



FOR GOVERNMENT EMPLOYEES



KÅPAN TJÄNSTEPENSIONSFÖRENING

Annual Report 2022



We have chosen to use the leaves of Lady's Mantle as a symbol. Lady's Mantle is easily recognised from its unique fan-shaped leaf rosette. In the centre of the rosette, water drops collect in the early morning to form a shimmering pearl.

The drops are formed during the night when the leaves exude water taken up through the roots by guttation and is not dew.

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Presenting Kåpan

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, Kåpan Flex and, since April 2022, Kåpan Aktieval. 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 provide members with good long-term returns on their pension capital within the framework of balanced risk. We strive to promote environmental and social attributes in the investments and conduct responsible and sustainable asset management.

In November 2022, a previously part-owned property company was acquired in its entirety. This means that the Society is a group for the first time and the annual report is adapted to the regulations for consolidated financial statements. The insurance operations are conducted in the Parent Society. The members' pension capital and bonus interest will continue to be based on the assets and returns in the Society.

2022 at a glance

Assets under management

decreased by SEK 4,252m to SEK 132,438m (136,690).

132,438
(136,690)
miljoner kronor

Return on invested capital

was negative and amounted in total to -6.3% (+18.4).

-6.3%
(+18.4)

Total paid-in premiums

were SEK 6,730m (6,296).

6,730
(6,296) miljoner kronor

Funding ratio

amounted to **100** at year-end.

Pension payments

totalled SEK 3,468m (3,247).

3,468
(3,247) miljoner kronor

Solvency ratio

strengthened during the year from 229% to 245%. The strengthening is attributable to a lower valuation of outstanding guaranteed pension commitments.

245%
(229%)

Administrative expenses

remained at a low level and amounted to 0.05% (0.06) in relation to assets under management.

0.05%
(0.06%)

Bonus interest

Since 1 January 2017, the Society has a generation-based risk allocation and bonus model. Bonus interest is allocated monthly in arrears in three different generation groups with different risk levels in the investments. During 2022 bonus interest was:

-6.8 % for age group 54 and younger

-6.0 % for age group 55–64

-5.5 % for age group 65 and older

Comparative figures from previous years are not available since the Board decided in 2021 to reduce the number of age groups by merging the two younger groups and shifting the age boundaries. This change was made on 1 January 2022.

New product with higher level of risk

Since 1 April 2022, the Society offers members a new selectable product – Kåpan Aktieval. This product has the same low costs as the other insurances and the premiums are placed in the Society's aggregate equity-based investments including unlisted venture capital funds. The distributed bonus interest during 2022 for Kåpan Aktieval amounted to -2.1% from April 2022.

Sustainability

The focus of the Society's investments is to promote environmental and social attributes by continuously 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.

The aim is to be able to characterise our insurances as article 8 in accordance with the EU's Sustainable Finance Disclosure Regulation (SFDR).

A separate sustainability report that provides in-depth information on the Society's sustainability work and complements the annual report as regards among other things the extent to which various targets have been met is available at [kapan.se](https://www.kapan.se).

Board of Directors' report

The Board of Directors and the President of Kåpan tjänstepensionsförening, reg. no. 816400-4114, hereby submit their report for the financial year 2022.

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 has also been 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 registered with the Swedish Companies Registration Office. The Society's statutes are available at kapan.se.

The Board decided during the year to change the logo-type and abbreviated name to Kåpan Tjänstepension. The Society has also registered a name in a foreign language with the Swedish Companies Registration Office, Kåpan Government Employees Pension Fund.



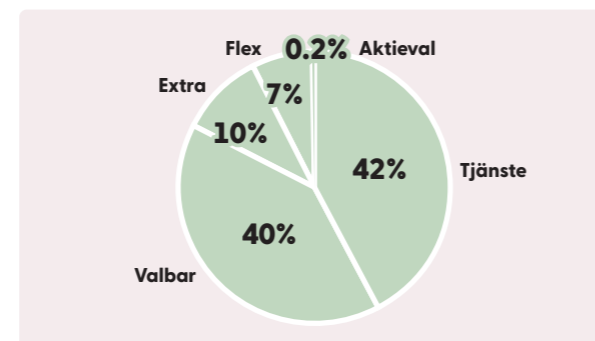
The report submitted is for the financial year ended 31 December 2022 and is prepared in accordance with the regulations in force from 1 January 2021. In November 2022, a previously part-owned property company was acquired in its entirety. This means that the Society is a

group for the first time and the annual report is adapted to the regulations for consolidated financial statements.

Five-year summary paid-in premiums (SEKm)

Category	2022	2021	2020	2019	2018
Kåpan Tjänste	2,809	2,670	2,550	2,415	2,358
Kåpan Extra	696	674	695	668	633
Kåpan Valbar	2,710	2,542	2,398	2,242	2,120
Kåpan Flex	499	410	335	260	179
Kåpan Aktieval	16	-	-	-	-
Total	6,730	6,296	5,585	5,290	5,365

Distribution of premiums



Members

The Society distributes 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.

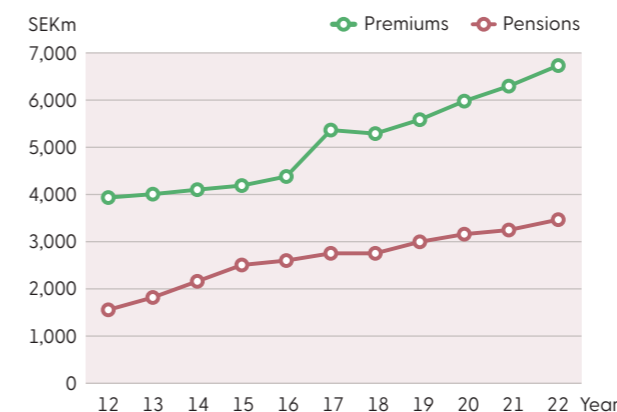
Insurance premiums

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 3,468m (3,247) was paid out during the year, of which SEK 1,556m (1,284) 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. This change has resulted in an increased proportion of pensions being paid out for life and that the Society's pension payments are not increasing at the same rate as in previous years.

Guidelines for management of invested assets

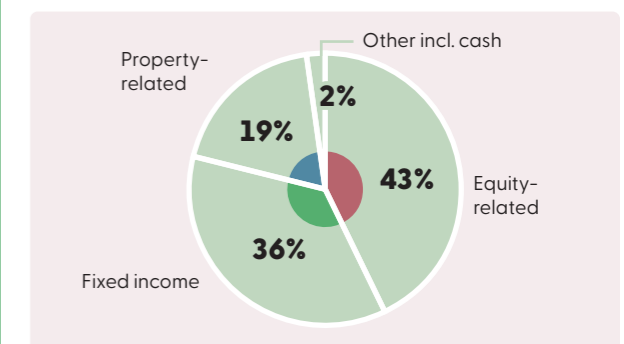
The investment guidelines set by the Board stipulate that the Society's assets, including bonus funds, must be invested so that they provide a good return within the framework of responsible and sustainable investment management and balanced risk.

According to the guidelines most recently adopted by the Board in October 2022, the classification of market value of assets should be within the following bands (previous levels in parentheses):

- Equities or equity-related asset class minimum 30% (25) and maximum 50% (45).

- Bonds and other fixed-income securities minimum 30% (40) and maximum 65% (70).
- Property-related investments minimum 10% (5) and maximum 25% (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 19% (18) of the value of assets and therefore 51% (48) of assets in foreign currency were hedged.

The Board's decision to adjust the distribution between asset classes equities, bonds and property is based on the changes in the generation model as well as the product Kåpan Aktieval and the acquisition of a previously part-owned limited company with property assets now called Kåpan Fastigheter AB. The decision is based on the Society's stable financial position and value development of the various asset classes during the year.

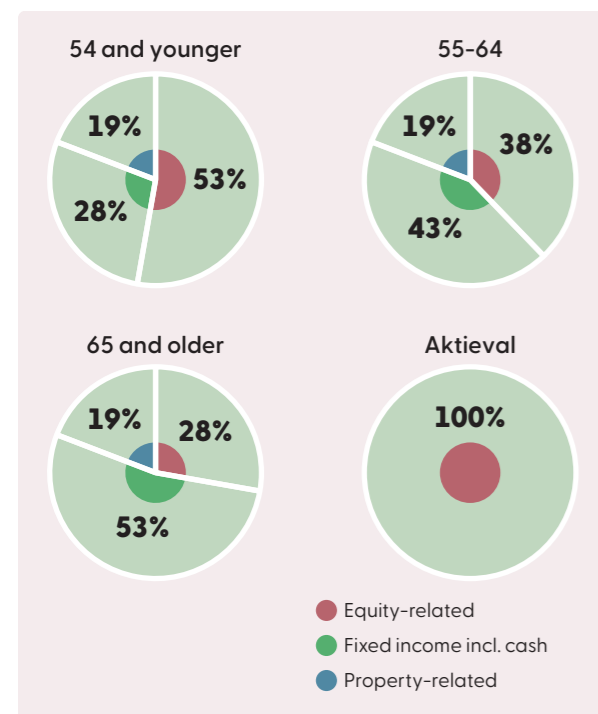
Asset management is to be conducted with the same long-term focus as in previous years. An in-depth analysis of the Society's total outstanding risk can be found in Note 2 of this annual report. The investment guidelines can be found in their entirety on kapan.se.

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 payment 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 and Aktieval



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.

In 2021, 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. The group distribution is as follows:

- age group 54 and younger
- age group between 55 and 64
- age group 65 and older

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 members 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 corporate governance aspects of its operations and investments.

The Society's sustainability work is split into three areas: investment, insurance and organisation:

- Investments are made based on achieving a good return at acceptable risk and low costs. Sustainability is an integrated part of asset management.
- The Society offers resource-efficient and simple insurance solutions with a good balance between promises made and the risk in commitments made.
- The organisation shall work sparingly with resources, respect the environment, have equality in the workplace and practice good business ethics.

