



KÅPAN
PENSIONER

GOVERNMENT EMPLOYEES
PENSION FUND

ANNUAL REPORT

2021

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Presenting Kåpan Pensions

Kåpan tjänstepensionsförening (Government Employees Pension Fund) manages defined contribution pensions for government employees. The society offers traditional pension insurance with a guaranteed growth in value at the lowest possible cost. The society distributes its surplus from asset management as monthly bonus interest.

The insurance products that the society offers are the occupational pension insurances Kåpan Tjänste, Kåpan Valbar, Kåpan Extra and Kåpan Flex.

All insurances are part of the pension agreement PA 16 in the government agreement area and membership of the society requires the person to be covered by this agreement.

The society's goal is to achieve good long-term returns within the framework of balanced risk and sustainable asset management and thus have the possibility to provide members with a good level of pension from the society.





2021 at a glance

- Assets under management increased by SEK 23,590m to SEK 136,690m (113,100).
- Paid-in premiums totalled SEK 6,296m (5,978).
- Total pension payments amounted to SEK 3,247m (3,159).
- The total return on invested capital was positive and amounted to 18.4% (5.3).
- The funding ratio amounted to 100% at year-end.
- The solvency ratio strengthened during the year from 183% to 229%. This strengthening is mainly attributable to a good return on investments during the year.
- Administrative expenses remained at a low level and amounted to 0.06% (0.06) in relation to assets under management.
- The society has a generation-based risk allocation and bonus model since 1 January 2017. Bonus interest is allocated monthly in arrears in four different generation groups with different risk levels in the investments. During 2021 bonus interest was:

23.2% for age group younger than 40	(6.6%)
22.1% for age group 40 – 49	(5.8%)
17.5% for age group 50 – 59	(5.2%)
13.8% for age group 60 and over	(4.5%)
- During the year, the Board decided to revise the generation model by merging the two younger groups and shifting the age boundaries by five years. This change was carried out on 1 January 2022. Following the change the group distribution is as follows:
 - age group younger than 55
 - age group between 55 and 64
 - age group 65 and over
- During the year, the Council of Administration decided on changes to the statutes to include the possibility to offer members a new selectable product – Kåpan Aktieval. The selection is made in the choice centre and means that the pension capital is invested only in the society's equity portfolio. Kåpan Aktieval is planned to launch on 1 April 2022 and will have the same low fee as the other insurances.
- The focus of the society's investments is to continue strengthening work with investments in companies with high rankings in the areas of environmental and social responsibility as well as a good level of corporate governance. A separate sustainability report that provides in-depth information on the society's sustainability work and complements the annual report is available at kapan.se.

Board of Directors' report

The Board of Directors and the President of Kåpan tjänstepensionsförening (Government Employees Pension Fund)

reg. no. 816400-4114, hereby submit their report for the financial year 2021.

Operations

Kåpan tjänstepensionsförening was founded in 1992 by the parties to the government agreement area. The society manages and pays out pension assets for employees covered by pension agreements concluded between the Swedish Agency for Government employers and the government employees' main unions OFR/S, P and O, Saco-S and Seko. Operations consist of traditional pension insurance with a guaranteed interest on paid-in premiums and distribution of any surplus from asset management as bonus interest.

The insurance products offered by the society are the occupational pension insurances Kåpan Tjänste, Kåpan Valbar, Kåpan Extra and Kåpan Flex. All insurances are part of the pension agreement PA 16 in the government agreement area and membership of the society requires the person to be covered by this agreement. From April 2022 the product Kåpan Aktieval will also be offered as a selectable product in the choice centre.

On 21 December 2020, the society received permission from the Swedish Financial Supervisory Authority to conduct occupational pension business in accordance with the Swedish Occupational Pension Companies Act (2019:742). The decision was effective from 1 January 2021. The decision meant among other things that the society changed its name to Kåpan tjänstepensionsförening and is henceforth registered with the Swedish Companies Registration Office instead of with the Swedish Financial Supervisory Authority. The society's statutes are available at kapan.se.

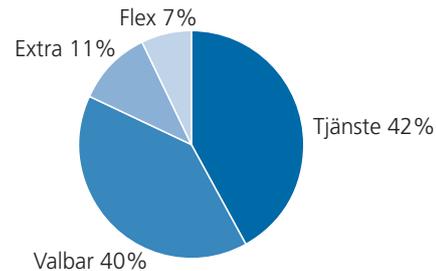
The society's abbreviated name is Kåpan Pensioner. The society has also registered a name in a foreign language with the Swedish Companies Registration Office, Kåpan Government Employees Pension Fund.

The report submitted is for the financial year ended 31 December 2021 and is prepared in accordance with the new regulations in force from 1 January 2021.

Five-year summary paid-in premiums (SEKm)

Category	2021	2020	2019	2018	2017
Kåpan Tjänste	2,670	2,550	2,415	2,358	2,274
Kåpan Extra	674	695	668	633	710
Kåpan Valbar	2,542	2,398	2,242	2,120	2,119
Kåpan Flex	410	335	260	179	262
Total	6,296	5,585	5,290	5,365	4,381

Distribution of premiums



Members

The society returns all net returns on investments after deductions for insurance administrative costs and tax on returns to the members in the form of changes in pension capital or pension payments. The total number of members is over 850,000.

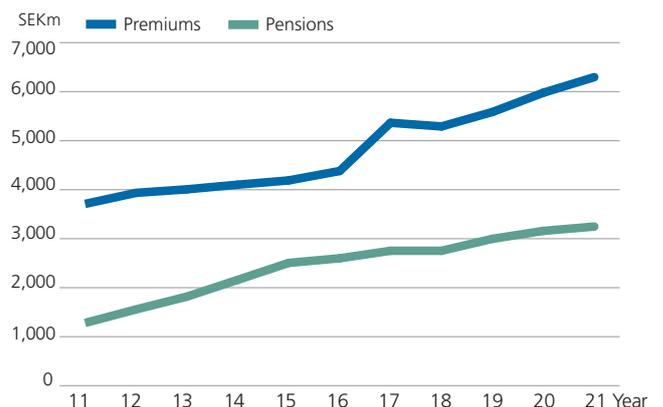
Insurance premiums

The society manages the premiums paid in by employers for their employees' account according to current collective agreements and the premiums that the members in previous years have themselves chosen to invest in Kåpan Plus as a complement to their occupational pension.

Pension payments

A total of SEK 3,247m (3,159) was paid out during the year, of which SEK 1,284m (1,218) comprised bonus payments over and above the guaranteed interest on the capital.

Development of paid-in premiums and pension payments



Since 1 October 2020, the default payment period for all the society's pensions is life-long. Within the framework of each insurance and the conditions of the associated pension agreement, members can choose to have a temporary payment.

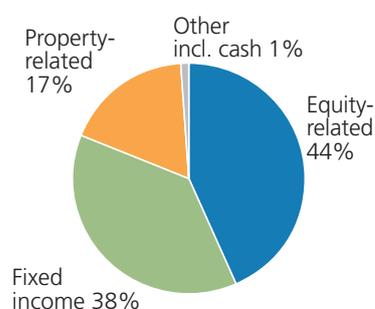
Guidelines for management of invested assets

The investment guidelines set by the Board stipulate that the society's assets, including bonus funds, must be invested so that they provide a good return within the framework of responsible and sustainable investment management and balanced risk.

According to the guidelines most recently adopted by the Board in December 2020, the market value of assets should be within the following bands:

- Equities or equity-related asset class minimum 25% and maximum 45%.
- Bonds and other fixed-income securities minimum 40% and maximum 70%.
- Property-related investments minimum 5% and maximum 20%.

Investment of the society's assets at year-end



The outstanding currency risk according to the adopted policy may not exceed 20% of total assets. At year-end, the outstanding currency risk was 18% (15) of the value of assets and therefore 48% (54) of assets in foreign currency were hedged.

The Board decided as of 1 January 2022 to adjust the distribution between asset classes equities and bonds. The decision means that the limits for equity-related investments are set to a minimum of 30% and a maximum of 50% and the limits for fixed-income-related investments are set to a minimum of 35% and a maximum of 65%.

The Board's decision is based on the changes being made to the generation model and the society's stable financial position. Investment management is to be conducted with the same long-term focus as in previous years. An in-depth

analysis of the society's total outstanding risk can be found in Note 2 of this annual report. The investment guidelines can be found in their entirety on kapan.se.

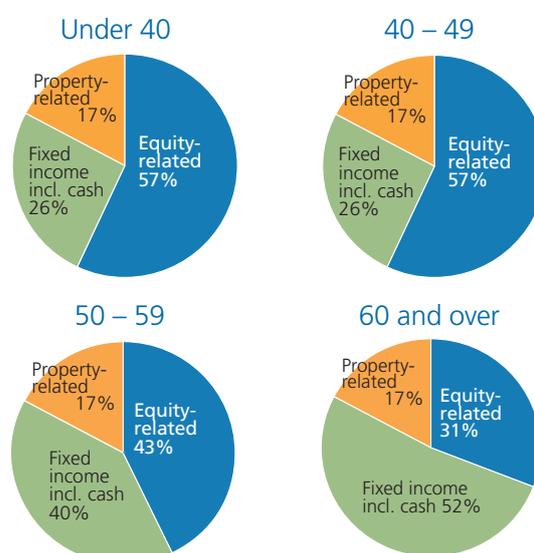
Generation-based risk allocation and bonus model

The society's membership is split into different age groups in so-called generation savings. Those who are young and have a long time before retirement have a higher risk in their savings to provide the possibility of a higher return. The motivation is that investments with greater risk are expected to give a higher return over time than more stable investments, but, based on historical experience, value development can also fluctuate considerably or be negative for long periods. The aim is that the risk in savings should reduce in step with approaching retirement and that the higher age groups are given greater stability in their savings and a more predictable level of expected pension payments.

The allocation of the risk level between age groups is based on the contribution principle. The contribution principle is intended to ensure that an insurance company distributes surplus in a balanced manner between different groups of policyholders. The distribution of surplus should as far as possible be based on how different groups of insurance contribute risk capital to the business and what scope these provide for the possibility to create a surplus.

For the society, the premiums paid in by younger members have a longer period to payment and thus provide scope for investments with a greater risk.

Distribution of investments for each age group across the three asset classes



The society's older members have as a rule a high proportion of guaranteed capital and a lower surplus available for higher-risk investments. Taken together this means that the split into different generation groups allows the society to better satisfy the contribution principle while raising the level of pension payments in the long term. The model also provides increased stability in value development for the older group.

The different age categories receive different shares of the society's investments within the three main investment areas equities, bonds and property within the framework of the investment guidelines decided by the Board.

During the year, the Board decided to revise the generation model by merging the two younger groups and shifting the age boundaries by five years. This change was carried out on 1 January 2022. Adjustment of investments to this change took place during the second half of 2021. Following the change the group distribution is as follows:

- age group younger than 55
- age group between 55 and 64
- age group 65 and over

All members invest in the same assets and underlying securities. It is only the proportion of each asset class that varies across the different generation portfolios.

Sustainability – long-term responsible management

The society's aim is to deliver a long-term, stable pension for you the saver at the lowest possible cost while at the same time contributing to a long-term sustainable development of society. To achieve this the society takes into account the environmental, social and economic aspects of its operations and investments. The society's work with sustainability is presented in a separate sustainability report which is available on kapan.se. A short summary is given here.

The society's work with long-term responsible and sustainable management is based on the society's sustainability policy and investment guidelines. Investments are made based on ethical norms and principles that are strongly rooted in Swedish society based on decisions made by the Swedish parliament and government. The society's process for sustainability work in investment management operations means in summary that the society:

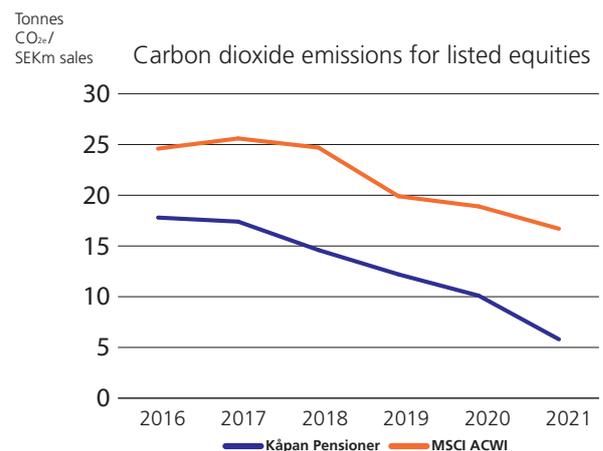
- Strives to choose to invest in companies and funds that have a high sustainability profile and work actively towards a transition to a sustainable business.
- Tries as far as possible to exclude companies that breach global norms and avoid investments in companies that:
 - are involved in the manufacture or distribution of so-called controversial weapons

- have the lowest sustainability rating in their industry
- have more than five percent of sales from extraction, processing and refining of coal and oil, or energy production based on coal and oil.

■ Avoids investments in government bonds issued by nations that are judged to deny their citizens basic democratic rights.

■ Reduces our climate impact by not investing in companies that extract coal or oil and prioritise businesses that make a positive contribution to the climate.

