



KOMMUNINVEST

Swedish municipalities and county councils in cooperation

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The approved Swedish version of this document, the base prospectus and any supplements thereto are available on www.kommuninvest.se (non-official translations are available on www.kommuninvest.org).

Supplement 2014:1 (Swedish Financial Supervisory Authority File No. 14-12186) to Kommuninvest i Sverige AB's (publ) base prospectus dated 6 May 2014

This document constitutes a supplement to Kommuninvest i Sverige AB's (publ) (the "**Company**") base prospectus dated 6 May 2014 for a programme for regular issuance of bonds. The supplement has been approved and registered by the Swedish Financial Supervisory Authority, and was published by the Company on 9 September 2014.

This supplement should be read together with the base prospectus (Swedish Financial Supervisory Authority File No. 14-5501). The base prospectus and this supplement can be obtained at www.kommuninvest.se and www.kommuninvest.org and can also be ordered from the Company free of charge.

The supplement has been prepared in connection with the publication by the Company on 27 August 2014 of its interim report regarding the period 1 January 2014 – 30 June 2014.

Pursuant to Chapter 2, section 34, subsection 3 of the Financial Instruments Trading Act (1991:980), any investor who, prior to publication of this supplement, made an application, or otherwise consented, to purchase or subscribe for negotiable securities covered by the base prospectus, is entitled to revoke the application or consent within two business days of the publication of this supplement, the final date for revocation thereby being 11 September 2014.

Kommuninvest i Sverige AB (publ). Reg. no: 556281-4409. Registered office: Örebro

Kommuninvest Ekonomisk förening. Reg. no: 716453-2074. Registered office: Örebro

Kommuninvest Fastighets AB. Reg. no: 556464-5629. Registered office: Örebro

SUMMARY

The income statement and balance sheet in the Summary, Section B – Issuer and any guarantor, section B.12, shall be supplemented with the following information:

Income statement	1 January – 30 June	
<i>SEK millions</i>	2014	2013
Interest income	2,059.3	2,262.7
Interest expenses	<u>-1,592.6</u>	<u>-1,779.0</u>
Net interest income	466.7	483.7
Commission expenses	-2.4	-3.4
Net result of financial transactions	97.8	-24.6
Other operating income	<u>0.3</u>	<u>0.0</u>
Total operating income	562.4	455.7
General administration expenses	-140.1	-123.8
Depreciation of tangible fixed assets	-1.6	-1.1
Other operating expenses	<u>-1.7</u>	<u>-1.2</u>
Total expenses	-143.4	-126.1
Operating profit	419.0	329.6
Appropriations	-	-
Tax on net income for the year	<u>-92.3</u>	<u>-72.7</u>
Income for the year	<u>326.7</u>	<u>256.9</u>
Statement of comprehensive income	1 January - 30 June	
<i>SEK millions</i>	2014	2013
Net income	326.7	256.9
Other comprehensive income	<i>Items that may later be reclassified to the income statement:</i>	
Available for sale financial assets	5.9	-7.9

Available for sale financial assets,



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transferred to the income statement	-	0.6
Loan receivables and accounts receivable	-	-
Tax attributable to items that may later be reclassified to the income statement	<u>-1.3</u>	<u>1.7</u>
Other comprehensive income	<u>4.6</u>	<u>-5.6</u>
Comprehensive income	331.3	251.3

Balance sheet

as per 30 June

<i>SEK millions</i>	2014	2013
Assets		
Sovereign bonds eligible as collateral	15,146.2	15,455.3
Lending to credit institutions	4,978.4	7,970.1
Lending	210,760.3	209,628.8
Bonds and other interest-bearing securities	44,698.2	44,580.4
Shares and participations	2.2	1.9
Shares and participations in associated companies	0.5	0.5
Shares and participations in subsidiaries	32.0	32.0
Derivatives	10,862.7	10,652.5
Tangible assets	7.0	4.9
Intangible assets	1.4	-
Current tax assets	122.1	41.8
Other assets	18.4	76.0
Deferred tax assets	32.9	65.9
Prepaid expenses and accrued revenue	9.9	<u>9.9</u>
Total assets	<u>286,672.2</u>	<u>288,520.0</u>
Liabilities, provisions and equity		
Liabilities to credit institutions	6,618.4	4,719.0
Securities issued	265,910.1	270,195.4
Derivatives	10,114.7	10,439.5
Other liabilities	139.9	14.7
Accrued expenses and prepaid revenues	177.4	176.9



