

1. Economic and financial analysis for the municipality

The RK model is used to analyse the financial and economic development. It is based on four key aspects: financial performance, capacity development, risk conditions and control of financial development. The objective is to identify the strengths and financial challenges to clarify whether the municipality complies with municipal requirements for financial management. The analysis of the results shows whether there are imbalances in the development of revenue and costs for the year and over time.

The municipality's capacity consists of the resources that the municipality has built up and manages, and it demonstrates the level of preparedness the municipality has for future periods. Over time, if financial capacity and resilience is to be maintained, positive results must be achieved. The equity ratio shows the municipality's long-term ability to meet its payment obligations, i.e. how much of the balance sheet total is financed with equity and accumulated profits.

The municipality's risks are such commitments or conditions that may adversely affect the future. The municipality must maintain such liquidity or short-term payment preparedness that the current payments can be made within the deadline. By maintaining good financial management, the municipality does not need to take drastic measures to meet financial problems.

The degree of financial control the municipality has over economic development is assessed by analysing forecast accuracy and budget sensitivity, which is also an expression of good financial management. A high level of forecast accuracy means that the municipality is well positioned to adapt to changing conditions during the year.

1.1 Results

The result for the municipality was SEK 429 million, which is SEK 13 million better than the previous year. The municipality has improved its performance in 2017, with the main reasons being that net costs development have been low (2.4%) while tax income development have been good (5.3%). The items affecting comparability have only contributed SEK 35 million to the profit for the year, compared to non-recurring items of SEK 177 million in 2016. This year, it primarily relates to capital gains.

Profit for the year in relation to tax revenues	2015	2016	2017
Profit for the year	153	416	429
Net profit for the year	3 235	3 651	4 080
Profit for the year/tax revenue and general government contribution, %	3.0%	7.9%	7.7%

1.1.1 Balanced budget requirement

The balanced budget requirement means that the municipality must establish a budget in which revenues exceed the costs. The purpose of the requirement is to strengthen the municipality's ability to comply with this requirement for good financial management. Budget requirement result for the year amounted to SEK 397 million after adjustments for capital gains.

In accordance with the balance sheet rules, the municipality has allocated assigned funds for specific purposes. In January 2017, the Municipal executive committee decided to allocate SEK 15 million to a housing fund, also known as the building bonus for housing construction, which was used in its entirety in 2017. Of funds allocated to vulnerable neighbourhoods, SEK 5 million has been used in 2017. Thus, the accumulated result is SEK 1.273 million.

Investigation results SEK million	2014	2015	2016	2017
Profit and Loss	116	153	416	429
<i>Budget requirement adjustments:</i>				
Capital gains of sales of fixed assets		-18		
Unrealised losses in securities/reversals	-10	1	-46	-32
Result after balance sheet adjustments	107	135	370	397
Reservation/use of profit settlement reserve		0	0	0
Budget requirement result	107	135	370	397
<i>Adjustment for exceptional items:</i>				
Reduction of discount rate pensions				
Result after exceptional items	107	135	370	397
Provision/deployment of housing fund			-15	15
			1	5
Provision/use of funds for vulnerable city areas	6	7	6	
Accumulated Balance sheet	352	494	856	1 273

1.2 Capacity

1.2.1 Solvency

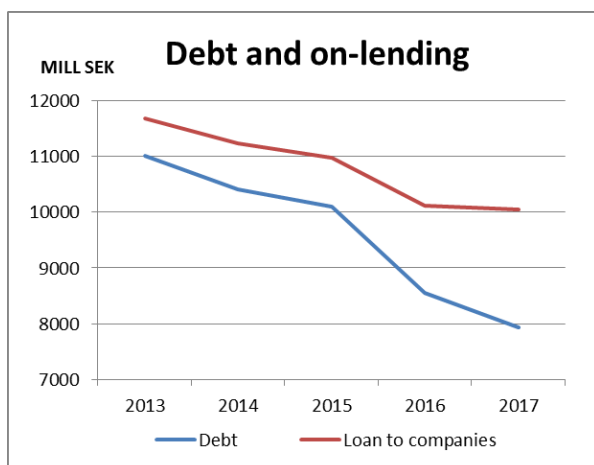
The municipality's solvency ratio has increased by 3.3 percentage points since last year and now amounts to 30.3 percent. The positive result for 2017 and that the companies amortised on their loans from the municipality is the main reason for the financial strengthening of the municipality.

1.2.2 Net financial items

The municipality continues with positive net financial items. Financial income exceeds costs by SEK 68 million. Net financial items improved during the year by SEK 3 million, for example through higher dividends while the financial expenses for pensions increased by SEK 6 million more than in 2016. The borrowing cost is SEK 53 million, which is SEK 2 million higher than the previous year. Net interest income excluding interest on pension liabilities has improved. No dividend has been paid by the municipal companies.

