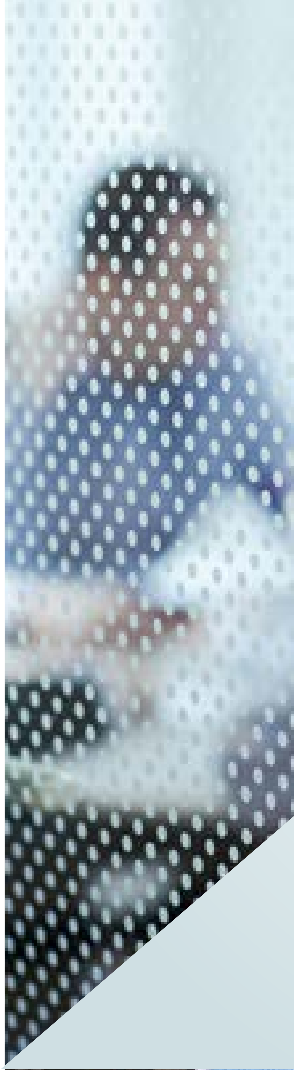
CATELLA

Annual report 2014

Discovering opportunities in property and finance

With our in-depth product knowledge and broad portfolio of services, we're working to continuously improve and deliver something out of the ordinary for clients.

That's why we're always open to new initiatives that identify and open up new opportunities in property and finance for our clients.



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Restructuring for the Danish Marble Pier project.
Read how we made this possible on page 28.

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Restructuring and management of a property portfolio for Mount Street.

Read how we made this possible on page 46.

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Successful sale of flagship property in Paris.
Read how we made this possible on page 31.

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Tailored card solution for a leading private bank.

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Property company NP3's IPO.

Read how we made this possible on page 26.

Launch of Catella Credit Opportunity fund.

Read how we made this possible on page 37.

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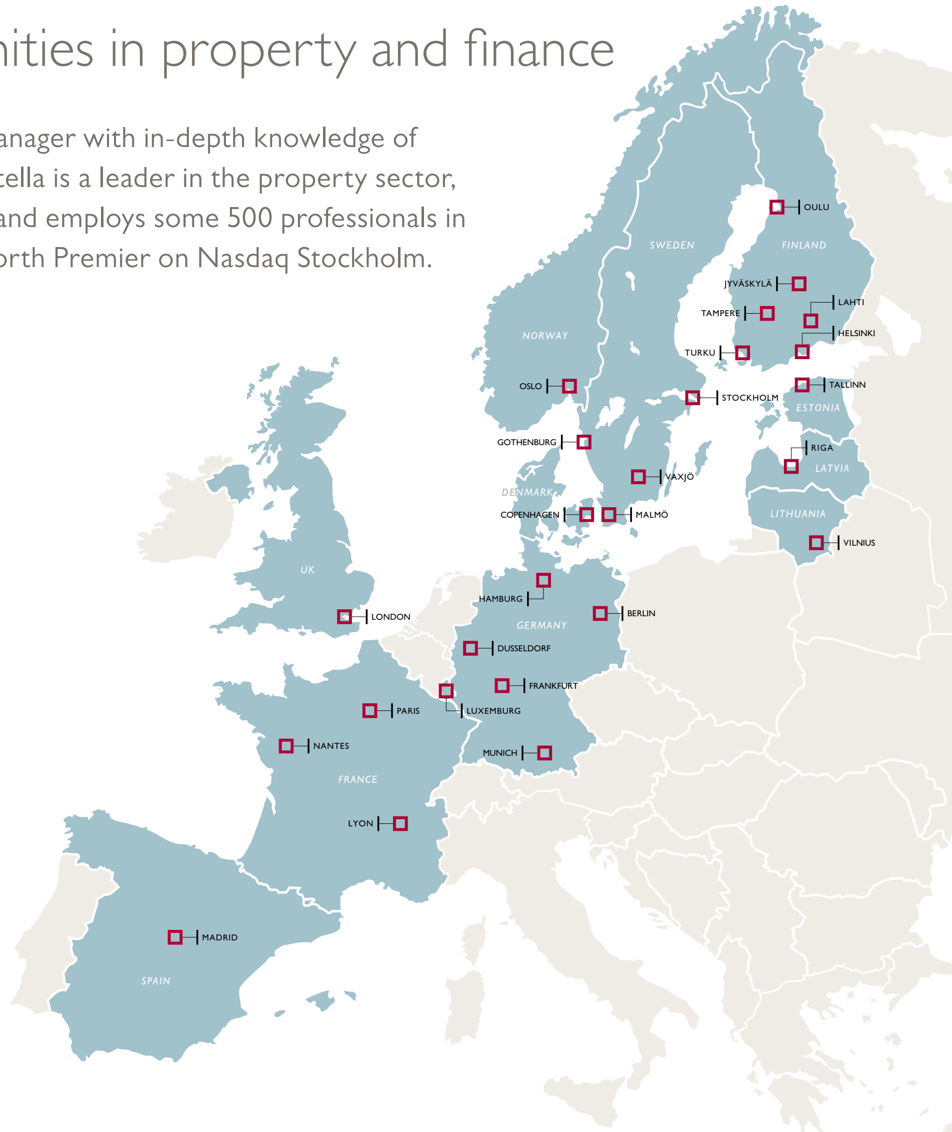
This is Ca

We discover opportunities in property and finance

Catella is a financial advisor and asset manager with in-depth knowledge of property, fixed income and equities. Catella is a leader in the property sector, with a strong local presence in Europe, and employs some 500 professionals in 12 countries. Catella is listed on First North Premier on Nasdaq Stockholm.

