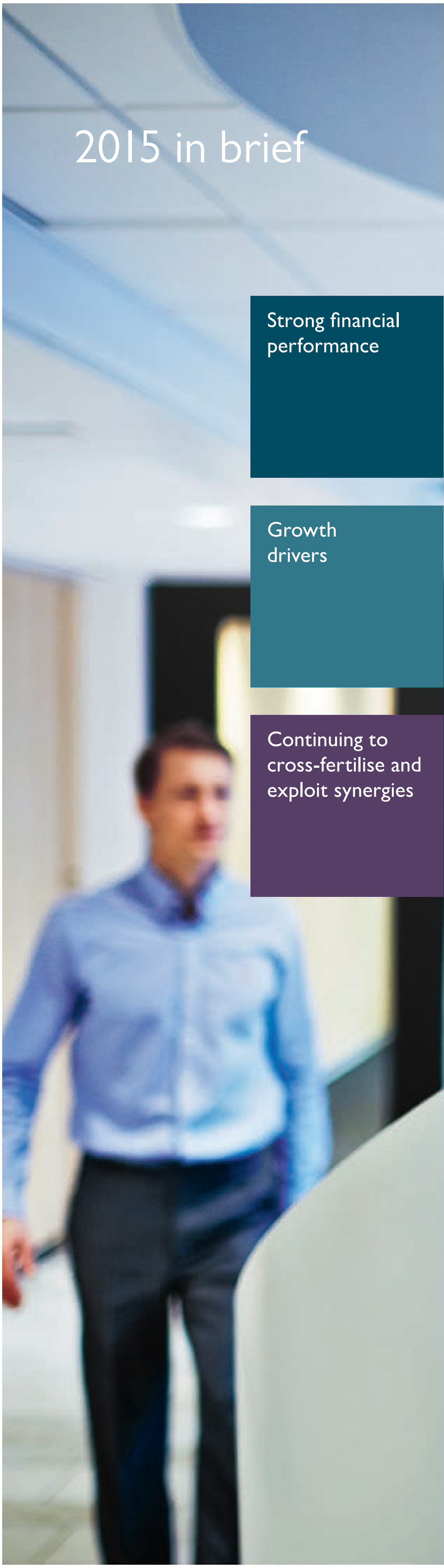
CATELLA

ANNUAL REPORT 2015

A pan-European organisation with strong local presence and access to global capital

2015 in brief



Strong financial performance

- Total income increased by 28% to SEK 1,866 M (1,457).
- Operating profit improved by 56%, amounting to SEK 261 M (167).
- Earnings per share were SEK 2.97 (2.66).
- Proposed dividend of SEK 0.60 (0.20).

Growth drivers

- A higher share of value-added and capital markets-related services in Corporate Finance.
- Increased assets under management and performance-based income in Equity, Hedge and Fixed Income Funds.
- Successful progress of Property Investment Management.
- Higher volumes in card issuing and card acquiring.

Continuing to cross-fertilise and exploit synergies

- More collaboration within and between business areas across all markets, to exchange local market competence and best practice, share client contacts, and for creating new products.
- Establishing a Group-wide capital-raising organisation in London.
- A more highly developed property investment offering for Catella Bank clients.
- Increased ability to finance property via Catella Bank.

CONSOLIDATED KEY FIGURES

	2015	2014
Total income, SEK M	1,866	1,457
Net sales, SEK M	1,853	1,445
Income excluding direct assignment expenses and commissions, SEK M	1,519	1,169
Operating profit/loss, SEK M [1]	261	167
Profit/loss before tax, SEK M	306	248
Profit/loss after tax, SEK M	272	227
Operating margin, % [1]	14	11
Earnings per share, SEK [2]	2.97	2.66
Return on equity, % [2]	20	21
Equity per share, SEK [2]	16.14	14.24
Number of employees at end of year	539	489
Property transaction volumes in Corporate Finance, SEK Bn	58.3	73.1
Assets under management in Asset Management and Banking, SEK Bn	138.3	122.4

[1] Before acquisition-related items.
[2] Attributable to shareholders of the Parent Company.

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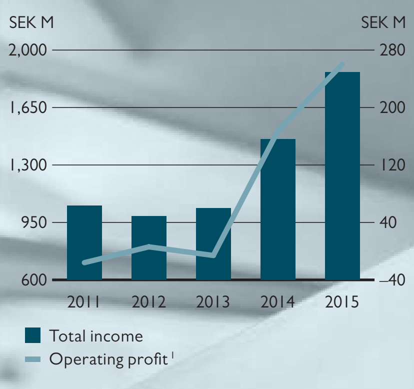
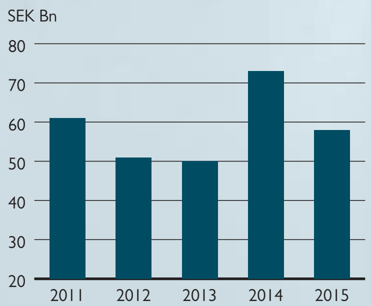
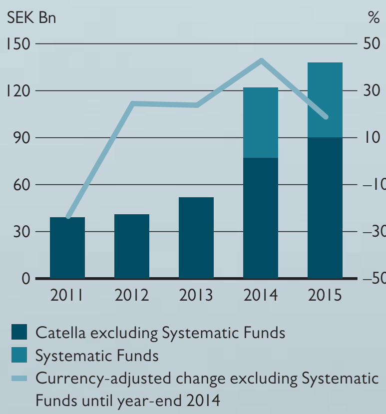
TOTAL INCOME AND OPERATING PROFIT



CATELLA'S PROPERTY TRANSACTION VOLUMES



CATELLA'S ASSETS UNDER MANAGEMENT



Local expertise— European reach

Catella is a leading specialist in property investments, fund management and banking, with operations in 12 countries across Europe. In the past three years, income has almost doubled from SEK 987 M to 1,866 M, and in the same period, operating profit/loss has increased from SEK –33 M to +261 M.

The Group has a well-diversified customer base of private and commercial clients, and over 500 employees. Recurring income is continuing to grow, and the Group is focusing on broadening its earnings base and building a solid platform.

Positive underlying trends

All Catella's operating segments are being favoured by underlying market trends.

The market for investment in property is being driven by low interest rates and rapid urbanisation across Europe. Catella manages all phases of the value creation process in property—from analysis through transaction, acquisition, financing, strategic management, and finally, exit. Operations in property are conducted through the Corporate Finance business area, which works on transaction and capital markets-related services, and in the Property Investment Management business area, which identifies investment opportunities, manages and develops properties. Its clients are property companies, financial institutions, pension funds, property funds and other property owners.

The investment funds market is also expanding, keeping pace with growing savings. This growth is backed by trends such as an ageing population and declining state capacity to offer people an income after retirement. Catella's Equity, Hedge and Fixed Income Funds business area is one of the leading independent players in fund management. The busi-

Catella's business areas

Corporate Finance

Catella provides transaction advisory and capital markets-related services in the property and consumer sectors. Advice is provided on assignment from property companies, financial institutions, pension funds, property funds and other property owners. Operations are conducted in the Baltics, Denmark, Finland, France, Spain, Sweden and Germany.

READ MORE ABOUT THIS BUSINESS AREA ON PAGE 18

Equity, Hedge and Fixed Income Funds

Catella provides a wide range of investment fund alternatives with differing focuses and management methodologies. Operations are conducted through two service segments: Mutual Funds, which provides equity, hedge and fixed income funds with a Nordic focus for private and institutional investors, and Systematic Funds, which manages systematic macro and equity strategies for institutional investors.

READ MORE ABOUT THIS BUSINESS AREA ON PAGE 26

ness area is divided between Mutual Funds, which offers private and institutional investors equity, hedge and fixed income funds with a Nordic focus, and Systematic Funds, which manages systematic macro and equity strategies for institutional investors. About half of this business area's income consists of fixed fees, which combined with a broad-based and complementary product portfolio and performance-based fees, brings a good balance to income.

The banking market is undergoing consolidation and standardisation of services, opening the door for niche players with client-specific offerings. The Banking business area is operated under the auspices of Catella Bank. Catella Bank provides financial services and tailored solutions for private individuals in Europe, card issuing for banks and card acquiring for e-commerce and fintech companies.

Growth and synergies

The allocation of global capital to investments in property and other financial assets in Europe is increasingly resulting in Catella's clients adopting a pan-European perspective to their investments. Simultaneously, the demand for in-depth local knowledge of each market is growing. Catella's established brand, efficient organisation and strong Balance Sheet are supporting its ambition to deepen and regenerate local and European offerings. Catella is continuously developing its scalable business models, endeavouring for closer collaboration between the group's various parts, and getting closer to international capital markets. Catella's ambition is to be the leading partner in Europe for investors in property and finance.

Banking

Catella Bank is a niche bank with its registered office in Luxembourg. Operations are conducted through two service segments: Wealth Management, which offers a broad portfolio of financial services and tailored solutions to high net worth clients in Europe, and Card and Payment Solutions, which delivers card and payment solutions for international banks, e-commerce and fintech companies that need specialised solutions.

READ MORE ABOUT THIS BUSINESS AREA ON PAGE 30

Property Investment Management

Catella manages all phases of the value creation process in property, from analysis and acquisition, to financing, strategic management, and finally, exit. Financial institutions, pension funds, property funds and other property owners appoint Catella to execute investments. Catella also creates value in its property funds for institutional investors, and within property-related development projects. Operations are conducted in the Baltics, Denmark, Finland, France, Luxembourg, Norway, Spain and Germany.

READ MORE ABOUT THIS BUSINESS AREA ON PAGE 34

Focusing on growth

I am convinced of the individual's capacity to create something extraordinary, if given the right tools. Catella is an organisation that takes this philosophy to the extreme. We operate close to local business, using a broad contact network on each market, substantial local drive and strong entrepreneurship. Our professionals in each market interact with our clients and develop promising business opportunities.

Simultaneously, I see great potential in cross-fertilising the competences within Catella. By creating platforms where our professionals and business areas exchange knowledge, develop new business opportunities collectively and coordinate activities and client contacts, we have the potential to create unbeatable offerings for local and international investors.

The new organisation we implemented in 2015 is designed to create the potential to achieve precisely this. Although this work is still in its infancy, we saw a raft of examples of new collaborations, greater execution power and synergies within and between our business areas in the year. First and foremost, we started coordinated initiatives between Property Investment Management and Corporate Finance, supported by Catella Bank. The three business areas create an integrated value chain—from analysis to transaction, acquisition, financing, strategic management, and finally, exit. These collective projects should obviously only be executed when they are relevant in business terms. I think that increasingly, Catella's future client offering will be more of a composite of contributions from several business areas.

Simultaneously, we're seeing how a growing number of our clients are adopting a pan-European perspective to their investments, combined with demanding in-depth local knowledge on each market. Accordingly, step by step, we're bringing our business model out to new markets in Europe, where we see opportunities for creating value for our clients. We started up Property Investment Management in Spain in 2015, followed by Norway and Luxembourg in 2016, which further enhances our European presence in property.

One key component of our strategy is to support a higher level of fee-based revenues with long-term management contracts, combined with a negative correlation in our product mix and geographical coverage. In this way, we will create a platform supported by different legs, that is well balanced through upturns and downturns. In the Equity, Hedge and Fixed Income Funds business area, we've made a lot of progress by offering the market products for differing economic scenarios, generating stable revenues for Catella. There is also good potential for profitability within banking, with its scalable infrastructure, as this business grows.

One strategic area is being able to offer our clients access to the international financial markets. That's why we started to build an organisation in London in the year to provide the whole of Catella with capital raising capacity for transactions and property investments.

2015 IN BRIEF

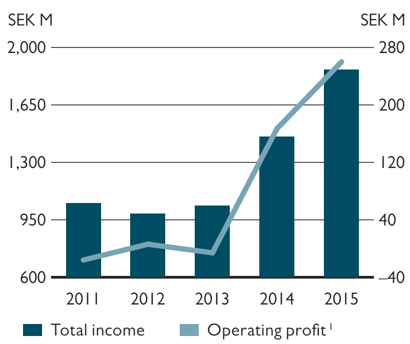
Total income in 2015 was up 28% to approximately SEK 1.9 Bn (1.5) and operating profit increased by 56% to SEK 261 M (167). All business areas achieved growth.

Business and transaction activity was high and assets under management increased rapidly despite uncertainty regarding future macroeconomic progress.

Total assets under management were SEK 138.3 Bn (122.4) at year-end, an increase of SEK 15.8 Bn on 2014.

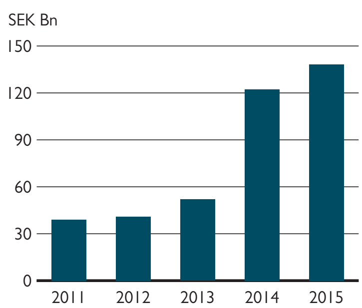
> Closeness to local business, using a broad contact network on each market, substantial local drive and strong entrepreneurship.

TOTAL INCOME AND OPERATING PROFIT



[1] Before acquisition-related items.

CATELLA'S ASSETS UNDER MANAGEMENT



Corporate Finance

The Corporate Finance business area focuses on increasing the proportion of value-added and capital markets-related services. These efforts have made the most progress in the Nordics, and we're also creating clearer integration between the Nordic countries to utilise our resources efficiently, and thus achieve greater profitability.

In continental Europe, our French business has a really strong market position in transactions, and we're working actively on exporting their business model to our other markets. Our primary focuses are on improving our market position in Germany, where we have closed down our lettings business and are now reinforcing our organisation within advisory services, and on continued growth of our operation in Spain.

The business area took several steps in the right direction in 2015. Higher value-added lies behind the income increase to SEK 630 M (529) despite transaction volumes declining from SEK 73.1 M to 58.3 M between 2014 and 2015. Operating profit was down to SEK 66 M (79), mainly due to restructuring costs.

Equity, Hedge and Fixed Income Funds

In the Equity, Hedge and Fixed Income Funds business area, Catella makes a broad product offering able to address differing market conditions and individual investor demands—spanning hedge funds, traditional equity and fixed income funds through to systematic macro products. This broad-based and complementary product portfolio creates good balance in the business area's income.

We will continue to grow with profitability and create more products to strengthen the balance between different product categories. The returns on our funds are central, but to succeed, we also need to increase our investments and efforts in distribution and sales. Our third-party distribution is important to us, and going forward, we will use our competence and presence to keep supporting our distributors optimally. In addition to third-party distribution, we will develop direct distribution of our products, mainly to institutions, but also to businesses and Wealth Management clients.

The evolution of the digital world is transforming markets and opening new distribution channels, bringing greater transparency and more closeness to clients. We think that this progress will result in the share of direct distribution to end-clients increasing, and that offering clear and differentiated products will become more important.

On the investment funds market, altered legislation is bringing greater demand for transparency to consumer sales. Moreover, legislative reform of the current commission-based system is anticipated. This greater transparency is fundamentally positive for players with the capacity to generate attractive returns, but will probably mean compensation models in the investment funds sector changing.

Catella's assets under management had increased to SEK 31.9 Bn by year-end 2015, up by SEK 10.6 Bn on 2014. Total income was SEK 651 M (467) and operating profit was SEK 228 M (129). Our fixed-fee incomes generated a profit after fixed costs of SEK 90 M, which is a sign of strength.

> Catella is well positioned to create growth and more stable income.

Banking

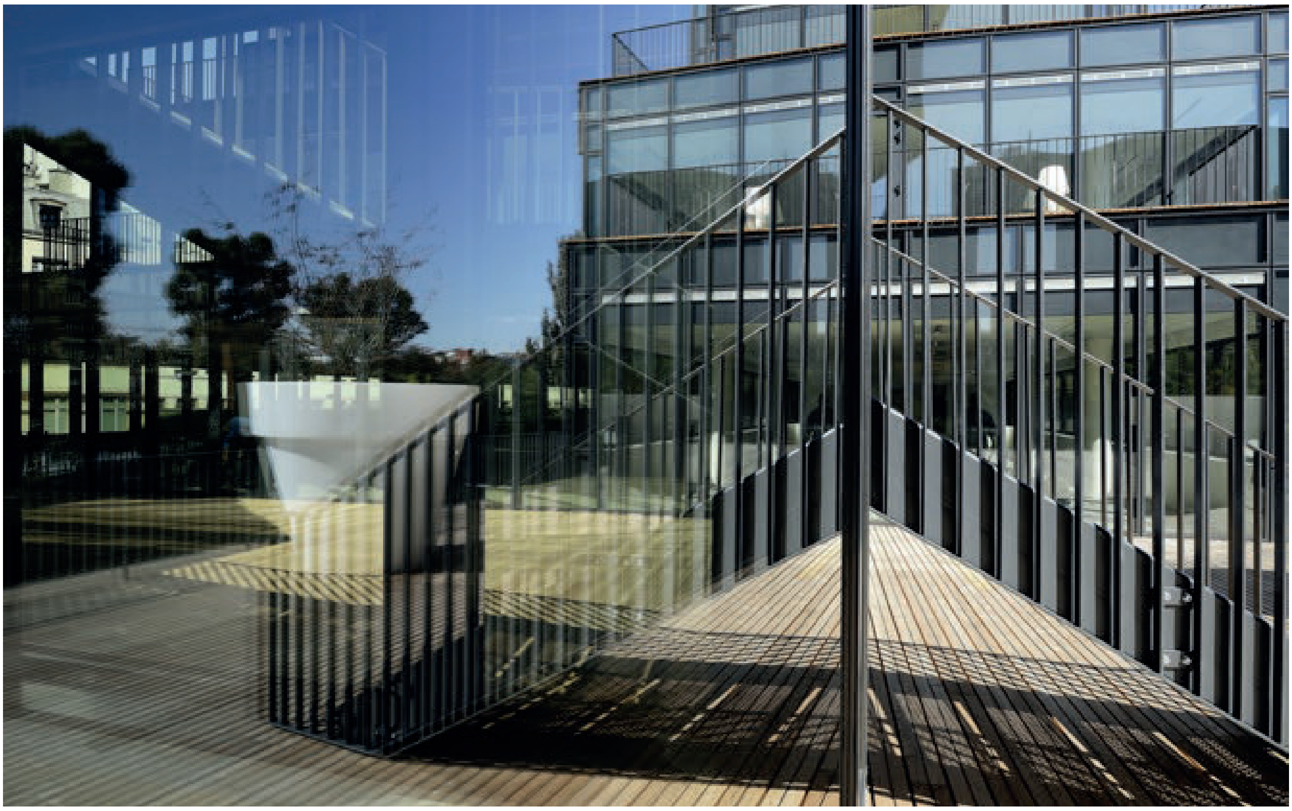
Catella has a scalable business in its Banking business area. Profitability will primarily be achieved through volume growth in the Bank's existing businesses. The banking market is undergoing consolidation and standardisation of banking services, creating opportunities for Catella Bank, a niche player with client-specific offerings. Growth will be organic first and foremost, but the ongoing consolidation of the banking market is also paving the way for other opportunities, one example being us taking on a team of very experienced advisors for our Wealth Management operation in Luxembourg in the year.

Digitalisation is creating business opportunities in banking to reach new types of client, but also for managing current client relationships effectively. This is why Catella invested in a technology platform in 2015, and started launching services related to this platform in the first quarter of 2016.

More stringent capital adequacy requirements for banks and negative interest rates on deposits are creating more business opportunities within lending and borrowing for Catella Bank. In 2016, we will be launching a savings product with a competitive yield for the general public. These deposits will be used to expand our loan book cautiously, mainly for property projects in the Nordic region.

In Wealth Management, assets under management increased by SEK 2.9 Bn to SEK 13.6 Bn at year-end. Assets under management are still insufficient to achieve profitability, but I'm confident that the initiatives we're now taking are moves in the right direction. We are also developing new offerings for current and new business clients in collaboration with other parts of Catella. These efforts have resulted in clients getting more access to attractive investment opportunities generated within the Group, mainly on property-related products.

Income in Card and Payment Solutions continued to increase in 2015, driven by growth in both card issuing and card acquiring. Catella's product is flexible and tailored for all types of consumption pattern, which our clients appreciate. We are continuing to invest, mainly in customer relations, to increase our growth rate and leverage our stable and scalable infrastructure. Our focused initiatives and our professionals' efforts are also paying off here. Catella Bank secured the prestigious



assignment of being card issuer of the new Eurobonus Travel Cash card that was launched by SAS in the year.

Total income for this business area was SEK 354 M (293) and operating profit/loss was SEK –28 M (–27).

Property Investment Management

In the past two years, Catella has built a strong platform for growth on the European market within the Property Investment Management business area. This business area analyses, invests, structures, finances, improves and develops properties on assignment from financial institutions, pension funds, property funds and other property owners.

The business area performed well in the year. Our initiative in France, which started in 2014, continued its positive trend, securing new mandates and higher assets under management in 2015. We created a residential property fund in Germany, and continued our geographical expansion to Spain. We also established operations in Norway and a mezzanine fund management operation in Luxembourg.

We will continue to build our transaction and management capacity across all markets in 2016, and selectively launch niche investment fund products. Coordinated capital-raising is an important part of this process.

Sales amounted to SEK 249 M (178) and operating profit increased to SEK 28 M (17). Assets under management expanded by SEK 2.4 Bn to SEK 31.6 Bn (29.2) at year-end 2015. This business area has demonstrated a balance between fixed-fee incomes and fixed costs, adjusted for new initiatives.

Leadership and coordination

Catella has made great progress in the past two years. Our ambition is to be the leading partner for investors in property and finance in Europe, and looking back at 2015, I can conclude that we took a lot of important steps in the right direction.

Now, Catella is well positioned to create growth and more stable income. As early as 2015, we were attracting income from a broader base than in the preceding year, geographically and within our business areas, which means that Catella has become more robust and integrated than previously. We're also starting to see how our coordinated initiatives between business areas are enabling higher business volumes with current and new clients.

While there's a lot left to do, I'm impressed and proud of what Catella has achieved to date. I'm really looking forward to building on the foundation we have laid in the last two years together with my colleagues.

Stockholm, Sweden, April 2016

KNUT PEDERSEN
CEO and President

Underlying trends supporting Catella's business

Low interest rates, urbanisation, increased saving and allocation of global capital to investments and property in Europe are the underlying drivers benefiting participants in the property market. The investment funds market is benefiting from higher pension savings, simultaneous with digitalisation and greater transparency creating good potential for operators with successful management and a digital strategy. The banking market is undergoing consolidation, standardisation and digitalisation of its services, creating opportunities for niche players with client-specific and digital offerings.

The property market

Low interest rates

Continued low interest rate levels mean increasing allocation of capital to the property sector. The low cost of financing, combined with stable property yields constitutes an attractive alternative for investors.

Catella is active on the European property market—as a transaction advisor and in strategic management and development of properties—through the Corporate Finance and Property Investment Management business areas.

Urbanisation

Over half of the global population currently lives in cities. In 20 years, over 70% are expected to live in cities. This trend is resulting in new production and higher rents, increasing purchasing prices and land values. Urbanisation is probably the trend with the greatest impact on the property sector, with rapidly increasing demand in major cities facing slow supply growth. Catella manages all phases of the value-creation process in property—from project management and analysis to transaction, acquisition, financing, strategic management, and finally, exit.

Increased saving

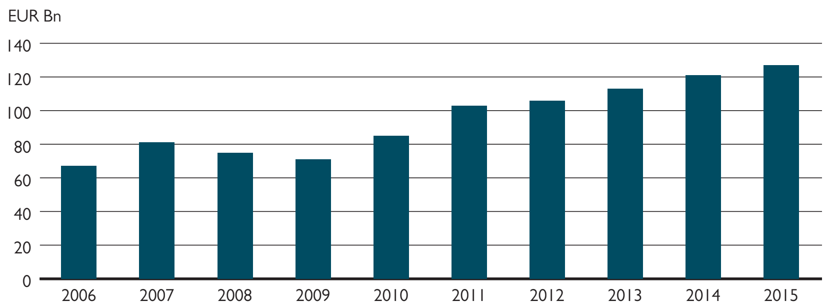
The investment funds and investment market is expanding at a pace with savings growth. Trends such as an ageing population and declining state capacity to offer people an income after retirement is driving growth. The inflow of capital is being invested in segments including property funds, which in turn, are investing in properties in Europe. Catella serves as an advisor to these funds, firstly in tandem with transactions, and secondly in development and value creation on assignment from funds. In addition, Catella creates its own investment funds.

Allocation of global capital to Europe

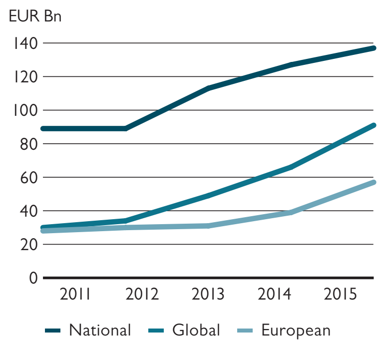
Investment volumes in properties in Europe have increased progressively since 2009. Investors from the US and Canada represented 57% of total investment volumes in 2015, up 21% on 2014.

A lot of investors, including property funds, are looking for local partners, and

TOTAL ASSETS UNDER MANAGEMENT IN PROPERTY FUNDS IN EUROPE [1]



EUROPEAN PROPERTY INVESTMENTS BY SOURCE [2]



[1] Source: INREV.
[2] Source: RCA—Real Capital Analytics.

often, large property funds are seeking a partner that can support them in several European countries.

Catella is well positioned to offer local advisory services on 11 markets in Europe. In addition, activities and customer contacts are coordinated cross border to create local and pan-European offerings.

Record transaction volumes

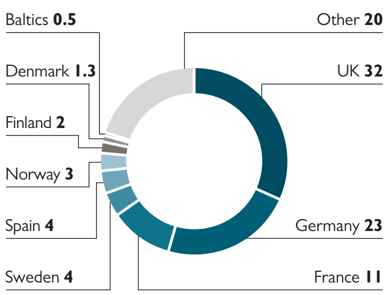
European transaction volumes were up by 23% in 2015, to EUR 285 Bn, only 5% below the previous peak of 2007. 68% of total transaction volumes in 2015 were brokered by transaction advisors. The market is dominated by a large number of players, local and global, who primarily deliver pure-play transaction advisory services. The strong progress of the European property market has attracted greater interest from global service providers, creating price pressure on pure-play transaction advisory services.

More demand for capital markets-related services

The demand for various types of service differs significantly between European countries. In the Nordics, the demand for value-added and capital markets-related services is greater than France and Germany, for example, where the focus is on transaction advisory services. However, investors are gradually starting to become more sophisticated, stimulating demand for value-creating services. Investors are also progressively developing their business models, demanding individualised solutions for all phases of value creation—from analysis and acquisition to development and exit.

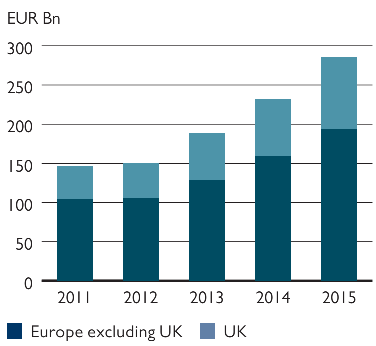
The Property Investment Management business area has long-term experience of identifying, acquiring and developing properties based on specific and client-tailored mandates in partnership with investors. The Corporate Finance business area focuses on increasing the proportion of value-added and capital markets-related services, which enjoy higher margins than transaction advisory services.

PROPERTY TRANSACTION VOLUME IN EUROPE BY COUNTRY, %[1]



[1] Source: RCA—Real Capital Analytics.

PROPERTY TRANSACTION VOLUMES IN EUROPE [1]



Catella has strong positioning on a number of growing markets.

The investment funds market

The investment fund market's expansion is tracking increasing savings. Trends such as an ageing population and declining state capacity to offer people an income after retirement are the underlying drivers.

The Swedish investment funds market

Catella is one of Sweden's leading independent players in equity, hedge and fixed income funds with a Nordic focus. These funds are sold directly to institutions, or via resellers, such as banks and other financial advisors, who in turn, target private individuals, mainly in Sweden. Catella competes with all the players providing funds on the Swedish market.

The Swedish investment funds market is dominated by four banks, which controlled 59% of fund assets in 2015. However, this dominance has reduced significantly over the past 15 years, firstly because many independent fund managers have been successful, and secondly because digital progress facilitates new players without direct distribution networks entering the market. Competition from foreign fund providers is also increasing, and at present, most of the funds offered on the Swedish market are foreign registered. Nevertheless, most of the capital is still invested in Swedish-registered funds.

Currently, an estimated 76% of all Swedes of adult age have some portion of their private savings in investment funds (excluding the PPM pension system). Additionally, the Swedish pension system means that basically all adults in the country save directly or indirectly in investment funds because part of their pension pots are invested in funds. Total fund assets in Sweden increased by over SEK 240 Bn in 2015, and at year-end, amounted to a record SEK 3,246 Bn. A net SEK 84 Bn was saved in funds in Sweden in the year.

Fund fees on the Swedish market have decreased in recent years, for reasons including low interest rates affecting the pricing of fixed income funds, and savings in index funds increasing. The annual fees of Swedish-registered funds are at a competitive level in a European context. As an example, the average fee for equity funds in Sweden is 1.37%, against the European average of 1.71%.

The fund advisory market is on the verge of major transformation. New EU legislation on commissions means customers will see more clearly what they are paying for, because the party selling fund units to customers will have to disclose the compensation they will receive from the fund provider (the kick-back). Transparency surrounding pricing models will make it easier for customers to evaluate a fund. Over time, this is expected to favour funds that generate good returns with attractive fees.

In addition, digitalisation is creating opportunities for expanded direct distribution to the consumer market, firstly via established digital platforms, and secondly, through proprietary channels. As yet, this market remains marginal in terms of total assets managed in investment funds, but Catella is monitoring progress closely.

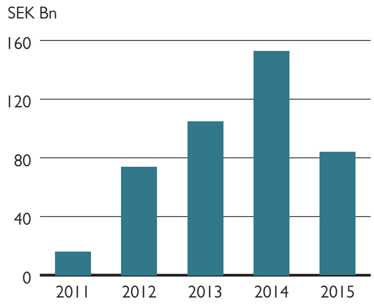
The global hedge fund market

Catella manages systematic macro and equity strategies for institutional investors such as life insurance companies and pension funds worldwide.

The value of the global hedge fund market was some USD 3,000 Bn at the end of 2015. Some 20% of the total hedge fund market is invested in trend tracking (CTA) and macro funds, where Catella operates in a sub-segment of the systematic macro funds market.

Investor interest in hedge funds with macro strategies is increasing, after it being primarily allocated to equity long-short strategies for several years.

NET SAVINGS IN FUNDS IN SWEDEN[2]



[2] Source: the Swedish Investment Funds Association

The banking market

The private banking market

Catella is a niche bank primarily addressing the top tier of wealth management.

The banking sector is undergoing a series of changes. The major established banks have decided to expand their operations and standardise product offerings to benefit from economies of scale. Additionally, bank branches are becoming less significant to customers, because many regular banking services can be done better digitally. New distribution networks and new technologies are paving the way for the start-up of new banks, implying more competition on the banking market. Catella regularly develops digital solutions tailored for its segments.

Greater regulation of banks is resulting in more stringent capital adequacy requirements, and simultaneously lending is rapidly expanding due to low interest rate levels. The banks' balance sheets cannot provide the finance that is demanded. In addition, the major banks are offering very low, or even negative, interest on deposits.

A growing base of private banking clients want to invest in tailored products. The major banks have limited potential to satisfy this demand because, If anything, their progress is towards more standardisation of private banking services. Accordingly, more demanding clients are approaching smaller, more tailored operators, such as Catella Bank, more often.

The card issuing and card acquiring market

Catella Bank delivers card payment solutions to international banks, e-commerce and fintech companies that need specialised solutions. Operations are conducted in partnership with a wide array of fintech companies worldwide, who can offer payment services with state-of-the-art anti-fraud systems and other tailored services worldwide through Catella.

There is a large number of players in the card and payment solutions market, with the major banks being dominant.

In addition, Catella Bank serves as a card issuer in collaboration with an array of partners across Europe. It provides cards bearing client branding, as well as neutral versions. The product is flexible and tailored for all types of consumption pattern.

Global volumes (number of transactions) of non-cash transactions increased by 7.6% (7.7) to 358 billion transactions (334) in 2013 (2013 is the most recent year official statistics from all regions are available). Growth in non-cash payments is primarily driven by payments with debit and credit cards, which are by far the predominant means of payment.

In Europe, volumes in most countries increased in 2013, with average growth of 5.1% (3.6). Growth was highest in Germany, the Netherlands, Belgium and the UK. Germany was also the leader in mobile usage, with Europe's largest customer base using mobile devices to shop on the Internet.

Traditional payment service providers (PSPs) face a number of challenges due to changes on their market. The global regulatory landscape is becoming more complex, and competition from new types of provider is increasing.

Technological progress is also driving increasing payment complexity. New types of player are entering the market, bringing products and services based on the latest technology that can satisfy customer demand for greater convenience.

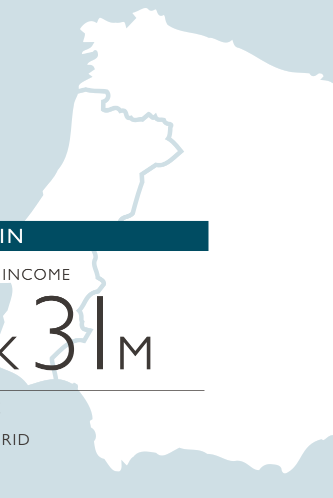
Catella's geographical markets

UK

The build-up of a Group-wide capital-raising organisation commenced in 2015, based in London.

OFFICE

■ LONDON



SPAIN

TOTAL INCOME

SEK 31M

OFFICE

■ MADRID

NORWAY

Catella starts up operations in Norway in 2016.

OFFICE

- OSLO

SWEDEN

TOTAL INCOME

SEK 907 M

OFFICES

- STOCKHOLM
- GOTHENBURG
- MALMÖ

FINLAND

TOTAL INCOME

SEK 68 M

OFFICES

- HELSINKI
- JYVÄSKYLÄ
- LAHTIS
- ULEÅBORG
- TAMMERFORS
- ÅBO

DENMARK

TOTAL INCOME

SEK 53 M

OFFICE

- COPENHAGEN

BALTICS

TOTAL INCOME

SEK 11 M

OFFICES

- RIGA
- TALLINN
- VILNIUS

LUXEMBOURG

TOTAL INCOME

SEK 305 M

OFFICE

- LUXEMBOURG

GERMANY

TOTAL INCOME

SEK 239 M

OFFICES

- BERLIN
- DÜSSELDORF
- FRANKFURT
- HAMBURG
- MUNICH

FRANCE

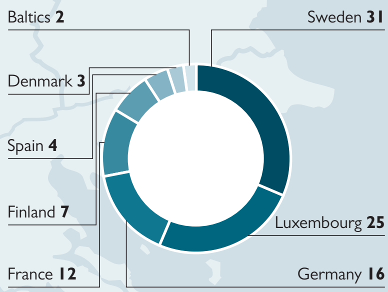
TOTAL INCOME

SEK 272 M

OFFICES

- PARIS
- NANTES
- LYON

NUMBER OF EMPLOYEES BY COUNTRY, %



FOCUS

A pan-European organisation with strong local presence and access to global capital

Catella is a leading specialist in property investments, fund management and banking, with operations in 12 European countries. Our vision is to be the leading European partner for investors in property and finance.

Property

A local business model for each market

Successful advisory services in the property sector require in-depth understanding and extensive networks on local markets. Catella applies a local business model for each market. We operate close to local business, using a broad contact network on each market, substantial local drive and strong entrepreneurship. Additionally, after the geographical expansion of recent years, Catella is well-positioned to support international investors in several European countries.

Cross-fertilisation of competences and coordination of initiatives

Catella's ambition is to progressively increase the collaboration between its professionals in each business area, and between geographical markets. This creates the potential for the exchange of best practice, developing better offerings and the capacity to deal with complex, and potentially cross-border assignments. The collaboration with other parts of Catella is also increasing to develop localised and multinational offerings.

Focus on capital markets-related services

Catella is focusing on increasing the proportion of value-added and capital markets-related services, which enjoy higher margins than transaction advisory services.

Competitive capacity to attract capital

The build-up of a collective Group-wide capital-raising organisation, based in London, started in 2015. Catella will be progressively formulating an integrated strategy for the capital markets, thus becoming even more relevant to international investors for transactions and property projects.

A stable financial platform

Catella will create a platform supported by different legs, that is well balanced through upturns and downturns. It also has the ambition of expanding its operations geographically, and to achieve a higher share of recurring income.

> Our vision is to be the leading European partner for investors in property and finance.

Investment funds

Complementary products and balanced income

Catella's ambition is to keep growing its assets under management, and to create additional products to achieve a more stable balance between different product categories. A broad-based and complementary product portfolio creates good balance in income.

Higher share of direct funds distribution

Third-party distribution is central to Catella's sales of funds to consumers. The strategy for distributors is to deliver high quality of service and a broad portfolio of attractive products to serve as a main alternative, complement or building-block for other products. Catella also regularly considers the opportunities presented by digitalisation for broader-based direct distribution. Catella will also be developing its own distribution network, mainly to institutions, but also to businesses and wealth management clients.

Banking

A scalable platform

Catella Bank is a scalable business. Growth will primarily be organic in Catella Bank's existing businesses, but the current consolidation of the banking market is also opening up other opportunities, one example being us taking on a team of experienced advisors for our Wealth Management operation in Luxembourg in 2015.

Exploiting standardisation among the major banks

The demand for private banking services from specialist players is rising due to the major banks increasingly standardising their services. More demanding clients often approach smaller and more client-specific operators like Catella Bank. Catella Bank provides a portfolio of financial services and tailored solutions to private clients across Europe.

Developing offerings in collaboration with the rest of Catella

High net worth clients in private banking want investments that they cannot access themselves. With its secure positioning in the property market, Catella brings opportunities including offering property investments and selected investment fund products to Catella Bank clients. These offerings are created in partnership with Catella's other business areas.

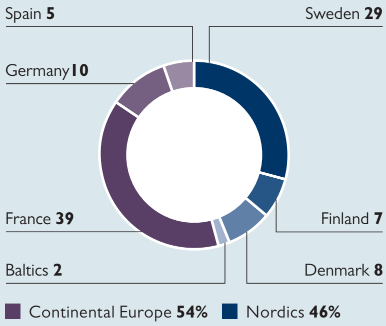
Digital presence

Digitalisation is creating business opportunities in private banking to access new types of client, but also to manage current client relations effectively. This is why Catella invested in a technology platform in 2015, and the launch of services associated with this new platform commenced in the first quarter of 2016.

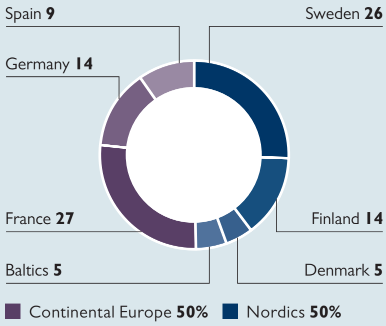
OPERATING SEGMENT

Corporate Finance

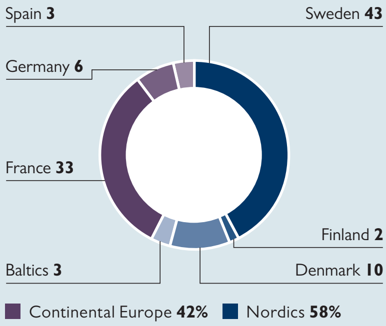
TOTAL INCOME BY COUNTRY, %



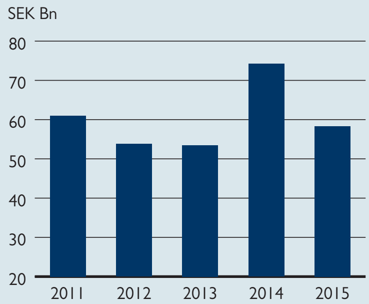
EMPLOYEES BY COUNTRY, %



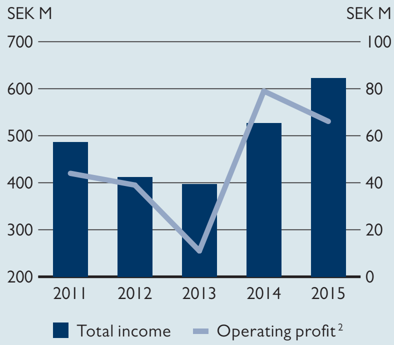
CATELLA'S PROPERTY TRANSACTION VOLUMES BY COUNTRY, %



CATELLA'S PROPERTY TRANSACTION VOLUMES



TOTAL INCOME AND OPERATING PROFIT



EARNINGS SUMMARY

SEK M	2015	2014
Nordics [1]	305	254
Continental Europe [1]	325	270
Total income	**630**	**529**
Assignment expenses and commissions	–37	–32
Operating expenses	–527	–417
Operating profit before acquisition-related items	**66**	**79**

KEY FIGURES

	2015	2014
Operating margin, % [2]	11	15
Equity, SEK M [3]	213	206
Return on equity, % [3]	24	30
Equity/assets ratio, %	53	56
Property transaction volumes, SEK Bn	58.3	73.1
of which Nordics	33.9	37.6
of which continental Europe	24.4	35.5
Number of employees at year-end	211	207

[1] Includes internal income.
[2] Before acquisition-related items.
[3] Attributable to shareholders of the Parent Company..

CORPORATE FINANCE

A higher share of value-added services

BUSINESS AREA KEY FACTS

Catella provides transaction advisory and capital markets-related services in the property and consumer sectors. Advice is provided on assignment from property companies, financial institutions, pension funds, property funds and other property owners. Operations are conducted in the Baltics, Denmark, Finland, France, Spain, Sweden and Germany.

EARNINGS SUMMARY

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[2] Before acquisition-related items.
[3] Attributable to shareholders of the Parent Company.

Progress in 2015

Catella's transaction volumes in 2015 were SEK 58.3 Bn (73.1). Despite lower volumes, the business area's income increased to SEK 630 M (529), the increase due to a higher share of value-added and capital markets-related services, allied to positive progress in France, Sweden and Spain. Operating profit was SEK 66 M (79), with this lower figure mainly due to a number of measures taken to streamline the transaction services offering and the closure of the letting operation in Germany.

Catella served as advisor on a large number of transactions in the year, including Danish pension fund PensionDanmark's acquisition of a Nordic logistics portfolio from property company NREP, PostNord's sale of its Danish head office in Copenhagen to Danica Pension and BlackRock, Banque Populaire's sale of an office property in Paris to Aviva Investors, MEAG's sale of an office property in Paris to Sogecap, the formation of new property company Secore Fastigheter on assignment from ICA Fastigheter, advisory services to Catena on the buy-out of property company Tribona from Nasdaq OMX and the formation of the new property company Torslanda Property Investment, including raising capital, loan financing and a listing on first North Nasdaq Stockholm.

Catella also served as an advisor on a number of transactions in the consumer sector, including EQT's acquisition of Eton from Litorina, the sale of Teknikmagasinet to Segulah and the sale of Linas Matkasse to Herkules Capital.

Catella served as financial advisor to PostNord on the strategic sale of its 160,000 m^2 head office in central Copenhagen to Danica Pension and BlackRock, with an investment mandate of EUR 700 M.

Catella was the exclusive arranger of a sale and lease back process for French property developer Emergie. This high-quality property of 2,900 m² in a prime site in the historical Paris quarter of Le Marais, was sold to pension fund CARMF through a nine-year lease contract worth EUR 40 M, at an initial net yield of 4%.

