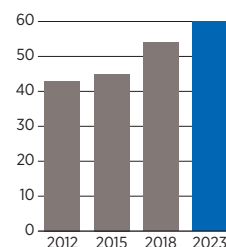


The compilation refers to Kommuninvest's share of borrowing among all of Sweden's municipalities and regions, including both members and non-members. Most of the municipalities and regions with no borrowing from Kommuninvest are non-members, meaning they are not entitled to raise loans from Kommuninvest. Data for 2023 were not available at the time of publication.

Number of members



Kommuninvest's market share, %



Sustainability report 2023

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

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

Towards more complete integration of sustainability

It is becoming increasingly clear that the financial market can influence the transition to more sustainable societies. The EU's action plan for financing sustainable growth, launched in 2018, is now being implemented at a high rate in regulations also being implemented by those affected. The action plan aims to direct capital towards sustainable investments, to manage financial risks caused by climate change, environmental degradation and social vulnerability, and to promote transparency and a long-term perspective in financial and economic activities. The Company's work to be able to meet the mandatory and voluntary regulations that are planned, including new requirements for the integration of sustainability factors in strategies and business processes, as well as new official reporting, have been in progress within the Company since 2021. It is also increasingly important to consider sustainability in the funding market. Among other things, Kommuninvest can rely on good sustainability ratings from three leading players.

Financing, knowledge, responsibility

Kommuninvest contributes through effective and sustainable financing of municipal investments in long-term sustainable welfare in Sweden's municipalities and regions. A strong ownership structure and the joint and several guarantee provided by the Society's members allow us to cost-efficiently and stably fund our operations. Our members' extensive societal mission and borrowing needs, as well as Kommuninvest's position, being responsible for a sizeable proportion of members' funding, generate economies of scale.

We support our members' sustainability work with financing products clearly focused on environmental and social sustainability and that contribute to the development of market practices. Since its launch in 2015, Kommuninvest's green financing programme has grown to become one of the largest in the Nordic region. Since 2021, a new product has been offered, Social Sustainability Loans, aimed specifically at fostering systematic work with social initiatives. In addition, during 2023, the first steps were taken towards integrating "ESG factors" into provision of credit, initially by taking environmental and climate factors into account.

We are also working to build knowledge on debt management, as part of good financial management in the local

government sector. By extension, this should give elected representatives the best possible room for manoeuvre in delivering welfare services to citizens. Given its socially beneficial role, it is crucial that Kommuninvest be governed clearly to ensure the operations are conducted responsibly.

Stakeholder dialogue

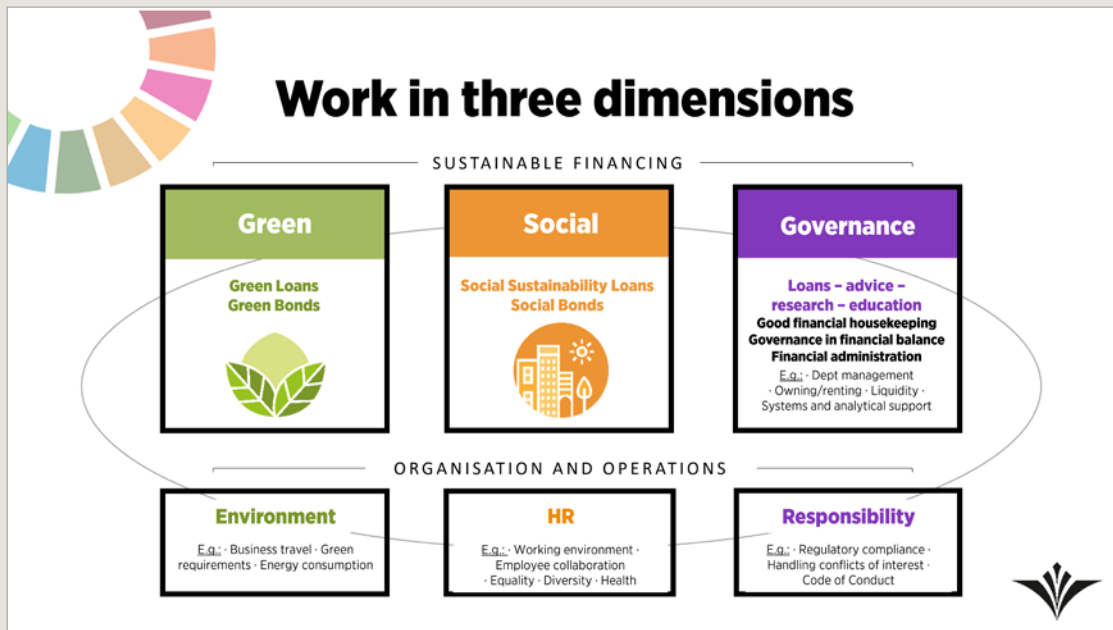
We maintain a continuous dialogue with those stakeholders who, in various ways, influence and are affected by our operations, to identify the sustainability issues with which the Group should work. Our dialogue with stakeholders involves meetings with members, customers and employee delegates, as well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

Swedish municipalities and regions are our most important stakeholder group. As members, they own and govern our operations, although, when they choose to borrow from us, they are also our customers. In their capacity as owners, our dialogue with members is conducted mainly with elected politicians. In their capacity as customers, our dialogue with members is conducted mainly with local government officials, generally with specialists in economics and finance. The results of the latest stakeholder survey are included in the 2022 Annual Report.

As part of our preparations for new demands on sustainability reporting in accordance with the EU's CSRD Directive (*Corporate Sustainability Reporting Directive*) and to meet the requirement that the information submitted shall take the "double materiality principle" into account, the Company is planning a more comprehensive stakeholder survey. The new requirements regarding sustainability report are applicable for the Company as of the 2025 financial year.

Governance of sustainability work

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



The sustainability work considers the environment and climate, social aspects and governance, focusing partly on the core operation of sustainable financing and partly on the work within the organisation. Sustainable financing refers to the offering to members/customers and investors, and includes both traditional lending and sustainable financing programmes, as well as consulting, research and education, focusing on the financing of welfare investments. That the operations are conducted responsibly, in accordance with applicable laws, regulations and directives, as well as with a sustainable organisation able to meet stakeholder expectations and that is in focus for the more internally-oriented work.

Sustainability framework and overarching objectives



Vision

Finance the development of the local government sector and investments for a sound and sustainable society

Owner directives

Take economic, social and environmental sustainability into account throughout the operations, in terms of both the direct and indirect effects.

Climate plan

Provide tools and support enabling the municipal and regional sectors to achieve Sweden's target of climate neutrality by 2045.

Environmental and climate work

Kommuninvest has continued its efforts to comprehend and value the financial impact of environmental and climate factors on local government borrowers and has introduced an initial version of environmental and climate factors in its credit assessment.

To support Kommuninvest's mission to finance the local government sector's development and investments for a beneficial and sustainable society, environmental and climate efforts are afforded a broad allocation. This spans lending and credit risk management, including sustainable financing programmes, to advice, research and analysis and also includes the operations' own environmental impact.

Contribute to the realignment of the local government sector

As the local government sector's largest lender, Kommuninvest is able to contribute to society's realignment process, in which the local government sector plays an important role

because it is under its auspices that a considerable part of the basic social infrastructure is managed and developed. Many local government authorities have stated targets entailing climate-neutrality as early as in 2030 – the development of target-oriented investment plans is in progress. Investments in, for example, energy systems, traffic systems and property portfolios are affected

To reflect the current realignment process among members, Kommuninvest has adopted a climate plan stating that Kommuninvest shall provide tools and support enabling the municipal and regional sectors to achieve Sweden's target of climate neutrality by 2045.

Climate targets

Kommuninvest shall provide tools and support enabling the municipal and regional sectors to achieve Sweden's target of climate neutrality by 2045.

The target means that the municipal and regional operations financed by Kommuninvest shall have no net emissions of greenhouse gases into the atmosphere in 2045. To monitor progress in the desired direction, efforts have been initiated to enable the calculation and subsequent follow-up of the financed emissions, including how they relate both to Sweden's long-term and intermediate targets. The focus is initially on the lending portfolio because that part of the balance sheet has the clearest connection to the greenhouse gas emissions that Kommuninvest finances.





Kommuninvest elects to follow Sweden's climate objectives as we represent the entire local government sector in financing matters and not all Swedish municipalities and regions have chosen to adopt more specific climate targets of their own with earlier deadlines than those set nationally. Kommuninvest supports local climate efforts regardless of the chosen target date.

The target entails the municipal and regional operations financed by the Company not having any net emissions of greenhouse gases into the atmosphere by 2045. As a consequence, the Company has initiated work to be able to calculate its financed greenhouse gas emissions and to set intermediate targets. In 2024, the ambition is to have established an exit value for greenhouse gas emissions in the loan portfolio.

The climate target is part of the Company's climate plan, which stakes out the direction in which Kommuninvest, in its role as a credit institution, can foster the local government sector's environmental and climate realignment. The plan indicates several of the operations' functions as relevant in being able to offer support, knowledge and tools. Furthermore, in its climate plan work, the Company must act via all the communication channels at its disposal, including its dialogue with customers, follow-up with members, and ongoing public reporting.

Analysis of environmental and climate risks

This work is linked to extended demands that credit institutions be required to take aspects of sustainability into account when providing and monitoring credit, as stipulated in the European Banking Authority's (EBA) guidelines. As mentioned, the agenda for establishing more sustainable regulation of the financial sector has largely been defined through the EU's action plan for financing sustainable growth. Ultimately, it is a matter of how the financial sector can help achieve the Paris Agreement's objective of limiting global warming and supporting the capacity to adapt to the consequences of climate change.

With regard to ESG risks, the Company has been working to identify and define the environmental and climatic factors with the greatest potential financial impact on its borrowers. At an initial stage, four factors have been indicated as more highly prioritised, two of which are categorised as physical risks (flooding, landslides and erosion, as well as polluted water or shortage of drinking water) and two as transitional risks (negative effects on water sources and/or incidence of water, as well as greenhouse gas emissions).

Key figures have been developed to monitor developments, in accordance with a method based on the EBA's guidelines and inspired by a dialogue with Kommuninvest's corresponding organisations in the other Nordic countries. Since the autumn of 2023, environmental and climate factors are integrated into the Company's credit approval and monitoring processes.

Adapting Green Loans to the taxonomy

Kommuninvest launched a green financing programme in 2015, the overall purpose of which is to promote the transition to a low-carbon and climate-resistant society. In 2021, the programme received the Swedish Miljömålspriset environmental objectives award for its contribution to the environmental objective of limiting climate impacts. At the end of the year, 645 (563) investment projects had been approved for Green Loans, corresponding to a total SEK 111.8 (99.9) billion in granted financing. Of the granted funds, SEK 79.4 (66.4) billion had been disbursed by the end of the year, having been financed through 11 Green Bonds outstanding for a value of SEK 77.0 (63.3) billion.

Financing can be granted for investment projects within any of the eight categories included in the Company's Green Bonds framework: environmental measures, water management, climate adaptation measures, green buildings, energy efficiency, waste management, sustainable transport and renewable energy.

Today, the largest category is green buildings, with the energy performance of the buildings financed to be at least 20 percent better than that required under national building regulations. From 2021, climate requirements have been introduced for the construction phase of new construction projects, meaning that concrete climate-oriented measures are implemented in the construction project and that the building's climate impact during the construction phase has been calculated.

In 2022, the Company initiated efforts to gradually/partially adapt the framework to the EU taxonomy, regarding the terms for qualifying to receive Green Loans. The first stage of this adaptation entails all project categories for which this is deemed possible and reasonable being required to meet the criteria for "significant contribution" in relation to at least one of the EU's six environmental targets. In late 2023, a public remittance process was conducted with proposals for updated terms for Green Loans. The Company is addressing the proposals with the intention of publishing a new framework for Green Bonds in 2024.

Direct environmental and climate impacts are low and decreasing

In addition to the measures being implemented to help decrease indirect emissions through the financial operations, continuously decreasing our own direct climate footprint remains a priority. In focus are the office operations, which are predominantly conducted on our own premises, and business travel. Installation of solar panels, new ventilation fans and replacing electrically powered cooling units with district cooling have helped reduce electricity consumption by 37 percent since 2021, and overall energy consumption by 8 percent. Business travel remains at significantly lower levels than before the pandemic, and the proportion of train journeys has increased. In 2023, the total climate footprint fell short of 1 tonne CO₂e per employee for the first time and was also below 100 tonnes CO₂e for the operations as a whole.

Social sustainability

The Company's financing creates the conditions for the most central welfare services in society to be maintained. The work to manage social factors in the business also includes social aspects of employer responsibility, the role in the local community and a new and growing social sustainability financing programme.

Kommuninvest's financing offering means that essential welfare investments can be implemented in a more appropriate manner and at a lower cost for taxpayers. This reinforces the welfare society with, for example, new or refurbished nursing homes, schools, homes and care facilities.

For Kommuninvest to be able to meet its stakeholders' expectations in the long term, it is crucial to have a sustainable organisation. Our high level of ambition and the insight that each employee can make a difference are what guide us in this work. Communicative leadership, committed employee collaboration and a focus on skills are essential for success.

Among other things, this entails striving for an organisation characterised by a strong culture and favourable working conditions, with healthy and motivated employees and managers and in which continuous learning is stimulated. It also entails fostering equality, diversity and development and being an inclusive (non-discriminatory) workplace. For several years, Kommuninvest has been working pro-actively with the health concept Sustainable Daily Life, seeking to promote a healthy lifestyle, with a balance between work, leisure and parenting.

Social commitment and local coordination

To meet stakeholder expectations regarding sustainability/ ESG and to enhance the impact of our efforts, we engage in relevant social issues and collaborate with others. Among other things, we are engaged in the strategic innovation programme *Viable Cities*, which focuses particularly on financing aspects for the 23 towns and cities working on Climate contract 2030. We are collaborating with Public Housing Sweden and the IVL environmental institute within the framework of a project developing a climate roadmap for public housing companies. We are also a member of the technical committee linked to the development of a Swedish standard for measuring electrical power output. We have also established cooperation with special-interest and sector organisations in the local government sector, such as SALAR and Swedish Water (Svenskt Vatten).

Our local collaboration programme focuses on education, culture and leadership – we seek partners with a pronounced social commitment and values matching ours.

A social financing market in Sweden

As a result of demographic changes, increased segregation and an increased number of socio-economically vulnerable areas, Swedish municipalities and regions are facing significant challenges. Considerable local differences in people's conditions and living conditions exist, with the challenges differing between different types of municipalities and regions.

To foster development towards increased social sustainability in Swedish municipalities and regions, Kommuninvest launched Social Sustainability Loans in 2021. This product makes it possible to finance socially oriented investments through loans, in a manner promoting improved governance, measurement of the effects and follow-up of the work. Social Sustainability Loans can help strengthen local or regional sustainability work, show its benefit and facilitate the development of practices, collaboration and measurement of effects.

Developed infrastructure for sustainable investments

Kommuninvest seeks to participate in various ways in the development of market practices for financing social investments. Among other things, this is done within the framework of the standardisation work on measuring the effects of initiatives being conducted by the Swedish Standards Institute (SIS), to develop a shared terminology and harmonised approaches. The Company is also represented in a working group linked to the national initiative to coordinate Sweden's Agenda 2030 process. The working group's mission is to propose how incentives and structures for financing solutions could be developed to help accelerate change with a particular focus on social sustainability objectives.

Growth for Social Sustainability Loans

At the end of the year, 20 (16) Social Sustainability Loans applications had been approved, corresponding to a total of SEK 6.7 (1.7) billion in granted financing. The volume of disbursed loans increased to SEK 2.1 (1.0) billion. The financing applications granted during the year comprised long-term initiatives in housing and living environments in Botkyrka and Enköping, a call centre in Tanum and a sports facility in Gävle.

Social Sustainability Loans seek to foster a culture of assessing effects in the local government sector and systematic social sustainability work on issues including knowledge building and development of methods. The experience gained from the initial years of the programme is that considerable potential exists.

Social factors in the credit process

A process has been initiated to examine the data available for assessing the social risks associated with the Company's borrowers. The purpose is to end the process regarding how these indicators affect members' financial position and, by extension, that of the company, to then develop a model for assessment of social risk in the credit process. The aim is to complete a first version of such assessment factors in 2024.



A well-developed culture of measuring effects

Kommuninvest’s members and customers have observed that social sustainability initiatives are measured, followed up and evaluated on a relatively small scale within the local government sector.

Through the application process for a Social Sustainability Loan, borrowers are given support in developing an “effect chain” by breaking down the long-term objective for a target group into planned initiatives, anticipated results and desired effects, see the illustration below.

Kommuninvest’s long-term undertaking to request feedback on investments and social initiatives implemented means that Social Sustainability Loans also

contribute to continuity in review and possible systematic approaches in an area where the connection between what is carried out and what is achieved is not always obvious.

Given that Kommuninvest does not require the desired effects to actually be achieved, borrowers also have an opportunity to review and change initiatives if the results were not what had been desired and anticipated. Even in those cases where the desired results are not achieved, Social Sustainability Loans therefore have the potential to contribute to collective learning and to the development of the local social sustainability work.



“Although we conduct a number of activities for our tenants, we rarely follow them up or measure their effects. We have now gained an opportunity to drum in a new procedure. This process ‘forces’ us to plan, document and follow up our initiatives. We hope that this process will help us work more systematically. It should be evident what worked well, what challenges remain and what we should avoid next time.”

Johan Anund, Social Housing Coordinator at Tanums Bostäder AB, from the application “Upgrading of the Höjden Area in Tanumshede”

Helping develop a culture of impact measurement

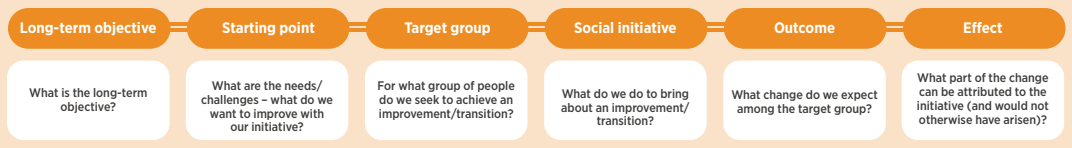
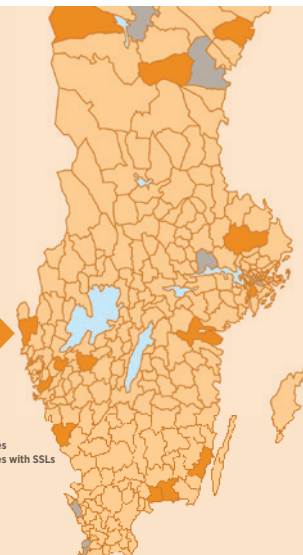
Kommuninvest’s members and customers have observed that social sustainability initiatives are measured, followed up and evaluated on a relatively small scale within the local government sector.

Through the application process for Social Sustainability Loans (SSLs), borrowers are given support in developing an “effect chain” by breaking down the long-term objectives for a particular target group into planned initiatives, anticipated results and desired effects, see the illustration below.

In Kommuninvest’s long-term undertaking to request feedback on investments and social initiatives, Social Sustainability Loans contribute to continuity in review procedures and possible systematic approaches in an area where the connection between what is carried out and what is achieved is not always obvious.

“Although we conduct a number of activities for our tenants, we rarely follow up on these or measure their effects. We have now gained an opportunity to learn a new process that ‘forces’ us to plan, document and follow up our initiatives. We hope that this process will help us work more systematically. It should be evident what worked well, what challenges remain and what we should avoid next time.”

Johan Anund, Social Housing Coordinator, Tanums Bostäder AB, From the loan application “Upgrading of the Höjden Area in Tanumshede”



Governance/financial sustainability

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

With regard to the governance/financial sustainability dimension, our work has a broad scope and essentially refers to:

- protecting Kommuninvest's ability to offer cost-efficient and stable financing of public investments
- advice to promote good financial management, governance in financial balance and sound financial management
- long-term analysis for sustainable municipal finances
- to conduct a responsible business, in line with the rules that apply and to live up to the demands and expectations that may be imposed on a leading actor.

Strategy for long-term member benefit

Kommuninvest works long term to optimally fulfil the task of financing the Swedish local and regional sectors' development and investing in a beneficial and sustainable society in the best possible way.

Against the background of an analysis of global trends, the Company's starting position and a vision for the future, three strategic areas have been identified that, combined with a motion study, form the basis of the Company's strategic business plan.

The three strategic areas that have been identified emphasise the importance of the Company being the local government sector's lender, that the Company must offer sustainable and efficient loan financing, and that the Company must have a simple and value-generating organisation.

Increasing awareness on local government financing

To increase knowledge of the local government sector's long-term financial conditions, we conduct our own research and publish reports detailing trends in local government investments and their financing, including funding and debt analyses. The data are made available in public databases. Knowledge is disseminated on an ongoing basis by means of seminars and individual meetings. We also collaborate with higher education.

Among other things, Kommuninvest has for several years partnered with the University of Örebro to promote research on the local government sector's debt management and financial conditions, and we finance both a chair and post-graduate studies. Kommuninvest is also part of the reference group affiliated with the university's Master's programme in Sustainable Business

Good governance and sound debt management

Financial management is of great importance in being able to secure long-term sustainability in the local government sector's finances, which is particularly important given the challenges the local government sector faces as a result of demographic changes and an uncertain economic environment. Kommuninvest continuously adds new knowledge in this area, through continuous support in analysis and considerations. In 2023, an updated advisory material was presented for those designing or revising a finance Policy in the local government sector. Several reports were also published on themes concerning local government debt and local government debt management, as well as a focus report on interest rate sensitivity and economic conditions in public housing.

Reports from Kommuninvest's Research Working Group

Among other things, Kommuninvest's Research Working Group seeks to finance research projects assessed as interesting and significant and that address the challenges faced by the local government sector. Within the framework of this programme two new reports were published during the year – one on the spread of reforms in the local government sector and one on productivity trends in municipal companies. The research should be able to contribute to a more efficient utilisation of public resources.

Responsible operations

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

- A clear division of responsibilities between the parent organisation and the business operations. The Society addresses membership and ownership matters, while the Company addresses business issues.
- Annual ownership directives indicate the Company's course ahead. Risk appetite is low and professional conduct, strict ethical requirements and good business practices are to permeate the operations.
- Clearly regulated requirements on matters of corporate governance, risk management and compliance, including in areas such as money laundering and anti-corruption.



- Integrated sustainability work, in terms of both direct and indirect impact.
- Commitment to relevant societal issues and coordination with others, to meet stakeholder expectations and increase the effect of our efforts.

Ethics at the fore

We shall run financially sound and sustainable operations. Both the Company's Sustainability Policy and Code of Conduct emphasise the importance of ethical and responsible action. Our success depends on the trust of members, customers, counterparties, investors, employees and authorities.

Any conflicts of interest are to be identified and handled efficiently and effectively to prevent negative impacts on customers, members or the Company.

With regard to tax matters, the Company's actions must be responsible, correct and transparent. The Company shall not participate in transactions or make products available that may be questionable in relation to applicable tax legislation. Where there is any doubt, the Company shall refrain from participating. Ethics shall always be taken into account.

Anti-corruption and anti-money laundering measures

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

No suspicions of corruption or money laundering were identified during the year.

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

Educational initiatives support our work

Employees and managers at Kommuninvest are expected to participate in the educational courses that are offered to ensure that the Company as a whole, as well as its individual employees, have the knowledge required for the Company to be able to fulfil its assignment, including regulatory compliance. A distinction is made between the educational needs of new employees and those of other employees and managers, as well as needs for refresher courses. A predominant share of the courses offered in 2023, and even in the preceding year, focused on data security and cybersecurity, insider information, bribery and corruption, as well as money laundering and financing of terrorism. Between 83 and 96 percent of the employees offered these courses, took them.

Data security and cyber security issues have gained renewed topicality following Russia's invasion of Ukraine in 2022. Efforts to further raise the company's preparedness include information presented at internal company information sessions, simulated *phishing tests* and *awareness training*.

Sustainability indicators

Sustainable financing

	Unit	2023	2022	2021
Lending volume				
Total lending to municipalities, regions, municipal companies, etc.	SEK, million	508,802.2	470,675.8	460,650.3
Share of the sector's financing	%	59.6	59.3	57.9
Operating expenses, excluding the resolution fee, as % of balance sheet total	%	0.047	0.038	0.048
Green Loans, volume outstanding, disbursed	SEK, million	79,422	66,428	60,209
Green Bonds, volume outstanding	SEK, million	76,974	63,330	54,626
Green Loans, proportion	%	16%	14%	13%
Social Sustainability Loans, volume outstanding, granted (volume disbursed)	SEK, million	6,718 (2,135)	1,746 (1001)	614 (207)

Environmental indicators – Kommuninvest Group

	Unit	2023	2022	2021
Energy consumption				
Total energy consumption (in buildings) ¹	kWh	516,958	536,811	561,117
– of which, electricity	kWh	203,528	248,268	325,657
– of which, heating	kWh	237,786	216,381	235,460
– of which, cooling	kWh	76,322	72,244	–
– of which, solar power	kWh	-20,942	-5,586	–
Total CO ₂ impact of energy consumption (in buildings)	Tonnes	59	95	119
– of which, electricity consumption ²	Tonnes	64	78	103
– of which, from heating ³	Tonnes	1	19	16
– of which, solar power	Tonnes	-6	-2	–
Proportion of renewable energy in energy consumption of electricity	%	100	100	100
Proportion of renewable energy in energy consumption for heating	%	100	100	100
Proportion of renewable energy in energy consumption for cooling	%	100	100	–
Total office space	m ²	2,217	2,217	2,217
Total energy consumption per square metre	kWh/m ²	233	242	253
Total energy consumption per employee	kWh	4,971	5,478	5,611
Change in energy consumption, compared with the preceding year	%	-3.7	-4.3	8.2
Resource usage				
Purchased office paper	Tonnes	0.3	0.3	0.1
– of which sustainability labelled paper (PEFC)	Tonnes	0.1	0.1	0.1
Proportion of sustainability labelled office paper, of total purchases	%	33.3	33	100
Total paper consumption per employee	Kg	2.5	2.7	1.1
Paper recycling, incl. purchased and delivered paper	Tonnes	1.8	2.1	2.0
CO ₂ emissions avoided through recycling ⁴	Tonnes	3.6	3.7	2.3
Business travel				
Total business travel ⁵	Km	388,678	494,654	77,515
Total business travel per employee	Km	3,737	5,047	775
Total air travel	Km	166,973	275,250	14,899
Rail travel in Sweden	Km	194,386	203,382	44,504
Total CO ₂ emissions from business travel	Tonnes	38	61	5
CO ₂ emissions from business travel, per employee ⁶	Tonnes	0.37	0.62	0.05
Total climate footprint				
Total climate footprint of the operations ⁷	Tonnes	97	156	124
Total climate footprint per employee, CO ₂ e	Tonnes	0.9	1.6	1.2

1) Gross solar production: 21,621 kWh (reading on 11 January 2024) of which 20,942 kWh was used for the building's own energy consumption, while 679 kWh was delivered to the grid.

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

3) The climate impact from heating, calculated applying the latest available emissions factor for district heating in the Municipality of Örebro for 2022 of 131 g CO₂e/kWh, in accordance with the principles for impact reporting applied by Kommuninvest for Green Bonds (Nordic Position Paper on Green Bonds Impact Reporting). The reported values are within Scope 2, in accordance with the Greenhouse Gas Protocol.

4) The emissions avoided through recycling over the year break down between 1577 kg of electronics, 556 kg of plastics, 733 kg of paper, 579 kg of iron, 26 kg of hazardous waste and 150 kg of alternative raw materials. Source: Stena Recycling. Kommuninvest does not include emissions avoided by recycling resources, as the climate impact of the purchases in question has not been calculated.

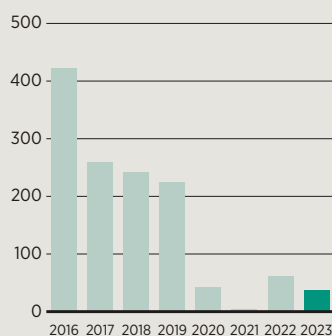
5) The figure from 2021 is corrected from 76,865 to 77,515 due to an incorrect reading in 2021.