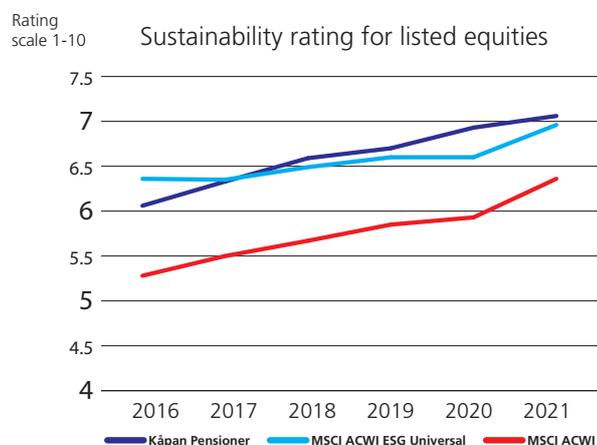
■ Supports the Paris Agreement and sets a long-term goal that the climate impact of our measurable investments shall be net zero by 2045 at the latest. To ensure that we achieve this we have set a target for our climate work that our carbon footprint shall reduce by at least 20 percentage points over each five-year period from 2016.



■ As a long-term owner the society has a responsibility to lobby for positive change wherever possible. Advocacy and shareholder engagement vary depending on the investment and size and include advocacy through dialogue, voting at annual general meetings, participating in nomination committees, directorships, and actively working in advisory boards.

Positive screening

The society analyses and rates all its listed equity holdings based on how they manage ESG issues (Environmental, Social and Governance). The analysis is used to promote companies with a high ESG rating that are investment candidates in their sector. The aim is to successively improve the ESG rating of this listed portfolio and in time outperform the corresponding global index for listed equities.



Norm-based screening

The society continually conducts norm-based screening which reviews and evaluates our listed equity and fixed-income holdings based on the companies' compliance with global norms for environment, human rights, working conditions, anti-corruption, and controversial weapons. Norm-based screening provides a basis for our dialogue and possible exclusion. The analysis also provides a basis for excluding investment in companies that have the lowest ESG rating in their sector.

Advocacy activities and exclusion

To monitor and influence, the society conducts a dialogue in those cases where a company or fund violates or is suspected of violating international norms and conventions. Dialogues are conducted in collaboration with others or directly with the companies. During the year in collaboration with ISS ESG we conducted dialogues with 134 (142) companies. To follow up holdings in our funds we conduct a dialogue with the fund managers. In the event that the society judges that dialogues are insufficient, the society will choose to exclude those companies or funds that do not meet the society's sustainability criteria.

Future direction of sustainability work

In 2021 the society's sustainability work was characterised to a great extent by the ongoing pandemic, continued focus on climate and regulatory changes. The aim is to continue to improve and adapt the investment management model to better balance the demands the society makes on sustainability work in relation to the overriding aim of long-term responsible and sustainable management with good risk-adjusted returns.

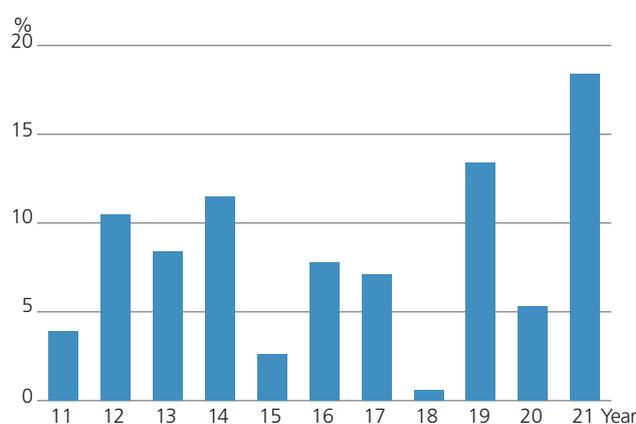
Read more about our sustainability work on kapan.se and in our sustainability report.

Information and reporting have been adjusted primarily to the new regulatory framework resulting from the society becoming an occupational pension society on 1 January 2021 but also the new EU regulations for sustainability which took effect during the year. The society is mainly affected by the Sustainable Finance Disclosure Regulations which are described on www.kapan.se.

Investment management

The market value of the society's investment assets, with the addition of the book values of other assets, amounted to SEK 136,690m (113,100) at year-end.

Total return



Return on the investment assets was positive and amounted to 18.4% (5.3).

Investment return

The total return on assets is broken down as follows:

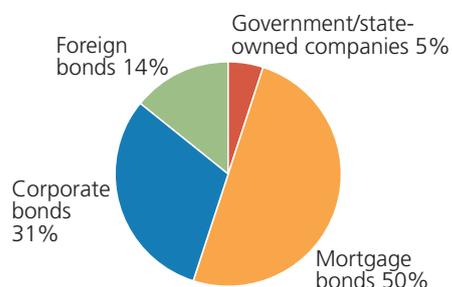
Portfolio	Market value, SEKm	Share %	Total return ¹⁾ %
Fixed-income-related	52,260	38	0.1
Equity-related	60,138	44	34.5
Property-related	23,069	17	28.4
Other assets, cash	1,223	1	0
Total assets	136,690	100	18.4

¹⁾ When calculating the return a daily weighting is used to take into account the change in the capital base during the year.

Fixed-income-related assets

The fixed-income investments amounted to SEK 52,260m (48,923) at year-end. The investments consisted to 50% (42) of mortgage bonds and 5% (6) of bonds issued by wholly state-owned companies. Investment in corporate bonds amounted to 31% (46). The remaining 14% (6) of investments consisted of fixed-income holdings in foreign currency and cash of which 6 percentage points (5) was invested in external funds.

Allocation fixed income



All fixed-income-related assets in foreign currency are hedged in Swedish kronor except those exposed to emerging markets.

At year-end total fixed-income-related assets comprised solely nominal fixed-income securities with no real-interest bonds. The general interest level rose somewhat during the year which had a negative impact on the value of the holdings. The interest rate on government bonds and mortgage bonds is at historically low levels which means that fixed-income investments are expected to provide a limited return for the next few years. The fixed-income investments are concentrated to the Swedish banking and home mortgage segment and the overall largest investments are made with the following issuers:

Issuer	Assessed value, SEKm
Swedbank	6,398
SEB	5,363
Handelsbanken	5,197
Nordea	5,081
Länsförsäkringar	2,491
SBAB	1,795
Landshypotek	890
Vasakronan	791
Swedavia	779
Danske Bank	716

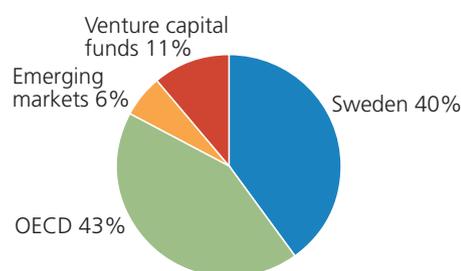
In addition to investments in fixed-income securities, the society has taken the strategic direction of signing contracts for various forms of interest rate hedges in order to reduce the outstanding interest rate risk in pension obligations. The total earnings impact of interest rate hedges corresponds to a return of -0.02% (0.05) on interest return.

The total return on fixed-income-related investments amounted to 0.1% (2.0).

Equity-related assets

The stock market showed strong development during 2021. There was stable development throughout the

Allocation equities



year and the world's overall share prices rose by a total of 30.4% (2.2) in Swedish kronor (MSCI ACWI). In local currencies this corresponds to an increase of 20.9% (14.2). The significant difference is due to a weakening of the Swedish krona during the year.

Since the start of its operations, the society has chosen to currency hedge most of its equity-related investments which has meant that relative changes in the value of the Swedish krona during the year affected returns. Equity investments in emerging markets are not hedged which means that returns were affected by exchange rate fluctuations in these countries.

The society's currency hedging had a negative effect on returns due to the weakening of the Swedish krona. Return on equities listed in the OECD was 25.2% (12.3) and for equities listed in emerging markets 7.5% (2.4). The holding of equities listed on the Nasdaq Stockholm Exchange showed a return of 37.6% (10.2). Investments in various types of unlisted equities, primarily in venture-capital funds, amounted to SEK 6,709m (3,943). Return for the year amounted to 61.1% (11.4).

The overall return on equities during the year including currency effects amounted to 34.5% (7.8) and equity-related assets at year-end amounted to SEK 60,138m (47,192).

Management of equities listed on Nasdaq Stockholm is conducted by the society itself. SIX 60 is used as the benchmark index. The largest investments are in the following companies:

Issuer	Assessed value, SEKm
Atlas Copco	2,113
Investor	1,989
EQT	1,394
Hexagon	1,076
Volvo	1,029
Sandvik	942
Ericsson	878
Assa Abloy	877
SEB	798
Evolution	797

Equity-related placements outside Sweden are mainly invested directly in individual shares managed in-house. MSCI World is used as the benchmark index. The largest investments are in the following companies:

Issuer	Assessed value, SEKm
Apple	1,111
Microsoft	1,047
Alphabet	728
Amazon	587
Nvidia	395
Meta Platforms	298
Home Depot	244
Johnson Controls	174
JP Morgan	173
Bank of America	166

Other investments in the stock market are made in funds with various regional or strategic aims in order to on aggregate balance the overall benchmark for equities management, MSCI ACWI. At year-end, the largest investments were in the following funds:

Holding	Assessed value, SEKm
Nordea EM Sustainable Enhanced Equity Fund	1,217
SSGA Emerging Markets SRI Enhanced Equity Fund	883
SHB Global Småbolag Index Criteria	854
Montanaro European Smaller Companies Fund	721
Banque de Luxembourg European Equity	408
JPMorgan Emerging Markets Opportunities	326
JPMorgan Europe Small Cap Fund	324
RBC Emerging Markets Equity Fund	317
VanEck Emerging Markets Equity	291
GS China A-Share Equity Portfolio	290

The largest investments in various types of venture capital funds at year-end were in the following funds:

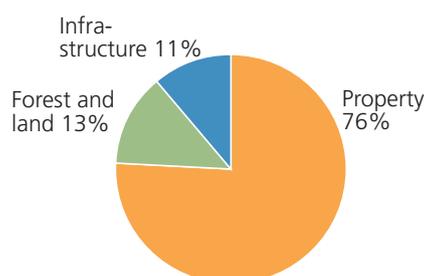
Holding	Assessed value, SEKm
EQT (2 funds)	927
Warburg Pincus (2 funds)	914
Alpinvest (2 funds)	809
Newbury Equity Partners (3 funds)	767
Advent International (3 funds)	674
Welsh, Carson, Anderson & Stowe (2 funds)	668

The new product Kåpan Aktieval will have its bonus interest based on the society's equity-related investments.

Property-related investments

Investments in property-related assets are split into three areas: property, forest and land, and infrastructure.

Property-related investments



The infrastructure area involves investments in essential community facilities or properties with stable cash flows and a long-term investment horizon. Forest and land is mainly land with standing forest and farms owned by funds or companies. The property area is indirect investment in various types of land and buildings. The largest investments grouped by managers or companies (exposure) comprised:

Holding	Assessed value, SEKm
Svenska Myndighetsbyggnader AB	2,588
Svenska Handelsfastigheter AB	2,287
Gysinge Skog AB	1,603
Midstar Hotels AB	1,371
Antin Infrastructure Partners (5 funds)	1,131
Aermont Real Estate (3 funds)	1,122
J.P. Morgan Infrastructure Investments Fund	1,031
SBB Kåpan Bostad AB	1,025
Nyfosa AB	761
Bridge Investment Group (3 funds)	729

Property-related assets showed a positive value appreciation during the year. Invested capital totalled SEK 23,069m (15,912) and the return for the year for property-related investments amounted to 28.4% (8.1).

Risk and sensitivity analysis

Investment management is affected by external circumstances that give rise to various types of risk. These risks can be divided at a high level into market, credit and operational risks. In addition there is a further industry-specific risk, namely insurance risk. A more in-depth analysis of outstanding risks in operations is provided in Note 2.

The uncertainty that exists in the market means that losses on investment assets cannot be ruled out. For investment assets where market prices are not published, there are sources of uncertainty, see the sections Key assessments and sources of uncertainty in Note 1, and Note 16.

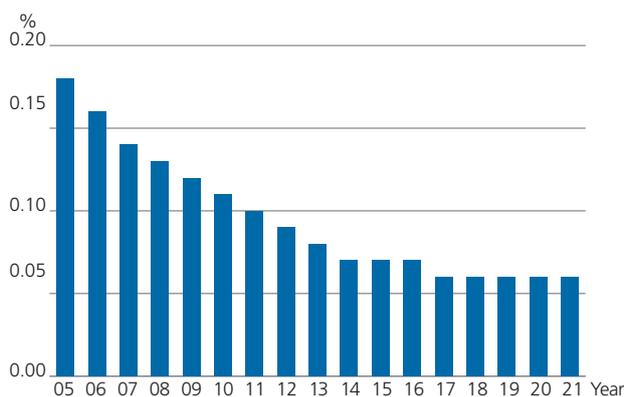
Actuarial report

An actuarial report has been prepared by the society's actuary, Ulrika Rönqvist. The report shows that the society's technical provisions amount to SEK 59,311m (61,549). The obligations the society has comprise to a dominant extent fixed guaranteed interest on paid-in premiums. These obligations have been valued in the actuarial report, supported by the Swedish Financial Supervisory Authority's regulations and general advice, on the basis, among other things, of current market interest rates for matching maturities. Reservations have been made for the options in the insurance terms and conditions both regarding expected changes in payment term and for those insurances that have transfer rights.

Costs

Costs in the insurance business amounted to SEK 72m (65). One measure of cost efficiency is the management expense ratio, i.e. the relationship between operating expenses and the average market value of the assets, which amounted to 0.06% (0.06).

Management costs development



Costs for 2021 were covered by a fixed charge of SEK 6 (6) per insurance and by making a deduction from the insurance capital of 0.06%. Overall, the charges and deductions over time should correspond to the actual costs of operations. Costs as a proportion of managed capital are expected to fall during 2022 and the President has decided to remove the fixed charge of SEK 6 per insurance with effect from 1 January 2022.

The aim is to continue to maintain a low level of costs over time despite the fact that extensive changes in regulations have resulted in a significant increase in administrative and organisational costs for the society.

