

KOMMUNINVEST INTERIM REPORT

2013

1 JANUARY–30 JUNE



ABOUT KOMMUNINVEST Kommuninvest is owned by Swedish municipalities and county councils with the purpose of supporting their financial operations through secure and cost-efficient financing, financing advice, skills development and cooperation. Kommuninvest's vision is to be the world's best organisation for local government financial administration.

www.kommuninvest.org

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

Company registration number:
556281-4409

Registered office: Örebro, Sweden
1 January – 30 June 2013

Comparative earnings figures relate to the same six month period last year (1 January–30 June 2012) unless otherwise indicated. Comparative balance sheet and risk related figures relate to 31 December 2012 unless otherwise indicated.



**KOMMUNINVEST
OF SWEDEN**
Local Government Debt Office

CEO's statement

Kommuninvest continues to be the first choice for most municipalities and county councils with regard to financing. During the first half of the year, Kommuninvest won nine out of ten procurement processes in which it participated. Our analyses show that more than half of the owners in the Kommuninvest Cooperative Society have more than 85 percent of their borrowing with Kommuninvest and more than 85 percent of the owners have more than half of their borrowing with Kommuninvest.

Of Sweden's 310 municipalities and county councils, 278 are now members and co-owners in the Kommuninvest Cooperative Society. As the number of potential new members decreases, it is natural that growth in lending becomes more normalised. Over the first six months of the year, lending increased by 4 percent, compared with 12 percent in the first half of 2012. As an effect of new financial regulations, we are also seeing how different players are adjusting their focus and the competitive situation is changing. The municipal sector's own activities in the capital market are increasing, partly as an effect of the bank sector's lending via its own balance sheets decreasing.

The first half of the year was pervaded by favourable borrowing conditions for Kommuninvest. We have strengthened our presence in both the international and domestic benchmark markets, including through a widely noted issue in USD in April. With USD 2.35 billion issued, this was the largest ever issue by a Nordic public institution. Kommuninvest has also had strongly increased borrowing in floating rate notes (FRNs) in light of investors' increased demand for such investment alternatives.

Through the decisions made at the Annual General Meeting of the owner association in April, accumulated profits in Kommuninvest were, for the second consecutive year, transferred to owners in the form of a refund on business volumes and interest on capital contributions. This was followed by a strengthening of the capital in both the owner association and Kommuninvest. This is a basic condition for Kommuninvest being able to meet the new leverage ratio requirement, to be introduced effective from 2018.

Kommuninvest's earnings for the first six months reflect the owners' directive of long-term



Tomas Werngren, President and CEO.

capital build-up to meet future requirements. The objective is for equity in relation to the balance sheet total to amount to at least 1.5 percent by the close of 2017. If the leverage ratio requirement is set at a higher level than we today expect, additional capital measures will be required.

During the spring, the member states of the EU and the European Parliament reached a consensus regarding the leverage ratio. For Kommuninvest, it is positive that the leverage ratio will de facto be risk differentiated, although it will not be until 2016 that the levels to apply for different credit institutions will be set.

The decision by the general meeting of the owners regarding a new vision for Kommuninvest – to be the world's best organisation for local government financial administration – signals clearly that change and development within Kommuninvest are to continue and that we, as an organisation, shall be focused on delivering value to our owners, customers and other stakeholders.

This is a vision that both inspires and imposes obligations.

Tomas Werngren
President and CEO

Interim report 2013

Ownership situation

The Kommuninvest Cooperative Society owns 100 percent of the shares in the credit market company Kommuninvest i Sverige AB (“Kommuninvest” or “the Company”), in which all business activities within the group are conducted.

On 30 June 2013, the Kommuninvest Cooperative Society (“the Society”) had 278 members, of whom 270 were municipalities and 8 were county councils. Consequently, 90 percent of Sweden’s municipalities and county councils were, indirectly, Kommuninvest co-owners. New members during the first half of 2013 were the municipalities of Uppsala, Tibro, Järfälla and Svalöv.

All members of the Society provide an explicit guarantee, in the form of a joint and several guarantee, for the commitments entered into by Kommuninvest.

Kommuninvest’s lending

For the first half of 2013, Kommuninvest’s lending grew by 4 (12) percent to SEK 209.6 (201.0) billion. The increased lending volumes are mainly explained by increased lending to municipal corporations.

The competitive situation has intensified. This applies in particular to municipal borrowers with proprietary access to the capital market. Competition from the bank sector has also increased.

Of total lending, municipalities and county councils accounted for 41 (45) percent and municipal corporations for 59 (55) percent. Municipal housing companies accounted for 32 (31) percent of total lending.

Of the agreed lending for the period, that is, new loans and renegotiations of existing loans, 75 (58) percent were loans with capital tied up for more than one year and 25 (42) percent with capital tied up for less than or equal to one year. Loans with capital tied up for one to three years accounted for 38 (30) percent of volumes. At the close of the period, the average period for which capital was tied up in Kommuninvest’s lending portfolio was 2.0 (1.9) years.

Kommuninvest’s borrowing

Kommuninvest’s lending is financed by means of short-term and long-term borrowing programmes on national and international capital

markets. The funding strategy is based on diversified funding sources, in terms of funding markets, investor categories, funding currencies and borrowing products. All borrowings are swapped into floating interest rate in SEK, EUR or USD.

The demand for stable issuers with a clear low-risk profile remained good throughout the period and Kommuninvest was able to fulfil its borrowing requirements on favourable terms, both for short-term and long-term maturities.

In total, SEK 56.8 billion was raised in long-term debt instruments during the first six months 2013, compared with SEK 64 billion in the first six months of 2012. A total of SEK 58.6 (25) billion in long-term borrowings matured during the same period. Considerable volumes of early redemptions occurred in Kommuninvest’s Japanese borrowing as an effect of rising stock market prices caused primarily by monetary policy stimuli. The early redemptions were balanced by increased borrowing through Kommuninvest’s ECP programme and a number of larger floating rate notes issues (FRNs).

April’s benchmark borrowing of USD 2.35 billion was the largest individual borrowing to date by a Nordic SSA issuer¹. During the period, a further SEK 20.1 billion was borrowed through Kommuninvest’s Swedish benchmark programme – in total, SEK 74.0 billion was outstanding on 30 June. As a consequence of good demand and favourable terms, several FRNs were concluded in USD.

The average maturity of Kommuninvest’s capital market funding, provided that cancellable borrowings are extended until maturity, was 3.1 years on 30 June 2013, compared with 2.9 years on 30 June 2012. If the earliest possible cancellation date is applied in the calculation, the average maturity was 2.6 years, compared with 2.0 years on 30 June 2012.