The Society places great importance in investment management on reducing the effect of sustainability risks on results. The intention is that investments promote environmentally related or social attributes while not causing overall more negative than positive outcomes in society. In order to manage this in day-to-day operations, a fundamental principle is that the Society's investments must live up to a number of guiding international norms and principles that have a broad basis in Swedish society. In addition to that, investment management is based on the Society's sustainability process, which can be summarised as:

- Avoiding investment in companies that clearly breach global norms and companies that are directly involved in the manufacture of so-called controversial weapons.
- Striving to invest in companies and operations that have a high sustainability profile and work actively for a sustainable transition.
- Influencing positive change wherever possible. Work with influence and owner involvement varies depending on the investment and its size and includes advocacy, voting at general meetings, participating in nomination committees, board assignments and actively working in advisory committees.
- Excluding certain investments due to the long-term sustainability risk (coal, oil, tobacco and government bonds issued by states that are judged to deny their citizens basic democratic rights).

The Society supports the Paris Agreement and has set a long-term goal that the climate impact of our measurable investments shall be net zero by 2045 at the latest.

A separate sustainability report that provides in-depth information on the Society's sustainability work and complements the annual report as regards among other things the extent to which various targets have been met is available at kapan.se.

Direction of continuing sustainability work

The aim is to continue to improve and adjust the investment model to balance more effectively the demands the Society makes for sustainability work within the framework of the overall target of long-term responsible and sustainable management with good risk-adjusted returns.

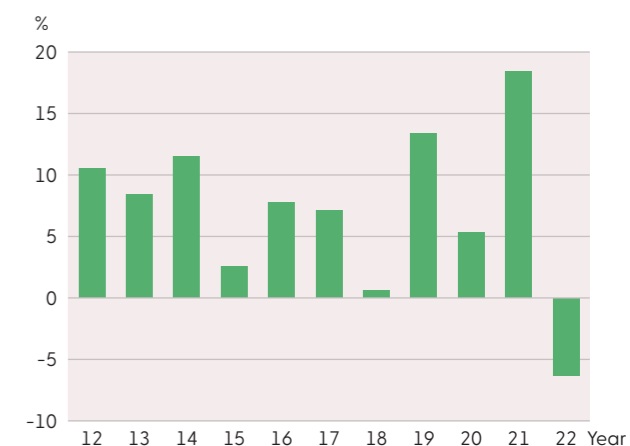
Information provision and reporting has been adapted to the new regulations which became effective on 1 January 2021 when the Society became an occupational pension company and also the new regulations on sustainability which became effective at the EU level during the year. The principal regulation that affects the Society is the EU's Sustainable Finance Disclosure Regulation (SFDR) which is described on www.kapan.se. We intend to categorise our insurances as article 8 of the EU's Sustainable Finance Disclosure Regulation (SFDR) and will start to report according to the applicable rules.

On 1 January 2022, regulation 2020/852 of the European Parliament and Council on the establishment of a framework to facilitate sustainable investment (the Taxonomy Regulation) came into effect. Among other things, the regulation requires companies of a certain size to provide taxonomy information in their statutory sustainability report. The Society is not yet subject to this requirement but is working toward reporting according to the taxonomy requirements in upcoming reports.

Investment management

The market value of the Society's investment assets, with the addition of the book value of other assets amounted to SEK 132,438m (136,690) at year-end.

Total return for past ten years



The return on investment assets was negative and amounted to -6.3% (+18.4). 2022 was affected by the war in Ukraine and general economic unrest. At the same time inflation has risen and central banks have raised their interest rates. On capital markets share prices have fallen in nearly all markets and interest rates have risen. The total return on our investments was negatively affected with both equity-related and fixed-income investments falling in value. Negative development for these areas was partly compensated by property investments which had stable returns during the year as well as placements in foreign currencies which were not exchange rate hedged developing more positively due to the weak Swedish krona.

Investment return

The total return on assets is broken down as follows:

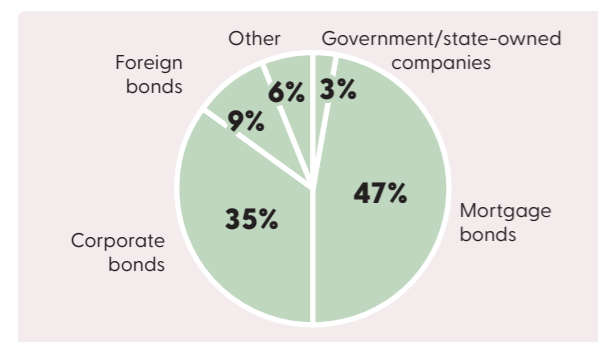
Portfolio	Market value, SEKm	Share, %	Total return ¹⁾ %, 2022
Fixed-income	47,727	36	-7.6
Equity-related	57,243	43	-12.0
Property-related	24,964	19	15.1
Other assets, cash	2,504	2	0
Total assets	132,438	100	-6.3

¹⁾ When calculating the return 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 47,727m (52,260) at year-end. The investments consisted to 47% (50) of mortgage bonds and other AAA-rated issuers and 3% (5) of bonds issued by wholly state-owned companies. Investment in corporate bonds amounted to 35% (31). The remaining 15% (14) of investments consisted of other fixed-income holdings and cash of which 9 percentage points (6) was invested in foreign currency.

Allocation fixed-income



The dominant part of fixed-income related assets in foreign currency are hedged in Swedish kronor. 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 rose from historically low levels which means that fixed-income investments fell in value but are expected to provide a higher return in 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	4,212
SEB	3,992
Nordea	3,584
Handelsbanken	3,454
Kommuninvest	2,940
Länsförsäkringar	2,315
SBAB	1,508
Swedavia	734
Vasakronan	732
Danske Bank	684

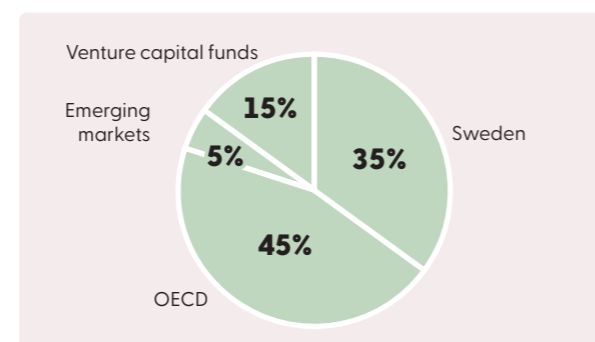
In addition to investments in fixed-income securities, the Society has taken the strategic direction of signing contracts for various forms of interest rate hedges in order to reduce the outstanding interest rate risk in pension obligations. The total earnings impact of interest rate hedges corresponds to a return of -0.4% (0.0) on interest return which can be set against the value of outstanding pension obligations falling by 20.8%.

The total return on fixed-income-related investments amounted to -7.6% (0.1).

Equity-related assets

The stock market showed negative development during 2022 with falling values. There was primarily weak development during the first half-year when the war in Ukraine affected many factors in the world economy with rising prices for many components as well as a higher level of interest. During the second half development was more stable but global share prices overall fell by a total of -16.0% (+20.9) in local currencies. The Swedish krona weakened during the year which meant that the corresponding index in Swedish kronor only showed a fall of -5.9% (+30.4).

Allocation equities



The Society's return on equities listed in the OECD was -17.1% (+25.2) in local currencies and for equities listed in emerging markets -20.6% (+7.5) in Swedish kronor. The holding of equities listed on the Nasdaq Stockholm Exchange showed a negative return of -17.4% (+37.6).

The Society currency hedges most of its foreign equity-related investments in the OECD. Since the Swedish krona weakened significantly during the year, those foreign equity-related investments that were not currency hedged made a positive contribution to returns.

Investments in various types of unlisted equities, primarily in venture-capital funds, amounted to SEK 8,311m (6,709). Return for the year was stable and amounted to 2.3% (61.1).

The overall return on equities during the year including currency effects was negative and amounted to -12.0% (+34.5) and equity-related assets at year-end amounted to SEK 57,312m (60,138).

Bonus interest on the Kåpan Aktieval insurance is based solely on the Society's equity-related investments. Kåpan Aktieval started on 1 April and bonus interest for the year amounted to -2.1% which corresponds to the return on the Society's equity-related investments for the period 1 April to 31 December 2022.

Management of equities listed on the Nasdaq Stockholm Exchange 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
Investor	1,816
Atlas Copco	1,772
Volvo	936
Hexagon	872
SEB	812
EQT	789
Assa Abloy	749
Sandvik	695
AstraZeneca	695
Epiroc	689

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	1,009
Microsoft	876
Alphabet	529
Amazon	363
United Health Group	216
Nvidia	215
Coca-Cola	210
Home Depot	208
PepsiCo	205
JP Morgan	200

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	1,416
Storebrand Emerging Markets	758
SHB Global Småbolag Index Criteria	754
SHB Global High Dividend Low Volatility Criteria	609
Montanaro European Smaller Companies Fund	430
RBC Emerging Markets Equity Fund	312
BL American Small & Mid-Caps	304
JPMorgan Europe Small Cap Fund	297
VanEck Emerging Markets Equity	252
Montanaro European MidCap Fund	196

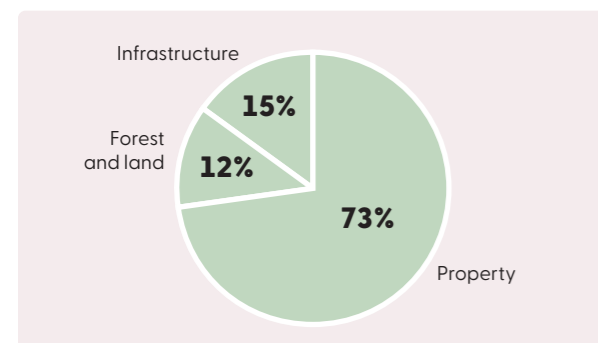
The largest investments in various types of venture capital funds at year-end were in the following funds:

Holding	Assessed value, SEKm
Alpinvest PE (2 fonder)	1,262
Warburg Pincus (4 fonder)	1,219
EQT (2 fonder)	1,002
Newbury Equity Partners (3 fonder)	926
Welsh, Carson, Anderson & Stowe (3 fonder)	769
Advent International (5 fonder)	734

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. During the year the Society acquired all shares in Svenska Myndighetsbygggnader AB from Samhällsbyggnadsbolaget (SBB) which made the company a wholly-owned subsidiary of the Society. In conjunction with the acquisition the company's name was changed to Kåpan Fastigheter AB.