The direct cost of investment management amounted to SEK 51m (51). One measure of the efficiency in investment operations is the management expense ratio, i.e. the relationship between the society's direct costs for investment management and the average market value of the assets, which amounted to 0.04% (0.04).

Report on bonus in 2021

The bonus is added to members' pension capital monthly in arrears. The financial position and returns during the year were relatively stable although the allocation in individual months varied quite widely. Taken overall the different age groups' pension capital received the following annual equivalent bonus before tax on returns and costs:

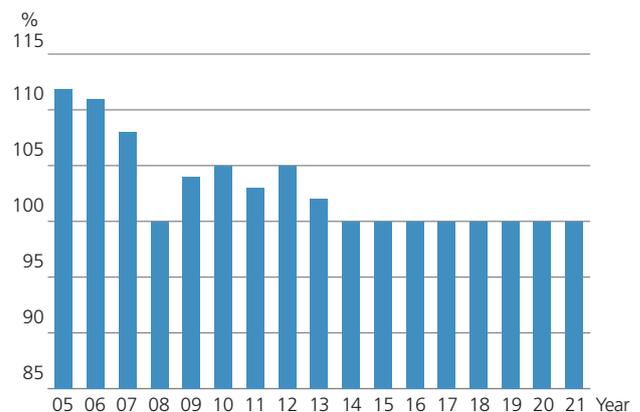
23.2% for age group younger than 40	(6.6%)
22.1% for age group 40 – 49	(5.8%)
17.5% for age group 50 – 59	(5.2%)
13.8% for age group 60 and over	(4.5%)

The difference in returns between the groups is attributable to the returns of the equities asset class which showed overall high returns during the year and meant that the younger age groups with a greater proportion of equities in their investments received a higher return.

Collective funding

Collective funding is the market value of assets minus financial liabilities in relation to the sum of technical liabilities based on paid-in premiums and the guaranteed interest as well as previously allocated bonus funds.

Collective funding ratio

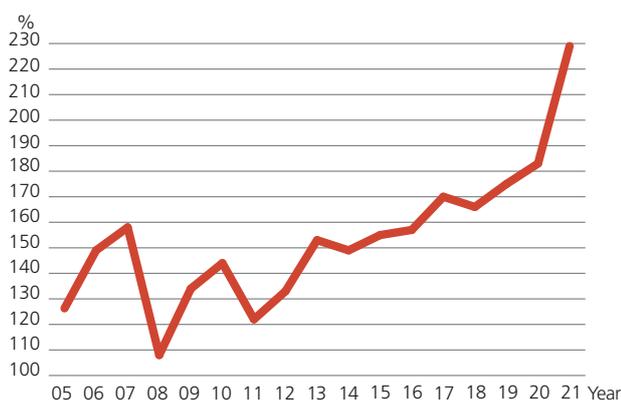


The Board has stated in the guidelines for technical provisions that the collective funding ratio should be in the band 95 – 105% with a target level of 100%. The funding ratio at year-end after the bonus decided for December 2021 was 100%.

Development of solvency

Solvency expresses the proportion of technical liabilities that is covered by assets. The return on assets during the year was positive. Outstanding obligations are valued at year-end based on a discount rate curve which is based on market interest rates for the first upcoming ten years and then a gradual adjustment to a fixed ultimate forward rate of 4.2%. The rate which has been used has a somewhat higher level than the previous year which means that the value of outstanding obligations has fallen a little. Returns in excess of the average guaranteed interest have contributed to strengthening and taken overall the solvency ratio rose by 46 percentage points during the year from 183% to 229%.

Solvency ratio



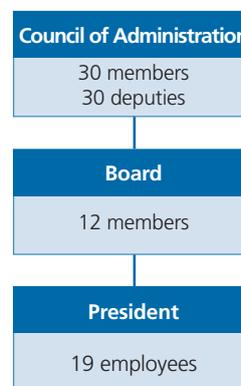
Tax on returns

The society pays tax on returns on behalf of its members. The basis for tax assessment is the members' pension capital expressed as the market value of the society's assets after deduction for financial liabilities on 1 January in the assessment year. The return on these funds is calculated by a standardised method using an interest rate that is the same as the average government lending rate in the year prior to the assessment year, with a floor of 0.5%. The standard income thus calculated is then taxed at 15%. For the society this meant that the tax on returns paid for the year 2021 amounted to SEK 84m (79).

Management functions and audits

The society's highest decision-making body is the Council of Administration. The members of the Council of Administration are appointed by the parties within the government agreement area. Half of the members are appointed by the Swedish Agency for Government Employers and the other half by the trade unions. The total number of ordinary members amounts to 30 with an equal number of personal deputies. During the year, the Council of Administration held one ordinary general meeting.

Board and management



During the financial year the society's operational activities have been managed by a Board consisting of twelve members. The Board, like the Council of Administration, is composed on a parity basis following nominations from the employer side and the employee side. The Board appoints the society's president. The Board held eight meetings during the year, one in the form of a two-day seminar.

During the year, the Board updated and decided on all the policies and instructions issued by the Board. Key issues handled, in addition to proposals to the general meeting, were the future long-term investment focus and solvency risk as well as handling of ethics and risks in investment management. During the year, the Board decided to revise the generation-based investment and bonus model and proposed that the Council of Administration decide to set up an equity-based savings form, Kåpan Aktieval.

During the year special attention has been paid to developments in the regulatory area and the consequences that new regulations have for operations.

The Board appointed a Remuneration Committee consisting of Board members where the salary and remuneration of the President is reviewed. Remuneration to other senior executives in the society is decided by the President in accordance with the remuneration policy adopted by the Board.

The Chair of the Board and of the Remuneration Committee is Gunnar Holmgren, Director General of the Swedish Agency for Government Employers, who was elected for the first time on 27 August 2019.

Administration

The average number of employees during the year was 20 (20) with the key task of conducting investment management, accounting and risk control. Business is conducted at the head office in Stockholm and with a management and procurement organisation with an office in Sundsvall. The society has also appointed a responsible actuary and a risk manager.

The National Government Employee Pensions Board (SPV) in Sundsvall is engaged to administer part of the insurance administration operations. This assignment includes maintenance of the society's insurance administration system, processing and customer service.

During the year, the society has followed recommendations from the Swedish Public Health Agency and enabled staff to work from home to a great extent. Operations have performed well even under these special circumstances.

Administrative investments

Administrative investments for the year amounted to SEK 2m (2). Most of this expenditure is attributable to the insurance system. Investments in the insurance administration system are depreciated over 10 years, other investments over 3 – 5 years.

Looking to the future

Kåpan Pensioner started its operations in 1992 and since 2003 has been the default alternative for the choice component of occupational pensions for government employees. The society has been entrusted with also insuring the compulsory components and functioning as the default supplier for the part of the pension where there is a choice for the current pension agreement, PA 16.

Continued trust means that the society's operations continue to increase in scope which places greater demands on the organisation but also provides economies of scale and opportunities to improve efficiency. With the PA 16 pension agreement and present development, a balance between payments made and payments received will be reached around 2060 which means that the organisation must be continuously developed and adapted.

On 1 January 2021, the society transitioned to an occupational pension society in accordance with the Swedish Occupational Pension Companies Act (2019:742). The society will continue to work on improving the efficiency of operations within the framework of the new regulations. There are also continual changes in external regulations which affect the society's operations and require updates to and changes in working processes and governance documents.

The strategic direction of operations, to generate a sustainable good return with limited risk and low costs, remains unchanged. The aim, despite the increased administrative load, is to maintain the low level of costs even if the coming years will present a considerable challenge as a result

of the complexity and demands of the new regulations especially those concerning reporting and administrative governance structure.

The Board has decided to offer members an alternative product choice with a higher level of risk and a limited guarantee, Kåpan Aktieval, within the framework of the choice centre at SPV and the pension agreement PA 16. The product's capital will be invested exclusively in the society's equity-related holdings. Kåpan Aktieval is planned to be launched in April 2022 and will have the same low charges as other insurances.

Events after the end of the reporting period

Russia's invasion of Ukraine has caused considerable human suffering and global uncertainty. The value of primarily the equity portfolio has been negatively affected since the turn of the year. This applies especially to assets in Russia. The society has no direct holdings in Russia but has through emerging markets funds based on various indices marginal holdings in Russian equities the value of which is currently highly uncertain

Disposition of profit for the year

The profit for the year, SEK 26,958,954,466 (7,509,130,332) will be transferred to other reserves. Paid-out bonus interest for the year amounted to SEK 1,283,642,609. The society's equity thus amounted to SEK 76,763,050,408 (51,087,738,551) on 31 December 2021.



FINANCIAL STATEMENTS

Five-year summary

Results, SEKm	2021	2020	2019	2018	2017
Premiums written	6,296	5,978	5,585	5,290	5,365
Investment income, net	20,544	5,560	12,044	392	5,552
Claims paid	-1,963	-1,941	-1,893	-1,833	-1,787
Bonus paid ¹⁾	-1,284	-1,218	-1,084	-1,081	-966
Balance on the technical account, life insurance business	27,043	7,588	10,254	1,085	7,939
Profit for the year	26,959	7,509	10,187	999	7,899

¹⁾ Payments are recognised as a deduction under Equity, Statement of changes in equity.

Financial position, SEKm	2021	2020	2019	2018	2017
Total assets ¹⁾	136,690	113,100	105,084	90,003	87,396
Investment assets ¹⁾	129,638	110,802	102,810	88,000	85,573
Technical provisions	59,311	61,549	59,605	54,188	51,480
Funding capital	76,763	51,088	44,797	35,694	35,776
Capital base	76,756	51,081	44,790	35,683	35,766
Minimum capital requirement ²⁾	2,372	2,462	2,384	2,168	2,059
Risk-sensitive capital requirement (RWA) ³⁾	27,651				
RWA quotient ⁴⁾	2.78				

¹⁾ Investment assets at fair value and other assets at book value.

²⁾ Previously called Required solvency margin.

³⁾ Risk-sensitive capital requirement according to FFFS 2019:21.

⁴⁾ Capital base divided by RWA.

Key ratios, %	2021	2020	2019	2018	2017
Insurance administrative costs ¹⁾	0.06	0.06	0.06	0.06	0.06
Investment charges ¹⁾	0.04	0.04	0.05	0.05	0.05
Total return	18.4	5.3	13.4	0.6	7.1
Funding ratio	100	100	100	100	100
Solvency ratio	229	183	175	166	170

¹⁾ In relation to total assets.

Total return by asset class ¹⁾

	Market value 31 Dec 2021		Market value 31 Dec 2020		Total return, % ²⁾ 2021
	SEKm	%	SEKm	%	
Equity related	60,138	44	47,192	42	34.5
Fixed-income related ³⁾	52,260	38	48,923	43	0.1
Property-related	23,069	17	15,912	14	28.4
Other assets	1,223	1	1,073	1	-
Total assets	136,690	100	113,100	100	18.4

¹⁾ Defined in relation to the underlying asset class that generates the return.

²⁾ Daily aggregate of investments in relation to changes in value, interest income and dividends.

³⁾ Return on derivative instruments taken out to reduce interest rate risk in outstanding insurance obligations is included in the return for fixed-income investments.

Income statement

SEKm	Note	2021	2020
Technical account, life insurance business			
Premiums written	3	6,296	5,978
Investment income	4	8,887	4,456
Unrealised gains on investment assets	5	14,274	1,215
Claims paid	6	-1,963	-1,941
Change in other technical provisions		2,238	-1,944
Operating expenses	7	-72	-65
Investment charges	8	-594	-111
Unrealised losses on investments	9	-2,023	0
Balance on the technical account, life insurance business		27,043	7,588
Non-technical account			
Balance on the technical account, life insurance business		27,043	7,588
Tax on returns	10	-84	-79
Profit and comprehensive income for the year		26,959	7,509

Statement of comprehensive income

SEKm	2021	2020
Profit for the year	26,959	7,509
Other comprehensive income	0	0
Total comprehensive income	26,959	7,509

Balance sheet

SEKm	Note	31 Dec 2021	31 Dec 2020
Assets			
Intangible assets			
Other intangible assets	11	7	7
Investment assets			
Investments in associates	12		
Shares and participations in associates		7,869	5,877
Fixed-income securities, loans to associates		1,000	1,320
Other financial investments			
Shares and participations	13	72,118	56,188
Bonds and other fixed-income securities	14	48,583	46,568
Derivatives	15	68	849
	16	129,638	110,802
Receivables			
Other receivables	17	5,391	100
Other assets			
Property, plant and equipment	18	1	1
Cash and bank balances		1,438	1,913
		1,439	1,914
Prepayments and accrued income			
Accrued interest		211	274
Other prepayments and accrued income		4	3
		215	277
Total assets		136,690	113,100
Equity, provisions and liabilities			
Equity			
Collective reserve	19	49,804	43,579
Profit and comprehensive income for the year		26,959	7,509
		76,763	51,088
Technical provisions			
Life insurance provisions	20,21	59,311	61,549
		59,311	61,549
Provisions for other risks and costs			
Tax		5	7
Liabilities			
Derivatives	15	600	14
Other liabilities	22	9	440
		609	454
Accruals and deferred income		2	2
Total equity, provisions and liabilities		136,690	113,100

Statement of changes in equity

2021

SEKm	Collective reserve	Comprehensive income for the year	Equity
Opening equity previous financial year	43,579	7,509	51,088
Disposition of earnings 2020	7,509	-7,509	0
Bonus paid during the financial year	-1,284		-1,284
Profit and comprehensive income for 2021		26,959	26,959
Closing equity for the financial year	49,804	26,959	76,763

2020

SEKm	Collective reserve	Comprehensive income for the year	Equity
Opening equity previous financial year	34,610	10,187	44,797
Disposition of earnings 2019	10,187	-10,187	0
Bonus paid during the financial year	-1,218		-1,218
Profit and comprehensive income for 2020		7,509	7,509
Closing equity for the financial year	43,579	7,509	51,088

Notes

All amounts in the following notes are expressed in SEK million unless otherwise specified

NOTE 1 Accounting principles

General information

The annual accounts relate to the year ended 31 December 2021 and pertain to Kåpan tjänstepensionsförening (Kåpan Pensioner), previously Kåpan pensioner försäkringsförening, with its registered office in Stockholm. The society was converted with effect from 1 January 2021 from a benevolent society to an occupational pension society pursuant to the Swedish Occupational Pension Companies Act (2019:742). The address of the head office is Smålandsgatan 12, Stockholm. Kåpan Pensioner's registered number is 816400-4114. The annual accounts were approved for publication by the Board on 29 March 2022. The income statement and balance sheet will be presented for adoption at the annual general meeting on 4 May 2022.

