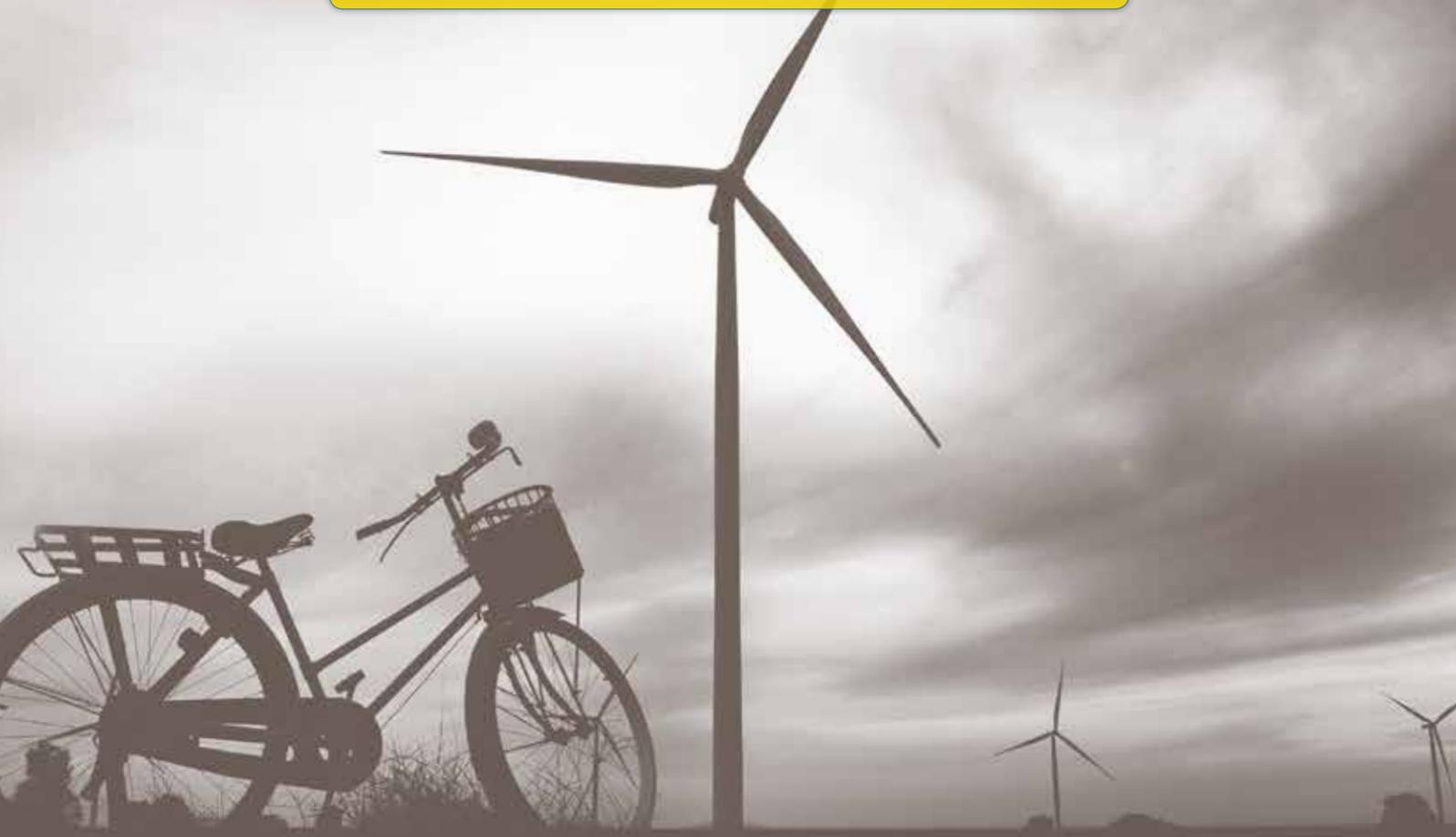


Annual Report 2015

Kommuninvest Cooperative Society



KOMMUNINVEST

Working together for better terms

Kommuninvest¹ was founded in 1986 by nine municipalities and Örebro County Council to join forces in improving the conditions for local government loan financing. Kommuninvest also helps increase financial stability in the local government sector.

The Kommuninvest Cooperative Society owns 100 percent of the shares in Kommuninvest i Sverige AB, in which all business activities are conducted. Only municipalities and county councils/regions that are members of the Kommuninvest Cooperative Society, as well as companies, foundations and associations controlled by members may borrow from Kommuninvest i Sverige AB.

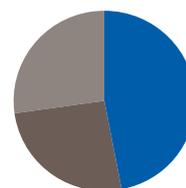
Kommuninvest has the highest possible credit rating, AAA/Aaa, and a stable outlook. The credit rating is bolstered by the joint and several guarantee issued by all of the members in support of Kommuninvest i Sverige AB's obligations.

Kommuninvest's vision is to be the world's best organisation for local government financial administration.

1) "Kommuninvest" refers to the Kommuninvest Group (the Group), consisting of the membership organisation the Kommuninvest Cooperative Society, the credit market company Kommuninvest i Sverige AB and Kommuninvest Fastighets AB.

Market shares, local government loan financing¹

31 December 2015



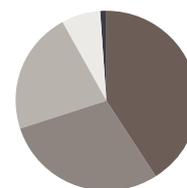
- Borrowing via Kommuninvest 47 (44) %
- Bank borrowing 26 (29) %
- Borrowing through proprietary market programmes 27 (28) %

1) Forecast. Refers to total outstanding borrowing

Source: Kommuninvest

Kommuninvest's lending portfolio

31 December 2015



- Municipalities 41 (40) %
- Municipal housing companies 29 (29) %
- Other municipal companies 22 (22) %
- Municipal energy companies 7 (8) %
- County councils/regions 1 (1) %

Source: Kommuninvest

Multi-year summary, Kommuninvest Group

	2015	2014	2013	2012	2011
Balance sheet total, SEK billion	340.6	312.1	277.5	283.3	234.0
Lending, SEK billion	254.4	222.8	208.6	201.0	168.1
Net profit, SEK, million	689.9	718.6	745.8	424.8	274.8
Members, total	280	280	278	274	267
of which, municipalities	272	272	270	266	259
Of which county councils/regions	8	8	8	8	8
Core Tier 1 capital ratio ¹ , %	46.2	35.6	37.6	15.5	23.6
Tier 1 capital ratio ² , %	46.2	35.6	37.6	15.5	23.6
Total capital ratio ³ , %	56.9	47.4	56.4	23.3	35.3
Leverage ratio according to CRR ⁴ , %	0.90	0.79	0.58	0.33	n/d
Leverage ratio including debenture loan ⁵ , %	1.19	1.10	0.97	n/d	n/d

1) Core Tier 1 capital in relation to total risk exposure See also page 34 and Note 35.

2) Tier 1 capital in relation to total risk exposure See also page 34 and Note 35.

3) Total capital base in relation to total risk exposure See also page 34 and Note 35.

4) Tier 1 capital in relation to total assets and commitments (exposures) See also page 35 and Note 36.

5) Tier 1 capital and debenture loan issued to the Kommuninvest Cooperative Society in relation to total assets and commitments (exposures) See also page 35 and Note 36.

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Annual Report of the Kommuninvest Cooperative Society

The Annual Report of the Kommuninvest Cooperative Society is presented on pages 15, 17 and 19–84.

The annual report for the subsidiary Kommuninvest i Sverige AB, is available at www.kommuninvest.se. While every care has been taken in the translation of this Annual Report, readers are reminded that the original Annual Report, signed by the Board of Directors, is in Swedish.

Partnership for secure, cost-effective loans

Kommuninvest's role as Sweden's local government debt office entails offering secure and cost-effective financing to its members and customers – Swedish municipalities, county councils/regions, municipal companies and other local government actors. Of the loans that finance local government authorities' investments in schools, care of the elderly, infrastructure or other improvements in service to residents, Kommuninvest accounts for almost half.



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



The basic idea behind Kommuninvest is that, by working together, municipalities and county councils can borrow money more securely and less expensively than if they were to do so individually. Together, the local government sector can also increase its expertise in financial management.



Kommuninvest is owned by 272 municipalities and eight county councils/regions. At the close of 2015, lending totalled SEK 254 billion.

Joint and several guarantee contributes to Kommuninvest's strength

Kommuninvest only lends money to the Swedish local government sector. The operations are guaranteed by the municipalities and county councils/regions that are members of the Kommuninvest Cooperative Society. The members' creditworthiness and joint and several guarantee provide the conditions for Kommuninvest's strong position in the capital markets.

Kommuninvest's task is to borrow money in the Swedish and international capital markets in a manner that is sustainable in the long term and on the most favourable terms possible and, at the next stage, to offer the Swedish local government sector financing that is as stable and cost-efficient as possible.

Member-owned, with highest credit ratings

Operations are conducted in the credit market company Kommuninvest i Sverige AB (the Company), which is owned and governed by the members of the Kommuninvest Cooperative Society (the Society). At the end of 2015, 94 percent of Sweden's municipalities and 40 percent of the county councils/regions were members of the Society. To date, no member has left the partnership, which we see as a clear evidence of the perceived business benefit.

Kommuninvest's ability to offer cost-efficient loans is based on the fact that we are perceived as a highly ranked player by credit analysts and investors. Kommuninvest holds the highest possible credit rating from two credit rating institutions: Aaa/AAA, with a stable outlook. Crucial to the rating is the unlimited joint and several guarantee signed by all members and covering all of the Company's obligations.

All borrowing guaranteed to maturity

The joint and several guarantee forms the foundation for Kommuninvest's good credit worthiness. This means that the members of the Society bear a direct responsibility for the Company's borrowed funds, payment obligations under derivative contracts, and other obligations.

Kommuninvest's business model

Kommuninvest's business model is based on a clear division of responsibilities between the member organisation and the financial operations. This entails membership and the Joint and several guarantee being administered within the cooperative society, while borrowing, liquidity management and lending are managed by officials of the credit market company.

Kommuninvest Cooperative Society

Members who together own Kommuninvest and guarantee the Company's obligations.

The Board of Directors consists of elected politicians from municipalities and county councils/regions.

Borrowing

Kommuninvest borrows money by issuing bonds and commercial papers in the Swedish and international capital markets.

Total borrowing, SEK 321 billion.

Kommuninvest i Sverige AB

Conducts the financial operations.

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

Lending

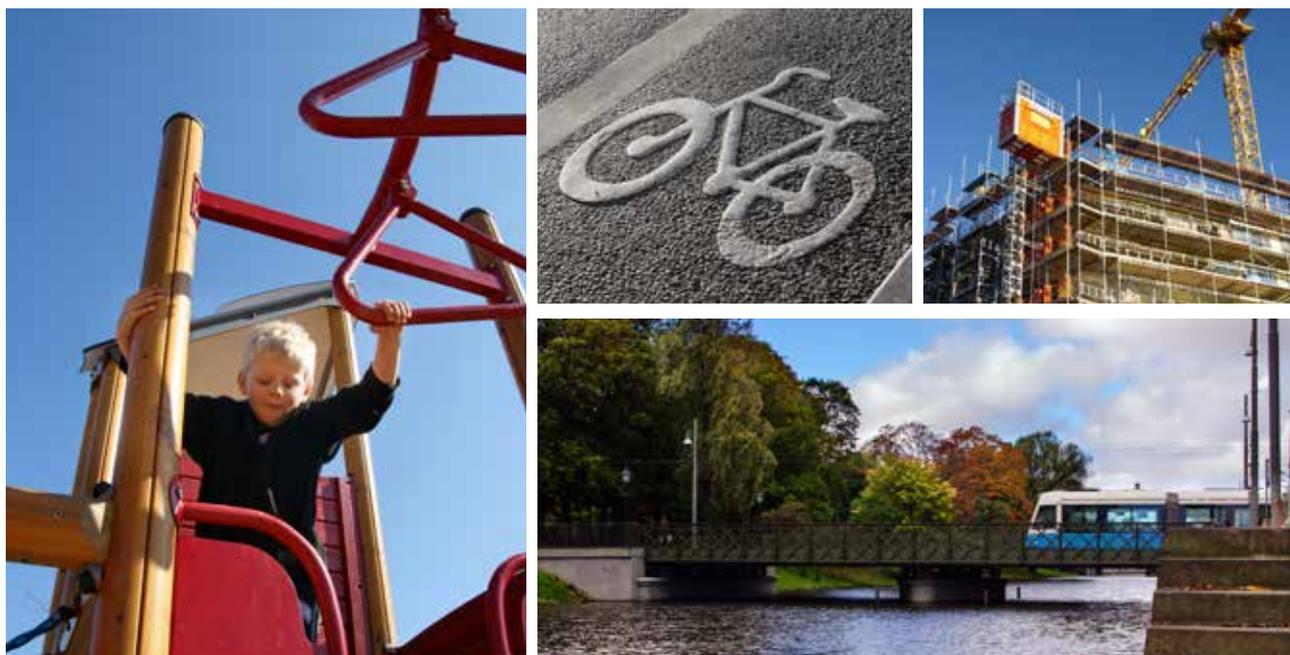
Kommuninvest only lends money to municipalities and county councils/regions who are members of the Kommuninvest Cooperative Society and, against guarantees from members, to municipal companies, foundations and associations.

Total lending, SEK 254 billion.

Liquidity management

Pending onward lending, the borrowed funds are managed in a liquidity reserve.

Total liquidity reserve, SEK 63 billion.



Kommuninvest is the largest provider of credit to Swedish municipalities and county councils/regions. Our loans are used for investments in welfare, such as in premises for healthcare, education and care, the production of environmentally friendly energy, public transportation and housing for a growing population.

The guarantee undertaking means that all members of the Society guarantee all obligations to maturity, irrespective of whether one or more members should leave or be excluded from the Society during the period of maturity (neither of which has taken place to date). In such cases, the member is responsible for its share of the commitments incurred up until the member's withdrawal from the Society.

Strong guarantee

Since Swedish municipalities and county councils/regions are entitled to levy taxes and cannot be declared bankrupt or cease to exist other than by merging, the guarantee from the members is considered very strong. Another important contributing factor to Kommuninvest's high credit rating is that loans are only provided to municipalities and county councils/regions who are members of the Society, or to actors that are controlled and guaranteed by those members.

Low risk tolerance

Kommuninvest's risk management aims to minimise – or at best eliminate – the risks that arise in the operations. Some of the key principles are:

- Loans are only provided to members of the Society and companies over which members have a controlling influence. All lending to such companies is to be guaranteed by a member/members.

- The liquidity reserve exists to meet customers' needs even during periods of uncertainty in the financial markets. Investment counterparties have very high credit ratings.
- The liabilities generally have longer maturities than the assets, contributing to low liquidity risk.
- As far as possible, interest and currency risks are hedged with derivative contracts. The counterparty risks incurred are limited through the exchange of collateral.
- In accordance with the ownership directives (see page 37) and the Local Government Act's ban on speculative activities, Kommuninvest never assumes any positions of its own with the purpose of generating a return.

Secure financing

Our objective is to always provide financing for our members and customers, regardless of external circumstances and the situation in the financial markets. Accordingly, Kommuninvest maintains a large liquidity reserve of fixed-income assets of high credit quality, primarily issued by governments and government-guaranteed issuers and covered bonds. The size of the liquidity reserve is to be 15–35 percent of lending and should, at the least, enable Kommuninvest to cope with six months' lending needs without access to proprietary borrowing. At least half of the reserve shall be eligible as collateral at the Riksbank (Swedish central bank).

A grown-up organisation with a bright future

Municipalities and county councils/regions are the parts of society that are closest to the citizens. This is also where the largest investments in future welfare are made. The fact that the Society's members show such great confidence in their financial partnership bodes well for Kommuninvest being able to continue supplying the Swedish local government sector with sustainable and cost-effective financing.



Swedish municipalities and county councils/regions face major challenges but also exciting opportunities. In light of rapid demographic change, for example, these involve building away the housing shortage, carrying out major investments in infrastructure within energy, railways, IT and water and sewerage systems and, in particular, investments in welfare – education, healthcare, etc. Convenient access to favourable financing is crucial if we are to be able to manage the investments necessary as Sweden grows.

Several important issues for the future

I want to thank you, our members, for your crucial contributions when, in the autumn, Kommuninvest received SEK 2.7 billion in new capital contributions. For me, this highlighted not only the confidence you have in the partnership, but also the fact that Kommuninvest's member democracy works. The build-up of capital has been discussed in detail, both by the Board and at the annual member consultations, which is an exceptional forum for shoring up support on important issues.

The increase in capital contributions makes us even better prepared for forthcoming regulatory requirements regarding leverage ratio. These regulations, as well as the new resolution charge, are important for the future but need to be designed to suit not only commercial banks but also municipal finance partnerships. Accordingly, we are pushing hard for legislation that meets the needs of local government authorities.

Managing the challenges of the local government sector

During 2015, Kommuninvest i Sverige AB, in which all operations are conducted, continued to support members and customers with financing for their increased investments. Since

its inception 30 years ago, Kommuninvest has grown to account for nearly half of the local government sector's financing. For me, this is a clear acknowledgement of the long-term benefit generated for members and customers.

The challenges faced by local and regional authorities require the continued development of Kommuninvest's operations. For that reason, we are introducing green loans that meet the needs of the local government authorities. Accordingly, we are developing our research and analysis activities. We are therefore working, often in cooperation with SKL, to analyse, in written documents and seminars, local government finances, viability and future needs for change in meeting the citizens' needs for welfare and services.

Kommuninvest's role is not to propose a direction for the local government sector, but we do bear a responsibility for nurturing stable finances.

Towards 30 years more

Kommuninvest's recipe for success – the partnership format, the very low level of risk, the focus on financing basic social functions – have proved sustainable over the long term. Through safe and cost-efficient financing, Kommuninvest provides considerable social benefit. Our members' partnership has made this possible and the pride we take in this is in the anniversary year of 2016 is to their merit.

Norrköping, March 2016

A handwritten signature in blue ink that reads "Göran Färm". The signature is written in a cursive, flowing style.

Göran Färm
Chairman

Sustainable investment is a must

Investment needs among local government authorities meant that demand for Kommuninvest's loans continued to increase in 2015, with lending rising by 15 percent, about twice as much as the total increase in debt within the sector. This means that Kommuninvest strengthened its position as the largest lender to municipalities and county councils.

In 2015, members showed once again that you want to secure Kommuninvest's role as a supplier of sustainable and cost-effective financing solutions. Numerous municipal and county councils resolved to make additional member contributions. With your contributions to the build-up of capital, you have underscored both your confidence in the operations and your ambitions for them.

Record high local government investment

It is assessed that both local government investment and the resulting debt will continue to increase at a historically high rate. At the same time, however, local government pension liabilities are decreasing. This means that the total debt increase for the local government authorities will be relatively modest – less than 4 percentage points of GDP over a ten-year period, according to our estimates. The sector can manage that.

For both county councils/regions and municipalities alike, the investments that need to be made are entirely necessary. For investments to be sustainable though, it is essential to maintain focus and to prioritise the right investments. In particular, good control of the cost situation is necessary, so that the balanced budget requirement is not compromised. The challenge lies mainly in the increased operating costs that accompany an investment, rather the financial costs, which, in the context, are relatively low.

Reasonable regulations?

In 2016, the Swedish regulations regarding stability fees will be replaced by EU regulations on resolution charges. It is favourable that Kommuninvest now avoids the considerable costs that the stability fee involved, but it is also obvious that the new charge is not designed for Swedish municipalities in finan-

cial partnership. Question marks also remain regarding the leverage ratio regulations.

I do believe, however, that understanding of the local government sector's important contribution to investment, employment and growth is increasing among regulators and politicians. Accordingly, I have some hope that the regulations will be interpreted in a manner that supports local government partnership.

Thanks for a great year

In 2015, we began, for the first time, to offer Green Loans to our customers, ecolabelled financing for local government investment projects supporting the transition to a more sustainable society. The development process has been pursued in collaboration with environmental experts from four local governments, and has contributed to one of the foremost frameworks for Green loans/Green bonds in the market. This is local government cooperation at its best, and it makes me proud that we are able to participate and contribute.

The financial outcome in Kommuninvest i Sverige AB was stable and at a level reflecting long-term profit requirements, given the significant capital formation that took place during the year. I would again like to extend my gratitude for the opportunity to lead these fine operations.



Örebro, March 2016

Tomas Werngren
President and CEO



We help our members build long-term welfare

Swedish municipalities and county councils/regions are highly ambitious with regard to sustainability and invest vigorously in extending and upgrading social infrastructure. Kommuninvest accounts for a large part of the sector's external debt financing, which should be cost-effective and sustainable.

Kommuninvest's contribution to a more sustainable society does not take place in the context of its own operations but out among our members. Kommuninvest's vision clarifies its ambitions:

"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."

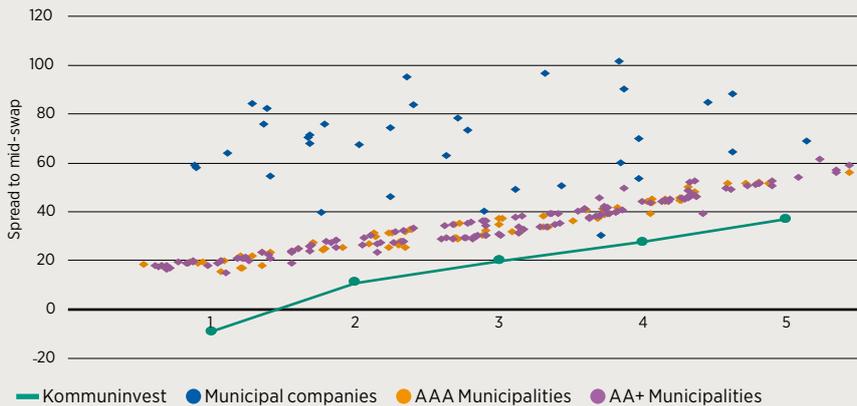
Making the local government sector's sustainability ambitions possible

The municipalities, county councils and regions form the backbone of the Swedish welfare state. More than half of public investment in Sweden is carried out by the local government sector. With no profit interest of its own, Kommuninvest supplies, Sweden local govern-

ment authorities and their companies with stable and cost-efficient financing, thereby helping taxpayers' money go further. Kommuninvest shall be able to provide its customers with financing regardless of the external situation and developments in the financial markets. This contributes to stability in the financial system.

By offering loan products that support the local government sector's environmental efforts, Kommuninvest also acts as an enabler for the Swedish vision of a fossil-free society. We are a responsible employer and act accordingly in our relationships with employees and other stakeholders. Through our own research and reports, we seek to increase awareness of the local government sector's long-term financial prospects.

Pricing for municipal issuers, Swedish fixed-income market as per 25 January 2016



Lowest borrowing costs

The graph to the left compares local government players' borrowing costs in the Swedish fixed-income market, expressed in basis points above the reference rate and for different remaining maturities. Kommuninvest is the local government player that borrows at the lowest cost.

Source: Swedbank Debt Capital Markets



The Annual General Meeting of the Kommuninvest Cooperative Society generally gathers 300–400 participants, mostly elected representatives but also officials.

Strongly rooted in the local government sector

Our view on sustainability is based on the Swedish local government sector’s values, thus complying with international frameworks, such as the ILO’s core conventions, the OECD’s Guidelines for Multinational Enterprises, the UN’s framework for companies and human rights, and the UN’s Global Compact initiative.

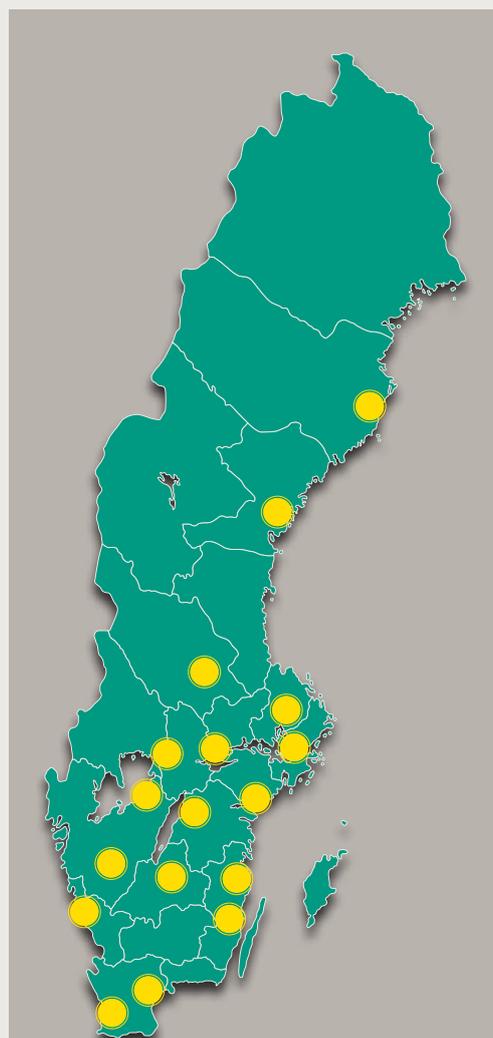
Stakeholders and dialogue

Constructive dialogue with all parties

Kommuninvest has relationships with a range of stakeholders who, in different ways affect – and are affected by – our operations. A central part of our sustainability work is to maintain an ongoing dialogue with our stakeholders and to analyse their long-term interests. Kommuninvest is working to maintain a close and mutual relationship with all stakeholders, the most important of whom are members/customers, investors, society and employees.

Municipalities and county councils/regions are our most important stakeholders

Kommuninvest’s members – municipalities and county councils/regions – own and control our operations – but are also our customers when they choose to borrow from us. The dialogue with our members, in their capacity as owners,



Each year, before the Society’s AGM, member consultations are held around Sweden – this being a central part of the stakeholder dialogue. The member consultations in January-February 2016 were held in 17 locations with a total of almost 350 participants.



The transfer and exchange of knowledge are the focus of the informal part of the Annual General Meeting.

Complete sustainability reports can be found at www.kommuninvest.se/hallbarhet

is mainly conducted with elected politicians. In dialogue with our members, in their role as customers, we mainly interact with municipal and county council/region officials, often those specialised in finance. The dialogues with both elected politicians and officials are conducted under both formal and informal conditions, and both on an ongoing basis as well as in pre-determined meeting formats.

The ongoing dialogue with other societal actors – government ministries, regulatory bodies and supervisory authorities – takes place largely through meetings in person and the exchange of information. The dialogue with investors and the capital market takes place through meetings in person and presentations, both nationally and internationally. The dialogue with employees is also conducted in both formal and informal formats, between managers and employees and at regular information meetings. More information about the organisation and its employees can be found on page 23.

Ongoing development of the stakeholder dialogue

The aim is to continuously develop the stakeholder dialogue to enable better adaptation to the needs of each stakeholder group. This serves, in part, to ensure continued consensus on the sustainability issues that Kommuninvest should prioritise, but also to convey the message that the dialogue itself and the constructive interaction on which a shared understanding is built is, in itself, a key component in a sustainable Swedish local government sector.

Materiality

Dialogue indicates what is most important

Based on our ongoing dialogue with stakeholders,

Kommuninvest determines which issues are most important for sustainability efforts. In 2015, a process was initiated to identify indicators relevant for monitoring and this is scheduled to be completed in 2016. The process of analysing and determining what aspects are material to the sustainability efforts is a central, but not formalised, part of Kommuninvest’s ongoing work. Ultimately, it is always the members – the municipalities and county councils/regions – who determine the overall direction. The results of the materiality analysis is to continue developing Kommuninvest’s operations so that the local government sector’s opportunities to achieve its sustainability objectives are maximised.

Sustainability gains among our members

Since Kommuninvest is a voluntary cooperation between members, with the purpose of creating better loan terms than each can achieve on its own, the vast majority of the sustainability gains to which we contribute take place out among our members. As the largest lender to the Swedish local government sector, our cost-efficient financing enables the realisation of our members’ long-term sustainability ambitions.

Starting point for continued sustainability efforts within Kommuninvest

The review of Kommuninvest’s internal sustainability work is detailed by means of a selection of indicators on the following pages. The selection is inspired by the GRI (Global Reporting Initiative) framework, a set of guidelines for sustainability reporting. Complete reports can be found at www.kommuninvest.se/hallbarhet.

Responsible business – Kommuninvest Group	Unit	2015	2014	2013
Market share and stakeholder dialogue				
Proportion of the local government sector’s total external borrowing	Percent	47	44	44
Member consultations ahead of the Annual General Meeting of the Society				
– number of locations	Number	19	18	19
– number of participants	Number	368	391	327
Stakeholder studies				
Customer Satisfaction Index (CSI survey every two years)	Index	n/a	78	n/a
Employee Satisfaction Index, ESI	Index	69	72	n/a
Owner Satisfaction Index, OSI (survey every two years)	Index	n/a	82	n/a
Sustainable financing				
New lending for local government sector investments	SEK, million	32,958.6	7,776.9	8,736.7
Volume of Green loans approved	SEK, million	5,034.0	n/a	n/a
Total portfolio Green Loans (approved)	SEK, million	5,034.0	n/a	n/a
– of which, disbursed	SEK, million	2,634.0	n/a	n/a

More welfare for the money

OUR CORE OPERATIONS entail providing the local government sector with long-term, cost-efficient access to financing. Since we have no profit interest of our own, we always act to maximise our members' opportunities. If we can successfully mediate cost-efficient loans and contribute to increased debt management expertise among municipalities and county councils/regions, this means more welfare for the money and greater quality in local government financial management. Since the outset in 1986, our members have together reduced their borrowing costs by billions of kronor. In recent years, total lending has risen steadily to amount to SEK 254 (223) million in 2015. Forecasts of investment needs in the local government sector indicate a continued increase.



