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KOMMUNINVEST I SVERIGE AB (publ)

PROGRAMME FOR CONTINUOUS ISSUANCE OF BONDS

GUARANTEED BY CERTAIN SWEDISH MUNICIPALITIES AND COUNTY COUNCILS

This prospectus (the "**Prospectus**"), which constitutes a base prospectus pursuant to Chapter 2, section 16, first paragraph, subsection 1 of the Swedish Financial Instruments Trading Act (*Sw: lag (1991:980) om handel med finansiella instrument*) and which has been prepared pursuant to Chapter 2, section 8 of such Act, contains information regarding Kommuninvest i Sverige AB's (publ) (the "**Company**") programme for the continuous issuance of bonds.

Bond loans pursuant to the programme (the "**Bond Loans**") are represented by unilateral debt instruments (the "**Bonds**") which are registered in accordance with the Swedish Financial Instruments Trading Act. The Bond Loans are linked to Euroclear Sweden AB's ("**ES**") account-based system (or other such system which may subsequently replace the ES system), as a consequence of which no physical securities will be issued. Clearing and settlement of trades involving the Bonds shall take place in the ES system.

This Prospectus should be read together with any supplement to the Prospectus, any document which has become part of the Prospectus by reference, and the final terms and conditions for the relevant Bond Loan. The Prospectus and the documents which have become incorporated in the Prospectus by reference are available at www.kommuninvest.org and may also be obtained from the Company free of charge.

The Company is responsible for the contents of the Prospectus and gives its assurance that all reasonable care has been taken to ensure that the information in the Prospectus, to the best of the knowledge of the Company, is in accordance with the facts and contains no omission likely to substantially affect the import of the Prospectus. To the extent required by law, the Company's Board of Directors is also responsible for the contents of this Prospectus and has taken all reasonable care to ensure that the information in the Prospectus, to the best of the knowledge of the Company's Board of Directors, is in accordance with the facts and contains no omission likely to substantially affect the import of the Prospectus. Information from third parties has been reproduced without alteration and, to the best of the Company's knowledge and ability to ascertain, no information has been omitted which would render the reproduced information inaccurate or misleading. Furthermore, no material, negative changes affecting the Company's financial position or its prospects have occurred since the last publication of financial information. Other than as expressly set forth in this Prospectus, no information has been reviewed or audited by the Company's auditors.

An investment in a Bond is associated with certain risks. It is therefore recommended that potential investors read the information provided under the heading, "Risk factors", in section 2 below.

The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority in accordance with the provisions of Chapter 2, sections 25 and 26 of the Swedish Financial Instruments Trading Act (*Sw: lag (1991:980) om handel med finansiella instrument*). This does not, however, entail any warranty by the Swedish Financial Supervisory Authority that the information in the Prospectus is accurate or complete.

The offer to acquire Bonds issued pursuant to this Prospectus is not open to persons whose participation requires additional offer documents, registration or measures other than pursuant to Swedish law for the offer thereof in Sweden. The Prospectus and final terms and conditions may not be distributed to, or within, any country in which distribution requires additional registration or measures other than pursuant to Swedish law or which is in violation of law or other rules. The acquisition of Bonds issued pursuant to the Prospectus in violation of the above may be deemed invalid.

ARRANGER

Swedbank AB (publ)

DEALERS

Danske Bank A/S, Danmark, Sverige Filial

Skandinaviska Enskilda Banken AB (publ)

Nordea Bank AB (publ)

Svenska Handelsbanken AB (publ)

Swedbank AB (publ)

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1 SUMMARY

This summary is a part of, and should be regarded as an introduction to, this prospectus (the "**Prospectus**"). Any decision to invest in the bonds described herein must be based on a consideration of the Prospectus as a whole, including the documents incorporated in the Prospectus by reference. An investor who brings a claim before a court of law outside of Sweden as a consequence of the information in the Prospectus may be compelled to bear the costs for translation of the Prospectus. Kommuninvest i Sverige AB and other persons who have provided information which has been included in, or omitted from, the summary may only be held liable for information which has been included in, or omitted from, the summary provided the content is misleading or inaccurate in relation to other parts of the Prospectus.

Issuer:	Kommuninvest i Sverige AB (publ), company registration no. 556281-4409 (the " Company ").
Guarantors:	The members of Kommuninvest Cooperative Society (company registration no. 716453-2074) have issued a joint and several guarantee, as for a liability of their own (<i>Sw: proprieborgen</i>), (the " Guarantee ") for all of the Company's obligations. A detailed description of the Guarantee is provided in section 3.5 on pages 13-19.
Business:	The Company is a credit market company which may conduct financing operations as referred to in Chapter 1, section 4 of the Swedish Banking and Financing Business Act (<i>Sw: lagen (2004:297) om bank- och finansieringsrörelse</i>). In addition, the Company may conduct financial operations and activities which are naturally related thereto pursuant to Chapter 7, section 1 of the Swedish Banking and Financing Business Act. A detailed description of the Company's operations is set forth below in section 5, "Kommuninvest i Sverige AB", on pages 32-39.
Dealers:	Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ), (hereinafter the " Dealers ", and individually, " Dealer "), and any other dealers by subsequent agreement with the Company.
Bond Loan	Bond Loans are represented by bonds (the " Bonds ") and are arranged in accordance with the terms and conditions set forth in the Prospectus and the respective final terms and conditions applicable to each Bond Loan (the " Final Terms ").
Status of Bond Loans:	Unless otherwise stated in the Final Terms, the Bond Loans are unsecured obligations of the Company and shall, in terms of priority, be ranked equally (<i>pari passu</i>) with other unsubordinated, unsecured claims against the Company.
Currency:	Swedish kronor (" SEK ").
Denominations:	SEK ten thousand (10,000).
Issue price:	The Bonds may be issued at nominal amount (par) or at a discount or at a premium.
Interest:	The Bond Loans carry fixed interest in accordance with the provisions of the Final Terms.

Maturity:	Maturity shall occur on the day stated in the Final Terms for each Bond Loan.
Amount:	This programme for continuous issuance of bonds has no maximum amount.
Use of the proceeds from issues:	The proceeds from issues under the programme, after deductions for issuing costs, shall be used for the Company's general financing activities. In the event the proceeds from the issue of a particular Bond Loan are designated for a specific use, such shall be set forth in the relevant Final Terms.
Market:	By agreement with the Company, the Dealers have – in accordance with the provisions of the Final Terms for Bond Loans – undertaken, under certain circumstances, to quote bid and ask rates for the Bond Loans issued pursuant to the Prospectus.
Sale:	The Bonds shall be sold by the Dealers continuously at the prevailing market price.
Documentation:	The documentation relevant to the Bond Loans will be comprised of the Prospectus and appurtenant general terms and conditions and Final Terms and any supplements to the Prospectus.
Final Terms:	The terms and conditions applicable to each Bond shall be specified in applicable Final Terms. Terms and conditions applicable to each Bond will therefore be the same as the form appended hereto subject, however, to any supplements, amendments or replacements relevant to the specific Bond Loan.
Sales restrictions:	The offer is not open to persons whose participation is contingent upon additional offer documents, registration or measures other than pursuant to Swedish law. The Prospectus may not be distributed to, or within, any country in which distribution requires additional registration or measures other than pursuant to Swedish law or which are in violation of law or other rules. An acquisition of Bonds issued pursuant to the Prospectus in violation of the above may be deemed invalid.
Risk factors:	<p>An investment in Bond Loans is associated with certain risks. These risks pertain to circumstances relating to the Company and to the Bonds issued by the Company or to circumstances not specifically related to the Company or its Bonds.</p> <p>Specific risks associated with the Company pertain primarily to credit risks, but other risks such as market risks, liquidity risks and operational risks arise in the business. Specific risks associated with the Bonds consist primarily of market risks, term risks, rules and regulations applicable to bonds and the secondary market. Certain risks are associated with factors in the world at large beyond the Company's control. A detailed description of certain risks is set forth below in section 2, "Risk Factors", on pages 7-11.</p> <p>The responsibility for the assessment and outcome of an investment in bonds rests with the investor. Each investor must, taking into account the investor's own financial situation, assess the suitability of an investment in Bond Loans.</p>

Credit rating:	In the event a Bond Loan issued pursuant to this Prospectus has or will receive a rating, such rating shall be set forth in the Final Terms. Currently, the Company has a rating of Aaa from the rating agency, Moody's Investor Services Limited, and a rating of AAA from Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. However, it is up to each individual to obtain current information regarding ratings as they are subject to change.
Taxes:	Euroclear Sweden AB (" ES ") or the nominee (in connection with nominee-registered securities) shall perform a preliminary tax withholding, at present 30 % of paid interest, for natural persons that are subject to tax in Sweden and Swedish estates of deceased persons.
Clearing and type of security:	ES's or another clearing organisation's system. No physical securities will be issued.
Admission to trading on a regulated market:	Bond Loans will be admitted to trading and registered, in accordance with the provisions of the Final Terms, on NASDAQ OMX Stockholm AB or other regulated market.
Governing law:	The Bond Loans and related documentation shall be governed by, and construed in accordance with, Swedish law.

2 RISK FACTORS

2.1 Introduction

The Company's operations and the Bond Loans issued by the Company are affected and may be affected by a number of factors. There are risks associated with both the circumstances associated with the Company and the Bond Loans as well as circumstances without particular connection to the Company or the Bond Loans.

Set forth below is a presentation of certain risk factors deemed by the Company to be relevant to an investment in the Bond Loans. The risk factors set forth below are not ranked in any particular order nor are they exhaustive or complete. In addition to the presentation of the risk factors below, investors are encouraged to read other information in this Prospectus and the final terms and conditions applicable to each Bond (the "**Final Terms**").

2.2 Risks associated with the Company

2.2.1 Credit risks associated with the Company

Investors in Bond Loans assume a credit risk associated with the Company, i.e. a risk that the Company, in the future, will be unable to meet its commitments in accordance with the terms and conditions for the Bond Loans. This risk coincides, in turn, with various risks confronting the Company in its operations. These risks consist primarily of credit and counterparty risks, liquidity risks, market risks, operational risks, business risks, strategic risks and reputation risks. Set forth below is a description of the risks deemed by the Company to be the most significant to the Company's possibilities to fulfil its commitments to the investors. As stated above, the description of these risks is not exhaustive.

At present, the Company's credit worthiness is reviewed continuously by two independent international credit rating agencies. Current credit rating reports may be obtained at www.kommuninvest.org. Currently, the Company's credit rating from Moody's is Aaa and, from Standard & Poor's, AAA. A credit rating does not, however, constitute a recommendation to buy, sell or hold securities and may be revised or withdrawn by the credit rating agency at any time.

2.2.2 Counterparty risks and risks associated with the Company's positions

A counterparty risk is the risk of loss due to the failure of a customer or counterparty to fulfil its commitments within a stipulated period of time. The Company's total credit risk exposure per 31 December 2009 is set forth in note 3 of the 2009 Annual Report. Credit and counterparty risks arise in conjunction with lending, investing of capital which has not yet been loaned, and changes in value in derivative contracts.

Credit risks associated with lending. The Company conducts lending activities for members in Kommuninvest Cooperative Society and their majority-owned companies. Loans are made exclusively to these entities. As a rule, lending operations are associated with credit risks, i.e. the risk that the customer will not fulfil its commitments to the lender and that any security provided will not cover the lender's claims. However, in conjunction with lending to companies which are majority-owned by municipalities and county councils, the relevant member always issues a guarantee as for its own debt (*Sw: proprieborgen*).

Risks associated with investments of capital which is not yet loaned. In the financing operations, the Company uses capital which is obtained through Bond Loans, amongst other sources. The capital which the Company has received but not yet loaned is deposited on accounts with credit institutions and invested in interest-bearing securities. The

counterparties are financial institutions or government-guaranteed organisations. These investments are associated with a risk of loss and changes in value in the capital invested.