Rating

Kommuninvest has the highest possible credit rating from two credit rating agencies – since 2002 from Moody’s (Aaa) and since 2006 from Standard & Poor’s (AAA). Both Moody’s and Standard & Poor’s confirmed in their June 2013 rating reports Kommuninvest’s rating, both with stable outlook.

¹ On international debt capital markets, Kommuninvest issues in the category “Sovereigns, Supranationals and Agencies”.

According to the rating agencies, the ratings reflect the joint and several guarantee provided by the Society's members, Kommuninvest's good asset quality and solid liquidity reserve, adequate capitalisation and conservative risk mandate, the focus of the lending portfolio on the municipal sector financing, and the high market share.

Leverage ratio

Effective from 1 January 2018 the new capital adequacy measure leverage ratio is to be introduced within the EU on the condition that the Council of the European Union (the EU Council) and the European Parliament agree on this following the report to be presented by the European Commission by 31 December 2016 at the latest. Leverage ratio expresses the relation between a credit institution's capital base and its total assets. The levels have yet to be determined, but are, according to an announcement by the EU Council, to be differentiated depending on the business models of the credit institutions. Kommuninvest's planning is based on a leverage ratio requirement of 1.5 percent.

The Society's ownership directive prescribes a long-term build-up of capital to meet the expected future requirements. In addition to an on-going build-up of capital through earnings, in 2010, a subordinated loan of SEK 1 billion was issued to the members of the Kommuninvest Cooperative Society. The issue was oversubscribed and all members participated. Work is under way to enable additional alternatives for capital contributions if the final leverage ratio level were to significantly exceed 1.5 percent for Kommuninvest. This work, which may require changes in the Articles of Association of the Society, is expected to be complete in good time prior to 2018.

On 30 June 2013, Kommuninvest's capitalisation (capital base in relation to the balance sheet total) amounted to 0.90 (0.61) percent. The adjusted capitalisation (capital base adjusted for calculated but yet to be determined capital reinforcement for 2013 earnings) amounted to 1.03 (0.93) percent.

Financial account

Comparative earnings figures relate to the preceding six month period (1 January–30 June 2012) unless otherwise indicated. Comparative

balance sheet and risk related figures relate to 31 December 2012 unless otherwise indicated.

Results

The operating profit (profit before appropriations and taxes) amounted to SEK 329.6 (288.4) million. The operating profit includes unrealised changes in market value of a negative SEK 34.6 (pos. 77.6) million. Operating profit excluding the effect of market value changes was SEK 364.2 (210.8) million. The profit after appropriations and taxes amounted to SEK 256.9 (214.5) million.

Total operating income rose by 10 percent to SEK 455.7 (414.9) million. Operating income includes net interest income, commission expenses, net result of financial transactions and other operating income.

Net interest income increased by 38 percent to SEK 483.7 (349.6) million. The increase is attributable to increased lending and to loans being provided at new, higher margins in accordance with the ownership directive.

The net result of financial transactions for the period was a negative SEK 24.6 (pos. 65.4) million. The result was primarily affected by unrealised changes in market value recognised in the income statement amounting to a negative SEK 34.6 (pos. 77.6) million, but also by the buy-back of own bonds and the sale of financial instruments which contributed SEK 9.8 (neg. 12.5) million to the figure.

During the period, Kommuninvest has transferred SEK 0.6 (25.2) million in losses from other comprehensive income to income for the period in connection with the sale of financial instruments. The profit from the buyback of the Company's own bonds amounted to SEK 2.1 (1.7) million.

Costs amounted to SEK 126.1 (126.5) million, including the stability fee of SEK 57.6 (52.2) million. The increase in the stability fee, which is calculated based on the size of the balance sheet, is attributable to the continued lending growth. The stability fee accounted for 46 (41) percent of Kommuninvest's total costs for the period. Excluding the stability fee, costs amounted to SEK 68.5 (74.3) million. The decrease is explained in its entirety by rating costs related to borrowing now being booked as interest expenses and by certain costs that previ-

ously burdened Kommuninvest now burdening the Kommuninvest Cooperative Society.

The growth in lending, combined with major changes in the regulatory systems and development of Kommuninvest's national and international borrowing programmes, place more stringent demands on operations, generally leading to higher costs. In parallel, projects and activities are in place to streamline the operations, contributing to lower costs over time. Costs can be expected to increase during the second half of 2013, as larger planned projects are started.

Financial position

The balance sheet total rose to SEK 288.5 (283.3) billion at the end of the period, due to increased lending and borrowing. No material events have occurred after the balance sheet date.

Borrowing

Borrowing amounted to SEK 274.9 (262.9) billion at the end of the period. Most of Kommuninvest's borrowing takes place in the form of issued bonds (for terms of over 1 year) and commercial paper programmes (for terms of less than 1 year). A smaller part of the borrowing takes place as direct loan financing (bilateral loan agreements with supranational institutions). Kommuninvest acts over terms of between 1 day and 30 years and focuses primarily on financial instruments with fixed or floating interest.

Lending

At the end of the period, Kommuninvest's lending amounted to SEK 209.6 (201.0) billion. In nominal terms, lending was SEK 207.6 (197.9) billion, an increase of 5 percent compared with 31 December 2012. The increase in Kommuninvest's lending volumes is explained by generally

increased borrowing in the local government sector, that Kommuninvest is gradually increasing its share of customers' financing and growth in the number of members of the Kommuninvest Cooperative Society.

Kommuninvest's share of its members' borrowing at the end of the half-year period is estimated at 59 (59) percent and of the sector as a whole at 45 (46) percent.

Liquidity reserve management

At the end of the period, Kommuninvest's liquidity reserve amounted to SEK 68.1 (71.1) billion, corresponding to 32 (35) percent of the lending volume. According to Kommuninvest's guidelines, the liquidity reserve should amount to between 20 and 40 percent of the lending volume.

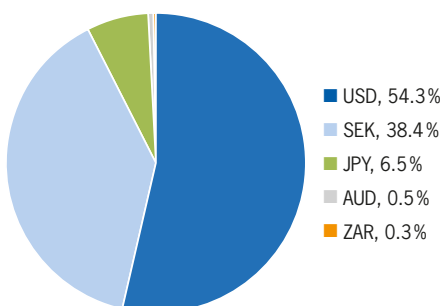
Most of the investments are in securities issued by the Swedish State, state-guaranteed financial institutions within the OECD and banks in the Nordic region. A considerable proportion of the investments are made in assets that can be pledged with the Swedish central bank (the Riksbank) and the European central bank (ECB). Investments may only be made with counterparties with a credit rating of at least A2 from Moody's and/or A from Standard & Poor's. Investments may also be made in securities issued by Swedish municipalities and county councils.

At the end of the period, Kommuninvest had no direct exposure to Greece, Ireland, Italy, Portugal or Spain.