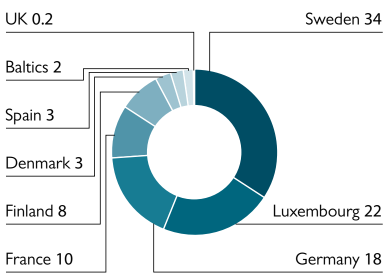


CONSOLIDATED KEY FIGURES

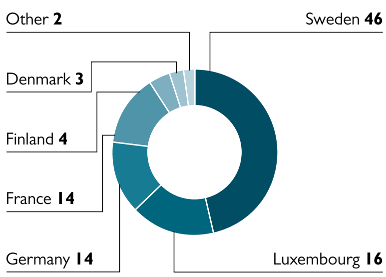
	2014[1]	2013
Net sales, SEK M	1,445	1,020
Income excluding direct assignment expenses and commissions, SEK M	1,169	821
Operating profit/loss, SEK M[2]	167	–6
Profit/loss before tax, SEK M	248	–7
Profit/loss after tax, SEK M	227	–21
Operating margin, %[2]	11	–1
Earnings per share, SEK[3]	2.66	–0.26
Return on equity, %[3]	21	–2
Equity per share, SEK[2]	14.24	11.07
Number of employees at end of year	489	431
Transaction volumes in Corporate Finance, SEK Bn	74.2	53.5
Assets under management in Asset Management and Banking, SEK Bn	122.4	52.3

[1] IPM consolidated as a subsidiary effective third quarter 2014.
[2] Operating profit/loss before acquisition-related items.
[3] Attributable to shareholders of the Parent Company.

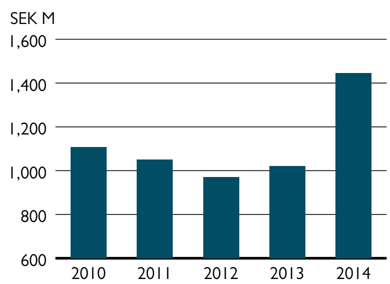
NO. OF EMPLOYEES BY COUNTRY, %



NET SALES BY COUNTRY, %



NET SALES PER YEAR, 2010–2014

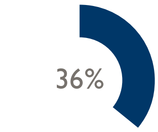


tella

CORPORATE FINANCE

Catella provides transaction advisory services on sales and acquisitions to national and international investors in Europe, focusing on complex transactions. Catella also provides market research and strategic advisory service as well as consultancy on debt and equity finance to businesses in the property sector.

Read more about this business area on page 20.



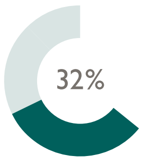
Business area sales share

ASSET MANAGEMENT AND BANKING

Equity, Hedge and Fixed Income Funds

Catella offers equity, hedge and fixed income funds. A broad offering enables Catella to address the investment requirements of private and institutional investors based on a range of risk aspects, market conditions and investment methodologies.

Read more about this business area on page 34.

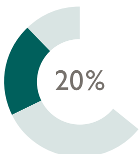


Business area sales share

Banking

Catella offers state-of-the-art investment advisory services and asset management. Catella also offers niche card and payment solutions for private banks and e-commerce players, serving as a card issuer and card acquirer.

Read more about this business area on page 38.

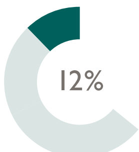


Business area sales share

Property Investment Management

Catella provides property funds, primarily to institutional investors. Catella also offers asset management within the property sector, mainly to institutional investors and funds, and services for property-related development projects.

Read more about this business area on page 44.



Business area sales share

CHAIRMAN'S COMMENTS

Growth through new initiatives and collaboration

I look back at 2014 with great gratitude towards our whole organisation. Our professionals did a lot of great work to get us where we are now. The tempo was brisk last year, and also our management initiated strategic changes, which obviously, will affect our organisation. These changes are designed to enhance coordination and collaboration between different countries and segments so that we can enable higher growth and profitability.

It's critical for Catella's future success that we succeed in creating a culture where we collaborate and see the opportunities in utilising each other's know-how and contacts to develop the whole of Catella.

This applies at national level, but also increasingly, between different countries, as international capital movements will become more significant for Catella. Our services must maintain an international standard, and our ambition is that international players will show greater interest in our property and fund products.

Catella possesses a high level of competence in asset management and property advisory services, as is evidenced by market research and customer satisfaction surveys. If not in first place, we rank consistently highly when independent parties measure our credibility, know-how, and how we create value for clients over time. Although we're very proud of this, we must keep setting ourselves challenges, and think from more perspectives. As an independent player, we can utilise this know-how and credibility when we create investment products or advisory services with the goal to bring new opportunities to our clients.

Our strong positioning and experience in the property sector is the core of Catella's strength. We have all the potential to identify, package and find clients for property projects in a European context. The breadth of our competence and market position enables us to serve as an advisor on a sale, while simultaneously creating an investment product for our clients. Naturally, we do all this with the greatest transparency and focus on client benefit.

Within asset management, Catella delivers a unique portfolio, extending from hedge funds, high-yield products, through traditional wealth management products to systematic macro products. All these are among the best available on the market, with top rankings in Sweden or globally.

We intend to grow in asset management, in the property segment, and traditional fund and asset management. At year-end we had SEK 122 Bn of assets under management, and our ambition is to increase this still further. We want to achieve this to enable higher and more consistent earnings, because higher volumes impact our profits directly.

In order to succeed, we need to upscale our investments and efforts in distribution and sales. Our third-party distribution will always be important to us, and we need to support our distributors optimally, using our competence and presence. In addition to third-party

"We will collaborate and discover the opportunities in utilising each other's know-how and contacts to develop the whole of Catella."

distribution, we will be developing our proprietary distribution of products, primarily to institutions, but also to businesses and wealth management clients. With our banking operations, we also have the potential to deliver funding solutions in property advisory services, and for other clients.

A lot has happened to Catella since I became Chairman four years ago, especially over the past year. Catella is now better positioned to create growth and more stable income and profits. Catella has a superb contact network and much of our future success lies in collaborating and realising the value of our aggregate know-how and contact network.

JOHAN CLAESSON
Chairman of the Board and principal owner

CEO'S COMMENTS

Business in focus as we build the future Catella

"By combining our know-how of properties with financing potential and our capital markets competence, we can continue to execute complex projects that deliver client value."