The annual accounts are prepared in accordance with the Swedish Annual Accounts Act for Insurance Companies as well as the Swedish Financial Supervisory Authority's instructions and general advice on Annual Accounts in Insurance Companies FFFS 2019:23 and the Swedish Financial Reporting Board's recommendation RFR 2.

The society previously applied the now repealed instructions and general advice on Annual Accounts in Insurance Companies FFFS 2008:26 (including amended instructions FFFS 2009:12 and earlier amendments).

This meant that Kåpan Pensioner applied, within so-called legally limited IFRS, the IFRS that were applicable up until 31 March 2011, i.e. those applied for annual accounts prepared at 31 December 2010. The transfer to FFFS 2019:23 means that Kåpan's accounting principles have been updated, primarily relating to technical provisions. Some disclosure requirements according to IFRS 11, 12 and 13 have been added. FFFS 2019:23 does not require preparation of a cash flow statement which means that Kåpan is not submitting a cash flow statement. Otherwise, some key ratios have been added compared with previous years, see Board of Directors' Report. Comparative years for 2017-2020 have not been updated.

The effects have not had any impact on results for the comparative year or equity with effect from 1 January 2020.

New accounting principles

IFRS 17 is applicable from 1 January 2023 for listed companies. For so-called legally limited IFRS, the Swedish Financial Supervisory Authority has provided a proposal that IFRS 17 should not be applied. This proposal has not yet been approved.

Prerequisites for preparation of the financial report

Kåpan Pensioner's functional currency is Swedish kronor and the financial statements are presented in Swedish kronor. Financial assets and liabilities are measured at fair value. Other assets and liabilities are recognised at cost.

Estimations and assessments in the financial statements

Preparing financial statements in accordance with legally limited IFRS requires the insurance society's management to make estimations and assessments as well as assumptions that affect application of the accounting principles and the carrying amounts of assets, liabilities, income and expenses. Assessments and assumptions are based on historical experience and a number of other factors that appear reasonable under the prevailing conditions. The result of these assessments and assumptions is then used to assess the carrying amounts of assets and liabilities that would not otherwise be clear from other sources. Actual results can deviate from these assessments and estimations.

One source for estimations and uncertainties is the value of the obligations inherent in the insurance contracts taken out by the society. Another source of estimations and uncertainty is the valuation of financial assets for which there is no observable market price. Objective external valuations are used for these instruments or a value based on an assessment of anticipated future cash flows. When required these valuations are complemented with additional estimations depending on the uncertainty in the market situation.

Assessments and assumptions are reviewed on a regular basis. Changes in assessments are reported in the period in which the change is made if the change only affected that period, or in the period the change is made and future periods if the change affects both the current period and future periods.

Foreign currency

Assets and liabilities in foreign currency are translated into Swedish kronor at the closing exchange rate.

Exchange rate differences are reported in the income statement net within the line Investment income or Investment charges. Forward contracts in foreign currency are mainly used to eliminate the exchange rate risk in foreign equities and participations.

Performance analysis

According to Chapter 6, paragraph 3 of the Swedish Annual Accounts Act, a performance analysis must be prepared showing a breakdown of a company's operating segments. The society only has one product, defined contribution traditional insurance and therefore does not prepare a performance analysis.

Recognition of insurance contracts

Insurance contracts are recognised and measured in the income statement and balance sheet in accordance with their economic reality. All contracts are recognised as insurance contracts. Classification is based on the society guaranteeing a specific interest on paid-in premiums and a number of other commitments which means that the society assumes a significant insurance risk in relation to the policyholder.

Premiums written

Premiums written for the year consist of premiums received. Premiums written relate to paid-in premiums during the year in accordance with the pension agreement for government employees.

Life insurance provisions

All life insurance provisions relate to occupational pensions and are measured in accordance with The Swedish Occupational Pension Companies Act (2019:742). This means that life insurance provisions for the society's obligations are measured according to the so-called prudent person rule. Life insurance provisions are calculated according to the Swedish Financial Supervisory Authority's instructions and general advice on insurance companies' choice of interest rate for calculating technical provisions (FFFS 2019:21). This means that provisions are market valued on the basis of current market interest rates for corresponding maturities complemented with interest converged to a long-term forward rate determined according to the interim method in Chapter 4, paragraphs 25-26 in FFFS 2019:21. Life insurance provisions determined as set out above correspond to the estimated capital value of the society's obligations. The assumptions on future mortality, interest, operating expenses and tax are taken into account. All mortality assumptions are gender differentiated. Pensions in payment, however, are calculated on the basis of gender neutral assumptions. The operating expense assumption made is expected to correspond to future actual costs for administration.

Reporting return on capital

Investment income

This income pertains to return on investment assets in the form of dividends on shares and participations, interest income, exchange gains (net), reversed impairment losses and capital gains (net).

Investment charges

Charges for investment assets relate to investment management costs,

Note 1 cont.

interest expenses, exchange losses (net), depreciation and impairment as well as capital losses (net).

Realised and unrealised changes in value

All investment assets are measured at fair value. The difference between the value and cost is an unrealised gain or loss which is recognised net per asset class. Such changes that are explained by exchange rate fluctuations are recognised as an exchange gain or loss. A realised gain or loss is the difference between selling price and cost. For fixed-income securities the cost is amortised cost and for other investment assets the historical cost. In the event of the sale of investment assets the former unrealised changes in value are entered as an adjustment item under Unrealised gains on investment assets or Unrealised losses on investment assets respectively. Capital gains on assets other than investment assets are recognised as Other income.

Tax on returns

Tax on returns is not a tax on the society's profit, it is paid by the society on behalf of policyholders. The value of the net assets managed on behalf of policyholders is charged with tax on returns which is calculated and paid each year. The cost is recognised as a tax expense.

Intangible assets

Intangible assets acquired by Kåpan Pensioner are recognised at cost minus accumulated amortisation (see below) and any impairment. Intangible assets are amortised over three to five years from the date they are available for use. The insurance administration system is amortised over a 10-year period.

Financial instruments

Financial instruments are every form of contract that results in a financial asset, liability or equity instrument.

Investment assets

Investment assets recognised in the balance sheet are shares and other equity capital instruments, fixed-income securities, subordinated loans and various types of derivative.

Acquisition and divestment of financial instruments is reported on the transaction date which is the day the society undertakes to acquire or divest the instrument.

Kåpan Pensioner's principle is to measure all investment assets at fair value through profit or loss (fair value option) partly because the society continuously evaluates its investment management operations on the basis of fair values, and partly because for fixed-income assets this reduces some of the accounting inconsistency and volatility that otherwise arises when technical provisions are continuously remeasured by discounting with current interest.

Investments in associates

Companies in which the society has share of capital of 20-50% are recognised as associates. The investments are recognised as Investment assets at fair value.

The following paragraphs summarise the methods and assumptions that are mainly used to determine the fair value of financial instruments in the accounts.

Financial instruments quoted in an active market

For financial instruments quoted in an active market fair value is determined on the basis of the asset's listed purchase price on the balance sheet date. A financial instrument is regarded as quoted in an active market if listed prices are easily available on a stock exchange, at a stockbroker's, dealer, industry organisation, company that provides current price information or supervisory authority and such prices represent actual and regularly occurring market transactions on commercial terms. Any future transaction costs in the event of a sale are not taken into account. Most of the society's financial instruments have a fair value based on prices quoted in an active market.

Financial instruments not quoted on an active market

If the market for a financial instrument is not active, an estimation of fair value is obtained by applying a model-based measurement technique set out below:

For unlisted equities measurement the external portfolio manager

produces a valuation based on available price information. Normally there is a time shift in the valuation of 1 – 3 months. This means that valuations at 31 December 2021 are typically based on a value statement from the period 30 September 2021 – 30 November 2021. For some financial instruments, information on fair value is obtained through an assessment of value. Measurement is normally made on the basis of an estimation of anticipated future cash flow. Kåpan Pensioner evaluations these measurements at regular intervals and tests their validity by assessing their reasonableness and using parameters and forecasts that reflect actual development.

For some fixed-income investments, a model-based cash flow evaluation of the underlying company loan portfolio in the investment provides a basis for measurement.

Derivative instruments

Derivative instruments are taken up at fair value on the basis of the value received from a counterparty where fair value is calculated according to a valuation model that is established in the market for valuations of the type of derivative instrument concerned.

Key assessments and sources of uncertainty

As shown in the above section, Financial instruments not quoted in an active market, measurement of fair value is based on valuation models. Such a valuation is based partly on observable market data and partly, when no such data is available, on assumptions on future conditions. Valuations not based on published price quotations are inherently uncertain.

The level of uncertainty varies and is greatest when assumptions about the future must be made that are not based on observable market conditions. For some of these assumptions minor adjustments can have a significant effect on the estimated value. When the time comes to sell the investments in the future the actual selling price reached may deviate from earlier estimations, which can have a significantly positive or negative impact on earnings.

As also shown in the section with regard to unlisted shares there is a time delay regarding valuation dates. In a market with falling prices this means that the estimated fair values are overestimated and vice versa.

Financial liabilities

Borrowing and other financial liabilities, such as trade payables, are measured at amortised cost.

Property, plant and equipment

Property, plant and equipment items are recognised as an asset in the balance sheet if it is probable that future economic benefits will accrue to the society and the cost of the asset can be calculated in a reliable manner.

Property, plant and equipment is recognised at cost with deduction for accumulated depreciation and any impairment with the addition of any revaluations. Depreciation is straight-line over the estimated useful life of the asset.

Personal computer equipment is expensed at acquisition. Art used for decorative purposes is measured at cost.

Pensions

The society is a member of the Insurance Industry Employers' Organisation (FAO) and applies the insurance industry's occupational pension plan, FTP, or has individual-based pension plans for occupational pension based on the pension agreement. Pension costs are recognised as an operating expense in the income statement. Individual agreements on salary exchange are in place where the employee sacrifices part of gross salary for a pension provision. This procedure is cost-neutral for the society.

NOTE 2 Disclosures about significant risks and uncertainties

The society's reported profit depends both on the insurance business and the insurance risks that are managed there, and on investment management operations and financial risks. Risk and risk management are therefore a central part of the business. The note set out below contains a description of the risk management organisation as well as quantitative and qualitative disclosures of insurance risks and financial risks.

The purpose of the society's risk management organisation is to identify, measure and control the significant risks in the business and to ensure that risk management and risk levels are compliant with the society's risk policy and external regulatory frameworks.

Financial risks can be managed in two principal ways. On the one hand, measures can be taken to reduce the effects of financial risks, and on the other hand, an adequate capital buffer can be kept to cover losses that the financial risks might generate. Operational risks are primarily managed with stable processes and control routines as well as suitable organisation of the business which reduces the risk to a desired or acceptable level.

The society's risk management system is based on the main responsibility for having an appropriate management of the risks to which the society is exposed resting with the Board. The Board decides on control documents that establish the guidelines that must apply to internal governance and control, risk management and risk reporting. In specific control documents the Board has delegated responsibility for implementation and follow-up of the risk management system to the President and central functions in the form of a risk management function, an actuarial function and a regulatory compliance function all of which report independently to the Board regarding the society's compliance with internal and external regulations. In addition, the risk management system is based on every employee being responsible for the daily management of the risks that arise in their area of responsibility.

Implementation and follow-up of control documents and routines in the business are an ongoing activity where these are revised regularly in order to ensure that they accurately reflect current market conditions. Clear processes and regular training activities ensure that risk management functions throughout the organisation and that each employee understands his or her role and responsibilities. That this takes place within all parts of the business, including central functions, is checked by the Board through its decision to have recurrent annual independent reviews which are performed by the internal audit function.

Risks in the insurance business

The society's obligations comprise defined contribution pension insurance with an agreed guaranteed return. The main risk that exists in the insurance business is that the society cannot meet its guaranteed commitments and the level of the agreed guarantee has therefore a decisive impact on the overall insurance risk. This risk is managed and limited primarily through prudent assumptions which provide the basis for calculation of technical provisions, i.e. a prudent assessment of the society's guaranteed commitments. Technical provisions are based on the society's actual portfolio on the balance sheet date.

Longevity risk is the dominant insurance risk and refers to the risk of loss due to actual length of life of the society's members being longer than the assumed length, which is turn means that retirement pensions are paid for a longer period and are therefore not fully covered by technical provisions made. For the society which has a proportion of insurances with a payment period of 5 years, normally when members are between 65 – 70, the longevity risk is relatively small compared with the insurances that are paid for life. The society has successively acquired an increasing proportion of lifelong pension obligations. The new pension agreement PA 16 means that all the society's insurances have a lifelong payment as the default alternative. Over time the longevity risk in the business will therefore increase.