SEK 10 billion of the municipality's total assets, equivalent to 81 percent, is invested in the corporate group. However, on-lending to the companies has decreased by SEK 75 million. It is mainly three of the companies in the group that reduced their loans: Telge Nät AB by 230 million SEK, Söderenergi AB by 29 million and Telge AB by 44 million. On the other hand, the on-lending to Telge Fastigheter increased by SEK 147 million. The municipality's loans to the companies account for 70 percent of the municipality's asset holdings. Loan receivables amount to SEK 9.5 billion. Remaining part of the municipality's assets in the corporate group refers to holdings of shares in Södertälje Kommuns Förvaltnings AB.

The municipality's debt to external lenders amounts to SEK 7.9 billion and has decreased by SEK 613 million during the year. In addition to lending to the corporate group, the municipality lends SEK 29 million to sports associations. This means that the municipality loaned SEK 2.1 billion of own funds at year-end, which is SEK 538 million more than at year-end.



1.3 Risk

1.3.1 Pension commitments

The municipality's pension commitments, including payroll taxes, amount to SEK 2.4 billion. Only a minor part of the commitment, SEK 587 million, is included in the balance sheet as a liability due to the municipality applying the so called Blandmodellen (The hybrid model) used in municipal financial accounting.

The portion of pension funds that the employees themselves invest in different insurance companies amounted to SEK 123 million for 2017, including payroll tax and are reported as short-term debt.

Pension commitments incl. Payroll tax 2017	MSEK
Short term debt, defined contribution	123
Pension provision	464
Pension liabilities set aside in the Balance sheet	587
Contingent liability for pensions earned up to and including 1997	1 786
Contingent liability for politician pensions	14
Contingent liability for Södertörn's Fire Protection Association	29
Pension commitments under contingent liabilities	1 829
Total	2 416

Pension costs

In total, the municipality's pension costs amounted to SEK 282 million, which is SEK 46 million more than 2016. Pensions are a growing cost for the municipality. This is primarily caused by new retirement pensions as well as by the financial costs of what is already earned.

Pension costs	2013	2014	2015	2016	2017
Paid pensions	97	91	99	105	104
Earned pensions	139	133	161	130	176

1.4 Control

1.4.1 Budget sensitivity

The municipality's control over economic development is assessed by analysis of budget sensitivity and forecasting. A budget deviation of the business's net costs, which is within the range of ± 1 percent, can be regarded as very good budgeting. On a total net budget for the year of 5,428 million, the budget deviation for committees and the Municipal executive committee was SEK 225 million and the sensitivity measured in percentage deviation from the budget was 4.2 percent. This is considered a major deviation and beyond the range regarded as very good budget compliance.

1.4.2 Forecast accuracy

A forecast deviation of less than 1 per cent of net costs represents a good degree of forecast accuracy. The forecast deviation of SEK 131 million corresponds to 2.5 percent. Compared to the outcome, the forecasts were in the right direction, but much more cautious than the actual outcome. This means that there is potential for improvement regarding the preparation of forecasts.

2. Operational accounts

2.1 Municipal income

The municipality's total income amounts to SEK 6,916 million and has increased by 3 percent compared with the previous year. Tax revenues are the largest source of income for the municipality, followed by government grants in various forms and financial income.

Total tax revenue, including contributions from the municipal equalisation system, amounted to SEK 5,554 million (5.3 percent) and has contributed SEK 279 million more to the municipality than last year. Additional funds for refugee reception amount to SEK 31 million. Tax income development this year is again higher than the development of net costs. Over the last five years, taxes have risen more than net costs due to the low-cost trend.

Charges from municipalities for different services account for 3 percent of the municipality's income. The table below shows the distribution of Södertälje municipality revenue 2017.

External income 2017	MSEK	Share (%)	Change from last year	
			MSEK	%
General municipal taxes	3 704	54	172	5
State equalisation grants	1 849	27	106	6
Financial income	256	4	-56	-18
Government operational subsidies etc.	582	8	75	15
Fees	222	3	14	7
Sales revenue	148	2	11	8
Other	155	2	-134	-47
Total	6 916	100	188	3

At the end of the year, the Swedish Association of Local Authorities and Regions (SKL) revised the tax forecast, which meant that the tax outcome was SEK 18 million better than forecast in the interim accounts.

Tax revenues from local taxes increased by 4.9 percent in 2017, compared with 2016 when the increase was 4.3 percent. Södertälje municipality has received SEK 1 041 million in state income equalisation for the year, an increase of 5.7 percent compared to the previous year.