The global macroeconomic recovery after the debt crisis continued in 2014, although unevenly spread across the globe. The US fared relatively well after a harsh winter, with a clear recovery in employment as a result. In Europe, progress was inconsistent—clearly poor for Italy, and also hesitant for France. 2014 also featured a lot of geopolitical turmoil, which affected surrounding regions. Conflicts in Russia/Ukraine and the Middle East affected progress in Europe, and contributed to global GDP growth for the year of a moderate 3.3%, according to the IMF. Obviously, Russia was heavily affected by this turbulence, but China's growth rate was also progressively downgraded through the year. In a global perspective, the stock market hardly moved, viewed over the whole year. However, substantial geographical differences underlie this overall view, with Russia falling 43% in the year. China and India performed very well, with gains of 52% and 30% respectively. Sweden did fairly well, posting gains of 15%.

This moderate growth rate and low inflation elicited more monetary policy stimulus packages from central banks worldwide, with quantitative easing and interest rates continuing to fall as a result. This went as far as Swedish and German bond yields trading at negative levels on shorter maturities. The return on bonds was positively impacted by this. As readers will be aware, falling market interest rates mean rising bond prices.

In a low interest rate environment, the hunt for returns tempts investors into all types of real and alternative assets in the hope of securing higher returns. Catella's focus on properties and asset management means that basically everything we do is affected by required returns and the access to liquidity. Accordingly, Catella is affected by changes in these major global events. Clients decide to invest in products offering attractive yield levels, one example being the fantastic inflows into flexible fixed income funds, but also in straight hedge funds. Similarly, the property market is positively affected by a favourable interest rate environment. The European transaction market expanded by 40% in 2014, in year-on-year terms.

Work on changing Catella's structure and competitiveness is ongoing in tandem with this process, completely independently of these market forces, to make Catella more robust and profitable regardless of how its outer circumstances change.

A business-focused operating structure

When I became CEO a year ago, we started work on creating a clear operating structure to sharpen our drive and profitability. To mark this process, and coordinate the initiatives and investments we're making optimally, the Group has now been organised more clearly, based on function. This gives us more power to execute cross border so we can exploit the economies of scale in our organisation optimally. This brings functional managers clear responsibility, which sets demands and brings authority. This doesn't mean that we soften our focus on local business. The client remains the centre of our attention, and everybody with functional responsibility has to support local business, with everything this means in terms of local standards, specifics and presence. All our business areas managers work actively with clients.

This new operating structure has been progressively implemented through spring 2015, and in addition to greater execution power, will utilise and develop synergies within and between our four business areas.

Strong positioning in property-related Corporate Finance

In our ***Corporate Finance*** business area, we served as advisor on property transactions worth SEK 73 Bn in 2014, up by 43% year on year. Catella's Swedish operation consolidated its positioning as the largest property advisor in Sweden, and Catella was in the top three property advisors on the French market. We executed several advisory assignments in our Nordic business, focusing on finance and the capital markets, which revealed synergies within Catella, which we will be exploiting and enhancing going forward. In our Continental European operation, our French operation maintained its brisk progress, executing several major sales advisory assignments. Work on developing our German business intensified, and by year-end, a new structure had started to take shape. The Spanish market recovered, and Catella expanded its presence, paying off in a number of assignments being executed.

In 2014, Corporate Finance reported operating profit of SEK 79 M, and we reported positive profits in all businesses. We took a range of significant strategic decisions in the year to increase our drive and profitability. We are moving into 2015 with a new, strong management capable of advancing our positioning in property-related corporate finance still further.

Well-positioned product mix

We saw fantastic progress in our ***Equity, Hedge and Fixed Income Funds*** business area in 2014, with assets under management increasing by SEK 18.1 Bn, excluding IPM's opening balance of SEK 42.8 Bn. Catella increased its holdings in IPM to some 51% in the year, thus making IPM a subsidiary. By year-end, we managed a total of SEK 82.5 Bn, with a product mix well positioned in the market. Performance was healthy in 2014, which combined with the relative size of assets under management, generated operating profit of SEK 129 M. We made several new appointments in 2014 to strengthen our organisation in the growth phase we are currently in, but also to grow into new client groups.

Long-term efforts to enable growth starting to pay off

In our ***Banking*** business area, we took several steps in the right direction in 2014, even if several challenges do remain to attain the desired growth rate and profitability level. Operating profit/loss was up by SEK 36 M in 2014 in year-on-year terms and amounted to SEK -27 M. The long-term efforts conducted to enable growth are starting to pay off, especially in our card and payments solutions operation, where we saw higher volumes and profitability in 2014. We secured new clients in card acquiring and card issuing. Assets under management in wealth management increased by SEK 2 Bn in 2014 in year-on-year terms, and were SEK 10.7 Bn at year-end. However, there is still work to be done to achieve sufficient assets under management to make wealth management profitable. A range of promising projects in alternative property investments as an investment product were executed in the year in collaboration with Corporate Finance. These investments attracted great interest, and we see scope for continued growth in property-related investment products.

