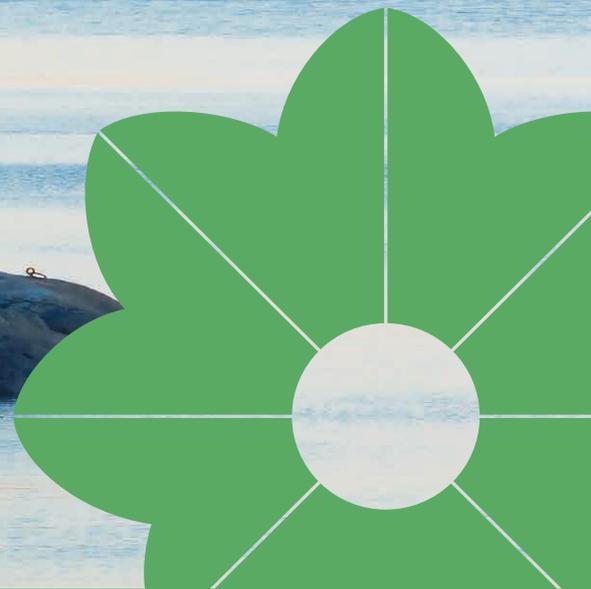




FOR GOVERNMENT EMPLOYEES



KÅPAN TJÄNSTEPENSIONSFÖRENING

Annual Report 2023



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 or deficit 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 products 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.

2023 at a glance

Assets under management

increased by SEK 15,223m to SEK 147,661m (132,438).

147,661

(132,438)
SEKm

Return on invested capital

was positive and amounted in total to 8.6% (-6.3).

8.6%

(- 6.3)

Total paid-in premiums

were SEK 7,247m (6,730).

7,247

(6,730) SEKm

Funding ratio

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

Pension payments

totalled SEK 3,276m (3,468).

3,276

(3,468) SEKm

Solvency ratio

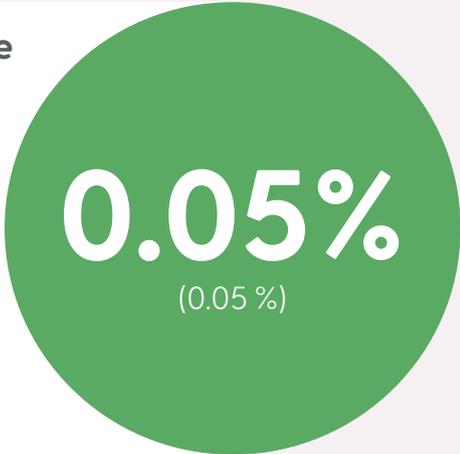
strengthened somewhat during the year from 245% to 246%. The valuation of outstanding guaranteed pension commitments rose but was compensated by a good return on invested capital.

246%

(245 %)

Administrative expenses

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



0.05%
(0.05 %)

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 2023 bonus interest was:

9.3 % (–6.8%) for age group 54 and younger

8.2 % (–6.0%) for age group 55–64

7.5 % (–5.5%) for age group 65 and older

Kåpan Aktieval – a 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 2023 for Kåpan Aktieval amounted to **15,5 %** (–2.1% from April to December 2022).

Sustainability

The focus of the Society's investments is to promote environmental and social characteristics 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 Society has chosen to classify all insurances as article 8 products 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).

A word from our President



At the end of 2023, the Society's assets amounted to SEK 148 billion with a solvency ratio of 246%. This can be compared with when I took up my post as President in 2003. Then the Society had assets at the start of the year of SEK 14 billion and a solvency ratio of 107%. From being a small financially weak actor to being one of the financially strongest and most

stable actors in the occupational pension market is indisputably a fantastic development.

The Society has continued to enjoy the trust of the parties in the government agreement area to insure the compulsory parts and be the default alternative for the choice part of the current pension agreement PA 16. The pension agreement was renegotiated in 2023. This means, amongst other things, that from 2024 and beyond the Society will have an increased premium flow primarily to the product Kåpan Flex.

If we return once again to the start of 2003, the Society's annual premium income amounted to SEK 1 billion. For the financial year 2024, the premium flow is expected to rise to nearly SEK 9 billion. In the coming years, the premium flow is expected to continue to increase as a consequence of more government employees only receiving a defined contribution pension.

The Society's operations will, assuming a continued trust from the parties to the government agreement area, continue to increase in scope. With the current pension agreement PA16 as a base, a balance between payments and receipts will be reached around 2060 for the defined contribution part

"In the coming years, the premium flow is expected to continue to increase."

while the defined benefit part of the occupational pension, where payments are financed through authority grants, are successively phased out. The Society's assets in 2060 are expected to amount to approximately SEK 700 billion in today's values given a number of reasonable assumptions.

The long-term value appreciation of the Society's assets has been good. The strategic aim is to achieve a sustainable and good return with limited risk from well-diversified investments.

At the same time the goal is to develop and promote environmental and social objectives by continuously strengthening work with investments in companies with high rankings in the areas of environmental and social responsibility as well as having a good level of corporate governance.

The direction over time is to continue to develop and adapt the business to a changing environment and to be able to offer long-term, responsible and sustainable management of members' paid-in premiums and aggregated pension capital. The aim is to be the most cost-effective occupational pension company and always make the lowest possible charges for management of our members' occupational pension insurances.

The primary purpose of the Society's operations is to provide members with a good return on their pension capital after deductions for costs and a good level of their paid-out occupational pension. This is what my employees and I continuously do our best to achieve.

Stockholm, April 2024

Gunnar Balsvik
President Kåpan Tjänstepension

"The long-term value appreciation of the Society's assets has been good."

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 2023.

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.

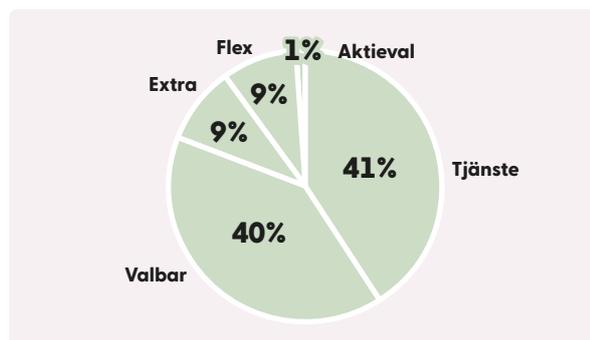
On 21 December 2020, the Society received permission from the Swedish Financial Supervisory Authority to conduct occupational pension business in accordance with the Swedish Occupational Pension Companies Act (2019:742). The decision meant among other things that the Society changed its name to Kåpan tjänstepensionsförening. The Society's statutes are available at kapan.se.

The report submitted is for the financial year up to 31 December 2023. From November 2022 the Society is a group with a property-owning limited company, Kåpan Fastigheter AB, as a subsidiary, which means that the Society's annual report has been adapted to the regulations for consolidated financial statements.

Five-year summary paid-in premiums (SEKm)

| Category | 2023 | 2022 | 2021 | 2020 | 2019 |
|----------------|--------------|--------------|--------------|--------------|--------------|
| Kåpan Tjänste | 2,993 | 2,809 | 2,670 | 2,550 | 2,415 |
| Kåpan Extra | 654 | 696 | 674 | 695 | 668 |
| Kåpan Valbar | 2,891 | 2,710 | 2,542 | 2,398 | 2,242 |
| Kåpan Flex | 671 | 499 | 410 | 335 | 260 |
| Kåpan Aktieval | 38 | 16 | - | - | - |
| Total | 7,247 | 6,730 | 6,296 | 5,585 | 5,290 |

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 just over 900,000.

Insurance premiums

The Society manages the premiums paid in by employers for their employees' account according to current collective agreements and the premiums that members in the years before 2016 have themselves chosen to invest in Kåpan Plus as a complement to their occupational pension.

Pension payments

A total of SEK 3,276m (3,468) was paid out during the year, of which SEK 1,357m (1,556) 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.

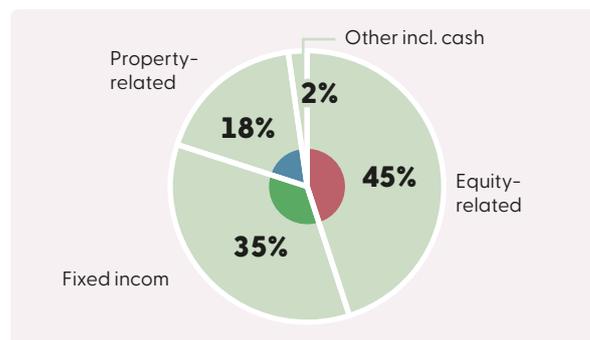
Guidelines for management of invested assets

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 June 2023, the classification of market value of assets should be within the following bands:

- Equities or equity-related asset class minimum 30% and maximum 50%.
- Bonds and other fixed-income securities minimum 30% and maximum 65%.
- Property-related investments minimum 10% and maximum 25%.

Investment of the Society's assets at year-end



The outstanding currency risk according to the adopted policy may not exceed 25% of total assets. At year-end, the outstanding currency risk was 21% (19) of the value of assets and therefore 49% (51) of assets in foreign currency were hedged.

The Board's decision on the distribution between asset classes is based on the Society's stable financial position and the expected value development for the various asset classes over time in relation to the risk of loss of value that investments always carry. The basis is that investment operations should be run with good diversification and a long-term focus with the aim of simultaneously promoting environmental and social aspects as well as encouraging a good level of corporate governance.

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.

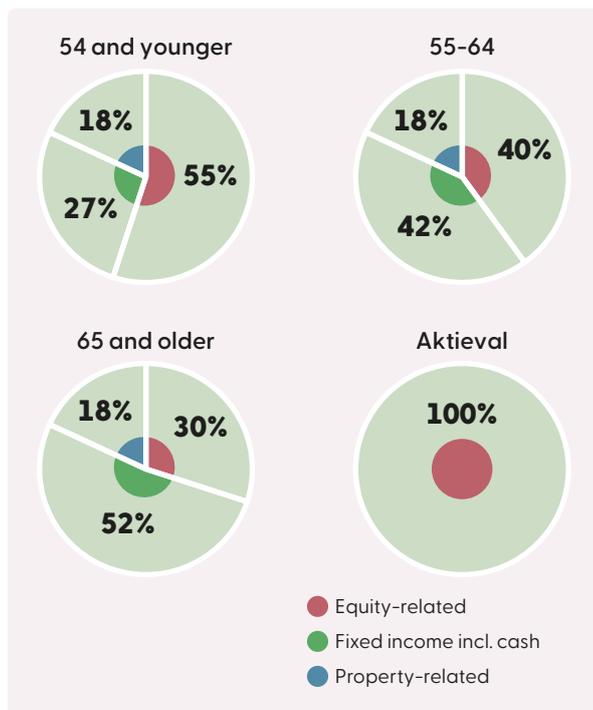
Generation-based risk allocation and bonus model

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 remaining 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 groups with the aim that pension payments over the years to individual members should be relatively stable over time.

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.

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 considers the environmental, social and corporate governance aspects both directly in its operations and in its investments, but this is not an overall goal.

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 the result. The intention is at the same time that investments promote environmental or social characteristics 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 or distribution 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 a too high 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.

Extended reporting requirements

Since March 2021 the EU's Sustainable Finance Disclosure Regulation (SFDR) applies. This was extended during 2023 with reporting requirements at product level. The Society offers a number of insurances all of which are part of one and the same product, Kåpan traditional insurance, which the Society has chosen to classify as an Article 8 product (i.e. it promotes sustainability-related attributes but does not have these as an overall goal). This means that the Society must provide a report according to a template decided by the EU Commission called "Periodic disclosures" as part of the Board of Directors' Report. The Society has chosen to include this report as an appendix at the end of this annual report.

For other information which is provided in accordance with the requirements in SFDR see kapan.se where there is also 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.

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.

The Society's information provision and reporting in the sustainability area has been extended and adapted to new regulations which are issued at EU level on an ongoing basis.

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 subject to this requirement but is working towards providing as far as possible complete reports according to the taxonomy requirements.

On the Society's website, kapan.se, there is in-depth information on the Society's sustainability work which complements the annual report and sustainability report.

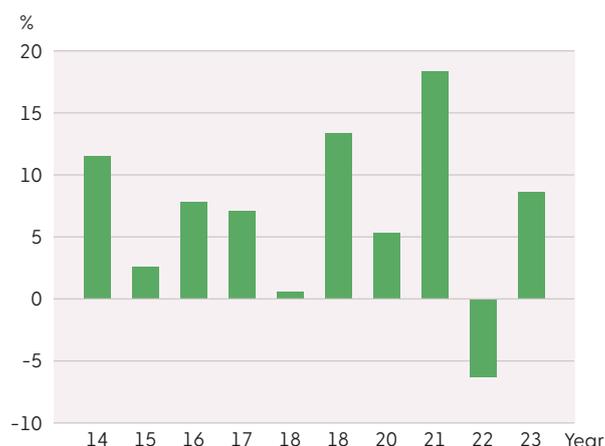
The following documents have been published regarding other parts of the Society's sustainability work:

- Owner involvement 2023
- Voting 2023
- Disclosure regulation
- Sustainability policy
- The Society's PRI report (Principles for Responsible Investments)
- Pre-purchase information sustainability traditional insurance
- Report on investment decisions' principal negative consequences for sustainability factors

Investment management

The market value of the Society's investment assets, with the addition of the book value of other assets amounted to SEK 147,661m (132,438) at year-end.