6) Values are adjusted for high altitude factor.

7) Including CO₂



CO₂ emissions from business travel, tonnes



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

Business travel constitutes a significant part of the Group's total climate impact. Following highly limited travel during the Corona pandemic, a certain normalisation has occurred over the past two years, albeit at significantly lower levels than prior to the pandemic. The operations' total climate footprint amounted to 97 (156) tonnes of CO₂e, corresponding to 0.9 (1.6) tonnes of CO₂e per employee.

Generating financial value – Kommuninvest Group

	Unit	2023	2022	2021
Total revenue				
Interest revenues	SEK, million	20,843.8	4,914.0	998.3
Other operating income	SEK, million	14.9	12.0	10.4
Distributed value				
Interest expenses	SEK, million	-19,853.4	-4,248.1	-317.5
Commission expenses	SEK, million	-13.1	-11.7	-11.4
Salaries and emoluments	SEK, million	-85.0	-78.1	-81.8
Pension costs, education costs and other personnel costs	SEK, million	-28.6	-25.9	-32.5
Social security contributions and payroll tax on pension expenses	SEK, million	-30.3	-27.3	-29.0
Resolution fee	SEK, million	-17.1	-25.0	-23.0
Other operating expenses	SEK, million	-123.9	-105.9	-106.2
Tax	SEK, million	-13.8	13.9	-0.1
Transferred to the members of the Society during the year, refunds on business volumes and interest on member contributions for the previous financial year	SEK, million	-	472.9	197.8
Efficiency				
Operating expenses, excluding the resolution fee, as % of balance sheet total	%	0.047	0.043	0.048

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

Employee statistics – Kommuninvest Group

	Unit	2023	20221	2021
Total number of employees, including those in part-time and probationary employment ¹	Number	109	105	118
Proportion of women/men – total	%	42/58	40/60	41/59
Proportion of women/men – all managers	%	53/47	36/64	38/62
Proportion of women/men – Executive Management Team	%	56/44	43/57	43/57
Average number of full-time annual employees (based on hours worked)	Number	104	98	100
Employment period <2 years (based on permanent employees)	%	29	17	17
Employment period 2–4 years	%	20	17	26
Employment period 5–9 years	%	19	33	27
Employment period >10 years	%	32	33	30
Personnel turnover	%	12	15	9
Participation in employee survey	%	92	96	89
Proportion of employees with university education	%	93	92	89
Proportion of employees who had development interviews	%	100	100	100
Proportion of employees who have undergone sustainability training	%	95	87	83

1) Number of employees refers to the total headcount, including full and part-time employees, those on parental leave and temporary employees. The total number of permanent and probationary employees was 104 at the end of 2023.

Auditor's opinion regarding the statutory Sustainability Report

To the General Meeting of the Kommuninvest Cooperative Society,
corporate identity number 716453-2074

Engagement and responsibility

It is the Board of Directors that is responsible for the Sustainability Report for the year 2023 on pages 12–21 and that it is prepared in accordance with the Annual Accounts Act.

The scope of the examination

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

Opinion

A statutory Sustainability Report has been prepared.

Stockholm

KPMG AB

Tobias Lilja

Authorised Public Accountant

Board of Directors' Report

- Comparison figures relating to the income statement refer to the preceding year (1 January – 31 December 2022), unless otherwise stated. Comparative balance sheet and risk related figures relate to 31 December 2022 unless otherwise indicated.
- Comments on the Income statement, Balance sheet and statement of changes in equity are provided in connection with the statements on pages 47, 49 and 51 thereof.
- In accordance with Chapter 6, Section 11 of the Annual Accounts Act, Kommuninvest has chosen to prepare the statutory Sustainability Report separately from the Annual Report. The Sustainability Report is available on pages 12-21 of this document.

Board of Directors' Report – Parent Society

Operations in general

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

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

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

Organisation of the financial cooperation

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

Joint and several guarantee

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

Operations based on members' needs

The scope of the Group's operations is determined mainly by the number of members in the Society and the financial needs of the individual members. As of 31 December 2023, the Society had 295 (294) members, of which 280 (278) were municipalities and 15 (14) were regions. Consequently, 97 (96) percent of Sweden's municipalities and 71 (67) percent of Sweden's regions were members (partners) in the Society. Region Västernorrland became a new member during the year.

Participation capital

The Board of Directors of the Society determines annually the scale of the contribution that members are to provide. The size of the contribution is related to the population of the municipality or region. At the end of 2023, participation capital in the Society totalled SEK 10,512.2 (9,609.8) million. The increase is an effect of capital contributions paid in by members. In addition, participation capital can be increased through decisions by the Annual General Meeting regarding participation issues or decisions regarding new annual contributions.

Membership status

At the end of the year, there were 295 (294) members in the Kommuninvest Cooperative Society. No memberships were cancelled during 2023 and no repayment of capital contributions has been made as a consequence of membership cancellations to be made during the ensuing financial year.

Interest on members' contributions and refunds

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

Financial outcome

For 2023, the Society reported profit before tax of SEK 372.3 (loss 0.5) million. Net profit is mainly attributable to group contributions received from the Company. Profit after tax amounted to SEK 372.3 (loss 0.5) million.

Human Resources

In 2023, the Society had one employee and total salary, including social security contributions and pension provisions amounted to SEK 3.1 million.

Appropriation of surplus

Despite the strongly negative impact of the risk tax at SEK 326 million, a return to a positive operating profit was achieved, making it possible to pay interest on capital contributions. The Board of Directors of the Kommuninvest Cooperative Society proposes that the operating profit in its entirety be distributed to the members as interest on their capital contributions and that no bonuses be paid.

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

The profit of SEK 379,049,922 at the disposal of the Annual General Meeting of the Society be appropriated as follows:

Dividends in the form of interest on capital contributions	373,000,000
To be carried forward	6,049,922
Total appropriated	379,049,922

See also Note 12 on page 83.

Applicable rules for capital adequacy and major exposures mean that Kommuninvest must at all times have a capital base which at least corresponds to the total of the capital requirements for credit risks, market risks and operational risks, and should also encompass the estimated capital requirements for other risks identified in the operation in accordance with Kommuninvest's internal capital assessment policy. The total capital ratio amounted to 359.5 (459.6) percent, compared with the requirement, including buffer requirements, specific capital base requirements and Pillar II guidance of 105.6 (104.2) percent.

The leverage ratio amounts to 20.3 percent, compared with the legal requirement, including Pillar II guidance of 2 percent introduced in June 2021.

The capital base amounts to SEK 10,837.9 (9,928.3) million after the proposed allocation of profits, and the final minimum capital requirement amounts to SEK 241.2 (178.2) million. A specification of items can be found in the Capital adequacy – Group section in Note 2.

Kommuninvest's financial position does not give rise to any assessment other than that Kommuninvest can be expected to fulfil its obligations in both the short and the long term.

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

Focus on governance and control

The Kommuninvest Cooperative Society is the Parent Society in the Kommuninvest Group. The Society is owned by 295 Swedish municipalities and regions with the purpose of enhancing the efficiency of their financial operations. Together with Kommuninvest i Sverige AB and Kommuninvest Fastighets AB, the Society forms a financial group of companies.

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

Kommuninvest Group

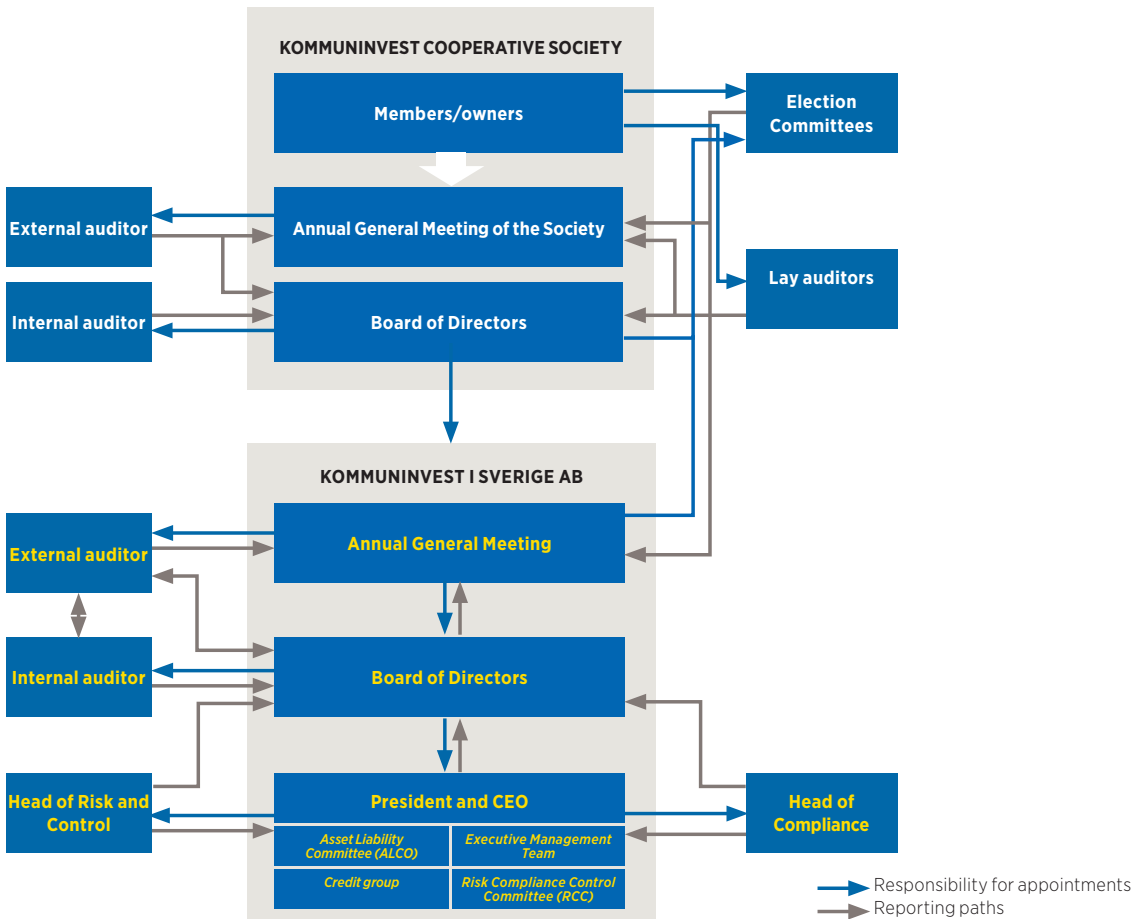
The Kommuninvest Cooperative Society (“the Society,” reg. no. 716453-2074) holds 100 percent of the shares in Kommuninvest i Sverige AB (“the Company,” reg. no. 556281-4409). The Company holds 100 percent of the shares in Kommuninvest Fastighets AB (reg. no. 556464-5629). As of 31 December 2023, the participation capital in the Society amounted to SEK 10,512.2 (9,609.8) million. Each new member of the Society contributes participation capital to the Society based on the number of inhabitants in the member municipality or region. As of 31 December 2023, the Society had 295 (294) members.

Principles of governance

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

According to its Articles of Association, the Society shall not be operated with the purpose of generating profit. Once consolidation needs have been satisfied, all surpluses shall accrue to the members. The members themselves determine the focus of the operations and no individual member has any decisive influence in isolation. At the Annual General Meeting, each member has one vote.

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



Member consultations

To stimulate owner influence and dialogue, annual member consultations are conducted at which representatives of the Board of the Cooperative Society discuss current issues with representatives of the membership in a smaller-scale forum. Member consultations represent important fora for the preparation of matters for resolution by the Annual General Meeting. Prior to the 2023 Annual General Meeting, member consultations were held on eight occasions, four of which were held in person and four of which were held digitally. Attendees included 360 elected representatives and salaried officials. In 2022, eight entirely digital member consultations were held, with 438 attendees.

Ownership directive

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

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

Targets for operations

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

Remuneration principles

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

Remunerations shall engender conditions to attract, retain and motivate employees so that operations can be conducted in an optimal manner. The basic principle is that remunerations and other terms of employment should be in line with the market and should consist solely of fixed wages. No variable remunerations are paid. Wages are set taking into consideration the tasks involved and their degree of difficulty, responsibilities, educational requirements and how the employee fulfils the demands imposed and contributes to improvements in operations.

Annual General Meeting

The Annual General Meeting of the Society is the Group's highest decision-making body. The Annual General Meeting

More information about Kommuninvest's corporate governance

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

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

was held as a so-called hybrid meeting in Stockholm on 30 March 2023. A hybrid meeting requires the physical attendance of at least the chairman and secretary of the Meeting in the location at which the Meeting has been announced. Other participants attend digitally. At the Meeting, 171 (155) municipalities and regions were represented, corresponding to 58 (53) percent of the members. At the Annual General Meeting, each member has one vote. The resolutions adopted by the Meeting included:

- Adoption of the Annual Report
- Interest on capital contributions and refunds to members
- Owner directive to Kommuninvest i Sverige AB
- A revised plan for Kommuninvest's capitalisation

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

Election Committees

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

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

The work of the Board of Directors

Board work is conducted partly in the Board of Directors of the Society and partly in the Board of Directors of the Company. The main principle is that the Board of Directors of the Society deals with membership and ownership issues, while the Board of Directors of the Company deals with issues involving business operations. This means that issues concerning new members, withdrawal of members, possible exclusion from membership, the capitalisation of the Group, guarantee issues, etc. are dealt with by the Board of Directors of the Society.

Election Committee of the companies owned by the Society 2023/2024

Linda Frohm (M), Municipality of Kalix, Chairman
 Ulf Olsson (S), City of Borås, Deputy Chairman
 Ewa-May Karlsson (C), Region Västerbotten
 Niclas Nilsson (SD), Municipality of Kristianstad
 Pierre Sjöström (S), Municipality of Staffanstorps

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

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

Working Committee of the Board of Directors of the Society

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

President and CEO

The President is responsible for the on-going administration of the Society in accordance with the Board's guidelines and instructions. Since the Society's owners are democratically governed organisations and the Society's operations are socially beneficial in nature, the President's responsibility for on-going administration shall be limited to on-going administrative matters that are not significant in terms of principles or otherwise of special significance for the Society. If, in a particular matter, it is unclear whether the right of determination lies with the Board of Directors or the President, the President shall allow the Board to consider the matter or, if it is not possible to await the position of the Board, he shall consult the Chairman of the Board. According to Chapter 7, Section 29 of the Economic Associations Act (2018:672),

the President and CEO is entitled, in certain instances, to undertake measures without the authorisation of the Board. For the reasons stated above, the President shall, in such instances observe very considerable restriction and always seek consultation with the Chairman of the Board.

Ownership management review

In accordance with the regulations for financial companies under the supervision of the Swedish Financial Supervisory Authority, the members of the Board of the Kommuninvest Cooperative Society and the President are to be assessed in terms of their leadership.

Board members

As of the Annual General Meeting on 30 March 2023, the Board of Directors of the Kommuninvest Cooperative Society has comprised Linda Frohm (Chairman), Ulf Olsson (Deputy Chairman), Ulla Andersson, Lilly Bäcklund, Britta Flinkfeldt, Mohamad Hassan, Ewa-May Karlsson, Peter Kärnström, Maria Liljedahl, Hanne Lindqvist, Anna Lipinska, Niclas Nilsson, Teddy Nilsson, Jonas Ransgård and Pierre Sjöström. The members are presented on the next page.

Analysis and Finance Committee

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

Remunerations

The 2023 Annual General Meeting, decided on changes to fees for the Board of Directors of the Society, see Note 7, where the total fees are shown. Total fees paid to the members of the Board of Directors amounted to SEK 2,125.9 (1,708.5) for 2023.

Work of the Board of Directors in 2023

During 2023, the Board of Directors held five (five) ordinary meetings, one (one) extraordinary meeting, one (one) statutory meeting and two (two) seminars. In addition to ongoing matters, agendas and decisions have involved:

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

Board of Directors of the Kommuninvest Cooperative Society

Chairman



LINDA FROHM (M)
Municipality of Kalix

Vice Chairman



ULF OLSSON (S)
City of Borås

Ordinary members



LILLY BÄCKLUND (S)
Municipality of Lycksele



BRITTA FLINKFELDT (S)
Municipality of Arjeplog



TEDDY NILSSON (SD)
Municipality of Svalöv



MOHAMAD HASSAN (L)
Municipality of Uppsala



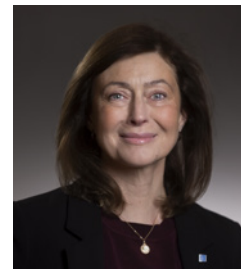
EWA-MAY KARLSSON (C)
Region Västerbotten



ULLA ANDERSSON (V)
Region Gävleborg



MARIA LILJEDAHL (SD)
Municipality of Köping



ANNA LIPINSKA (KD)
Municipality of Värmdö



NICLAS NILSSON (SD)
Municipality of Kristianstad



JONAS RANSGÅRD (M)
City of Gothenburg



HANNE LINDQVIST (M)
Municipality of Kalmar



PIERRE SJÖSTRÖM (S)
Municipality of Staffanstorp



PETER KÄRNSTRÖM (S)
Municipality of Sandviken

DEPUTIES

Jeanette Wäppling (V)
Municipality of Gällivare

Lill Jansson (L)
Municipality of Lerum

Matilda Wärenfalk (S)
Municipality of Mörbylånga

Martin Kirchberg (SD)
Municipality of Torsås

Andreas Svahn (S)
Region Örebro County

Hans Lindberg (S)
Municipality of Umeå

Katarina Eiderbrant (S)
Municipality of Varberg

Louise Skaarnes (SD)
Municipality of Munkedal

Christina Johansson (M)
Municipality of Arboga

Anna-Britta Åkerlind (C)
Municipality of Örensköldsvik

Marianne Sandström (SD)
Municipality of Överkalix

Vacancies

Hanna Bocander (M)
Municipality of Danderyd

Ann-Marie Johansson (S)
Region Jämtland Härjedalen

Stefan Moberg (KD)
Municipality of Årjäng

AUDITORS

The Annual General Meeting of the Kommuninvest Cooperative Society elects external and lay auditors.

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

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

External auditor

At the Society's 2020 Annual General Meeting, KPMG AB was appointed as the auditing company for the period extending until the end of the 2024 Annual General Meeting. As of the 2023 Annual General Meeting, KPMG AB has elected Authorised Public Accountant Tobias Lilja as Auditor in charge. Up until the 2023 Annual General Meeting, Anders Tagde was the Auditor in charge. The chief auditor meets with the Board of Directors of the

Company at least twice a year, and the Board of Directors of the Society at least once a year.

Internal auditor

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

Lay auditors

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

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

Research and education

Work in education and training is conducted in four areas: research, education, reports and the external community. All in all, these efforts will increase our knowledge of local government sector development, as well as active dissemination of knowledge to members and the external community.

Research efforts encompass the Kommuninvest Research Committee and the Society's partnership with Örebro University. The work of the Research Committee serves in part to increase awareness of the local government sector's financial situation and long-term challenges and, in part, to increase members' understanding of the requirements imposed on both elected and salaried officials in the local government sector. In 2023, two research reports were published and one webinar was presented. Since 2012, Kommuninvest has been partnering with Örebro University. Kommuninvest contributes up to SEK 2 million annually towards financing a professorial chair and a post-doctoral position in economics, with a focus on finance.

Over the year, Research and education published two focus reports – “How high is local government debt really?” and “Interest rate sensitivity in public housing.” The 11th edition of the report “Local government debt” was published

during the year. In addition, the quarterly reports “Local government sector debt management” have been published with four in-depth studies. To remain up-to-date and responsive in commenting on events within the local government sector, some 20 brief analyses and commentaries were published within the framework of the “Välfärdsekvationen” (The Welfare Equation) blog. Given the economic situation, these analyses have addressed how the macroeconomic situation with high inflation and rising interest rates is impacting the local government sector.

The number of lectures presented externally remained high, with the department participating both at major events, as well as in presentations for individual municipalities. Given the challenges facing the property sector, multiple media outlets have contacted us with questions regarding the municipalities' renting of premises from private property companies.





Social Sustainability Loan facilitates large-scale societal investment for Botkyrkabyggen

In 2023, municipal housing company Botkyrkabyggen was granted SEK 3.8 billion through Kommuninvest's Social Sustainability Loans. This involves a major long-term social initiative in the areas of Alby, Fittja and Norsborg.

Botkyrkabyggen's initiative combines a broad physical investment with a systematic social initiative, in line with the Social Sustainability Loans arrangement. The physical investment primarily comprises the renovation and development planned in Alby, Fittja and Norsborg for the period 2023–2032, as well as the financing of the existing property portfolio in these areas. According to the Segregation Barometer produced by the Swedish National Board of Housing, Building and Planning, several of the areas in which Botkyrkabyggen conducts its operations are among the most socio-economically exposed areas in Sweden. Alby, Fittja and Norsborg are also included in the list of particularly exposed areas produced by the Swedish Police.

"I would venture to say that the matter of renovation is rather apparent. But I should also probably add that we are working systematically and in an integrated manner on the issue of sustainability. It's not simply a sideshow to our regular operations," says Chris Österlund, CEO of Botkyrkabyggen.

She also explains that the widely reviled "million homes programme" of the 1960s and 70s has its advantages when renovating or upgrading, particularly with regard to recycling. Botkyrkabyggen will also be continuing its work for safer stairwells and performing site controls to counteract workplace crime in its renovation projects. Accordingly, the social initiative comprises Botkyrkabyggen's management model for sustainable business, which combines social, ecological and economic sustainability. It entails allowing tenants to stay in their homes during the renovation work, only renovating what is necessary, recycling materials and furnishings that work well, involving and engaging tenants, upgrading to a standard that the tenants are willing to pay for, as well as offering options for tenants who want them.

"Of course we should not forget the company's equality initiative 'Qvinnan i Botkyrka' (Woman in Botkyrka). There are women living in our areas for whom the labour market is very remote. We offer them an opportunity to take a cleaning job with us to free themselves from unemployment and to start earning money of their own. These individual women gain work experience with us, avoid seeking benefits and can start to regain control of their lives. And that benefits society. The quality of the cleaning is also higher – and it has also turned out to be a little cheaper for us. Which also benefits our tenants," Chris Österlund concludes.

Botkyrkabyggen is the Municipality of Botkyrka's wholly owned public housing company. The company owns and manages some 10,800 apartments. About one in three residents in Botkyrka live in housing provided by Botkyrkabyggen. Botkyrkabyggen has about 150 employees.

Sustainability and efficiency – the foundation of our assignment

Kommuninvest is assigned with delivering competitive financing solutions to Swedish municipalities and regions, both today and in the future. This strategy sets the direction for what the Company seeks to achieve in the next few years and what is required to succeed.

Focus of the operations

Kommuninvest has grown and faces increased demands from members, customers, investors and public authorities. Our work processes and systems support were originally designed for smaller operations and we therefore need to modernise and develop our core business and its support processes. Efficient data management is decisive for decision-making and business development. We are endeavouring to improve our capacity, both in terms of accessing data and managing it efficiently. The goal is to efficiently meet today's and tomorrow's external demands while reducing our operational risk.

In a time in which the field of sustainability is developing rapidly, particularly in the financial market, we face increased regulatory and reporting requirements. Today, the Company is expected to take responsibility for the entire value chain in which we operate, entailing an increased requirement to clearly show investors how their credit is used. By realising the strategy, we strive to build long-term cost-efficient operations, although this will also require major investment over the upcoming years.

Highlights of the year

- Significant progress achieved in demand for Social Sustainability Loans by means of increased customer processing of the product.
- A remittance was issued regarding the adaptation to the taxonomy of the green framework.
- E(SG) factors were implemented in the Company's credit process.
- A target scenario was formulated for the IT environment with regard to our core business and its support processes. This is to more effectively meet today's and tomorrow's external demands with reduced operational risk.
- The procurement of new Treasury and ERP systems was initiated.
- New data warehouse technology was tested and selected and a strategy was prepared for the Company's future data management.
- SOFR replaced LIBOR as the reference rate in outstanding derivative contracts.

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.

Strategic areas

<p><i>Who should we be?</i></p> <p>LOCAL GOVERNMENT SECTOR LENDERS</p>	<p><i>What do we offer?</i></p> <p>SUSTAINABLE AND EFFECTIVE LOAN FINANCING</p>	<p><i>What is our approach?</i></p> <p>A STRAIGHTFORWARD ORGANISATION THAT GENERATES VALUE</p>
<ul style="list-style-type: none"> • By understanding the local government sector's long-term challenges, we contribute to sustainable municipalities and regions. • With our focus on loan financing, we shall be the entire local government sector's self-evident choice for financial management. • Additional relevant external actors shall know of us and have confidence in how we work. 	<ul style="list-style-type: none"> • We must work to ensure that all customers eligible to receive a sustainable loan do so. • We shall safeguard cost-efficient loan financing for the local government sector. • We shall help ensure that all customers are able to securely and easily make their own short and long-term borrowing decisions. 	<ul style="list-style-type: none"> • We shall be a cooperation-oriented organisation focused on simplicity, generating value and an overarching perspective. • We shall be an attractive employer, focused on societal benefit and that invests in learning and expertise.

Multi-year summary

Lending totalled SEK 511.9 billion at the end of 2023, having grown by 6.1 percent over the year. This is to be compared with an annual growth of 7.7 percent over the past five years. The Company's share of the local government sector's external

borrowing has increased from 59 percent to an estimated 60 percent over the same period. For multi-year data in table format, see page 5.

Reduced borrowing needs

Good liquidity in municipalities and regions at the start of 2023 lessened the need of loan financing over the year, despite increased investment. Local government borrowing increased by 4 percent to SEK 851 (819)¹⁾ billion. Kommuninvest financed 60 (59) percent of local government sector total borrowing.

The combination of extensive renovation needs for homes and properties built in 1965–1975, as well as strong population growth, requiring additional operational premises and expanded infrastructure, drove up the local government sector's investments in 2010–2019. These investments encompass several areas of local government operations, including property, housing, water and sewerage, infrastructure and energy production. Following the record level noted in 2019, investment volumes have declined in real terms. Although Kommuninvest's assessment is that investment will remain high, in relation to the local government sector's revenues, it will be lower than in the late 2010s. While maintenance and green realignment needs remain, lower population growth will entail lower investment in welfare.

Despite weaker cash flows, the degree to which investments were self-financed remained high in 2023. Local government sector borrowing needs remained low in 2023. Kommuninvest's lending has continued to grow and the

market share at the end of 2023 amounted to 60 (59) percent.

Kommuninvest grew strongly after the financial crisis of 2007–2008 and has since continued to increase its market share. In 2017–2023, Kommuninvest's market share increased from 50 percent to 60 percent. Over the same period, financing via the banking sector and bilateral parties decreased from 17 percent to 12 percent of the sector's borrowing. Some 20 municipalities and regions, as well as a handful of municipal companies currently borrow directly from the capital market. The issuance of local government bonds and commercial papers accounted for 29 percent of the sector's total financing in 2023, a share that has gradually declined in recent years.

Forms of local government funding

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

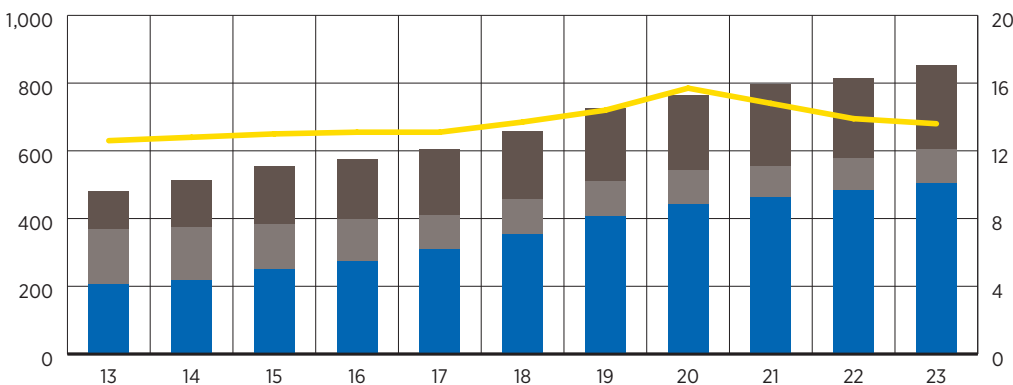
- funding via Kommuninvest
- funding via the bank sector or other bilateral parties
- funding via the money and bond markets

¹⁾ Forecast based on Kommuninvest's ongoing monitoring of debt and investment trends in the Swedish local government sector. At the time of publication of this Annual Report, neither the complete data for 2023, nor the municipalities' and regions' own annual reports were available. Values and shares for 2022 have been adjusted in accordance with the municipalities' and regions' own annual reports.