Equalisation is also taking place for the municipalities' cost structure. In 2017, Södertälje municipality received SEK 334 million in cost equalisation contribution, corresponding to an increase of 3.3 percent. Equalisation of LSS

costs has contributed 222 MSEK to the municipality, an increase of 2.2 per cent. In total, tax equalisation has increased by 6.1 percent.

2.1.1 Business revenue

Business revenue amounts to SEK 1,106 million and has decreased by 3.1 percent. Excluding income affecting comparability, revenues increased by SEK 97 million in respect of increased operating grants of SEK 75 million, primarily from the Swedish National Agency for Education (Skolverket) and street cost compensation (Glasberga sjöstad). Contributions from the EU, the European Social Fund, have also increased compared to the previous year. The municipality has also received funding for the Science Park innovation project and an EU project for a counselling centre for young people.

Fees and remuneration increased by SEK 14 million, corresponding to 7 percent. Revenue for parking operations accounts for the largest increase of SEK 5 million.

2.2 The municipality's costs

Total external costs amount to SEK 6,312 million and have increased by SEK 176 million compared with last year. Inflation has been 1.9 percent (1.7 percent). Over the past five years, costs have increased by 8 percent.

External costs	MSEK	Share	Change	
		(%)	MSEK	%
Personnel costs	3 214	50	141	5
Purchase of operations/contractors	1 402	22	26	2
Local costs and local operations	710	11	10	1
Contributions and transfers	328	5	-2	0
Materials, services etc.	553	8	63	13
Depreciation	98	2	-6	-7
Financial costs	245	4	-56	-23
Total	6 312	100	176	3

Personnel expenses amounted to SEK 3,214 million and have increased by 5 percent, which amounts to SEK 141 million.

Operation and maintenance of premises and facilities has increased by SEK 10 million to SEK 710 million. Rental and leasing expenses have increased by SEK 7 million.

Purchase of materials and services increased by SEK 63 million to SEK 553 million. The largest increase is for consultants with SEK 22 million, primarily in street and road maintenance with various projects such as Sandviken Ekeby, Södertörn Train Station and Maren Area.

The cost of computer support equipment/machines has increased by SEK 17 million. Other cost increases in this category concern school buses with SEK 6 million.

2.2.1 External contractor services

The municipality buys external contractor services to complement their own capacity. External purchase of such services has increased by SEK 26 million. The purchase of such external services has grown gradually over the years and now accounts for 22 percent of the municipality's total costs. This is mainly the purchase of private contractor services, which increased by SEK 24 million, while the purchases of public sector services increased by SEK 2 million.

The largest increase is adult education for SEK 21 million. Purchases of external services for the care of the elderly are however reduced by SEK 16 million.

3. Investment accounts

3.1 Investments in the municipality group

Investments in the municipality amounted to SEK 232 million at 31 December, which is SEK 90 million more than the previous year. This means that 93 percent of the 2017 investment budget has been used.

In June, the Municipal executive committee decided on a special investment initiative under the name Södertäljelyftet, a venture in addition to already decided investments in budget for 2017-2019. Södertäljelyftet comprises a budget of SEK 100 million for the period 2017-2019, of which SEK 31 million was in 2017. At the end of the year, SEK 27 million of these had been called.

Most of the year's investments in the municipality have been devoted to road construction, street renovations including street lighting, recreational routes such as footpaths and cycle paths/lanes, fixtures and furnishings and other investments in the city centre.

The adjusted forecast, i.e. including increases in the investment framework for the full year of 2017, was 97 per cent in August (interim accounts), which means that the outcome corresponds to 96 per cent of the forecast.

Through a significantly greater focus on follow-up and forecasts of investments in 2017 than in previous years, this has had a visible impact on the part of the investment budget that has been claimed.

Total investment framework per Committee	Budget 2017	Result 2017	Forecast in August	Budget used (%)	Forecast used %
Järna municipal committee	10	9	10	90	93
Hölö-Mörkö municipal committee	2	2	2	66	69
Vårdinge-Mölnbo municipal committee	3	2	3	91	91
Enhörna municipal committee	5	1	3	32	57
Labour market committee	0	0	0	98	118
Welfare committee	2	1	1	32	80
Social services committee	4	3	4	79	79
Elderly services committee	3	2	3	57	69
Education committee	12	7	11	60	64
Committee for culture and leisure	19	13	13	68	100
Environment committee	2	1	2	69	69
City Building committee	0	-	-	0	
Technical committee	169	173	171	103	101
Municipal executive committee	19	17	20	92	87
TOTAL	250	232	242	93	96