Kommuninvest also delivers financial value to its members by facilitating debt management. Read more about the web-based debt management service, KI Finans on page 20.

Our customers determine our success

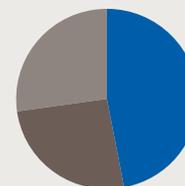
CUSTOMER SATISFACTION, which is measured every two years, shows how our customers judge our success. The latest survey, from 2014, showed a customer satisfaction index of 78, compared to 71 for comparable lenders.

Partnership provides cost-efficiency

SINCE WE ARE FUNDAMENTALLY a partnership, we also choose to partner with others – our sister organisations in the other Nordic countries, for example, in developing our operations. Read more on page 16.

Market shares, local government loan financing¹

31 December 2015



■ Borrowing via Kommuninvest 47 (44) %
 ■ Bank borrowing 26 (29) %
 ■ Borrowing through proprietary market programmes 27 (28) %

¹) Forecast. Refers to total outstanding borrowing.
 Source: Kommuninvest

Local collaboration

KOMMUNINVEST CONTRIBUTED SEK 0.9 (1.0) million to various local outreach projects in 2015. We support operations that develop education, cultural and inclusion, and are seeking partners with a pronounced social commitment. We have, for example, initiated homework help and study support aimed at young people of 16-18 years of age at the Tegelbruket community centre in Örebro. Our efforts are concentrated in Örebro where we have more than 95 percent of our employees.

The purpose of our local partnership is to strengthen Kommuninvest's profile as a responsible and attractive employer.

Generation of financial value – Kommuninvest Group	Unit	2015	2014	2013
Total revenue				
Interest revenues	SEK, million	1,438.3	3,651.0	4,571.1
Distributed value				
Interest expenses	SEK, million	639.8	2,736.1	3,602.2
Commission expenses	SEK, million	5.3	5.1	5.6
Salaries and emoluments	SEK, million	62.0	57.7	48.8
Pension costs, training costs and other personnel costs	SEK, million	17.8	19.6	16.1
Social security contributions and payroll tax on pension expenses	SEK, million	22.0	20.3	17.4
Stability fee	SEK, million	120.5	110.7	99.0
Other operating expenses	SEK, million	70.3	74.1	65.8
Tax	SEK, million	26.3	2.6	3.8
Transferred to members of the Kommuninvest Cooperative Society as distribution of surplus	SEK, million	500.7	679.5	696.5
Efficiency				
Administration expenses, excluding stability fee, as % of balance sheet total	Percent	0.051	0.055	0.053



Green Loans support the transition to a sustainable society

WE OFFER loan products that support the local government sector’s environmental efforts, and thus act as an enabler for the Swedish vision of a fossil-free society. Green Loans are one example. These are for the financing of investments that mitigate climate change or facilitate adaptations to such change. The launch of Green Loans (read more on the next page) is an important step forward for Kommuninvest. From June 2015 until the end of the year, the volume of Green Loans rose from zero to SEK 5 billion.

Focus on both direct and indirect influence

OUR AMBITION is to address environmental impact in financing, investment and credit provision, as we do in Kommuninvest’s own operations. The work has been initiated and will be further developed in 2016. Among others, we take our lead from the United Nations Environment Programme Finance Initiative.



In 2015, the total CO₂ emissions from business travel by air fell by 40 percent, as a result of reduced travel.

Cost-efficient financing provides additional energy-efficient measures

EXAMPLES OF investments made possible by Kommuninvest’s financing include those in, for example, renewable energy through wind power plants and bio energy plants, sewage treatment, and the construction of environmentally certified schools and other buildings.

Increasing resource efficiency simultaneously with expansion

The environmental impact caused by Kommuninvest’s own organisation is primarily associated with business travel, but also with energy consumption in buildings and the consumption of office supplies. In 2015, carbon dioxide emissions from business

travel amounted to 177.3 (296.5) tonnes or 2.3 (4.0) tonnes per employee. Total energy consumption decreased to 406.2 (427.6) MWh despite an increased number of employees. Paper consumption per employee decreased by 5 percent in 2015.

Environmental indicators – Kommuninvest Group	Unit	2015	2014	2013
Energy consumption				
Total energy consumption (in buildings)	kWh	406,160	427,574	450,717
– of which, electricity	kWh	298,087	322,351	325,911
Proportion of renewable energy in energy consumption of electricity	Percent	n/a	46	40
Change in electricity consumption compared to the preceding year	Percent	-8	-1	n/a
– of which, heating	kWh	108,073	105,223	124,806
Proportion of renewable energy in energy consumption for heating	Percent	n/a	93	93
Total energy consumption per square metre	kWh/m ²	271	285	301
Total energy consumption per employee	kWh	5,207	5,778	6,829
Resource usage				
Purchased office paper	Tonnes	1.3	1.5	1.6
– of which sustainability labelled paper (PEFC)	Tonnes	1.3	1.5	1.6
Proportion of sustainability labelled office paper, of total purchases	Percent	100	100	100
Total paper consumption per employee	Kilos	12.8	13.5	15.2
Paper recycling, incl. purchased and delivered paper	Tonnes	2.1	2.8	1.1
Business travel				
Total business travel	Km	1,081,226	1,609,162	n/a
Total business travel per employee	Km	13,862	21,745	n/a
Total air travel	Km	770,526	1,348,396	n/a
Rail travel in Sweden	Km	305,287	257,506	n/a
Total CO ₂ emissions from business travel	Tonnes	177.3	296.5	n/a
CO ₂ emissions from business travel, per employee	Tonnes	2.3	4.0	n/a



Green Loans help realise Sweden's environmental objectives

“The overarching objective of environmental policy is to hand over to the next generation a society in which the major environmental problems have been solved, without causing increased environmental and health problems beyond Sweden's borders.”

The Riksdag's definition specifies the central aspects of Sweden's national environmental objectives. In addition to the generation target, there are 16 environmental targets and 24 interim targets. In practice, the local government sector accounts for most of the investments necessary for it to be possible for the Riksdag's decisions to result in a transition to a more sustainable society.

Since June 2015, Kommuninvest offers its customers the opportunity to finance environmental and climate-related investments by means of Green loans. Wind power, energy-smart buildings, waste management and other investment projects with a positive environmental impact can receive eco-labelled financing. The Green loans mediated by Kommuninvest are funded using Green bonds, targeted at investors who want to invest in projects promoting sustainability.

Read more at Green Bonds section at www.kommuninvest.se

Promoting social security

Through the financing solutions it offers, Kommuninvest contributes to the development of social welfare in Sweden. This mainly occurs through our members’ efforts, but also through Kommuninvest being a responsible employer and corporate citizen. Funding from Kommuninvest is used for investments in social infrastructure, such as schools, pre-schools, health centres, recreational and cultural facilities.

In-depth knowledge of conditions in the sector

Kommuninvest seeks to disseminate knowledge about the local government sector’s long-term financial conditions by contributing to research and education. Each year, we publish reports analysing trends in local government debt, as well as analyses of investment trends in the local government sector.

In various ways, Kommuninvest also supports of research on the local government sector’s financial conditions and challenges. In 2015, Kommuninvest’s research fund awarded grants to the projects “Urbanisation effects for small and large municipalities – a study of sustainable development” and “Immigration as a resource in stagnating municipalities”.

Everyone is welcome

Kommuninvest supports Karlslund United, which allows girls and boys, with or without disabilities – and of all ages – to meet, train and play soccer. Together with Örebro Fältrittklubb, which has one of Sweden’s largest riding schools, we also promote horse-riding for people with disabilities.

We want to start ripples that spread outwards

Örebro Simallians and Kommuninvest work together, actively offering swimming lessons for people who for various reasons have not been included in municipal swimming programmes. The partnership has allowed the lifesaving course to be developed and extended.

Increasing accessibility

Scandinavia’s largest biennial for contemporary art in the public space – OpenART – has established Örebro on the international art scene. In 2015, exhibitors included the globally influential Chinese artist Ai Weiwei, who showed a work consisting of 375 uniforms in six different colours that were hung along Köpmangatan, a pedestrian shopping street in central Örebro. In connection with the biennial, Kommuninvest contributed to creative activities for young people under the auspices of OpenART.

Equality, diversity and development

Kommuninvest’s personnel policy emphasises the importance of equality and diversity in the organisation. At the end of 2015, 40 (44) percent of the total number of employees were women. Among senior executives, the proportion

of women was 67 (50) percent. Our ambition is to be able to attract, retain and develop skilled employees, regardless of gender, ethnic background, faith, age, disability, sexual orientation or transgender identity.

Employee statistics – Kommuninvest Group	Unit	2015	2014	2013
Total number of employees, including part-time employees	Number	90	84	78
Proportion of women/men – total	Percent	39/61	42/58	41/59
Proportion of women/men – all managers	Percent	58/42	58/42	56/44
Proportion of women/men – Executive Management Team	Percent	67/33	50/50	50/50
Total number of annual full-time employees (based on hours worked)	Number	78	74	66
Employment period <2 years (based on permanent employees)	Percent	25	35	29
Employment period 2–4 years	Percent	29	18	24
Employment period 5–9 years	Percent	24	25	22
Employment period >10 years	Percent	22	22	26
Personnel turnover	Percent	5	8	4
Participation in employee survey	Percent	94	94	n/a
Proportion of employees with university education	Percent	89	88	87
Proportion of employees who had development interviews	Percent	100	100	100
Proportion of employees who have undergone sustainability training	Percent	95	n/a	n/a

Important events in 2015

The Board of Directors and President of the Kommuninvest Cooperative Society hereby present the annual and consolidated annual accounts. All business activities of the Group (Kommuninvest) are conducted within Kommuninvest i Sverige AB (the Company). The Parent Society, the Kommuninvest Cooperative Society (the Society), only handles membership and ownership matters.

Substantial strengthening of equity

In total, the Group's equity increased by SEK 3,320.3 (713.8) million over the year. The increase was primarily attributable to members' capital contributions to the Society. In November 2015, a capital injection of SEK 2.6 billion to the Society was announced. The build-up of capital in Kommuninvest has been necessitated by new EU regulations on leverage ratio, which are to be introduced effective from 2018. See further pages 33–35.

Green Loans launched

Effective from June 2015, Kommuninvest offers Green Loans for local government investment projects that promote the transition to lower carbon emissions and climate-friendly growth. As per 31 December 2015, the volume of approved Green Loans amounted to SEK 5.0 billion, relating to 11 investment projects. The portfolio of Green Loans will be funded by Green Bonds issued by Kommuninvest. The first Green Bond is planned to be issued during the spring of 2016.



Favourable trend for debt management system

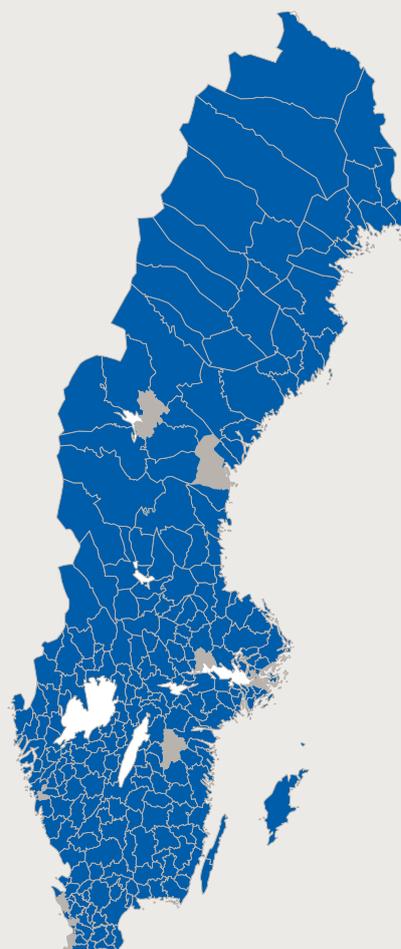
During the year, a further 43 (82) members of the Society signed agreements regarding the debt management system (KI Finans) that Kommuninvest launched in 2014. The system, which has been specially developed for the local government sector, offers increased functionality at a lower cost compared to other systems in the market. At the end of the year, contracts had been signed with 125 (82) members.

LCR Level 1 in the UK

In 2015, the EU's delegated act for liquidity coverage ratio (LCR) was adopted in the UK. This means that the securities issued by the Company in the UK represent a "Level 1 asset", the highest level. The regulation has helped increase demand for securities issued by Kommuninvest.

Municipality members,

31 December 2015



At year-end 2015, 272 municipalities and 8 county councils/regions were members in the Kommuninvest Cooperative Society.

■ Member municipalities

County councils/regions that are members

Dalarna County Council	Uppsala County Council
Region Gävleborg	Värmland County Council
Region Örebro County	Västmanland County Council
Sörmland County Council	Norrbottn County Council

Nordic cooperation brings mutual benefits

In 2015, Kommuninvest's Norwegian equivalent decided to join an already existing partnership between its sister organisations in Sweden, Finland and Denmark.

The Nordic countries have much in common in terms of similar social models and their views on welfare funding. There are institutions similar to Kommuninvest in all four countries – set up to ensure cost-effective financing of local government investments. The institutions cooperate in a number of areas, to develop skills, processes and cost-efficiency. The cooperation also includes marketing beyond domestic borders. Among other things, joint Nordic investor presentations are held regularly in London, New York, Tokyo and Switzerland.

Read more about each institution at www.kommuninvest.se, www.munifin.fi, www.kommunekredit.dk and www.kommunalbanken.no



Targets and target fulfilment in 2015

During 2015, Kommuninvest continued its long-term efforts focusing on continuous improvement in the core operations.

CUSTOMER OBJECTIVE | MEET CUSTOMERS' NEEDS IN LOCAL GOVERNMENT FINANCING

Kommuninvest provides products and services for municipal financial management, focusing on financing. By being sensitive to customers' needs and challenges, and by offering cost-efficient loans, knowledge transfer and tools that address specific challenges in customers' day-to-day operations, customer satisfaction can be increased. Kommuninvest seeks to make a difference with products and solutions that are cheaper and better for the customer.

The objective is to have a sustainably better result than comparable lenders according to the Swedish Quality Index customer satisfaction index (CSI), albeit with a rating of at least 72. The surveys are conducted every two years. In the customer survey conducted in 2014, Kommuninvest had a CSI of 78. The average for comparable credit institutions was 71.

SUSTAINABILITY OBJECTIVE | KNOWLEDGE-ORIENTED OPERATIONS WITH MOTIVATED PERSONNEL AND EFFICIENT WORKING METHODS, OPERATED WITH FINANCIAL STABILITY AND A CONSERVATIVE RISK APPETITE

Kommuninvest has no interest of its own in generating a profit – its principal objective is to generate financial benefit for the members of the Kommuninvest Cooperative Society. The objective can be more easily attained with knowledgeable and competent employees who are committed to their duties and an organisation characterised by efficient processes, knowledge transfer and innovation. It is also important that Kommuninvest maintain a high level of financial stability and a conservative risk appetite.

By the end of 2017 at the latest, the objective is to have better results than other public sector employers according to the Swedish Quality Index employee satisfaction index (ESI), albeit with a rating of at least 72. The surveys are conducted every two years. In the employee survey conducted in 2015, Kommuninvest had an ESI of 69. The average for comparable employers was missing in this survey – in 2014 it amounted to 71.

FINANCING OBJECTIVE | STABLE AND COST-EFFECTIVE PROPRIETARY DEBT MANAGEMENT

Kommuninvest's borrowing operations and liquidity management are critical in supporting customer needs. The financing target is an expression of the need for Kommuninvest to be able to fund its operations even in times of uncertainty and of the objective that it should always be possible to borrow funds at the lowest possible cost. Easily accessible and secure liquidity preparedness is also crucial.

The objective is to:

- 1) be the best local government financing institution according to an international Investor Satisfaction Index (ISI) by the end of 2017.
- 2) by the end of 2017, to have a cost of borrowing in the Swedish bond market that is 0.25 percentage points lower than the average of the borrowing costs of the five largest municipalities/county councils.

In the 2015 investor survey, Kommuninvest placed as the fourth-best local government financing institution. In 2015, Kommuninvest's borrowing costs in the Swedish bond market were an average 0.11 percentage points lower than the five largest member communities' own market borrowing.



Multi-year summary

Over the past five-year period, the Group has experienced strong growth. Lending rose from SEK 168.1 billion in 2011 to SEK 254.4 billion at the end of 2015. As an effect of the increased lending, total assets also increased, from SEK 234.1 billion to SEK 340.6 billion. Growth derives from the local government sector's increased investments, which have led to generally increased demand for credit. Thanks to competitive pricing, Kommuninvest's share of the local government's sector's total debt has increased, although growth is also a result of the Society's membership having increased.

The Kommuninvest organisation has no vested interest of its own in making a profit and earnings figures are therefore of limited interest in monitoring performance. However, the past five-year period has been marked by a build-up of capital structure through earnings, with slightly elevated earnings as a result. Over the period from 2011 to 2015, equity rose from SEK 1,180.3 million to SEK 6,481.7 million. For multi-year data in table format, see pages 82–83.

Provides the local government sector with powerful tools for efficient debt management

At a limited cost, determined taking their borrowing into account, Kommuninvest's members are offered a web-based debt management service that significantly facilitates review, analysis and reporting.

The system provides users a good overview of the financial positions, and makes it possible, among other things, to stress test interest payment flows under alternative interest rate scenarios. Officials can prepare complex cases in a straightforward manner and develop quality assured correct data on which politicians in municipalities and regions/county councils can base decisions. The system had about 850 users in early February, 2016.



Growing market for Kommuninvest's loans

In 2015, the Swedish local government loan market grew by SEK 35 billion to SEK 537 (502)¹ billion. This growth was primarily the result of an increasing pace of investment within local government authorities and municipal companies. Of the local government sector's total borrowing, 47 (44) percent was financed through Kommuninvest.

During the five-year period 2011–2015, the local government sector's total external borrowing increased nominally by about SEK 125 billion. The increase was primarily the result of an increasing pace of investment by local government authorities and municipal companies. Investments encompass many of the areas for which local government authorities are responsible, with the emphasis being on infrastructure, housing and energy supply. Borrowing is mainly increasing in growth municipalities. At the end of 2015, the local government authorities' borrowing was estimated to amount to 13.2 percent of Sweden's GDP, compared with 11.3 percent in 2011.

Swedish local government sector's largest lender

The portion of the local government sector's borrowing that is conducted via Kommuninvest has increased substantially since 2000. The primary reason is the large number of new

members of the Society, which has given an increasing number of local government authorities and municipal companies access to credit from the Group. At the same time, the competitiveness of the banks has gradually weakened in the wake of new financial regulations, primarily benefiting Kommuninvest but also borrowing via the capital market, which is mainly an alternative for the larger local government borrowers. Based on the Group's assessment of the size of the local government borrowing market in 2015, Kommuninvest accounted for 47 (44) percent at the end of the year. Borrowing via the bank sector accounted for 26 (29) percent and direct borrowing via the capital market through the authorities' own bond and commercial paper programmes accounted for 27 (28) percent.

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 2015, nor the municipalities' and county councils' own annual reports were available.

Comparison figures relating to the income statement refer to the preceding year (1 January – 31 December 2014), unless otherwise stated. Comparative balance sheet and risk related figures relate to 31 December 2014 unless otherwise indicated.

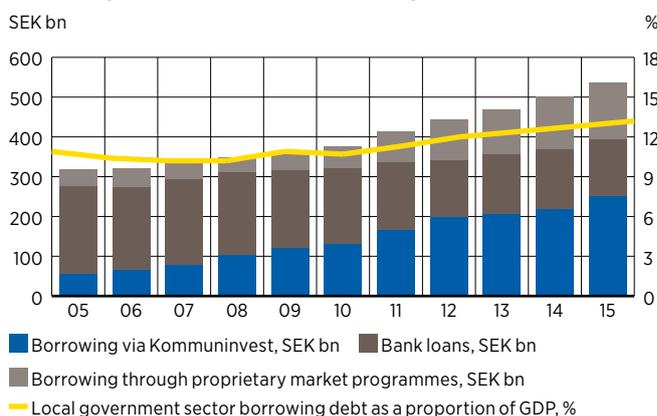
Comments on the Income statement, Balance sheet and Changes in equity are provided in connection with the statements on pages 47, 49 and 51 thereof.

Forms of local government borrowing

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

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

The local government sector's borrowing debt and forms of financing, 2005–2015



Source: Kommuninvest

The local government sector's borrowing over the past decade is characterised by an increased proportion of borrowing via Kommuninvest and proprietary market programmes, as well as a reduction in borrowing via the banking sector. Data for 2015 are based on estimated total debt.

Loans that meet customers' needs

In 2015, Kommuninvest's lending grew to SEK 254.4 (222.8) billion. The increase reflects the local government sector's increased investment volumes and thereby increased borrowing needs, but also Kommuninvest having increased its share of the sector's borrowing. The Group had a total 853 (791) customers, either members of the Society or legal entities controlled by the members.

Strengthened market position

In 2015, Swedish local government authorities continued to be able to meet their borrowing needs efficiently, both through Kommuninvest and through banking systems and capital markets. Kommuninvest offers loan products with capital being tied up for shorter or longer periods, based on fixed or floating interest rates and with or without right of early termination.

At the end of the year, borrowing amounted to SEK 254.4 (222.8) billion. In nominal terms, lending was at SEK 251.4 (218.4) billion, an increase of 15 (6) percent compared with the previous year. Based on nominal volumes, the bid acceptance rate amounted to 93 (83) percent for 2015.

Of the agreed lending for the year, that is, new loans and renegotiations of existing loans, 80 (84) percent were loans with capital tied up for more than one year and 20 (16) percent

with capital tied up for one year or less. Loans with capital tied up for one to three years accounted for 42 (49) percent of volumes.

Green Loans launched

During the year, Kommuninvest launched a new lending product, Green Loans. Green Loans can be granted for projects and measures that help cut carbon emissions and contribute to sustainable growth or reduce climate change. At year-end, SEK 5.0 billion in Green Loans had been granted to 11 projects.

125 members affiliated to KI Finans

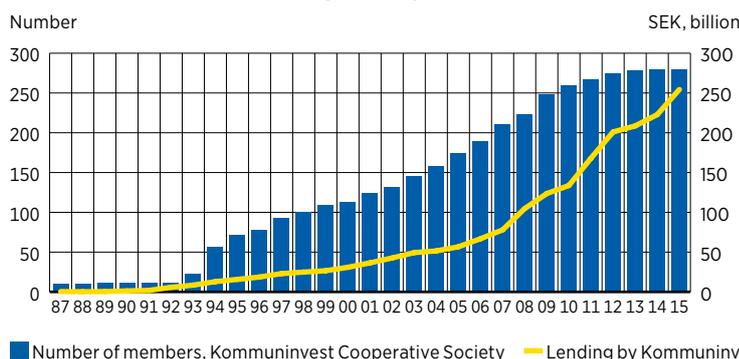
As of 31 December 2015, 125 (82) members in the Society had elected to sign up for Kommuninvest Finansstöd (KI Finans) – a debt management system specially developed for the local government sector.

Loans provided only to Swedish municipalities and county councils/regions

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

- Municipalities and county councils/regions that are members of the Kommuninvest Cooperative Society
- Companies owned by municipalities and county councils where one or several members of the Kommuninvest Cooperative Society hold more than 50 percent of that ownership and has also issued a guarantee for the loan
- Municipal and county council 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.

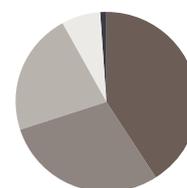
Number of members and lending volume, 1987–2015



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

Loan portfolio by borrower category

31 December 2015

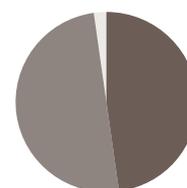


- Municipalities 41 (40) %
- Municipal housing companies 29 (29) %
- Other municipal companies 22 (22) %
- Municipal energy companies 7 (8) %
- County councils/regions 1 (1) %

Kommuninvest's largest borrower groups are municipalities and municipal housing companies. At the end of 2015, they accounted for 70 (69) percent of the total lending.

Loan portfolio per loan product

31 December 2015



- Capital tied up, fixed interest (including lending through Swedish bond programme) 48 (50) %
- Capital tied up, Stibor 50 (43) %
- KI interest 0 (4) %
- 3-month Stibor until further notice 2 (3) %

Significant international player with the highest credit rating

Kommuninvest finances its lending to municipalities and county councils/regions by borrowing funds on the Swedish and international capital markets. Demand for low-risk issuers remained good during the year and Kommuninvest was able to meet its funding plans on favourable terms. At the end of the year, total borrowing amounted to SEK 321.2 (297.1) billion.

Good demand for Kommuninvest bonds

Demand for the Group's bonds remains favourable throughout 2015, despite the funding market being more volatile from the second half of the year. One explanation is that Kommuninvest belongs to the group of issuers that still has the highest possible credit ratings and a stable outlook. Among other aspects, the credit ratings are based on the joint and several guarantee undertaking by the members of the Society, risk management, market position and the quality of the Group's assets. The focus on diversified funding sources and a long-term process to further develop the investor base has also borne fruit. The support from Kommuninvest's core investors in international borrowing markets – central banks, public institutions and bank treasuries – remained strong over the year.

Focus on increased benchmark borrowing

At the end of the year, Kommuninvest's borrowing totalled SEK 321.2 (297.1) billion.

Over the year, SEK 105.9 (81.2) billion was borrowed in long-term debt instruments with maturities of more than one year. Borrowing

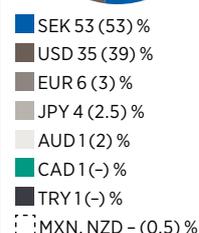
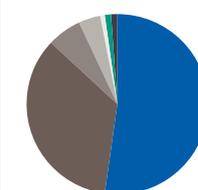
is secured to replace loans that mature or are cancelled, to finance new loans in the lending operations and to adjust the size of the liquidity reserve according to the current market view and the size of the lending portfolio.

The Group is working actively to increase its funding in major bond programmes, so-called benchmark programmes, both internationally and in Sweden. During the year, two major benchmark borrowing programmes were carried out in USD, with another being carried out in January 2016. Securities issued by the Group are, within the EU, the class of assets considered to be of the highest quality in the calculation of the Liquidity Coverage Ratio (LCR).

A total of SEK 53.8 (41.4) billion was issued in the Swedish bond programme with SEK 126.4 (93.7) billion outstanding at the end of the year. During the year achieved, the target of having more than SEK 100 billion outstanding in 2015 was achieved – a target that was set when the programme was launched in 2010. In total, the programme consists of six outstanding bonds.

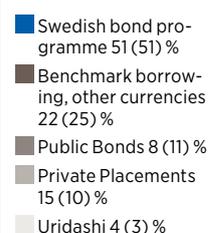
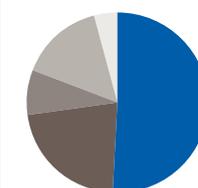
New borrowing by currency in 2015

(excl. commercial paper borrowing)



New borrowing by programme, 2015

(excl. commercial paper borrowing)



Borrowing strategy – Diversified sources of funding provide greater stability

Kommuninvest's lending is financed by means of short and long borrowing programmes on national and international capital markets. The borrowing strategy is based on:

- Diversified sources of funding as regards markets, currencies, products and investors. Diversification increases the stability of Kommuninvest's borrowing.
- Continuous presence in a number of strategic borrowing programs: Swedish Benchmark Programme; benchmark borrowing in USD: ECP programme and Japanese "Uridashi" borrowing.
- Fifty percent of borrowing is to be denominated in SEK. Any borrowing not denominated in SEK is swapped to SEK, USD or EUR.

A significant issuer of SSAs

Kommuninvest issues instruments on international borrowing markets in the category "Sovereigns, Supranationals and Agencies". With annual funding volumes equivalent to USD 10-15 billion, 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
- KfW (Germany)
- Kommunalbanken (Norway)
- Kommunekredit (Denmark)
- Municipality Finance (Finland)
- Nordic Investment Bank, NIB
- Rentenbank (Germany).

Large liquidity reserve to meet customer needs under all circumstances

To continue providing its customers with financing during periods of uncertainty in the financial markets, Kommuninvest maintains a liquidity reserve. At the end of the year, the reserve, which shall amount to between 15 and 35 percent of the lending volume, was SEK 63.2 (65.2) billion.

Strict rules and a conservative approach guide Kommuninvest's liquidity reserve. In 2015, the Company's Board of Directors adopted an amendment to the size requirement for the liquidity reserve to the equivalent of at least 15 percent and at most of 35 percent of the lending volume (previously at least 20 percent and at most 40 percent). As of 31 December 2015, the liquidity reserve corresponded to 25 (29) percent of the lending volume. A large part of the reserve shall qualify as collateral with central banks, enabling the Group to secure liquidity by posting collateral. As per 31 December 2015, 87 (83) percent of the reserve, excluding cash and equivalents and securities received as collateral, was eligible as collateral at central banks.

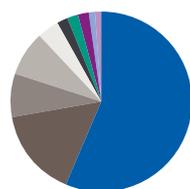
Conservative management in focus

During 2015, management was characterised by continued caution, as reflected by investments with shorter maturities and increased exposure to zero risk-weighted counterparties and covered bonds. The remaining maturity in the liquidity reserve was 1.9 (1.9) years.

At the end of 2015, 77 (75) percent of the reserve was invested in securities with the highest possible credit rating, including covered bonds and securities issued by governments, government-guaranteed institutions and other public institutions. In addition, 72 (71) percent consisted of investments in securities from issuers in Sweden and Germany, with 14 (15) percent being in securities with less than four months remaining maturity. See Note 3 for further information on Kommuninvest's credit risk exposure.