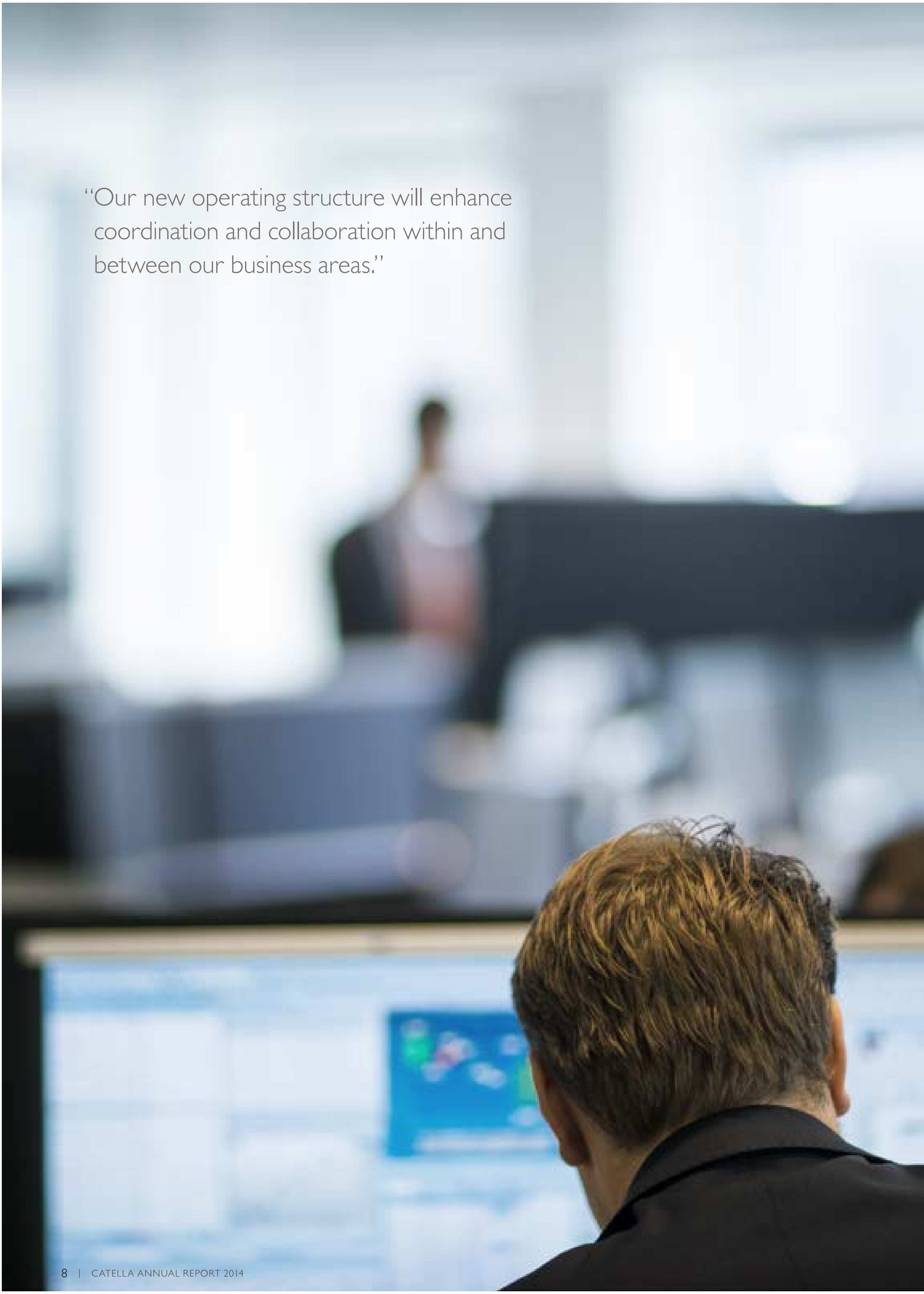
Initiative starts to take shape

In the ***Property Investment Management*** business area, we increased volumes under management by 32% in 2014, and assets under management were SEK 29.2 Bn by year-end, the majority in property funds. Operating profit for 2014 was SEK 17 M. We executed several acquisitions in these property funds, and operations made stable progress. In the first quarter 2014, we started up an asset management operation in the French property sector. This business performed well in the year, with a number of transactions executed late in the year. Catella already has similar operations in Finland, Germany and the Baltics, all of which performed well in 2014. While there is now greater interaction between these businesses, we are continuously reviewing our potential for growth by starting up on new markets.

Combined competence creates client value

We took a number of strategic decisions in the year. These were firstly about ensuring a strong management in several important subsidiaries, but also about turning around operations that had previously not been contributing positively to profits. To be successful and profitable for the long term, we need to put a focus on the company's most important businesses. By combining our know-how in properties and the financing potential our capital markets competence can bring, we will continue to execute complex projects that create client value. Our organisation houses enormous drive, and I'm looking forward to building on the foundations we laid last year with great commitment.

KNUT PEDERSEN
CEO and President



"Our new operating structure will enhance coordination and collaboration within and between our business areas."