Investments in corporate group MSEK	Result 2017	Budget 2017	Deviation 2017	Result 2016	Deviation 2016
Telge AB Moderbolag	0,2	0,6	0,4	2,3	2,1
Telge Bostäder AB	268,2	419	150,8	164,3	-103,9
Telge Hovsjö AB	37,5	40,6	3,1	29,7	-7,8
Telge Fastigheter AB, commercial premises	30	4	-26	31,2	1,2
Telge Fastigheter AB, communal premises	457,7	582,2	124,5	168,3	-289,4
Total premises and real estate	793,6	1046,4	252,8	395,8	-397,8
Telge Nät AB	270,8	342,8	72	230,3	-40,5
Telge Återvinning AB	16,6	15	-1,6	16,2	-0,4
Total Nät och Miljö	287,4	357,8	70,4	246,5	-40,9
Telge Energi AB	7,4		-7,4		-7,4
Total Energy	7,4	0	-7,4	0	-7,4
Södertälje Hamn AB	6,1	24,5	18,4	19,9	13,8
Telge Hamn AB	0	0	0	0	0
Total Ports	6,1	24,5	18,4	19,9	13,8
Tom Tits AB	3,6	3,2	-0,4	2,1	-1,5
Total gross investments	1098,1	1431,9	333,8	664,3	-433,8
Internal investments	-28,7	-29,1	-0,4	0	28,7
Total net investments	1069,4	1402,8	333,4	664,3	-405,1

KS/KF-investments

Ks/KF investments incl. Södertäljelyftet (MSEK)	KS/KF Budget	KS/KF Result	Per cent	Committee Budget	Committee Result	Per cent
Järna municipal committee	7,8	6,8	87	2,5	2,5	98
Hölö-Mörkö municipal committee	1,7	1,3	75	0,6	0,2	40
Vårdinge-Mölnbo municipal committee	2,2	2,1	97	0,5	0,3	64
Enhörna municipal committee	3,7	1,3	36	0,8	0,1	13
Labour market committee	0,0	0,0		0,3	0,3	
Welfare committee	1,2	0,1	5	0,8	0,6	73
Social services committee	3,5	2,8	81	0,7	0,5	66
Elderly services committee	1,2	0,8	67	2,3	1,2	52
Education committee	3,3	2,3	69	8,5	4,8	57
Committee for culture and leisure	16,3	10,4	64	2,8	2,5	90
Environment committee	1,1	1,0	98	0,5	0,0	0
City Building committee	0,0	0,0		0,4	0,0	
Technical committee	116,0	124,7	108	52,6	48,5	92
Municipal executive committee	16,2	14,6	91	2,3	2,4	102
TOTAL	174,0	168,2	97	75,6	63,9	84

The figures for KS/KF investments also include investments in Södertäljelyftet.

KF investments totalled SEK 168 million for the full year, which is SEK 101 million more than 2016. The budget amounted to SEK 174 million, giving a 97% utilisation rate. The Technical committee accounts for 2/3rds of the total budget. The main investments are: Viksbergsvägen (SEK 31 million), recreational routes (SEK 17 million), new parking decks (SEK 20 million) and other operations in the city centre (SEK 6 million).

The Technical committee has exceeded its budget by SEK 9 million. This is due to the fact that several planned projects have become more expensive than budgeted.

Among the investments made in the field of education, inventory purchases are reported for the Soldala School (SEK 2 million). In the cultural and leisure area, inventories to the Hovsjö Library were acquired (SEK 1 million) and investments were made at Torekällberget (SEK 3 million).

3.1.1 Investments by committees

The designated investments amounted to SEK 63.9 million, compared with budgeted SEK 75.6 million. The remaining unused budget amount is due to the fact that the committees have not had to reinvest to the extent budgeted.

These investments consisted mainly of refurbishment of inventory, upgrading of IT technology, vehicle and machinery purchases, and various measures regarding streets, roads and parks.

3.2 Group-wide Municipal investment process

In order to increase the implementation rate and the accuracy of the investment projects decided in the municipality, the Municipal executive committee and the Municipal assembly decided on the development of a community-wide investment process in 2017 and on a number of targeted efforts to increase the quality of investment work in 2018.

The joint process of increased focus on strategic planning and investment management and an even more structured approach will be presented in 2018.

4. Economic and financial analysis

Municipality group

The Municipality Group's earnings and standing refers to the entire municipality, where Södertälje municipality, together with associated companies, is included in a consolidated report with intra-group transactions eliminated.

The Municipal group encompasses the municipality and the companies where the municipality has a considerable influence or where the municipality's share amounts to at least 20 percent. The companies owned by the municipality together with other players are included in the group's accounts corresponding to the ownership interest. The purpose of the consolidated accounts is to provide a comprehensive picture of the total municipal operations' finances and commitments.