Cost risk, option risk and cancellation risk are three other types of risk in the society's business. Cost risk relates to loss due to actual costs exceeding assumed costs over time. Option risk relates to loss that can arise if an insured exercises his or her right to change payment date and/or payment period for pension payments. Cancellation risk relates to loss that can arise if an insured repurchases or transfers the insurance to another insurance provider.

Sensitivity analysis

The table below shows the sensitivity in technical provisions for changes in the most significant assumptions and risk factors. The sensitivity analysis is based on current regulations for calculation of technical provisions in FFFS 2019:21

Assumption/risk factor	Change in assumption	Change in provision, SEKm
Life expectancy increase	+15%	1,562
Cost inflation	+8%	101
Discount rate	-1% point	12,810

Assumption	Change in assumption	Change in provision, SEKm
Life expectancy increase	+15%*	1,659*
Cost inflation	+8%*	107*
Discount rate	-1% point	11,705*

*) Change in assumption and provision for previous financial year (2020) is recalculated based on new regulations for capital adequacy and determination of discount rates in FFFS 2019:21.

Management of interest rate risks in outstanding insurance obligations

The society's obligations consist to a dominant extent of fixed guaranteed interest on paid-in premiums. These commitments are valued in the technical provisions, supported by regulations and general advice from the Swedish Financial Supervisory Authority (FFFS 2019:21) on determination of discount rates. According to these instructions, discount rates for short maturities are based on applicable market quotations for interest rate swaps considered to have sufficient liquidity in the Swedish fixed-income market, and for longer maturities it is assumed that the discount rate converges to a long-term forward interest rate as specified in the regulations. The society applies the temporary method for a long-term forward interest rate as specified in Chapter 4, paragraphs 25-26 in FFFS 2019:21. This long-term forward interest was 4.2% at year-end.

The new regulations mean some change in method compared with the previous regulations (FFFS 2013:23) applied in the previous financial year which contributed with a somewhat higher discount rate and SEK -1,335m to measurement of insurance obligations. Changes in discount rates due to rising market interest rates in addition meant that the value of insurance obligations decreased by SEK 3,167m. The total contribution to the measurement of insurance obligations made as a result of changes in discount rates from both change of method and changed market interest rates is therefore a reduction in value of SEK 4,502m. For the financial year 2020, the corresponding effect was an increase in the value of insurance obligations of SEK 2,747m.

To reduce the outstanding interest rate risk in obligations made agreements are signed on various forms of interest rate hedges. The agreements mean that the fixed interest rate in the obligations is exchanged for a variable rate. Outstanding interest rate hedge agreements at year-end totalled SEK 4,000m (500). Changes in value of interest rate hedges means that these contributed SEK -26m (-43) to the total return.

Note 2 cont.

Targets, principles and methods for managing financial risks

The society's business activities give rise to various types of financial risk such as market risks, credit risks, credit risks and liquidity risks. Market risks include interest rate risk, share price risk, property price risk, currency risk and credit spread risk. In addition there are also operational risks, legal risks and strategic risks. In order to limit and control risk in the operations, the society's Board has adopted investment guidelines and a risk policy with guidelines and instructions for financial activities and for the risk control function.

General objectives for risk management

The society's assets must be invested in the manner that best serves the interests of its members and an exaggerated risk concentration must be avoided through suitable diversification between and within different classes of assets. The assets shall, taking into account the assets' risk profile and the society's insurance obligations, be invested so that the society's payment capacity is satisfactory and a sufficient expected return is achieved within the framework of prudent asset management.

General principles for risk management

The taking of risks in the society must be reasonable in relation to obligations undertaken. This is complied with through limited risk taking within the requirements made on matching, diversification and risk taking. The taking of risks must also at all times be in reasonable proportion to the society's risk capital, long-term targets for returns expressed as the level of the guaranteed obligations and anticipated bonus rate.

Risk management methods

A fall in value on the assets side can be limited with in principle three different methods. The first method is to spread the risks between and within different asset classes, e.g. equities, fixed-income investments, properties as well as between different geographic areas, sectors and counterparties within each class of asset. The second method involves selling assets at risk in the event of an anticipated or realised negative market development in order to protect capital, which might be difficult to achieve. The third method is to use capital-protected investments, such as bonds or various financial derivatives which provide a positive return even in the event of a negative market development.

Operational risks, on the other hand, are limited through a regular review of the society's operational risks and an overview of the routines and working methods that limit operational risks in a desired manner. In addition, the Board regularly commissions an independent review of operations including operational risks.

Management of interest rate risk

Interest rate risk is the risk of loss due to a change in market values of fixed-income related instruments that arises in the event of fluctuations in general interest rates. The size of the change in value, and therefore of the risk, is linked to the maturity and duration of the instrument. Duration is an elasticity metric related to interest rate risk which shows the change in value for a fixed-income instrument when market interest rates for all maturities change by the same amount (parallel shift).

The society's assets increase by SEK 2,230m (1,134) in the event of a 1% decrease in interest rates for all maturities. Liabilities increase by SEK 7,508m (5,058) in the same scenario. The total outstanding interest rate risk (effect on equity) in the event of a 1 percentage point change in the market interest rates for all maturities therefore amounts to SEK 5,278m (5,635) in the form of a negative effect on solvency. The effect on the liability for both current and previous financial year takes into account the new regulations for determination of discount rate (FFFS 2019:21) for occupational pension companies which means that discount rates become significantly more sensitive to changes in market interest rates, above all in the event of low or negative market rates.

Management of share price risk

Share price risk is the risk of loss due to changes in prices on the stock market. In order to reduce price risk in the equities portfolio a good diversification of holdings should be sought in relation to the size of the portfolio.

For equity-related instruments risk is measured by analysing how much the market value is affected by falling or rising share prices. In the section sensitivity analysis, below, an account is provided of outstanding share price risk. The total outstanding share price risk in the event of a price change of 10 percentage points amounts to SEK 6,014m (4,719).

Management of property price risk

Property price risk is the risk of loss due to a fall in market values of property investments. Property price risk is measured as a reduction in the market value of property investments. The total outstanding property price risk in the event of a change in value of 10 percentage points amounted to SEK 2,307m (1,591).

Management of currency risk

Currency risk is the risk of loss due to a change in the value of assets and liabilities due to changes in exchange rates. Currency risk is measured as a percentage of foreign assets that are not currency hedged through a hedging agreement (forward contracts or currency swaps). All assets in foreign currency that are not hedged represent a currency risk. For the society all insurance obligations on the liabilities side are in Swedish kronor. Exposure to outstanding currency risk, in accordance with a Board decision, may not exceed 20% of the total value of assets.

Currency exposure amounts after currency hedging to 18.2% (15.4) of the value of the investment assets. Gross exposure, i.e. currency exposure without currency hedges, amounts to SEK 47,376m (37,502). The total outstanding currency risk is estimated in the event of a change in exchange rates of 10 percentage points to amount to SEK 2,481m (1,737).

The breakdown of outstanding currency risk in different currencies (SEKm) is shown in the table below:

	2021	2020
USD	1,523	874
EUR	82	40
GBP	36	0
AUD	51	44
JPY	8	17
CHF	0	12
CAD	73	50
NOK	65	49
NZD	28	26
DKK	92	88
Other	523	537 ¹⁾
	2,481	1,737

¹⁾ Emerging markets currencies are reported under Other.

Management of credit risk

Credit risk is the risk of loss due to a counterparty suspending payments and not meeting obligations in accordance with agreements. Concentration risk relates to the risk of loss due to an exaggerated concentration of assets with a specific counterparty, sector or industry. Credit risk and concentration risk are managed mainly through exposure to individual counterparties, sectors and industries being limited in accordance with the limits decided by the Board in the risk policy. Limitation for counterparties cover entire groups or groups of companies and all types of securities. A group relates to two or more physical or legal entities that comprise a whole from a risk aspect through interconnection so that one in the group can have payment difficulties if one of the others in the group suffers financial problems.

Note 2 cont.

Five largest exposures, property companies			Five largest exposures, not credit institutions		
	31 Dec 2021	31 Dec 2020		31 Dec 2021	31 Dec 2020
1.	1.90%	2.39%	1.	1.55%	1.28%
2.	1.68%	1.18%	2.	1.46%	1.18%
3.	1.18%	0.96%	3.	1.02%	0.94%
4.	1.01%	0.81%	4.	0.82%	0.79%
5.	0.83%	0.72%	5.	0.79%	0.78%
Ratio ^{*)}	6.60%	6.06%	Ratio ^{*)}	5.64%	4.97%

Five largest exposures, credit institutions			Five largest exposures, covered bonds		
	31 Dec 2021	31 Dec 2020		31 Dec 2021	31 Dec 2020
1.	5.17%	5.84%	1.	4.15%	3.93%
2.	4.53%	5.06%	2.	3.94%	3.69%
3.	4.24%	4.73%	3.	3.80%	3.68%
4.	4.18%	3.94%	4.	3.63%	3.52%
5.	1.83%	1.43%	5.	0.65%	0.70%
Ratio ^{*)}	19.95%	21.00%	Ratio ^{*)}	16.17%	15.52%

All percentages expressed as share of present value of the society's total assets on the closing date.

^{*)} Concentration ratio is calculated as the sum of concentrations as percentages in the 5 largest holdings.

Management of credit spread risk

Credit spread risk, or interest rate difference risk, relates to the risk of loss due to changes in interest rate difference (the credit spread) between fixed-income assets with credit risk and risk-free fixed-income assets with similar terms and the same duration and currency. Risk-free fixed-income securities are bonds issued by a government. The credit spread is a metric related to the credit rating and risk that the issuer cannot meet his payment commitments in accordance with the terms for the fixed-income security.

Credit spread risk is measured by calculating how the market value of assets with credit risk is changed by a certain percentage. The total outstanding credit risk calculated with an assumption of double listed credit spread on listed securities amounts to SEK 826m (791).

Credit risk spread is mainly managed through the restrictions for holdings in fixed-income assets with credit risk in the society's investment policy, above all those with low credit worthiness.

Overview of current restrictions and outstanding risks

The table below shows current restrictions in the form of proportion of total assets in the risk policy relating to holdings with different levels of assessed creditworthiness mainly based on ratings from official rating institutes and in some individual cases on Kåpan's own assessment of creditworthiness.

2021	Max of total assets	Maximum/ counterparty	Of total assets	Largest counterparty exposure
Creditworthiness				
Very high	50%	5.0% ¹⁾	20.0%	1.1%
High	25%	2.5% ²⁾	1.6%	0.3%
Average	20%	1.0%	3.8%	0.5%
Low	15%	0.5%	8.6%	0.4% ³⁾

2020	Max of total assets	Maximum/ counterparty	Of total assets	Largest counterparty exposure
Creditworthiness				
Very high	50%	5.0% ¹⁾	18%	4.0%
High	25%	2.5% ²⁾	1.5%	0.5%
Average	20%	1.0%	6.3%	0.6%
Low	15%	0.5%	12.2%	0.4% ³⁾

¹⁾ Swedish mortgage institutes, covered bonds, max 10%.

²⁾ Companies wholly owned by the Swedish state (e.g. Vasakronan) max 5%.

³⁾ Excluding exemptions decided by the Board, where applicable.

For bonds and other debt securities issued or guaranteed by the Swedish state, the limit is set at 65% (65).

Management of cash flow risk

The society manages cash flow risk by ensuring, on each occasion, that the easily convertible (liquid) assets cover pension commitments for at least three years ahead. The society has a considerably larger inflow of premiums than outflow of pension payments which means that the cash flow risk is limited. Cash flow risk is measured as the ratio between the present value of future 1 year pension payments divided by the market value of fixed-income securities with an AAA rating that are easily convertible. For 2021 the quotient amounts to 1,472% (1,102). The calculated metric may not be less than 300% in accordance with the society's risk policy.

Management of transaction risk (settlement risk)

Transaction risk is the risk of loss due to an arranging party being unable to meet his commitments in conjunction with a transaction with a financial instrument. The risk is managed by trading in securities only being permitted with securities companies approved by the Swedish supervisory authority or a corresponding foreign authority, where a foreign securities company is involved. In securities trading, which is not subject to clearing through a clearing house approved by a Swedish supervisory authority or a foreign equivalent a counterparty may only comprise a securities company that is included in a banking group with very high short-term creditworthiness. The society's assets must be held in the custody of a securities institution approved by the Swedish supervisory authority or corresponding foreign authority when a foreign securities institution is involved.

Assessment of the level of all risks in operations

In financial operations the most important risks are market risks share price risk, property price risk, share price risk, interest rate risk and currency risk. The risk of changes in value is different for different assets classes where equities generally have the greatest variation in price levels (volatility) while fixed-income investments generally have the lowest price variation. Then in the case of equities it is primarily the share price risk that is taken into account. For foreign investments within various assets classes, currency risk is added.

The total market risk and the respective market risk are managed and limited mainly by the strategic allocation and limits that apply to exposure to each assets class in accordance with the Board's adopted investment policy. The strategic allocation is decided taking into account the risks in the society's insurance commitments and the solvency situation so that external regulations and the Board's risk tolerances are complied with in accordance with the society's risk policy. In addition, the total market risk is limited by the portfolio within all asset classes being well diversified in terms of geographic area, sector, industry and counterparty.

Sensitivity analysis

The table below shows a sensitivity analysis that shows the effect on investment assets, life insurance provisions and equity in the event of a change in a number of significant risk factors. When calculating the effect on the life insurance provision above, tax and costs have been taken into account. The sensitivity analysis is based on the premise that the society's assets are measured at fair value through profit or loss.

Note 2 cont.