Risks associated with value changes on derivative contracts. The Company uses derivative contracts for the purpose of limiting market risks which arise when the contractual borrowing and lending terms do not match, e.g. as regards interest rates and terms to maturity. The derivative contracts are associated with a risk of value changes and a counterparty risk in relation to the financial institutions which are counterparties to such contracts, and in relation to which there are derivative contracts which have a positive value for the Company.

2.2.3 Financial risks

Liquidity risk can be described as a lack of financing, which in itself involves a risk concerning the organisation's chances of compliance with its undertakings. Liquidity risk is also the risk of far higher costs for borrowing necessary funds, or of a loss when assets cannot be sold at a reasonable price.

In order to finance its operations, the Company is dependent on Swedish and international capital markets on which the Company competes with other issuers in order to obtain financing. Factors beyond the Company's control may have a significant adverse effect on the future possibility to obtain financing or increase the cost of such financing. Disruptions on the market may render borrowing more expensive and thereby reduce the Company's ability to fulfil its commitments.

Since the middle of 2008, the global financial system has been highly turbulent which, among other things, has led to a reduction of liquidity on the market. As a result of this reduction, several lenders reduced lending – or ceased offering financing to borrowers, including financial institutions. In the event such conditions emerge once again, this may have significant adverse effects for the Company's possibilities to obtain capital on acceptable terms.

Interest risks arise when fixed-interest terms for capital borrowed and capital loaned do not match. Due to the extent of the operations, it is not always possible to achieve an exact match between the Company's assets (lending) and liabilities (financing) for each individual position. The Company uses derivative contracts to manage these interest risks which, in turn, are associated with other types of interest risks related to the respective derivative instruments. In the event the Company fails to manage the Company's interest risks, the Company's financial position may be adversely affected.

Currency risks arise because the Company conducts borrowing and lending both in Swedish kronor and foreign currencies, and since assets and liabilities denominated in a specific foreign currency in the balance sheet do not match in terms of size. Currency risks also arise regularly as a consequence of the net interest which is generated from yields on investments in foreign currencies. Currency risks entail a risk of economic loss as a consequence of changes in exchange rates.

2.2.4 Operational risks

Operational risks are comprised of the risk of losses arising as a consequence of unsuitable or insufficient internal processes or routines, human error, faulty systems or external events. These may involve risks associated with errors and deficiencies in products and services, deficient internal controls, vague allocation of responsibilities, deficient technical systems, various types of criminal attacks and inadequate preparation for disruptions.

In the event the Company fails to address its operational risks, it is possible that the Company's results and financial position will be adversely affected.

2.2.5 Legal conditions

The Company's operations are regulated, among other rules and regulations, by the Swedish Companies Act (*Sw: aktiebolagslagen (2005:551)*) and the Swedish Banking and Financing Business Act (*Sw: lagen (2004:297) om bank- och finansieringsrörelse*). The activities of the Guarantors (see section 3.5 regarding guarantees), are regulated by the Swedish Local Government Act (*Sw: kommunallagen (1991:900)*) and are otherwise governed by Swedish public law. As a credit market company, the Company is under the supervision of the Swedish Financial Supervisory Authority.

The Company's business operations and results are affected by new and amended legislation, ordinances and other laws adopted by various standards-setting bodies in Sweden and the EU and, to a certain extent, the standards-setting bodies and governmental authorities of foreign states. Amendments to rules and regulations, including amended accounting standards and amended capital coverage requirements may adversely affect the Company's operations, its financial results and pricing of the Bonds. In the event the Company cannot fulfil its obligations pursuant to the applicable rules and regulations, there is a risk of incurring sanctions imposed by supervisory authorities and courts of law which may adversely affect the Company's operations.

2.2.6 Legal actions

The Company is a party to a larger dispute (see section 5.5 on page 35). The dispute primarily involves a reputation risk and a risk that the Company will be ordered to pay the amount claimed by the opposing party, approximately SEK 56 million plus interest and litigation expenses. The Company cannot provide any assurance that the Company will not be subject to claims or legal actions in the future which may have significant, adverse effects on the Company's financial position, results, market position or pricing of the Bonds.

2.2.7 Risks associated with the world at large

Business risks and strategic risks entail the risk of a deterioration in the Company's results due to unforeseen changes in the business environment. They also include the risk that the Company's strategic direction must be altered due to changes in basic market or general conditions which may have adverse effects on the results.

Reputation risk consists in the spreading of negative rumours concerning the Company and its operations as a consequence of which the Company's brand is damaged which, in turn, adversely affects the Company's results.

Increased competition may adversely affect the Company's results and development in the event the Company fails to offer products, services or prices comparable to those offered by the Company's competitors. The Company competes with a number of financial institutions including Swedish and foreign banks.

2.3 Risks associated with the Bonds

2.3.1 Introduction

The risk factors set forth below are deemed by the Company to be significant in the assessment of the specific risks associated with Bonds. The risk factors set forth below do not constitute a complete or exhaustive account of the risks associated with the Bonds. In addition to the risk factors set forth below, additional risk factors relating to a specific Bond Loan may be set forth in the Final Terms.

2.3.2 Term risk

The risk associated with an investment in a Bond Loan increases in proportion to the length of the term to maturity. The credit risk is more difficult to assess over a long term relative to a short term to maturity. The market risk also increases in conjunction with long terms to maturity since the fluctuation of the price is greater for Bond Loans with a longer term to maturity than for Bond Loans with a shorter term to maturity.

2.3.3 Secondary market and liquidity

The Dealers have entered into an agreement with the Company according to which they have undertaken to ensure that a secondary market for the Bonds is developed and maintained. The Dealers and the Company cannot, however, guarantee the extent of, or the liquidity in, the secondary market and the Dealers are entitled, under certain conditions, to be released from their commitments to the Company. Deficient liquidity in the secondary market may adversely affect the price of the Bonds.

Notwithstanding that the Bonds are subject to trading and, where applicable, registered on a regulated market, the Bonds may not be subject to significant levels of trading. This fact may persist throughout the entire term to maturity of a Bond. As a consequence, it may be difficult or impossible at times to dispose of Bond holdings. This may occur, for example, in conjunction with major price fluctuations which may entail difficulties in trading at reasonable prices, the closure of affected markets, or restrictions on trading for a particular period of time. Technical faults may also affect trading on the relevant regulated market. Liquidity in the Bonds may also be affected by circumstances other than changes in the functioning of the secondary market. Economic developments and specific events in the Company may affect the liquidity of the issued securities. In the event a member withdraws from Kommuninvest Cooperative Society (which normally can only occur at the expiry of the financial year ending six months following notice of termination), additional Bonds cannot continue to be issued through so-called tap issues pursuant to an existing Bond Loan (see section 3.2 (Method of issuance) below). The absence of liquidity may have a significant, adverse effect on the market price of the Bonds.

As set forth in the section, "Terms and conditions for Bond Loans", some of the Company's Bond Loans are so-called benchmark loans. It is probable that the liquidity of Bond Loans which are not benchmark loans will be lower than that of Bond Loans which constitute benchmark loans.

2.3.4 Clearing and settlement in ES systems

Bonds will be registered in ES account-based systems, as a consequence of which no physical securities will be issued. Clearing and settlement of trades takes place in ES systems as do disbursement of interest and repayment of principal. Accordingly, investors are dependent on the functionality of ES systems.

2.3.5 Currency risks and currency restrictions

The Company normally pays nominal amounts and yields on the Bonds in Swedish kronor. This entails certain risks associated with currency exchange where the currency in which the Bond is denominated is not the same as the investor's own currency. This entails both the risk of significant exchange rate changes (including devaluations and revaluations) and the implementation or amendment of existing currency regulations and restrictions. An increase in the value of the investor's own currency relative to Swedish kronor typically reduces the value of an investment in Bonds for such an investor.

Governments and other authorities may implement currency regulations and restrictions which adversely affect the currency rate. As a result, holders of Bonds may receive a lower yield, payment or nominal amount than expected.

2.3.6 Interest risk

Investments in fixed-rate Bonds entail a risk that changes in market interest rates may adversely affect the value of the Bonds.

2.3.7 Credit rating does not necessarily disclose all risks

One or more independent credit rating agencies may assign a credit rating to the Bonds. The credit rating does not necessarily reflect all of the risks described in this section, or all of the factors which may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the credit rating agency at any time.

2.3.8 Changes in terms and conditions and other measures

The general terms and conditions (see "**General Terms and Conditions**" under section 3.6 below) for Bond Loans contain provisions regarding meetings of the bond holders – bondholders' meetings – for the purpose of addressing issues relevant to them. These rules provide certain stated majorities the right to bind all holders of the Bonds in conjunction with the resolutions and any changes adopted by the meeting, including holders of Bonds who were not present and voted at the relevant meeting, and holders of Bonds who voted against the resolution. The Dealers and the Company are entitled to correct obvious typographical errors and make changes to technical and administrative provisions of the General Terms and Conditions for the Bonds.

2.3.9 Amended legislation

The terms and conditions for the Bonds are governed by Swedish law. Amendments to Swedish legislation or the application of Swedish law by Swedish and foreign courts of law may entail that the terms and conditions applicable to Bond Loans are ascribed a purport other than that which applied at the time of the issuance of the relevant Bonds.

In the event Sweden becomes a member of the European Monetary Union (EMU) prior to the maturity date of an outstanding Bond, this could adversely affect the holder. In the event the euro becomes the lawful means of payment in Sweden, all amounts in Swedish kronor would instead be paid in the corresponding value in euros. In addition, it may be permissible or obligatory that outstanding claims be converted to euros or that other measures would need to be taken as regards the Bonds. This may have adverse consequences for holders of the Bonds.

3 TERMS AND CONDITIONS FOR BOND LOANS

3.1 Description of the programme

Pursuant to a resolution adopted by the Board of Directors on 26 May 2010, the Company has resolved to arrange this programme for the continuous issuance of Bonds. Decisions regarding the issuance of Bond Loans within the framework of the programme will be taken by the Board of Directors of the Company or pursuant to authorisation from the Board of Directors of the Company.

The General Terms and Conditions for the Bond Loans are set forth on page 20. Terms and conditions which are not stated in the Prospectus are set forth in the Final Terms which have been prepared for each Bond Loan. Final Terms for Bond Loans offered to the public are submitted to the Swedish Financial Supervisory Authority and will be published on the Company's website, www.kommuninvest.org, and shall be available in hard copy at the Company.

Bonds are issued in denominations of ten thousand (10,000) Swedish kronor and in whole multiples thereof. The programme is directed at all categories of investors excluding, however, investors covered by sales restrictions in accordance with the cover page of the Prospectus.

Only Bonds with fixed interest shall be issued pursuant to the programme.

Unless otherwise stated in the Final Terms, Bond Loans are unsubordinated obligations of the Company and shall be ranked equally (*pari passu*) with other unsubordinated, unsecured claims against the Company.

In accordance with the provisions of the Final Terms, the Company shall submit an application to admit Bond Loans for trading on NASDAQ OMX Stockholm or another regulated market.

Bond Loans shall be linked to ES account-based systems, as a consequence of which no physical securities will be issued. Clearing and settlement shall take place in ES systems. The Company may also link Bond Loans for clearing and settlement in Euroclear Bank S.A./N.V. ("Euroclear") and/or Clearstream Banking, *Société Anonyme*, Luxembourg ("Clearstream, Luxembourg"). As regards investors whose holdings are registered through Euroclear or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg will be registered as the claim holder on the securities account.

ES or the nominee (in conjunction with nominee-registered securities) shall perform a preliminary tax withholding, at present 30% of paid interest, for natural persons that are subject to tax in Sweden and Swedish estates of deceased persons.

The Company shall bear all costs associated with admission for trading such as costs for the production of prospectuses, admission to trading, documentation, fees to ES, etc., unless otherwise agreed between the Company and the Dealers.