The largest investments grouped by managers or companies (exposure) comprised:

Holding	Assessed value, SEKm
Kåpan Fastigheter	6,628
Svenska Handelsfastigheter	2,707
Bridge Investment Group (4 funds)	2,036
Sveafastigheter Mälardalen	2,029
Midstar Hotels	1,604
Gysinge Skog	1,528
Antin Infrastructure Partners (6 funds)	1,487
J.P. Morgan Infrastructure Investments Fund	1,163
Aermont Real Estate (4 funds)	714
White Peak Real Estate (3 funds)	713

Property-related assets showed a positive value appreciation during the year. Invested capital totalled SEK 24,904m (23,069) and the return for property-related investments amounted to 15.1% (28.4).

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 overall 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 are likely. 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 17.

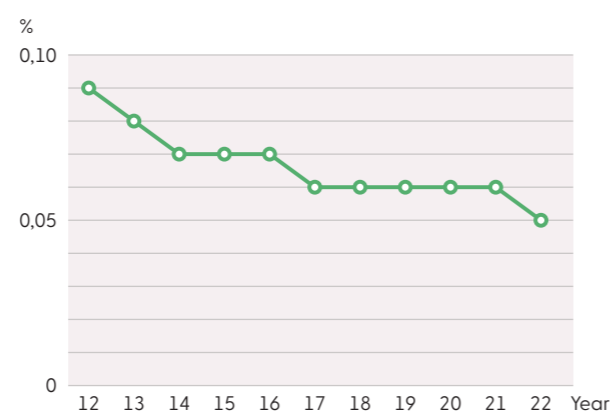
Actuarial report

An actuarial report has been prepared by the Society's actuary. The report shows that the Society's technical provisions amount to SEK 53,359m (59,311). 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 62m (72). 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 0.05% (0.06).

Management costs development



Costs for 2022 were covered 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 remain unchanged during 2023. The fixed charge of SEK 6 per insurance was removed with effect from 1 January 2022.

The aim is to continue to maintain a low level of costs over time despite the fact that continuous and extensive changes in regulations in different parts of operations place an increasing burden on the administrative and organisational resources in the Society.

The direct costs of investment management amounted to SEK 55m (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 2022

The bonus is added to members' pension capital monthly in arrears. Since 1 January 2017, the Society has a generation-based risk-sharing and bonus model. The bonus is allocated monthly in arrears split across three different generation groups with different levels of risk in investments as well as Kåpan Aktieval. The bonus allocated during 2022 before tax on returns and costs amounted to:

–6.8% for age group 54 and younger

–6.0% for age group 55–64

–5.5% for age group 65 and older

–2.1% for Kåpan Aktieval (from 1 April 2022)

The difference in returns between the groups is attributable to the returns of the equities asset class which showed overall significant negative returns during the year and meant that the younger age groups with a greater proportion of equities in their investments received a lower return. The difference between the groups is less than expected from the model since fixed-income investments also saw a relatively big fall in value due to the significant rise in market interest rates.

Comparative figures from previous years are not available since the Board decided in 2021 to reduce the number of age groups by merging the two younger groups and shifting the age boundaries. This change was made on 1 January 2022.

The bonus groups and allocated bonus for 2021 were as follows:

+23.2% for age group younger than 40

+22.1% for age group 40–49

+17.5% for age group 50–59

+13.8% for age group 60 and over

Collective funding

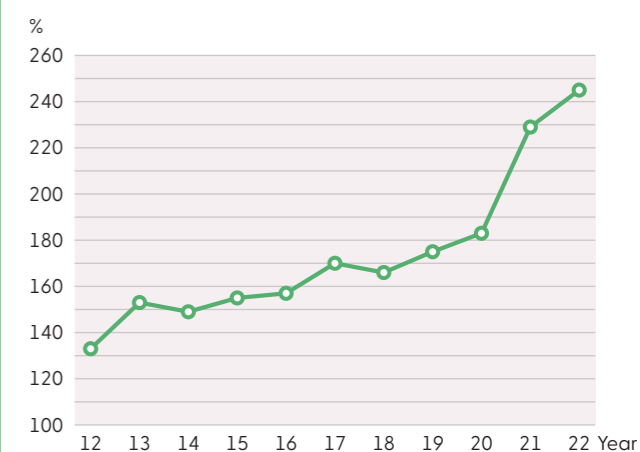
Collective funding is the relationship between the market value of the Society's assets and the Society's financial liabilities in the form of allocated pension capital to members' total insurances. The relation is expressed as a ratio of allocatable asset values (assets minus financial liabilities) and allocated asset values (total pension capital) multiplied by 100. A funding ratio of 100% means that there is a balance between the Society's net assets and the insurances' total pension capital.

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 2022 was 100%.

Development of solvency

Solvency expresses the proportion of technical liabilities that is covered by assets. The return on investments during the year was negative. 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 4.05% (4.20). The rates used have together a higher level than the previous year which means that the value of outstanding obligations has fallen by just over 20%. Returns on investments below the average guaranteed interest made a negative contribution and taken overall the solvency ratio strengthened by 15 percentage points during the year from 229% to 245%.

Solvency ratio past 10 years



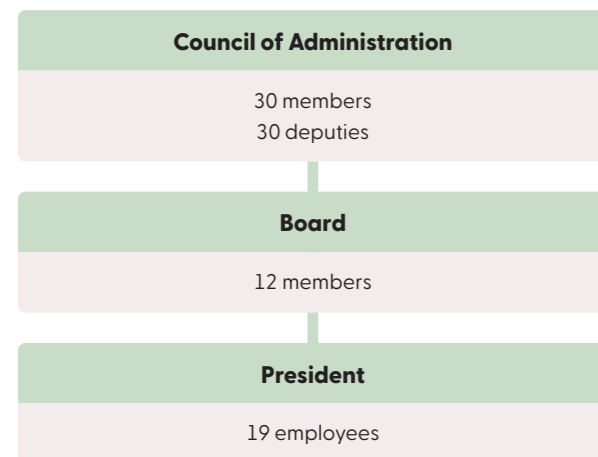
Tax on returns

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 2022 amounted to SEK 102m (84).

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.

Council of Administration, 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 decides the Society's strategic direction and appoints the Society's President. The Board held eight meetings during the year, one in the form of a two-day seminar.

The Board has ultimate responsibility for operations being conducted in accordance with applicable legislation and regulations. The Board must ensure that there are suitable internal guidelines for risk management and internal control. The Board continually monitors the company's

operations and its financial results and receives regular risk and regulation reports. The independent internal auditor reports directly to the Board in accordance with a review plan decided by the Board.

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 ordinary annual meeting of the Council of Administration, 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 on the acquisition of all the shares in the now wholly-owned subsidiary Kåpan Fastigheter AB. As a result the Society is now the parent company in a group.

The Board carried out an evaluation of its work during 2022. The conclusion is that the Board meets the requirements for competence and suitability as well as identifying and handling any conflicts of interest on an ongoing basis. During the year special attention has been paid to developments in the regulatory area and the consequences that the new regulations have for operations.

The Board appointed two committees consisting of Board members. The Audit Committee monitors overall the company's work with preparation of legally required financial reports as well as systems for internal control. The company's external auditor and President also participate in the committee's meetings. The Remuneration Committee reviews the salary of the President prior to this being decided by the Board. 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, the Audit Committee and the Remuneration Committee is Christina Gellerbrant Hagberg, Director General of the Swedish Agency for Government Employers, who was elected Chair on 4 May 2022.

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.

Administrative investments

Administrative investments for the year amounted to SEK 0m (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

The Society 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.

It is difficult to obtain an overview of future development not least since events during past years with a pandemic and war in our immediate vicinity creating an uncertainty which lies outside normal risk parameters. The strategic direction of operations is to generate a sustainable good return with limited risk. At the same time, the aim is to develop and support environmental and social goals by strengthening ongoing work with investment in companies with high ranking in the areas environmental and social responsibility as well as a good level of corporate governance.

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.

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 improve 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.

On 1 January 2022, regulation 2020/852 of the European Parliament and Council on the establishment of a framework to facilitate sustainable investment (the Taxonomy Regulation) came into effect. Among other things, the regulation requires companies of a certain size to provide taxonomy information in their statutory sustainability report. The Society is not yet subject to these requirements but is working toward collecting information with the aim of supplying complete compilations of information according to the requirements for taxonomy in upcoming reports.

The aim is over time to continue to develop and adapt operations to a changing environment and be able to offer long-term, responsible and sustainable management of members' paid-in premiums and total pension capital.

Events after the end of the reporting period

The first quarter of 2023 has been characterised by a continuing high global rate of inflation. The central banks are trying to counter inflation development with rapid rises in interest rates. These rapid rises have resulted in increased uncertainty on their effects on social economy and stability of the financial system. The economic impact on the Society has so far been marginal but developments have created increased uncertainty regarding the future value development of the Society's assets.