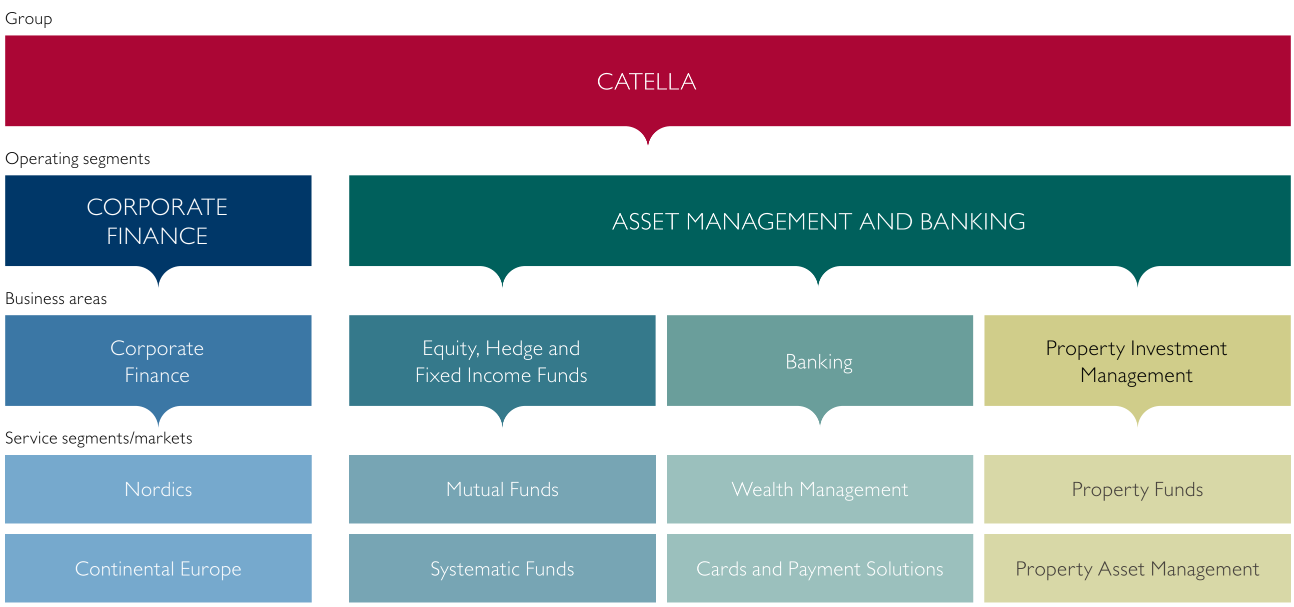
ORGANISATIONAL STRUCTURE

A new structure for sharper business focus

The new operational structure was implemented gradually through spring 2015, with the ambition of enhancing coordination and collaboration within and between business areas where we can achieve direct synergies. Each business area will have a Business Area Manager and an operating business-focused management.

With sharper functional focus, we can exploit and develop the natural business flows that our different businesses share, and thus enable higher growth and profitability. Primarily, a clearer focus will improve coordination of activities and information flows, further strengthening our execution power in transactions for clients.

In its external reporting, Catella will continue to report its two operating segments, ***Corporate Finance*** and ***Asset Management and Banking***. In the ***Asset Management and Banking*** operating segment, we will review progress in the three business areas: ***Equity, Hedge and Fixed Income Funds, Banking*** and ***Property Investment Management.***



Group Management bears overall operating responsibility at Group and operating segment level, and is represented on subsidiary Boards. This new structure will also mean Group Management being represented in each business area's operating management. Operations in each business area will be managed based on service segment and market.

HISTORY

A property and finance leader for over 25 years

Catella was founded in 1987, offering property advisory services from an early stage, which were the foundation of Catella's first operating segment, Corporate Finance. During the Swedish property and banking crisis in the early 1990s, Catella built a successful business focusing on the restructuring needs of the property sector. Accordingly, Catella rapidly secured status as an independent financial advisor in the property sector on the Swedish market. Subsequently, Corporate Finance has extended to cover debt and equity, valuation and research, in addition to transaction advisory services. Catella is now one of the leading Corporate Finance advisors in Europe, with operations in 12 countries.

In the mid-1990s, Catella created an asset management business, and started up its Swedish funds business a few years later. This was the foundation of Catella's second operating segment, Asset Management and Banking. In 2006 and 2007, the funds business was expanded through property funds in Germany and Finland. A banking operation in Luxembourg, Catella Bank, was added coincident with a change of control in 2010, when Scribona acquired the former Catella. The bank allows Catella to provide a wealth management business in Luxembourg and Sweden, as well as card and payment solutions internationally. Catella started an asset management operation in the French property sector in 2014, an operation already present on a smaller scale in Germany, Denmark and the Baltics. Asset manager IPM became a subsidiary in July 2014, and Catella's equity, hedge and fixed income funds offering was supplemented by systematic hedge fund and equity strategies.

The year in brief

2014 JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST

Knut Pedersen becomes new CEO and President.

Advisor to Telekom on the sale of a major housing development project in Düsseldorf, worth EUR 50 M.

Advisor to The Carlyle Group on one of the largest property transactions in Sweden in 2014, the sale of Globen City, valued at SEK 3.8 Bn.

Catella Nordic Corporate Bond Flex wins first prize at the UCITS Hedge Awards in London. This fund was also nominated for the EuroHedge Award and the Investors Choice Hedge Fund Awards.

Erik Kjellgren appointed Head of the Swedish funds operation.

Launches new exclusive Capitol Visa Infinite charge card.

Launches the FlexLiv pension product in collaboration with Danica Pension.

Advisor to PensionDanmark on the sale of the largest property transaction in Denmark in 2014, value: EUR 270 M.

Increases participating interest in asset manager IPM from 25% to some 51%, which thereby becomes a subsidiary.

Completes issue of green bond to Aligera Holding, totalling SEK 400 M.

Secures first place in TNS Sifo Prospera's annual ranking of Swedish mutual fund companies.

Emmanuel Schreder and Jesper Bo Hansen appointed to head up the Corporate Finance operating segment.

IPM Systematic Macro wins the HFM European Hedge Fund Performance Awards. This Fund is also nominated for the EuroHedge Awards and the Nordic Hedge Awards.

Manager of Catella Småbolagsfond and Catella Reavinstfond rated A by Citywire, and one of the best Swedish fund managers.

Financial advisor and arranger on the creation of the new property company Torslanda Property Investment.

SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER | 2015 | JANUARY | FEBRUARY | MARCH

Launches the new fixed income fund Catella Credit Opportunity.

Secures capital injection of some EUR 40 M to the Sarasin Sustainable Properties—European Cities fund.

Catella Hedgefond rated Hedge Fund of the Year by Swedish publications *Privata Affärer* and *Fondmarknaden.se.*

Financial advisor to NP3 on raising capital, acquisition advisory services and IPO on NASDAQ Stockholm.

Advisor to Blackstone on the sale of an office complex on Rue Concordet, Paris, valued at EUR 230 M, to Société Fonçiere Lyonnaise.

We should be the natural choice in property and finance

With our in-depth product knowledge and broad portfolio of services, we're working to continuously improve and deliver something out of the ordinary for clients. That's why we're always open to new initiatives that identify and open up new opportunities in property and finance for our clients. This is how we'll grow our business.

BUSINESS CONCEPT

We offer specialised financial advisory services and asset management with relevant investment products.

VISION

Catella will be the natural choice of partner in property and finance.

CLAIM

We discover opportunities in property and finance.

FINANCIAL GOALS

Catella measures and controls its operating segments through means including the financial goals of operating margin, defined as operating profit in relation to total income. The target is for the operating margin to exceed 15% over time. The operating margin for 2014 was 15% (3) for Corporate Finance and 13% (3) for Asset Management and Banking.