Catella served as financial advisor to a consortium of leading Danish pension funds on the largest Nordic logistics transaction in 2015, worth EUR 650 M. Catella's Nordic Corporate Finance team are well positioned to support increasing capital flows between the Nordic countries.

Local expertise with access to global capital

Successful advisory services in the property sector require in-depth understanding and extensive networks on local markets. This is why Catella has adopted a localised business model for each market, with professionals that deal with significant players on local markets every day. This local presence is also a competitive edge that is becoming more important as global advisors move into Catella's markets.

Catella combines this local strategy with greater access to international capital. Catella started building a Group-wide capital-raising organisation based in London in 2015. This marks the creation of an integrated capital market strategy, which is even more relevant for international institutional investors for transactions and property projects.

More collaboration

Collaboration between the professionals of Corporate Finance in different geographical markets is growing progressively, thus creating the potential for the exchange of best practice, developing superior offerings and the capacity to manage complex and potentially cross-border transactions. Collaboration with other parts of Catella is also increasing, creating new business opportunities and growth.

Focus in 2016

The business area is putting a big emphasis on increasing the share of value-added and capital markets-related services to enable better profitability. In the Nordics, where these efforts have made most progress, we already saw a clear margin improvement in 2015. Catella enjoys strong market position in Sweden, Denmark and Finland and work on further advancing its market position with a sharper focus on value-added and capital markets-related services is continuing. In addition, operations are being integrated to utilise our resources efficiently. Catella also has the ambition to start up operations in Norway.

In continental Europe, the French operation has a very strong market position within transactions. The strategy is to utilise best practice in the business area to develop operations on current and new markets. For example, we are using experiences from the French operation to sharpen our offering and market position in Germany and Spain.

> In-depth understanding of, and closeness to, local property markets are decisive for creating value.

Catella served as advisor to property fund BMO Real Estate Partners on its purchase of a prime retail property in Barcelona for EUR 45 M from international fashion chain Adolfo Dominguez.

Catella provides corporate finance services in three segments: Sales and Acquisitions, Debt and Equity and Research and Valuations.

Sales and Acquisitions

Catella provides transaction advisory services on sales and acquisitions of properties in Europe, focusing on complex transactions. Catella also serves as advisor on transactions in consumer-related sectors in the Nordics.

Catella operates on the buy and sell side of private and public transactions.

Debt and Equity

Catella possesses in-depth knowledge of property financing and close links to the capital markets. Catella assists its clients on debt financing for transactions and property investments. Services include arranging secured and unsecured loans, mezzanine loans, listed and unlisted bonds, bridging finance and financing development projects.

Catella also possesses extensive experience in raising equity in listed and unlisted environments. Catella serves as an advisor on initial public offerings, new issues and acquisitions of listed companies. In the private sector, Catella can arrange capital raising for private equity, fund managers and institutional property clubs, and execute transactions on the secondary market.

Research and Valuations

Catella integrates a range of perspectives and experiences from investment banking with traditional property advisory services into its analysis. Its constant ambition is to create value by combining unique understanding of the financial and property markets.

Catella also delivers high-quality property appraisals compliant with internationally recognised valuation standards such as IVS and RICS. Catella's pan-European network and strong local presence engenders deep insight into property market drivers and market trends.

SALES AND ACQUISITIONS

SPAIN | DECEMBER 2015

Advisor to BMO Real Estate Partners on the purchase of a prime retail high street unit in Paseo de Gracia, Barcelona

ADOLFO DOMINGUEZ

BMO Real Estate Partners

BMO Global Asset Management

EUR 45 MILLION

DENMARK | DECEMBER 2015

Advisor to DNB on sale of DNB's Danish property portfolio to London-based private equity group

DNB

EUR 300 MILLION

SWEDEN | NOVEMBER 2015

Advisor to Lustgården on sale of Solåsen Retail Park in Jönköping to Skandia Fastigheter

LUSTGÅRDEN AB

skandia: fastigheter

AMOUNT NOT DISCLOSED

FINLAND | OCTOBER 2015

Advisor to Mandatum Life on sale of office property in Helsinki to eQ

MANDATUM LIFE

eQ

AMOUNT NOT DISCLOSED

DENMARK | JUNE 2015

Advisor to PostNord on sale of PostNord's Danish headquarters in central Copenhagen to Danica Pension and BlackRock

postnord

Danica Pension

BLACKROCK

EUR 700 MILLION

NORDICS | MAY 2015

Advisor to Danish pension funds in acquisition of large logistics portfolio in the Nordic countries from NREP

DANISH PENSION FUND CONSORTIUM

Nordic Real Estate Partners

EUR 650 MILLION

DEBT AND EQUITY

SWEDEN | DECEMBER 2015

Advisor to Catena on its public offer on and acquisition of property company Tribona

CATENA

EUR 225 MILLION

SWEDEN | NOVEMBER 2015

Sole manager in creation of, capital raising to, and financing of new property company Secore Fastigheter

ICA

EUR 119 MILLION

VALUATIONS

FINLAND | DECEMBER 2015

Valuation of LähiTapiola Asuntosijoitus Suomi residential portfolio in Finland

LOCALTAPIOLA

29,000 sq.m.

FRANCE | DECEMBER 2015

Valuation of 78 assets, offices/residential mainly in the Paris region, and 6 shopping centres

Allianz

605,000 sq.m.

DENMARK | DECEMBER 2015
Sole financial advisor to Danish Society for Education and Business "DSEB" in the strategic disposal of real estate assets

DSEB
Jeudan NIAM

EUR 95 MILLION

GERMANY | DECEMBER 2015
Advisor to Bouwfonds on sale of residential portfolio in Hamburg and Kiel to Buwog

bouwfonds
BUWOG group

AMOUNT NOT DISCLOSED

FRANCE | DECEMBER 2015
Sales of 12,700 sq.m. offices in 136 Avenue Charles de Gaulle, Neuilly

CHANEL
Deka

AMOUNT NOT DISCLOSED

SWEDEN | NOVEMBER 2015
Advisor to CA Fastigheter on sale of 14 properties in Karlskrona to Heimstaden

CA FASTIGHETER AB
HEIMSTADEN

AMOUNT NOT DISCLOSED

FRANCE | OCTOBER 2015
Advisor to Bouygues Immobilier and BNP Paribas on sale of office property Art & Fact 2.0 in Rueil-Malmaison to Predica

Bouygues Immobilier
BNP PARIBAS
CRÉDIT AGRICOLE ASSURANCES

EUR 127 MILLION

BALTICS | SEPTEMBER 2015
Advisor to Rimi on sale and lease back of 30 retail properties in Estonia and Latvia to Colonna

Rimi
Colonna KINNISVARA

AMOUNT NOT DISCLOSED

FRANCE | JULY 2015
Advisor to Banque Populaire on sale of office property in Paris 13 to Aviva Investors

BANQUE POPULAIRE
AVIVA INVESTORS

EUR 185 MILLION

GERMANY | JULY 2015
Advisor to Wealth Management Capital Holding for mixed use Investment in Bielefeld to REVCAP Deuchland GmbH

WealthCap
REVCAP REAL ESTATE VENTURE CAPITAL

EUR 65 MILLION

GERMANY | MAY 2015
Advisor to Sachsenfonds on sale of office property in Ratingen to Publity Finanzgruppe

SachsenFonds
publity

AMOUNT NOT DISCLOSED

SWEDEN | APRIL 2015
Advisor to Patrizia on sale of three residential properties in greater Stockholm to D. Carnegie

PATRIZIA WERTE ENTSCHEIDEN
D. CARNEGIE & CO.

AMOUNT NOT DISCLOSED

SWEDEN | MARCH 2015
Advisor to Unibail-Rodamco on sale of shopping centre Nova Lund in Lund to TIAA Henderson

unibail·rodamco
TIAA Henderson Real Estate

EUR 175 MILLION

FRANCE | MARCH 2015
Advisor to MEAG on sale of office property in Paris 13 to Sogecap

MEAG
SOGECAP

EUR 134 MILLION

DENMARK | APRIL 2015
Advisor to Carlsberg Byen on arrangement of construction financing for 108,000 sq.m. development in the Carlsberg City District, Copenhagen

CARLSBERG BYEN

EUR 320 MILLION

SWEDEN | JANUARY 2015
Advisor on creation of Torslanda Property Investment AB, including capital raising, debt financing and listing on First North Nasdaq Stockholm

TORSLANDA PROPERTY INVESTMENT

AMOUNT NOT DISCLOSED

DENMARK | JANUARY 2015
Advisor to By&Havn on creation of joint venture and arrangement of debt for 16,600 sq.m. retail development in Århusgadekvarteret, Copenhagen

BY&HAVN

AMOUNT NOT DISCLOSED

DENMARK | 2014/2015
Sole advisor to Union Holding on creation of joint venture for a 41,000 sq.m. residential development on the harbour front in Copenhagen

UNION HOLDING A/S
Danica Pension

EUR 165 MILLION

SPAIN | DECEMBER 2015
Valuation of a land portfolio located throughout Spain

BANCO POPULAR

19,527,210 sq.m.

SPAIN | JUNE 2015
Update of the valuation of 35 commercial galleries

CARMILA

185,485 sq.m.

FINLAND | JANUARY 2015
Valuation of property portfolio

ILMARINEN

700,000 sq.m.

FRANCE | 2015
Valuation of 210 assets, mainly offices and workshops, located throughout France

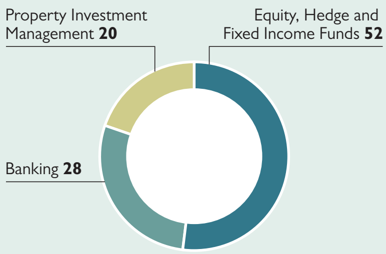
orange™

195,000 sq.m.

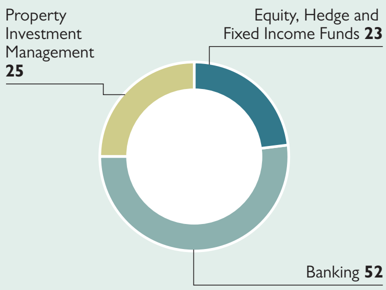
OPERATING SEGMENT

Asset Management and Banking

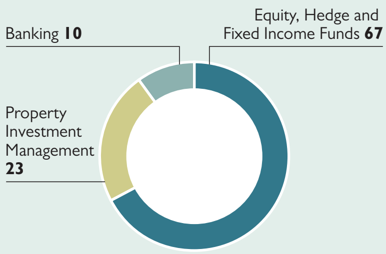
TOTAL INCOME BY BUSINESS AREA, %



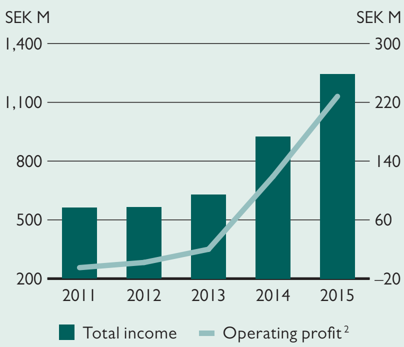
EMPLOYEES BY BUSINESS AREA, %



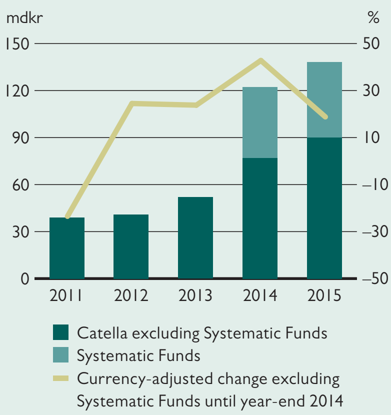
ASSETS UNDER MANAGEMENT BY BUSINESS AREA, %



TOTAL INCOME AND OPERATING PROFIT



CATELLA'S ASSETS UNDER MANAGEMENT



EARNINGS SUMMARY

SEK M	2015	2014
Equity, Hedge and Fixed Income[1]	651	467
Banking[1]	354	293
Property Investment Management[1]	249	178
Total income	**1 253**	**936**
Assignment expenses and commissions	–317	–260
Operating expenses	–708	–556
Operating profit before acquisition-related items	**228**	**119**

KEY FIGURES

	2015	2014
Operating margin, %[2]	18	13
Equity, SEK M[3]	620	639
Return on equity, %[3]	22	12
Equity/assets ratio, %	17	20
Assets under management at year-end, SEK Bn	138.3	122.4
net in and outflow, SEK Bn	14.4	19.7
Card and payment volumes, SEK Bn	7.1	6.1
Number of employees at year-end	314	271

[1] Includes internal income.
[2] Before acquisition-related items.
[3] Attributable to shareholders of the Parent Company.

EQUITY, HEDGE AND FIXED INCOME FUNDS

Complementary investment funds provide stable income

BUSINESS AREA KEY FACTS

Catella provides a wide range of investment fund alternatives with differing focuses and management methodologies. Operations are conducted through two service segments: Mutual Funds, which provides equity, hedge and fixed income funds with a Nordic focus for private and institutional investors, and systematic funds, which manages systematic macro and equity strategies for institutional investors.

Progress in 2015

Catella's assets under management increased by SEK 10.6 Bn (27.2) in 2015, of which SEK 8.2 Bn (12.9) was a net inflow. At year-end, assets under management amounted to SEK 93.1 Bn (82.5). Total income was SEK 651 M (467) and operating profit was SEK 228 M (129). Fixed-fee incomes generated a profit after fixed costs of SEK 90 M.

Within Mutual Funds, total income was up by 27% year on year thanks to higher assets under management and good progress of funds with profit-based income. Total income also increased for Systematic Funds, by 27%[1] on 2014.

Catella provides complementary funds to be able to address differing market conditions and individual investor demands. This fund strategy helps create a good balance in the business area's income. For example, Systematic Funds made a strong profit contribution during the third quarter 2015, while in the fourth quarter, Mutual Funds was

EARNINGS SUMMARY

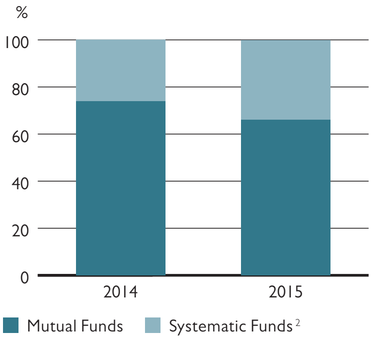
SEK M	2015	2014[2]
Mutual Funds[3]	433	340
Systematic Funds[3]	218	126
Total income	**651**	**467**
Assignment expenses and commissions	–158	–132
Operating expenses	–265	–205
Operating profit before acquisition-related items	**228**	**129**

KEY FIGURES

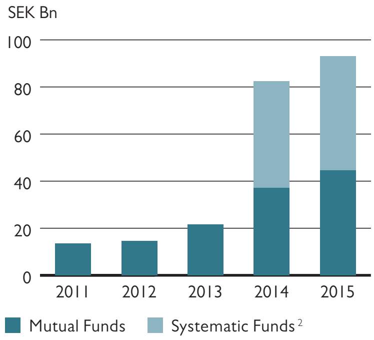
	2015	2014[2]
Operating margin, %[4]	35	28
Assets under management at year-end, SEK Bn	93.1	82.5
net in and outflow, SEK Bn	8.2	12.9
of which Mutual Funds	44.6	37.1
net in and outflow, SEK Bn	5.3	13.2
of which Systematic Funds	48.5	45.4
net in and outflow, SEK Bn	2.9	–0.3
Number of employees at year-end	73	69

[1] As if IPM had been consolidated as a subsidiary effective 1 January 2014.
[2] IPM consolidated as a subsidiary effective third quarter 2014.
[3] Includes internal income.
[4] Before acquisition-related items.

TOTAL INCOME BY SERVICE SEGMENT



ASSETS UNDER MANAGEMENT IN CATELLA'S EQUITY, HEDGE AND FIXED INCOME FUNDS



the stronger performer instead. Profit performance during quarters is a good example of the significance of negatively correlating products in Catella's fund portfolio. Over time, the combination of this strategy with good management helps bring balance to business area income, and simultaneously, the business model of fixed-fee incomes and predictability on the cost side engenders financial stability.

Unpredictable markets in 2015 persuaded many clients to select funds with low risk profiles. This benefited the Catella Hedgefond (Hedge Fund), which attracted a lot of new investors in 2015. The Fund generated a return of 4.7% in the year, and was nominated for "Hedge Fund of the Year" by Swedish mutual funds marketplace Fondmarknaden.se for the second consecutive year. The IPM Systematic Macro Hedge Fund also attracted a lot of interest, as it fared well in turbulent market conditions, generating a return of 4.4% in 2015. This Fund received a number of awards in 2015, winning the HFM European Hedge Fund Performance Award and Hedge Funds Review European Single Manager Award, and was also nominated in the CTA Intelligence Awards. A daily traded UCITS version of the IPM Systematic Macro was also launched in the year, which is expanding the client base still further.

Catella advanced its positioning on the Swedish investment fund market in 2015, and increased its market share. Some 6.3% of total net inflows in Sweden during 2015 were to Catella mutual funds. Catella's

share of fund volumes in Sweden was 1.4% (1.2) at year-end.

Major transformation on the investment funds market

Catella sells funds to institutions directly or via resellers such as banks and other financial advisors, who then approach private individuals. Its reseller strategy is to deliver high quality of service and a broad portfolio of attractive products that complement the reseller's own investment fund range, or serve as a key building-block within other products.

Altered legislation on the investment funds market is bringing higher standards of transparency to consumer sales. Moreover, legislative reform of the current commission-based system is anticipated, with resellers being compensated for the sales they execute. This progress is raising the standards on fund providers to compete through their capacity to generate returns and deliver high quality of service to resellers, and will probably mean compensation models in the investment funds sector changing.

A high share of Catella's current sales are direct to institutions. Sales to this client group are not affected in the same way by the reforms conducted in the consumer market.

Digitalisation is enabling new players to provide distribution platforms direct to private individuals. Today, this phenomenon remains marginal, because most people take a passive approach to mutual fund choices, or prefer to use an advisor for this. Eventually, it will be important for Catella to reach its products out on digital platforms, as client behaviour changes, which will affect the allocation of resources in sales.

Focus in 2016

Catella already has a well-diversified product mix in this business area, but its ambition is to create more products to engender a better balance between product categories, and further improve management.

Sales via resellers remain critical to achieving growth targets in Mutual Funds, focusing on high quality of service and presence. A greater share of resources were allocated to sales in 2015. In tandem, the ambition is to increase Catella's presence with institutional clients, and to increase the share of foreign clients in the business segment.

Systematic Funds mainly address institutional clients. Apart from initiatives focusing on institutions, the ambition is to reach new client groups, primarily through different fund solutions, such as the UCITS fund launched in 2015.

> We deliver a broad product portfolio right across the risk scale, covering equities, fixed income, as well as discretionary and systematic hedge fund management.

Catella Nordic Long Short is an alternative absolute-return fund with a Nordic focus. Its objective is to generate good risk-adjusted returns regardless of progress on the stock market. Catella Nordic Long Short achieved gains of 15.3% in 2015. This good risk-adjusted return attracted substantial inflows into the Fund, mainly during the second half-year. Since May 2015, the Fund has been managed by Ola Mårtensson (left) and Martin Nilsson (right).

MUTUAL FUNDS

Within Mutual Funds, Catella provides equity, hedge and fixed income funds with a geographical focus and knowledge concentrated on the Nordics. The product portfolio currently comprises nine funds with different management styles and risk profiles.

SYSTEMATIC FUNDS

Catella manages systematic macro and equity strategies for institutional investors such as life companies and pension funds worldwide. Catella adds value to these institutions' investment portfolios by providing investment fund products with a negative correlation to traditional and alternative investment strategies. The aim is to produce investment strategies through systematic management of fixed income, foreign exchange and equity markets based on fundamental data.

BANKING

Focusing on growth from a stable and scalable platform

BUSINESS AREA KEY FACTS

Catella Bank[1] is a niche bank with its registered office in Luxembourg. Operations are conducted through two service segments: Wealth Management, which offers a broad portfolio of financial services and tailored solutions to high net worth clients in Europe, and Card and Payment Solutions, which delivers card and payment solutions for international banks, e-commerce and fintech companies that need specialised solutions.

EARNINGS SUMMARY

SEK M	2015	2014
Card and Payment Solutions[2]	254	193
Wealth Management[2]	100	99
Total income	**354**	**293**
Assignment expenses and commissions	–89	–78
Operating expenses	–293	–243
Operating profit before acquisition-related items	**–28**	**–27**

KEY FIGURES

	2015	2014
Operating margin, %[3]	–8	–9
Card and payment volumes, SEK Bn	7.1	6.1
Assets under management at year-end, SEK Bn	13.6	10.7
net in and outflow, SEK Bn	3.1	1.3
Number of employees at year-end	163	143

[1] The Banking business area is operated under the auspices of Catella Bank S.A.
[2] Includes internal income.
[3] Before acquisition-related items.

Progress in 2015

Banking's total income was SEK 354 M (293) in 2015, and it reported an operating profit/loss of SEK –28 M (–27).

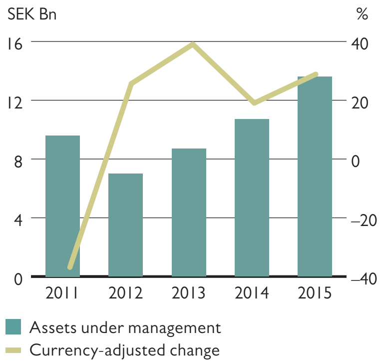
Within Wealth Management, assets under management increased by SEK 2.9 Bn to SEK 13.6 Bn (10.7) at year-end. The Banking market's consolidation continued in the year, with results including Catella Bank hiring a team of experienced Wealth Management advisors in Luxembourg. This new team made a strong contribution to volume growth.

Work on developing new, unique offerings and increasing the growth rate continued in the year. With its strong position on the property market, Catella is well positioned to provide property investment for Catella Bank clients. This offering is structured in partnership with Catella's Corporate Finance operation. Events in 2015 included Catella structuring a deal with the Bank's clients investing directly in Torslanda Property Investment AB, with Volvo Cars as tenant. In 2015, the Bank's property lending on a number of commercial properties also increased.

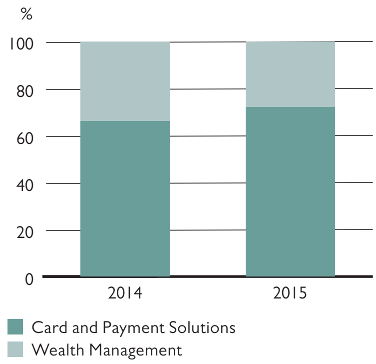
Collaboration between the Bank and other business areas is a component of the Group's strategy of exploiting synergies between operations and creating value-added for clients.

Income in Card and Payment Solutions continued to rise in the year, driven by growth in both card issuing and card acquiring. Total card volumes expanded by 16% to SEK 7.1 Bn (6.1). Catella signed agreements with a number of new partners in the year, which included its appointment by SAS as the card issuer of its new Eurobonus Travel Cash card.

ASSETS UNDER MANAGEMENT IN CATELLA'S WEALTH MANAGEMENT



TOTAL INCOME BY SERVICE SEGMENT



Wealth Management

The Wealth Management service segment provides investment advisory services and asset management to high net worth clients. Its products and services portfolio includes exclusive investment opportunities in property and unlisted companies, management of Nordic equities, bonds and hedge funds, deposits and lending, wealth planning and other banking services. Operations are flexible and provide individual, client-specific solutions.

Catella Bank possesses the competence and network to assist its clients that wish to invest or borrow capital regardless of their domicile. Operations are based in Luxembourg, with a branch office in Sweden, and are delivered through employees and an international network of advisors.

The demand for private banking services from specialised players is increasing as a result of the major banks increasingly standardising their services. Clients with high standards often approach smaller, more client-specific players like Catella Bank.

More stringent capital adequacy requirements applying to banks and low or negative interest on deposits is creating more business opportunities for Catella Bank in deposits and lending. Catella is launching a savings product with a competitive yield for the general public in 2016.

As banking services digitalise, Catella Bank is gaining the opportunity to access new types of client and manage client relationships more effectively. This is why Catella executed an investment in a more effective technology platform in 2015, and launches of services associated with this platform commenced in the first quarter 2016. For Catella, digitalisation has implications including greater accessibility for clients.

When Catella served as financial advisor and arranger for the creation of the new property company Torslanda Property Investment, with Volvo Cars as its tenant, Catella clients were offered the opportunity of direct exposure to this property..

> We operate our platform in-house and develop all competence internally. This brings us flexibility and means we can develop new products in partnership with our clients.

Card and Payment Solutions

Catella offers card and payment solutions to international banks, e-commerce and fintech companies that need specialised solutions through Card and Payment Solutions. Operations are conducted in partnership with a large number of fintech companies worldwide, who can offer payment solutions with state-of-the-art anti-fraud systems and other tailored services through Catella.

The Bank also serves as a card issuer in collaboration with partners in Europe. It provides cards bearing client branding, as well as neutral versions. Catella holds licences for issuing Visa and MasterCard; the product is flexible and tailored for all types of consumption pattern.

Catella has invested in building a stable and scalable platform that it operates in-house. Because Catella regularly invests in its robust infrastructure, it can offer stable card solutions to manage substantial payment volumes. In the coming years, the focus will be on volume growth, based on this scalable platform, in segments that create opportunities to maintain or increase margins on markets that are changing.

Focus in 2016

Catella has a scalable business, which it made substantial investments in during 2015. Profitability is primarily achieved through volume growth within the Bank's current business. Expected growth will primarily be organic, but the ongoing consolidation of the banking market is also opening up other opportunities.

The focus is on increasing client presence with improved, and more efficient, service, and getting business to grow to leverage the stable and scalable infrastructure Catella has built. Catella is also investing resources in distribution, both direct and via a growing partner base.

Catella will launch a savings product for the general public in 2016, to support continued growth on its credit side and help its loan book grow, mainly on property projects in the Nordics. Other initiatives are also being conducted jointly with Catella's Corporate Finance and Property Investment Management, to create tailored products for Wealth Management clients.

Catella launched a new business card in 2015 that helps companies optimise their management of expenses and invoicing.

Catella is the card issuer of SAS's new Eurobonus Travel Cash card, the first contactless prepaid card for the airline sector with simultaneous multicurrency loads. This free card brings SAS Eurobonus members a prepaid card that is accepted and collects points worldwide.

PROPERTY INVESTMENT MANAGEMENT

Organic and geographical growth

BUSINESS AREA KEY FACTS

Catella manages all phases of the value creation process in property, from analysis and acquisition, to financing, strategic management, and finally, exit. Financial institutions, pension funds, property funds and other property owners appoint Catella to execute investments. Catella also creates value in its property funds for institutional investors, and within property-related development projects. Operations are conducted in the Baltics, Denmark, Finland, France, Luxembourg, Norway, Spain and Germany.

Progress in 2015

Total income was SEK 249 M (178) in 2015, and operating profit increased to SEK 28 M (17). Assets under management increased by SEK 2.4 Bn, and were SEK 31.6 Bn at year-end.

Catella secured several major mandates from property funds in the year, and completed the final divestment of its Finnish property fund ANL in March. Between start-up in 2009 and termination in 2015, the fund delivered an annual return of 65%.

The rapid expansion of this business area continued in the year. The operation in France progressed well, and by year-end 2015, assets under management in France were SEK 4.9 Bn. The business area started up in Spain in the year, and in early-2016, the expansion will continue to Norway and Luxembourg.

The product portfolio expanded in the fourth quarter 2015 through the start-up of funds focusing on residential properties in Germany.

EARNINGS SUMMARY

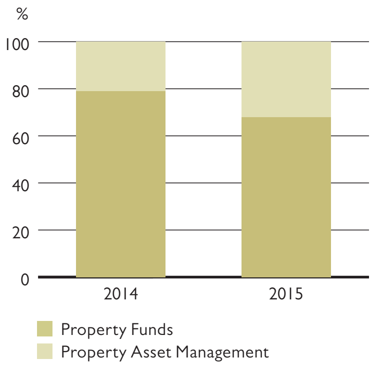
SEK M	2015	2014
Property Funds [1]	166	142
Property Asset Management [1]	85	37
Total income	**249**	**178**
Assignment expenses and commissions	–71	–52
Operating expenses	–150	–109
Operating profit before acquisition-related items	**28**	**17**

KEY FIGURES

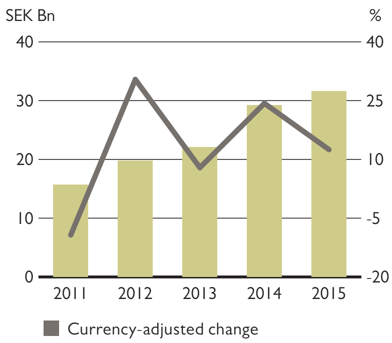
	2015	2014
Operating margin, % [2]	11	10
Assets under management at year-end, SEK Bn	31.6	29.2
net in and outflow, SEK Bn	3.0	5.5
of which Property Funds	20.2	19.4
net in and outflow, SEK Bn	1.0	1.4
of which Property Asset Management	11.3	9.8
net in and outflow, SEK Bn	2.1	4.1
Number of employees at year-end	78	59

[1] Includes internal income.
[2] Before acquisition-related items.

TOTAL INCOME BY SERVICE SEGMENT

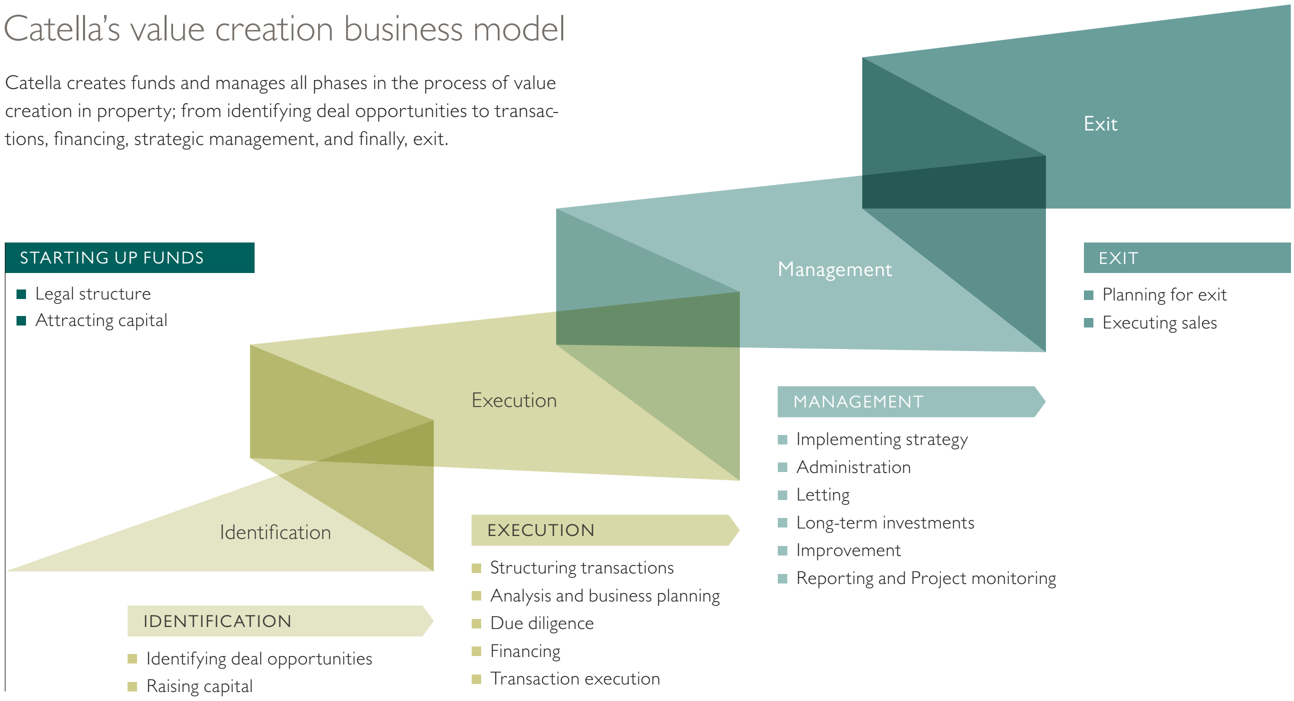


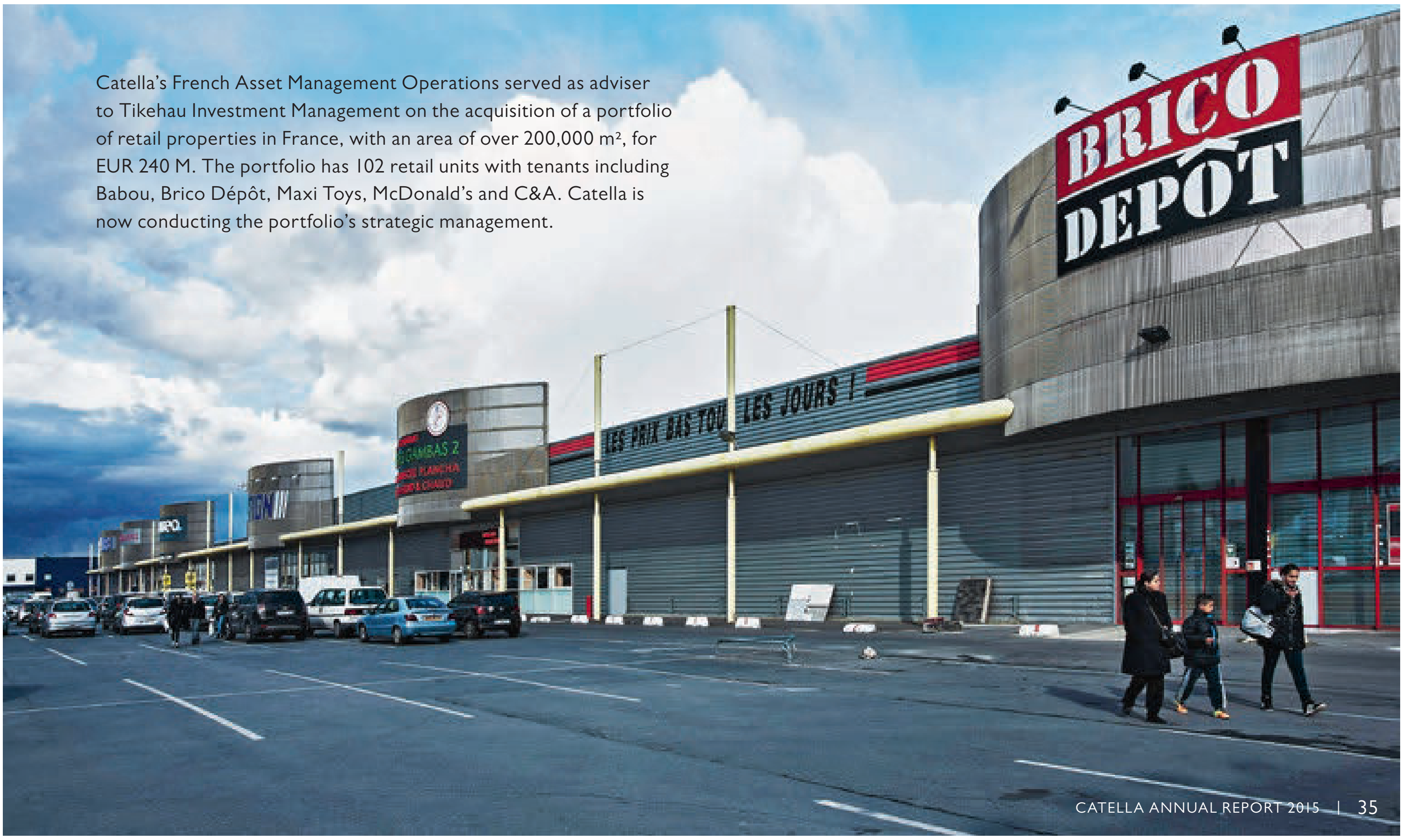
ASSETS UNDER MANGEMENT IN CATELLA'S PROPERTY INVESTENT MANAGEMENT



Catella's value creation business model

Catella creates funds and manages all phases in the process of value creation in property; from identifying deal opportunities to transactions, financing, strategic management, and finally, exit.





Catella's French Asset Management Operations served as adviser to Tikehau Investment Management on the acquisition of a portfolio of retail properties in France, with an area of over 200,000 m², for EUR 240 M. The portfolio has 102 retail units with tenants including Babou, Brico Dépôt, Maxi Toys, McDonald's and C&A. Catella is now conducting the portfolio's strategic management.

Property Asset Management

Institutional investors and property funds want to secure the best asset manager on each local market. Catella has strong local anchoring with a unique network on the markets where it is active. This means it understands local business logic, and has access to attractive deal opportunities.

Catella is a complete asset management partner, mainly for international investors and funds that need a solution for acquiring properties, and strategic management of assets. It also offers services to banks, loan administrators and other financial institutions that need an active and local asset management platform with good financing capacity.

Property Funds

Catella currently manages 13 open, regulated property funds in Germany. At year-end 2015, Catella's property funds managed assets worth SEK 20.2 Bn.

These property funds have different investment strategies in terms of risk and return levels, type of property and locations on each market. The overall strategy is to invest in high-quality properties on selected markets and locations in Europe, focusing on the core/core-plus segment. These funds are mainly offered to institutional investors in Germany and/or international investors.

Project Management

In Germany, Catella offers its clients development projects in the property sector. Catella creates value for investors by interlinking demand from tenants, property developers and construction companies. We identify opportunities in land and development, and work on project financing, with Catella participating as part-financier, to developed land. Once permits have been secured, the project is sold to the final investor. This business model brings clients access to high-quality investments, at a somewhat higher return, with limited risk.

> We analyse, invest in, structure, improve and develop properties with the aim of generating attractive returns for financial institutions, pension funds, property funds and other property owners.

In 2009, Catella acquired a portfolio of ten retail and office properties jointly with Finnish institution Sampo Group, with the mandate of developing and divesting the portfolio in a three to five-year perspective. Nine of the ten properties had been sold at a significant profit after just four months. The tenth property was developed by Catella, and ultimately sold in March 2015. From commencement in 2009 to conclusion in 2015, the annual return was 65%. The image is the architect's initial illustration of the developed property.

ARKKITEHTITOIMISTO HAVAS ROSBERG OY

Focus in 2016

The business area will continue to build its transaction and management capacity on all markets where Catella is active in 2016. Catella is integrating this localised strategy with better access to international capital markets, by building a Group-wide capital raising organisation in London.

Growth in this business area is created by adding new products to existing structures. Geographical expansion is continuing with a start-up in Norway with a pan-Nordic focus in early-2016, and on continued development of the recent start-up in Spain.

Catella also has the ambition of selectively launching niche investment funds to satisfy the demands of local investors. To exploit synergies between operations better, collaboration within the business area, and with Catella's other business areas, is increasing.

CATELLA'S PROFESSIONALS

An attractive employer in property and finance

To achieve sustainable success, we need to attract and retain key staff. This is why it is so important to promote a stimulating working environment where our people can progress and contribute to Catella's success. Our goal is for Catella to be the most attractive employer in property and finance.

We have over 500 professionals in 12 countries, but there's always room for your ideas!

We believe in strong individuals that can develop clients in property and finance. Our professionals don't work for clients, but with them, in the midst of local markets, searching for and identifying challenges, regardless of financial discipline. We have rigorous knowledge in our segments. The combination of our knowledge and collaboration between teams in our various segments makes us a secure partner for complex transactions.

Open

We believe in individuals that act as individuals, but obviously, they must also be able to be part of a team. We are big but not the biggest, and always ensure that we're faster and more flexible, with the consistent aim of getting better at helping our clients by doing what we say, and saying what we think.

Courageous

Being courageous isn't the same as being arrogant. The more diligent you are, the more courageous you can be. If you work a bit harder, you learn a bit more, so you can be more courageous and deliver novel and creative solutions. We like that at Catella.

Exploring

We don't want a job where every day is the same. This is why we're open to new initiatives in property and finance—the consistent aim is to create a more enjoyable workplace if innovation is encouraged and we work together.

Over 500 professionals in 12 countries

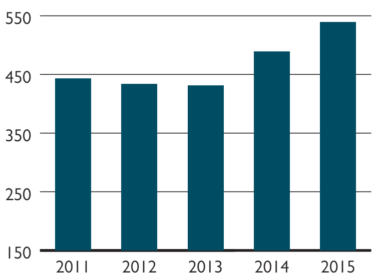
At year-end, Catella had 539 employees (489), 211 (207) in the Corporate Finance operating segment, 314 (271) in Asset Management and Banking and 14 (11) in other functions.

Diversity

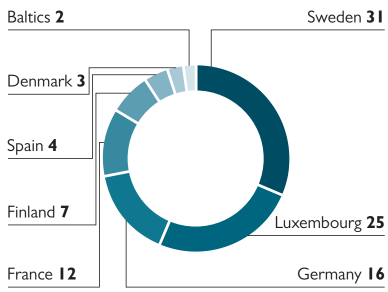
Catella is present in 12 European countries and operates on an international market, so for us, diversity is self-evident. It's not important where people come from, but rather, that their background and experience are relevant to our clients' challenges.

Catella has been partnering with Mitt Liv, a social enterprise that works for greater integration and diversity on the Swedish labour market, for four years. Catella has decided to commit to Mitt Liv to gain the opportunity to benefit Mitt Liv's core issues—working for greater diversity.

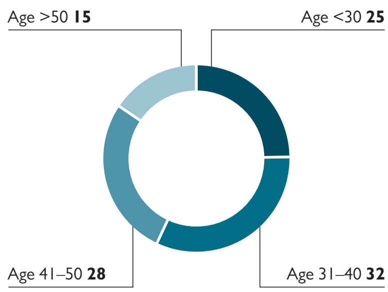
NUMBER OF EMPLOYEES



NUMBER OF EMPLOYEES BY COUNTRY, %



AGE PROFILE, %



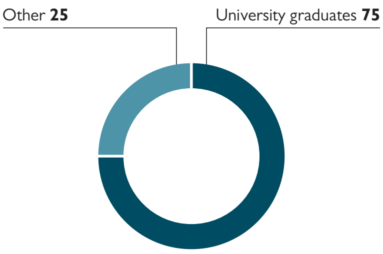
We reward good performance

We believe in applying the right incentives to encourage good performance, good conduct and balanced risk-taking consistent with our clients' and shareholders' expectations. Our variable compensation structure is mainly based on participation in the results created at the level within Catella where each employee operates, and can exert an influence. The structure and scale of the variable compensation system are based on business logic, market and regulatory practice, competitive situation and the employee's contribution to operations.

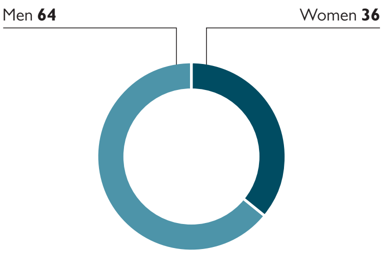
The variable compensation system in Catella's operating segments, Corporate Finance and Asset Management and Banking, is based on a profit sharing model at local level in the form of variable compensation and/or risk-taking via part ownership. Catella's compensation system creates a strong incentive to executed transactions that add value for clients, simultaneous with this incentive creating natural cost control, because variable compensation is based on local results.

Catella also operates a warrant program linked to the price of the Catella share, which is reviewed in the section The Catella share and owners, and in Note 12 of the Annual Report for 2015.