Total return for past ten years



The return on investment assets was positive and amounted to 8.6% (–6.3). 2023 was characterised by conflicts and insecurity. The continuing war in Ukraine and Hamas' terror attack with Israel's subsequent invasion of the Gaza Strip resulted in increased global instability affecting many areas. At the same time inflationary pressure fell from high levels. Central banks continued to raise key interest rates during the year, but market expectations suddenly switched in the autumn to a belief in rapid falls in coming years. Taken as a whole, development has been seen as positive by capital markets and stock markets have risen in almost all markets while interest levels have fallen for longer maturities. The total return on the Society's assets was positively affected since both equities and fixed-income investments have risen in value. Positive development in these areas was in some part hampered by weak returns on property investments due to the rapid rise in interest levels in recent years. The Swedish krona

fluctuated wildly in value during the year but recovered towards year-end, especially against the dollar. Overall the weak dollar made a negative contribution to returns for that part of the foreign portfolio that was not exchange rate hedged.

Investment return

The total return on assets is broken down as follows:

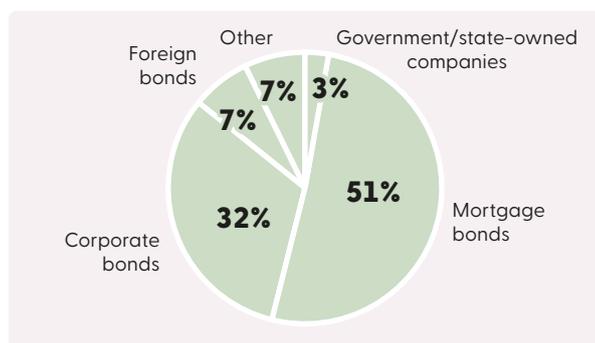
| Portfolio | Market value, SEKm | Share, % | Total return ¹⁾ %, 2023 |
|---------------------|--------------------|------------|------------------------------------|
| Fixed-income | 52,329 | 35 | 8.1 |
| Equity-related | 66,541 | 45 | 15.8 |
| Property-related | 25,933 | 18 | -6.1 |
| Other assets, cash | 2,858 | 2 | 0 |
| Total assets | 147,661 | 100 | 8.6 |

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 52,329m (47,727) at year-end. The investments consisted to 51% (47) of mortgage bonds and other AAA-rated issuers and 3% (3) of bonds issued by wholly state-owned companies. Investment in corporate bonds amounted to 32% (35). The remaining 14% (15) of investments consisted of other fixed-income holdings and cash of which 7 percentage points (9) 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 short-term interest level rose during the year while the interest level on bonds with longer maturities fell. Overall this meant good yields combined with rising values for investments with long fixed interest rates. 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 |
|--------------------|----------------------|
| Nordea | 5,009 |
| Handelsbanken | 4,912 |
| Swedbank | 3,961 |
| SEB | 3,927 |
| Kommuninvest | 3,343 |
| Länsförsäkringar | 2,034 |
| SBAB | 1,599 |
| Danske Bank | 1,532 |
| Specialfastigheter | 806 |
| Swedavia | 758 |

The largest investments in the Other fixed-income category are made in the following funds and companies:

| Holding | Assessed value, SEKm |
|--------------------------------------|----------------------|
| Nordstjärnan Kredit | 2,188 |
| M&G Investment (3 funds) | 1,169 |
| Napier Park Global Capital (2 funds) | 693 |
| Intermediate Capital Group | 357 |
| Developed World Markets | 345 |

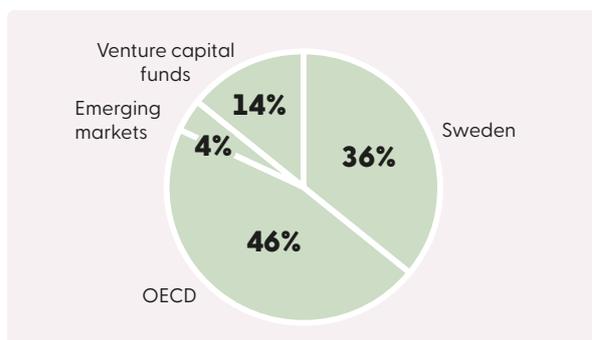
In addition to investments in fixed-income securities, the Society has taken the strategic direction of signing contracts for various forms of interest-rate hedges in order to reduce the outstanding interest rate risk in pension obligations. During the year interest-rate hedged holdings increased in volume mainly based on the opportunity to hedge the generally high interest level. The total earnings impact of interest-rate hedges corresponds to a return of 0.8% on interest return.

The total return on fixed-income-related investments amounted to 8.1% (-7.6).

Equity-related assets

The stock market showed positive development during 2023 with rising values. There was primarily strong development during the second half of the year when expectations of falling interest rates and positive global economic growth broke through despite the continuing war in Ukraine and the state of the conflict between Israel and Hamas with its risk of escalation. During the year global share prices rose overall by a total of 21.6% (-16.0) in local currencies. The Swedish krona strengthened during the year which meant that the corresponding index in Swedish kronor showed a rise of 17.8% (-5.9).

Allocation equities



The Society's return on equities listed in the OECD was 22.9% (-17.1) in local currencies and for equities listed in emerging markets 10.5% (-20.6) in dollars. The holding of equities listed on the Nasdaq Stockholm Exchange showed a positive return of 20.7% (-17.4).

The Society currency hedges most of its foreign equity-related investments in the OECD. Since the Swedish krona strengthened slightly during the year, currency hedging made a positive contribution to returns.

Investments in various types of unlisted equities, primarily venture-capital funds, amounted to SEK 8,769m (8,311). Return for the year amounted to 1.2% (2.3).

The overall return on equities during the year including currency effects was positive and amounted to 15.8% (-12.0) and equity-related assets at year-end amounted to SEK 66,541m (57,312).

Bonus interest on the Kåpan Aktieval insurance is based solely on the Society's equity-related investments. Bonus interest for the year amounted to 15.5% (-2.1).

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 |
|------------------|----------------------|
| Atlas Copco | 2,504 |
| Investor | 2,230 |
| Volvo | 1,312 |
| EQT | 1,076 |
| Hexagon | 1,004 |
| Assa Abloy | 973 |
| SEB | 938 |
| Sandvik | 840 |
| Evolution | 802 |
| Hennes & Mauritz | 777 |

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 | 1,452 |
| Microsoft | 1,318 |
| Alphabet | 768 |
| Amazon | 660 |
| Nvidia | 628 |
| Meta | 385 |
| Eli Lilly | 257 |
| JP Morgan | 244 |
| United Health | 228 |
| Home Depot | 219 |

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 | 1,482 |
| SHB Global Småbolag Index Criteria | 861 |
| Storebrand Emerging Markets | 818 |
| SHB Global High Dividend Low Volatility Criteria | 616 |
| Montanaro European Smaller Companies Fund | 461 |
| RBC Emerging Markets Equity Fund | 334 |
| BL American Small & Mid Caps | 328 |
| JPMorgan Europe Small Cap Fund | 326 |

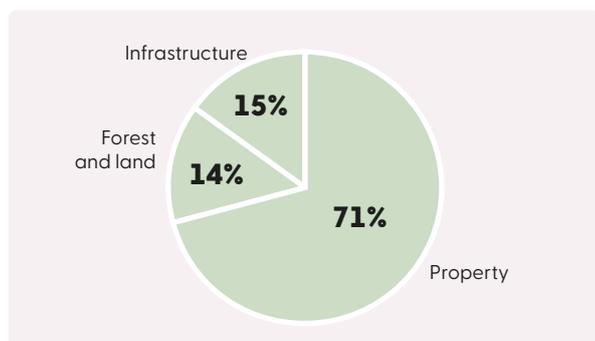
The largest investments in various types of venture capital funds at year-end were in the following funds:

| Holding | Assessed value, SEKm |
|---|----------------------|
| Alpinvest PE (2 funds) | 1,437 |
| Warburg Pincus (4 funds) | 1,049 |
| EQT (2 funds) | 991 |
| Newbury Equity Partners (3 funds) | 941 |
| Welsh, Carson, Anderson & Stowe (3 funds) | 848 |
| Advent International (5 funds) | 848 |
| Cinven (3 funds) | 685 |

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. Kåpan Fastigheter AB is a wholly-owned subsidiary of the Society.

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

| Holding | Assessed value, SEKm |
|---|----------------------|
| Kåpan Fastigheter | 6,733 |
| Svenska Handelsfastigheter | 2,740 |
| Gysinge Skog | 2,150 |
| Hemvist i Mälardalen | 1,846 |
| Bridge Investment Group (4 funds) | 1,828 |
| Midstar Hotels | 1,821 |
| Antin Infrastructure Partners (6 funds) | 1,357 |
| J.P. Morgan Infrastructure Investments Fund | 1,272 |
| Aermont Real Estate (4 funds) | 631 |
| White Peak Real Estate (3 funds) | 544 |

Property-related assets showed a negative value appreciation during the year mainly due to rapid interest rate rises over the past two years. Invested capital totalled SEK 25,933m (24,904) and the return for property-related investments amounted to -6.1% (15.1) following several years with very good returns.

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 the 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 18.

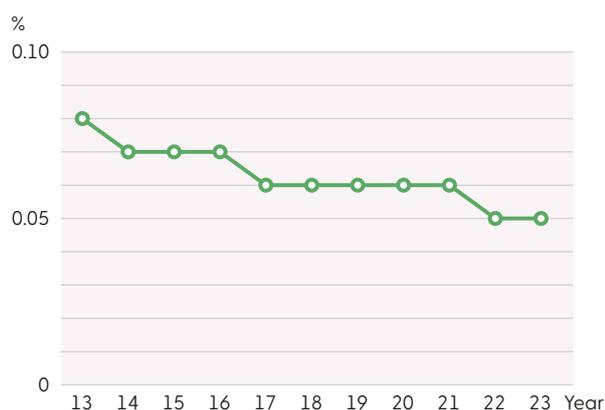
Actuarial report

A report has been prepared by the Society's actuary. The report shows that the Society's technical provisions amount to SEK 59,114m (53,359). 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 periods and for those insurances that have transfer rights.

Costs

Costs in the insurance business amounted to SEK 65m (62). 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% (0.05)

Management costs development



Costs for 2023 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 2024. With effect from 1 January 2024, the deduction from the insurance capital was reduced to 0.05%.

The aim is to continue to maintain a low level of costs over time even though continuous and extensive changes

in regulations in different parts of operations place an increasing burden on the administrative and organisational resources in the Society, not least related to different forms of reporting a multitude of consolidated mandatory sustainability indicators.

The direct costs of investment management amounted to SEK 60m (55). 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 2023

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 2023 before tax on returns and costs amounted to:

9.3% (-6.8) for age group 54 and younger

8.2% (-6.0) for age group 55–64

7.5% (-5.5) for age group 65 and older

15.5% (-2.1) for Kåpan Aktieval

The difference in returns between the groups is attributable to the returns of the equities asset class which showed overall somewhat higher 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 good return due to the drop in long-term market interest rates combined with good running returns.

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 2023 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 positive. Outstanding obligations are valued at year-end based on a discount rate curve which is based on market interest rates for the first upcoming ten years and then a gradual adjustment to a fixed ultimate forward rate (UFR) of 3.9% (4.05). The rates used have together a lower level than the previous year which means that the value of outstanding obligations rose by 9.7%. Returns on investments were higher than the average guaranteed interest and made a positive contribution. Taken overall, the solvency ratio strengthened marginally during the year from 245% to 246%.

Solvency ratio past 10 years



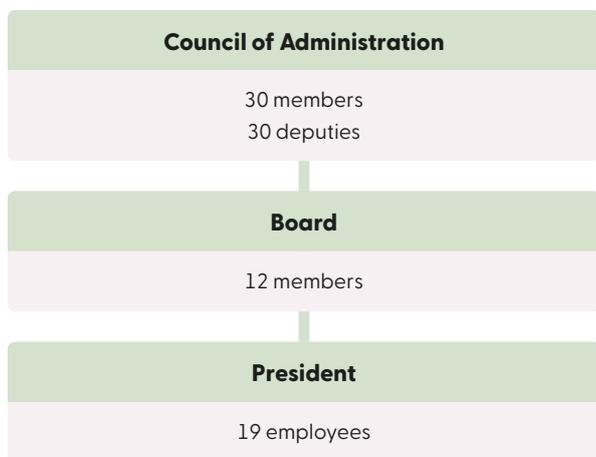
Tax on returns

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 2023 amounted to SEK 286m (102).