Derivatives

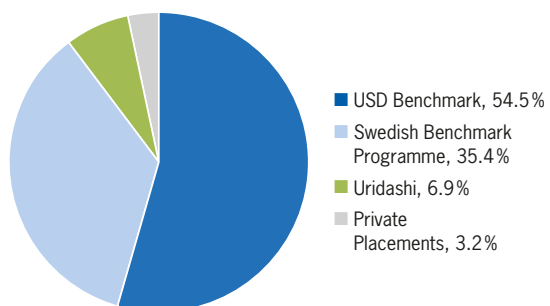
Derivative contracts are used as risk management instruments to address market risks in operations. Any changes in the market value of the derivatives contracts are offset by changes in the market value of the borrowing and lending

1 Borrowing per currency, 1 January–30 June 2013
(excl. commercial paper borrowing)



Source: Kommuninvest

2 Borrowing per programme, 1 January–30 June 2013
(excl. commercial paper borrowing)



Source: Kommuninvest

portfolios. Derivatives with positive and negative market value amounted to SEK 10.7 (11.1) billion and SEK 10.4 (17.5) billion, respectively.

Subordinated liabilities

Subordinated liabilities consist of a perpetual debenture loan from the Kommuninvest Cooperative Society. The loan, including accrued interest, amounts to SEK 1,000.2 (1,000.3) million.

Equity – surplus distribution through refunds and interest on capital contributions

In accordance with the ownership directives from the Society, capital is being built up within Kommuninvest through profit accumulation. To render visible the Company’s results for the ultimate owners, that is, the members of the Society, the Society has, effective from the 2011 financial year begun distribute surpluses.

The decisions regarding the distribution of surpluses is made at the Annual General Meeting of the Society. This distribution of surpluses takes place by means of Group contributions from the Company to the Society, which, after deductions to cover the Society’s costs, are further distributed to the members of the Society in the form of refunds on business volumes and interest on capital contributions. The distribution of surpluses is not associated with any conditions for the members, nor with any obligation to repay or to pay in new capital contributions. At the 2013 Annual General Meeting of the Society, a decision was made to distribute SEK 778.5 (276.0) million in surpluses. Payment of surpluses was made during the month of May.

The Annual General Meeting of the Society also makes decisions regarding whether members are to pay in new capital contributions. Capital contributed to the Kommuninvest Coopera-

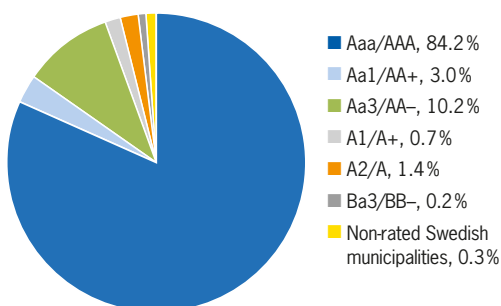
tive Society may be used to strengthen the capital base in Kommuninvest. At the Board meeting of the Society following its 2013 Annual General Meeting, a decision was made regarding the payment of SEK 768.0 (276.0) million in new capital contributions.

Members’ payments of capital contributions took place in June and amounted to SEK 768.0 million. All members elected to participate. At the end of the period, SEK 768.0 million was booked as new share capital (new issue in progress) in Kommuninvest i Sverige AB.

Equity

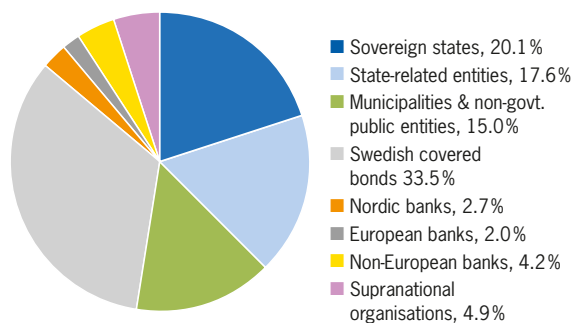
At the end of the period, equity amounted to SEK 1,972.0 (952.7) million. In addition to the result for the period and the payment of capital contributions relating to the surplus distribution for 2012, equity was impacted by changes in market values for assets classified as “financial assets available for sale” (see Statement of changes in equity on page 12).

3 Liquidity reserve distributed by rating category, 30 June 2013



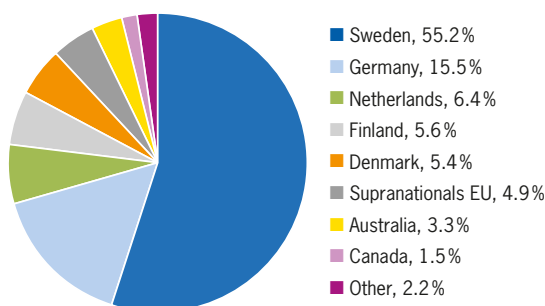
Source: Kommuninvest

4 Liquidity reserve distributed by issuer category, 30 June 2013



Source: Kommuninvest

5 Liquidity reserve distributed by issuer domicile, 30 June 2013



Source: Kommuninvest

Share capital

Due to the authorisation given to the Board of Directors by the Annual General Meeting, share capital has increased over the period by SEK 20.0 (316.0) million through the issue of new shares and by SEK 768.0 (20.0) million through new share issues in progress. The surplus distribution relating to the results for 2012 forms part of the new share issue in progress in the amount of SEK 768.0 million. As per 31 December 2012, the surplus distribution relating to the results for 2011 forms part of new share issues in the amount of SEK 276.0 million. The remaining share issues are attributable to capital contributions from new members of the Kommuninvest Cooperative Society and to additional contributions from the Society.

At the end of the period, the share capital amounted to SEK 628.4 (608.4) million, distributed over 6,283,850 (6,083,850) shares. The new share issue in progress amounted to SEK 768.0 (20.0) million, distributed over 7,680,000 (200,000) shares.

Credit losses

Credit losses totalled SEK 0 (0) million.

Capital adequacy

The capital adequacy quota (capital base in relation to capital requirement) amounted to 6.58 (3.80 on 31 December 2012). The statutory minimum level is 1.0. The capital adequacy ratio (capital base in relation to risk-weighted assets) amounted to 52.68 percent (30.38 percent on 31 December 2012).

Employees and the environment

During the period, the number of employees increased by five to 70 people. The average number of employees during the period was 65. Kommuninvest does not conduct any operations requiring a licence under Sweden's Environmental Code. Kommuninvest has an environmental policy adopted by the Board of Directors.

Risks and uncertainty factors

In its business, Kommuninvest encounters a number of risks and uncertainty factors which may have an adverse impact on the Company's profit, financial position, future prospects or opportunities to attain set targets.