EDUCATIONAL STANDARD, %



DIVISION BETWEEN SEXES, %



EMPLOYEE KEY FIGURES

	2015	2014
Number of employees at year-end	539	489
Average number of employees	526	479
Staff turnover, %	14	18
Share of women/men, %	36/64	40/60
Share of graduates, %	75	74

SOCIAL COMMITMENTS
AND SPONSORSHIP

The proud sponsor of talented tennis players for over 15 years

As the main sponsor of the Good to Great Tennis Academy, we're helping talented young players to develop into superstars.

Catella has a genuine long-term commitment to tennis. We decided to sponsor tennis because we wanted to help young talented players to achieve their full potential and that tennis stands for good conduct and hard work, which is a good fit with Catella's core values. By sponsoring tennis, Catella gains exposure internationally, and the opportunity to arrange unique client activities.

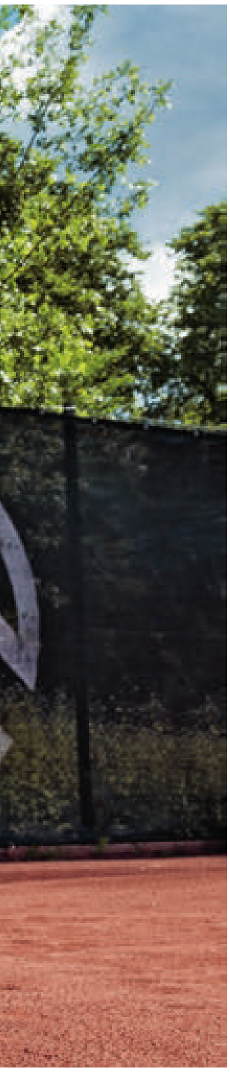
Catella's team initiative, called Team Catella was formed back in 2001 jointly with the Swedish Tennis Association. The aim was to ensure the growth of Swedish men's tennis. The first members of Catella's team were Robin Söderling and Joachim "Pim Pim" Johansson, both of whom became world-ranked players.

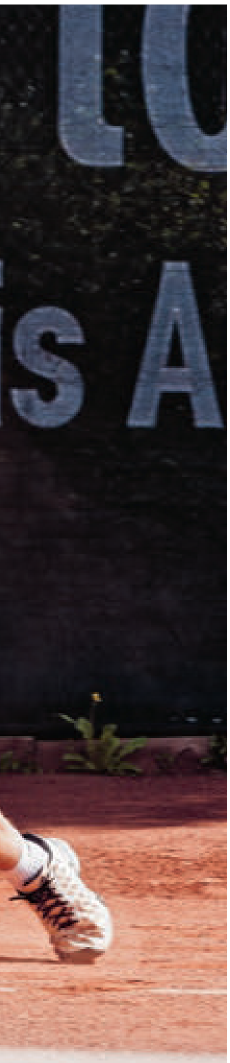
Since 2012, Catella has been sponsoring the Good to Great Tennis Academy, managed by the three former world-ranked players Magnus Norman, Mikael Tillström and Nicklas Kulti. As Good to Great's main sponsor, Catella gives young players the chance to achieve their full potential by training with the Good to Great Tennis Academy, including travelling with coaches to international tournaments.

The current members of Team Catella are the promising young players Rebecca Peterson, Jacqueline Cabaj Awad, Karl Friberg, Jonas Eriksson Ziverts and Filip Malbasic.

Jonas Eriksson Ziverts (1999)
Ranked 2nd in Sweden

Filip Malbasic (1998)
Ranked 2nd in Sweden



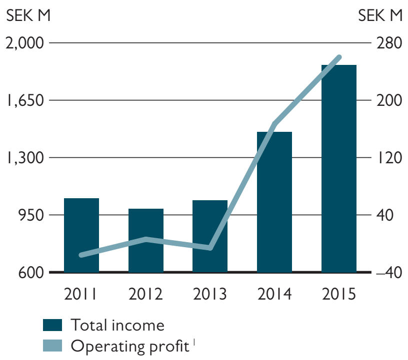


Karl Friberg (1999)
Ranked 1st in Sweden

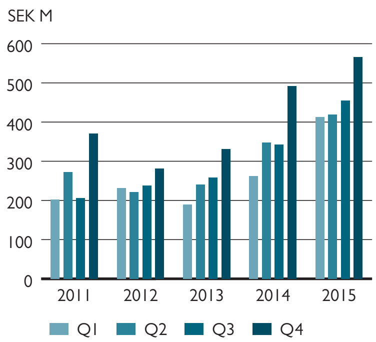
Financial overview

Group

TOTAL INCOME AND OPERATING PROFIT

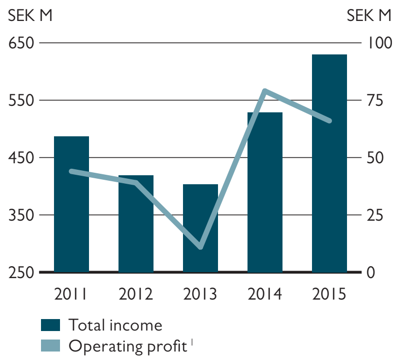


TOTAL INCOME PER QUARTER

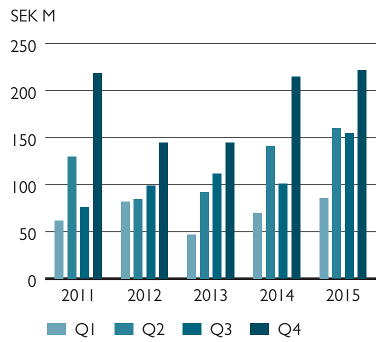


Corporate Finance

TOTAL INCOME AND OPERATING PROFIT

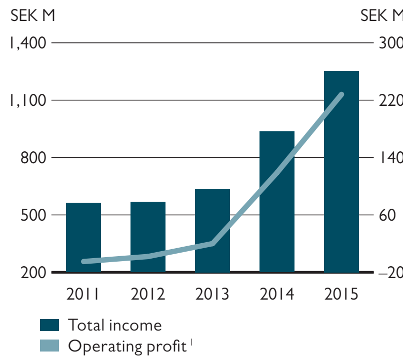


TOTAL INCOME PER QUARTER

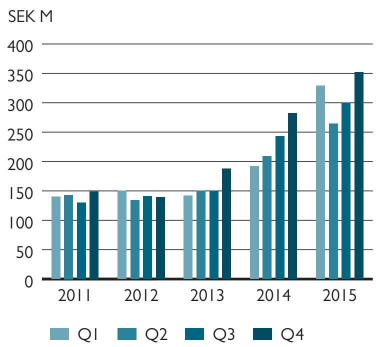


Asset Management and Banking

TOTAL INCOME AND OPERATING PROFIT



TOTAL INCOME PER QUARTER



CONSOLIDATED KEY FIGURES	Corporate Finance		Asset Management/Banking		Other		Group	
	2015	2014	2015	2014	2015	2014	2015	2014
Profit margin, %	7	10	14	9	–	–	15	16
Return on equity, % [2]	24	30	22	12	–	–	20	21
Equity/assets ratio, %	53	56	17	20	–	–	29	29
Equity, SEK M [3]	213	206	620	639	486	319	1,319	1,164
Number of employees, at end of period	211	207	314	271	14	11	539	489
Earnings per share, SEK [3]	–	–	–	–	–	–	3	3
Equity per share, SEK [3]	–	–	–	–	–	–	16	14
Property transaction volumes for the period, SEK Bn	58.3	73.1	–	–	–	–	–	–
Assets under management at end of year, SEK Bn	–	–	138	122	–	–	–	–
net in and outflow in the year, SEK Bn	–	–	14	20	–	–	–	–
Card and payment volumes, SEK Bn	–	–	7	6	–	–	–	–

[1] Before acquisition-related items.
[2] Return on equity: average profit after the tax for the four most recent quarters divided by average equity for the five most recent quarters.
[3] Attributable to shareholders of the Parent Company.

INCOME STATEMENT BY OPERATING SEGMENT

SEK M	Corporate Finance 2015	Corporate Finance 2014	Asset Management/Banking 2015	Asset Management/Banking 2014	Other 2015	Other 2014	Group 2015	Group 2014
Net sales	623	527	1,245	925	–16	–7	1,853	1,445
Other operating income	6	1	7	11	–1	0	13	12
Total income	**630**	**529**	**1,253**	**936**	**–17**	**–7**	**1,866**	**1,457**
Personnel costs	–383	–297	–447	–352	–17	–16	–846	–665
Other expenses	–181	–153	–578	–465	0	–8	–759	–626
Total expenses	**–563**	**–449**	**–1,024**	**–817**	**–17**	**–24**	**–1,605**	**–1,290**
Operating profit/loss before acquisition-related items and items affecting comparability	**66**	**79**	**228**	**119**	**–33**	**–32**	**261**	**167**
Amortisation of acquisition-related intangible assets	–	–	–7	–7	0	0	–7	–7
Items affecting comparability	–	–	0	–	0	0	–	–
Operating profit/loss	**66**	**79**	**221**	**112**	**–33**	**–32**	**254**	**160**
Financial items—net	4	1	3	5	46	82	53	88
Profit/loss before tax	**70**	**80**	**223**	**117**	**13**	**51**	**306**	**248**
Tax	–24	–25	–51	–37	41	42	–34	–20
Net profit/loss for the year	**46**	**55**	**172**	**80**	**54**	**92**	**272**	**227**
Profit/loss attributable to shareholders of the Parent Company	**46**	**55**	**143**	**69**	**54**	**92**	**243**	**217**

FINANCIAL POSITION BY OPERATING SEGMENT

ASSETS	Corporate Finance 2015	Corporate Finance 2014	Asset Management/Banking 2015	Asset Management/Banking 2014	Other 2015	Other 2014	Group 2015	Group 2014
Non-current assets								
Intangible assets	61	62	252	244	50	50	363	356
Financial assets at fair value in profit or loss	0	0	29	12	245	285	274	297
Long-term loan receivables	0	–	248	162	0	0	248	162
Other non-current assets	13	6	51	35	94	62	158	102
	79	**74**	**580**	**453**	**389**	**397**	**1,048**	**924**
Current assets								
Accounts receivable	110	116	146	128	0	0	256	244
Current loan receivables	0	–	542	432	0	0	542	432
Cash and cash equivalents	220	160	2,513	2,308	120	64	2,854	2,532
Other current assets	71	68	190	148	50	8	311	224
	400	**344**	**3,392**	**3,017**	**170**	**72**	**3,963**	**3,432**
Total assets	**480**	**418**	**3,973**	**3,470**	**559**	**468**	**5,011**	**4,356**
EQUITY AND LIABILITIES								
Equity attributable to shareholders of the Parent Company	213	206	620	639	486	319	1,319	1,164
Non-controlling interests	43	27	75	62	0	0	117	88
Total equity	**256**	**233**	**695**	**700**	**486**	**319**	**1,436**	**1,252**
Liabilities								
Non-current liabilities								
Non-current loan liabilities	–	–	–	–	200	199	200	199
Other non-current liabilities	9	1	12	14	28	35	49	50
	9	**1**	**12**	**14**	**227**	**235**	**248**	**250**
Current liabilities								
Borrowings	–	–	50	237	0	0	50	237
Current loan liabilities	0	0	2,577	2,026	0	0	2,577	2,026
Other current liabilities	214	184	639	492	–154	–86	699	590
	215	**185**	**3,266**	**2,755**	**–154**	**–86**	**3,326**	**2,854**
Total liabilities	**224**	**186**	**3,278**	**2,769**	**73**	**149**	**3,575**	**3,104**
Total equity and liabilities	**480**	**418**	**3,973**	**3,470**	**559**	**468**	**5,011**	**4,356**

CASH FLOW BY OPERATING SEGMENT

	Corporate Finance 2015	Corporate Finance 2014	Asset Management/Banking 2015	Asset Management/Banking 2014	Other 2015	Other 2014	Group 2015	Group 2014
Profit/loss before tax	70	80	223	117	13	51	306	248
Adjustment for non-cash items	35	24	20	5	–56	–91	–1	–62
Adjustment for cash items	–23	–19	134	271	133	60	244	312
Cash flow from operating activities	**82**	**85**	**377**	**393**	**90**	**20**	**549**	**497**
Cash flow from investing activities	**1**	**–11**	**–67**	**49**	**16**	**3**	**–50**	**41**
Cash flow from financing activities	**–19**	**–19**	**–22**	**0**	**–47**	**0**	**–88**	**–20**
Cash flow for the year	**65**	**54**	**288**	**441**	**58**	**23**	**411**	**519**

The Catella share and owners

Catella is listed on First North Premier on Nasdaq Stockholm, and its class A and B shares are traded under the ticker symbols CAT A and CAT B. Remium is the company's certified advisor. Catella has approximately 6,300 shareholders. The largest shareholder is the Claesson & Anderzén group.

The Catella share

Catella's market capitalisation was SEK 1,755 M (868) as of 31 December 2015. The price of Catella's class B shares rose from SEK 10.60 to SEK 21.50 in 2015, gains of 103%. This can be compared to the Stockholm All-share Index, which rose by 7%.

The closing price of Catella's class B share varied between SEK 10.80 and SEK 22.30 in 2015, with average daily turnover of about SEK 1,779,000, or 113,418 shares. Total turnover in 2015 was SEK 447 M, corresponding to just over 28 million shares.

Share capital

Share capital as of 31 December 2015 was SEK 163 M (163), divided between 81,728,572 shares (81,698,572). The quotient value per share is 2 (2). Share capital is divided between two share classes with different voting rights: 2,530,555 class A shares with five votes per share and 79,198,017 class B shares with one vote per share. The Articles of Association confer entitlement for holders of class A shares to reclassify these shares to an equal number of class B shares. No class A shares were converted to class B shares in 2015.

Dividend

Catella's objective is to transfer the Group's profit after tax to shareholders to the extent it is not judged as necessary to develop the Group's operating activities, and considering the company's strategy and financial position. Adjusted for unrealised value increases recognised in profit, at least 50% of the Group's profit after tax will be transferred to shareholders.

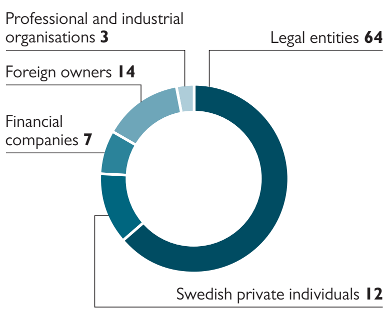
Considering the growth potential within current and new operations, which are expected to generate long-term shareholder value, the Board of Directors is proposing a dividend of SEK 0.60 per class A and B share is paid to shareholders for the financial year 2015. A dividend of SEK 0.20 per class A and B share was paid to shareholders for the financial year 2014.

Shareholders

Catella had 6,352 (6,322) shareholders registered at the end of 2015. As of 31 December 2015, the single largest shareholders were the Claesson & Anderzén group represented by Johan Claesson, who is also Chairman of the Board, with a shareholding of 49.9% (49.9) of the capital and 49.1% (49.2) of the votes, followed by Bure Equity AB (publ) with a shareholding of 10.8% (10.4) of the capital and 11.1% (10.8) of the votes.

The ten largest shareholders represented 76.5% (76.6) of the capital and 75.6% (75.7) of the votes as of 31 December 2015. Foreign owners held 13.8% (7.9) of the capital and 13.9% (7.6) of the number of votes.

DIVISION OF OWNERSHIP OF CAPITAL, 31 DECEMBER 2015, %

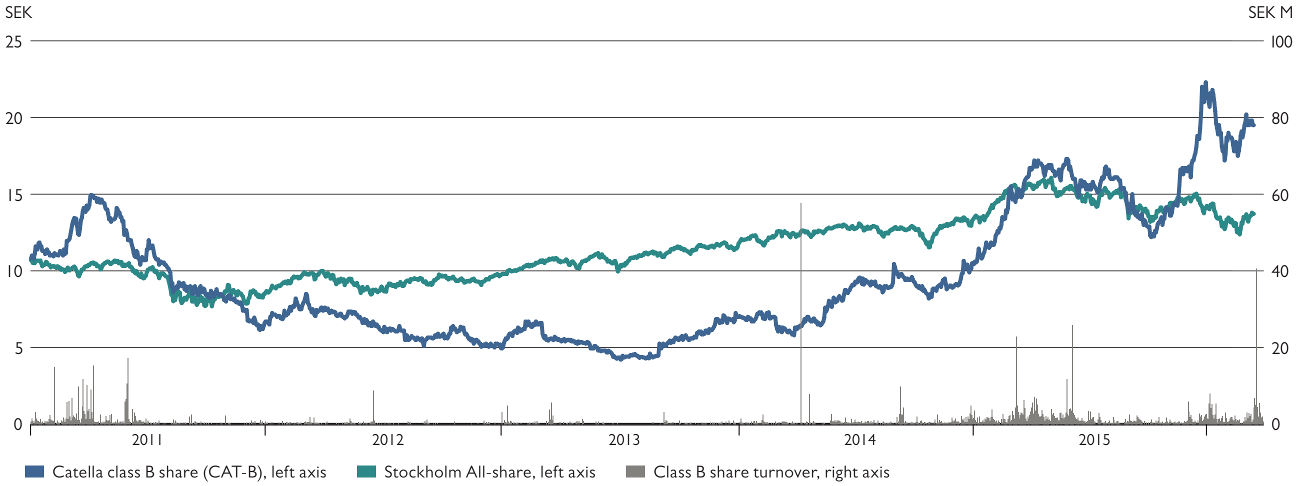


SHAREHOLDERS, 31 DECEMBER 2015

Shareholder	Class A shares	Class B shares	Total	Capital, %	Votes, %
Claesson & Anderzén group (and related parties)	1,087,437	39,694,718	40,782,155	49.9	49.1
Bure Equity	356,695	8,430,617	8,787,312	10.8	11.1
Catella Bank [1]	253,473	1,581,227	1,834,700	2.2	3.1
Avanza Pension	35,457	2,214,852	2,250,309	2.8	2.6
Unionen	–	1,981,158	1,981,158	2.4	2.2
Nordea Investment Funds	–	1,903,176	1,903,176	2.3	2.1
Nordnet Pension	1,500	1,658,669	1,660,169	2.0	1.8
Thomas Andersson Borstam (private and via companies)	–	1,240,000	1,240,000	1.5	1.4
Robur Försäkring	–	1,075,804	1,075,804	1.3	1.2
Mp Pensjon Pk	–	969,412	969,412	1.2	1.1
Other	795,993	18,448,384	19,244,377	23.5	24.4
Total	**2,530,555**	**79,198,017**	**81,728,572**	**100.0**	**100.0**

[1] Nominee-registered clients with Catella Bank.

FIVE-YEAR OVERVIEW OF CATELLA'S CLASS B SHARE



Outstanding warrants programmes

As of 31 December 2015, the Group has 17,074,000 (36,847,000) outstanding share warrants, which confer entitlement to subscribe for 17,074,000 new class B shares of Catella AB (publ). Of the total number of outstanding warrants, 9,014,000 (18,170,000) are held in treasury by one of the Group's subsidiaries, Aveca AB.

In 2015, Catella re-purchased a total of 11,167,000 outstanding share warrants from senior managers and other employees for a total purchase consideration of SEK 41.9 M.

30,000 share warrants were exercised to subscribe for the same number of new shares at a price of SEK 11 per share during the second quarter 2015.

Catella also sold 900,000 share warrants to members of Catella's Group Management and key staff in 2015. 19,423,000 shared warrants held in treasury expired in the year.

Upon exercise of the outstanding share warrants, ownership structure at each time would be influenced by a dilution effect. Outstanding share warrants as of 31 December 2015 imply a dilution effect of 17.3% of the capital and 15.7% of the votes.

All warrants, apart from those held in treasury, are held by senior managers and other key staff of the Catella Group. The share warrants were granted on market terms based on a valuation in accordance with a customary valuation model (Black & Scholes). The Group is under no legal or informal obligation to re-purchase or settle the warrants for cash. However, according to the warrant terms, Catella is entitled to re-purchase share warrants from warrant holders if they are no longer employed by the Group.

For more information, see Note 12 in the Annual Report for 2015.

DIVISION OF SHARES AS OF 31 DECEMBER 2015

Shareholding	No. of shareholders	No. of class A shares	No. of class B shares	Capital, %	Votes, %
1–500	4,525	213,642	445,482	0.81	1.65
501–1,000	712	133,104	423,211	0.68	1.19
1,001–5,000	717	246,240	1,433,663	2.06	2.90
5,001–10,000	151	83,417	1,103,785	1.45	1.66
10,001–15,000	46	24,188	559,480	0.71	0.74
15,001–20,000	37	42,078	622,374	0.81	0.91
20,001–	164	1,787,886	74,610,022	93.48	90.96
Total	**6,352**	**2,530,555**	**79,198,017**	**100.00**	**100.00**

DIVISION OF SHARE WARRANTS BY EXERCISE YEAR AS OF 31 DECEMBER 2015

Issue 2010, 2013 and 2014 (exercise price SEK 11.00 per share)	Proportion of total outstanding share warrants, %	Total number of outstanding share warrants	Of which held in treasury
2016	47	8,040,000	6,480,000
2018	14	2,333,333	166,667
2019	14	2,333,333	166,666
2020	14	2,333,334	166,667
Total 2010, 2013 and 2014	**88**	**15,040,000**	**6,980,000**

Issue 2011 (exercise price SEK 16.70 per share)	Proportion of total outstanding share warrants, %	Total number of outstanding share warrants	Of which held in treasury
2016	12	2,034,000	2,034,000
Total 2011	**12**	**2,034,000**	**2,034,000**
Total	**100**	**17,074,000**	**9,014,000**

SHAREHOLDINGS AFTER FULL DILUTION AS OF 31 DECEMBER 2015

Shareholder	Class A shares	Class B shares	Total	Capital, %	Votes, %
Claesson & Anderzén group (and related parties)	1,087,437	39,694,718	40,782,155	41.3	41.4
Bure Equity	356,695	8,430,617	8,787,312	8.9	9.4
Catella Bank [1]	253,473	1,581,227	1,834,700	1.9	2.6
Avanza Pension	35,457	2,214,852	2,250,309	2.3	2.2
Unionen	–	1,981,158	1,981,158	2.0	1.8
Nordea Investment Funds	–	1,903,176	1,903,176	1.9	1.7
Nordnet Pension	1,500	1,658,669	1,660,169	1.7	1.5
Thomas Andersson Borstam (private and via companies)	–	1,240,000	1,240,000	1.3	1.1
Robur Försäkring	–	1,075,804	1,075,804	1.1	1.0
Mp Pensjon Pk	–	969,412	969,412	1.0	0.9
Other	795,993	18,448,384	19,244,377	19.5	20.6
Total	**2,530,555**	**79,198,017**	**81,728,572**	**82.7**	**84.3**

Warrant holder	Class A shares	Class B shares	Total	Capital, %	Votes, %
Knut Pedersen, CEO & President		5,000,000	5,000,000	5.1	4.6
Johan Nordenfalk, COO		420,000	420,000	0.4	0.4
Marcus Holmstrand, CFO		300,000	300,000	0.3	0.3
Treasury		9 014 000	9 014 000	9.1	8.3
Other		2 340 000	2 340 000	2.4	2.1
Total		**17,074,000**	**17,074,000**	**17.3**	**15.7**
Total number of shares and warrants	**2,530,555**	**96,272,017**	**98,802,572**	**100.0**	**100.0**

[1] Nominee-registered clients of Catella Bank.

SHARE DATA, FIVE YEARS

	2015	2014	2013	2012	2011
Price of class B share					
Average price, SEK	15.69	8.61	5.52	6.39	10.46
Closing price for the year, SEK	21.50	10.60	6.95	5.55	7.00
High/low, SEK	22.90 / 10.50	11.70 / 5.80	7.25 / 4.21	8.50 / 4.95	14.95 / 6.15
Earnings per share, SEK	2.97	2.66	–0.26	–0.17	0.25
Cash flow per share, SEK	5.03	6.35	1.87	–0.27	–13.53
Equity per share, SEK	16.14	14.24	11.40	11.33	12.00
Dividend per share, SEK	0.60 [1]	0.20	–	–	–
Dividend yield, %	2.79	1.89	–	–	–
Market capitalization at end of year, SEK M	1,755	868	568	452	571
P/E neg	6.45	3.82	neg	neg	27.20
P/B	1.22	0.69	0.61	0.49	0.58
EV/EBITDA	2.40	neg	neg	neg	neg
Net liquidity (+)/net debt (–)	1,098	920	549	532	555
Weighted average number of shares after dilution	92,171,461	81,698,572	81,698,572	81,698,572	95,463,278
Number of class A shares	2,530,555	2,530,555	2,530,555	2,530,555	2,530,555
Number of class B shares	79,198,017	79,168,017	79,168,017	79,168,017	79,168,017
Total number of shares	**81,728,572**	**81,698,572**	**81,698,572**	**81,698,572**	**81,698,572**
Newly issued shares	30,000	–	–	–	–
Existing warrants	36,847,000	35,900,000	36,100,000	36,100,000	30,000,000
Newly issued (+)/expired (-) warrants (net)	–19,773,000	947,000	–200,000	–	6,100,000
Total number of shares and warrants	**98,802,572**	**118,545,572**	**117,598,572**	**117,798,572**	**117,798,572**

[1] Board of Directors' proposal.

Corporate governance

Catella AB (publ) is a Swedish public limited company with its registered office in Stockholm, Sweden. It has been listed on First North Premier on Nasdaq Stockholm since 2011, and is regulated by the Swedish Companies Act and First North Premier's rules. Catella does not apply the Swedish Code of Corporate Governance or the Swedish Annual Accounts Act's rules on corporate governance reports because First North Premier is not classified as a regulated marketplace, and accordingly, these rules are not applicable. Catella intends to apply for a listing on the NASDAQ Stockholm Main Market in 2016.

Governance and control

Responsibility for the management and control of operations of Catella AB with subsidiaries is divided between the shareholders at the Annual General Meeting, the Board of Directors, the Chief Executive Officer and the auditor elected by the Annual General Meeting. This responsibility is based on the Companies Act, the Articles of Association, First North Premier's listing agreement and internal rules of procedure and instructions. These provisions are applied and followed up with the aid of company-wide reporting procedures and standards.

THE CURRENT ARTICLES OF ASSOCIATION ARE AVAILABLE AT CATELLA.COM

Largest shareholders

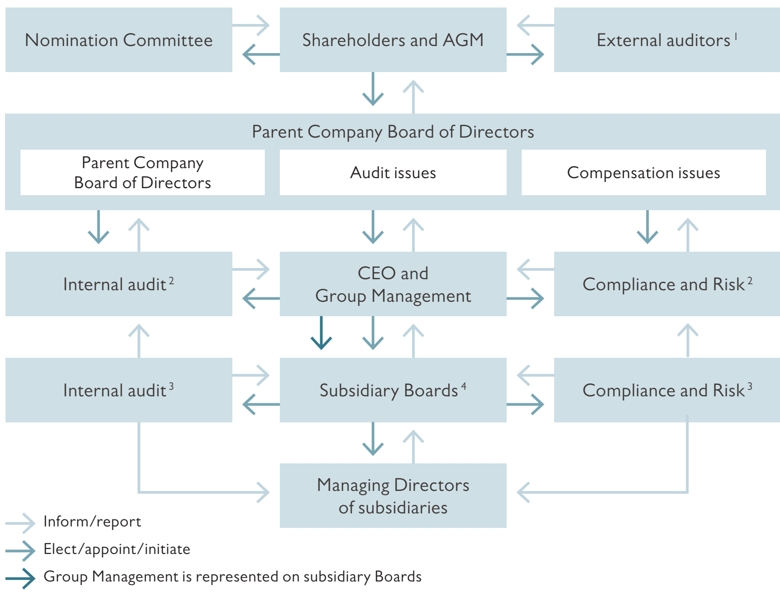
As of 31 December 2015, the single largest shareholders were the Claesson & Anderzén group represented by Johan Claesson, who is also Chairman of the Board with a holding of 49.9% of the capital and 49.1% of the votes, followed by Bure Equity AB (publ) with a holding of 10.8% of the capital and 11.1% of the votes. For more information see the Catella share and shareholders' section.

Annual General Meeting 2015

The AGM was held on 21 May 2015 in Stockholm, Sweden. The Board of Directors, auditor and owners representing 61.7% of the votes participated at the Meeting. The Meeting's resolutions included:

- Retained earnings and net profit for the year should be appropriated so that SEK 0.20 per share would be paid to shareholders with the remainder carried forward.
- Fees to Board members would be unchanged on the previous year, with a total of SEK 1,700,000 payable, of which the Chairman of the Board would receive SEK 500,000 and other members would each receive SEK 300,000. Fees to the auditor would be payable according to approved account.
- Johan Claesson, Jan Roxendal, Johan Damne, Anna Ramel and Joachim Gahm were re-elected as Board members. Johan Claesson was elected Chairman of the Board.
- PricewaterhouseCoopers AB was appointed as auditor, with Patrik Adolfson as Auditor in Charge for the period from the end of the AGM 2015 until the end of the AGM 2016.
- The Nomination Committee's proposed principles for the Nomination Committee for the AGM 2016 were approved.

CATELLA'S CORPORATE STRUCTURE



[1] In addition to the audit report, external auditors also present reports on reviews of annual financial statements, administration and internal controls over financial reporting to the Board of Directors and management of the Catella Group and its subsidiaries.
[2] Internal audit, compliance and risk functions at Group level for Catella's consolidated financial situation.
[3] Internal audit, compliance and risk functions are present in those subsidiaries that conduct regulated operations.
[4] Subsidiary Boards of Directors manage issues relating to audits, compensation and risk and compliance in the corresponding manner to Parent Company Boards of Directors.

- The Board of Directors' proposed compensation guidelines for senior managers were approved.

DOCUMENTATION FROM PREVIOUS SHAREHOLDERS' MEETINGS IS AVAILABLE AT CATELLA.COM

Nomination Committee

The members of the Nomination Committee will be appointed by the Chairman of the Board contacting the three largest shareholders in terms of the number of votes as of 30 September, who should each appoint one representative to make up the Nomination Committee for the period until the next AGM, along with the Chairman of the Board. The Nomination Committee should be convened by no later than 31 October of the same year. The Nomination Committee will appoint a Chairman internally who should not be the Chairman of the Board. The composition of the Nomination Committee should be published as soon as it has been appointed and by no later than six months prior to the AGM

The Nomination Committee's duty is to submit proposals to the AGM regarding the number of Board members, Directors' and auditor's fees, the composition of the Board of Directors, Chairman of the Board, resolutions on the Nomination Committee, Chairman of the AGM and election of auditors. The Nomination Committee's proposals are presented on Catella's website before the Meeting. At the AGM, the Nomination Committee presents a report on how its work has been conducted and presents and reasons its proposals.

For the AGM 2016, the Nomination Committee consists of Patrik Tigerschiöld, appointed by Bure Equity AB (publ) and Chairman of the Nomination Committee, Thomas Andersson Borstam, private and appointed by TAB Holding AB, and Johan Claesson, appointed by CA Plusinvest AB and Chairman of the Board of Catella AB (publ). One of the three members is independent of the Company, its Management and largest shareholders.

INFORMATION ON NOMINATION COMMITTEE MEMBERS AND THEIR PROPOSALS IS AT CATELLA.COM

Board of Directors

In accordance with an AGM resolution, the Board of Directors should consist of five ordinary members with no deputies. The AGM on 21 May 2015 resolved to re-elect Johan Claesson, Jan Roxendal, Johan Damne, Anna Ramel and Joachim Gahm as members for the period until the next AGM. Johan Claesson was elected Chairman of the Board. Information on the Board members is in the section on the Board of Directors and auditors.

The Board of Directors' Rules of Procedure

The Board of Directors has adopted rules of procedure, instructions for financial reporting and instructions for the Chief Executive Officer. The rules of procedure formalise matters including the duties of the Chairman of the Board, business for each Board meeting and business considered on special occasions in the year.

Committees

In 2015, the Board of Directors did not work through committees, but rather, managed those matters dealt with by compensation, audit, or risk and compliance committees, for example, at scheduled Board meetings.

Work of the Board of Directors in 2015

The number of Board meetings in 2015 was 6 (9) of which 1 (2) were per capsulam. The Chief Executive Officer, Knut Pedersen, was not a member of the Board but reported to the Board of Directors. Knut Pedersen attended all Board meetings. Over and above operating activities, matters regarding the development of the banking operation, as well as strategy and coordination of operations, as well as risk and compliance issues, were matters of particular focus in the year. The Chairman of the Board led the work of the Board of Directors and maintained continuous contact and dialogue with the Chief Executive Officer. On one occasion, the Board of Directors met the auditors and received their views of the company's financial reporting and internal controls. Minutes were taken at Board meetings in 2015 by the company's Chief Operating Officer. The minutes were verified by the Chairman, and by one Board member. There is an overview of the work of the Board of Directors and its decisions in the year on page 50.

Appraisal of the work of the Board of Directors

The Chairman of the Board was responsible for appraising the work of the Board of Directors through contact with individual members and verifying that the Nomination Committee received his opinion.

Compensation to the Board of Directors

The AGM 2015 resolved that Directors' fees should be unchanged on the previous year, at a total of SEK 1,700,000, of which the Chairman of the Board should receive SEK 500,000 and other member should receive SEK 300,000 each.

For Directors' fees paid in the financial year 2015, see Note 11 of the Annual Report for 2015.

Chief Executive Officer and Group Management

Group Management bears overall responsibility for the operations of the Catella Group in accordance with the strategy and long-term objectives set by the Board of Directors of Catella AB.

The Chief Executive Officer leads and regularly convenes subsidiary Managing Directors and other senior managers to discuss business conditions and other operational matters. The Chief Executive Officer has delegated the right to make decisions to subsidiary Managing Directors through channels including rules of procedure for each subsidiary, but this responsibility still rests with the CEO.

The CEO has appointed a Group Management for consultation on important issues to support his work.

Group Management is presented in more detail in the Group Management section.

Compensation guidelines for senior managers

Compensation to the CEO and other members of Group Management should consist of basic salary, variable salary and other benefits, as well as pensions. Total compensation should be on market terms and competitive, and relate to responsibilities and authorisation. Variable compensation is based on results in relation to individually defined qualitative and quantitative targets and should never exceed basic salary. On termination of employment contracts by the company, dismissal pay and severance pay combined should not exceed 12 months' salary. Pension benefits should be defined contribution, unless special circumstances justify otherwise. The Board of Directors may depart from these guidelines only in individual cases where special reasons for this exist.

Compensation to the Chief Executive Officer and other senior managers is stated in Note 11 of the Annual Report for 2015.

Appraisal of the Chief Executive Officer

The Board of Directors continuously appraises the work of the Chief Executive Officer. This matter is dealt with specifically at one Board meeting per year, when no member of Group Management attends.

Audit

The auditor is appointed by the AGM for a term of office of one year. According to its Articles of Association, Catella should have a minimum of one and a maximum of two auditors with a maximum of two deputy auditors.

An Authorised Public Accountant, or registered public accounting firm, should be appointed as auditor, and where applicable, deputy auditor. The AGM 2015 elected audit firm PricewaterhouseCoopers AB (PwC), with Authorised Public Accountant Patrik Adolfson as Auditor in Charge. The company's external auditors attended 1 (1) Board meeting. In addition to auditing, audit firm PwC had a number of other limited assignments from Catella.

ATTENDANCE AND COMPENSATION TO THE BOARD OF DIRECTORS

	Elected	Independent of company/owners	Attendance	Fees 2015/2016, SEK 000[1]
Johan Claesson, Chairman	2008	No/No	6 / 6	500
Jan Roxendal	2011	Yes/Yes	6 / 6	300
Johan Damne	2014	No/No	6 / 6	300
Joachim Gahm	2014	Yes/Yes	6 / 6	300
Anna Ramel	2014	Yes/Yes	6 / 6	300

[1] Directors' fees paid are stated in Note 11 of the Annual Report for 2015.

THE WORK OF THE BOARD OF DIRECTORS AND IMPORTANT DECISIONS IN 2015

QUARTER 1

- Evaluation of compensation issues for the AGM.
- Review of audit and appraisal of auditors' work.
- Decision on an internal audit plan for 2015.

QUARTER 2

- AGM.
- Adoption of rules of procedure for the Board of Directors, instructions for the CEO and reporting instructions.
- Approval of the sale of Nordic Fixed Income.

QUARTER 3

- Decision to adopt guidelines for Group Risk Control for 2015.
- Decision to adopt a Risk and Regulatory Compliance plan for 2015 for Catella's consolidated financial situation.
- Decision to adopt an adjusted compensation policy.
- Participation and Report from business unit managers that reviewed the Property Investment Management business area.
- Decision to adopt internal capital adequacy assessment of Catella's consolidated financial situation.

QUARTER 4

- Decision to adopt Catella AB Group Compliance policy 2015.
- Decision to start up Property Investment Management in Norway and the management of mezzanine funds in Luxembourg.
- Decision to adopt targets for variable compensation of Group Management.
- Appraisal of the work of the Board of Directors in 2015.
- Decision to adopt an operational budget for 2016.
- Appraisal of the CEO.

According to AGM resolution, auditor's fees should be payable according to approved account. The compensation paid to auditors for the financial year 2015 is stated in Note 8 of the Annual Report for 2015.

Internal controls

The Board of Directors' responsibility for internal controls is regulated by the Swedish Companies Act and the Swedish Annual Accounts Act (1995:1554). Information on Catella's internal control and risk management systems, and the Board of Directors' measures for monitoring that internal controls are functional are stated in Catella's corporate governance report each year.

Catella's internal control process is based on the COSO framework produced by the Committee of Sponsoring Organisations of the Treadway Commission. This process has been designed to ensure adequate risk management including reliable financial reporting pursuant to IFRS, applicable laws and regulations and other standards applicable by companies quoted on First North, and that are parent companies of a consolidated financial situation. This work involves the Board of Directors, Group Management and other staff.

Control environment

The Board has adopted policy documents and instructions designed to formalise the Chief Executive Officer's and Board of Directors' roles and division of responsibility. The Board monitors and assures the quality of internal controls in accordance with the Board of Directors' rules of procedure which include instructions for an audit committee. Additionally, the Board of Directors has adopted a number of fundamental guidelines that control its work on risk management and internal controls. These include risk assessments, requirements of control activities to deal with the most material risks, an annual plan for working on internal controls, as well as self-assessment and reporting. Jointly with laws and regulations, responsibilities and authorisation constitute the control environment within Catella. All employees are responsible for compliance with established policy documents.

Risk assessment

Group Management conducts an overall risk analysis each year, which identifies macroeconomic, strategic, operational and financial risks, and risks related to regulatory compliance. These risks are evaluated on the basis of assessed likelihood and impact, as well as the effectiveness of measures in place to deal with the risks.

Control activities

Structuring control activities is of particular importance in Catella's work on managing risks and ensuring internal control. Control activities are associated with the company's business processes, and each unit ensures that control activities are executed consistently with established standards.

Information and communication

Guidelines, instructions and manuals that are significant to financial reporting are communicated to affected staff via the Group's intranet. The Board receives regular financial reports regarding the Group's financial position and results of operations. The company holds meetings at management level, and then at the level each unit considers appropriate. There is a corporate communication policy that has been approved by the Board of Directors for external corporate communication, designed to ensure that the company satisfies the standards of accurate communication with the market.

Monitoring

The Board continuously evaluates the information that is presented by Group Management. Catella's financial position and investments, as well as its operating activities are discussed at each Board meeting. The Board is also responsible for following up on internal controls. This work includes ensuring that measures are taken to deal with potential shortcomings, as well as following up on proposals for actions noted in the external audit, and for the consolidated financial situation, also from the internal audit, risk management function and regulatory compliance function, which are reviewed in more detail below.

Each year, the company conducts a self-assessment of its risk management and internal control work. This involves a self-assessment of the efficiency of control activities each year for each operational business process in each reporting unit. The Group's CFO is responsible for the self-assessment. The Board of Directors receives information on the key conclusions of the appraisal process, as as well as any actions regarding the company's internal control environment.

Internal control and monitoring in the consolidated financial situation

Internal control and monitoring in the consolidated financial situation Several of the Group's subsidiaries conduct operations that are regulated by the financial supervisory authority of each jurisdiction. Accordingly, part of the Group constitutes a consolidated financial situation that is subject to applicable regulation. The Board of Directors of Catella AB has appointed a risk management function, compliance function and internal audit for the consolidated financial situation, which report regularly to the Board of Directors and Chief Executive Officer. Regulations that the subsidiaries are subject to affect the organization and structure of these entities.

For example, these companies have risk management, compliance and internal audit functions that are independent from business operations and report to the relevant subsidiary Managing Directors, directly to the company's Board of Directors, and to the managers of each function of the Group's consolidated financial situation. Group Management is represented on subsidiaries' Boards of Directors and also reports to the Parent Company's Board of Directors. The subsidiary Board of Directors of these companies also have independent Board members.

Board of Directors and Auditors

Johan Claesson
Chairman
Born in 1951

Chairman of the Board of Catella AB since 2011 and Board member since 2008.

Other Board assignments: Chairman of the Boards of Claesson & Anderzén AB, CA Fastigheter AB, Alufab Ltd, K3Business Technology Group PLC and Leeds Group PLC.

Background: Owner and Executive Chairman of Claesson & Anderzén AB.

Education: B.Sc. (Econ.).

Shareholdings (December 2015): 1,087,437 class A shares and 39,694,718 class B shares.

Warrant holdings (December 2015): None.

Ownership: Through companies and private.

Independent of the company and management: No.

Independent of major shareholders of the company: No.

Johan Damne
Member
Born in 1963

Board member of Catella AB since 2014.

Other Board assignments: Board member of several companies in the Claesson & Anderzén group.

Background: CEO of Claesson & Anderzén AB.

Education: B.Sc. (Econ.)

Shareholdings (December 2015): 150,000 class B shares.

Warrant holdings (December 2015): None.

Ownership: Private.

Independent of the company and management: No.

Independent of major shareholders of the company: No.

Joachim Gahm
Member
Born in 1964

Board member of Catella AB since 2014.

Other Board assignments: Chairman of Arise AB and Board member of Kungsleden AB.

Background: Former COO of E. Öhman J:or Fondkommission AB and President of E. Öhman J:or Investment AB.

Education: B.Sc. (Econ.)

Shareholdings (December 2015): None.

Warrant holdings (December 2015): None.

Ownership: –

Independent of the company and management: Yes.

Independent of major shareholders of the company: Yes.

Anna Ramel
Member
Born in 1963

Board member of Catella AB since 2014.

Other Board assignments: Board member of SPP Spar AB and Erik Penser Bankaktiebolag.

Background: Consultant on compliance in the financial sector. Former Attorney-at-Law and Compliance Manager for institutions including ABG Sundal Collier AB and Alfred Berg Fondkommission AB.

Education: B.A. (Hons.)

Shareholdings (December 2015): None.

Warrant holdings (December 2015): None.

Ownership: –

Independent of the company and management: Yes.

Independent of major shareholders of the company: Yes.

Jan Roxendal
Member
Born in 1953

Board member of Catella AB since 2011.

Other Board assignments: Chairman of the Board of the Swedish Export Credits Guarantee Board and Flexenclosure.

Background: Former CEO of Gambro AB. CEO & President of Intrum Justitia Group. COO of ABB Group and CEO of ABB Financial Services.

Education: Higher public education in banking.

Shareholdings (December 2015): 94,554 class B shares.

Warrant holdings (December 2015): None.

Ownership: Private.

Independent of the company and management: Yes.

Independent of major shareholders of the company: Yes.

Auditor

Patrik Adolfson
Auditor
Born in 1973

Since 2011, Catella's auditing firm has been PricewaterhouseCoopers AB (PwC). The Auditor in Charge is Authorised Public Accountant Patrik Adolfson, a member of FAR.