4.1 Results

The Municipal Group has a profit of SEK 805 million (SEK 1,071 million), of which SEK 429 million relates to the municipality and SEK 383 million relates to the corporate [municipality] group, Södertälje Kommuns Förvaltnings AB (SKFAB). Söderenergi has a positive result of a total of SEK 35 million, of which SEK 14 million is included in the Municipal Group earnings, which corresponds to 42 per cent of the ownership of Söderenergi AB. After consolidated adjustments totalling SEK 21 million, total earnings amounted to SEK 805 million.

Profit excluding items affecting comparability amounted to SEK 776 million (SEK 584 million), an increase of SEK 192 million from the previous year. This is primarily due to the municipality's improved earnings, where tax revenues and general government grants have increased more than net costs. The Corporate Group reported just short of SEK 1 million in capital gains in 2017, compared to SEK 290 million the year before, including the sales of Telge Kraft AB.

Results, MSEK	2013	2014	2015	2016	2017
Total	432	454	548	1071	805
<i>Excl. affecting comp.</i>	100	346	395	584	776

4.2 Net interest income/expense

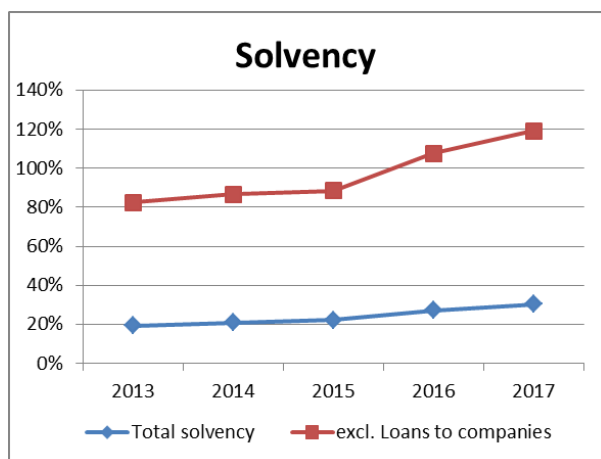
The Municipal Group's net financial items amounted to minus 159 million, which is a deterioration of 206 MSEK compared with the previous year, mainly due to company sales. Excluding financial items affecting comparability, net financial items improved by SEK 95 million from minus SEK 234 million to SEK 139 million.

Financial net development MSEK	2014	2015	2016	2017
Total	-194	- 274	47	- 159
Excl. affecting comp.	-323	- 274	-234	- 139

4.3 Solvency

The Municipal Group's total assets have increased by SEK 487 million to SEK 16,843 million since the last year end. A continued good earnings and cash flow have made it possible to reduce loan debt. This has affected the solvency ratio, which increased by 4 percentage points to 29.9 percent by the end of 2017.

Solvency in %, Final Balance MSEK	2014	2015	2016	2017
Solvency	15,3	18,6	25,9	29,9
Final Balance MSEK	17 210	17 087	16 356	16 843



4.4 Corporate group

4.4.1 Results

The profit for 2017 for the corporate group after financial items amounted to SEK 447 million (700 million). Profit after tax amounted to SEK 383m (628m).

Profit after tax decreased by SEK 245 million, mainly due to reduced net capital gains. Previous year, both companies with real estate and land were sold as well as Telge Kraft with a total net capital gain of SEK 290 million, compared with just under SEK 1 million in net capital gain in 2017. Part of Brunnsängsskolan was sold as well as the property in which Järna Vårdcentral operates.

The SKF Group also includes 42 percent of Söderenergi's earnings, which amounted to almost SEK 15 million in 2017, compared to a loss of more than SEK 4 million in 2016. Söderenergi's improved earnings are largely due to the power turbine, which went back to full operation after the breakdown in 2016.

Net interest income also improved during the year as explained by lower interest rates and a reducing debt. Telge Bostäder has also received a dividend from Glasberga KB during the year, where both development and price levels have rallied.

On the negative side there is a pressure on margins in the electricity trade and increased maintenance costs, mainly for Telge Bostäder AB.

Otherwise, the Group has been spared from negative surprises such as storms, extremely high electricity prices, floods, credit losses, etc., which means that the Group Reserve has not needed to be used.

The Group's large asset portfolio is valued on an ongoing basis to ensure that the value of assets at least amounts to the book value. At the valuation for 2017 there was a write-down requirement in Fornbacken. The property was valued at a lower market value compared with the book value, which meant a write-down of almost SEK 50 million. Last year, Fornbacken was written down by SEK 57 million.

Of the year's tax expense of almost SEK 64 million, the Group will pay close to SEK 9 million. The remaining SEK 55 million represents an estimated deferred tax. By 2016, the year's tax expense was SEK 72 million, of which SEK 2 million was deferred tax.