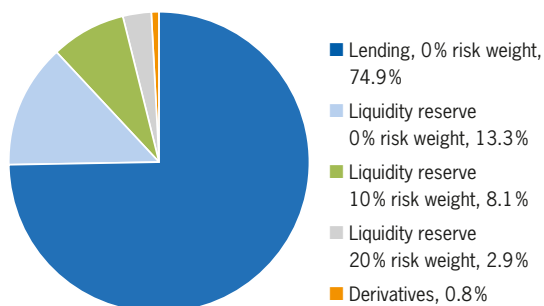
The general development in the capital market, including interest rate development and the liquidity situation, along with the willingness to invest in various markets, may affect Kommuninvest. If Kommuninvest is unable to recruit and retain qualified employees, this may restrict Kommuninvest's competitiveness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

Risk management

Kommuninvest's operations serve solely to support the financial activities of the local government sector, distinguishing it in several key regards from other financial market players:

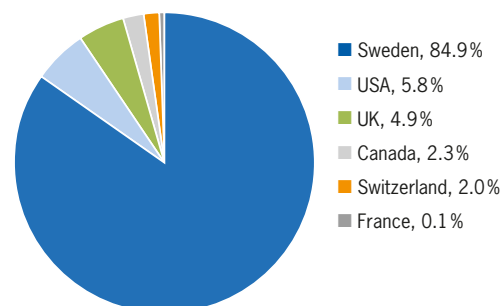
- Lending is provided exclusively to Swedish municipalities, municipal corporations, county councils or borrowers guaranteed by local government authorities and loans therefore carry a zero risk weight in a capital adequacy perspective.
- The members of the Kommuninvest Cooperative Society, Kommuninvest's owner, are also

6 Credit risk exposure, 30 June 2013



Source: Kommuninvest

7 Net exposure on derivatives counterparties distributed by exposure countries, 30 June 2013



Source: Kommuninvest

the Company's customers and are party to a joint and several guarantee supporting all of the Company's obligations.

- Kommuninvest conducts no deposit or active trading operations.
- Kommuninvest has an adequate capital situation.

At the end of the period, Kommuninvest's total credit risk exposure amounted to SEK 282.7 (267.5) billion. Of the exposure, 75 (74) percent was related to lending to Swedish municipalities and county councils; 24 (26) percent was related to investments in securities issued by sovereign states or other issuers, and 1 (0) percent was related to exposure to derivatives counterparties.

In order to ensure good liquidity, Kommuninvest's liquidity reserve is primarily held in sovereign securities, with a concentration to Sweden and northern Europe. The composition of the liquidity reserve as of 30 June 2013 is presented in graphs on page 7.

Counterparty risk is limited by entering into contracts with counterparties with high creditworthiness. New counterparties are required to have a credit rating of at least A2 from Moody's and/or A from Standard & Poor's, as well as established ISDA and CSA agreements (Credit Support Annex).

ISDA agreements, conveying the right to prior redemption if the creditworthiness of the counterparty worsens, are established with all derivatives counterparties. See also note 2.

CSA agreements cover a considerable portion of the counterparty risks. CSA agreements regulate the right to secure collateral to eliminate the exposure arising through derivative

transactions. As of 30 June 2013, CSA agreements had been established with 18 out of 29 counterparties with whom Kommuninvest has outstanding contracts. Of the credit risk exposure related to derivatives counterparties, 80 percent was covered by CSA agreements.

On 30 June 2013, counterparty exposure to derivatives counterparties amounted to SEK 2.1 (0.5) billion after netting. On that date, 31 (31) percent of that exposure was distributed among counterparties with a credit rating of at least Aa3 from Moody's and/or AA from Standard & Poor's.

A more detailed description of Kommuninvest's risk management is found in the Company's latest Annual Report on pages 20–25. No material change in the risk situation, as compared with the description in the Annual Report, has occurred during the reporting period.

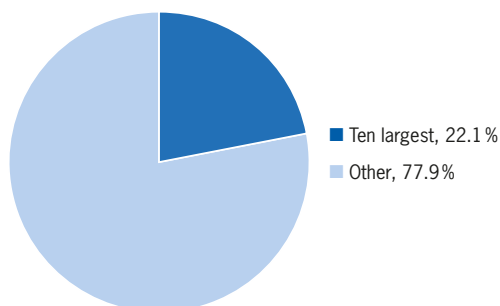
Board of Directors

At the Annual General Meeting on 18 April 2013, Ellen Bramness Arvidsson was elected as Chairman of the Board. The other Board members are Lorentz Andersson, Kurt Eliasson, Anna von Knorring, Catharina Lagerstam, Johan Törngren, Anna Sandborgh and Anders Pelander (employee representative).

Management

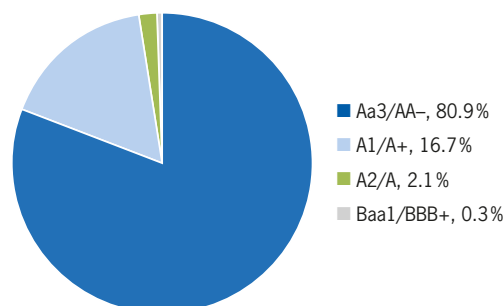
Over the first six months of 2013, Kommuninvest's executive management team consisted of Tomas Werngren (President and CEO), Maria Viimne (Deputy CEO), Johanna Larsson (CFO), Michael Jansson (Head of Human Resources), Britt Kerkenberg (Head of Risk and Analysis, CRO) and Hans Wäljamets (COO).

8 Credit concentration – distribution of lending
30 June 2013



Source: Kommuninvest

9 Derivative receivables distributed by rating category, 30 June 2013



Source: Kommuninvest

Income statement

SEK million	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
Interest revenues	2,262.7	3,122.1	6,046.2
Interest expenses	-1,779.0	-2,772.5	-5,274.5
NET INTEREST INCOME	483.7	349.6	771.7
Commission expenses	-3.4	-4.7	-8.5
Net result of financial transactions	-24.6	65.4	-267.1
Other operating income	0.0	4.6	4.6
TOTAL OPERATING INCOME	455.7	414.9	500.7
General administration expenses	-123.8	-123.1	-244.0
Depreciation of tangible fixed assets	-1.1	-1.3	-2.7
Other operating expenses	-1.2	-2.1	-5.0
TOTAL EXPENSES	-126.1	-126.5	-251.7
OPERATING PROFIT	329.6	288.4	249.1
Appropriations	-	3.4	204.0
Tax expense	-72.7	-77.3	-132.5
NET PROFIT	256.9	214.5	320.6