Other audit assignments: Attendo AB, Loomis AB, Nordstjernan Investment AB and Securitas AB.

Shareholdings (December 2015): None.

Warrant holdings (December 2015): None

Ownership: –

Group Management

Knut Pedersen
President and Chief Executive Officer, born in 1968

Member of Group Management since January 2014.

Current Board assignments: Board member of several of the Catella Group's subsidiaries.

Background: Extensive experience of a number of different positions in the financial sector in Sweden and internationally, most recently CEO of ABG Sundal Collier AB and Group Head of Markets of ABG Sundal Collier. Previous positions include UBS and Nordea.

Education: B.Sc. (Econ.), Ross School of Economics, The University of Michigan.

Shareholdings (December 2015): None.

Warrant holdings (December 2015): 5,000,000.

Ownership: Private.

Johan Nordenfalk
Chief Operating Officer, born in 1973

Member of Group Management since March 2011.

Current Board assignments: Board member of several of the Catella Group's subsidiaries, and minor Board assignments outside Catella.

Background: Employed by Catella since 2011. Former partner and Attorney-at-Law with Hamilton law firm.

Education: LL.B. from Lund University, Maîtrise en droit from Université Panthéon-Assas, Paris.

Shareholdings (December 2015): None.

Warrant holdings (December 2015): 420,000.

Ownership: Private.

Marcus Holmstrand
Chief Financial Officer, born in 1980

Member of Group Management since September 2015.

Current Board assignments: Board member of a number of the Catella Group's subsidiaries.

Background: Employed by Catella since 2011, previously as Group Business Controller. Previously served as Group Controller of Haldex AB and as a Controller in the SCA group.

Education: M.Sc. (Econ.), Jönköping International Business School, postgraduate studies at the University of California, Davis—Graduate School of Management.

Shareholdings (December 2015): 4,000.

Warrant holdings (December 2015): 300,000.

Ownership: Private.

This Annual Report was produced by Catella
in collaboration with Ashpool. Images: Mats Lundqvist.
Translation: Turner & Turner

Catella Annual Report 2015

Notes on the Consolidated Accounts:

Parent Company Notes:

Administration Report

The Board of Directors and the Chief Executive Officer of Catella AB (publ), Corporate identity number 556079–1419, hereby present the Annual Accounts and Consolidated Accounts for the financial year 2015. The results of operations of the Group and Parent Company are presented in the following Income Statements, Balance Sheets, Cash Flow Statements, Statements of Changes in Equity and Notes.

Amounts are in SEK M unless otherwise indicated. Figures in tables and comments may be rounded.

INFORMATION ON OPERATIONS

Catella is a financial advisor and asset manager with in-depth knowledge of property, fixed income and equities. The Group ("Catella") is a leader in the property sector with a strong local presence in Europe, and employs 539 (489) professionals in 12 countries. Operations are conducted in the Corporate Finance and Asset Management and Banking operating segments.

In **Corporate Finance**, Catella provides transaction advice and capital market-related services in the property and consumer sectors. Advisory services are provided on assignment by property companies, financial institutions, pension funds, property funds and other property owners. Operations are conducted in the Baltics, Denmark, Finland, France, Spain, Sweden and Germany.

In **Asset Management and Banking**, operations are divided into three business areas. Catella's broad-based offering under the **Equity, Hedge and Fixed Income Funds** business area covers a broad selection of fund alternatives with complementary focus and management methodologies. Operations are conducted into service segments; Mutual Funds, which provides equity, hedge and fixed income funds with a Nordic focus to private and institutional investors, and Systematic Funds, which manages systematic macro and equity strategies for institutional investors.

The operations of the **Banking** business area are conducted from within Catella Bank S.A., a niche bank with its registered office in Luxembourg. Operations are conducted in two service segments; Wealth Management, which provides a broad selection of financial services and tailored solutions for high net worth clients in Europe, and Card and Payment solutions, which offers card issuing and card acquiring for e-commerce and fin-tech companies.

Catella deals with all phases of value creation in property through its **Property Investment Management** business area, analysis to acquisition to financing through financing, strategic management, and finally, exit. Catella also creates value units own property funds on assignment from institutional investors, and in property-related development projects. Operations conducted in the Baltics, Finland, France, Luxembourg, Norway, Denmark, Spain and Germany.

Catella also manages loan portfolios comprising securitised European loans with primary exposure to housing.

The Group consists of parent company Catella AB (publ) (the "Parent Company") and several impendent but closely collaborating subsidiaries with their own Boards.

OWNERSHIP STRUCTURE

Catella AB (publ) has its registered office in Stockholm, Sweden, and is listed on First North Premier on NASDAQ Stockholm, with Remium AB as its Certified Adviser. Catella's largest shareholder, accounting for at least one-tenth (1/10) of the shares/votes at the end of the financial year was the Claesson & Anderzén Group (and related parties) with 49.9% (49.9) of the share capital and 49.1% (49.2) of the votes, followed by Bure Equity with a holding of 10.8% (10.4) of the capital and 11.1% (10.8) of the votes. Catella's ten largest shareholders jointly controlled 76.5% (76.6) of the share capital and 75.6 (75.7) of the votes as of 31 December 2015. There is more on ownership structure in the section on the Catella share and owners.

OVERVIEW OF EARNINGS, FINANCIAL POSITION AND CASH FLOW

Progress of the Group—five-year summary

SEK M	2015	2014	2013	2012	2011
Net sales	1,853	1,445	1,020	971	1,045
Operating profit/loss before acquisition-related items and items affecting comparability	261	167	-6	6	1
Operating profit/loss	254	160	-12	-33	-3
Financial items—net	53	88	5	29	-12
Profit/loss before tax	306	248	-7	-4	-15
Net profit/loss for the year	**272**	**227**	**-21**	**-13**	**21**
Average no. of employees	526	480	458	444	437

SEK M	2015	2014	2013	2012	2011
Equity	1,436	1,252	932	925	980
Total assets	5,011	4,356	3,483	3,462	3,907
Equity/Asset ratio %	29	29	27	27	25

SEK M	2015	2014	2013	2012	2011*
Cash flow from operating activities	549	497	138	-101	-1,090
Cash flow from investing activities	-50	41	28	67	75
Cash flow from financing activities	-88	-20	-12	12	-90
Cash flow for the year	**411**	**519**	**153**	**-22**	**-1,105**

* Negative cash flow in 2011 is due to transactions conducted in Catella Bank, which generated the corresponding positive cash flow in 2010.

The Group's net sales totalled SEK 1,853 M (1,445), up 28% year-on-year. The increase is attributable to both Corporate Finance and Asset Management and Banking.

Operating profit before acquisition-related items was SEK 261 M (167), driven by strong profits in the Equity, Hedge and Fixed Income Funds business area. Amortisation of acquisition-related intangible assets, which wholly relate to Asset Management and Banking, was SEK 7 M (7). Net financial income and expense was SEK 53 M (88), with a value adjustment of non-current securities and short-term investments at fair value totalled SEK 22 M (67). The disposal of non-current securities and short-term investments generated a profit of SEK 12 M (7) and the sale of the subsidiary Nordic Fixed Income generated a profit of SEK 6M. Net financial income and expense includes interest income of SEK 26 M (26), mainly attributable to the loan portfolios, and interest expenses of SEK 12 M (12), attributable to Catella's bond issue.

The Group's profit/loss before tax was SEK 306 M (248).

The tax expense for the year was SEK 34 M (20), corresponding to effective tax of 11% (8). Variations in the effective tax rate are due firstly to the Group's significant loss carry-forwards, which are not fully reported as a receivable in the Consolidated Balance Sheet in accordance with the Group's accounting policies, and secondly some limitations on how loss carry-forwards may be utilised.

The net profit/loss for the year after tax was SEK 272 M (227), corresponding to earnings per share of SEK 2.97 (2.66).

During 2015, consolidated equity increased by SEK 184 M to SEK 1,436 M as of 31 December 2015. In addition to net profit/loss for the year of SEK 272 M, and negative translation differences of SEK 33 M, equity was affected by a dividend of SEK 16 M to parent company shareholders, the repurchase of issued warrants of SEK 42 M and capital contributed for the transfer of warrants of SEK 3 M.Transactions with non-controlling interest did not have any overall net impact on consolidated equity in 2015. The equity/assets ratio as of 31 December 2015 was 29% (29).

In 2015, total assets increased by SEK 655 M, amounting to SEK 5,011 M as of 31 December 2015. This increase is partly due to increased deposits from new clients of Catella Bank, but also higher business volume in other units.

Consolidated cash flow from operating activities before changes in working capital amounted to SEK 247 M (157).

Consolidated cash flow from operating activities was SEK 549 M (497).

Cash flow from investing activities amounted to SEK -50 M (41). Total investments in the year were SEK 21M net, firstly through associated companies and secondly through direct investments in various property development projects in Germany.

Units in IPM's funds managed in-house of SEK 19 M were also acquired, while SEK 48 M was invested in bonds. Additionally, SEK 24 M was invested in property, tangible and intangible assets. The disposal of units in Nordic Light Funds generated deposits of SEK 21 M and the sale of the subsidiary Nordic Fixed Income raised SEK 13 M of cash and cash equivalents for the Group. Cash flow from loan portfolios and dividends from associated companies were SEK 22 M and SEK 5 M respectively.

Cash flow from financing activities was SEK -88 M (-20), relating to the repurchase of warrants issued of SEK 31 M and dividends to parent company shareholders, and to non-controlling interests of SEK 16 M and SEK 41 M respectively.

Cash flow amounted to SEK 411 M (519) of which cash flow from the banking operation was SEK 184 M (249) and cash flow from other operations was SEK 227 M (270).

Performance of operating segments—two-year summary

	Corporate Finance		Asset Management and Banking	
SEK M	2015	2014	2015	2014
Total income	630	529	1,253	936
Direct assigment costs and commission	-37	-32	-317	-260
Income excl. direct assignment costs & commission	593	497	936	676
Operating expenses	-527	-417	-708	-557
Operating profit/loss before acquisition-related items	66	79	228	119
Amortisation of acquisition-related intangible assets	-	-	-7	-7
Operating profit/loss	66	79	221	112
Financial items—net	4	1	3	5
Profit/loss before tax	70	80	223	117
Tax	-24	-25	-51	-37
Net profit/loss for the year	**46**	**55**	**172**	**80**

SEK M	2015	2014	2015	2014
Equity	256	233	695	700
Total assets	480	418	3,973	3,470
Equity/Asset ratio %	53	56	17	20

Corporate Finance reported net sales of SEK 623 M (527), an increase of 18% year-on-year. The increase was greatest in Sweden, France and Spain. Profit/loss before tax was SEK 70 M (80) and was charged with expenses of some SEK 20 M for restructuring.

Asset Management and Banking reported net sales of SEK 1,245 M (925), of which IPM SEK 218 M. Excluding IPM, the increase was 24% year-on-year. All business areas contributed to the sales increase. The profit/loss before tax was SEK 223 M (117). The Swedish fund operation made the greatest profit improvement. Profit includes expenses of SEK 7 M (7) for the amortisation of acquisition-related intangible assets.

IMPAIRMENT TESTING

During the year, Catella conducted impairment tests on assets with indefinite useful lives based on carrying amounts as of 30 September 2015. Catella's assets with indefinite useful lives consist of goodwill and brands, with a reported value of SEK 282 M (278) and SEK 50 M (50) respectively. Impairment tests proceed on the basis of estimated future cash flows based on budgets and forecasts approved by management and the Board of Directors. The impairment tests confirmed that there was no need to impair book values.

INVESTMENTS, DEPRECIATION AND AMORTIZATION

In 2015, the Group made investments totalling SEK 78 M (59). Of this amount, SEK 15 M (2) were investments in intangible assets and SEK 9 (10) were investments in property, plant and equipment. Additional investments and new investments in subsidiaries were SEK 10 M (46), and SEK 25 M (2) was invested in associated company CA Seeding. Additionally, SEK 19 M was invested in funds managed by IPM. Depreciation and amortisation in the financial year was SEK 20 M (19).

FINANCING

In September 2012, Catella AB (publ) issued a five-year unsecured bond of SEK 200 M. The bond was listed on NASDAQ OMX Stockholm in July 2013. This item is included in non-current loan liabilities in the Consolidated Statement of Financial Position. This bond has a nominal amount of SEK 300 M and accrues variable interest at 3-month Stibor plus 500 basis points. Funding is also conditional on the satisfaction of covenants based on financial position and liquidity. The covenants were satisfied for the full year and as of 31 December 2015.

The Group also has an overdraft facility of SEK 32 M (32), of which 32 M was un-utilised as of 31 December 2015.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Repurchase of warrants

In February 2015, the Board of Directors decided to repurchase warrants in series 2010A1 and 2010C, which were exercisable in the period 25 March–25 May 2015. The offer, which was valid until 31 March 2015 inclusive, covered a total of 7,620,000 warrants. 7,270,000 share warrants were repurchased for a total purchase consideration of SEK 30 M, 30,000 share warrants were exercised to subscribe for the same number of new shares at the price of SEK 11 per share and 320,000 share warrants expired without exercise. The repurchase of share warrants issued has been reported as a transaction with shareholders in equity.

New operational structure

Catella implemented a more functional organisation in the first quarter 2015. Apart from reporting its two operating segments, progress in the four business areas is also reviewed: Corporate Finance; Equity, Hedge and Fixed Income Funds; Banking and Property Investment Management. Coincident with this, Emmanuel Schreder and Jesper Bo Hansen were appointed as joint Heads of the Corporate Finance business area. Tord Topsholm was appointed as new Head of the Banking business area. Tord formally became Managing Director of Catella Bank S.A., succeeding Interim Managing Director Timo Nurminen, who was simultaneously appointed as Head of the Property Investment Management business area. Erik Kjellgren was appointed Head of the Equity, Hedge and Fixed Income Funds business area.

Changes to Group Management

Catella's CFO Ando Wikström resigned effective 30 April 2015, and accordingly left Catella's Group Management. Marcus Holmstrand, Group Business Controller of Catella since 2011, was appointed as CFO and a member of Catella's Group Management in September 2015.

AGM 2015

The Annual General Meeting (AGM) on 21 May 2015 approved a dividend of SEK 0.20 (0) per share for the financial year 2014. The AGM also resolved to re-elect all Board members.

Start-up of Property Investment Management in Spain

In the second quarter, Catella started up Property Investment Management operations in Spain and Portugal.

Sale of Nordic Fixed Income

Effective 1 October 2015, Catella sold all the shares of the subsidiary Nordic Fixed Income AB to Artic Securities AB. The sale generated a profit of SEK 6 M.

Start-up of Property Investment Management in Norway

Catella decided to start up Property Investment Management operations in Norway, and the management of mezzanine funds in Luxembourg. These operations, which will be conducted within Catella, will start up in early 2016.

Nomination Committee for the AGM 2016

In accordance with the May 2015 AGM's resolution on the principles governing the Nomination Committee, a Nomination Committee was appointed for Catella AB ahead of the AGM on 30 May 2016. The Nomination Committee consists of Patrik Tigerschiöld, appointed by Bure Equity AB and Chairman of the Nomination Committee, Johan Claesson, appointed by CA Plusinvest AB and Chairman of Catella AB and Thomas Andersson Borstam, personal, and appointed by TAB Holding AB.

SIGNIFICANT EVENTS AFTER YEAR-END

Expected non-recurring revenue due to Visa Inc.'s proposed acquisition of Visa Europe

On 11 February, Catella reported that Visa Inc. intends to acquire the shares of Visa Europe Limited. The acquisition is conditional on regulatory approval. Through its membership of Visa Europe, Catella Bank S.A. will receive a portion of the purchase consideration. In 2016, and based on a preliminary estimate, Catella would receive a cash purchase consideration of some EUR 15 M and preference shares of Visa Inc. worth approximately EUR 5 M. In addition, the acquisition includes a possible additional purchase consideration that depends on the achievement of specific targets, and if so, would be scheduled for payment around the year 2020.

EMPLOYEES

The number of employees at the end of the period, expressed as full-time equivalents, was 539 (489), of whom 211 (207) were employed in the Corporate Finance operating segment, 314 (271) in the Asset Management and Banking operating segment,, and 14 (11) in other functions.

FINANCIAL INSTRUMENTS, RISKS AND UNCERTAINTIES

Risks and uncertainties

Within the Corporate Finance operating segment, seasonal variations are significant. This means that sales and results of operations vary during the year.

The Corporate Finance operating segment relies on the credit market functioning efficiently. In turn, the credit market affects the market for property transactions, which is Catella's principal market in Corporate Finance. Corporate Finance is also very personnel intensive and relies on key employees. If several key employees decided to leave Catella, this could affect the Group's sales and results of operations.

In the Asset Management and Banking operating segment, various kinds of risk arise, such as credit risk, market risk, liquidity risk and operating risk. Policies and instructions have been established for controlling and limiting risk-taking in the operations in terms of issuing credit and other operating risks.

The Group's asset management and banking operations are conducted within the Asset Management and Banking operating segment, which includes lending coincident with client purchases of securities and properties in Europe. Trading in this operating segment is primarily on behalf of clients for client transactions. All transactions that are implemented on behalf of clients are controlled by instructions from the client, or through agreed investment rules or fund provisions. Catella does not bear any risk in terms of the progress of clients' financial instruments, other than due to non-compliance with agreed instructions. Several subsidiaries in the operating segment are regulated by the supervisory authority in the country in which they have their legal domicile.

The banking operation, and the credit card and acquisition operation are conducted within the auspices of the subsidiary Catella Bank S.A., is exposed to risks including credit and counterparty risk, as well as changes to regulatory structures relating to its operations. The Bank's sales and results of operations can be negatively affected by potential regulatory changes, and altered credit ratings of its clients and counterparties. The bank has limited currency exposure to foreign currency transactions. Currency exposure is hedged using derivative instruments. Financial risks are mainly managed through continuous measurement and follow-up of financial progress. Financial risks also arise because the Group is in need of external funding and uses various currencies. The Group's financial risks, which mainly comprise financing and liquidity risk, interest rate risk, currency risk and credit/counterparty risk, are described in Note 3.

The preparation of financial statements requires the Board and Group management to make estimates and judgements. Estimates and judgements affect the Income Statement and Balance Sheet, as well as disclosures regarding contingent liabilities, for example. Actual outcomes may differ from these estimates and judgements, due to changed circumstances or conditions. More information on critical estimates and judgements is presented in Note 4.

Financial instruments

Financial instruments are mainly used in the Asset Management and Banking operating segment, as follows:

Use of financial instruments

In Asset Management and Banking, active trading is conducted in all types of security and currency on behalf of clients and managed funds. In addition, the bank advises its clients on financial matters as follows:

Short-term investments: deposit accounts with automatic payment of accrued interest and principal at maturity.

Mid-term investments: at the client's request, investments in equities, fund units and bonds adapted to the client's risk profile with an investment horizon of three to five years.

Management of funds and discretionary management: investments in accordance with each fund's provisions or investment directives based on the manager's judgement.

The operating segment does not trade in or take positions on its own behalf in financial instruments apart from with the intention of limiting the currency exposure that arises in Catella Bank's card operation and within IPM's investment services in discretionary management and fund management. Due to the operating segment's prudent policy for issuing credit and trading in financial instruments, exposure to risks is limited. The operating segment is mainly exposed to credit risk and market price risk.

Derivative instruments

There is some currency exposure within Catella Bank's card operation, and IPM relating to transactions in foreign currency. These companies use currency swaps and forward contracts to limit this risk as follows:

Currency forwards are agreements to purchase or sell various currencies for future delivery, including undelivered spot transactions.

Currency swaps are agreements to swap a future cash flow in one currency for another. Swaps result in a financial exchange of currencies.

The hedging transactions described above are of a financial nature and are not recognised as hedges in accordance with the accounting standard IAS 39 Financial Instruments.

Other risks

Other risks in the Group include operating, strategic, political, reputational and commercial risks.

Operating risk

Operating risk is the risk of a loss due to internal causes (data error, mistakes, fraud, incomplete compliance with laws and internal regulations, other deficiencies in internal controls etc.) and events in the surrounding world (natural disasters, external crime, etc.) The Group has established procedures and controls to minimise operating risk. There are especially significant operating risks in the subsidiary Catella Bank, where there are significant volumes/transactions using real-time systems that require 24-hour availability. For traditional insurable risks such as fire, theft, liability, etc., the Group judges that it has satisfactory protection through its existing insurance cover.

Parts of the Group's operations require permits and are subject to regulation by the financial supervisory authority of each country. Existing regulatory frameworks and the progress of regulatory frameworks is complex generally, and specifically for Catella's banking operations. Such regulations place high and growing demands on licensable operations, routines and processes as well as liquidity and capital reserves. Observance of these regulatory frameworks is a pre-condition for conducting licensable operations. Catella works continuously to ensure compliance with existing regulatory frameworks and prepares for compliance with future regulatory changes. In instances of subsidiaries being unable to satisfy the standards set by regulatory structures, this may have a negative impact on the Group's results of operations and the value of the Group's assets.

Reputational risk

Reputational risk is the risk that the Group's reputation is damaged on the market, in the media or with clients, which could have a negative impact on Group profit. Reputational risk also increases as the Group grows and becomes a larger player on the market. Catella currently believes that its reputation is strong and its client base is broad.

Political risks

Catella holds equities, funds and loan portfolios. Its most significant investment is in the subsidiary European Equity Tranche Income ("EETI"), which has invested in securitised European loans primarily with exposure to housing. The loan portfolios held by EETI are described further in Notes 3 and 22 in the Annual Accounts. In addition to the financial risks described in these Notes, EETI is exposed to political risk. Retroactive changes to legislation could have a negative impact on the value of EETI's investments. It is difficult to determine precisely how such changes would influence consumer behaviour and it is possible that the degree of prepayment would increase and affect the expected cash flow from the investments.

Other political risks include potential changes in regulations that affect the Group's operations and how they are conducted. Should subsidiaries be unable to meet the requirements arising from any new regulations, this could have a negative impact on the Group's results of operations and on the value of the assets in these subsidiaries. No assessment can be made of any impact from this risk.

Strategic risk and other risks

Strategic risk could result from institutional changes and changes in fundamental market conditions that may occur. Legal and ethical risks are based in part on external regulations, mainly legislation and regulations, guidelines and instructions of supervisory authorities regarding operations, and in part on the requirements of the business community that operations be conducted on confidence-building grounds. Catella actively works with trade organisations, legal networks and other contacts to be able to control and adapt the companies' operations to changes in strategic risks at an early stage. Processes in the operations are subject to internal regulations. Continuous training, control and follow-up in terms of regulatory compliance are arranged by the Risk and Legal/Compliance units, which together with management, are responsible for continuously updating regulations.

Continued investments in infrastructure and improvements to routines and processes were made in the banking operations during the year, focusing on ensuring stability to enable future growth. The extensive work was also intended to increase efficiency and improve margins in the existing operations.

FUTURE PROGRESS

Corporate Finance

This business area is putting a great emphasis on increasing the share of value-adding and capital markets-related services, and thus improve profitability. In the Nordics, where these efforts have make the most progress, the margin improvement was clear as early as in 2015. Catella has strong market positions in Sweden, Denmark and Finland, and work on continuing to advance its market position, with a greater focus on value-added and capital markets-related services is continuing. In addition, operations are being integrated to streamline the allocation of resources. Catella also harbours an ambition to start up operations in Norway.

In continental Europe, the French operation has a very strong market position in transactions. It strategy is to use best practice in this business area to develop operations on current and new markets. For example, experiences from the French operation are being used to enhance Catella's offering and market position in Germany and Spain.

Asset Management and Banking

Catella already provides a well-diversified product mix in the Equity, Hedge and Fixed Income Funds business area, but its ambition is to create more products to achieve a better balance between different product categories, and to further improve management. Sales through resellers remain very important to achieve the growth targets in Mutual Funds, with a focus on high quality of service and presence. A greater share of resources was allocated to sales in 2015. In tandem with this, Catella's ambition is to improve its presence with institutional clients, and to increase the share of foreign clients in this segment. Systematic Funds mainly addresses institutional clients. Apart from this focus on institutions, the ambition is to access new client groups, primarily via a range of fund solutions, such as the UCITS fund launched in 2015.

Catella's business within the banking business area is scalable, where substantial investments were made in 2015. Profitability is primarily achieved through volume growth in the Bank's current business. Growth is expected to be mainly organic, but the ongoing consolidation in the banking market is also opening up other opportunities. The focus is on increasing client presence with better and more effective service, and growing this business to secure a return on the stable and scalable infrastructure built up. Additionally, Catella is investing resources in distribution, both directly and via a growing base of partners. In 2016, Catella is launching a savings product for the general public to support its ongoing growth on the credit side and expand its loan book, mainly relating to property projects in the Nordics. A number of initiatives are also being conducted jointly with Catella's operations in Corporate Finance and Property Investment Management to produce tailored products for clients within Wealth Management.

The property investment management business area is continuing to build its transaction and management capacity in all markets where Catella is present. Catella is combining local strategies with greater access to the international capital markets, and is forming a collective capital raising organisation in London. Growth in this business area is being created by adding new products into existing structures. The geographic expansion is continuing with a start-up in Norway with a pan-Nordic focus in early-2016, and continued development of the new start-up in Spain. One additional ambition is to selectively launch niche funds to address the needs of local investors. To better exploit the synergies between operations, collaboration within the business area and Catella's other business areas is increasing.

RESEARCH AND DEVELOPMENT

Catella is active in Corporate Finance and Asset Management and Banking, and does not conduct research in the sense referred to in IAS 38 Intangible assets.

ENVIRONMENTAL IMPACT

No Group company conducts operations that require permits under the Swedish Environmental Code.

PARENT COMPANY

Catella AB (publ) is the Parent Company of the Group. Group Management and other central Group functions are gathered into the Parent Company.

For 2015, the Parent Company recognised income of SEK 5.1 M (4.2). The operating profit/loss for the year was SEK -29.8 M (-28.2) and the profit/loss after tax was SEK -4.1 M (17.6). The Parent Company's fixed costs increased in 2015 as a result of increased expenses for Risk & Compliance, IR and Corporate Communication. The Parent Company's fixed payroll expenses also increased somewhat, while variable payroll expenses decreased in 2015 in year-on-year terms, see also Note 11 Compensation of the Board of Directors and senior managers.

In 2015, the Parent Company recognized appropriations of SEK 29.4 M (49.0) relating to Group contributions received from subsidiary Catella Fondförvaltning AB.

The Parent Company had total loss carry-forwards of SEK 84 M (85). The company's Balance Sheet includes a deferred tax asset of SEK 18.9 M (18.5), mainly attributable to these loss carry-forwards. The amount is based on an assessment of the company's future utilisation of tax loss carry-forwards.

Cash and cash equivalents amounted to SEK 31.3 M (33.8) and total assets to SEK 790.8 M (808.9) on the reporting date.

At the end of the period, there were 7 (7) employees in the Parent Company, expressed as full-time equivalents.

PROPOSED APPROPRIATION OF PROFIT

The following non-restricted reserves and earnings in the Parent Company are at the disposal of the Annual General Meeting:

SEK	
Share premium reserve	49,832,148
Retained earnings	122,715,333
Net profit/loss for the year	-4,080,027
	168,467,454

The Board of Directors and Chief Executive Officer propose that funds are allocated as follows:

SEK	
dividend paid to shareholders, 0,60 per share, in total	49,037,143
carried forward (of which 49 832 148 allocated to share premium	119,430,311
	168,467,454

Proposed payment of dividends on 7 June 2016.

The Group has 1,560,000 outstanding share warrants, which may be exercised for new class B shares of Catella AB in the period between the signing of these annual accounts, and the record date of 25 May 2016. If all 1,560,000 options are exercised, the total dividend will increase to SEK 49,973,143. Potential exercise of the aforementioned warrants does not affect the following judgement.

Board of Directors' statement on proposed dividend.

The Parent Company's and Group's results of operations and financial position are good, as reported in the most recent Income Statement and Balance Sheet. The Board of Directors judges that the proposed dividend is covered by equity, and is within the limits set by the company's dividend policy. As of 31 December 2015, the Group's equity/assets ratio is 29%. For the consolidated financial situation, the equity/assets ratio on the same date is 26%. The proposed dividend affects the equity/assets ratio only marginally. Other capital relations and liquidity will also be satisfactory in relation to the operations the Group is active within, after the proposed dividend. Accordingly, the Board of Directors considers that the proposed dividend is justifiable in terms of the standards that the operation's (the company and Group respectively) nature, scope and risks set on the scale of equity, and the company and the Group's needs to strengthen the Balance Sheet, liquidity and financial position otherwise.

PROPOSED COMPENSATION GUIDELINES FOR SENIOR MANAGERS OF CATELLA, 2016

The Board of Directors of Catella AB (publ) proposes that the AGM 2016 approves the following guidelines for the compensation of senior managers.

Scope of guidelines

These guidelines concern compensation and other terms of employment for the members of Catella's Group Management for the period the guidelines apply, hereby jointly designated 'senior managers.' The members of Group Management as of 28 April 2016 are Knut Pedersen (CEO), Marcus Holmstrand (CFO) and Johan Nordenfalk (COO). The guidelines apply to agreements entered after AGM resolutions and for amendments to existing agreements after this time. The guidelines are to be subject to an annual review.

The company's commitments regarding variable salary to Group Management in 2015 could cost the company a maximum of SEK 7M, assuming maximum outcome. Information on previously decided compensation that has not yet become due for payment is stated in Note 11 of these Annual Accounts.

Guidelines

The Board proposes the following compensation guidelines for senior managers.

Compensation to the CEO and other members of Group Management comprise basic salary, variable remuneration and other benefits, as well as pensions. Overall compensation should be on commercial terms and competitive, and in proportion to responsibility and authority. Variable remuneration is based on profit in relation to individually defined qualitative and quantitative targets and must not exceed basic salary. Upon termination of employment by the company, as an aggregate total, dismissal pay and severance pay may not exceed 12 months' salary. Pension benefits should be defined contribution. The Board is entitled to depart from these guidelines in individual cases in special circumstances.

Consolidated Income Statement

SEK M	Note	2015 Jan–Dec	2014 Jan–Dec
Net sales	6	1,853	1,445
Other operating income	7	13	12
		1,866	**1,457**
Direct assigment costs and commission		-347	-289
Other external expenses	8	-392	-325
Personnel costs	10, 11, 12	-846	-665
Depreciation and amortisation	9	-13	-12
Other operating expenses	13	-8	0
Operating profit/loss before acquisition-related items		**261**	**167**
Amortisation of acquisition-related intangible assets	9	-7	-7
Operating profit/loss		**254**	**160**
Interest income	14	26	26
Interest expenses	14	-12	-12
Other financial income	14	41	76
Other financial expenses	14	-3	-2
Financial items—net		53	88
Profit/loss before tax		**306**	**248**
Tax	15	-34	-20
Net profit/loss for the year		**272**	**227**
Profit/loss attributable to:			
Shareholders of the Parent Company		243	217
Non-controlling interests	20	29	10
		272	**227**
Earnings per share attributable to Parent Company shareholders, SEK	16		
- before dilution		2.97	2.66
- after dilution		2.63	2.66
Number of shares at end of year		81,728,572	81,698,572
Average weighted number of shares before and after dilution		92,171,461	81,698,572

Consolidated Statement of Comprehensive Income

SEK M	2015 Jan–Dec	2014 Jan–Dec
Net profit/loss for the year	272	227
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit pension plans	0	0
Items that may be subsequently reclassified to profit or loss:		
Fair value changes in financial assets available for sale	0	0
Exchange-rate differences	-33	44
Other comprehensive income for the year, net of tax	**-33**	**44**
Total comprehensive income for the year	**239**	**271**
Total comprehensive income attributable to:		
Shareholders of the Parent Company	210	260
Non-controlling interests	29	11
	239	**271**

Consolidated Statement of Financial Position

SEK M	Note	2015 31 Dec	2014 31 Dec
Assets			
Non-current assets			
Intangible assets	18	363	356
Tangible assets	19	24	24
Investments in associated companies	20	27	2
Financial assets at fair value through profit or loss	22	274	297
Long-term loan receivables	24	248	162
Deferred tax assets	15	108	76
Other non-current receivables	25	5	6
		1,048	**924**
Current assets			
Accounts receivable	23	256	244
Current loan receivables	24	542	432
Tax assets		6	13
Other receivables		40	21
Prepaid expenses and accrued income	26	145	146
Derivatives	21	4	3
Financial assets at fair value through profit or loss	22	114	39
Client funds		2	2
Cash and cash equivalents	27	2,854	2,532
		3,963	**3,432**
Total assets		**5,011**	**4,356**
EQUITY AND LIABILITIES			
Equity	28		
Share capital		163	163
Other contributed capital		250	273
Reserves		-142	-110
Retained earnings incl. net profit/loss for the year		1,048	837
Equity attributable to shareholders of the Parent Company		**1,319**	**1,164**
Non-controlling interests	20	117	88
Total equity		**1,436**	**1,252**
Liabilities			
Non-current liabilities			
Borrowings	29	0	1
Long-term loan liabilities	29	200	199
Deferred tax liabilities	15	21	27
Other provisions	31	28	23
		248	**250**
Current liabilities			
Borrowings	29	50	237
Current loan liabilities	29	2,577	2,026
Derivatives	21	4	3
Accounts payable		153	150
Tax liabilities		65	43
Other liabilities		39	48
Accrued expenses and deferred income	32	436	345
Client funds		2	2
		3,326	**2,854**
Total liabilities		**3,575**	**3,104**
Total equity and liabilities		**5,011**	**4,356**

For information about the Group's pledged assets and contingent liabilities, see Notes 33–35.

Consolidated Statement of Cash Flows

SEK M	Note	2015 Jan–Dec	2014 Jan–Dec
Cash flow from operating activities			
Profit/loss before tax		306	248
Adjustments for non-cash items:			
Other financial items		-38	-74
Depreciation and amortisation	9	20	19
Impairment current receivables	13	5	1
Change in provisions		0	-4
Interest income from loan portfolios	14	-25	-24
Acquisition expenses		0	1
Profit/loss from participations in associated companies	7	-5	-5
Capital gain on intangible assets	7	-4	0
Personnel costs not affecting cash flow	10	46	24
Paid income tax		-58	-29
Cash flow from operating activities before changes in working capital		**247**	**157**
Cash flow from changes in working capital			
Increase (–)/decrease (+) of operating receivables		-272	-8
Increase (+)/decrease (–) of operating liabilities		574	349
Cash flow from operating activities		**549**	**497**
Cash flow from investing activities			
Investment in tangible assets	19	-9	-10
Divestment of tangible fixed assets	19	0	0
Investment in intangible assets	18	-15	-2
Acquisition of subsidiaries, net of cash and cash equivalents acquired	37	-1	25
Sale of subsidiaries, net of cash disposed	37	13	0
Acquisition of associated companies	20	-25	-2
Investment in financial assets		-76	-34
Sales of financial assets		36	41
Cash flow from loan portfolios		22	21
Dividends from investments		5	1
Cash flow from investing activities		**-50**	**41**
Cash flow from financing activities			
Re-purchase of share warrants		-31	-7
Proceeds from share warrants issued		0	6
New share issue		0	0
Dividend		-16	0
Transactions with non-controlling interests		-41	-20
Cash flow from financing activities		**-88**	**-20**
Cash flow for the year		**411**	**519**
Cash and cash equivalents at beginning of year		2,532	1,893
Exchange rate differences in cash and cash equivalents		-89	120
Cash and cash equivalents at end of year	**27**	**2,854**	**2,532**

SEK 2,022 M (1,918) of the Group's cash and cash equivalents is related to Catella Bank, and pursuant to the regulations and rules Catella Bank is regulated by, the rest of the Group does not have access to Catella Bank's liquidity.

Interest received and paid is stated in Note 36.

Consolidated Statement of Changes in Equity

SEK M	Share capital	Other contributed capital *	Translation reserve	Retained earnings incl. net profit/loss for the period	Total	Non-controlling interests	Total equity
	Equity attributable to shareholders of the Parent Company						
Opening balance as of 1 January 2015	**163**	**273**	**-110**	**837**	**1,164**	**88**	**1,252**
Total comprehensive income for the year, January - December 2015							
Net profit/loss for the year				243	243	29	272
Other comprehensive income, net of tax			-32		-32	-1	-33
Total comprehensive income for the year			**-32**	**243**	**210**	**29**	**239**
Transactions with shareholders							
Transactions with non-controlling interests				0	0	0	0
Warrants issued		3			3		3
Re-purchase of warrants issued		-26		-16	-42		-42
New share issue	0			0	0		0
Dividend				-16	-16		-16
Closing balance as of 31 December 2015	**163**	**250**	**-142**	**1,048**	**1,319**	**117**	**1,436**

* Other paid-up capital is share premium reserves in the Parent Company.

The Parent Company has a total of 17,074,000 warrants outstanding. In 2011-2015, warrants were re-purchased at market price from employees. In 2015, 11,167,000 outstanding warrants were re-purchased for a total purchase consideration of SEK 41.9 M. in the Consolidated Accounts, the repurchase of share warrants is reported under other contributed capital to the extent it consists of non-restricted equity, and the remainder against retained earnings. A further 30,000 share warrants were exercised to subscribe for the same number of new shares at a price of SEK 11 per share, and 900,000 warrants held in treasury were sold to members of Catella's management and key staff. As of 31 December 2015 Catella holds 9,014,000 warrants in treasury.

SEK M	Share capital	Other contributed capital *	Translation reserve	Retained earnings incl. net profit/loss for the period	Total	Non-controlling interests	Total equity
	Equity attributable to shareholders of the Parent Company						
Opening balance as of 1 January 2014	**163**	**274**	**-153**	**620**	**904**	**28**	**932**
Total comprehensive income for the year, January - December 2014							
Net profit/loss for the year				217	217	10	227
Other comprehensive income, net of tax			43	0	43	1	44
Total comprehensive income for the year			**43**	**217**	**260**	**11**	**271**
Transactions with shareholders							
Transactions with non-controlling interests					0	50	50
Warrants issued		6			6		6
Re-purchase of warrants issued		-7			-7		-7
Closing balance as of 31 December 2014	**163**	**273**	**-110**	**837**	**1,164**	**88**	**1,252**

* Other paid-up capital is share premium reserves in the Parent Company.

The Parent Company has a total of 36,847,000 warrants outstanding as of 31 December 2014. In 2011-2014, warrants were re-purchased at market price from employees. In 2014, 9,120,000 warrants were re-purchased and 5,600,000 warrants were sold to individuals in Catella's management and other key persons. As of 31 December 2014, Catella held 18,170,000 warrants in treasury.

Notes on the Consolidated Accounts

NOTE 1 COMPANY INFORMATION

The Catella Group ("Catella") includes the Parent Company Catella AB (publ) (the "Parent Company") and a number of companies that conduct operations in two operating segments: Corporate finance and Asset Management and Banking. In addition, Catella manages a loan portfolio consisting of securitised European loans, with its main exposure to housing.

The Annual Accounts and Consolidated Accounts of Catella AB (publ) for the financial year-ending on 31 December 2015 were approved for publication by the Board of Directors and the Chief Executive Officer on 29 April 2016 and will be presented for adoption by the Annual General Meeting on 30 May 2016.

The Parent Company is a Swedish limited liability company with its registered office in Stockholm, Sweden. The head office is located at Birger Jarlsgatan 6 in Stockholm. Catella AB is listed on First North Premier on Nasdaq Stockholm. First North Premier is an unregulated market but is a segment intended for companies that have made the conscious decision to comply with more stringent reporting requirements than the regulations covering companies listed on First North. A prerequisite for the listing on First North Premier is preparing accounts and Financial statements in compliance with IFRS. Catella intends to apply for listing on NASDAQ Stockholm's Main Market in 2016.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

The Consolidated Accounts of Catella were prepared in accordance with the Swedish Annual Accounts Act, Recommendation RFR 1 supplementary Accounting Rules for Groups and International Financial Reporting Standards (IFRS) and IFRIC interpretation statements endorsed by the EU. The Consolidated Accounts were prepared under historical cost convention, apart from the re-measurement of financial assets held for sale and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements requires the Board of Directors and Group Management to make estimates and judgements. These estimates and judgements affect the income statement, statement of Comprehensive income and statement of financial position, as well as the disclosures provided, such as contingent liabilities. Actual outcomes may differ from these assessments in the context of other assumptions or in other circumstances. The areas involving a high degree of judgement and that are complex, or such areas for which assumptions and estimates are of material importance to the Consolidated Accounts, include the assessment of future cash flows, which for example, form the basis of the measurement of loan portfolios, goodwill, trademark and contract portfolios, the measurement of deferred tax assets attributable to tax-loss carry-forwards, the measurement of accounts receivable, as well as assessments of disputes and the need to provision for them.

The accounting policies presented below were applied consistently to all periods presented in the Consolidated Accounts, with the exceptions described in greater detail. Furthermore, the Group's accounting policies were applied consistently by Group companies and the policies of associated companies were adjusted to the Group's accounting policies as necessary.

Introduction and effects of new and revised IFRS relating to 2015

No new standards were introduced in 2015 that had any material impact on the consolidated financial statements.

New standards and interpretations not yet adopted by the Group

A number of new standards and interpretations come into effect for financial years beginning after 1 January 2015 and have not been applied in the preparation of these financial statements. None of these are expected to have any material impact on the consolidated financial statements with the exception of the following:

IFRS 9 "Financial Instruments" deals with the classification, measurement and recognition of financial assets and liabilities and introduces new regulations for hedge accounting. The complete version of IFRS 9 was issued in July 2014. It replaces those parts of IAS 39 dealing with the classification and measurement of financial instruments and introduces a new impairment model. IFRS 9 retains a mixed-measurement model, although it has been simplified in some respects. There are three measurement categories for financial assets, amortised cost, fair value recognised in Other Comprehensive Income and fair value recognised through profit or loss. The presentation of an instrument depends on the company's business model and the characteristics of the instrument. Investments in equity instruments are recognised at fair value through profit or loss but there is also an option to recognise the instrument at fair value in Other Comprehensive Income on first-time recognition. In such cases, no reclassification to the Income Statement will occur when the instrument is sold. IFRS 9 also introduces a new model for calculating credit loss provisions arising from expected credit losses. For financial liabilities, there is no change in presentation and measurement except in cases where a liability is recognised at fair value through profit or loss based on the fair value option. Changes in value attributable to changes in the entity's own credit risk are then recognised in Other Comprehensive Income. The standard will apply from financial years beginning 1 January 2018. Early adoption is permitted. The Group has not yet evaluated the effects of introducing the standard.

IFRS 15 "Revenue from contracts with customers" regulates revenue recognition. The principles established by IFRS 15 are intended to provide users of financial statements with more useful information about the company's revenues. The expanded disclosure requirements mean that information relating to nature of income, date of settlement, uncertainty associated with revenue recognition and cash flow attributable to the company's customer contracts must be presented. Revenue as defined by IFRS 15 is reported when the customer gains control over the sold good or service and is able to utilise and obtains benefit from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts and the associated SIC and IFRIC. IFRS 15 is effective from 1 January 2018. Early adoption is permitted. The Group has not yet fully evaluated the effects of introducing the standard but the preliminary assessment is that it will not imply any material changes to the Group's results of operations and financial position.