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 seven 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, handling of ethics and operational risks in investment management as well as sustainability targets. The Society's good solvency and solvency risks have been analysed and the Board has tabled a proposal for strengthening and improving insurance terms in the Articles of Association for decision by the Council of Administration at its annual meeting in May 2024. The Board has also made a strategic decision to complement the insurance system with integrated payment and account management functionality during the year in order to make insurance administration more efficient and reduce the number of risks in the payment process.

The Board carried out an evaluation of its work during 2023. 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.

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 employed a responsible actuary and a risk manager. The regulatory and internal audit functions are outsourced.

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 5m (0). Most of this expenditure is attributable to the financial and insurance systems. 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 defined contribution 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.

During 2023 the parties renegotiated parts of the pension agreement. The renegotiation will mean, amongst other things, that during 2024 the Society will have an increased premium flow to Kåpan Flex. At the same time, the premium flow is expected to rise to almost SEK 9 billion during 2024. In coming years the premium flow is expected to also rise due to an increasing number of

government employees only receiving a defined contribution pension.

Developments require ongoing adaptation of the organisation and system solutions to the task but also provide economies of scale and opportunities to improve efficiency.

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 create an uncertainty which lies outside normal risk parameters.

The long-term value development of the Society's assets over the years has been good but developments in the past decade have created increased uncertainty regarding the development of the Society's assets in the short term. The Society's solvency is good and the ability to absorb major value changes is good, which provides security. On the other hand, members' pension capital can vary in value from year to year in a way which can create insecurity which the Society tries to counter with a well-balanced investment strategy.

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

No significant events have occurred in the first quarter of 2024 which have affected the development of the business since the end of the financial year.

Disposition of profit for the year

The profit for the year, SEK10,649,156,593 (2,036,995,153) will be transferred to other reserves. Paid-out bonus interest for the year amounted to SEK 1,357,018,016 (1,555,716,465). The parent company's equity thus amounted to SEK 86,536,467,674 (77,244,329,096) on 31 December 2023.

Financial statements

Five-year summary

Parent Society

| Results, SEKm | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|--------|--------|--------|--------|--------|
| Premiums written | 7,247 | 6,730 | 6,296 | 5,978 | 5,585 |
| Investment income, net | 11,427 | -8,569 | 20,544 | 5,560 | 12,044 |
| Claims paid | -1,919 | -1,912 | -1,963 | -1,941 | -1,893 |
| Bonus paid ¹⁾ | -1,357 | -1,556 | -1,284 | -1,218 | -1,084 |
| Balance on the technical account, life insurance business | 10,935 | 2,139 | 27,043 | 7,588 | 10,254 |
| Profit for the year | 10,649 | 2,037 | 26,959 | 7,509 | 10,187 |

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

| Financial position, SEKm | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|---------|---------|---------|---------|---------|
| Total assets ¹⁾ | 147,661 | 132,438 | 136,690 | 113,100 | 105,084 |
| Investment assets ¹⁾ | 143,103 | 128,801 | 129,638 | 110,802 | 102,810 |
| Technical provisions | 59,114 | 53,359 | 59,311 | 61,549 | 59,605 |
| Funding capital | 86,536 | 77,244 | 76,763 | 51,088 | 44,797 |
| Capital base | 86,527 | 77,238 | 76,756 | 51,081 | 44,790 |
| Minimum capital requirement ²⁾ | 2,365 | 2,134 | 2,372 | 2,462 | 2,384 |
| Risk-sensitive capital requirement (RWA) ³⁾ | 32,233 | 28,493 | 27,651 | | |
| RWA quotient ⁴⁾ | 2,68 | 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, % | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|------|------|------|------|------|
| Insurance administrative costs ¹⁾ | 0.05 | 0.05 | 0.06 | 0.06 | 0.06 |
| Investment charges ¹⁾ | 0.04 | 0.04 | 0.04 | 0.04 | 0.05 |
| Total return | 8.6 | -6.3 | 18.4 | 5.3 | 13.4 |
| Funding ratio | 100 | 100 | 100 | 100 | 100 |
| Solvency ratio | 246 | 245 | 229 | 183 | 175 |

¹⁾ In relation to total assets.

| Total return by asset class ¹⁾ | Market value 31 Dec 2023 | | Market value 31 Dec 2022 | | Total return, % ²⁾ 2023 |
|---|--------------------------|------------|--------------------------|------------|------------------------------------|
| | SEKm | % | SEKm | % | % |
| Equity related | 66,541 | 45 | 57,243 | 43 | 15.8 |
| Fixed-income related ³⁾ | 52,329 | 35 | 47,727 | 36 | 8.1 |
| Property-related | 25,933 | 18 | 24,964 | 19 | -6.1 |
| Other assets | 2,858 | 2 | 2,504 | 2 | - |
| Total assets | 147,661 | 100 | 132,438 | 100 | 8.6 |

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 | |
|--|------|---------------|----------------------|----------------|--------------|
| | | 2023 | 2022-12-01 -12-31 | 2023 | 2022 |
| Technical account, life insurance business | | | | | |
| Premiums written | 3 | 7,247 | 592 | 7,247 | 6,730 |
| Investment income | 4 | 4,891 | 652 | 3,963 | 5,805 |
| Unrealised gains on investment assets | 5 | 10,798 | 100 | 10,227 | 696 |
| Claims paid | 6 | -1,919 | -157 | -1,919 | -1,912 |
| Change in other technical provisions | | -5,755 | 1,686 | -5,755 | 5,952 |
| Operating expenses | 7 | -94 | -7 | -65 | -62 |
| Investment charges | 8 | -3,288 | -89 | -2,763 | -4,670 |
| Unrealised losses on investment assets | 9 | -691 | -3,149 | - | -10,400 |
| Balance on the technical account, life insurance business | | 11,189 | -372 | 10,935 | 2,139 |
| Non-technical account | | | | | |
| Balance on the technical account, life insurance business | | 11,189 | -372 | 10,935 | 2,139 |
| Tax on profit for the year | 10 | -132 | -26 | -286 | -102 |
| Profit and comprehensive income for the year | | 11,057 | -398 | 10,649 | 2,037 |

Statement of comprehensive income

| SEKm | Group | | Parent Society | |
|-----------------------------------|---------------|----------------------|----------------|--------------|
| | 2023 | 2022-12-01 -12-31 | 2023 | 2022 |
| Profit for the year | 11,057 | -398 | 10,649 | 2,037 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | 11,057 | -398 | 10,649 | 2,037 |

Balance sheet

| SEKm | Note | Group | | Parent Society | |
|---|------|----------------|----------------------|----------------|----------------|
| | | 2023 | 2022-12-01 -12-31 | 2023 | 2022 |
| Assets | | | | | |
| Intangible assets | | | | | |
| Other intangible assets | 11 | 9 | 6 | 9 | 6 |
| Investment assets | | | | | |
| Land and buildings | | | | | |
| Investment properties | 12 | 13,560 | 14,033 | | |
| Investments in group companies | | | | | |
| Shares and participations in group companies | 13 | - | - | 6,733 | 3,500 |
| Fixed-income securities, loans to group companies | | - | - | - | 3,128 |
| Investments in associates | | | | | |
| Shares and participations in associates | 14 | 8,557 | 7,868 | 8,557 | 7,868 |
| Other financial investments | | | | | |
| Shares and participations | 15 | 81,098 | 72,663 | 81,098 | 72,663 |
| Bonds and other fixed-income securities | 16 | 44,890 | 41,211 | 44,890 | 41,211 |
| Derivatives | 17 | 1,930 | 651 | 1,825 | 431 |
| | 18 | 150,035 | 136,426 | 143,103 | 128,801 |
| Receivables | | | | | |
| Other receivables | 19 | 227 | 1,442 | 177 | 1,412 |
| Other assets | | | | | |
| Property, plant and equipment | 20 | 5 | 0 | 1 | 0 |
| Cash and bank balances | | 2,890 | 2,252 | 2,576 | 2,017 |
| Other assets | 21 | 1,469 | 35 | 1,417 | - |
| | | 4,364 | 2,287 | 3,994 | 2,017 |
| Prepayments and accrued income | | | | | |
| Accrued interest | | 371 | 195 | 371 | 195 |
| Other prepayments and accrued income | | 16 | 22 | 7 | 7 |
| | | 387 | 217 | 378 | 202 |
| Total assets | | 155,022 | 140,378 | 147,661 | 132,438 |
| Equity, provisions and liabilities | | | | | |
| Equity | | | | | |
| Collective reserve | 22 | 75,998 | 77,753 | 75,887 | 75,207 |
| Profit and comprehensive income for the year | | 11,057 | -398 | 10,649 | 2,037 |
| | | 87,055 | 77,355 | 86,536 | 77,244 |
| Technical provisions | | | | | |
| Life insurance provisions | 23 | 59,114 | 53,359 | 59,114 | 53,359 |
| | | 59,114 | 53,359 | 59,114 | 53,359 |
| Provisions for other risks and costs | | | | | |
| Tax | | 146 | 315 | 24 | 7 |
| Liabilities | | | | | |
| Derivatives | 17 | 556 | 1,570 | 556 | 1,570 |
| Liabilities to credit institutions | 24 | 6,301 | 7,187 | - | - |
| Other liabilities | 25 | 1,592 | 306 | 1,428 | 255 |
| | | 8,449 | 9,063 | 1,984 | 1,825 |
| Accruals and deferred income | | | | | |
| | | 258 | 286 | 3 | 3 |
| Total equity, provisions and liabilities | | 155,022 | 140,378 | 147,661 | 132,438 |

Statement of changes in equity

Group

2023

| SEKm | Collective reserve | Comprehensive income for the year | Equity |
|------------------------------------|--------------------|-----------------------------------|---------------|
| Opening equity, 1 Jan 2023 | 77,355 | | 77,355 |
| Bonus paid during the period | -1,357 | | -1,357 |
| Profit and comprehensive income | | 11,057 | 11,057 |
| Closing equity, 31 Dec 2023 | 75,998 | 11,057 | 87,055 |

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

2023

| SEKm | Collective reserve | Comprehensive income for the year | Equity |
|---|--------------------|-----------------------------------|---------------|
| Opening equity previous financial year | 75,207 | 2,037 | 77,244 |
| Disposition of earnings 2022 | 2,037 | -2,037 | 0 |
| Bonus paid during the financial year | -1,357 | | -1,357 |
| Profit and comprehensive income for 2023 | | 10,649 | 10,649 |
| Closing equity for the financial year | 75,887 | 10,649 | 86,536 |

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 |

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 2023 and pertain to the financial year 2023 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 9 April 2024. The income statement and balance sheet will be presented for adoption at the annual general meeting on 15 May 2024.

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 relates solely to the Parent Society the information relates to the insurance business which is conducted solely in the Parent Society.

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

IFRS 9 Financial Instruments

Since IFRS Financial Instruments came into force in 2018 and until 31 December 2022 the Society has applied a temporary exemption from IFRS 9 introduced to IFRS 4 Insurance Contracts. From the beginning of 2023 the Society applies IFRS 9. The transfer to IFRS 9 has not had any effects since the Society had already measured financial instruments at fair value through profit or loss. In accordance with the transitional rules in IFRS comparative figures have not been adjusted.

Classification and measurement

Under IFRS 9, all recognised financial assets are measured at either amortised cost or fair value through other comprehensive income or fair value through profit or loss. The classification into the three categories should be based on the company's business model for the different holdings and the characteristics of the cash flow generated by the assets. The introduction of this new standard has not resulted in any material change in classification and measurement of the Society's financial assets and liabilities since the company's financial instruments were already measured at fair value through profit or loss.

Impairment

(Recognition of expected credit losses)

Under IFRS 9, provisions for credit losses are recognised for loans and receivables that are measured at amortised cost or fair value through other comprehensive income. The provisions should be based on expected future credit losses and probability-weighted outcomes instead of based on incurred credit losses. The introduction of IFRS 9 in terms of recognition of expected credit losses has not had any material impact on the Society's financial reporting.

Hedge accounting

Since the Society does not apply hedge accounting, this part of the standard has not had any impact on the financial statements.

Consolidated financial statements

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.

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.

Note 1 cont.

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.

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.

Tax

Tax for the period consists of current tax and deferred tax. Current tax is the tax calculated on the taxable profit for the period. Deferred tax is recognised as the difference between recognised and taxation value of assets and liabilities.

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 in associates

The Society recognised its shares in associates in the consolidated financial statements at fair value through profit or loss.

Note 1 cont.

Financial instruments quoted in an active market

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

Financial instruments not quoted on an active market

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

For unlisted equities measurement the external portfolio manager produces a valuation based on available price information. Normally there is a time shift in the valuation of 1–3 months. This means that valuations at 31 December 2023 are typically based on a value statement from the period 30 September 2023–30 November 2023.

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. The Society evaluates 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 reliability 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.

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

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.

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 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

Note 2 cont.