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Provisions	2.8	2.3
Subordinated liabilities	<u>1,000.0</u>	<u>1,000.2</u>
Total liabilities and provisions	<u>283,963.3</u>	<u>286,548.0</u>
Equity		
Restricted equity		
Share capital	2,046.4	628.4
New share issue in progress	-	768.0
Statutory reserve	17.5	17.5
Unrestricted equity		
Fair value reserve	21.9	17.4
Profit brought forward	296.4	283.8
Income for the year	<u>326.7</u>	<u>256.9</u>
Total equity	2,708.9	1,972.0
Total liabilities, provisions and equity	286,672.2	288,520.0
Memorandum items		
Collateral pledged	21,029.5	22,762.4
Contingent liabilities	None	None
Undertakings		
Committed undisbursed loans	5,377.8	3,897.9

SUMMARY OF FINANCIAL INFORMATION

The current section 7.1- Introduction shall be removed and replaced in its entirety by the following information:

Introduction

A summary of certain selected financial information in respect of the Company is set forth below. The information is derived from the Company's annual reports for the 2013 and 2012 financial years, and its interim reports for the period 1 January – 30 June 2014 and 2013. The information in the annual reports and interim reports has been audited by the Company's auditors. In their auditor's reports, the auditors have declared that each annual report and interim report was prepared in accordance with the Swedish Annual Reports (Credit Institutions and Securities Companies) Act and the standards for general reviews of interim financial information, and, in all significant respects, gives a true and fair view of the Company's financial position. The auditors

provided no qualifications in respect of the annual reports for the 2013 and 2012 financial years or for the interim reports for 2014 and 2013.

The financial information set forth below should be read together with other information in each annual report, interim report and auditor's report.

The current section 7.2- Accounting principles shall be removed and replaced in its entirety by the following information:

Accounting principles

The Company's annual reports and interim reports have been prepared pursuant to the Annual Report (Credit Institutions and Securities Companies) Act and the Swedish Financial Supervisory Authority's regulations and general guidelines regarding annual reports for credit institutions and securities companies (FFFS 2008:25). The foregoing entails compliance with all IFRS and statements approved by the EU, to the extent possible, within the scope of the Annual Report (Credit Institutions and Securities Companies) Act and subject to the additions and exceptions set forth in FFFS 2008:25. In addition, the Swedish Financial Reporting Board's recommendation "Accounting for Legal Entities" (RFR 2) has been applied.

As from 2014, the clarifications as to when financial assets and liabilities may be set off also apply in accordance with IAS 32, "Financial Instruments: Classification". A supplement to IAS 39, "Financial Instruments: Accounting and Valuation", entails that under certain circumstances it is possible to continue to apply hedging accounting when a derivative instrument is transferred to a central clearing counterparty. These clarifications have had no effect on earnings, financial position or information. Amendments to IFRIC 21 "Levies" entered into force on 1 January 2014 and were approved by the EU in June 2014. The introduction of these amendments does not entail any significant effect on financial position or earnings.

Furthermore, the same accounting principles and calculation methods were applied in the 2014 interim report as in the 2013 interim report and the 2013 and 2012 annual reports.

The current section 7.3- Income statement shall be supplemented with the following information:

	1 January – 30 June	
<i>SEK millions</i>	2014	2013
Interest income	2,059.3	2,262.7
Interest expenses	<u>-1,592.6</u>	<u>-1,779.0</u>
Net interest income	466.7	483.7
Commission expenses	-2.4	-3.4
Net result of financial transactions	97.8	-24.6
Other operating income	<u>0.3</u>	<u>0.0</u>



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Total operating income	562.4	455.7
General administration expenses	-140.1	-123.8
Depreciation of tangible fixed assets	-1.6	-1.1
Other operating expenses	<u>-1.7</u>	<u>-1,2</u>
Total expenses	-143.4	-126.1
Operating profit	419.0	329.6
Appropriations	-	-
Tax on net income for the year	<u>-92.3</u>	<u>-72.7</u>
Income for the year	<u>326.7</u>	<u>256.9</u>

Statement of comprehensive income

1 January - 30 June

<i>SEK millions</i>	2014	2013
Net income	326.7	256.9
Other comprehensive income		
<i>Items that may later be reclassified to the income statement:</i>		
Available for sale financial assets	5.9	-7.9
Available for sale financial assets, transferred to the income statement	-	0.6
Loan receivables and accounts receivable	-	-
Tax attributable to items that may later be reclassified to the income statement	<u>-1.3</u>	<u>1.7</u>
Other comprehensive income	<u>4.6</u>	<u>-5.6</u>
Comprehensive income	331.3	251.3