3.2 Method of issuance

The Bonds issued pursuant to this programme may be issued continuously (commonly referred to as a "Tap issue") as a consequence of which Bond Loans initially cannot be ascribed a fixed amount. The final principal amount is instead established when the sale of new Bonds under a Bond Loan has been concluded. The terms and conditions otherwise applicable to Bond Loans such as, for example, interest payment date and maturity date, are stated in the Final Terms for each Bond Loan. All Bonds which are issued pursuant to a particular Bond Loan shall be subject to identical terms irrespective of when the issue takes place, as a consequence of which the Final Terms shall only be prepared once, in conjunction with the first issue. Depending on the Company's borrowing needs, the Bonds may be sold continuously throughout the entire term. In principle, this can take place until the Bond Loan's maturity date. The Company shall be entitled at any time to discontinue or suspend the issue.

3.3 Market

The Company has appointed Swedbank AB (publ) as arranger for this programme for the continuous issuance of Bonds and has, at the time of the publication of this Prospectus, also appointed Danske Bank A/S, Denmark, Sverige Filial, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) as Dealers. By agreement with the Company, the Dealers have – in accordance with the provisions of the Final Terms – undertaken to quote bid and ask rates for Bond Loans.

The Dealers have further undertaken in agreements with the Company to quote, under certain circumstances, bid and ask rates for Bonds which satisfy certain criteria with respect to, for example, volume and remaining term (so-called benchmark loans). The Dealers are entitled, under certain circumstances, to be released from the special commitments relating to benchmark loans.

3.4 Pricing

The price of a Bond may not be determined in advance but, rather, is determined at the time of the issue by means of an agreement between the buyer and seller. The price of Bonds is stated in the form of an effective annual interest rate which is directed by the current market interest rate. Bonds are most often issued at a discount or premium. The price is calculated based on a discounted value of the Bonds' nominal amount and forthcoming interest payments. In addition, any accrued interest may be added to the payment amount, i.e. interest from the latest interest payment date until the payment date.

3.5 Joint and several guarantee

3.5.1 Description of the guarantee

When a municipality or county council joins Kommuninvest Cooperative Society (which owns 100% of the shares of the Company) the municipality or county council executes a joint and several guarantee, as for a liability of their own, (*Sw: proprieborgen*) for all present or future obligations of the Company. The guarantee thus covers all of the Company's commitments pursuant to a Bond Loan. The undertaking is unconditional.

The guarantee does not cover the Company's obligations pursuant to debenture loans provided by Kommuninvest Cooperative Society, which are financed by debenture loans from members of the Society.

The municipality/county council also executes a recourse agreement between the members which regulates liability amongst the members for the guarantee undertaking.

Members of Kommuninvest Cooperative Society as per 31 August 2010 were the municipalities and county councils set forth below in section 3.5.2. New members may join and withdraw during the period of validity of the Prospectus. Members who withdraw from Kommuninvest Cooperative Society shall remain liable under the guarantee for obligations (including issued Bond Loans) which the Company incurs up to the time at which the member withdraws from the organisation. The withdrawing member's liability shall be reduced at the rate at which the Company repays older loans.

The guarantee executed by the members of Kommuninvest Cooperative Society is worded as set forth in the extract below, and corresponds to the Articles of Association of Kommuninvest Cooperative Society:

"The undersigned Swedish county councils and municipalities herewith jointly and severally guarantee, as for a liability of their own, all obligations, liabilities and commitments presently and subsequently undertaken by Kommuninvest i Sverige AB as regulated in the Articles of Association of Kommuninvest Cooperative Society"

Extract from the Articles of Association of Kommuninvest Cooperative Society:

"All members of the society shall, in accordance with a separate guarantee, be jointly and severally liable as for a liability of their own, for all obligations, liabilities and commitments of companies owned by the society. Any member discharging a liability as a guarantor has the right of recourse to claim compensation from the other members in accordance with the terms of a separate recourse agreement signed by all members."

The guarantee in its entirety is available in hard copy at the Company during the term of the Prospectus.

3.5.2 List of members in Kommuninvest Cooperative Society
(the "**Members**") per 31 August 2010:

Municipality

Ale	Hedemora	Mariestad	Söderhamn
Alingsås	Herrljunga	Mark	Söderköping
Alvesta	Hjo	Mellerud	Sölvesborg
Aneby	Hofors	Mjölby	Tanum
Avesta	Huddinge	Mora	Tierp
Arboga	Hudiksvall	Motala	Timrå
Arjeplog	Hultsfred	Mullsjö	Tingsryd
Arvidsjaur	Hylte	Munkedal	Tjörn
Arvika	Håbo	Munkfors	Tomelilla
Askersund	Hällefors	Mönsterås	Torsby
Bengtsfors	Härjedalen	Mörbylånga	Torsås
Berg	Härnösand	Nora	Tranemo
Bjurholm	Härryda	Norberg	Tranås
Bjuv	Hässleholm	Nordanstig	Trelleborg
Boden	Höganäs	Nordmaling	Trollhättan
Bollebygd	Högsby	Norrköping	Trosa
Bollnäs	Hörby	Norsjö	Töreboda
Borlänge	Höör	Nybro	Uddevalla
Borgholm	Jokkmokk	Nykvarn	Ulricehamn
Botkyrka	Jönköping	Nynäshamn	Umeå
Boxholm	Kalix	Nässjö	Upplands-Bro
Bromölla	Kalmar	Ockelbo	Upplands Väsby
Bräcke	Karlsborg	Olofström	Uppvidinge
Burlöv	Karlshamn	Orsa	Vadstena
Båstad	Karlskoga	Orust	Vaggeryd
Dals-Ed	Karlskrona	Osby	Valdemarsvik
Degerfors	Karlstad	Oskarshamn	Vansbro
Dorotea	Katrineholm	Ovanåker	Vara
Eda	Kil	Oxelösund	Varberg
Eksjö	Kinda	Pajala	Vaxholm
Emmaboda	Kiruna	Piteå	Vetlanda
Eskilstuna	Knivsta	Ragunda	Vilhelmina
Eslöv	Kramfors	Robertsfors	Vimmerby
Essunga	Kristianstad	Ronneby	Vindeln
Fagersta	Kristinehamn	Rättvik	Vingåker
Falkenberg	Krokom	Sala	Vårgårda
Falköping	Kumla	Sandviken	Vänersborg
Falun	Kungsbacka	Sigtuna	Vännäs
Filipstad	Kungsör	Simrishamn	Västervik
Finspång	Kungälv	Sjöbo	Växjö
Flen	Köping	Skara	Ydre
Forshaga	Laholm	Skellefteå	Ystad

Färgelanda	Landskrona	Skinnskatteberg	Ånge
Gagnef	Laxå	Skurup	Åre
Gnesta	Lekeberg	Smedjebacken	Årjäng
Gnosjö	Leksand	Sollefteå	Åsele
Gotland	Lerum	Sorsele	Åstorp
Grums	Lessebo	Sotenäs	Åtvidaberg
Grästorp	Lidköping	Staffanstorps	Älmhult
Gullspång	Lilla Edet	Stenungsund	Älvdalen
Gällivare	Lindesberg	Storfors	Älvkarleby
Gävle	Ljungby	Storuman	Älvsbyn
Götene	Ljusdal	Strängnäs	Ängelholm
Habo	Ljusnarsberg	Strömstad	Öckerö
Hagfors	Lomma	Strömsund	Ödeshög
Hallsberg	Ludvika	Sunne	Örebro
Hallstahammar	Luleå	Surahammar	Örkelljunga
Halmstad	Lund	Svedala	Örnköldsvik
Hammarö	Lycksele	Svenljunga	Östhammar
Haninge	Lysekil	Säffle	Östra Göinge
Haparanda	Malung-Sälen	Säter	Överkalix
Heby	Malå	Sävsjö	Övertorneå

County Councils

Gävleborg County Council
 Sörmland County Council
 County Council In Uppsala County
 County Council in Värmland
 Västmanland County Council
 County Council of Norrbotten County
 County Council of Örebro County

3.5.3 Information regarding the Members

The 255 Members constitute approximately 86 per cent of Sweden's 290 municipalities and 35 per cent of Sweden's 20 county councils or regions. Municipalities and county councils cannot be placed into insolvent liquidation or pledge property. In addition, Swedish municipalities and county councils have a constitutionally protected right to take decisions regarding tax rates. Set forth below is a summary of the assets and liabilities of Swedish municipalities and county councils as per 31 December 2009.

3.5.4 Financial liabilities of all municipalities and county councils, booked amounts per 31 December 2009 (SEK millions)

Liabilities	Municipalities	County councils	Total
Long-term liabilities			
Municipal certificates	2 843	0	2 843
<i>Bond loans outstanding, excl. own purchases:</i>			
- bond loans issued in Sweden	17 521	2 400	19 921
- bond loans issued abroad	5 448	0	5 448
Total bond loans	22 969	2 400	25 368
<i>Loans from Swedish lenders:</i>			
- central government	459	0	459
- social insurance	17	0	17

- municipalities	268	6	274
- households	935	0	935
- municipally-owned enterprises	3 669	252	3 921
- banks	44 242	0	44 242
- other financial enterprises	36 351	0	36 351
- non-financial enterprises	658	9	667
Total loans from Swedish lenders	86 599	267	86 866
of which in foreign currency	990	0	990
Loans from foreign lenders	8 228	5 246	13 474
Financial leasing	1 409	1 637	3 046
Total long-term liabilities	122 048	9 549	131 597
Current liabilities			
Municipal certificates	4 029	0	4 029
<i>Bond loans outstanding, excl. own purchases:</i>			
- bond loans issued in Sweden	2 170	997	3 167
- bond loans issued abroad	0	0	0
Total bond loans	2 170	997	3 167
<i>Loans from Swedish lenders:</i>			
- the state	1 861	1 541	3 403
- social insurance	51	0	51
- municipalities	117	40	157
- households	241	1	242
- municipally-owned enterprises	17 596	112	17 707
- banks	6 767	7	6 773
- other financial enterprises	911	1 713	2 624
- non-financial enterprises	1 390	924	2 314
Total loans from Swedish lenders	28 934	4 337	33 271
of which in foreign currency	0	0	0
Loans from foreign lenders	961	0	961
Total current liabilities	36 094	5 334	41 428
Trade creditors	21 192	15 305	36 498
<i>Accrued interest expenses:</i>			
- financial leasing	0	0	0
- bonds	196	0	196
- certificates	7	0	7
- long-term liabilities/loans	930	206	1 136
- trade creditors	53	0	53
- diverse current liabilities	593	0	593
Total accrued interest expenses	1 779	206	1 985
Accrued expenses for pensions, individual component	8 601	3 413	12 014
Other accrued expenses and prepaid expenses	55 575	26 757	82 332
Total accrued expenses and prepaid expenses	65 956	30 376	96 332
Total borrowings	245 290	60 565	305 855

Source: SCB (most recent update, 8 April 2010)

3.5.5 Financial assets of all municipalities and county councils, booked amounts per 31 December 2009 (SEK millions)

Assets	Municipalities	County councils	Total
Financial fixed assets			
<i>Shares, equity, owner-occupied contracts:</i>			
- Swedish listed shares	1 823	337	2 160
- other Swedish shares and equity	29 157	7 082	36 238
of which shares in municipally-owned enterprises	24 678	5 825	30 503
- foreign shares and equity	1 993	734	2 727
Total shares and equity, tenant-owners' rights	32 973	8 153	41 126
<i>Bonds and other securities issued by:</i>			
- central government	5 360	990	6 350
- municipalities	798	0	798
- banks	2 346	384	2 730
- housing credit institutions	945	242	1 186
- other financial enterprises	3 391	912	4 303
- non-financial enterprises	249	53	302
- companies and institutions abroad	269	858	1 127
Total bonds and other securities	13 358	3 439	16 797
<i>Long-term receivables/Loans to :</i>			
- municipalities	835	42	877
- households	293	0	293
- municipally-owned housing enterprises	32 808	0	32 808
- other municipally-owned enterprises	90 007	6 719	96 726
- financial enterprises	1 099	0	1 099
- other non-financial enterprises	5 191	737	5 928
Total long-term receivables/loans to	130 234	7 498	137 732
Basic fund capital and value adjustments	-39	-110	-149
Total financial fixed assets	176 526	18 980	195 506
Accounts receivable	8 169	3 837	12 006
<i>Current receivables:</i>			
- employees	45	4	49
- suppliers	689	21	711
of which municipally-owned enterprises	57	0	57
- short-term component of long-term receivables	4 616	38	4 654
of which municipally-owned enterprises	4 474	0	4 474
- central government	1 811	3 060	4 871
- other current receivables	51 907	3 369	55 276
of which municipally-owned enterprises	48 815	14	48 828
- input VAT	522	162	684
- VAT claims, reporting account	2 321	848	3 169
- value adjustment of diverse current receivables	13	0	13
Total misc. current receivables	61 924	7 502	69 426
<i>Accrued interest income:</i>			
- shares, equity, owner-occupied contracts	98	1	99
- bonds and other securities	136	118	254
- certificates	2	4	6
- long-term receivables	839	6	845
- accounts receivable	1	0	1
- other current receivables	49	6	55