Disposition of profit for the year

The profit for the year, SEK 2,036,995,153 (26,958,954,466) will be transferred to other reserves. Paid-out bonus interest for the year amounted to SEK 1,555,716,465. The Society's equity thus amounted to SEK 77,244,329,096 (76,763,050,408) on 31 December 2022.

Financial statements

Five-year summary

Parent Society

Results, SEKm	2022	2021	2020	2019	2018
Premiums written	6,730	6,296	5,978	5,585	5,290
Investment income, net	-8,569	20,544	5,560	12,044	392
Claims paid	-1,912	-1,963	-1,941	-1,893	-1,833
Bonus paid ¹⁾	-1,556	-1,284	-1,218	-1,084	-1,081
Balance on the technical account, life insurance business	2,139	27,043	7,588	10,254	1,085
Profit for the year	2,037	26,959	7,509	10,187	999

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

Financial position, SEKm	2022	2021	2020	2019	2018
Total assets ¹⁾	132,438	136,690	113,100	105,084	90,003
Investment assets ¹⁾	128,801	129,638	110,802	102,810	88,000
Technical provisions	53,359	59,311	61,549	59,605	54,188
Funding capital	77,244	76,763	51,088	44,797	35,694
Capital base	77,238	76,756	51,081	44,790	35,683
Minimum capital requirement ²⁾	2,134	2,372	2,462	2,384	2,168
Risk-sensitive capital requirement (RWA) ³⁾	28,493	27,651			
RWA quotient ⁴⁾	2,71	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, %	2022	2021	2020	2019	2018
Insurance administrative costs ¹⁾	0.05	0.06	0.06	0.06	0.06
Investment charges ¹⁾	0.04	0.04	0.04	0.05	0.05
Total return	-6.3	18.4	5.3	13.4	0.6
Funding ratio	100	100	100	100	100
Solvency ratio	245	229	183	175	166

¹⁾ In relation to total assets.

Total return by asset class ¹⁾	Market value 31 Dec 2022		Market value 31 Dec 2021		Total return, % ²⁾ 2022
	SEKm	%	SEKm	%	%
Equity related	57,243	43	60,138	44	-12.0
Fixed-income related ³⁾	47,727	36	52,260	38	-7.6
Property-related	24,964	19	23,069	17	15.1
Other assets	2,504	2	1,223	1	-
Total assets	132,438	100	136,690	100	-6.3

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	Group	Parent Society	
		1 Dec 2022-31 Dec 2022	2022	2021
Technical account, life insurance business				
Premiums written	3	592	6,730	6,296
Investment income	4	652	5,805	8,887
Unrealised gains on investment assets	5	100	696	14,274
Claims paid	6	-157	-1,912	-1,963
Change in other technical provisions		1,686	5,952	2,238
Operating expenses	7	-7	-62	-72
Investment charges	8	-67	-4,670	-594
Unrealised losses on investment assets	9	-3,149	-10,400	-2,023
Property management costs	28	-22	-	-
Balance on the technical account, life insurance business		-372	2,139	27,043
Non-technical account				
Balance on the technical account, life insurance business		-372	2,139	27,043
Tax on returns	10	-9	-102	-84
Income tax		-17	-	-
Profit and comprehensive income for the year		-398	2,037	26,959

Statement of comprehensive income

SEKm	Group	Parent Society	
	1 Dec 2022-31 Dec 2022	2022	2021
Profit for the year	-398	2,037	26,959
Other comprehensive income	0	0	0
Total comprehensive income	-398	2,037	26,959

Balance sheet

SEKm	Note	Group		Parent Society	
		31 Dec 2022	31 Dec 2022	31 Dec 2021	31 Dec 2021
Assets					
Intangible assets					
Other intangible assets	11	6	6	7	
Investment assets					
Land and buildings					
Investment properties	29	14,033	-	-	
Investments in group companies					
Shares and participations in group companies	12	-	3,500	-	
Fixed-income securities, loans to group companies		-	3,128	-	
Investments in associates					
Shares and participations in associates	13	7,868	7,868	7,869	
Fixed-income securities, loans to associates		-	-	1,000	
Other financial investments					
Shares and participations	14	72,663	72,663	72,118	
Bonds and other fixed-income securities	15	41,211	41,211	48,583	
Derivatives	16	651	431	68	
	17	136,426	128,801	129,638	
Receivables					
Other receivables	18	1,442	1,412	5,391	
Other assets					
Right of use leasehold land		35	-	-	
Property, plant and equipment	19	0	0	1	
Cash and bank balances		2,252	2,017	1,438	
		2,287	2,017	1,439	
Prepayments and accrued income					
Accrued interest		195	195	211	
Other prepayments and accrued income		22	7	4	
		217	202	215	
Total assets					
		140,378	132,438	136,690	
Equity, provisions and liabilities					
Equity					
Collective reserve	20	77,753	75,207	49,804	
Profit and comprehensive income for the year		-398	2,037	26,959	
		77,355	77,244	76,763	
Technical provisions					
Life insurance provisions	21	53,359	53,359	59,311	
		53,359	53,359	59,311	
Provisions for other risks and costs					
Tax		315	7	5	
Liabilities					
Derivatives	16	1,570	1,570	600	
Liabilities to credit institutions	30	7,187	-	-	
Other liabilities	22	306	255	9	
		9,063	1,825	609	
Accruals and deferred income					
		286	3	2	
Total equity, provisions and liabilities					
		140,378	132,438	136,690	

Statement of changes in equity

Group

2022

SEKm	Collective reserve	Comprehensive income for the year	Equity
Opening equity, 1 Dec 2022	77,673		77,673
Change in group composition	204		204
Bonus paid during the period	-124		-124
Profit and comprehensive income		-398	-398
Closing equity, 31 Dec 2022	77,753	-398	77,355

Statement of changes in equity

Parent Society

2022

SEKm	Collective reserve	Comprehensive income for the year	Equity
Opening equity previous financial year	49,804	26,959	76,763
Disposition of earnings 2021	26,959	-26,959	0
Bonus paid during the financial year	-1,556		-1,556
Profit and comprehensive income for 2022		2,037	2,037
Closing equity for the financial year	75,207	2,037	77,244

Statement of changes in equity

Parent Society

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

Notes

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

Note 1 Accounting principles

General information

The annual financial statements relate to the year ended 31 December 2022 and pertain to the financial year 2022 for Kåpan tjänstepensionsförening with registered number 816400-4114 with its registered office in Stockholm. The address of the head office is Smålandsgatan 12, Stockholm.

The annual financial statements were approved for publication by the Board of Directors on 28 March 2023. The income statement and balance sheet will be presented for adoption at the annual general meeting on 26 April 2023.

Basis of preparation of annual financial statements

The consolidated financial statements are prepared in accordance with the Swedish Annual Accounts Act for Insurance Companies (ÅRFL) as well as the Swedish Financial Supervisory Authority's instructions and general advice on Annual Accounts in Insurance Companies and occupational pension companies FFFS 2019:23 and the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups and RFR 2 Accounting for Legal Entities.

The significance of the Swedish Financial Supervisory Authority's regulation FFFS 2019:23 is that International Reporting Standards (IFRS) are applied in the preparation of the financial statements with the restrictions and additions that follow from Swedish law.

Accounting principles relate to the Group unless otherwise specified. The Parent Company applies the same accounting principles as the Group with the exception of deviations specified in the section "Parent Society's accounting principles". In the following notes, the same figures are reported for the Parent Company and the Group unless otherwise specified.

The five-year summary for 2022 relates solely to the Parent Society since consolidation took place as of 1 December 2022 and the impact on key ratios is marginal.

Change accounting principles related to new or amended IFRS or other accounting rules

The Society has applied the temporary exemption in IFRS 4 which means that application of IFRS 9 is postponed to the same date as IFRS 17 starts to apply, i.e. the start of 2023.

New accounting principles not yet applied

New or amended IFRS which come into force in future years, are not expected to have a material impact on preparation of the financial statements.

IFRS 17 Insurance Contracts

IFRS 17 is applicable from 1 January 2023 for listed groups and the possibility of application for non-listed groups. IFRS 4 ceases to apply on the same date. The Society will not apply IFRS 17.

IFRS 9 Financial Instruments

In conjunction with IFRS 4 ceasing to apply, the exemption for IFRS 9 will no longer apply. The Society will apply IFRS 9 from the beginning of 2023. Based on the analysis performed, the transfer to IFRS 9 is expected to have marginal impact on the financial statements.

Consolidated financial statement

The consolidated financial statements comprise the Parent Society Kåpan tjänstepensionsförening and with effect from 1 December 2022, the wholly owned subsidiary Kåpan Fastigheter AB (formerly Svenska Myndighetsbyggnader Holding AB). The subsidiary was previously partly owned and reported as an associate.

Profit from operations in the subsidiary acquired during the year is recognised in the consolidated financial statements from the acquisition date until the date when the Parent Society ceases to have control. All intra-group transactions, balance sheet items, income and expenses are eliminated in their entirety at consolidation. Any untaxed reserves in a legal entity is eliminated in the consolidated financial statements and divided between equity and deferred tax.

Shares in associated are recognised applying the equity method. See further in the section Investments in associates.

Prerequisites for preparation of the financial statements

The Society'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 occupational pension 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 for Insurance Companies, 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.

Note 1 cont.

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) as well as rental income from land and buildings.

Investment charges

Charges for investment assets relate to investment management costs, interest expenses, exchange losses (net), depreciation and impairment as well as capital losses (net) and operating expenses for land and buildings.

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.

Income tax

Income tax consists of current tax and deferred tax. Current tax is tax to be paid or received relating to the current year.

Intangible assets

Intangible assets acquired by the Society 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 ten-year period.

Property, plant and equipment

Property, plant and equipment is 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.