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

2023

| Assumption/risk factor | Change in assumption | Change in provision, SEKm |
|--------------------------|----------------------|---------------------------|
| Life expectancy increase | +15% | 1,850 |
| Cost inflation | +8% | 122 |
| Discount rate | -1% point | 13,454 |

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 |

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 3.90% at year-end. For the 2022 financial year the corresponding rate was 4.05%.

Changes in discount rates due to falling market interest rates increased the value of insurance obligations by SEK 5,185m. For the financial year 2022, the corresponding effect was reduction in the value of insurance obligations of SEK 11,482m.

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 6,500m (5,000). Changes in value of interest rate hedges means that these contributed 0.30 percentage points (-0.42) 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 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.

Note 2 cont.

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 1,622m (1,432) in the event of a 1% decrease in interest rates for all maturities. Liabilities increase by SEK 7,396m (6,328) in the same scenario. The total outstanding interest rate risk in the form of a negative effect on equity and solvency capital in the event of a 1 percentage point change in the market interest rates for all maturities therefore amounts to SEK 5,774m (4,896).

Management of share price risk

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

For equity-related instruments risk is measured by analysing how much the market value is affected by falling or rising share prices. In the section sensitivity analysis, below, an account is provided of outstanding share price risk. The total outstanding share price risk in the event of a price change of 10 percentage points amounts to SEK 6,654m (5,686).

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 2,593m (2,496).

Management of currency risk

Currency risk is the risk of loss due to a change in the value of assets and liabilities due to changes in exchange rates. Currency risk is measured as a percentage of foreign assets that are not currency hedged through a hedging agreement (forward contracts or currency swaps). All assets in foreign currency that are not hedged represent a currency risk. For the Society all insurance obligations on the liabilities side are in Swedish kronor. Exposure to outstanding currency risk, in accordance with a Board decision, may not exceed 25% of the total value of assets.

Currency exposure amounts after currency hedging to 20.7% (19.2) of the value of the investment assets. Gross exposure, i.e. currency exposure without currency hedges, amounts to SEK 56,975m (51,472). The total outstanding currency risk is estimated in the event of a change in exchange rates of 10 percentage points to amount to SEK 3,015m (2,508).

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

| | 2023 | 2022 |
|-------|--------------|-------------------|
| SD | 1,860 | 1,547 |
| EUR | 37 | 33 |
| GBP | 150 | 31 |
| AUD | 67 | 54 |
| JPY | 58 | 6 |
| CHF | 8 | 4 |
| CAD | 105 | 94 |
| NOK | 149 | 124 |
| NZD | 1 | 39 |
| DKK | 115 | 104 |
| Other | 465 | 481 ^{*)} |
| | 3,015 | 2,508 |

^{*)} 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 2023 | 31 Dec 2022 | 31 Dec 2023 | 31 Dec 2022 | |
| 1. | 1.48% | 2.07% | 1. | 2.36% | 2.26% |
| 2. | 1.27% | 1.55% | 2. | 1.72% | 1.39% |
| 3. | 1.25% | 1.55% | 3. | 1.53% | 1.35% |
| 4. | 1.25% | 1.23% | 4. | 1.00% | 0.96% |
| 5. | 0.93% | 1.17% | 5. | 0.90% | 0.93% |
| Ratio ^{*)} | 6.18% | 7.57% | Ratio ^{*)} | 7.51% | 6.89% |

| | Five largest exposures, credit institutions | | Five largest exposures, covered bonds | | |
|---------------------|---|-------------|---------------------------------------|-------------|--------|
| | 31 Dec 2023 | 31 Dec 2022 | 31 Dec 2023 | 31 Dec 2022 | |
| 1. | 3.90% | 3.66% | 1. | 3.40% | 2.95% |
| 2. | 3.87% | 3.62% | 2. | 3.25% | 2.75% |
| 3. | 3.83% | 3.12% | 3. | 2.51% | 2.66% |
| 4. | 3.22% | 3.11% | 4. | 2.49% | 2.61% |
| 5. | 1.40% | 1.75% | 5. | 0.86% | 0.85% |
| Ratio ^{*)} | 16.23% | 15.26% | Ratio ^{*)} | 12.51% | 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.

Note 2 cont.

Management of credit spread risk

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

Credit spread risk is measured by calculating how the market value of assets with credit risk is changed 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 2,038m (1,902).

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 credit-worthiness.

2023

| Creditworthiness | Max of total assets | Maximum/ counterparty | Of total assets | Largest counterparty exposure |
|------------------|---------------------|-----------------------|-----------------|-------------------------------|
| Very high | 50% | 5.0% ¹⁾ | 18.4% | 2.3% |
| High | 25% | 2.5% ²⁾ | 2.3% | 0.6% |
| Average | 20% | 1.0% | 3.3% | 0.3% |
| Low | 15% | 0.5% | 6.1% | 0.3% ³⁾ |

2022

| 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⁾ |

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.

⁴⁾ Very high: S&P AAA, High: S&P AA+ to AA-, Average: S&P A+ to A-, Low: S&P BBB+ to BB.

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 2023 the quotient amounts to 1,637% (1,209). 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.

2023

| Risk factor | Effect on investment assets | Effect on life insurance assets | Effect on equity |
|-------------------------------------|-----------------------------|---------------------------------|------------------|
| Price fall on shares, 10% | -6,654 | - | -6,654 |
| Fall in value property-related, 10% | -2,593 | - | -2,593 |
| Doubled credit spread | -2,038 | - | -2,038 |
| Exchange rate fall, 10% | -3,015 | - | -3,015 |
| Interest rate fall, 1% | 1,622 | 7,396 | -5,774 |

2022

| Risk factor | Effect on investment assets | Effect on life insurance assets | 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 |

Note 2 cont.**Management of operational risk**

Operational risk refers to risk of loss due to processes that are not fit for purpose or unsuccessful processes, human error, faulty systems or external events. Legal risk and the risk of internal or external irregularities (including intrusions into IT systems) are included among operational risks. Operational risks can involve both immediate financial losses and long-term losses by the damage to the Society's public trust and reputation. Management of operational risks mainly consists of good internal control with the support of competent staff and appropriate systems support. Maintaining good internal control is an ongoing process and includes appropriate routines and instructions, clear division of responsibilities and work, IT systems with built-in reconciliations and controls as well as authorisation systems for premises and internal information and reporting systems. One key part of management of operational risks is also continuity planning for the business with backup solutions and appropriate routines in the event of fire, system outages and sick leave.

Overall guidelines relating to operational risks have been adopted by the Board. The risk function is responsible for independent control

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

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

Outstanding maturities on fixed-income assets and liabilities**2023**

| | 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 |
| Bonds and other fixed-income securities | 1,597 | 12,144 | 29,794 | 2,084 | 520 | 0 | 46,139 | 44,890 |
| Interest rate derivatives, positive | 0 | 27 | 10 | 281 | 0 | 0 | 318 | 318 |
| Liabilities | | | | | | | | |
| Life insurance provisions | -1,860 | -3,080 | -2,481 | -7,390 | -97,174 | 0 | -111,985 | -59,114 |
| Interest rate derivatives, negative | -58 | -152 | 0 | -245 | -101 | 0 | -556 | -556 |
| Cumulative exposure | -321 | 8,939 | 27,323 | -5,270 | -96,755 | 0 | -66,084 | -14,462 |

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 |
| 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 |

Note 3 Premiums written

| | Group | | Parent Society | |
|------------------------------------|--------------|----------------------------|----------------|--------------|
| | 2023 | 1 Dec 2022– 31 Dec 2022 | 2023 | 2022 |
| Premiums written Kåpan Tjänste | 2,993 | 242 | 2,993 | 2,809 |
| Premiums written Kåpan Extra | 654 | 53 | 654 | 696 |
| Premiums written Kåpan Valbar | 2,891 | 250 | 2,891 | 2,710 |
| Premiums written Kåpan Flex | 671 | 45 | 671 | 499 |
| Premiums written Kåpan Aktieval | 38 | 2 | 38 | 16 |
| | 7,247 | 592 | 7,247 | 6,730 |

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 | |
|--|--------------|----------------------------|----------------|--------------|
| | 2023 | 1 Dec 2022– 31 Dec 2022 | 2023 | 2022 |
| Rental income | 908 | 63 | - | - |
| Other income | 19 | - | - | - |
| Dividends received | 1,521 | 106 | 1,521 | 1,501 |
| Interest income | | | | |
| Bonds and other fixed- income securities including bank balances and similar | 1,264 | 67 | 1,263 | 632 |
| Derivatives | - | - | - | - |
| Exchange gains, net | 3 | 0 | 3 | 7 |
| Realisationsvinster, netto | | | | |
| Shares | 1,176 | 297 | 1,176 | 3,665 |
| Bonds and other fixed- income securities | - | - | - | - |
| Derivatives | - | 119 | - | - |
| | 4,891 | 652 | 3,963 | 5,805 |

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

| Contracted future rental income | 2023 | 2022 |
|--|--------------|--------------|
| Contracted rental income within 1 year | 929 | 869 |
| Contracted rental income between 1 and 2 years | 721 | 745 |
| Contracted rental income between 2 and 3 years | 521 | 513 |
| Contracted rental income between 3 and 4 years | 402 | 360 |
| Contracted rental income between 5 and 5 years | 175 | 255 |
| Contracted rental income later than 5 years | 1,190 | 434 |
| | 3,939 | 3,175 |

All leases are classified as operating leases. The maturity structure for leases that relate to non-cancellable operating leases is shown in the table above.

Note 5 Unrealised gains on investment assets

| | Group | | Parent Society | |
|---|---------------|----------------------------|----------------|------------|
| | 2023 | 1 Dec 2022– 31 Dec 2022 | 2023 | 2022 |
| Shares and participations | 6,039 | - | 5,353 | - |
| Bonds and other fixed-income securities | 2,467 | - | 2,467 | - |
| Derivatives | 2,292 | 100 | 2,407 | 696 |
| | 10,798 | 100 | 10,227 | 696 |

Note 6 Claims paid

| | Group | | Parent Society | |
|---|---------------|----------------------------|----------------|---------------|
| | 2023 | 1 Dec 2022– 31 Dec 2022 | 2023 | 2022 |
| Pension payments Kåpan Tjänste | -1,141 | -96 | -1,141 | -1,187 |
| Pension payments Kåpan Extra | -280 | -24 | -280 | -286 |
| Pension payments Kåpan Plus | -93 | -8 | -93 | -102 |
| Pension payments Kåpan Valbar | -405 | -29 | -405 | -337 |
| Pension payments Kåpan Flex | 0 | 0 | 0 | 0 |
| Pension payments Kåpan Aktieval | 0 | 0 | 0 | 0 |
| | -1,919 | -157 | -1,919 | -1,912 |
| In addition to the guaranteed rate bonus was paid | -1,357 | -124 | -1,357 | -1,556 |

Note 7 Operating expenses

| | Group | | Parent Society | |
|--|------------|----------------------------|----------------|------------|
| | 2023 | 1 Dec 2022– 31 Dec 2022 | 2023 | 2022 |
| Administrative expenses | -147 | -11 | -118 | -110 |
| Cancelled costs attributable to asset management | 53 | 4 | 53 | 48 |
| | -94 | -7 | -65 | -62 |

All operating expenses by type of cost

| | 2023 | 2022 | 2023 | 2022 |
|--------------------------|-------------|------------|-------------|-------------|
| Staff costs | -56 | -5 | -47 | -46 |
| Premises | -5 | 0 | -4 | -4 |
| Depreciation | -2 | 0 | -2 | -1 |
| Other operating expenses | -84 | -6 | -65 | -59 |
| | -147 | -11 | -118 | -110 |

Note 7 cont.