Total accrued interest income	1 125	134	1 259
Other prepaid expenses and accrued income	13 700	6 947	20 647
Total prepaid expenses and accrued income	14 826	7 081	21 907
Short-term investments (in securities)			
<i>Shares, equity, owner-occupied contracts:</i>			
- Swedish listed shares	814	2 365	3 179
- other Swedish shares and equity	662	1 022	1 684
of which shares in municipally-owned enterprises	0	0	0
- foreign shares and equity	368	2 290	2 658
Total shares and equity, owner-occupied contracts	1 843	5 678	7 521
<i>Certificates issued by:</i>			
- central government (treasury bills)	126	392	518
- municipalities	245	3 254	3 499
- banks	1 288	865	2 153
- housing credit institutions	263	2 100	2 364
- other financial enterprises	157	871	1 028
- non-financial enterprises	236	2 140	2 376
- companies and institutions abroad	0	31	31
Total certificates	2 316	9 654	11 970
<i>Bonds and other securities, issued by:</i>			
- central government	854	2 736	3 590
- municipalities	98	343	440
- banks	1 648	6 519	8 167
- housing credit institutions	1 074	2 721	3 795
- other financial enterprises	1 668	974	2 641
- non-financial enterprises	457	727	1 185
- companies and institutions abroad	272	528	800
Total bonds and other securities	6 071	14 548	20 619
Total certificates, bonds and other securities	8 387	24 202	32 589
Write-down of short-term investments	-162	-207	-369
Total short-term investments (in securities)	10 067	29 673	39 740
Cash and bank balances	30 301	11 688	41 988
Total financial assets	301 813	78 760	380 573

Source: SCB (most recent update, 8 April 2010).

3.6 General Terms and Conditions

GENERAL TERMS AND CONDITIONS

The following general terms and conditions (the "General Terms and Conditions") apply to the bond loans (the "Bond Loans") issued by Kommuninvest i Sverige AB (company registration no. 556281-4409) (the "Company") on the capital market in accordance with an agreement of 15 September 2010 regarding a bond loan programme (the "Bond Loan Programme") with the Dealers set forth below (the "Dealer Agreement"). As regards each Bond Loan, final terms and conditions (the "Final Terms") containing supplementary loan terms and conditions shall be prepared which, together with these General Terms and Conditions, constitute complete terms and conditions for Bond Loans. Accordingly, with regard to certain Bond Loans, references to "these terms and conditions" shall be deemed to include the provisions in the relevant Final Terms. Final Terms for the Bond Loans offered to the public will be published on the Company's website (www.kommuninvest.org) and shall be available at the Company.

Each member of Kommuninvest Cooperative Society (the "Society") (company registration no. 716453-2074) (the members are jointly referred to as the "Guarantors", and individually as "Guarantor") have issued a joint and several guarantee, as for a liability of their own (*Sw: pro-prieborgen*), (the "Guarantee") for all of the Company's obligations. See also section 2 below.

1. DEFINITIONS

In addition to the definitions above, in these terms and conditions the following terms shall have the meanings ascribed to them below.

"Account Operator"	a bank or other institution licensed under the Swedish Financial Instruments Accounts Act (<i>Sw: lag (1998:1479) om kon-toföring av finansiella instrument</i>) and with whom Bondholders have opened Securities Accounts for Bonds;
"Adjusted Loan Amount"	the total nominal amount of outstanding Bonds with respect to a certain Bond Loan less all Bonds held by the Company, the Society or any Guarantor;
"Arranger"	Swedbank AB (publ);
"Banking Day"	a day in Sweden that is not a Sunday or other public holiday, nor regarded as a public holiday where the payment of debt instruments is concerned;
"Bond Loan"	each loan raised by the Company pursuant to these General Terms and Conditions and which are represented by Bonds;
"Bond"	unilateral promissory note registered in accordance with the Swedish Financial Instruments Accounts Act issued by the Company pursuant to these General Terms and Conditions;
"Bondholder"	a party registered on a securities account as creditor or entitled, in other cases, to receive payment under a Bond and

persons who, pursuant to section 13 regarding nominee registration, are to be regarded as Bondholders in the application of section 11;

"Company"	Kommuninvest i Sverige AB (company registration no. 556281-4409);
"Dealers"	Danske Bank A/S Danmark, Sverige filial, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) and every other dealer under this Bond Loan Programme (each of them individually referred to as "Dealer");
"ES"	Euroclear Sweden AB (company registration no. 556112-8074);
"Interest Payment Date"	the day set forth in the Final Terms;
"Interest Rate"	the interest rate set forth in the Final Terms;
"Loan Date"	the date stated in the Final Terms and on which interest begins to accrue;
"Loan Number"	the serial number for the Bond Loan under the Bond Loan Programme in a series which is stated in the Final Terms;
"Maturity Date"	in accordance with the Final Terms – the day on which the Principal Amount of the Bond Loan shall be repaid;
"Reference Banks"	Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ);
"Securities Account"	securities account at ES in which the respective Bondholders' holdings of Bonds are registered; and
"SEK"	Swedish kronor;
"STIBOR"	the rate of interest which, (1) at approx. 11.00 am is published on Reuters' "SIDE" page (or through such other system or on such other page as replaces the aforementioned system or page) or, in the absence of such quotation, the rate of interest which (2) at the aforementioned time corresponds to (a) the arithmetic mean of the rates for deposits in SEK for the period in question on the interbank market in Stockholm as quoted by the Reference Banks - or - where only one or no such quotation is given - (b) the Arranger's assessment of the rate of interest offered by Swedish commercial banks for loans in SEK for the period in question on the interbank market in Stockholm.

2. PRINCIPAL AMOUNT, PAYMENT COMMITMENT AND GUARANTEE

The Principal Amount of the Bond Loan will be established when the sale of the Bonds has been completed and shall be represented by Bonds in the denomination in SEK which is stated in the Final Terms or in whole multiples thereof.

The Company undertakes to repay the Bond Loan and pay interest in accordance with these terms and conditions.

The Bond Loan entitles the holder thereof to payment on equal terms (*pari passu*) with the Company's other unsecured and unsubordinated payment obligations.

Each Bond issued is covered by the Guarantee. The Guarantee as worded on the first sales day for the respective Bond Loan is appended to the Final Terms. The Guarantee shall also be available on the Company's website (www.kommuninvest.org).

3. INTEREST

Fixed interest shall accrue on the Bond Loan in accordance with the Interest Rate commencing on the Loan Date up to and including the Maturity Date.

Interest shall be paid in arrears on each Interest Payment Date and shall be calculated on a 30/360-day basis. Interest shall be calculated on the nominal amount.

4. REGISTRATION OF BONDS

The Bonds shall be issued in dematerialised form and shall be registered on a Securities Account on behalf of the Bondholder, as a consequence of which no physical securities shall be issued.

A request concerning a particular registration measure regarding the Bonds shall be made to the Account Operator.

Any person who acquires the right to receive payment under the Bond by assignment, engagement, pledge, provisions of the Swedish Code on Parents and Children, terms of a will or gift instrument or otherwise shall register their entitlement to payment.

5. REPAYMENT OF THE LOAN AND PAYMENT OF INTEREST

The Bond Loan shall be due for payment on the Maturity Date or such earlier day in accordance with these terms and conditions. Interest shall be paid on the Interest Payment Dates.

Payment of interest and repayment of the Bond Loan shall be made to the person who is a holder on the fifth Banking Day prior to the respective due date or on the Banking Day closest to the respective due date which may be generally applied on the Swedish bond market (the "Record Date").

In the event the Bondholder, through an Account Operator, has designated a certain bank account onto which principal and interest are to be deposited, the deposit shall take place through ES on the respective due date. In other cases, ES shall remit the amount on the

last-mentioned day to the Bondholder at the Bondholder's address registered with ES on the Record Date.

In the event the due date falls on a day which is not a Banking Day, the amount shall be deposited or sent on the following Banking Day; however, interest shall accrue only up to and including the due date.

In the event that ES, as a consequence of a delay by the Company or other impediments, is unable to pay the amount in accordance with the above in this section 5, such amount shall be paid by ES to such party who is a Bondholder on the Record Date as soon as the cause for the impediment has ceased.

In the event a party who has received amounts in accordance with the above in this section 5 was not entitled to receive such payment, the Company and ES shall nevertheless be deemed to have discharged their obligations. The above-stated shall not apply, however, where the Company or ES was aware that the sum was improperly paid or where the Company or ES failed to exercise reasonable care under the circumstances.

6. DEFAULT INTEREST

In the event of late payment of principal and/or interest, default interest shall accrue on the outstanding amount commencing on the due date up to and including the date upon which payment is made at a rate of interest equal to the average of one week STIBOR on the first Banking Day of each calendar week during the period of delay plus two (2) percentage points. Default interest pursuant to this section shall, however, in no case be less than the rate of interest applicable to the relevant Bond on the due date plus two (2) percentage points. Default interest shall not be capitalised.

However, in the event the delay is a consequence of impediments encountered by the Dealers or ES as specified in section 15, default interest shall be payable at a rate of interest which does not exceed the interest applicable to the Bond on the due date in question.

7. LIMITATIONS

The right to payment of the principal amount shall terminate ten (10) years after the Maturity Date. The right to interest payment shall terminate three (3) years after each Interest Payment Date. Funds reserved for the payment of claims which are barred pursuant to this provision shall be the property of the Company.

In the event of an interruption in the limitations period, a new period of limitations of ten (10) years shall apply with respect to capital amounts and three (3) years with respect to interest amounts, in both cases calculated from the day specified in the Swedish Limitations Act (Sw: *preskriptionslagen (1981:130)*) regarding the effect of interruption in a limitations period.

8. AMENDMENT OF THE LOAN TERMS AND CONDITIONS, ETC.

The Company and Dealers shall be entitled to correct clear and obvious errors in these terms and conditions and to enter into agreements to effect technical or administrative changes. In addition, the Company shall be entitled to enter into an agreement with the Dealers regarding an increase or decrease of the number of Dealers, and the replacement of Dealers with other Dealers.

In other cases, amendments to these General Terms and Conditions shall only take place by virtue of a resolution adopted at a Bondholders' Meeting in accordance with section 11 and notified to the Bondholders in accordance with section 12.

9. UNDERTAKINGS

9.1 The Company undertakes, for such time as any Bond is outstanding, to:

- a) not grant security or cause any third party to grant security – either in the form of a guarantee or otherwise – for other market loans which have been raised or may be raised by the Company, and
- b) not grant security for market loans – in any form other than through a guarantee, which in turn may not be secured – which have been raised or may be raised by a party other than the Company,

unless, in the reasonable opinion of the Dealers, security of at least equal value is simultaneously offered for a payment of outstanding Bonds.

"Market loan" as used above means loans in exchange for the issuance of commercial paper, bonds or other securities (including loans pursuant to MTNs or other market loan programmes), which are or may become admitted to trading on a regulated market or other market. During such time as the Guarantee applies to outstanding Bond Loans, the undertaking in section 9.1 a) shall not apply to guarantees for other market loans provided on the same terms and conditions as the Guarantee.