The local government sector's borrowing and forms of financing

2013–2023

SEK bn



The local government sector's funding over the past decade is characterised by an increased proportion of funding via Kommuninvest and proprietary market programmes, as well as a reduction in funding via the banking sector. Data for 2023 are based on estimated total borrowing.

- Funding through proprietary funding programmes, SEK bn
- Bank funding, SEK bn
- Local government sector borrowing as a proportion of GDP, %
- Funding via Kommuninvest, SEK bn

Continued lending growth

Kommuninvest's lending grew to SEK 511.9 (482.5) billion in nominal terms in 2023, representing a growth rate of 6.1 (4.7) percent. In a stressed economic situation, certain municipalities and regions chose to review their investments. Nonetheless, weakened liquidity, as well as fundamental investment needs, meant that local government sector borrowing maintained a relatively high level. Kommuninvest's market share, increased somewhat to 59.7 (59.3) percent. At the end of 2023, Kommuninvest had a total of 1,029 (1,027) active borrowers.

Loans provided only to Swedish municipalities and regions

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

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

Continued growth

External developments – with high inflation, rising interest rates and a weakening economy – affected municipalities and regions negatively over the year. A lower population growth rate affected also impacted investment needs. Certain types of investments, such as new production of public housing, were reduced.

Even in this environment, Kommuninvest's lending continued to grow at good pace. Lending growth was stronger than in 2022. Fundamentally, there were extensive needs for maintenance and upgrading in, for example, properties and infrastructure. This generated investment. In itself, a weakened liquidity situation in several parts of the local government sector also helped push loan financing up to a relatively high level.

At the end of the year, Kommuninvest's lending amounted to SEK 511.9 (482.5) billion in nominal terms. Accordingly, lending growth ended up at 6.1 (4.7) percent. Market share increased somewhat to 60 (59) percent. New lending for the year and renegotiations of existing loans, 86 (86) percent were loans with capital tied up for more than one year and 14 (14) percent with capital tied up for one year or less. Loans with capital tied up for one to three years accounted for 35 (34) percent of volumes. At the end of 2023, the lending portfolio consisted of

57 (44) percent fixed-interest loans and 43 (56) percent variable-interest loans.

Strong development for Green Loans

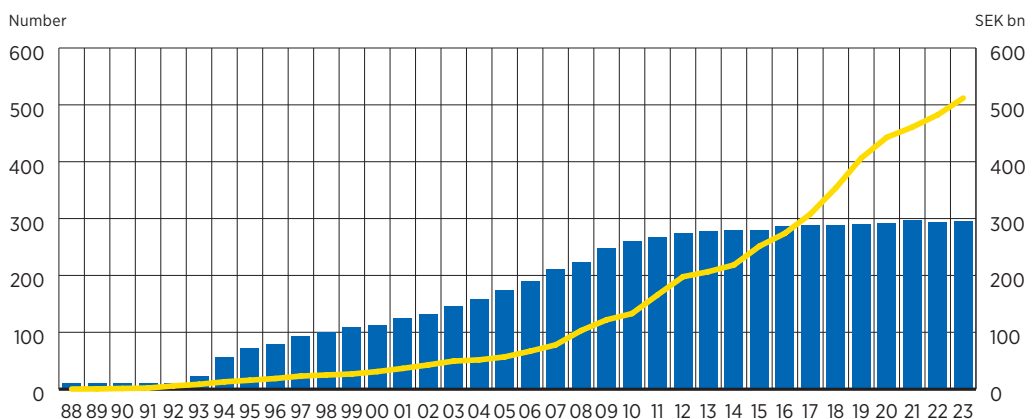
During the spring, Green Loans passed two key milestones: SEK 100 billion in loan volume and 600 approved projects. At the end of 2023, SEK 111.8 (99.9) million in Green Loans had been granted. The corresponding amount for Green Loans disbursed was SEK 79.4 (66.4) billion. The proportion of Green Loans in relation to total lending amounted to 16 (14) percent. More information about Green Loans can be found on pages 9–11 and on page 20.

Progress for Social Sustainability Loans

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. This contributed to a considerable increase in volume. By the end of 2023, SEK 6.7 (1.7) billion in Social Sustainability Loans had been granted, distributed between 20 (16) different projects and 16 (14) members. The corresponding amount for disbursed Social Sustainability Loans was SEK 2.1 (1.0) million. More information about Social Sustainability Loans can be found on pages 16–17 and on page 20.

Number of members and lending volume

1988–2023



An increased number of members in the Society, and members choosing to place an increasingly large share of their funding with the Company, are the foremost reasons for the historical growth in lending.

- Number of members of the Kommuninvest Cooperative Society
- Lending (nominal value), Kommuninvest i Sverige AB

Significant borrower with highest credit rating

Kommuninvest borrows money in capital markets in Sweden and internationally to fund its lending to municipalities and regions. The funding operations functioned well over the year, with demand for Kommuninvest's bonds being favourable. The members' joint and several guarantee makes Kommuninvest a safe placement option for investors. At the end of the year, total funding amounted to SEK 550.7 (547.5) billion in nominal terms.

New funding by currency*

2023 (2022)

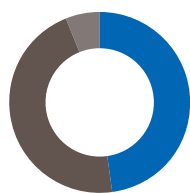


- SEK 53 (50) %
- USD 34 (46) %
- EUR 13 (4) %
- JPY – (5) %
- AUD – (0) %

*excl. commercial paper funding

New funding by programme*

2023 (2022)



- Swedish Benchmark Programme 46 (48) %
- Benchmark funding, other currencies 31 (46) %
- Green Bonds 23 (6) %
- Uridashi – (5) %

*excl. commercial paper funding

Liquidity strategy

Kommuninvest's strategy builds on its presence in three strategic funding markets, matching of assets with liabilities and a highly liquid liquidity reserve. The three strategic funding markets are denominated in SEK, USD and EUR. Funding is agreed to replace loans that mature, to finance new loans in the lending operations and to adjust the size of the liquidity reserve according to the current market view and liquidity preparedness requirements.

During the year, market conditions have been marked by geopolitical unrest and rising interest rates due to high inflation. The Company's liquidity strategy worked well in 2023. Access to liquidity has been good and Kommuninvest has been able to finance its customers' funding needs on favourable terms, despite occasionally challenging market conditions.

Focus on benchmark funding

Over the year, funding totalling SEK 147.2 (142.6) billion was raised in bonds with maturities of more than one year. Funding through short-term commercial papers, with maturities of less than one year, amounted to SEK 54.2 (66.0) billion. Previously issued funding of SEK 12.8 (10.3) billion was repurchased and SEK 173.5 (177.6) billion matured.

Kommuninvest continued, as planned, to issue Green Bonds, which are mainly acquired by investors seeking to support environmentally oriented investments. Funding through Green Bonds finances green investment projects by Swedish municipalities and regions.

A significant SSA issuer

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

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

Liquidity reserve to meet customer needs under all circumstances

To ensure that our commitments towards customers and investors can be met, even in periods of stress in the financial markets, Kommuninvest maintains a liquidity reserve. This reserve consists of short-term liquid investments with high credit ratings. The reserve amounted to SEK 44.3 (62.1) billion at the end of the year.

Reserve with high credit quality and low risk

Kommuninvest maintains a liquidity reserve, the purpose of which is to safeguard favourable payment and lending capacity, including during periods of high financial stress. The scale of the liquidity reserve is adapted according to upcoming funding maturities, for example, and external factors, such as exchange and interest rate fluctuations. In accordance with the strategy, the liquidity reserve shall be invested short-term, with the average maturity not exceeding 12 months. Individual investments may have a maturity of 39 months at most. Accordingly, the liquidity reserve is designed to ensure preparedness under turbulent market conditions.

Asset management

In 2023, asset management activities were characterised by a liquidity reserve comprising highly tradable assets of superior credit quality. Direct investments are made mainly in securities issued by sovereigns or central banks, multilateral development banks and subsidised lenders¹. At the end of 2023, 92 (97) percent of the reserve was invested in securities with the highest possible creditworthiness. Of the reserve, 72 (89) percent consisted of investments in securities issued by issuers from Sweden.

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

Investment rules for the liquidity reserve

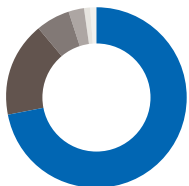
- The liquidity reserve may have a maximum average maturity of 12 months
- The maximum maturity of individual investments is 39 months.

For further information, see the Risk and capital management section on pages 40–44 or Kommuninvest's website, www.kommuninvest.se.

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

Liquidity reserve distributed by country

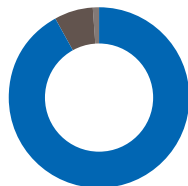
2023 (2022)



- Sweden 72 (89) %
- Germany 17 (4) %
- Supranationals 6 (5) %
- Finland 3 (1) %
- UK 1 (1) %
- Denmark 1 (-) %

Liquidity reserve distributed by rating category

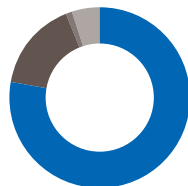
2023 (2022)



- AAA 92 (97) %
- AA 7 (1) %
- A 1 (2) %

Liquidity reserve distributed by issuer category

2023 (2022)



- National governments or central banks 78 (88) %
- Credit institutions (subsidised lenders) 16 (4) %
- Credit institutions (bank balances) 1 (3) %
- Multilateral development banks 5 (5) %

Change in times of external turbulence

The external turbulence has affected most of us in different ways. Stability and robustness increase in importance when everyday life is increasingly pervaded by volatility and uncertainty. The pace of change and the need for transparency and immediate feedback impose considerable demands on actors in society, as well as on Kommuninvest. To foster security and stability combined with compliance and flexibility may be one of the most important tasks required of an organisation, demanding clear management and control with a high degree of participation and influence.

The external turbulence has impacted the Company in both major and minor ways. While society is readjusting post-Covid, other issues have surfaced and gained importance. The ongoing war in Europe, the volatility of the markets, increased expenses, interest rate hikes and high inflation affect both the Company and its employees in different ways. Bringing clarity with a high degree of transparency and good communication is essential in creating a stable organisation.

Over the year, the organisation has initiated a review of the Company's strategic orientation and overall targets and has prioritised which main projects are to shape the work ahead. The purpose is to further increase customer benefit, while meeting new regulatory requirements, as well as expectations from members and other actors. Within sustainability, in particular, there are opportunities to meet the new requirements of the taxonomy while also generating new benefits for customers and members. The improved process surrounding the Company's operational governance will be further refined in 2024 to establish conditions for greater clarity and enhanced product and target-based management.

Strategic competence supply

The realignment process pervading 2022 and 2023 entailed certain changes in organisation and staffing. To generate efficiency gains, some standardisation has been performed, with various tasks being clustered while others have been removed entirely. The changes have been elaborated applying the principles of simplicity, comprehensiveness and customer benefit. With a series of ambitious development projects under way, including major system transitions, establishment of a data warehouse and the integration of sustainability principles into the operations, the Company faces an exciting period. Combined with increasing requirements from regulations in areas such as sustainability and information security, these challenges were in considerable focus during the year. The starting point has been to prepare the organisation for the future by ensuring effective skills supply and development. This strategic approach serves to safeguard ongoing success, both in our day-to-day operations and in our development projects.

Over the past year, as the first step in a multi-year initiative, the company has implemented a range of skill-enhancement measures. These efforts have encompassed both basic and advanced financial knowledge, development of processes, AI and its application, as well as data security and cybersecurity.

Additional developmental steps are planned for the coming year, in these and related areas.

Employee survey 2023

Overall, the results of the 2023 employee survey were highly positive and strong.

- ESI (Employee Satisfaction Index) 75 (+3)
- ELI (Employee Loyalty Index) 82 (+4)
- eNPS (Employee Net Promoter Score) 54 (+16)

The proportion of satisfied and loyal employees rose from 88 percent to 91 percent and the proportion who would recommend Kommuninvest to others rose by 8 percentage points to 96 percent.

In the survey, the social and organisational work environment was identified as an area for improvement, particularly with regards to the clarification of roles, responsibilities and authorisations. Measures to address these matters were initiated in the second half of 2023 and are expected to gradually bring greater clarity moving forward.



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

Employee survey



Financial position

At the end of the year, equity in the Group amounted to SEK 11,508.7 (10,187.1) million. The total capital base was SEK 10,837.9 (9,928.3) million, which gave a total capital ratio of 359.5 (459.6) percent.

At the end of the period, Kommuninvest's total assets amounted to SEK 568,920.7 (553,264.9) million. Lending to municipalities and regions accounts for the bulk of the assets and amounted to SEK 508,802.2 (470,675.9) million at the end of the year.

Distribution of surplus in 2023

Pending a resolution by the Annual General Meeting of the Society, the Society will distribute a surplus of SEK 373.0 (–) million for the 2023 financial year. In the financial statements, the Company has paid a Group contribution of SEK 388.4 (14.6) million to the Society.

Capital adequacy and leverage

The Group is well capitalised to withstand the operations' risks, with capital relationships exceeding the prescribed minimum requirements in Pillar I, the capital base requirement in Pillar II, as well as the combined buffer requirement by a good margin. Finansinspektionen (Swedish Financial Supervisory Authority) does not impose any Pillar II guidance requirements at the individual company level – only at the Group level.

The core Tier I capital amounted to SEK 10,837.9 (9,928.3) million, entailing a core Tier I capital ratio of 359.5 (459.6) percent.

The Group's capital base consists solely of core Tier I capital and the total capital ratio also therefore amounts to 359.5 (459.6) percent. See also Note 2.

At the close of 2023, the Group had a leverage ratio of 20.3 (14.3) percent.

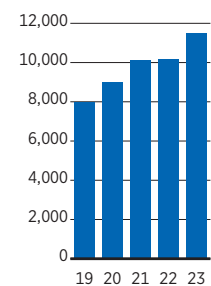
Rating

Kommuninvest holds the highest credit ratings – AAA from S&P Global Ratings and Aaa from Moody's. In December 2023, the rating agencies confirmed the Company's rating, with continued stable outlook. As the basis for their assessment, the rating agencies highlight the joint and several guarantee from the owners of the Cooperative Society, the mandate the Company has from its owner to act as a local government debt office for its members, the high quality of the loan portfolio and the strategy for building up capital to meet future regulations.

Kommuninvest also receives high so-called ESG ratings from a number of players, including ISS-oekom, MSCI and Sustainalytics. The assessments show that Kommuninvest is considered to belong to the group of financial institutions whose operations have a low exposure to sustainability risks.

Equity

SEK, million



Comments on the accounts

Pages 47, 49 and 51 present comments to the income statement, balance sheet and changes in equity. These comments form part of the Board of Directors' Report.

Low risk tolerance and effective risk management

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

Risk management and risk exposure in 2023

High inflation and increased interest rates affected the Company's risk situation in 2023. The stability of the banking system deteriorated early in the year, triggering a bank crisis in both the US and Europe. It was possible to avoid a financial crisis through measures taken by national authorities.

The world's leading central banks, including the Swedish Riksbank, raised their key rates to counteract excessive inflation. Combined with general market unrest, this has contributed to rising market interest rates on both short and long loan maturities.

In this new economic situation, municipalities and regions face economic challenges, with regions being affected most. Inflation, as well as increased pension and interest expenses are factors contributing to the sector being expected to report a deficit for 2023.

Kommuninvest's limited risk appetite entailed a favourable resilience to the turbulence in the financial markets during 2023.

Risk profile

Kommuninvest plays a central role in the financing of investments by Swedish municipalities and regions. The Company raises funding in the financial market on the basis of customers' needs. The business model entails the Company being exposed to risks associated with the financial market, the Swedish central government and the local government authorities' financial conditions, their challenges in terms of climate and sustainability, as well as internal and external operational risks. The Company's risk profile and permitted risk-taking is established annually in the owner directives, which are adopted by the Annual General Meeting of the Society. The Ownership Directive states that the Company shall have a low level of risk taking that is at no time greater than necessary in meeting the purposes of the operations and the application of the Ownership Directive. The risk level may not exceed a permissible level of risk-taking for any individual member in accordance with the Swedish Local Government Act. For an overview of the types of risks that Kommuninvest regularly manages and assesses, see page 44.

Risk policy

The Company's risk management is based on the Board of Directors' risk policy. In recent years, this has been based on

four areas of limitation (pillars): capital, net profit, liquidity and confidence. Each of the pillars has had an established qualitative risk appetite against which all risk is measured. The risk appetites has explained the level of risk to which the Board is prepared to expose the Company for the purpose of fulfilling the assignment from the owners. The level of risk appetite is determined by factors including financial position, growth targets, market conditions for the given time period and whether efficiency gains can be achieved when risk-taking changes. The risk strategy is part of the Company's risk framework, which encompasses the Board of Directors' fundamental instruments of operational governance and good internal control. The risk policy was revised in late 2023. The amendments will be implemented during 2024, having an impact over the year, without materially impacting the Company's risk-taking. Detailed below is the Company's risk management as it looked in 2023.

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

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

Liquidity

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

Confidence

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

Risk organisation

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

The body addressing changes in the limits applied to investment and derivative counterparties, to members, as well as other credit issues requiring decisions by the Board of Directors or the CEO is the Credit Group. The Credit Risk Committee determines the model and factors on which the Company's calculation of expected credit losses is based.

The Company's Asset and Liability Committee (ALCO) is responsible for matters concerning market risk and liquidity requiring a decision by the Board of Directors or the CEO. The Company's RCC (Risk Compliance Control) Committee aims to document the work of the Company's control functions, as well as preparing reports to the Executive Management Team and the Board of Directors. The Company initiated a review of its decision-making forum, which may lead to changes over the upcoming years.

Within the Company there are three independent control functions: the Risk and Control department, compliance and the internal audit. Risk and Control and Compliance functions form the Company's second line, while the internal audit is the Company's third line. The three different lines are visualised in the organisational chart on page 42.

Risk and Control

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

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

Office support

The company's regulatory compliance department, headed by our Chief Compliance Officer, is a control and support function that is independent and organisationally separated from the functions and areas that it shall monitor and control.

The regulatory compliance department identifies, measures, analyses and reports on regulatory compliance risks. The Chief Compliance Officer is appointed by, and reports directly to, both the CEO and the Board of Directors on regulatory compliance matters. Among other things, the Chief Compliance Officer is responsible for monitoring and controlling regulatory compliance in the licensed operations and provides advice and resources for the operations, executive management and the Board of Directors on legal matters and other regulatory issues. This also includes verifying and assessing the suitability and efficiency of the procedures and measures taken to minimise the risk that applicable rules are not adhered to. Also included is a specially designated role as the central manager responsible in accordance with the regulations concerning money laundering and financing of terrorism (CFA).

Internal audit

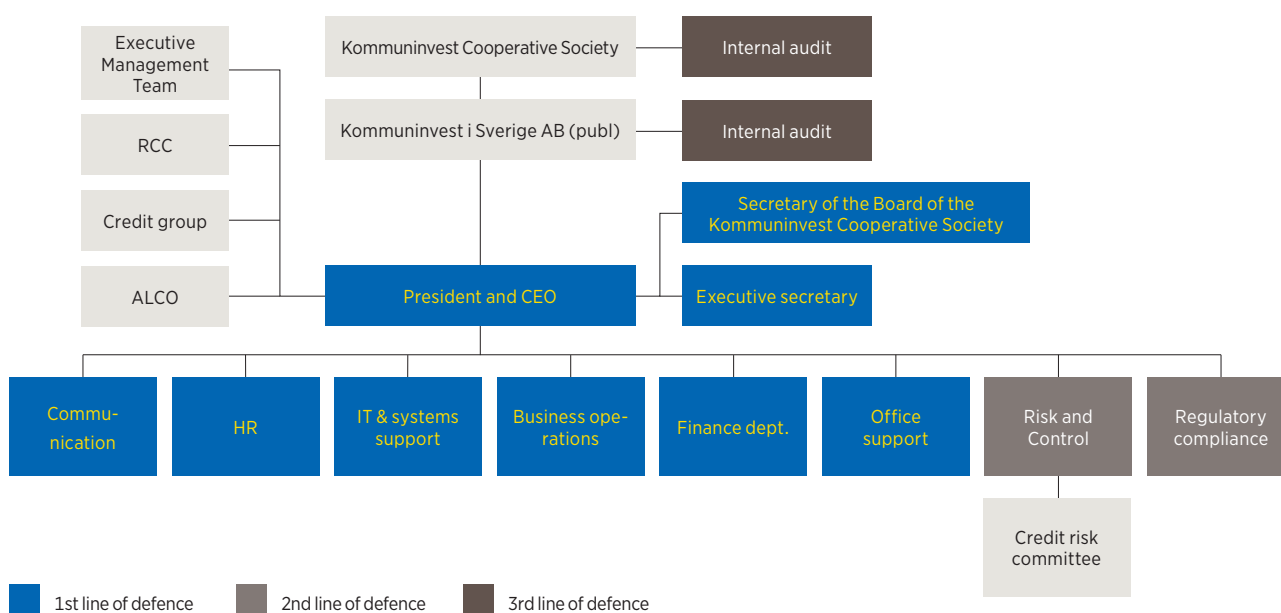
The Company's internal audit, which is outsourced to an external party, is an independent review function that reports to the Board of Directors. The internal audit is responsible for evaluating risk management, the Company's control and governance processes and for the operations being conducted in accordance with the Company's internal regulations. The internal auditor reports to the Board of Directors and the President and CEO on an ongoing basis. Each year, the Board of Directors establishes a plan for the work of the internal audit. The President reports to the Board on measures implemented as a consequence of the internal audit unit's reports.

Risk management

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

In the Company's risk management, the qualitative risk appetites are connected to risk categories. Risks are categorised with the purpose of connecting the risk declaration and the quantitative risk appetites with the generally accepted risk taxonomy. The risk categories also symbolise different areas of responsibility within the Company. The connection is based on the pillars that potential risk would primarily affect if realised. The overarching risk categories managed by the Company are credit risk, market risk, liquidity risk, operational risk, strategic risk, regulatory compliance risk, stakeholder risk and sustainability risk. The Risk categories diagram on page 44 defines all of the risk categories managed by the Company. A detailed description of how the Company handles each risk can be found in Note 2.

Organisational chart with the operations' three lines of defence



Capital management

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

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

On 20 November 2020, Finansinspektionen (the Swedish Financial Supervisory Authority) 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, leverage ratio capital requirements are stated as percentages of the exposures. The Pillar II guidance is based on the outcome of stress tests and other institution-specific assessments. The capital planning buffer is removed because its purpose must instead be fulfilled through Pillar II guidance.

On 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 3. According to Finansinspektionen's decision, the Company does not need to hold capital for Pillar II guidance.

Kommuninvest's capitalisation – responsibility of the owners

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

2021–2024. The plan makes it possible for the Board of Directors of the Society to request approximately SEK 1 billion annually from the Society's members until 2024. Kommuninvest's plan for building up capital in 2025–2028 is to be adopted at the Annual General Meeting of the Society in March 2024.

Capitalisation 2023

Over the year, the Society's members increased the participation capital in the Society by SEK 902 million. In October, the Society acquired shares in the Company for SEK 840 million, at a premium of 120 percent. Consequently, the share capital in the Company increased by SEK 700 million and unrestricted equity increased by SEK 140 million.

Capital plan and internal capital assessment

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

Leverage ratio

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

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

Kommuninvest's risk management in brief

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

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Income statement – Group

1 January – 31 December

SEK, million	Note	2023	2022
Interest revenues calculated according to effective interest method		20,482.6	4,780.0
Other interest revenues		362.4	134.0
Interest expenses calculated according to effective interest method		-19,474.8	-4179.8
Other interest expenses		-378.6	-68.3
NET INTEREST INCOME	3	991.6	665.9
Commission expenses	4	-13.1	-11.7
Net result of financial transactions	5	47.6	-208.8
<i>of which, derecognised assets valued at amortised cost</i>		-0.1	0.2
Other operating income	6	14.9	12.0
TOTAL OPERATING INCOME		1,041.0	457.4
General administration expenses	7	-252.1	-221.2
Depreciation and impairment of intangible assets	19	-6.2	-6.3
Depreciation and impairment of material assets	20	-3.6	-3.5
Other operating expenses	8	-5.9	-6.2
TOTAL EXPENSES		-267.8	-237.2
PROFIT BEFORE CREDIT LOSSES		773.2	220.2
Net credit losses	9	2.8	-5.9
Fees imposed: Risk tax and resolution fee ¹	10	-343.0	-282.3
OPERATING PROFIT		433.0	-68.0
Tax	11	-13.8	13.9
NET PROFIT		419.2	-54.1

Statement of comprehensive income – Group

1 January – 31 December

SEK, million	Note	2023	2022
NET PROFIT		419.2	-54.1
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		419.2	-54.1

1) As of 31 December 2022, the resolution fee is booked on the same legal line as the recently introduced risk tax. In previous years, the resolution fee has been booked under Other general administration expenses. For additional information, see Note 10.

Comments on the income statement – Group

Net interest income

Net interest income increased by nearly 50 percent over the year, amounting SEK 991.6 (665.9) million. The increase is mainly explained by key and market interest rates having been at a higher level in 2023, as well as being higher throughout the year compared with the preceding year. The positive effect of higher interest rates on net interest income derives from the Company holding more interest-bearing assets than corresponding liabilities. Expenses for ratings, the Swedish Benchmark Programme and other fees associated with funding burdened net interest income by SEK 42.5 (42.2) million.

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

Net result of financial transactions

The net result of financial transactions amounted to SEK 47.6 (negative 208.8) million. The result is mainly explained by unrealised changes in market value of SEK 59.3 (negative 209.5) million. The difference in value between the Company's assets and liabilities measured at fair value remained stable over the year, contributing to lower volatility in unrealised changes in market value over the year. Since Kommuninvest intends to hold its assets and liabilities to maturity, these values are not normally realised.

For further information, see Note 5.

Other operating income

License revenue for the Company's services within KI Finans increased by SEK 0.9 million to SEK 10.6 (9.7) million.

Expenses

Operating expenses amounted to SEK 267.8 (237.2) million, of which payroll expenses accounted for SEK 144.3 (131.3) million and other operating expenses totalled SEK 123.5 (105.9) million.

The increase in payroll expenses is explained by the full-year effects of filling previous vacancies and of reinforcing resources for the development efforts being conducted to transform the Company's IT support.

The entire increase in other expenses is accounted for by the development process, in the form of a cost increase in the amount of SEK 19 million for external resources and higher IT expenses. Depreciation remained at the same level as in the preceding year.

Credit losses amounted to a positive sum of SEK 2.8 (negative 5.9) million. The Company's risk tax amounted to SEK 325.9 (257.3) million. The reason for the higher level is that the tax was raised by 0.01 percent to 0.06 percent between the years, with the base for the calculation, the Company's total liabilities, having increased from the preceding year. Kommuninvest's resolution fee for 2023 has been set by the Swedish National Debt Office at SEK 17.1 (25.0) million.

Net profit

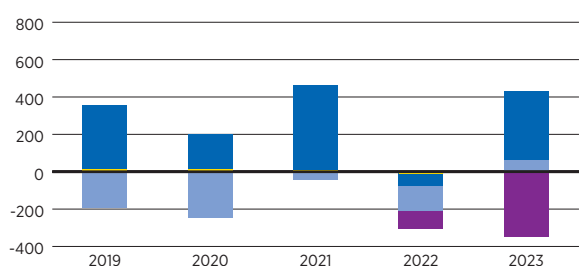
Kommuninvest's operating profit, its profit before tax, amounted to SEK 433.0 (loss 68.0) million. The higher net profit is explained by stronger net interest income and a positive outcome of SEK 59.3 (negative 209.5) million in unrealised changes in market value.