Fees to auditors

| | Group | | Parent Society | |
|------------------|-----------|--------------------------|----------------|-----------|
| | 2023 | 1 Dec 2022 – 31 Dec 2022 | 2023 | 2022 |
| KPMG | | | | |
| Audit assignment | -4 | -1 | -1 | -1 |
| Other services | - | - | - | - |
| EY | | | | |
| Audit assignment | 0 | 0 | - | - |
| Other services | - | - | - | - |
| | -4 | -1 | -1 | -1 |

The Group's figures for 2022 only 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 and gender distribution, Parent Society

| | Group | | Parent Society | |
|-----------------------------|-------|--------------------------|----------------|------|
| | 2023 | 1 Dec 2022 – 31 Dec 2022 | 2023 | 2022 |
| Average number of employees | 29 | | 20 | 20 |
| Women | 16 | | 9 | 9 |
| Men | 13 | | 11 | 11 |

Salaries and other remuneration (SEK 000s)

| | Group | | Parent Society | |
|--|--------|--------------------------|----------------|--------|
| | 2023 | 1 Dec 2022 – 31 Dec 2022 | 2023 | 2022 |
| Council of Administration | 173 | 0 | 173 | 179 |
| Board and President | 7,191 | 496 | 4,410 | 4,204 |
| Other employees | 30,387 | 1,702 | 22,744 | 22,049 |
| of which variable remuneration | 1,119 | 0 | 1,119 | 1,737 |
| Pensions and other social security contributions | 21,914 | 3,077 | 17,624 | 17,343 |
| of which pension costs | 9,468 | 653 | 7,466 | 7,455 |
| of which President's pension costs | 1,628 | 83 | 1,052 | 996 |

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

Ordinary members

| | | |
|---|---------|-----------|
| Gunnar Holmgren, Chairman, until 3 May 2022 ^{*)} | 0 | (72,075) |
| Christina Gellerbrant Hagberg, from 4 May 2022 | 158,000 | (85,925) |
| Erland Ekheden | 63,000 | (63,000) |
| Anna Falck | 59,000 | (63,000) |
| Anita Johansson | 63,000 | (63,000) |
| Dan Sjöblom | 63,000 | (63,000) |
| Roger Vilhelmsson | 63,000 | (59,000) |
| Lars Fresker, Deputy Chairman ^{*)} | 124,000 | (128,000) |
| Fredrik Bäckström | 63,000 | (63,000) |
| Eva Fagerberg | 55,000 | (63,000) |
| Anna Odhner | 63,000 | (63,000) |
| Anna Steen | 59,000 | (63,000) |
| Helen Thornberg | 63,000 | (63,000) |

^{*)} 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 – Parent Society

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 3.514.080 (3,351,542) is paid to the President as well as a defined contribution pension benefit paid in according to an individual insurance contract which amounts 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 | |
|---|---------------|----------------------------|----------------|---------------|
| | 2023 | 1 Dec 2022– 31 Dec 2022 | 2023 | 2022 |
| Property management costs | -289 | -22 | - | - |
| Operating expenses attributable to asset management | -53 | -4 | -53 | -48 |
| Other investment charges | -247 | -20 | -247 | -370 |
| Interest expenses | -606 | -34 | -370 | -19 |
| Exchange losses, net | - | -7 | - | - |
| Capital losses, net | | | | |
| Derivatives | -2,093 | 0 | -2,093 | -3,355 |
| Bonds and other fixed-income securities | - | -2 | - | -878 |
| | -3,288 | -89 | -2,763 | -4,670 |

Costs are attributable to financial assets held for trading.

Note 9 Unrealised losses on investment assets

| | Group | | Parent Society | |
|---|-------------|----------------------------|----------------|----------------|
| | 2023 | 1 Dec 2022– 31 Dec 2022 | 2023 | 2022 |
| Investment properties | -691 | -106 | - | - |
| Equities | - | -2,651 | - | -6,565 |
| Bonds and other fixed-income securities | - | -233 | - | -2,534 |
| Derivatives | - | -159 | - | -1,301 |
| | -691 | -3,149 | - | -10,400 |

Note 10 Tax on returns

| | Group | | Parent Society | |
|------------------------------|-------------|----------------------------|----------------|-------------|
| | 2023 | 1 Dec 2022– 31 Dec 2022 | 2023 | 2022 |
| Tax on returns ^{*)} | -286 | -9 | -286 | -102 |
| Tax | 154 | -17 | - | - |
| | -132 | -26 | -286 | -102 |

^{*)} 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.

Note 11 Intangible assets

| Other intangible assets | Group | | Parent Society | |
|--------------------------|----------|----------|----------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| Opening cost | 47 | 47 | 47 | 47 |
| Investments for the year | 5 | 0 | 5 | 0 |
| Disposals for the year | 0 | 0 | 0 | 0 |
| Accumulated amortisation | -43 | -41 | -43 | -41 |
| | 9 | 6 | 9 | 6 |

Note 12 Land and buildings

Group

Property valuation

The value of the real estate portfolio has been assessed through an external valuation performed by Novier Property Advisors AB as per 31 December 2023. The yield requirements used in the valuation are in the band 3.80% to 9.0%. Fair value of investment properties has been calculated through an analysis of future cash flows (cash flow method) for each property where consideration is taken to applicable rental contract terms, market situation, rental levels, operating, maintenance and administration costs as well as the need of investments. Each property is assessed on the basis of property-specific events that affect value such as newly signed and renegotiated leases, relocations and investments. Market value refers to the price that would probably be obtained if the property was offered for sale in a free and open market without party relations and coercion. In the valuations the best use of the properties is taken into account. Fair value has thus been assessed according to level 3 in the fair value hierarchy in IFRS 13.

| Fair value | 31 Dec 2023 | 31 Dec 2022 |
|--------------------------------|---------------|---------------|
| Opening carrying amount | 14,033 | 10,356 |
| Acquisitions | | 4,750 |
| Investments | 218 | 209 |
| Unrealised changes in value | -691 | -1,282 |
| Closing carrying amount | 13,560 | 14,033 |

| Sensitivity analysis | 2023 | |
|----------------------|----------|--------------------|
| | Change | Effect on value |
| Rental value | +/- 5% | 926,000 / -926,000 |
| Discount rate | +/-0.25% | -591,200 / 648,600 |
| Yield requirement | +/-0.25% | -591,200 / 648,600 |

Property valuations are carried out according to accepted principles based on certain assumptions and pertain to an estimation of the probable price an investor would be prepared to pay. The table below shows how value is affected in the event of a change in certain parameters assumed in the valuation. The table provides simplified picture since an individual parameter probably would not change in isolation.

Note 12 cont.

| Category, 2023 | 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 | 7 301 | 34 | 505 | 336 | 96 % | 283 | 3,8–8,4% | 91 % | 5,2 % |
| Public tenants | 2 872 | 12 | 236 | 132 | 94 % | 164 | 3,9–7,9% | 86 % | 5,6 % |
| Government authorities | 2 883 | 9 | 233 | 156 | 95 % | 137 | 5,1–8,6% | 84 % | 5,6 % |
| Other office, etc. | 305 | 4 | 27 | 15 | 45 % | 28 | 6,0–9,0% | 97 % | 6,5 % |
| | 13 361 | 59 | 1 001 | 639 | 94 % | 612 | 3,8–9,0% | 89 % | 5,4 % |
| Work in progress | 199 | 2 | - | - | - | - | - | - | - |
| Total | 13 560 | 61 | 1 001 | 639 | 94 % | 612 | 0 | 89 % | 5,4 % |

| Category, 2023 | 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 % |
| | 13 903 | 59 | 935 | 596 | 95 % | 607 | 3,3–8,0% | 78 % | 4,9 % |
| Work in progress | 130 | - | - | - | - | - | - | - | - |
| Total | 14 033 | 59 | 935 | 596 | 95 % | 607 | 0 | 78 % | 4,9 % |

Note 13 Investments in group companies

| Shares and participations in group companies | Parent Society | | | | | |
|---|----------------|--------------|--------------------|--------------|--------------|--------------------|
| | 2023 | | | 2022 | | |
| | Cost | Fair Value | Share of equity, % | Cost | Fair Value | Share of equity, % |
| Kåpan Fastigheter AB, 559343-3443, domicile Stockholm | 7,963 | 6,733 | 100 | 4,035 | 3,500 | 100 |
| | 7,963 | 6,733 | 100 | 4,035 | 3,500 | 100 |
| Fixed-income securities, loans to group companies | Parent Society | | | | | |
| | 2023 | | | 2022 | | |
| | 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 14 Investments in associates

| Shares and participations in associates | Group and Parent Society | | | | | |
|--|--------------------------|--------------|--------------------|--------------|--------------|--------------------|
| | 2023 | | | 2022 | | |
| | Cost | Fair Value | Share of equity, % | Cost | Fair Value | Share of equity, % |
| Gysinge Skog AB, 559164-0817, domicile Stockholm | 143 | 2,150 | 50 | 143 | 1,528 | 50 |
| Hemvist i Mälardalen AB, 559305-4934, domicile Stockholm | 1,874 | 1,846 | 50 | 1,525 | 2,029 | 50 |
| LSTH Svenska Handelsfastigheter, 559009-2325, domicile Stockholm | 2,000 | 2,740 | 40 | 1,500 | 2,707 | 39 |
| Midstar Hotels AB, 559007-7979, domicile Stockholm | 1,093 | 1,821 | 29 | 1,093 | 1,604 | 29 |
| | 5,110 | 8,557 | | 4,261 | 7,868 | |

Note 15 Shares and participations

| | Group and Parent Society | | Group and Parent Society | |
|-----------------------------------|--------------------------|---------------|--------------------------|---------------|
| | 2023 | | 2022 | |
| | Cost | Fair value | Cost | Fair value |
| Swedish equities | 16,607 | 26,975 | 16,613 | 23,368 |
| Foreign shares and participations | 39,999 | 54,123 | 37,768 | 49,295 |
| | 56,606 | 81,098 | 54,381 | 72,663 |

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

Note 16 Bonds and other fixed-income securities

| | Group and Parent Society | | Group and Parent Society | |
|------------------------------|--------------------------|---------------|--------------------------|---------------|
| | 2023 | | 2022 | |
| | Cost | Fair value | Cost | Fair value |
| Swedish state | 49 | 44 | 0 | 0 |
| Swedish mortgage institutes | 21,699 | 21,621 | 19,559 | 17,888 |
| Other Swedish issuers | 19,305 | 19,245 | 19,978 | 19,111 |
| Foreign states | - | - | - | - |
| Other foreign issuers | 4,084 | 3,980 | 4,477 | 4,212 |
| | 45,137 | 44,890 | 44,014 | 41,211 |
| of which subordinated | | | | |
| Subordinated loan fixed-term | 343 | 340 | 523 | 509 |

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

Note 17 Derivatives

| Derivative instruments with positive values | Group | | | | Parent Society | | | |
|---|-----------------------------|--------------|----------------|---------------|----------------|--------------|----------------|---------------|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Nominal amount | Fair value | Nominal amount | Fair value | Nominal amount | Fair value | Nominal amount | Fair value |
| Fixed-income related, swaps | 11 248 | 423 | 4 598 | 220 | 6 150 | 318 | - | - |
| Fixed-income related, swap options | - | - | 1 000 | 5 | - | - | 1 000 | 5 |
| Currency-related, forward contracts | 28 559 | 1 507 | 8 656 | 426 | 28 559 | 1 507 | 8 656 | 426 |
| | 39 807 | 1 930 | 14 254 | 651 | 34 709 | 1 825 | 9 656 | 431 |
| of which cleared | 6 150 | 318 | 0 | 0 | 6 150 | 318 | 0 | 0 |
| Derivative instruments with negative values | 2023 | | 2022 | | 2023 | | 2022 | |
| | Nominal amount | Fair value | Nominal amount | Fair value | Nominal amount | Fair value | Nominal amount | Fair value |
| | Fixed-income related, swaps | 11 000 | -556 | 18 039 | -1 249 | 11 000 | -556 | 18 039 |
| Currency-related, forward contracts | - | - | 17 966 | -321 | - | - | 17 966 | -321 |
| | 11 000 | -556 | 36 005 | -1 570 | 11 000 | -556 | 36 005 | -1 570 |
| of which cleared | 10 850 | -548 | 17 800 | -1 224 | 10 850 | -548 | 17 800 | -1 224 |

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 18 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 2023

| Financial instrument | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|--------------|---------------|----------------|
| Investment assets | | | | |
| Shares and participations (associates) | - | - | 8,557 | 8,557 |
| Shares and participations (Other) | 57,850 | 3,910 | 19,338 | 81,098 |
| Bonds and other fixed-income securities (Other) | 44,611 | 270 | 9 | 44,890 |
| Derivatives – positive value | - | 1,930 | - | 1,930 |
| Derivatives – negative value | - | -556 | - | -556 |
| Total | 102,461 | 5,554 | 27,904 | 135,919 |

Group 2022

| Financial instrument | Level 1 | Level 2 | Level 3 | Total |
|---|---------------|--------------|---------------|----------------|
| Investment assets | | | | |
| 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 (Other) | 40,940 | 261 | 10 | 41,211 |
| Derivatives – positive value | - | 651 | - | 651 |
| Derivatives – negative value | - | -1,570 | - | -1,570 |
| Total | 90,957 | 2,890 | 26,976 | 120,823 |

Parent Society 2023

| Finansiella instrument | Nivå 1 | Nivå 2 | Nivå 3 | Total |
|---|---------|--------|--------|---------|
| Investment assets | | | | |
| Shares and participations (group companies) | - | - | 6,733 | 6,733 |
| Shares and participations (associates) | - | - | 8,557 | 8,557 |
| Shares and participations (Other) | 57,850 | 3,910 | 19,338 | 81,098 |
| Bonds and other fixed-income securities (Other) | 44,611 | 270 | 9 | 44,890 |
| Bonds and other fixed-income securities (Other) | - | 1,825 | - | 1,825 |
| Derivatives – positive value | - | -556 | - | -556 |
| Derivatives – negative value | 102,462 | 5,449 | 34,637 | 142,547 |
| Total | | | | |

Parent Society 2022

| Finansiella instrument | Nivå 1 | Nivå 2 | Nivå 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 (Other) | - | - | 3,128 | 3,128 |
| 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 |

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

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

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

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

The assets that do not meet the requirements of classification as level 1 or level 2, are regarded as belonging to level 3. This means that they are assets whose value is based on accepted valuation methods and inputs which have affected the value of the asset to a significant extent, and

Note 18 cont.

