KOMMUNINVEST I SVERIGE AB

Year-end report 2018

KOMMUNINVEST

Working together for better terms

Kommuninvest's role entails offering secure and cost-effective financing to its members and customers – Swedish municipalities, regions, municipal companies and other local government actors.

Basic concept

Together, municipalities and regions can borrow more securely and inexpensively than each of them could individually. Together, the local government sector can also increase its expertise in financial management.

Our vision

Kommuninvest shall be the world's best organisation for local government financial administration. We finance the development of Sweden's local and regional sectors, as well as investments for a sound and sustainable society.

Since 1986

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

Organisation with clear division of roles

Kommuninvest comprises two parts. Kommuninvest Cooperative Society (the Society) is one part and the credit market company Kommuninvest i Sverige AB (the Company) is the other.

Kommuninvest Cooperative Society

- Administrates membership and the joint and several guarantee.
- The Board of Directors consists of elected politicians from municipalities and regions.

Kommuninvest i Sverige AB

- Conducts the financial operations, including funding, liquidity management and lending.
- The Board of Directors consists of individuals with expertise in areas such as public administration, capital markets and business development.

277 + 11

Kommuninvest is owned by 277 municipalities and 11 regions.

SEK 354 billion

Lending to members amounted to SEK 354 billion at the end of 2018.

AAA Aaa

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

Gröna lån

Green Loans

Green loans were introduced in 2015 for financing environmental and climate-related investments. Since the launch, the volume of Green loans has increased to SEK 40 billion.

Year-end report for Kommuninvest i Sverige AB (publ)
This is the year-end report for the credit market company Kommuninvest i Sverige AB (Kommuninvest).
Corporate identity number: 556281-4409
Registered office: Örebro
1 January–31 December 2018

Comparison figures relating to the income statement refer to the preceding year (1 January–31 December 2017) unless otherwise stated. Comparative figures relating to the balance sheet and to risk and capital-related data refer to 31 December 2017 unless otherwise indicated.

Year-end report for Kommuninvest i Sverige AB (publ). While care has been taken in translation, readers are reminded that the original Year-end report, signed by the Board of Directors, is in Swedish.

Comment from the CEO

Municipalities' and regions' favourable financial results in recent years have helped reduce the need to finance investments stemming from population growth, urbanisation and the increase in older and younger inhabitants through loans. Despite high investment levels, local government debt is therefore growing at a lower rate than previously. In relation to GDP, debt is low and clearly manageable. However, the sector's skills supply challenge is of concern from both an operational and cost perspective.

Today, many municipalities and regions rely heavily on Kommuninvest for their financing and borrow more from Kommuninvest than ever before. At the end of the year, lending exceeded SEK 350 billion, partly as an effect of the members' decision regarding a new pricing strategy. Quoted lending rates have been cut, meaning, in the long term, that Kommuninvest's net profit and refunds will gradually decrease. A high level of customer satisfaction is probably also contributing to Kommuninvest being selected over other funding alternatives.

Maintaining good cost control is a particular priority, as expenses have risen sharply over the past ten years, mainly as a consequence of increased official reporting requirements. In 2018, however, the cost increase was marginal. In relation to lending volume, the Company's expenses over the year decreased to 5.7 (6.5) basis points, excluding the resolution fee. Efficiency is particularly important in our core processes lending and funding. We are pleased that our international funding is functioning so well in terms of accessibility and pricing, which was important in 2018 when five large funding programmes denominated in USD were implemented.

Today, modern technology enables development of product and service offerings in completely new ways. At Kommuninvest, we are working to fully automate the lending process. Over the year, price lists updated in real time were introduced on the website, as well as a bid application linked directly to the business system. Loan agreements entered into by customers can now be signed digitally. When time for analysis and follow-up can be freed up on both sides, relations with customers and members will change, for our part imposing demands on both skills reinforcement and development.

Tomas Werngren, CEO

It is now apparent that institutions such as Kommuninvest will be recognised as special public finance institutions *(Public Development Credit Institutions, PDCI)* in future EU regulations. This will, to a greater extent, afford us appropriate conditions and more reasonable capital requirements, which is, of course, welcome. At the same time, it can be noted that no corresponding change has occurred with regard to requirements on our reporting to government authorities, which is challenging since it drives up expenses.

With the insight that the trust of our members is our foremost asset, my employees and I will continue seeking to develop and streamline the operations, in close cooperation with members and customers. Kommuninvest shall provide the best support in streamlining and improving municipalities and regions' financial management processes.

Tomas Werngren
President and CEO

Market

The world economy and the financial markets
There are clear signs that the international economic trend is slowing and global economic prospects have started being dialled back. The World Bank expects global growth of slightly less than 3 percent for 2019, with the long-term trend being lower at about 3.5 percent.

For some time, international capital markets have been characterised by increased concerns regarding declining global growth, driven by political uncertainty associated with trade conflicts, the Brexit negotiations and European cooperation, and concerns about the effects of starting to phase out central banks' extensive asset purchases, so-called quantitative easing.

The prospects for the Swedish economy have also been curtailed following several years of high growth, partly due to a continued weak housing market. According to economic analysts, Swedish GDP will grow by 1.5–2 percent in 2019 and 2020. Significant population growth, major public investments and strong public finances are expected to continue supporting growth.

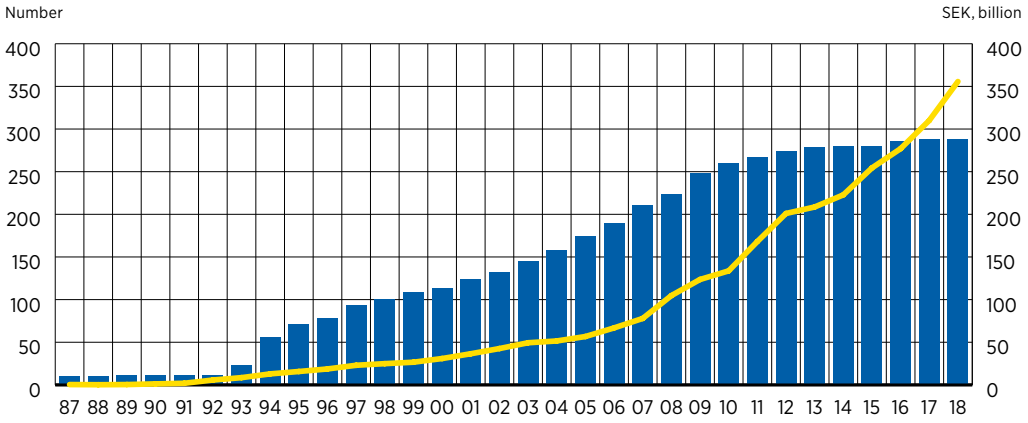
The Swedish local government sector continues to display stable economic development and a positive financial balance, partly as a consequence of increasing tax revenues. The anticipated surplus for 2018 amounts to 1.8 percent, according to the Swedish Association of Local Authorities and Regions, SALAR, following two years in which surpluses exceeded 3 percent. The sector finds itself in a period of intensive investment due to rapid population growth, demographic changes and urbanisation. The number of younger and older people is growing faster than the number of people of working age.

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

At 31 December 2018, the Society had 288 (288) members (partners), of which 277 (277) were municipalities and 11 (11) were regions. Consequently, 96 (96) percent of Sweden's municipalities and 55 (55) percent of Sweden's regions were members (partners) in the Society. No new members were added during the year.

Local government debt
Through Kommuninvest and other capital market players, Sweden's municipalities and regions were able to efficiently meet their funding needs in 2018. Kommuninvest estimates that the sector's external loan debt rose by SEK 36 billion in 2018 to SEK 637 (601) billion, and that 55 (51) percent of the loan debt was financed via Kommuninvest.

Number of members and lending volume
1987–2018



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

Number of members of the Kommuninvest Cooperative Society
Lending by Kommuninvest i Sverige AB

Over the past three years, the local government sector's favourable results and strong cash flows have reduced the need for external financing of the investments carried out. Although the loan debt has increased by SEK 82 billion in nominal terms since 2015, as a percentage of GDP, the loan debt has remained largely unchanged at around 13 percent.

The local government sector's funding is characterised by short maturities and short-term interest rates. At the end of the period, the average period for which capital was tied up was 2.7 (2.6) years. Of total funding, 58 (58) percent was based on floating interest rates. By using derivatives the average period of fixed interest was extended to 2.9 (2.9) years. The average interest rate on loan debt was 1.3 percent, a decrease of 10 basis points over one year.

Kommuninvest's lending

As per 31 December 2018, Kommuninvest's lending amounted to SEK 353,946.1 (308,042.3) million in nominal terms, an increase of 15 (12) percent. The recognised value of the lending was SEK 355,710.0 (310,147.3) million.

Kommuninvest's competitiveness, expressed as the percentage of accepted bids, has remained strong. Based on nominal volumes, the bid acceptance rate amounted to 99 (99) percent for 2018.

Of the agreed lending for the year, that is, new loans and renegotiations of existing loans, 85 (83) percent were loans with capital tied up for more than one year and 15 (17) percent with capital tied up for one year or less. Loans with capital tied up for one to three years accounted for 23 (35) percent of volumes.