Statement of comprehensive income

SEK million	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
NET PROFIT	256.9	214.5	320.6
Other comprehensive income			
Items that may subsequently be reclassified to the income statement			
Available-for-sale financial assets	-7.9	95.7	125.3
Available-for-sale financial assets, transferred to the income statement	0.6	25.2	24.4
Loans and receivables	-	-1.2	-1.2
Tax attributable to items that may subsequently be reclassified to the income statement	1.7	-31.5	-37.9
OTHER COMPREHENSIVE INCOME	-5.6	88.2	110.6
TOTAL COMPREHENSIVE INCOME	251.3	302.7	431.2

Balance sheet

SEK million	30 Jun 2013	30 Jun 2012	31 Dec 2012
ASSETS			
Sovereign bonds eligible as collateral	15,455.3	13,182.1	11,160.8
Lending to credit institutions	7,970.1	10,323.1	15,618.6
Lending	209,628.8	187,895.8	200,950.7
Bonds and other interest-bearing securities	44,580.4	42,399.8	44,293.7
Shares and participations	1.9	1.5	1.7
Shares and participations in associated companies	0.5	0.5	0.5
Shares in subsidiaries	32.0	32.0	32.0
Derivatives	10,652.5	15,107.2	11,057.4
Tangible assets	4.9	6.7	5.6
Current tax assets	41.8	65.2	79.0
Other assets	76.0	16.9	14.1
Deferred tax assets	65.9	-	56.8
Prepaid expenses and accrued revenues	9.9	15.0	12.7
TOTAL ASSETS	288,520.0	269,045.8	283,283.6
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities to credit institutions	4,719.0	3,927.8	5,610.4
Securities issued	270,195.4	250,607.9	257,257.3
Derivatives	10,439.5	11,706.9	17,517.2
Other liabilities	14.7	133.2	818.4
Accrued expenses and prepaid revenues	176.9	159.8	125.2
Provisions	2.3	1.9	2.1
Subordinated liabilities	1,000.2	1,000.2	1,000.3
Total liabilities and provisions	286,548.0	267,537.7	282,330.9
Untaxed reserves	-	200.5	-
Restricted equity			
Share capital (6,283,850 shares, quoted value SEK 100)	628.4	332.4	608.4
New share issue in progress (7,680,000 shares, quoted value SEK 100)	768.0	250.5	20.0
Statutory reserve	17.5	17.5	17.5
Unrestricted equity			
Fair value reserve	17.4	0.6	23.0
Profit brought forward	283.8	492.1	-36.8
Net profit	256.9	214.5	320.6
Total equity	1,972.0	1,307.6	952.7
TOTAL LIABILITIES, PROVISIONS AND EQUITY	288,520.0	269,045.8	283,283.6
Memorandum items			
Collateral pledged for own liabilities	22,762.4	3,288.8	22,442.3
Contingent liabilities	None	None	None
Obligations			
Committed undisbursed loans	3,897.9	2,355.6	2,876.4

Statement of changes in equity

1 Jan 2013–30 Jun 2013	Restricted equity		Unrestricted equity			Total equity
	SEK million	Share capital	Statutory reserve	Fair value reserve ¹	Profit or loss brought forward	
Equity brought forward 1 Jan 2013	628.4	17.5	23.0	-36.8	320.6	952.7
Net profit	-	-	-	-	256.9	256.9
Other comprehensive income	-	-	-5.6	-	-	-5.6
Appropriation of surplus	-	-	-	320.6	-320.6	0.0
New share issue in progress	768.0	-	-	-	-	768.0
Equity carried forward 30 Jun 2013	1,396.4	17.5	17.4	283.8	256.9	1,972.0

¹ The fair value reserve consists of the following

- Available-for-sale financial assets
- Loans and receivables (reclassified)

17.4
0.0

1 Jan 2012–30 Jun 2012	Restricted equity		Unrestricted equity			Total equity
	SEK million	Share capital	Statutory reserve	Fair value reserve ¹	Profit or loss brought forward	
Equity brought forward 1 Jan 2012	292.4	17.5	-87.6	191.5	300.6	714.4
Net profit	-	-	-	-	214.5	214.5
Other comprehensive income	-	-	88.2	-	-	88.2
Appropriation of surplus	-	-	-	300.6	-300.6	0.0
New share issue	40.0	-	-	-	-	40.0
New share issue in progress	250.5	-	-	-	-	250.5
Equity carried forward 30 Jun 2012	582.9	17.5	0.6	492.1	214.5	1,307.6

¹ The fair value reserve consists of the following

- Available-for-sale financial assets
- Loans and receivables (reclassified)

0.6
0.0

1 Jan 2012–31 Dec 2012	Restricted equity		Unrestricted equity			Total equity
	SEK million	Share capital	Statutory reserve	Fair value reserve ¹	Profit or loss brought forward	
Equity brought forward 1 Jan 2012	292.4	17.5	-87.6	191.5	300.6	714.4
Net profit	-	-	-	-	320.6	320.6
Other comprehensive income	-	-	110.6	-	-	110.6
Appropriation of surplus	-	-	-	300.6	-300.6	0.0
New share issue	316.0	-	-	-	-	316.0
New share issue in progress	20.0	-	-	-	-	20.0
Group contributions	-	-	-	-717.7	-	-717.7
Tax effect on Group contribution	-	-	-	188.8	-	188.8
Equity carried forward 31 Dec 2012	628.4	17.5	23.0	-36.8	320.6	952.7

¹ The fair value reserve consists of the following

- Available-for-sale financial assets
- Loans and receivables (reclassified)

23.0
0.0

Cash flow statement

SEK million	Jan–Jun 2013	Jan–Jun 2012	Jan–Dec 2012
Operational activities			
Operating profit	329.6	288.4	249.1
Adjustment for items not included in cash flow	35.5	-76.6	262.2
Income tax paid	-43.1	-43.1	-0.6
Cash flow from operating activities before changes in the assets and liabilities of operating activities	322.0	168.7	510.7
Change in interest-bearing securities	-5,783.6	-4,634.9	-4,561.7
Change in lending	-9,867.5	-20,011.8	-32,299.7
Change in other assets	-59.2	17.8	23.4
Change in other liabilities	53.5	7.7	-45.4
Cash flow from operational activities	-15,334.8	-24,452.5	-36,372.7
Investment activities			
Acquisition of subsidiaries	-	-32.0	-32.0
Acquisition of tangible assets	-0.4	-1.3	-1.6
Cash flow from investment activities	-0.4	-33.3	-33.6
Financing activities			
Issue of interest-bearing securities	81,116.8	87,627.1	163,834.8
Redemption of interest-bearing securities	-73,392.8	-54,548.2	-113,585.4
New share issue	768.0	290.5	336.0
Group contribution paid	-805.3	-295.0	-295.0
Cash flow from financing activities	7,686.7	33,074.4	50,290.4
Cash flow for the period	-7,648.5	8,588.6	13,884.1
Cash and equivalents at the start of the accounting period	15,618.6	1,734.5	1,734.5
Cash and equivalents at the end of the accounting period	7,970.1	10,323.1	15,618.6
<p>The cash flow statement has been prepared using the indirect method. Operating profit has been adjusted for changes not included in operational activities. The cash flow statement has been divided into inward and outward payments from operational activities, investment activities and financing activities.</p> <p>Cash and equivalents consists in their entirety of lending to credit institutions.</p>			
Adjustment for items not included in cash flow			
Depreciation	1.1	1.3	2.7
Exchange rate differences from change in financial assets	-0.2	-0.3	-1.4
Unrealised changes in market value	34.6	-77.6	260.9
Total	35.5	-76.6	262.2
Interest paid and earned, included in the cash flow			
Interest received	2,130.5	2,759.2	5,777.8
Paid interest	-1,679.0	-2,576.0	-5,000.0