Consolidated accounts

(a) Subsidiaries: Subsidiaries are all of the companies in which the Group has a controlling influence. The Group controls a company when it is exposed to, or is entitled to, variable returns from its holdings in the company, and has the ability to affect returns through its influence over the company. The existence and effect of potential voting rights that may currently be utilised or converted are taken into consideration in the assessment of whether the Group exercises a controlling influence over another company. Subsidiaries are included in the Consolidated Accounts from the date on which the controlling influence is transferred to the Group. They are excluded from the Consolidated Accounts effective the date on which the controlling influence ceases. All transactions with shareholders of subsidiaries are recognised based on the substance of these transactions. Gains/losses attributable to shareholders of non-controlling interests, who in addition to their ownership also are active in the company, are placed on a par with other forms of variable compensation and, accordingly, are recognised as personnel costs in the income statement. These shareholders' portion of the net assets in the Group is recognised in the Consolidated statement of financial position as a non-controlling interest.

The purchase method is applied to the recognition of the Group's business combinations. Goodwill arises coincident with the acquisition of subsidiaries, associated companies and joint arrangements is the amount by which the purchase consideration exceeds Catella's share of the fair value of identifiable assets, liabilities and contingent liabilities in the acquired company on the date of transfer. If the fair value of the subsidiary's acquired assets, liabilities and contingent liabilities exceeds the purchase consideration, the difference is recognised directly in profit or loss. Contingent consideration is recognised on the acquisition date at fair value and classified as a liability that is subsequently re-measured through profit or loss. Non-controlling interests in the acquired business are, on an acquisition-by-acquisition basis, measured at either fair value or at the proportionate share of the net assets of the acquired business held without a controlling influence. All acquisition-related transaction costs are expensed. These costs are recognised in the Group under the item "other external expenses" in profit or loss.

Intragroup transactions, balance sheet items and unrealised gains and losses on transactions between Group companies are eliminated. Wherever appropriate, the accounting policies for the subsidiaries have been changed in order to guarantee consistent application of the Group's policies.

(b) Transactions with shareholders of non-controlling interests: The Group treats transactions with non-controlling interests as transactions with the Group's shareholders. Coincident with acquisitions from non-controlling interests, the difference between the consideration paid and the actual acquired portion of the carrying amount of the subsidiary's net assets is recognised in equity. Gains and losses attributable to disposals of non-controlling interests are also recognised in equity.

When the Group no longer holds a controlling or significant influence, each remaining holding is re-measured at fair value and the change in the carrying amount is recognised in profit or loss. The fair value is utilised as the first carrying amount and forms the basis for the future accounting of the remaining holding as an associated company, joint venture or financial asset. All amounts relating to the sold unit that were previously recognised in other comprehensive income are recognised as if the Group had directly sold the related assets or liabilities, which may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Associated companies: Associated companies are holdings that are neither subsidiaries nor joint arrangements, but for which the Group is able to exercise a significant influence, which in general applies to shareholdings of between 20% and 50% of the votes. Holdings in associated companies are recognised in accordance with the equity method and initially measured at cost. The carrying amount of the Group's holdings in associated companies includes the goodwill identified on acquisition, net of any impairment losses.

Associated companies are included in the Consolidated Accounts from the acquisition date. They are excluded from the Consolidated Accounts on the date on which they are sold. Transactions, balance sheet items and unrealised gains on transactions between the Group and its associated companies are eliminated in accordance with the Group's participation in the associated company. Unrealised losses are also eliminated but are taken into consideration as an indication that the transferred asset requires impairment. Shares of profits of associated companies are recognised in the Consolidated Income Statement under "Net operating profit", net of tax. Shares in associated companies are recognised in the Statement of Financial Position at cost, including the portion comprised of goodwill, adjusted for dividends and the share of the associated company's profit after the acquisition date.

Segment reporting

According to IFRS 8, operating segments are recognised in a manner that is consistent with the internal reporting regularly presented to the chief operating decision maker. The chief operating decision-maker is the function that is responsible for the allocation of resources and the assessment of the operating segment's profit or loss. For Catella, the CEO has been identified as the chief operating decision-maker.

Catella has defined four business areas, which are regularly monitored by the manager of the segment and Catella's CEO, who decide on the allocation of resources, budgetary targets and finance plan. IFRS 8 permits that two or more operating segments may be merged to one, providing that they have similar accounting characteristics, and are also similar in terms of the character of services, the character of production process, customer categories, distribution, and the extent to which operations, where applicable, are affected by various regulatory structures and risks.

Based on this, Catella has defined the Corporate Finance (consisting of the Corporate Finance operating segment) and Asset Management and Banking (consisting of the combined Property Investment Management, Equity, Hedge and Fixed Income Funds, and Banking operating segments), as the Group's reportable segments. This combination is based on the nature of services, their delivery, and recipient customer categories of all segments being similar, which are also influenced to a similar degree by risks and regulatory structures. Information reported for each operating segment has been prepared in accordance with the same accounting policies as applied for the Group.

Translation of foreign currencies

(a) Functional currency and reporting currency: Items included in the financial statements of the Group's various units are measured in the currency used in the financial environments in which each company primarily conducts its business activities (functional currency). Swedish krona (SEK) is used in the Consolidated Accounts, which is Catella AB's functional currency and the Group's reporting currency.

(b) Transactions and balance sheet items: Transactions in foreign currencies are translated to the functional currency at the rates of exchange ruling on the transaction date or the date on which the items were re-measured. Exchange rate gains and losses arising on payment for such transactions and on the translation of monetary assets and liabilities in foreign currency at the closing day rate are recognised through profit or loss. The exception is for transactions comprising hedging that meet the requirements for hedge accounting of cash flows or for net investments, when gains/losses are recognised in other comprehensive income. Exchange rate gains and losses attributable to loans and cash and cash equivalents are recognised through profit or loss as "other financial items." All other exchange rate gains and losses are recognised in the items "other operating income" or "other operating expenses" in the income statement.

Changes in the fair value of securities in foreign currencies that have been classified as financial assets available for sale have been allocated among translation differences, due to the change in the original cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised through profit or loss.

Translation differences for non-monetary financial assets and liabilities, such as shares measured at fair value through profit or loss, are recognised through profit or loss as a portion of fair value gains/losses. Translation differences for non-monetary financial assets such as equities classified as financial assets available for sale are entered in the fair value reserve through other comprehensive income.

(c) Group companies: The results of operations and financial position of all of the Group companies that have a functional currency that is different to the reporting currency are translated to the Group's reporting currency as follows:

- (a) Assets and liabilities for each of the balance sheets are translated at the closing day rate;
- (b) Income and expenses for each of the income statements are translated at the average exchange rates (insofar as the average rate constitutes a reasonable approximation of the accumulated effect of the rates applying on the transaction date, otherwise income and expenses are translated at the rate on the transaction date), and
- (c) All translation differences arising are recognised in other comprehensive.

Translation differences arising as a result of the translation of net investments in foreign operations and borrowing and other currency instruments identified as hedging of such investments are entered in other comprehensive income on consolidation. When a foreign operation is sold, either wholly or partly, the translation differences that were recognised in other comprehensive income are entered in profit or loss and recognised as a portion of the capital gain/loss.

Goodwill and adjustments of fair value arising on the acquisition of foreign operations are treated as assets and liabilities of this operation and translated at closing day rates.

Classification of assets and liabilities

Non-current assets and non-current liabilities essentially comprise amounts that are expected to be recovered or paid after more than 12 months from the reporting date. Current assets and current liabilities essentially comprise amounts that are expected to be recovered or paid within 12 months of the reporting date.

Property, plant and equipment

Property, plant and equipment is recognised at cost less accumulated depreciation and any accumulated impairment. Depreciation is based on historical cost and estimated useful life.

Straight line depreciation is utilised for all types of assets as follows:

- Leasehold improvements — 20% per year or over the lease contract term
- Computers and peripherals — 25–33% per year
- Other office machines and office equipment — 20% per year

The residual values and useful lives of the assets are tested at the end of every reporting period and adjusted as necessary.

The carrying amount of an asset is immediately written down to its recoverable amount if the carrying amount of the asset exceeds its estimated recoverable amount.

Gains and losses on disposal are determined by comparing sales proceeds to carrying amounts and are recognised in other operating income or other operating losses.

Intangible assets

(a) Goodwill: The amount by which the purchase price, any non-controlling interest and the fair value on the acquisition date of previous shareholdings, exceeds the fair value of identifiable acquired net assets is recognised as goodwill. Goodwill from acquisitions of subsidiaries is recognised as intangible assets. Goodwill is tested annually to identify any impairment and is recognised at cost less accumulated impairment losses. Impairment of goodwill is not reversed. Gains or losses on the disposal of a unit include the remaining carrying amount of the goodwill relating to the sold unit.

Goodwill is allocated between cash-generating units when any impairment tests are performed. Goodwill is allocated to cash-generating units or groups of cash-generating units, as established in accordance with the Group's operating segments that are expected to benefit from the business combination in which the goodwill item arose.

(b) Trademarks and brands: Trademarks and brands acquired in a business combination are recognised at fair value on the acquisition date. Trademark recognized in the Consolidated statement of financial position is the registered trademark Catella, which is deemed to have an indefinite useful life. The trademark is tested every year to identify any impairment and is recognised at cost less accumulated impairment losses.

(c) Customer relations: Contract portfolios and associated customer relationships relating to a business combination are identified in the acquisition analysis and are recognised as a separate intangible asset. The customer relationships arising from business combination are measured at fair value. Fair value measurement uses a valuation model based on discounted cash flows. Measurement is based on the turnover rate and return for the acquired portfolio on the acquisition date. In this model, a separate cost or required return is paid in the form of a contributory asset charge for the assets utilised in order for the intangible asset to generate a return. Cash flows are discounted through a weighted average cost of capital (WACC), which is adjusted with respect to local interest rate levels in the countries where the acquisitions occurred. The useful life of the contract portfolios and associated customer relationships is based on the turnover rate of the acquired portfolio, which is deemed to be five years and corresponds to an annual amortisation rate of 20%. Amortisation is recognised in the item depreciation of acquisition-related intangible assets in profit or loss.

(d) Software licences: Acquired software licenses are capitalised on the basis of the expenses arising when the relevant software was acquired and commissioned. These capitalised expenses are amortised over the estimated useful life, usually three to four years. Coincident with Catella's increased ownership of IPM Informed Portfolio Management AB, the Group acquired a proprietary portfolio management system which is estimated to have a useful life of 10 years.

(e) Deferred tax attributable to intangible assets: A deferred tax liability is measured based on the local tax rate for the difference between the carrying amount and the taxable value of the intangible asset. The deferred tax liability is to be reversed over the same period in which the intangible asset is amortised, which results in the effect of the amortisation on the intangible asset, in terms of the full tax rate relating to profit after tax, being neutralised. The deferred tax liability is initially recognised with a corresponding increase in goodwill. No deferred tax attributable to goodwill on consolidation is considered.

Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill, are not amortised/depreciated but tested for impairment yearly. Assets that are amortised/depreciated are tested for impairment whenever events or changed circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the amount at which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less any selling expenses and its value in use. For impairment testing, assets are grouped at the lowest levels at which separate identifiable cash flows exist (cash-generating units). Assets, that are not financial assets or goodwill and that were previously amortised/depreciated, are tested on each closing day to determine whether a reversal should be conducted.

Reversal of impairment

Impairment of assets included in the scope of IAS 36 are reversed if there is an indication that the impairment no longer exists and a change has occurred in the assumptions underlying the measurement of recoverable amount. However, impairment of goodwill is never reversed. A reversal is only conducted to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount, less any depreciation/amortisation wherever applicable, that would have been recognised had no impairment loss been recognised.

Impairment of loan receivables and accounts receivable recognised at amortised cost is reversed if the previous reasons for impairment no longer exist and full payment from the customer can be expected to be received.

Financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loan receivables, accounts receivable, financial assets available for sale and financial assets held to maturity. Classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets when they are first recognised.

(a) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets held for trading or financial assets that have been identified as an item measured at fair value on initial recognition (fair value option).

Financial assets held for trading: A financial asset is classified in this category if it was primarily acquired with the aim of being sold in the near future. Those financial assets that are measured at fair value through profit or loss and that are held for trading are the Group's bond and fund portfolios and the derivatives that have not been identified as hedges in accordance with IAS 39 financial instruments. Assets in this category are normally classified as current assets. However, most of the holdings in the Nordic Light Fund will be sold after 12 months, which is why this holding has been classified as non-current.

Items measured at fair value (fair value option): A financial asset that on initial recognition has been identified as an item measured at fair value is classified in this category. The loan portfolios are classified in this category since this corresponds to the original recognition and Catella's monitoring of these assets. Assets in this category are classified as current assets to the extent relating to the cash flows forecast over the next 12 months, while the remainder of the loan portfolios are recognised as non-current assets.

(b) Loan receivables and accounts receivable

Loan receivables and accounts receivable are financial assets that are not derivatives, that have determined or determinable payments and that are not listed on an active market. They are included in current assets, except for items becoming due for payment more than 12 months after the end of the reporting period, which are classified as non-current assets.

(c) Financial assets available for sale

Financial assets available for sale are assets that are not derivatives and where the assets have been identified as available for sale or have not been classified in any of the other categories. They are included in non-current assets if management does not intend to dispose of them within 12 months of the end of the reporting period.

Catella holds a small equities portfolio comprising shares in swift that are classified in this category.

(d) Assets held to maturity

Financial assets held to maturity are financial assets that are not derivatives, that have determined or determinable payments and determined maturity periods and that Group Management intends and is able to hold until maturity. If the Group were to sell more than an insignificant amount in the category of financial assets held to maturity, the whole category would have to be reclassified (termed tainting) to the category of financial assets available for sale. Financial assets held to maturity are included in non-current assets except for the cases in which the maturity date is less than 12 months from the end of the reporting period, when they are classified as current assets. At present, Catella does not hold any assets in this category.

Recognition and measurement

Purchases and sales of financial assets are recognised on the transaction date—the date on which the Group undertakes to purchase or sell the asset. Financial instruments are initially recognised at fair value plus transaction costs, which apply to all financial assets that are not recognised at fair value through profit or loss. Financial assets measured at fair value through profit or loss are initially recognised at fair value, while related transaction costs are recognised through profit or loss.

Financial assets are derecognised from the statement of financial position when the right to receive cash flows from the instrument has expired or been transferred and the Group has essentially transferred all risks and rewards associated with ownership. Financial assets available for sale and financial assets measured at fair value through profit or loss are recognised at fair value after the acquisition date. Loan receivables, accounts receivable and assets held to maturity are recognised after the acquisition date at amortised cost by applying the effective interest method.

Gains and losses due to changes in fair value relating to the category of financial assets measured at fair value through profit or loss are recognised in profit or loss in the period in which they arise and are included in the income statement item other financial items divided between the interest coupon received on outstanding loans and the change in fair value. The interest rate component is calculated in accordance with the effective interest method based on applicable discount rates that are an approximation of the instrument's interest rate component. The basis for determining fair value in this category is either the listed market value or measurement based on a discounted cash flow analysis performed by a party external to Catella. After the acquisition date, assets held to maturity are measured at amortised cost by applying the effective interest method. Dividend income from securities in the category of financial assets measured at fair value through profit or loss are recognised through profit or loss as a portion of other financial items when the Group's right to receive payments has been determined. Translation differences from monetary securities are recognised through profit or loss, while translation differences from non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as financial assets available for sale are recognised in other comprehensive income. When securities classified as financial assets available for sale are sold or impaired, the accumulated adjustments of fair value are transferred from equity to the income statement as gains and losses from financial instruments.

Interest on available-for-sale securities calculated in accordance with the effective interest method is recognised through profit or loss as a portion of interest income. Dividends from available-for-sale equity instruments are recognised through profit or loss as a portion of other financial items when the Group's right to receive payments has been determined.

Impairment of financial assets

The company evaluates whether there is objective evidence that a financial asset or Group of assets is impaired at each reporting date. Objective evidence may be firstly, observable circumstances that have occurred and that have a negative impact on the possibility of recovering the cost, or secondly a significant or protracted decrease in the fair value of an investment in a financial investment classified as an available-for-sale financial asset.

The impairment of receivables is measured on the basis of historical experience of bad debt loss on similar receivables. Accounts receivable subject to impairment are recognised at the present value of expected future cash flows although receivables with short terms are not discounted.

Derivative instruments and hedging measures

Derivative instruments are recognised in the statement of financial position on the contract date and measured at fair value, both initially and at subsequent re-measurement. The effect of the re-measurement is recognised in profit or loss. No hedge accounting in accordance with IAS 39 financial instruments takes place for the hedging transactions executed by Catella, except for hedging of a net investment in a foreign operation (hedging of net investment).

Hedging of net investment

The share of gains or losses from a hedging instrument that is deemed to be an effective hedge is recognised in other comprehensive income. The gain or loss attributable to the ineffective portion is immediately recognised in profit or loss under other financial items. Accumulated gains and losses in equity are recognised through profit or loss when the foreign operation is wholly or partly sold.

Receivables in foreign currency that comprise a portion of the company's net investments in foreign subsidiaries are also measured at the closing day rate. Exchange rate differences on these receivables are eliminated from the Income Statement and recognised directly in other comprehensive income.

Accounts receivable

Accounts receivable are amounts to be paid by the customer for goods sold or services rendered in operating activities. If payment is expected within one year, the receivable is classified as a current asset. Otherwise, the receivable is entered as a non-current asset.

Accounts receivable are initially recognised at fair value and subsequently at amortised cost by applying the effective interest method, less any reserves for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash, bank balances and other short-term investments in securities, etc. that are due for payment within three months after the acquisition date. The item includes client account receivables attributable to the asset management and securities operations reported net of client account liabilities.

Accounts payable

Accounts payable are obligations to pay for goods or services that have been purchased from suppliers in operating activities. Accounts payable are classified as current liabilities if they become due for payment within one year. Otherwise, the liability is entered as a non-current liability.

Accounts payable are initially recognised at fair value and subsequently at amortised cost by applying the effective interest method.

Borrowing

Borrowing is initially recognised at fair value, net of transaction costs. Borrowing is subsequently recognised at amortised cost and any difference between the amount received (net after transaction costs) and the amount of the repayment is recognised through profit or loss allocated over the loan term, by applying the effective interest method.

Fees paid for loan commitments are recognised as transaction costs for the borrowing to the extent that it is probable part or all of the credit facility will be utilised. In such cases, the fee is recognised when the credit facility is utilised. Where there is no longer any evidence to suggest that it is probable that part or all of the credit facility will be utilised, the fee is recognised as an advance payment for financial services and allocated over the term of the relevant loan facility.

Overdraft facilities are recognised as borrowing under current liabilities in the Statement of Financial Position.

Current and deferred income tax

Tax expenses for the period include current and deferred tax. Tax is recognized through profit or loss, except when the tax relates to items recognised in other comprehensive income or directly in equity. In such cases, tax is also recognised in other comprehensive income or equity, respectively.

The current tax expense is calculated on the basis of the tax rules that have been enacted or substantively enacted on the reporting date in the countries in which the Parent Company's subsidiaries and associated companies conduct business activities and generate taxable income. Management regularly evaluates the claims made in tax returns for situations in which applicable tax rules are subject to interpretation. Whenever deemed necessary, management provisions for amounts that must probably be paid to the tax authority.

In accordance with the balance sheet method, deferred tax is recognised on all temporary differences arising between the taxable value of the assets and liabilities and their carrying amounts in the Consolidated Accounts. However, deferred tax is not recognised if it arises as a result of a transaction comprising the initial recognition of an asset or liability that is not a business combination and that on the transaction date impacts neither recognised nor taxable earnings. Deferred income tax is calculated by applying tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date and that are expected to be applicable when the deferred tax asset in question is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future tax surpluses will be available that the temporary differences can be utilised against.

Deferred tax is measured on temporary differences arising on participations in subsidiaries and associated companies, except where the date of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets and liabilities are offset when a legal offset right for the tax assets and liabilities in question exists and when the deferred tax assets and liabilities are attributable to taxes charged by the same tax authority and relate to the same taxpayer or different taxpayers where there is the intention of settling the balances by making a net payment.

Employee benefits

(a) Pension obligations

Group companies have different pension plans. The pension plans are usually financed through payments to insurance companies or funds administered by an asset manager, with payments determined based on periodic actuarial calculations.

Most of the pension plans in the Group are defined contribution. However, there are some defined benefit pension plans for managers within Catella Bank Luxembourg. These obligations are of less significant amounts for the Group. The Group's new pension plans should be defined contribution.

A defined contribution pension plan is a pension plan in which the Group pays fixed contributions to a separate legal entity on a mandatory, contractual or voluntary basis. The Group has no other additional payment obligations once the payments have been made. The contributions are recognised as personnel costs when they become due for payment. Prepaid contributions are recognised as an asset to the extent that the cash repayment or decrease in future payments benefit the Group.

(b) Compensation on termination

Compensation on termination is paid when the Group terminates the employment of an employee prior to the normal time of retirement or when the employee accepts voluntary redundancy in exchange for such compensation. The Group recognises severance pay when it is demonstrably obliged to either terminate the employment of an employee in accordance with a detailed, irrevocable formal plan, or to provide severance pay as a result of an offer made to encourage voluntary redundancy. Benefits expiring more than 12 months after the end of the reporting period are discounted to present value.

(c) Profit share and bonus plans

The Group recognises a liability and an expense for bonuses and profit shares based on a formula that takes into consideration the profit that is attributable to the Parent Company's shareholders after certain restatements. The Group recognises a provision when a legal obligation or an informal obligation exists due to previous practice.

Share-based payment

The Group has issued warrants that senior managers and other key employees of the Group received as part payment coincident with the acquisition of the former Catella Group in 2010 and the acquisition of the remaining 30% of the subsidiary Catella Capital Intressenter AB, the holding company for Catella Fondförvaltning AB, during 2011. Additional warrants were issued in 2014 within the framework of an incentive program for the CEO and senior managers. These warrants were settled on market terms. The value of these warrants was determined by using an option valuation model (Black & Scholes). The warrants are classified as share-based payment.

Other contributed capital was credited when the warrants were issued. The company issues new shares when the options are utilised. Payments received, less any directly attributable transaction costs, are credited to share capital (quotient value) and other contributed capital when the options are exercised.

Provisions

Provisions for restructuring expenses and statutory requirements are recognized when the Group has a legal or informal obligation due to earlier events, it is probable that an outflow of resources will be required to settle the commitment and the amount has been measured reliably. Restructuring provisions include expenses for the termination of leases and severance pay. No provisions are made for future operating losses.

If a number of similar commitments exist, an assessment is made of the probability of an outflow of resources being required to settle this whole Group of commitments. A provision is recognised even if the probability of an outflow being required for a specific item in this Group of commitments is insignificant.

Provisions are measured at the present value of the amount expected to be required to settle the commitment. In this context, a discount rate before tax is used that reflects the current market assessment of the time value of money and the risks associated with the provision. The increase in the provision due to the passing of time is recognised as an interest expense.

Revenue recognition

Revenue includes the fair value of what is received or will be received for the services sold in the Group's operating activities. Revenue is recognised excluding value-added tax and discounts, and after elimination of intragroup sales. The Group recognises revenue when its amount can be reliably measured, it is probable that future financial benefits will flow to the company and specific criteria have been satisfied for each of the Group's operations as described below. The Group bases its estimates on historical outcomes, and in this context, takes the type of customer, type of transaction and special circumstances in each individual case into account.

Remuneration that is progressively accrued through services rendered, for example, fixed-fee consultancy, advisory or management fees is recognised as revenue coincident with the delivery of these services, which in practice, means that recognition is on a straight-line basis for the period to which the service relates. This revenue can either be a predetermined amount or a percentage fee of volumes managed for example (such as assets under management).

Remuneration attributable to a specific service or action is recognised as revenue when the service is rendered. Such income includes commission for such items as Catella Bank's credit card and acquisition operation and currency services.

This revenue can either be a predetermined amount or a percentage fee of volumes managed for example (such as card programme transactions or currency exchange).

Performance-based revenue, such as performance fees for extra returns in asset management or coincident with sales assignments, are recognised in accordance with applicable agreements regarding the point in time at which the performance-related fees may be charged. This means that in the case of a property sales assignment for example, where remuneration is a predetermined percentage of the customers' sales price of the property that is paid only when a sale has been completed is not recognised until a legally binding business transaction on the property has been concluded, and correspondingly, performance fees paid for surplus returns as recognised against an established reference level only on the measurement date, which is usually 31 December.

Commissions to resellers and settlement companies in Catella Bank's credit card and acquiring operations is recognised as an expense coincident with income being accrued in accordance with the above principles.

Interest income is recognised as revenue by applying the effective interest method. When the value of a receivable in the category of loan receivables and accounts receivable decreases, the Group decreases the carrying amount to the recoverable amount, which comprises the estimated future cash flow discounted by the original effective interest for the instrument, and continues to dissolve the discount effect as interest income. Interest income on impaired loan receivables and accounts receivable is recognised at the original effective interest rate.

Dividend income is recognised when the right to receive payment has been established.

Lease arrangements

Lease arrangements, where essentially, the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made during the lease term (after discounting for any incentives from the lessor) are expensed in the Income Statement on a straight-line basis over the lease term. The Group has only entered operating leases.

Earnings per share

The computation of earnings per share is based on consolidated net profit/loss for the year attributable to the Parent Company's owners and on the weighted average number of shares outstanding during the year. When computing earnings per share after dilution, earnings and the average number of shares after dilution are adjusted to take the effects of dilutive potential ordinary shares that originate from warrants issued during reporting periods into account. The dilution of warrants affects the number of shares and arises only when the exercise price is lower than the share price quoted on the stock exchange.

Items affecting comparability

Events and transactions that are material and not repeated items and whose effect on profit or loss is important to consider when net profit/loss is compared to previous years are recognised as items affecting comparability.

Other

Part of the Group's asset management assignment involves retaining cash and cash equivalents belonging to clients in the Group's bank accounts, with the corresponding liability to clients. Client funds are recognised in the Consolidated Statement of Financial Position as a current receivable and current liability. Both the receivable and liability are treated as items under financing activities in the Cash Flow Statement, and accordingly, do not impact on cash flow.

NOTE 3 FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks such as interest rate risk, currency risk, financing/liquidity risk and credit risk through its operating activities. Catella's Board of Directors assesses current and future risks and decides how they are to be managed by formulating group-wide risk management guidelines, which are evaluated and amended regularly. Risk management is also conducted at the relevant subsidiary level under the supervision of Group Management, which is why the risk management of significant subsidiaries is described below.

With regard to Asset Management and Banking operations, these subsidiaries include a dedicated risk management function that is independent from business operations, with the relevant managers reporting to each subsidiary's managing director and directly to the subsidiary's Board of Directors. Group Management is represented on subsidiary Boards and reports on to the Parent Company's Board.

Subsidiaries under the supervision of the financial supervisory authority of each country are Catella Real Estate AG, Catella Fondförvaltning AB, Catella Bank S.A., Catella Kapital och Pension AB, IPM Informed Portfolio Management AB and Catella Trust GmbH in the Asset Management and Banking operating segment. In the Corporate finance operating segment, there are no subsidiaries under supervision subsequent to the sale of Nordic Fixed Income AB as of 1 October 2015. Subsidiaries under supervision have an internal compliance function that monitors the subsidiaries' compliance with internal and external regulations and customer agreements. This function is independent of the business activities of each subsidiary and its managers report to the Managing Director and directly to the Board of the subsidiary. Group Management is represented in the subsidiary Boards and reports on to the Parent Company's Board.

As mentioned above, risk management is applied at subsidiary and operational levels since the different operating segments in the Group differ with regard to the operations conducted. For this reason, significant risks in each operating segment are described separately in the respective section on risk below.

Asset management and banking are conducted in the Group's Asset Management and Banking operating segment. The subsidiaries in this operating segment do not trade in financial instruments except in respect of hedge positions relating to client transactions. Nor do the subsidiaries trade in or take positions on their own account. Due to the subsidiaries' prudent policy for the credit issuance and trading in financial instruments, exposure to risks is limited. This operating segment is mainly exposed to credit risk.

The Group's treasury management consists of investments and holdings in loan portfolios and funds. These assets are recognised with the Parent Company in the category "Other." Investments in loan portfolios, described in more detail in Note 22, are mainly exposed to credit risk, but also to liquidity risk depending on potential changes in the repayment rate of the loan portfolios, interest rate risk and currency risk because the loans are in a currency other than SEK and mainly issued at variable interest. The book, and fair, value of the securitised loan portfolios was SEK 281 M (257) at year-end. Fund investments, described in more detail in Note 22, are mainly exposed to market price risk on the value of the funds and the holdings in them. Fund investments had a book value, also market value, of SEK 58 M (61) at year-end.

Liquidity risk

Liquidity risk is the risk that within a defined period of time the Group is unable to refinance its existing assets or is unable to meet more stringent liquidity requirements. Liquidity risk also includes the risk that the Group could be forced to borrow at unfavourable interest rates or sell assets at a loss to be able to fulfil its payment obligations.

As of 31 December 2015, the short-term liquidity reserve (cash and cash equivalents, short-term investments and committed but unutilised credit facilities) amounted to 162% (180) of consolidated annual sales and 106% (106) of consolidated borrowing and loan liabilities. Adjusted for Catella Bank, the short-term liquidity reserve was 65% (59) of annual sales and 489% (343) of borrowing and loan liabilities. As of 31 December 2015, the average time to maturity for short-term borrowing was just under three months.

In the Group's investments in loan portfolios, the primary financial obligations are payment of ongoing operating expenses. These obligations are met with cash flows from individual loans in the acquired loan portfolios, which are monitored by Catella's investment advisors. Accordingly, the loan portfolios have limited inherent financial commitments, although Catella is subject to the risk of encountering difficulty in realising assets, which accordingly, could affect the Group's prospects of obtaining funds to maintain its financial commitments. Since the market for subordinated securities with collateral in assets is currently illiquid, many of the investments in loan portfolios are illiquid, although not all. A few of the investments are over the counter (OTC) transactions, which are not registered according to the applicable securities laws, which restricts the transfer, sale, pledge or other disposal of these investments, except in the case of transactions that do not need to be registered according to, or otherwise comply with, these laws. The Group assesses that short and long-term liquidity are favourable and that there is flexibility in financing. If the Group's liquidity were to change and if the Group needed to divest part or all of the loan portfolio, consisting of securitised European loan portfolios, mainly with exposure to housing, for liquidity reasons, the potential to alter this portfolio rapidly and obtain a reasonable price could be limited, due to changes in economic and other circumstances. If the Group acquires investments for which there is no market, the Group's potential to renegotiate such investments or obtain reliable information on the value of an investment or the risks to which it is exposed to, could be limited.

The following tables summarise the Catella Group's liquidity risk at the end of 2015 and 2014.

Liquidity report as of 31 December 2015-2014

31 December 2015	< 1 yr.	Between 1 and 5 yrs.	> 5 yr.	Total
Borrowings	-50	0		-50
Loan liabilities	-2,577	-200		-2,776
Derivatives	-4			-4
Accounts payable and other liabilities	-192			-192
Total outflows *	**-2,823**	**-200**	**0**	**-3,023**
Accounts receivable and other receivables	296			296
Loan receivables	542	248		790
Derivatives	4			4
Financial assets at fair value through profit or loss **	66	161	54	281
Total inflows *	**908**	**409**	**54**	**1,371**
Net cash flow, total	**-1,915**	**209**	**54**	**-1,651**

31 December 2014	< 1 yr.	Between 1 and 5 yrs.	> 5 yr.	Total
Borrowings	-237	-1		-238
Loan liabilities	-2,026	-199		-2,226
Derivatives	-3			-3
Accounts payable and other liabilities	-198			-198
Total outflows *	**-2,465**	**-200**	**0**	**-2,664**
Accounts receivable and other receivables	265			265
Loan receivables	432	162		595
Derivatives	3			3
Financial assets at fair value through profit or loss **	23	153	82	257
Total inflows *	**723**	**315**	**82**	**1,120**
Net cash flow, total	**-1,742**	**116**	**82**	**-1,545**

Net cash flows reported above totalled SEK -1,651 M (2014: SEK -1,545 M) at the end of 2015, to be compared to consolidated cash and cash equivalents of SEK 2,854 M (2014: SEK 2,532 M) on the same date.

* Discounted contracted cash flows. For outflows, estimated interest payments are approximately SEK 11 M in 2016. For inflows, estimated interest income including interest on loan portfolios is approximately SEK 36 M in 2016.
** The majority is EETI's loan portfolios, more information in Note 22.

The Group's borrowing and financing are managed by the Parent Company and holding companies in the Group. The Parent Company's management and accounting department carefully monitor rolling forecasts of the Group's and subsidiaries' liquidity reserves to ensure that the Group and subsidiaries have sufficient cash funds to meet needs in operating activities.

Catella Bank continuously monitors its liquidity in accordance with the rules governing the Bank's operations and continuously monitors compliance with internal and external regulatory or legal standards. For a description of the Group's loan liabilities, see Note 29. For the unutilized portion of granted bank overdraft facilities, see Note 27.

In combination with Catella's cash flows, the funding sources outlined above provide short and long-term liquidity and ensure flexibility in the Group's funding of its operations.

Market risk

Market risk is the risk of loss or reducing future income due to fluctuations in interest rates, exchange rates and share prices, including price risk relating to the sale of assets or closure of positions. Except in treasury management, all trading in financial instruments in the Group is client based and not conducted for proprietary trading or speculative purposes.

Market price risk in Treasury Management

The Group's investments in loan portfolios are primarily exposed to market price risk through changes in the value of these investments and through interest rate fluctuations that reduce potential interest income. The investments in loan portfolios accrue variable interest or have underlying assets with variable interest and are measured according to a market-based credit spread based on a reference rate such as EURIBOR. An increased credit spread could directly affect Catella through its impact on unrealised gains or losses on portfolio investments, and therefore also Catella's ability to make a profit on investments, or indirectly by affecting Catella's potential to borrow and access capital. In accordance with the accounting policies in Note 2, investments in the loan portfolios are measured at fair value through profit or loss. Note 22, financial assets measured at fair value through profit or loss, presents each individual loan portfolio and the weighted average expected variable interest rate on each investment.

The risks described above could result in either higher or lower income for Catella. The way that changes in discount rates and changes in anticipated cash flows would affect profit before tax, measured as the change in fair value of Catella's loan portfolios, is described in the sensitivity analyses in Note 22.

Market price risk in Asset Management and Banking

Consistent with the above, trading in financial instruments is exclusively client based, which is why the market price risk is regarded as limited. Catella Bank is indirectly exposed to market price risk on the value of security submitted for client loans and other commitments.

Interest rate risk

Interest rate risk is the risk that the Group's net profit could be impacted by changes in general interest rate levels. The Group has mainly raised loan financing in SEK at variable interest for its own operational financing. Detailed information on these liabilities is provided in Note 29. The Parent Company analyses and continuously monitors its exposure to interest rate risk.

Interest rate risk is a particular focus within Catella Bank. However, the Bank's interest rate risk exposure is limited because there are usually matching fixed income investments subject to similar terms as interest commitments, alternatively with an interest margin favouring Catella Bank. Catella Bank continuously analyses and monitors its exposure to interest rate risk.

Information on the Group's net debt profile and a sensitivity analysis are presented below, with information on fixed interest periods. As of 31 December 2015, the Group had a net cash position, including cash and cash equivalents in Catella Bank, to which the Group does not have access. The Group's interest coverage ratio, a measure of the ability to pay interest expenses, was 25.4 as of 31 December 2015 (2014: 16.2).

Exchange rate risk

The Group is active internationally and is subject to exchange rate risks that arise from various currency exposures. Exchange rate risk arises through business transactions, recognised assets and liabilities and net investments in foreign operations.

Subsidiaries' operations are predominantly conducted in the country in which they are located, and accordingly, transactions are executed in the same currency as the subsidiary's reporting currency. Accordingly, transaction exposure is limited, as described in more detail below.

Catella Bank conducts card operations, in which holders of debit and credit cards execute transactions in different currencies that are settled in the Bank's clearing system. This settlement is daily in foreign currencies. To reduce currency risk in currencies other than Catella Bank's functional currency (EUR) the accumulated positions are sold daily.

The Group's interest-bearing liabilities and assets by currency

Amount, SEK M	2015 31 Dec	2014 31 Dec
EUR liabilities	-664	-987
USD liabilities	-544	-602
SEK liabilities	-1,362	-568
GBP liabilities	-159	-187
CHF liabilities	-52	-67
NOK liabilities	-8	-34
DKK liabilities	-4	-2
Liabilities in other currencies	-38	-20
Total interest-bearing liabilities	**-2,831**	**-2,467**
Term (days)	34	35
Average interest expense for the year,%	0.5	0.7
Interest +0.5%	1.0	1.2
Net effect on profit or loss of 0.5% increase, SEK M	-14	-12
Interest -0.5%	0.0	0.2
Net effect on profit or loss of 0.5% decrease, SEK M	14	12

Amount, SEK M	2015 31 Dec	2014 31 Dec
EUR assets	1,372	1,631
USD assets	529	595
SEK assets	1,666	749
GBP assets	246	270
CHF assets	30	69
NOK assets	20	29
DKK assets	25	20
Assets in other currencies	40	24
Total interest-bearing assets	**3,929**	**3,387**
Term (days)	16	14
Average interest income for the year,%	1.4	1.7
Interest +0.5%	1.9	2.2
Net effect on profit or loss of 0.5% increase, SEK M	20	17
Interest -0.5%	0.9	1.2
Net effect on profit or loss of 0.5% decrease, SEK M	-20	-17

Financing of foreign assets—translation risk

Translation risk is the risk that the value in SEK relating to equity in foreign currencies could fluctuate due to exchange rate fluctuations. The Group's net exposure in foreign currency amounted to SEK 901 M (806) as of 31 December 2015. This net exposure consists of capital financed by deposits and equity. This means that, from a Group perspective, Catella has equity in foreign currencies that is exposed to exchange rate fluctuations. This exposure leads to a translation risk and thereby to a situation in which unfavourable exchange rate fluctuations could negatively impact the Group's foreign net assets upon translation to SEK. Catella does not hedge such foreign net investment in subsidiaries.

The following tables show the breakdown of the Group's capital employed by currency and its funding. They also include a sensitivity analysis of net liquidity/net debt and capital employed resulting from exchange rate fluctuations of +/-10% for the SEK. Changes to net liquidity/net debt and in capital employed resulting from exchange rate fluctuations are reported in other comprehensive income, and consequently do not affect profit for the year. In 2015, the translation difference amounted to SEK 33 M (2014: SEK 44 M) of other comprehensive income. Given a change in foreign exchange rates as of year-end of +/–10%, the translation difference would increase/decrease by SEK 90 M (2014: SEK 79 M).

Capital employed and financing by currency, 2015–2014

31 December 2015	EUR	USD	GBP	CHF	NOK	DKK	Other currencies	Total foreign currencies	SEK	Total, group	Total, group +10%	Total, group –10%
Capital employed	134	0	2	0	-8	2	0	130	209	338	351	326
Net liquidity (+)/Net debt (–)	708	-15	87	-22	12	20	2	793	305	1,098	1,177	1,019
Non-controlling interests	-13			0		-9		-22	-95	-117	-120	-115
Net exposure	**829**	**-15**	**89**	**-22**	**4**	**14**	**2**	**901**	**418**	**1,319**	**1,409**	**1,229**
Net debt/equity ratio	-0.8	0.0	-1.0	-1.0	-3.3	-0.9	-1.0	-0.9	-0.6	-0.8	-0.8	-0.8

31 December 2014	EUR	USD	GBP	CHF	NOK	DKK	Other currencies	Total foreign currencies	SEK	Total, group	Total, group +10%	Total, group –10%
Capital employed	88	0	0	0	-9	2	0	80	252	332	340	324
Net liquidity (+)/Net debt (–)	644	-7	83	3	-5	18	4	739	181	920	994	846
Non-controlling interests	-6			0	0	-8	0	-14	-75	-88	-90	-87
Net exposure	**725**	**-7**	**83**	**2**	**-14**	**12**	**4**	**806**	**358**	**1,164**	**1,244**	**1,083**
Net debt/equity ratio	-0.9	0.0	-1.0	-1.1	-0.3	-0.9	-1.0	-0.9	-0.4	-0.7	-0.7	-0.7

Transaction risk

Transaction risk is the risk of an impact on the consolidated net profit due to the value of the commercial flows in foreign currencies changing because of exchange rate fluctuations. Because the Group's operating activities are largely conducted in foreign subsidiaries whose functional currency is EUR or another foreign currency, exchange rate fluctuations between these currencies and SEK affect consolidated profit or loss.

The majority of the revenues of the subsidiary IPM are denominated in foreign currency, mainly USD and EUR, while the majority of expenses are in SEK. Currency risk arises when accounts receivable in foreign currency are raised against clients. Because their maturity is short, the risk of substantial fluctuations in exchange rates is low. IPM utilizes currency forward contracts to limit its currency exposure.

On the reporting date, other subsidiaries of Catella had no substantial liabilities or assets in foreign currencies that resulted in net exposure in a currency other than the companies' functional currencies except relating to certain intragroup transactions.

Credit risk

Credit risk is the risk of losses due to a borrower not being able to fulfil its obligations to Catella. Credit risk relates to all receivables and potential receivables from companies, financial companies, public administration and private individuals.

Credit risk—accounts receivable and loan receivables

The risk of bad debt is generally low in the Group, due to several different factors. Counterparties are predominantly well-known mid-size and large clients, where there is an established, long-term relationship. This results in stable incoming payment flows. Credit checks are conducted on new clients. The sale and the transactions generated by the client portfolio are also diversified in several ways, the most important being that no or few clients constitute a significant part of total sales or lending. Accordingly, a default by an individual client would have a minor effect overall. Counterparties and loan receivables are approved in accordance with the authorisation order in place in the Group, specified further for Asset Management and Banking below. Furthermore, Catella renders services for geographically diversified clients in a large number of sectors including the public sector, financial sector and real estate companies. Accordingly, exposure to an economic downturn in a single sector or region is relatively limited. Overall, this implies stable payment flows from sales and lending generated, as confirmed by the low level of client losses and bad debt, which were 0.29% (0.04) of Group net sales in 2015.

Credit risk—Asset Management and Banking

Credit risk is Catella Bank's greatest risk exposure. Credit risk is the risk exposure to lending and overdrafts offered to clients, credit card receivables, card payment services and other commitments to Catella Bank's counterparties.

- Loans and overdraft facilities are structured as secured loans or what are termed Lombard credits, secured against collateral in cash and cash equivalents, listed securities and/or guarantees. The bank's credit policy governs credit decisions and the terms and governance applying to the management process. All loans are subject to approval by the bank's Credit Committee, which consists of members of the bank's management. Larger loans or loans subject to special terms should be approved by the Board of Directors' Credit Committee. Group Management is represented on Catella Bank's Board of Directors, which accordingly, actively participates in making these decisions. At all times, credits must be secured against adequate security and the market value of assets pledged, which is monitored on an ongoing basis.
- Credit card receivables arise when the bank issues credit cards to customers of banking institutions located within and outside Luxembourg. Catella Bank is party to agreements with several international banks where Catella Bank offers credit card services to these institutions' major private high net worth clients. Credit risk can arise in relation to these receivables, but is covered by guarantees and undertakings from the banking institutions using the card services and the cardholders themselves.
- Card payment services relate to the bank's card acquiring operations. In the card acquiring operations, international retailers can use Catella Bank for clearing through the VISA/MasterCard payment platform, often through Payment Service Providers (PSP), who intermediate payment services for e-commerce operators. In this process, the bank handles the payment flow between card issuing banks, cardholders and retailers. Coincident with insolvencies, bad debts can arise in the card acquiring operations if the card acquiring retailer fails to fulfil its undertaking to deliver goods or services for which payment has been received. To reduce credit risk for card acquiring customers, Catella Bank retains a portion of the turnover in the card system as security from these businesses, or obtains a guarantee from the PSP relating to the clients' outstanding payment obligations. For more information on frozen funds, see Note 33.
- In order to secure payment transfers, manage liquidity positions and conduct securities trading, Catella Bank has investments with a number of financial counterparties. These credit institutions and banks have high credit ratings with

nominal limits determined by the bank's Board of Directors, within the confines of the applicable regulatory framework.