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)**2023****Change in level 3 during the year**

| Investment assets | Shares and participations | Bonds and fixed-income securities | Derivatives and options | Total |
|--|----------------------------------|--|--------------------------------|---------------|
| Closing balance | 30,466 | 3,138 | 0 | 33,604 |
| Coupons and dividends for the period | 4,921 | 3,128 | 0 | 8,050 |
| Included in profit for the period | -53 | -6,257 | 0 | -6,310 |
| - as part of carrying amount | 242 | 99 | 0 | 342 |
| - as part of other comprehensive income | | | | |
| Market value | -949 | -100 | 0 | -1,048 |
| Transfers from level 3 to level 1 or level 2 | 0 | 0 | 0 | 0 |
| Transfers from level 1 or level 2 to level 3 | 0 | 0 | 0 | 0 |
| Closing balance | 34,628 | 9 | 0 | 34,637 |
| Coupons and dividends for the period | 20 | 213 | 0 | 233 |
| Included in profit for the period | | | | |
| - as part of carrying amount | -686 | 213 | 0 | -474 |
| - as part of other comprehensive income | 0 | 0 | 0 | 0 |

2022**Change in level 3 during the year**

| Investment assets | Shares and participations | Bonds and fixed-income securities | Derivatives and options | Total |
|--|----------------------------------|--|--------------------------------|---------------|
| Closing balance | 22,807 | 1,010 | 0 | 23,817 |
| Coupons and dividends for the period | 7,394 | 2,539 | 0 | 9,933 |
| Included in profit for the period | -4,918 | -510 | 0 | -5,428 |
| - as part of carrying amount | 1,765 | -13 | | 1,752 |
| - as part of other comprehensive income | | | | |
| 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 or level 2 to 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 |

Note 18 cont.

2023

Outstanding risks, level 3

| Investment assets | Share in level 3 | | Share in level 1 or 2 | |
|-----------------------|------------------|--------------|-----------------------|--------------|
| | SEKm | Share | SEKm | Share |
| Interest rate risk | -3 | 0 % | -2,735 | 100 % |
| Share price risk | 3,006 | 13 % | 20,842 | 87 % |
| Property risk | 9,071 | 100 % | 23 | 0 % |
| Credit risk | 0 | 0 % | 3 768 | 100 % |
| Currency risk | 1,971 | 66 % | 1,029 | 34 % |
| Correlation effect | -4,287 | 39 % | -6,840 | 61 % |
| Total net risk | 9,758 | 38 %* | 16,087 | 62 %* |

Basis for stress test

| | | |
|---------------------------|---------------|--------------|
| Fair value level 3 | 34,637 | 100 % |
|---------------------------|---------------|--------------|

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 % |
|---------------------------|---------------|--------------|

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

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 19 Other receivables

| | Group | | Parent Society | |
|---------------------------------|------------|--------------|----------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Non-cash sale investment assets | 29 | 16 | 29 | 16 |
| Collateral receivable*1) | 45 | 1,302 | 45 | 1,302 |
| Rental receivables | 2 | 9 | - | - |
| Tax receivable | 103 | 94 | 103 | 94 |
| Other receivables | 48 | 21 | - | - |
| | 227 | 1,442 | 177 | 1,412 |

*1) Delivered cash collateral

In addition collateral in securities of SEK 483 961 156 (0) has been pledged. Exposure: SEK 418,526,793 (1,267,403,046).

Note 20 Property plant and equipment

| | Group | | Parent Society | |
|--------------------------|----------|----------|----------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| Opening cost | 4 | 6 | 4 | 4 |
| Investments for the year | 6 | 0 | 1 | 0 |
| Disposals for the year | - | - | - | - |
| Accumulated depreciation | -5 | -6 | -4 | -4 |
| | 5 | 0 | 1 | 0 |

Note 21 Other assets

| | Group | | Parent Society | |
|--------------------------|--------------|-----------|----------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| Collateral received*1) | 1,417 | - | 1,417 | - |
| Right of use, site right | 52 | 35 | - | - |
| | 1,469 | 35 | 1,417 | - |

*1) Deposited cash collateral received from counterparties, see also Note 25.

Note 22 Equity

Disclosures of changes in equity are provided in the Statement of changes in equity, page 19.

Note 23 Life insurance provisions

| | Group | | Parent Society | |
|--|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Opening balance | 53,359 | 59,311 | 53,359 | 59,311 |
| Paid-in premium for new business | 409 | 353 | 409 | 353 |
| Paid-in premium for contracts signed in previous periods | 6,837 | 6,376 | 6,837 | 6,376 |
| Paid from/transferred to Provision for claims outstanding or liabilities | -1,919 | -1,912 | -1,919 | -1,912 |
| Risk result | -22 | -28 | -22 | -28 |
| Indexation with discount rate | 1,710 | 1,352 | 1,710 | 1,352 |
| Effect of changed discount rate | 5,185 | -11,482 | 5,185 | -11,482 |
| Allocated bonus | 1 | 1 | 1 | 1 |
| Charges | -70 | -66 | -70 | -66 |
| Tax on returns | -112 | -43 | -112 | -43 |
| Portfolio taken over/transferred | 0 | 0 | 0 | 0 |
| Effect of (other) changed actuarial assumptions | -1,916 | 3,009 | -1,916 | 3,009 |
| Other changes | -4,348 | -3,512 | -4,348 | -3,512 |
| Closing balance | 59,114 | 53,359 | 59,114 | 53,359 |

Note 24 Liabilities to credit institutions

2023

| Investment assets | <1 year | 1–3 years | 3–5 years | >5 years | Total |
|------------------------------------|--------------|--------------|-----------|----------|--------------|
| Liabilities to credit institutions | 3,928 | 2,373 | - | - | 6,301 |
| Total | 3,928 | 2,373 | - | - | 6,301 |

| Interest maturity structure | Interest due | Share |
|-----------------------------|--------------|-------------|
| Variable | 4,301 | 68% |
| 1–2 years | 900 | 14% |
| 2–3 years | 0 | 0% |
| 3–5 years | 1,100 | 18% |
| Total | 6,301 | 100% |

2022

| Duration 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% |

Note 25 Other liabilities

| | Group | | Parent Society | |
|-----------------------------------|--------------|------------|----------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Leasing liabilities | 52 | 35 | - | - |
| Collateral received ^{a)} | 1,417 | 236 | 1,417 | 236 |
| Other | 123 | 35 | 11 | 19 |
| | 1,592 | 306 | 1,428 | 255 |

^{a)} Cash collateral received.

Exposure: SEK 1,419,654,234 (229,888,060).

Note 26 Contingent liabilities, Parent Society

Pledged financial instruments

Equity loans for pledged equities amount to SEK 2,549,138,717 (1,809,720,463) on the balance sheet date.

Collateral received, equities

For pledged equities, collateral in the form of Swedish equities has been received amounting to SEK 2,673,478,796 (1,947,854,860).

Collateral received, fixed-income securities

Collateral received, in the form of fixed-income securities SEK 476,214,792 (158,698,358).

Exposure: SEK 482,730,075 (191,475,009).

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 2023 to SEK 45,709m (45,661), see also Note 17.

In addition, the Society has outstanding commitments to invest in unlisted equities and funds which amount to SEK 6,785m (10,945) in accordance with current agreements.

Total commitments thus amount to SEK 52,494m (56,606).

Note 27 Anticipated recovery dates

Group 2023

| | Max 1 year | Longer than 1 year | Total |
|---|--------------|-----------------------|----------------|
| Assets | | | |
| Other intangible assets | 0 | 9 | 9 |
| Land and buildings | 0 | 13,560 | 13,560 |
| Investments in associates | 0 | 8,557 | 8,557 |
| Shares and participations | 0 | 81,098 | 81,098 |
| Bonds and other fixed-income securities | 1,597 | 43,293 | 44,890 |
| Derivatives | 105 | 1,825 | 1,930 |
| Other receivables | 149 | 78 | 227 |
| Property, plant and equipment | 5 | 0 | 5 |
| Cash and bank balance | 2,890 | 0 | 2,890 |
| Other assets | 1,417 | 52 | 1,469 |
| Accrued interest income | 371 | 0 | 371 |
| Other prepaid expenses and accrued income | 16 | 0 | 16 |
| | 6,550 | 148,472 | 155,022 |
| Liabilities | | | |
| Life insurance provisions | 1,860 | 57,254 | 59,114 |
| Provision for other risks and expenses | 146 | 0 | 146 |
| Derivatives | 58 | 498 | 556 |
| Liabilities to credit institutions | 3,928 | 2,373 | 6,301 |
| Other liabilities | 1,542 | 50 | 1,592 |
| Accrued expenses and deferred income | 258 | 0 | 258 |
| | 7,792 | 60,175 | 67,967 |

Group 2022

| | 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 | 1,379 | 63 | 1,442 |
| Property, plant and equipment | 0 | 0 | 0 |
| Cash and bank balance | 2,252 | 0 | 2,252 |
| Other assets | 0 | 35 | 35 |
| Accrued interest income | 195 | 0 | 195 |
| Other prepaid expenses and accrued income | 22 | 0 | 22 |
| | 5,747 | 134,631 | 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 27 cont.

**Parent Society
2023**

| | Max 1 year | Longer than 1 year | Total |
|---|--------------|-----------------------|----------------|
| Assets | | | |
| Other intangible assets | 0 | 9 | 9 |
| Investments in group companies | 0 | 6,733 | 6,733 |
| Investments in associates | 0 | 8,557 | 8,557 |
| Shares and participations | 0 | 81,098 | 81,098 |
| Bonds and other fixed-income securities | 1,597 | 43,293 | 44,890 |
| Derivatives | 0 | 1,825 | 1,825 |
| Other receivables | 99 | 78 | 177 |
| Property, plant and equipment | 0 | 1 | 1 |
| Cash and bank balances | 2,576 | 0 | 2,576 |
| Other assets | 1,417 | 0 | 1,417 |
| Accrued interest income | 371 | 0 | 371 |
| Other prepaid expenses and accrued income | 7 | 0 | 7 |
| | 6,067 | 141,594 | 147,661 |
| Liabilities | | | |
| Life insurance provisions | 1,860 | 57,254 | 59,114 |
| Provision for other risks and expenses | 24 | 0 | 24 |
| Derivatives | 58 | 498 | 556 |
| Other liabilities | 1,428 | 0 | 1,428 |
| Accrued expenses and deferred income | 3 | 0 | 3 |
| | 3,373 | 57,752 | 61,125 |

**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 | 1,349 | 63 | 1,412 |
| Property, plant and equipment | 0 | 0 | 0 |
| Cash and bank balances | 2,017 | 0 | 2,017 |
| Other assets | 0 | 0 | 0 |
| Accrued interest income | 195 | 0 | 195 |
| Other prepaid expenses and accrued income | 7 | 0 | 7 |
| | 5,467 | 126,971 | 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 |

Note 28 Category of financial assets and liabilities and their fair value

Group 2023

| | Financial assets | | | Total carrying amount | Fair value |
|---|---|--|----------------------------|-----------------------|----------------|
| | measured at fair value through profit or loss | measured at fair value through trading | measured at amortised cost | | |
| Financial assets | | | | | |
| Shares and participations in associates | 8,557 | - | - | 8,557 | 8,557 |
| Shares and participations | 81,098 | - | - | 81,098 | 81,098 |
| Bonds and other fixed-income securities | 44,890 | - | - | 44,890 | 44,890 |
| Derivatives | - | 1,930 | - | 1,930 | 1,930 |
| Other receivables | - | - | 227 | 227 | 227 |
| Cash and bank balances | - | - | 2,890 | 2,890 | 2,890 |
| Accrued interest income | 371 | - | - | 371 | 371 |
| | 134,916 | 1,930 | 3,117 | 139,963 | 139,963 |
| | | | | | |
| | Financial liabilities | | | Total carrying amount | Fair value |
| | measured at fair value through profit or loss | measured at fair value through trading | measured at amortised cost | | |
| Financial liabilities | | | | | |
| Derivatives | - | 556 | - | 556 | 556 |
| Other liabilities | - | - | 5,520 | 5,520 | 5,520 |
| Accrued expenses and deferred income | - | - | 258 | 258 | 258 |
| | - | 556 | 5,778 | 6,334 | 6,334 |

Group 2022

| | Financial assets | | | Total carrying amount | Fair value |
|---|---|--|----------------------------|-----------------------|----------------|
| | measured at fair value through profit or loss | measured at fair value through trading | measured at amortised cost | | |
| Financial assets | | | | | |
| Shares and participations in associates | 7,868 | - | - | 7,868 | 7,868 |
| 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 | 1,442 |
| Cash and bank balances | - | - | 2,252 | 2,252 | 2,252 |
| Accrued interest income | 195 | - | - | 195 | 195 |
| | 121,937 | 651 | 3,694 | 126,282 | 126,282 |
| | | | | | |
| | Financial liabilities | | | Total carrying amount | Fair value |
| | measured at fair value through profit or loss | measured at fair value through trading | measured at amortised cost | | |
| Financial liabilities | | | | | |
| Derivatives | - | 1,570 | - | 1,570 | 1,570 |
| Other liabilities | - | - | 255 | 255 | 255 |
| Accrued expenses and deferred income | - | - | 3 | 3 | 3 |
| | - | 1,570 | 258 | 1,828 | 1,828 |

Note 28 cont.