Group as lessee

As a lessee the Group has leases in the form of site leasehold contracts. These are recognised as right-of-use assets and lease liabilities in accordance with IFRS 16. Site leasehold contracts are regarded as perpetual so no amortisation of right-of-use assets is recognised and no amortisation of lease liabilities take place.

Lease liabilities are recognised initially based on the site leasehold fee (i.e. the charge that the owner of a building on municipally owned land pays to the municipality annually) determined on the starting date discounted by the implicit interest in the contracts. The value of a right-of-use asset is equal to the lease liability adjusted for any prepaid site leasehold fees.

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.

The Society'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.

Shares and participations in associates – in the Group

In the consolidated financial statements, shares and participations in associates are recognised according to the equity method.

The equity method means that the carrying amount in the Group of shares in associates corresponds to the Group's share in the associate's equity as well as consolidated goodwill and any other remaining values of consolidated surplus and deficit values. In the consolidated income statement the Group's share of the associate's net profit after tax is recognised as "Share of profit of associate". Dividends received from the associate reduce the carrying amount of the holding in the associate. The equity method is applied until the date when the significant influence over the associate ceases.

The following paragraphs summarise the methods and assumptions primarily used to determine the fair value of the financial instruments in the financial statements.

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.

Note 1 cont.

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 2022 are typically based on a value statement from the period 30 September 2022 – 30 November 2022.

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.

Investment properties – in the Group

Investment properties, properties held to earn rentals and for capital appreciation are initially measured at cost, including directly attributable transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Fair value is based in the first instance on prices in an active market and is the amount at which an asset could be transferred between knowledgeable parties who are independent of each other and who have an interest in the transaction being carried out. To determine the fair value of the properties on each individual closing date, a market valuation of all properties is performed.

Additional costs are recognised as an asset when it is probable that the future economic benefits associated with the asset will be received by the Group and the cost can be reliably measured.

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.

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.

Deferred tax – in the Group

Deferred tax is recognised as the difference between the carrying amount of assets and liabilities in the financial statements and the taxable value used when calculating taxable profit. Deferred tax is recognised according to the balance sheet method. Deferred tax liabilities are recognised for taxable temporary differences and deferred tax receivables are recognised for deductible temporary differences to the extent it is probable that the amounts can be utilised against future taxable surpluses. If the temporary difference arose at initial recognition of assets and liabilities that comprise an asset acquisition, on the other hand deferred tax is not recognised. Deferred tax is calculated according to statutory tax rates decided or announced at the balance sheet date and expected to apply when the deferred tax receivable concerned is realised or the deferred tax liability is paid.

Parent Society's accounting principles

Shares in associates

Associated are measured in the Parent Society at fair value which means the value that would be obtained in the event of an orderly transaction between market players. The holdings are remeasured at fair value on the basis of the company's valuation model which is based on the fair values in underlying assets.

Shares in subsidiaries

Subsidiaries are measured in the Parent Society at fair value which means the value that would be obtained in the event of an orderly transaction between market players. The holdings are remeasured at fair value on the basis of the company's valuation model which is based on the fair values in underlying assets.

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 a 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

Note 2 cont.

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 in 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 applicable 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.

2022

Assumption/risk factor	Change in assumption	Change in provision, SEKm
Life expectancy increase	+15%	1,407
Cost inflation	+8%	90
Discount rate	-1% point	11,467

2021

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

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 4.05% at year-end.

Changes in discount rates due to sharply rising market interest rates reduced the value of insurance obligations by SEK 11,482m. For the financial year 2021, 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 which mean that the fixed interest rate is exchanged for a variable rate. Outstanding interest rate hedge agreements at year-end totalled SEK 5,000m (4,000). Changes in value of interest rate hedges means that these contributed SEK 26m (-43) to the total return.

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 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 in applicable regulations.

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

Note 2 Disclosures about significant risks and uncertainties

The Society's reported profit is a direct consequence of the risks taken in the insurance business and investment management operations. Risk and risk management are therefore a central part of the business and include insurance risks, financial risks and operational risks. The note set out below describes the Society's 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.

Note 2 cont.

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 1,432m, (2,230) in the event of a 1% decrease in interest rates for all maturities. Liabilities increase by SEK 6,328m, (7,508) 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 4,896, (5,278).

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 5.686m (6,014).

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 2,496m (2,307).

Management of currency risk

VCurrency 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 25% of the total value of assets.

Currency exposure amounts after currency hedging to 19.2% (18.2) of the value of the investment assets. Gross exposure, i.e. currency exposure without currency hedges, amounts to SEK 51,472m (47,376). The total outstanding currency risk is estimated in the event of a change in exchange rates of 10 percentage points to amount to SEK 2,508, (2,481).

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

	2022	2021
USD	1,547	1,523
EUR	33	82
GBP	31	36
AUD	54	51
JPY	6	8
CHF	4	0
CAD	94	73
NOK	124	65
NZD	30	28
DKK	104	92
Other	481	523 ^{*)}
	2,508	2,481

^{*)}Emerging markets currencies are reported under Other.

Management of credit risk and concentration 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.

	Five largest exposures, property companies		Five largest exposures, not credit institutions	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
1.	2.07%	1.90%	1.	2.26%
2.	1.55%	1.68%	2.	1.39%
3.	1.55%	1.18%	3.	1.35%
4.	1.23%	1.01%	4.	0.96%
5.	1.17%	0.83%	5.	0.93%
Ratio ^{*)}	7.57%	6.60%	Ratio ^{*)}	6.89%

	Five largest exposures, credit institutions		Five largest exposures, covered bonds	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
1.	3.66%	5.17%	1.	2.95%
2.	3.62%	4.53%	2.	2.75%
3.	3.12%	4.24%	3.	2.66%
4.	3.11%	4.18%	4.	2.61%
5.	1.75%	1.43%	5.	0.85%
Ratio ^{*)}	15.26%	19.55%	Ratio ^{*)}	11.82%

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

Note 2 cont.

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 if the credit spread is changed by a certain percentage depending on the credit rating and duration of the asset in accordance with current regulations for calculating the capital requirement of credit risk spread. The total outstanding credit risk calculated with an assumption of double listed credit spread on listed securities amounts to SEK 1,902m (826).

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 in the form of ratings. The assessed credit worthiness is mainly based on ratings from official rating institutes and in some individual cases on the Society's own assessment of creditworthiness.

Creditworthiness	Max of total assets	Maximum/counterparty	Of total assets	Largest counterparty exposure
Very high	50%	5.0% ¹⁾	17.0%	2.3%
High	25%	2.5% ²⁾	2.7%	0.5%
Average	20%	1.0%	3.3%	0.6%
Low	15%	0.5%	7.0%	0.4% ³⁾

Creditworthiness	Max of total assets	Maximum/counterparty	Of total assets	Largest counterparty exposure
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⁾

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 2022 the quotient amounts to 1,209% (1,472). 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 the 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.

Risk factor	Effect on investment assets	Effect on life insurance provisions	Effect on equity
Price fall on shares, 10%	-5,686	-	-5,686
Fall in value property-related, 10%	-2,476	-	-2,476
Doubled credit spread	-1,902	-	-1,902
Exchange rate fall, 10%	-2,501	-	-2,501
Interest rate fall, 1%	1,431	6,328	-4,896

Risk factor	Effect on investment assets	Effect on life insurance provisions	Effect on equity
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

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.

Note 2 cont.

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

2022

	max. 1 year	1-3 years	3-5 years	5-10 years	+10 years	without interest	nominal	market value
Assets								
Loans to group companies	0	0	3,128	0	0	0	3,128	3,128
Loans to associates	0	0	0	0	0	0	0	0
Bonds and other fixed-income securities	1,473	11,634	25,102	2,726	515	0	41,450	41,211
Interest rate derivatives, positive	0	0	0	5	0	0	5	5
Liabilities								
Life insurance provisions	-2,129	-3,543	-3,198	-8,743	-81,931	0	-99,544	-53,359
Interest rate derivatives, negative	-33	-570	-69	-407	-170	0	-1,249	-1,249
Cumulative exposure	-689	7,521	24,963	-6,419	-81,586	0	-56,210	-10,264

2021

	max. 1 year	1-3 years	3-5 years	5-10 years	+10 years	without interest	nominal	market value
Assets								
Loans to group companies	0	0	0	0	0	0	0	0
Loans to associates	0	0	1,000	0	0	0	1,000	1,000
Bonds and other fixed-income securities	752	12,175	30,511	4,145	452	0	48,035	48,583
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

Note 3 Premiums written

	Group		Parent Society	
	1 Dec 2022-31 Dec 2022	2022	2021	2021
Premiums written Kåpan Tjänste	242	2,809	2,670	
Premiums written Kåpan Extra	53	696	674	
Premiums written Kåpan Valbar	250	2,710	2,542	
Premiums written Kåpan Flex	45	499	410	
Premiums written Kåpan Aktieval	2	16	-	
	592	6,730	6,296	

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

	Group		Parent Society	
	1 Dec 2022-31 Dec 2022	2022	2021	2021
Rental income	63	-	-	
Dividends received	106	1,501	1,326	
Interest income				
Bonds and other fixed-income securities including bank balances and similar	67	632	513	
Derivatives	0	0	36	
Exchange gains, net	0	7	9	
Capital gains, net				
Shares	297	3,665	6,600	
Bonds and other fixed-income securities	0	0	403	
Derivatives	119	0	0	
	652	5,805	8,887	

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

Note 5 Unrealised gains on investment assets

	Group		Parent Society	
	1 Dec 2022-31 Dec 2022	2022	2021	2021
Shares and participations	0	0	14,274	
Bonds and other fixed-income securities	0	0	0	
Derivatives	100	696	0	
	100	696	14,274	

Note 6 Claims paid

	Group		Parent Society	
	1 Dec 2022-31 Dec 2022	2022	2021	2021
Pension payments Kåpan Tjänste	-96	-1,187	-1,235	
Pension payments Kåpan Extra	-24	-286	-286	
Pension payments Kåpan Plus	-8	-102	-110	
Pension payments Kåpan Valbar	-29	-337	-332	
Pension payments Kåpan Flex	0	0	0	
Pension payments Kåpan Aktieval	0	0	-	
	-157	-1,912	-1,963	
In addition to the guaranteed rate bonus was paid	-124	-1,556	-1,284	

Note 7 Operating expenses

	Group		Parent Society	
	1 Dec 2022-31 Dec 2022	2022	2021	2021
Administrative expenses	-11	-110	-116	
Cancelled costs attributable to asset management	4	48	44	
	-7	-62	-72	

All operating expenses by type of cost

	Group	Parent Society	Parent Society
	1 Dec 2022-31 Dec 2022	2022	2021
Staff costs	-5	-46	-42
Premises	0	-4	-4
Depreciation	0	-1	-2
Other operating expenses	-6	-59	-68
	-11	-110	-116

Fees to auditors

	KPMG		Total
	Group	Parent Society	
	1 Dec 2022-31 Dec 2022	2022	2021
Audit assignment	-1	-1	-1
Other services	-	-	0
	-1	-1	-1

The Group's figures on refer to the Parent Society since the Group was formed on 1 December 2022 and the consolidated portion is not considered significant.