Liquidity reserve by country

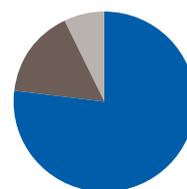
31 December 2015



- Sweden 57 (54) %
- Germany 16 (17) %
- Supranational Europe 8 (8) %
- Finland 8 (9) %
- Denmark 4 (2) %
- Australia 2 (3) %
- Canada 2 (2) %
- UK 2 (1) %
- Netherlands 1 (1) %
- Supranational outside Europe 1 (1) %
- USA 0 (0) %

Liquidity reserve distributed by rating category

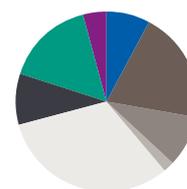
31 December 2015



- Aaa/AAA 77 (75) %
- Aa1/AA+ 16 (14) %
- Aa2/AA- (1) %
- Aa3/AA- 7 (9) %
- A1/A+ (3) %
- A2/A0 (-) %
- A3/A- (0) %
- Baa1/BBB+ (0) %

Liquidity reserve distributed by issuer category

31 December 2015



- State or local governments and authorities 8 (6) %
- National governments or central banks 20 (20) %
- Multilateral development banks 9 (7) %
- Public bodies 2 (1) %
- Covered bonds 32 (30) %
- Nordic credit institutions 9 (11) %
- European credit institutions 16 (19) %
- Credit institutions outside Europe 4 (5) %

Investment rules for the liquidity reserve

- Investments shall primarily be made in securities issued by sovereign states or nationally guaranteed financial institutions.
- Investments may only be made in counterparties with a credit rating of at least Baa1 from Moody's and/or BBB+ from Standard & Poor's.
- The maximum maturity of the investments is 5.5 years.
- The Kingdom of Sweden (the Swedish state) is approved as counterparty without further decisions being required. For borrowers outside Sweden, a borrowing limit is applied on a per-country basis.

For further information, see the Risk and capital management section on pages 25–35 or Kommuninvest's website, www.kommuninvest.se.

Knowledgeable and dedicated employees make for satisfied customers

Increasing demands on Kommuninvest as an organisation, due to expanding operations and new regulations for the financial sector. The number of employees continued to increase in 2015, by eight new employees to a total of 85 (77) employees. The average number of employees during the year was 78 (74).

A competency-driven organisation

Kommuninvest i Sverige AB is a highly specialised finance organisation that operates both in the Swedish local government sector and in global financial markets. This imposes particular demands on employees' competence, values and corporate culture. Most of the Group's employees have university degrees and many have continued their training following graduation.

The Group's success rests on our committed employees, good leadership and values that are fully integrated into its day-to-day operations. Being an attractive employer, with a strong employer brand, is important. This is followed up through an employee satisfaction index (ESI) and other measures. In the latest ESI survey, conducted in 2015, ESI rose to 69, compared with 72 in the survey conducted in 2014.

Emphasising equality and diversity

The Group's personnel policy, as adopted by the Board of Directors of Kommuninvest i Sverige AB, emphasises the importance of equality and diversity in the organisation. The ambition is to be able to attract, retain and develop skilled employees, regardless of gender, ethnic background, religion or faith, age, disability, sexual orientation or transgender identity. At the end of 2015, the average age of Group employees 41 (42) years. Of the total number of employees, 40 (44) percent were women; Among senior executives, the proportion of women was 67 (50) percent.

Independent employee responsibility

The Group's employees are expected to assume an independent responsibility for their own development, as well as for their part of the operations. All employees are to have an annual dialogue with their managers to set



individual targets and to formulate a development plan in accordance with the Group's objectives and competence needs. The dialogue is followed up after six months to ensure that the employee has progressed with his/her development. With the purpose of increasing employees' knowledge and competence, both employees and managers are offered different forms of tailored development and training. In addition to compulsory training programmes required for everyone within the company, the Group also offers shorter or longer specialist and leadership courses for a number of employees. A strategic training effort is in progress for employees in the Customer Group. Under this programme, the Group finances a diploma course for financial analysts at the Stockholm School of Economics.

Remunerations

For details of the remuneration policy and remunerations to boards and senior executives, see Note 7.

Code of Conduct provides guidance

Kommuninvest is a values-driven organisation. The Code of conduct provides guidance on how Group employees should act in day-to-day operations in accordance with Kommuninvest's core values, completeness, participation, clarity and quality.

The Code of conduct summarises what the Group's employees and stakeholders can expect of Kommuninvest. It is a responsibility and requirement of all employees that they adhere to the code, current legislation, regulations and other policies that guide operations. The managers are required to engender an ethical climate in line with the code and to encourage adherence to the code.

Financial position

During 2015, equity increased in by SEK 3,320.3 (713.8) million to SEK 6,481.7 (3,161.4) million, mainly as a result of new capital contributions from the Society's members. The total capital base was SEK 3,733.5 (3,216.9) million, which gave a total capital ratio of 56.9 (47.4) percent.

Total assets increased to SEK 340,615.8 (312,092.0) million at year-end, as a result of increased lending by SEK 31,618.0 (14,159.7) million.

Equity

As of 31 December 2015, equity amounted to SEK 6,481.7 (3,161.4) million. In addition to new member contributions, equity was mainly affected by the profit for the year and the distribution of surplus (for further details, see Changes in equity on page 50).

Subordinated liabilities

The item consists of a debenture loan from the members of the Society. Including accrued interest, the loan amounted to SEK 1,000.0 (1,000.1) million.

Distribution of surplus in 2016

Pending a decision by the 2016 Annual General Meeting of the Society, the Society will also apply refunds and interest on contributions for the distribution of surpluses for the 2015 financial year. For this, in its annual accounts for 2015, the Company made a group contribution of SEK 545.4 (725.6) million. If a decision on the payment of a new capital contribution is made, the Company's Board of Directors deems it likely that all members who have not yet reached the agreed maximum level for member contributions will participate with an amount depending on whether the member has reached 50, 75 or 100 percent of the highest contribution level. Payments of surplus distributions, payments in of capital contributions to the Society and of possible capital reinforcement to the Company are expected to take place within three months of a decision. The calculated but yet to be approved capital contribution amounts to SEK 90.7 (680.0) million.

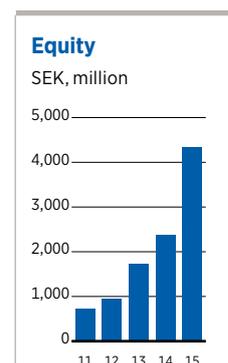
Capital adequacy

The Kommuninvest financial group of companies (the Group) is well capitalised to meet the risks in the operations, with capital ratios exceeding the required minimum standards by a good margin. Core Tier 1 capital amounted to SEK 3,033.5 (2,416.9) million, entailing a core Tier 1 capital ratio of 46.2 (35.6) percent. The total capital base was SEK 3,733.5 (3,216.9) million, which gave a total capital ratio of 56.9 (47.4) percent. For further information, see Note 35.

At the end of 2015, the Group's leverage ratio, reported according to CRR, was 0.90 (0.79) percent. The requirement has yet to be set, see page 35.

Rating

Kommuninvest i Sverige AB holds the highest credit ratings: Aaa from Moody's and AAA from Standard & Poor's. In June 2015, the rating agencies confirmed the Company's credit rating, with a stable outlook. The rating agencies highlight the joint and several guarantee undertaking by the owners of the Society, the robust liquidity reserve with access to central bank funding, the high quality of the loan portfolio and the strategy of capital build-up in preparation for future regulations.



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

Kommuninvest's principal assignment is to ensure access to stable and efficient funding for the local government sector. Business is conducted within Kommuninvest i Sverige AB and is to be characterised by limited risks. No material changes took place in 2015 with regard to the Group's targets, principles or methods for managing risk. Nor have the Group's exposures to different types of risk changed significantly.

RISK STRATEGY

Kommuninvest plays a central role in the financing Swedish municipalities and county councils/regions' investments. In accordance with the ownership directives, the Group's risk management is designed for operations to be conducted with as low a level of risk taking as possible. See page 27 for an overview.

The Group's risk profile and permitted risk taking is established annually in the form of owner directives adopted by the Annual General Meeting. The owner directives state that the Group's risks should be small and never greater than necessary for achieving the objectives of the operations. The operations are subject to the Local Government Act's prohibition of speculative activities.

In the risk strategy adopted by the Group's Board of Directors, the Board sets out its basic view on risk and details in concrete terms risk appetites and regulations for the management of the risks identified by the Group. The risk appetite describe the risk to which the Board is prepared to expose the Group for the purpose of fulfilling the assignment from the owners. The risk appetite is defined as the level of risk and the changes in earnings that the Board of Directors is, within the framework of its assignment, willing to accept over the next year. The risk appetite is set regularly, but at least once a year. The level of risk appetite is determined by a) company-specific factors such as financial position and growth targets and b) by expected market conditions over the stated period.

The risk strategy is part of the Group's risk framework, which encompasses the Board of Directors' fundamental instruments of operational governance and good internal control.

RISKS AND RISK MANAGEMENT

The Group's assignment is to provide its customers with financing. To fulfil this assignment,

the Group borrows money on the financial market and lends money to customers. Unlike many other credit institutes, the Group conducts no deposit or active trading operations.

The business model means that the Group is exposed to risks associated with the financial market. Below follows an overview of the types of risks that Kommuninvest regularly manages and assesses.

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. On 31 December 2015, 79 (77) percent of Kommuninvest's credit risk exposure was towards Swedish municipalities and county councils/regions in the form of loans; 20 (22) percent of the exposure was towards states and other issuers of securities in the form of investments; and 1 (1) percent of the exposure was towards derivatives counterparties. The total credit risk exposure, gross and net, is detailed in Note 2.

Credit risk is divided into credit provider risk, issuer risk and counterparty risk.

Risk in credit provision

Credit provider risk refers to the risk that a credit counterparty is unable to meet its obligations. Kommuninvest may only provide credit to members and approved companies over whom one or more members have a decisive influence. Approved companies, foundations and associations are to be covered by a guarantee from one or more members. Members and approved companies are followed up continuously and assessed from a holistic perspective at the corporation level.

The municipalities and county councils/regions and the companies they own respectively are analysed when processing membership applications and on an ongoing basis dur-

ing their membership. To obtain an overall view of a member's financial situation, a quantitative risk value analysis is performed. The analysis includes the income statement, balance sheet, demographics and risks in municipal operations. Once a quantitative analysis has been made, it is, if necessary, followed by a qualitative analysis. This scrutinises and analyses the local government corporation and its financial conditions in more detail. Lending can be limited on the basis of the combined analysis.

Since all loans are made to, or are guaranteed by, municipalities and county councils/regions, the risks in the Group's lending activities are considered low. The Group has never suffered a credit loss in its lending operations.

In 2015, the ten largest borrowers accounted for 20 (22) percent of lending, while the combined population of these borrowers was equivalent to 12 (12) percent of the total population of the Society's members. Characteristic of these borrowers is that they are relatively large and growing municipalities with sizeable operations in company formats.

Issuer risk

Kommuninvest's liquidity reserve shall consist of securities issued by governments and financial institutions. Issuer risk refers to the risk that an issuer fails to repay its full undertaking on maturity.

When investing in securities, risk taking shall be kept to a minimum according to the owners' basic agreement for the operations. The Group's Board of Directors sets the maximum gross exposure towards individual issuers. The maturity of securities in the liquidity reserve shall not exceed the period during which the financial capacity of the counterparty can be assessed. Of the total liquidity reserve, at least 97 percent shall, at any given time, be invested in securities and bank deposits with a rating of at least A from Standard & Poor's or A2 from Moody's. The maximum maturity for investments is 5.5 years.

The Kingdom of Sweden (the Swedish state) is approved as counterparty without further decisions being required. For counterparties outside Sweden, the permitted exposure is subject to a country-based limit.

Counterparty risk

To limit the market risks that arise when contractual borrowing and lending terms do not match, the Group uses risk management instruments in the form of derivative contracts. This gives rise to counterparty risk, that is, the risk that a counterparty to a financial agreement fails to meet its commitments in accordance with the agreement.

The Group limits counterparty risks by a) requiring agreements to be set out in accordance with the financial industry standard (ISDA agreements) and b) by signing collateral agreements with counterparties (CSA agreements), see below.

Risk taking is also limited by derivative agreements being required to include the right for the Group to transfer derivative agreements to a new counterparty in the event that a counterparty's credit rate falls below Baa3 (Moody's) or BBB- (Standard & Poor's). The counterparty's credit rating is also decisive in what the Group is prepared to accept when it comes to the contracts' maturity period, structure and permitted risk exposure.

Membership of ISDA

The Group is a member of the International Swaps and Derivatives Association (ISDA), and before entering derivative contracts it stipulates the right to early redemption of such contracts if the counterparty's credit rating deteriorates below a pre-determined level.

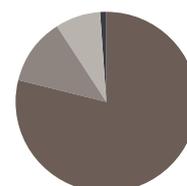
The risk exposure comprises the cost of entering an equivalent contract in the market. Such cost is calculated for each contract and is considered a risk to the contract counterparty. ISDA agreements are to be established with all derivatives counterparties. The Group is also a member of the International Capital Markets Association (ICMA), which is responsible for, among other things, the established market standard for repo agreements.

Collateral agreements

To limit the risks arising because of value changes to derivatives and repo transactions, the Group enters collateral agreements with its counterparties – CSAs (Credit Support Annexes) for derivatives contracts and GMRAs (Global Master Repurchase Agreements) for

Credit risk exposure

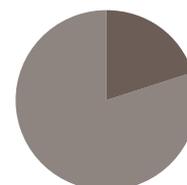
31 December 2015



- Lending, 0 percent risk weight, 79 (77) %
- Liquidity reserve, 0 percent risk weight 12 (14) %
- Liquidity reserve, 10 and 20 percent risk weight 8 (8) %
- Liquidity reserve, 50 percent risk weight - (0) %
- Derivatives 1 (1) %

Credit concentration, distribution of lending

31 December 2015



- Ten largest lending counterparties 20 (22) %
- Other lending counterparties 80 (78) %

Kommuninvest's risk management in brief

DESCRIPTION	RISK MANAGEMENT
Credit risk	
<i>Risk in credit provision</i>	
<p>Credit provider risk refers to the risk that a credit counterparty is unable to meet its obligations.</p>	<p>Loans are only provided to members and their majority owned companies. Loans may also be made to municipal foundations and associations. The members are followed up applying an in-house model for risk monitoring and local government analysis. Each year, the Company's Board of Directors sets a group limit for all members. The limit entails a maximum level on the Group's net consolidated debt. Lending to municipal companies, foundations or associations must be guaranteed by one or more members. Swedish municipalities and county councils/regions have the right to levy taxes and cannot be declared bankrupt. In addition, the central government bears the ultimate responsibility for local government sector operations. The risk in credit provision is assessed as very low.</p>
<i>Issuer risk</i>	
<p>Issuer risk refers to the risk that the issuer of a security fails to repay its full undertaking on maturity.</p>	<p>Investments are made in securities issued primarily by governments, government-guaranteed issuers and covered bonds. Of the total liquidity reserve, at least 97 percent shall, at any given time, be invested in securities and bank deposits with a rating of at least A from Standard & Poor's or A2 from Moody's. The maximum maturity is 5.5 years. All outstanding issuers are followed up on an annual basis and when necessary. Each year, the Company's Board of Directors sets a total limit for each issuer. Kommuninvest's stringent requirements on issuers mean that issuer risk is considered to be limited.</p>
<i>Counterparty risk</i>	
<p>Counterparty risk refers to the risk of a counterparty to a financial contract defaulting before the final settlement of the cash flows. Counterparty risk arises when derivatives contracts are entered with counterparties with the purpose of reducing or eliminating market risks. Depending on changes in market prices, a derivative contract of this kind can entail either a receivable from, or a liability to, the counterparty.</p>	<p>New contracts may only be entered with counterparties with a rating of at least Baa1 from Moody's or BBB+ from Standard and Poor's. The scope for transactions is limited on the basis of several criteria. All outstanding counterparties are followed up on an annual basis and when necessary. Each year, the Company's Board of Directors sets a total limit for each counterparty. Derivative exposures are to be covered by ISDA agreements and, to the greatest extent possible, by CSA agreements. For new counterparties, CSA agreements are required. CSA agreements entail Kommuninvest receiving collateral for receivables exceeding the exposure determined in the agreement. The collateral that Kommuninvest receives entails the counterparty risk being limited.</p>
Market risk	
<p>Market risk refers to the risk that the net market value (combined value) of the Group's assets and liabilities will decrease due to changes in risk factors in the financial market.</p>	<p>Kommuninvest's operations and business model give rise to market risks in the form of interest rate risk, currency risk, credit market risk, other price risks and liquidation risk. Market risk is measured and followed up continuously. Most interest rate and currency risks and other price risks are exchanged for counterparty risks through derivative contracts. Credit market risk is limited in part through good matching of maturities between liabilities and assets and, in part, through both assets and liabilities being of a very high credit quality with historically small fluctuations in underlying prices. The Company is exposed to changes in credit spreads on assets and/or liabilities, as well as changes in basis swaps. Through good governance and control, this risk is kept to a controlled and acceptable level. The exposure to interest rate and currency risk is very limited.</p>
Liquidity risk	
<p>Liquidity risk refers to the risk that it will not be possible to meet payment obligations on maturity without the cost of obtaining payment funds increasing considerably.</p>	<p>The structural liquidity situation is to be highly stable with somewhat longer maturities on liabilities than on assets. Liquidity risks are limited by means of the Company being a full member of the Riksbank's RIX payment system. Through RIX, Kommuninvest can, for example, borrow funds against collateral. To be able to meet short-term lending or funding needs, a readily available liquidity reserve is maintained. Overall, this limits the liquidity risks in the Group.</p>
Operational risks	
<p>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.</p>	<p>Risks in the operations are identified continuously over the year. The method includes planning measures to manage the risks that are identified. Procedures and systems support are in place enable reporting and follow-up of undesired events. Good governance and control means that the operational risk is kept at a controlled and acceptable level.</p>

repo transactions. These give the Group the right, under certain conditions, to require collateral but also an obligation to provide collateral under certain other conditions.

The change in the value of signed contracts in relation to the exposure and counterparty creditworthiness determined in the agreement is what determines when collateral should be pledged and how much collateral there should be. The Group accepts collateral only in the form of government securities, which have zero risk-weighting from a capital adequacy perspective. Collateral agreements are intended to mitigate the credit and counterparty risk associated with receivables.

Counterparty exposure in 2015

For derivative contracts of a market value entailing Kommuninvest having a claim on the counterparty, a counterparty risk is incurred. Netted per counterparty and with collateral deducted, counterparty risk amounted to SEK 1,723 (2,526) million as of 31 December 2015. For further information on netting and collateral, see Notes 3 and 27.

Concentration risk

Concentration risk refers to the risk of losses beyond what is justified by an individual customer/issuer/counterparty's credit rating, due to the correlation of the risk of default among customers/issuers/counterparties. The correlation in the risk of default can be explained by factors such as industrial and geographical affiliation.

The Group's assignment, to provide credit to the local government sector, entails concentrations in the provision of credit. Concentrations in the provision of credit are restricted by limits on lending to individual customers. Concentrations of issuers in the Group's investment portfolio and counterparties in the Group's derivatives portfolio are restricted by limits on both individual counterparties and countries.

MARKET RISK

Market risk is defined as the risk that the net value (combined value) of the Group's assets

and liabilities will decrease due to changes in risk factors in the financial market. The Group's market risks are divided into interest rate risk, foreign exchange risk, credit market risk, other price risk and liquidation risk.

Market risk mainly arises in the funding operations and in the investment of the funds included in the Group's liquidity reserve. For funding to be stable and efficient, the Group needs to be active in several different funding markets. Consequently, the Group is exposed to as foreign exchange, interest rate and other price risks. The Group hedges this exposure to market risks to as great an extent as possible by using derivative contracts. A limited exposure is permitted with the purpose of making the operations more efficient.

Interest rate risk

Interest rate risk refers to the risk that a change in the interest situation will decrease the net value of the Group's assets and liabilities. Interest rate risk arises as a consequence of the periods for which interest is fixed for assets and liabilities not being in agreement.

For the Group's assignment to be conducted efficiently with regard to the conservative view on risk, risk is managed through portfolio matching. This means that small, temporary differences in interest rate periods are permitted for assets and liabilities. The interest rate risk appetite applies only to the currencies in which the Group has investments or lending.

According to the limit set by the Board of Directors, the risk (exposure) in the portfolio may never exceed SEK 10 million from a one (1) percentage point parallel shift in the yield curve. However, interest rate risk is permitted to correspond to an exposure of at most SEK 15 million over a period of at most three consecutive business days. When calculating the interest rate risk for contracts with no pre-agreed maturity, assumptions are made regarding the expected duration.

On 31 December 2015 the risk in the entire portfolio was SEK -10.0 (-8.5) million in a one (1) percentage point parallel shift in the yield curve. At the same time, the interest rate risk per currency was: SEK -7.1 (1.4) million, EUR

0.0 (0.3) million and USD –2.9 (–10.5) million. A negative exposure (negative value) entails a loss if interest rates rise and a profit if interest rates fall. A positive exposure (positive value) entails a positive effect on earnings if interest rates rise and a negative effect on earnings if interest rates fall.

Foreign exchange risk

Foreign exchange risk refers to the risk that a change in exchange rates will affect the net value (combined value) of the Group's assets and liabilities.

Foreign exchange risk arises if assets and liabilities denominated in a specific currency in the balance sheet are mismatched in terms of size. The Group 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 continuously converting such returns into SEK. The Group's foreign exchange exposure is detailed in Note 3. The exposure means that a 10-percent strengthening of the SEK would cause the Group's profit to decrease by SEK 0.4 (0.4) million.

Credit market risk

Credit market risk refers to the risk that a change in a basis or credit market spread in the market would reduce the net value (combined value) of the Group's assets and liabilities.

Credit market risk arises primarily as a consequence of imbalances in maturities between assets and liabilities. The business model means that the Group is permitted to have longer maturities on liabilities than on the corresponding assets. Maturity risk as a consequence of an inverse imbalance, that is, maturities on assets being longer than on liabilities, shall not occur. The imbalances that arise in maturities between borrowing and lending shall, to the extent possible, taking other types of risks into account, be offset by maturities on investments.

Credit market risk is further divided into credit spread risk on assets, credit spread risk on derivatives, credit spread risk on proprietary debt and basis swap risk. Credit spread risk on

assets and derivatives respectively refers to the risk that a change in the counterparty's credit spread will reduce the value of the Group's asset or derivative (credit spread risk on derivatives corresponds to the risk sometimes referred to as credit valuation adjustment risk). Credit spread risk on proprietary debt refers to the risk that a change in the Group's credit spread will increase the value of the Group's liabilities. Basis swap risk refers to the risk that a change in the basis swap spread between two currencies will affect the market value of currency related derivatives contracts negatively.

As per 31 December 2015, the Group's credit market risk meant that a one (1) basis point parallel shift upwards in the market basis swap and credit market spreads would have changed the Group's earnings, reported in accordance with IFRS, by SEK 2.6 (negative 1.1) million.

Other price risks

Other price risks refers to the risk that a change in the pricing situation of underlying assets, such as shares, share indexes or raw materials indexes, will reduce the net value (combined value) of the Group's assets and liabilities. The Group uses derivatives to hedge price risks with regard to underlying assets and indexes. This means that no other price risks remain.

Liquidation risk

Liquidation risk refers to the risk that a counterparty to a transaction in interest-bearing instruments or foreign currency is unable to meet its obligations and that the Group incurs increased costs to enter a replacement transaction. The Group's process for managing counterparty risks (see paragraph above) also includes management of liquidation risks. The Group is to work proactively to avoid losses as a consequence of liquidation risks.

LIQUIDITY RISK

Liquidity risk refers to the risk that it will not be possible to meet payment obligations on maturity without the cost of obtaining payment funds increasing considerably.

The Group's liquidity risk management is pervaded by a highly restrictive attitude towards liquidity risk. The Group has diversified funding, with access to several different capital markets. This ensures that funding activities provides the necessary conditions to cover new lending, maturities and renewals even under worsening market conditions. The strategic funding programs are the Group's Swedish benchmark borrowing in USD within the EMTN (Euro Medium Term Note) programme, the ECP (Euro Commercial Paper) programme, as well as its funding in the Japanese market. The Group maintains a continuous market presence in strategic funding programs.

As in previous years, the Group had good access to liquidity, in both long-term and short-term funding, in 2015. Among other measures, the Group has carried out several issues within the framework of the Swedish bond programme, as well as two major benchmark borrowing programmes in USD.

The Group continuously monitors the effects a possible downgrade of the Group's credit rating would have on the amounts that the Group needs to provide as collateral for CSA agreements. As per 31 December 2015, a downgrading of the credit rating by three steps lead to the collateral requirement increasing by SEK 939 (928) million.

The Group's structural liquidity situation is stable with longer maturities on liabilities than on assets (see chart showing Kommuninvest's balance sheet structure on 31 December 2015 on page 49). At the end of the year, the average maturity in the Group's outstanding borrowing was 2.8 (3.2) years, on the condition that cancellable loans are maintained to maturity. If the earliest possible cancellation date is applied in the calculation, the average maturity was 2.2 (2.0) years. In connection with cancellable borrowing, the investor has the right, under certain conditions, to request premature repayment of loaned funds. At the end of the year, the average period for which capital was tied up in the Group's lending portfolio lending portfolio was 2.2 (2.2) years. The aver-

age period for which capital is tied up in the Group's liquidity reserve is 1.9 (1.9) years.

Short-term liquidity risk is subject to limits on the scale of negative net outflows the Group may have within certain time intervals. Short-term liquidity risk is further limited by the Group being a full member of the Riksbank's (Swedish central bank) RIX payment system, through which the Group can, among other things, raise loans against collateral.

In order to meet liquidity needs even during periods when financing opportunities on the capital markets are limited or too costly, the Group's Board of Directors has decided to maintain a liquidity reserve whose nominal value may not be less than 15 percent or more than 35 percent of the total lending volume. In addition, at least 40 percent of the liquidity reserve is to be held in SEK. The liquidity reserve contains securities of high credit and liquidity quality, which are largely eligible as collateral at central banks.

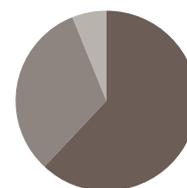
The high proportion of government bonds and other liquid assets in the Group's liquidity reserve also mean that the liquidity cover ratio (LCR) exceeds the authorities' requirements by a good margin. The Group currently needs to meet two different LCR measures: the LCR as required by Finansinspektionen (Swedish Financial Regulatory Authority) and the LCR required under the European Commission's delegated act. The measures are largely similar, although there are certain computational differences. The Group has minor outflows in EUR, explaining the variations in the LCR in EUR between reporting dates.

As per 31 December 2015, the Group's LCR according to Finansinspektionen totalled 3.43 (3.21), 7,742 (26.03) in EUR and 6.10 (7.81) in USD. As per 31 December 2015, the Group's LCR according to the EU Commission's delegated act totalled 3.22 and 5.51 in USD. Since EUR does not constitute a significant currency, the Group need not report LCR for EUR.

Liquidity risks are monitored and analysed continuously to ensure that excessive liquidity outflows do not arise. The Group also reviews

Liquidity reserve distributed by risk weight

31 December 2015



- 0 percent risk weight, 62 (62) %
- 10 percent risk weight, 32 (30) %
- 20 percent risk weight, 6 (7) %
- 50 percent risk weight, - (1) %

liquidity by continuously calculating a “survival period.” This denotes the period during which the Group can manage without access to new financing. On 31 December 2015, the estimated period during which the Company could survive without access to new financing, while continuing its normal business activities, was 9.4 (8.7) months.

During the year, the Group conducted stress tests examining how the survival period is affected by new regulatory requirements. The results form the basis for any revisions of the Group’s strategies, guidelines and positions. The results of the stress tests were satisfactory.

The Group’s liquidity exposure with regard to remaining durations on assets and liabilities is shown in Note 3. The cash flow statement also details the Group’s liquidity situation.

Events in 2015

During the year, the Group adapted to the EU’s community-wide liquidity coverage ratio requirements, which came into effect on 1 October 2015.

The Group also adapted to the regulations on long-term liquidity, the so-called net stable funding ratio (NSFR), during the year. The NSFR reporting requirement took effect in 2014 and the requirement for a minimum NSFR ratio is expected to be introduced effective from 2018.

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 risks exist in all business operations and can never be avoided. The gross risk is considerable in a financial business that manages large amounts and long-term transactions. Through good governance and control, operational risk is kept to a controlled and acceptable level.

Risks are identified continuously over the year in connection with each major change in the Group’s operations, as well as in connection with important events that affect the Group

directly or that occur externally. A risk assessment is performed for each risk that is identified. The method also includes planning measures to manage the risks that are identified.

Procedures and systems support are in place to enable reporting and follow-up of undesired events.

The Group divides operational risks into the risk areas: process risk, personnel risk, IT and systems risk and external risk.

Process risk

This risk arises when internal processes and procedures are faulty or inadequate. Process risk is mitigated by means of internal instructions, process descriptions and steering documents including points that are checked and quality assured on a regular basis.

Personnel risk

This risk arises as a consequence of shortcomings attributable to human error. Personnel risk is mitigated by it not being permitted for any individual to single-handedly manage a transaction throughout the administration chain and by ensuring that person assigned to each post has the necessary competence and experience.

IT and systems risk

This risk arises as a consequence of faulty systems. IT and systems risk is mitigated by means of a clear strategy based on sector standards (Information Technology Infrastructure Library, ITIL), a well-functioning reserve environment and internal regulations.

External risk

This risk arises as a consequence of external events. External risk is mitigated by the Compliance function following up on adherence to regulations and providing advice on adjustments to new and amended regulations; agreements entered being correctly formulated, and operations including processes and procedures that, among other things, enable the Group to mitigate the risk of external crime and detect supplier errors at an early stage.