Accounting principles

The Interim Report has been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKIL), and the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual accounts for credit institutions and securities companies (FFFS 2008:25). Consequently all International Financial Reporting Standards and interpretations endorsed by the EU are followed as far as possible, within the provisions of ÅRKIL and considering the additions and exemptions specified in FFFS 2008:25. In accordance with Section 7:6a of ÅRKIL, Kommuninvest has elected not to prepare consolidated accounts. The accounting principles and calculation methods used in this interim report are identical to those used in the most recent annual report, with the exception of the new and amended IASB standards that apply effective from 1 January 2013. Those that have affected Kommuninvest are described below.

IAS 1 Presentation of Financial Statements

The amendment concerns how items under other comprehensive income are to be presented. The items are to be divided into two categories: i) items that may be reclassified in the income statement; ii) items that may not be reclassified in the income statement. Among other comprehensive income, Kommuninvest only has items that may be reclassified in the income statement. The change affects the presentation only and has no impact on earnings or position.

IFRS 7 Financial Instruments: Disclosures

The change entails that details of financial assets and

liabilities offset in the balance sheet or covered by various types of framework agreements that allow offsetting shall be disclosed. The change has entailed increased disclosure requirements; see Note 2.

IFRS 13 Fair value measurement

This is a new uniform standard for measurement of fair value and improved disclosure requirements. The standard replaces earlier guidance regarding fair value measurement in the relevant IFRS standards. The standard determines how, not when, fair value measurement is to be applied. The standard has not entailed any change in how Kommuninvest calculated fair value. The standard has entailed increased disclosure requirements; see Note 1.

Consolidated accounts

Since 1 January 2012, Kommuninvest i Sverige AB owns Kommuninvest Fastighets AB, which means that Kommuninvest i Sverige AB is now a group with Kommuninvest i Sverige AB as the parent company and Kommuninvest Fastighets AB as its subsidiary. The operations of Kommuninvest Fastighets AB consist entirely of owning and managing the building in which Kommuninvest i Sverige AB conducts its operations. In accordance with Section 7:6a of ÅRKIL, Kommuninvest i Sverige AB does not prepare consolidated accounts since its subsidiary is of limited significance in presenting a fair portrayal. As per 30 June 2013, Kommuninvest Fastighets AB had a balance sheet total of SEK 44.7 million, equity of SEK 10.8 million and generated a loss of SEK 35,000 for the first six months of the year.

Capital adequacy

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

The law sets out specific minimum capital requirements for Kommuninvest regarding credit risks, market

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

Primary capital, SEK million	30 Jun 2013	30 Jun 2012	31 Dec 2012
Share capital	628.4	332.4	628.4
New share issue in progress	768.0	250.5	-
Statutory reserve	17.5	17.5	17.5
Profit brought forward	283.8	492.1	-36.8
Net profit	256.9	214.5	320.6
Less expected dividends/group contributions	-284.7	-214.5	-
Less deferred tax assets	-71.0	-0.2	-63.4
Untaxed reserves	-	147.8	-
Total primary capital	1,598.9	1,240.1	866.3
Supplementary capital			
Perpetual debenture loan	1,000.0	1,000.0	866.3
Total supplementary capital	1,000.0	1,000.0	866.3
Total capital base	2,598.9	2,240.1	1,732.6
Capital requirement			
Capital requirement for credit risks (the standardised method)	314.8	336.2	375.3
Capital requirement for operational risks	79.1	77.5	79.1
Capital requirement for risks in trading operations	0.7	0.8	1.4
Capital requirement for currency exchange risks	0.1	0.0	0.5
Total minimum capital requirement	394.7	414.5	456.3
Capital adequacy quota	6.58	5.40	3.80
Capital adequacy ratio, %	52.68	43.23	30.38

NOTE 1 Financial assets and liabilities

30 June 2013	Financial assets at fair value through profit or loss		Loans and receivable	Available for-sale financial assets	Derivatives that are used for hedge accounting	Total recognised value	Fair value
	Financial assets determined as belonging to this category	Held for trade					
Sovereign bonds eligible as collateral	13,776.1	-	-	1,679.2	-	15,455.3	15,455.3
Lending to credit institutions	-	-	7,970.1	-	-	7,970.1	7,969.8
Lending	86,520.8	-	123,108.0	-	-	209,628.8	209,678.3
Bonds and other interest-bearing securities	29,546.7	151.4	-	14,882.3	-	44,580.4	44,580.4
Derivatives	-	6,140.9	-	-	4,511.6	10,652.5	10,652.5
Other assets	-	-	74.1	-	-	74.1	74.1
Total	129,843.6	6,292.3	131,152.2	16,561.5	4,511.6	288,361.2	288,410.4

	Financial liabilities at fair value through profit or loss		Other financial liabilities	Derivatives that are used for hedge accounting	Total recognised value	Fair value
	Financial liabilities determined as belonging to this category	Held for trade				
Liabilities to credit institutions	2,409.2	-	2,309.8	-	4,719.0	4,718.3
Securities issued	112,193.9	-	158,001.5	-	270,195.4	270,436.8
Derivatives	-	9,215.8	-	1,223.7	10,439.5	10,439.5
Other liabilities	-	-	10.9	-	10.9	10.9
Subordinated liabilities	-	-	1,000.2	-	1,000.2	1,000.2
Total	114,603.1	9,215.8	161,322.4	1,223.7	286,365.0	286,605.7