2021	Effect on investment assets	Effect on life insurance provisions	Effect on equity
Risk variable			
Price fall on shares, 10%	-5,953	–	-5,953
Fall in value, property-related, 10%	-2,277	–	-2,277
Doubled credit spread	-826	–	-826
Exchange rate fall, 10%	-2,481	–	-2,481
Interest rate fall, 1%	2,230	7,508	-5,278

2020	Effect on investment assets	Effect on life insurance provisions	Effect on equity
Risk variable			
Price fall on shares, 10%	-4,635	–	-4,635
Fall in value, property-related, 10%	-1,548	–	-1,548
Doubled credit spread	-791	–	-791
Exchange rate fall, 10%	-1,737	–	-1,737
Interest rate fall, 1%	1,134	6,769	-5,635

When calculating the effect on life insurance provisions above, tax and costs have been taken into account. The sensitivity analysis is based on the premise that the society's assets are measured at fair value through profit or loss.

Management of operational risk

Operational risk refers to risk of loss due to processes that are not fit for purpose or unsuccessful processes, human error, faulty systems or external events. Legal risk and the risk of internal or external irregularities (including intrusions into IT systems) are included among operational risks. Operational risks can involve both immediate financial losses and long-term losses by the damage to the society's public trust and

reputation. Management of operational risks mainly consists of good internal control with the support of competent staff and appropriate systems support. Maintaining good internal control is an ongoing process and includes appropriate routines and instructions, clear division of responsibilities and work, IT systems with built-in reconciliations and controls as well as authorisation systems for premises and internal information and reporting systems. One key part of management of operational risks is also continuity planning for the business with backup solutions and appropriate routines in the event of fire, system outages and sick leave.

Overall guidelines relating to operational risks have been adopted by the Board. The risk function is responsible for independent control and follow-up of all risks including operational risks and reports back monthly (or more often if required) to the Board on incidents and status relating to operational risks in the business. An overview with an inventory and assessment of all operationally significant operational risks is performed annually and reported back to the Board. Since only 20 (20) full-time employees are responsible for the society's management and asset management, the Board has, in accordance with the Swedish Financial Supervisory Authority's regulations and good practice, decided to engage external internal auditors among other things to perform an independent review of the society's business. It is always the Board that is the internal auditor's client this because it is management's internal governance and control that is to be audited. The Board decides annually on an internal audit plan for the current year.

The society has signed an agreement with National Government Employee Pensions Board (SPV) for administration of Kåpan's insurance business. This agreement is an outsourcing agreement. The society is responsible for operational risks even in the outsourced business in the same way as in its own business. The society's internal audit also has within the framework of the Board's assignment responsibility for evaluation the services purchased from SPV.

Outstanding maturities on fixed-income assets and liabilities

2021	max 1 years	1-3 years	3-5 years	5-10 years	+10 years	without interest	nominal	market value
Assets								
Bonds and other fixed-income securities	752	12,175	31,511	4,145	452	0	49,035	49,583
Interest rate derivatives, positive	3	0	0	23	18	0	44	44
Liabilities								
Life insurance provisions	-1,939	-3,549	-3,011	-7,887	-78,615	0	-95,001	-59,311
Interest rate derivatives, negative	-6	-40	-55	-28	0	0	-129	-129
Cumulative exposure	-1,190	8,586	28,445	-3,747	-78,145	0	-46,051	-9,813
2020								
Assets								
Bonds and other fixed-income securities	856	12,340	28,902	4,608	0	0	46,706	47,888
Interest rate derivatives, positive	6	17	11	60	0	0	94	94
Liabilities								
Life insurance provisions	-1,927	-3,565	-3,017	-7,051	-74,446	0	-90,006	-61,549
Interest rate derivatives, negative	0	-7	-7	0	0	0	-14	-14
Cumulative exposure	-1,065	8,785	25,889	-2,383	-74,446	0	-43,220	-13,581

NOTE 3 Cumulative exposure

	2021	2020
Premiums written Kåpan Tjänste	2,670	2,550
Premiums written Kåpan Extra	674	695
Premiums written Kåpan Valbar	2,542	2,398
Premiums written Kåpan Flex	410	335
	6,296	5,978

All premiums written relate to contracts signed in Sweden. All contracts carry bonus entitlement and Kåpan insurance contracts are collectively agreed individual insurance contracts.

NOTE 4 Investment income

	2021	2020
Dividends received	1,326	1,010
Interest income		
Bonds and other fixed-income securities including bank balances and similar	513	413
Derivatives	36	0
Exchange gains, net	9	0
Capital gains, net		
Shares	6,600	1,251
Bonds and other fixed-income securities	403	256
Derivatives	0	1,526
	8,887	4,456

All results are attributable to financial assets with change in value recognised in profit or loss.

NOTE 5 Unrealised gains on investment assets

	2021	2020
Shares and participations	14,274	546
Bonds and other fixed-income securities	0	411
Derivatives	0	258
	14,274	1,215

NOTE 6 CLAIMS PAID

	2021	2020
Pension payments Kåpan Tjänste	-1,235	-1,261
Pension payments Kåpan Extra	-286	-280
Pension payments Kåpan Plus	-110	-118
Pension payments Kåpan Valbar	-332	-282
Pension payments Kåpan Flex	0	0
	-1,963 ¹⁾	-1,941

¹⁾ In addition SEK 1,284m (1,218) was paid which comprised bonus in addition to the guaranteed rate.

NOTE 7 Operating expenses

	2021	2020
Administrative expenses	-116	-109
Cancelled costs attributable to asset management	44	44
	-72	-65
All operating expenses by type of cost		
Staff costs	-42	-43
Premises	-4	-3
Depreciation	-2	-2
Other operating expenses	-24	-17
	-72	-65
Fees to auditors *)		
KPMG		
Audit assignment	-1	-1
Other services	0	-
	-1	-1

*) Included in other operating expenses.

Average number of employees

	Women	Men	Total
Average number of employees	9 (9)	11 (11)	20 (20)

Salaries and other remuneration (SEK 000s)

	2021	2020
Council of Administration	191	191
Board and President	4,193	3,939
Other employees	19,615	19,984
of which variable remuneration	853	1,523
Pensions and other social security contributions	16,470	17,646
of which pension costs	7,036	7,975
of which President's pension costs	1,051	1,150

Note 7 cont.

Fees were paid to the Board as follows (SEK)

Ordinary members

Gunnar Holmgren, Chairman	132,000	(136,000)
Erland Ekheden	63,000	(28,667)
Anna Falck	67,000	(71,000)
Anita Johansson	67,000	(43,000)
Dan Sjöblom	67,000	(47,333)
Roger Vilhelmsson	63,000	(41,000)
Lars Fresker, Deputy Chairman	102,000	(102,000)
Mikael Andersson, until 210428	19,667	(43,000)
Fredrik Bäckström	67,000	(43,000)
Eva Fagerberg	55,000	(43,000)
Anna Odhner, from 210429	43,333	(0)
Anna Steen	67,000	(32,417)
Helen Thornberg	63,000	(71,000)

Variable remuneration

The Board has decided on an remuneration policy. According to the policy no variable remuneration is paid to senior executives who are the President, Vice President, investment manager, actuary, head of legal/compliance and risk manager.

According to the policy other employees may receive a maximum variable remuneration of two monthly salaries based on a three-year evaluation period. Remuneration is paid as cash salary following a decision by the President who subsequently reports his decision to the Board.

The complete remuneration policy is available on the society's website.

Other remuneration

No variable performance-based remuneration is paid to the Board. The Board has no pension benefits or special severance pay. Fees to the Board are decided by the Council of Administration based on a proposal from the President.

A cash salary of SEK 3,317,040 (3,185,487) is paid to the President as well as a defined contribution pension benefit amounting to 30% of annual income. The contract applies with a 12-month mutual notice period and does not specify an age-specific retirement age. In the event of termination on the part of the society, a deduction of paid compensation will be made if remuneration is received from another employment.

The President has a free car benefit in his contract.

Salary and other remuneration to the President is reviewed by the Board's Remuneration Committee. The Remuneration Committee consists of Gunnar Holmgren, chairman, Lars Fresker, Helen Thornberg and Anna Steen. The Board decides on salary and remuneration to the President. The Board has approved the President's external directorships and that the President owns a close company. The President receives fees from these assignments. The President may not undertake assignments outside his employment in the society without the approval of the Board.

Salary and remuneration to other employees are decided by the President.

The society's occupational pension plans are secured through the FTP Plan and individual insurance contracts.

NOTE 8 Investment charges

	2021	2020
Operating expenses attributable to asset management	-44	-44
Other investment charges	-131	-47
Interest expenses	-2	-2
Exchange losses, net	-0	-18
Capital losses, net		
Derivatives	-417	0
	-594	-111

Costs are attributable to financial assets held for trading.

NOTE 9 Unrealised losses on investments

	2021	2020
Bonds and other fixed-income securities	-656	0
Derivatives	-1 367	0
	-2,023	0

NOTE 10 Tax on returns

	2021	2020
Tax on returns	-84	-79
	-84	-79

The value of net assets under management is charged with a tax on returns which is calculated and paid by the society each year on behalf of policyholders. The society does not pay income tax.

NOTE 11 Intangible assets

Other intangible assets	2021	2020
Opening cost	45	43
Investments for the year	2	2
Disposals for the year	0	0
Accumulated amortisation	-40	-38
	7	7

NOTE 12 Investments in associates

Shares and participations in associates

	2021			2020		
	Cost	Fair value	Share of equity %	Cost	Fair value	Share of equity %
Fastighets AB Stenvalvet, 556803-3111, domicile Stockholm	-	-	-	803	1,610	46
Gysinge Skog AB, 559164-0817, domicile Falun	143	1,603	50	143	1,429	50
Kåpan SBB Bostad AB, 559305-4934, domicile Stockholm	1,025	1,025	50	-	-	-
LSTH Svenska Handelsfastigheter AB, 559009-2325, domicile Stockholm	1,394	2,287	39	1,394	1,627	42
Midstar Hotels AB, 559007-7979, domicile Stockholm	1,093	1,371	29	1,038	1,211	29
Svenska Myndighetsbyggnader Holding AB, 559343-3443, domicile Stockholm	1,583	1,583	50	-	-	-
	5,238	7,869		3,378	5,877	

Fixed-income securities, loans to associates

	2021			2020		
	Cost	Fair value	Share of equity %	Cost	Fair value	Share of equity %
Fastighets AB Stenvalvet, 556803-3111, domicile Stockholm	-	-	-	1,301	1,320	46
Svenska Myndighetsbyggnader Holding AB, 559343-3443, domicile Stockholm	1,000	1,000	50	-	-	-
	1,000	1,000		1,301	1,320	

NOTE 13 Shares and participations

	2021		2020	
	Cost	Fair value	Cost	Fair value
Swedish equities	13,125	25,643	12,400	19,235
Foreign shares and participations	33,705	46,475	32,641	36,953
	46,830	72,118	45,041	56,188

Classified as financial assets measured at fair value with change in value recognised in profit or loss.

NOTE 14 Bonds and other fixed-income securities

	2021		2020	
	Cost	Fair value	Cost	Fair value
Swedish government	0	0	0	0
Swedish mortgage institutions	26,070	25,859	20,041	20,234
Other Swedish issuers	19,628	18,650	17,100	17,291
Foreign governments	0	0	0	0
Other foreign issuers	4,065	4,074	8,970	9,043
	49,763	48,583	46,111	46,568
of which subordinated				
Dated subordinated debenture	1,477	1,471	1,767	1,762

Classified as financial assets, measured at fair value with change in value recognised in profit or loss.

NOTE 15 Derivatives

Derivative instruments with positive values

	31 Dec 2021		31 Dec 2020	
	Nominal amount	Fair value	Nominal amount	Fair value
Fixed-income related, swaps	7,250	44	13,250	93
Currency-related, forward contracts	3,232	24	18,834	756
	10,482	68	32,084	849
of which cleared	0		0	

Derivative instruments with negative values

	31 Dec 2021		31 Dec 2020	
	Nominal amount	Fair value	Nominal amount	Fair value
Fixed-income related, swaps	14,149	-129	3,649	-14
Currency-related, forward contracts	18,698	-471	224	0
	32,847	-600	3,873	-14
of which cleared	0		0	

Derivative instruments are used in management of the society's investment assets and are an alternative to a direct purchase or sale of securities or currency. The main principle for trading with derivatives is that trading must take place in order to make management more efficient or reduce price and currency risks.

NOTE 16 Complementary information on financial instruments recognised at fair value

Investment assets divided among different types of financial instruments measured at fair value at 31 December.

2021

Financial instrument	Level 1	Level 2	Level 3	Total
Investment assets				
Shares and participations	55,507	1,673	22,807	79,987
Bonds and other fixed-income securities	48,373	200	1,010	49,583
Derivatives – positive value	0	68	0	68
Derivatives – negative value	0	-600	0	-600
Total	103,881	1,340	23,817	129,038

2020

Financial instrument	Level 1	Level 2	Level 3	Total
Investment assets				
Shares and participations	44,217	1,050	16,798	62,065
Bonds and other fixed-income securities	45,617	195	2,076	47,888
Derivatives – positive value	0	849	0	849
Derivatives – negative value	0	-14	0	-14
Total	89,834	2,080	18,874	110,788

Classification of securities at fair value is done by applying a hierarchy for fair value that reflects the significance of the inputs used in the valuations. The hierarchy includes the following levels:

- Level 1** Assets or liabilities measured at quoted prices on active markets for identical assets.
- Level 2** Assets measured at, or based on, quoted prices in active markets for similar assets.
- Level 3** Inputs for the asset or liability concerned based to a significant extent on not directly observable market inputs, i.e. there is no active market for identical investments, such as property values.