At the end of 2018, Kommuninvest's lending portfolio consisted of 44 (43) percent loans with fixed interest and 56 (57) percent loans with variable interest rates.

The volume of Green Loans granted, financing for municipal investment projects promoting the transition to low carbon emissions and sustainable growth, increased over the year. At the end of 2018, SEK 39.5 (26.9) billion in Green Loans had been granted to 232 (149) projects and to 109 (81) municipalities and regions.

Kommuninvest's funding

Kommuninvest's lending is financed by means of short and long-term funding programmes on national and international capital markets.

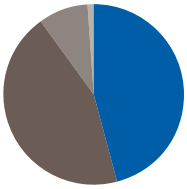
Over the year, the Company focused its funding efforts to three strategic funding markets – Swedish kronor, US dollar and so-called Uridashi funding from the Japanese market. Kommuninvest strives to maintain an even distribution between domestic and international funding over time.

Multi-year summary, Kommuninvest i Sverige AB

	2018	2017	2016	2015	2014
Balance sheet total, SEK billion	417.2	356.9	361.7	340.6	312.1
Lending, SEK billion	355.7	310.1	277.0	254.4	222.8
Net profit, SEK, million	586.1	876.0	309.8	561.3	568.4
Members, total	288	288	286	280	280
of which, municipalities	*277*	*277*	*275*	*272*	*272*
of which, regions	*11*	*11*	*11*	*8*	*8*
Core Tier I capital ratio[1], %	188.4	212.4	103.7	44.6	34.6
Tier I capital ratio[2], %	188.4	212.4	103.7	44.6	34.6
Total capital ratio[3], %	188.4	212.4	122.1	59.8	49.3
Leverage ratio according to CRR[4], %	1.75	1.78	1.56	0.87	0.75

1) Core Tier I capital in relation to total risk exposure. See also page 10 and Note 6.
2) Tier I capital in relation to total risk exposure. See also page 10 and Note 6.
3) Total capital base in relation to total risk exposure. See also page 10 and Note 6.
4) Tier I capital in relation to total assets and commitments (exposures). See also pages 10–11 and Note 7.

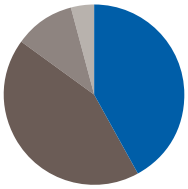
New funding by currency*
2018 (2017)



- SEK 46 (56) %
- USD 44 (35) %
- JPY 9 (4) %
- GBP – (2) %
- EUR – (1) %
- ZAR 0 (0) %
- MXN, TRY 1 (0) %
- NOK – (2) %

*excl. commercial paper funding

New funding by programme*
2018 (2017)



- Swedish Benchmark Programme 42 (56) %
- Benchmark funding, other currencies 43 (31) %
- Private Placements – (3) %
- Uridashi 11 (4) %
- Green Bonds 4 (5) %

*excl. commercial paper funding

During 2018, the Company experienced continued favourable demand for the securities it issues, despite an occasionally anxious economic environment. At the end of the period, total funding amounted to SEK 397,380.9 (339,074.2) million.

Kommuninvest is working actively to increase its funding in major bond programmes, so-called benchmark programmes, both internationally and in Sweden. During the year, six major funding programmes denominated in USD were implemented. Total funding over the year, in long-term debt instruments with maturities of more than one year, amounted to SEK 138,838.2 (72,633.8) million. In addition, funding with potential premature redemption within one year was agreed, corresponding to SEK 14,698.7 (3,136.6) million. Funding through short-term commercial papers, with one year maturities, amounted to SEK 48,484.0 (92,677.1) million. Previously issued funding of SEK 17,680.5 (19,954.8) million was repurchased.

During the year, Kommuninvest continued to issue green bonds, which are primarily purchased by investors with mandates to support investments with an environmental focus. The funds borrowed through green bonds finance investment projects in the Society's member municipalities and regions, focusing on energy-efficient housing, renewable energy production and other green infrastructure. The Company issued two green bonds in 2018, meaning that since 2016, the Company has issued five in total.

Rating

The Company has the highest credit rating, Aaa from Moody's and AAA from S&P Global Ratings. In March and July 2018, the rating institutes confirmed the Company's credit rating, with a stable outlook. The rating agencies highlight the joint and several guarantee from the owners of the Cooperative Society, the mandate the Company has from its owners to act as a local government debt office for its members, the high quality of the loan portfolio and the strategy for building up capital to meet future regulations.

Financial accounts

Net profit
Kommuninvest's operating profit, its profit before tax, amounted to SEK 752.5 (1,123.8) million. The operating profit includes unrealised changes in market value of SEK 164.4 (426.0) million. Excluding changes in market value, operating profit amounted to SEK 588.1 (697.8) million. The tax expense for the year recognised in the income statement amounted to SEK 166.4 (247.8) million. Through Group contributions, taxable profit is reduced to SEK – (–) million. Profit after tax amounted to SEK 586.1 (876.0) million.

Net interest income
Over the year, the Company has lowered its lending margin as a result of a new pricing strategy, which does not take unrealised changes in market value into account. This reduction in margin had a negative impact on net interest income, but this was offset entirely by the increase in volumes over the year. Net interest income amounted to SEK 885.5 (881.3) million and was thus marginally higher than for the preceding year.

Kommuninvest grants lending at negative interest rates, which is recognised as an interest expense, amounting over the period to SEK 229.0 (161.8) million.

For further information regarding net interest for the period, see Note 2.

Net result of financial transactions
The net result of financial transactions amounted to SEK 161.4 (512.0) million. The result is mainly explained by unrealised changes in market value of SEK 164.4 (426.0) million. Since Kommuninvest intends to hold its assets and liabilities to maturity, these values are not normally realised. For further details, see Note 4.

The unrealised changes in market value over the year are explained by the Company having lowered its lending margin towards customers, and that the cost of funding in SEK became cheaper relative to funding in foreign currencies during the period. Since the liabilities only include foreign currency funding reported at fair value, the more expensive financing in USD has entailed a decrease in the margin between the Company's funding and lending expenses on the instruments that are marked to market.

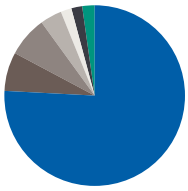
Expenses
Expenses amounted to SEK 271.8 (269.3) million, including the cost of resolution fee of SEK 69.1 (66.3) million.

The resolution fee is calculated as a risk-adjusted share of the balance sheet total less lending. The risk-adjusted percentage is determined by the Company's risk profile relative to other institutions required to pay the fee in accordance with the Commission's delegated regulation (EU) 2015/63. Kommuninvest's resolution fee for 2018 has been set by the Swedish National Debt Office at SEK 69.1 (66.3) million. The resolution fee accounted for 25 (25) percent of Kommuninvest's total expenses for 2018.

Excluding the resolution fee, expenses amounted to SEK 202.7 (203.0) million, of which personnel expenses accounted for SEK 121.5 (119.9) million and other expenses for SEK 81.2 (83.1) million.

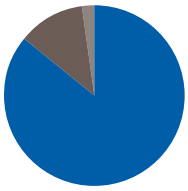
The Company's wholly-owned subsidiary, Kommuninvest Fastighets AB, provided a group contribution of SEK 2.1 (1.8) million in 2018. The Board of Directors of the property company was of the opinion that the Group contribution would not prevent the property company from fulfilling its obligations in the

Liquidity reserve distributed by country
2018 (2017)



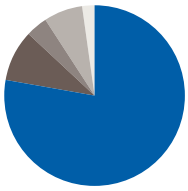
- Sweden 76 (58) %
- Supranationals 7 (13) %
- Finland 7 (8) %
- Germany 4 (13) %
- Denmark 2 (6) %
- UK 2 (0) %
- Canada 2 (3) %
- USA 0 (0) %

Liquidity reserve distributed by rating category
2018 (2017)



- AAA 86 (88) %
- AA 12 (10) %
- A 2 (2) %

Liquidity reserve distributed by issuer category
2018 (2017)



- National governments or central banks 78 (62) %
- Credit institutions (subsidised lenders) 9 (21) %
- Credit institutions (bank balances) 4 (2) %
- Multilateral development banks 7 (13) %
- State or local governments and authorities 2 (3) %

short and long term, nor from making necessary investments.

Net credit losses amounted to SEK 24.3 (–) million. The Company has not suffered any confirmed credit loss. All credit losses are expected credit losses calculated in accordance with the accounting standard IFRS 9, which came into force on 1 January 2018. IFRS 9 requires expected credit losses to be calculated based on a forward-looking analysis of the economic trend. For more information on credit losses, see Note 3.

Assets

At the end of the period, Kommuninvest's total assets amounted to SEK 417,202.1 (356,942.6) million, with lending to municipalities and regions accounting for most of those assets. Lending amounted to a recognised value of SEK 355,710.0 (310,147.3) million at the end of the year. In nominal terms, lending amounted to SEK 353,946.1 (308,042.3) million. The increase in lending is due to a continued high need for investment in the local government sector, combined with lower lending prices.