9.2 The Company undertakes, for such time as any Bond remains outstanding, not to materially alter the nature of the Company's business.

9.3 In the event a Guarantor withdraws from the Society, the Company undertakes, commencing at the time of the Guarantor's withdrawal, not to issue any additional Bonds under outstanding Bond Loans.

10. TERMINATION OF LOANS

10.1 The Dealers shall, where so requested in writing by Bondholders who represent not less than ten per cent of the Adjusted Loan Amount at the time of such request or where so decided by the Bondholders' Meeting, demand in writing payment of the Bond Loan and any interest accrued thereon either immediately or at such time as the Bondholders' Meeting determines where:

- a) the Company fails to make timely payment of principal amounts or interest amounts under Bond Loans, provided that the delay is not less than five (5) days;
or

- b) the Company (other than as set out in section a)) fails to perform its obligations pursuant to these terms and conditions – or otherwise acts in contravention thereof – provided that the Dealers have requested that the Company remedy such non-compliance and the Company has failed to do so within fifteen (15) Banking Days thereafter; or
- c) the Company fails to make timely payment of another loan raised by the Company and the loan in question, as a consequence thereof, is terminated – or where provisions in respect of termination are lacking or the outstanding payment would constitute final payment – provided that the total amount of the outstanding liability under the relevant loan amounts to not less than SEK three hundred million (300,000,000) or the equivalent thereof in another currency; or
- d) the Company suspends payments; or
- e) the Company applies for, or consents to, an application for corporate reorganisation; or
- f) the Company is placed into bankruptcy; or
- g) it is resolved that the Company be placed in liquidation; or
- h) a resolution is adopted pursuant to which the Company shall be merged into another company and such company is not a credit market company in accordance with the Swedish Banking and Financing Business Act (*Sw: lag (2004:297) om bank - och finansieringsrörelse*); or
- i) the Guarantee given by the Guarantors ceases to apply in respect of all Guarantors or all Guarantors claim that the Guarantee is not valid or binding.

The term "loan" as used in section c) above shall also apply to overdraft facilities and sums which are not received as loans but which are to be paid as a consequence of notes obviously intended for public trading.

In the event the Bondholders' right of termination is a consequence of a decision of a court of law, governmental authority or shareholders' meeting, it shall not be necessary that the period for appeal or challenge of such decision has expired.

The Company shall immediately notify the Dealers upon the occurrence of a circumstance of the type specified in sections a)-i) above. In the absence of such notice, the Dealers shall be entitled to proceed on the basis that no such circumstance has occurred provided that the Dealers do not have knowledge to the contrary. At such times as the Dealers deem reasonably necessary, the Company shall provide, upon request, the Dealers with a report regarding the circumstances specified in sections a)-i) above. In addition, the Company shall provide the Dealers with any more detailed information which the Dealers may request regarding the circumstances specified in sections a)-i) above and, upon request, provide the Dealers with any and all documents which may be of significance in such context.

The Company's obligation to provide information in accordance with the preceding paragraph shall apply provided that it would not violate the Company's registration agreement with a regulated market, applicable law or other binding provision.

11. BONDHOLDERS' MEETING

- 11.1 The Dealers shall be entitled to and shall, following a written demand from the Company or Bondholders who on the day of the request represent not less than ten per cent of the Adjusted Loan Amount, convene a bondholders' meeting ("Bondholders' Meeting"). The notice shall be given to the Company and Bondholders not less than twenty (20) Banking Days prior to the meeting in accordance with section 11.2 and section 12.
- 11.2 Notice to attend the Bondholders' Meeting shall state the time and place for the meeting and the agenda for the meeting. In the event voting shall take place by means of an electronic voting procedure, the specific details for such procedure shall be clearly set forth in the notice. In addition, the notice shall state the matters to be addressed and decided at the meeting. The matters shall be listed numerically. The main contents of each proposal shall be stated. Decisions may be taken by the Bondholders' Meeting only in respect of matters listed in the notice. In the event advance notice is required in order for a Holder to be able to participate at the Bondholders' Meeting, this shall be clearly stated in the notice. A form of power of attorney shall be appended to the notice.
- 11.3 The meeting shall be initiated by the Arranger, appointing a chairman, secretary and a person to attest the minutes, unless otherwise decided by the Bondholders' Meeting.
- 11.4 The right to participate at Bondholders' Meetings shall be enjoyed, in addition to Bondholders and their respective counsel and assistants, also by members of the Board of Directors, the managing director and other senior executives of the Company and the Company's auditors and legal advisors and the Dealers. Representatives shall present a duly issued power of attorney to be approved by the chairman.
- 11.5 The Arranger shall ensure that a printout is available at the Bondholders' Meeting of the register of Bondholders maintained by ES from the close of the fifth Banking Day prior to the day of the Bondholders' Meeting. The chairman shall prepare a list of Bondholders currently entitled to vote with information regarding the percentage of the Adjusted Loan Amount represented by each Holder (the "Voting Register"). Bondholders who have cast their vote by electronic voting procedures, ballot paper or suchlike shall, in the application of these provisions, be deemed to be present at the Bondholders' Meeting. Only those persons who, on the fifth Banking Day prior to the day of the Bondholders' Meeting, were Bondholders and were covered by the Adjusted Loan Amount shall be entitled to vote and shall be set forth on the Voting Register. Thereafter, the Voting Register shall be approved by the Bondholders' Meeting.
- 11.6 Minutes shall be kept at Bondholders' Meetings which shall set forth the day and place of the meeting, the identity of persons in attendance, matters addressed, the outcome of voting, and the decisions taken. The Voting Register shall be recorded in, or appended to, the minutes. The minutes shall be signed by the secretary. The minutes shall be attested by the chairman provided the chairman did not take the minutes and by not less than one person appointed by the Bondholders' Meeting to attest the minutes. Thereafter, the minutes shall be provided to the Arranger. Not later than ten Banking Days following the Bondholders' Meeting, the minutes shall be provided to the Bondholders in accordance with section 12. New and amended General Terms and Conditions shall be appended to the minutes and provided to ES by the Arranger

or another party designated by the Arranger. The minutes shall be stored by the Arranger in a secure manner.

- 11.7 A Bondholders' Meeting shall be quorate provided that Bondholders representing not less than one-fifth of the Adjusted Loan Amount are present at the Bondholders' Meeting.
- 11.8 However, with regard to the following types of matters, Bondholders representing not less than one-half of the Adjusted Loan Amount must be present at the Bondholders' Meeting ("Extraordinary Resolutions");
- a) approval of an agreement with the Company or another party regarding a change of the Maturity Date, reduction of the principal amount, changes to the prescribed currency for the Loan (where not prescribed by law) and changes to Interest Payment Dates or other interest terms and conditions;
 - b) approval of a change in debtor; and
 - c) approval of amendments to this section 11.
- 11.9 In the event a Bondholders' Meeting is convened and the requisite percentage of Adjusted Loan Amount represented by Bondholders in order for the meeting to be quorate is not achieved within thirty (30) minutes of the time appointed for the Bondholders' Meeting, the meeting shall be adjourned until the day falling one week later (or – where the day is not a Banking Day – on the following Banking Day). In the event the meeting is quorate for some but not all issues to be addressed at the meeting, the meeting shall be adjourned after resolutions have been adopted on issues for which the meeting is quorate. Notices that Bondholders' Meetings have been adjourned and information regarding the time and place for the continued meeting shall be immediately provided to the Bondholders by ES. When an adjourned Bondholders' Meeting is resumed, the meeting shall be entitled to adopt resolutions, including Extraordinary Resolutions, provided that Bondholders representing not less than ten per cent of the Adjusted Loan Amount in accordance with the printout of the register of Bondholders which is provided in accordance with section 11.5 (taking into account section 11.12) are at the meeting. The resumed meeting shall be commenced by the chairman preparing a new voting register (in accordance with the same principles set forth in section 11.5 and on the basis of the aforementioned printout of the register of Bondholders). Only Bondholders who are listed on such new voting register shall be entitled to vote at the meeting. A Bondholders' Meeting may not be adjourned more than one time.
- 11.10 Resolutions at a Bondholders' Meeting shall be adopted by means of voting where any Holder so requests. Each person entitled to vote at Bondholders' Meeting shall have one vote per Bond (which constitutes part of the same Bond Loan) held by such Holder.
- 11.11 Extraordinary Resolutions shall be adopted only where they are supported by not less than nine-tenths of the votes cast. In respect of all other resolutions, they shall be adopted when supported by a simple majority.
- 11.12 In conjunction with the application of this section 11, holders of nominee-registered Bonds shall be regarded as Bondholders in lieu of nominees where the holder pro-

vides evidence from the nominee that the relevant person was, on the fifth Banking Day prior to the Bondholders' Meeting, the holder of the Bond and the amount of such person's holdings. Nominees of nominee-registered Bonds shall be deemed present at Bondholders' Meetings with the number of Bonds which the nominee has been engaged to represent.

- 11.13 Resolutions which have been adopted at a duly convened and conducted Bondholders' Meeting shall be binding on all Bondholders irrespective of whether they were present and irrespective of whether and how they voted at the meeting. Bondholders voting for a resolution adopted by a Bondholders' Meeting cannot be held liable for any loss incurred by another Holder as a consequence of the resolution.

All verified costs incurred by the Arranger, ES and the Dealers in conjunction with the Bondholders' Meeting shall be borne by the Company.

- 11.14 In conjunction with the application of this section 11, the Dealers shall be entitled to an extract of the register of Bondholders maintained by ES for the relevant Bond Loan. The Dealers shall be entitled (but not obligated) to provide a copy of the extract to the Company.
- 11.15 A request for a Bondholders' Meeting shall be submitted to the Arranger at the address below. Any such letter shall state that the matter is urgent.

Swedbank AB (publ)
Large Corporations & Institutions
Transaction Management, E507
105 34 STOCKHOLM
Fax: +46 8-5859 1212
E-mail: transaction.management@swedbank.com

12. NOTICES

Notices concerning Bonds shall be sent to a Holder's address registered with ES.

13. NOMINEE REGISTRATION

As regards Bonds which are nominee-registered in accordance with the Swedish Financial Instruments Accounts Act (*Sw: lag (1998:1479) om kontoföring av finansiella instrument*), the nominee shall, in conjunction with the application of these terms and conditions, be regarded as a Bondholder unless otherwise set forth in section 11.12.

14. TRADING ON A REGULATED MARKET

- 14.1 The Company shall apply for registration of the Bond Loan with NASDAQ OMX Stockholm AB or another Swedish regulated market.
- 14.2 For such time as any Bond is outstanding, the Company shall take the measures necessary in order to maintain the registration of the Bond Loan with NASDAQ OMX Stockholm AB or another Swedish regulated market.

- 14.3 A change to listing for trading on a regulated market other than NASDAQ OMX Stockholm AB may occur only where, in the opinion of the Dealers, such change will not have a material, adverse effect on the interests of the Bondholders. Notices regarding change of regulated market shall be provided in accordance with section 12 of these General Terms and Conditions.

15. LIMITATION OF LIABILITY, ETC.

As regards the obligations of the Dealers and ES – in the case of ES, taking into account the provisions set forth in the Swedish Financial Instruments Accounts Act (*Sw: lag (1998:1479) om kontoföring av finansiella instrument*) – liability may not be imposed with respect to losses incurred as a consequence of Swedish or foreign legislation, the actions of Swedish or foreign governmental authorities, acts of war, strikes, blockades, boycotts, lock-outs or other similar circumstance. The reservation with respect to strikes, blockades, boycotts and lock-outs shall apply notwithstanding that the Dealer or ES is the subject of, or effects, such measures.

The Dealers and ES shall not be liable for losses incurred in other cases provided they have acted with due care. The Dealers and ES shall, under no circumstances, be liable for indirect losses.

In the event the Dealers or ES are unable to perform in accordance with these terms and conditions as a consequence of a circumstance set forth in the first paragraph above, such performance may be postponed until such time as the cause for the impediment has ceased.