Kommuninvest's operating income, defined as operating profit less changes in market value, expected credit losses and risk tax amounted to SEK 696.8 (404.7) million. For further information, see Alternative performance measurements on page 97.

The tax expense for the year, recognised in profit or loss, amounted to SEK 13.8 (income 13.9) million, for more information regarding reported tax, see Note 11. Profit after tax amounted to SEK 419.2 (loss 54.1) million.

Operating profit/loss before tax

SEK, million

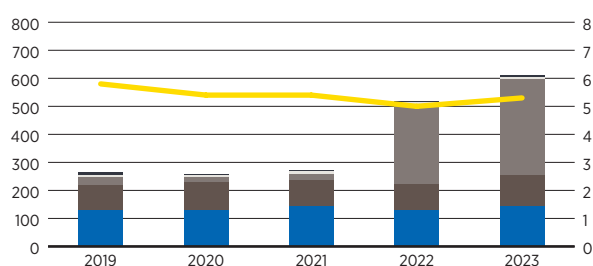


- Operating profit/loss before tax
- Portion of profit attributable to unrealised changes in market value
- Portion of profit attributable to credit losses, net
- Portion of profit attributable to fees imposed: Risk tax and resolution fee.

Distribution of expenses

SEK, million

Basis points



- Payroll expenses
- Other administration expenses
- Resolution fee/risk tax
- Depreciation and impairment of tangible assets
- Other operating expenses
- Management expenses, excl. Resolution fee/Risk tax, in percentage points of lending

Balance sheet – Group

As per 31 December

SEK, million	Note	2023	2022
ASSETS			
Cash and balances with central banks		4,722.7	26,217.2
Sovereign bonds eligible as collateral	2.13	31,481.4	30,689.7
Lending to credit institutions	2	428.4	1,784.8
Lending	2.15	508,802.2	470,675.9
Bonds and other interest-bearing securities	2, 16	9,916.4	6,752.3
Derivatives	2, 18, 30	7,822.8	16,353.0
Intangible assets	19	12.3	18.5
Tangible assets	20	4.7	4.5
Tangible assets, lands and buildings	20	27.0	28.2
Current tax assets	11	7.5	3.7
Other assets	22	5,661.2	684.5
Deferred tax assets	11	1.0	14.7
Prepaid expenses and accrued revenues		33.1	37.9
TOTAL ASSETS		568,920.7	553,264.9
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities and provisions			
Liabilities to credit institutions	2	821.1	1,487.5
Securities issued	2	543,532.3	520,777.0
Derivatives	2, 18, 30	5,961.3	2,834.2
Change in value of interest-hedged item in portfolio hedging		987.2	2,886.3
Other liabilities	23	6,049.4	15,047.8
Accrued expenses and prepaid revenues		60.7	45.0
Provisions for pensions and similar obligations	24	0.0	0.0
Total liabilities and provisions		557,412.0	543,077.8
Equity			
Participation capital	25	10,512.2	9,609.8
Reserves		12.3	18.5
Profit carried forward		565.0	612.9
Net profit	12	419.2	-54.1
Total equity	26	11,508.7	10,187.1
TOTAL LIABILITIES, PROVISIONS AND EQUITY		568,920.7	553,264.9

Comments on the balance sheet – Group

Assets

At the end of the period, Kommuninvest's total assets amounted to SEK 568,920.7 (553,264.9) million. Lending, which accounts for most of the assets, amounted to a recognised value of SEK 508,802.2 (470,675.9) million. In nominal terms, lending amounted to SEK 511,851.3 (482,459.1) million, an increase of SEK 29,392.2 million or 6.1 (4.7) percent.

The liquidity reserve, consisting of the balance sheet items Cash and balances with central banks, Sovereign bonds eligible as collateral, Lending to credit institutions and Bonds and other interest-bearing securities, decreased to SEK 46,548.9 (65,444.0) million.

Pledged assets for derivative liabilities, which are included under the item Other assets, increased to SEK 5,625.9 (676.5) million. For more information on other assets, see Note 22.

Derivative assets (derivatives with positive market value) decreased to SEK 7,822.8 (16,353.0) million. The decrease is explained by the strengthening of the SEK against the USD in the later part of the year, which affected the value of the currency derivatives used to hedge the currency risk arising from the Company's funding in USD.

Liabilities

The Company's liabilities amounted to SEK 557,412.0 (543,087.8) million. Funding increased over the year to SEK 544,353.4 (522,264.5) million, an increase by SEK 22,088.9 million or 4.2 (3.1) percent. Derivative liabilities (derivatives with negative market value) amounted to SEK 5,961.3 (2,834.2) million.

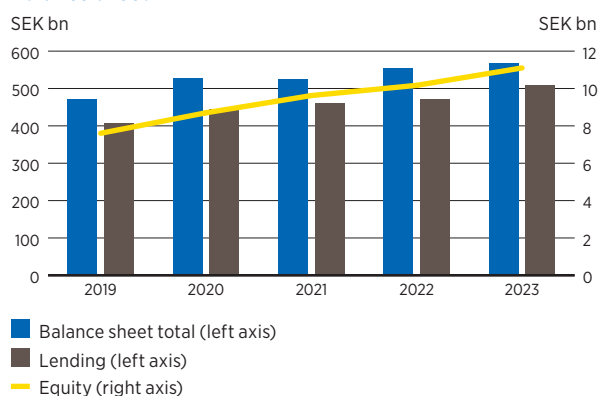
The balance sheet item Other liabilities amounted to SEK 6,049.4 (15,047.8) million. Other liabilities include collateral received for derivative liabilities of SEK 5,583.0 (14,738.7) million. Further information on other liabilities can be found in Note 23.

Collateral pledged and received for derivatives cleared by central clearing counterparties is netted per counterparty and currency in the balance sheet, see further under Note 27. There being no right to offset cash collateral pledged and received for derivatives not cleared by a central clearing counterparty, this is reported gross in the Balance Sheet.

Equity

For information on equity, see the Statement of changes in equity on Page 50.

Balance sheet



Statement of changes in equity – Group

SEK, million	Subscribed capital	Reserves ¹	Profit or loss brought forward	Total equity
Equity brought forward 1 Jan 2023	9,609.8	18.5	558.8	10,187.1
Total comprehensive income				
Net profit			419.2	419.2
Change in development expenditure reserve for the year		-6.2	6.2	
Comprehensive income for the year		-		-
Total comprehensive income	-	-6.2	425.4	419.2
<i>Appropriation of surplus in accordance with decision by the Annual General Meeting of the Society</i>				
Distribution of surplus as bonuses and interest			-	-
<i>New participation capital during the year</i>				
Participation capital from new members of the Society	58.4			58.4
New initiative by existing members	844.0			844.0
Equity carried forward 31 Dec 2023	10,512.2	12.3	984.2	11,508.7
Equity brought forward 1 Jan 2022	9,001.7	24.7	1,079.6	10,106.0
Total comprehensive income				
Net profit				-42.1
Change in development expenditure reserve for the year			6.2	
Comprehensive income for the year				
Total comprehensive income	-	-	6.2	-42.1
<i>Appropriation of surplus in accordance with decision by the Annual General Meeting of the Society</i>				
Distribution of surplus as bonuses and interest			-472.9	-472.9
<i>New participation capital during the year</i>				
Participation capital from new members of the Society				-
New initiative by existing members	608.1			608.1
Equity carried forward 31 Dec 2022	9,609.8	18.5	558.8	10,187.1

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

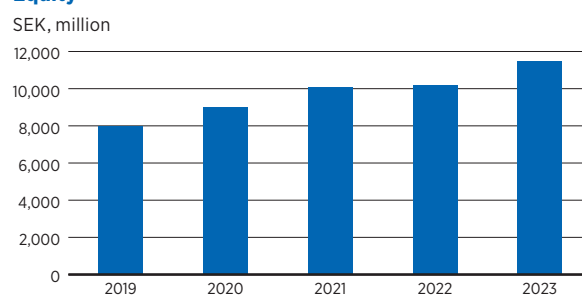
Comments on the statement of changes in equity – Group

Equity

At the end of the year, equity in the Group amounted to SEK 11,508.7 (10,187.1) million. Over the period, equity was mainly affected by profit for the year of SEK 419.2 (loss 54.1) million and capital contribution of SEK 844.0 (608.1) million from the members of the Society in accordance with the approved capitalisation plan. Further capital of SEK 58.4 million was contributed by new members. For more information regarding distributions of surpluses and capital build-up via capital contributions, see page 39 and pages 42–43.

This fund of SEK 12.3 (18.5) million corresponds to capitalised development expenditure in-house adjusted by a proportional share of depreciation transferred back from the fund to unrestricted equity.

Equity



Cash flow statement – Group

1 January – 31 December

SEK, million	2023	2022
Operational activities		
Operating profit	433	-68
Adjustment for items not included in cash flow	-49.4	226.2
Income tax paid	-3.4	75.7
	380.2	233.9
Change in liquidity portfolio	-3,886.1	8,750.1
Change in lending	-30,263.4	-22,531.9
Change in other assets	-4,971.9	1,746.7
Change in other liabilities	-8,982.7	11,527.2
Cash flow from operational activities	-47,723.9	-274.0
Investment activities		
Acquisitions of tangible assets	-2.4	-3.1
Cash flow from investment activities	-2.4	-3.1
Financing activities		
Issue of interest-bearing securities	207,445.8	208,652.7
Maturity and repurchases of interest-bearing securities	-183,473.4	-189,529.5
Distribution of surplus as bonuses and interest	-	-472.9
Participation capital from new members of the Society	58.4	0.0
Contributions from existing members	844.0	608.1
Amortisation of leasing liability	-0.4	-0.6
Cash flow from financing activities	24,874.4	19,257.8
Cash flow for the year	-22,851.9	18,980.7
Cash and cash equivalents at start of the year	28,003.1	9,022.4
Cash and cash equivalents at end of the year	5,151.2	28,003.1
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	9.8	9.8
Exchange rate differences from change in financial assets	3.2	1
Unrealised changes in market value	-59.3	209.5
Capital gains on divestment of equipment	-0.3	-
Net credit losses	-2.8	5.9
Total	-49.4	226.2
Interest paid and received, included in the cash flow		
Interest received ¹	17,561.3	3,346.1
Interest paid ²	-16,450.4	-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.

Reconciliation of liabilities arising from financing activities

2023	Opening balance	Cash flows	Currency exchange fluctuations	Fair value change	Revaluation, leasing liability	Closing balance
Amortisation of leasing liability	0.50	-0.40			0.40	0.50
Participation capital	9,609.80	902.40				10,512.20
Funding, incl. derivatives	508,745.70	23,972.40	3.20	9,770.60		542,491.90
Total	518,356.0	24,874.4	3.2	9,770.6	0.4	553,004.6

Income statement – Parent Society

1 January – 31 December

SEK, million	Note	2023	2022
Operating income		0.9	0.1
Operating expenses	7	-17	-15.2
Operating profit		-16.1	-15.1
Financial revenues and expenses			
Revenues from participations in Group companies, Group contributions		388.4	14.6
Interest expenses	3	-	-
Interest expenses, subordinated loan	3	-	-
Total financial income and expenses		388.4	14.6
Profit/loss after financial items		372.3	-0.5
Profit before tax		372.3	-0.5
Tax	11	-	-
NET PROFIT		372.3	-0.5

Statement of comprehensive income – Parent Society

1 January – 31 December

SEK, million	2023	2022
Net profit	372.3	-0.5
Other comprehensive income	-	-
Comprehensive income for the year	372.3	-0.5

Balance sheet – Parent Society

As per 31 December

SEK, million	Note	2023	2022
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>			
Shares in subsidiaries	17	10,570.0	9,730.0
Total fixed assets		10,570.0	9,730.0
Current assets			
<i>Receivables</i>			
Prepaid expenses and accrued revenues		0.2	0.9
Receivables from subsidiaries	21	447.0	14.6
Other current receivables		0.5	0.7
Total current assets		447.7	16.2
Lending to credit institutions	14	17.5	14.5
TOTAL ASSETS		11,035.2	9,760.7
LIABILITIES AND EQUITY			
Equity			
Participation capital		10,512.2	9,609.8
Statutory reserve		140.3	140.3
Profit or loss brought forward	12	6.7	7.2
Net profit	12	372.3	-0.5
Total equity		11,031.5	9,756.8
Liabilities			
<i>Current liabilities</i>			
Accounts payable	23	1.0	1.7
Tax liabilities	23	0.0	0.1
Other current liabilities	23	0.5	0.4
Accrued expenses and prepaid revenues		2.2	1.7
Total current liabilities		3.7	3.9
TOTAL LIABILITIES AND EQUITY		11,035.2	9,760.7

Statement of changes in equity

– Parent Society

SEK, million	Participation capital	Statutory reserve ¹	Unrestricted equity	Total equity
Equity brought forward 1 Jan 2023	9,609.8	140.3	6.7	9,756.8
Net profit			372.3	372.3
<i>Appropriation of surplus in accordance with decision by the Annual General Meeting of the Society</i>				
Distribution of surplus as refunds and interest				
Allocation to statutory reserve				
<i>New participation capital during the year</i>				
Participation capital from new members of the Society	58.4			58.4
Contributions from existing members	844.0			844.0
Equity carried forward 31 Dec 2023	10,512.2	140.3	379.0	11,031.5
Equity brought forward 1 Jan 2022	9,001.7	140.3	480.1	9,622.1
Net profit			-0.5	-0.5
<i>Appropriation of surplus in accordance with decision by the Annual General Meeting of the Society</i>				
Distribution of surplus as refunds and interest			-472.9	-472.9
Allocation to statutory reserve				-
<i>New participation capital during the year</i>				
Participation capital from new members of the Society				
Contributions from existing members	608.1			608.1
Equity carried forward 31 Dec 2022	9,609.8	140.3	6.7	9,756.8

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

Cash flow statement – Parent Society

1 January – 31 December

SEK, million	2023	2022
Operational activities		
Operating profit	-16.1	-0.5
Adjustment for items not included in cash flow	388.4	-14.6
Income tax paid	-0.1	-
	372.2	-15.1
Cash flow from changes in working capital		
Change in accounts payable, trade	-0.7	0.1
Change in other liabilities	0.6	-0.2
Change in other assets	0.9	-0.6
Cash flow from operational activities	373.0	-15.8
Financing activities¹		
Distribution of surplus as refunds and interest	-	-472.9
Participation capital from new members of the Society	58.4	-
Contributions from existing members	844.0	608.1
New share issue by subsidiary	-840.0	-600.0
Change in debt ratios within the Group	-432.4	488.0
Cash flow from financing activities	-370.0	23.2
Cash flow for the year	3.0	7.4
Cash and cash equivalents at start of the year	14.5	7.1
Cash and cash equivalents at end of the year	17.5	14.5
Cash and cash equivalents consists in their entirety of cash and bank balances.		
Adjustment for items not included in cash flow		
Group contributions not received	-388.4	-14.6
Interest paid and received, included in the cash flow		
Interest received	-	-
Interest paid	-	-

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

Notes

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

Note 1 Accounting principles

Compliance with standards and legislation

The income statement and balance sheet will be subject to ratification at the Annual General Meeting on 21 March 2024. The accounting principles are in line with those applied in the 2022 Annual Report, with the exception of amendments caused by new or amended IFRS standards coming into effect during 2023.

Group

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

The Society

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

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

New and amended standards and interpretations

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

New and amended standards and interpretations yet to come into effect

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

Significant judgements and assumptions

The preparation of the Annual Report includes judgements and assumptions that affect the accounting and supplementary disclosures. The most important judgements when applying accounting principles concern how financial instruments are

classified and assessed, as explained below in the section Financial instruments.

For assets and liabilities valued at fair value, their value is affected by the assessment of whether the market prices can be considered to be based on an active market. When determining the fair value of financial instruments not traded in an active market, Kommuninvest applies valuation techniques and then makes assumptions that may be associated with uncertainty. Note 25 describes how fair value for financial instruments is derived including significant assumptions, uncertainty factors and sensitivity analyses. The report has been prepared based on amortised cost, with the exception of a significant portion of Kommuninvest's financial assets and liabilities, which are measured at fair value in cases of accounting mismatches or amortised cost adjusted for fair value with regard to the risk that is subject to hedge accounting. For further information, see section Financial instruments and Note 25.

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

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

Consolidated accounts

The consolidated accounts cover the Parent Company and all companies in which the Parent Company controls more than 50 percent of the voting rights or in other regards has a controlling influence. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated on the date on which control is separated from the Group. When control of a subsidiary has ceased, the profits of the subsidiary are only included for that part of the accounting year during which the Group controlled the subsidiary

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

Subsidiaries

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

Functional currency and presentation currency

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

Note 1, continued

Transactions in foreign currencies

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

Interest revenues and interest expenses

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

- Interest on financial assets and liabilities measured at amortised cost.
- Interest from financial assets classified as available-for-sale measured at fair value through the income statement.
- Interest on derivatives that are hedging instruments and for which hedge accounting is applied.

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

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

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

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

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

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

Commission expenses

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

Net result of financial transactions

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

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

Financial instruments

Financial instruments recognised in the asset side of the balance sheet include lending, lending to credit institutions,

interest-bearing securities, derivatives and other financial assets. Liabilities and equity include liabilities to credit institutions, issued securities, derivatives and other financial liabilities. For further information, see Note 29.

Recognition in and removal from the balance sheet

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

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

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

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

Classification and measurement of financial instruments

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

Possible business models for financial assets are:

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

Kommuninvest's financial assets are divided into three portfolios: lending portfolio, liquidity portfolio and other. All portfolios are deemed to have the same business objectives, to receive contractual cash flows, and the business model is to hold to maturity. To ensure that cash flows consist only of capital amounts and interest on principal, SPPI tests are carried out continuously on the Company's new assets. As per 31 December 2023, Kommuninvest had no assets that had failed the SPPI test. The classification of the business model and the outcome of the SPPI test affects the Company's valuation of financial assets.

Financial instruments can be valued according to the categories:

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

Note 1, continued

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

Amortised cost

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

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

Fair value through other comprehensive income

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

Fair value through the income statement

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

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

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

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

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

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

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

Hedge accounting

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

To obtain a true and fair picture of the operation, Kommuninvest applies, where possible, hedge accounting of fair value for the assets and liabilities which have been hedged with one

or more financial instruments. The hedged risk is the risk of fluctuations in fair value as a consequence of changes in the interest on swaps.

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

Transaction-matched hedging

The hedged item, consisting of fixed-interest funding or lending, is assessed on the basis of changes in fair value in terms of the hedged risk. Kommuninvest uses interest rate and currency swaps as hedge instruments.

The change in value of the hedged risk is reported on the same line in the balance sheet as the hedged item. Both the change in value of the hedged item and the hedging instrument are recognised in the income statement under Net result of financial transactions.

Portfolio hedging

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

Credit losses and impairments on financial instruments

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

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

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

Intangible assets

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

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

Note 1, continued

Tangible assets

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

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

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

Pension through insurance

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

The pension plan for Kommuninvest's employees has been deemed a defined contribution plan encompassing several employers, in accordance with the rules in IAS 19 and recommendations in RFR 2. Kommuninvest's pension payments are entered as an expense in the income statement at the rate at which they are earned as employees carry out services for Kommuninvest during a particular period. Premiums are paid to Alecta based on the current salary.

With regard to pension terms for senior executives, Kommuninvest has decided to comply with the principles set out in the Swedish government's guidelines for senior executives of state-owned companies. The Company undertakes to pay a defined-premium pension insurance solution for the CEO corresponding to the level of the total salary in the current collective agreement. Others follow the ITP plan.

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

General administration expenses

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

Other operating income

Other operating income consists primarily of the financial management service K1 Finans, which Kommuninvest provides to the members of the Kommuninvest Cooperative Society. The members who have chosen to use this service pay an annual fee to Kommuninvest, which is reported under other operating income.

Kommuninvest recognises revenue for K1 Finans during the contract period when the customer is entitled to access the service, meaning that revenue for the financial management service is allocated over the calendar year. Current expenses related to K1 Finans are expensed. For further information, see Note 6.

Other operating expenses

Other operating expenses primarily include expenses for marketing and insurance.

Fees imposed: Risk tax and resolution fee

In addition to the resolution fee, the risk tax, introduced as of 1 January 2022, is included in accordance with the Act on Risk Tax for Credit Institutions

Contingent liabilities

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

Leasing

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

Tax

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

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

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

Equity

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

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash flow statement has been divided into inward and outward payments from operational activities, investment activities and financing activities. Operating activities mainly include changes in the lending and liquidity portfolio. Investing activities encompass investments in tangible and intangible assets. The financing activities shows the issue and redemption/repurchase of securities issued. Kommuninvest applies the exemption rule in IAS7:23 and reports issues of less than three months net. The financing activities also include a new share issue and change in consolidated debt.

Segment reporting

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

Note 2 Risk and capital management

Kommuninvest's principal assignment is to ensure access to stable and efficient funding for the local government sector. This entails borrowing funds on the financial market, based on customers' needs. The operating model entails the Company being exposed to risks. The Company's targets, principles and methods for managing these risks, and the methods for measuring those risks, are presented below (see also pages 40–44 for a comprehensive description of the Company's risk profile and risk organisation and the separate Risk and Capital Management Report, which is available at www.kommuninvest.se). Also shown under each area of risk are the current exposure and estimated capital requirement.

Credit risk

Credit risk refers to the risk of a loss being incurred as a consequence of a counterparty's incapacity to meet its obligations on

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

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

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

Credit risk exposure	2023					2022				
	Recognised gross value	Expected credit losses	Recognised value ¹	Risk-weighted exposure value	Capital requirement	Recognised gross value	Expected credit losses	Recognised value ¹	Risk-weighted exposure value	Capital requirement
Credit provision										
Lending to municipalities and municipal companies ²	508,806.0	-3.9	508,802.2	-	-	470,681.5	-5.7	470,675.9	-	-
- Risk category 1	339,858.0	-2.5	339,855.6	-	-	279,571.8	-3.1	279,568.7	-	-
- Risk category 2	144,406.0	-1.2	144,404.8	-	-	159,636.4	-2.0	159,634.4	-	-
- Risk category 3	20,583.7	-0.2	20,583.5	-	-	28,563.7	-0.5	28,563.2	-	-
- Risk category 4	3,958.3	0.0	3,958.3	-	-	2,909.6	0.0	2,909.6	-	-
Investments										
Sovereign bonds eligible as collateral	31,481.6	-0.2	31,481.4	-	-	30,690.2	-0.5	30,689.7	-	-
- AAA	30,439.6	-0.2	30,439.4	-	-	30,690.2	-0.5	30,689.7	-	-
- AA	1,042.0	0.0	1,042.0	-	-	-	-	-	-	-
Cash and balances with central banks	4,722.8	0.0	4,722.7	-	-	26,217.6	-0.4	26,217.2	-	-
- AAA	4,722.8	0.0	4,722.7	-	-	26,217.6	-0.4	26,217.2	-	-
Bonds and other interest-bearing securities	9,916.7	-0.4	9,916.4	-	-	6,752.4	-0.1	6,752.3	-	-
- AAA	8,065.1	-0.2	8,064.9	-	-	6,752.4	-0.1	6,752.3	-	-
- AA	1,851.6	-0.2	1,851.5	-	-	-	-	-	-	-
Lending to credit institutions	428.5	-0.1	428.4	85.5	6.8	1,785.5	-0.7	1,784.8	356.8	28.5
- AAA	1.0	0.0	1.0	0.0	0.0	1.8	-	1.8	-	-
- AA	127.5	0.0	127.4	25.5	2.0	861.3	-0.3	861.0	172.3	13.8
- A	300.0	-0.1	300.0	60.0	4.8	922.4	-0.4	922.0	184.5	14.7
Derivatives										
Derivatives ¹	7,822.8	-	7,822.8	-	-	16,353.0	-	16,353.0	-	-
- AA	3,274.1	-	3,274.1	-	-	4,890.9	-	4,890.9	-	-
- A	4,548.7	-	4,548.7	-	-	11,462.1	-	11,462.1	-	-
- BBB	-	-	-	-	-	-	-	-	-	-
Other assets										
Other assets	5,746.8	-	5,746.8	78.8	6.3	792.0	-	792.0	90.4	7.3
Off-balance sheet items										
Committed loans ²	-	-	-	-	-	549.2	-	549.2	-	-
Committed, undisbursed loans ²	629.8	-	629.8	-	-	-	-	-	-	-
Total (including off-balance sheet items)	569,555.0	-4.6	569,550.4	164.3	13.1	553,821.4	-7.4	553,814.1	447.2	35.8

1) The recognised value corresponds to the maximum credit risk exposure without taking collateral received or other forms of credit enhancement into account. For information on collateral received, see section Counterparty risk on page 66.

2) Guaranteed by local government undertaking

Note 2, continued

Expected credit losses (ECL)

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

Credit risk exposure

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

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

Calculation of ECL

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

$$ECL = PD * LGD * EAD$$

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

Expected maturity in the ECL calculation

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

For the investments, Kommuninvest uses the regulatory exemption for low credit risk. This is supported by the investment portfolio's credit risk profile and favourable credit quality. Kommuninvest defines low credit risk as a credit rating from Moody's of at least Ba3 and from S&P Global Ratings of at least BBB-.

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

Definition of default

Any lending to parties other than members directly requires a guarantee for the entire credit amount from one or more members. Kommuninvest's definition of default is in line with the guidelines developed by the European Banking Authority (EBA) and entail a counterparty having defaulted when at least one of the following situations has occurred:

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

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

Determination of impaired credit quality

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

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

Probability of default (PD)

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

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

In calculating ECL in the lending portfolio, PD is allocated on the basis of an interpolation between PD for the Swedish central government and PD for a level worse than the lowest rating for a local government exposure in the portfolio. This is because not all local government authorities have credit ratings. For the interpolation of the lending counterparty's rating, Kommuninvest's internal risk value model is used. For the lending portfolio, Kommuninvest determines PD at the counterparty level and not at the transaction level. This is motivated by the fact that the conditions for all lending are

Note 2, continued

identical. with no hierarchical order of credit having been assigned to counterparties. In other words, a deteriorated credit quality will affect all of the counterparty's transactions. Factors affecting the calculation of PD:

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

Weightings, macroeconomic factors

	Lending		Liquidity reserve	
	2023 %	2022 %	2023 %	2022 %
GDP forecast	21%	22%	22%	13%
Unemployment	33%	33%	11%	13%
Stock market	17%	12%	27%	37%
Energy index	5%	5%	8%	5%
Non-energy index	5%	5%	7%	5%
Credit rating	19%	23%	25%	27%

Historical probability of default

S&P Rating	Non-financial companies and sovereigns		Financial companies	
	2023	2022	2023	2022
AAA	0.00100%	0.00100%	0.00825%	0.00910%
AA+	0.00180%	0.00179%	0.01235%	0.01370%
AA	0.00322%	0.00322%	0.01850%	0.02062%
AA-	0.00576%	0.00577%	0.02772%	0.03104%
A+	0.01030%	0.01036%	0.04151%	0.04671%
A	0.01844%	0.01859%	0.06217%	0.07029%
A-	0.03301%	0.03335%	0.09310%	0.10576%
BBB+	0.05908%	0.05983%	0.13940%	0.15910%
BBB	0.10571%	0.10730%	0.20867%	0.23929%
BBB-	0.18909%	0.19238%	0.31225%	0.35973%
BB+	0.33798%	0.34466%	0.46701%	0.54048%
BB	0.60342%	0.61676%	0.69794%	0.81131%
BB-	1.07508%	1.10128%	1.04186%	1.21617%
B+	1.90833%	1.95894%	1.55262%	1.81938%
B	3.36542%	3.46117%	2.30792%	2.71355%
B-	5.86851%	6.04436%	3.41789%	4.02914%
CCC-C	26.34287%	27.09571%	10.63046%	12.52354%

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

Scenario weights

Scenario	2023 %	2022 %	Change %
Positive scenario	10%	10%	0%
Base scenario	70%	60%	10%
Negative scenario	20%	30%	-10%

The data on which historical default figures are based have been collected from S&P Global Ratings and then calibrated for each individual scenario. The scenario involving a normal economic situation is based on observed values for the macro-

economic factors included in the model, while the scenario involving a medium-low economic situation is based on a historically low percentile for the values for the macroeconomic factors and vice versa for the scenario involving a medium-high economic situation.