The liquidity portfolio, consisting of the balance sheet items Sovereign bonds eligible as collateral, Lending to credit institutions and Bonds and other interest-bearing securities, increased to SEK 48,531.5 (37,785.5) million. For more information regarding the principles for liquidity management, see the Liquidity management section on page 9.

Derivative assets (derivatives with positive market value) also increased to SEK 11,333.2 (8,044.6) million. The foremost reason for the changes in the scale of the derivative assets is the stronger USD, which increases the value of derivatives that hedge the currency risk from funding in USD.

Other assets amounted to SEK 1,471.0 (814.1) million. The increase in other assets is primarily due to collateral of SEK 1,454.4 (793.0) million being pledged. Pledged collateral for derivatives cleared by central clearing counterparties is calculated net per counterparty and currency in the balance sheet, see further under Note 5. No right of netting applies for cash collateral pledged for derivatives not cleared by central clearing parties and these are therefore included in full in the balance sheet.

Liquidity management

Strict rules and a conservative approach guide Kommuninvest's liquidity reserve. According to the Company's instructions, the liquidity reserve shall ensure, with good foresight, that the Company's commitments can be maintained while maintaining lending capacity.

Most of the investments are in securities issued by national governments or central banks, multilateral development banks and credit institutions with high credit ratings.

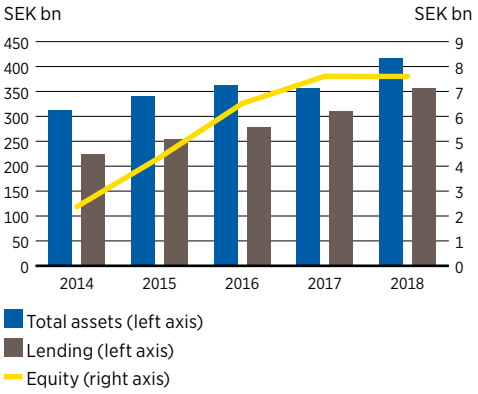
At least 90 percent of the reserve shall qualify as collateral with the Riksbank, allowing the Company to obtain liquidity against collateral.

The liquidity reserve shall be invested short-term, with the average maturity not exceeding 12 months. Individual investments may have a maturity of 39 months at most.

Liabilities

The Company's liabilities amounted to SEK 409,598.7 (349,331.8) million and funding increased to SEK 397,380.9 (339,074.2) million over the year. Derivative liabilities (derivatives with negative market value) amounted to SEK 5,959.6 (7,793.9) million.

Balance sheet
2014–2018



Other liabilities amounted to SEK 6,217.5 (2,422.5) million. Other liabilities include collateral received of SEK 4,551.8 (654.8) million. Collateral received for derivatives cleared by central clearing counterparties is netted per counterparty and currency in the balance sheet, see further under Note 5. There is no right of netting for cash collateral received for derivatives not cleared by a central clearing counterparty and these are therefore recognised in full in the balance sheet.

Equity

At the end of 2018, equity in the Company amounted to SEK 7,603.4 (7,610.8) million, following Group contributions of SEK 750.6 (987.5) million paid to the Kommuninvest Cooperative Society.

At the end of the year, share capital amounted to SEK 7,100.0 (6,100.0) million, distributed between 70,999,720 (61,000,000) shares. The change in share capital is attributable to the SEK 1,000.0 million, corresponding to 9,999,720 shares, recognised as a new share

issue in progress as per 31 December 2017. The shares were registered as share capital at the Swedish Companies Registration Office on 5 February 2018. Total share capital is attributable to the Society's members and no shares are available for trading.

The development expenditure reserve of SEK 12.0 (3.1) million corresponds to capitalised development expenditure in-house, adjusted by a proportional share of depreciation transferred back from the reserve to unrestricted equity.

The transition to IFRS 9 has affected equity negatively by SEK 8.0 million, see Note 11 for more information.

Capital adequacy

The Company is well capitalised to withstand the risks in the operations, with capital relationships exceeding the prescribed minimum requirements in Pillar 1 and the basic requirements in Pillar 2 by a good margin. The core Tier I capital amounted to SEK 7,425.2 (6,359.2) million, entailing a core Tier I capital ratio of 188.4 (212.4) percent. The Company's capital base consists solely of Tier I capital and the total capital ratio also therefore amounts to 188.4 (212.4) percent. For further information, see Note 6.

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. If further capital needs to be accumulated to meet the capital requirement, as a result of future regulatory changes, for example, the Society plans primarily to ask members for additional member contributions. In accordance with its Articles of Association, the Society applies a minimum (compulsory) and maximum level of contribution capital per resident contributed by the Society's members as capital. In 2017, the Annual General Meeting of the Society resolved that it should be possible to double the highest level of contribution capital if the need were to arise. The Society's Articles of Association also permit other options, such as subordinated loans or the issuance of Tier I capital instruments.

Future leverage ratio requirements

Effective from 1 January 2021, the planned new capital requirement measure, leverage ratio, is to be introduced in the EU. Leverage ratio is defined as the Tier I capital divided by total exposures in assets and liabilities. Since 2014, the leverage ratio has been reported to the relevant authorities.

In November 2016, the European Commission published its recommendation for a review of the capital adequacy rules (CRD/CRR IV), including proposals regarding the leverage ratio. The European Commission's proposals include a specific leverage ratio regulation for *Public Development Credit Institutions (PDCI)*, among which Kommuninvest will most likely be included. The proposal regarding which requirements an institution must meet to qualify as a PDCI was revised in December 2017 by both the European Council and the European Parliament. The revised proposal clarifies that even indirect exposures (e.g. lending to municipal companies) are subject to the special leverage regulation for PDCIs. In addition, it is now proposed that an institution need not be established under public law to be considered a PDCI. In Kommuninvest's assessment, the Company meets all of the stated criteria to be defined as a public development credit institution, PDCI.

At present, the so-called trilogue is in progress between the European Parliament, the Council and the Commission, and decisions on the forthcoming regulations are expected to be communicated during the first quarter of 2019. If the proposals in accordance with the above are realised, lending will be deducted from the exposure measure applied in the calculation of the leverage ratio under Pillar 1 for the Company and the Group. Calculated this way, Kommuninvest meets by

a good margin the leverage ratio of 3 percent being discussed.

The Swedish Financial Supervisory Authority (Finansinspektionen) has, however, communicated that, in its risk assessment regarding inadequate leverage ratio, it may, under Article 98.6 of the Capital Adequacy Directive (2013/36/EU), include the total capital requirement for the consolidated situation in the Company's lending. The Swedish Financial Supervisory Authority's combined capital assessment for Kommuninvest currently comprises a capital requirement equivalent to a leverage ratio of 1.5 percent. Kommuninvest is participating actively in the development of the forthcoming leverage ratio requirement.

Leverage ratio as per 31 December 2018

As per 31 December 2018, the Company's gross leverage ratio reported according to CRR was 1.75 (1.78) percent (see Note 7 for calculations). If lending is excluded, in accordance with the discussion on page 10, the leverage ratio was 11.30 (14.06) percent.

Risks and uncertainty factors

In its business, the Company encounters a number of risks and uncertainty factors which may have an adverse impact on the Company's net profit, financial position, future prospects or opportunities to attain set targets. The macroeconomic trend, as well as the general trend in the capital markets remains uncertain, with geopolitical risks, restrictions on international trade and generally high levels of debt being among the factors that could cause volatility in the financial markets.

These factors, as well as interest rates, actions by central bank and willingness to invest in various markets, can have effects on the Company that are difficult to assess. The Company's competitiveness and development opportunities could also be limited if the Company cannot recruit and retain qualified employees.

In the autumn of 2016, the European Commission submitted proposals to the European Parliament concerning the introduction in the EU of the new leverage ratio capital requirement measure, in accordance with the description on page 10. The proposal may entail additional capital measures being required.

Risk management

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

- Lending is provided exclusively to Swedish municipalities, municipal corporations, regions or borrowers guaranteed by local government authorities and therefore carries a zero risk weight from the perspective of capital coverage.
- The members of the Kommuninvest Cooperative Society, Kommuninvest's owners, are also the Company's customers and are party to a joint and several guarantee supporting all of the Company's obligations.
- The Company conducts no deposit or active trading operations.

At the end of the period, the total recognised value of the Company's credit risk exposure amounted to SEK 420,560.0 (361,253.1) million. Of the exposure, 84 (86) percent was related to lending to Swedish municipalities and regions, 12 (11) percent was related to investments in securities issued by sovereigns and other issuers, and 3 (2) percent was related to exposure to derivatives counterparties. Off-balance sheet items accounted for 1 (1) percent (committed loans and committed undisbursed loans).

To ensure a high level of liquidity, the Company's liquidity reserve is dominated by investments in sovereign securities. The composition of the liquidity reserve as per 31 December 2018 is shown in the chart on page 8.

Counterparty risk is limited by entering into contracts with counterparties with high creditworthiness. For new counterparties, a

credit rating of at least BBB from S&P Global Ratings is required, as well as established ISDA and CSA agreements (Credit Support Annex).

ISDA agreements guaranteeing the right to early redemption if the counterparty's creditworthiness deteriorates, have been established with all derivative counterparties. See also Note 6.