5. Financial risk management

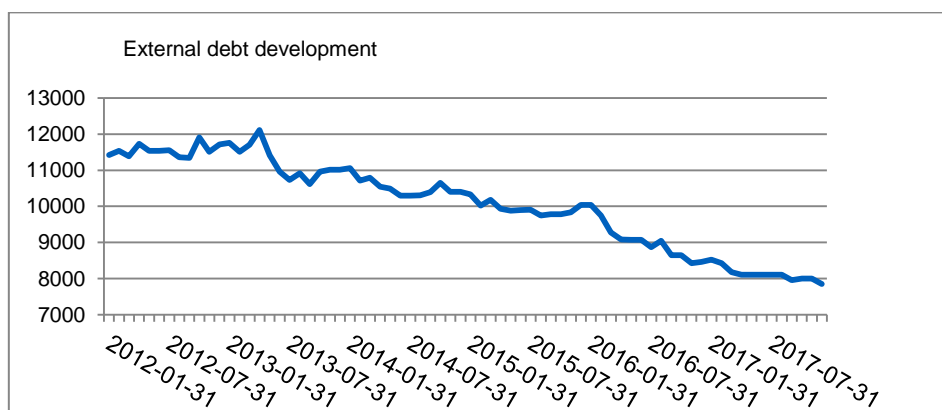
In order to achieve the best possible financial control and effective funding, Södertälje municipality has an internal bank which manages all financing within the Municipal Group by borrowing money and then on-lending to the group companies.

Södertälje Municipality has been cooperating with Huddinge and Botkyrka Municipality for seven years by sharing personal resources and costs for the municipality's internal bank. On-lending to the municipality's companies takes place through both loans and account credits. The interest rate is set according to the principle of self-sufficiency with the addition of guarantees or loan fees to comply with EU state aid rules on competition neutrality against private actors.

Södertälje Municipality is accredited by S&P Global Rating's and has the second highest credit rating AA+.

5.1 Loan portfolio

The internal bank manages a loan portfolio totalling SEK 10,080 million (SEK 10,243 million). Of this, the internal bank has on-lent SEK 9,490m (9,535m) to the corporate group and SEK 556m (586m) to Söderenergi AB. In addition, lending according to special decisions to Täljehallen of SEK 30m (30m) and temporary surplus liquidity is SEK 4m (92m).



5.2 Funding risk

Funding risk means that financing of the municipality's capital needs is complicated or increased in cost. How the financial risks are to be dealt with in the municipality of Södertälje is stated in the municipality's finance policy. Measurement of risk to policy is made with the whole municipality group seen as one unit.

Södertälje Municipality Group owns assets that are partly loan-financed. A substantial proportion of the municipality's assets must be able to carry their weight financially, i.e., making due payments for rents of public housing and for district heating, water and sewage etc. The assets to be financed through municipal tax are mainly business premises. The financing risk is divided into three subgroups. liquidity risk, borrowing risk and interest rate risk.

The following table shows current risks as at 31 December 2017, as well as the distribution of the assets and liabilities of the internal bank.

Control against Financial Regulations	Allowed interval	Actual
Debt with 0-12 months to maturity	Max 50 %	38 %
Average debt maturity	2 - 5 years	3 years
LCR	Min 80 %	98 %
Average portfolio duration (nominal debt)	2 - 5 years	2,4 years
Interest rate maturity within 12 months (nominal debt)	Max 60 %	56 %
Share of real debt	Max 20 %	17 %
- Currency risk in financial operations has been hedged in accordance with the rules of the Financial Policy.		
- Credit risks for placement of surplus liquidity and derivative transactions have been handled in accordance with the rules of the Financial Policy.		

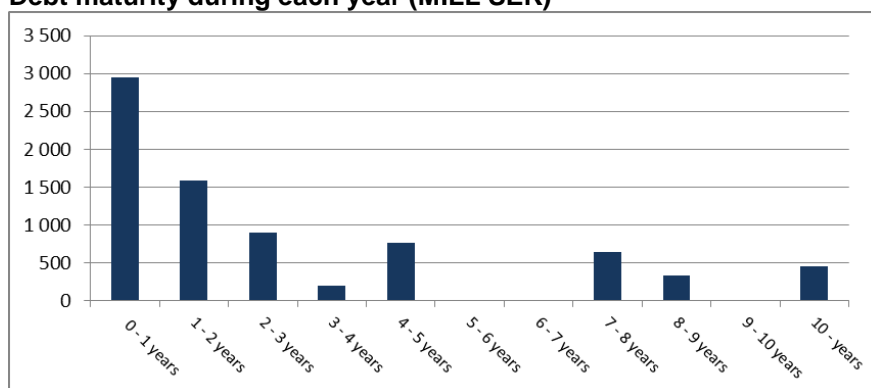
Assets (deposits)	31-Dec-17	30-Nov-17	31-Dec-16	Debt (loans)	31-Dec-17	30-Nov-17	31-Dec-16
Deposits Telge	9 490	9 410	9 535	Bonds, MTN-progr.	2 816	2 816	3 135
Deposits Söderenergi	556	556	586	Certificates, KC-progr.	2 100	2 250	1 050
Deposits other	30	30	30	Other loans	2 936	2 937	4 279
Deposits other munic.	0	0	0	Loan from munic. Surplus	2 228	2 154	1 779
Other shortterm deposi	0	0	0	Overdraft facilities	0	0	0
Temporary surplus	4	161	92				
Total Assets	10 080	10 157	10 243	Total Debt	10 080	10 157	10 243