Liquidity Coverage Ratio (LCR)

On report date in 2015

31 March

LCR total	3.28
LCR EUR	43,452.81
LCR USD	4.77

30 June

LCR total	9.09
LCR EUR	33.37
LCR USD	12.79

30 September

LCR total	6.10
LCR EUR	2,466.90
LCR USD	9.49

31 December

LCR total	3.43
LCR EUR	7,742.18
LCR USD	6.10

Liquidity Coverage Ratio (LCR) in accordance with the EU Commission’s delegated act

On report date in 2015

31 December

LCR total	3.22
LCR USD	5.51

REPUTATION RISK

Reputation risk is the risk that income from potential and existing customers declines if they lose confidence in the Group due to negative publicity or rumours about the Group or the local government sector in general. Reputation risk is also the risk of increased borrowing costs if potential or existing investors lose confidence in the Group due to negative publicity or rumours about the Group or the local government sector in general.

The Group works preventively with media monitoring and has employees with in-depth knowledge in the area to pre-empt and counter possible rumours about the Group.

BUSINESS RISK

Business risk is the risk of reduced revenues or increased costs 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 Group work continuously with external monitoring in their respective fields. A process is also in place to conduct in-depth media monitoring each year ahead of strategy discussions.

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 and/or local government sector.

The Group has a procedure for developing strategic targets set by the Board of Directors. The risk appetite for strategic risks is 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.

RESIDUAL RISK

Residual risk is the risk that established techniques for risk assessment and risk reduction applied by the Group prove to be less effective than expected.

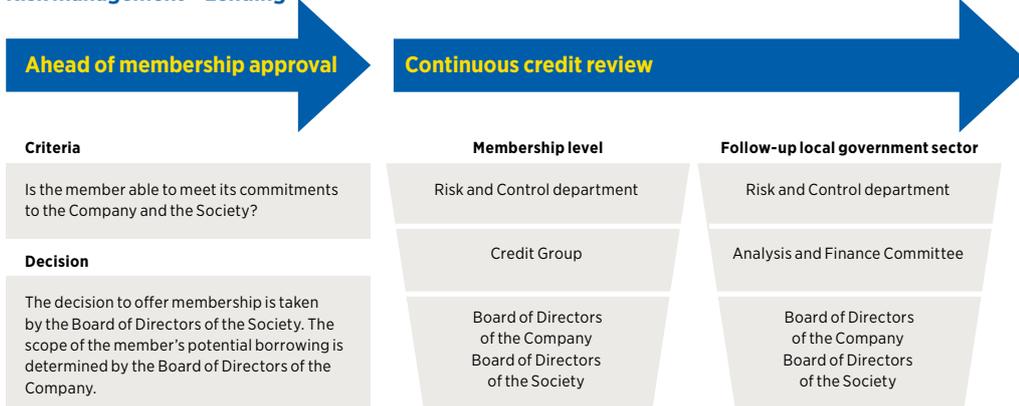
The Group deliberately applies relatively simple methods and techniques for measuring risk, capital requirements and risk appetite to reduce the risk of error. The Group conducts both forward-looking and historical analyses of all risk types. The internal capital assessment (see page 33) addresses negative scenarios to ensure that the impact on the Group is not greater than expected.

RISK CONTROL

To provide cost-efficient financing without exceeding the Group's risk appetite, risk management in operations is to be characterised by preventive measures that serve to prevent and/or limit both risks and their damaging effects.

The Group's Risk Manager bears the overall responsibility for the Group's risk framework. Each department manager is responsi-

Risk management – Lending



ble for the management and control of risks within his/her area of operations.

Forward-looking and historical analyses are used to ensure that the Group identifies, assesses and measures risks correctly.

The Risk and Control department, the Group's function for risk control, is responsible for continuously checking and implementing ongoing follow-up and analysis of financial risks limit control and reports daily to the President and monthly to the Board of Directors.

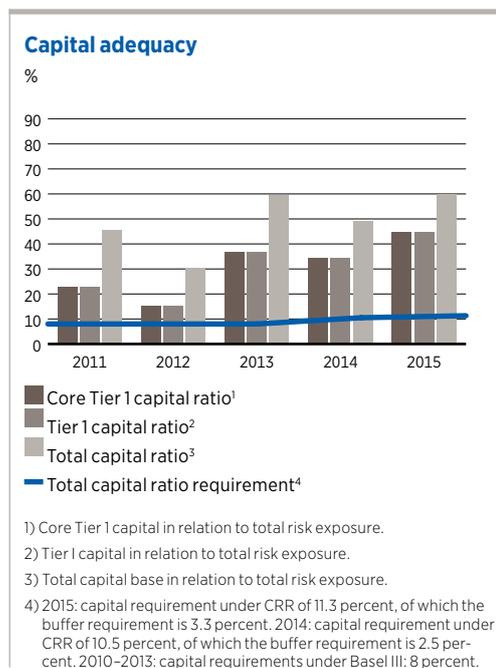
Risk and Control is headed by the Chief Risk Officer, who reports to the President and is a member of the Executive Management Team. The department consists of nine employees, including a Deputy Chief Risk Officer. Of the nine employees, three work with prospective analyses regarding credit and market risks, etc., three with reporting and data management, two in contact with the local government sector and one with operational risks.

Beyond what has been mentioned above, the department is also responsible for following up that risks are reported correctly and in accordance with applicable external and internal regulations, regularly performing stress tests, ensuring that the Group's business models are appropriate and secure as well as leading and coordinating efforts related to operational risks.

The Credit Group functions as a preparatory body in the assessment of new counterparties, new financial instruments and other credit issues requiring decisions by the President. The Group's Asset Liability Committee (ALCO) is responsible for preparing matters concerning market risk and liquidity that require a decision by the Board of Directors or the President.

CAPITAL MANAGEMENT

The Group's capital planning is intended to ensure that the operations are fully capitalised to meet both the risks in the operations, as well as future regulatory requirements. In relation to the risks inherent in its operations, the Group is well capitalised. The principal priority of capital planning is ensuring that the Group meets the new leverage ratio requirement planned to be introduced within the EU from 2018 (see fact box on page 35).



Risk organisation – Clear allocation of responsibilities

- The Board of Directors sets risk policy and risk limits.
- The President is responsible for the limits not being exceeded and has delegated the opportunity to apply lower limits in their respective areas to the business functions within the Company.
- The Company applies the principles of a first, second and third line of defence in its internal control.

Capital plan and internal capital assessment

Within the Group, a capital plan is developed at least once a year. The plan calculates how capital is intended to be developed over the next five years. The plan is based on assumptions regarding, among other aspects, margins in lending operations, margins in the management of the liquidity reserve, cost trends and forecasts for lending and other balance sheet items.

The capital plan is an important building block in the establishment of the internal capital and liquidity assessment (ICLA) for the Group, consisting of the Society, the Company and Kommuninvest Fastighets AB, as well as for the Company. Kommuninvest Fastighets AB owns the property in which the Company conducts its operations. In supporting the capital plan, the Company's owner directives determine the desired risk appetite and sets clear targets with regard to capital structure.

Under current regulations, credit institutes are responsible for designing their own processes for the ICLA. The intention is for the institutes to map their risks and assess their risk management in an integrated and comprehensive way and, on the basis of that, assess their capital requirements, and that they should communicate analyses and conclusions to Finansinspektionen. Within the Group, the Finance department is responsible preparing the ICLA. The Risk and Control department performs quality assurance related to the ICLA, for example by assessing calculations.

A significant portion of the Group's risk-focused capital planning consists of stress tests that illuminate how risk-related capital requirements are affected by unfavourable external trends in various dimensions.

The Group's capital assessment shows that the Group meets all known requirements in

accordance with both current and future regulations (primarily CRR/CRD IV¹ – Capital Requirements Regulation/Capital Requirements Directive IV; and EMIR² – European Markets Infrastructure Regulation). However, uncertainty prevails regarding the introduction of a leverage ratio requirement in the EU, with levels to be announced in 2016. See further on the next page.

Capital adequacy

On 31 December 2015, the Group's risk exposure amount (REA), calculated in accordance with the CRR, to SEK 6,565.4 (6,789.9) million. Core Tier 1 capital amounted to SEK 3,033.5 (2,416.9) million, entailing a core Tier 1 capital ratio of 46.2 (35.6) percent. The requirement, including buffer requirements, totalled 7.0 percent. Tier 1 capital was SEK 3,033.5 (2,416.9) million and the Tier 1 capital ratio was 46.2 (35.6) percent. The requirement, including buffer requirements, was 8.5 percent. The total capital base was SEK 3,733.5 (3,216.9) million, which gave a total capital ratio of 56.9 (47.4) percent. The requirement, including buffer requirements, was 11.3 percent. Transitional regulations do not significantly affect the Group's capital ratio and other measures of capital.

The reason for the Group's ample capital ratios is the build-up of capital having taken place prior to the introduction of a leverage ratio, see next page.

¹) Capital Requirements Regulation/Capital Requirements Directive IV, i.e. the European Parliament and the Council's regulation (EU) No. 575/2014 on supervisory requirements for credit institutes and securities companies and the European Parliament and Council's directive (EU) No. 2014/36/EU on authorisation to conduct operations in credit institutes and on supervision of credit institutes and securities companies.

²) EMIR (European Markets Infrastructure Regulation). The European Parliament and the Council's regulation (EU) No. 648/2012 on OTC derivatives, central counterparties and transaction registers.

Leverage ratio – Kommuninvest's plan and preparations

Effective from 1 January 2018, the new capital adequacy measure leverage ratio will be introduced in the EU on the condition that the Council of the European Union and the European Parliament agree to this after having read the report to be issued by the European Commission by 31 December 2016. Leverage ratio must be reported to the relevant authorities effective from 2014.

The leverage ratio is defined as the ratio between Tier 1 capital and total exposure in assets and commitments. Further information on how the Group calculates its leverage ratio is presented in Note 36, on page 81.

Kommuninvest's capitalisation – responsibility of the owners

The Society bears the principal responsibility for the Group's capitalisation. The Society's plan is based on the capitalisation of the Group and the Company being raised to a level corresponding to a leverage ratio of 1.5 percent. In the event that the final leverage ratio requirement is set higher than 1.5 percent, the Society's plan initially is to issue other Tier 1 capital instruments in the form of debenture loans or voluntary forms of participation capital applicable to Swedish economic associations: "överinsats" or "förlagsinsats" (the latter of which may also be offered to other investors if so approved by the members of the Society). However, the Society's statutes do also permit core capital instruments to be issued to actors closely associated with the Society and other local government actors. Provided specific approval is given by the Annual General Meeting, other primary

capital instruments may also be issued to other capital market actors.

Kommuninvest's plan

In accordance with the Society's owner directives, capital has for several years been being built up in the Group over the long term through profit accumulation. The build-up of capital took place between 2009 and 2014, mostly through profit accumulation and re-injections of profits.

Since 2015, this model has been supplemented by the opportunity for the Society's members to make direct capital contributions and by other forms of capital. This required the adoption of new Articles of Association in 2014 and 2015, with, among other things, a new peak level for member contributions being adopted.

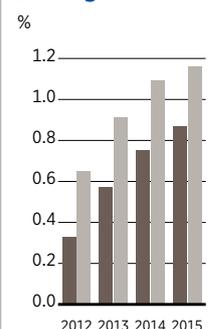
As a result, in 2015, the Group gained SEK 3,370.1 (697.7) million in new share capital. Additional capital contributions can be expected in 2016 and 2017.

Leverage ratio 2015

As per 31 December 2015, the Group's leverage ratio, reported according to CRR, was 0.90 (0.79) percent.

Including the debenture loan of SEK 1 billion that The Society issued to its members in 2010, the leverage ratio was 1.19 (1.10) percent. However, the terms of the debenture loan are such that it may not be included as Tier 1 capital under CRR. The Society intends to replace the existing subordinated loan with a new one or with another capital form that is eligible for inclusion as Tier 1 capital well in advance of year-end 2017.

Leverage ratio

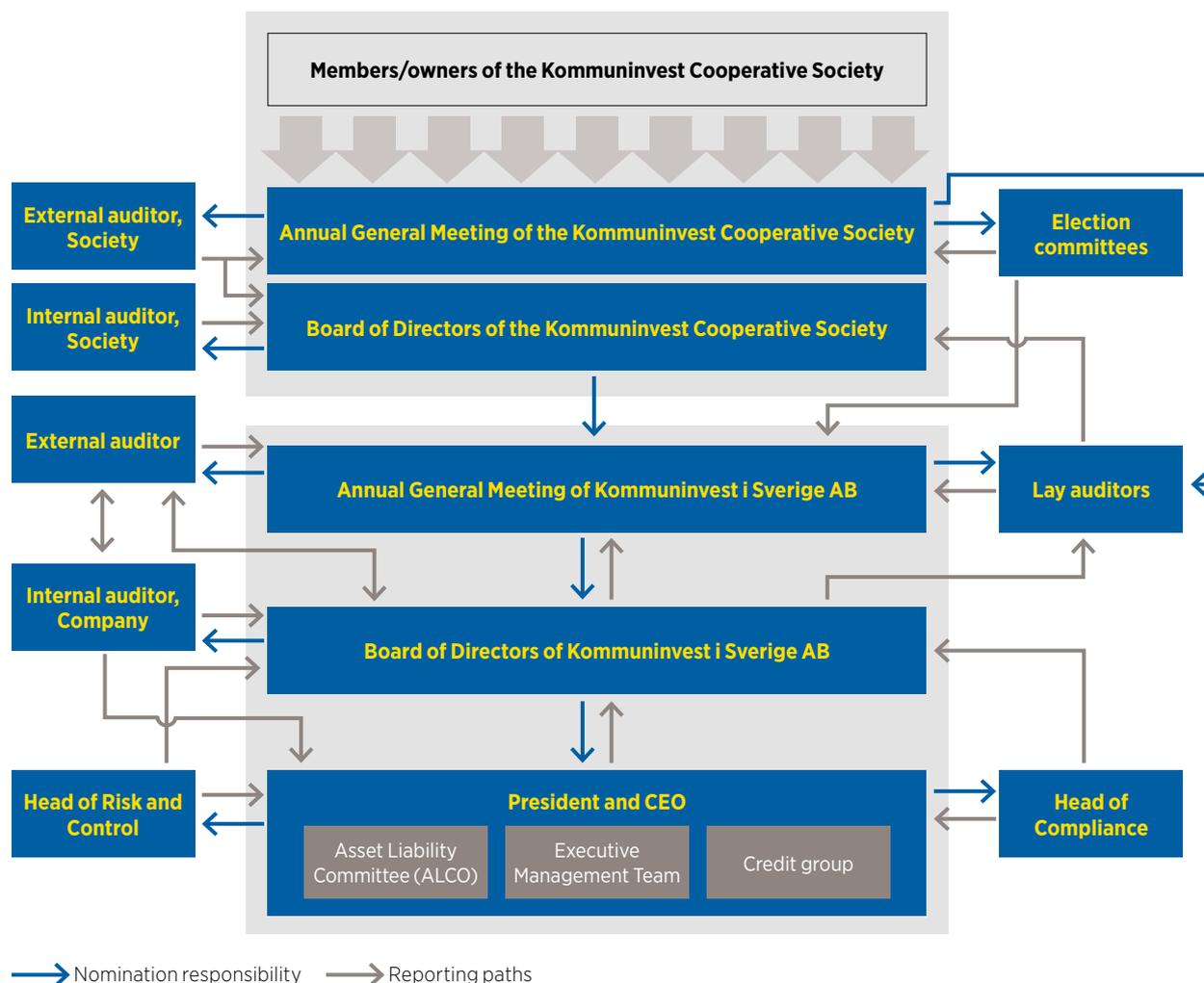


■ Leverage ratio according to CRR
 ■ Leverage ratio including debenture loan

Disclosure requirements, CRR

Further disclosures in accordance with the EU Capital Requirements Regulation (CRR) can be found at www.kommuninvest.se

Focus on governance and control



The Kommuninvest Cooperative Society is the Parent Society in the Kommuninvest Group. The Society is owned by a large number of Swedish municipalities and county councils/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, since it is publicly owned and has a role of considerable responsibility. The Corporate Governance Report for Kommuninvest i Sverige AB is included in that company's Annual Report.

The Kommuninvest Group

The Kommuninvest Cooperative Society ("the Society", Corp. ID No. 716453-2074) owns 100 percent of the shares in Kommuninvest i Sverige AB ("the Company", Corp. ID No. 556281-4409). The Company owns 100 percent of the shares in Kommuninvest Fastighets AB (Corp. ID No. 556464-5629) and 50 percent of the shares in Administrative Solutions NLGFA AB (Corp. ID No. 556581-0669).

On 31 December 2015, participation capital in the Society amounted to SEK 5,424.1 (2,054.0) million. Each new member of the Kommuninvest Cooperative Society contributes participation capital to the Cooperative Society based on number of residents. At 31 December 2015, the Society had 280 (280) members.

Governance principles

The members of the Society consist of the Swedish municipalities and county councils/regions. The Cooperative 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. Ahead of the 2015 Annual General Meeting, member consultations were held in 19 (18) locations around Sweden, with 368 (391) participating politicians and officials.

Owner directives

The Board of Directors of the Society develops 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 primarily include 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 by being adopted by the Annual General Meeting of the Company.

More information about Kommuninvest's governance

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

- 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.

Targets for operations

The Group's overarching objective is to generate the greatest possible benefit for the members of the Society. Among other measures, this shall be achieved by 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. A follow-up of the targets is presented on page 17.

Remuneration principles

The Board of Directors of the Company sets the remuneration principles applicable within the Company, in accordance with the ownership directives. The principles are also reviewed regularly. Since Finansinspektionen does not consider the Group to be significant in terms of its size, internal organisation and the nature, scope and complexity of its operations, there is no need for a compensation committee. Those duties are fulfilled by the Board of Directors. The Society has no salaried employees.

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 of the Company is held in direct connection with the Annual General Meeting of the Society. The 2015 Annual General

Meeting was held on 16 April 2015 in Stockholm. At the Meeting, 174 (156) municipalities and county councils were represented, corresponding to 62 (56) percent of the members.

At the Annual General Meeting, each member has one vote. The resolutions adopted by the Meeting included:

- The second and final decision of two on amending the Articles of Association.
- Annual contribution commitments for 2015.
- Adoption of owner directives for the Company, including guidelines for remuneration to the President, Vice President and other members of the Executive Management Team of the Company.
- Adoption of a plan for Kommuninvest's build-up of capital with guidelines and decision procedures.
- New election of eight ordinary members and eight deputies to the Board of Directors of the Society.
- Rules of procedure for the work of the Election Committees.
- Rules of procedure for the work of the lay auditors.

Election Committees

There are two Election Committees within the Group; the Election Committee of the Society and the Election Committee of 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 companies owned by the Society shall represent the Board of Directors of the Society and consists of members elected by the Board from its own membership. The Board of Directors of the

Society has resolved that its working committee shall act as the Election Committee.

The work of the Board of Directors

Board work is conducted in part by the Board of Directors of the Society, and, in part by 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, guarantee issues, etc. are dealt with by the Board of Directors of the Society. The Board of Directors of the Company deals with financing issues, credit issues (such as limits and analyses), as well as 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 in accordance with rules of proce-

The election Committee of the companies owned by the Society 2015/2016

Göran Färm (S), Municipality of Norrköping, Chairman
Linda Frohm (M), Municipality of Kalix, Vice Chairman

Ewa-May Karlsson (C), Municipality of Vindeln
Margreth Johnsson (S), Municipality of Trollhättan

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

dure established by the Annual General Meeting. In addition, 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 Working Committee's work are to be reported at Board meeting on an on-going basis.

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 the Economic Associations Act (1987:667 – Chapter 6, Section 6), the President 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.

Leadership assessment

In accordance with the regulations for financial companies under the supervision of Finansinspektionen (the Swedish Financial Supervisory Authority), the members of the Board of the Kommuninvest Cooperative Society and the President are assessed by Finansinspektionen.

Board members

Effective from the Annual General Meeting of 16 April 2015, the Board of Directors of the Society has consisted of Göran Färm (Chairman), Linda Frohm (Vice Chairman), Lilly Bäcklund, Marie-Louise Forsberg-Fransson, Margreth Johnsson, Patrik Jönsson, Ewa-May Karlsson, Niklas Karlsson, Örjan Mossberg, Jonas Ransgård, Fredrik Larsson, Niclas Nilsson, Roland Åkesson, Carina Sándor and Lotta Öhlund. The members are presented on page 40.

Analysis and Finance Committee

The Board of Directors of the Society appoints an Analysis and Finance Committee. The committee is responsible for monitoring the financial status of the member municipalities and the development of 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.

Committee members shall have experience of different types of municipalities and knowledge of operations conducted in the form of a public enterprise.

Remunerations

The 2015 Annual General Meeting decided to adjust the fees paid to the Board of Directors of the Society, see further under Note 7. The combined fees are detailed in tables on page 7. Total fees paid to the members of the Board of Directors amounted to SEK 1,233,000 (952,000) for 2015.

Work of the Board of Directors in 2015

In 2015, the Board of Directors held five (five) ordinary meetings, and one (one) inaugural meeting. Agendas and decisions have involved:

- New Articles of Association for the Society
- Implementation of planned build-up of capital
- Member consultation and policy design
- Owner directives
- Follow-up of members and sector debt
- Matters associated with new regulations

- Board evaluation
- Questions regarding new members
- Internal capital and liquidity assessment, ICLA
- Annual report and interim reports

At the beginning of June 2015, a basic course in, and summary of, the operations were provided for newly elected members of the Board over two half-days. Previously elected members, who had not previously had the opportunity to undergo the same training, also had the opportunity to participate.

Board of Directors of the Kommuninvest Cooperative Society

Chairman



GÖRAN FÄRM (S)
Municipality of Norrköping

Vice Chairman



LINDA FROHM (M)
Municipality of Kalix

Ordinary members



LILLY BÄCKLUND (S)
Municipality of Lycksele



MARIE-LOUISE FORSBERG-FRANSSON (S)
Region Örebro County



MARGRETH JOHNSSON (S)
Municipality of Trollhättan



PATRIK JÖNSSON (SD)
Municipality of Hässleholm



EWA-MAY KARLSSON (C)
Municipality of Vindeln



NIKLAS KARLSSON (S)
Municipality of Landskrona



ÖRJAN MOSSBERG (V)
Municipality of Växjö



JONAS RANSGÅRD (M)
City of Gothenburg



FREDRIK LARSSON (M)
Värmland County Council



NICLAS NILSSON (SD)
Municipality of Kristianstad



ROLAND ÅKESSON (C)
Municipality of Mönsterås



CARINA SÁNDOR (L)
Municipality of Skinnskatteberg



LOTTA ÖHLUND (MP)
Municipality of Hallsberg

DEPUTIES

Peter Hemlin (M)
Municipality of Sotenäs

Camilla Egberth (S)
Municipality of Motala

Britta Flinkfeldt Jansson (S)
Municipality of Arjeplog

Pierre Sjöström (S)
Municipality of Staffanstorps

Catharina Winberg (M)
Municipality of Växjö

Anna-Britta Åkerlind (C)
Municipality of Örnsköldsvik

Ulf Olsson (S)
City of Borås

Roger Persson (MP)
Municipality of Gävle

Christina Johansson (M)
Municipality of Hällefors

Bo Rudolfsson (KD)
Municipality of Laxå

Lennart Holmlund (S)
Municipality of Umeå

Robert Stenkvist (SD)
Municipality of Botkyrka

Peter Kärnström, (S)
Municipality of Sandviken

Mohamad Hassan (L)
Municipality of Uppsala

Gertowe Thörnros (V)
Municipality of Degerfors

AUDITORS

The Annual General Meeting of the Kommuninvest Cooperative Society elects external and lay auditors. According to its statutes, Kommuninvest shall have an external auditor.

The external auditor is appointed by the Annual General Meeting following a proposal by the Society's lay auditors, 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.

External auditor

At the Society's 2012 Annual General Meeting, Ernst & Young AB was appointed as the auditing company for the period extending until the end of the Annual General Meeting in 2016. Ernst & Young AB has selected authorised auditor Erik Åström as the auditor with overall responsibility. The auditor with overall responsibility meets the Board of Directors at least twice a year. Erik Åström's other audit assignments include the ICA Group AB, Intrum Justitia AB, Skistar AB, AB Svensk Exportkredit and Södra Skogsägarna Ekonomisk förening.

The same auditing company appointed as external auditor for the Society is also the appointed external auditor for the Company. The same individuals appointed as lay auditors for the Society are also appointed as lay auditors for the Company. The purpose is to obtain more efficient auditing for the Group.

Internal auditor

The Board of Directors of the Society procured the services of an internal auditor for the Society in 2013. KPMG AB was appointed as the internal audit company, with certified internal auditor Anders Thunholm as the internal auditor.

Lay auditors

The lay auditors regularly meet the external auditors, the President and the Society's working committee. Where necessary, the lay auditors can initiate auditing measures additional to the normal statutory audit. The lay auditors also act as an election committee, recommending external auditors and submitting proposals for their remuneration.

At the 2012 Annual General Meeting of the Society, the following lay auditors for the Society were appointed for the period extending until the end of the 2016 Annual General Meeting:

Anita Bohman (S), former Deputy Chairman of the Municipal Executive Board in the Municipality of Västervik (re-election)

Niklas Sjöberg (M), Chairman of the Municipal Executive Board of the Municipality of Skurup (newly elected).

Board of Directors' Report – Parent Society

General information about the company

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 county councils/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 county councils/regions can become members of the Kommuninvest Cooperative Society. The Kommuninvest Group consists primarily of the Society and the Company. Since 1 January 2012, the Company also owns Kommuninvest Fastighets AB, having acquired it from the Society for SEK 32 million.

Kommuninvest Fastighets AB owns the property where the Company conducts its operations.

Joint and several guarantee

The members of the Society sign an unlimited joint and several unconditional guarantee for all of the Company's obligations. In addition to this guarantee, the guarantors have also signed an agreement that allocates any claims based on the guarantee 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. At the end of 2015, 94 (93) percent of Sweden's municipalities and 40 (40) percent of Sweden's county councils were members – an increase of two (four) members over the financial year. From experience, an increased number of members entails an increase in net lending. This occurs with a certain delay as new members' existing loans expire and new loans are required.

Subscribed 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 county council. At the end of 2015, participation capital in the Society totalled SEK 5,424.1 (2,054.0) million. The increase is an effect of capital contributions from members as a result of upcoming regulatory requirements regarding leverage ratio, see page 35. In addition, subscription 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 280 (280) members in the Kommuninvest Cooperative Society. No memberships were cancelled during 2015 and no repayment of subscription capital has been made as a consequence of membership cancellations to be made during the ensuing financial year.

Refunds and interest on contributions

Following a decision by the Annual General Meeting of the Society, effective from the 2011 financial year, the Society makes use of refunds and interest on contributions as a format for the distribution of surpluses to make the gains earned by the Company tangible for the members/owners of the Society.

Financial outcome

For 2015, the Society reported profit before tax of SEK 534.7 (717.9) million. This profit is primarily attributable to a Group contribution from the Company of SEK 545.4 (725.6) million. Profit after tax amounted to SEK 527.1 (715.2) million.

Personnel

The Society had no employees in 2015 and consequently no salaries were paid.

Appropriation of surplus

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

The profit of SEK 527,288,232 at the disposal of the Annual General Meeting of the Society be appropriated as follows:

Interest of 2.0 percent on contributions be paid to members	SEK 53,254,227
Bonuses be distributed to members in proportion to each member's share of the total volume of business volume in 2015	SEK 447,445,773
Allocated to statutory reserve	SEK 26,352,954
To be carried forward	SEK 235,278
Total appropriated	SEK 527,288,232

That members entitled to interest on contributions and refunds are those municipalities and county councils/regions that had become members of the Society by 31 December 2015 at the latest.

That interest on contributions and refunds are to be disbursed at the latest one month after the decision by the 2016 Annual General Meeting.

That volume of business refers to the average borrowing debt applicable to each member in relation to Kommuninvest i Sverige AB for 2015. The volume of business for each member also includes borrowing debt applicable to the member's companies, etc. in the manner stated in Section 15 of the Articles of Association.



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Income statement – Group

1 January – 31 December

SEK, million	Note	2015	2014
Interest revenues		1,438.3	3,651.0
Interest expenses		-640.0	-2,736.1
NET INTEREST INCOME	3	798.3	914.9
Commission expenses	4	-5.3	-5.1
Net result of financial transactions	5	165.7	101.9
Other operating income	6	4.5	3.3
TOTAL OPERATING INCOME		963.2	1,015.0
General administration expenses	7	-292.5	-282.4
Amortisation of intangible assets	18	-4.1	-0.4
Depreciation of tangible assets	19	-3.7	-5.1
Other operating expenses	8	-4.2	-5.9
TOTAL OPERATING EXPENSES		-304.5	-293.8
OPERATING PROFIT		658.7	721.2
Taxes	9	31.2	-2.6
NET PROFIT		689.9	718.6

Statement of comprehensive income – Group

1 January – 31 December

SEK, million	2015	2014
NET RESULT	689.9	718.6
OTHER COMPREHENSIVE INCOME		
Items that may subsequently be reclassified to the income statement		
Available-for-sale financial assets	-60.3	0.8
Available-for-sale financial assets, transferred to the income statement	0.1	-6.8
OTHER COMPREHENSIVE INCOME	-60.2	-6.0
TOTAL COMPREHENSIVE INCOME	629.7	712.6

Comments on Income statement – Group

Net interest income

Despite increased lending, net interest income decreased to SEK 798.3 (914.9) million. This is due to the reduction in lending margins implemented in September 2014 as a result of the changed strategy for capital formation. For more information, see pages 33–35. The situation with lower interest rates has not affected net interest income, see below. The remainder of the decrease is explained by increased sales of bonds in the liquidity reserve with short remaining maturities having taken place. In connection with these sales, the original interest rate hedging swaps have been retained to maturity. This has entailed lower net interest income but greater realised gains, which are reported under net result of financial transactions.