Parent Society
2023

| | Financial assets | | | Total carrying amount | Fair value |
|---|---|--|----------------------------|-----------------------|----------------|
| | measured at fair value through profit or loss | measured at fair value through trading | measured at amortised cost | | |
| Finansiella tillgångar | | | | | |
| Shares and participations in group companies | 6,733 | - | - | 6,733 | 6,733 |
| Fixed-income securities, Loans to group companies | - | - | - | - | - |
| Shares and participations in associates | 8,557 | - | - | 8,557 | 8,557 |
| Shares and participations | 81,098 | - | - | 81,098 | 81,098 |
| Bonds and other fixed-income securities | 44,890 | - | - | 44,890 | 44,890 |
| Derivatives | - | 1,825 | - | 1,825 | 1,825 |
| Other receivables | - | - | 177 | 177 | 177 |
| Cash and bank balances | - | - | 2,576 | 2,576 | 2,576 |
| Accrued interest income | 371 | - | - | 371 | 371 |
| | 141,649 | 1,825 | 2,753 | 146,227 | 146,227 |

| | Financial liabilities | | | Total carrying amount | Fair value |
|--|---|--|----------------------------|-----------------------|--------------|
| | measured at fair value through profit or loss | measured at fair value through trading | measured at amortised cost | | |
| Finansiella skulder | | | | | |
| Provision for other risks and expenses | - | 556 | - | 556 | 556 |
| Derivatives | - | - | 1,428 | 1,428 | 1,428 |
| Accrued expenses and deferred income | - | - | 3 | 3 | 3 |
| | - | 556 | 1,431 | 1,987 | 1,987 |

Parent Society
2022

| | Financial assets | | | Total carrying amount | Fair value |
|---|---|--|----------------------------|-----------------------|----------------|
| | measured at fair value through profit or loss | measured at fair value through trading | measured at amortised cost | | |
| Finansiella tillgångar | | | | | |
| 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 |
| 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 | 1,412 |
| Cash and bank balances | - | - | 2,017 | 2,017 | 2,017 |
| Accrued interest income | 195 | - | - | 195 | 195 |
| | 128,565 | 431 | 3,429 | 132,425 | 132,425 |

| | Financial liabilities | | | Total carrying amount | Fair value |
|--|---|--|----------------------------|-----------------------|--------------|
| | measured at fair value through profit or loss | measured at fair value through trading | measured at amortised cost | | |
| Finansiella skulder | | | | | |
| Provision for other risks and expenses | - | 1,570 | - | 1,570 | 1,570 |
| Derivatives | - | - | 255 | 255 | 255 |
| Accrued expenses and deferred income | - | - | 3 | 3 | 3 |
| | - | 1,570 | 258 | 1,828 | 1,828 |

Note 29 Pledged assets

| | Group | | Parent Society | |
|--|---------------|---------------|----------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Assets registered on behalf of policyholders | 59,114 | 53,359 | 59,114 | 53,359 |
| | 59,114 | 53,359 | 59,114 | 53,359 |

Note 30 Related party disclosures

Kåpan tjänstepensionsförening is an occupational pension Society where all the surplus is returned to the Society's members. The main purpose of the Society is to manage and pay out 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 the Society and the wholly owned subsidiary Kåpan Fastigheter AB and members of their immediate families.

Remuneration to the Board and President is set out in Note 7. No remuneration is paid to members of related parties immediate families.

During 2023 shareholder loan to subsidiary of SEK 3,128m was converted to a shareholder contribution.

STOCKHOLM, 9 APRIL 2024

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

Our audit report was submitted on 9 April 2024

KPMG AB

William Jeirud
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 2023. The annual accounts and consolidated financial statements of the Society are included on pages 6-43 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 2023 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) paragraph 5.1 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 23 for detailed disclosures and descriptions of this matter.

Description of the matter

At 31 December 2023, the Group's and the Parent Society's life insurance provisions amounted to SEK 59,114m.

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 12 and Note 18 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 41,464m in the Group and SEK 34,637m in the Parent Society at 31 December 2023. 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 1–5 and 44–55. 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 2023 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 26 April 2023. KPMG AB or auditors working at KPMG AB
have been the Society's auditors since 1992.

STOCKHOLM, 9 APRIL 2024
KPMG AB

William Jeirud
AUTHORISED PUBLIC ACCOUNTANT

Board of Directors and Auditors

At 31 December 2023

Council of Administration

Appointed by the Swedish Agency for Government Employers

Members

Stephen Hwang,
Halmstad University, Chairman Until 2023-04-06

Christina Malm,
Swedish Defence Conscription
and Assessment Agency, Chairman From 2023-07-27

Tomas Hedlund, National Board of Health and Welfare

Olav Augrell, Swedish Work Environment Authority From 2023-01-01

Helen Björkman, Legal, Financial and Administrative
Services Agency

Per-Olof Stålesjö, Swedish Fortifications Agency

Magnus Ericson, Swedish Agency for Accessible Media

Dan Jacobsson, Museum of Technology Foundation

Camilla Stenemyr, National Swedish Board of Forensic
Medicine

Fredrik Sjöström, Blekinge Institute of Technology From 2023-01-01

Jimmy Andersson, Swedish Pensions Agency

Maria Isaksson, Swedish National Courts Administration

Lena Hadad, Swedish Public Employment Service From 2023-01-01

Lena Karlsson, Swedish National Agency for Higher
Vocational Education

Niclas Lagrell, Swedish Prosecution Authority From 2023-01-01

Hedda Mann, Swedish Agency for Government Employers

Personal Deputies

Christina Malm, Swedish Defence Conscription
and Assessment Agency, Vice Chairman Until 2023-04-26

Anders Söderholm,
Royal Institute of Technology, Vice Chairman
From 2023-04-27

Josefin Lindberg,
Södermanland County Administrative Board

Susanne Kristensson, Lund University From 2023-01-01

Beatrice Bergström,
National Government Service Centre

Lars Nordlander, Umeå University

Magnus Lundström, Swedish Social Insurance Agency From 2023-01-01

Marie Westerlund, National Agency for Special
Needs Education and Schools

Therese Engström, Swedish Maritime Administration
Until 2023-04-01

Vacant From 2023-04-02

Tatjana Mineur, Swedish Patent and Registration Office From 2023-01-01

Anna Ekholm,
The Swedish Estate Agents Inspectorate (FMI) From 2023-01-01

Karolina Wikmyr, Swedish Board for Accreditation
and Conformity Assessment

Victoria Sjöbom, University in Sundsvall, Sweden From 2023-01-01

Li Lejerstedt, University West

Maria Johansson, Enforcement Authority From 2023-01-01

Sofi Pahlén, Swedish Ethical Review Authority

Appointed by trade unions

Members

Peter Lennartsson, OFR

Mikael Sandberg, OFR

Tom Johnson, OFR

Håkan Sparr, OFR Until 2023-08-31

Malin Thor, OFR

Linda Söderman, OFR

Evalena Ödman, OFR

Charlotte Olsson, Seko

Ingrid Lagerborg, Seko

Christer Hallkvist, Seko

Vacant, Seko

Kurt Ragnarson, Seko

Lars Geschwind, Saco-S From 2023-01-01

Carolina Gomez Lagerlöf, Saco-S

Elisabeth Perntz, Saco-S

Personal Deputies

Eva Lena Moser, OFR

Kristofer Dahlgren, OFR

Mats Holmgren, OFR Until 2023-10-06

Jens Ranta, OFR

Johan Lindgren, OFR

Jörgen Kristiansson, OFR

Susanne Hultgren, OFR

Karna Tillhede, Seko

Frida Strandberg Landin, Seko

Johnny Karlsson, Seko

Ulf Törnkvist, Seko

Tommy Eriksson, Seko

Robert Andersson, Saco-S

Christer Gustafsson, Saco-S

Hans Franklin, Saco-S From 2023-01-01

Board of Directors

Employer representatives

Members

Christina Gellerbrant Hagberg,
Swedish Agency for Government Employers, Chairman

Erland Ekheden, Swedish Pensions Agency

Anna Falck, Swedish Agency for Government Employers

Anita Johansson

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 Until 2023-04-26

William Jeirud, Authorised Public Accountant From 2023-04-27

Personal Deputy

Mårten Asplund, Authorised Public Accountant

Periodic disclosures 2023

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Kåpan traditional insurance

Legal entity identifier: 549300KXK2BI4PYWQ809

Environmental and/or social characteristics

Sustainable investment

means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The EU Taxonomy is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective?

Yes

It will make a minimum of **sustainable investments with an environmental objective:** ___%

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

No

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of 8% of sustainable investments

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

with an environmental objective in economic activities that does not qualify as environmentally sustainable under the EU Taxonomy

with a social objective

It promotes E/S characteristics, **but will not make any sustainable investments**



What environmental and/or social characteristics are promoted by this financial product?

Kåpan's goal is to provide a long-term stable pension to its members who have pension savings in Kåpan traditional insurance. The Society's investments are made on the basis of achieving a good return at a reasonable risk, low costs and where sustainability is an integral part of investment management.

1. The product Kåpan traditional insurance (all Kåpan's insurances) promotes environmental and social characteristics through Kåpan's investments complying with the UN Global Compact and OECD's basic principles for sustainable business which means companies must respect human rights, labour law, environment and

anti-corruption. UN's global goals for sustainable development, Agenda 2030, also guide investment management as do the UN-supported principles for responsible investment (UN PRI). The society conducts regular norm-based screening of all listed holdings in order to ensure to the greatest possible extent that they do not contravene these principles.

2. Furthermore, Kåpan traditional insurance promotes environmental characteristics by the Society continuously working to reduce the negative climate impact of the investments. This is achieved by to the greatest possible extent investing in companies with climate objectives and by investing in companies that work with solutions and technologies to reduce negative climate impact overtime. The Society also has exclusion criteria for investments in oil and coal.
3. The Society's aim that investments should have a high sustainability profile has also contributed to the promotion of environmental and social characteristics. For the Society's listed holdings this involves a positive selection based on sustainability ratings for environment, social responsibility, and corporate governance. For other investments a positive selection is made based on other factors such as sustainability labelling, green and social bonds as well as thematic investments.
4. Furthermore, Kåpan traditional insurance has promoted environmental and social characteristics during the reference period through its other exclusion criteria. The Society does not invest in companies that manufacture or distribute controversial weapons,¹ companies engaged in production and distribution of tobacco as well as government bonds issues by certain states which do not adhere to democratic principles.

● What results are shown by the sustainability indicators?

In order to measure how environmental and social characteristics are promoted the Society uses a number of indicators:

1. Compliance with the UN principles for human rights, labour laws, the environment and anti-corruption: Measured regularly using ISS ESG's service for norm-based screen. The proportion of Kåpan's holdings where a breach against the UN's global agreement or OECD guidelines for multinational companies is conformed at approximately 0.5% and includes two companies. Advocacy dialogues are being conducted with these companies.
2. Climate impact: The investments' relative climate impact has decreased and the result for 2023 is in line with Kåpan's objectives. The portfolio weighted carbon dioxide intensity has decreased by 19% in the listed equities portfolio and by 46% in the listed fixed-income portfolio.
3. Sustainability rating, sustainability labelling and proportion of green and social bonds: The investments achieved a sustainability rating of 7.35 out of 10 for the reference period. The proportion of green and social bonds has increased and comprises 12.8% of the listed fixed-income portfolio.
4. Exclusion criteria: The Society has no holdings in companies with production or distribution of tobacco (with reservation for Kåpan's credit funds which cannot be examined down to company level). The Society only has Swedish government bonds. At the end of the reference period, the Society was invested in two companies involved in oil production with the Society's assessment that these companies are in transition.

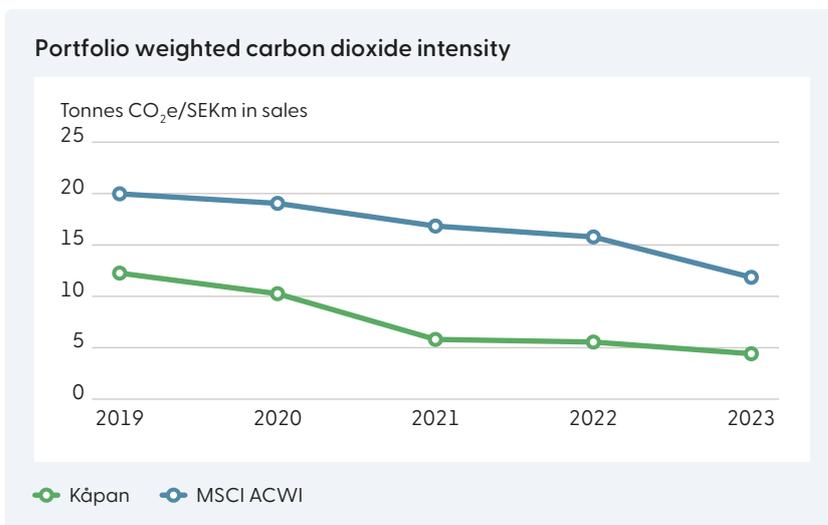
A more detailed description of how Kåpan worked with these sustainability indicators during the year is provided in Kåpan's Sustainability Report at [kapan.se](https://www.kapan.se).