CSA agreements cover a considerable portion of the counterparty risks. CSA agreements regulate the right to secure collateral to eliminate the exposure arising through derivative transactions. As of 31 December 2018, CSA agreements had been established with 23 out of 25 counterparties with whom Kommuninvest has outstanding, non-cleared contracts. Based on nominal amounts, 99.9 (99.9) percent of the contracts, were covered by CSA agreements.

Counterparty exposure to derivative counterparties amounted to SEK 1,770.6 (971.3) million after netting for each counterparty and net of collateral received.

A description of the Company's risk exposure can be found on pages 33–37 and in Note 3 in the 2018 Annual Report for Kommuninvest AB, as well as in the Risk and Capital Management Report that is available at www.kommuninvest.se/en.

Employees

At the end of the period, there were 92 (96) employees. The average number of employees during the period was 97 (91).

Board of Directors

As per 31 December 2018, the Company's Board of Directors consisted of Ellen Bramness Arvidsson (Chairman), Kurt Eliasson, Lars Heikensten, Erik Langby, Kristina Sundin Jonsson, Johan Törngren and Anna von Knorring, as well as employee representative Ulrika Gonzalez Hedqvist. In March 2018, Nedim Murtic was replaced by Jonas Håkansson as employee representative. Jonas Håkansson stepped down from his assignment in August 2018.

Management

On 31 December 2018, the Company's executive management consisted of Tomas Werngren (CEO), Maria Viimne (Deputy CEO and COO), Patrick Nimander (CFO), Malin Norbäck (Head of Human Resources), Britt Kerkenberg (CRO), Jens Larsson (Chief Legal Officer) and Christofer Ulfgren (CIO). In April 2018, Anders Pelander (Deputy CFO and former Acting CFO) left the executive management and was replaced by Patrick Nimander.

Events after the balance sheet date

After the balance sheet date, Region Blekinge joined as a member of the Kommuninvest Cooperative Society. Accordingly, the Society now has 289 members, of which 277 are municipalities and 12 are regions.

Income statement

1 January – 31 December

SEK, million	Note	2018	2017
Interest revenues calculated according to effective interest method		494.0	450.6
Other interest revenues		11.3	1.7
Interest expenses calculated according to effective interest method		437.0	481.6
Other interest expenses		-56.8	-52.6
NET INTEREST INCOME	2	**885.5**	**881.3**
Dividends received		2.1	1.8
Commission expenses		-8.2	-7.3
Net result of financial transactions		161.4	512.0
of which, derecognised assets measured at amortised cost		*0.5*	*0.2*
Other operating income		7.8	5.3
TOTAL OPERATING INCOME		**1,048.6**	**1,393.1**
General administration expenses		-259.8	-258.5
Depreciation and impairment of intangible assets		-5.3	-4.8
Depreciation and impairment of tangible assets		-2.5	-2.5
Other operating expenses		-4.2	-3.5
TOTAL EXPENSES		**-271.8**	**-269.3**
PROFIT BEFORE CREDIT LOSSES		**776.8**	**1,123.8**
Net credit losses	3	-24.3	-
OPERATING PROFIT		**752.5**	**1,123.8**
Tax		-166.4	-247.8
NET PROFIT		**586.1**	**876.0**

Statement of comprehensive income

1 January – 31 December

SEK, million	Note	2018	2017
NET PROFIT		**586.1**	**876.0**
OTHER COMPREHENSIVE INCOME			
Items that may subsequently be reclassified to the income statement			
Available-for-sale financial assets		-	24.1
Available-for-sale financial assets, transferred to the income statement		-	-35.6
Tax attributable to items that may subsequently be reclassified to the income statement		-	2.5
OTHER COMPREHENSIVE INCOME		**-**	**-9.0**
TOTAL COMPREHENSIVE INCOME		**586.1**	**867.0**

Balance sheet

As per 31 December

SEK, million	Note	2018	2017
ASSETS			
Sovereign bonds eligible as collateral	4	39,230.3	24,635.8
Lending to credit institutions	4	1,843.4	649.7
Lending	4	355,710.0	310,147.3
Bonds and other interest-bearing securities	4	7,457.8	12,500.0
Shares and participations in subsidiaries		42.0	42.0
Derivatives	4, 5	11,333.2	8,044.6
Intangible assets		15.7	10.9
Tangible assets		5.0	7.2
Current tax assets		79.0	79.0
Other assets		1,471.0	814.1
Prepaid expenses and accrued revenues		14.7	12.0
TOTAL ASSETS		**417,202.1**	**356,942.6**
LIABILITIES, PROVISIONS AND EQUITY			
Liabilities and provisions			
Liabilities to credit institutions	4	584.0	1,318.4
Securities issued	4	396,796.9	337,755.8
Derivatives	4, 5	5,959.6	7,793.9
Other liabilities		6,217.5	2,422.5
Accrued expenses and prepaid revenues		40.6	41.2
Provisions		0.1	-
Total liabilities and provisions.		**409,598.7**	**349,331.8**
Equity			
Restricted equity			
Share capital		7,100.0	6,100.0
New share issue in progress		-	1,000.0
Development expenditure reserve		12.0	3.1
Statutory reserve		17.5	17.5
Unrestricted equity			
Fair value reserve		-	0.8
Profit or loss brought forward		-112.2	-386.6
Net profit		586.1	876.0
Total equity		**7,603.4**	**7,610.8**
TOTAL LIABILITIES, PROVISIONS AND EQUITY		**417,202.1**	**356,942.6**

Statement of changes in equity

	Restricted equity				Unrestricted equity			Total equity
SEK, million	Share capital	New share issue in progress	Development expenditure reserve[1]	Statutory reserve[2]	Fair value reserve[3]	Profit or loss brought forward	Net profit	
Equity brought forward 1 Jan 2017	**5,417.1**	**682.9**	**1.6**	**17.5**	**9.8**	**75.3**	**309.8**	**6,514.0**
Net profit							876.0	876.0
Change in development expenditure reserve for period			1.5			-1.5		-
Other comprehensive income					-9.0			-9.0
Total comprehensive income	***-***	***-***	***1.5***	***-***	***-9.0***	***-1.5***	***876.0***	***867.0***
Transactions with shareholders								
Appropriation of surplus						309.8	-309.8	-
New share issue	682.9	-682.9						-
New share issue in progress		1,000.0						1,000.0
Group contributions						-987.5		-987.5
Tax effect on Group contributions						217.3		217.3
Total transactions with shareholders	***682.9***	***317.1***	***-***	***-***	***-***	***-460.4***	***-309.8***	***229.8***
Equity carried forward 31 Dec 2017	**6,100.0**	**1,000.0**	**3.1**	**17.5**	**0.8**	**-386.6**	**876.0**	**7,610.8**
Equity carried forward 31 Dec 2017	**6,100.0**	**1,000.0**	**3.1**	**17.5**	**0.8**	**-386.6**	**876.0**	**7,610.8**
Transition effect IFRS 9					-0.8	-7.2		-8.0
Equity brought forward 1 Jan 2018	**6,100.0**	**1,000.0**	**3.1**	**17.5**	**-**	**-393.8**	**876.0**	**7,602.8**
Net profit							586.1	586.1
Change in development expenditure reserve for period			8.9			-8.9		-
Other comprehensive income								-
Total comprehensive income	***-***	***-***	***8.9***	***-***	***-***	***-8.9***	***586.1***	***586.1***
Transactions with shareholders								
Appropriation of surplus						876.0	-876.0	-
New share issue	1,000.0	-1,000.0						-
New share issue in progress								-
Group contributions						-750.6		-750.6
Tax effect on Group contribution						165.1		165.1
Total transactions with shareholders	***1,000.0***	***-1,000.0***	***-***	***-***	***-***	***290.5***	***-876.0***	***-585.5***
Equity carried forward 31 Dec 2018	**7,100.0**	**-**	**12.0**	**17.5**	**-**	**-112.2**	**586.1**	**7,603.4**

1) The development expenditure reserve corresponds to capitalised development expenses accrued in-house that have been transferred from profit or loss brought forward, adjusted for a proportionate share of the depreciation reversed from the reserve to unrestricted equity.

2) The statutory reserve refers to previous statutory provisions to restricted equity. The requirement was abolished on 1 January 2006 and prior provisions remain.

3) The fair value reserve consists of financial assets available for sale.