Catella Bank branch office issues credit against collateral coincident with its clients' purchases of equities and fund units. The credit risk associated with lending against collateral in equities and fund units is regarded as very limited because Catella Bank branch office applies prudent leveraging rules. The branch complies with the Swedish Bankers' Association's and the Swedish Securities Dealers' Association's recommendations as guidance for setting loan to value ratios for securities. The CEO has the overall responsibility for Catella Bank branch office's credit exposure. The branch office's lending is characterised by high demands on ethics, quality and control. An overall principle is that all Catella Bank branch office's credit decisions are usually reached by a minimum of two individuals. Credit risk represents Catella Bank branch office's most significant risk exposure. Despite this, no credit losses have been reported by the branch office.

Credit risk—Treasury Management

The Group's investments in loan portfolios primarily consist of holdings in, and/or financial exposure to, securities that are subordinated from a payment perspective and are ranked below securities that are backed by, or represent ownership of, the same asset class. In the event of default by an issuer of such investments, holders of more senior securities from the issuer are entitled to payment before Catella. Some of the investments also have structural elements, which means that payment of interest and/or principal goes to more senior securities that are backed by, or represent ownership of, the same class of asset in the event of default or when the loss exceeds predetermined levels. This could lead to interruptions in Catella's expected revenue flow from its investment portfolio. Although holders of asset-backed securities normally have the advantage of high collateral levels, control over the timing and method of the sale of such collateral in the event of default is normally transferred to holders of the most senior securities. There are no guarantees that the income from the sale of collateral will be sufficient to fully repay Catella's investments.

Catella endeavours to reduce credit risk by actively monitoring its investment portfolio and the underlying credit quality of its holdings. Catella endeavours to further minimise credit risk by creating a diversified portfolio in terms of geographical allocation, administrators and issuers. Catella does not intend to undertake any credit hedging other than hedging of credit exposure in specific investments in individual cases. In 2015, no credit hedging was conducted.

Advance payment risk is the risk that individual debtors will pay off mortgages used as collateral for loan portfolios before their scheduled maturities. In its valuations, Catella takes into account an expected advance payment rate on the loans used as collateral for its investments, but it is possible that Catella's investments and the assets used as collateral for them will be repaid earlier than expected, and thereby affect the value of Catella's portfolio. Catella's investment advisors review advance payment assumptions quarterly and update them as required. The assumptions are reviewed by examining the information about the performance of underlying loans. The advance payment rate is affected by changes in interest rates and a number of financial, geographical and other factors that lie outside Catella's control, and consequently, cannot be predicted with certainty. The level and timing of the debtors' advance payment of mortgages used as collateral for certain investments could adversely affect the income earned by Catella on these investments.

Default risk is the risk that individual debtors will be unable to pay the required interest and principal at maturity. In its valuations, Catella takes into account an expected rate of default and an expected level of loss, but Catella's investments could incur larger losses if the payments in default are higher than expected. The risk of default is handled by Catella's investment advisor, who regularly analyses holdings. Every quarter, the investment advisor reviews the various assumptions and updates them as required. The assumptions are reviewed by examining the information about the performance of the underlying loans. The degree of default risk is affected by changes in interest rates and a number of financial, geographical and other factors that lie outside Catella's control, and consequently, cannot be predicted with certainty. The level and timing of a debtor's default of mortgages used as collateral for certain investments could adversely affect the revenue accrued by Catella on these investments.

Credit rating of financial assets

The following table states the credit ratings of the financial assets of the Group

Credit ratings of financial assets

31 December 2015	Accounts receivable	Loan receivables	Derivatives	Assets available for sale	Assets at fair value through profit or loss	Bank balances and short-term bank deposits	Total
Counterparties with external credit ratings *							
AAA	0		1		18	338	356
AA+	1				10	223	234
AA	5					254	259
AA-	0					378	378
A+	7					531	539
A	19				10	282	312
A-	52				10	164	225
BBB+	3					0	3
BBB	3						3
BBB-	1					26	28
BB+						0	0
BB	0				45		46
B+	1						1
	93	**0**	**1**	**0**	**94**	**2,196**	**2,384**
Counterparties without external credit ratings							
Company	132	591	3	0	236		962
Funds	17				58		75
Financial companies	4	0				657	661
Public administration	1						1
Private individuals	10	199	1				210
	163	**790**	**3**	**0**	**294**	**657**	**1,908**
Total	**256**	**790**	**4**	**0**	**388**	**2,854**	**4,292**

31 December 2014	Accounts receivable	Loan receivables	Derivatives	Assets available for sale	Assets at fair value through profit or loss	Bank balances and short-term bank deposits	Total
Counterparties with external credit ratings *							
AAA	0				0	266	267
AA+	1		2			435	437
AA	1					24	25
AA-	1				36	514	550
A+	1					578	578
A	33				63	87	183
A-	47					49	95
BBB+	2					95	97
BBB	3					5	8
BBB-	0					5	5
BB+							
BB-							
B+					7		7
	89	**0**	**2**	**0**	**106**	**2,057**	**2,253**
Counterparties without external credit ratings							
Company	140	443	0	0	169		752
Funds					61		61
Financial companies	8	48				476	531
Public administration	3						3
Private individuals	4	104	1				109
	156	**595**	**1**	**0**	**230**	**476**	**1,457**
Total	**244**	**595**	**3**	**0**	**336**	**2,532**	**3,710**

* Standard & Poor's long-term credit rating has been used.

Geographical concentration of credit risks

The following table states the geographical concentration of credit risks.

Geographical concentration of credit risks in financial assets

	Financial assets		Memorandum items	
	2015	2014	2015	2014
Luxembourg	1,665	1,755	1,423	953
Sweden	1,518	956	475	288
Germany	225	210	58	63
France	175	201	63	67
Portugal	117	105	5	-
UK	92	85	91	74
Monaco	85	71	368	294
Switzerland	76	126	511	693
Other countries	340	201	391	391
Total	**4,292**	**3,710**	**3,387**	**2,823**

Capital risk and capital management and related risk

The objective of the Group's capital structure is to provide a healthy return to shareholders by maintaining an optimal capital structure aiming to achieve the lowest possible cost of capital, and in subsidiaries, achieving the requirement of financial stability placed on subsidiaries is also appropriate. The Group's capitalisation must be risk based and proceed from a judgement of the overall risk level of operations. It should also be forward looking and consistent with long and short-term business plans and expected macroeconomic growth. The capital is assessed with relevant key ratios, such as the ratio between net cash and equity. As of 31 December 2015, Catella had a net cash position, including cash and cash equivalents in Catella Bank, to which the rest of the Group has no access. As of 31 December 2015, net cash in relation to equity was 0.8 (0.7).

Part of the Group's operations conduct licensable operations, regulated by the financial supervisory authorities of the relevant countries of fiscal domicile. Existing regulations and the rapid development of the regulatory framework are generally complex, and particularly for Catella's banking operations. These regulations set stringent, and in the future, still more stringent standards on licensable operations, as well as on liquidity and capital reserves. Compliance with these regulatory structures is a pre-requisite for licensable operations. Catella works continuously to ensure compliance with current regulatory structures, and prepares for compliance with forthcoming regulatory changes. In the event that subsidiaries were to become unable to satisfy such regulatory stipulations, this may have adverse consequences for Group profit and the value of the Group's assets. For Catella's consolidated financial situation, the tier 1 capital ratio and the total capital ratio was 18.5% as of 31 December 2015 (2014: 21.0 %). According to the statutory requirements, these may not be below 6 or 8% respectively. Subsidiaries subject to capital adequacy requirements from supervisory authorities satisfied such requirements in the year and as of 31 December 2015.

Fair value hierarchy for the measurement of financial assets and liabilities

The following table presents financial instruments measured at fair value based on how the classification in the fair value hierarchy has been conducted. The various levels are defined as follows:

Listed (unadjusted) market prices

The fair value of financial instruments traded on an active market is based on listed market prices on the reporting date. A market is considered to be active if listed prices from a stock exchange, broker, industrial Group, pricing service or supervisory authority are readily and regularly available and these prices represent actual and regularly occurring market transactions at arm's length. The listed market price used for the Group's financial assets is the actual bid rate. This category includes short-term investments in listed bonds.

Valuation techniques that use observable market data

The fair value of financial instruments not traded on an active market (such as OTC derivatives or certain funds) is measured using valuation techniques. Here, market information is used as much as possible when available, while company-specific information is used as little as possible. If all significant input data required for the fair value measurement of an instrument is observable, the instrument is listed in the column of valuation techniques that use observable market data in the following table. The investments presented in the following table in the column for valuation techniques that use observable market data are mainly derivative instruments and fund holdings.

Valuation techniques that use non-observable market data

If one or more significant input data is not based on observable market information, the instrument concerned is classified in this category. Specific valuation techniques used to measure financial instruments are the calculation of discounted cash flows to measure fair value of the remaining financial instruments. The financial instruments classified in this category are the value of Catella's investments in securitised loan portfolios. They are measured at fair value, which was measured based on forecast discounted cash flows, see also Note 22. This category also includes units in the Nordic Light Fund, where the assets also comprise securitized loan portfolios, for further information see Note 22.

A sensitivity analysis of changes to significant parameters for measuring loan portfolios (financial assets measured at fair value in profit or loss) is provided above in the section regarding Market price risk in treasury management.

Financial instruments by category

The Consolidated Statement of Financial Position presents how financial instruments are allocated by category, with no further disclosure on categories in the Notes.

The Group's assets and liabilities at fair value as of 31 December 2015

31 December 2015	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
Assets				
Derivatives		4		4
Financial assets available for sale		0		0
Financial assets at fair value through profit or loss	48	21	320	388
Total assets	**48**	**25**	**320**	**392**
Derivatives		4		4
Total liabilities	**0**	**4**	**0**	**4**

The Group's assets and liabilities at fair value as of 31 December 2014

31 December 2014	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
Assets				
Derivatives		3		3
Financial assets available for sale		0		0
Financial assets at fair value through profit or loss	0	13	323	336
Total assets	**0**	**16**	**323**	**339**
Derivatives		3		3
Total liabilities	**0**	**3**	**0**	**3**

Changes in instruments in the category of valuation techniques using non-observable market data in 2015 and 2014:

	2015	2014
	Assets at fair value through profit or loss	Assets at fair value through profit or loss
As of 1 January	323	239
Investments	8	32
Disposals	-47	-38
Amortisation	-10	-10
Gains and losses recognised through profit or loss	43	73
Capitalised interest income	14	12
Reclassification to holding in associated company	-	-
Exchange rate differences	-12	15
As of 31 December	**320**	**323**

NOTE 4 CRITICAL ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and based on historical experience and other factors, including expectations of future events that are considered reasonable in prevailing circumstances.

Critical estimates and assumptions for accounting purposes

The Group makes estimates and assumptions of the future. By definition, the resulting estimates for accounting purposes will rarely match real outcomes. Estimates and assumptions that entail a significant risk of restatement of carrying amounts of assets and liabilities during the next financial year are addressed below.

Impairment tests of intangible assets with indefinite useful lives

The Group has goodwill of SEK 282 M (278) and trademarks and brands of SEK 50 M (50) which, in accordance with the accounting policy described in Note 2, are subject to impairment tests annually, in the fourth quarter. A judgement of recoverable amount is conducted based on measurements and estimates. The test conducted in 2015 showed no evidence of impairment of book values. See also Note 18.

Measurement of accounts receivable, loan receivables, reserves for losses on bad debt and loan receivable losses and other commitments to counterparties

Accounts receivable and loan receivables total SEK 1,046 M (839) and thus jointly constitute a significant item in the Statement of Financial Position. Accounts receivable and loan receivables are recognised at net amortised cost after provisions for losses on accounts receivable. Provisions for accounts receivable losses of SEK -32 M (-34) and loan receivable losses of SEK -23 M (-26) are subject to critical estimates and judgements. There is more information on credit risk in accounts receivable and loan receivables in Notes 3 and 24. In addition, there are undertakings for unutilised, granted loan credits of SEK 2,015 M (2,075) that are described in Note 35 and credit risk for card acquisition customers and counterparty risk in card and payment systems. If the assumptions, which are based on historical statistics and individual judgements, were to differ from final outcomes, the provisions for these risks could prove insufficient and additional costs could thus arise in upcoming periods.

Measurement of securitised loan portfolios

At 31 December 2015, the value of Catella's loan portfolios was SEK 281 M (257). The measurement of the loan portfolios is based on a large number of parameters, including estimated future cash flows, as described in Note 3, Financial risk management. Since the market for these loan portfolios, subordinated securities with collateral in assets, is currently illiquid, many, although not all, of Catella's investments are illiquid. As a result, the valuation model includes a number of parameters that are non-observable market data, which leads to significant uncertainty. Changes in judgements underlying the chosen parameters could result in a change in the fair value of Catella's loan portfolio in the Consolidated Statement of Financial Position and such a change could be material. It is not possible to quantify the likelihood of whether the assumptions could be erroneous and thereby lead to erroneous valuation of the portfolio. For further information and a sensitivity analysis, refer to Notes 3 and 22.

Reporting of the Nordic Light Fund

Nordic Light Fund is a fund product managed by Catella Bank which contains securitised loan portfolios. As of 31 December 2015, the value of Catella's units in Nordic Light Fund totalled SEK 38 M (58). The valuation of the loan portfolio is based on a large number of parameters including estimated future cash flows for the loan portfolios in line with the description above of securitised loan portfolios. Changes in the assessment underlying the chosen parameters could result in a change of the fair value of the fund units.

Measurement of identifiable assets and liabilities coincident with acquisition of subsidiaries/operations

The measurement of identifiable assets and liabilities coincident with the acquisition of subsidiaries or operations includes, as a part of the allocation of the purchase consideration, both items in the acquired company's Balance sheet and items not subject to recognition in the acquired company's Balance sheet, such as customer relations and software will be measured at fair value. Normally, no listed prices exist for the assets and liabilities to be measured, whereby various valuation techniques must be applied. These valuation techniques are based on several different assumptions. Other items that could be difficult to identify and measure are contingent liabilities that may have arisen in the acquired company, such as disputes. All balance sheet items are thereby subject to estimates and judgements. For further information regarding acquisitions, see Note 37.

Recognition of income tax, value added tax and other tax rules

The recognition of income tax, value added tax and other taxes is based on current rules in the countries in which the Group conducts operations. Due to the overall complexity of all rules governing taxes and the reporting of taxes, application and recognition are based on interpretation, as well as estimates and judgements of potential outcomes. Deferred tax is computed on temporary differences between recognised and tax values of assets and liabilities. Two types of assumptions and estimates mainly affect the reported deferred tax. Firstly, there are assumptions and estimates to establish the carrying amount of various assets and liabilities, and secondly judgements as to whether there will be a future taxable profit so that the temporary differences will be realisable. At year-end, SEK 86 M (64) was recognised as deferred tax assets based on a judgement of the Group's future utilisation of loss carry-forwards. The Group's overall loss carry-forwards amount to approximately SEK 700 M (790), which essentially, are attributable to operations in Sweden and have unlimited life. Critical estimates and assumptions were also made in terms of the recognition of provisions and contingent liabilities related to tax risks. For more information on taxes, see Note 15.

Effects on the Group's financial position from ongoing disputes and the measurement of contingent liabilities

Reporting of disputes and measurement of contingent liabilities are based on judgements. If these judgements were to differ from actual outcomes, this could have a material impact on Catella's accounts. For more information, see Note 34.

NOTE 5 INFORMATION PER SEGMENT

Disclosures by operating segment

Catella conducts operations in a number of countries where local managers are responsible for each local operation. There are three business areas in the Asset Management and Banking operating segment. Business area managers monitor operations in these business areas, and provide support for each operation. Business area managers report to the Head of the Asset Management and Banking operating segment (currently the CEO) and the Heads of the Nordic and Continental European markets in the Corporate Finance operating segment report to the Head of Corporate Finance (currently the CEO).

Operating segments report in a manner consistent with Catella's internal reporting to the CEO, identified as the chief operating decision maker of Catella. Catella's chief operating decision maker evaluates the Group's operations based on these operating segments and reporting segments: Corporate Finance and Asset Management and Banking. Catella's chief operating decision maker mainly uses adjusted earnings before interest, taxes, depreciation and amortisation to evaluate the operating segments' results of operations. The chief operating decision maker also receives monthly information on each segment's revenues and expenses and information on transaction volumes and volumes under management. There is more detail on this in Note 2.

The Parent Company, other holding companies and treasury management are recognised in the "Other" category. Acquisition and financing costs and Catella's trademark are also recognised in this category. Transactions between the operating segments are limited and relate mainly to financial transactions and certain re-invoicing of expenses. Limited transactions for rendering services to external customers occur. Any transactions are conducted on an arm's length basis.

The operations of the Group's reportable segments are as follows:

Corporate Finance

This operating segment has one business area with two main geographical markets, the Nordic countries and continental Europe. Within Corporate Finance, Catella offers transaction advisory services on sales and acquisitions to domestic and international investors in Europe, focusing on complex transactions. Catella also provides market analysis and strategic advice, as well as advisory services on financing for companies in the property sector.

Asset Management and Banking

This operating segment is divided into three business areas. Catella provides equity, hedge and fixed income funds through the Equity, Hedge and Fixed Income Funds business area. With its broad offering, Catella is able to address the investment needs of private and institutional investors from various risk aspects, market conditions and management methodologies. Through the Banking business area, Catella also offers contemporary investment advice and asset management, as well as niche card and payment solutions for private banks and e-commerce companies, as well as serving as a card issuer and card acquirer. Through the Property Investment Management business area, Catella provides property funds mainly for institutional owners. Catella also offers asset management in the property sector, mainly for international investors and funds, as well as services in property-related development projects.

Information on each segment's revenues, expenses, assets, liabilities and cash flows is provided below.

Income Statement by operating segment

	Corporate Finance		Asset Management and Banking		Other		Eliminations		Group	
SEK M	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Net sales	623	527	1,245	925	8	7	-23	-14	1,853	1,445
Other operating income	6	1	7	11	0	-	-1	0	13	12
	630	**529**	**1,253**	**936**	**8**	**7**	**-24**	**-14**	**1,866**	**1,457**
Direct assigment costs and commission	-37	-32	-317	-260	0	-	7	4	-347	-289
Other external expenses	-138	-117	-245	-195	-21	-18	13	5	-392	-325
Personnel costs	-383	-297	-447	-352	-20	-21	4	5	-846	-665
Depreciation and amortisation	-4	-3	-8	-9	0	0	-	-	-13	-12
Other operating expenses	-1	0	-8	-1	0	1	1	0	-8	0
Operating profit/loss before acquisition-related	**66**	**79**	**228**	**119**	**-33**	**-32**	**0**	**0**	**261**	**167**
Amortisation of acquisition-related intangible assets	-	-	-7	-7	-	-	-	-	-7	-7
Operating profit/loss	**66**	**79**	**221**	**112**	**-33**	**-32**	**0**	**0**	**254**	**160**
Interest income	1	1	0	1	26	25	-1	-1	26	26
Interest expenses	-2	-1	0	0	-10	-12	1	1	-12	-12
Other financial income	6	0	3	5	32	71		-	41	76
Other financial expenses	-2	0	0	-1	-1	-1		-	-3	-2
Financial items—net	4	1	3	5	46	83	0	0	53	88
Profit/loss before tax	**70**	**80**	**223**	**117**	**13**	**51**	**0**	**0**	**306**	**248**
Tax	-24	-25	-51	-37	41	42		-	-34	-20
Net profit/loss for the year	**46**	**55**	**172**	**80**	**54**	**92**	**0**	**0**	**272**	**227**

Financial position by operating segment

SEK M	Corporate Finance 2015	Corporate Finance 2014	Asset Management and Banking 2015	Asset Management and Banking 2014	Other 2015	Other 2014	Eliminations 2015	Eliminations 2014	Group 2015	Group 2014
Assets										
Non-current assets										
Intangible assets	61	62	252	244	50	50			363	356
Tangible assets	12	13	11	12	0	0			24	24
Investments in group companies	0	0	0		770	783	-770	-783	0	0
Investments in associated companies	0	0	1	0	26	2			27	2
Financial assets available for sale	0		0	0	0				0	0
Financial assets at fair value through profit or loss	0	0	29	12	245	285			274	297
Long-term loan receivables	0		248	162	0				248	162
Deferred tax assets	1	-6	39	23	76	60	-8		108	76
Non-current receivables from group companies			0		0		0			
Other non-current receivables	5	6	0	0	0	0			5	6
	79	**74**	**580**	**453**	**1,167**	**1,179**	**-778**	**-783**	**1,048**	**924**
Current assets										
Accounts receivable	110	116	146	128	0	0			256	244
Receivables from group companies	28	22	2	0	135	72	-165	-95	0	0
Current loan receivables	0		542	432	0				542	432
Tax assets	4	10	1	3	0	0			6	13
Other receivables	10	7	24	13	9	2			42	23
Prepaid expenses and accrued income	28	12	112	128	5	6			145	146
Derivatives	0		4	3	0				4	3
Financial assets at fair value through profit or loss	0	17	48	0	66	22			114	39
Cash and cash equivalents	220	160	2,513	2,308	120	64			2,854	2,532
	400	**344**	**3,392**	**3,017**	**336**	**166**	**-165**	**-95**	**3,963**	**3,432**
Total assets	**480**	**418**	**3,973**	**3,470**	**1,502**	**1,346**	**-944**	**-877**	**5,011**	**4,356**
EQUITY AND LIABILITIES										
Equity attributable to shareholders of the Parent Company	213	206	620	639	1,256	1,102	-770	-783	1,319	1,164
Non-controlling interests	43	27	75	62	0	0			117	88
Total equity	**256**	**233**	**695**	**700**	**1,256**	**1,102**	**-770**	**-783**	**1,436**	**1,252**
Liabilities										
Non-current liabilities										
Borrowings	0	1							0	1
Long-term loan liabilities					200	199			200	199
Non-current liabilities to group companies	0				0		0		0	
Deferred tax liabilities	8		10	12	11	15	-8		21	27
Other provisions	1	1	2	2	25	20			28	23
	9	**1**	**12**	**14**	**236**	**235**	**-8**	**0**	**248**	**250**
Current liabilities										
Borrowings			50	237					50	237
Current loan liabilities	0	0	2,577	2,026					2,577	2,026
Derivatives	0		4	3					4	3
Accounts payable	27	25	122	122	3	3			153	150
Liabilities to group companies	10	12	182	90	-28	-7	-164	-95	0	0
Current tax liabilities	23	29	33	12	9	1			65	43
Other liabilities	21	31	11	19	11	1	-2		41	50
Accrued expenses and deferred income	134	88	287	245	16	11			436	345
	215	**185**	**3,266**	**2,755**	**11**	**9**	**-165**	**-95**	**3,326**	**2,854**
Total liabilities	**224**	**186**	**3,278**	**2,769**	**247**	**244**	**-174**	**-95**	**3,575**	**3,104**
Total equity and liabilities	**480**	**418**	**3,973**	**3,470**	**1,502**	**1,346**	**-944**	**-877**	**5,011**	**4,356**

Cash flow by operating segment

SEK M	Corporate Finance 2015	Corporate Finance 2014	Asset Management and Banking 2015	Asset Management and Banking 2014	Other 2015	Other 2014	Group 2015	Group 2014
Profit/loss before tax	70	80	223	117	13	51	306	248
Other financial items	-5	0	-2	-4	-31	-70	-38	-74
Depreciation and amortisation	4	3	16	16	0	0	20	19
Other items Note affecting cash flow	35	21	7	-7	-25	-21	17	-7
Paid income tax	-41	-13	-15	-13	-2	-2	-58	-29
Change in operating capital employed	19	-6	149	284	135	63	302	340
Cash flow from operating activities	**82**	**85**	**377**	**393**	**90**	**20**	**549**	**497**
Cash flow from tangible and intangible non-current assets	-5	-9	-19	-3	0	0	-24	-12
Acquisition of subsidiaries, net of cash and cash equivalents	-	0	0	51	-2	-26	-1	25
Cash flow from other financial assets	-7	-2	-48	2	18	28	-38	28
Cash flow from investing activities	**1**	**-11**	**-67**	**49**	**16**	**3**	**-50**	**41**
Net borrowings, amortisation of loans	0	0	-	-	-	-	0	0
Re-purchase of share warrants, new share issue, dividends, contributions from, and payments to, non-controlling interests	-19	-20	-22	0	-47	0	-88	-20
Cash flow from financing activities	**-19**	**-19**	**-22**	**0**	**-47**	**0**	**-88**	**-20**
Cash flow for the year	**65**	**54**	**288**	**441**	**58**	**23**	**411**	**519**

Disclosures by geographical market

SEK M	Total sales to external customers * 2015	Total sales to external customers * 2014	Total assets 2015	Total assets 2014	Non-current assets ** 2015	Non-current assets ** 2014
Sweden	912	685	1,943	1,388	508	364
Luxembourg	78	41	1,652	1,715	35	58
Germany	231	215	238	221	47	48
France	270	203	190	220	23	66
Other countries	363	301	488	396	53	15
Non-current assets not specified by country **	–	–	500	416	382	373
Total	**1,853**	**1,445**	**5,011**	**4,356**	**1,048**	**924**

* Based on the location of sales outlets and essentially corresponding to customers' geographical location.

** Financial instruments and deferred tax assets are not specified by country. Instead, these items are recognised on the line "Non-current assets not specified by country".

NOTE 6 NET SALES

SEK M	2015	2014
Brokerage income, Corporate Finance	673	512
Fund and Asset Management income	889	699
Income from card operations	254	195
Asset Management net financial income/expense (see	20	29
Other income	16	10
	1,853	**1,445**

Specification of net financial income/expense in Asset Management and Banking

SEK M	2015	2014
Interest income		
Interest income on bank balances	1	2
Interest income on loan receivables	18	22
Other interest income	0	0
Other financial income		
Coupon, treasury	0	0
Capital gains on bonds in treasury	3	8
	22	**32**
Interest expenses		
Interest expenses on deposits from credit institutions	-1	-2
Interest expenses on other deposits	0	-1
Other interest expenses	0	0
Other financial expenses		
Capital loss on bonds in treasury	0	0
	-2	**-3**
Total net financial income/expense	**20**	**29**

NOTE 7 OTHER OPERATING INCOME

SEK M	2015	2014
Share of profit from associated companies	5	6
Capital gain on operating property development project	4	-
Other	3	6
	13	**12**

NOTE 8 OTHER EXTERNAL COSTS

Compensation of auditors

SEK M	2015	2014
PwC		
Audit assignment *	9	7
Audit activities other than audit assignment	0	0
Tax advisory	0	0
Other services	1	0
	9	**7**
Other audit firms		
Audit assignment	0	0
Audit activities other than audit assignment	0	0
Tax advisory	0	–
Other services	0	–
	1	**1**
Total remuneration to auditors	**10**	**8**

* Audit assignment means fees for the statutory audit, i.e. work necessary to present the Audit Report, and audit-related advisory services rendered coincident with the audit assignment.

NOTE 9 DEPRECIATION/AMORTISATION

SEK M	2015	2014
Amortisation of intangible assets, Note 18	12	12
Depreciation of tangible assets, Note 19	8	7
	20	**19**

NOTE 10 PERSONNEL

Employee benefits

SEK M	2015	2014
Salaries and other compensation	574	463
Social security expenses	130	106
Pension costs defined contribution pension plans	46	41
Pension costs defined benefit pension plans	0	0
	750	**610**

Salaries and other benefits

SEK M	2015	2014
Boards of Directors and Presidents *	108	91
Other employees	466	372
	574	**463**
* of which bonus	72	43

Apart from the aforementioned compensation, which was an expense for Catella in 2015, earnings attributable to partners in subsidiaries in which they work are recognised as a personnel cost in accordance with applicable accounting policies. This cost amounts to SEK 46 M (24).

Average no. of employees (full-time equivalents)

	2015		2014	
Average	**Total**	**women**	**Total**	**women**
Sweden—parent company	10	4	7	2
Sweden—subsidiaries	154	51	143	49
Norway	0	0		
Denmark	14	2	14	4
Finland	39	12	40	12
Baltics	11	4	10	3
France	57	33	52	33
Germany	86	27	89	38
Luxembourg	132	52	112	47
Spain	23	5	13	4
Total	**526**	**190**	**480**	**192**

As of 31 December 2015, the number of Board members and Presidents totaled 177 (181), of whom 20 (20) were women. In several cases, these individuals are one and the same person, as such an individual may hold multiple directorships.

NOTE 11 COMPENSATION OF THE BOARD OF DIRECTORS AND SENIOR MANGERS

Principles

Directors' fees are paid to the Chairman of the Board and Board members in accordance with the resolution of the Annual General Meeting. The following guidelines for compensation of senior managers were adopted by the Annual General Meeting 2015:

These guidelines relate to remuneration and other employment terms for the individuals, who during the period the guidelines apply, are members of Catella's Group Management, collectively termed "senior managers" below. The guidelines apply for agreements entered after the AGM resolution, and for amendments to existing agreements after this date. The Board of Directors is entitled to depart from these guidelines, if there are special reasons for this in an individual case. The guidelines should be subject to annual review.

Remuneration to the Chief Executive Officer and other members of group management normally consist of basic salary, variable salary, as well as other benefits and pension. Total compensation should be on market terms and competitive, and be in relation to responsibilities and authority. Variable salary should be based on results achieved in relation to individually defined qualitative and quantitative targets, and should not be possible to exceed basic salary. On termination of employment contract by the company, dismissal pay and severance pay should not exceed a total of 12 months' salary. Pension benefits should be defined contribution.

Board of Directors and senior managers

For a presentation of the Board of Directors and Group Management, see the section on the Board of Directors, Auditors and Group Management.

During the year, the composition of the Board of Directors was unchanged, with Johan Claesson serving as Chairman of the Board, and Jan Roxendal, Johan Damne, Anna Ramel and Joachim Gahm as ordinary Board members.

The following changes were made to Group Management in the year: Marcus Holmstrand became CFO in September 2015 after the previous CFO Ando Wikström resigned on 30 April 2015.

Board fees, approved by the AGM on 21 May 2015, total SEK 500,000 for the Chairman and SEK 300,000 each for other Board members. Fees are unchanged compared to 2014. In addition to fees approved by the AGM, Board members are entitled to invoice their Board fee through privately owned companies and are then permitted to include social security expenses that would have been payable by Catella AB had the Board fee been paid directly to the Board member. In these cases, Board fees correspond to approved fees, plus invoiced social security expenses.

Senior managers' variable compensation and other employment terms in 2015

The Chief Executive Officer and other senior managers are entitled to receive performance-based bonuses. The bonus entitlement and calculation basis for the bonus are determined and reviewed every year by the Board. Bonuses are paid at an amount of a maximum of 12 months' salary.

In addition to statutory pension and insurance benefits, the company should provision an amount corresponding to up to 30% of the basic salary of senior managers for the occupational pension solution designated by the employee each year. Senior managers are entitled to 30 days of holiday per year.

A mutual period of notice of 12 months with no severance pay applies between the company and the Chief Executive Officer. If the company terminates the employment of the CEO for any reason other than the gross negligence of his duties to the company or if he is in substantial breach of his employment contract in any other way, severance pay corresponding to 12 months' salary will be paid.

A period of notice of six months applies between the company and other senior managers if employment is terminated by executives and a period of notice of 12 months if the company terminates employment. If the company terminates the employment of other senior managers for a reason other than the gross negligence of their duties to the company or if they are in substantial breach of their employment contract in any other way, severance pay of up to six months' salary can be paid, under certain circumstances.

Share-based incentive programme

See Note 12, Share-based payment.

Compensation and other benefits in 2015

Tkr	Basic salary/Directors' fee	Variable compensation	Other benefits	Pension cost	Other compensation	Total
Chairman of the Board						
Johan Claesson	500					500
Other Board members						
Johan Damne	300					300
Joachim Gahm *	394					394
Anna Ramel **	347					347
Jan Roxendal *	394					394
Total compensation to board members	**1,936**	**0**	**0**	**0**	**0**	**1,936**
Chief Executive Officer						
Knut Pedersen	2,935	2,283	203	928		6,349
Other senior managers ***	4,050	2,250	172	759		7,231
Total compensation to CEO and other members of Group management	**6,985**	**4,533**	**375**	**1,687**	**0**	**13,580**

* Relates to invoiced amounts, for more information see the "Board of Directors and senior managers" heading above.

** This Board member invoiced Board fees from their own company effective the second half-year 2015, for more information see the "Board of Directors and senior managers" heading above.

*** Other senior managers means Johan Nordenfalk (COO) and Marcus Holmstrand effective September 2015 when he became CFO, and Ando Wikström (CFO) until the end of August 2015 when he left Group Management.

Compensation and other benefits in 2014

Tkr	Basic salary/Directors' fee	Variable compensation	Other benefits	Pension cost	Other compensation	Total
Chairman of the Board						
Johan Claesson	500					500
Other Board members						0
Johan Damne	263					263
Joachim Gahm **	230					230
Anna Ramel	175					175
Jan Roxendal **	371					371
Petter Stillström*	125					125
Viveka Ekberg* **	131					131
Total compensation to board members	**1,795**	**0**	**0**	**0**	**0**	**1,795**
Chief Executive Officer						
Knut Pedersen	2,914	2,283	232	927		6,356
Other senior managers ***	5,159	3,564	248	1,275		10,246
Total compensation to CEO and other members of Group management	**8,073**	**5,847**	**480**	**2,202**	**0**	**16,602**

* This Board member left the Board in 2014.

** Invoiced amounts, for more information see the "Board of Directors and senior managers" heading above.

*** Other senior managers means Ando Wikström (CFO) and Johan Nordenfalk (COO) as well as Johan Ericsson (Head of Corporate Finance), until the end of August 2014 when he left Group Management.

Shareholdings and other holdings

The Board of Directors' and Group Management's share and warrant holdings in Catella AB were as follows as of 31 December 2015 and 2014 respectively*:

	Class A shares		Class B shares		Options	
No.	2015	2014	2015	2014	2015	2014
Board of Directors						
Johan Claesson, Chairman of the Board (direct and indirect shareholdings)	1,087,437	1,087,437	39,694,718	39,694,718	–	–
Johan Damne, Board member	–	–	150,000	150,000	–	–
Jochim Gahm, Board member	–	–	–	–	–	–
Anna Ramel, Board member	–	–	–	–	–	–
Jan Roxendal, Board member	–	–	94,554	94,554	–	–
Management						
Knut Pedersen, President and CEO	–	–	–	–	5,000,000	5,000,000
Johan Nordenfalk, Chief Operational Officer	–	–	–	–	420,000	240,000
Marcus Holmstrand, CFO	–	–	4,000	–	300,000	-
Ando Wikström, CFO	–	–	–	30,000	-	300,000
Total holdings	**1,087,437**	**1,087,437**	**39,943,272**	**39,969,272**	**5,720,000**	**5,540,000**

* Information for senior managers at the end of each financial year.

NOTE 12 SHARE BASED INCENTIVES

As of 31 December 2015, the Group had 17,074,000 (36,847,000) outstanding warrants, conferring entitlement to subscribe for 17,074,000 new class B shares of Catella AB (publ). Of the total number of outstanding warrants, 9,014,000 (18,170,000) are held in treasury by one of the Group's subsidiaries, Aveca AB.

In 2010, 30,000,000 warrants were issued, used as part-payment for the acquisition of the former Catella Group. The exercise price for subscription for shares was set at SEK 11. In 2013, 9,900,000 of these warrants were divided into two series, and holders were entitled to exchange their existing warrants for warrants of a new series, for payment of a market premium, with the subscription period advanced two years. Because of this, 9,700,000 warrants were extended, while the remaining 200,000 expired.

In 2011, another 6,100,000 warrants were issued, mainly used as part-payment for the acquisition of the remaining 30% of the subsidiary Catella Capital Intressenter AB, the owning company of Catella Fondförvaltning AB. The exercise price for subscription for shares was set at SEK 16.70.

In 2014, an incentive programme involving a further total of 7,000,000 warrants was implemented, addressing the CEO and senior managers, and with an exercise price of SEK 11. The warrants are in three series, with terms of four, five and six years respectively.

All warrants, apart from those held in treasury, are held by senior managers and other key staff of the Group. The warrants were granted on market terms, based on valuation in accordance with a customary valuation model (Black & Scholes). The Group does not have any legal or informal commitment to repurchase or settle the warrants for cash. However, according to the terms and conditions of the options, Catella is entitled to re-purchase the warrants from the option-holder if he or she is no longer employed by the Group.

In March 2015, Catella offered the re-purchase of warrants, which were eligible for exercise in the period 25 March–25 May 2015. This offering, which applied until 31 March 2015 inclusive, involved a total of 7,620,000 warrants. Of this total, 7,270,000 warrants were re-purchased for a total purchase price of SEK 30.1 M, 30,000 warrants were exercised to subscribe for the same number of new shares at a price of SEK 11 per share and 320,000 options expired without exercise. In 2015, a total of 11,167,000 warrants were repurchased for a total purchase price of SEK 41.9 M. In 2015, Catella also sold 900,000 warrants to members of Catella's Group Management and other key staff. In the year, 19,743,000 warrants expired without exercise. Of this total, 19,423,000 were held in treasury.

The issue price will be adjusted in the event of a decision on potential future dividends to shareholders, together with other dividends paid during the same financial year exceeding 8 (8) % of the average price of the share over a period of 25 trading days immediately prior to the day on which the Board of Catella AB (publ) announces its intention to present such a dividend proposal to the Annual General Meeting.

Given an exercise of issued warrants, ownership structure would be affected by a dilution effect at each point. As of 31 December 2015, outstanding warrants imply a dilution effect of 17.3% of the capital and 15.7% of the votes.

Change in the number of outstanding warrants:

No.	2015	2014
Opening balance as of 1 January	36,847,000	35,900,000
Newly issued	-	7,000,000
Exercise of options to subscribe for new shares	-30,000	-
Expiry of unutilised warrants	-19,743,000	-6,053,000
As of 31 December	**17,074,000**	**36,847,000**
of which held by Catella	**9,014,000**	**18,170,000**

Outstanding warrants at year-end have the following maturity dates and exercise prices:

Issued in 2010, 2013 and 2014 (exercise price SEK 11.00 per share)

Year	Share of total outstanding share warrants, %	Total no. of outstanding share warrants	of which held by Catella
2016	47	8,040,000	6,480,000
2018	14	2,333,333	166,667
2019	14	2,333,333	166,666
2020	14	2,333,334	166,667
Total	**88**	**15,040,000**	**6,980,000**

Issued in 2011 (exercise price SEK 16.70 per share)

Year	Share of total outstanding share warrants, %	Total no. of outstanding share warrants	of which held by Catella
2016	12	2,034,000	2,034,000
Total	**12**	**2,034,000**	**2,034,000**
Total	**100**	**17,074,000**	**9,014,000**

NOTE 13 OTHER OPERATING EXPENSES

SEK M	2015	2014
Impairment of accounts receivable	-2	-2
Recovered bad debt losses	2	2
Impairment of loan receivables	-2	-4
Recovered loan losses	1	3
Expenses for fraud on credit cards issued	-5	-1
Share of profit from associated companies	-	0
Other operating expenses	-2	1
	-8	**0**

NOTE 14 FINACIAL ITEMS

SEK M	2015	2014
Interest income		
Interest income on bank balances	0	2
Interest income on financial assets at fair value through profit or loss	25	24
Interest income on loan receivables	0	-
Other interest income	1	1
	26	**26**
Interest expenses		
Interest expenses to credit institutions	0	0
Interest expenses on bond loan	-10	-12
Other interest expenses	-2	0
	-12	**-12**
Other financial income		
Capital gains on group companies	6	-
Dividend income on financial assets at fair value through profit or loss	0	1
Fair value gains on financial assets at fair value through profit or loss	22	67
Capital gains on financial assets at fair value through profit or loss	12	7
Exchange rate gains	1	2
	41	**76**
Other financial expenses		
Fair value loss on financial assets at fair value through profit or loss	0	-
Issue and loan guarantee expenses	0	0
Exchange rate losses	-2	-1
	-3	**-2**

NOTE 15 TAXES

SEK M	2015	2014
Current tax:		
Current tax on profit/loss for the year	-72	-44
Adjustments relating to previous years	0	-1
Total current tax	**-72**	**-44**
Deferred tax:		
Origination and reversal of temporary differences	38	24
Effect of change in tax rates	0	-
Total deferred tax	**38**	**24**
Income tax	**-34**	**-20**

Income tax on the Group's profit differs from the theoretical amount that would have resulted from the use of a weighted average tax rate in the consolidated companies, as follows:

SEK M	2015	2014
Profit/loss before tax	306	248
Income tax calculated at domestic tax rates applicable to profit in the respective countries	-75	-63
Tax effects of:		
Previously not recognized loss carry forwards	24	15
Utilized loss carry forwards, previously not recognized	22	19
Tax losses for which no deferred tax asset was recognised	-3	-2
Effect from temporary differences with non-recognized deferred tax asset	7	18
Effect of change in tax rates	0	-
Non-taxable capital gains	3	-
Other non-deductible/non-taxable items	-11	-5
Wealth tax	-2	-2
Adjustments relating to previous years	0	0
Tax expense	**-34**	**-20**

Deferred tax assets and tax liabilities are allocated as follows:

SEK M	2015	2014
Deferred tax assets		
Estimated to be utilised after more than 12 months	81	64
estimated to be utilised within 12 months	27	13
Net recognised against deferred tax liabilities	0	-1
	108	**76**
Deferred tax liabilities		
to be paid after 12 months	-19	-25
to be paid within 12 months	-3	-3
Net recognised against deferred tax assets	0	1
	-21	**-27**
Deferred tax assets/liabilities (net)	**87**	**49**

SEK M	2015 31 Dec	2014 31 Dec
Deferred tax assets		
Defined benefit pension plans	1	1
Future deductible expenses	21	12
Tax depreciation	0	1
Tax deficit	86	64
Net recognised	0	-1
Total	**108**	**76**
Deferred tax liabilities		
Capital gains	0	5
Fair value gains	3	2
Intangible assets	15	16
Un-taxed reserves	4	4
Net recognised	0	-1
Total	**21**	**27**

According to IAS 12, "Income Taxes", deferred tax assets relating to tax loss carry-forwards are recognised to the extent it is probable that future taxable profits will be available. According to this standard, Catella recognises a deferred tax asset of SEK 86 M (64), which is based on a judgement of the Group's future utilisation of tax loss carry-forwards in the legal entities holding the loss carry-forwards. The tax income that arises on first-time reporting of new or already existing saved deficits as deferred tax assets has no impact on the Group's liquidity. The Group has total loss carry-forwards amounting to SEK 700 M. Loss carry-forwards for which no deferred tax asset is recognized in the Consolidated Balance Sheet amount to SEK 334 M. The loss carry-forwards mainly relate to operations in Sweden and have an indefinite useful life.

Tax relating to components in other comprehensive income amounts to SEK 0.0 M (0.1) for the financial year 2015. The accumulated tax effect in other comprehensive income amounts to SEK 0.1 M (0.1) at year-end.

NOTE 16 EARNINGS PER SHARE

(a) Before dilution

Earnings per share before dilution are computed by dividing the profit attributable to the Parent Company's shareholders by a weighted average number of outstanding ordinary shares in the period.