The special market situation with negative Stibor rates has had only a marginal impact on net interest income. This is because, effective from 1 September, changes in the Company’s general terms and conditions for loans, enabled disbursements of negative interest. Without this change, net interest income would have increased, since the negative Stibor rates would otherwise entailed an increased margin between borrowing and lending rates for existing Stibor-linked loans.

Net result of financial transactions

The net result of financial transactions amounted to SEK 165.7 (101.9) million. The result was affected by unrealised changes in market value amounting to SEK 124.2 (65.4) million, but also by the buy-back of own bonds and the sale of financial instruments which contributed SEK 37.8 (31.5) million to the figure. See also Note 5.

During the period, in connection with sales of financial instruments, the Group transferred a negative SEK 0.1 (positive 6.8) million in gains from other comprehensive income to profit/loss for the period.

Expenses

Interest expenses amounted to SEK 304.5 (293.8) million,

including the stability charge of SEK 120.5 (110.7) million. The stability charge is calculated based on data including the Company’s liabilities and provisions excluding accrued expenses for the stability charge, and excluding subordinated debt. The stability charge accounted for 40 (38) percent of the Group’s total expenses.

Excluding the stability charge, expenses amounted to SEK 184.0 (183.1) million, of which personnel expenses accounted for SEK 101.8 (97.6) million and other expenses for SEK 82.2 (85.5) million.

The increase in the amortisation of intangible assets is attributable to Kommuninvest i Sverige AB, in 2015, having acquired a business system previously leased from an associated company.

Credit losses totalled SEK - (-) million.

Operating profit

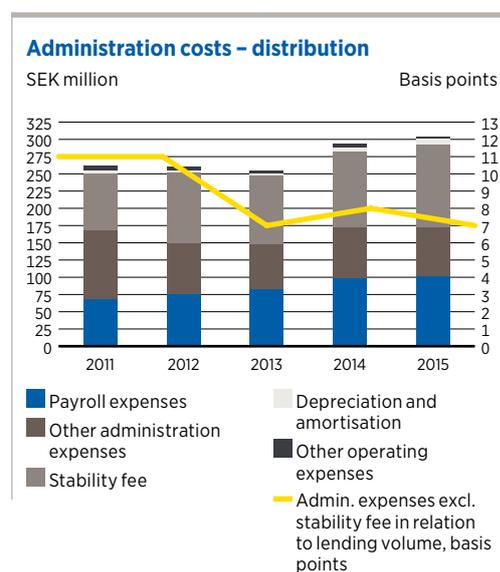
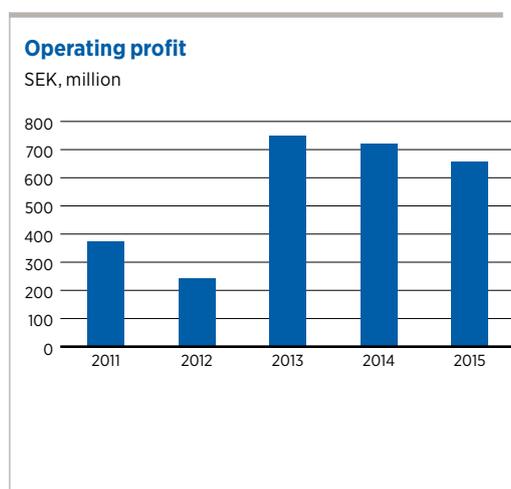
The Group’s operating income, that is, its profit before tax and appropriations, amounted to SEK 658.7 (721.2) million. Operating profit includes unrealised changes in market value of SEK 124.2 (neg. 65.4) million

Operating profit excluding the effect of unrealised market value changes was SEK 534.5 (655.8) million. Profit after tax amounted to SEK 689.9 (718.6) million.

Tax

The tax recognised in the income statement amounted to SEK 31.2 (negative 2.6) million. See also Note 9.

The tax expense for 2015 included the results of a tax reassessment for 2008-2013. The reassessment relates to the tax value of Kommuninvest’s financial instruments. The reassessment was approved by the Swedish Tax Agency in the autumn of 2015 and resulted in tax-related income of SEK 65.5 million, of which SEK 70.4 million was recognised in the income statement and of which a negative SEK 4.9 million was recognised in other comprehensive income.



Balance sheet – Group

As per 31 December

SEK, million	Note	2015	2014
ASSETS			
Sovereign bonds eligible as collateral	10	16,839.4	15,204.1
Lending to credit institutions	2.11	717.3	4,070.2
Lending	12	254,421.7	222,803.7
Bonds and other interest-bearing securities	13	45,688.4	45,974.5
Shares and participations	14	2.8	2.4
Shares and participations in associated companies	15	0.5	0.5
Derivatives	2, 17, 33	22,775.6	23,848.8
Intangible assets	18	15.7	1.6
Tangible assets, equipment	19	4.9	6.6
Tangible assets, lands and buildings	19	32.4	33.7
Current tax assets	9	72.8	81.4
Other assets	21	4.2	1.5
Deferred tax assets	9	28.3	54.7
Prepaid expenses and accrued revenue	22	11.8	8.3
TOTAL ASSETS		340,615.8	312,092.0
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities and provisions			
Liabilities to credit institutions	2	2,303.5	4,823.6
Securities issued	2	318,943.6	292,318.0
Derivatives	2, 17, 33	11,723.1	10,628.3
Other liabilities	23	14.4	20.2
Accrued expenses and prepaid revenues	24	146.1	137.4
Provisions for pensions and similar obligations	25	3.4	3.0
Subordinated liabilities	26	1,000.0	1,000.1
Total liabilities and provisions		334,134.1	308,930.6
Equity			
	28		
Subscribed capital		5,424.1	2,054.0
Reserves		-48.9	11.3
Profit carried forward		416.6	377.5
Net profit		689.9	718.6
Total equity		6,481.7	3,161.4
TOTAL LIABILITIES, PROVISIONS AND EQUITY		340,615.8	312,092.0
Memorandum items			
Pledged assets	29	13,349.4	21,711.2
Contingent liabilities		None	None
Committed undisbursed loans	30	2,903.3	3,783.5

Comments on Balance sheet – Group

Total assets

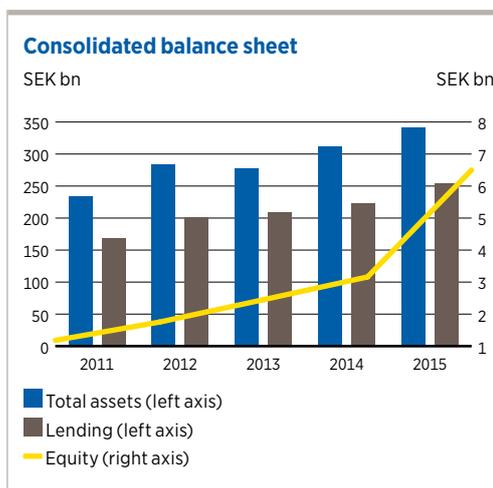
The total assets in the Group increased to SEK 340,615.8 (312,092.0) million, primarily as a result of increased lending. Lending totalled SEK 254,421.7 (222,803.7) million. At the close of the financial year, the liquidity reserve amounted to SEK 63,245.1 (65,248.8) million, consisting of the balance sheet items: Sovereign bonds eligible as collateral, Loans to credit institutions and Bonds and other interest-bearing securities.

Derivatives

Derivative contracts are used as risk management instruments to address market risks in operations. Derivatives with positive and negative market value (recognised as assets in the balance sheet) and negative market value (recognised as liabilities in the balance sheet) amounted to SEK 22,775.6 (23,848.8) million and SEK 11,723.1 (10,628.3) million respectively.

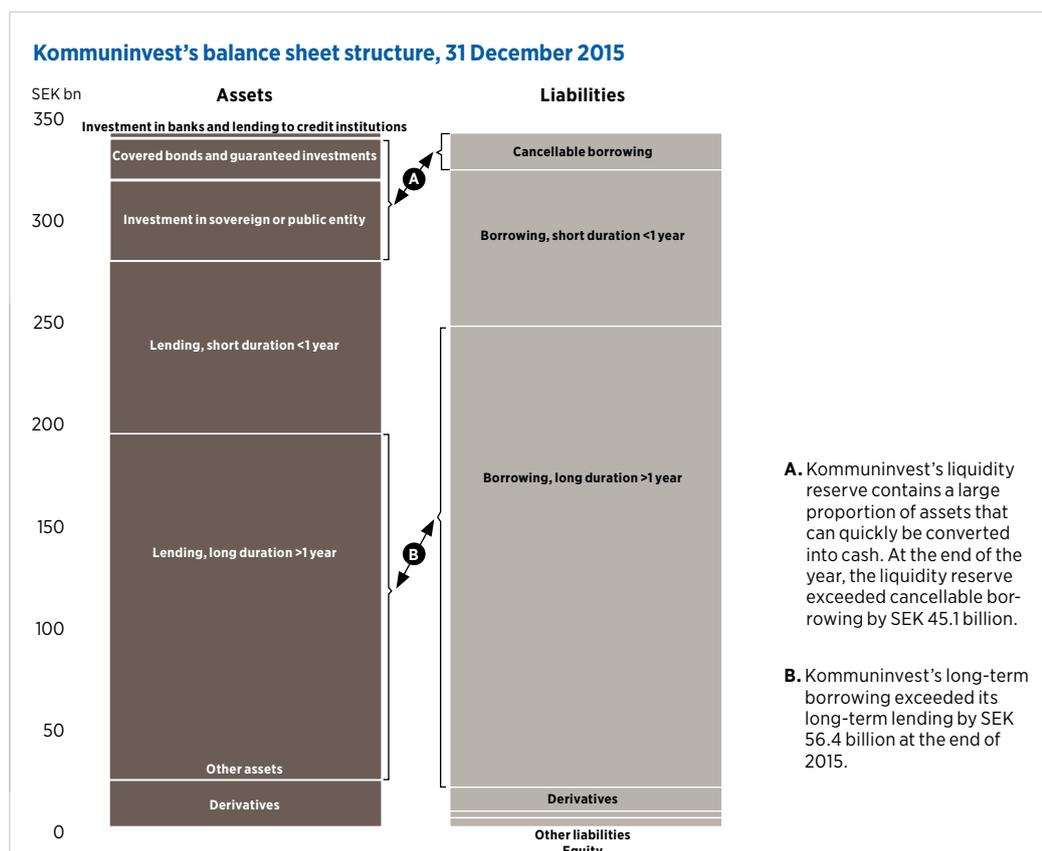
Liabilities

At the end of 2015, the Company's liabilities amounted to SEK 334,134.1 (308,930.6) million. The change during the year is mainly explained by borrowing having increased as a consequence of increased lending.



Subordinated liabilities

Subordinated liabilities consist of a 30-year debenture loan from the Society to its members. The loan amounts to SEK 1,000.0 (1,000.1) million. See Note 26.



Statement of changes in equity – Group

SEK, million	Subscribed capital	Reserves	Profit carried forward	Total equity
Equity brought forward 1 Jan 2014	1,356.3	17.4	1,074.0	2,447.7
Comprehensive income for the period		-6.1	718.6	712.5
<i>Appropriation of profits under the decision by the General Meeting of the Society</i>				
Distribution of surplus as bonuses and interest			-696.5	-696.5
<i>New subscribed capital during the year</i>				
Participation capital from new members of the society	1.2			1.2
New participation capital from members	696.5			696.5
Equity carried forward 31 Dec 2014	2,054.0	11.3	1,096.1	3,161.4
Equity brought forward 1 Jan 2015	2,054.0	11.3	1,096.1	3,161.4
Comprehensive income for the period		-60.2	689.9	629.7
<i>Appropriation of profits under the decision by the General Meeting of the Society</i>				
Distribution of surplus as bonuses and interest			-679.5	-679.5
<i>New subscribed capital during the year</i>				
Participation capital from new members of the society	-			-
New participation capital from members	3,370.1			3,370.1
Equity carried forward 31 Dec 2015	5,424.1	-48.9	1,106.5	6,481.7
Reserves consist of the following:	2015	2014		
- Available-for-sale financial assets	-48.9	11.3		

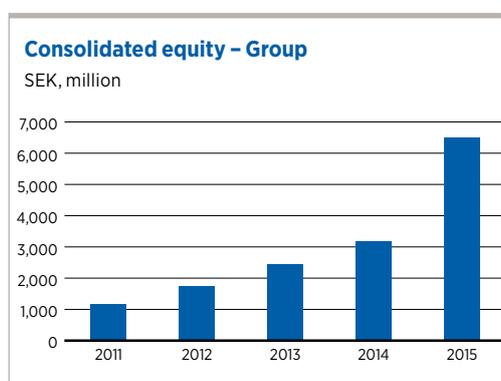
For further information, see Note 28.

Comments on Statement of changes in equity – Group

Equity

At the end of 2015, equity in the Group amounted to SEK 6,481.7 (3,161.4) million. In addition to profit for the year of SEK 689.9 (718.6) million, the increase is attributable to the special contribution that members paid during the autumn of 2015 of SEK 2,690.7 million.

In addition, equity was affected by changes in the market values of assets classified as “available for sale financial assets” of a negative SEK 60.2 (negative 6.0) million.



Surplus distribution model

In accordance with the owner directives from the Society, capital in the Company is being built up through profit accumulation. To make the Company’s results visible for the ultimate owners, that is, the Society’s members, the Society began applying distribution of surpluses as of the 2011 financial year.

Decisions regarding the distribution of surpluses are made at the Annual General Meeting of

the Society. Surpluses are distributed through group contributions from the Company to the Society, which, following deductions to cover the Society’s costs, are further distributed to the members of the Society as refunds based on business volumes and interest on capital contributions. The distribution of surpluses is not associated with any conditions for members, nor with any repayment liability or liability to pay new capital contributions.

The 2015 Annual General Meeting of the Society approved the payment of SEK 679.5 (696.5) million in surplus distribution. Payment was effectuated in May.

Strengthening of capital base

The Annual General Meeting of the Society determines whether members are to pay in new capital contributions. Capital contributions paid to the Society can be used to reinforce the capital base in the Company. At the meeting of the Board of Directors of the Society held following the 2015 Annual General Meeting of the Society it was resolved that SEK 679.5 (696.5) million in new capital contributions to the Society should be paid in. All members chose to participate.

The Board of Directors of the Society resolved that SEK 680.0 (650.0) million should be injected into the Company as new share capital.

In 2015, the members of the Society had the opportunity to pay in a special contribution as a further measure to strengthen the capital base. This resulted in special contributions totalling SEK 2,690.7 million being paid in to the Society by members. As per 31 December 2015, this has led to a strengthening of share capital in the Company by SEK 1,200.0 million. The plan in the first half of 2016 is to acquire shares for the remaining SEK 1,490.7 million, see Note 32.

Cash flow statement – Group

1 January – 31 December

SEK, million	2015	2014
Operational activities		
Operating profit	658.7	721.2
Adjustment for items not included in cash flow	-115.5	-60.0
Income tax paid	66.2	-0.7
Cash flow from operating activities before changes in the assets and liabilities of operating activities	609.4	660.5
Change in interest-bearing securities	7,633.6	-1,220.5
Change in lending	-32,734.2	-11,659.3
Change in other assets	-6.6	3.1
Change in other liabilities	3.3	11.2
Cash flow from operational activities	-24,494.5	-12,205.0
Investment activities		
Acquisitions of intangible assets	-18.2	-2.0
Acquisition of tangible assets	-0.7	-8.0
Divestments of tangible assets	-	-
Cash flow from investment activities	-18.9	-10.0
Financing activities		
Issue of interest-bearing securities	121,888.4	108,359.7
Maturities and repurchases of interest-bearing securities	-103,418.5	-94,908.2
Distribution of surplus as bonuses and interest	-679.5	-696.5
New participation capital from members	3,370.1	696.5
Participation capital from new members of the society	-	1.2
Cash flow from financing activities	21,160.5	13,452.7
Cash flow for the year	-3,352.9	1,237.7
Cash and equivalents at the start of the accounting period	4,070.2	2,832.5
Cash and equivalents at end of the year	717.3	4,070.2
Cash and equivalents consists in their entirety of loans to credit institutions that, at the time of acquisition, have a maturity of at most three months and that are exposed to insignificant risk of fluctuations in value.		
Adjustment for items not included in cash flow		
Depreciation and amortisation	7.8	5.5
Exchange rate differences from change in financial assets	0.9	-0.1
Profit from divestments of tangible assets	-	-
Unrealised changes in market value	-124.2	-65.4
Total	-115.5	-60.0
Interest paid and earned, included in the cash flow		
Interest received	1,780.1	3,820.9
Paid interest	-978.3	-2,928.0

Income statement – Parent Society

1 January – 31 December

SEK, million	Note	2015	2014
Operating expenses	7	-10.7	-7.7
Operating profit		-10.7	-7.7
Financial revenues and expenses			
Revenues from participations in Group companies, Group contributions		545.4	725.6
Interest revenues	3	0.0	0.0
Interest income, debenture loan	3	16.2	24.7
Interest expenses, debenture loan	3	-16.2	-24.7
Total		545.4	725.6
Profit/loss after financial items		534.7	717.9
Profit/loss before tax		534.7	717.9
Tax expense	9	-7.6	-2.7
NET PROFIT		527.1	715.2

Statement of comprehensive income – Parent Society

1 January – 31 December

SEK, million	2015	2014
Net profit	527.1	715.2
Other comprehensive income	0.0	0.0
Comprehensive income for the year	527.1	715.2

Balance sheet – Parent Society

As per 31 December

SEK, million	Note	2015	2014
ASSETS			
Fixed assets			
<i>Financial fixed assets</i>			
Debenture loan to subsidiary	26	1,000.0	1,000.1
Shares in subsidiaries	16	3,919.9	2,039.9
Total fixed assets		4,919.9	3,040.0
Current assets			
<i>Receivables</i>			
Prepaid expenses and accrued revenue		0.1	0.3
Receivables from subsidiaries	20	2,149.7	770.2
Total current assets		2,149.8	770.5
Lending to credit institutions	11	7.5	41.0
TOTAL ASSETS		7,077.2	3,851.5
LIABILITIES AND EQUITY			
Equity			
	27		
Subscribed capital		5,424.1	2,054.0
Statutory reserve		113.9	78.2
Profit brought forward		0.2	0.2
Net profit		527.1	715.2
Total equity		6,065.3	2,847.6
Liabilities			
<i>Long-term liabilities</i>			
Subordinated liabilities	26	1,000.0	1,000.1
Total long-term liabilities		1,000.0	1,000.1
<i>Current liabilities</i>			
Accounts payable, trade	23	0.4	0.7
Tax liabilities	23	10.4	2.7
Other current liabilities	23	0.3	0.1
Accrued expenses and prepaid revenues	24	0.8	0.3
Total current liabilities		11.9	3.8
TOTAL EQUITY AND LIABILITIES		7,077.2	3,851.5
Pledged assets		None	None
Contingent liabilities		None	None

Statement of changes in equity – Parent Society

SEK, million	Subscribed capital	Statutory reserve	Unrestricted equity	Total equity
Equity brought forward 1 Jan 2014	1,356.3	41.5	733.4	2,131.2
Profit for the period			715.2	715.2
<i>Appropriation of surplus in accordance with decision by the Annual General Meeting of the Society</i>				
Distribution of surplus as bonuses and interest			-696.5	-696.5
Allocation to statutory reserve		36.7	-36.7	0.0
<i>New subscribed capital during the year</i>				
Participation capital from new members of the society	1.2			1.2
New participation capital from members	696.5			696.5
Equity carried forward 31 December 2014	2,054.0	78.2	715.4	2,847.6
Equity brought forward 1 Jan 2015	2,054.0	78.2	715.4	2,847.6
Profit for the period			527.1	527.1
<i>Appropriation of surplus in accordance with decision by the Annual General Meeting of the Society</i>				
Distribution of surplus as bonuses and interest			-679.5	-679.5
Allocation to statutory reserve		35.7	-35.7	0.0
<i>New subscribed capital during the year</i>				
Participation capital from new members of the society	-			-
New participation capital from members	3,370.1			3,370.1
Equity carried forward 31 December 2015	5,424.1	113.9	527.3	6,065.3

For further information, see Note 27.

Cash flow statement – Parent Society

1 January – 31 December

SEK, million	2015	2014
Operational activities		
Profit/loss after financial items	534.7	717.9
Adjustment for items not included in cash flow	-545.4	-725.6
Income tax paid	-	-
Cash flow from operating activities before changes in the assets and liabilities of operating activities	-10.7	-7.7
Cash flow from changes in working capital		
Change in accounts payable, trade	-0.3	0.4
Change in other liabilities	0.7	0.0
Change in other assets	0.2	0.3
Cash flow from operational activities	-10.1	-7.0
Financing activities¹		
New share issue in subsidiary	-1,880.0	-650.0
Distribution of surplus as bonuses and interest	-679.5	-696.5
New participation capital from members	3,370.2	696.5
Participation capital from new members of the society	-	1.2
Change in debt conditions within in the Group	-834.1	696.5
Cash flow from financing activities	-23.4	47.7
Cash flow for the year	-33.5	40.7
Cash and equivalents at the start of the accounting period	41.0	0.3
Cash and equivalents at end of the year	7.5	41.0
Liquid assets consists in their entirety of cash and bank balances		
Adjustment for items not included in cash flow		
Group contributions not received	-545.4	-725.6
Interest paid and earned, included in the cash flow		
Interest received	16.2	24.7
Paid interest	-16.2	-24.7

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

The Annual Report was approved for publication by the Board of Directors on 16 March 2016. The income statement and balance sheet will be subject to ratification by the Annual General Meeting on 21 April 2016.

Compliance with standards and legislation

The accounting principles stated below were applied consistently in all periods presented in the financial statements, unless stated otherwise.

The 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.

New and amended standards and interpretations

New or amended standards and interpretations introduced during the year have not had any effect on Kommuninvest's earnings, position, disclosure, capital requirements, capital basis or major exposures.

New and amended standards and interpretations yet to come into effect

Of the new standards and interpretations coming into force after 2015, the following regulations have been deemed to affect Kommuninvest's future annual accounts. Kommuninvest does not apply any regulations pre-emptively and instead applies regulations once they have been adopted for application by the EU.

IFRS 9 Financial instruments

The standard will come into effect on 1 January 2018 and will replace IAS 39 Financial Instruments: Recognition and measurement. Various parts of the new standard has been revised, with one part relating to the recognition and measurement of financial assets and financial liabilities. IFRS 9 states that financial assets are to be classified according to three different categories. The classification is established on initial recognition based on the characteristics of the asset and the Company's business model. For financial liabilities, there are no major changes compared with IAS 39. The greatest change relates to liabilities recognised at fair value. For these, the portion of the fair value change attributable to the Company's own credit risk shall be recognised in other comprehensive income rather than in profit unless this causes inconsistencies in the accounts.

The other part relates to hedge accounting. To a large extent, the new principles improve the conditions for accounting that provides a fair picture of a company's management of financial risks in financial instruments. Finally, new principles have been introduced regarding the impairment of financial assets, where the model is based on anticipated losses. The purpose of the new model includes provisions for credit losses being made at an earlier stage. The EU has yet to approve the standard. Kommuninvest has begun the process of evaluating the standard but has not yet determined how the standard will affect Kommuninvest's earnings, position, disclosure, capital requirements, capital basis or major exposures.

Other new and amended standards yet to come into effect are not assessed to have any material impact on Kommuninvest's position, earnings, disclosures, capital requirements, capital basis or major exposures.

Significant judgements and assumptions

The preparation of the annual report includes judgements and assumptions that affect the accounting and disclosures. The most important judgements when applying accounting principles concern the choice of accounting category for financial instruments, as explained below in the section on financial instruments.

When determining the fair value of financial instruments not traded in active markets, Kommuninvest applies valuation techniques and then makes assumptions that may be associated with uncertainty. Note 33 describes how fair value for financial instruments is derived and significant assumptions and uncertainty factors including sensitivity analysis. The report has been prepared based on amortised cost, with the exception of a significant portion of the

FINANCIAL STATEMENTS

Note 1, continued

Company's financial assets and liabilities, which are measured at fair value or amortised cost adjusted for fair value with regard to the risk that is subject to hedge accounting. For further information, see the section on Financial instruments and Note 33.

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 effective from the date on which control is transferred to the Group and cease to be consolidated on the date on which they are 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.

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.

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.

Associated companies

Participations in associated companies are reported in accordance with the cost method.

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.
- Interest from financial assets classified as available-for-sale measured at fair value via profit or loss.
- Interest on derivatives that are hedging instruments and for which hedge accounting is applied.

Interest revenues and interest expenses are calculated and reported applying the effective interest method. Where applicable, interest income and interest expenses include periodised amounts of transaction costs.

Interest income and interest expenses for derivatives used to hedge an asset are recognised as interest income. Interest income and interest expenses for derivatives used to hedge a liability are recognised as interest income.

Since 1 September Kommuninvest grants lending at negative interest rates. This negative interest income is recognised as 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 fair value on assets and liabilities held for trading purposes.
- Unrealised changes in fair value on assets and liabilities recognised at fair value through profit or loss.
- Unrealised changes in fair value on derivatives where hedge accounting of fair value is applied.
- Unrealised changes in fair value on hedged item with regard to hedged risk in hedging 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, subordinated liabilities and other financial liabilities. For further information, see Note 33.

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 derecognised from the balance sheet once the contractual rights have been realised, have expired or the Company loses control over them. The same applies for part of a financial asset. A financial liability is removed from the balance sheet once the obligation in the contract

Note 1, continued

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 offset and recognised at a net amount in the balance sheet only where there is a legal right to offset 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.

Acquisitions and sales of financial instruments are reported on the business day, i.e. the day the Company commits to acquiring or selling the instrument.

Classification and measurement of financial instruments

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

On first recognition, a financial instrument is classified partly based on the reason for its purchase, but also on the options included in IAS 39. The classification determines how the financial instrument is measured after the first recognition as described below.

Financial assets and liabilities valued at fair value through profit or loss

Financial instruments in this category are measured continuously at fair value with changes in value reported in the income statement.

This category consists of two sub-groups: in part, financial assets and liabilities held for trade and, in part, other financial assets and liabilities allocated to this category by Kommuninvest on first recognition.

The first sub-group comprises derivatives held for financial hedging but not encompassed by hedge accounting.

The second sub-group includes assets such as lending and investments. The reason Kommuninvest has classified assets to this category is to rectify an accounting mismatch that would otherwise arise regarding measurement and recognition. Risk management instruments in the form of derivative contracts are used to limit the market risks that arise when the terms for borrowing, lending and investment do not match. It would result in an accounting mismatch if the derivatives were measured at fair value through profit or loss but not the associated lending or investment.

The second sub-group also includes liabilities to credit institutions and issued securities. This refers primarily to borrowing at fixed interest and structured borrowing, that is, loans that are subject to cancellation and/or for which coupon payments are variable, but not connected to the interbank rate. The reason for classifying borrow-

ing at fixed interest in this category is that these borrowings are hedged financially with a derivative at fair value and the borrowings are mainly used for loans measured at fair value. It would be inconsistent to measure lending and derivatives at fair value but not borrowings.

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

Loan receivables and accounts receivable

Loan receivables and accounts receivable are assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at the amount estimated to be paid, i.e. with a deduction for doubtful receivables. This includes lending to credit institutions and certain other lending.

Available-for-sale financial assets

This category includes Kommuninvest's investments in interest-bearing securities which are not included in trade inventory or have an accompanying interest hedging derivative.

Assets in this category are constantly valued at fair value with value changes recognised on other comprehensive income. Changes in value due to impairment or exchange rate differences are recognised in the income statement. Interest is also recognised in the income statement.

Measurement at fair value recognised on other comprehensive income is on-going until the instrument matures or is divested. On divestment of the asset the accumulated gain or loss, which was previously recognised on other comprehensive income, is recognised in the income statement.

Other financial liabilities

Included here are liabilities to credit institutions, issued securities, subordinated liabilities and other financial liabilities, such as accounts payable. The liabilities are measured at amortised cost.

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. The hedged item is therefore reassessed on the basis of changes in the fair value of the hedged risk. Kommuninvest uses interest rate and currency swaps as hedge instruments. This means that the asset/liability is measured at fair value through profit or

FINANCIAL STATEMENTS

Note 1, continued

loss with regard to the components which the instrument hedges.

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 highly efficient.

Credit losses and writedowns on financial instruments

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

At each reporting date, Kommuninvest evaluates whether there is objective evidence that any writedown is necessary for a financial asset or group of assets as the result of one or more events (loss events) occurring after first recognition of the asset, and of these loss events having an impact on the estimated future cash flows relating to the asset or group of assets. Objective evidence constitutes 1) observable conditions that have arisen and that have an adverse impact on the possibility of recovering the acquisition cost, and 2) significant or lengthy reduction of the fair value of an investment in a financial investment classed as an available-for-sale financial asset.

Where there are objective indications for the need to recognise impairment of a financial asset reported at accrued cost, the amount of any such impairment is calculated as the difference between the current value of the asset's estimated future cash flows discounted at the original effective rate of interest and the reported value of the asset. In Kommuninvest's assessment, no writedowns were required as per 31 December 2015.

Intangible assets

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

Amortisation is recognised in the income statement on a linear basis over the estimated useful life of the intangible asset. The useful lives of assets are reassessed at least once per year. The estimated useful life is five years.

Tangible assets

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

Tangible fixed assets are carried at cost less accumulated depreciation.