The Dealers shall not be deemed to be in possession of information regarding the Company, its operations or circumstances as referred to in section 10.1(b)-(i) or section 9 where such information is not provided by the Company by special notice in accordance with the Dealer Agreement. A Dealer shall not be obligated to monitor whether the conditions for premature termination exist in accordance with section 10.1(b)-(i).

The provisions above in this section shall not apply to the extent otherwise provided in the Swedish Financial Instruments Accounts Act.

16. APPLICABLE LAW – JURISDICTION

The interpretation and application of these terms and conditions shall be governed by Swedish law.

Disputes concerning the interpretation and application of these General Terms and Conditions shall be resolved by the Stockholm District Court as the court of first instance.

We hereby agree to be bound by the above-stated General Terms and Conditions.

Örebro, 15 September 2010

KOMMUNINVEST I SVERIGE AB (publ)

3.7 Form of Final Terms

The form below is used for the Final Terms for each Bond Loan issued under the Bond Loan Programme.

FINAL TERMS



Kommuninvest i Sverige AB (publ)

[Interest Rate] loan no. [Loan Number]

The following final terms and conditions (the "Final Terms") apply to the bond loan [Loan Number] (the "Bond Loan") issued by Kommuninvest i Sverige AB (the "Company") on the capital market in accordance with agreements with the Dealers set forth below.

The General Terms and Conditions dated 15 September 2010, which are set forth in the Company's base prospectus for the Bond Loan Programme (the "Prospectus") and these Final Terms shall govern the Bond Loan. Terms which are not defined in these Final Terms shall have the meanings ascribed to them in the General Terms and Conditions.

Complete information regarding the Company and the Bond Loan may only be obtained through the Prospectus, any documents incorporated therein by reference and these Final Terms. The documents are available at www.kommuninvest.org.

Loan Terms and Conditions

Loan Number:	[]
Principal Amount:	The Principal Amount is established when the sales of Bonds is concluded.
Loan Date:	[]
Payment Date:	<i>[(If other than the Loan Date)]</i>
First Sales Date:	[]
Currency:	[]
Denomination:	SEK 10,000
Interest Rate:	[] % annual interest rate]
[Interest Payment Date:	[]]
Maturity Date:	[]]
Redemption Amount:	[Each Bond shall be redeemed at par (i.e. at an amount equal to its nominal amount)]

Clearing: [Euroclear Sweden AB/Euroclear Bank S.A./N.V./Clearstream Banking, Société Anonyme, Luxembourg]

Listing: [NASDAQ OMX Stockholm AB/other Swedish regulated market]

Sales terms and conditions

Dealers: Danske Bank A/S Danmark, Sverige filial, Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ) Svenska Handelsbanken AB (publ) och Swedbank AB (publ) and every other dealer under this Bond Loan Programme.

Sales: Bonds issued under this Bond Loan shall be sold continuously at the prevailing market price through the Dealers.

Market: The Dealers will, under certain circumstances, quote bid and ask rates, whereupon the difference between the bid and ask rates under normal circumstances will be equal, at the relevant time, to that applied to bonds on the Swedish bond market for benchmark loans.

Other terms and conditions

Credit Rating: [(Specified only in the event the Bond Loan has been ascribed a credit rating)]

Guarantee: The guarantee as worded on the first sales day is appended to these Final Terms.

ISIN Code: []

Euroclear No. : []

Use of Proceeds: [Not applicable]

Affirmation

The Company affirms that all material events after the [date of the base prospectus] which could affect the market's assessment of the Company have been published.

The Company further affirms that these Final Terms are applicable to the Bond Loan and undertake in accordance therewith to pay the Principal Amount and interest.

Örebro, [date of Final Terms]

Kommuninvest i Sverige AB (publ)

Appendix B(i)

[Most recent guarantee incorporated]

4 USE OF PROCEEDS FROM THE ISSUE

The Company intends to use the proceeds from the issue of Bonds, less any issuing costs, for general financing activities. In the event the proceeds from the issue of a particular Bond Loan are designated for a specific use, such shall be set forth in the Final Terms for the relevant Bond Loan.

5 KOMMUNINVEST I SVERIGE AB

5.1 Kommuninvest Cooperative Society

Kommuninvest is comprised of a member organisation, Kommuninvest Cooperative Society (the "**Society**"), and the Company, which is the Society's wholly-owned credit market company. In addition, a real estate company is part of the group, Kommuninvest Fastighets AB. Kommuninvest acts as the Swedish Local Government Debt Office for Sweden's municipalities and county councils and is a device to secure the access of municipalities and county councils to long-term and cost-efficient financing. Kommuninvest also provides financial services within the municipal sector. The Society has the following visions and business concepts:

Vision

- Kommuninvest is the natural choice for Swedish municipalities and county councils when it comes to financial administration.
- Kommuninvest is a member organisation that effectively represents the municipal sector in funding issues.
- In its role as the Swedish Local Government Debt Office that benefits society, it occupies an exceptional position in the market.

Business concept

- Kommuninvest is a cooperation organisation in which membership is voluntary.
- The aim is to create lasting, favourable conditions for the financial operations of municipalities and county councils in Sweden.
- As a member organisation, Kommuninvest represents the Swedish municipal sector in funding issues.

5.2 History of the Company

Kommuninvest i Örebro län AB was formed in August 1986 as a regional project between the county council and the municipalities in Örebro County. During the following years, there was an increasing interest in the operation and, commencing in March 1993, municipalities and county councils outside Örebro County were offered the opportunity to participate in the cooperation. At the same time, ownership in the Company by the municipalities and county councils was changed into indirect ownership via the Society. The Company's name was also changed to Kommuninvest i Sverige AB.

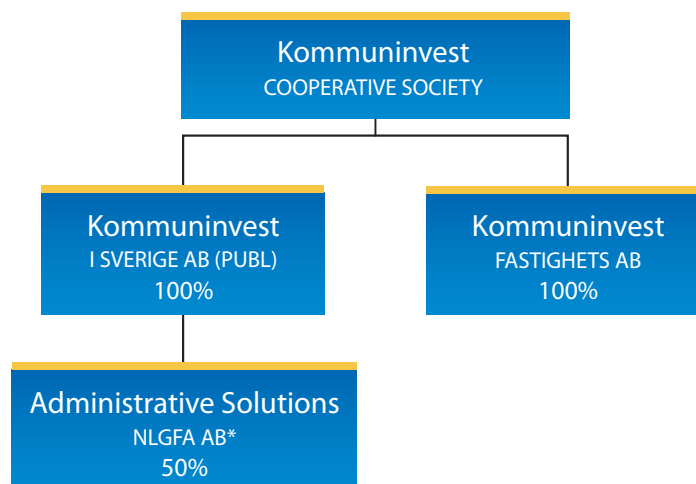
5.3 The Company's operations

5.3.1 Background and purpose

Kommuninvest i Sverige AB is a credit market company the purpose of which is to make the lending activities of municipalities, municipal companies, municipal foundations, and municipal associations more cost efficient and to provide financial services within the mu-

municipal sector. The primary purpose of the Company's operations is not to generate profits for its owners. In addition to borrowing funds for financing of its other operations, the Company's operations include the granting of loans, participation in financing and providing economic advice for other financial and administrative services. The Company's lending, cooperation in financing and provision of advice are exclusively for members of the Society and the members' majority-owned companies. The Company has approximately 50 employees and offices in Örebro.

Kommuninvest has organised the operations in a group with the following structure:



*Administrative Solutions NLGFA AB is an associated company which is jointly owned with Kommunalbanken in Norway. The Company is not consolidated in the Kommuninvest group's accounts.

Developments on the financial markets in the autumn of 2008 made it necessary to initiate a discussion within the Company regarding the amount of the Company's equity. Following consultation with the Board of Directors of the Society, a resolution was adopted at the meeting with the members of the Society in 2010 to raise from the members a debenture loan with a term of 30 years in an amount not exceeding SEK 1 billion. The application period for members who wish to subscribe to the loan expires on 30 September 2010. The interest is based on STIBOR 3 months. Members who subscribe for and are allocated more than their share of the subordinated loan shall be entitled to an extra interest premium on such excess share. The purpose of the debenture loan is, among other things, to strengthen the Company's capital base by further lending the amount to the Company as a perpetual debenture loan.

5.3.2 Lending activity

Lending by the Company is currently in Swedish kronor and the terms are up to 20 years with the possibility to lend in other currencies and with longer terms. Lending involves both loans which can be cancelled and loans with tied-up capital at both fixed and variable interest rates. The Company's product portfolio consists of four main loan products:

- KI interest. Variable interest (daily interest rate fixing) and tied-up capital for 60 days.
- Stibor until further notice. Fixed interest rate 3 or 6 months, tied up capital 3 or 6 months.
- 3 m Stibor. Fixed interest rate 3 months, tied-up capital for up to 20 years. Option of selecting a different Stibor period.
- Fixed interest rate. Fixed interest rate for optional period and tied-up capital for up to 20 years.

At the end of 2009, municipalities and county councils represented 40 per cent of the Company's aggregate lending. The municipal housing companies' share of lending amounted to 40 per cent, and the share of lending for energy companies and other mu-

nicipally-owned enterprises represented 20 per cent. Some of the lending to municipalities relates to borrowing by the municipalities for onward lending to their own companies such as housing companies.

More than half of the Company's lending comprises products which may be cancelled by either party (KI interest and Stibor until further notice). The single largest loan product is KI interest, representing 40 per cent of lending.

5.3.3 Borrowing activities

The Company's borrowing strategy is based on diversified sources of finance as regards borrowing markets, investor categories, borrowing currencies and borrowing products.

Most of the Company's borrowing takes place in the form of issued bonds (for terms of over 1 year) and certificates (for terms of less than 1 year). A smaller part of the borrowing takes place as direct loan financing. The Company currently acts over terms of between 1 day and 30 years and has focused mainly on financial instruments with fixed or variable interest rates.

The Company's borrowing strategy includes the enhancement of its strategic position on the Swedish market and increasing the number of markets in order to ensure the highest level of diversification possible. In 2009, a programme was initiated to carry out issues in Australia and New Zealand. Work is also under way to increase the Company's presence on markets in Africa, the Middle East, North America and Latin America.

The Company's largest borrowing programmes include:

- Kommuninvest EMTN program (Euro Medium Term Note), a maximum EUR 15 billion medium-term bonds programme for terms of between 1 and 30 years.
- Kommuninvest Euro-Commercial Paper Programme (ECP), a maximum EUR 5 billion short-term borrowing programme for terms of between 1 and 364 days.
- Kommuninvest Domestic Commercial Paper Program, a maximum SEK 50 billion short-term borrowing programme aimed at the Swedish market.
- Japanese Shelf Registrations, a medium-term bonds programme.
- Kangaroo and Kauri programme, a maximum AUD 1 billion (1,000,000,000) short-term and long-term bond programme.

In addition, the Company borrows within the framework of so-called German *Schuldscheins* and *Namenschuldverschreibung*, with medium terms.

5.3.4 Trends and prospects

No material adverse changes have occurred in the Company's prospects since the 2009 audited Annual Report was published. The Company is not aware of any trends, uncertainty factors, potential changes or other requirements, undertakings or events which are expected to have a material impact on the Company's business prospects with respect to the current financial year. The Company further affirms that no material changes in the Company's financial position or position on the market have occurred since the publication on 30 August 2010 of the Interim Report for the 1 January 2010 - 30 June 2010 period.

5.4 Credit rating

The Company's credit-worthiness is monitored by Moody's Investors Service, Inc. and Standard & Poor's Rating Services, a sub-division of McGraw-Hill Companies Inc. Moody's credit rating for the Company's long-term liabilities is Aaa and Standard & Poor's credit rating is AAA. This is the highest credit rating from both Moody's and Standard &

Poor's. A credit rating does not constitute a recommendation to buy, sell or hold securities and may be revised or withdrawn by the credit rating agency at any time.