The current section 7.4- Balance sheet shall be supplemented with the following information:

As per 30 June



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<i>SEK millions</i>	2014	2013
Assets		
Sovereign bonds eligible as collateral	15,146.2	15,455.3
Lending to credit institutions	4,978.4	7,970.1
Lending	210,760.3	209,628.8
Bonds and other interest-bearing securities	44,698.2	44,580.4
Shares and participations	2.2	1.9
Shares and participations in associated companies	0.5	0.5
Shares and participations in subsidiaries	32.0	32.0
Derivatives	10,862.7	10,652.5
Tangible assets	7.0	4.9
Intangible assets	1.4	-
Current tax assets	122.1	41.8
Other assets	18.4	76.0
Deferred tax assets	32.9	65.9
Prepaid expenses and accrued revenue	<u>9.9</u>	<u>9.9</u>
Total assets	<u>286,672.2</u>	<u>288,520.0</u>
Liabilities, provisions and equity		
Liabilities to credit institutions	6,618.4	4,719.0
Securities issued	265,910.1	270,195.4
Derivatives	10,114.7	10,439.5
Other liabilities	139.9	14.7
Accrued expenses and prepaid revenues	177.4	176.9
Provisions	2.8	2.3
Subordinated liabilities	<u>1,000.0</u>	<u>1,000.2</u>
Total liabilities and provisions	<u>283,963.3</u>	<u>286,548.0</u>
Equity		
Restricted equity		
Share capital	2,046.4	628.4
New share issue in progress	-	768.0
Statutory reserve	17.5	17.5

Unrestricted equity

Fair value reserve	21.9	17.4
Profit brought forward	296.4	283.8
Income for the year	<u>326.7</u>	<u>256.9</u>
Total equity	<u>2,708.9</u>	<u>1,972.0</u>
Total liabilities, provisions and equity	286,672.2	288,520.0

Memorandum items

Collateral pledged	21,029.5	22,762.4
Contingent liabilities	None	None

Undertakings

Committed undisbursed loans	5,377.8	3,897.9
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The current 7.5 - Cash flow statement shall be supplemented with the following information in respect of the period 1 January – 30 June:

Cash flow statement 1 January -30 June

<i>SEK millions</i>	2014	2013
Operational activities		
Operating income	419.0	329.6
Adjustment for items not included in cash flow	-91.1	35.5
Income tax paid	-43.1	-43.1
Cash flow from operating activities before changes in the assets and liabilities of operating activities	284.8	322.0
Change in interest-bearing securities	432.0	-5,783.6
Change in lending	-657.3	-9,867.5
Change in other assets	-3.6	-59.2
Change in other liabilities	55.9	53.5
Cash flow from operating activities	111.8	-15,334.8
Investment activities		
Acquisition of intangible assets	-1.5	-



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Acquisition of tangible assets	-3.8	-0.4
Divestment of tangible assets	0.0	-
Cash flow from investment activities	-5.3	-0.4

Financing activities

Issue of interest-bearing activities	45,443.0	81,116.8
Redemption of interest-bearing securities	-43,346.9	-73,392.8
New share issue	650.0	768.0
Group contribution paid	-696.5	-805.3
Cash flow from financing activities	2,049.6	7,686.7

Cash flow for the period	2,156.1	-7,648.5
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Cash and equivalents at the start of the period	2,822.3	15,618.6
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Cash and equivalents at the end of the period	4,978.4	7,970.1
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Cash and equivalents consist in their entirety of loans to credit institutions with a maturity of at most 3 months at the time of acquisition and that are exposed to an insignificant risk of fluctuations in value.

	2014	2013
Adjustments for items not included in cash flow		
Depreciation	1.6	1.1
Profit from divestment of tangible fixed assets	-	-
Exchange rate differences from change in financial fixed assets	-	-0.2
Unrealised changes in market value	-92.7	34.6
Total	-91.1	35.5

Interest paid and earned included in the cash flow

Interest received	1,860.4	2,130.5
Interest paid	-1,332.1	-1,679.0

DOCUMENTS INCORPORATED BY REFERENCE

The documents incorporated by reference on page 52 are supplemented with the following information:

The Company's interim report for the period 1 January 2014 – 30 June 2014 is incorporated into the Prospectus by reference.