¹ Anti-personnel mines, cluster munitions, chemical weapons, biological weapons and nuclear weapons outside the Non-Proliferation Treaty.

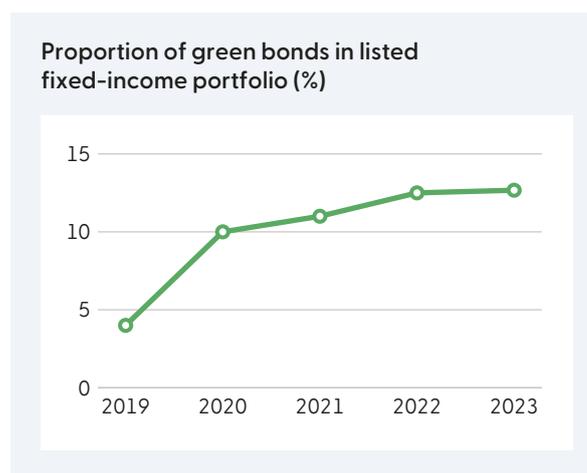
● **...and compared to previous periods?**

Kåpan has reported the development of sustainability indicators for several years.

1. Since the Society changed the focus of equities management from index management via funds to internal management, the number of companies in breach of international norms and principles has decreased from 40 companies in 2017 to two companies for the reference period.
2. The carbon footprint has decreased in all measurable asset classes and is in line with Kåpan's objective. Exposure to fossil companies has decreased in recent years. Two transition companies remain in the equities portfolio which is unchanged from the previous year.



3. The sustainability rating for the listed equities portfolio in recent years bonds has increased in recent years.



4. The Society's exclusion criteria are followed up on a regular basis and investments have been in line with these in recent years.

- **What were the objectives of the sustainable investments that the financial product partly made and how did the sustainable investment contribute to such objectives?**

The overall objective of the sustainable investments is that they should provide a long-term positive return at low risks and at the same time contribute to sustainable development in society. The basic premise is that these investments comply with practice for good governance and do not cause significant harm to any other environmental or social objective.

The Society makes sustainable investments within all asset classes such as for example investments in renewable energy, certified forestry and environmentally certified properties. The Society has not specified the objectives, they can include both environmental objectives and social objectives but taken overall they are included in the UN's global goals for sustainable development.

The Society has chosen a conservative selection and reporting of the proportion of sustainable investment. This is mainly due to the fact that we lack data and methods to ensure how large a proportion of some unlisted holdings' sales are in line with global sustainability goals as well as data for negative consequences. We will continue to work to collect more comprehensive data and develop methods for these analyses in 2024.

The investments that the Society assesses as sustainable investments are:

- Fund classified as Article 9 funds, i.e. have sustainable investments as an objective and where we have the possibility to conduct an analysis of the holding on the basis of our own sustainability criteria.
- Green and social bonds (as well as bonds issued by development banks), since these are specifically intended for projects with a positive environmental or social impact. This provided the issuer meets the requirements for good governance and the investment does not cause significant harm to other environmental objectives or social objectives.
- The Society's directly invested equities which contribute to environmental objectives or social objectives in line with the UN Sustainable Development Goals, Agenda 2030. The Society has decided that at least 50% of sales from the companies shall be derived from operations linked to the global goals. Furthermore, the companies must meet requirements for good governance and not cause significant harm to other environmental objectives or social objectives. The Society has used methods and tools from Clarity AI for these calculations.

- **How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?**

How have the indicators for adverse impacts on sustainability factors been taken into account?

It is included in the Society's investment guidelines that all investments are reviewed taking into account the sustainability criteria used by the Society so as to avoid adverse impacts on sustainability factors to the greatest possible extent.

Review of proportion of sustainable investments 2023:

- The green and social bonds are issued by Swedish and European issuers as well as Swedish municipalities. These bonds have a specific purpose for primarily environmental factors. These bonds comply with an underlying framework and issuers of the bonds are reviewed for ensure that they are in line with the Society's sustainability criteria.

Principal adverse impacts

are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- The Society's Article 9 funds have provided sustainability related disclosures in accordance with the requirements for these funds. They take into account adverse impacts on sustainability factors and report which environmental or social objective the funds intend to achieve as well as the proportion of sustainable investment. The listed funds are also reviewed on the basis of the Society's sustainable criteria.
- Proportion of sustainable investment in the Society's directly owned equities are reviewed and they meet the Society's sustainability criteria.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The sustainable investments are compliance with these guidelines and principles. All listed holdings are followed up on a quarterly basis to ensure that they respect human rights, labour law, environment and anti-corruption, based on the OECD Guidelines for Multinational Enterprises and the principles in the UN Global Compact.

The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.



Does this financial product consider principal adverse impacts on sustainability factors?

It is included in the Society's investment criteria that all investments are reviewed in relation to a number of sustainability criteria used by the Society in order to avoid adverse impacts on sustainability factors to the greatest possible extent. The review is made proactively before an investment and then regularly on a quarterly basis. The methods vary depending on class of asset but the basic principle is that the Society opts out of certain investments that do not meet the Society's sustainability criteria and chooses investments with a high sustainability profile. This means that we select companies that conduct targeted sustainability work and thus work proactively to reduce negative impacts on sustainability factors which they have on their environment. In addition, the Society exerts different types of influence in order to the greatest possible extent persuade companies to realign their operations in order to reduce adverse impacts on sustainability factors.

The companies in which the Society invests must respect human rights, labour law, the environment and anti-corruptions based on the principles in the UN Global Compact and the OECD Guidelines for Multinational Enterprises. Kåpan refrains from investing in companies that manufacture or distribute controversial weapons, have more than 5% of sales from coal and oil, companies that have more than 5% of sales from production and distribution of tobacco as well as government bonds issued by certain states that do not adhere to democratic principles.

Since the Society takes into account the adverse impacts on sustainability factors, we must in accordance with the EU Regulation on Sustainability-related Disclosures measure and report the impact these have as well as provide an overall description of how we work to reduce adverse impact. This information is published on our website and updated annually by 30 June at the latest.

[kapan.se/hallbarhetsrelaterade upplysningar](https://kapan.se/hallbarhetsrelaterade-upplysningar)



The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31/12/2023

What were the top investments of this financial product?

| Largest investments | Sector | % assets | Country |
|----------------------------|-------------|----------|---------|
| Kåpan Fastigheter | Real estate | 4,9% | Sweden |
| Nordea | Financials | 3,6% | Finland |
| Handelsbanken | Financials | 3,6% | Sweden |
| Swedbank | Financials | 2,9% | Sweden |
| SEB | Financials | 2,8% | Sweden |
| Kommuninvest | Financials | 2,4% | Sweden |
| Svenska Handelsfastigheter | Real estate | 2,0% | Sweden |
| Atlas Copco | Industrials | 1,8% | Sweden |
| Investor | Financials | 1,6% | Sweden |
| Gysinge Skog | Forestry | 1,6% | Sweden |
| Länsförsäkringar | Financials | 1,5% | Sweden |
| Hemvist i Mälardalen | Real estate | 1,3% | Sweden |
| Bridge Investment Group | Real estate | 1,3% | USA |
| Midstar Hotels | Real estate | 1,3% | Sweden |
| SBAB | Financials | 1,2% | Sweden |

The shares in the table are calculated at issuer level.

What was the proportion of sustainability-related investments?

The Society's investments promote environmental and social characteristics. The proportion of investments in Kåpan traditional insurance aligned to environmental or social characteristics comprises approximately 95% of the investments. Of these, the proportion of sustainable investments is approximately 8%.

The remaining proportion of investments, 5%, which are not aligned to environmental or social characteristics mainly comprise derivatives used to reduce market risk, cash flow, one credit fund as well as some older unlisted undertakings.

Asset allocation describes the share of investments in specific assets.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

● What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial products which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Category **#1 Aligned with E/S characteristics** comprises:

- ▶ The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- ▶ The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

● In which economic sectors were the investments made?

| Sector | Share of holdings |
|---|-------------------|
| Financials | 29% |
| Information technology | 8% |
| Consumer discretionary | 5% |
| Communication services | 3% |
| Consumer staples | 3% |
| Raw materials | 2% |
| Industrials | 12% |
| Healthcare | 5% |
| Utilities | 2% |
| Real estate | 17% |
| Forest and land | 3% |
| Energy | 1% |
| State, municipal and supranational fixed-income investments | 5% |
| Other | 5% |



To what extent were the sustainable investments with an environmental objective aligned with EU Taxonomy?

EU taxonomy is under development and not all companies in the Society's investments are aligned with EU taxonomy. The Society has therefore chosen in the present situation to not use alignment with EU taxonomy as a factor when calculating the proportion of sustainable investments. The Society states, however, that the proportion is >0% for the reference period. We have on the other hand collected and reported alignment at an overall level in the portfolio where we have data for this, see below.

● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?²

Yes

In fossil gas

In nuclear energy

No

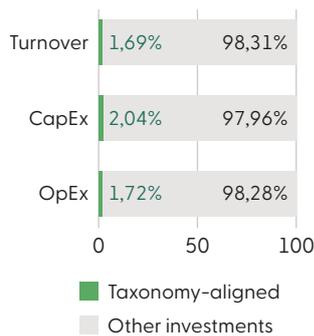
The graph below shows the outcome for the listed holdings (equities and bonds). At present the Society does not have data for other investments. Listed holdings comprise approximately 70% of total investments.

Taxonomy-aligned activities are expressed as a share of:

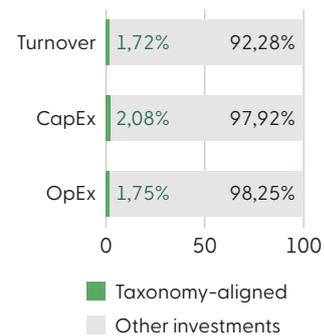
- ▶ **turnover** reflecting the share of revenue from green activities of investee companies.
- ▶ **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- ▶ **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy alignment of investments Including sovereign bonds*



1. Taxonomy-alignment of investments Excluding sovereign bonds*



* In these graphs 'sovereign bonds' all pertain to exposure to government securities.

² Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left-hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

● **What was the share of investments made in transitional and enabling activities?**

0.17% of the listed holdings have currently reported transitional activities and 0.53% have reported enabling activities in accordance with EU Taxonomy.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

The Society does not have reference data.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Just over 50% of sustainable investments have an environmental objective. They largely comprise the Society's green bonds.



What was the share of socially sustainable investments?

Approximately 20% of sustainable investments have social objectives. Other approximately 30% of sustainable investments have both environmental and social objectives.



What investments were included under "other, what was their purpose and were there any minimum environmental or social safeguards?"

The investments that are not aligned to environmental or social characteristics are included under other and mainly comprise:

- Derivatives used to reduce market risk.
- Cash (operating cash) which is not invested for practical reasons.
- A few older private equity funds intended to create a good risk-adjusted return.
- These investments were made before the present sustainability criteria were adopted for management. No new capital is added to these funds all of which are under liquidation.
- One credit fund the purpose of which is to create a good risk-adjusted return. The fund is an article 6 fund, i.e. it takes sustainability risk into account but does not promote environmental or social characteristics.

Minimum safeguards consist of the Society screening the counterparties for these holdings to ensure that they respect international standards and guidelines for corporate governance, human rights and the environment.



What actions have been taken to meet the environmental and/or social characteristics during the reference period?

- Quarterly screening of all listed holdings to ensure that they respect human rights, labour law, the environment and anti-corruption based on the principles in the UN Global Compact and the OECD Guidelines for Multinational Enterprises.
- Quarterly screening of all listed holdings to ensure that they comply with the Society's other exclusion criteria. During the year this resulted in a few companies being excluded and one being placed on the Society's watch list and a dialogue has been initiated with the company.
- Active work with positive selection within all asset classes.
- Advocacy work in the form of reactive advocacy dialogues with 130 companies and by voting at 164 annual general meetings.
- The Society takes into account negative consequences for sustainability factors in management both by it being part of the Society's exclusion criteria but now also additional factors which are measured and monitored within the framework of the EU SFDR rules. More detailed information about this is provided in the document Accounting for the main negative consequences for sustainability factors of investment decisions at kapan.se/hallbarhet



Kåpan tjänstepensionsförening
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