The recognised value of a tangible fixed asset is derecognised from the balance sheet on scrapping or sale, or when no future economic benefits are expected from its use or the scrapping/sale of the asset. Gain or loss which may arise from the sale or scrapping of an asset constitutes the difference between the sale price and the asset's recognised amount less direct sales costs. Gain and loss are recognised as other operating income/expense.

Depreciation is carried out on a linear basis over the asset's estimated useful life. Kommuninvest calculates a useful life of five years for equipment. Works of art included in the balance sheet are not depreciated. The building and its components are depreciated over a period of 15–75 years depending on the estimated useful life of the component.

Pension through insurance

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

According to IAS 19, a defined contribution pension plan is a plan for remuneration after termination of employment whereby the Company pays pre-determined fees to a separate legal entity, and has no legal or informal obligation to make further payments if the legal entity has insufficient assets to pay all employee benefits relating to service during the current and earlier periods. A defined benefit pension plan is classed as a different type of plan for post-employment benefit to a defined contribution plan.

The pension plan for Kommuninvest's employees has been deemed a defined contribution plan encompassing more than one employer. Kommuninvest's pension payments are entered as a cost 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 SPP based on the current salary.

In addition to collectively agreed service pensions, Kommuninvest has also made a defined contribution pension obligation to the President in a separate agreement. The pension obligation is invested in an endowment insurance which is recognised in shares and participations. The insurance is also pledged for the pension obligation. With regard to liabilities, the pension obligation is recognised as a provision.

Note 1, continued

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

General administration expenses

General administration expenses encompass personnel costs, including salaries and emoluments, pension expenses, employer's contributions and other social security contributions. Other expenses included in administrative expenses are the stability fee, costs for consultants, premises, training, IT, telecommunications, travel and representation expenses. Also included are expenses for ratings, market data, and the costs of maintaining an aftermarket for issued securities.

Other operating income

Since 2014, Kommuninvest has provided a web-based debt management service to members of the Kommuninvest Cooperative Society. The members who have chosen to use this service pay an annual fee to Kommuninvest. This income is recognised as other operating income.

Other operating expenses

Other operating expenses primarily include expenses for marketing and insurance.

Leasing

All leasing agreements are for operating leases. Lease fees are periodised and recognised on a straight-line basis over the duration of the leasing agreement.

Taxes

Tax expense includes current tax 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 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. The tax regulations for economic associations are applied in the calculation of current taxes. These entail the year's proposal for dividends for the financial year (which will be paid out in the subsequent year) being eligible for deduction from the current year's

taxation on the condition that a dividend decision is made and has been deducted in the calculation of current taxes.

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 subscribed capital in the Kommuninvest Cooperative Society as consolidated equity, since the subscribed capital has the characteristics and meets the conditions stated in IAS 32:16 A and B, see also Note 27.

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. Operational activities mainly include changes in the lending and liquidity portfolio. Investment activities include investments in tangible and intangible assets. Financing activities include issues and maturities/repurchases of issued securities. Kommuninvest applies the exemption rule under IAS7:23 and reports issues of less than 3 months net. Financing activities also include a new share issue and changes in consolidated debt.

Segment reporting

Kommuninvest i Sverige AB 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 i Sverige AB has no single customer who accounts for more than 10 percent of income.

The Society's accounting principles

The Society's accounting principles reflect those applied by the Group, with the exceptions that the income statement and balance sheet follow the presentation format stipulated by the Annual Accounts Act. IAS 39 is not applied and financial instruments are instead reported based on cost, and shares in subsidiaries are recognised at cost. Group contributions are recognised in the income statement as income from participations in Group companies.

FINANCIAL STATEMENTS

Note 2 Financial risks – Group

For information on risk management, see pages 25–35.

Credit risk exposure

2015	Total credit risk exposure (before impairment)	Writedown/ Provision	Recognised value	Value of collateral	Total credit risk exposure after deductions for collateral
Credit against security of:					
Government and municipal guarantees	254,421.7	-	254,421.7	-	254,421.7
Total	254,421.7	-	254,421.7	-	254,421.7
Securities					
Government securities and other public bodies					
- AAA	11,232.1	-	11,232.1	-	11,232.1
- AA	5,607.3	-	5,607.3	-	5,607.3
Other issuers					
- AAA	37,412.5	-	37,412.5	-	37,412.5
- AA	8,374.2	-	8,374.2	80.8	8,293.4
- A	619.0	-	619.0	-	619.0
- BBB	-	-	-	-	-
Total	63,245.1	-	63,245.1	80.8	63,164.3
Derivatives					
- AA	9,627.4	-	9,627.4	4,597.1	5,030.3
- A	8,240.0	-	8,240.0	4,133.2	4,106.8
- BBB	4,908.2	-	4,908.2	2,660.9	2,247.3
Total	22,775.6	-	22,775.6	11,391.2	11,384.4
Obligations					
Committed undisbursed loans against municipal guarantees					
	2,903.3	-	2,903.3	-	2,903.3
Total	2,903.3	-	2,903.3	-	2,903.3
Total credit risk exposure	343,345.7	-	343,345.7	11,472.0	331,873.7

2014	Total credit risk exposure (before impairment)	Writedown/ Provision	Recognised value	Value of collateral	Total credit risk exposure after deductions for collateral
Credit against security of:					
Government and municipal guarantees	222,803.7	-	222,803.7	-	222,803.7
Total	222,803.7	-	222,803.7	-	222,803.7
Securities					
Government securities and other public bodies					
- AAA	11,342.9	-	11,342.9	-	11,342.9
- AA	3,861.2	-	3,861.2	-	3,861.2
Other issuers					
- AAA	33,575.8	-	33,575.8	-	33,575.8
- AA	11,939.7	-	11,939.7	205.0	11,734.7
- A	4,446.3	-	4,446.3	3,747.1	699.2
- BBB	83.5	-	83.5	-	83.5
Total	65,249.4	-	65,249.4	3,952.1	61,297.3
Derivatives					
- AA	8,446.9	-	8,446.9	4,217.4	4,229.5
- A	15,401.2	-	15,401.2	7,493.9	7,907.3
- BBB	0.7	-	0.7	-	0.7
Total	23,848.8	-	23,848.8	11,711.3	12,137.5
Obligations					
Committed undisbursed loans against municipal guarantees					
	3,783.5	-	3,783.5	-	3,783.5
Total	3,783.5	-	3,783.5	-	3,783.5
Total credit risk exposure	315,685.4	-	315,685.4	15,663.4	300,022.0

Note 2, continued

Maturity information¹

2015	Nominal cash flows – Contractual remaining duration						Total
	On demand	At most 3 months	More than 3 mths. but max. 1 yr.	More than 1 yr. but max. 5 yrs.	Longer than 5 yrs.	No maturity	
Liquidity exposure							
Assets							
Sovereign bonds eligible as collateral	-	3,931.0	3,492.5	9,302.8	-	-	16,726.3
Lending to credit institutions	-	715.4	-	-	-	-	715.4
Lending	-	16,391.4	68,878.7	155,166.6	15,067.7	-	255,504.4
Bonds and other interest-bearing securities	-	2,622.2	9,752.9	32,080.2	-	-	44,455.3
Derivatives	-	19,187.5	137,322.8	316,704.3	37,258.7	-	510,473.3
Other asset items	-	-	-	-	-	173.4	173.4
Total assets	-	42,847.5	219,446.9	513,253.9	52,326.4	173.4	828,048.1
Liabilities							
Liabilities to credit institutions	-	267.0	-	1,607.3	517.0	-	2,391.3
Securities issued	-	36,597.1	65,296.2	194,233.3	22,404.5	-	318,531.1
Derivatives	-	20,171.5	132,004.9	310,097.3	37,206.4	-	499,480.1
Other liabilities	-	-	-	-	-	163.9	163.9
Subordinated liabilities	-	-	-	-	1,000.0	-	1,000.0
Equity	-	-	-	-	-	6,481.7	6,481.7
Total equity and liabilities	-	57,035.6	197,301.1	505,937.9	61,127.9	6,645.6	828,048.1
Net	-	-14,188.1	22,145.8	7,316.0	-8,801.5	-6,472.2	0.0
Committed undisbursed loans	2,903.3	-	-	-	-	-	-

2014	Nominal cash flows – Contractual remaining duration						Total
	On demand	At most 3 months	More than 3 mths. but max. 1 yr.	More than 1 yr. but max. 5 yrs.	Longer than 5 yrs.	No maturity	
Liquidity exposure							
Assets							
Sovereign bonds eligible as collateral	-	4,684.6	2,955.4	6,903.4	566.7	-	15,110.1
Lending to credit institutions	-	3,772.2	-	-	-	-	3,772.2
Lending	-	24,313.2	52,009.8	129,002.8	13,090.5	-	218,416.3
Bonds and other interest-bearing securities	-	824.1	8,839.2	34,560.8	453.4	-	44,677.5
Derivatives	-	10,278.1	112,091.6	312,166.3	28,179.6	-	462,715.6
Other asset items	-	-	-	-	-	190.7	190.7
Total assets	-	43,872.2	175,896.0	482,633.3	42,290.2	190.7	744,882.4
Liabilities							
Liabilities to credit institutions	-	2,463.5	-	1,495.3	718.4	-	4,677.2
Securities issued	-	28,583.7	52,948.5	185,005.0	19,291.1	-	285,828.3
Derivatives	-	7,549.0	108,433.9	305,926.3	28,145.6	-	450,054.8
Other liabilities	-	-	-	-	-	160.7	160.7
Subordinated liabilities	-	-	-	-	1,000.0	-	1,000.0
Equity	-	-	-	-	-	3,161.4	3,161.4
Total equity and liabilities	-	38,596.2	161,382.4	492,426.6	49,155.1	3,322.1	744,882.4
Net	-	5,276.0	14,513.6	-9,793.3	-6,864.9	-3,131.4	0.0
Committed undisbursed loans	3,783.5	-	-	-	-	-	-

In the table above, the period for which capital is tied up for cancellable lending and borrowing extends until the next possible cancellation date.

1) To a large extent, future interest payments involve matching payment flows. These are exclusive of both deposits and outgoing payments.

FINANCIAL STATEMENTS

Note 2, continued

Maturity information

2015							
Recognised values – Contractual remaining duration							
Liquidity exposure	On demand	At most 3 months	More than 3 mths. but max. 1 yr.	More than 1 yr. but max. 5 yrs.	Longer than 5 yrs.	No maturity	Total
Assets							
Sovereign bonds eligible as collateral	-	3,933.4	3,491.6	9,414.4	-	-	16,839.4
Lending to credit institutions	-	717.3	-	-	-	-	717.3
Lending	-	16,440.1	68,203.1	154,670.7	15,107.8	-	254,421.7
Bonds and other interest-bearing securities	-	2,638.9	9,443.8	33,605.7	0.0	-	45,688.4
Derivatives	-	830.2	6,689.6	14,147.2	1,108.6	-	22,775.6
Other asset items	-	-	-	-	-	173.4	173.4
Total assets	-	24,559.9	87,828.1	211,838.0	16,216.4	173.4	340,615.8
Liabilities							
Liabilities to credit institutions	-	80.4	-	1,696.2	526.9	-	2,303.5
Securities issued	-	29,463.0	65,575.3	201,025.9	22,879.4	-	318,943.6
Derivatives	-	2,386.7	1,463.6	6,869.1	1,003.7	-	11,723.1
Other liabilities	-	-	-	-	-	163.9	163.9
Subordinated liabilities	-	-	-	-	1,000.0	-	1,000.0
Equity	-	-	-	-	-	6,481.7	6,481.7
Total equity and liabilities	-	31,930.1	67,038.9	209,591.2	25,410.0	6,645.6	340,615.8
Total difference	-	-7,370.2	20,789.2	2,246.8	-9,193.6	-6,472.2	0.0
Committed undisbursed loans	2,903.3	-	-	-	-	-	-
2014							
Recognised values – Contractual remaining duration							
Liquidity exposure	On demand	At most 3 months	More than 3 mths. but max. 1 yr.	More than 1 yr. but max. 5 yrs.	Longer than 5 yrs.	No maturity	Total
Assets							
Sovereign bonds eligible as collateral	-	4,684.7	2,961.7	6,967.3	590.4	-	15,204.1
Lending to credit institutions	-	4,070.2	-	-	-	-	4,070.2
Lending	-	24,371.6	52,443.8	132,061.9	13,926.4	-	222,803.7
Bonds and other interest-bearing securities	-	828.7	8,977.4	35,694.3	474.1	-	45,974.5
Derivatives	-	2,838.9	5,599.5	13,637.7	1,772.7	-	23,848.8
Other asset items	-	-	-	-	-	190.7	190.7
Total assets	-	36,794.1	69,982.4	188,361.2	16,763.6	190.7	312,092.0
Liabilities							
Liabilities to credit institutions	-	2,463.5	-	1,605.7	754.4	-	4,823.6
Securities issued	-	28,614.1	53,828.3	189,311.8	20,563.8	-	292,318.0
Derivatives	-	344.2	1,619.5	7,228.9	1,435.7	-	10,628.3
Other liabilities	-	-	-	-	-	160.6	160.6
Subordinated liabilities	-	-	-	-	1,000.1	-	1,000.1
Equity	-	-	-	-	-	3,161.4	3,161.4
Total equity and liabilities	-	31,421.8	55,447.8	198,146.4	23,754.0	3,322.0	312,092.0
Total difference	-	5,372.3	14,534.6	-9,785.2	-6,990.4	-3,131.4	0.0
Committed undisbursed loans	3,783.5	-	-	-	-	-	-

In the table above, the period for which capital is tied up for cancellable lending and borrowing extends until the next possible cancellation date.

Note 2, continued

Fixed interest terms, Interest exposure

2015	Nominal cash flows						Total
	Fixed interest terms for assets and liabilities – interest exposure	At most 3 months	More than 3 mths. but max. 1 yr.	More than 1 yr. but max. 5 yrs.	More than 5 yr. but max. 10 yrs.	Longer than 10 yrs.	
Assets							
Sovereign bonds eligible as collateral	2,031.0	3,405.0	6,433.1	4,857.2	-	-	16,726.3
Lending to credit institutions	715.4	-	-	-	-	-	715.4
Lending	233.7	17,529.9	175,095.1	55,341.8	7,303.9	-	255,504.4
Bonds and other interest-bearing securities	-	650.0	26,799.4	17,005.9	-	-	44,455.3
Derivatives	-	3,666.6	306,394.6	180,001.2	20,410.9	-	510,473.3
Other assets	-	-	-	-	-	173.4	173.4
Total assets	2,980.1	25,251.5	514,722.2	257,206.1	27,714.8	173.4	828,048.1
Liabilities and equity							
Liabilities to credit institutions	267.0	-	-	-	2,124.3	-	2,391.3
Securities issued	5,452.2	7,210.1	160,921.3	128,070.1	16,877.4	-	318,531.1
Derivatives	537.1	3,844.1	296,393.3	178,184.0	20,521.6	-	499,480.1
Other liabilities	-	-	-	-	-	163.9	163.9
Subordinated liabilities	1,000.0	-	-	-	-	-	1,000.0
Equity	-	-	-	-	-	6,481.7	6,481.7
Total equity and liabilities	7,256.3	11,054.2	457,314.6	306,254.1	39,523.3	6,645.6	828,048.1
Net	-4,276.2	14,197.3	57,407.6	-49,048.0	-11,808.5	-6472.2	0.0

2014	Nominal cash flows						Total
	Fixed interest terms for assets and liabilities – interest exposure	At most 3 months	More than 3 mths. but max. 1 yr.	More than 1 yr. but max. 5 yrs.	More than 5 yr. but max. 10 yrs.	Longer than 10 yrs.	
Assets							
Sovereign bonds eligible as collateral	6,895.2	2,139.1	5,509.1	566.7	-	-	15,110.1
Lending to credit institutions	3,772.2	-	-	-	-	-	3,772.2
Lending	109,353.6	25,231.7	73,361.4	10,094.6	375.0	-	218,416.3
Bonds and other interest-bearing securities	12,198.0	5,198.5	26,827.6	453.4	-	-	44,677.5
Derivatives	252,737.5	47,474.1	148,842.0	12,477.7	1,184.3	-	462,715.7
Other assets	-	-	-	-	-	190.7	190.7
Total assets	384,956.9	80,043.4	254,540.1	23,592.4	1,559.3	190.7	744,882.5
Liabilities and equity							
Liabilities to credit institutions	2,993.3	-	1,495.3	-	188.6	-	4,677.2
Securities issued	61,790.3	44,177.6	164,035.5	14,829.2	995.7	-	285,828.3
Derivatives	319,089.7	32,436.3	89,295.9	8,858.0	375.0	-	450,054.9
Other liabilities	-	-	-	-	-	160.7	160.7
Subordinated liabilities	1,000.0	-	-	-	-	-	1,000.0
Equity	-	-	-	-	-	3,161.4	3,161.4
Total equity and liabilities	384,873.3	76,613.9	254,826.7	23,687.2	1,559.3	3,322.1	744,882.5
Net	83.6	3,429.5	-286.6	-94.8	-	-3,131.4	0.0

In the table above, the period for which capital is tied up for cancellable lending and borrowing extends until the next possible cancellation date.

FINANCIAL STATEMENTS

Note 2, continued

Foreign exchange risk¹

2015	Recognised value							Fair value adjustment	Total
	SEK	EUR	USD	JPY	NOK	Other currencies			
Assets and liabilities in major foreign currencies									
Assets									
Lending to credit institutions	677.5	1.6	38.2	-	-	-	-	-	717.3
Lending	252,050.7	-	-	-	-	-	2,371.0	-	254,421.7
Interest-bearing securities	34,541.0	6,329.1	21,212.1	-	-	-	445.6	-	62,527.8
Shares and participations	45.3	-	-	-	-	-	-	-	45.3
Derivatives	-	-	-	-	-	-	22,775.6	-	22,775.6
Other assets	128.1	-	-	-	-	-	-	-	128.1
Total assets	287,442.6	6,330.7	21,250.3	-	-	-	25,592.2	-	340,615.8
Liabilities									
Liabilities to credit institutions	80.4	515.3	-	1,621.2	-	-	86.6	-	2,303.5
Securities issued	145,046.5	7,108.0	137,960.7	7,582.3	5,326.2	13,859.4	2,060.5	-	318,943.6
Derivatives	134,549.2	-1,292.9	-116,713.8	-9,203.6	-5,326.2	-13,859.4	23,569.8	-	11,723.1
Subordinated liabilities	1,000.0	-	-	-	-	-	-	-	1,000.0
Other liabilities incl. equity	6,770.3	-	-	-	-	-	-124.7	-	6,645.6
Total equity and liabilities	287,446.4	6,330.4	21,246.9	-0.1	0.0	0.0	25,592.2	-	340,615.8
Difference, assets and liabilities	-3.8	0.3	3.4	0.1	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	-0.4	0.0	0.3	0.0	0.0	0.0	0.0	0.0	-

2014	Recognised value						Fair value adjustment	Total
	SEK	EUR	USD	JPY	GBP	Other currencies		
Assets and liabilities in major foreign currencies								
Assets								
Lending to credit institutions	4,035.5	23.5	11.0	-	0.1	0.1	-	4,070.2
Lending	219,316.6	-	-	-	-	-	3,487.1	222,803.7
Interest-bearing securities	30,247.9	7,906.9	22,062.1	-	-	-	961.7	61,178.6
Shares and participations	2.9	-	-	-	-	-	-	2.9
Derivatives	-	-	-	-	-	-	23,848.8	23,848.8
Other assets	132.2	-	1.0	-	-	-	54.6	187.8
Total assets	253,735.1	7,930.4	22,074.1	-	0.1	0.1	28,352.2	312,092.0
Liabilities								
Liabilities to credit institutions	1,975.8	1,207.2	-	1,505.0	-	-	135.6	4,823.6
Securities issued	114,672.9	4,019.4	136,438.9	7,376.3	4,726.1	20,304.5	4,779.9	292,318.0
Derivatives	132,637.5	2,703.4	-114,369.8	-8,881.4	-4,726.1	-20,306.2	23,570.9	10,628.3
Subordinated liabilities	1,000.1	-	-	-	-	-	-	1,000.1
Other liabilities incl. equity	3,452.8	-	1.6	0.1	-	1.7	-134.2	3,322.0
Total equity and liabilities	253,739.1	7,930.0	22,070.7	-	-	-	28,352.2	312,092.0
Difference, assets and liabilities	-4.0	0.4	3.4	-	0.1	0.1	-	-
Effect (pre-tax) of a 10 percent increase in the SEK exchange rate compared to the foreign currency	-0.4	-	0.3	-	-	-	-	-

¹) Kommuninvest has elected to present fair value adjustments totalled by balance sheet item rather than by currency since currency risk is assessed on the basis of contracted payment flows.

Note 3 Net interest income

The Group	2015	2014
Interest revenues		
Lending to credit institutions	-	0.1
Lending	1,343.0	3,061.4
Interest-bearing securities	92.0	588.3
Other	3.3	1.2
Total	1,438.3	3,651.0
Of which: interest expense from financial items not measured at fair value through profit or loss	1,061.4	2,236.9
Interest expenses		
Liabilities to credit institutions	0.3	0.5
Interest-bearing securities	603.2	2,713.3
Other	30.9	22.3
Lending, negative lending rate	5.6	-
Total	640.0	2,736.1
Of which: interest income from financial items not measured at fair value through profit or loss	695.2 ¹	1,646.6
Total net interest income	798.3	914.9

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

1) Interest from derivatives that financially hedge a borrowing is recognised as an interest expense. Since derivative contracts allow interest to be received in the payment leg, the prevailing interest situation means, in many cases, that Kommuninvest has earned interest on borrowings and their hedging. This has led to the total interest expense for financial items measured at fair value being positive.

Kommuninvest Cooperative Society	2015	2014
Interest revenues		
Lending to credit institutions	0.0	0.0
Interest income, debenture loan	16.2	24.7
Total	16.2	24.7
Interest expenses		
Interest expenses, debenture loan	16.2	24.7
Total	16.2	24.7
Total net interest income	0.0	0.0

Note 4 Commission expenses

The Group	2015	2014
Payment agency commissions	1.0	1.9
Brokerage for securities	4.1	2.7
Other commissions	0.2	0.5
Total	5.3	5.1

Note 5 Net result of financial transactions

The Group	2015	2014
Realised profit		
- Result from buyback of own bonds	-36.8	0.2
- Interest-bearing securities	74.6	31.3
- Other financial instruments	4.6	4.9
Unrealised changes in market value	124.2	65.4
Exchange rate changes	-0.9	0.1
Total	165.7	101.9

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

Consolidated net gain/loss by measurement category	2015	2014
Financial assets at fair value through profit or loss.	-1,379.7	2,408.9
Holdings for trading purposes (assets)	-370.3	-114.8
Loan receivables and accounts receivable	6.5	0.0
Financial liabilities at fair value through profit or loss	1,891.7	-1,228.4
Holdings for trading purposes (liabilities)	26.8	-1,019.0
Capital gains/losses on available-for-sale financial assets	-0.1	6.8
Change in fair value of derivatives that are hedging instruments in fair value hedge	-731.7	1,847.0
Change in fair value on hedged item with regard to hedged risk in fair value hedges	723.4	-1,798.7
Exchange rate changes	-0.9	0.1
Total	165.7	101.9
Results (net)		
Net result of available-for-sale financial assets recognised in other comprehensive income	-60.2	-6.0

Note 6 Other operating income

The Group	2015	2014
Capital gain on divestments of tangible assets	-	0.1
Other operating income	4.5	3.2
Total	4.5	3.3

Note 7 General administration expenses

The Group	2015	2014
Personnel expenses, in SEK, thousands		
- salaries and emoluments	61,982	57,709
- social security charges	19,239	17,779
- pension expenses	10,727	10,341
- special payroll tax on pension expenses	2,760	2,495
- education/training costs	3,336	3,147
- other personnel expenses	3,741	6,145
Total personnel costs	101,785	97,616
Other general administration expenses		
- travel expenses	5,150	5,363
- IT expenses	17,656	14,391
- consultancy fees	13,701	22,126
- temporary/contract personnel	2,817	3,130
- rating expenses	1,304	1,793
- market data	7,024	5,615
- rent and other expenses for premises	1,387	1,234
- property expenses	1,068	1,682
- annual and interim reports	1,315	1,226
- stability fee	120,462	110,727
- other expenses	18,868	17,514
Total other general administration expenses	190,752	184,801
Total	292,537	282,417
Kommuninvest Cooperative Society		
Board fees, incl. social security charges	1,927	1,201
Other expenses	8,805	6,522
Total	10,732	7,723

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Note 7, continued

Remuneration policy of 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 i Sverige AB employees in 2015. During the financial year, no non-recurring remunerations have been paid in connection with new recruitment or severance and no severance pay has been granted. No individual employee receives compensation equivalent to EUR 1 million or more per financial year.

Remuneration to the Board of Directors of Kommuninvest i Sverige AB

At the end of the year, the Board of Directors comprised 7 (8) members, of whom 3 (4) were women. Ellen Bramness Arvidsson is the Chairman of the Board.

Up until the 2015 Annual General Meeting, the fees to the Board of Directors consisted of a fixed fee of SEK 400,000 to the Chairman. Other Board members receive a fixed fee of SEK 100,000 and a variable fee of SEK 10,000 per meeting and SEK 5,000 per meeting by phone. No fee was paid to the employee representative. Following the 2015 Annual General Meeting, Board fees have consisted of a fixed fee of SEK 550,000 to the Chairman. The other members of the Board are paid a fixed fee of SEK 300,000. No fee was paid to the employee representative.

Kommuninvest does not have any pension obligations or any particular conditions of notice for the Board of Directors.

Fees determined by the Meeting, in SEK thousands	2015	2014
Ellen Bramness Arvidsson	550	400
Anna von Knorring	300	200
Kurt Eliasson	300	185
Johan Törngren	300	210
Erik Langby, newly elected April 2015	300	-
Anna Sandborgh	300	205
Catharina Lagerstam, departed April 2015	-	205
Lorentz Andersson, departed April 2015	-	210
Anders Pelander, employee representative	-	-
Total	2,050	1,615

Remuneration to the senior executives of Kommuninvest i Sverige AB

Remuneration for the President and CEO has been decided by the Board. For 2015, the President and CEO received SEK 3,038,000 (2,775,000) in basic salary. No variable remuneration was paid. Pension expenses for the President and CEO amounted to SEK 766,000 (826,000) and are covered by insurance. Part of the insurance cost relates to endowment insurance for pension obligations. The obligation contains survivors' protection. The pension is vested, i.e. not conditional on future employment. 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 Vice President and CEO has been decided by the Board. The Deputy CEO received SEK 1,993,000 (1,871,000) in basic salary for 2015. No variable remuneration was paid. Pension expenses for the Deputy CEO amounted to SEK 344,000 (546,000) 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 4 (4) people, of whom 3 (2) were women and 1 (2) was a man. During the year, 2 (0) individuals, of whom 2 (0) were men, left the Executive Management Team, while 2 (0) new individuals took up positions in the team, of whom 1 (0) was a woman. Remuneration to other senior executives in the Executive Management Team has been determined by the Board. During 2015, the total remuneration to senior executives who were part of the Executive Management Team amounted to SEK 3,792,000 (4,143,000). The pension expenses are covered through insurance. One of the senior executives joining the Company in September has not received compensation in the form of salary from the Company, but is engaged as a consultant.

According to the rules of procedure of the Board of Directors adopted in 2015, the Chairman of the Board is responsible for an independent review of the Company's remuneration policy and remuneration system being carried out; preparing Board decisions regarding a) remunerations to senior executives, b) remunerations to employees with overarching responsibility for any of the Company's control functions; and for measures for monitoring 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 7 (6) were women. There were 15 (15) deputy members, of whom 5 (7) were women. Ann-Charlotte Stenkil (Chairman) and Alf Egnerfors (deputy chairman) stepped down at the Annual General Meeting. Göran Färm was elected as the new Chairman and Linda Frohm as the new Vice Chairman of the Board of Directors of the Kommuninvest Cooperative Society.

At the Meeting, 14 Board members stepped down and were replaced through new election – six ordinary members and eight deputies. The Meeting also decided to adjust the fees paid to the Board of Directors of the Society. Up until the Meeting, the Chairman received a fixed fee of SEK 100,000 and a variable fee of SEK 3,500 per meeting. The Vice Chairman received a fixed fee of SEK 50,000 and a variable fee of SEK 3,500 per meeting. Alongside the Chairman and Vice Chairman, two other members of the Board form the Society's Working Committee and consequently receive an annual fixed fee of SEK 12,000 and a variable fee of SEK 3,500 per meeting. Other Board members received a fixed fee of SEK 6,000 and a variable fee of SEK 3,500 per meeting. Deputy members received a fixed fee of SEK 3,500 per meeting. For telephone meetings, a fee of SEK 1,750 was paid to all members.

The Meeting's resolution regarding adjusted remuneration entails the Chairman receiving a fixed fee of SEK 274,500 and the Vice Chairman a fixed fee of SEK 183,000. The two members, who together with the Chairman and Vice Chairman, constitute the Board's working committee receive SEK 101,300 in fixed fees. The amounts apply annually and no variable remunerations are paid.

Other ordinary Board members (11 persons) receive a fixed fee of SEK 7,300 and a variable fee of SEK 4,300 per meeting. Deputy Board members receive a variable fee of SEK 4,300 per meeting. For meetings held over the telephone, a variable fee of SEK 2,150 per meeting is paid.