Cash flow statement

1 January – 31 December

SEK, million	2018	2017
Operational activities		
Operating profit	752.5	1,123.8
Adjustment for items not included in cash flow	-131.8	-418.5
Income tax paid	-1.2	0.0
	619.5	**705.3**
Change in liquidity portfolio	-9,564.7	19,661.8
Change in lending	-45,915.2	-33,877.0
Change in other assets	-658.6	-793.3
Change in other liabilities	3,906.8	657.0
Cash flow from operational activities	**-51,612.2**	**-13,646.2**
Investment activities		
Acquisitions of intangible assets	-11.0	-2.2
Acquisition of tangible assets	-0.3	-2.3
Divestments of tangible assets	-	0.2
Cash flow from investment activities	**-11.3**	**-4.3**
Financing activities		
Issue of interest-bearing securities	202,020.3	147,433.0
Redemption and repurchases of interest-bearing securities	-148,339.2	-135,229.0
New share issue	-	1,000.0
Change in intra-Group liabilities	-863.2	-26.1
Cash flow from financing activities	**52,817.9**	**13,177.9**
Cash flow for the year	**1,194.4**	**-472.6**
Cash and cash equivalents at start of the year	**649.7**	**1,122.3**
Cash and cash equivalents at end of the year	**1,844.1**	**649.7**

Cash and cash equivalents consist in their entirety of lending 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	7.8	7.3
Profit from divestments of tangible assets	-	-0.1
Exchange rate differences from change in financial assets	0.5	0.3
Unrealised changes in market value	-164.4	-426.0
Net credit losses	24.3	-
Total	**-131.8**	**-418.5**
Interest paid and received, included in the cash flow		
Interest received[1]	352.2	371.0
Interest paid[2]	1,247.7	279.8

1) Reported as interest received are payments that have been paid and received for the Company's loans and investments, as well as the payments paid and received for derivative contracts used to hedge the Company's loans and investments.

2) Reported as paid interest are payments that have been paid and received for the Company's funding, as well as payments paid and received for derivative contracts used to hedge the Company's funding.

Reconciliation of liabilities arising from financing activities

2018	Opening balance	Cash flows	Currency exchange fluctuations	Fair value change	Group contributions	Closing balance
Funding, incl. derivatives	338,823.5	53,681.1	0.5	-497.8		392,007.3
Share capital and new share issue in progress	7,100.0					7,100.0
Intra-Group liabilities	1,752.3	-863.2			750.7	1,639.8
Total	**347,675.8**	**52,817.9**	**0.5**	**-497.8**	**750.7**	**400,747.1**

Note 1 Accounting principles

Compliance with standards and legislation

Kommuninvest's year-end report has been prepared applying the regulation regarding annual reports in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL), and the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual accounts for credit institutions and securities companies (FFFS 2008:25). Consequently all International Financial Reporting Standards and interpretations endorsed by the EU are followed as far as possible, within the provisions of ÅRKL and considering the additions and exemptions specified in FFFS 2008:25. Furthermore, the recommendations from the Swedish Financial Reporting Board, Accounting for legal entities (RFR 2) have been applied.

In accordance with Chapter 7, section 6a of ÅRKL, Kommuninvest has chosen not to prepare consolidated accounts, see Note 9.

The accounting principles are in line with those applied in the 2017 Annual Report, with the exception of amendments caused by new IFRS standards coming into effect on 1 January 2018.

Amended accounting principles due to new IFRS

Kommuninvest has amended its accounting principles in relation to two new IFRS standards that came into effect on 1 January 2018, IFRS 9, Financial instruments and IFRS 15, Revenue from Contracts with Customers. The comparative period has not been recalculated. The effect of the introduction of IFRS 9 has been adjusted in equity, see Note 11. IFRS 15 has not caused any transitional effects in the balance sheet. The introduction of the standards has had an immaterial impact on Kommuninvest's earnings, financial position, disclosures, capital requirements, capital base and large exposures.

IFRS 9 Financial Instruments

IFRS 9, Financial Instruments, has replaced IAS 39 Financial Instruments: Recognition and Measurement and consists of three parts: classification and valuation, impairment losses, and hedge accounting. The effect of the transition to IFRS 9 is described in Note 11, comparative figures have not been recalculated. Transitional rules regarding the impact of impairment on the capital base have not been applied.

Kommuninvest's assessment is that the Company's business model is to hold financial assets to maturity. The cash flows of all assets consist solely of capital amounts and interest on the principal.

For the Company's valuation of Lending and Lending to credit institutions, the transition to IFRS 9 entailed no change in valuation. For the items Sovereign bonds eligible as collateral and Bonds and other interest-bearing securities, the transition to IFRS 9 meant that the investments classified as available-for-sale assets under IAS 39 have been reclassified at amortised cost on the transition to IFRS 9. The revaluation has reduced opening equity by SEK 0.8 million. The accounting and valuation of financial liabilities has not changed on the transition to IFRS 9.

The new principles regarding the impairment of financial assets entail a model that is based on expected, rather than established, credit losses. The expected credit losses on the transition to IFRS 9 amounted to SEK 7.2 million, by which opening equity was adjusted as per 1 January 2018.

Kommuninvest has chosen to apply the exemption rule in IFRS 9 and will continue to apply hedge accounting in accordance with IAS 39. Disclosures on hedge accounting have been adapted to the new disclosure requirements.

IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers, is a new accounting standard for revenue from customer contracts and replaces current standards and interpretations for revenue recognition under IFRS. IFRS 15 does not apply to financial instruments. The impact of the standard on Kommuninvest's earnings, position, disclosures, capital requirements, capital base or large exposures is intangible and has not caused any transitional effect in Kommuninvest's financial reports.

Kommuninvest has a financial management service, KI Finans, which is affected by IFRS 15 and reported under Other operating income. The performance commitment for the service extends over a calendar year and is invoiced and paid for by the customer during the year, meaning that no contractual asset or contractual liability is entered in the balance sheet.

New and amended standards and interpretations yet to come into effect

Of the new standards and interpretations coming into force after 2018, IFRS 16 Leases has been deemed to possibly affect Kommuninvest's future accounting. Kommuninvest does not apply any regulations pre-emptively and instead applies regulations once they have been adopted for application by the EU.

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

IFRS 16 Leases

IFRS 16, Leases, is a new leasing standard that will come into effect on 1 January 2019, replacing IAS 17 Leases. A key difference in the new lease standard is that leases are no longer classified as financial or operational for lessees. Instead, an accounting model is introduced in which the leases are included in the balance sheet as rights of use and leasing debt, and the leasing expenses are allocated between net interest income and depreciation over the lease term.

Due to the connection between accounting and taxation, RFR 2 provides an exemption whereby IFRS 16 need not be applied to legal entities. If the exemption is used, the rules for lease reporting in RFR 2 are applied instead. When applying the exemption in RFR 2, leasing fees are recognised as a cost on a straight-line basis over the lease term and no asset or liability is booked in the balance sheet.

The Company will apply the exemption in RFR 2, meaning that there will be no significant differences compared with the current accounting in accordance with IAS 17. No adjustment attributable to IFRS 16 will be made in the opening balance in the Company's balance sheet for 2019. The impact of the standard is immaterial in relation to Kommuninvest's earnings, position, disclosures, capital requirements, capital base or large exposures.

Interest revenues and interest expenses

Following an amendment to IAS 1, paragraph 82a, interest revenues according to the effective interest method must be specified separately in the income statement. This has led to a change in the income statement with a new breakdown under net interest income. Kommuninvest has also chosen to specify interest expenses according to the effective interest method on a separate line for a more uniform and consistent presentation.

Note 2 Net interest

Interest revenues	2018	2017
Interest revenues according to effective interest method	494.0	450.6
of which, lending	*456.4*	*487.0*
of which, interest-bearing securities	*37.6*	*-36.4*
Other interest revenues	11.3	1.7
Total	**505.3**	**452.3**
Of which: interest revenues from financial items not measured at fair value through the income statement	231.1	219.4
Interest expenses		
Interest expenses according to effective interest method	437.0	481.6
of which, liabilities to credit institutions	*-15.0*	*-2.0*
of which, securities issued	*681.0*	*645.4*
of which lending, negative lending rate	*-229.0*	*-161.8*
Other interest expenses	-56.8	-52.6
Total	**380.2**	**429.0**
Of which: interest expenses from financial items not measured at fair value through the income statement[1]	-549.9	-379.4
Net interest income	**885.5**	**881.3**

1) Interest from derivatives that hedges funding financially 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 funding and its hedging. This has led to the total interest expense for financial items measured at fair value being positive.

Kommuninvest considers all income and expenses to be attributable to the country in which the Company has its registered office, Sweden. In this note, income is recognised as positive and expenses as negative. For further information on net interest for the period, see the Net interest income in the Financial accounts on page 7.

Note 3 Net credit losses

	2018	2017
Sovereign bonds eligible as collateral	1.7	-
Lending to credit institutions	0.6	-
Lending	21.9	-
Bonds and other interest-bearing securities	0.0	-
Off-balance sheet items	0.1	-
Total	**24.3**	**-**

In accordance with IFRS 9, Kommuninvest began recognising expected credit losses in 2018. Kommuninvest had no credit losses in 2017 and under IAS 39. For information on the calculation model, provisions and credit loss fluctuations, see Note 3 in Kommuninvest's Annual Report.

Note 4 Financial assets and liabilities

Financial assets and liabilities are presented in accordance with IFRS 9 per 31 December 2018 and in accordance with IAS 39 as of 31 December 2017.