Macroeconomic factor

Historical input data	Scenario	2023
Historical change in credit rating (Sovereigns-Companies)	Principal scenario	46.74%
	Positive scenario	29.79%
	Negative scenario	63.69%
Historical change in credit rating (Financial)	Principal scenario	181.45%
	Positive scenario	119.56%
	Negative scenario	243.33%
Historical change in OMX index (-1Q)	Principal scenario	8.75%
	Positive scenario	23.06%
	Negative scenario	-5.57%
Historical change in S&P 500 index (-1Q)	Principal scenario	4.97%
	Positive scenario	13.35%
	Negative scenario	-3.41%

Forecast input data	Scenario	2024	2025
GDP trend Sweden	Principal scenario	1.00%	2.60%
	Positive scenario	2.62%	4.22%
	Negative scenario	-0.62%	0.98%
Change in unemployment Sweden	Principal scenario	9.09%	-1.19%
	Positive scenario	0.86%	-9.43%
	Negative scenario	17.33%	7.04%
	Change in global energy index	Principal scenario	-4.51%
Positive scenario		12.82%	16.66%
	Negative scenario	-21.84%	-18.01%
	Change in global non-energy index	Principal scenario	-3.14%
Positive scenario		4.52%	7.47%
	Negative scenario	-10.80%	-7.84%

Loss given default "LGD"

Lending

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

Investments

Kommuninvest's counterparties all have high credit ratings and a stable financial position. Historically, no Kommuninvest counterparty has suspended payments. Consequently, no empirical history for LGD exists. To assess LGD, standard values are used instead. For sovereigns and state-related counterparties, an expert analysis is made based on S&P Global Ratings "Aggregated European Recovery Data" as well as on Moody's "Sovereign Default and Recovery Rates".

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Note 2, continued

The result of the assessment is to apply an LGD of 35 percent. For other counterparties, LGD is applied in accordance with the CRR regulations. Under Article 6, senior exposures (non-subordinated exposures) to unsecured financial institutions must be allocated an LGD of 45 percent. For covered bonds, LGD is also applied to in accordance with the regulations in CRR. Under Article 161, covered bonds that meet the terms of Article 129 are to be allocated an LGD of 11.25 percent. Covered bonds include excess collateral. In the event that the regulations are amended or the reports from Moody's and S&P are updated, LGD may be adjusted.

Exposure at default (EAD)

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

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

Sensitivity analyses

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

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

Sensitivity analysis, macroeconomic factors, lending, (change, from, to)	ECL, SEK million
GDP forecast (-1% 1.0% 0.0%)	-1.00
Prev. unemployment (+10% +8.4% +9.24%)	-1.03
OMX (-10% 5.8% -4.2%)	-0.30
Energy index (-10% -4.5% -14.5%)	-0.26
Non-energy index (-10% -3.1% -13.1%)	-0.33
Credit rating, govt.-owned comps. (+10% 46.7% 56.7%)	-
Credit rating, fin. (+10% 181.4% 191.4%)	-

Sensitivity analysis, macroeconomic factors, investments, (change, from, to)	ECL, SEK million
GDP forecast (-1% 1.0% 0.0%)	-0.12
Prev. unemployment (+10% +8.4% +9.24%)	-0.10
OMX (-10% 5.8% -4.2%)	-0.09
Energy index (-10% -4.5% -14.5%)	-0.04
Non-energy index (-10% -3.1% -13.1%)	-0.06
Credit rating, govt.-owned comps. (+10% 46.7% 56.7%)	-
Credit rating, fin. (+10% 181.4% 191.4%)	-0.06

Sensitivity to change in scenario weighting shown in table below.

Sensitivity analysis scenario weights	Effect, SEK million
More positive (P30 B60 N10)	1.18
More neutral (P20 B60 N20)	0.44
Preceding end of year (P10, B60, N30)	-0.48

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

Changes during the year

Changes in ECL during the period

The Company's ECL decreased by SEK 2.8 million overall, from SEK 7.4 million to SEK 4.6 million. At the end of the preceding year, the Company's weighting was P60, B60 and N30. Had these weights been applied, the Company's ECL would have decreased by SEK 5.0 million.

In other regards, the Company has not made any expert adjustments based on current circumstances with high geopolitical uncertainty and a steep cost curve. The same model has been applied throughout 2023.

Changes in PD and LGD are shown in the table below. For changes in EAD, see table Change in provisions for credit losses on page 65.

Changes in forward-looking PD	Non-financial companies and sovereigns		Financial companies	
	2023	2022	2023	2022
AAA	0.00240%	0.00479%	0.01680%	0.02283%
AA+	0.00410%	0.00794%	0.02441%	0.03300%
AA	0.00703%	0.01316%	0.03546%	0.04770%
AA-	0.01204%	0.02180%	0.05151%	0.06894%
A+	0.02062%	0.03612%	0.07482%	0.09963%
A	0.03532%	0.05984%	0.10866%	0.14395%

PD factor	Change contribution, %
Scenario weights	15.0%
Macro weights	22.7%
GDP forecast	50.4%
Unemployment	0.1%
Share index	-19.8%
Energy index	7.1%
Non-energy index	6.3%
Prev. Credit rating	18.3%
Historical probability of default	-0.1%
Total	100.0%

Changes in PD factor reduced ECL by SEK 0.3 million, see the division into risk variables and change of model in the section Change in provisions for credit losses on page 65.

Change in LGD	2023 %	2022 %
Lending	35%	35%
Investments	45%	45%
the Riksbank	35%	35%

LGD has not changed and did not thus affect ECL.

Change for the period in provisions for credit losses

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

For more information on recognised gross value in the tables below, see the table on Credit risk exposures on page 61.

Note 2, continued

Change in provisions for credit losses						
	Opening balance	Initiated during the period	Maturing during the period	Changed risk variables	Change of model	Closing balance
2023						
Cash and balances with central banks	-0.4	0.0	0.4	-	-	0.0
Sovereign bonds eligible as collateral	-0.5	-27.8	32.2	-4.2	-	-0.3
Lending to credit institutions	-0.7	-	-	0.6	-	-0.1
Lending	-5.7	-0.5	1.1	1.3	-	-3.8
Bonds and other interest-bearing securities	-0.1	-3.1	0.1	2.7	-	-0.4
Provisions for off-balance sheet items	0.0	-0.4	0.5	-0.1	-	0.0
Total	-7.4	-31.8	34.3	0.3	-	-4.6

Change in provisions for credit losses						
	Opening balance	Initiated during the period	Maturing during the period	Changed risk variables	Change of model	Closing balance
2022						
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

Changes in gross recognised value of provisions for credit losses				
	Opening balance	Initiated during the period	Maturing during the period	Closing balance
2023				
Cash and balances with central banks	26,217.2	4,722.7	-26,217.2	4,722.7
Sovereign bonds eligible as collateral	30,689.7	3,021,691.7	-3,020,900.0	31,481.4
Lending to credit institutions	1,763.4	12,381.6	-13,743.1	401.9
Lending	470,675.9	123,272.2	-85,145.9	508,802.2
Bonds and other interest-bearing securities	6,752.3	17,939.2	-14,775.1	9,916.4
Off-balance sheet items	549.2	162,200.6	-162,025.0	724.8
Total	536,647.7	3,342,208.0	-3,322,806.3	556,049.4

Changes in gross recognised value of provisions for credit losses				
	Opening balance	Initiated during the period	Maturing during the period	Closing balance
2022				
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

Risk in credit provision

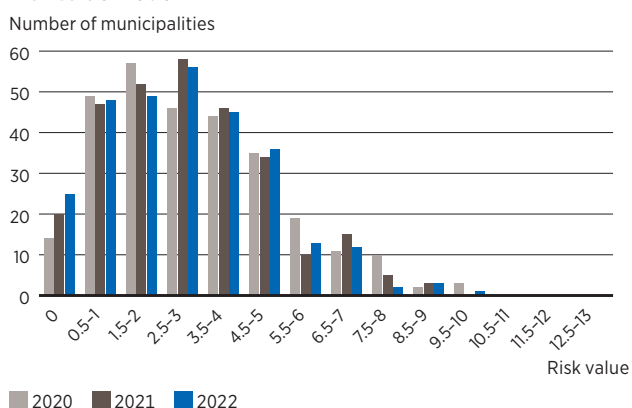
Risk in credit provision refers to the risk that a credit counterparty fails to meet its obligations. This risk is limited by providing credit only to members and approved companies, foundations and associations in which one or more members has a controlling influence. Approved companies, foundations and associations are to be covered by a guarantee from one or more members. Members and approved companies, foundations and associations are followed up continuously and assessed from a holistic perspective at the corporation level. The risk in the Company's lending operations is very low and the Company has never suffered any credit losses in its lending operations.

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

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

Note 2, continued

Risk value model



Capital requirement for risk in credit provision

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

Counterparty risk

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

For the Company to enter a non-cleared derivative, it is necessary for there to be an ISDA agreement with the counterparty, regulating entitlement to terminate contracts prematurely if the credit rating falls below a predetermined level set out in the agreement. Additionally, the Company enters collateral agreements (“CSA agreements”) with all counterparties and agreements regarding initial margin securities (“CTA agreements) with prioritised counterparties. ISDA agreements allow netting of positive and negative exposures. The exposure to counterparty risk is determined based on the market value of the derivative contracts.

CSA agreements govern the right to collect collateral to eliminate the exposure arising from changes in the value of derivative contracts that have been entered. CTA-agreements regulate entitlement to surplus collateral based on the possible change in risk of the contracts.

The initial margin set for cleared derivatives also entails a counterparty, as well as surplus collateral being pledged. Accordingly, the total counterparty risk amounts to SEK 4,038.4 (3,414.3) million.

Derivative exposure	2023	2022
Recognised value ¹	7,822.8	16,353.0
Amount netted in the balance sheet	12,627.6	15,861.0
Gross market vale²	20,450.4	32,214.0
Netting gains	-13,842.2	-17,966.8
Current replacement cost³	6,608.1	14,247.2
Collateral received	-5,705.0	-14,154.2
Net per counterparty incl. deductions for collateral	903.1	93.0
Initial margin pledged	2,253.2	3,271.9
Surplus collateral pledged	882.1	49.4
Total counterparty risk	4,038.4	3,414.3

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

Capital requirements for counterparty risk

Kommuninvest applies the standard method for counterparty risk (SA-CCR) to calculate exposure values for derivative counterparties. SA-CCR stands for Standardised Approach Counterparty Credit risk and replaces previous methods for calculating derivative exposures (Current Exposure Method, Standardised Method). All methods serve to calculate the exposure value, Exposure at Default (EAD).

The Replacement Cost is calculated at the agreement level (per CSA agreements). The Potential Future Exposure is calculated per hedging set.

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

Capital requirements for counterparty risk	2023	2022
Current replacement cost ¹	6,608.1	14,247.2
Collateral received	5,657.3	6,650.7
Exposure value	12,265.4	20,897.9
Risk-weighted exposure value ²	0.0	0.0
Capital requirement	0.0	0.0

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

Issuer risk

Issuer risk refers to the risk that the issuer of a security fails to repay its full undertaking on maturity. The risk is limited by the liquidity reserve being invested in securities and bank balances with high credit ratings. Investments are limited by a country limit, with the exception of Sweden and supranational counterparties for which there is no country limit. In addition, the Board of Directors determines annually the maximum gross exposure to individual issuers.

At year-end, the average remaining maturity of liquidity reserve investments was 4.6 (0.5) months.

The longest remaining maturity of an individual security was 36.97 (19.7) months.

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

Note 2, continued

Investments by country	2023	2022
Sweden	33,480.5	56,908.7
Germany	7,690.1	2,293.0
Supranationals	2,929.3	4,459.3
Finland	1,413.7	861.0
Denmark	571.5	-
United Kingdom	299.9	922.0
Belgium	163.9	-
Total	46,548.9	65,444.0

Investments by rating	2023	2022
AAA	43,228.1	63,661.0
AA	3,020.9	861.0
A	299.9	922.0
Total	46,548.9	65,444.0

Investments by issuer category	2023	2022
National governments or central banks	36,205.2	56,908.7
Multilateral development banks	2,929.2	4,459.3
Credit institute	7,414.5	4,076.0
of which, subsidised lenders	6,987.2	2,293.0
of which, investment repos	-	-
of which, bank balances	427.3	1,783.0
Total	46,548.9	65,444.0

Capital requirement for issuer risk

When calculating capital requirements for issuer risk, Kommuninvest uses the standard method in accordance with the CRR regulations, where the exposure value is equivalent to the recognised value. The risk-weighted exposure value is calculated by the exposure being assigned a risk weight in accordance with the regulations. The risk-weighted exposure value is multiplied by 8 percent and, accordingly, the capital requirement for issuer risk amounts to SEK 6.8 (28.5) million.

Concentration in issuer risk

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

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

Capital requirement for concentration in issuer risk

The calculations of capital requirements for credit risk-related concentration risk implemented by the Company are based on the method described in the Swedish Financial Supervisory Authority's (Finansinspektionen) memorandum "F1's Pillar II method for assessing increased capital requirements for credit-related concentration risk" (Sw: Pelare 2-metod för bedömning av kapitalpåslag för kreditrelaterad koncentrationsrisk) from 29 December 2020. Credit-related concentration risks are measured on three concentrations: geographic concentration, industry-specific concentration, name concentration.

Concentration risks are estimated applying the Herfindahl index, meaning that exposures are grouped and weighted in relation to their share of the total exposure. A higher Herfindahl index means a greater concentration. Capital requirements for concentration risks are subsequently calculated, applying formulas, as a proportion of the capital requirement for credit risk under Pillar II. When the calculations were performed as per 31 December 2023, the capital requirement under Pillar 2 for concentration risks in the liquidity reserve was 17.9 (17.9) percent of the capital requirement for credit risk under Pillar I, that is to say, SEK 2.4 (6.4) million.

Market risk

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

Interest rate risk

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

FINANCIAL STATEMENTS

Note 2, continued

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

Periods of fixed interest	Nominal amount						Total
	2023	0-3 months	3 months-1 year	1-5 years	5-10 years	More than 10 years	
Assets							
Cash and balances with central banks	4,722.8	-	-	-	-	-	4,722.8
Sovereign bonds eligible as collateral	28,512.7	2,457.0	562.8	-	-	-	31,532.5
Lending to credit institutions	428.4	-	-	-	-	-	428.4
Bonds and other interest-bearing securities	1,125.1	2,020.5	6,756.1	-	-	-	9,901.7
Lending	234,134.5	41,459.0	199,403.9	34,887.3	1,966.6	-	511,851.3
Derivative investments	11,595.4	-4,276.6	-7,318.8	-	-	-	-
Derivative lending	274,824.7	-39,125.9	-199,162.5	-34,811.4	-1,724.9	-	-
Other assets	5,625.9	-	-	-	-	120.9	5,746.8
Total assets	560,969.5	2,534.0	241.5	75.9	241.7	120.9	564,183.5
Liabilities							
Liabilities to credit institutions	796.0	-	-	-	-	-	796.0
Securities issued	31,768.5	122,899.3	358,655.7	43,908.2	250.0	-	557,481.7
Derivative funding	511,410.3	-116,440.8	-352,620.7	-43,908.2	-	-	-1,559.4
Other liabilities	5,583.0	-	-	-	-	1,514.3	7,097.3
Subordinated liabilities	-	-	-	-	-	-	-
Equity	-	-	-	-	-	11,508.7	11,508.7
Total liabilities and equity	549,557.8	6,458.5	6,035.0	0.0	250.0	13,023.0	575,324.3
Difference, assets and liabilities	11,411.7	-3,924.5	-5,793.5	75.9	-8.3	-12,902.1	-11,140.8

Periods of fixed interest	Nominal amount						Total
	2022	0-3 months	3 months-1 year	1-5 years	5-10 years	More than 10 years	
Assets							
Cash and balances with central banks	26,217.6	-	-	-	-	-	26,217.6
Sovereign bonds eligible as collateral	30,106.0	600.0	-	-	-	-	30,706.0
Lending to credit institutions	1,784.8	-	-	-	-	-	1,784.8
Bonds and other interest-bearing securities	3,201.5	3,287.6	312.1	-	-	-	6,801.2
Lending	239,523.7	34,738.6	173,287.4	32,932.3	1,977.1	-	482,459.1
Derivative investments	3,779.7	-3,467.6	-312.1	-	-	-	0.0
Derivative lending	224,541.8	-16,690.0	-173,181.6	-32,934.8	-1,735.4	-	0.0
Other assets	676.5	-	-	-	-	115.5	792.0
Total assets	529,831.6	18,468.6	105.8	-2.5	241.7	115.5	548,760.7
Liabilities							
Liabilities to credit institutions	1,672.0	-	-	-	-	-	1,672.0
Securities issued	36,392.3	115,845.2	351,478.3	43,756.0	250.0	-	547,721.8
Derivative funding	477,220.4	-97,329.5	-350,243.3	-43,756.0	-	-	-14,108.4
Other liabilities	14,738.7	-	-	-	-	354.1	15,092.8
Subordinated liabilities	-	-	-	-	-	-	-
Equity	-	-	-	-	-	10,187.1	10,187.1
Total liabilities and equity	530,023.4	18,515.7	1,235.0	0.0	250.0	10,541.2	560,565.3
Difference, assets and liabilities	-191.8	-47.1	-1,129.2	-2.5	-8.3	-10,425.7	-11,804.6

Sensitivity analysis of financial value

According to a fixed limit set by the Board of Directors, the exposure to interest rate risk in the portfolio may never exceed SEK 100 million given a one percentage point parallel shift in the yield curve. At year-end, the exposure (throughout the portfolio) amounted to SEK 24.5 (16.5) million given a one per-

centage point parallel shift (upwards) in the yield curve. An exposure with a positive value means an increase in the economic value of assets and liabilities if the interest rate rises and a decrease in the economic value of assets and liabilities if the interest rate falls. If only transactions valued at fair value are

Note 2, continued

taken into account, the result would change by SEK 288.0 (224.6) million given a one percentage point parallel shift (upwards) in all market interest rates.

Sensitivity analysis of the Company's net interest income

The effect on the Company's net interest income is analysed on the basis of two scenarios: a parallel displacement upwards of 100 basis points and a parallel displacement downwards of 100 basis points.

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

If all market interest rates were to rise by 100 basis points at year-end, net interest income over a one-year period would increase by SEK 98.3 (101.4) million, provided that the size and composition of balance sheet does not change, and correspondingly, if all market interest rates were to fall by 100 basis points at year-end, net interest income would have decreased by SEK 98.3 (101.4) million over a one-year period.

Capital requirement for interest rate risk

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

The change scenarios consist partly of parallel displacements, upwards and downwards, where the magnitude of the shift is based on historical market data and partly of four changes in the curve gradient, where the interest rate curve increases or decreases over short or long maturities. Under Pillar II, a capital requirement for interest rate risk of SEK 54.7 (81.4) million has been entered.

Foreign exchange risk

Currency risk refers to the risk of a negative effect on the Company's income as a result of exchange rate fluctuations. Foreign exchange risk arises if assets and liabilities denominated in a specific currency are mismatched in terms of size in the balance sheet. The Company hedges all known future flows by means of derivatives. However, foreign exchange risk arises on an ongoing basis through the net interest income generated on returns on foreign currency investments. This risk is limited by such returns continuously being exchanged to SEK. The maximum permitted exposure is equivalent to SEK 30 million in USD and SEK 20 million in EUR.

Capital requirement for foreign exchange risk

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

The capital requirement under Pillar II is calculated by multiplying the exposure by the foreign exchange fluctuations over the year. During 2023, SEK/EUR and SEK/USD exchange rates fluctuated by up to 17 percent for EUR and by 37 percent for USD with a 99-percent probability. On an annual basis, this corresponds to a capital requirement of SEK 14.6 (5.4) million.

Assets and liabilities by currency	Recognised value							Total
	SEK	EUR	USD	JPY	AUD	Other currencies	Fair value adjustment	
2023								
Assets								
Cash and balances with central banks	4,722.7	-	-	-	-	-	-	4,722.7
Sovereign bonds eligible as collateral	28,755.9	2,152.4	566.3	-	-	-	6.8	31,481.4
Lending to credit institutions	128.5	1.2	298.8	-	-	-	-0.1	428.4
Bonds and other interest-bearing securities	289.8	830.0	8,804.4	-	-	-	-7.8	9,916.4
Lending	513,863.5	-	-	-	-	-	-5,061.3	508,802.2
Derivatives	-91,036.5	9,990.0	77,010.7	7.1	863.3	-	10,988.2	7,822.8
Other assets	5,091.6	0.1	655.1	-	-	-	-	5,746.8
Total assets	461,815.5	12,973.7	87,335.3	7.1	863.3	-	5,925.8	568,920.7
Liabilities								
Liabilities to credit institutions	821.1	-	-	-	-	-	-	821.1
Securities issued	347,618.0	31,997.0	170,870.3	1,210.6	1,551.2	28.7	-9,743.5	543,532.3
Derivatives	95,547.5	-19,023.7	-83,560.0	-1,203.5	-687.9	-28.7	14,917.6	5,961.3
Other liabilities	6,086.4	-	23.6	-	-	-	987.3	7,097.3
Subordinated liabilities	-	-	-	-	-	-	-	-
Equity	11,742.5	0.4	1.4	-	-	-	-235.6	11,508.7
Total liabilities and equity	461,815.5	12,973.3	87,335.3	7.1	863.3	-	5,925.8	568,920.7
Difference, assets and liabilities	-	-	-	-	-	-	-	-
Effect (pre-tax) of a 10 percent increase in the SEK exchange rate compared to the foreign currency	-	-	0.1	-	-	-	-	-

FINANCIAL STATEMENTS

Note 2, continued

Assets and liabilities by currency	Recognised value								
	2022	SEK	EUR	USD	JPY	AUD	Other currencies	Fair value adjustment	Total
Assets									
Cash and balances with central banks	26,217.2	-	-	-	-	-	-	-	26,217.2
Sovereign bonds eligible as collateral	30,691.4	-	-	-	-	-	-	-1.7	30,689.7
Lending to credit institutions	862.8	19.3	902.7	-	-	-	-	-	1,784.8
Bonds and other interest-bearing securities	2,104.1	-	4,716.5	-	-	-	-	-68.3	6,752.3
Lending	483,594.5	-	-	-	-	-	-	-12,918.6	470,675.9
Derivatives	-146,575.6	6,284.6	139,033.9	23.7	1,594.9	224.9	15,766.6	16,353.0	
Other assets	221.3	-	570.7	-	-	-	-	-	792.0
Total assets	397,115.7	6,303.9	145,223.8	23.7	1,594.9	224.9	2,778.0	553,264.9	
Liabilities									
Liabilities to credit institutions	1,487.5	-	-	-	-	-	-	-	1,487.5
Securities issued	363,229.7	11,850.7	166,640.9	4,657.8	1,635.8	309.0	-27,546.9	520,777.0	
Derivatives	11,643.4	-5,545.6	-26,233.5	-4,634.1	-40.9	-84.1	27,729.0	2,834.2	
Other liabilities	10,278.2	-	4,814.6	-	-	-	2,886.3	17,979.1	
Subordinated liabilities	-	-	-	-	-	-	-	-	
Equity	10,477.5	-	-	-	-	-	-290.4	10,187.1	
Total liabilities and equity	397,116.3	6,305.1	145,222.0	23.7	1,594.9	224.9	2,778.0	553,264.9	
Difference, assets and liabilities	-0.6	-1.2	1.8	0.0	0.0	0.0	0.0	0.0	
Effect (pre-tax) of a 10 percent increase in the SEK exchange rate compared to the foreign currency	.	-0.1	0.2	0.0	0.0	0.0	.	-	

Credit market risk

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

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

Credit spread risk on lending, funding and investments, and basis spread risk arises primarily as a consequence of imbalances in maturities between assets and liabilities valued at fair value.

The Company restricts the credit market risk through good maturity matching between assets (loans and investments) and liabilities (funding and equity). Shown below is the Company's sensitivity to general changes in market credit spreads corresponding to a basis point parallel shift (upwards).

Sensitivity to credit market risk	2023	2022
Investments, fair value option	-0.5	-0.3
Lending	-25.6	-27.1
Funding	29.1	24.3
Total	3.0	-3.1

Credit spread risk on derivatives (CVA risk)

The credit spread risk on derivatives (CVA risk) derives from the risk of the Company's income statement being adjusted for the risk of changes in credit rating, or Credit Value Adjustment (CVA). CVA is a price adjustment applied to derivatives depending on the development of CDS prices, FX volatility and the exposure to the counterparty. CVA can be considered equal to the deviation from the risk-free price of a contract and is often interpreted as the market price for counterparty risk. At the end of the year, recognised CVA amounted to SEK 5.9 (8.6) million.

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

Capital requirement for credit market risk

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

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

Note 2, continued

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

In the calculations performed as per 31 December 2023, the total capital requirement for credit market risk amounted to SEK 1,484.8 (1,609.6) million.

In calculating capital requirements for CVA risk under Pillar I, Kommuninvest applies the standardised method in CRR. As the exposure value, the fully adjusted exposure value is used, meaning that the risk-reducing effects of the collateral are taken into account. In accordance with the regulations, transactions with central clearing counterparties are excluded. The Company’s derivatives entered into after 1 March 2017 are included in the daily reconciliation with the exchange of collateral, which reduces the capital requirement. At the end of the year, the capital requirement for CVA risk was SEK 116.7 (55.4) million.

Other price risks

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

Liquidity risk

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

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

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

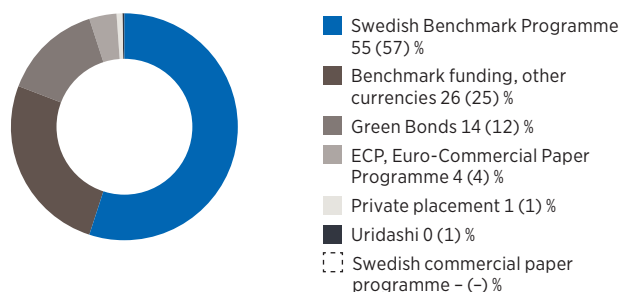
Liquid funding markets

To ensure that funding activities provide the necessary conditions to cover lending and funding maturities, even under aggravated market conditions, the Company has access to liquid funding markets with broad investor bases. The Company’s strategic funding markets are the Swedish Benchmark Programme and benchmark borrowing in USD and EUR within the EMTN programme (Euro Medium Term Note). Short-term funding in the form of commercial papers are made within the ECP programme (Euro-Commercial Paper) and the Swedish commercial paper programme. The Company maintains a continuous market presence in these programmes. The Company

has previously been active in the Japanese Uridashi market but chose to leave that market in November 2021. In its strategic funding markets, the Company issues Green Bonds on an ongoing basis.

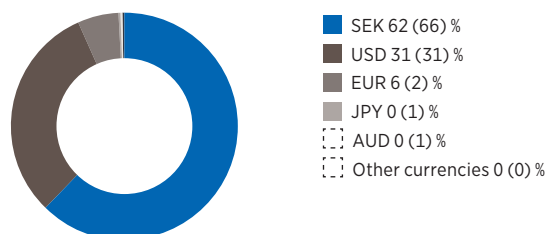
Total funding by type of instrument

2023 (2022)



Total funding by currency

2023 (2022)



Good matching between assets and liabilities

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

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

At year-end, the average maturity on the Company assets amounted to 2.2 (2.3) years, with capital tied up in the Company’s lending portfolio for an average 2.4 (2.4) years, and with capital tied up in the liquidity reserve for 0.4 (0.0) years.