Average number of employees, Parent Society

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

Salaries and other remuneration (SEK 000s)

	Group		Parent Society	
	1 Dec 2022-31 Dec 2022	2022	2021	2021
Council of Administration	0	179	191	
Board and President	496	4,204	4,193	
Other employees	1,702	22,049	19,615	
of which variable remuneration	0	1,737	853	
Pensions and other social security contributions	3,077	17,343	16,470	
of which pension costs	653	7,455	7,036	
of which President's pension costs	83	996	1,051	

Note 7 cont.

Fees were paid to the Board of the Parent Society as follows (SEK)

Ordinary members		
Gunnar Holmgren, Chairman, until 3 May 2022 ¹⁾	72,075	(132,000)
Christina Gellerbrant Hagberg, from 4 May 2022	85,925	(0)
Erland Ekheden	63,000	(63,000)
Anna Falck	63,000	(67,000)
Anita Johansson	63,000	(67,000)
Dan Sjöblom	63,000	(67,000)
Roger Vilhelmsson	59,000	(63,000)
Lars Fresker, Deputy Chairman ¹⁾	128,000	(102,000)
Fredrik Bäckström	63,000	(67,000)
Eva Fagerberg	63,000	(55,000)
Anna Odhner	63,000	(43,333)
Anna Steen	63,000	(67,000)
Helen Thornberg	63,000	(63,000)

¹⁾ Includes fee for Audit Committee

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 3,351,542 (3,317,040) 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 Christina Gellerbrant Hagberg, 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

	Group		Parent Society	
	1 Dec 2022– 31 Dec 2022	2022	2021	
Operating expenses attributable to asset management	-4	-48	-44	
Other investment charges	-20	-370	-131	
Interest expenses	-34	-19	-2	
Exchange losses, net	-7	0	0	
Capital losses, net				
Derivative	0	-3,355	-417	
Bonds and other fixed-income securities	-2	-878	-	
	-67	-4,670	-594	

Costs are attributable to financial assets held for trading.

Note 9 Unrealised losses on investment assets

	Group		Parent Society	
	1 Dec 2022– 31 Dec 2022	2022	2021	
Investment properties	-106	-	-	
Equities	-2,651	-6,565	0	
Bonds and other fixed-income securities	-233	-2,534	-656	
Derivatives	-159	-1,301	-1,367	
	-3,149	-10,400	-2,023	

Note 10 Tax on returns

	Group		Parent Society	
	1 Dec 2022– 31 Dec 2022	2022	2021	
Tax on returns	-9	-102	-84	
	-9	-102	-84	

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	Group		Parent Society	
	1 Dec 2022– 31 Dec 2022	2022	2021	
Opening cost	47	47	45	
Investments for the year	0	0	2	
Disposals for the year	0	0	0	
Accumulated amortisation	-41	-41	-40	
	6	6	7	

Note 12 Investments in group companies

Shares and participations in group companies	Parent Society					
	2022			2021		
	Cost	Fair Value	Share of equity, %	Cost	Fair Value	Share of equity, %
Kåpan Fastigheter AB, 559343-3443, domicile Stockholm	4,035	3,500	100	-	-	-
	4,035	3,500	100	-	-	-
Fixed-income securities, loans to group companies	2022			2021		
	Cost	Fair Value	Share of equity, %	Cost	Fair Value	Share of equity, %
Kåpan Fastigheter AB, 559343-3443, domicile Stockholm	3,029	3,128	100	-	-	-
	3,029	3,128	100	-	-	-

Note 13 Investments in associates

Shares and participations in associates	Group and Parent Society			Parent Society		
	2022			2021		
	Cost	Fair Value	Share of equity, %	Cost	Fair Value	Share of equity, %
Gysinge Skog AB, 559164-0817, domicile Stockholm	143	1,528	50	143	1,603	50
Kåpan SBB Bostad AB, 559305-4934, domicile Stockholm	1,525	2,029	50	1,025	1,025	50
LSTH Svenska Handelsfastigheter, 559009-2325, domicile Stockholm	1,500	2,707	39	1,394	2,287	39
Midstar Hotels AB, 559007-7979, domicile Stockholm	1,093	1,604	29	1,093	1,371	29
Svenska Myndighetsbygggnader Holding AB, 559343-3443, domicile Stockholm	-	-	-	1,583	1,583	50
	4,261	7,868		5,238	7,869	
Fixed-income securities, Loans to associates	2022			2021		
	Cost	Fair Value	Share of equity, %	Cost	Fair Value	Share of equity, %
Svenska Myndighetsbygggnader Holding AB, 559343-3443, domicile Stockholm	-	-	-	1,000	1,000	50
	-	-	-	1,000	1,000	50

Note 14 Shares and participations

	Group and Parent Society		Parent Society	
	2022		2021	
	Cost	Fair value	Cost	Fair value
Swedish equities	16,613	23,368	13,125	25,643
Foreign shares and participations	37,768	49,295	33,705	46,475
	54,381	72,663	46,830	72,118

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

Note 15 Bonds and other fixed-income securities

	Group and Parent Society		Parent Society	
	2022		2021	
	Cost	Fair value	Cost	Fair value
Swedish state	-	-	-	-
Swedish mortgage institutes	19,559	17,888	26,070	25,859
Other Swedish issuers	19,978	19,111	19,628	18,650
Foreign states	-	-	-	-
Other foreign issuers	4,477	4,212	4,065	4,074
	44,014	41,211	49,763	48,583
of which subordinated				
Subordinated loan fixed-term	523	509	477	471

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

Note 16 Derivatives

Derivative instruments with positive values	Group		Parent Society			
	2022		2022		2021	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
Fixed-income related, swaps	4,598	220	-	-	7,250	44
Fixed-income related, swap options	1,000	5	1,000	5	-	-
Currency-related, forward contracts	8,656	426	8,656	426	3,232	24
	14,254	651	9,656	431	10,482	68
of which cleared	0	0	0	0	7,150	44

Derivative instruments with negative values	2022		2022		2021	
	Nominal amount	Fair value	Nominal amount	Fair value	Nominal amount	Fair value
	Fixed-income related, swaps	18,039	-1,249	18,039	-1,249	14,149
Currency-related, forward contracts	17,966	-321	17,966	-321	18,698	-471
	36,005	-1,570	36,005	-1,570	32,847	-600
of which cleared	17,800	-1,224	17,800	-1,224	14,000	-119

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 17 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.

Group 2022				
Financial instrument	Level 1	Level 2	Level 3	Total
Investment assets				
Shares and participations (group companies)	50,017	3,548	19,098	72,663
Bonds and other fixed-income securities	40,940	261	10	41,211
Derivatives – positive value	-	651	-	651
Derivatives – negative value	-	-1,570	-	-1,570
Total	90,957	2,890	19,108	112,955

Parent Society 2022				
Financial instrument	Level 1	Level 2	Level 3	Total
Investment assets				
Shares and participations (group companies)	-	-	3,500	3,500
Shares and participations (associates)	-	-	7,868	7,868
Shares and participations (Other)	50,017	3,548	19,098	72,663
Bonds and other fixed-income securities (group companies)	-	-	3,128	3,128
Bonds and other fixed-income securities (associates)	-	-	-	0
Bonds and other fixed-income securities (Other)	40,940	261	10	41,211
Derivatives – positive value	-	431	-	431
Derivatives – negative value	-	-1,570	-	-1,570
Total	90,957	2,670	33,604	127,231

Parent Society 2021				
Financial instrument	Level 1	Level 2	Level 3	Total
Investment assets				
Shares and participations (group companies)	-	-	-	0
Shares and participations (associates)	-	-	7,869	7,869
Shares and participations (Other)	55,507	1,673	14,938	72,118
Bonds and other fixed-income securities (group companies)	-	-	-	0
Bonds and other fixed-income securities (associates)	-	-	1,000	1,000
Bonds and other fixed-income securities (Other)	48,373	200	10	48,583
Derivatives – positive value	-	68	-	68
Derivatives – negative value	-	-600	-	-600
Total	103,880	1,341	23,817	129,038

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 on 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.

Note 17 cont.

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.

Reconciliation of fair value and earnings impact from investments included in level 3 (Parent Society)

2022

Change in level 3 during the year

Investment assets	Shares and participations	Bonds and fixed-income securities	Derivatives and options	Total
Opening balance	22,807	1,010	0	23,817
Purchases for the period	7,394	2,539	0	9,933
Sales for the period	-4,918	-510	0	-5,428
Securities and currencies gains and losses for the period	1,765	-13		1,752
Change in unrealised gains or losses due to changes in				
Market value	3,418	112	0	3,530
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	30,466	3,138	0	33,604
Coupons and dividends for the period	185	797	0	982
Included in profit for the period				
- as part of carrying amount	5,368	896	0	6,264
- as part of other comprehensive income	0	0	0	0

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

Note 17 cont.