Note 7, continued

Remuneration to the Board of Directors of the Kommuninvest Cooperative Society, in SEK, thousands	2015	2014
Alf Egnerfors, departed April 2015	55.2	127.0
Anna-Britta Åkerlind, newly elected April 2015	17.2	-
Andreas Sturesson, departed April 2015	-	21.0
Ann-Charlotte Stenkil, departed April 2015	61.3	178.6
Ann-Marie Jacobsson, departed April 2015	7.0	17.5
Barbro Hassel, departed April 2015	7.0	21.0
Bert Öhlund, departed April 2015	7.0	23.5
Bo Rudolfsson, newly elected April 2015	21.5	-
Britta Flinkfeldt Jansson, newly elected April 2015	17.2	-
Camilla Egberth	19.9	7.0
Carina Blank, departed April 2015	7.0	13.0
Carina Sándor, newly elected April 2015	17.8	-
Catharina Winberg, newly elected April 2015	21.5	-
Christina Johansson	17.2	10.5
Elver Jonsson, departed April 2015	7.0	23.5
Ewa-May Karlsson	82.0	90.8
Fredrik Larsson	25.6	14.0
Gert Ove Thörnros	24.2	17.5
Göran Färm, newly elected April 2015	183.0	-
Jonas Ransgård	23.3	23.5
Lennart Holmlund	25.0	17.5
Lilly Bäcklund	21.3	14.0

Remuneration to the Board of Directors of the Kommuninvest Cooperative Society, in SEK, thousands	2015	2014
Linda Frohm, newly elected April 2015	122.0	-
Lotta Öhlund	27.6	23.5
Magnus Oscarsson, departed April 2015	3.5	20.0
Malin Danielsson, departed April 2015	-	10.5
Margreth Johnsson	99.5	83.8
Marie Wilén, departed April 2015	-	3.5
Marie-Louise Forsberg-Fransson, newly elected April 2015	22.0	-
Mohamad Hassan, newly elected April 2015	17.2	-
Niklas Karlsson	27.6	23.5
Niclas Nilsson, newly elected April 2015	26.4	-
Patrik Jönsson, newly elected April 2015	26.4	-
Peter Hemlin	19.9	21.0
Peter Kärnström	24.2	14.0
Pierre Sjöström, newly elected April 2015	21.5	-
Robert Mörk, departed April 2015	3.5	23.5
Robert Stenkvist	8.6	24.5
Roger Persson, newly elected April 2015	21.5	-
Roland Åkesson	26.8	20.0
Ulf Olsson, newly elected April 2015	17.2	-
Urban Widmark, departed April 2015	7.0	10.5
Åsa Herbst, departed April 2015	7.0	27.0
Örjan Mossberg	35.4	27.0
Total	1,233.0	952.1

Wages and remunerations – Kommuninvest i Sverige AB

2015, in SEK, thousands	Basic salary / Board fee	Variable pay	Other benefits	Pension expense	Other remuneration	Total
Board of Directors	1,895	-	-	-	-	1,895
President and CEO	3,038	-	91	766	-	3,895
Deputy CEO	1,993	-	-	344	-	2,337
Other members of Company Management	3,792	-	14	1,144	-	4,950
Other salaried employees	49,731	-	-	8,473	-	58,204
Total	60,449	-	105	10,727	-	71,281

2014, in SEK, thousands	Basic salary / Board fee	Variable pay	Other benefits	Pension expense	Other remuneration	Total
Board of Directors	1,615	-	-	-	-	1,615
President and CEO	2,775	-	96	826	-	3,697
Deputy CEO	1,871	-	-	546	-	2,417
Other members of Company Management	4,143	-	16	1,385	-	5,544
Other salaried employees	46,104	-	236	7,584	-	53,924
Total	56,508	-	348	10,341	-	67,197

The Group

Average number of employees	2015	2014
Average number of employees during the year	78	74
- of whom women	31	31

The Society has no employees.

The Group

Emoluments and costs for the auditors, SEK 000s, Ernst & Young AB	2015	2014
Auditing engagement	1,112	1,965
Other audit services	2,069	1,844
Tax consultancy	343	414
Other services	240	2,312

Kommuninvest Cooperative Society, SEK 000s, Ernst & Young AB

	2015	2014
Auditing engagement	198	129

Auditing engagement refers to the scrutiny of the annual report and consolidated accounts, 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.

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Note 7, continued

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.

Operating leases where Kommuninvest Group is the lessee	2015	2014
Non-cancellable lease payments amount to:		
Within one year	1,651	1,506
Between one and five years	4,845	2,633
Total	6,496	4,139

Over the year, expenses for the operating leases amounted to SEK 2,238,000 (1,913,000).

Note 8 Other operating expenses

The Group	2015	2014
Insurance expenses	0.6	0.7
Communication and information	3.4	5.0
Other operating expenses	0.2	0.2
Total	4.2	5.9

Note 9 Taxes, continued

Recognised in the balance sheet

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities relate to the following:

	Deferred tax assets	
	2015	2014
Unrealised changes in market value		
- of which, recognised in the income statement	28.1	59.6
- of which, recognised in other comprehensive income	-	-4.9
Tax assets/liabilities, net	28.1	54.7

Kommuninvest Cooperative Society

Recognised in income statement	2015	2014
Tax expense for the period	7.6	2.7
Total tax expense recognised	7.6	2.7

Reconciliation of effective tax	2015 %	2015	2014 %	2014
Profit/loss before tax		534.7		717.9
Tax according to prevailing tax rate	22.0 %	117.6	22.0 %	157.9
Tax effect of deductible distribution	-20.6 %	-110.1	-20.8 %	-149.5
Non-deductible expenses	0.0 %	0.1	-	-
Utilised tax loss carryforwards not previously recognised	-	-	-0.8 %	-5.7
Recognised effective tax	1.4	7.6	0.4 %	2.7

Note 9 Taxes

The Group	2015	2014
Recognised in income statement		
Current tax expense	8.0	-
Deferred tax expense (+) / tax income (-) attributable to temporary differences	31.2	2.6
Adjustment of taxes attributable to previous years	-70.4	-
Total tax expense recognised	-31.2	2.6

Reconciliation of effective tax	2015 %	2015	2014 %	2014
Profit/loss before tax		658.7		721.2
Tax according to prevailing tax rate	22.0 %	144.9	22.0 %	158.7
Tax effect of deductible distribution	-16.7 %	-110.1	-20.7 %	-149.5
Utilised tax loss carryforwards not previously recognised	-4.1 %	-27.3	-1.0 %	-7.2
Non-deductible expenses	0.1 %	0.5	0.1 %	0.6
Change in deferred taxes	4.7 %	31.2	-	-
Tax attributable to previous years	-10.7 %	-70.4	-	-
Recognised effective tax	-4.7 %	-31.2	0.4 %	2.6

Tax expense attributable to other comprehensive income	2015	2014
Available-for-sale financial assets	-	-
Other comprehensive income	-	-

Note 10 Sovereign bonds eligible as collateral

The Group	2015			2014		
	Acquisition value	Fair value	Recognised value	Acquisition value	Fair value	Recognised value
Sovereign bonds eligible as collateral						
- Swedish central government	10,101.9	10,127.7	10,127.7	10,449.8	10,491.9	10,491.9
- Swedish municipalities	4,287.6	4,271.2	4,271.2	2,470.9	2,477.8	2,477.8
- Foreign governments	2,408.7	2,440.5	2,440.5	2,188.3	2,234.4	2,234.4
Total	16,798.2	16,839.4	16,839.4	15,109.0	15,204.1	15,204.1
Positive difference of book values exceeding nominal values			144.8			162.0
Negative difference of book values falling below nominal values			-18.1			-8.5
Total			126.7			153.5

Note 11 Lending to credit institutions

Kommuninvest Cooperative Society	2015	2014
Lending in SEK	7.5	41.0
Total	7.5	41.0

Note 12 Lending

	2015			2014		
	Acquisition value	Fair value	Recognised value	Acquisition value	Fair value	Recognised value
Lending						
- Municipalities and county councils	106,329.6	107,656.2	107,685.6	91,091.3	93,576.8	93,017.4
- Housing companies with municipal guarantees	90,260.8	91,053.1	91,069.7	78,482.7	79,883.8	79,727.8
- Other companies with municipal guarantees	54,784.5	55,672.4	55,666.4	48,842.3	50,235.9	50,058.4
Total	251,374.9	254,381.7	254,421.7	218,416.3	223,696.5	222,803.6

Lending refers to lending to municipalities and county councils, as well as to companies owned by municipalities and county councils. In Kommuninvest's assessment, no writedowns were required as per 31 December 2015.

Note 13 Bonds and other interest-bearing securities

The Group	2015			2014		
	Acquisition value	Fair value	Recognised value	Acquisition value	Fair value	Recognised value
Bonds and other interest-bearing securities						
- Swedish mortgage finance institutions	20,448.3	20,497.7	20,497.7	17,123.2	17,614.5	17,614.5
- Other Swedish issuers	903.1	403.3	403.3	845.4	870.5	870.5
- Other foreign issuers	24,834.4	24,787.4	24,787.4	27,320.9	27,489.5	27,489.5
Total	46,185.8	45,688.4	45,688.4	45,289.5	45,974.5	45,974.5
of which:						
- Securities listed on an exchange			45,688.4			45,626.4
- Unlisted securities			-			348.1
Positive difference of book values exceeding nominal values			1,798.6			2,035.6
Negative difference of book values falling below nominal values			-522.3			-21.7
Total			1,276.3			2,013.9

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Note 14 Shares and participations

The Group	2015	2014
Endowment insurance	2.8	2.4
Total shares and participations	2.8	2.4

Note 15 Shares and participations in associated companies

Administrative Solutions NLGFA AB, holding 50 percent.
Reg. no: SE-556581-0669, Örebro, Sweden

The Group	2015	2014
Number of shares: 500	0.5	0.5
Total	0.5	0.5

As per 31 December 2015, Administrative Solutions NLGFA AB had a balance sheet total of SEK 4.4 (9.3) million, equity of SEK 4.0 (3.9) million and generated a profit of SEK 0.1 (2.0) million. Administrative Solutions NLGFA AB has been placed in voluntary liquidation pursuant to a decision dated 29 April 2015. The liquidation is in progress and will be completed in 2016.

Note 16 Shares and participations in subsidiaries

Kommuninvest Cooperative Society	2015	2014	2015	2014
Companies	Number of shares	Number of shares	Recognised value	Recognised value
Kommuninvest i Sverige AB, 556281-4409	39,263,850	20,463,850	3,919.9	2,039.9
Total	39,263,850	20,463,850	3,919.9	2,039.9

The value has increased due to a new share issue.

Note 17 Derivatives

	2015			2014		
	Assets valued at fair value	Liabilities at fair value	Nominal value	Assets valued at fair value	Liabilities at fair value	Nominal value
<i>Derivatives not included in hedge accounting</i>						
Interest rate-related	578.4	4,105.7	258,591.4	677.1	4,721.5	244,949.1
Currency-related	14,925.3	5,438.7	161,349.8	16,181.9	4,220.1	153,715.3
Other ¹	289.0	783.5	4,314.1	587.2	85.2	4,281.5
Total	15,792.7	10,327.9	424,255.3	17,446.2	9,026.8	402,945.9
<i>Derivatives included in hedge accounting</i>						
Interest rate-related	6,300.4	936.8	156,858.8	5,325.7	923.1	111,965.2
Currency-related	682.5	458.4	6,170.6	1,076.9	678.3	14,542.0
Total	6,982.9	1,395.2	163,029.4	6,402.6	1,601.4	126,507.2

¹) Derivatives where the return is linked to equities, currencies, etc. These derivatives match borrowings precisely, where the recipient leg of the derivative should reflect and hedge all risks in its borrowing.

Note 18 Intangible assets

The Group	2015	2014
Acquired intangible assets		
Other technology/contract-based assets		
<i>Acquisition value</i>		
Acquisition value brought forward	2.0	-
Investments for the year	18.2	2.0
Disposals and scrappings	-	-
Acquisition value carried forward	20.2	2.0
<i>Depreciation and amortisation</i>		
Opening balance, depreciation	-0.4	-
Depreciation for the year	-4.1	-0.4
Disposals and scrappings	-	-
Depreciation carried forward	-4.5	-0.4
Planned residual value at the end of the accounting period	15.7	1.6

Intangible assets refers to two business systems.

Note 19 Tangible assets

The Group	2015	2014
Equipment		
Acquisition value brought forward	27.2	22.4
Investments for the year	0.5	4.8
Disposals	-	-
Acquisition value carried forward	27.7	27.2
Opening balance, depreciation	20.6	17.0
Depreciation for the year	2.2	3.6
Disposals	-	-
Depreciation carried forward	22.8	20.6
Recognised value	4.9	6.6
Land and building		
Acquisition value brought forward	49.8	46.6
Investments for the year	0.2	3.2
Disposals and scrapings	-	-
Acquisition value carried forward	50.0	49.8
Opening balance, depreciation	16.1	14.5
Depreciation for the year	1.5	1.6
Disposals	-	-
Depreciation carried forward	17.6	16.1
Recognised value	32.4	33.7
Tax assessment values		
Tax assessment value of Fenix 1 property	28.8	28.8
Of which, land (in Sweden)	8.0	8.0

Equipment mainly includes IT and office equipment for SEK 4.3 (6) million and artwork for SEK 0.6 (0.6) million.

Note 20 Receivables from subsidiaries

Kommuninvest Cooperative Society	2015	2014
Group contributions for the year	545.4	725.6
Trade and other receivables	-	0.0
Other receivables	1,604.2	44.6
Total	2,149.7	770.2

Other receivables in 2015 pertain to special member contributions, which, on the Society's behalf are managed by the Company and have yet to be transferred to the Company in the form of new share capital.

Note 26 Subordinated liabilities

The Society	Currency	Nominal	Interest rate (%)	Due date	Recognised value	
					2015	2014
Debenture loan	SEK	1,000.0	Variable	40-11-30	1,000.0	1,000.1
Total		1,000.0			1,000.0	1,000.1

On repayment, the Society is entitled to subtract the amount required to settle past due counterclaims from the Society and any claims from the Society's companies. As per the balance sheet date, no repayment amounts were pending.

Note 21 Other assets

The Group	2015	2014
Other assets	4.2	1.5
Total	4.2	1.5

Note 22 Prepaid expenses and accrued revenues

The Group	2015	2014
Other prepaid expenses and accrued revenues	11.8	8.3
Total	11.8	8.3

Note 23 Other liabilities

The Group	2015	2014
Other liabilities	14.4	20.2
Total	14.4	20.2

Kommuninvest Cooperative Society

Other liabilities	0.3	0.1
Tax liabilities	10.4	2.7
Accounts payable, trade	0.4	0.7
Total	11.1	3.5

Note 24 Accrued expenses and prepaid revenues

The Group	2015	2014
Accrued stability fee	120.5	111.1
Other accrued expenses and prepaid revenues	25.6	26.3
Total	146.1	137.4

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Other accrued expenses and prepaid revenues	0.8	0.3
Total	0.8	0.3

Note 25 Provisions for pensions and similar commitments

The Group	2015	2014
Provision for pension obligations	3.4	3.0
Total	3.4	3.0

Note 27 Equity in the Kommuninvest Cooperative Society

Within the Group, the Kommuninvest Cooperative Society has classified the subscribed capital of SEK 5,424 million as equity, of which SEK 27 million refers to the “överinsats”, that is that share of the capital that for certain members exceeds the highest level stipulated in the Articles of Association.

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 all of their subscribed capital. Payment is made six months after the discontinuation of membership.

In cases where members have exceeded the contributions stipulated by the Articles of Association (“överinsats”), the member is entitled to request repayment of all or part of the excess, without having to withdraw from the Society. Repayment of the excess contribution can be made six months after the end of the year in which the member terminates membership.

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 payment is conditional on the Board deeming it feasible without, to any material extent, adversely affecting the capital adequacy of the Society’s financial group of companies or that of any of the companies owned by the Society, or incurring similar inadequacy.

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

As per the closing date, SEK 4.2 million relating to excess contributions had been cancelled for repayment during 2016 by a member that will be continuing its membership.

Note 28 Consolidated equity

	Restricted equity		Unrestricted equity		Total equity
	Subscribed capital	Restricted reserves	Fair value reserve	Unrestricted reserves	
The Group					
Equity brought forward 1 Jan 2014	1,356.3	65.6	17.4	1,008.4	2,447.7
Comprehensive income for the period			-6.1	718.6	712.5
Appropriation of surplus in accordance with decision by the Annual General Meeting of the Society					
Distribution of surplus as bonuses and interest				-696.5	-696.5
Allocated to statutory reserve		36.7		-36.7	0.0
New subscribed capital during the year					
Participation capital from new members of the society	1.2				1.2
New participation capital from members	696.5				696.5
Equity carried forward 31 Dec 2014	2,054.0	102.3	11.3	993.8	3,161.4
Equity brought forward 1 Jan 2015	2,054.0	102.3	11.3	993.8	3,161.4
Comprehensive income for the period			-60.2	689.9	629.7
Appropriation of surplus in accordance with decision by the Annual General Meeting of the Society					
Distribution of surplus as bonuses and interest				-679.5	-679.5
Allocated to statutory reserve		35.7		-35.7	0.0
New subscribed capital during the year					
Participation capital from new members of the society	-				0.0
New participation capital from members	3,370.1				3,370.1
Equity carried forward 31 Dec 2015	5,424.1	138.0	-48.9	968.5	6,481.7

Note 29 Pledged assets

The Group	2015	2014
<i>In the form of assets pledged for own provisions and liabilities</i>		
Endowment insurance for pension obligations	2.8	2.4
Property mortgages	42.0	42.0
<i>Deposited with the Riksbank:</i>		
– Government bonds	1,601.4	5,399.1
– Securities issued by Swedish municipalities and county councils/regions	579.6	501.8
– Swedish covered bonds	11,123.6	15,765.9
Assets pledged, total	13,349.4	21,711.2

The recognised value of liabilities and provisions involving pledges amounted to SEK 3.5 (3.0) 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 30 Obligations

The Group	2015	2014
Committed undisbursed loans	2,903.3	3,783.5
Total	2,903.3	3,783.5

Note 31 Related parties

Close associations

The Kommuninvest Cooperative Society has had related party transactions with Kommuninvest i Sverige AB.

Related party, in SEK, thousands	Year	Sales of goods/ services to related parties	Purchase of goods/services from related parties	Other (interest)	Receivables from related parties on 31 Dec	Liabilities to related parties on 31 Dec
Kommuninvest i Sverige AB	2015	-	2,773	16,151	3,149,697	337
	2014	-	1,723	24,687	1,770,243	420

The claim on Kommuninvest i Sverige AB pertains to a subordinated loan of SEK 1 billion and special member contributions, which, on the Society's behalf are managed by the Company and have yet to be transferred to the Company in the form of new share capital.

Transactions with key people in senior posts

With regard to salaries, other remuneration and pensions for key people in management positions, please see Note 7.

Note 32 Events after the balance sheet date

On 1 March 2016, the Board of Directors of Kommuninvest in Sweden AB decided to direct a new share issue in Kommuninvest i Sverige AB to the Kommuninvest Cooperative Society. The offer comprises 14,906,740 shares with a quoted value of SEK 100 per share, totalling SEK 1,490,674,000, with a settlement date of 30 April 2016 at the latest.

Note 33 Financial assets and liabilities – Group

2015	Financial assets at fair value through profit or loss		Loan receivables and accounts receivable	Investments held to maturity
	Financial assets determined as belonging to this category	Holdings for trading purposes		
Sovereign bonds eligible as collateral	12,568.2	-	-	-
Lending to credit institutions	-	-	717.3	-
Lending	63,452.5	-	190,969.2	-
Bonds and other interest-bearing securities	35,204.1	-	-	-
Derivatives	0.0	15,792.7	-	-
Other assets	-	-	4.2	-
Total	111,224.8	15,792.7	191,690.7	-
Liabilities to credit institutions	-	-	-	-
Securities issued	-	-	-	-
Derivatives	-	-	-	-
Other liabilities	-	-	-	-
Subordinated liabilities	-	-	-	-
Total	-	-	-	-

2014	Financial assets at fair value through profit or loss		Loan receivables and accounts receivable	Investments held to maturity
	Financial assets determined as belonging to this category	Holdings for trading purposes		
Sovereign bonds eligible as collateral	12,803.8	-	-	-
Lending to credit institutions	-	-	4,070.2	-
Lending	68,965.1	-	153,838.6	-
Bonds and other interest-bearing securities	33,690.1	-	-	-
Derivatives	-	17,446.2	-	-
Other assets	-	-	1.7	-
Total	115,459.0	17,446.2	157,910.5	-
Liabilities to credit institutions	-	-	-	-
Securities issued	-	-	-	-
Derivatives	-	-	-	-
Other liabilities	-	-	-	-
Subordinated liabilities	-	-	-	-
Total	-	-	-	-

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.

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.

Calculation of fair value

General

Regardless of whether financial instruments are measured at fair value in the balance sheet or for disclosure purposes, fair value is to be divided up in accordance with 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.

Available-for-sale financial assets	Financial liabilities at fair value through profit or loss		Other financial liabilities	Derivatives that are used for hedge reporting	Total recognised value	Fair value
	Financial liabilities determined as belonging to this category	Holdings for trading purposes				
4,271.2	-	-	-	-	16,839.4	16,839.4
-	-	-	-	-	717.3	717.3
-	-	-	-	-	254,421.7	254,381.7
10,484.3	-	-	-	-	45,688.4	45,688.4
-	-	-	-	6,982.9	22,775.6	22,775.6
-	-	-	-	-	4.2	4.2
14,755.5	-	-	-	6,982.9	340,446.6	340,406.6
-	2,223.1	-	80.4	-	2,303.5	2,303.5
-	151,133.4	-	167,810.2	-	318,943.6	319,414.5
-	-	10,328.0	-	1,395.1	11,723.1	11,723.1
-	-	-	5.5	-	5.5	5.5
-	-	-	1,000.0	-	1,000.0	999.9
-	153,356.5	10,328.0	168,896.1	1,395.1	333,975.7	334,446.5

Available-for-sale financial assets	Financial liabilities at fair value through profit or loss		Other financial liabilities	Derivatives that are used for hedge reporting	Total recognised value	Fair value
	Financial liabilities determined as belonging to this category	Holdings for trading purposes				
2,400.3	-	-	-	-	15,204.1	15,204.1
-	-	-	-	-	4,070.2	4,070.2
-	-	-	-	-	222,803.7	223,696.5
12,284.4	-	-	-	-	45,974.5	45,974.5
-	-	-	-	6,402.6	23,848.8	23,848.8
-	-	-	-	-	1.7	1.7
14,684.7	-	-	-	6,402.6	311,903.0	312,795.8
-	2,360.1	-	2,463.5	-	4,823.6	4,823.6
-	145,857.9	-	146,460.1	-	292,318.0	293,839.5
-	-	9,026.8	-	1,601.5	10,628.3	10,628.3
-	-	-	16.3	-	16.3	16.3
-	-	-	1,000.1	-	1,000.1	1,067.4
-	148,218.0	9,026.8	149,940.0	1,601.5	308,786.3	310,375.1

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 prices from the primary and secondary markets. Financial instruments for which input data components are not observable in the market or the Company's own estimates but which have a material effect on valuation are classed under 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.

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 anti-

FINANCIAL STATEMENTS

Note 33, continued

pated future cash flows, the discount rate being set to the swap rate adjusted on the basis of the issuer's credit risk. The scale of the adjustment is determined based on quoted prices for a large number of securities issued by the issuer itself and by issuers considered to have the same credit risk. These investments are classified in level 2.

Liabilities to credit institutions, securities issued and subordinated liabilities

Funding within the framework of the Swedish local government bond programme is measured at the quoted market price and classified in level 1. Other funding has been measured via a discount of anticipated future cash flows where the discount rate has been set at the swap rate adjusted for current borrowing margins for the structure and market of the funding. Funding where expected future cash flows are dependent on unobservable market data is classified in level 3; in other instances, they are classified in level 2.

The members' guarantee undertaking affects the valuation of borrowing and that the guarantee undertaking is taken into account by market players and thus affects quoted market prices and current funding margins. 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. Variations in borrowing margins and consequent changes in the values of liabilities are therefore considered to be attributable to general changes in market prices for credit and liquidity risk rather than to changes in Kommuninvest's own credit risk.

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 via a discount of anticipated future cash flows. Where anticipated future cash flows are dependent on unobservable market data, 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. Derivatives are reported as assets when they have a positive market value, and as liabilities when they have a negative market value.

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 consists of bank accounts and repo transactions with a maximum duration of seven days. Other assets and liabilities consists of accounts receivable and payable, 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 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 swap rates and, since it hedges other market risks, it is changes in credit spreads and basis swap spreads 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 income of SEK 143 (151) million. An increase in the borrowing cost, in relation to swap rates, by 10 basis points on the liabilities recognised at fair value would mean a positive change in income of SEK 309 (297) million. A parallel displacement in the borrowing and lending price, in relation to swap rates, by 10 basis points would mean a change in income of SEK +/-166 (+/- 146) 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 +/-13 (+/-12) 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 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 or lending instruments, which always take place on the investors' or customers' initiative respectively, 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.

The effect on profit or loss of these contracts is realised when Kommuninvest's borrowing margins for this type of borrowing 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 earnings from the unobservable input data that arises is therefore attributable to how input data affect the estimated remaining maturity of the contract.

Kommuninvest has calculated the maturity at 2.1 years but estimates that, under reasonable conditions, unobservable input data lead to an average duration of prematurely cancellable borrowing in the interval of 1.6 – 2.6 years. This would have an effect on earnings in the interval SEK -0.6 million – SEK +2.0 million.

Approval of valuation models

The valuation models applied are approved by the Company's ALCO (Asset and Liability Committee). 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 the valuation models and market data used in the valuation.

Note 33, continued

Financial instruments measured at fair value in the balance sheet

2015	Level 1	Level 2	Level 3	Total
Sovereign bonds eligible as collateral	12,568.2	4,271.2	-	16,839.4
Lending	-	63,452.5	-	63,452.5
Bonds and other interest-bearing securities	38,711.4	6,977.0	-	45,688.4
Derivatives	0.4	22,479.0	296.2	22,775.6
Total	51,280.0	97,179.7	296.2	148,755.9
Liabilities to credit institutions	-	2,223.1	-	2,223.1
Securities issued	-	147,219.7	3,913.7	151,133.4
Derivatives	2.6	10,245.8	1,474.7	11,723.1
Total	2.6	159,688.6	5,388.4	165,079.6

Kommuninvest continuously reviews the criteria for the allocation into levels of financial assets and liabilities to be measured at fair value; see "Calculation of fair value" above. During the period, SEK 100.8 million was transferred from level 2 to level 1. Transfers are considered to have been made as of 31 December 2015.

2014	Level 1	Level 2	Level 3	Total
Sovereign bonds eligible as collateral	12,726.3	2,477.8	-	15,204.1
Lending	-	68,965.1	-	68,965.1
Bonds and other interest-bearing securities	36,292.9	9,681.6	-	45,974.5
Derivatives	13.2	23,356.1	479.5	23,848.8
Total	49,032.4	104,480.6	479.5	153,992.5
Liabilities to credit institutions	-	2,155.0	205.1	2,360.1
Securities issued	-	136,341.8	9,516.1	145,857.9
Derivatives	7.1	9,776.3	844.9	10,628.3
Total	7.1	148,273.1	10,566.1	158,846.3

Kommuninvest continuously reviews the criteria for the allocation into levels of financial assets and liabilities to be measured at fair value; see "Calculation of fair value" above. During the period, SEK 679.4 million was transferred from level 2 to level 1. All transfers are considered to have taken place as per 30 June 2014.

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 year.

	Bonds and interest-bearing securities	Derivative assets	Derivative liabilities	Liabilities to credit institutions	Securities issued	Total
Opening balance, 1 January 2014	-	619.7	-1,335.9	-226.3	-8,836.9	-9,779.4
Recognised gains and losses:						
- recognised in the income statement (net result of financial transactions)	-	-140.2	491.0	21.2	-289.2	82.8
Cost, acquisitions	-	0.0	0.0	0.0	-6,860.4	-6,860.4
Maturing during the year	-	0.0	0.0	0.0	6,470.4	6,470.4
Closing balance, 31 December 2014	-	479.5	-844.9	-205.1	-9,516.1	-10,086.6

Gains and losses recognised in the income statement (net result of financial transactions) for assets included in the closing balance as per 31 December 2014

	-	212.0	28.1	31.6	-262.7	9.0
Opening balance, 1 January 2015	-	479.5	-844.9	-205.1	-9,516.1	-10,086.6
Recognised gains and losses:	-					
- recognised in the income statement (net result of financial transactions)	-	-183.3	-629.8	0.4	797.5	-15.2
Cost, acquisitions	-	-	-	-	-2,430.9	-2,430.9
Maturing during the year	-	-	-	204.7	7,235.8	7,440.5
Closing balance, 31 December 2015	-	296.2	-1,474.7	-	-3,913.7	-5,092.2

Gains and losses recognised in the income statement (net result of financial transactions) for assets included in the closing balance as per 31 December 2015

		1.7	-822.6	-	821.1	0.2
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Because the instruments in level 3 are hedged on a transaction basis, and each borrowing combination behaves as a borrowing combination in level 2, the changes in value are analysed in the same manner.