Maturity analysis

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

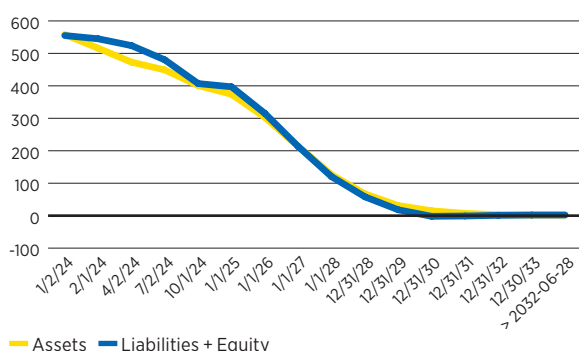
FINANCIAL STATEMENTS

Note 2, continued

Maturity profile, balance sheet

31 Dec 2023

SEK bn

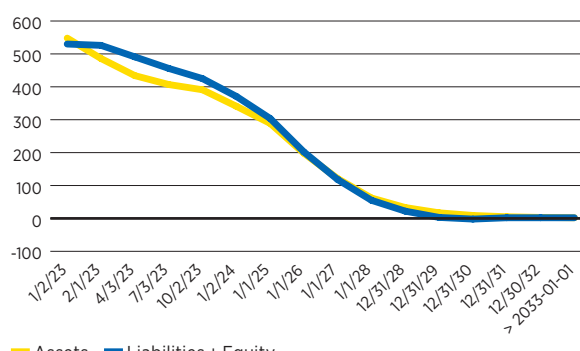


— Assets — Liabilities + Equity

Maturity profile, balance sheet

31 Dec 2022

SEK bn



— Assets — Liabilities + Equity

2023	Contractual, non-discounted cash flows					No maturity	Total	Recognised value
	On demand	0-3 months	3 months-1 year	1-5 years	> 5 years			
Assets								
Cash and balances with central bank	4,722.7	-	-	-	-	-	4,722.7	4,722.7
Sovereign bonds eligible as collateral	-	28,512.7	2,485.2	590.9	-	-	31,588.8	31,481.4
Lending to credit institutions	-	428.4	-	-	-	-	428.4	428.4
Bonds and other interest-bearing securities	-	1,222.5	2,213.8	7,150.1	-	-	10,586.4	9,916.4
Lending	-	55,231.6	100,082.8	341,252.1	47,964.4	-	544,530.9	508,802.2
Derivatives	-	2,854.6	8,240.7	10,116.2	779.9	-	21,991.4	7,822.8
Other assets	-	5,746.8	-	-	-	-	5,746.8	5,746.8
Total assets	4,722.7	93,996.6	113,022.5	359,109.3	48,744.3	-	619,595.4	568,920.7
Liabilities								
Liabilities to credit institutions	-	821.1	-	-	-	-	821.1	821.1
Securities issued	-	34,816.0	129,586.0	372,404.3	45,622.8	-	582,429.1	543,532.3
Derivatives	-	4,194.8	6,150.0	11,081.1	126.4	-	21,552.3	5,961.3
Other liabilities	-	7,097.3	-	-	-	-	7,097.3	7,097.3
Subordinated liabilities	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	11,508.7	11,508.7	11,508.7
Total liabilities and equity	-	46,929.2	135,736.0	383,485.4	45,749.2	11,508.7	623,408.5	568,920.7
Total difference	4,722.7	47,067.4	-22,713.5	-24,376.1	2,995.1	-11,508.7	-3,813.1	-
Committed undisbursed loans	-	-	-	-	-	-	-	-
Committed, undisbursed loans ¹	-	-373.3	-89.5	240.9	283.1	-	61.2	-

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

Note 2, continued

2022	Contractual, non-discounted cash flows						Total	Recognised value
	On demand	0-3 months	3 months-1 year	1-5 years	> 5 years	No maturity		
Assets								
Cash and balances with central bank	26,217.2	-	-	-	-	-	26,217.2	26,217.2
Sovereign bonds eligible as collateral	-	30,106.0	600.0	-	-	-	30,706.0	30,689.7
Lending to credit institutions	-	1,784.8	-	-	-	-	1,784.8	1,784.8
Bonds and other interest-bearing securities	-	3,242.3	3,312.7	324.5	-	-	6,879.5	6,752.3
Lending	-	55,527.1	89,973.1	315,789.9	46,962.5	-	508,252.6	470,675.9
Derivatives	-	1,885.8	12,641.3	21,816.0	992.0	-	37,335.1	16,353.0
Other assets	-	792.0	-	-	-	-	792.0	792.0
Total assets	26,217.2	93,338.0	106,527.1	337,930.4	47,954.5	-	611,967.2	553,264.9
Liabilities								
Liabilities to credit institutions	-	1,487.5	-	-	-	-	1,487.5	1,487.5
Securities issued	-	39,485.4	120,518.9	361,787.7	44,935.8	-	566,727.8	520,777.0
Derivatives	-	1,430.8	9,755.8	15,497.4	15.8	-	26,699.8	2,834.2
Other liabilities	-	17,979.1	-	-	-	-	17,979.1	17,979.1
Subordinated liabilities	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	10,187.1	10,187.1	10,187.1
Total liabilities and equity	-	60,382.8	130,274.7	377,285.1	44,951.6	10,187.1	623,081.3	553,264.9
Total difference	26,217.2	32,955.2	-23,747.6	-39,354.7	3,002.9	-10,187.1	-11,114.1	0.0
Committed undisbursed loans	-	-	-	-	-	-	-	-
Committed, undisbursed loans ¹	-	-479.2	12.9	522.0	-	-	55.7	-

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

Liquidity reserve

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

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

Liquidity measure

The liquidity coverage ratio (LCR) measures the ratio of highly liquid assets to net cash outflows over a 30-day period, in a stressed situation.

Accordingly, an LCR of 100 percent ensures that, in the short term, the Company's liquidity reserve comprises sufficiently liquid assets to meet net cash outflows over the ensuing 30 days in a stressed situation.

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

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

The high proportion of sovereign bonds and other cash and cash equivalents in the Company's liquidity reserve mean that the liquidity ratio exceeds the government's requirements by a good margin. In accordance with the CRR regulations, the Company's LCR, as of 31 December 2023, was 216.5 (398.3) percent and 211.8 (1,860.8) percent in USD and 684.3 (844.4) percent in SEK and 195.0 (-) percent in EUR (see the table on the next page).

For measures of structural liquidity risk, the Company measures and monitors the stable net funding ratio (NSFR), that is, the relationship between available stable financing and the Company's need for stable financing. The Company has a limit set by the Board of Directors, requiring that the NSFR not fall below 110 percent. At year-end, the NSFR was 140.1 (142.9) percent.

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Note 2, continued

Liquidity Coverage Ratio (LCR) in accordance with the CRR regulations	2023				2022			
	Total	USD	SEK	EUR	Total	USD	SEK	EUR
Extremely highly liquid assets (Level 1), excluding covered bonds	43,835.5	881.9	31,988.8	268.0	60,459.5	314.6	57,186.6	-
Extremely highly liquid covered bonds (Level 1)	-	-	-	-	-	-	-	-
Highly liquid assets (Level 2)	-	-	-	-	-	-	-	-
Liquidity buffer, SEK million	43,835.5	881.9	31,988.8	268.0	60,459.5	314.6	57,186.6	-
Cash outflows, SEK million	29,762.4	1,665.4	14,632.1	137.6	-20,179.3	-67.6	-9,123.4	-
Cash inflows, SEK million	9,513.4	1,249.0	9,957.7	0.1	5,001.0	971.8	2,351.3	-
Net cash outflow, SEK million	20,249.0	416.4	4,674.4	137.5	-15,178.3	-16.9	-6,772.1	-
Liquidity coverage ratio (%)	216.5	211.8	684.3	195.0	398.3	1,860.8	844.4	-

Operational risks

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

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

Risk management

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

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

Methods for identifying, managing and analysing operational risks

Risk indicators

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

Self-assessment

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

The results of the self-assessment are reported annually to the Board of Directors, the President and CEO and the management.

Stress tests

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

Incident management

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

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

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

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

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

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

Continuity management

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

Note 2, continued

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

Capital requirement for operational risk

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

Kommuninvest's capital requirement under Pillar I for operational risks amounts to SEK 111.3 (81.6) million.

Strategic risk

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

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

Capital requirement for strategic risk

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

Stakeholder risk

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

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

Capital requirement for Stakeholder risk

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

Compliance risk

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

The Company works continuously with external monitoring and analysis of regulatory changes to reduce the Company's regulatory compliance risks. External monitoring is coordinated by the Company's regulatory group, which also verifies the analyses. The principal responsibility for the operation being conducted in accordance with current regulations rests with the operational organisation. The work of the regulatory compliance department is risk-based and 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 department. The department reports regularly on the current risk situation to the CEO and the Board of Directors. This also includes the CFA's reporting on regulatory compliance risks associated with financial crime.

Capital requirement for regulatory compliance risk

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

Sustainability risk

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

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

Capital requirement for sustainability risk

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

Capital adequacy

The capital adequacy requirements are calculated in accordance with the Supervisory Regulation (EU) No. 575/2013, also known as the CRR (Capital Requirements Regulation), which is directly applicable in Sweden and the Capital Adequacy Directive EU 2013/36, which is implemented in Sweden through legislation and regulations issued by Finansinspektionen. On 28 September 2021, the Swedish Financial Supervisory Authority (Finansinspektionen) decided to increase the buffer value to 1.0 percent, applicable as of 29 September 2022.

Capital base	2023	2022
Capital Instruments ¹	10,512.2	9,609.8
Retained earnings	565.0	558.8
Accumulated other comprehensive income and other reserves	12.3	18.5
Core Tier I capital before regulatory adjustments	11,089.5	10,187.1
Further value adjustments	-239.3	-236.6
Latent tax	-	-13.9
Intangible assets	-12.3	-8.3
Total regulatory adjustments to core Tier I capital	-251.6	-258.8
Total core Tier I capital	10,837.9	9,928.3
Tier I capital contributions	-	-
Total Tier I capital	10,837.9	9,928.3
Total Tier II capital	-	-
Total capital	10,837.9	9,928.3

1) For a more detailed description of the constituent instruments, see page 51.

FINANCIAL STATEMENTS

Note 2, continued

Risk exposure amounts and minimum capital amounts	2023			2022		
	Risk exposure	Capital requirement, percent	Capital requirement	Risk exposure	Capital requirement, percent	Capital requirement
Capital requirement, Pillar I						
Capital requirement for credit risks (the standardised method)	164.4	8%	13.2	447.2	8%	35.8
<i>of which, institutional exposures</i>	85.6	8%	6.9	356.8	8%	28.6
<i>of which, corporate exposures</i>	78.8	8%	6.3	90.4	8%	7.2
Operational risks, basic indicator method	1,391.1	8%	111.3	1020.5	8%	81.6
Credit valuation adjustment	1,459.1	8%	116.7	692.6	8%	55.4
Total risk exposure amount and minimum capital amount	3,014.6		241.2	2,160.3	8.0%	172.8

Capital adequacy ratios	2023	2022
Core Tier I capital ratio	359.5%	459.6%
Tier I capital ratio	359.5%	459.6%
Total capital ratio	359.5%	459.6%

Specific capital base requirements for risks other than insufficient leverage ratio ¹	2023		2022	
Additional capital base requirements, Common Equity Tier I capital	42.8%	1,290.4	42.8%	924.6
Additional capital base requirements, Tier I capital	14.3%	430.1	14.3%	308.9
Additional capital base requirements, Tier II capital	19.0%	573.5	19.0%	410.5
Total specific capital base requirements for risks other than insufficient leverage ratio	76.1%	2,294.1	76.1%	1,644.0

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

Combined buffer requirement	2023		2022	
Capital conservation buffer	2.5%	75.4	2.5%	54.0
Countercyclical buffer	2.0%	60.3	0.6%	13.2
Systemic risk buffer	-	-	-	-
Total buffer requirements	4.5%	135.7	3.1%	67.2
Core Tier I capital available for use as buffer	275.4%	8,302.6	375.5%	8,111.5

Total risk-based capital base requirement	2023		2022	
Capital base requirement, Pillar I	8.0%	241.2	8.0%	172.8
Capital base requirement, Pillar II requirement ¹	76.1%	2,294.1	76.1%	1,644.0
Combined buffer requirement	4.5%	135.7	3.1%	67.2
Pillar II guidance ¹	17.0%	512.5	17.0%	367.3
Total assessed capital base requirement	105.6%	3,183.4	104.2%	2,251.2

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

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

Leverage ratio	2023	2022
Total assets	568,920.7	553,264.9
Less asset amounts deducted to determine the core Tier I capital	-251.6	-258.8
Adjustment for derivative instruments	-6,579.0	-12,702.5
Deduction in the form of exposure to members and their companies	-508,802.2	-470,675.9
Plus possible change in risk in connection with repo transactions	0.5	0.7
Total exposure	53,288.3	69,628.4
Tier I capital, calculated applying transitional rules, see the section Capital adequacy	10,837.9	9,928.3
Leverage ratio	20.34%	14.26%

Leverage ratio, capital base requirements	2023		2022	
Capital base requirement, Pillar I	3.0%	1,600.4	3.0%	2,088.9
Capital base requirement, Pillar II requirement ¹	-	-	-	-
Pillar II guidance ¹	7.5%	4,024.3	4.8%	3317.0
Total assessed capital base requirement	10.5%	5,624.6	7.8%	5405.8

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

Internally estimated capital requirements

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

Note 2, continued

Internally estimated capital requirements	2023	2022
Capital requirement, Pillar II		
Credit risk	29.8	48.1
Market risks	1554.0	1,696.4
Capital planning buffer	281.0	764.9
Total internally assessed capital requirement (Pillar II), excluding the risk of insufficient leverage ratio	1,864.8	2,509.4
Internally assessed capital requirement for the risk of insufficient leverage ratio	1697.4	1,034.6
Total internally assessed capital requirement (Pillar II)	3,562.2	3,544.0

Kommuninvest's internal capital assessment forms the basis for the internally assessed capital requirement. For more information on the Company's internal capital assessment and capital plan, see pages 42–43.

Capital targets

The Group's capital target for 2023 amounts to SEK 7,700 (7,300) million, corresponding to the Company's capital target plus the Board of Directors' buffer of SEK 500 (400) million.

In relation to the Group's capital base, which amounts to SEK 10,837.9 (9,928.3) million, the capital target is met by a good margin. The aim of Kommuninvest's capital planning is for all operations to be adequately capitalised to meet both current and future regulatory requirements. For further information on the Company's internal capital assessment and capital plan, see pages 42–43; for details of capital targets, see the table.

Capital targets	2023	2022
Capital target, Company	7,200	6,900
Board of Directors' buffer	500	400
Capital targets	7,700	7,300

Liquidity¹

Liquidity Coverage Ratio (LCR)	2023	2022
Total high-quality liquid assets (HQLA) (weighted value)	76,881.2	83,408.5
Cash outflows – total weighted values	38,959.2	39,260.1
Cash inflows – total weighted values	12,404.4	11,680.5
Net cash outflows (adjusted value)	26,554.9	27,597.3
Liquidity coverage ratio, %	302.8	342.9

1) Refers to average figures for the year

Net Stable Funding Ratio (NSFR)	2023	2022
Total available stable financing	442,694.7	419,539.6
Total need for stable financing	316,000.8	292,665.0
NSFR, %	140.1	143.4%

Reference interest rate reform

Kommuninvest is affected by the reference interest rate reform through exposure to USD LIBOR, STIBOR and EURIBOR where the most important reference rates for Kommuninvest are STIBOR and USD LIBOR with a term of 3 months.

LIBOR is the group of reference interest rates that, at present, have a timed settlement plan. On 31 December 2021, quotations for GBP LIBOR, CHF LIBOR, EUR LIBOR, JPY LIBOR and USD LIBOR 1W and 2M ceased. Other USD LIBOR quotations ceased after 30 June 2023.

During 2023, the Company safeguarded its capacity to manage the new reference rate, and has made derivatives in USD SOFR, Secured Overnight Financing Rate (SOFR), an interest rate that is based on actual transactions in the repo market.

Outstanding exposures with USD LIBOR reference rates maturing after June 2023 were converted during the year. Changes of reference interest rate during the reference interest reform were conducted on the premise that the exchange must be economically neutral for each party.

The change of reference interest rate on outstanding contracts could potentially entail earnings risks for Kommuninvest. These are managed by all contracts being covered by the same so-called "fallback" rules. Kommuninvest and all of its derivatives counterparties have signed the ISDA's "IBOR Fallbacks Supplement and Protocol," which governs how expiring reference rates are to be handled. Accordingly, all outstanding currency swaps referencing USD Libor 3M are covered by the ISDA protocol.

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

Note 3 Net interest income

	2023	2022
Interest revenues		
Interest revenues according to effective interest method	20,482.6	4,780.0
<i>of which, lending</i>	17,598.2	4,272.7
<i>of which, interest-bearing securities</i>	2,884.4	507.3
Other interest revenues	362.4	134.0
Total	20,845.0	4,914.0
<i>Of which: interest revenues from financial items not measured at fair value through the income statement</i>	15,389.9	3,604.1
Interest expenses		
Interest expenses according to effective interest method	-19,474.8	-4,179.8
<i>of which, liabilities to credit institutions</i>	-	-9.0
<i>of which, securities issued</i>	-19,474.1	-4,166.7
<i>of which lending, negative lending rate</i>	-0.7	-4.1
Other interest expenses	-378.6	-68.3
Total	-19,853.4	-4,248.1
<i>Of which: interest expenses from financial items not measured at fair value through the income statement</i>	-15,315.9	-3,255.2
Net interest income	991.6	665.9

Kommuninvest considers all income and expenses to be attributable to the country in which Group's Company has its registered office, Sweden.

In this note, income is recognised as positive and expenses as negative. For further information on net interest income for the period, see the comments of the income statement on page 47.

Note 4 Commission expenses

	2023	2022
Payment agency commissions	8.4	8.1
Brokerage for securities	3.8	3.1
Other commissions	0.9	0.5
Total	13.1	11.7

Note 5 Net result of financial transactions

	2023	2022
Realised profit	-8.4	1.7
<i>of which, interest-bearing securities</i>	-	-
<i>of which, other financial instruments</i>	-8.4	1.7
Unrealised changes in market value	59.3	-209.5
Exchange rate changes	-3.3	-1.0
Total	47.6	-208.8

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

Net gain/loss by measurement category	2023	2022
Financial assets at fair value through the income statement	2,751.4	-3,267.8
<i>of which, compulsory</i>	575.8	-49.6
<i>of which, fair value option</i>	2,175.6	-3,218.2
Financial assets measured at amortised cost	-0.1	0.2
Financial liabilities at fair value through the income statement	-2,786.7	2,928.3
<i>of which, held for trade</i>	2,366.7	-3,084.1
<i>of which, fair value option</i>	-5,153.4	6,012.4
Financial liabilities measured at amortised cost	-	-
Change in fair value of derivatives that are hedging instruments in fair value hedge	6,980.1	-10,088.1
Change in fair value of derivatives that are hedging instruments in a fair value hedge, portfolio	-1,893.0	2,494.8
Change in fair value on hedged item with regard to hedged risk in fair value hedging	-6,899.9	10,229.3
Change in fair value on hedged item with regard to hedged risk in fair value hedging, portfolio	1,899.1	-2,504.5
Exchange rate changes	-3.3	-1.0
Total	47.6	-208.8

Results (net)

Net result of available-for-sale financial assets recognised in other comprehensive income	-	-
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Kommuninvest has no assets or liabilities that are reported in other comprehensive income. Kommuninvest does not enter any credit risk of its own in the financial statements, see Note 26.

Net profit on financial assets measured at amortised cost amounts to SEK 0.1 (0.2) million. The amount comprises the sale of a Riksbank Certificate. The sale was motivated by changed conditions for the short-term liquidity planning. The figure for the preceding year figure pertains to compensation of SEK 0.2 million for a difference in interest rates pertaining to prematurely discontinued lending. In all instances, discontinuation has been on the customer's initiative.

Note 6 Other operating income

	2023	2022
Capital gain on divestments of tangible assets	0.2	-
Revenue from contracts with customers	10.6	9.7
Other operating income	4.1	2.3
Total	14.9	12.0

All revenues from contracts with customers relate to revenues from a financial management service, KI Finans, which is offered to municipalities and regions. The service allows customers to create an overview of their financial positions. All revenues derive from one customer category comprising municipalities and regions, with all customers operating in the same geographic 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 a period of one calendar

year and are not normally invoiced within that financial year, no adjustment is made for any material financing component since payment terms, invoicing and access to the service occur within an individual financial year. The revenue is recognised within the financial year as performance commitment is met. The transaction price of the agreements is fixed with no adjustments for variable compensation, obligations or benefits linked to the agreements or other assessment items. The transaction price is determined by Kommuninvest's price list and takes the customer group's external borrowing debt into account. Contract expenses for the KI Finans system are capitalised as an intangible asset and recognised under IAS 38 Intangible Assets, and current expenses attributable to KI Finans are expensed in accordance with IFRS 15, paragraph 96. No specific expenses associated with the contracts are paid by the customer.

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

Note 7 General administration expenses

In TSEK	2023	2022
Payroll expenses		
Salaries and emoluments	84,995	78,149
Social security contributions	46,882	42,388
<i>of which, social security contributions and wage debt for social security contributions</i>	26,233	23,587
<i>of which, pension expenses</i>	16,128	15,084
<i>of which, special payroll tax on pension expenses</i>	4,033	3,717
Temporary/contract personnel	6,278	4,946
Education/training expenses	2,506	2,317
Other payroll expenses	3,643	3,530
Total payroll expenses	144,304	131,330
Other general administration expenses		
Travel expenses	2,717	2,440
IT expenses	31,195	27,048
Consultancy fees	32,343	16,941
Rating expenses	5,162	2,254
Market data	6,850	8,662
Rent and other expenses for premises	326	730
Property expenses	1,818	1,702
Annual Report and interim report	691	1,119
Other expenses	26,713	28,964
Total other general administration expenses	107,814	89,861
Total	252,119	221,191

Kommuninvest Cooperative Society

	2023	2022
Salaries and emoluments, incl. social security contributions	6,338	5,343
Other expenses	7,791	7,345
Total	14,129	12,688

Salary policy, Kommuninvest i Sverige AB

The Company applies a remuneration policy that explains that Kommuninvest does not apply variable remuneration. Nor has any variable remuneration been paid to Kommuninvest employees in 2023. No non-recurring remuneration has been approved in connection with new appointments, nor has any severance been paid to Board Members, the CEO or other senior executives. No individual employee receives compensation equivalent to EUR 1 million or more per financial year.

In TSEK	2023	2022
Erik Langby was appointed as Chairman in March 2023	532.5	330
Mats Filipsson	330	330
Lars Heikensten	330	330
Anette Henriksson	330	330
Catrina Ingelstam	330	330
Rickard Simonsson was appointed in March 2023	247.5	-
Kristina Sundin Jonsson	330	330
Ellen Bramness Arvidsson stepped down in March 2023	150	600
Mattias Bokenblom, employee representative	-	-
Kristin Ekblad, employee representative	-	-
Total	2,580	2,580

Note 7, continued
Remuneration to the senior executives of Kommuninvest i Sverige AB

Remuneration for the President and CEO has been decided by the Board. For 2023, the President and CEO received TSEK 3,879 (3,819) in basic salary. No variable remuneration was paid. Pension expenses for the President and CEO amounted to TSEK 979 (1,244) and are covered by insurance. For termination initiated by the Company, salary will continue to be paid for the duration of the 6-month notice period, along with severance pay of 18 months reduced by an amount corresponding to new income if a new position is obtained.

Remuneration for the Deputy CEO has been decided by the Board. The Deputy CEO received TSEK 2,266 (2,219) in basic salary for 2023. No variable remuneration was paid. Pension expenses for the Deputy CEO amounted to TSEK 734 (723) and are covered by insurance. For termination initiated by the Company, salary will continue to be paid for the duration of the 6-month notice period, along with severance pay of 18 months reduced by an amount corresponding to new income if a new position is obtained.

Remuneration details regarding other senior executives only include remunerations paid during the period in which each individual has been a senior executive. At the end of the year, other senior executives consisted of 7 (6) people, of whom 3 (2) were women and 4 (4) were men. For further information regarding the composition of Company management and changes during the year, see page 43 of the company's annual report.

Remuneration to other senior executives in Company management has been determined by the Board. During 2023, the total remuneration to senior executives who were part of the Executive Management Team amounted to TSEK 11,251 (8,912). The pension expenses are covered through insurance.

In accordance with the work plan for the Board of Directors established in 2023, the Chairman of the Board is responsible for an independent review being performed of the Company's remuneration and compensation policies, for preparing the Board's decisions, and for compensation to Executive Management, as well as for compensation to employees bearing the overall responsibility for any of the Company's control functions, and for measures to monitor the application of the Company's remuneration policy.

Remuneration to the Board of Directors of the Kommuninvest Cooperative Society

At the end of the year, the Board of Directors comprised 15 (15) members, of whom 8 (6) were women, and 14 (15) deputies, of whom 10 (7) were women. At the Annual General Meeting, Göran Färm was re-elected as Chairman and Linda Frohm as Deputy Chairman of the Board of Directors of the Kommuninvest Cooperative Society. At the Meeting, no (one) member and one (two) deputies stepped down from the Board of Directors. One new deputy was elected. For more information on the composition of the Board of Directors, see page 29.

The Annual General Meeting also approved changed fees for the Board of Directors of the Society. The fee is based on the monthly fee paid to the members of the Swedish Riksdag (parliament) approved by the Riksdag's remuneration committee. The fee for each function on the Board of Directors corresponds to a certain percentage of this base amount. The Meeting's resolutions entail the Chairman receiving a fixed fee of

TSEK 322 (315) and the Vice Chairman a fixed fee of TSEK 215 (210). Alongside the Chairman and Vice Chairman, two members of the Board of Directors form the Society's Working Committee and accordingly receive an annual fixed fee of TSEK 119 (116). These amounts apply on an annual basis and no variable remuneration is paid. Other ordinary members, 11 in number, will receive a fixed fee of TSEK 8.6 (8.4) and a variable fee of TSEK 5.0 (4.9) per meeting. Deputy board members receive a variable fee of TSEK 5.0 (4.9) per meeting.

Remuneration to the Board of Directors of the Kommuninvest Cooperative Society, in TSEK¹	2023	2022
Anders Johansson	5.0	19.8
Andreas Svahn	35.4	24.8
Anna Lipinska	26.9	24.8
Anna-Britta Åkerlind	42.7	48.4
Ann-Marie Johansson	55.8	34.8
Bo Rudolfsson	22.2	23.4
Britta Flinkfeldt	54.4	38.4
Catharina Fredriksson	20.0	19.8
Christina Johansson	50.6	29.8
Elizabeth Peltola, stepped down in March 2022	-	4.9
Ewa-May Karlsson	120.6	118.0
Fredrik Larsson	17.2	38.4
Gusten Mårtensson	10.0	30.0
Göran Färm	80.4	320.0
Hanna Bocander	40.8	-
Hanne Lindqvist	62.3	39.8
Hans Lindberg	25.3	34.9
Jeanette Wäppling	50.7	39.8
Jonas Ransgård	64.5	48.4
Katarina Eiderbrant	40.8	-
Lill Jansson	35.4	34.8
Lilly Bäcklund	59.4	48.4
Linda Frohm	300.0	213.3
Louise Skaarnes	35.7	-
Maria Liljedahl	59.4	43.5
Marianne Sandström	40.8	-
Martin Kirchberg	50.6	34.8
Matilda Wärenfalk	40.8	-
Mohamad Hassan	54.5	43.4
Niclas Nilsson	113.0	38.4
Peter Hemlin	20.1	29.8
Peter Kärnström	57.2	39.8
Pierre Sjöström	120.6	118.0
Stefan Moberg	30.6	-
Teddy Nilsson	42.0	39.8
Ulf Olsson	186.4	38.4
Ulla Andersson	32.1	-
Örjan Mossberg	22.2	48.4
Total	2,125.9	1,708.5

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

Note 7, continued

Wages and remunerations – Kommuninvest i Sverige AB

2023, in TSEK	Basic salary / Board fee	Other benefits	Pension expense	Total
Board of Directors	2,580	–	–	2,580
President and CEO	3,879	29	979	4,888
Deputy CEO	2,266	0	734	3,001
Others in Company management	9,154	13	2,084	11,251
Other salaried employees	62,975	263	11,770	75,008
Total	80,855	305	15,568	96,728

2022, in TSEK	Basic salary / Board fee	Other benefits	Pension expense	Total
Board of Directors	2,580	–	–	2,580
President and CEO	3,819	116	1,244	5,179
Deputy CEO	2,219	–	723	2,941
Others in Company management	6,690	23	2,170	8,883
Other salaried employees	59,180	195	10,146	69,521
Total	74,488	333	14,283	89,105

Group

Average number of employees – Group	2023	2022
Average number of employees during the year	105	98
of whom, women	43	39

In 2023, the Society had one employee.