DIVIDEND POLICY

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 attributable to the Parent Company's shareholders will be transferred to shareholders.

CORPORATE FINANCE

The overall target is to strengthen this business and continue to lift profitability on current geographical markets. Synergies with other business areas of the Group will be exploited, primarily in property-related asset management. We should strengthen our profile as a European property advisor with strong links to the capital markets, through channels including concentrating and developing our property advisory services. Initiatives to facilitate cross-border collaboration will also intensify.

ASSET MANAGEMENT AND BANKING

Equity, Hedge and Fixed Income Funds

We will provide an attractive palette of funds spanning the whole risk scale, for private savings and institutional investors. Our ambition is to increase our market share through active and structured approaches to these client groups. Growth will be with profitability, and subject to undiminished quality standards. In a low interest rate environment with intense competition for clients and returns, we will be a first choice for investment products for private clients and institutions with our responsiveness to client needs, an attractive product offering and committed professionals.

In systematic funds, our target is to create both geographical expansion and distribution partnerships to access new client groups. Our focus is systematic macro and equity management, and we work continuously on improving and developing existing offerings. We will ensure profitability by maintaining a focus on automating and streamlining our processes.

Banking

Our wealth management operation is in a development phase, with its focus on the inflow of new assets under management. Our ambition is to develop the market's most client-specific wealth management service that focuses on individual asset management and alternative investments, mainly in property. With strong commitment and good results in an environment featuring a closer collaboration and exchange of best practice between our business areas, we will create new business opportunities for clients.

In card issuing, our ambition is to be the first choice for private banks and wealth managers worldwide that want to outsource their card issuing operations. In card acquiring, we should be the most attractive choice for e-commerce players with specific requirements. Our strategy is to offer niche solutions and work in selective segments to enable us to maintain or expand our margins on a competitive market. Our target is to grow this business through extended collaborations with existing clients, and by creating new business relationships. Growth will be gradual to ensure that the platform and infrastructure supports our growth rate.

Property Investment Management

Work is ongoing to gradually transform existing local businesses into a more harmonised European offering by utilising the competence Catella possesses cross border. This change is being conducted with continued respect for the strength we possess in our secure local operations. We also continuously evaluates expansion to new, selected regional markets.

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

We are a knowledge business, so our people are easily our most important resource. To achieve sustainable success, we have to attract and retain key professionals. That's why it's so important to promote a stimulating working environment, where professionals can develop and contribute to Catella's success. Our target is for Catella to be the most attractive employer in property and finance.

At Catella there's always room for new 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, listening into, and identifying challenges, regardless of financial discipline. We have rigorous knowledge in our segments. The combination of our knowledge with collaborations between teams in our various segments makes us a secure partner for complex transactions.

Open

We believe in individuals that act as individuals, but must obviously also can work as 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.

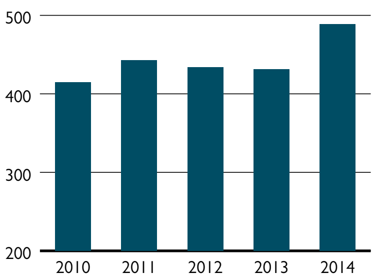
Exploring

We don't want a job where every day is the same. That's why our door is wide open to new initiatives in property and finance—anything that creates a more enjoyable workplace and innovation is encouraged, and we work on this together.

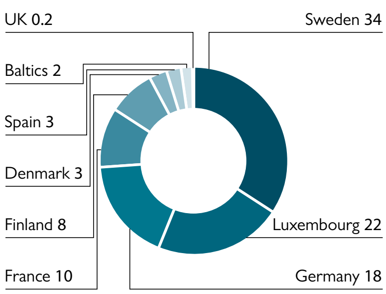
Some 500 professionals in 12 countries

At year-end, Catella had 489 employees (431), 207 (207) in the Corporate Finance operating segment, 271 (211) in Asset Management and Banking and 11 (13) in other functions. The following graphics display our employee statistics.

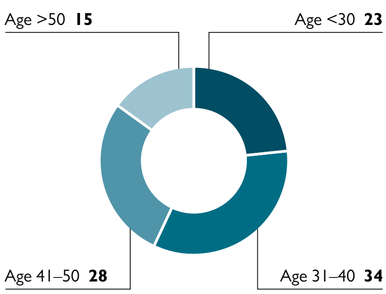
NO. OF EMPLOYEES, 2010–2014

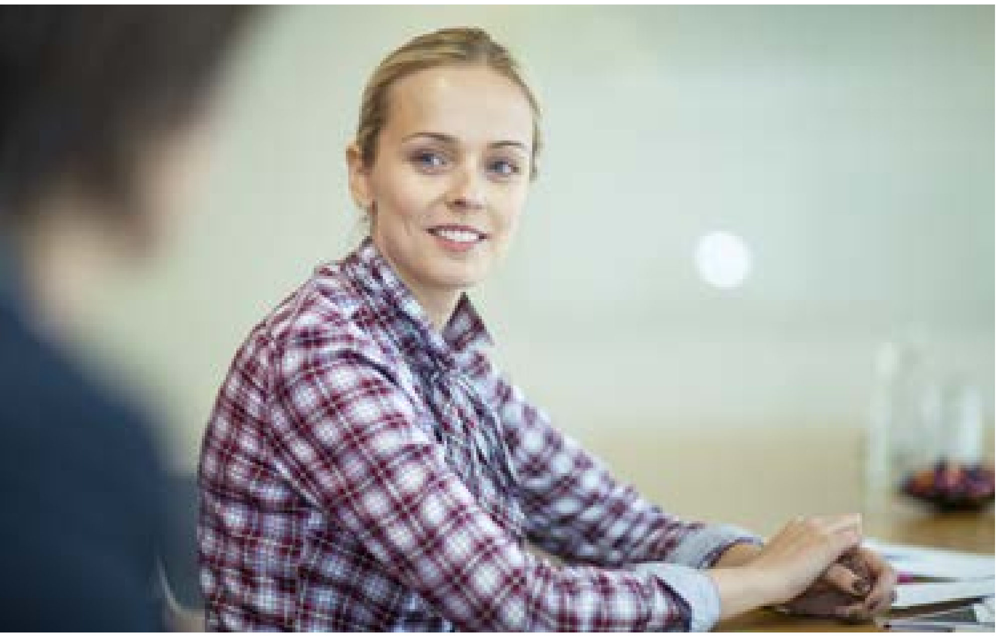


NO. OF EMPLOYEES BY COUNTRY, %



AGE PROFILE, %





"We believe in strong individuals that can develop clients in property and finance."