5.5 Legal proceedings

The Company is a party to litigation relating to a claim for damages against the Company amounting to approximately SEK 56 million plus interest. The basis of the claims is that a bond issue in 2004 was invalid or, alternatively, that the Company was careless in providing information relating to the issue. The Company contests the claims in their entirety. Other than the aforementioned proceedings, the Company is currently not the subject of, or party to, any legal proceedings or settlement negotiations which have or may have material effects on the Company's financial position or profitability, and the Company has not been the subject of, or a party to, such proceedings during the twelve-month period preceding the publication of the Prospectus.

5.6 Material agreements

The Company has not entered into any material agreements outside the day-to-day business operations as a consequence of which the Company will be granted a right or incur an obligation which may materially affect the Company's ability to fulfil its obligations to the holders of Bonds issued pursuant to the Prospectus.

5.7 Administration and management

5.7.1 Board of Directors

- Ellen Bramness Arvidsson (born 1964), Stockholm

Elected:

Chairman 2010, Vice Chairman since 2006, member since 2003.

Education:

School of Business and Economics and FAF, diploma course for financial analysts. University of Oslo, *Candidata oeconomiae*.

Present position:

Chief Economist, Swedish Insurance Federation.

Former positions:

Ministry of Finance, Deputy Director and Ministry Secretary.

Present appointments:

Chairman of Minpension i Sverige AB.

- Lorentz Andersson (born 1942), Skellefteå

Elected:

Member since 2001.

Education:

Luleå University of Technology, honorary Doctor of Technology. Construction engineer.

Former positions:

Västerbotten County, County Governor.

Municipality of Skellefteå, Chairman of the Executive Committee.

AB Asako and Polaris AB, President. Chairman of Sparbanken Norrland and Sparbanksstiftelsen Norrland. Chairman of several state committees including, tax equalisation committees and the municipal expertise committee. Member of the Board for the Social Democratic Workers' Party of Sweden and Swedish Association of Local Authorities.

Present appointments:

Chairman of Sparbank Foundation's management company.

Chairman of the Sparbank Foundation's Norrland venture capital foundation.

Chairman of Träcentrum Norr.

Chairman of Norrbotniabanan AB.

- Catharina Lagerstam (born 1962), Stockholm

Elected:

Member since 2009.

Education:

Stockholm School of Economics, doctorate.

KTH Royal Institute of Technology, civil engineer.

Stockholm School of Economics, economics graduate.

Present position:

Consultant and professional board member.

Former positions:

Clearstream, Luxembourg, Director.

Société Européenne de Communication, SEC, Luxemburg, Treasurer.

Hufvudstaden AB, Head of Economics and Finance.

Föreningsbanken, Bank Director.

Bankstödsnämnden, Executive Officer.

Stora Finanstjänster, Brussels and Stockholm, Risk and Project Manager.

ABB Treasury Center (Sweden) AB, Researcher and consultant in financial risks.

Stockholm School of Economics, Lecturer and researcher.

Franska Skolan, Teacher.

Present appointments:

Deputy board member of property foundation at Stiftelsen Franska Skolan, Franska Skolans Fastighetsstiftelse, AB Fattighuset.

Board member of Alpcot Agro AB, ElektronikGruppen BK AB, Landshypotek AB, Landshypotek Jordbrukskredit AB, StyrelseAkademien in Stockholm.

- Johan Törngren (born 1960), Stockholm

Elected:

Member since 2009.

Education:

Stockholm School of Economics, MBA.

Present position:

Senior Vice-President SAS Group Finance and Asset Management.

Former positions:

Svensk Exportkredit AB, Treasury.

Present appointments:

Chairman, SPP Fonder. Board member SPP Livförsäkring. Board member Blue1 OY.

- Anna von Knorring (born 1965), Helsinki

Elected:
Member since 2004.

Education:
Helsinki University, law degree.
Swedish School of Business and Economics, Helsinki, *Ekonomie magister*.

Present position:
Assistant Director, State Treasury Finance, Finland.

Former positions:
Ministry of Finance and State Treasury.

Present appointments:
Board member, Hansel AB.
Finnish Government's collective procurement unit.
Member of the Sparbank Foundation delegation, Helsinki.
Board member of Nordic Capital Markets Forum.

- Anna Sandborgh (born 1950), Karlstad

Elected:
Member since 2010.

Education:
Law degree, Uppsala University 1975.

Present position:
Chief Administrative Officer, Municipality of Karlstad.

Former positions:
Municipality of Kils, Personal Assistant, Investigatory Secretary and Municipal Director
Upplandsbanken, Notary Department.

Present appointments: Vice Chairman of Vänerhamn AB, Chairman of Visit Karlstad
AB, President of KarlstadsStadshus AB, Chairman of Kommundirektörsföreningen i
Sverige.

- Kurt Eliasson (born 1950), Stockholm

Elected:
Member since 2010.

Education:
Heating, water and sanitation training, training in corporate management (IFL), real
estate brokers exam, among other things.

Present position:
President of SABO Stockholm.

Former positions:
CEO and President of Framtidenkoncernen, Gothenburg, Director, Riksbyggen, Goth-
enburg.

Present appointments:
Chairman of the Board of Directors of the Chalmers University of Technology, Goth-
enburg, Foundation.

Member of the Swedish Government's delegation for sustainable cities,
Member of the Board of Directors of the FASTIGO employers' organisation,
Member of the Board of Directors of NBO, Nordisk Boligorganisation, Copenhagen,
Member of the Executive Committee CECODHAS HOUSING EUROPÉ, Brussels.

5.7.2 Senior executives

- Tomas Werngren, born 1961
President
- Maria Viimne, born 1970
Vice-President
- Johanna Larsson, born 1973
Head of Administration
- Anders Gånge, born 1971
Head of Financial Department

5.8 Control functions

5.8.1 Internal control functions

- Thomas Åkelius, born 1954
Controller/Compliance officer
- Gunilla Bergman, born 1949
Internal auditor

5.8.2 Risk organisation

Kommuninvest's rules and processes have been formulated in order to ensure systematic and secure risk management. The Board of Directors bears overall responsibility for risk exposure and risk management and decides on the company's overall risk policy and instructions for the finance operation. The Board decides on overall objectives and responsibilities for good internal control and management of operational risks, capital coverage and liquidity reserves as well as the orientation and limits for Kommuninvest's exposure to credit-related counterparty and market risks. The fundamental principle for Kommuninvest's risk management is that the terms for borrowing and lending shall be equal from a risk perspective. The objective is to minimise or eliminate the risks occurring within the business.

Within the Company, the President is responsible for following-up on the business operation and ensures that such takes place within the framework of the policies and instructions adopted by the Board of Directors. The Company's controller monitors day-to-day risk control in the business. The controller bears overall and coordinating responsibility for the Company's aggregate risks and reports to the President and Board. The Company's risk and analysis function is responsible for checking and implementing ongoing follow-up and analysis of financial risks. It reports daily to the President and monthly to the Board of Directors. The Board of Directors also has an internal auditor.

As part of the public sector, the Company is obligated to comply with the prohibition in the Swedish Local Government Act (*Sw: kommunallagen (1991:900)*) against speculative and high-risk activities.

5.8.3 Auditors

Ernst & Young AB
Box 7850
103 99 Stockholm

Authorised auditor, Peter Strandh, is auditor in charge. The auditor is a member of the Swedish Institute of Authorised Public Accountants (FAR).

- Anita Margareta Bohman, born 1944
Lay auditor
- Barbro Tjernström Lindekrantz, born 1936
Lay auditor

5.9 Conflicts of interest

To the best of the Company's knowledge, there are no potential conflicts of interest between the Company's interests and the private interests of the aforementioned members of the Board of Directors, senior executives, etc. The aforementioned also applies in respect of other persons from the Company involved in the preparation of the Prospectus.

5.10 Ownership

The Company is a wholly-owned subsidiary of Kommuninvest Cooperative Society. The Company's share capital amounts to SEK 273,455,000, divided into 2,734,550 shares of the same class.

5.11 Corporate information

The Company was formed as a limited liability company on 6 August 1986 and has been a credit market company since 19 June 1995. The Company conducts its operations in accordance with the Swedish Companies Act (*Sw: aktiebolagslagen (2005:551)*) and otherwise in accordance with Swedish legislation, and its operations are regulated by the Swedish Banking and Financing Business Act (*Sw: lagen (2004:297) om bank- och finansieringsrörelse*). The Company is subject to the supervision of the Swedish Financial Supervisory Authority and is registered with the Swedish Companies Registration Office with company registration no. 556281-4409. As an unlisted company, the Company is not covered by the Swedish Corporate Governance Code.

The Company has its registered office in Örebro. The Company's registered address is:

Kommuninvest i Sverige AB
Box 124
701 42 Örebro

6 FINANCIAL INFORMATION IN BRIEF

6.1 Introduction

Set forth below is a summary of selected financial information for the Company. The information has been obtained from the Company's Annual Reports for the 2008 and 2009 financial years and from the Interim Report for the 1 January – 30 June 2010 period. The information in the Annual Reports has been audited by the Company's auditors. In the audit

reports, the auditors have stated that the respective Annual Reports have been prepared in accordance with generally accepted accounting practices in Sweden. The auditors have not had any comments to the Annual Reports for the 2008 and 2009 financial years. The review of the information in the Interim Report (unaudited) has been carried out in accordance with the Standard on Review Engagements (SÖG 2410).

The financial information set forth below should be read together with other information in the respective Annual Reports and the audit reports and in the Interim Report.

6.2 Accounting principles

The Company's annual report has been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (*Sw: lag (1995:1559) om årsredovisning i kreditinstitut och värdepappersbolag*) and in accordance with the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual accounts for credit institutions and securities companies (*Sw: föreskrifter och allmänna råd om årsredovisning i kreditinstitut och värdepappersbolag (FFFS 2008:25)*).

Due to changes implemented through Regulation FFFS 2009:11 on changes to the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual accounts for credit institutions and securities companies, the Company has changed certain valuation and accounting principles commencing 1 January 2010. A detailed explanation of these changes may be found on pages 12 and 13 of the Interim Report for the 1 January – 30 June 2010 period.

6.3 Income statement

1 January – 31 December

SEK 000	2009	2008
Interest income	3,339,735	4,727,197
Interest expenses	-2,957,596	-4,575,122
NET INTEREST INCOME	382,139	152,075
Commission expenses	-3,493	-3,633
Net result of financial transactions	-50,749	13,942
Other operating income	198	336
TOTAL OPERATING INCOME	328,095	162,720
General administration expenses	-127,827	-80,582
Depreciation on tangible fixed assets	-1,812	-1,630
Other operating expenses	-4,778	-5,174
TOTAL EXPENSES	-134,417	-87,386
OPERATING INCOME	193,678	75,334
Appropriations	-82,507	-11,636
Tax on net income for the year	-44,703	-19,158
INCOME FOR THE YEAR	66,468	44,540
Report on total profit or loss	2009	2008
Income for the period accounted over the income statement	66,468	44,540
Other total profit or loss		
Available-for-sale financial assets	50,680	19,177
Loans and receivables	-4,169	-4,287
Tax related to other total profit or loss	-14,721	-
Other total profit or loss, total	31,790	14,890
Total profit or loss, total	98,258	59,430

6.4 Balance sheet

Per 31 December

SEK 000	2009	2008
ASSETS		
Cash	2	3
State bonds eligible as collateral	20,912,293	1,879,588
Lending to credit institutions	1,851,246	2,439,973
Lending	123,624,140	104,658,088
Bonds and other interest-bearing securities	25,604,067	17,631,604
Shares and participations	734	323
Shares and participations in associated companies	504	504
Derivatives	10,973,991	16,094,288
Tangible assets	3,621	4,415
Other assets	19,300	25,925
Prepaid expenses and accrued revenues	7,058	3,744
TOTAL ASSETS	182,996,956	142,738,455
LIABILITIES, PROVISIONS AND EQUITY		
Liabilities to credit institutions	7,348,127	5,390,191
Securities issued	164,696,122	126,106,103
Derivatives	9,883,055	10,675,017
Other liabilities	312,402	40,421
Accrued expenses and prepaid revenues	35,616	13,499
Provisions	912	402
Total liabilities and provisions	182,276,234	142,225,633
Untaxed reserves	134,676	52,169
Equity	586,046	460,653
Restricted equity		
Share capital (2,596,200 shares, quoted value SEK 100)	259,620	236,700
New share issue in progress (100,000 shares, quoted value SEK 100)	10,000	-
Statutory reserve	17,473	17,473
Non-restricted equity		
Fund for fair value	41,251	9,461
Profit brought forward	191,234	152,479
Income for the year	66,468	44,540
Total equity	586,046	460,653
TOTAL LIABILITIES, PROVISIONS AND EQUITY	182,996,956	142,738,455
Memorandum items		
Collateral pledged for own liabilities	3,499,887	323
Contingent liabilities	None	None
Obligations		
Pledged loans	1,498,888	1,752,688