31 December 2012	Financial assets at fair value through profit or loss		Loans and receivable	Available for-sale financial assets	Derivatives that are used for hedge accounting	Total recognised value	Fair value
	Financial assets determined as belonging to this category	Held for trade					
Sovereign bonds eligible as collateral	9,239.4	-	-	1,921.4	-	11,160.8	11,160.8
Lending to credit institutions	-	-	15,618.6	-	-	15,618.6	15,617.8
Lending	73,686.7	-	127,264.0	-	-	200,950.7	201,156.0
Bonds and other interest-bearing securities	27,583.2	250.4	-	16,460.1	-	44,293.7	44,293.7
Derivatives	-	5,525.9	-	-	5,531.5	11,057.4	11,057.4
Other assets	-	-	12.3	-	-	12.3	12.3
Total	110,509.3	5,776.3	142,894.9	18,381.5	5,531.5	283,093.5	283,298.0

	Financial liabilities at fair value through profit or loss		Other financial liabilities	Derivatives that are used for hedge accounting	Total recognised value	Fair value
	Financial liabilities determined as belonging to this category	Held for trade				
Liabilities to credit institutions	2,610.6	-	2,999.8	-	5,610.4	5,609.7
Securities issued	120,098.9	-	137,158.5	-	257,257.4	257,658.8
Derivatives	-	16,074.2	-	1,442.9	17,517.1	17,517.1
Other liabilities	-	-	814.5	-	814.5	814.5
Subordinated liabilities	-	-	1,000.3	-	1,000.3	1,000.3
Total	122,709.5	16,074.2	141,973.1	1,442.9	282,199.7	282,600.4

The recognised value of lending to credit institutions consists of receivables from credit institutions including receivables in genuine repurchasing transactions, which are recognised at amortised cost. The difference between recognised value and fair value pertains to changes in genuine repurchasing transactions.

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

and lending recognised at fair value. Fair value differs from the recognised value as it relates to fair value for all groups.

The recognised value for liabilities to credit institutions and securities issued is composed partly of liabilities recognised at amortised cost, liabilities in a fair value hedging relation and liabilities recognised at fair value. Fair value differs from the recognised value as it relates to fair value for all groups.

Certain disclosures regarding financial instruments recognised at fair value in the balance sheet

The tables below provide information on how fair value was determined for the financial instruments valued at fair value in the balance sheet. The distribution of how fair value was determined takes place on the basis of 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: value is determined on the basis of input data that are not observable in the market, with the Company's own estimates playing a certain role and where the estimates have a significant effect on fair value.

30 June 2013	Level 1	Level 2	Level 3	Total
Sovereign bonds eligible as collateral	13,696.2	1,759.1	-	15,455.3
Lending	-	86,520.8	-	86,520.8
Bonds and other interest-bearing securities	28,106.0	16,474.4	-	44,580.4
Derivatives	1.7	9,893.4	757.4	10,652.5
Total	41,803.9	114,647.7	757.4	157,209.0
Liabilities to credit institutions	-	2,176.1	233.1	2,409.2
Securities issued	-	102,366.2	9,827.7	112,193.9
Derivatives	4.3	8,908.4	1,526.8	10,439.5
Total	4.3	113,450.7	11,587.6	125,042.6

Kommuninvest continuously reviews the criteria to determine the appropriate level for financial assets and liabilities recognised at fair value; see "Calculation of fair value" below. Over the period SEK 7,773.9 million has been transferred to level 1 from level 2 and SEK 2,189.3 million from level 1 to level 2. One investment in Eksportfinans Norge has been transferred from level 3 to level 2 as listed market prices are available. All transfers are considered to have taken place at the end of the reporting period.

31 December 2012	Level 1	Level 2	Level 3	Total
Sovereign bonds eligible as collateral	8,081.5	3,079.3	-	11,160.8
Lending	-	73,686.7	-	73,686.7
Bonds and other interest-bearing securities	20,299.6	23,833.9	160.2	44,293.7
Derivatives	9.9	9,354.3	1,693.2	11,057.4
Total	28,391.0	109,954.2	1,853.4	140,198.6
Liabilities to credit institutions	-	2,374.1	236.5	2,610.6
Securities issued	-	85,421.1	34,677.8	120,098.9
Derivatives	1.9	12,987.3	4,527.9	17,517.1
Total	1.9	100,782.5	39,442.2	140,226.6

During 2012, securities valued at SEK 5,987.8 million were transferred from level 2 to level 1. This applies to government securities and institutions with government guarantees.

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 a valuation technique based on non-observable input data (level 3).

	Bonds and interest-bearing securities	Derivative assets	Derivative liabilities	Liabilities to credit institutions	Securities issued	Total
Opening balance, 1 January 2012	150.9	2,581.2	-1,978.0	-228.7	-32,626.0	-32,100.6
Recognised gains and losses:						
- recognised in the income statement (net result of financial transactions)	9.3	-891.3	-2,520.5	-7.8	3,464.8	54.5
Cost, acquisitions	-	3.3	-29.4	-	-17,199.5	-17,225.6
Maturing during the year	-	0.1	-	-	11,682.8	11,682.9
Closing balance, 31 December 2012	160.2	1,693.3	-4,527.9	-236.5	-34,677.9	-37,588.8
Gains and losses recognised in the income statement (net result of financial transactions) for assets included in the closing balance as per 31 December 2012	9.3	-1,137.9	-2,515.6	-7.7	3,731.0	79.1
Opening balance, 1 January 2013	160.2	1,693.3	-4,527.9	-236.5	-34,677.9	-37,588.8
Outflow to level 2	-160.2	-	-	-	-	-160.2
Recognised gains and losses:						
- recognised in the income statement (net result of financial transactions)	-	770.2	974.7	3.3	-1,969.1	-220.9
Cost, acquisitions	-	-7.7	-2.6	-	-3,837.5	-3,847.8
Maturing during the period	-	-1,698.3	2,029.0	-	30,656.8	30,987.5
Closing balance, 30 June 2013	0.0	757.5	-1,526.8	-233.2	-9,827.7	-10,830.2
Gains and losses recognised in the income statement (net result of financial transactions) for assets included in the closing balance as per 30 June 2013	0.0	110.5	-39.2	3.3	-166.9	-92.3

One investment in Eksportfinans Norge has been transferred from level 3 to level 2 as listed market prices are available. The transfer is considered to have taken place at the end of the reporting period.

Calculation of fair value

As only a small part of Kommuninvest's financial instruments are traded on an active market at listed prices as per level 1, accepted and well established valuation techniques are primarily used to determine fair value. These valuation techniques are based on observable market information in accordance with valuation level 2. The valuation techniques applied are based on discounted cash flows and primary and secondary market pricing. Financial instruments for which the valuation includes input data not observable in the market or in-house assessments have been classed at valuation level 3.

Lending

Fair value has been calculated via a discount of anticipated future cash flows, the discount rate being set to the swap rate adjusted by current new lending margins. This calculation technique means that when the new lending margin rises, a lower fair value arises for previous lending, and vice versa. Kommuninvest's lending is focused solely on members of Kommuninvest Cooperative Society and to its members' majority-owned companies.