Auditing engagement

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

Group

Emoluments and expenses for the auditors, TSEK, KPMG AB	2023	2022
Auditing engagement	1,739	1,864
Other audit services	864	708
Tax advice	–	–
Other Services	–	–

Kommuninvest Cooperative Society

Emoluments and compensation for expenses for the auditors, TSEK, KPMG AB	2023	2022
Auditing engagement	125	56
Other audit services	359	–
Tax advice	–	–
Other Services	–	–

Leasing

On 1 January 2019, IFRS 16 Leases came into effect, replacing IAS 17 Leases. RFR 2 includes an option not to apply IFRS 16 in legal entities and to instead apply the rules for lease accounting included in RFR 2. The Company has chosen to apply the option in RFR 2 not to apply IFRS 16.

The tables below show future leasing fees in accordance with RFR 2 and leasing expenses for the period in 2023. The scale of leasing activities is unchanged from previous years. No breakdown has been made based on the terms of the leases, as the leasing activity is such an immaterial part of Kommuninvest's operations. Most of the operating expenses are attributable to the Company's rental of office premises from the subsidiary Kommuninvest Fastighets AB.

Future leasing fees	2023
Within 1 year	8,236
Between 1 and 5 years	154
Total	8,390

Leasing expenses for the period	2023	2022
Interest expenses on lease debt	0.0	0.0
Depreciation	0.4	0.4
of which, equipment	0.1	0.1
of which, buildings	0.3	0.3
Leasing expenses for low-value assets	2.3	1.9
Other leasing expenses	0.1	0.1
Total	2.8	2.4

Rights of use assets	2023	2022
Equipment	–	–
Land and buildings	0.2	0.2
Total	0.2	0.2

Note 8 Other operating expenses

Group	2023	2022
Insurance expenses	2.0	2.0
Communication and information	3.9	4.1
Other operating expenses	0.0	0.1
Total	5.9	6.2

Note 9 Net credit losses

Group	2023	2022
Cash and balances with central banks	0.4	0.4
Sovereign bonds eligible as collateral	0.3	0.4
Lending to credit institutions	0.5	0.6
Lending	1.9	4.5
Bonds and other interest-bearing securities	-0.3	0.0
Off-balance sheet items	0.0	0.0
Total	2.8	5.9

In accordance with IFRS 9, Kommuninvest accounts for expected credit losses. Kommuninvest has not had any realised credit losses. For information on the calculation model, provisions and credit loss fluctuations, see Note 2.

Note 10 Fees imposed: Risk tax and resolution fee

	2023	2022
Risk tax	325.9	257.3
Resolution fee	17.1	25.0
Total	343.0	282.3

From 31 December 2022, the resolution fee is booked on the same legal line as the recently introduced risk tax. The resolution fee has previously been recorded under Other general administration expenses. For the preceding year, the resolution fee amounted to SEK 23 million.

Note 11 Taxes

Group	2023	2022
Recognised in income statement		
Current tax expense	0.0	0.1
Deferred tax expense (+) / tax income (-) attributable to temporary differences	13.8	-14.0
Total tax expense recognised	13.8	-13.9

Reconciliation of effective tax	2023	2022
Profit before tax	- 433.0	- -68.0
Tax according to prevailing tax rate	20.6% 89.2	20.6% -14.0
Tax effect of deductible distribution	-17.7% -76.8	- -
Non-deductible expenses	0.3% 1.4	0.0% 0.0
Recognised effective tax	3.2% 13.8	20.6% -14.0

Recognised deferred tax assets and liabilities

The Group has no deferred tax liability. Deferred tax assets are attributable to the following:	2023	2022
Tax assets, opening balance	14.7	0.7
Temporary differences	0.2	0.1
<i>of which, recognised in the income statement</i>	0.2	0.1
Deferred tax income in tax value capitalised over the year through tax-loss carryforwards	-13.9	13.9
<i>of which, recognised in the income statement</i>	-13.9	13.9
Tax assets, closing balance	1.0	14.7

Kommuninvest Cooperative Society

Recognised in income statement	2023	2022
Tax expense for the year	-	-
Adjustment of taxes attributable to previous years	-	-
Total tax expense recognised	0.0	0.0

Reconciliation of effective tax	2023	2022
Profit before tax	- 372.3	- -0.5
Tax according to prevailing tax rate	20.6% 76.7	20.6% -0.1
Tax effect of deductible distribution	-20.6% -76.8	0.0% 0.0
Non-deductible expenses	0.0% 0.1	-20.6% 0.1
Tax attributable to previous years	0.0% 0.0	0.0% 0.0
Recognised effective tax	0.0% 0.0	0.0% 0.0

Note 12 Appropriation of surplus

The Board of Directors of the Kommuninvest Cooperative Society proposes that: **2023**

The profit of SEK 6.0 million at the disposal of the Annual General Meeting of the Society be appropriated as follows:

To be carried forward	6.0
Total appropriated	6.0

For more information, see Page 25.

Note 13 Sovereign bonds eligible as collateral

Group

	2023				2022			
	Recognised value				Recognised value			
	Amortised cost	Fair value through the income statement	Total recognised value	Fair value	Amortised cost	Fair value through the income statement	Total recognised value	Fair value
Sovereign bonds eligible as collateral								
– Swedish central government	26,993.8	1,763.0	28,756.8	28,754.0	28,872.6	1,817.1	30,689.7	30,688.1
– foreign governments	–	2,724.6	2,724.6	2,725.2	–	–	–	–
Total	26,993.8	4,487.6	31,481.4	31,479.2	28,872.6	1,817.1	30,689.7	30,688.1
Positive difference of book values exceeding nominal values		8.7				–		
Negative difference of book values falling below nominal values		–59.8				–16.3		
Total		–51.1				–16.3		

Note 14 Lending to credit institutions

Kommuninvest Cooperative Society

	2023	2022
Lending in SEK	17.5	14.5
Total	17.5	14.5

Note 15 Lending

Group

	2023				2022			
	Recognised value				Recognised value			
	Amortised cost	Fair value through the income statement	Total recognised value	Fair value	Amortised cost	Fair value through the income statement	Total recognised value	Fair value
Lending								
– municipalities and regions	170,759.5	78,799.9	249,559.3	248,736.9	144,380.2	77,565.1	221,945.3	221,322.5
– housing companies with municipal guarantees	117,721.3	44,497.9	162,219.2	161,260.7	108,484.2	49,987.7	158,471.9	157,589.9
– other companies with municipal guarantees	67,850.9	29,172.8	97,023.7	96,514.6	61,190.8	29,067.9	90,258.7	89,636.6
Total	356,331.6	152,470.6	508,802.2	506,512.2	314,055.2	156,620.7	470,675.9	468,549.0

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

Note 16 Bonds and other interest-bearing securities

Group

	2023				2022			
	Recognised value				Recognised value			
	Amortised cost	Fair value through the income statement	Total recognised value	Fair value	Amortised cost	Fair value through the income statement	Total recognised value	Fair value
Bonds and other interest-bearing securities								
– Swedish mortgage finance institutions	-	-	-	-	-	-	-	-
– other Swedish issuers	-	-	-	-	750.0	289.3	1,039.3	1,039.5
– other foreign issuers	5,587.9	4,328.5	9,916.4	9,913.0	755.9	4,957.1	5,713.0	5,713.1
Total	5,587.9	4,328.5	9,916.4	9,913.0	1,505.9	5,246.4	6,752.3	6,752.6
Positive difference of book values exceeding nominal values			101.0				7.3	
Negative difference of book values falling below nominal values			-86.3				-56.2	
Total			14.7				-48.9	

Note 17 Shares and participations in subsidiaries

Kommuninvest Cooperative Society

Company	2023		2022	
	Recognised value	Number of shares	Recognised value	Number of shares
Kommuninvest i Sverige AB, 556281-4409	10,570.0	105,700,000	9,730.0	94,750,000
Total	10,570.0	105,700,000	9,730.0	94,750,000

Note 18 Derivatives and hedge accounting

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

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

Hedging relationships

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

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

variable legs of the hedging instrument and, where applicable, changes in the currency basis spread.

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

Interest rate risk hedging

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

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

Interest rate and currency risk hedging

Interest rate and currency risk arises when Kommuninvest borrows money in foreign currency at a fixed interest rate. Since Kommuninvest's lending is in Swedish kronor, derivative contracts are used to exchange this money to SEK, meaning that

Note 18, continued

this funding is hedged at the transaction level with one or more derivatives. Kommuninvest's objective with these hedges is to reduce the risk of changes in the fair value of the funding caused by changes in the current benchmark interest rate and exchange rate. Kommuninvest identifies this benchmark interest rate and currency risk as the risk components hedged in its funding.

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

Efficiency testing

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

The efficiency of the hedging relationship is measured retrospectively in an analysis based on historical data for balances

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

Although one hedging relationship was assessed as ineffective, this inefficiency is deemed to be immaterial and the hedging relationship is assumed to be efficient again in the future. Kommuninvest has no hedging relationships that have been discontinued prematurely.

Hedge accounting and uncertainty resulting from the reference interest rate reform

Kommuninvest includes hedge accounting linked to Stibor, for which the nominal amount totals slightly less than SEK 556.6 billion. Today, it has yet to be established how Stibor will be affected by the reference interest rate reform. The new reference rate SWESTR will apply in parallel with Stibor.

Hedging instrument	Nominal amount			Total		Assets at fair value		Liabilities at fair value		Changes in fair value used for accounting of hedging inefficiency	
	Remaining contractual maturity			2023	2022	2023	2022	2023	2022	2023	2022
	<1 year	1-5 years	>5 years								
<i>Derivatives in hedging relationship</i>											
Derivatives in hedging of interest rate risk	86,356.8	358,185.5	58,967.8	503,510.1	507,070.8	4.3	225.4	-92.8	-224.5	6,983.4	-10,054.1
Derivatives in hedging of interest rate risk, portfolio	6,663.0	46,432.0	4,151.0	57,246.0	41,441.0	-	-	-0.5	-	-1,893.0	2,494.8
Derivatives in hedging of interest rate and currency risk	-	-	-	-	-	-	-	-	-	-	-34.0
Total	93,019.8	404,617.5	63,118.8	560,756.1	548,511.8	4.3	225.4	-93.3	-224.5	5,090.3	-7,593.3
Average interest rate	3.10%	3.43%	3.02%								
<i>Derivatives not used for hedging</i>											
Interest rate-related	117,108.4	152,339.0	3,632.5	273,080.0	253,874.5	160.1	77.6	-0.7	-44.2		
Currency-related	96,750.5	87,559.8	13,820.3	198,130.6	163,740.6	7,658.4	16,050.0	-5,580.7	-1,311.3		
Other	1,079.5	-	-	1,079.5	5,524.7	-	-	-286.6	-1,254.2		
Total	214,938.4	239,898.8	17,452.8	472,290.0	423,139.8	7,818.5	16,127.6	-5,868.0	-2,609.7		
Total	307,958.1	644,516.3	80,571.6	1,033,046.1	971,651.6	7,822.8	16,353.0	-5,961.3	-2,834.2		

Hedged items	Assets, recognised value		Accrued amount for adjustment of fair value, assets		Liabilities, recognised value		Accrued amount for adjustment of fair value, liabilities		Changes in fair value used for accounting of hedging inefficiency	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Lending in an interest rate risk hedge	138,614.6	130,794.6	-4,169.0	-9,893.4	-	-	-	-	5,724.32	-9,333.10
Investment in an interest rate risk hedge	5,587.9	1,505.9	13.9	-11.7	-	-	-	-	25.64	-12.00
Funding in an interest rate risk hedge	-	-	-	-	-338,337.3	341,852.9	8,587.6	-21,242.6	-29,830.2	19,541.0
Funding in an interest rate and currency risk hedge	-	-	-	-	0.0	-	-	0.0	-	33.4
Hedged item, portfolio	57,246.0	41,441.0	-987.2	-2,886.3	-	-	-	-	1,899.1	-2,504.5
Total	201,448.4	173,741.5	-5,142.3	-12,791.4	-338,337.3	341,852.9	8,587.6	-21,242.6	-22,181.1	7,724.8

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Note 18, continued

Total hedging inefficiency	2023	2022
<i>Interest rate risk hedging</i>		
Derivatives	6,983.4	-10,054.1
Funding	-29,830.2	19,541.0
Lending	5,724.3	-9,333.1
Investment	25.6	-12.0
Portfolio	6.1	-9.7
Total	-17,090.7	132.1
<i>Interest rate and currency risk hedging</i>		
Derivatives	0.0	-34.0
Funding	0.0	33.4
Total	0.0	-0.6

All inefficiency is recognised in net result of financial transactions.

Note 19 Intangible assets

Group	2023	2022
<i>Acquisition value</i>		
Acquisition value brought forward	36.5	36.5
Investments for the year	-	-
Disposals and scrappings	-	-
Acquisition value carried forward	36.5	36.5
<i>Depreciation</i>		
Opening balance, depreciation	-18.0	-11.7
Depreciation for the year	-6.2	-6.3
Disposals and scrappings	-	-
Depreciation carried forward	-24.2	-18.0
Planned residual value at the end of the accounting period	12.3	18.5

Kommuninvest's intangible assets consist of business systems developed in-house.

Note 20 Tangible assets

Group	2023	2022
Equipment		
<i>Acquisition value</i>		
Acquisition value brought forward	32.6	32.1
Investments for the year	2.3	0.4
Disposals and scrappings	-0.6	-
Rights of use, leasing	0.1	0.1
Acquisition value carried forward	34.4	32.6
<i>Depreciation</i>		
Opening balance, depreciation	-28.1	-26.1
Depreciation for the year	-2.0	-1.9
Disposals and scrappings	0.5	-
Rights of use, leasing	-0.1	-0.1
Depreciation carried forward	-29.7	-28.1
Planned residual value at the end of the accounting period	4.7	4.5
Land and building		
<i>Acquisition value</i>		
Acquisition value brought forward	56.5	53.3
Investments for the year	0.1	2.8
Disposals and scrappings	-	-
Rights of use, leasing	0.3	0.4
Acquisition value carried forward	56.9	56.5
<i>Depreciation</i>		
Opening balance, depreciation	-28.3	-26.6
Depreciation for the year	-1.2	-1.3
Disposals and scrappings	0.0	-
Rights of use, leasing	-0.4	-0.4
Depreciation carried forward	-29.9	-28.3
Planned residual value at the end of the accounting period	27.0	28.2
Tax assessment values		
Tax assessment value of Fenix 1 property	37.4	37.4
<i>of which, land (in Sweden)</i>	7.4	7.4

Equipment mainly comprises IT equipment and office equipment.

Note 21 Receivables from subsidiaries

Kommuninvest Cooperative Society	2023	2022
Group contributions for the year	388.4	14.6
Other receivables	58.6	-
Total	447.0	14.6

Note 22 Other assets

Group	2023	2022
Marginal collateral pledged	5,625.9	676.5
Other assets	35.3	8.0
Total	5,661.2	684.5

In 2016, Kommuninvest began pledging collateral for derivatives cleared by a central clearing counterparty, with the net collateral for each counterparty and currency being recognised in the balance sheet, see further under Note 30. In 2017, the Company also began to issue cash collateral for derivatives not cleared by central clearing counterparties and for which there no right of netting applies. Accordingly, these are entered in full in the balance sheet.

Note 23 Other liabilities

Group	2023	2022
Marginal collateral received	5,583.0	14,738.7
Other liabilities	466.1	308.7
Leasing debt	0.3	0.4
Total	6,049.4	15,047.8

In 2016, Kommuninvest began receiving collateral for derivatives cleared by central clearing counterparties, with the net collateral for each counterparty and currency being recognised in the balance sheet, see further under Note 30.

In 2017, the Company also began to receive cash collateral for derivatives not cleared by central clearing counterparties and for which there no right of netting applies and which are therefore included in full in the balance sheet.

Kommuninvest Cooperative Society

	2023	2022
Other liabilities	0.5	0.4
Tax liabilities	0.0	0.1
Accounts payable	1.0	1.7
Total	1.5	2.2

Note 24 Provisions

Group	2023	2022
Provisions for off-balance sheet commitments	0.0	0.0
Total	0.0	0.0

This item includes provisions for expected credit losses on off-balance sheet commitments. For more information on off-balance sheet items, see Note 27.

Note 25 Equity – Kommuninvest Cooperative Society

Kommuninvest Cooperative Society

Of the Group's participation capital, the Kommuninvest Cooperative Society (the Society) has classified SEK 10,512.2 (9,609.8) million as equity, of which SEK 8.8 (35.2) million relates to the excess contributions, that is, the part of the capital contribution that, for certain members, exceeds the highest level stipulated in the statutes.

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

In the case of any excess contribution capital, however, the member is entitled to request repayment of all or part of the contributions without having to withdraw from the Society. The repayment of the excess contributions can be made six months after the end of the year in which the withdrawal occurs.

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

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

Note 26 Equity – Group

Group

SEK, million	Participation capital	Reserves ¹	Profit or loss brought forward	Total unrestricted equity
Equity brought forward 1 Jan 2023	9,609.8	18.5	558.8	10,187.1
Total comprehensive income				
Net profit			419.2	419.2
Change in development expenditure reserve for the year		-6.2	6.2	
Comprehensive income for the year		0.0		0.0
Total comprehensive income	0.0	-6.2	425.4	419.2
<i>Appropriation of profits under the General Meeting decision</i>				
Distribution of surplus as refunds and interest			0.0	0.0
<i>New participation capital during the year</i>				
Participation capital from new members of the Society	58.4			58.4
Contributions from existing members	844.0			844.0
Equity carried forward 31 Dec 2023	10,512.2	12.3	984.2	11,508.7
Equity brought forward 1 Jan 2022	9,001.7	24.7	1,079.6	10,106.0
Total comprehensive income				
Net profit			-54.1	-54.1
Change in development expenditure reserve for the year		-6.2	6.2	
Comprehensive income for the year		-		0.0
Total comprehensive income	0.0	-6.2	-47.9	-54.1
<i>Appropriation of profits under the General Meeting decision</i>				
Distribution of surplus as refunds and interest			-472.9	-472.9
<i>New participation capital during the year</i>				
Participation capital from new members of the Society				0.0
Contributions from existing members	608.1			608.1
Equity carried forward 31 Dec 2022	9,609.8	18.5	558.8	10,187.1

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

Note 27 Pledged assets, contingent liabilities and commitments

Group

Pledged assets	2023	2022
<i>In the form of assets pledged for own provisions and liabilities</i>		
Deposited at the Riksbank		
– government bonds	–	–
– state-related securities	5,131.6	3,004.8
Assets pledged for derivative contracts		
– cash collateral according to collateral agreements for derivative contracts	5,625.9	676.5
– securities according to collateral agreements for derivative contracts	2,302.5	3,283.4
Assets pledged, total	13,060.1	6,964.8
Contingent liabilities	None	None
Committed undisbursed loans	629.8	549.2

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

Note 28 Related party relationships

In 2023, the Kommuninvest Cooperative Society had related party transactions with Kommuninvest i Sverige AB.

Related party, in TSEK	Year	Sales of goods/ services to related parties	Purchase of goods/services from related parties	Other Receivables from related parties on 31 December (interest)	Receivables from related parties on 31 December	Liabilities to related parties on 31 December
Kommuninvest i Sverige AB	2023	-	583	-	447,033	225
	2022	-	972	-	14,572	213

The Society's related party relationship with Kommuninvest i Sverige AB includes a claim on the subsidiary regarding a group contribution.

Note 29 Financial assets and liabilities

Group

Financial instruments broken down by valuation category

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	4,722.7	-	-	-	-	4,722.7	4,722.7
Sovereign bonds eligible as collateral	27,565.3	-	-	3,916.1	-	31,481.4	31,479.2
Lending to credit institutions	428.4	-	-	-	-	428.4	428.4
Lending	356,331.6	-	-	152,470.6	-	508,802.2	505,525.1
Bonds and other interest-bearing securities	5,587.9	-	-	4,328.5	-	9,916.4	9,913.0
Derivatives	-	-	7,818.5	-	4.3	7,822.8	7,822.8
Other financial assets	5,648.7	-	-	-	-	5,648.7	5,648.7
Total	400,284.6	-	7,818.5	160,715.2	4.3	568,822.6	565,539.9
Financial liabilities							
Liabilities to credit institutions ¹	821.1	-	-	-	-	821.1	821.1
Securities issued ¹	359,777.2	-	-	183,755.0	-	543,532.3	543,773.7
Derivatives	-	5,868.0	-	-	93.3	5,961.3	5,961.3
Change in value of interest-hedged items in portfolio hedging	987.2	-	-	-	-	987.2	987.2
Other financial liabilities	6,167.2	-	-	-	-	6,167.2	6,167.2
Total	367,752.7	5,868.0	-	183,755.0	93.3	557,469.1	557,710.6

1) The nominal amount of funding, that is, the amount to be paid up by the maturity date, amounts to SEK 558,580.8 (509,910.9) million.

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Note 29, continued

2022	Amortised cost	Fair value through the income statement				Recognised	Fair value
		Held for trade	Compulsory	Fair value option	Derivatives used for hedge accounting	value	
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	1,784.8	-	-	-	-	1,784.8	1,784.8
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	373,118.0	-	16,127.6	163,684.2	225.4	553,155.2	551,027.0
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	14,801.8	-	-	-	-	14,801.8	14,801.8
Total	380,217.3	2,609.7	-	159,735.3	224.5	542,786.8	542,560.9

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

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. Fundings expected to be traded in an active market are classified in level 1. Funding valued at quoted prices, not deemed as traded in an active market, are classified in level 2. Funding valued based on discounted future cash flows are classified in level 2, with the exception of funding for which anticipated future cash flows are attributable to significant non-observable market data, which are classified in level 3. The members' guarantee undertaking affects the valuation of funding and that the guarantee undertaking is taken into account by market players and thus affects quoted market prices and current funding margins.

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.

Note 29, continued

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 value adjustment for derivatives (DVA) corresponds to the credit rating 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 debts.

Significant assumptions and uncertainty factors

Kommuninvest has applied the valuation techniques best deemed to reflect the value of the Company's assets and liabilities. Changes in underlying market data could mean changes to the income statement and balance sheet in respect of unrealised market values. The valuation curves are also determined on the basis of current funding and lending margins, increased margins on lending leading to unrealised losses when the value of existing business is reduced. Kommuninvest has only a marginal exposure to swap rates and, since it hedges other market risks, it is changes in funding and lending margins, basis swap spreads and credit spreads, on holdings in the liquidity reserve that give rise to the changes in market value.

An increase in the lending price, in relation to swap rates, by 10 basis points on the receivables recognised at fair value would mean a negative change in net profit of SEK 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 291 (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 +/- 35 (+/- 28) million. A 10 bp shift up or down in the valuation curve for the financial instruments valued in accordance with level 3 would entail an immaterial change in net profit as Kommuninvest ceased issuing structured funding in 2021 and only a small number of such contracts remain.

All of the above changes refer to 31 December 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 a risk-free 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 maturity of the contracts.

The effect on net profit from the variation described above is immaterial as Kommuninvest ceased issuing structured funding products in 2021 and only a small number of contracts now remain.

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 significant amendments to the members' guarantee undertaking that would reduce their collective responsibility for the Company's commitments. Since no such events or changes have occurred, all variations in funding margins and resulting changes in the value of borrowings 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 2023 Interim Report. For previous changes, see Note 6 in the 2023 Interim Report for the Kommuninvest Cooperative Society.

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.

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Note 29, continued

Financial instruments recognised at fair value in the balance sheet

2023	Level 1	Level 2	Level 3	Total
Financial assets				
Sovereign bonds eligible as collateral	2,153.1	1,763.0	-	3,916.1
Lending	-	152,470.6	-	152,470.6
Bonds and other interest-bearing securities	2,713.3	1,615.2	-	4,328.5
Derivatives	-	7,822.4	0.4	7,822.8
Total	4,866.4	163,671.2	0.4	168,538.0
Financial liabilities				
Liabilities to credit institutions	-	-	-	-
Securities issued	93,166.9	89,379.9	1,208.2	183,755.0
Derivatives	-	5,672.5	288.8	5,961.3
Total	93,166.9	95,052.5	1,497.0	189,716.4

2022	Level 1	Level 2	Level 3	Total
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				
Liabilities to credit institutions	-	-	-	-
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

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

	Recognised value 31 Dec 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	10,176.6	-
To level 2 from level 1	22,419.0	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 31 December 2023 and 31 December 2022 for the preceding period.

Note 29, continued
Fair value of financial instruments not recognised at fair value in the balance sheet

2023	Level 1	Level 2	Level 3	Total fair value	Recognised value
Financial assets					
Cash and balances with central banks	-	4,722.7	-	4,722.7	4,722.7
Sovereign bonds eligible as collateral	572.1	26,991.0	-	27,563.1	27,565.3
Lending to credit institutions	-	428.4	-	428.4	428.4
Lending	-	353,054.5	-	353,054.5	356,331.6
Bonds and other interest-bearing securities	4,380.4	1,204.2	-	5,584.5	5,587.9
Other assets	-	5,648.7	-	5,648.7	5,648.7
Total	4,952.4	392,049.5	-	397,001.9	400,284.6
Financial liabilities					
Liabilities to credit institutions	-	821.1	-	821.1	821.1
Securities issued	-	359,775.1	-	359,775.1	359,777.2
Change in value of interest-hedged items in portfolio hedging	-	987.2	-	987.2	987.2
Other liabilities	-	6,167.2	-	6,167.2	6,167.2
Total	-	367,750.6	-	367,750.6	367,752.7
2022					
2022	Level 1	Level 2	Level 3	Total fair value	Recognised value
Financial assets					
Cash and balances with central banks	-	26,217.2	-	26,217.2	26,217.2
Sovereign bonds eligible as collateral	-	28,871.0	-	28,871.0	28,872.6
Lending to credit institutions	-	1,784.8	-	1,784.8	1,784.8
Lending	-	311,928.3	-	311,928.3	314,055.2
Bonds and other interest-bearing securities	309.5	1,196.7	-	1,506.2	1,505.9
Other assets	-	682.3	-	682.3	682.3
Total	309.5	370,680.3	-	370,989.8	373,118.0
Financial liabilities					
Liabilities to credit institutions	-	1,487.4	-	1,487.4	1,487.5
Securities issued	-	360,816.0	-	360,816.0	361,041.7
Change in value of interest-hedged items in portfolio hedging	-	2,886.3	-	2,886.3	2,886.3
Other liabilities	-	14,801.8	-	14,801.8	14,800.2
Total	-	379,991.5	-	379,991.5	380,215.7

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.

FINANCIAL STATEMENTS

Note 29, continued

	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)	-2.1	1,137.8	-1,105.7	30.0
Loans raised/Issues	-	-	-	-
Maturing during the year	-	-	4,308.5	4,308.5
Closing balance, 31 Dec 2023	0.4	-288.8	-1,208.2	-1,496.7
Gains and losses recognised in the income statement (net result of financial transactions) for assets included in the closing balance as per 31 Dec 2023	0.6	-9.9	-163.6	-172.9
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	-	-	-	-
Maturing during the year	-	-	-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 funding combination behaves as a funding combination in level 2, the changes in value in level 3 are analysed in the same manner as in level 2.