Fair value is defined as the price at which an asset can be sold to a counterparty who is independent from the society. The notional transaction on the basis of which the price is determined is based on the parties entering such a transaction voluntarily and not forcibly in conjunction for example with liquidation, and also on the basis on the counterparty being able to make a competent assessment of the value of the asset. The price must also be regarded as applying for a period that concurs with the society's ability to trade and on the basis of the current investment policy.

For financial instruments quoted in an established and liquid market are attributable to level 1 and for these instruments fair value is determined on the basis of the asset's quoted purchase price on the balance sheet date. A financial instrument is regarded as quoted on a market if quoted prices are easily available on a stock exchange, with a dealer, stockbroker, industry organisation, company that provides current price information or a supervisory authority and these prices represent actual and regularly occurring market transactions on commercial terms. Financial instruments that are not quoted on an active market with purchase and selling prices that are easily and regularly available in a public marketplace, but where a reasonable assessment of the fair value of the instrument can be derived from observable quoted prices for similar instruments or other market quotations are attributable to level 2 in the hierarchy for fair value. If these prerequisites are deemed to exist and if it is highly probable that the asset can be sold for this value without delay, it can be classified as level 2 in the fair value hierarchy, i.e. the asset is an instrument that directly or through a valuation model can be measured with the aid of observable information in the market. Most of the society's assets are valued according to level 1 or level 2 in the fair value hierarchy.

The assets that do not meet the requirements of classification as level 1 or level 2, are regarded as belonging to level 3. This means that they are assets whose value is based on accepted valuation methods and inputs which have affected the value of the asset to a significant extent, and where such inputs comprise assumptions or estimations that are not observable on the market. Investments in level 3 mainly consist of property-related shares and associated shareholder loans as well as other unlisted shareholdings. Property-related investments are found among shares and participations, property-related shareholder loans are found under bonds and other fixed-income securities in the table above. Examples of inputs for asset valuation within level 3 can be operating net for properties in an unlisted property fund. In these cases the market for the financial instrument is assessed as not well established and the society then obtains the fair value by together with an independent, established player in the capital market performing an objective valuation. Valuations are usually then made based on an estimate of expected future cash flow. The society works over time with consistent valuation methods and provides in its financial statements a clear documentation of valuations performed. For assets belonging to level 3 the society usually uses price information from a third party without making any adjustment. Where applicable, the price information is adjusted on the basis of known transactions that the society has carried out in the investment between when the valuation was issued by a third party and the balance sheet date. Examples of market players are banks, issuers, stock and credit brokers and authorised property valuers. The aim for the valuation must always on each occasion be to try to obtain as accurate and fair value as possible.

A review of each individual asset's classification according to the fair value hierarchy is performed at least annually in conjunction with the closing accounts. Changes of level are documented on an ongoing basis during the year in connection with the valuation basis of each asset. The annual review includes motivation for a change in classification during the year, should this arise. At each year-end, a total review of all holdings is carried out.

No transfers have taken place between levels 1 and 2 to/from level 3 during the year.

Note 16 cont.

Reconciliation of fair value and earnings impact from investments included in level 3**2021****Change in level 3 during the year**

Investment assets	Shares and participations	Bonds and fixed-income securities	Derivatives and options	Total
Opening balance	16,798	2,076	0	18,874
Purchases for the period	5,561	1,039	0	6,600
Sales for the period	-5,545	-2,244	0	-7,789
Securities and currencies gains and losses for the period	4,117	139	0	4,256
Change in unrealised gains or losses due to changes in:				
Market value	1,876	0	0	1,876
Transfers from level 3 to level 1 or level 2	0	0	0	0
Transfers from level 1 to level 2 or level 3	0	0	0	0
Closing balance	22,807	1,010	0	23,817
Coupons and dividends for the period	126	691	0	817
Included in profit for the period				
– as part of carrying amount	6,119	830	0	6,949
– as part of other comprehensive income	0	0	0	0

2020**Change in level 3 during the year**

Investment assets	Shares and participations	Bonds and fixed-income securities	Derivatives and options	Total
Opening balance	14,787	3,157	0	17,944
Purchases for the period	3,370	279	0	3,649
Sales for the period	-1,542	-1,350	0	-2,892
Securities and currencies gains and losses for the period	-291	7	0	-284
Change in unrealised gains or losses due to changes in:				
Market value	474	-17	0	457
Transfers from level 3 to level 1 or level 2	0	0	0	0
Transfers from level 1 to level 2 or level 3	0	0	0	0
Closing balance	16,798	2,076	0	18,874
Coupons and dividends for the period	123	234	0	357
Included in profit for the period				
– as part of carrying amount	306	244	0	550
– as part of other comprehensive income	0	0	0	0

For instruments recognised in level 3 the estimates of fair value the society considers to be true and fair are used. Since the definition of level 3 is that an assessment of fair value is based on some form of model based measurement technique, which wholly or partly uses non-observable market data, this means that the calculated fair value can change through the use of alternative measurement methods, for example other model assumptions or other parameters.

A review of the classification of each individual investment according to the fair value hierarchy is performed at least once a year in conjunction with closing accounts. Changes in level are documented continuously during the year in connection with each instrument's valuation basis. The annual review includes motivation for a changed classification during the year, if this has taken place. At each year-end a total review is performed of all holdings.

No transfers took place between levels 1 and 2 to/from level 3 during the year.

Assessment of outstanding risks for investments recognised in level 3**2021****Outstanding risks, level 3**

Investment assets	Share in level 3		Share in level 1 or 2	
	SEKm	Share	SEKm	Share
Interest rate risk	-5	0%	-2,224	100%
Share price risk	2,334	10%	20,176	90%
Property risk	5,957	100%	0	0%
Credit risk	0	0%	826	100%
Currency risk	1,509	61%	972	39%
Correlation effect	-3,221	53%	-2,801	47%
Total net risk	6,573	28% ¹⁾	16,949	72%
Basis for stress test				
Fair value level 3	23,817	100%		

Assessment of outstanding risks for investments recognised in level 3**2020****Outstanding risks, level 3**

Investment assets	Share in level 3		Share in level 1 or 2	
	SEKm	Share	SEKm	Share
Interest rate risk	-4	0%	-1,130	100%
Share price risk	1,321	8%	15,833	92%
Property risk	5,282	97%	136	3%
Credit risk	0	0%	920	100%
Currency risk	1,118	65%	597	35%
Correlation effect	-2,159	36%	-3,808	64%
Total net risk	5,558	31% ¹⁾	12,548	69%
Basis for stress test				
Fair value level 3	18,874	100%		

¹⁾ The total risk is allocated in proportion to each risk area, divided on the one side level 1 and level 2 and on the other side level 3.

Note 16 cont.

The risk level of different asset classes is measured using stress tests based on empirical studies of the historical market development for the different asset classes in the financial market. Taken overall, the analysis method provides a satisfactory assessment of the outstanding risk level for instruments in level 3 and their share of the total risk level, total net risk. Calculations take into account the individual risks as well as also taking into account the inherent correlation in the different risks and diversification effects in a weighing up of a total net risk. The model is based on the different asset classes being given a number of different assumptions on price fluctuations, such as a 30% relative to market interest rates with different maturities or a 40% fall in share prices, a 35% fall in property valuations and a fall in foreign currency rates against the Swedish krona of 10%.

Currency risk for instruments in level 3 is hedged using instruments which in the fair value hierarchy are classified as belonging to level 2. In order to provide a true and fair value of outstanding currency risk for assets attributable to level 3, this is calculated taking into account the currency hedging effected through currency hedging instrument in the form of forward contracts, currency options and where applicable basis swaps. It is the remaining (excess) currency risk attributable to level 3 which is recognised in this note and consists of the part of the market value for the level 3 assets in foreign currency which had not been hedged on the balance sheet date.

NOTE 17 Other receivables

	2021	2020
Non-cash sale investment assets	5,187	53
Collateral receivable *)	145	0
Tax receivable	59	47
	5,391	100

*) Delivered cash collateral
Exposure: SEK 121,003,560 (0).

NOTE 19 Equity

Disclosures of changes in equity are provided in the Statement of changes in equity, page 17.

Quantification of unobservable inputs in level 3

For fair value measurements within level 3 where the society has engaged a third party to calculate value, the society does not produce inputs used in the measurement, but uses price information from the third party without adjustment. The reason for this includes the fact that the valuation models used by the third party in its internal valuation process are usually owner protected by third party and therefore not communicated to the society, i.e. these are the banks' and valuation institutions proprietary models where the society does not have insight into the details of the underlying assumptions and valuation models that are applied in the measurement process. For investments in some companies under liquidation the third party makes an assessment that there is a possibility to recover an unspecified part of the investment but that the probability of this occurring cannot be quantified, and the third party does not provide amounts for future cash flows that might be expected in such a recovery process. In such valuations the society has set the probability of this at zero per cent and thereby measured these investments at zero kronor.

NOTE 18 Property plant and equipment

	2021	2020
Opening cost	4	4
Investments for the year	0	1
Disposals for the year	0	-1
Accumulated depreciation	-3	-3
	1	1

NOTE 20 Life insurance provisions

	2021	2020
Kåpan Tjänste	32,489	34,380
Kåpan Extra	6,698	7,019
Kåpan Plus	1,400	1,579
Kåpan Valbar	18,326	18,270
Kåpan Flex	398	301
	59,311	61,549

NOTE 21 Life insurance provisions

	2021	2020
Opening balance	61,549	59,601
Paid-in premium for new business	295	301
Paid-in premium for contracts signed in previous periods	6,001	5,677
Paid from/transferred to Provision for claims outstanding or liabilities	-1,963	-1,934
Risk result	23	44
Indexation with discount rate	837	532
Effect of changed discount rate	-4,502	3,382
Allocated bonus	2	0
Charges	-70	-67
Tax on returns	-46	-45
Portfolio taken over/transferred	0	0
Effect of (other) changed actuarial assumptions	347	3,112
Other changes	-3,162	-9,054
Closing balance	59,311	61,549

NOTE 22 Other liabilities

	2021	2020
Collateral received ^{*)}	0	431
Other	9	9
	9	440

^{*)} Cash collateral received
Exposure: SEK 0 (435,455,054).

NOTE 23 Contingent liabilities**Pledged financial instruments**

Equity loans for pledged equities amount to SEK 1,365,592,380 (627,719,118) on the balance sheet date.

Collateral received, equities

For pledged equities, collateral in the form of Swedish equities has been received amounting to SEK 1,433,492,958 (660,759,387).

Collateral received, fixed-income securities

Collateral received, in the form of fixed-income securities SEK 319,294,902 (380,778,015).

Exposure: SEK 290,307,685.

Commitments

The nominal value of currency and interest rate derivatives is recognised in accordance with the Swedish Financial Supervisory Authority's regulations as commitments (memorandum items) and amount at 31 December 2021 to SEK 43,329m (35,958), see also Note 15. The society normally has a matching receivable within the framework of this type of derivative contract.

In addition, the society has outstanding commitments to invest in unlisted equities and funds which amount to SEK 7,452m (6,819) in accordance with current agreements.

Total commitments thus amount to SEK 50,781m (42,777).

NOTE 24 Anticipated recovery dates

2021

SEKm

	Max 1 year	Longer than 1 year	Total
Assets			
Other intangible assets	0	7	7
Investments in associates	0	8,869	8,869
Shares and participations	0	72,118	72,118
Bonds and other fixed-income securities	752	47,831	48,583
Derivatives	27	41	68
Other receivables	5,391	0	5,391
Property, plant and equipment	0	1	1
Cash and bank balance	1,438	0	1,438
Accrued interest income	211	0	211
Other prepaid expenses and accrued income	4	0	4
	7,823	128,867	136,690
Liabilities			
Life insurance provisions	1,939	57,372	59,311
Provision for other risks and expenses	5	0	5
Derivatives	477	123	600
Other liabilities	9	0	9
Accrued expenses and deferred income	2	0	2
	2,432	57,495	59,927

2020

SEKm

	Max 1 year	Longer than 1 year	Total
Assets			
Other intangible assets	0	7	7
Investments in associates	0	7,197	7,197
Shares and participations	0	56,188	56,188
Bonds and other fixed-income securities	0	46,568	46,568
Derivatives	762	87	849
Other receivables	100	0	100
Property, plant and equipment	0	1	1
Cash and bank balance	1,913	0	1,913
Accrued interest income	274	0	274
Other prepaid expenses and accrued income	3	0	3
	3,052	110,048	113,100
Liabilities			
Life insurance provisions	1,927	59,622	61,549
Provision for other risks and expenses	7	0	7
Derivatives	0	14	14
Other liabilities	440	0	440
Accrued expenses and deferred income	2	0	2
	2,376	59,636	62,012

NOTE 25 Category of financial assets and liabilities and their fair value

2021	Financial assets at fair value through profit or loss			Carrying amount, total	Fair value
	Assets assessed as belonging to the category	Held for trading	Loans and receivables		
SEKm					
Financial assets					
Shares and participations in associates	7,869			7,869	7,869
Fixed-income securities, loans to associates	1,000			1,000	1,000
Shares and participations	72,118	-	-	72,118	72,118
Bonds and other fixed-income securities	48,583	-	-	48,583	48,583
Derivatives	-	68	-	68	68
Other receivables	-	-	-	5,391	5,391
Cash and bank balances	-	-	1,438	1,438	1,438
Accrued interest income	211	-	-	211	211
Other prepaid expenses and accrued income	-	-	-	4	4
Non-financial assets	-	-	-	8	8
Total	129,781	68	1,438	136,690	136,690

2021	Financial assets at fair value through profit or loss			Carrying amount, total	Fair value
	Liabilities assessed as belonging to the category	Held for trading	Other financial liabilities		
SEKm					
Financial liabilities					
Provision for other risks and expenses	-	-	-	5	5
Derivatives	-	600	-	600	600
Other liabilities	-	-	9	9	9
Accrued expenses and deferred income	-	-	2	2	2
Technical provisions	-	-	-	59,311	59,311
Total		600	11	59,927	59,927

2020	Financial assets at fair value through profit or loss			Carrying amount, total	Fair value
	Assets assessed as belonging to the category	Held for trading	Loans and receivables		
SEKm					
Financial assets					
Shares and participations in associates	5,877			5,877	5,877
Fixed-income securities, loans to associates	1,320			1,320	1,320
Shares and participations	56,188	-	-	56,188	56,188
Bonds and other fixed-income securities	46,568	-	-	46,568	46,568
Derivatives	-	849	-	849	849
Other receivables	-	-	-	100	100
Cash and bank balances	-	-	1,913	1,913	1,913
Accrued interest income	274	-	-	274	274
Other prepaid expenses and accrued income	-	-	-	3	3
Non-financial assets	-	-	-	8	8
Total	110,227	849	1,913	113,100	113,100

2020	Financial assets at fair value through profit or loss			Carrying amount, total	Fair value
	Liabilities assessed as belonging to the category	Held for trading	Other financial liabilities		
SEKm					
Financial liabilities					
Provision for other risks and expenses	-	-	-	7	7
Derivatives	-	14	-	14	14
Other liabilities	-	-	440	440	440
Accrued expenses and deferred income	-	-	2	2	2
Technical provisions	-	-	-	61,549	61,549
Total		14	442	62,012	62,012

NOTE 26 Pledged assets

Pledged assets	2021	2020
Assets registered on behalf of policyholders	59,311	61,549
	59,311	61,549

NOTE 27 Related party disclosures

Kåpan Pensioner is an insurance society where all the surplus is returned to its members. The main purpose of the society is to manage and pay pension assets for employees covered by an agreement concluded between the Swedish Agency for Government Employers and the government employees' main unions, or between other parties who have concluded pension agreements linked to such agreements.