Financial instruments broken down by valuation category

2018	Amortised cost	Fair value through the income statement				Recognised value	Fair value
		Held for trade	Compulsory	Fair value option	Derivatives used for hedge accounting		
Financial assets							
Sovereign bonds eligible as collateral	33,201.6	-	-	6,028.7	-	39,230.3	39,232.9
Lending to credit institutions	1,843.4	-	-	-	-	1,843.4	1,843.4
Lending	249,311.9	-	-	106,398.1	-	355,710.0	355,680.9
Bonds and other interest-bearing securities	-	-	-	7,457.8	-	7,457.8	7,457.8
Derivatives	-	-	8,413.7	-	2,919.5	11,333.2	11,333.2
Other financial assets	1,468.2	-	-	-	-	1,468.2	1,468.2
Total	**285,825.1**	**-**	**8,413.7**	**119,884.6**	**2,919.5**	**417,042.9**	**417,016.4**
Financial liabilities							
Liabilities to credit institutions[1]	0.8	-	-	583.2	-	584.0	584.0
Securities issued[1]	240,956.0	-	-	155,840.9	-	396,796.9	397,667.7
Derivatives	-	5,371.1	-	-	588.5	5,959.6	5,959.6
Other financial liabilities	6,207.9	-	-	-	-	6,207.9	6,207.9
Total	**247,164.7**	**5,371.1**	**-**	**156,424.1**	**588.5**	**409,548.4**	**410,419.2**

2017	Financial assets and liabilities valued at fair value through the income statement		Loan receivables and accounts receivable	Available-for-sale financial assets	Other financial liabilities	Derivatives used for hedge accounting	Total recognised value	Fair value
	Financial assets/ liabilities determined as belonging to this category	Holdings for trading purposes						
Financial assets								
Sovereign bonds eligible as collateral	12,998.3	-	-	11,637.5	-	-	24,635.8	24,635.8
Lending to credit institutions	-	-	649.7	-	-	-	649.7	649.7
Lending	72,929.9	-	237,217.4	-	-	-	310,147.3	310,438.6
Bonds and other interest-bearing securities	11,677.3	-	-	822.7	-	-	12,500.0	12,500.0
Derivatives	-	3,531.2	-	-	-	4,513.4	8,044.6	8,044.6
Other assets	-	-	811.3	-	-	-	811.3	811.3
Total	**97,605.5**	**3,531.2**	**238,678.4**	**12,460.2**	**-**	**4,513.4**	**356,788.7**	**357,080.0**
Financial liabilities								
Liabilities to credit institutions[1]	1,312.7	-	-	-	5.7	-	1,318.4	1,318.4
Securities issued[1]	116,878.6	-	-	-	220,877.2	-	337,755.8	339,396.6
Derivatives	-	7,040.4	-	-	-	753.5	7,793.9	7,793.9
Other liabilities	-	-	-	-	2,414.4	-	2,414.4	2,414.4
Total	**118,191.3**	**7,040.4**	**-**	**-**	**223,297.3**	**753.5**	**349,282.5**	**350,923.3**

1) Nominal amount of funding, that is, the amount to be paid up by the maturity date, amounts to SEK 401,574.2 (405,274.4) million.

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 carrying amount 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

For financial instruments, fair value calculations are to be divided according to the following three levels:

Level 1: Valuation is made according to prices noted on an active market for the same instrument.

Level 2: Valuation is made on the basis of directly or indirectly observable market data not included in level 1.

Note 4, continued

Level 3: Valuation is made on the basis of non-observable market data, with significant elements of internal and external estimates.

Some of the financial instruments in Kommuninvest's debt portfolio and liquidity reserve are traded on active markets with quoted prices in accordance with level 1. For almost all of the remainder of the debt portfolio, liquidity reserve, all lending and derivatives not traded on an active market with quoted prices, accepted and well-established valuation techniques are applied to determine fair value based on observable market data in accordance with level 2. For a small portion of financial instruments in Kommuninvest's debt portfolio with input data not observable through the market or proprietary assessments, material effects on the valuation of these instruments are, accordingly, classified under level 3.

Lending
Fair value has been calculated by discounting anticipated future cash flows by a discount rate set at the swap rate adjusted by current new lending margins. This means that if new lending margins rise, the fair value lower of existing loans will decline and vice versa at lower margins.

Sovereign bonds eligible as collateral, and bonds and other interest-bearing securities
In the valuation of securities, the quoted price of the asset is used. If trading is considered to occur on an active market, the valuation is classified under level 1, while other securities are classified under level 2.

Liabilities to credit institutions, issued securities and other subordinated liabilities
Funding is valued in the same way as by market participants holding the debt as an asset, either through quoted market prices or by discounting anticipated future cash flows. The discount rate is set to swap rate, adjusted for current funding margins, for the structure of the funding and for the market by using secondary market spreads on similar instruments issued by Kommuninvest or similar issuers. For funding in currencies other than SEK, EUR and USD, the current funding margin is set as the funding margin in USD plus the currency basis spread between the currency concerned and USD. Market prices used for valuation are mid-prices. Funding expected to be traded in an active market are classified in level 1. Funding valued at quoted prices, not deemed as traded in an active market, are classified in level 2. Funding that is valued based on discounted future cash flows are classified in level 2, with the exception of funding for which anticipated future cash flows are attributable to significant non-observable market data, which are classified in level 3. The members' guarantee undertaking affects the valuation of funding and that the guarantee undertaking is taken into account by market players and thus affects quoted market prices and current funding margins.

Derivatives
Standardised derivatives in the form of FRA contracts scheduled for IMM days and traded in an active market are measured according to level 1. The fair value of other derivatives is calculated by discounting the anticipated future cash flows taking place at mid-prices at relevant reference rates for the currency concerned. Where anticipated future cash flows are dependent on unobservable market data or elements on in-house assessment, derivatives are classified in level 3; otherwise, they are classified in level 2. All derivatives classified in level 3 are swaps matching funding transactions classified in level 3. The discount rate has been set as the current quoted swap rate in each currency. For currency swaps, the discount rate has been adjusted according to current basis swap spreads.

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 consist primarily of pledged/received cash collateral, accounts receivable and payable, open items, as well as Group-internal receivables and liabilities.

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

An increase in the lending price, in relation to swap rates, by 10 basis points on the receivables recognised at fair value would mean a negative change in net profit of SEK 238 (158) million. An increase in the funding cost, in relation to swap rates, by 10 basis points on the liabilities recognised at fair value would mean a positive change in net profit of SEK 259 (188) million. A parallel displacement in the lending and funding price, in relation to swap rates, by 10 basis points would mean a change in net profit of SEK +/– 22 (+/– 30) 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 +/–23 (+/–6) million.

All of the above changes refer to 31 December 2018 (comparative figures refer to 31 December 2017) and exclude tax effects. The impact on equity relates to the tax effect.

All market value effects are unrealised, and as Kommuninvest intends to hold its assets and liabilities to maturity, this means that these values will not normally be realised. Exceptions are repurchases of funding or lending instruments, which always take place on the investors' or customers' initiative respectively, which lead to the market values being realised.

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

The effect on the income statement of these contracts is realised when Kommuninvest's funding margins for this type of funding change. The scope of the change depends on the anticipated remaining duration of the contracts, which depend in turn on unobservable data. The effect on net profit from the unobservable input data that arises is therefore attributable to how input data affect the estimated remaining maturity of the contract.

Note 4, continued

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 funding in the interval of 1.0 – 2.7 years. This would have an effect on net profit in the interval SEK –5.3 million – SEK –0.6 million.

Change in value due to expected credit risk
With the joint and several guarantee for Kommuninvest's funding provided by the members of the Kommuninvest Cooperative Society, Kommuninvest's own credit risk is considered to be negligible. Changes are only considered to occur in Kommuninvest's own credit risk as a consequence of events such as a major downgrading of the Company's rating, or significant amendments to the members' guarantee undertaking that would reduce their collective responsibility for the Company's commitments. Since no such events or changes have occurred, all variations in funding margins and resulting changes in the value of liabilities are deemed attributable to general changes in the market price of credit and liquidity risk and not from changes in Kommuninvest's own credit risk.

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

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

Changed valuation models
During the period, Kommuninvest introduced OIS discounting on all derivatives – this was previously applied only to cleared derivatives. OIS discounting is considered to better reflect fair value. The change affects the overall value of the derivative portfolio positively by SEK 35.2 million as per 31 December 2018.

Approval of valuation models
The valuation models applied are approved by the CFO and reported to company's ALCO (Asset and Liability Committee) and Board of Directors. The Finance department is responsible for the valuation process, including the valuation models. The Risk and Control department is responsible for ensuring independent control of the quality of valuation models and market data used in the valuation.