6.5 Cash flow statement

1 January-31 December

SEK 000	2009-12-31	2008-12-31
Liquid assets at the start of the accounting period	340,832	780
Operational activities		
Operating income	193,678	75,334
Adjustment for items not included in cash flow, Note 1	149,541	4,271
Income tax paid	-14,330	-3,938
Cash flow from operating activities before changes in the assets and liabilities of operating activities	328,889	75,667
Change in interest-bearing securities	-26,260,149	4,381,533
Change in lending	-18,655,089	-25,373,971
Change in other assets	2,900	212,292
Change in other liabilities	256,229	10,050
Cash flow from operational activities	-44,327,220	-20,694,429
Investment activities		
Acquisition of tangible assets	-1,018	-2,861
Cash flow from investment activities	-1,018	-2,861
Financing activities		
Change in securities issued	42,381,422	20,392,484
Change in liabilities to credit institutions	2,013,265	618,508
New share issue	32,920	37,800
Group contribution paid	-12,500	-11,450
Cash flow from financing activities	44,415,107	21,037,342
Cash flow for the year	86,869	340,052
Cash and cash equivalents at the end of the year, Note 2	427,701	340,832
<p>The Cash Flow Statement is produced using the cash accounting method and based on the operating profit for the period and changes in the Balance Sheet's opening balances. Operating profit has been adjusted for changes not included in operational activities. The cash flow statement has been divided into inward and outward payments from operational activities, investment activities and financing activities.</p>		
<p>Note 1. Adjustment for items not included in cash flow.</p>		
Depreciation	1,812	1,630
Change in accrued cost	-	1,034
Exchange rate differences from change in financial assets	-2,954	-1,063
Unrealised changes in market value	150,683	2,670
Total	149,541	4,271
<p>Note 2. This item consists in its entirety of lending to credit institutions excluding deposits of SEK1,423,545.</p>		
<p>Note 3. Interest paid and earned, included in the cash flow</p>		
SEK 000		
Earned interest	3,648,370	4,396,121
Paid interest	-3,300,000	-4,365,492

6.6 Key ratios 2005-2009

	2009	2008	2007	2006	2005
Growth					
Lending (change in %)	18.1	34.3	16.7	17.8	11.0
Net interest income (change in %)	151.3	91.0	-20.6	9.5	16.8
Consolidation					
Equity and untaxed reserves as a percentage of balance sheet total	0.39	0.36	0.38	0.30	0.31
Efficiency					
Administration expenses as a percentage of lending	0.109	0.083	0.103	0.120	0.109
Administration expenses as a percentage of balance sheet total	0.073	0.061	0.073	0.079	0.068
Administration expenses/employee (in thousands of SEK)	2,743	2,131	2,177	2,113	1,760
Change (%)	28.7	-2.1	3.0	20.1	12.2
Lending/employee (in thousands of SEK)	2,522,942	2,552,636	2,106,424	1,758,208	1,621,093
Change (%)	-1.2	21.2	19.8	8.5	7.8
Return					
Operating profit after tax as a percentage of average equity	23.61	12.06	6.34	7.43	16.29
Income/expense ratio (I/E)					
Net interest income and other operating income in relation to total costs	2.8	1.7	1.0	1.3	1.5
Other information					
Number of employees	49	41	37	38	35

6.7 Financial information from the 1 January – 30 June 2010 Interim Report¹

6.7.1 Income statement

SEK mn	Jan-Jun 2010	Jan-Jun 2009	Jan-Dec 2009
Interest income	1,292.2	1,879.2	3,339.7
Interest expenses	-1,078.0	-1,673.1	-2,957.6
Net interest income	214.2	206.1	382.1
Commission expenses	-1.7	-1.5	-3.5
Net result of financial transactions	62.5	-219.9	90.6
Other operating income	0.2	0.2	0.2
Total operating income	275.2	-15.1	469.4
General administration expenses	-76.7	-47.4	-127.8
Depreciation of tangible assets	-1.3	-0.8	-1.8
Other operating expenses	-2.1	-2.0	-4.8
Total expenses	-80.1	-50.2	-134.4
Operating profit/loss	195.1	-65.3	335.0
Allocations	-51.4	1.6	-82.5
Tax on profit for the period	-38.4	1.7	-81.9
Profit for the period	105.3	-62.0	170.6
Statement of Comprehensive Income			
Income for the period accounted for in the Income Statement	105.3	-62.0	170.6
Other comprehensive income			
Financial assets available for sale	-54.2	11.9	50.7
Loans and receivables	-2.1	-2.1	-4.2
Tax attributable to other comprehensive income	14.8	-5.1	-14.7
Total other comprehensive income	-41.5	4.7	31.8
Total comprehensive income	63.8	-57.3	202.4

¹ See section 6.2 above regarding certain changes to accounting principles.

6.7.2 Balance sheet

SEK mn	30 June 2010	30 June 2009	31 Dec 2009
ASSETS			
Cash	0.0	0.0	0.0
National debt instruments eligible as collateral	15,150.4	7,785.2	20,912.3
Lending to credit institutions	1,390.3	3,319.2	1,851.3
Lending	128,785.2	114,740.3	123,624.1
Bonds and other interest-bearing securities	30,432.4	16,336.4	25,604.1
Shares and participations	0.8	0.4	0.7
Shares in associated companies	0.5	0.5	0.5
Derivatives	14,986.0	13,656.3	11,105.2
Tangible assets, equipment	6.4	3.8	3.6
Other assets	123.8	28.0	19.3
Prepaid expenses and accrued revenues	6.8	2.3	7.1
Total assets	190,882.6	155,872.4	183,128.2
LIABILITIES AND EQUITY			
Liabilities to credit institutions	7,710.2	4,521.8	7,348.1
Securities issued	174,291.4	141,397.1	164,696.1
Derivatives	7,766.2	9,461.0	9,873.0
Other liabilities	115.6	19.7	349.6
Accrued expenses and deferred revenues	54.2	10.5	35.6
Provisions for pensions and similar obligations	1.0	0.5	0.9
Total liabilities	189,938.6	155,410.6	182,303.3
Untaxed reserves	186.1	50.5	134.7
Share capital	273.5	244.6	269.6
Statutory reserve	17.5	17.5	17.5
Fair value reserve	-0.2	14.2	41.3
Profit brought forward	361.8	197.0	191.2
Profit for the period	105.3	-62.0	170.6
Total equity	757.9	411.3	690.2
Total equity and liabilities	190,882.6	155,872.4	183,128.2
Memorandum items			
Other pledged assets	3,156.4	411.0	3,499.9
Contingent liabilities	None	None	None
Obligations			
Pledged loans	1,976.4	1,941.0	1,498.9

6.7.3 Cash flow statement

SEK mn	30 June 2010	30 June 2009	31 Dec 2009
Cash and equivalents at the beginning of the period	427.7	340.8	340.8
Operating activities			
Operating profit/loss	195.1	-65.3	335.0
Adjustment for items not included in cash flow: (NOTE 1)	16.9	290.5	8.2
Income tax paid	-66.7	-7.2	-14.3
Cash flow from current operations before changes in the assets and liabilities of operating activities	145.3	218.0	328.9
Change in interest-bearing securities	2,290.6	-4,011.8	-26,260.1
Change in lending	-5,090.7	-10,380.3	-18,655.1
Change in other assets	-47.9	-0.7	2.9
Change in other liabilities	-220.8	-7.3	256.2
Cash flow from current operations	-2,923.5	-14,182.1	-44,327.2
Investment activities			
Sale/disposal of tangible assets	0.0	0.0	0.0
Acquisition of tangible assets	-4.0	-0.2	-1.0
Cash flow from investment activities	-4.0	-0.2	-1.0
Financing activities			
Change in securities issued	3,615.0	16,449.1	42,381.4
Change in liabilities to credit institutions	279.2	-817.7	2,013.3
New share issue	3.8	7.9	32.9
Group contribution paid	-7.9	-12.5	-12.5
Cash flow from financing activities	3,890.1	15,626.8	44,415.1
Cash flow for the year	962.6	1,444.5	86.9
Cash and equivalents at the end of the accounting period	1,390.3	1,785.3	427.7

NOTE 1. Adjustment for items not included in cash flow	30 June 2010	30 June 2009	31 Dec 2009
Depreciation	1.3	0.8	1.8
Net change in accrued acquisition cost during the period	0.0	0.0	0.0
Exchange rate differences from change in financial assets	0.0	-2.0	-3.0
Unrealised market values	15.6	291.7	9.4
Total	16.9	290.5	8.2

7 INFORMATION INCORPORATED BY REFERENCE

By reference, the following documents constitute part of the Prospectus. The documents have previously been published and have been submitted to the Swedish Financial Supervisory Authority in conjunction with the submission of this Prospectus.

- The Company's audited Annual Report for the 2009 financial year;
- The Company's audited Annual Report for the 2008 financial year;
- The Company's Interim Report for the 1 January – 30 June 2010 period (unaudited);
- The Company's articles of association, adopted on the annual general meeting 2 April 2009 (the object of the Company's business is found in § 3 of the articles).

The list below contains page references to various parts of the respective Annual Reports and Interim Report:

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Documents which are available:

Copies of the following documents are available in hard copy at the Company's office during the time which the Prospectus is valid:

- (a) The Company's registration certificate and current Articles of Association;
- (b) The Company's audited Annual Reports for the 2009 and 2008 financial years;
- (c) The Company's Interim Report for the 1 January – 30 June 2010 period;
- (d) The Guarantee (see page 13); and
- (e) The Prospectus, any supplements to the Prospectus approved and registered by the Swedish Financial Supervisory Authority and Final Terms for Bond Loans issued pursuant to the Prospectus.

The documents under (b) (c) and (e) above are also available in electronic form on the Company's website, www.kommuninvest.org.

8 ADDRESSES

Issuer

Kommuninvest i Sverige AB (publ)
Drottninggatan 2
Box 124, 701 42 Örebro
Tel: +46 (0)19-16 78 00
Fax: +46 (0)19-12 11 98
www.kommuninvest.org

Dealers

Danske Bank A/S, Denmark, Sverige
Filial
Norrholmstorg 1, Box 7523,
103 92 Stockholm
Tel: +46 (0)8-568 808 98

Nordea Bank AB (publ)
Nordea Markets
105 71 Stockholm
Tel: +46 (0)8-641 81 40

Skandinaviska Enskilda Banken AB
(publ)
SEB Merchant Banking, Capital Markets
Kungsträdgårdsgatan 8, 106 40 Stock-
holm
Tel: +46 (0)8-506 231 70

Central securities depository

Euroclear Sweden AB
Box 7822
103 97 Stockholm
Tel: +46 (0)8-402 90 00

Arranger

Swedbank AB (publ)
Large Corporations & Institutions
Brunkebergstorg 8
105 34 Stockholm
Tel: +46 (0)8-585 918 00
Fax: +46 (0)8-585 912 12
www.swedbank.com

Svenska Handelsbanken AB (publ)
Handelsbanken Capital Markets
Blaiseholmstorg 11, 106 70 Stockholm
Tel: +46 (0)8-463 46 50

Swedbank AB (publ)
Large Corporations & Institutions
Brunkebergstorg 8, 105 34 Stockholm
Tel: +46 (0)8-700 99 00