The highest decision-making body is the Council of Administration. The members of the Council of Administration are appointed by the parties within the government agreement sphere. Operating activities are managed by a Board which appoints the President of the society.

Related parties are defined as members of the Board and management people within Kåpan Pensioner and members of their immediate families.

Remuneration to the Board and President is set out in Note 7. Otherwise there are no transactions with these people or persons related to them in addition to normal customer transactions that take place on market terms.

Stockholm, 29 March 2022

Gunnar Holmgren
Chairman

Lars Fresker
Vice Chairman

Fredrik Bäckström

Erland Ekheden

Eva Fagerberg

Anna Falck

Anita Johansson

Anna Odhner

Dan Sjöblom

Anna Steen

Helen Thornberg

Roger Vilhelmsson

Gunnar Balsvik
President

My audit report was submitted on 29 March 2022

Gunilla Wernelind
Authorised Public Accountant

Auditor's report

To the Council of Administration of Kåpan pensioner försäkringsförening reg. no. 816400-4114

Report on the annual accounts

Opinions

I have audited the annual accounts of Kåpan Pensioner försäkringsförening for the year 2021. The annual accounts of the society are included on pages 4-34 in this document.

In my opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Insurance Companies and present fairly, in all material respects, the financial position of Kåpan tjänstepensionsförening as of 31 December 2021 and its financial performance for the year then ended in accordance with the Annual Accounts Act for Insurance Companies. The statutory administration report is consistent with the other parts of the annual accounts.

I therefore recommend that the Council of Administration adopts the income statement and balance sheet.

My opinions in this report on the annual accounts are consistent with the content of the complementary report that has been submitted to the audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

I conducted my audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the Auditor's Responsibilities section. I am independent of Kåpan tjänstepensionsförening in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements. This includes that, based on the best of my knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) have been provided to the audited society or, where applicable, its parent company or its controlled companies within the EU.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Key audit matters

Key audit matters of the audit are those matters that, in my professional judgement were of most significance in my audit of the annual accounts for the current period. These matters were addressed in the context of my audit of, and in forming my opinion thereon, the annual accounts as a whole, but I do not provide a separate opinion on these matters.

Life insurance provisions

Disclosures on provisions for life insurance are provided in Note 1 and other related disclosures on life insurance provisions in Note 2 as well as in Note 20 and 21 for detailed disclosures and descriptions of this matter.

Description of the matter

At 31 December 2021, the society's life insurance provisions amounted to SEK 59,311m which accounts for 43% of the society's total assets.

This is a matter that includes significant assessments.

Life insurance provisions correspond to the capital value of the

guaranteed commitments according to current insurance contracts after deduction for the capital value of future agreed premium payments.

The provisions are calculated according to accepted actuarial methods. Calculations are based on assumptions on interest rates, mortality, tax and operating expenses.

How our audit addressed this matter

We have evaluated the assumptions applied in the actuarial methods used when calculating life insurance provisions.

We have compared valuation assumptions with the society's own reviews, regulatory requirements and industry figures.

We have engaged our internal specialists in actuarial matters to challenge the methods and assumptions used in calculations of cash flows and valuation of provisions. We have also via calculations assessed that the provisions are reasonable compared with anticipated contractual obligations.

We have randomly tested controls in the management's process for control of input data, actuarial calculations and that entries are made correctly in the general ledger.

We have also checked the completeness of the underlying facts and circumstances presented in the disclosures in the annual accounts and assessed whether this information is sufficiently comprehensive to understand management's assessments.

Measurement of financial instruments classified as level 2 and 3

See accounting principles in Note 1 and other related disclosures on financial instruments in Note 2 and Note 15 for detailed disclosures and descriptions of this matter.

Description of the matter

The society has financial assets and liabilities that are measured at fair value and classified in level 2 and 3 according to IFRS valuation hierarchy. The society's financial assets reduced with liabilities in level 2 and 3 amount to SEK 1,340m and SEK 23,817m respectively at 31 December 2021 which corresponds to 1% and 17% respectively of the society's total assets.

Measurement of financial assets classified in level 2 according to the IFRS fair value hierarchy is based on observable market inputs that are not included in level 1. Since representative transactions for the assets concerned are only exists to a limited extent, the estimated value of the assets is difficult to assess.

Measurement of financial assets classified in level 3 according to IFRS fair value hierarchy includes significant assessments by management since they are measured according to inputs that are not observable by external parties.

The society's assets as described above, comprise shares and participations, bonds and other securities.

How our audit addressed this matter

We have evaluated key controls in the valuation process, including checks of data quality and the society's review of measurements performed by external parties. We have also examined documents of valuation principles.

We have also carried out a control measurement of financial assets classified in level 2 where we compared the assumptions used with suitable reference values and price sources as well as examining significant deviations.

For significant financial assets classified in level 3 we have assessed the methods in the valuation model against industry practice.

We have also checked the completeness of the underlying facts and circumstances presented in disclosures in the annual accounts and assessed whether the information is sufficiently comprehensive to understand management's assessments as well as methods applied.

Other Information than the annual accounts

This document also contains other information than the annual accounts which is found on pages 1-3. The Board of Directors and the President are responsible for this other information.

My opinion on the annual accounts does not cover this other information and I do not express any form of assurance conclusion regarding this other information.

In connection with my audit of the annual accounts, my responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure I also take into account my knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If I based on the work performed concerning this information, conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Board of Directors and the President

The Board of Directors the President are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Insurance Companies. The Board of Directors and the President are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the President are responsible for the assessment of the society's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the President intend to liquidate the society, to cease operations, or has no realistic alternative but to do so.

The society's audit committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the society's financial reporting process.

Authorised Public Accountant's responsibility

My objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the society's internal control relevant to my audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the President.
- Conclude on the appropriateness of the Board of Directors' President's use of the going concern basis of accounting in preparing the annual accounts. I also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the society's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify my opinion about the annual accounts. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

I must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. I must also inform of significant audit findings during my audit, including any significant deficiencies in internal control that I identified.

I must also provide the Board of Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, I determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. I describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to my audit of the annual accounts, I have also audited the administration of the Board of Directors the President of Kåpan tjänstepensionsförening for the year 2021 and the proposed appropriations of the society's profit or loss.

I recommend to the Council of Administration that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Basis for Opinions

I conducted the audit in accordance with generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the Auditor's Responsibilities section. I am independent of Kåpan tjänstepensionsförening in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the society's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the society's operations, size and risks place on the size of the society's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the society's organisation and the administration of the society's affairs. This includes among other things continuous assessment of the society's financial situation and ensuring that the society's organisation is designed so that the accounting, management of assets and the society's financial affairs otherwise are controlled in a reassuring manner.

The President shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the society's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditors' responsibility

My objective concerning the audit of the administration, and thereby my opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the President in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the society, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act for Insurance Companies or the Statutes.

My objective concerning the audit of the proposed appropriations of the society's profit or loss, and thereby my opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Swedish Occupational Pensions Company Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the society, or that the proposed appropriations of the society's profit or loss are not in accordance with the Benevolent Societies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, I exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the society's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on my professional judgment with starting point in risk and materiality. This means that I focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the society's situation. I examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to my opinion concerning discharge from liability. As a basis for my opinion on the Board of Directors' proposed appropriations of the society's profit or loss I examined whether the proposal is in accordance with the Swedish Occupational Pension Companies Act.

Gunilla Wernelind, Box 382, 101 27, Stockholm,
was appointed as the auditor of Kåpan tjänstepensionsförening by
the Council of Administration on 28 April 2021. KPMG AB or auditors working at KPMG AB
have been the society's auditors since 1992.

Stockholm, 29 March 2022

Gunilla Wernelind
Authorised Public Accountant

Council of Administration Board of Directors and Auditors

At 31 December 2021

Council of Administration

Appointed by the Swedish Agency for Government Employers

Members

Christina Gellerbrant Hagberg, Swedish Enforcement Authority, Chairman
Susanne Nilsson, County Administrative Board, Norrbotten
Cathrin Dalmo, Swedish Civil Contingencies Agency
Lena Bengtsson Malmeblad, Swedish Meteorological and Hydrological Institute
Glenn Sundberg, Swedish Geotechnical Institute
Magnus Ericson, Swedish Agency for Accessible Media from 210101
Dan Jacobsson, Museum of Technology Foundation
Karin Coster, Swedish Council on Health Technology Assessment
Lotta Liljegren, Swedish Work Environment Authority
Eva Öquist, Stockholm University of the Arts
Marie Högström, Stockholm University
Caroline Sjöberg, Uppsala University
Anneli Thunholm, Swedish Press and Broadcasting Authority
Johan Sandström, National Defence Radio Establishment
Hedda Mann, Swedish Agency for Government Employers

Personal Deputies

Anne Vadasz Nilsson (Vice Chairman) The Swedish Energy Markets Inspectorate
Tomas Hedlund, National Board of Health and Welfare
Stina Nyström, Swedish Prison and Probation Service
Niclas Lamberg, Swedish Transport Agency
Helen Björkman, Legal, Financial and Administrative Services Agency
Ola Garmer, County Administrative Board, Skåne
Maria Isaksson, Swedish National Courts Administration
Eva Nelson, Swedish Defence Material Administration
Anders Liif, Swedish Social Insurance Agency
Torgny Hagelin, The Swedish Institute
Karin Post, National Board of Trade from 210101
Eva Wallberg, Swedish Institute for Educational Research
Charlotta Halling, Swedish Customs Service
Helena Wingemo, Swedish eHealth Agency
Ingrid Ganrot, Karlstad University

Appointed by trade unions

Members

Peter Lennartsson, OFR
Mikael Sandberg, OFR from 210101
Tom Johnson, OFR
Håkan Sparr, OFR
Malin Thor, OFR
Linda Söderman, OFR
Evalena Ödman OFR
Charlotte Olsson, Seko
Ingrid Lagerborg, Seko
Christer Hallkvist, Seko
Bengt Erik Johansson, Seko from 210101
Kurt Ragnarson, Seko from 210101
Git Claesson Pipping, Saco-S
Carolina Gomez Lagerlöf, Saco-S
Elisabeth Perntz, Saco-S

Personal Deputies

EvaLena Moser, OFR from 210101
Kristofer Dahlgren, OFR from 210101
Mats Holmgren, OFR
Camilla Brown, OFR from 210101
Johan Lindgren, OFR
Jörgen Kristiansson, OFR
Mikael Boox OFR
Karna Tillhede, Seko
Frida Strandberg Landin, Seko from 210101
Johnny Karlsson, Seko from 210101
Ulf Törnkvist, Seko from 210101
Tommy Eriksson, Seko
Robert Andersson, Saco-S
Christer Gustafsson, Saco-S
Hans Franklin, Saco-S from 210101

Board of Directors

Employer representatives

Members

Gunnar Holmgren, Swedish Agency for Government Employers, Chairman

Erland Ekheden, Swedish Pensions Agency

Anna Falck, Swedish Agency for Government Employers

Anita Johansson, Swedish Transport Agency

Dan Sjöblom, The Swedish Post and Telecom Authority

Roger Vilhelmsson, Swedish Agency for Government Employers

Trade union representatives

Members

Lars Fresker, OFR, Vice Chairman

Mikael Andersson, Saco-S until 210428

Fredrik Bäckström, Seko

Eva Fagerberg, OFR

Anna Odhner, Saco-S from 210429

Anna Steen, Saco-S

Helen Thornberg, Seko

Auditors

Auditors

Gunilla Wernelind, Authorised Public Accountant

Personal Deputy

Mårten Asplund, Authorised Public Accountant

KÅPAN PENSIONER



Kåpan tjänstepensionsförening
(Government employees pension Fund)

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