Financial instruments recognised at fair value in the balance sheet

2018	Level 1	Level 2	Level 3	Total
Financial assets				
Sovereign bonds eligible as collateral	2,542.4	3,486.3	-	6,028.7
Lending	-	106,398.1	-	106,398.1
Bonds and other interest-bearing securities	2,389.1	5,068.7	-	7,457.8
Derivatives	0.0	11,204.2	129.0	11,333.2
Total	**4,931.5**	**126,157.3**	**129.0**	**131,217.8**
Financial liabilities				
Liabilities to credit institutions	-	583.2	-	583.2
Securities issued	89,764.9	58,209.7	7,866.3	155,840.9
Derivatives	-	4,168.1	1,791.5	5,959.6
Total	**89,764.9**	**62,961.0**	**9,657.8**	**162,383.7**

2017	Level 1	Level 2	Level 3	Total
Financial assets				
Sovereign bonds eligible as collateral	8,607.2	16,028.6	-	24,635.8
Lending	-	72,929.9	-	72,929.9
Bonds and other interest-bearing securities	12,500.0	-	-	12,500.0
Derivatives	-	7,906.2	138.4	8,044.6
Total	**21,107.2**	**96,864.7**	**138.4**	**118,110.3**
Financial liabilities				
Liabilities to credit institutions	-	1,312.7	-	1,312.7
Securities issued	97,176.5	18,376.8	1,325.3	116,878.6
Derivatives	0.0	7,730.7	63.2	7,793.9
Total	**97,176.5**	**27,420.2**	**1,388.5**	**125,985.2**

Note 4, continued

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

	Recognised value 31 December 2018	Recognised value 31 December 2017
Assets		
To level 1 from level 2	-	40.2
To level 2 from level 1	7,797.5	-
Liabilities		
To level 1 from level 2	-	5,407.9
To level 2 from level 1	40,186.9	5,707.3

Kommuninvest continuously reviews the criteria for its division into levels of financial assets and liabilities measured at fair value. The movements are attributable variations in the indicators that Kommuninvest uses to demarcate between level 1 and level 2 for bonds.

The indicators show the number of observations and their standard deviation for bond prices and a specific number of executable quotes. The transfers are considered to have taken place on 31 December 2018 and 31 December 2017 for the preceding period.

Fair value of financial instruments not recognised at fair value in the balance sheet

2018	Level 1	Level 2	Level 3	Total fair value	Recognised value
Financial assets					
Sovereign bonds eligible as collateral	-	33,204.2	-	33,204.2	33,201.6
Lending to credit institutions	-	1,843.4	-	1,843.4	1,843.4
Lending	-	249,282.8	-	249,282.8	249,311.9
Other assets	-	1,468.2	-	1,468.2	1,468.2
Total	**-**	**285,798.6**	**-**	**285,798.6**	**285,825.1**
Financial liabilities					
Liabilities to credit institutions	-	0.8	-	0.8	0.8
Securities issued	-	241,826.8	-	241,826.8	240,956.0
Other liabilities	-	6,207.9	-	6,207.9	6,207.9
Total	**-**	**248,035.5**	**-**	**248,035.5**	**247,164.7**

2017	Level 1	Level 2	Level 3	Total fair value	Recognised value
Financial assets					
Lending to credit institutions	-	649.7	-	649.7	649.7
Lending	-	237,507.7	-	237,507.7	237,217.4
Other assets	-	811.3	-	811.3	811.3
Total	**-**	**238,968.7**	**-**	**238,968.7**	**238,678.4**
Financial liabilities					
Liabilities to credit institutions	-	5.7	-	5.7	5.7
Securities issued	125,895.2	96,622.8	-	222,518.0	220,877.2
Other liabilities	-	2,414.4	-	2,414.4	2,414.4
Total	**125,895.2**	**99,042.9**	**-**	**224,938.1**	**223,297.3**

Note 4, continued

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.

	Derivative assets	Derivative liabilities	Securities issued	Total
Opening balance, 1 January 2017	**222.7**	**-188.2**	**-6,253.5**	**-6,219.0**
Recognised gains and losses:				
– recognised in the income statement (net result of financial transactions)	-84.3	125.0	-34.3	6.4
Loans raised/Issues	-	-	-3,177.8	-3,177.8
Maturing during the year	-	-	8,140.3	8,140.3
Closing balance, 31 December 2017	**138.4**	**-63.2**	**-1,325.3**	**-1,250.1**
Gains and losses recognised in the income statement (net result of financial transactions) for assets included in the closing balance as per 31 December 2017	3.3	1.6	-4.6	0.3
Opening balance, 1 January 2018	**138.4**	**-63.2**	**-1,325.3**	**-1,250.1**
Recognised gains and losses:				
–recognised in the income statement (net result of financial transactions)	-9.4	-1,728.3	1,716.8	-20.9
Loans raised/Issues	-	-	-8,911.6	-8,911.6
Maturing during the year	-	-	653.8	653.8
Closing balance, 31 December 2018	**129.0**	**-1,791.5**	**-7,866.3**	**-9,528.8**
Gains and losses recognised in the income statement (net result of financial transactions) for assets included in the closing balance as per 31 December 2018	-35.0	-1,691.1	1,705.3	-20.8

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

Note 5 Information on financial assets and liabilities subject to netting

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

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

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

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

				Related amounts that are not netted in the balance sheet			
2018	Financial assets and liabilities, gross amounts	Amounts netted in the balance sheet[1]	Net amount reported in the balance sheet	Financial instruments	Provided (+)/ Received (–) collateral – security	Provided (+)/ Received (–) cash collateral	Net amount
Assets							
Derivatives	13,288.4	-1,955.2	**11,333.2**	-2,955.3	-4,151.9	-3,771.8	**454.2**
Liabilities							
Derivatives	-7,262.7	1,303.1	**-5,959.6**	2,955.3	558.1	1,281.3	**-1,164.9**
Total	**6,025.7**	**-652.1**	**5,373.6**	**-**	**-3,593.8**	**-2,490.5**	**-710.7**

				Related amounts that are not netted in the balance sheet			
2017	Financial assets and liabilities, gross amounts	Amounts netted in the balance sheet[1]	Net amount reported in the balance sheet	Financial instruments	Provided (+)/ Received (–) collateral – security	Provided (+)/ Received (–) cash collateral	Net amount
Assets							
Derivatives	8,621.0	-576.4	**8,044.6**	-5,070.9	-2,055.6	-572.4	**345.7**
Liabilities							
Derivatives	-8,761.2	967.3	**-7,793.9**	5,070.9	1,026.6	750.4	**-946.0**
Total	**-140.2**	**390.9**	**250.7**	**-**	**-1,029.0**	**178.0**	**-600.3**

1) The amount netted for derivative liabilities includes cash collateral of SEK 652 million as per 31 December 2018 and SEK 390 million as per 31 December 2017.

Note 6 Capital adequacy

Since 1 January 2014, capital adequacy has been calculated according to CRR[1]. The capital buffers to be introduced under CRD IV[2] 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 and the countercyclical buffer apply, the size of which is based on the geographical distribution of the credit exposures. On 31 December 2018, the countercyclical buffer requirement for Kommuninvest i Sverige AB was 1 percent. Kommuninvest is not subject to the requirement for a systemic risk buffer, nor has the Company been identified as a systemically important institution. Kommuninvest meets the buffer requirements by a good margin.

Capital base	2018	2017
Share capital[3]	7,100.0	6,100.0
Retained earnings[4]	485.2	386.8
Accumulated other comprehensive income and other reserves	17.5	18.3
Core Tier I capital before regulatory adjustments	**7,602.7**	**6,505.1**
Further value adjustments[5]	-177.5	-145.9
Total regulatory adjustments to core Tier I capital	**-177.5**	**-145.9**
Total core Tier I capital	**7,425.2**	**6,359.2**
Tier I capital contributions	-	-
Total Tier I capital	**7,425.2**	**6,359.2**
Total Tier 2 capital	**-**	**-**
Total capital	**7,425.2**	**6,359.2**

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) For a more detailed description of the instruments included in share capital, see page 9–10.

4) Deductions of SEK 0.7 (105.7) million have been made, which refer to the portion of net profit that has not been distributed to the Kommuninvest Cooperative Society in the form of Group contributions and which may not be included in the capital base prior to a decision by the Annual General Meeting in accordance with CRR Article 26.

5) Deductions calculated according to the EBA's technical standard regarding prudent valuation. The purpose is to adjust the uncertainty in valuation regarding positions valued and recognised at fair value.

Risk exposure amounts and minimum capital amounts	2018		2017	
Capital requirement, Pillar 1	**Risk exposure**	**Capital requirement**	**Risk exposure**	**Capital requirement**
Capital requirement for credit risks (the standardised method)	747.5	59.8	373.8	29.9
of which, institutional exposures	*660.2*	*52.8*	*289.7*	*23.2*
of which, corporate exposures	*87.3*	*7.0*	*84.1*	*6.7*
Operational risks, basic indicator method	1,920.0	153.6	1,865.6	149.2
Credit valuation adjustment	1,273.4	101.9	754.4	60.4
Total risk exposure amount and minimum capital amount	**3,940.9**	**315.3**	**2,993.8**	**239.5**

Capital adequacy ratios	2018	2017
Core Tier I capital ratio	188.4 %	212.4 %
Tier I capital ratio	188.4 %	212.4 %
Total capital ratio	188.4 %	212.4 %

Buffer requirements	2018	2017
Capital conservation buffer	2.5 %	2.5 %
Countercyclical buffer	1.0 %	1.0 %
Total buffer requirements	**3.5 %**	**3.5 %**
Core Tier I capital available for use as buffer	**180.4 %**	**204.4 %**

Internally estimated capital requirements	2018	2017
Capital requirement, Pillar 2		
Credit risk	133.6	129.1
Market risks	1,578.6	1,468.7
Other risk[1]	797.8	-
Total internally estimated capital requirement	**2,510.0**	**1,597.8**

1) Risk of inadequate leverage ratio.