Sovereign bonds eligible as collateral, and bonds and other interest-bearing securities

Investments traded on an active market are valued on the basis of quoted market prices and classified in level 1. For investments where listed market prices do not derive from active trading, fair value has been calculated via a discount of anticipated future cash flows, the discount rate being set to the swap rate adjusted on the basis of the issuer's credit risk. These investments are classified in level 2. Most of the investments are with the Swedish State, Swedish covered bonds, state-guaranteed financial institutions within the OECD and banks in the Nordic region. Kommuninvest holds no positions in structured credit products such as ABS, Asset-Backed Securities, or CDOs, Collateralised Debt Obligations.

Borrowing and borrowing derivatives

Since borrowing is hedged against the various market risks using borrowing derivatives, the same principles are applied in calculating the fair value of the Company's borrowing and credit swaps based on the structure of the borrowing instruments and their market. Borrowing and derivatives have been measured at the applicable quoted swap rate, adjusted by relevant borrowing margins. Borrowing that contains features of the Company's own assessments, is valued according to level 3. The same assessments have been made for both the borrowing itself and the matching credit swaps since they both have the same structure. Other borrowing and borrowing derivatives are valued according to level 2. Derivatives are reported as assets when they have a positive market value, and as liabilities when they have a negative market value.

Derivatives

Other derivatives are used to hedge currency and interest risks. Standardised derivatives in the form of FRA contracts traded in an active market are valued according to level 1. Non-standardised derivatives (OTC) are recognised at fair value according to level 2. Fair value has then been calculated via a discount of anticipated future cash flows, the discount rate being set to the current listed swap rate for the derivative. Derivatives are reported as assets when they have a positive market value, and as liabilities when they have a negative market value.

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 borrowing 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 interest risk and, since it hedges other market risks, it is changes in credit spreads that give rise to the changes in market value.

An increase in the lending price by 10 basis points on the receivables recognised at fair value would mean a negative change in income of SEK -208 (-180) million. An increase in the borrowing cost by 10 basis points on the liabilities recognised at fair value would mean a positive change in income of SEK +304 (+317) million. A parallel displacement in the borrowing and lending price by 10 basis points would mean a change in income of SEK +/-96 (+/-137) million.

A displacement of the valuation curve upwards or downwards by 10 basis points for the financial instruments valued according to level 3 would mean a change in income of SEK +/-26 (+/-45) million.

All of the above changes pertain to the balance sheet date and are net of 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. Investments that may be made as part of normal management of liquidity and investments represent an exception as do investments necessitated by adjustments to internal and external regulations. Repurchases of borrowing instruments, which always take place on the investors' initiative, also lead to market values being realised.

Uncertainty in measurement due to unobservable input data

Input data that cannot be observed in the market consist of correlations between market data and volatilities in maturities longer than those for which observable market data are available. Instruments affected by unobservable input data consist of issued structured securities with options for premature redemption and the derivatives that secure these at the transaction level. The recipient leg of such a derivative always consists of the warrants in the issued security and the payment leg of the interbank interest rate +/- a fixed margin.

If a change in unobservable input data leads to an increase/decrease in the fair value of the issued security, this will result in an equal increase/decrease in the fair value of the structured leg of the derivative. The only effect on earnings from unobservable input data therefore derives from the payment leg of the derivative and can be attributed to how input data affect the estimated remaining maturity of the contract.

Kommuninvest has estimated that, under reasonable conditions, unobservable input data lead to an average duration of prematurely cancellable borrowing in the interval of 2.5–3.8 years. This would have an effect on earnings in the interval SEK -9.1 to SEK 16.3 million.

Approval of valuation models

To ensure independent control of the valuation models applied, these are to be approved by the Company's ALCO (Asset and Liability Committee). The Risk & Analysis department is responsible for continuously assuring the quality of the market data used in the valuation.

NOTE 2 Information on financial assets and liabilities subject to offsetting

To limit the market risks that arise when contractual borrowing and lending terms do not match, Kommuninvest uses risk management instruments in the form of derivative contracts. Kommuninvest's derivatives are so-called OTC derivatives – that is, they are not traded via an exchange but made through ISDA (International Swaps and Derivatives Association) Master agreements, with Kommuninvest being a member of the Association. 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 transactions 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 settlement in the balance sheet, since the legal right to settlement only applies for a stated type of suspension of payments, insolvency or bankruptcy.

Information – by type of financial instrument

Financial assets and liabilities that are subject to offsetting and that are covered by a legally binding framework agreement on netting or a similar agreement

30 Jun 2013	Amount ¹ reported in the balance sheet	Related amounts that are not offset in the balance sheet				Net amount
		Financial instruments	Provided (+)/Received (-) collateral – security	Provided (+)/Received (-) cash collateral		
Assets						
Derivatives	10,652.5	-7,395.2	-1,150.9	-		2,106.4
Repos	8,053.8	-	-8,045.2	-		8.6
Liabilities						
Derivatives	-10,439.5	7,395.2	-	-		-3,044.3
Total	8,266.8	0.0	-9,196.1	-		-929.3
31 Dec 2012						
Assets						
Derivatives	11,057.4	-9,568.9	-984.5	-		504.0
Repos	15,679.6	-	-15,679.6	-		0.0
Liabilities						
Derivatives	-17,517.2	9,568.9	-	-		-7,948.3
Total	9,219.8	0.0	-16,664.1	-		-7,444.3

¹ No netting has been made of amounts reported in the balance sheet.

Note 3 Transactions with related parties

Transactions with related parties are detailed in Note 26 of Kommuninvest's Annual Report for 2012. No significant changes have occurred in relations or transactions with closely related parties compared with what was described in the Annual Report for 2012.

Board Member signatures

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

Örebro, 28 August 2013

Ellen Bramness Arvidsson
Chairman

Lorentz Andersson
Board Member

Kurt Eliasson
Board Member

Anna von Knorring
Board Member

Catharina Lagerstam
Board Member

Anna Sandborgh
Board Member

Johan Törngren
Board Member

Anders Pelander
Employee representative

Tomas Werngren
President and CEO

Review report for Kommuninvest i Sverige AB (publ)

To the Board of Directors of Kommuninvest i Sverige AB (publ).
Company Registration Number: 556281-4409

Introduction

We have reviewed the summarized interim financial information (interim report) for Kommuninvest i Sverige AB (publ) for the period from 1 January 2013 to 30 June 2013. The Board of Directors and the President are responsible for the presentation of this interim report according to the Swedish Annual Accounts for Credit Institutions and Securities Companies Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope and focus of the review

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

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

Conclusion

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

Örebro 28 August 2013

Ernst & Young AB

Peter Strandh
Certified Public Accountant



**KOMMUNINVEST
OF SWEDEN**

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