2022

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%	-2,185	100%
Share price risk	2,901	14%	18,010	86%
Property risk	8,821	100%	5	0%
Credit risk	0	0%	5,060	100%
Currency risk	1,932	77%	564	23%
Correlation effect	-4,164	34%	-8,000	66%
Total net risk	9,485	41%^{*)}	13,454	59%^{*)}
Basis for stress test				
Fair value level 3	33,604	100%		

2021

Assessment of outstanding risks for investments recognised in 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%^{*)}	16,949	72%^{*)}
Basis for stress test				
Fair value level 3	23,817	100%		

^{*)} 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.

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%. 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.

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.

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 Other receivables

	Group	Parent Society	
	2022	2022	2021
Non-cash sale investment assets	16	16	5,187
Collateral receivable ^{*)}	1,302	1,302	145
Rental receivables	9	-	-
Tax receivable	94	94	59
Other receivables	21	-	-
	1,442	1,412	5,391

^{*)} Delivered cash collateral Exposure: SEK 1, 267,403,046 (0).

Note 19 Property plant and equipment

	Group	Parent Society	
	2022	2022	2021
Opening cost	6	4	4
Investments for the year	0	0	0
Disposals for the year	0	0	0
Accumulated depreciation	-6	-4	-3
	0	0	1

Note 20 Equity

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

Note 21 Life insurance provisions

	Group		Parent Society	
	2022	2022	2021	2021
Opening balance	59,311	59,311	61,549	
Paid-in premium for new business	353	353	295	
Paid-in premium for contracts signed in previous periods	6,376	6,376	6,001	
Paid from/transferred to Provision for claims outstanding or liabilities	-1,912	-1,912	-1,963	
Risk result	-28	-28	23	
Indexation with discount rate	1,352	1,352	837	
Effect of changed discount rate	-11,482	-11,482	-4,502	
Allocated bonus	1	1	2	
Charges	-66	-66	-70	
Tax on returns	-43	-43	-46	
Portfolio taken over/transferred	0	0	0	
Effect of (other) changed actuarial assumptions	3,009	3,009	347	
Other changes	-3,512	-3,512	-3,162	
Closing balance	53,359	53,359	59,311	

Note 22 Other liabilities

	Group		Parent Society	
	2022	2022	2021	2021
Leasing liabilities	35	-	-	
Collateral received ¹⁾	236	236	0	
Other	35	19	9	
	306	255	9	

¹⁾ Cash collateral received. Exposure: SEK 229,888,060 (0).

Note 23 Contingent liabilities, Parent Society

Pledged financial instruments

Equity loans for pledged equities amount to SEK 1,809,720,463 (1,365,592,380) on the balance sheet date.

Collateral received, equities

For pledged equities, collateral in the form of Swedish equities has been received amounting to SEK 1,947,854,860 (1,433,492,958).

Collateral received, fixed-income securities

Collateral received, in the form of fixed-income securities SEK 158,698,358 (319,294,902).

Exposure: SEK 191,475,009 (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 2022 to SEK 45,661m (43,329), see also Note 16. 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 10,945m (7,452) in accordance with current agreements.

Total commitments thus amount to SEK 56,606m (50,781).

Note 24 Anticipated recovery dates

Group 2022

SEKm	Max 1 year	Longer than 1 year	Total
Assets			
Other intangible assets	0	6	6
Land and buildings	0	14,033	14,033
Investments in associates	0	7,868	7,868
Shares and participations	0	72,663	72,663
Bonds and other fixed-income securities	1,473	39,738	41,211
Derivatives	426	225	651
Other receivables	1,442	0	1,442
Site leasehold contracts	0	35	35
Property, plant and equipment	0	0	0
Cash and bank balance	2,252	0	2,252
Accrued interest income	195	0	195
Other prepaid expenses and accrued income	22	0	22
	5,810	134,568	140,378

Liabilities

Life insurance provisions	2,129	51,230	53,359
Provision for other risks and expenses	315	0	315
Derivatives	354	1,216	1,570
Liabilities to credit institutions	0	7,187	7,187
Other liabilities	306	0	306
Accrued expenses and deferred income	286	0	286
	3,390	59,633	63,023

Note 24 cont.

Parent Society 2022

	Max 1 year	Longer than 1 year	Total
Assets			
Other intangible assets	0	6	6
Investments in group companies	0	6,628	6,628
Investments in associates	0	7,868	7,868
Shares and participations	0	72,663	72,663
Bonds and other fixed-income securities	1,473	39,738	41,211
Derivatives	426	5	431
Other receivables	1,412	0	1,412
Property, plant and equipment	0	0	0
Cash and bank balance	2,017	0	2,017
Accrued interest income	195	0	195
Other prepaid expenses and accrued income	7	0	7
	5,530	126,908	132,438

Liabilities

Life insurance provisions	2,129	51,230	53,359
Provision for other risks and expenses	7	0	7
Derivatives	354	1,216	1,570
Other liabilities	255	0	255
Accrued expenses and deferred income	3	0	3
	2,748	52,446	55,194

Parent Society 2021

	Max 1 year	Longer than 1 year	Total
Assets			
Other intangible assets	0	7	7
Investments in group companies	-	-	-
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

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

Group 2022

	Financial assets at fair value through profit or loss				
	Assets assessed as belonging to the category	Held for trading	Loans and receivables	Carrying amount, total	Fair value
Financial assets					
Shares and participations	72,663	-	-	72,663	72,663
Bonds and other fixed-income securities	41,211	-	-	41,211	41,211
Derivatives	-	651	-	651	651
Other receivables	-	-	-	1,442	1,442
Cash and bank balances	-	-	2,252	2,252	2,252
Accrued interest income	195	-	-	195	195
Other prepaid expenses and accrued income	-	-	-	22	22
Non-financial assets					
	121,937	651	2,252	140,378	140,378

Note 25 cont.

	Financial liabilities at fair value through profit or loss			Carrying amount, total	Fair value
	Assets assessed as belonging to the category	Held for trading	Other financial liabilities		
Financial liabilities					
Provision for other risks and expenses	-	-	-	315	315
Derivatives	-	1,570	-	1,570	1,570
Liabilities to credit institutions	-	-	-	7,187	7,187
Other liabilities	-	-	306	306	306
Accrued expenses and deferred income	-	-	286	286	286
Technical provisions	-	-	-	53,359	53,359
	-	1,570	592	63,023	63,023

Parent Society
2022

	Financial liabilities 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		
Financial assets					
Shares and participations in group companies	3,500	-	-	3,500	3,500
Fixed-income securities, Loans to group companies	3,128	-	-	3,128	3,128
Shares and participations in associates	7,868	-	-	7,868	7,868
Fixed-income securities, Loans to associates	-	-	-	-	-
Shares and participations	72,663	-	-	72,663	72,663
Bonds and other fixed-income securities	41,211	-	-	41,211	41,211
Derivatives	-	431	-	431	431
Other receivables	-	-	-	1,412	1,412
Cash and bank balances	-	-	2,017	2,017	2,017
Accrued interest income	195	-	-	195	195
Other prepaid expenses and accrued income	-	-	-	7	7
Non-financial assets	-	-	-	6	6
	128,565	431	2,017	132,438	132,438

	Financial liabilities 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		
Financial liabilities					
Provision for other risks and expenses	-	-	-	7	7
Derivatives	-	1,570	-	1,570	1,570
Other liabilities	-	-	255	255	255
Accrued expenses and deferred income	-	-	3	3	3
Technical provisions	-	-	-	53,359	53,359
	-	1,570	258	55,194	55,194

Note 25 cont.

Parent Society
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		
Financial assets					
Shares and participations in group companies	-	-	-	-	-
Fixed-income securities, Loans to group companies	-	-	-	-	-
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
	129,781	68	1,438	136,690	136,690

	Financial liabilities 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		
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
	-	600	11	59,927	59,927

Note 26 Pledged assets

	Group	Parent Society	
	2022	2022	2021
Assets registered on behalf of policyholders	53,359	53,359	59,311
	53,359	53,359	59,311

Note 27 Related party disclosures

Kåpan tjänstepensionsförening 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.

Note 28 Property management costs

	Group		Parent Society	
	1 Dec 2022– 31 Dec 2022	2022	2022	2021
Operating expenses for land and buildings	-11	-	-	-
Maintenance	-3	-	-	-
Management administration	-2	-	-	-
Property tax	-4	-	-	-
Central administration	-2	-	-	-
	-22	-	-	-

Note 29 Land and buildings

Group 2022

Investment properties

Sensitivity analysis	Change	Effect on value
Rental value	+/-5%	-306,900 / 309,800
Discount rate	+/-0,25%	762,100 / -682,400
Yield requirement	+/-0,25%	762,100 / -682,400

Category	Property value, SEKm	No. of properties	Rental value, SEKm	Operating net, SEKm	Occupancy rate, average, %	Lettable area, thousand sqm	Long-term yield requirement, %	Proportion of property value within +/- 1.5 percentage points, %	Long-term yield requirement, average, %
Judiciary	9,014	39	577	388	96%	355	3.3%–7.6%	69%	4.9%
Public tenants	2,184	8	169	90	90%	110	4.8%–7.5%	91%	5.2%
Government authorities	1,998	8	139	94	97%	89	3.5%–7.0%	97%	4.9%
Other office, etc.	708	4	50	24	90%	52	5.0%–8.0%	99%	5.4%
Total	13,903	59	935	596	95%	607	3.3%–8.0%	78%	4.9%

Work in progress	Property value, SEKm
Part of Östra Sälen 6:10	110
Part of Örnköldsvik 8:28	20
Total	130
Total Investment properties	14,033

Note 30 Liabilities to credit institutions

Group 2022

Maturity analysis	<1 year	1–3 years	3–5 years	>5 years	Total
Liabilities to credit institutions	0	4,719	2,468	-	7,187
Total	0	4,719	2,468	0	7,187

Interest maturity structure	Interest due	Share
Variable	2,589	36%
1–2 years	3,998	56%
2–3 years	600	8%
3–5 years	0	0%
Total	7,187	100%

STOCKHOLM 28 MARCH 2023

Christina Gellerbrant Hagberg
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 28 March 2023

Gunilla Wernelind
AUTHORISED PUBLIC ACCOUNTANT

Auditor's report

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

Report on the annual accounts and consolidated financial statements

Opinions

We have audited the annual accounts and consolidated financial statements of Kåpan tjänstepensionsförening for the year 2022. The annual accounts and consolidated financial statements of the Society are included on pages 4-37 in this document.