The aim of Kommuninvest's capital planning is for all operations to be adequately capitalised to meet both current and future regulatory requirements. For more information on the Company's internal capital assessment and capital plan, see page 10.

For information to be disclosed under Commission Implementing Regulation No 1423/2013 of 20 December 2013 on technical standards for implementation of the disclosure requirements for capital base for institutions according to European Parliament and Council Regulation (EU) No 575/2013 and the Swedish Financial Supervisory Authority's rules and general advice for annual accounts from credit institutions and securities companies, FFFS 2008:25, see the Kommuninvest website.

Note 7 Leverage ratio

Leverage ratio is defined as the primary capital divided by total exposures in assets and commitments. Regarding the lending portfolio and the liquidity reserve, the exposure corresponds to the recognised value. For derivatives assets the exposure is calculated by totalling all exposures in individual netting agreements with derivatives counterparties. To this exposure amount, a possible future exposure amount is added, calculated according to the standardised method (the market valuation method) established in the EU Capital Requirements Regulation, CRR. 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 affects committed loans and committed undisbursed loans issued.

	2018	2017
Total assets	417,202.1	356,942.6
Less asset amounts deducted to determine the core Tier I capital	-177.5	-145.9
Less derivatives according to the balance sheet	-11,333.2	-8,044.6
Plus derivatives exposure	9,015.1	2,973.7
Plus possible change in derivatives risk	6,732.7	3,656.7
Plus off-balance sheet commitments	1,678.9	2,155.3
Total exposure	**423,118.1**	**357,537.8**
Tier I capital, calculated applying transitional rules	**7,425.2**	**6,359.2**
Leverage ratio	**1.75 %**	**1.78 %**

Kommuninvest has a capital plan for achieving the future statutory leverage ratio requirement, see page 10–11.

Note 8 Relations with related parties

No significant changes have taken place in relationships or transactions with related parties compared with those described in the annual report for 2017.

During the period, Kommuninvest had a related party relationship with the Kommuninvest Cooperative Society (parent society), Kommuninvest Fastighets AB (subsidiary). For more information, see Note 24 in Kommuninvest's Annual Report.

Note 9 Consolidated accounts

Since 1 January 2012, Kommuninvest i Sverige AB owns Kommuninvest Fastighets AB, which means that Kommuninvest i Sverige AB is now a group with Kommuninvest i Sverige AB as the Parent Company and Kommuninvest Fastighets AB as its subsidiary. The operations of Kommuninvest Fastighets AB consist entirely of owning and managing the building in which Kommuninvest i Sverige AB conducts is operations. In accordance with chapter 7, section 6a of ÅRKL, Kommuninvest i Sverige AB will not prepare consolidated accounts since its subsidiary is of limited significance in presenting a fair portrayal of position and net profit. As per 31 December 2018, Kommuninvest Fastighets AB had a balance sheet total of SEK 51.5 (56.7) million, equity of SEK 42.6 (42.9) million and generated a loss of SEK 0.3 (0.7) million.

Note 10 Events after the balance sheet date

After the balance sheet date, Region Blekinge joined as a member of the Kommuninvest Cooperative Society. Accordingly, the Society now has 289 members, of which 277 are municipalities and 12 are regions.

Note 11 Effects of transition to IFRS 9

The tables in the note describe the transition effects from IAS 39 to IFRS 9. The effects have been adjusted in the opening balance as per 1 January 2018 and earnings effects are adjusted in profit or loss brought forward. No comparative figures have been recalculated. The transition entailed a negative impact on equity of SEK 8.0 million, of which SEK 0.8 million relates to investments reported in accordance with IAS 39 that are available for sale, which, in accordance with IFRS 9, are reported at amortised cost. The impact of expected credit losses on assets reported at amortised cost amounts to SEK 7.2 million, of which SEK 6.6 million relates to lending and SEK 0.6 million to the liquidity portfolio. The financial assets reclassified from available for sale at amortised cost matured during 2018. If the assets had not been reclassified, they would have affected other comprehensive income by SEK 0.8 million.

Balance sheet

	Recognised value in accordance with IAS 39 as per 31 December 2017	Transition effect impairment	Transition effect reclassification	Recognised value in accordance with IFRS 9 as per 1 January 2018
ASSETS				
Sovereign bonds eligible as collateral	24,635.8	-0.5	-0.5	24,634.8
Lending to credit institutions	649.7	-0.1	-	649.6
Lending	310,147.3	-6.5	-	310,140.8
Bonds and other interest-bearing securities	12,500.0	0.0	-0.3	12,499.7
Shares and participations in subsidiaries	42.0	-	-	42.0
Derivatives	8,044.6	-	-	8,044.6
Intangible assets	10.9	-	-	10.9
Tangible assets	7.2	-	-	7.2
Current tax assets	79.0	-	-	79.0
Other assets	814.1	-	-	814.1
Prepaid expenses and accrued revenue	12.0	-	-	12.0
TOTAL ASSETS	**356,942.6**	**-7.1**	**-0.8**	**356,934.7**
LIABILITIES, PROVISIONS AND EQUITY				
Liabilities and provisions				
Liabilities to credit institutions	1,318.4	-	-	1,318.4
Securities issued	337,755.8	-	-	337,755.8
Derivatives	7,793.9	-	-	7,793.9
Other liabilities	2,422.5	-	-	2,422.5
Accrued expenses and prepaid revenues	41.2	-	-	41.2
Provisions	-	0.1	-	0.1
Total liabilities and provisions	**349,331.8**	**0.1**	**-**	**349,331.9**
Equity				
Restricted equity				
Share capital	6,100.0	-	-	6,100.0
New share issue in progress	1,000.0	-	-	1,000.0
Development expenditure reserve	3.1	-	-	3.1
Statutory reserve	17.5	-	-	17.5
Unrestricted equity				
Fair value reserve	0.8	-	-0.8	-
Profit or loss brought forward	-386.6	-7.2	-	-393.8
Net profit for the period	876.0	-	-	876.0
Total equity	**7,610.8**	**-7.2**	**-0.8**	**7,602.8**
TOTAL LIABILITIES, PROVISIONS AND EQUITY	**356,942.6**	**-7.1**	**-0.8**	**356,934.7**

Note 11, continued

Reclassification of financial assets on transition to IFRS 9

	Amortised cost	Fair value through the income statement – fair value option	Available for sale	Loan receivables and accounts receivable	Total
Sovereign bonds eligible as collateral					
31 December 2017 IAS 39	-	12,998.3	11,637.5	-	24,635.8
Reclassification	11,637.5	-	-11,637.5	-	-
Revaluation – classification	-0.5	-	-	-	-0.5
Expected credit losses	-0.5	-	-	-	-0.5
1 January 2018 IFRS 9	**11,636.5**	**12,998.3**	**-**	**-**	**24,634.8**
Lending to credit institutions					
31 December 2017 IAS 39	-	-	-	649.7	649.7
Reclassification	649.7	-	-	-649.7	-
Expected credit losses	-0.1	-	-	-	-0.1
1 January 2018 IFRS 9	**649.6**	**-**	**-**	**-**	**649.6**
Lending					
31 December 2017 IAS 39	-	72,929.9	-	237,217.4	310,147.3
Reclassification	237,217.4	-	-	-237,217.4	-
Expected credit losses	-6.5	-	-	-	-6.5
1 January 2018 IFRS 9	**237,210.9**	**72,929.9**	**-**	**-**	**310,140.8**
Bonds and other interest-bearing securities					
31 December 2017 IAS 39	-	11,677.3	822.7	-	12,500.0
Reclassification	822.7	-	-822.7	-	-
Revaluation – classification	-0.3	-	-	-	-0.3
Expected credit losses	0.0	-	-	-	0.0
1 January 2018 IFRS 9	**822.4**	**11,677.3**	**-**	**-**	**12,499.7**
Provisions					
31 December 2017 IAS 39	-	-	-	-	-
Expected credit losses	0.1	-	-	-	0.1
1 January 2018 IFRS 9	**0.1**	**-**	**-**	**-**	**0.1**

Board member signatures

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

Stockholm, 12 February 2019

Ellen Bramness Arvidsson
Chairman

Kurt Eliasson
Board Member

Anna von Knorring
Board Member

Erik Langby
Board Member

Kristina Sundin Jonsson
Board Member

Johan Törngren
Board Member

Lars Heikensten
Board Member

Ulrika Gonzalez Hedqvist
Employee representative

Tomas Werngren
President and CEO

This report has not been audited. The report contains information that Kommuninvest is required to publish under the Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 13 February 2019 at 8:00 a.m. From 21 February, it will be possible to download the complete 2018 Annual Report from the website, www.kommuninvest.se/en.

The consolidated accounts are prepared by the Parent Society, the Kommuninvest Cooperative Society, and will be published on www.kommuninvest.se/en on 11 April 2019.

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KOMMUNINVEST

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