Note 30 Information on financial assets and liabilities subject to netting

Group

Kommuninvest nets assets and liabilities in the balance sheet where there is a legal right to do so and the intention is to settle the items net, which occurs for Kommuninvest's derivative assets and liabilities towards central counterparties for clearing.

Kommuninvest's derivatives are what are known as OTC derivatives, that is, they are not traded on an exchange but are issued under ISDA (International Swaps and Derivatives Association) Master agreements. In addition to the ISDA-agreement, a supplementary CSA (Credit Support Annex) has been signed with a considerable portion of the counterparties. CSA-agreements regulate the right to secure collateral to eliminate the exposure.

For non-cleared derivatives carried out under ISDA Master agreements, all payment flows with a particular counterparty that mature on the same date are, to the greatest extent possible, netted in each currency to a net amount to be paid by one counterparty to another. For specific events, such as past-due payment, bankruptcy, etc. all transactions are concluded with that counterparty, as assessment is conducted and a net settlement is made.

ISDA Master agreements do not meet the criteria for netting in the balance sheet, since the legal right of netting only applies for a stated type of suspension of payments, insolvency or bankruptcy.

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 - security	Provided (+)/ Received (-) cash collateral	
Assets							
Derivatives	20,450.4	-12,627.6	7,822.8	-1,186.4	-119.0	-5,583.0	934.4
Repos	-	-	-	-	-	-	-
Liabilities							
Derivatives	-22,175.2	16,213.9	-5,961.3	1,186.4	-	4,761.8	-13.2
Repos	-821.1	-	-821.1	-	821.1	-	-
Total	-2,546.0	3,586.3	1,040.3	-	-702.1	-821.2	921.2

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 - security	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 derivative liabilities includes cash collateral of SEK 3,586.3 (9,595.3) million.

Note 31 Events after the balance sheet date

No significant events have occurred after the end of the period.

Five-year summary – Group

Key ratios 2019-2023, SEK, million	2023	2022	2021	2020	2019
Equity					
Core Tier I capital ratio (%)	359.5	459.6	403.7	357.4	128.2
Tier I capital ratio (%)	359.5	459.6	403.7	357.4	128.2
Total capital ratio (%)	359.5	459.6	403.7	357.4	128.2
Leverage ratio (%)	20.32	14.26	15.37	12.30	12.36
Net profit	2023	2022	2021	2020	2019
Operating income	696.8	404.7	411.0	433.6	538.0
Operating expenses, excluding the resolution fee/risk tax, as % of lending	0.053	0.050	0.054	0.054	0.058
Operating expenses, excluding the resolution fee/risk tax, as % of balance sheet total	0.047	0.043	0.048	0.045	0.050
Return on assets (%)	0.074	-0.010	0.088	0.038	0.075
Cost/income ratio	0.266	0.350	0.394	0.367	0.321
Other information	2023	2022	2021	2020	2019
Number of employees at the end of the year (excl. part-time employees)	110	101	103	97	93
Income statement 1 January – 31 December, SEK, million	2023	2022	2021	2020	2019
Net interest income	991.6	665.9	680.8	697.5	811.0
Commission expenses	-13.1	-11.7	-11.4	-12.7	-11.3
Net result of financial transactions	47.6	-208.8	47.6	-247.7	-201.5
Other operating income	14.9	12.0	10.4	10.8	9.0
Total operating income	1,041.0	457.4	727.4	447.9	607.2
Total expenses	-267.8	-237.2	-272.5	-259.6	-263.1
Net profit before credit losses	773.2	220.2	454.9	188.3	344.1
Net credit losses	2.8	-5.9	6.3	11.1	12.6
Fees imposed: Risk tax and resolution fee	-343.0	-282.3	-	-	-
Operating profit	433.0	-68.0	461.2	199.4	356.7
Tax	-13.8	13.9	-0.1	2.3	-2.9
Net profit	419.2	-54.1	461.1	201.7	353.8
Balance sheet summary as of 31 December, SEK million	2023	2022	2021	2020	2019
Cash and balances with central bank	4,722.7	26,217.2	7,672.5	18,931.2	811.1
Sovereign bonds eligible as collateral	31,481.4	30,689.7	30,724.1	28,035.2	17,686.3
Lending to credit institutions	428.4	1,784.8	1,349.8	1,699.9	21,935.7
Lending	508,802.2	470,675.9	460,650.3	445,788.8	408,218.1
Change in value of interest-hedged item in portfolio hedging	-	-	-	33.9	-
Bonds and other interest-bearing securities	9,916.4	6,752.3	15,529.8	13,822.9	7,722.6
Derivatives	7,822.8	16,353.0	5,729.3	2,429.4	11,967.0
Other assets	5,746.8	792.0	2,606.8	16,636.9	2,980.5
Total assets	568,920.7	553,264.9	524,262.6	527,378.2	471,321.3
Liabilities to credit institutions	821.1	1,487.5	277.7	947.0	4,027.7
Securities issued	543,532.3	520,777.0	506,080.1	498,305.9	446,763.0
Derivatives	5,961.3	2,834.2	3,851.4	18,977.6	3,484.5
Change in value of interest-hedged item in portfolio hedging	987.2	2,886.3	381.8	-	0.7
Other liabilities	6,110.1	15,092.8	3,565.6	155.2	8,050.6
Subordinated liabilities	-	-	-	-	1,000.1
Total liabilities and provisions	557,412.0	543,077.8	514,156.6	518,385.7	463,326.6
Equity	11,508.7	10,187.1	10,106.0	8,992.5	7,994.7
Total liabilities, provisions and equity	568,920.7	553,264.9	524,262.6	527,378.2	471,321.3

Alternative performance measurements – Group

In this annual report, the Kommuninvest Cooperative Society has chosen to present a number of alternative key ratios 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		2023	2022
Operating income	Operating profit reduced with the result of unrealised market value changes that are included in the income statement item Net profit from financial transactions, expected credit losses and risk tax. The key ratio is of interest in showing Kommuninvest's underlying earning capacity.	Reconciliation		
		Operating profit	433.0	-68.0
		Result of unrealised changes in market value	-59.3	209.5
		Net credit losses	-2.8	5.9
		Risk tax	325.9	257.3
		Operating income	696.8	404.7
Leverage ratio including lending to members and their companies	Kommuninvest's Tier I capital divided by the gross exposure amount excluding exposures in the form of Kommuninvest's lending to members and their companies. The key ratio is relevant in showing that Kommuninvest meets, by a good margin, the Swedish Financial Supervisory Authority's (Finansinspektionen) leverage ratio requirement and Pillar II guidance, which for the Group amounts to 1.0 percent.	Total exposure according to current regulations	53,345.0	69,628.4
		Exposure in the form of lending to members and their companies	509,117.1	470,950.4
		Total exposure including lending to members and their companies	562,462.1	540,578.8
		Tier I capital, calculated applying transitional rules	10,837.9	9,928.4
		Leverage ratio including lending to members and their companies	1.93%	1.84%
Operating expenses, excluding the resolution fee/stability fee, as % of lending	Operating expenses over the financial year, excluding the resolution fee/risk tax in relation to the carrying value of lending on the closing date. A key ratio that is relevant in assessing the organisation's overall cost effectiveness in relation to lending, adjusted for the resolution fee/risk tax.	General administration expenses	-252.1	-221.2
		Depreciation	-9.8	-9.8
		Other operating expenses	-5.9	-6.2
		Total operating expenses	-267.8	-237.2
		Resolution fee/risk tax	-	-
		Total operating expenses excluding resolution fee/risk tax	-267.8	-237.2
		Lending as per the closing date	508,802.2	470,675.9
		Operating expenses, excluding the resolution fee/risk tax, as % of lending	0.053	0.050
		General administration expenses	-252.1	-221.2
		Depreciation	-9.8	-9.8
		Other operating expenses	-5.9	-6.2
		Total operating expenses	-267.8	-237.2
		Resolution fee/risk tax	-	-
		Total operating expenses excluding resolution fee/risk tax	-267.8	-237.2
		Balance sheet total as per the closing date	568,920.7	553,264.9
		Operating expenses, excluding the resolution fee/risk tax, as % of balance sheet total	0.047	0.043
		Net profit	419.2	-54.1
		Total assets	568,920.7	553,264.9
		Return on assets (%)	0.074	-0.010
		Total expenses	-267.8	-237.2
		Net interest income	991.6	665.9
		Other operating income	14.9	12.0
		Total net interest income and other operating income	1,006.5	677.9
		Cost/income ratio	0.266	0.350
Return on assets (%)	Net profit in relation to total assets, expressed as a percentage. Key ratios presented in accordance with FFFS 2008:25 Chapter 6, Section 2a.			
Cost/income ratio	Total operating expenses in relation to net interest income and other operating income. An established key ratio in the banking sector for assessing the relationship between operating expenses and revenues.			

Signatures

The Board of Directors and the President certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as determined by the IASB and adopted by the EU and provide a true and fair view of the Group's financial position and earnings. The Parent Society's accounts have been prepared in accordance with generally accepted accounting principles in Sweden and provide a true and fair view of the Parent Society's financial position and earnings. The Board of Directors' Report for the Group and the Parent Society provides a true and fair description of the development of the Group and

Parent Society's operations, financial position and earnings, and addresses significant risks and uncertainties facing the Parent Society and the companies within the Group.

The Annual Report and consolidated financial statements were, as stated below, approved for publication by the Board of Directors on 14 February 2024. The consolidated income statement, statement of comprehensive income and balance sheet, as well as the Parent Company's income statement and balance sheet are subject to approval by the Annual General Meeting on 21 March 2024.

Stockholm

Linda Frohm
Chairman

Ulf Olsson
Vice Chairman

Ulla Andersson
Board Member

Lilly Bäcklund
Board Member

Britta Flinkfeldt
Board Member

Mohamad Hassan
Board Member

Ewa-May Karlsson
Board Member

Peter Kärnström
Board Member

Maria Liljedahl
Board Member

Hanne Lindqvist
Board Member

Anna Lipinska
Board Member

Niclas Nilsson
Board Member

Teddy Nilsson
Board Member

Jonas Ransgård
Board Member

Pierre Sjöström
Board Member

Katarina Ljungqvist
President and CEO

Our Audit Report was submitted on

KPMG AB

Tobias Lilja
Authorised Public Accountant

Audit Report

To the General Meeting of the Kommuninvest Cooperative Society, corporate identity number 716453-2074

Report on the annual and consolidated accounts

Opinions

We have audited the annual and consolidated accounts of the Kommuninvest Cooperative Society for 2023. The Society's annual and consolidated accounts are included on pages 23-98 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present, in all material respects, a fair portrayal of the financial position of the Parent Company as of 31 December 2023 and its financial performance and its cash flows for the year in accordance with the Annual Accounts Act.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present, in all material respects, a fair portrayal of the financial position of the Parent Company as of 31 December 2023 and its financial performance and its cash flows for the year in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the Annual General Meeting of the Society adopt the income statement and balance sheet for the Parent Society and for the Group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Society and the Group in accordance with generally accepted accounting practices in Sweden and have, in all other regards, fulfilled our ethical responsibilities under these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Information other than annual and consolidated accounts

This document also contains information other than the annual and consolidated and this is presented on pages 3-22 and 103-105. The Board of Directors and the President are responsible for this other information.

Our opinion regarding the annual and consolidated accounts does not include this information, and we make no statement of assurance regarding this other information.

In connection with our audit of the annual and consolidated accounts, it is our responsibility to read the information identified above and to consider whether the information is materially incompatible with the annual and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the President and CEO

The Board of Directors and the President are responsible for the preparation of the annual and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and the Annual Accounts Act for Credit Institutions and Securities Companies and, for the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the President are also responsible for such internal control as they determine is necessary to enable the preparation of annual and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the President are responsible for the assessment of the Society's and the Group's ability to continue operating. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. However, the assumption of continued operation is not applied if the Board of Directors and the President intend to liquidate the Society, cease operations, or have no realistic alternative but to do so.

Responsibility of the Auditor

Our objectives are to obtain reasonable assurance about whether the annual and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the Society’s internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the President.
- Conclude on the appropriateness of the Board of Directors’ and the President’s use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Society and the Group’s ability to continue its operations. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a Society and a Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the management, supervision and execution of the audit of the Group. We are solely responsible for our statements.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual and consolidated accounts, we have also audited the administration of the Board of Directors and the President of the Kommuninvest Cooperative Society for 2023 and the proposed appropriations of the Society’s profit or loss.

We recommend that the Annual General Meeting appropriate the Society’s profits in accordance with the proposal presented in the Board of Directors’ Report and that the Meeting discharge the Members of the Board of Directors and the President from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the Parent Society and the Group in accordance with generally accepted accounting practices in Sweden and have, in all other regards, fulfilled our ethical responsibilities under these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibility of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the Society’s profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Society’s and the Group’s type of operations, size and risks place on the size of the Society’s and the Group’s equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Society’s organisation and the administration of the Society’s affairs. This includes among other things continuous assessment of the Society’s and the Group’s financial situation and ensuring that the Society’s organisation is designed so that the accounting, management of assets and the Society’s financial affairs otherwise are controlled in a reassuring manner. The President is responsible for the ongoing management in accordance with the Board’s guidelines and instructions, including taking the measures necessary for the Society’s accounting to be completed in accordance with the law and for the management of funds being handled in a secure manner.

Auditor’s responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the President in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the Society, or
- in any other way acted in contravention of the Economic Associations Act, the Annual Accounts Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Society’s Articles of Association.

Our objective concerning the audit of the proposed appropriations of the Society's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Economic Associations Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Society, or that the proposed appropriations of the Society's profit or loss are not in accordance with the Economic Associations Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the Society's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgement with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Society's situation.

We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As the basis for our opinion on the Board of Directors' proposal regarding the appropriation of the Society's profit or loss, we have considered whether or not the proposal is consistent with the Economic Associations Act.

Stockholm

KPMG AB

Tobias Lilja
Authorised Public Accountant

Review Report for 2023

We the lay auditors, appointed by the Annual General Meeting of the Kommuninvest Cooperative Society, have examined the operations of the Kommuninvest Cooperative Society in 2023.

The Board of Directors is responsible for the operation being conducted in accordance with the Articles of Association of the Society as well as the regulations pertaining to the operations. The responsibility of the lay auditors is to examine the operation and control and assess if the operation has been conducted in accordance with the mandate of the Annual General Meeting of the Society.

The review was conducted in accordance with the Economic Associations Act, the Articles of Association of the Society and the rules of procedure for the lay auditors adopted by the

Annual General Meeting of the Society. By reviewing documents/basis for decisions, protocols/information and by discussion with Management, the Board of Directors of the Society and the authorised auditors, the audit has been made with the focus and scope necessary to give a reasonable basis for opinion and assessment.

It is our opinion that the Society's operations have been carried out in a purposeful and financially satisfactory manner, that the operations have been conducted in accordance with the principles of local government law and the principles of local government operations in corporate formats, and that the Society's internal control has been sufficient.

Örebro

Ambjörn Hardenstedt

Anki Svensson

Members of the Kommuninvest Cooperative Society

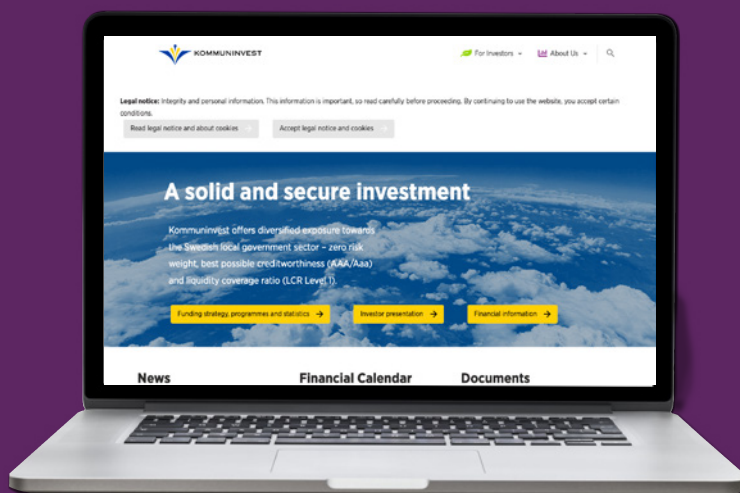
Name of member	Member No.	Member year	Name of member	Member No.	Member year
Municipality of Gävle	1	1993	Municipality of Katrineholm	50	1994
Municipality of Umeå	2	1993	Municipality of Vadstena	51	1994
City of Trollhättan	3	1993	Municipality of Pajala	52	1994
Municipality of Lindesberg	4	1993	Municipality of Piteå	53	1994
Municipality of Uddevalla	5	1993	Municipality of Kristianstad	54	1994
Municipality of Vänersborg	6	1993	Municipality of Berg	55	1995
Municipality of Sandviken	7	1993	Municipality of Vårgårda	56	1995
Municipality of Varberg	8	1993	Municipality of Ödeshög	57	1995
Municipality of Mjölby	9	1996	Municipality of Orsa	58	1995
Region Örebro County	10	1993	Municipality of Svedala	59	1995
Municipality of Örebro	11	1993	Municipality of Lomma	60	1995
Municipality of Kumla	12	1993	Municipality of Lekeberg	61	1995
Municipality of Laxå	13	1993	Municipality of Kungsör	62	1995
Municipality of Ljusnarsberg	14	1993	Municipality of Tjörn	63	1995
Municipality of Karlskoga	15	1993	Municipality of Staffanstorps	64	1995
Municipality of Hallsberg	16	1993	Municipality of Härryda	65	1995
Municipality of Degerfors	17	1993	Municipality of Grum	66	1995
Municipality of Askersund	18	1993	Municipality of Höganäs	67	1995
Municipality of Nora	19	1993	Municipality of Ängelholm	68	1995
Municipality of Hällefors	20	1993	Municipality of Flen	69	1995
Municipality of Härnösand	21	1993	Municipality of Essunga	70	1995
Municipality of Ale	22	1993	Municipality of Nordmaling	71	1995
Municipality of Norberg	23	1993	Municipality of Oskarshamn	72	1996
Municipality of Karlskrona	24	1993	Municipality of Båstad	73	1996
Municipality of Skellefteå	25	1994	Municipality of Storuman	74	1996
Municipality of Västervik	26	1994	Municipality of Älvdalen	75	1996
Municipality of Fagersta	27	1994	Municipality of Sunne	76	1995
Region Gotland	28	1994	Municipality of Hjo	77	1996
Municipality of Alingsås	29	1994	Municipality of Mönsterås	78	1996
Municipality of Smedjebacken	30	1994	Municipality of Malå	79	1997
Municipality of Boxholm	31	1994	Municipality of Högsby	80	1997
Municipality of Ockelbo	32	1994	Municipality of Torsby	81	1997
Municipality of Tanum	33	1994	Municipality of Lycksele	82	1997
Municipality of Borlänge	34	1994	Municipality of Bengtsfors	83	1997
Municipality of Strömsund	35	1994	Municipality of Åstorp	84	1997
Municipality of Kungsbacka	36	1994	Municipality of Simrishamn	85	1997
Municipality of Valdemarsvik	37	1994	Municipality of Vimmerby	86	1997
Municipality of Eda	38	1994	Municipality of Hultsfred	87	1997
Municipality of Gnosjö	39	1994	Municipality of Mörbylånga	88	1997
Municipality of Övertorneå	40	1994	Municipality of Arvika	89	1997
Municipality of Hedemora	41	1994	Municipality of Hammarö	90	1997
Municipality of Luleå	42	1994	Municipality of Karlshamn	91	1997
Municipality of Falun	43	1994	Municipality of Skara	92	1997
City of Landskrona	44	1994	Municipality of Sävsjö	93	1997
Municipality of Arboga	45	1994	Municipality of Skurup	94	1998
Municipality of Munkedal	46	1994	Municipality of Vindeln	95	1998
Municipality of Orust	47	1994	Municipality of Rättvik	96	1998
Municipality of Falkenberg	48	1994	Municipality of Mellerud	97	1998
Region Sörmland	49	1994	Municipality of Färgelanda	98	1998

MEMBERS OF THE KOMMUNINVEST COOPERATIVE SOCIETY

Name of member	Member No.	Member year	Name of member	Member No.	Member year
Municipality of Söderköping	99	1998	Municipality of Bollnäs	156	2004
Municipality of Vetlanda	100	1998	Municipality of Storfors	157	2004
Municipality of Herrljunga	101	1999	Municipality of Huddinge	158	2004
Municipality of Laholm	102	1999	Municipality of Häbo	159	2005
Region Gävleborg	103	1999	Municipality of Gällivare	160	2005
Municipality of Mark	104	1999	Region Uppsala	161	2005
Municipality of Leksand	105	1999	Municipality of Kramfors	162	2005
Municipality of Strömstad	106	1999	Municipality of Haparanda	163	2005
Municipality of Upplands-Bro	107	1999	Municipality of Krokoms	164	2005
Municipality of Alvesta	108	1999	Municipality of Arvidsjaur	165	2005
Municipality of Kalix	109	1999	Municipality of Mariestad	166	2005
Municipality of Bräcke	110	2000	Municipality of Åsele	167	2005
Municipality of Örkelljunga	111	2000	Municipality of Sollefteå	168	2005
Municipality of Götene	112	2000	Municipality of Örnsköldsvik	169	2005
Municipality of Ovanåker	113	2000	Municipality of Karlstad	170	2005
Municipality of Ydre	114	2001	Municipality of Surahammar	171	2005
Municipality of Bollebygd	115	2001	Municipality of Filipstad	172	2005
Municipality of Torsås	116	2001	Municipality of Motala	173	2005
Municipality of Habo	117	2001	Municipality of Jokkmokk	174	2005
Municipality of Gagnef	118	2001	Municipality of Hallstahammar	175	2006
Municipality of Sotenäs	119	2001	Municipality of Avesta	176	2006
Municipality of Köping	120	2001	Municipality of Trosa	177	2006
Municipality of Boden	121	2001	Municipality of Lilla Edet	178	2006
Municipality of Tranemo	122	2001	Municipality of Skinnskatteberg	179	2006
Municipality of Nässjö	123	2001	Municipality of Kiruna	180	2006
Municipality of Kinda	124	2001	Municipality of Finspång	181	2006
Municipality of Sigtuna	125	2002	Municipality of Lysekil	182	2006
Municipality of Karlsborg	126	2002	Municipality of Söderhamn	183	2006
Municipality of Robertsfors	127	2002	Municipality of Hudiksvall	184	2006
Municipality of Älvsbyn	128	2002	Region Norrbotten	185	2006
Municipality of Mora	129	2002	Municipality of Dorotea	186	2006
Municipality of Tranås	130	2002	Municipality of Nordanstig	187	2006
Municipality of Eksjö	131	2002	Municipality of Arjeplog	188	2006
Municipality of Heby	132	2002	Municipality of Botkyrka	189	2006
Municipality of Oxelösund	133	2003	Municipality of Nybro	190	2007
Municipality of Hanninge	134	2003	Municipality of Hagfors	191	2007
Municipality of Kungälv	135	2003	Municipality of Vännäs	192	2007
Municipality of Tomelilla	136	2003	Municipality of Bjurholm	193	2007
Municipality of Växjö	137	2003	Municipality of Eskilstuna	194	2007
Municipality of Trelleborg	138	2003	Municipality of Gnesta	195	2007
Municipality of Lessebo	139	2003	Municipality of Forshaga	196	2007
Municipality of Säter	140	2003	Municipality of Kalmar	197	2007
Municipality of Ånge	141	2003	Municipality of Sjöbo	198	2007
Region Västmanland	142	2003	Municipality of Stenungsund	199	2007
Municipality of Ljusdal	143	2003	Municipality of Strängnäs	200	2007
Municipality of Norsjö	144	2003	Municipality of Åre	201	2007
Municipality of Hofors	145	2003	Municipality of Ludvika	202	2007
Municipality of Överkalix	146	2004	Municipality of Lerum	203	2007
Municipality of Kil	147	2004	Municipality of Nykvarn	204	2007
Municipality of Härjedalen	148	2004	Municipality of Vilhelmina	205	2007
Region Värmland	149	2004	Municipality of Emmaboda	206	2007
Municipality of Eslöv	150	2004	Municipality of Vansbro	207	2007
Municipality of Mullsjö	151	2004	Municipality of Töreboda	208	2007
Municipality of Vingåker	152	2004	Municipality of Sölvesborg	209	2007
Municipality of Munkfors	153	2004	Municipality of Ragunda	210	2007
Municipality of Ystad	154	2004	Municipality of Osby	211	2008
Municipality of Säffle	155	2004	Municipality of Vaggeryd	212	2008

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Name of member	Member No.	Member year	Name of member	Member No.	Member year
Municipality of Timrå	213	2008	Municipality of Värnamo	270	2012
Municipality of Knivsta	214	2008	Municipality of Södertälje	271	2012
Municipality of Åtvidaberg	215	2008	City of Gothenburg	272	2012
Municipality of Uppvidinge	216	2008	Municipality of Skövde	273	2012
Municipality of Svenljunga	217	2008	City of Sundbyberg	274	2012
Municipality of Tingsryd	218	2008	Municipality of Uppsala	275	2013
Municipality of Jönköping	219	2008	Municipality of Tibro	276	2013
Municipality of Lund	220	2008	Municipality of Järfälla	277	2013
Municipality of Ulricehamn	221	2008	Municipality of Svalöv	278	2013
Municipality of Tierp	222	2008	Municipality of Klippan	279	2014
Municipality of Grästorp	223	2008	Municipality of Markaryd	280	2014
Municipality of Malung-Sälen	224	2009	Region Jämtland Härjedalen	281	2016
Municipality of Östra Göinge	225	2009	Municipality of Partille	282	2016
Municipality of Årjäng	226	2009	Region Kronoberg	283	2016
Municipality of Dals-Ed	227	2009	Municipality of Sollentuna	284	2016
City of Vaxholm	228	2009	Municipality of Kävlinge	285	2016
Municipality of Älvkarleby	229	2009	Region Västerbotten	286	2016
Municipality of Ljungby	230	2009	City of Mölndal	287	2017
Municipality of Hörby	231	2009	Municipality of Linköping	288	2017
Municipality of Älmhults	232	2009	Region Blekinge	289	2019
Municipality of Burlöv	233	2009	Municipality of Ekerö	290	2019
Municipality of Hässleholm	234	2009	Region Kalmar Län	291	2020
Municipality of Olofström	235	2009	Region Västra Götaland	292	2020
Municipality of Sala	236	2009	Municipality of Täby	293	2021
Municipality of Öckerö	237	2009	Municipality of Danderyd	294	2021
Municipality of Kristinehamn	238	2009	Region Västernorrland	295	2023
Municipality of Östhammar	239	2009			
Municipality of Bromölla	240	2009			
Municipality of Gullspångs	241	2009			
Municipality of Aneby	242	2009			
Municipality of Lidköping	243	2009			
Municipality of Bjuv	244	2009			
Municipality of Nynäshamn	245	2009			
Municipality of Norrköping	246	2009			
Municipality of Halmstad	247	2009			
Municipality of Ronneby	248	2009			
Municipality of Sorsele	249	2010			
Municipality of Falköping	250	2010			
Municipality of Upplands Väsby	251	2010			
Municipality of Hylte	252	2010			
Municipality of Borgholm	253	2010			
Municipality of Höör	254	2010			
Municipality of Vara	255	2010			
Municipality of Vallentuna	256	2010			
Municipality of Salem	257	2010			
Municipality of Tyresö	258	2010			
Municipality of Tidaholm	259	2010			
Municipality of Värmdö	260	2010			
Municipality of Norrtälje	261	2011			
Region Dalarna	262	2011			
City of Solna	263	2011			
Municipality of Perstorp	264	2011			
Municipality of Nyköping	265	2011			
Municipality of Gislaved	266	2011			
City of Borås	267	2011			
Municipality of Enköping	268	2012			
Municipality of Åmål	269	2012			



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