SEK M	2015	2014
Profit/loss	272	227
Profit/loss attributable to the Parent Company shareholders	243	217
Profit/loss for calculation of earnings per share before dilution	**243**	**217**
Weighted average number of ordinary shares	**81,712,956**	**81,698,572**
Earnings per share, SEK	**2.97**	**2.66**

SEK M	2015	2014
Profit/loss	272	227
Profit/loss attributable to the Parent Company shareholders	243	217
Profit/loss for calculation of earnings per share before dilution	**243**	**217**
Weighted average number of ordinary shares	**81,712,956**	**81,698,572**
Earnings per share, SEK	**2.97**	**2.66**

(b) After dilution

For the computation of earnings per share after dilution, the weighted average number of ordinary shares outstanding is adjusted for the dilution effect of all potential ordinary shares. The Parent Company has issued share warrants that could result in ordinary shares. For warrants, a calculation is performed of the number of shares that could have been purchased at fair value (calculated as the average market price of the Parent Company's shares for the year) for an amount corresponding to the exercise price of the subscription rights linked to the outstanding share warrants. The total number of shares computed as described below is compared with the number of shares that would have been issued under the assumption that the warrants were exercised.

The dilution effect in 2015 was 12.8% There was no dilution effect in 2014.

SEK M	2015	2014
Profit/loss	272	227
Profit/loss attributable to the Parent Company shareholders	243	217
Profit for calculation of earnings per share after dilution	**243**	**217**
Weighted average number of ordinary shares	81,712,956	81,698,572
Adjustments for:		
assumed conversion of share warrants	10,458,505	–
Weighted average number of ordinary shares for computation of earnings per share after dilution	**92,171,461**	**81,698,572**
Earnings per share, SEK	**2.63**	**2.66**

NOTE 17 DIVIDEND

The Board of Directors will propose a dividend to shareholders of SEK 0.60 per share, totalling SEK 49,037,143, to the AGM on 30 May 2016. The record date is 1 June 2016, and the payment date is 7 June 2016. The proposed dividend has not been recognised as a liability in these financial statements. A dividend of SEK 0.20 per share was paid for the financial year 2014.

NOTE 18 INTANGIBLE ASSETS

SEK M	Goodwill	Trademark	Contractual customer relations	Software licenses	Total
As of 1 January 2014					
Net carrying amount	**242**	**50**	**8**	**6**	**306**
Financial year 2014					
Acquired during the year				2	2
Cost in acquired companies	15		6		21
Disposals				-1	-1
Reclassification from investments in associated companies	17		2	17	36
Amortisation			-6	-6	-12
Exchange rate differences	4			0	4
Closing balance	**278**	**50**	**11**	**18**	**356**
As of 31 December 2014					
Cost	278	50	32	115	474
Accumulated amortisation			-21	-97	-118
Net carrying amount	**278**	**50**	**11**	**18**	**356**
Financial year 2015					
Acquired during the year				15	15
Cost in acquired companies	6				6
Disposals					0
Amortisation			-6	-6	-12
Exchange rate differences	-3			0	-3
Closing balance	**282**	**50**	**5**	**27**	**363**
As of 31 December 2015					
Cost	282	50	32	121	484
Accumulated amortisation			-26	-94	-121
Net carrying amount	**282**	**50**	**5**	**27**	**363**

Reported goodwill at year-end 2015 relates to the acquisition of the Catella Brand AB group in 2010 (SEK 224 M), the acquisition of Catella Förmögenhetsförvaltning AB in 2011 (SEK 20 M) and the acquisition of IPM Informed Portfolio Management AB in 2014 (SEK 38 M). The Catella trademark was valued at SEK 50 M on the acquisition of the Catella Brand AB group. The carrying amount of contracted customer relationships as of 31 December 2015 of SEK 5 M relates wholly to the acquisition of IPM, when software licenses with a closing carrying amount of SEK 11 M were also measured. All intangible assets were externally acquired.

Impairment tests of goodwill and other assets with indefinite useful lives

In business combinations, goodwill and other surplus values are allocated to the cash-generating units that are expected to receive future economic benefits, for example in the form of synergies, as a result of the acquired operations. When separate cash-generating units cannot be identified, goodwill and other surplus values are allocated to the lowest level at which the operation is controlled and monitored internally.

Assets with indefinite useful lives are tested annually for impairment. Catella's principle is to conduct impairment tests on assets with indefinite lives in the fourth quarter each year, based on their carrying amounts on 30 September. Catella's assets with indefinite useful lives comprise goodwill and trademark. The impairment test for these assets has been carried out by operating segment, Corporate Finance and Asset Management and Banking, which is consistent with the level at which goodwill and other acquisition-related intangible assets are monitored internally, and in reporting to management and the Board of Directors. Central management and shareholder-related expenses have been allocated to the relevant operating segment on the basis of its estimated share of resources utilised. For assets measured at fair value, no impairment test is conducted since these items are measured separately on each reporting date at market prices according to established principles.

If an impairment test demonstrates that book value exceeds the recoverable amount, impairment is conducted at an amount that corresponds to the difference between book value and recoverable amount. The recoverable amount is the higher of net realisable value and value in use.

The value in use is the present value of estimated future cash flows. Cash flows were measured based on the financial plans prepared in each segment of operation, based on the business plan for the coming financial year that was adopted by Group Management and approved by the Board of Directors. As a rule, these financial plans cover a projection period of five years and include organic sales growth, operating margin trend, as well as the change in operating capital employed. Cash flow, with the exception of the stated projection period, was extrapolated using an assessed growth rate of 2% for both operating segments, which corresponds to the ECB's long-term inflation target within the Eurozone and the Swedish Central Bank's long-term inflation target for Sweden.

The measurement of value in use is based on several assumptions judgements in addition to the growth rate beyond the projection period. The most significant relate to the organic growth rate, the progress of the operating margin, the change in operating capital employed and the relevant discount rate (WACC, weighted average cost of capital), which is used to discount future cash flows.

Tests performed in accordance with above procedure indicates no impairment.

The discount rate (WACC) per operating segment is stated below:

	WACC, %	
	2015	2014
Corporate Finance	12.0	13.0
Asset Management and Banking	12.0	13.0
Other	12.0	13.0

A summary of the allocation of goodwill and trademarks and brands by operating segment follows:

	2015		2014	
SEK M	Goodwill	Trademark *	Goodwill	Trademark *
Corporate Finance	60	-	61	-
Asset Management and Banking	221	-	217	-
Other	-	50	-	50
	282	50	278	50

* Catella registered trademark

The sensitivity analysis of the computation of value in use coincident with impairment testing has been conducted in the form of a general reduction of 1.0 percentage point in the projection period of organic growth and operating margin, and a general increase in the weighted average cost of capital (WACC) of 1.0 percentage point. The sensitivity analysis indicated no impairment.

NOTE 19 PROPERTY, PLANT AND EQUIPMENT

SEK M	Furniture, fittings and equipment	Total
As of 1 January 2014		
Net carrying amount	**20**	**20**
Financial year 2014		
Acquired during the year	10	10
Disposals	0	0
Reclassification from investments in associated companies	1	1
Depreciation	-7	-7
Exchange rate differences	1	1
Closing balance	**24**	**24**
As of 31 December 2014		
Cost	123	123
Accumulated depreciation	-99	-99
Net carrying amount	**24**	**24**
Financial year 2015		
Acquired during the year	9	9
Disposals	0	0
Depreciation	-8	-8
Exchange rate differences	-1	-1
Closing balance	**24**	**24**
As of 31 December 2015		
Cost	113	113
Accumulated depreciation	-89	-89
Net carrying amount	**24**	**24**

NOTE 20 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Investments in subsidiaries

A list of the Group's subsidiaries is provided below. All subsidiaries are consolidated in the Group. The stated participating interests correspond to the share of equity and votes. Participating interests in addition to the participation which corresponds to the Group's holdings is for non-controlling interests. Holdings are ordinary shares. None of the Group's subsidiaries have issued preference shares.

Catella owns 40.1% of IPM Informed Portfolio Management BV, a holding that in turn owns 75% of IPM Informed Portfolio Management AB. There is also a direct 20.5% holding in IPM Informed Portfolio Management AB. This means that the total ownership stake in IPM Informed Portfolio Management AB, which is consolidated as a subsidiary, amounts to 50.7%. IPM Informed Portfolio Management BV is not consolidated, as IPM Informed Portfolio Management AB is wholly consolidated including non-controlling interests.

Significant limitations

Several Group companies conduct operations subject to authorisation and regulated by the relevant financial supervisory authority of their country of domicile. This has implications including special requirements on liquidity and capital reserves within each company. Dividends and repayment of loans or advances are only permitted to the extent this is within the standards set by regulatory structures.

Group companies

Company	Corp. ID no.	City	31 Dec 2015 Participating interest, %	31 Dec 2015 Total no. of share	31 Dec 2014 Participating interest, %	31 Dec 2014 Total no. of share
Scribona AS	979460198	Oslo	100	1	100	1
Catella Holding AB *	556064-2018	Stockholm	100	1,000	100	1,000
Catella Bank SA*	B 29962	Luxembourg	100	8,780,000	100	8,780,000
Modern Treuhand SA	B 86166	Luxembourg	100	31,000	100	31,000
IPM Informed Portfolio Management AB*	556561-6041	Stockholm	51	2,253,561	51	2,253,561
European Equity Trance Income Ltd*	44552	Guernsey	100	64	100	64
CCF Stockholm Partners AB	556820-8689	Stockholm	100	10,000	-	-
Catella Corporate Finance Stockholm HB	969751-9628	Stockholm	100	-	65	-
Catella Corporate Finance Göteborg HB	969751-9602	Gothenburg	65	-	65	-
Catella Nordiska Fribrev HB	969766-7914	Stockholm	100	-	60	-
Nordic Fixed Income AB*	556545-0383	Stockholm	-	-	55	15,878
Catella Nordic Fixed Income AB*	556887-7087	Stockholm	55	1,111	55	1,111
Catella Kapital & Pension AB*	556886-9019	Stockholm	100	500	100	500
Nordic Fixed Income Advisory HB	969765-2759	Stockholm	55	-	55	-
CFA Partners AB*	556748-6286	Stockholm	100	2,000	100	2,000
Catella Brand AB*	556690-0188	Stockholm	100	1,000	100	1,000
Catella Property Fund Management AB*	556660-8369	Stockholm	100	10,000	100	10,000
Catella Real Estate AG*	HRB 169051	Munich	95	2,500	95	2,500
Catella Trust GmbH*	HRB 193208	Munich	100	1	100	1
Amplion Asset Management Holding AB	556715-3472	Stockholm	100	1,000	100	1,000
Catella Corporate Finance AB	556724-4917	Stockholm	100	1,000	100	1,000
Catella Property Oy	669987	Helsinki	100	10,000	100	10,000
Catella Asset Management Oy	2214836-4	Helsinki	100	10,000	100	10,000
Catella Property Norway AS	986032851	Oslo	100	100	100	2,976,862
Catella Corporate Finance AS	886623372	Oslo	100	58,000	100	58,000
Catella Property GmbH	HRB 106179	Dusseldorf	100	-	100	-
Catella Property Valuation GmbH	HRB 106180	Dusseldorf	100	-	100	-
Catella Corporate Finance GmbH	HRB 106183	Dusseldorf	100	-	100	-
Catella Property Residential GmbH	HRB 142101	Dusseldorf	100	-	100	-
Catella Project Management GmbH	HRB 76149	Dusseldorf	100	25,000	-	-
Catella Corporate Finance SIA	40003814194	Riga	60	2,004	60	2,004
Catella Corporate Finance Vilnius	300609933	Vilnius	60	100	60	100
OÜ Catella Corporate Finance Tallin	11503508	Tallin	60	1	60	1
Catella Property Benelux SA	BE 0467094788	Brussels	100	300,000	100	300,000
Catella Property Belgium SA	BE 0479980150	Brussels	100	533,023	100	533,023
Catella Property Denmark A/S	17981595	Copenhagen	60	555,556	60	555,556
Catella Investment Management A/S	34226628	Copenhagen	60	500,000	60	500,000
Catella France SARL	B 412670374	Paris	100	2,500	100	2,500
Catella Valuation Advisors SAS	B 435339098	Paris	67	4,127	67	4,127
Catella Property Consultants SAS	B 435339114	Paris	100	4,000	100	4,000
Catella Residential Partners SAS	B 442133922	Paris	66	4,000	66	4,000
Catella Asset Management SAS	B 798456810	Paris	50	200,000	50	200,000
Catella Property Spain S.A.	A 85333342	Madrid	70	60	70	60
Catella Asset management Iberia S.L.	B82790813	Madrid	65	1,950	-	-
CC Intressenter AB	556740-5609	Stockholm	60	1,000	60	1,000
Catella Consumer AB	556654-2261	Stockholm	60	10,000	60	10,000
Catella Property Advisory AB	556740-5971	Stockholm	100	1,000	100	1,000
CCF Malmö Intressenter AB	556740-5963	Malmö	60	1,000	60	1,000
Catella Corporate Finance Malmö AB	556740-5666	Malmö	60	1,000	60	1,000
Aveca AB	556646-6313	Stockholm	100	5,000	100	5,000
Aveca Geshäftsführungs GmbH	HRB 106722	Dusseldorf	100	-	100	-
Catella Capital Intressenter AB*	556736-7072	Stockholm	100	1,000,000	100	1,000,000
Catella Capital AB*	556243-6989	Stockholm	100	221,600	100	221,600
Catella Fondförvaltning AB*	556533-6210	Stockholm	100	50,000	100	50,000
Alletac Shared Services AB*	556543-2118	Stockholm	100	12,000	100	12,000

* Group companies included in Catella's consolidated financial situation, see also Note 40 Consolidated financial situation and capital adequacy.

Summary financial information regarding subsidiaries, with significant non-controlling interests

Total ownership by non-controlling interests amounted to SEK 117 M (88) as of 31 December 2015, of which SEK 89 M (77) relates to the subsidiaries IPM Informed Portfolio Management AB, Catella Nordic Fixed Income AB, Catella Property Denmark A/S and Catella Corporate Finance Stockholm HB.

Results of operations relating to non-controlling interests amount to SEK 74 M (30) for the financial year 2015, of which SEK 52 M (22) relates to the companies below. The share of profits relating to part-owners, which are active in the subsidiaries, have been recognised as a personnel cost in the Income Statement in accordance with the group's accounting policies. IPM is consolidated as a subsidiary of the Group effective 1 July 2014, coincident with Catella's participating interest increasing from 25 to 50.7% through the acquisition of further participations.

Summary financial information for each subsidiary with non-controlling interests, and that is material to the group, follows. Information is for amounts before intragroup eliminations.

	IPM Informed Portfolio Management AB (participating interest 51 %)		Catella Nordic Fixed Income AB (participating interest 55 %)		Catella Property Denmark A/S (participating interest 60 %)		Catella Corporate Finance HB (participating interest 65 %)	
Summarised balance sheet	2015	2014	2015	2014	2015	2014	2015	2014
Non-current assets	28	9	-	1	2	2	0	2
Current assets	215	179	31	41	38	29	40	41
Total assets	**243**	**187**	**31**	**42**	**40**	**31**	**41**	**43**
Non-current liabilities	-4	-4	-	-	-	-	-	-
Current liabilities	-104	-63	0	-15	-20	-14	-26	-16
Total liabilities	**-107**	**-67**	**0**	**-15**	**-20**	**-14**	**-26**	**-16**
Net assets	**135**	**120**	**31**	**28**	**20**	**17**	**15**	**26**
Net assets allocated to non-controlling interest	67	59	14	1	8	7	-	9
Summarised income statement and comprehensive income								
Income	218	126	31	18	46	34	86	88
Net profit/loss for the year	60	20	29	-3	19	16	8	20
Total comprehensive income for the year	60	20	29	-3	19	17	8	20
Total comprehensive income allocated to non-controlling interest	29	10	13	-1	7	7	3	7
Dividend paid to non-controlling interest	21	-	-	0	7	5	7	4
Summarised cash flow								
Cash flow from operating activities	99	59	6	-2	19	15	19	30
Cash flow from investing activities	-16	0	21	-	0	-1	-	-
Cash flow from financing activities	-43	-	-25	-1	-16	-11	-19	-17
Decrease/increase in cash and cash equivalents	**40**	**59**	**2**	**-3**	**2**	**3**	**0**	**13**

Investments in associated companies reported in accordance with the equity method

SEK M	2015	2014
As of 1 January	2	50
Investments	25	2
Sales	-	-
Holding transferred to subsidiaries	-	-55
Share in profits, see Note 7	5	6
Share in profits, see Note 13	-	0
Dividends paid	-5	-
Exchange rate differences	0	-
Closing book value	**27**	**2**

* For former associated company IPM, which became a subsidiary as a result of the acquisition of further participations, and was thus consolidated in the group effective 1 July 2014. For more information on this business combination, see Note 37. Catella received a dividend of SEK 5 M (0) from associated companies in 2015.

The assets, liabilities, income and profit/loss of associated companies, all of which are unlisted, are stated below, as well as the Group's participating interest in associated companies' equity including goodwill.

		Associated companies				Group	
	registration	Assets, SEK M	Liabilities, SEK M	Income, SEK M	Profit/loss SEK M	interest, %	interest, SEK M
CA Seeding GmbH	Germany	55	0	0	0	45	26
ANL Kiinteistöt OY	Finland	4	3	0	0	50	1
							27

NOTE 21 DERIVATIVE INSTRUMENTS

	2015		2014	
SEK M	Assets	Liabilities	Assets	Liabilities
Currency forwards	4	4	3	3
	4	**4**	**3**	**3**
Less: long-term portion	–	–	–	–
Short-term portion	**4**	**4**	**3**	**3**

Derivative instruments relate to the subsidiaries Catella Bank and IPM, which regularly enter currency forward contracts and currency swaps for hedging purposes. Normally, these derivative instruments have a term of less than three months. Hedging transactions are of a financial nature, and not recognised as hedges according to IAS 39, Financial Instruments.

NOTE 22 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include the following:

SEK M	2015	2014
Loan portfolios	281	257
Fund investments	58	61
Listed shares and bonds	48	0
Unlisted corporate bonds	0	10
Other	1	8
	388	**336**

SEK M	2015	2014
As of 1 January	336	248
Reclassification to holding in associated company	-	1
Acquisition *	95	47
Disposals **	-50	-45
Amortisation	-10	-10
Fair value gains/losses on financial assets at fair value through profit or loss ***	21	67
Capitalised interest income	14	12
Exchange rate differences	-12	15
As of 31 December	**388**	**336**
Less: long-term portion	-274	-297
Short-term portion	**114**	**39**

* Relates to items including short-term investments in listed bonds and acquisitions of fund units managed by IPM. Also includes the purchase of business-related shareholdings in corporate bonds, which were also sold in 2015, as well as the purchase of participations in a property development project in Germany, part of which was divested in 2015.
** Includes disposal of business-related holdings in corporate bonds, the part-sale of a property development project in Germany and the sale of units in the Nordic Light Fund.
*** Changes in fair value of financial assets measured at fair value through profit or loss are recognised in Other financial items in the Income Statement (Note 14). See also Note 3 for valuation and position in the fair value hierarchy.

Loan portfolios

The loan portfolios comprise securitised European loans with primary exposure in housing. The performance of the loan portfolios is closely monitored and re-measurements are continuously performed. Forecasts are conducted by the French investment advisor Cartesia S.A.S. The book value in Catella's Consolidated Accounts is determined based on the projected discounted cash flows. The portfolios were discounted at discount rates of 5.6%, 7.1% and 12.1% as of 31 December 2015, giving a weighted average discount rate of 9.2% (10.0) for the total loan portfolios. The weighted average duration for the portfolio amounted to 4.8 years (5.3) as of 31 December 2015.

Cash flows mainly comprise interest payments, but also repayments with a projected period up to and including 2028. The expected cash flows for the period amounted to SEK 424 M, which are discounted and recognised at SEK 281 M (257).

The parameters for the Gems, Lusitano 3 and 5 and Pastor 4 loan portfolios changed in 2015. In December 2015, the issuer of the Gems loan portfolio exercised its clean-up call on Gems. The bond was repaid at nominal amount in March 2016, generating an inflow of EUR 5 M. The value adjustment of Gems amounted to SEK 10 M in 2015.

The credit performance of the Lusitano 3 and 5 loan portfolios improved in 2015, implying a positive value adjustment of SEK 10 M.

The credit performance of the Pastor 4 loan portfolio also improved in 2015, implying a positive value adjustment of SEK 6 M.

Overall, these changes and amendments to the remaining portfolios resulted in a positive value adjustment of SEK 31 M in 2015 (2014: SEK 56 M).

No loan portfolio was sold in 2015. In previous years, via subsidiaries, Catella sold the Shield, Memphis and Semper loan portfolios. Through these sales, Catella has repaid its original investment with a good margin.

Summary of Catella's loan portfolios as of 31 December 2015*

SEK M Loan portfolio	Country	Forecast undiscounted cash flow	Share of undiscounted cash flow,%	Forecast discounted cash flow, %	Share of discounted cash flow,%	Discount rate, %	Duration, years
Pastor 2	Spain	46.2	10.9%	35.8	12.9%	7.1%	3.7
Pastor 3 **	Spain	-	-	-	-	-	-
Pastor 4	Spain	32.5	7.7%	12.7	4.6%	12.1%	8.3
Pastor 5 **	Spain	-	-	-	-	-	-
Lusitano 3	Portugal	89.5	21.1%	66.5	24.0%	7.1%	4.6
Lusitano 4 **	Portugal	-	-	-	-	-	-
Lusitano 5	Portugal	95.4	22.5%	48.9	17.6%	12.1%	6.3
Gems	Germany	45.7	10.8%	45.1	16.3%	5.6%	0.3
Minotaure	France	45.7	10.8%	16.2	5.8%	12.1%	9.1
Ludgate **	UK	68.4	16.1%	51.7	18.6%	12.1%	2.6
Sestante 2 **	Italy	-	-	-	-	-	-
Sestante 3 **	Italy	-	-	-	-	-	-
Sestante 4 **	Italy	-	-	-	-	-	-
Sestante 4 A1	Italy	0.5	0.1%	0.5	0.2%	5.6%	0.6
Total cash flow * **		**423.8**	**100.0%**	**277.2**	**100.0%**	**9,2%**	**4.8**
Accrued interest				3.8			
Carrying amount				**281.0**			

* The forecast was produced by investment advisor Cartesia S.A.S.
** These investments were assigned a value of SEK 0.
*** The discount rate recognised in the line "Total cash flow" is the weighted average interest of the total discounted cash flow.
**** Ludgate was revalued during the second quarter of 2014 historically having been assigned a book value of SEK 0.

Summary of Catella's loan portfolios as of 31 December 2014*

SEK M Loan portfolio	Country	Forecast undiscounted cash flow *	Share of undiscounted cash flow,%	Forecast discounted cash flow, %	Share of discounted cash flow,%	Discount rate, %	Duration, years
Pastor 2	Spain	48.9	12.1	34.3	13.5	7.9	4.7
Pastor 3	Spain	-	-	-	-	-	-
Pastor 4	Spain	19.4	4.8	6.3	2.5	12.9	9.3
Pastor 5	Spain	-	-	-	-	-	-
Lusitano 3	Portugal	90.4	22.4	63.6	25.0	7.9	5.0
Lusitano 4 **	Portugal	-	-	-	-	-	-
Lusitano 5	Portugal	83.4	20.7	39.9	15.7	12.9	7.0
Gems	Germany	50.0	12.4	35.4	13.9	6.4	5.6
Minotaure	France	30.5	7.6	14.3	5.6	12.9	6.3
Ludgate **	UK	80.3	19.9	59.6	23.5	12.9	2.6
Sestante 2 **	Italy	-	-	-	-	-	-
Sestante 3 **	Italy	-	-	-	-	-	-
Sestante 4 **	Italy	-	-	-	-	-	-
Sestante 4 A1	Italy	1.0	0.2	0.8	0.3	6.4	2.8
Total cash flow * **		**404.0**	**100.0**	**254.2**	**100.0**	**10,0%**	**5.3**
Accrued interest				2.7			
Carrying amount				**257.0**			

* The forecast was produced by investment advisor Cartesia S.A.S.
** These investments were assigned a value of SEK 0.
*** The discount rate recognised in the line "Total cash flow" is the weighted average interest of the total discounted cash flow.

Actual and forecast cash flows of loan portfolios*

SEK M		Spain				Portugal		Italy	Netherlands		Germany		France	UK			
Loan portfolio		Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Memphis **	Shield **	Gems	Semper **	Minotaure	Ludgate	Outcome	Forecast	Diff
Outcome																	
Q4	2009	4.6	-	-	-	0.4	0.8	-	0.9	1.7	0.2	1.6	2.2	0.0	12.4	7.7	4.7
Q1	2010	3.4	-	-	-	-	-	-	0.8	1.6	0.2	1.5	1.9	0.3	9.5	6.3	3.3
Q2	2010	2.3	-	-	-	0.7	-	-	0.8	1.5	0.2	1.4	2.3	0.1	9.3	15.5	-6.2
Q3	2010	0.6	-	-	-	2.0	-	-	0.8	1.5	0.2	1.4	2.5	0.1	9.1	8.0	1.1
Q4	2010	1.5	-	-	-	-	-	-	0.8	1.5	0.2	1.4	2.1	0.1	7.7	5.9	1.7
Q1	2011	2.8	-	-	-	0.8	-	-	0.8	1.5	0.2	1.3	1.2	0.1	8.6	6.5	2.1
Q2	2011	3.4	-	-	-	4.7	-	0.2	0.8	1.4	0.2	1.4	1.9	0.1	14.3	7.1	7.1
Q3	2011	2.0	-	-	-	3.2	-	0.2	0.8	1.5	0.2	1.5	2.2	0.1	11.8	6.9	4.9
Q4	2011	1.5	-	-	-	2.5	-	0.2	0.9	-	0.3	1.5	1.6	0.1	8.5	7.8	0.6
Q1	2012	2.1	-	-	-	4.3	-	0.2	0.8	-	0.2	1.4	1.7	0.0	10.8	6.9	3.9
Q2	2012	1.5	-	-	-	3.4	-	0.1	-	-	0.2	1.3	1.2	0.0	7.8	8.7	-0.9
Q3	2012	0.8	-	-	-	2.5	-	0.1	-	-	0.1	1.3	0.9	0.0	5.7	7.7	-2.0
Q4	2012	0.1	-	-	-	-	-	0.1	-	-	0.1	1.2	-	0.0	1.5	6.8	-5.3
Q1	2013	0.1	-	-	-	-	-	0.1	-	-	0.1	1.2	-	0.1	1.5	1.5	0.0
Q2	2013	-	-	-	-	-	-	0.1	-	-	0.1	-	-	-	0.2	2.3	-2.1
Q3	2013	0.1	-	-	-	1.7	-	0.1	-	-	0.1	-	-	0.1	2.2	2.6	-0.4
Q4	2013	-	-	-	-	1.0	-	0.1	-	-	0.1	-	-	-	1.1	1.1	0.0
Q1	2014	-	-	-	-	1.6	-	0.1	-	-	0.1	-	-	0.0	1.9	1.0	0.8
Q2	2014	-	-	-	-	0.7	-	0.1	-	-	0.1	-	-	2.6	3.5	0.3	3.3
Q3	2014	-	-	-		2.2	-	0.1	-	-	0.1	-	-	5.2	7.7	5.9	1.8
Q4	2014	0.3	-	-	-	2.2	-	0.1	-	-	0.1	-	-	5.2	7.9	5.7	2.2
Q1	2015	0.0	-	-	-	1.1	-	0.1	-	-	0.1	-	-	4.3	5.6	5.8	-0.2
Q2	2015	0.0	-	-	-	1.0	-	0.1	-	-	0.1	-	-	4.5	5.7	5.9	-0.2
Q3	2015	0.0	-	-	-	0.7	-	0.1	-	-	0.1	-	-	5.1	6.0	6.1	-0.1
Q4	2015	-	-	-	-	1.0	-	0.1	-	-	0.1	-	-	3.1	4.3	5.4	-1.2
Total		**27.1**	**0.0**	**0.0**	**0.0**	**37.5**	**0.8**	**2.5**	**8.4**	**12.2**	**3.7**	**19.4**	**21.7**	**31.1**	**164.4**	**145.4**	**19.0**

Forecast		Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Memphis **	Shield **	Gems	Semper **	Minotaure	Ludgate		Forecast Year	Forecast Acc.
FY	2016	0.2		-		6.0	-	0.4			45.7		-	15.6		68.0	68.0
FY	2017	0.1		-		7.5	-	0.0					-	14.4		22.0	90.0
FY	2018	0.1		-		16.0	-						-	12.2		28.3	118.3
FY	2019	45.8		-		21.7	18.4						-	9.5		95.4	213.7
FY	2020			-		14.0	46.8						-	16.8		77.5	291.2
FY	2021			-		3.1	4.6						-			7.7	298.9
FY	2022			-		2.8	2.5						-			5.3	304.2
FY	2023			-		2.5	2.0						4.9			9.3	313.5
FY	2024			32.5		2.2	1.7						21.2			57.6	371.2
FY	2025					13.7	1.5						6.1			21.3	392.4
FY	2026						1.2						13.5			14.7	407.2
FY	2027						1.0									1.0	408.2
FY	2028						15.6									15.6	423.8
Total		**46.2**	**0.0**	**32.5**	**0.0**	**89.5**	**95.4**	**0.5**	**0.0**	**0.0**	**45.7**	**0.0**	**45.7**	**68.4**		**423.8**	

* Forecast produced by investment advisor Cartesia S.A.S.

** Shield was sold during Q4 2011, Memphis was sold in Q2 2012 and Semper in Q2 2013.

Method and assumptions for cash flow projections and discount rates

The cash flow for each loan portfolio is presented in the table on page 90 and the discount rates are presented on page 91 by portfolio.

Cash flow projections

The portfolio is measured according to the fair-value method, according to the definition in IFRS. In the absence of a functioning and sufficiently liquid market for essentially all investments, as well as for comparable subordinated investments, the measurement is performed by using the 'mark-to-model' approach. This approach is based on projecting the cash flow including maturity for each investment with market-based credit assumptions. The forecast cash flows were prepared by external investment advisor Cartesia. The credit assumption used by the investment advisor Cartesia is based on historical performance of the individual investments and a broad selection of comparable transactions. In the projected cash flows, an assumption is made of the potential weakening of the credit variables. These do not fully cover the effect of a scenario, with low probability and high potential negative impact, such as the dissolution of the Eurozone, where one of the countries in which EETI has its underlying investments, leaves the European monetary union or similar scenarios. Cartesia believes that this credit assumption is reasonable and equivalent to that applied by other market players. The projected cash flows were prepared by Cartesia using proprietary models. These models have been tested and improved over the years and have not shown any significant discrepancy from models used by other market players. Adjustments of cash flows impact the value and are presented in a sensitivity analysis on page 91 and on Catella's website.

Method for discount rates

The discount rates applied are set internally, and based on a rolling 24-month index of non-investment grade European corporate bonds as underlying assets (iTraxx). The discount rates per portfolio were also determined relative to other assets in the absence of market prices for the assets held by EETI. Each quarter, the Board of EETI evaluates the projected cash flows and its assumptions combined with market pricing of other assets to adjust discount rates over and above variation of the index where necessary. Adjustments of the discount rates impact the value and are recognised in a sensitivity analysis on page 91 and on Catella's website.

Sensitivity analysis for Catella's loan portfolios

The recognized effects below should be viewed as an indication of an isolated change in the stated variable. If more factors differ simultaneously, the impact on earnings may change.

Time call and clean-up call

The description below relates to the large payments at the end of each portfolio's projected cash flow, which is presented in the table on page 97 and on Catella's website.

Time call

A time call is an option held by the issuer entitling the issuer to re-purchase the sub-portfolio at a specific time and at each particular time thereafter. Time call only affects the Lusitano 3 and 5 sub-portfolios. In the projected cash flows for the sub-portfolio Lusitano 5, it is assumed that the issuer will not exercise its time call.

Clean-up call

A clean-up call is an option held by the issuer entitling the issuer to re-purchase the sub-portfolio when the outstanding loans have been repaid and are less than 10% of the issued amount. Since administration of the portfolio is usually not profitable when it is less than 10% of the issued amount, such a design enables the issuer to avoid these extra costs. The design also means that the investor avoids ending up with small, long-term cash flows until the portfolio has been repaid. The clean-up call affects all sub-portfolios.

Other information

The valuation of the loan portfolios is available on Catella's website: www.catella.com.

Value adjustments per portfolio on adjustment of discount rate (SEK M)

	Spain		Portugal		Italy	Germany	France	UK	
Discount rate per portfolio	Pastor 2	Pastor 4	Lusitano 3	Lusitano 5	Sestante 4	Gems	Minotaure	Ludgate	Total
5.6%	37.7	20.7	70.5	68.5	0.5	45.1	27.8	59.6	334.9
7.1%	35.8	18.4	66.5	63.1	0.4	45.0	24.4	57.6	316.7
12.1%	30.2	12.7	55.6	48.9	0.4	44.5	16.2	51.7	267.5
15.0%	27.5	10.3	50.5	42.6	0.4	44.2	12.8	48.7	245.4
17.5%	25.3	8.6	46.8	38.0	0.4	43.9	10.6	46.4	229.1
20.0%	23.4	7.2	43.4	34.0	0.4	43.7	8.8	44.3	214.9
22.5%	21.7	6.1	40.5	30.6	0.4	43.5	7.3	42.4	202.5
Discounted cash flow *	**35.8**	**12.7**	**66.5**	**48.9**	**0.5**	**45.1**	**16.2**	**51.7**	**277.2**

Cash flow per portfolio in relation to discounted value

	Spain		Portugal		Italy	Germany	France	UK	
Discount rate per portfolio	Pastor 2	Pastor 4	Lusitano 3	Lusitano 5	Sestante 4	Gems	Minotaure	Ludgate	Total
5.6%	1.2x	1.6x	1.3x	1.4x	1.0x	1.0x	1.6x	1.1x	1.3x
7.1%	1.3x	1.8x	1.3x	1.5x	1.0x	1.0x	1.9x	1.2x	1.3x
12.1%	1.5x	2.6x	1.6x	2.0x	1.1x	1.0x	2.8x	1.3x	1.6x
15.0%	1.7x	3.2x	1.8x	2.2x	1.1x	1.0x	3.6x	1.4x	1.7x
17.5%	1.8x	3.8x	1.9x	2.5x	1.1x	1.0x	4.3x	1.5x	1.8x
20.0%	2.0x	4.5x	2.1x	2.8x	1.1x	1.0x	5.2x	1.5x	2.0x
22.5%	2.1x	5.3x	2.2x	3.1x	1.1x	1.1x	6.3x	1.6x	2.1x
Multiple	**1.3x**	**2.6x**	**1.3x**	**2.0x**	**1.0x**	**1.0x**	**2.8x**	**1.3x**	**1.5x**

Cash flow per portfolio in relation to discounted value (SEK M)

	Spain		Portugal		Italy	Germany	France	UK		
Percentage change in cash flow	Pastor 2	Pastor 4	Lusitano 3	Lusitano 5	Sestante 4	Gems	Minotaure	Ludgate	Total	Delta
170%	60.8	21.5	113.1	83.1	0.8	76.7	27.5	87.8	471.3	70%
165%	59.0	20.9	109.8	80.6	0.7	74.5	26.7	85.2	457.4	65%
160%	57.2	20.2	106.4	78.2	0.7	72.2	25.9	82.6	443.5	60%
155%	55.5	19.6	103.1	75.7	0.7	69.9	25.1	80.1	429.7	55%
150%	53.7	19.0	99.8	73.3	0.7	67.7	24.3	77.5	415.8	50%
145%	51.9	18.4	96.5	70.9	0.7	65.4	23.4	74.9	402.0	45%
140%	50.1	17.7	93.1	68.4	0.6	63.2	22.6	72.3	388.1	40%
135%	48.3	17.1	89.8	66.0	0.6	60.9	21.8	69.7	374.2	35%
130%	46.5	16.5	86.5	63.5	0.6	58.7	21.0	67.2	360.4	30%
125%	44.7	15.8	83.2	61.1	0.6	56.4	20.2	64.6	346.5	25%
120%	42.9	15.2	79.8	58.6	0.5	54.1	19.4	62.0	332.7	20%
115%	41.1	14.6	76.5	56.2	0.5	51.9	18.6	59.4	318.8	15%
110%	39.4	13.9	73.2	53.7	0.5	49.6	17.8	56.8	304.9	10%
105%	37.6	13.3	69.8	51.3	0.5	47.4	17.0	54.2	291.1	5%
100%	**35.8**	**12.7**	**66.5**	**48.9**	**0.5**	**45.1**	**16.2**	**51.7**	**277.2**	**0%**
95%	34.0	12.0	63.2	46.4	0.4	42.9	15.4	49.1	263.4	-5%
90%	32.2	11.4	59.9	44.0	0.4	40.6	14.6	46.5	249.5	-10%
85%	30.4	10.8	56.5	41.5	0.4	38.4	13.7	43.9	235.6	-15%
80%	28.6	10.1	53.2	39.1	0.4	36.1	12.9	41.3	221.8	-20%
75%	26.8	9.5	49.9	36.6	0.3	33.8	12.1	38.7	207.9	-25%
70%	25.0	8.9	46.6	34.2	0.3	31.6	11.3	36.2	194.0	-30%
65%	23.3	8.2	43.2	31.8	0.3	29.3	10.5	33.6	180.2	-35%
60%	21.5	7.6	39.9	29.3	0.3	27.1	9.7	31.0	166.3	-40%
55%	19.7	7.0	36.6	26.9	0.2	24.8	8.9	28.4	152.5	-45%
50%	17.9	6.3	33.3	24.4	0.2	22.6	8.1	25.8	138.6	-50%
45%	16.1	5.7	29.9	22.0	0.2	20.3	7.3	23.2	124.7	-55%
40%	14.3	5.1	26.6	19.5	0.2	18.0	6.5	20.7	110.9	-60%
35%	12.5	4.4	23.3	17.1	0.2	15.8	5.7	18.1	97.0	-65%
30%	10.7	3.8	20.0	14.7	0.1	13.5	4.9	15.5	83.2	-70%

Nordic Light Fund

Catella holds units in a Luxembourg-based fund, Nordic Light Fund, which has invested in loan portfolios and is managed by Catella Bank. The loan portfolio comprises loans to SMEs, primarily located in Germany and Spain. The portfolio also includes a diversified pool of loans to SMEs in the Netherlands and Portugal, which has mortgage loans as the underlying collateral. This fund has been fully invested since year-end 2011, and is now repaying cash flows received and realized revenues from its investments to unit holders, through quarterly re-purchases of fund units. The fund's expected return level is high. In 2015, the fund re-purchased fund units from Catella for a total value of SEK 21 M (EUR 2.2 M), generating a capital gain of SEK 11 M (6). Additionally, a negative value adjustment of SEK 11 M was made, mainly related to reversal of previous revaluation of sold units in 2015, and to a lesser extent, value adjustments of remaining units. The book value of the holding, and market value as of 31 December 2015, was SEK 38 M (58).

Business-related investments

The business-related investments mainly consist of Catella Bank's holdings of derivative instruments, as well as IPM's and Catella Real Estate's holdings of participations in funds managed in-house. The book value of the holdings, also market value, was SEK 21 M (24) as of 31 December 2015.

Other securities

In 2015, short-term investments were made in listed bonds with a value of SEK 48 M.

NOTE 23 ACCOUNTS RECEIVABLE

SEK M	2015	2014
Accounts receivable	288	278
Less: provision for doubtful debt	-32	-34
	256	**244**

The fair value of accounts receivable is as follows:

SEK M	2015	2014
Accounts receivable	256	244
	256	**244**

The age analysis of past due accounts receivable follows:

SEK M	2015	2014
Less than 2 months	21	83
2 to 6 months	4	6
More than 6 months	36	34
	61	**123**

Changes in the reserve for doubtful debts are as follows:

SEK M	2015	2014
As of 1 January	-34	-32
Provision for doubtful debt	-2	-2
Recovered bad debt losses	2	2
Exchange rate differences	1	-2
As of 31 December	**-32**	**-34**

Provisions for, and reversal of, reserves for doubtful debt are included in the item "Other external expenses" in the Income Statement. The amounts recognised in the provision for depreciation are usually derecognised when the Group is not expected to be able to recover any further cash and cash equivalents.

The maximum exposure for credit risk on the reporting date is the carrying amount of each category of receivables stated above.

For information on credit quality of accounts receivable, see 'Credit rating of financial assets' in Note 3.

NOTE 24 LOAN RECEIVABLES

SEK M	2015	2014
Loan receivables	813	620
Less: provision for doubtful loan receivables	-23	-26
	790	**595**
Less: long-term portion	-248	-162
Short-term portion	**542**	**432**

All loan receivables relate to Catella Bank.

The maturities of the Group's long-term loan receivables are as follows:

SEK M	2015	2014
Between 1 and 5 yrs.	248	162
More than 5 yrs.	–	–
	248	**162**

All lending relates to depository loans with an indefinite term.

The fair value of loan receivables is as follows:

SEK M	2015	2014
Loan receivables	790	595
	790	**595**

Catella Bank also has granted but un-utilised credit facilities to clients of SEK 2,015 M (2,075), see Note 35.

Changes in the reserve for doubtful loan receivables are as follows:

SEK M	2015	2014
As of 1 January	26	41
Provision for doubtful debt	2	4
Receivables written off during the year that are not recoverable	-3	-18
Reversed unutilised amount	-1	-3
Exchange rate differences	0	2
As of 31 December	**23**	**26**

The carrying amounts by currency of the Group's loan receivables are as follows:

SEK M	2015	2014
EUR	166	242
USD	85	50
SEK	480	283
GBP	35	16
CHF	18	1
NOK	6	2
DKK	0	0
Other currencies	1	0
	790	**595**

For information on the credit quality of accounts receivables, see Credit rating of financial assets in Note 3.

NOTE 25 OTHER NON-CURRENT RECEIVABLES

SEK M	2015	2014
As of 1 January	6	5
Additional receivables	0	2
Repaid receivables	0	-2
Exchange-rate differences	0	0
As of 31 December	**5**	**6**

SEK M	2015	2014
Rent guarantees	4	5
Lease receivable	1	1
Other	0	0
	5	**6**

NOTE 26 PREPAID EXPENSES AND ACCRUED INCOME

SEK M	2015	2014
Accrued interest income	1	2
Accrued management fees and card income	94	109
Other accrued income	17	3
Prepaid rental charges	10	9
Other prepaid expenses	23	22
	145	**146**

NOTE 27 CASH AND CASH EQUIVALENTS AND OVERDRAFT FACILITIES

SEK M	2015	2014
Catella group excluding Catella Bank	831	630
Catella Bank	2,022	1,902
Client deposit receivables attributable to the asset management and securities operations	232	134
Client deposit liabilities attributable to the asset management and securities operations	-232	-134
Total cash and cash equivalents	**2,854**	**2,532**

Cash and cash equivalents comprise bank balances. Cash and cash equivalents in Catella Bank are not available for withdrawal by the rest of the Catella Group. Cash and cash equivalents include funds deposited in frozen accounts totaling SEK 460 M (147). These funds are pledged as collateral in the Asset Management and Banking operating segment for ongoing transactions. The funds are frozen with a maturity of one day. Client deposit receivables attributable to the asset management and securities operations were SEK 232 M (134), which were reported net of client deposit liabilities of SEK 232 M (134). The Group has unutilised overdraft facilities of SEK 32 M (32). See Liquidity risk in Note 3.