Diversity

Catella is present in 12 European countries and works 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.

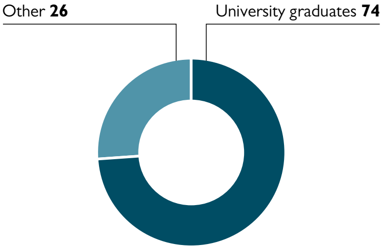
Catella has been partnering with Mitt Liv, a social enterprise that works for greater integration and diversity on the Swedish labour market, for three years. Catella has decided to commit to Mitt Liv to gain the opportunity to benefit Mitt Liv's core issue—working for greater diversity.

We reward good performance

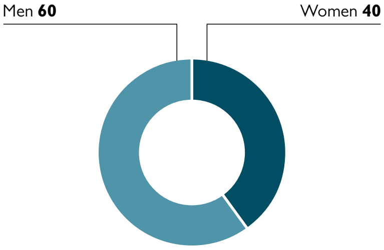
We believe in applying the right incentives to encourage good performance, good conduct and balanced risk-taking consistent with our clients' and shareholders' expectations. Our variable compensation structure is mainly based on participation in the results created at the level within Catella where each 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***, are in most operations based on a profit sharing model at a local level in the form of variable compensation and/or risk-taking via part ownership. Catella's compensation system creates a strong incentive to do deals 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 Accounts for 2014.

EDUCATIONAL STANDARD, %



DIVISION BETWEEN SEXES , %



EMPLOYEE KEY FIGURES

	2014	2013
Number of employees at end of year	489	431
Average number of employees	479	458
Staff turnover, %	18	20
Share of women/men, %	40/60	38/62
Share of graduates, %	74	69

"We believe in applying the right incentives to encourage good performance, good conduct and balanced risk-taking."

PHOTO: BJÖRN LARSSON ROSVALL / TT NYHETSBYRÅN

A proud sponsor of tennis talent for over 15 years

We're helping talented young players to develop into superstars in partnership with the Good to Great Tennis Academy. There's more to life than business, and we're happy to share our success. That's why we decided to support tennis. But you don't need to play tennis to find a place at Catella—all you have to do is support our youngsters outside the office.

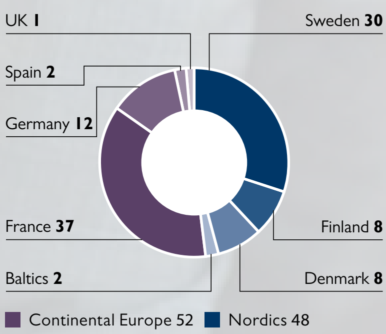
Catella has a long-term, genuine commitment to tennis, and over the years, our team efforts have brought on stars like Robin Söderling and Joachim "Pim Pim" Johansson. We created the first Team Catella in 2001, with the aim of enabling young players to reach the global elite.

In 2012, we created one part of the current Team Catella with the Good to Great Tennis Academy, which is run by the three former world-ranked players Magnus Norman, Mikael Tillström and Nicklas Kulti. As Good to Great's main sponsor, we created a team initiative where talented young players get 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.

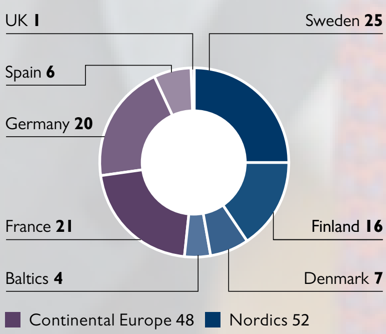
"Just as in Team Catella, we focus on talented individuals that want to be the best—but in property and finance."

Corporate Finance for complex transactions

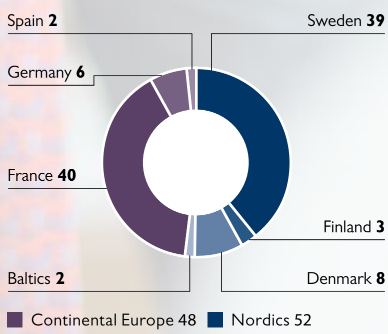
NET SALES BY COUNTRY, %



EMPLOYEES BY COUNTRY, %



CATELLA'S TRANSACTION VOLUMES BY COUNTRY, %



Catella is a leading European Corporate Finance advisor. We provide all the competences necessary to conduct complex transactions. In 2014, Catella served as advisor on property transactions worth SEK 73 Bn.

We are big, but fast

We're big, but not the biggest—and considering our size, our processes are faster, thanks to our extremely simple, deal-focused corporate culture. We don't arrange meetings for the sake of them. We continuously review our processes for the sake of our business. We need no approval from the other side of the Atlantic before we can act.

We're international, but personal

It's common knowledge that good business depends on a good network. A real network where people know people, not just titles or surnames. There's a reason that properties, companies and their current and future owners keep coming back to us. Our clients recognise us as a meeting place for new opportunities.

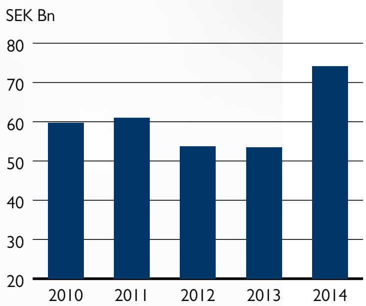
We believe in Business to People

Catella always searches for the best solution for clients, which we can identify by working alongside our clients and their organisations. We put together different teams depending on the organisation we address, because all companies, and the people in them, are different. We believe more in business to people than business to business.