In our opinion, the annual accounts and consolidated financial statements have been prepared in accordance with the Annual Accounts Act for Insurance Companies and present fairly, in all material respects, the financial position of the Parent Society and the Group as of 31 December 2022 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 and consolidated financial statements.

We therefore recommend that the Council of Administration adopts the income statement and balance sheet for the Parent Society and for the Group.

Our opinions in this report on the annual accounts and consolidated financial statements are consistent with the content of the complementary report that has been submitted to the Parent Society's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Society and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our 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.

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

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgement were of most significance in our audit of the annual accounts and consolidated financial statements for the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated financial statements as a whole, but we 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 21 for detailed disclosures and descriptions of this matter.

Description of the matter

At 31 December 2022, the Group's and the Parent Society's life insurance provisions amounted to SEK 53,359m.

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 investment asset without quoted prices (level 3)

See accounting principles in Note 1 and other related disclosures on financial instruments in Note 2 as well as Note 17 and Note 29 for detailed disclosures and descriptions of this matter.

Description of the matter

The Group and the Parent Society have investment assets that are measured at fair value and classified in level 3 according to IFRS valuation hierarchy. The investment assets measured at fair value amount of SEK 36,269m in the Group and SEK 33,604m in the Parent Society at 31 December 2022. In the Group the assets in level 3 are divided between financial investment assets and land and buildings. In the Parent Society, all level 3 assets are financial investment assets.

The risk related to investment assets measured at fair value is mainly related to the assets not traded on an active market and which thereby require an estimate of fair value. The investment assets classified as level 3 according to IFRS 13 are measured using models such as discounted future cash flows which are based on non-observable market data to a considerable extent. The assumptions and models used when fair value for these assets is determined are the subject of significant estimations and assessments. Since these in their nature carry significant inherent uncertainty, we have therefore assessed that this area is of special importance in our audit.

How our audit addressed this matter

For investment assets in level 3 we have among other things evaluated key controls in the valuation process.

For the financial investment asset we have carried out an independent control measurement where this has been possible and we have made an audit related random selection of remaining holdings compared with price information used against external counterparty information.

For property holdings we have tested the property valuations provided on a random basis. Here we have used market data from external sources, in particular assumptions on yield requirement, discount rates, rental levels and vacancies. We have also assessed the competence and independence of the external valuers.

We have checked the accuracy of disclosures on land and buildings provided by the Group, especially with regard to assessments and applied key assumptions.

We have also evaluated whether supplementary disclosures linked to investment assets provide a true and fair picture and essentially correspond to disclosures to be provided under current regulations.

Other information than the annual accounts and consolidated financial statements

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

Our opinion on the annual accounts and consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

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

If we based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We 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 consolidated

financial statements 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 and the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, The Board of Directors and the President are responsible for the assessment of the Society's and the Group'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 have 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

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

report that includes our 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 and consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated financial statements, 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 our 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' and the President's use of the going concern basis of accounting in preparing the annual accounts and consolidated financial statements. We 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 and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated financial

statements, including the disclosures, and whether the annual accounts and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient and appropriate audit evidence relating to financial information from the units or business activities within the Group to express an opinion regarding the consolidated financial statements. We are responsible for governance, monitoring and carrying out a consolidated audit. We have sole responsibility for our opinion.

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

We must also provide the Board of Directors with a statement that we 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 our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated financial statements, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We 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 our audit of the annual accounts and consolidated financial statements, we have also audited the administration of the Board of Directors the President of Kåpan tjänstepensionsförening for the year 2022 and the proposed appropriations of the Society's profit or loss.

We 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

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Kåpan tjänstepensionsförening in accordance with professional ethics for accountants in Sweden and

have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our 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.

Our objective concerning the audit of the proposed appropriations of the Society's profit or loss, and thereby our 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 Swedish Occupational Pensions Company Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we 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 our professional judgment with starting point in risk and materiality. This means that we 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. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the Society's profit or loss we examined whether the proposal is in accordance with the Swedish Occupational Pension Companies Act.

KPMG AB, Box 382, 101 27, Stockholm,
was appointed as the auditor of Kåpan tjänstepensionsförening by the
Council of Administration on 4 May 2022. KPMG AB or auditors working at KPMG AB
have been the Society's auditors since 1992.

STOCKHOLM, 28 MARCH 2023
KPMG AB

Gunilla Wernelind
AUTHORISED PUBLIC ACCOUNTANT

Board of Directors and Auditors

At 31 December 2022

Council of Administration

Appointed by the Swedish Agency for Government Employers

Members	Personal Deputies
Christina Gellerbrant Hagberg , Swedish Agency for Government Employers, Chairman Until 2022-04-20	Anne Vadasz Nilsson , The Swedish Energy Markets Inspectorate, Vice Chairman Tom 2022-04-20
Stephen Hwang , Halmstad University, Chairman From 2022-04-21	Christina Malm , Swedish Defence Conscription and Assessment Agency, Vice Chairman From 2022-04-21
Tomas Hedlund , National Board of Health and Welfare From 2022-01-01	Josefin Lindberg , Södermanland Country Administrative Board From 2022-01-01
Stina Nyström , Swedish Prison and Probation Service From 2022-01-01	Helena Gagner , Swedish Board of Student Finance From 2022-01-01
Helen Björkman , Legal, Financial and Administrative Services Agency From 2022-01-01	Beatrice Bergström , National Government Service Centre From 2022-01-01
Per-Olof Stålesjö , Swedish Fortifications Agency From 2022-01-01	Lars Nordlander , Umeå University From 2022-01-01
Magnus Ericson , Swedish Agency for Accessible Media	Henrik Dider , Swedish Transport Agency From 2022-01-01
Dan Jacobsson , Museum of Technology Foundation	Marie Westerlund , National Agency for Special Needs Education and Schools From 2022-01-01
Camilla Stenemyr , National Swedish Board of Forensic Medicine From 2022-01-01	Rebecca Källskog , Swedish Post and Telecom Authority From 2022-01-01
Kristina Rasmusson , Swedish Inspectorate of Auditors From 2022-01-01	Fredrik Sjöström , Blekinge University of Technology From 2022-01-01
Jimmy Andersson , Swedish Pensions Agency From 2022-01-01	Daniel Persson , Swedish Companies Registration Office, Sundsvall From 2022-01-01
Maria Isaksson , Swedish National Courts Administration From 2022-01-01	Karolina Wikmyr , Swedish Board for Accreditation and Conformity Assessment From 2022-01-01
Tommy Viklund , Luleå University of Technology From 2022-01-01	Lena Hadad , Swedish Public Employment Service From 2022-01-01
Lena Karlsson , Swedish National Agency for Higher Vocational Education From 2022-01-01	Li Lejerstedt , University West From 2022-01-01
Daniela Eriksson , Swedish Tax Agency From 2022-01-01	Niclas Lagrell , Swedish Prosecution Authority From 2022-01-01
Hedda Mann , Swedish Agency for Government Employers	Sofi Pahlén , Swedish Ethical Review Authority From 2022-01-01

Appointed by trade unions

Members	Personal Deputies
Peter Lennartsson , OFR	EvaLena Moser , OFR
Mikael Sandberg , OFR	Kristofer Dahlgren , OFR
Tom Johnson , OFR	Mats Holmgren , OFR
Håkan Sparr , OFR	Camilla Brown , OFR
Malin Thor , OFR	Johan Lindgren , OFR
Linda Söderman , OFR	Jörgen Kristiansson , OFR
Evalena Ödman , OFR	Susanne Hultgren , OFR From 2022-01-01
Charlotte Olsson , Seko	Karna Tillhede , Seko
Ingrid Lagerborg , Seko	Frida Strandberg Landin , Seko
Christer Halkvist , Seko	Johnny Karlsson , Seko
Bengt Erik Johansson , Seko	Ulf Törnkvist , Seko
Kurt Ragnarson , Seko	Tommy Eriksson , Seko
Git Claesson Pipping , Saco-S	Robert Andersson , Saco-S
Carolina Gomez Lagerlöf , Saco-S	Christer Gustafsson , Saco-S
Elisabeth Perntz , Saco-S	Tarek Touma , Saco-S From 2022-01-01

Board of Directors

Employer representatives

Members
Gunnar Holmgren , Swedish Agency for Government Employers, Chairman Until 2022-05-04
Christina Gellerbrant Hagberg , Swedish Agency for Government Employers, Chairman From 2022-05-04
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
Fredrik Bäckström , Seko
Eva Fagerberg , OFR
Anna Odhner , Saco-S
Anna Steen , Saco-S
Helen Thornberg , Seko

Auditors

Auditors
Gunilla Wernelind , Authorised Public Accountant
Personal Deputy
Mårten Asplund , Authorised Public Accountant





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