NOTE 28 EQUITY

Catella AB has chosen to specify equity in accordance with the following components:

- Share capital
- Other contributed capital
- Reserves
- Retained earnings, including net profit for the year

The item share capital includes the registered share capital of the Parent Company. In 2015, share capital increased by SEK 60,000 in tandem with the exercise of 30,000 share warrants for subscribing for the same number of new shares at a price of SEK 11 per share.

Other contributed capital includes the total of the transactions that Catella AB conducted with its shareholders. Transactions with shareholders are primarily share issues at a premium corresponding to the capital received (reduced by transaction costs) in excess of the nominal amount of the issue. Other contributed capital also includes premiums deposited for issued warrants. In 2015, SEK 3 M (6) was deposited for issued warrants. In addition, other contributed capital was reduced to the extent it consisted of non-restricted equity, and the excess portion, against retained earnings through the re-purchase of issued warrants. In 2015, issued warrants totalling SEK 42 M (7) were re-purchased, of which SEK 26 M (7) reduced other contributed capital and SEK 16 M (0) reduced retained earnings.

Reserves comprise the revenue and expenses that, according to certain standards, are to be recognized in other comprehensive income. In Catella's case, reserves comprise translation differences relating to the translation of foreign subsidiaries in accordance with IAS 21.

The item "Retained earnings including net profit for the year" corresponds to the total accumulated gains and losses generated in the Group. Retained earnings may also be impacted by the value change of defined benefit pension plans and by transactions with non-controlling interests. In addition, profit brought forward is also reduced by dividends paid to shareholders of the Parent Company. For the financial year 2015, the Board of Directors is proposing a dividend of SEK 0.60 per share, totalling SEK 49.0 M, to be paid to shareholders in June 2016. For the financial year 2014, the Board of Directors decided on a dividend of SEK 0.20 per share, a total of SEK 16.3 M, which was paid in May 2015.

See also Note 53 Equity of Parent Company.

NOTE 29 BORROWINGS AND LOAN LIABILITIES

SEK M	2015	2014
Bank loans for financing operations	51	238
Bond loans	200	206
Deposits from companies	2,162	1,502
Deposits from private clients	415	518
	2,827	**2,464**
Less: long-term portion	-200	-200
Short-term portion	**2,627**	**2,264**

Borrowings and loan liabilities essentially relate to Catella Bank.

Maturity dates for the Group's borrowings and loan liabilities are as follows:

SEK M	2015	2014
Less than 6 months	2,622	2,264
Between 6 and 12 months	6	0
Between 1 and 5 yrs.	200	200
More than 5 yrs.	–	–
	2,827	**2,464**

The fair value of borrowing and loan liabilities are as follows:

SEK M	2015	2014
Bank loans	51	238
Bond loans	200	206
Deposits from companies	2,162	1,502
Deposits from private clients	415	518
	2,827	**2,464**

For information about average loan interest, see the table interest-bearing liabilities and assets for the Group by currency under the heading Interest rate risk in Note 3.

NOTE 30 PENSION PROVISIONS ETC.

The Group has defined benefit pension plans for managers of Catella Bank in Luxembourg. These pension plans are based on the employees' pensionable benefits and length of service. The defined benefit obligation amounts to SEK 5 M (4) as of 31 December. The fair value of the associated assets under management amounts to SEK 3 M (2), and accordingly, the net provision recognized in the Balance Sheet as of 31 December amounts to SEK 2 M (2).

SEK M	Defined benefit pension plans	Earnout acquired company	Other	Total
As of 1 January 2014	1	0	4	6
Additional provisions	1	20		
Value changes recognised in other comprehensive income	1			1
Utilised during the year	0		0	0
Reversed unutilised amount			-4	-4
Exchange rate differences	0		0	0
As of 31 December 2014	**2**	**20**	**1**	**23**
Additional provisions	1	5		6
Value changes recognised in other comprehensive income	0			0
Utilised during the year	0			0
Reversed unutilised amount				0
Exchange rate differences	0		0	0
As of 31 December 2015	**2**	**25**	**1**	**28**

Defined benefit pension plans are estimated to mature after more than 5 years and other provisions are estimated to mature in 1–3 years.

NOTE 32 ACCRUED EXPENSES AND DEFERRED INCOME

SEK M	2015	2014
Holiday pay liability	20	21
Accrued personnel costs	46	37
Accrued audit expenses	5	5
Accrued legal expenses	6	3
Accrued bonus	233	155
Accrued interest expenses	0	0
Accrued rental charges	23	19
Accrued commission expenses	69	72
Other accrued expenses	34	33
	436	**345**

NOTE 33 PLEDGED ASSETS

SEK M	2015	2014
Securities	-	4
Cash and cash equivalents	506	190
Other pledged assets	-	-
	506	**194**

Catella Bank branch office's borrowing is arranged using standard collateral in securities in customary pledge values, which in turn, are received as collateral for credit issued to customers.

Cash and cash equivalents include pledged cash funds in frozen accounts totalling SEK 460 M (147). These funds are used as collateral in the Asset Management and Banking operating segment for ongoing transactions. These funds are frozen for one day. See also Note 27. Cash and cash equivalents also include cash funds in accordance with minimum retention requirements of Catella Bank's card operations.

NOTE 34 CONTINGENT LIABILITIES

SEK M	2015	2014
Client funds managed on behalf of clients	232	134
Guarantees	78	14
	310	**148**

Client funds relate to assets belonging to customers and managed by Catella Bank branch office. These assets were acquired and are deposited in separate bank accounts by the branch office under a third-party name. Guarantees were primarily provided for rental contracts with landlords.

Other legal proceedings

Companies in the Group are involved in a small number of disputes or legal proceedings and tax cases that have arisen in daily operations. Risks associated with such events are covered by contractual guarantees, insurance or the requisite reserves. Any liability for damages or other costs associated with such legal proceedings is not deemed to materially affect the Group's business activities or financial position.

NOTE 35 COMMITMENTS

SEK M	2015	2014
Unutilised credit facilities, granted by Catella Bank	2,015	2,075
Currency forwards	370	216
Other commitments	2	3
	2,388	**2,294**

Unutilised credit facilities relate to the credit commitments issued by Catella Bank to its clients. Customers can utilise these facilities under certain circumstances, depending on what collateral they can provide.

The Group leases a number of office premises on the basis of non-cancellable operating leases. The lease terms vary between three and ten years and most lease arrangements can be extended on market terms on expiry.

Total future minimum lease payments for non-cancellable operating leases are as follows:

SEK M	2015	2014
Within 1 yr.	60	57
Between 1 and 5 yrs.	104	131
More than 5 yrs.	19	-
	183	**188**

Leasing costs recognised in profit and loss during the year amounted to SEK 57 M (57).

NOTE 36 INTEREST PAID AND RECEIVED

Interest paid and received for the Catella Group in the financial year amounted to the following:

SEK M	2015	2014
Interest received	33	37
Interest paid	-13	-15
Net interest received	**20**	**22**

NOTE 37 ACQUISITION AND DIVESTMENT OF OPERATIONS

Divestment of Nordic Fixed Income in 2015

After approval from the Swedish Financial Supervisory Authority, Catella sold all the shares of its subsidiary Nordic Fixed Income AB effective 1 October 2015 in accordance with the agreement signed with Arctic Securities AS in the second quarter 2015.

This subsidiary, which was part of the Swedish Corporate Finance operation, made a small profit contribution in 2015. The profit from the sale amounted to SEK 5.8 M, and is recognized in the Consolidated Income Statement under other financial income, more information in Note 14.

SEK M	2015
Sales price, net	**48**
Disposed netassets;	
Assets	57
Liabilities	25
	33
Profi/loss from divestment	15
Of which attributable to Non-controlling interests	9
Profit/loss attributable to Parent Company shareholders	**6**
Outgoing cash and cash equivalents	-35
Cash flow effect	**13**

Acquisitions in 2015

Catella acquired shares of Catella Corporate Finance Stockholm HB and Catella Nordiska Fribrev HB from non-controlling interests, whereupon these companies became wholly owned subsidiaries effective year-end 2015.

Acquisitions in 2014

On 18 July 2014, after approval from the Swedish Financial Supervisory Authority, Catella increased its participating interest from 25% to 50.7% in asset manager IPM Informed Portfolio Management (IPM), a provider of systematic investment services in discretionary management and fund management. IPM was consolidated as a subsidiary effective 18 July 2014, and is part of the Asset Management and Banking operating segment. Prior to that, and since 10 April 2013, IPM had been reported as an associated company in accordance with the equity method. The fair value of acquired net assets of IPM amounted to SEK 113 M as of 1 July 2014. If full consolidation of IPM had occurred as of 1 January 2014, the Group's revenues would have been SEK 1,535 M, andprofit after tax for the period and comprehensive income for the period would have been SEK 244 M and SEK 287 M respectively. These amounts have been computed by applying the Group's accounting policies, and by restating IPM's profit or loss. Profit or loss includes additional depreciation and amortization that would have been effected if fair value adjustment of intangible assets had been effected as of 1 January 2014, together with the resulting tax consequences.

The preliminary acquisition analysis from 2014 was adjusted as follows in 2015. The total purchase consideration for 50.7% of the shares amounts to SEK 101 M, of which SEK 25 M is an additional purchase consideration that has not yet been settled.

In addition, Catella incurred acquisition-related expenses of SEK 1 M.

SEK M	Acquisition analysis, preliminary	Adjustment 2015	Acquisition analysis, final
Acquisition-related intangible assets	24		24
Tangible assets	1		1
Financial assets at fair value through profit or loss	1		1
Other receivables	70		70
Cash and cash equivalents	51		51
Deferred tax liabilities	-9		-9
Other liabilities	-25	-1	-27
Fair value, net assets	**113**	**-1**	**112**
Non-controlling interests	-50		-50
Goodwill	32	6	38
Total purchase price	**96**	**5**	**101**
Unsettled purchase price	-20	-5	-25
Cash-settled purchase consideration	**76**		**76**
Cash and cash equivalents in acquired subsidiary	-51		-51
Acquisition expenses	1		1
Change in the Group's cash and cash equivalents on acquisition	**25**		**25**

NOTE 38 SUBSEQUENT EVENTS

Expected non-recurring revenue due to Visa Inc.'s proposed acquisition of Visa Europe

On 11 February, Catella reported that Visa Inc. intends to acquire the shares of Visa Europe Limited. The acquisition is conditional on regulatory approval. Through its membership of Visa Europe, Catella Bank S.A. will receive a portion of the purchase consideration. In 2016, and based on a preliminary estimate, Catella would receive a cash purchase consideration of some EUR 15 M and preference shares of Visa Inc. worth approximately EUR 5 M. In addition, the acquisition includes a possible additional purchase consideration that depends on the achievement of specific targets, and if so, would be scheduled for payment around the year 2020.

NOTE 39 RELATED PARTY TRANSACTIONS

Related party transactions

Related party transactions with significant influences encompass the Catella Board members and Group Management, including family members, and companies in which these individuals have Board assignments or hold positions as senior managers and/or have significant shareholdings. For senior managers' ownership of Catella and subsidiaries, see Note 11.

There are also some key individuals active in subsidiaries in the Corporate Finance operation, which in some cases are shareholders of these subsidiaries. Special conditions apply to such partnerships. In accordance with the Group's accounting policies, non-controlling interests attributable to these shareholdings are reported as a personnel cost.

Related party transactions

2015

120,000 warrants were repurchased at market value of SEK 0.6 M from Johan Nordenfalk, COO and member of Catella's Group Management, in 2015. 300,000 warrants were also sold for a purchase consideration of SEK 0.9 M to each of Johan Nordenfalk and Marcus Holmstrand, the latter, CFO and member of Catella's Group Management.

Jointly with Catella's principal owner, the Claesson & Anderzén group, Catella has incorporated CA Seeding GmbH, which in turn, invests in various property development projects in Germany. These projects are conducted by the subsidiary Catella Project Management GmbH. Via the subsidiary Aveca AB, Catella holds 45% of CA Seeding GmbH, the Claesson & Anderzén group holds 40% and the remaining 15% is held by the management of Catella Project Management GmbH. As of 31 December 2015, Catella had invested SEK 26 M in CA Seeding GmbH.

2014

4,210,000 warrants were re-purchased for a market value of SEK 6.5 M in 2014, from each of Ando Wikström, a member of Catella's Group Management, and Johan Ericsson, head of the Swedish property advisory services operation, and former member of Catella's Group Management. Additionally, the CEO purchased 5,000,000 warrants and the CFO 300,000 warrants for a total purchase price of SEK 5.8 M.

Johan Ericsson is a partner of subsidiary Catella Corporate Finance Stockholm HB, which paid dividends including an amount of SEK 429,000 to Johan Ericsson in 2014.

NOTE 40 CONSOLIDATED FINANCIAL SITUATIONAND CAPITAL ADEQUACY

Catella AB and the subsidiaries that conduct operations under the supervision of Swedish or foreign supervisory authorities comprise a financial corporate Group, a so-called consolidated financial situation. In the consolidated financial situation, the former subsidiary Nordic Fixed Income AB was the reporting and liable institution until 30 September 2015 inclusive. Nordic Fixed Income was divested on 1 October 2015.

Throughout 2015, Catella reported the consolidated financial situation to the Swedish Financial Supervisory Authority, with the following information presented for the consolidated financial situation. In March 2016, the Luxembourg supervisory authority, the CSSF, issued a ruling that Catella AB and its financial subsidiaries constitute a consolidated financial situation pursuant to Luxembourg law, and the supervisory authority intends to exercise supervision of the consolidated financial situation effective the first quarter 2016. The consolidated financial situation is obliged to adhere to the CRR capital adequacy regulation. Those group companies that are included, and not included, in the consolidated financial situation at present, are stated in Note 20 Investments in subsidiaries and associated companies.

According to the Swedish Annual Accounts Act for Credit Institutions and Firms Act, ÅRKL, (1995:1559), consolidated accounts must be prepared for a consolidated financial situation. Catella applies this requirement through the information provided in this Note on a consolidated financial situation's accounts according to ÅRKL. Accounting policies indicated in Note 2 were applied when preparing these accounts that comply with the Swedish Annual Accounts Act. Otherwise, please refer to the Catella's consolidated accounts and Notes 1-39 and Note 42 of these Annual Accounts for other information, comments and analysis. For this reason, no complete annual accounts with supplementary disclosures are prepared for the consolidated financial situation. The following tables present extracts from the accounts of the consolidated financial situation.

Summary Income Statement

SEK M	2015 Jan–Dec	2014 Jan–Dec
Net sales	1,198	910
Other operating income	3	11
Total income	**1,201**	**921**
Direct assigment costs and commission	-317	-259
Income excl. direct assignment costs and commission	**884**	**662**
Operating expenses	-687	-567
Operating profit/loss before acquisition-related items	**196**	**96**
Amortisation of acquisition-related intangible assets	-7	-7
Operating profit/loss	**189**	**88**
Financial items—net	16	118
Profit/loss before tax	**205**	**206**
Appropriations	-18	-19
Tax	-8	5
Net profit/loss for the year	**179**	**193**
Average no. of employees	291	269

Summary financial position

SEK M	2015 31 Dec	2014 31 Dec
Non-current assets	970	880
Current assets	3,610	3,149
Total assets	**4,579**	**4,029**
Equity	1,211	1,084
Liabilities	3,368	2,946
Total equity and liabilities	**4,579**	**4,029**

Capital adequacy

The company Catella AB is a parent financial holding company of the Group. Catella AB publishes disclosures on capital adequacy pursuant to chap. 8 §3-10 of the Swedish Financial Supervisory Authority's regulations (2014:12) on supervisory standards and capital buffers, based on its consolidated financial situation.

The capital situation of the consolidated financial situation can be summarized as follows;

SEK M	2015 31 Dec	2014 31 Dec
Common Equity Tier 1 capital	645	690
Additional Tier 1 capital	0	0
Tier 2 capital	0	0
Own funds	**645**	**690**
Total risk-weighted exposure amount	**3,486**	**3,292**
Own funds requirements and buffers		
Own funds requirements Pillar 1	**279**	**263**
of which own funds requirement for credit risk	152	135
of which own funds requirement for market risk	49	48
of which own funds requirement for operational risk	77	80
Own funds requirements Pillar 2	94	47
Institution-specific buffer requirements	93	82
Internal buffer requirement	35	33
Total capital adequacy and buffer requirements	**501**	**426**
Capital surplus after capital and buffer requirements	144	264

	2015 31 Dec	2014 31 Dec
Capital relations, % of total risk-weighted exposure amount		
Common Equity Tier 1 capital ratio	18.5	21.0
Tier 1 capital ratio	18.5	21.0
Total capital ratio	18.5	21.0
Own funds requirements and buffers, % of total risk-weighted exposure amount		
Own funds requirements Pillar 1	8.0	8.0
Own funds requirements Pillar 2	2.7	1.4
Institution-specific buffer requirements	2.7	2.5
of which requirement for capital conservation buffer	2.5	2.5
of which requirement for countercyclical capital buffer	0.2	-
Internal buffer requirement	1.0	1.0
Total capital adequacy and buffer requirements	**14.4**	**12.9**
Capital surplus after capital and buffer requirements	4.1	8.0

Catella AB's consolidated financial situation satisfies the requirements of a minimum level of its own funds.

Reported own funds as of 31 December 2015, of SEK 645 M, is lower than the previous year, of SEK 690 M, due to the positive profits for the year not having been approved by the AGM, and accordingly, not being included in the own funds. This has a negative impact on the aforementioned capital ratios and capital surplus after capital requirements and buffer requirements.

Own funds, SEK M	2015 31 Dec	2014 31 Dec
Common Equity Tier 1 capital		
Share capital and share premium reserve	399	399
Retained earnings and other reserves	812	492
Reviewed annual results, net of any foreseeable charge or dividend	-	177
Less:		
Intangible assets	-279	-270
Price adjustments	-32	-32
Deferred tax assets	-76	-76
Net income for the year not yet adopted by the annual	-179	-
Other deductions	0	0
Total Common Equity Tier 1 capital	**645**	**690**
Additional Tier 1 capital	-	-
Tier 2 capital	-	-
Own funds	**645**	**690**

SEK M	2015 31 Dec		2014 31 Dec	
Specification of risk-weighted exposure amounts and own funds requirement Pillar 1	**Risk exp. amount**	**Own funds requirements Pillar 1**	**Risk exp. amount**	**Own funds requirements Pillar 1**
Credit risk standardised approach				
Exposures to institutions	460	37	474	38
Exposures to corporates	785	63	763	61
Retail exposures	241	19	89	7
Exposures secured by mortgages on real property	60	5	0	0
Exposures in default	253	20	231	19
Exposures in the form of covered bonds	2	0	10	1
Exposures in the form of collective investment undertakings (CIU)	58	5	61	5
Equity exposures	38	3	48	4
Other items	10	1	11	1
	1,906	**152**	**1,688**	**135**
Market risk				
Interest risks	0	0	12	1
Exchange rate risks	614	49	591	47
	614	**49**	**603**	**48**
Operational risk basic approach	**966**	**77**	**1,002**	**80**
Total	**3,486**	**279**	**3,293**	**263**

The Swedish Financial Supervisory Authority's instructions stipulate that a report on the evaluation of current and future risks, as well as the capital and liquidity situation, ICLAAP (IKLU), should be presented to the Board of Directors at least once yearly. On 24 August 2015, the Board of Directors adopted the updated ICLAAP for the consolidated financial situation.

Liquidity reserve

Information on Catella AB's liquidity reserve based on its consolidated financial situation is published quarterly in accordance with chap. 5 § 9 of the Swedish Financial Supervisory Authority's regulations (2010:7) on the disclosure and management of liquidity risks for credit institutions and securities companies. Pursuant to these regulations, a company must retain a reserve of high-quality liquid assets that can be used to cover the company's short-term payment obligations, in the absence of, or in restricted access to, regularly available funding sources. Assets that may be included in the liquidity reserve should be liquid on private markets and eligible as collateral with central banks. Deposited funds in central or other banks, available on the following day, are included in the liquidity reserve. The assets in Catella AB's liquidity reserve based on its consolidated financial situation have not been utilised as collateral. In what follows, Catella AB discloses information on the scale of its liquidity reserve and the composition, size and division between differing funding sources, and the values of various risk measures and key ratios, based on its consolidated financial situation.

Liquidity reserve, SEK M	2015 31 Dec	2014 31 Dec
Central bank deposits	338	21
Cash and bank balances i other banks	2,309	2,365
Holdings in government securities	-	-
Holdings of investment grade covered bonds	18	48
Holdings in non-investment grade corporate bonds	10	-
Total liquidity reserve	**2,674**	**2,434**
Funding sources, SEK M		
Equity	1,211	1,084
Bond loans	200	199
Borrowing from credit institutions	50	237
Borrowing from the general public	2,577	2,026
Other liabilities	542	483
Total	**4,579**	**4,029**
Risk measures and key ratios		
Liquidity reserve/total assets ratio	0.58	0.60
Liquidity reserve/total liabilities ratio	0.79	0.83
liquidity reserve/current liabilities ratio	0.86	0.90

NOTE 41 DEFINITIONS, EXCHANGE RATES AND KEY RATIOS

Number of employees
Number of employees at the end of the period expressed as full-time equivalents.

Average number of employees:
Average number of employees at the end of the four quarters of the financial year.

Equity per share:
Equity at the end of the period divided by the number of shares at the end of the period.

Earnings per share before dilution:
Profit for the year divided by the average number of shares during the year.

Earnings per share after dilution:
Profit for the year divided by the average number of shares, taking into account the effect of any dilutive potential ordinary shares during the year.

Operating margin:
Operating profit/loss excluding amortisation of acquisition-related intangible assets divided by total revenue.

Profit margin:
Profit/loss for the year divided by total revenue.

Return on equity:
Net profit for the year as a percentage of average equity.

Interest coverage ratio:
Operating profit/loss plus financial income adjusted for fair-value adjustments on financial assets divided by interest expenses.

Equity/assets ratio:
Equity as a percentage of total assets.

Capital employed:
Non-interest-bearing non-current and current assets less non-interest-bearing non-current and current liabilities.

Net cash/net debt:
The net of interest-bearing provisions and liabilities less financial assets including cash and cash equivalents and investments in loan portfolios. If this figure is negative, it is termed net cash. As of 31 December 2015, the Group held net cash.

Borrowing:
Loans from credit institutions.

Loan liabilities:
Loans from non-credit institutions.

EV
Enterprise value.

EBITDA
Earnings before interest, taxes, depreciation and amortisation.

WACC
Weighted average cost of capital.

Exchange rates:
Rates of exchange of the currencies in the Group against the SEK, on average and on the reporting date, were as follows:

Exchange rates 2015

Currency	Average rate	Closing day rate
DKK	1.254	1.224
EUR	9.356	9.135
GBP	12.896	12.379
NOK	1.047	0.956
USD	8.435	8.352

Exchange rates 2014

Currency	Average rate	Closing day rate
DKK	1.220	1.278
EUR	9.097	9.516
GBP	11.292	12.139
NOK	1.089	1.052
USD	6.858	7.812

Parent Company Income Statement

SEK M	Note	2015 Jan–Dec	2014 Jan–Dec
Net sales		5.1	4.2
Other operating income		0.0	0.0
		5.1	**4.2**
Other external expenses	43	-14.0	-10.8
Personnel costs	44	-20.8	-21.7
Depreciation and amortisation		0.0	-0.1
Other operating expenses		0.0	0.0
Operating profit/loss		**-29.8**	**-28.2**
Profit/loss from participations in group	45	-2.3	-0.3
Interest income and similar profit/loss items	46	8.9	10.1
Interest expenses and similar profit/loss items	47	-10.7	-12.5
Financial items		-4.1	-2.7
Profit/loss before tax		**-33.9**	**-30.9**
Appropriations	48	29.4	49.0
Tax on profit/loss for the year	49	0.4	-0.5
Net profit/loss for the year		**-4.1**	**17.6**

Parent Company Statement of Comprehensive Income

SEK M	Note	2015 Jan–Dec	2014 Jan–Dec
Net profit/loss for the year		-4.1	17.6
Other comprehensive income		-	-
Other comprehensive income for the year, net		0.0	0.0
Total comprehensive income for the year		**-4.1**	**17.6**

Parent Company Cash Flow Statement

SEK M	Note	2015 Jan–Dec	2014 Jan–Dec
Cash flow from operating activities			
Profit/loss before tax		-33.9	-30.9
Adjustments for non-cash items:			
Depreciation and amortisation		0.0	0.1
Impairment of shares in subsidiaries	45	2.3	0.3
Financial items		-8.3	-9.3
Cash flow from operating activities before changes in working capital		**-39.8**	**-39.9**
Cash flow from changes in working capital			
Increase (–)/decrease (+) of operating		15.1	-24.5
Increase (+) / decrease (–) in operating liabilities		1.5	0.9
Cash flow from operating activities		**-23.3**	**-63.5**
Cash flow from investing activities			
Investment in tangible assets		-0.1	0.0
Investments in subsidiaries		-12.1	-
Cash flow from investing activities		**-12.1**	**0.0**
Cash flow from financing activities			
Group contribution received		49.0	51.9
New share issue		0.3	-
Dividend		-16.3	-
Cash flow from financing activities		**33.0**	**51.9**
Cash flow for the year		**-2.4**	**-11.7**
Cash and cash equivalents at beginning of year		33.8	45.4
Exchange rate differences in cash and cash		-	-
Cash and cash equivalents at end of year		**31.3**	**33.8**

Parent Company Balance Sheet

SEK M	Note	2015 31 Dec	2014 31 Dec
Assets			
Non-current assets			
Tangible assets		0.1	0.1
Participations in Group companies	50	523.2	519.1
Deferred tax assets	51	18.9	18.5
		542.2	**537.7**
Current assets			
Receivables from group companies		212.6	233.4
Tax assets		0.1	0.1
Other current receivables		2.6	1.5
Prepaid expenses and accrued income		2.1	2.5
Cash and cash equivalents		31.3	33.8
		248.7	**271.2**
Total assets		**790.8**	**808.9**
EQUITY AND LIABILITIES			
Equity	52		
Restricted equity			
Share capital		163.5	163.4
Statutory reserve		249.9	249.9
		413.3	**413.3**
Non-restricted equity			
Share premium reserve		49.8	49.6
Retained earnings		122.7	121.5
Net profit/loss for the year		-4.1	17.6
		168.5	**188.6**
Total equity		**581.8**	**601.9**
Liabilities			
Long-term loan liabilities	53	199.0	198.4
		199.0	**198.4**
Current liabilities			
Accounts payable		2.7	1.7
Liabilities to group companies		0.1	0.5
Tax liabilities		-	-
Other current liabilities		0.3	0.3
Accrued expenses and deferred income	54	7.0	6.1
		10.1	**8.6**
Total liabilities		**209.0**	**207.0**
Total equity and liabilities		**790.8**	**808.9**
Memorandum items	55		
Pledged assets		-	-
Contingent liabilities		-	-

Parent Company Statement of Changes in Equity

SEK M	Note 53	Restricted equity Share capital	Restricted equity Statutory reserve	Non-restricted equity Share premium	Non-restricted equity Retained earnings	Net profit/loss for	Total equity
Equity 1 January 2014		163.4	249.9	49.6	80.6	40.8	584.3
Appropriation of profits					40.8	-40.8	0.0
Total comprehensive income for the year, January - December 2014							
Net profit/loss for the year						17.6	17.6
Other comprehensive income, net of tax						0.0	0.0
Total comprehensive income for the year						**17.6**	**17.6**
Equity 31 December 2014		**163.4**	**249.9**	**49.6**	**121.5**	**17.6**	**601.9**
Appropriation of profits					17.6	-17.6	0.0
Dividend					-16.3		-16.3
Total comprehensive income for the year, January - December 2015							
Net profit/loss for the year						-4.1	-4.1
Other comprehensive income, net of tax						0.0	0.0
Total comprehensive income for the year						**-4.1**	**-4.1**
New share issue		0.1		0.3			0.3
Equity 31 December 2015		**163.5**	**249.9**	**49.8**	**122.7**	**-4.1**	**581.8**

Parent Company Notes

NOTE 42 PARENT COMPANY ACCOUNTING POLICIES

The Parent Company's financial statements were prepared in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Accounting for legal entities. Accordingly, the Parent Company applies the same accounting policies as the Group wherever applicable, except for the cases stated below.

The Parent Company utilises the terms Balance sheet and Cash flow statement for the statements that the Group names statement of financial position and statement of Cash flows respectively. The Parent Company's income statement and Balance sheet have been prepared in accordance with the presentation format stipulated in the Swedish Annual Accounts Act, while the statement of comprehensive income, statement of changes in equity and the cash flow statement are based on IAS 1 Presentation of financial statements and IAS 7 Statement of Cash flows respectively.

Participations in Group companies

The Parent Company recognises all of its holdings in Group companies at cost less deductions for any accumulated impairment.

Group contributions

Group contributions received as well as paid are recognised as an appropriation in the Income Statement.

Shareholder contribution

Shareholder contributions from the Parent Company to group companies are recognised as an increase in the participations in group companies' item in the Balance Sheet. An impairment test on these participations is conducted subsequently.

Lease arrangements

The Parent Company reports all lease arrangements as operating leases.

Financial instruments

Considering the relationship between accounting and taxation, financial assets or liabilities are not reported at fair value. Financial non-current assets are recognised at cost less potential impairment and financial current assets are recognised according to the principle of lower of cost or market. Financial liabilities are recognised at cost.

In addition, the Parent Company applies the exemption in RFR 2 for not applying the rules of IAS 39 for financial guarantees relating to guarantee agreements in favour of subsidiaries and associated companies. In these cases, the rules of IAS 37 are applied, which imply that financial guarantee agreement should be reported as a provision in the Balance Sheet when Catella has a legal or informal commitment resulting from a previous event, and it is likely that an outflow of resources will be necessary to settle this commitment. In addition, a reliable measurement of the value of the commitment must be possible.

NOTE 43 OTHER EXTERNAL EXPENSES

Remuneration of auditors

SEK M	2015	2014
PwC		
Audit assignment	0.6	0.5
Audit activities other than audit assignment	-	-
Tax advisory	-	-
Other services	0.3	0.2
Total	**0.8**	**0.6**

Operating leases including rent

SEK M	2015	2014
Expense for the year for operating lease arrangements including rent amount to	1.7	1.4

Future lease payments for non-cancellable operating leases with remaining durations exceeding one year are allocated as follows:

Due for payment within one year	2.0	1.4
Due for payment after more than one year but less than	3.0	2.5
Due for payment after more than five years	-	-
Total	**5.0**	**3.8**

NOTE 44 PERSONNEL

Salaries, other compensation and social security expenses

	2015		2014	
SEK M	Salaries and other compensation (of which	Social security contributions (of which	Salaries and other compensation (of which	Social security contributions (of which
Board of Directors	1.9	0.4	1.8	0.3
	(0,0)	(0,0)	(0,0)	(0,0)
Chief Executive Officer	3.4	1.9	4.2	2.1
	(1,5)	(0,8)	(2,3)	(0,8)
Other employees, Sweden	7.2	3.6	7.5	3.8
	(1,9)	(1,3)	(2,6)	(1,3)
Total	**12.6**	**5.9**	**13.5**	**6.2**
	(3,4)	**(2,0)**	**(4,9)**	**(2,1)**

There were no pension commitments for the Chief Executive Officer or senior managers. For more information about compensation of the Board and Chief Executive Officer, see Note 11

Average number of full-time employees

	2015		2014	
SEK M	Total	of which women	Total	of which women
CEO and senior managers	1	-	2	-
Other employees	6	3	5	2
Total	**7**	**3**	**7**	**2**

NOTE 45 PROFIT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

SEK M	2015	2014
Impairment of shares in subsidiaries	-2.3	-0.3
Total	**-2.3**	**-0.3**

NOTE 46 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

SEK M	2015	2014
Interest	8.9	10.1
Exchange rate gains	-	0.0
Total	**8.9**	**10.1**

SEK 8.9 M (9.9) of interest income and similar profit/loss items are intragroup.

NOTE 47 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

SEK M	2015	2014
Interest	-10.0	-11.9
Loan arrangement expenses	-0.7	-0.7
Exchange rate losses	-	-
Total	**-10.7**	**-12.5**

SEK 0.0 M (0.1) of interest expenses and similar profit/loss are intragroup.

NOTE 48 APPROPRIATIONS

SEK M	2015	2014
Group contribution received	29.4	49.0
Total	**29.4**	**49.0**

NOTE 49 TAX ON NET PROFIT/LOSS FOR THE YEAR

SEK M	2015	2014
Deferred tax expense/ income relating to tax losses carryforwards	-	-0.5
Deferred tax expense/ income relating to timing differences	0.4	-
Total	**0.4**	**-0.5**

Taxable earnings for the year amounted to SEK 0.8 M (19.5), of which SEK 29.4 M (49.0) relates to taxable income from subsidiary Catella Fondförvaltning AB. The Parent Company has total loss carry-forwards of SEK 84 M (85). In accordance with the Swedish Accounting Standards Board's general pronouncement on taxation of income (BFNAR 2001:1) a deferred tax asset attributable to these loss carry-forwards of SEK 18.5 M (18.5) was recognised in the company's Balance Sheet. The amounts are based on a judgement of the company's future utilisation of tax-deductible losses. The loss carry-forwards have an unlimited useful life. For more information, see Note 51.

NOTE 50 PARTICIPATIONS IN GROUP COMPANIES

				Carrying amount, SEK M	
Company	Share of equity,%	Share of vote,%	No. of participations	2015	2014
Catella Holding AB	100%	100%	1,000	519.1	519.1
Scribona AS	100%	100%	1	4.1	0.1
Total				**523.2**	**519.1**

Subsidiary corporate identity numbers and registered offices:

Company	Corp. ID no.	City
Catella Holding AB	556064-2018	Stockholm
Scribona AS	979,460,198	Oslo

Participations in Group companies	2015	2014
Opening book value	519.1	519.4
New share issue	12.1	-
Anticipated dividends	-5.7	-
Impairment losses	-2.3	-0.3
Closing book value	**523.2**	**519.1**

Impairment is stated in Note 45 Profit/loss from participations in Group companies.

NOTE 51 DEFERRED TAX ASSETS

Deferred tax assets relate primarily to the valuation of the company's tax-deductible losses expected to be offset against surpluses in future taxation. A smaller portion of the deferred tax asset relates to temporary difference for variable salaries. See also Note 49.

Company	2015	2014
Opening book value	18.5	19.0
Deficit utilised in the year	-0.2	-4.3
Value change from revised assessment of tax loss carryforwards	0.2	3.8
Value change from additional timing differences	0.4	-
Closing book value	**18.9**	**18.5**

NOTE 52 EQUITY

As of 31 December 2015, the share capital amounted to SEK 163.5 M divided between 81,728,572 shares. The quotient value per share is 2. The share capital is divided between two share classes with different voting rights: 2,530,555 Class A shares with five votes per share, and 79,198,017 Class B shares with one vote per share. There are no other differences between the share classes.

The Articles of Association include the right for holders of Class A shares to convert these shares to the same number of Class B shares. No Class A shares were converted to Class B shares in 2015.

As of 31 December 2015, there were no outstanding convertible promissory notes that could lead to dilution of the share capital. 17,074,000 warrants had been issued as of 31 December 2015, as described in more detail in Note 12.

The Board is not authorised to re-purchase or issue shares. No treasury shares were held by the company itself or its subsidiaries.

Shareholders with more than 10% of the votes

The principal shareholder on 31 December 2015 was the Claesson & Anderzén Group (with related parties) with 49.9% (49.9) of the capital and 49.1% (49.2) of the votes, followed by Bure Equity with 10.8% (10.4) of the capital and 11.1% (10.8) of the votes.

Dividend

The Board of Directors is proposing a dividend of SEK 0.60 per Class A and B share is paid to shareholders for the financial year 2015. A dividend of SEK 0.20 per Class A and B share was paid to shareholders for the financial year 2014.

Restricted reserves

Restricted reserves may not be reduced through dividends.

Statutory reserve

The purpose of the statutory reserve is to save a portion of net profit that is not utilised to cover losses brought forward. Amounts contributed to the share premium reserve prior to 1 January 2006 were transferred to, and are included in, the statutory reserve. Share premium reserves arising after 1 January 2006 are recognised as non-restricted equity in the Parent Company.

Non-restricted equity

The following reserves, combined with net profit for the year, comprise non-restricted equity, meaning the amount available as dividends to shareholders.

Share premium reserve

When shares are issued at a premium, meaning that a price is to be paid for the shares that exceeds the quotient value of the share, an amount corresponding to the amount received in excess of the quotient value must be transferred to the share premium reserve. Amounts transferred to the share premium reserve from 1 January 2006 are included in non-restricted equity.

Retained earnings

Retained earnings comprises profit carried forward from the preceding year and profit after dividends paid for the year.

NOTE 53 LOAN LIABILITIES

SEK M	2015	2014
Bond loans		198.4
	199.0	**198.4**
Less: long-term portion	-199.0	-198.4
Short-term portion	**0.0**	**0.0**

In September 2012, Catella AB (publ) issued a five-year unsecured bond of SEK 200 M. This bond has a nominal amount of SEK 300 M and accrues variable interest at 3-month Stibor plus 500 basis points. Funding is conditional on the satisfaction of two covenants based on financial position and liquidity, namely: Group equity must not fall below SEK 800 M, and the Parent Company's cash and cash equivalents may not fall below 7% of outstanding borrowing. These covenants were satisfied in the year and as of 31 December 2015. The bond was listed on Nasdaq Stockholm in July 2013.

NOTE 54 ACCRUED EXPENSES AND DEFERRED INCOME

SEK M	2015	2014
Holiday pay liability	0.7	0.7
Accrued salaries	3.3	3.0
Social security expenses	1.4	1.2
Accrued interest expenses	0.3	0.4
Accrued audit fees	0.2	0.1
Accrued consulting fees	-	-
Other items	1.1	0.7
Total	**7.0**	**6.1**

NOTE 55 PLEDGED ASSETS AND CONTINGENT LIABILITIES

As of 31 December 2015, there were no pledged assets or contingent liabilities.

NOTE 56 RELATED PARTY TRANSACTIONS

The Parent Company has a close relationship with its subsidiaries. Transactions between the Parent Company and subsidiaries are priced on commercial terms. In 2015, several transactions took place between the Parent Company and subsidiaries. Catella AB (publ) has rendered a number of intragroup services to most subsidiaries, at market price and the Parent Company continues to provide funding on market terms to its subsidiary Catella Holding AB. In addition, the Parent Company received Group contributions from the subsidiary Catella Fondförvaltning AB.

For benefits for senior managers, see the information presented for the Group in Note 11 of the consolidated accounts and Note 44.

For pledged assets and contingent liabilities in favour of subsidiaries, see the information presented on pledged assets and contingent liabilities with the Balance Sheet and in Note 55.

NOTE 57 FINANCIAL RISK MANAGEMENT

The Parent Company applies IAS 39 financial instruments: Recognition and Measurement, with the exceptions stated in Note 42. Catella AB (publ) is a holding company for the Group, where Group Management and other central Group functions are gathered. The Parent Company's assets largely comprise shares in subsidiaries and receivables from Group subsidiaries. The Parent Company has no investments in derivative instruments or other financial instruments. The Parent Company has also arranged SEK-denominated loan finance at variable interest to finance its own business operations. In view of this, the legal entity Catella AB (publ) primarily has exposure to interest risk and liquidity risk, while its exposure to other financial risks, such as credit risk, currency risk and market risk, etc. is limited.

Interest risk

Interest risk is the risk that the Parent Company's net profit/loss is affected as a result of variations in general interest rate levels. The Parent Company continuously analyses and monitors its interest risk exposure.

Liquidity risk

Liquidity risk is the risk that within a defined period, Catella AB (publ) is unable to re-finance its existing assets, or is unable to satisfy increased needs for liquidity. Liquidity risk also includes the risk that the Parent Company is compelled to borrow at unfavourable interest, or must sell assets at a loss to be able to fulfil its payment obligations. The Parent Company continuously analyses and monitors its liquidity risk exposure. When required, the Parent Company may utilize subsidiaries' surplus liquidity via internal loans. Intragroup loans have no predetermined maturity date.

Currency risk

There were no receivables or liabilities in foreign currency as of 31 December 2015.

For more information on financial risks for the Group, which are also indirectly applicable to the Parent Company, see Note 3.

The Board of Directors and Chief Executive Officer declare that these Annual Accounts have been prepared in accordance with generally accepted accounting policies in Sweden and that the Consolidated Accounts has been prepared in accordance with the international accounting standards IFRS as endorsed by the EU. The Annual Accounts and the Consolidated Accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations. The Administration Reports of the Parent Company and the Group provide a fair overview of the performance of the Parent Company's and the Group's operations, financial position and results of operations, and describe the material risks and uncertainties facing the Parent Company and the companies included in the Group.

The Parent Company's and the Group's income statements and Balance sheets will be subject to adoption at the Annual General Meeting on 30 May 2016.

As stated above, the Annual Accounts and the Consolidated Accounts were approved for issue by the Board and Chief Executive Officer on 28 April 2016.

Johan Claesson
Chairman of the Board

Johan Damne
Board member

Joachim Gahm
Board member

Anna Ramel
Board member

Jan Roxendal
Board member

Knut Pedersen
Chief Executive Officer

Our Audit Report was presented on 28 April 2016

PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant

Audit Report

To the Annual General Meeting of Catella AB (publ)
Corporate identity number 556079-1419

Report on the annual accounts and consolidated accounts

We have audited the Annual Accounts and the Consolidated Accounts of Catella AB for 2015. The company's Annual Accounts and Consolidated Accounts are included in the printed version of this document on pages 55–103.

Responsibilities of the Board of Directors and the Chief Executive Officer for the annual accounts and consolidated accounts

The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of these Annual Accounts in accordance with the Annual Accounts Act and Consolidated Accounts in accordance with International Financial Reporting Standards IFRS, as adopted by the EU, and the Annual Accounts Act, and for the internal control deemed necessary by the Board of Directors and the Chief Executive Officer for the preparation of Annual Accounts and Consolidated Accounts that are free from material misstatement, whether such misstatement is due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Annual Accounts and Consolidated Accounts based on our audit. We conducted our audit in accordance with international standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the Annual Accounts and Consolidated Accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Accounts and Consolidated Accounts. The auditor chooses such procedures based on such assessments as the risk of material misstatement in the Annual Accounts and Consolidated Accounts, whether such misstatement is due to fraud or error. In making these risk assessments, the auditor considers internal control measures relevant to the company's preparation and fair presentation of the Annual Accounts and Consolidated Accounts in order to design audit procedures that are appropriate taking the circumstances into account, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Chief Executive Officer, as well as evaluating the overall presentation of the Annual Accounts and Consolidated Accounts.

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

Opinions

In our opinion, the Annual Accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2015 and its financial performance and cash flows for the year in accordance with the Annual Accounts Act. The Consolidated Accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2015 and its financial performance and cash flows for the year. In accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the Annual Accounts and Consolidated Accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Report on other legal and regulatory requirements

In addition to our audit of the Annual Accounts and Consolidated Accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Chief Executive Officer of Catella AB for the year 2015.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal concerning the appropriation of the company's profit or loss, and the Board of Directors and the Chief Executive Officer are responsible for administration in accordance with the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal complies with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the Annual Accounts and Consolidated Accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Chief Executive Officer is liable to the company. We also examined whether any member of the Board of Directors or the Chief Executive Officer has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the annual meeting of shareholders 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 Chief Executive Officer be discharged from liability for the financial year.

Stockholm, Sweden, 28 April 2016

PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant

CATELLA

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