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Note 33, continued

Financial instruments not measured at fair value in the balance sheet

2015	Level 1	Level 2	Level 3	Total	Recognised value
Lending to credit institutions	-	717.3	-	717.3	717.3
Lending	-	190,929.2	-	190,929.2	190,969.2
Other assets	-	4.2	-	4.2	4.2
Total	-	191,650.7	-	191,650.7	191,690.7
Liabilities to credit institutions	-	80.4	-	80.4	80.4
Securities issued	143,236.1	25,045.0	-	168,281.1	167,810.2
Other liabilities	-	5.5	-	5.5	5.5
Subordinated liabilities	-	999.9	-	999.9	1,000.0
Total	143,236.1	26,130.8	-	169,366.9	168,896.1

2014	Level 1	Level 2	Level 3	Total	Recognised value
Lending to credit institutions	-	4,070.2	-	4,070.2	4,070.2
Lending	-	154,731.4	-	154,731.4	153,838.6
Other assets	-	1.7	-	1.7	1.7
Total	-	158,803.3	-	158,803.3	157,910.5
Liabilities to credit institutions	-	2,463.5	-	2,463.5	2,463.5
Securities issued	99,904.9	48,076.7	-	147,981.6	146,460.1
Other liabilities	-	16.3	-	16.3	16.3
Subordinated liabilities	-	1,067.4	-	1,067.4	1,000.1
Total	99,904.9	51,623.9	-	151,528.8	149,940.0

Note 34 Information on financial assets and liabilities subject to offsetting – Group

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 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, an organisation in which Kommuninvest is a member. 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 similar agreements.

31 December 2015	Amounts 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	22,775.6	-9,661.4	-11,391.2	-	1,723.0
Repos ²	80.9	-	-80.8	-	0.1
Liabilities					
Derivatives	-11,723.1	9,661.4	-	-	-2,061.7
Total	11,133.4	0.0	-11,472.0	-	-338.6

31 December 2014	Amounts 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	23,848.8	-9,611.1	-11,711.3	-	2,526.4
Repos ²	3,952.1	-	-3,952.1	-	-
Liabilities					
Derivatives	-10,628.3	9,611.1	-	-	-1,017.2
Total	17,172.6	0.0	-15,663.4	-	1,509.2

1) None of the amounts reported in the balance sheet have been offset.

2) Repos are included in Lending to credit institutions.

Note 35 Capital adequacy – Group

Since January 1, 2014, capital adequacy has been calculated according to CRR¹. The greatest change compared with the previous calculation method relates to risk exposure amounts for credit valuation adjustment (CVA risk) for all OTC derivative contracts. The capital buffers to be introduced under CRD IV² first require implementation under Swedish law, which has been effectuated through the Act concerning capital buffers (2014:966). For Kommuninvest, only the capital conservation buffer of 2.5 percent applies, as well as the countercyclical buffer, which Finansinspektionen has set at 1 percent effective from 13 September 2015 for relevant exposures in Sweden. Kommuninvest is not subject to the requirement for a systemic risk buffer, nor has the Company been identified as a systemically important institution. It is Kommuninvest's assessment that all buffer requirements will be met.

	31 December 2015	31 December 2014
Equity according to balance sheet	6,481.7	3,161.4
Less available-for-sale financial assets ³	-	-16.2
Less adjustment for prudent valuation ⁴	-63.4	9.7
Less share capital yet to be registered ⁵	-1,200.0	-
Less shares in Kommuninvest i Sverige AB not yet acquired ⁵	-1,490.7	-
Less requested repayments of excess contributions ⁶	-4.2	-
Less profit not distributed ⁷	-689.9	-718.6
Total core Tier 1 capital	3,033.5	2,416.9
Total Tier 1 capital	3,033.5	2,416.9
Supplementary capital		
Debenture loan ⁸	700.0	800.0
Total supplementary capital	700.00	800.0
Total capital base	3,733.5	3,216.9

1) European Parliament and Council Regulation (EU) No 575/2013 of 26 June 2013 on supervisory requirements for credit institutions and securities companies and amending Regulation (EU) No 648/2012.

2) European Parliament and Council Directive 2013/36/EU of 26 June 2013 on authorisation to conduct operations in credit institutions and on the supervision of credit institutions and securities companies, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

3) According to Finansinspektionen's statutes, unrealised gains on assets classified as available for sale may not be filtered out from the capital base effective from 1 January 2015.

4) Adjustment for prudent valuation according to CRR article 34.

5) Capital contributions to the Kommuninvest Cooperative Society are used to acquire shares in the subsidiary Kommuninvest i Sverige AB. Of the increase in capital contributions in the autumn, to date, shares have been acquired for SEK 1,200 million. This increase in share capital was registered with the Swedish Companies Registration Office on 23 December 2015. According to CRR, Kommuninvest i Sverige AB may not classify the increase of the share capital as core Tier 1 capital until this has been approved by Finansinspektionen. This means that the Kommuninvest Cooperative Society cannot classify the capital contributions as core Tier 1 capital prior to receiving approval. An application for permission to classify the increase in share capital as core Tier 1 capital was filed to Finansinspektionen on 18 January 2016. During the spring, the plan is to acquire shares for the remaining SEK 1,490.7 million, which is expected to be included in the capital base as of 30 June 2016.

6) Excess contributions to be refunded in 2016, see Note 27.

7) Profit for the year that may not be included in the capital base prior to the resolution by the Annual General Meeting in accordance with the CRR Article 26.

8) 30-year debenture loan with three-month variable Stibor-linked interest. The terms allow early repayment or repurchase if the perpetual debenture loan from the Kommuninvest Cooperative Society to Kommuninvest i Sverige AB is repaid or repurchased. The debenture loan is valid as supplementary capital under the transitional rules in CRR.

	31 December 2015		31 December 2014	
	Risk exposure	Capital requirement	Risk exposure	Capital requirement
Capital requirement for credit risks (the standardised method)	2,969.7	237.6	3,341.5	267.3
<i>of which, exposures to states and central banks</i>	70.2	5.6	136.5	10.9
<i>of which, institutional exposures</i>	781.4	62.5	1,189.1	95.1
<i>of which, corporate exposures</i>	68.3	5.5	55.3	4.4
<i>of which, exposures in the form of covered bonds</i>	2,049.8	164.0	1,960.6	156.9
Capital requirement for operational risks, basic indicator method	1,575.6	126.0	1,339.4	107.2
Capital requirement for market risks	-	-	-	-
Capital requirement for credit valuation adjustment	2,020.1	161.6	2,108.0	168.6
Total risk exposure amount and minimum capital amount	6,565.4	525.2	6,789.9	543.1

	31 December 2015	31 December 2014
Capital adequacy ratios		
Core Tier 1 capital ratio	46.2%	35.6%
Tier 1 capital ratio	46.2%	35.6%
Total capital ratio	56.9%	47.4%

	31 December 2015	31 December 2014
Buffer requirements		
Capital conservation buffer	2.5%	2.5%
Countercyclical buffer	0.8%	-
Total buffer requirements	3.3%	2.5%
Core Tier 1 capital available for use as buffer	40.2%	29.6%

Note 36 Leverage ratio – Group

Defined as the ratio between Tier 1 capital and total exposures in assets and commitments. Regarding the lending portfolio and the liquidity reserve, the exposure corresponds to the recognised value. For derivative assets, the exposure is estimated by adding the exposures in individual netting agreements with derivative counterparties. Added to this is the potential future exposure, calculated in accordance with a standard (market value method) determined in CRR, the EU's capital adequacy directive. Off-balance sheet commitments are also assigned an exposure value. The exposure amount is calculated based on the probability that the commitment will be utilised. For Kommuninvest, this involves pledged loans. Kommuninvest has a capital plan for achieving the future statutory leverage ratio requirement, see page 35.

31 December 2015	
Total assets	340,615.8
Less derivatives according to the balance sheet	-22,775.6
Plus derivatives exposure	13,114.2
Plus possible change in derivatives risk	4,892.0
Plus off-balance sheet commitments	2,903.3
Total exposure	338,749.7
Tier 1 capital, calculated applying transitional rules, see Note 35	3,033.5
Leverage ratio	0.90%

Five-year summary – Group

Key ratios 2011-2015	2015	2014	2013	2012	2011
Growth					
Lending (change in %)	14.2	6.8	3.8	19.6	25.7
Net interest income (change in %)	-12.7	-5.6	25.6	34.9	32.5
Consolidation					
Leverage ratio according to CRR (%)	0.90	0.79	0.58	0.33	n/d
Leverage ratio including debenture loan, %	1.19	1.10	0.97	n/d	n/d
Core Tier 1 capital ratio (%)	46.2	35.6	37.6	15.5	23.6
Tier 1 capital ratio (%)	46.2	35.6	37.6	15.5	23.6
Total capital ratio (%)	56.9	47.4	56.4	23.3	35.3
Efficiency					
Administration expenses as % of lending ¹	0.120	0.132	0.122	0.129	0.156
Administration expenses, excluding the stability fee, as % of lending ¹	0.072	0.082	0.074	0.079	0.106
Administration expenses as % of balance sheet total ¹	0.089	0.094	0.092	0.092	0.112
Administration expenses, excluding the stability fee, as % of balance sheet total ¹	0.054	0.059	0.056	0.056	0.076
Lending/employee (SEK millions)	2,993.2	2,893.6	2,980.6	3,091.5	2,848.7
Change lending/employee (%)	3.4	-2.9	-3.6	8.5	12.9
Return on assets (%)	0.203	0.230	0.269	0.150	0.117
Cost/income ratio					
Total administration expenses in relation to net interest and other operating income	0.38	0.32	0.26	0.33	0.46
Other information					
Number of employees at the end of the year	85	77	70	65	59

1) Administration expenses relates to general administration expenses, depreciation and other operating expenses.

Income statement 1 January – 31 December, SEK, million	2015	2014	2013	2012	2011
Net interest income	798.3	914.9	968.9	771.5	572.1
Commission expenses	-5.3	-5.1	-5.6	-8.5	-8.6
Net result of financial transactions	165.7	101.9	38.7	-267.1	72.1
Other operating income	4.5	3.3	1.9	6.4	1.3
Total operating income	963.2	1,015.0	1,003.9	502.3	636.9
General administration expenses	-292.5	-282.4	-247.1	-250.8	-250.7
Depreciation and amortisation	-7.8	-5.5	-3.8	-4.2	-3.7
Other operating expenses	-4.2	-5.9	-3.4	-5.0	-7.7
Total operating expenses	-304.5	-293.8	-254.3	-260.0	-262.1
Operating profit	658.7	721.2	749.6	242.3	374.8
Taxes	31.2	-2.6	-3.8	182.5	-100.0
Net profit	689.9	718.6	745.8	424.8	274.8
Other comprehensive income	-60.2	-6.0	-5.7	110.7	-76.2
Total profit or loss	629.7	712.6	740.1	535.5	198.6
Balance sheet summary as at 31 December, SEK million	2015	2014	2013	2012	2011
Sovereign bonds eligible as collateral	16,839.4	15,204.1	14,626.2	11,160.8	10,841.7
Lending to credit institutions	717.3	4,070.2	2,832.5	15,637.3	1,756.6
Lending	254,421.7	222,803.7	208,644.0	200,950.7	168,070.5
Bonds and other interest-bearing securities	45,688.4	45,974.5	44,932.9	44,293.7	39,518.7
Shares and participations	2.8	2.4	2.1	1.7	1.3
Shares in associated companies	0.5	0.5	0.5	0.5	0.5
Derivatives	22,775.6	23,848.8	6,235.8	11,057.4	13,687.2
Tangible assets	4.9	6.6	5.4	6.7	8.4
Tangible assets, lands and buildings	32.4	33.7	32.1	32.8	33.7
Intangible assets	15.7	1.6	-	-	-
Other assets	77.0	82.9	85.4	110.8	112.8
Deferred tax assets	28.3	54.7	54.6	56.8	38.4
Prepaid expenses and accrued revenue	11.8	8.3	11.2	12.8	19.1
Total assets	340,615.8	312,092.0	277,462.6	283,322.0	234,088.9
Liabilities to credit institutions	2,303.5	4,823.6	4,375.0	5,633.4	4,172.4
Securities issued	318,943.6	292,318.0	256,258.7	257,257.3	218,037.4
Derivatives	11,723.1	10,628.3	13,231.8	17,517.2	9,354.5
Current tax liability	-	-	0.0	26.7	101.0
Other liabilities	14.4	20.2	24.7	13.5	75.6
Accrued expenses and prepaid revenues	146.1	137.4	122.2	126.2	112.2
Provisions for pensions and similar obligations	3.4	3.0	2.5	2.1	1.6
Deferred tax liabilities	-	-	-	-	53.7
Subordinated liabilities	1,000.0	1,000.1	1,000.1	1,000.3	1,000.2
Total liabilities and provisions	334,134.1	308,930.6	275,015.0	281,576.7	232,908.6
Untaxed reserves	-	-	-	-	204.0
Equity	6,481.7	3,161.4	2,447.6	1,745.3	1,180.3
Total liabilities, provisions and equity	340,615.8	312,092.0	277,462.6	283,322.0	234,088.9

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 administration report for the Group and the Parent Society provides a true and fair description of the develop-

ment 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 consolidated and annual accounts, as specified below, were approved for issue by the Board on 16 March 2016. The consolidated income statement, statement of comprehensive income and balance sheet, as well as the Parent Company's income statement and balance sheet will be subject to ratification by the Annual General Meeting on 21 April 2016.

Stockholm, 16 March 2016

Göran Färm
Chairman of the Board

Linda Frohm
Vice Chairman

Carina Sándor
Board Member

Ewa-May Karlsson
Board Member

Margreth Johnsson
Board Member

Niclas Nilsson
Board Member

Lotta Öhlund
Board Member

Niklas Karlsson
Board Member

Örjan Mossberg
Board Member

Fredrik Larsson
Board Member

Lilly Bäcklund
Board Member

Jonas Ransgård
Board Member

Roland Åkesson
Board Member

Patrik Jönsson
Board Member

Marie-Louise Forsberg-Fransson
Board Member

Tomas Werngren
President and CEO

Our Audit Report was submitted on 21 March 2016

Ernst & Young AB

Erik Åström
Authorised Public Accountant

Audit Report

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

Report on the annual and consolidated accounts

We have audited the annual and consolidated accounts of the Kommuninvest Cooperative Society for 2015. In this document, the annual and consolidated accounts of the Society are presented on pages 15, 17 and 19–84.

Responsibilities of the Board of Directors and the President for the annual and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of the annual accounts in accordance with the Annual Accounts Act and consolidated accounts that provide a fair portrayal in accordance with the International Financial Reporting Standards as approved by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies and for such internal controls as the Board of Directors and the President determine are necessary to enable the preparation of annual and consolidated accounts that are free of material misstatement, regardless of whether this is due to fraud or errors.

Responsibility of the Auditor

Our responsibility is to express an opinion on the annual and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance about whether the annual and consolidated accounts are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the annual and consolidated accounts 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 Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual and consolidated accounts.

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

Statements

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and provide in all material respects a fair portrayal of the Society's financial position as per 31 December 2015 and of its financial performance and cash flows for the year in accordance with the Annual Accounts Act, and the consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the Group as per 31

December 2015 and its financial performance and cash flows for the year in accordance with the International Financial Reporting Standards as approved by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies. The statutory administration report is consistent with the other parts of the annual and consolidated accounts.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual and consolidated accounts, we have also audited the proposed appropriations of the Society's profit or loss and administration of the Board of Directors and the President of the Kommuninvest Cooperative Society in 2014.

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. The Board of Directors and the President are responsible for the administration of the Society in accordance with the Economic Associations Act.

Responsibility of the Auditor

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the Society's profit or loss and the administration of the Company based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Sweden.

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.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual and consolidated accounts, we examined significant decisions, actions taken and circumstances of the Society in order to determine whether any member of the Board of Directors or the President is liable to the Society. We also examined whether any member of the Board of Directors or the President has, 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.

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

Statements

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.

Stockholm, 21 March 2016

Ernst & Young AB

Erik Åström
Authorised Public Accountant

Review Report

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 2015.

The Board of Directors and President are 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, 21 March 2016

Niklas Sjöberg

Anita Bohman

Members of the Kommuninvest Cooperative Society

Name of member	Member No.	Population 31 Dec 2015	Member year	Name of member	Member No.	Population 31 Dec 2015	Member year
Municipality of Gävle	1	98,877	1993	Municipality of Katrineholm	50	33,462	1994
Municipality of Umeå	2	120,777	1993	Municipality of Vadstena	51	7,407	1994
City of Trollhättan	3	57,092	1993	Municipality of Pajala	52	6,193	1994
Municipality of Lindsberg	4	23,562	1993	Municipality of Piteå	53	41,548	1994
Municipality of Uddevalla	5	54,180	1993	Municipality of Kristianstad	54	82,510	1994
Municipality of Vänersborg	6	38,381	1993	Municipality of Berg	55	7,032	1997
Municipality of Sandviken	7	38,314	1993	Municipality of Vårgårda	56	11,165	1994
Municipality of Varberg	8	61,030	1993	Municipality of Ödeshög	57	5,236	1995
Municipality of Mjölby	9	26,602	1996	Municipality of Orsa	58	6,750	1995
Region Örebro County	10	291,012	1993	Municipality of Svedala	59	20,462	1995
Municipality of Örebro	11	144,200	1993	Municipality of Lomma	60	23,324	1995
Municipality of Kumla	12	21,154	1993	Municipality of Lekeberg	61	7,492	1995
Municipality of Laxå	13	5,656	1993	Municipality of Kungsör	62	8,343	1995
Municipality of Ljusnarsberg	14	4,928	1993	Municipality of Tjörn	63	15,315	1995
Municipality of Karlskoga	15	30,283	1993	Municipality of Staffanstorps	64	23,119	1995
Municipality of Hallsberg	16	15,509	1993	Municipality of Härryda	65	36,651	1995
Municipality of Degerfors	17	9,543	1993	Municipality of Grums	66	8,945	1995
Municipality of Askersund	18	11,151	1993	Municipality of Höganäs	67	25,610	1995
Municipality of Nora	19	10,502	1993	Municipality of Ängelholm	68	40,732	1995
Municipality of Hällefors	20	7,032	1993	Municipality of Flen	69	16,440	1995
Municipality of Härnösand	21	25,066	1993	Municipality of Essunga	70	5,590	1995
Municipality of Åle	22	28,862	1993	Municipality of Nordmaling	71	7,060	1995
Municipality of Norberg	23	5,803	1993	Municipality of Oskarshamn	72	26,450	1996
Municipality of Karlskrona	24	65,380	1993	Municipality of Båstad	73	14,373	1996
Municipality of Skellefteå	25	72,031	1994	Municipality of Storuman	74	5,943	1996
Municipality of Västervik	26	36,049	1994	Municipality of Älvdalen	75	7,035	1996
Municipality of Fagersta	27	13,286	1994	Municipality of Sunne	76	13,208	1995
Region Gotland	28	57,391	1994	Municipality of Hjo	77	8,983	1996
Municipality of Alingsås	29	39,602	1994	Municipality of Mönsterås	78	13,144	1996
Municipality of Smedjebacken	30	10,790	1994	Municipality of Malå	79	3,109	1997
Municipality of Boxholm	31	5,328	1994	Municipality of Högsby	80	5,857	1997
Municipality of Ockelbo	32	5,849	1994	Municipality of Torsby	81	11,910	1997
Municipality of Tanum	33	12,455	1994	Municipality of Lycksele	82	12,177	1997
Municipality of Borlänge	34	50,988	1994	Municipality of Bengtsfors	83	9,626	1997
Municipality of Strömsund	35	11,712	1994	Municipality of Åstorp	84	15,193	1997
Municipality of Kungsbacka	36	79,144	1994	Municipality of Simrishamn	85	19,065	1997
Municipality of Valdemarsvik	37	7,747	1994	Municipality of Vimmerby	86	15,419	1997
Municipality of Eda	38	8,505	1994	Municipality of Hultsfred	87	13,919	1997
Municipality of Gnosjö	39	9,514	1994	Municipality of Mörbylånga	88	14,669	1997
Municipality of Övertorneå	40	4,603	1994	Municipality of Arvika	89	25,841	1997
Municipality of Hedemora	41	15,235	1994	Municipality of Hammarö	90	15,420	1997
Municipality of Luleå	42	76,088	1994	Municipality of Karlshamn	91	31,846	1997
Municipality of Falun	43	57,062	1994	Municipality of Skara	92	18,711	1997
City of Landskrona	44	43,961	1994	Municipality of Sävsjö	93	11,228	1997
Municipality of Arboga	45	13,858	1994	Municipality of Skurup	94	15,149	1998
Municipality of Munkedal	46	10,205	1994	Municipality of Vindeln	95	5,371	1997
Municipality of Orust	47	15,010	1994	Municipality of Rättvik	96	10,759	1998
Municipality of Falkenberg	48	42,949	1994	Municipality of Mellerud	97	9,169	1998
Sörmland County Council	49	283,712	1994	Municipality of Färgelanda	98	6,495	1998

LIST OF MEMBERS

Name of member	Member No.	Population 31 Dec 2015	Member year	Name of member	Member No.	Population 31 Dec 2015	Member year
Municipality of Söderköping	99	14,240	1998	Municipality of Bollnäs	156	26,594	2004
Municipality of Vetlanda	100	26,873	1998	Municipality of Storfors	157	4,032	2004
Municipality of Herrljunga	101	9,349	1999	Municipality of Huddinge	158	105,311	2004
Municipality of Laholm	102	24,195	1999	Municipality of Håbo	159	20,279	2005
Region Gävleborg	103	281,815	1999	Municipality of Gällivare	160	18,123	2005
Municipality of Mark	104	33,906	1999	Uppsala County Council	161	354,164	2005
Municipality of Leksand	105	15,326	1999	Municipality of Kramfors	162	18,359	2005
Municipality of Strömstad	106	12,854	1999	Municipality of Haparanda	163	9,831	2005
Municipality of Upplands-Bro	107	25,789	1999	Municipality of Krokoms	164	14,785	2005
Municipality of Alvesta	108	19,581	1999	Municipality of Arvidsjaur	165	6,471	2005
Municipality of Kalix	109	16,248	1999	Municipality of Mariestad	166	24,043	2005
Municipality of Bräcke	110	6,455	2000	Municipality of Åsele	167	2,832	2005
Municipality of Örskelljunga	111	9,831	2000	Municipality of Sollefteå	168	19,783	2005
Municipality of Götene	112	13,160	2000	Municipality of Örnsköldsvik	169	55,576	2005
Municipality of Ovanåker	113	11,469	2000	Municipality of Karlstad	170	89,245	2005
Municipality of Ydre	114	3,658	2001	Municipality of Surahammar	171	9,985	2005
Municipality of Bollebygd	115	8,799	2001	Municipality of Filipstad	172	10,625	2005
Municipality of Torsås	116	6,943	2001	Municipality of Motala	173	42,903	2005
Municipality of Habo	117	11,314	2001	Municipality of Jokkmokk	174	5,072	2005
Municipality of Gagnef	118	10,079	2001	Municipality of Hallstahammar	175	15,645	2006
Municipality of Sotenäs	119	9,006	2001	Municipality of Avesta	176	22,781	2006
Municipality of Köping	120	25,557	2001	Municipality of Trosa	177	12,078	2006
Municipality of Boden	121	27,913	2001	Municipality of Lilla Edet	178	13,178	2006
Municipality of Tranemo	122	11,619	2001	Municipality of Skinnskatteberg	179	4,472	2006
Municipality of Nässjö	123	30,451	2001	Municipality of Kiruna	180	23,178	2006
Municipality of Kinda	124	9,795	2001	Municipality of Finspång	181	21,199	2006
Municipality of Sigtuna	125	44,786	2002	Municipality of Lysekil	182	14,464	2006
Municipality of Karlsborg	126	6,764	2002	Municipality of Söderhamn	183	25,785	2006
Municipality of Robertsfors	127	6,771	2002	Municipality of Hudiksvall	184	36,975	2006
Municipality of Älvsbyn	128	8,183	2002	Norrbottn County Council	185	249,733	2006
Municipality of Mora	129	20,101	2002	Municipality of Dorotea	186	2,740	2006
Municipality of Tranås	130	18,546	2002	Municipality of Nordanstig	187	9,490	2006
Municipality of Eksjö	131	16,790	2002	Municipality of Arjeplog	188	2,887	2006
Municipality of Heby	132	13,594	2002	Municipality of Botkyrka	189	89,425	2006
Municipality of Oxelösund	133	11,701	2003	Municipality of Nybro	190	19,754	2007
Municipality of Haninge	134	83,866	2003	Municipality of Hagfors	191	11,824	2007
Municipality of Kungälv	135	42,730	2003	Municipality of Vännäs	192	8,593	2007
Municipality of Tomelilla	136	13,132	2003	Municipality of Bjurholm	193	2,453	2007
Municipality of Växjö	137	88,108	2003	Municipality of Eskilstuna	194	102,065	2007
Municipality of Trelleborg	138	43,359	2003	Municipality of Gnesta	195	10,649	2007
Municipality of Lessebo	139	8,516	2003	Municipality of Forshaga	196	11,379	2007
Municipality of Säter	140	11,009	2003	Municipality of Kalmar	197	65,704	2007
Municipality of Ånge	141	9,493	2003	Municipality of Sjöbo	198	18,514	2007
Västmanland County Council	142	264,276	2003	Municipality of Stenungsund	199	25,508	2007
Municipality of Ljusdal	143	19,027	2003	Municipality of Strängnäs	200	34,102	2007
Municipality of Norsjö	144	4,176	2003	Municipality of Åre	201	10,677	2007
Municipality of Hofors	145	9,435	2003	Municipality of Ludvika	202	26,362	2007
Municipality of Överkalix	146	3,395	2004	Municipality of Lerum	203	40,181	2007
Municipality of Kils	147	11,802	2004	Municipality of Nykvarn	204	10,192	2007
Municipality of Härjedalen	148	10,262	2004	Municipality of Vilhelmina	205	6,829	2007
Värmland County Council	149	275,904	2004	Municipality of Emmaboda	206	9,090	2007
Municipality of Eslöv	150	32,438	2004	Municipality of Vansbro	207	6,715	2007
Municipality of Mullsjö	151	7,157	2004	Municipality of Töreboda	208	9,293	2007
Municipality of Vingåker	152	8,953	2004	Municipality of Sölvesborg	209	17,160	2007
Municipality of Munkfors	153	3,663	2004	Municipality of Ragunda	210	5,387	2007
Municipality of Ystad	154	28,985	2004	Municipality of Osby	211	12,954	2008
Municipality of Säfle	155	15,366	2004	Municipality of Vaggeryd	212	13,372	2008

LIST OF MEMBERS

Name of member	Member No.	Population 31 Dec 2015	Member year	Name of member	Member No.	Population 31 Dec 2015	Member year
Municipality of Timrå	213	17,987	2008	Municipality of Värnamo	270	33,473	2012
Municipality of Knivsta	214	16,869	2008	Municipality of Södertälje	271	93,202	2012
Municipality of Åtvidaberg	215	11,545	2008	City of Gothenburg	272	548,190	2012
Municipality of Uppvidinge	216	9,319	2008	Municipality of Skövde	273	53,555	2012
Municipality of Svenljunga	217	10,506	2008	City of Sundbyberg	274	46,110	2012
Municipality of Tingsryd	218	12,260	2008	Municipality of Uppsala	275	210,126	2013
Municipality of Jönköping	219	133,310	2008	Municipality of Tibro	276	10,980	2013
Municipality of Lund	220	116,834	2008	Municipality of Järfälla	277	72,429	2013
Municipality of Ulricehamn	221	23,494	2008	Municipality of Svalöv	278	13,655	2013
Municipality of Tierp	222	20,547	2008	Municipality of Klippan	279	16,917	2014
Municipality of Grästorp	223	5,644	2008	Municipality of Markaryd	280	9,779	2014
Municipality of Malung-Sälén	224	10,036	2009				
Municipality of Östra Göinge	225	14,102	2009				
Municipality of Ärjäng	226	9,869	2009				
Municipality of Dals-Ed	227	4,799	2009				
City of Vaxholm	228	11,380	2009				
Municipality of Älvkarleby	229	9,293	2009				
Municipality of Ljungby	230	27,638	2009				
Municipality of Hörby	231	15,020	2009				
Municipality of Älmhult	232	16,168	2009				
Municipality of Burlöv	233	17,430	2009				
Municipality of Hässleholm	234	51,048	2009				
Municipality of Olofström	235	13,170	2009				
Municipality of Sala	236	22,109	2009				
Municipality of Öckerö	237	12,682	2009				
Municipality of Kristinehamn	238	24,270	2009				
Municipality of Östhammar	239	21,563	2009				
Municipality of Bromölla	240	12,513	2009				
Municipality of Gullspångs	241	5,229	2009				
Municipality of Aneby	242	6,537	2009				
Municipality of Lidköping	243	39,009	2009				
Municipality of Bjuv	244	14,962	2009				
Municipality of Nynäshamn	245	27,500	2009				
Municipality of Norrköping	246	137,035	2009				
Municipality of Halmstad	247	96,952	2009				
Municipality of Ronneby	248	28,697	2009				
Municipality of Sorsele	249	2,516	2010				
Municipality of Falköping	250	32,511	2010				
Municipality of Upplands Väsby	251	42,661	2010				
Municipality of Hylte	252	10,514	2010				
Municipality of Borgholm	253	10,681	2010				
Municipality of Höör	254	15,970	2010				
Municipality of Vara	255	15,662	2010				
Municipality of Vallentuna	256	32,380	2010				
Municipality of Salem	257	16,426	2010				
Municipality of Tyresö	258	46,177	2010				
Municipality of Tidaholm	259	12,669	2010				
Municipality of Värmdö	260	41,107	2010				
Municipality of Norrtälje	261	58,669	2011				
Dalarna County Council	262	281,028	2011				
City of Solna	263	76,158	2011				
Municipality of Perstorp	264	7,211	2011				
Municipality of Nyköping	265	54,262	2011				
Municipality of Gislaved	266	29,272	2011				
City of Borås	267	108,488	2011				
Municipality of Enköping	268	41,893	2012				
Municipality of Åmål	269	12,601	2012				



KOMMUNINVEST
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