5.2.1 Liquidity risk

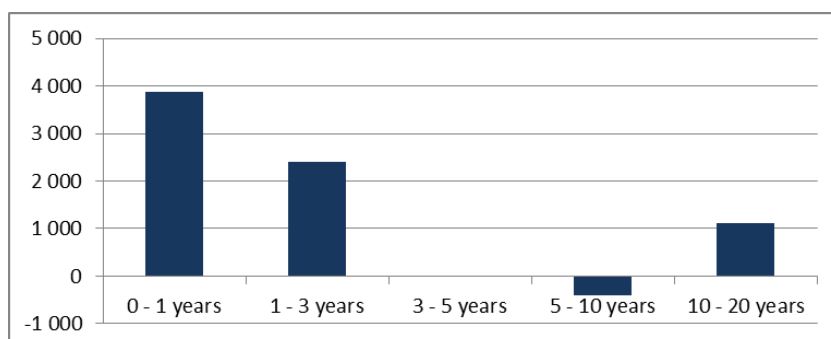
Liquidity risk is managed by keeping liquidity or credit commitments to at least 80 percent of the financial payments to be made in the next 12 months. This is expressed in terms of the measure Liquidity Coverage Ratio (LCR), which is an established measure that S&P Global Rating's uses in its evaluations.

5.2.2 Refinancing risk

This risk is handled by the fact that no more than 50 percent of all debt may expire within 12 months and that the average maturity of all credits will be kept in the 2-5 year range.

Debt maturity during each year (MILL SEK)**5.2.3 Interest risk**

The risk is limited by the fact that the percentage of interest maturity within 12 months may not exceed 60 percent of interest-bearing financing and that the average fixed-interest period will be held in the 2-5 year interval.

Interest rate maturity during each year (MILL SEK)**5.2.4 Derivative**

The municipality uses different types of derivatives to handle its financial risks. Below is a snapshot of what it would cost to close all outstanding contracts on the closing date.

Market value, derivatives (MSEK)

Counterpart	2017-12-31	2017-11-30
Bank 1	- 75	- 79
Bank 2	7	11
Bank 3	- 84	- 71
Bank 4	- 82	- 83
Bank 5	- 36	- 36
Bank 6	16	17
Bank 7	- 159	- 164
Total	- 414	- 406

5.2.5 Credit risk

The risk that the counterparty or the borrower cannot fulfil its obligations in entered derivative contracts and/or financial investments.

Counterparties in derivative contracts must have at least BBB+ rating according to S&P Global Rating's. If the rating changes below this limit or if the counterparty's claim exceeds the limit, then new transactions are stopped. Credit promises must be backed by a counterparty of at least an A rating at the time of the subscription.

Financial investments shall be spread on several counterparties according to the applicable limits.

Income statement, SEK Millions - municipal group

	Municipality			Group	
	Budget	Accounts	Accounts	Accounts	Accounts
	2017	2017	2016	2017	2016
Business revenues	189,8	1 105,8	1 140,7	4 405,2	5 923,1
Business expenses	-5 519,5	-6 207,4	-5 969,2	-8 290,6	-9 475,0
Depreciation	-98,3	-91,6	-98,0	-636,3	-622,6
Net cost of operations	-5 428,0	-5 193,2	-4 926,5	-4 521,7	-4 174,5
<i>Of which comparison distorting items</i>	<i>50,0</i>	<i>35,3</i>	<i>177,1</i>	<i>8,7</i>	<i>206,5</i>
Tax revenues	3 684,7	3 704,5	3 532,1	3 704,5	3 532,1
General state subsidies and equalisation	1 824,9	1 849,4	1 743,0	1 849,4	1 743,0
Financial revenues	53,5	256,1	311,9	54,4	327,2
Financial expenses	0,0	-188,3	-244,6	-213,5	-279,8
<i>Of which comparison distorting financial items</i>	<i>0,0</i>	<i>0,0</i>	<i>0,4</i>	<i>20,4</i>	<i>280,1</i>
Profit after financial items	135,1	428,5	415,9	873,1	1 148,0
Tax and minority interests				-68,0	-76,5
Profit for the year	135,1	428,5	415,9	805,1	1 071,5

Cash flow statement, SEK millions - municipal group

	Municipality			Group	
	Budget	Accounts	Accounts	Accounts	Accounts
	2017	2017	2016	2017	2016
Operations for the year					
Result for the year	135,1	428,5	415,9	805,1	1 071,5
Depreciation	98,3	91,6	98,0	636,3	622,6
Net capital gain/loss, tangible fixed assets	-5,0	-29,7	-45,9	-2,8	-75,3
Net capital gain/loss, financial fixed assets	0,0	-2,0	0,0	-22,4	-280,5
Disposals	0,0	0,9	2,0	0,9	245,2
Reclassifications	0,0	0,3	1,6	2,1	2,3
Change, tied-up capital	0,0	138,0	-21,3	249,3	-81,3
Dissolution, state infrastructure	0,9	0,9	0,8	0,9	0,8
Change, pension provisions inc. payroll tax	25,0	51,9	8,4	83,9	98,8
Change Equity	0,0	0,0	0,0	0,0	8,2
Cash flow from operations	254,3	680,4	459,5	1 753,3	1 612,3
Investment activities					
Investments in tangible fixed assets	-249,6	-227,4	-141,4	-1 349,2	-830,1
Investment contribution, tangible fixed assets	0,0	0,5	20,7	0,5	20,7
Investments in intangible fixed assets	0,0	-4,7	-0,6	-13,5	-8,6
Leasing	0,0	-9,3	-9,1	-7,7	-9,1
Sales	10,0	32,9	49,8	124,0	298,3
Cashflow from investment activities	-239,6	-208,0	-80,6	-1 245,9	-528,8
Fund requirements to finance	14,7	472,4	378,9	507,4	1 083,5
Financing					
Borrowing	5,5	-611,6	-1 549,3	-628,8	-1 430,0
Change, long-term receivables, etc.	-20,2	51,9	892,0	26,1	64,2
Change to cash and cash equivalents	0,0	-87,3	-278,4	-95,3	-282,3
Cash year start		91,8	370,2	141,1	423,4
Cash year end		4,5	91,8	45,8	141,1
		-87,3	-278,4	-95,3	-282,3

Balance sheet, SEK million - municipal group

	Municipality		Group	
	Accounts	Accounts	Accounts	Accounts
	2017	2016	2017	2016
Assets				
Fixed assets				
Intangible fixed assets	6,8	3,0	35,5	31,5
Tangible fixed assets				
Land and buildings	1 283,5	1 161,0	11 965,3	11 416,6
Plant and equipment	167,5	150,0	2 969,8	2 862,1
Leased assets	19,5	17,8	522,8	550,8
Contribution to state infrastructure	17,0	17,9	17,0	17,9
Financial fixed assets	11 536,9	11 591,1	207,5	234,2
Total fixed assets	13 031,2	12 940,8	15 717,9	15 113,1
Current assets				
Development	91,0	85,2	91,0	85,2
Storage	0,9	2,3	105,0	83,6
Invoice receivables	44,6	48,0	275,5	316,4
Other receivables	296,9	344,5	607,9	616,4
Cash and bank balance	4,5	91,8	45,8	141,1
Total current assets	437,9	571,8	1 125,2	1 242,7
TOTAL ASSETS	13 469,1	13 512,6	16 843,1	16 355,8
EQUITY, PROVISIONS AND LIABILITIES				
Equity				
Equity	3 633,6	3 212,3	4 218,5	3 141,6
Social fund	17,3	22,7	17,3	22,7
Profits for the year	428,5	415,9	805,1	1 071,5
Total equity	4 079,4	3 650,9	5 040,9	4 235,8
Provisions				
Pensions	342,6	306,9	416,0	352,0
Pensions, elected politicians	30,5	24,4	1,2	24,4
Deferred tax/payroll tax	90,5	80,4	678,4	635,0
Other provisions	0,0	0,0	117,5	117,5
Liabilities				
Long-term loans	5 534,9	7 458,1	5 534,9	7 458,1
Long-term liabilities	2,1	2,1	262,3	218,4
Long-term leasing liabilities	11,8	10,6	492,0	530,0
Investment contributions	101,1	104,9	101,1	104,9
Short-term loans	2 400,0	1 090,0	2 400,0	1 107,6
Current liabilities	868,6	777,1	1 752,2	1 527,5
Current leasing liability	7,6	7,2	46,8	44,5
Total liabilities	8 926,1	9 450,0	10 589,3	10 991,0
TOTAL EQUITY, PROVISIONS AND LIABILITIES	13 469,1	13 512,6	16 843,3	16 355,8
Pledged assets and contingent liabilities				
Equity ratio (%)	30,3%	27,0%	29,9%	25,9%