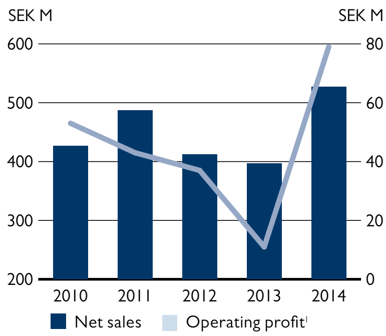
Complex challenges need simple solutions

Catella's competitiveness is sourced from its capacity to manage complex assignments, where there is a need for creativity and a combination of various types of competence to attain the optimal solution. Because we work close together, we create an environment where these conditions are created every day.

CATELLA'S TRANSACTION VOLUMES, 2010–2014



NET SALES AND OPERATING PROFIT, 2010–2014



KEY FIGURES

	2014	2013
Net sales, SEK M	527	397
Operating profit/loss, SEK M [1]	79	11
Operating margin, % [1]	15	3
Equity, SEK M [2]	206	146
Return on equity, % [2]	36	1
Equity/assets ratio, %	56	55
Transaction volumes, SEK Bn	74.2	53.5
—of which property transactions	73.1	50.3
Number of employees at end of year	207	207

[1] Operating profit/loss before acquisition-related items and items affecting comparability.

[2] Attributable to shareholders of the Parent Company.

Services for a complex market

Catella provides Corporate Finance services in three segments: *Sales and Acquisitions*, *Debt and Equity* and *Valuations and Research*.

We create opportunities for clients by serving as a link between the property and financial markets. Catella has served as an advisor on transactions for over 25 years, and enjoys well-established status on the European transaction market. Thanks to its long-term experience of European property markets and the capacity to tie in strong teams, Catella has secured positioning as an advisor that creates value for clients in the transaction process.

We want to be the obvious choice for the investor facing challenges that are out of the ordinary, who needs a combination of different advisory competences and market knowledge.

Sales and Acquisitions

Catella provides transaction advisory services on sales and acquisitions in Europe, focusing on complex transactions that require more than traditional broker skills.

On sales assignments, Catella utilizes our market know-how and tailored sales processes to identify the best possible purchaser. On acquisitions, our focus is to identify and execute an optimal investment process for the purchaser, in structural and strategic terms.

Apart from our offering to the property sector, Catella also offers advisory services to companies in consumer-related sectors in the Nordics. Catella serves on the buy or sell side for private and public transactions.

Debt and Equity

We provide services for raising equity for private and public companies and for asset managers in the property sector. Catella also offers specialized advisory services for corporations that want to diversify their debt profiles, rearrange outstanding borrowings or are seeking to raise capital for expansion or acquisitions. Catella can also offer advisory support on reconstructions and the realisation of pledged assets for financiers, banks and institutions.

The breadth of Catella's expertise and our strength on the Swedish property market have been contributors to Catella participating in most of the public transactions in terms of IPOs, major share issues and public take-over bids on the Swedish property market in the past ten years.

Valuations and Research

We offer market research and strategic advisory services, as well as valuation services, mainly to property owners. Valuations are closely linked to the other service segments in Corporate Finance, because such services are often the foundation of projects in *Sales and Acquisitions*, and *Debt and Equity* projects. We take a different view of research to our competitors, the focus in our research being forward-looking and projection based, founded on macro-economic conditions and progress on the financial markets. The aim is to consider properties as a comparable investment to traditional asset classes like equities and fixed income. We also provide independent valuation services for all types of property, and enjoy strong positioning in research and evaluation, primarily in France and Finland.

"In the past five years, we've served as an advisor on transactions worth SEK 295 Bn."

Sales and Acquisitions

FRANCE | DECEMBER 2014
Advisor to Blackstone on sale of office and residential property in Paris 9 to Société Foncière Lyonnaise
EUR 230 MILLION

DENMARK | DECEMBER 2014
Advisor to Holberg Fenger on sale of retail development project in Copenhagen to Tristan Capital Partners
EUR 100 MILLION

FRANCE | DECEMBER 2014
Advisor to Icade on sale of retail portfolio all over France to Tikehau Investment Management
EUR 135 MILLION

SWEDEN | SEPTEMBER 2014
Advisor on exchange transaction of two office properties in Stockholm between Skanska and Alecta
EUR 256 MILLION

DENMARK | JULY 2014
Advisor to PensionDanmark on sale of its entire residential portfolio to Nordic Real Estate Partners
EUR 270 MILLION

SWEDEN | JUNE 2014
Advisor to Fabege on sale of two leasehold properties in Stockholm to Mengus and SKL
EUR 94 MILLION

FRANCE | JUNE 2014
Advisor to Erestone on sale of a five asset portfolio in France to the Unofi Group
UNOFI GROUP
EUR 123 MILLION

SWEDEN | MAY 2014
Advisor to AMF Fastigheter on sale of office property in Gothenburg to Niam
EUR 105 MILLION

Debt and Equity

SWEDEN | DECEMBER 2014
Advisor to NP3 on new issue of shares and listing on Mid Cap Nasdaq Stockholm
EUR 25 MILLION

DENMARK | DECEMBER 2014
Advisor to By & Havn and Pensam on structuring of equity and debt for the 28,000 sq.m. residential project "Marble Pier" in central Copenhagen
EUR 113 MILLION

SWEDEN | DECEMBER 2014
Advisor on and manager of the creation of Torslanda Property Investment AB, including capital raising and listing on First North Nasdaq Stockholm
AMOUNT NOT DISCLOSED

DENMARK | OCTOBER 2014
Advisor to Union Holding on creation of joint venture for a 41,000 sq.m. harbour front development in central Copenhagen
UNION HOLDING A/S
AMOUNT NOT DISCLOSED

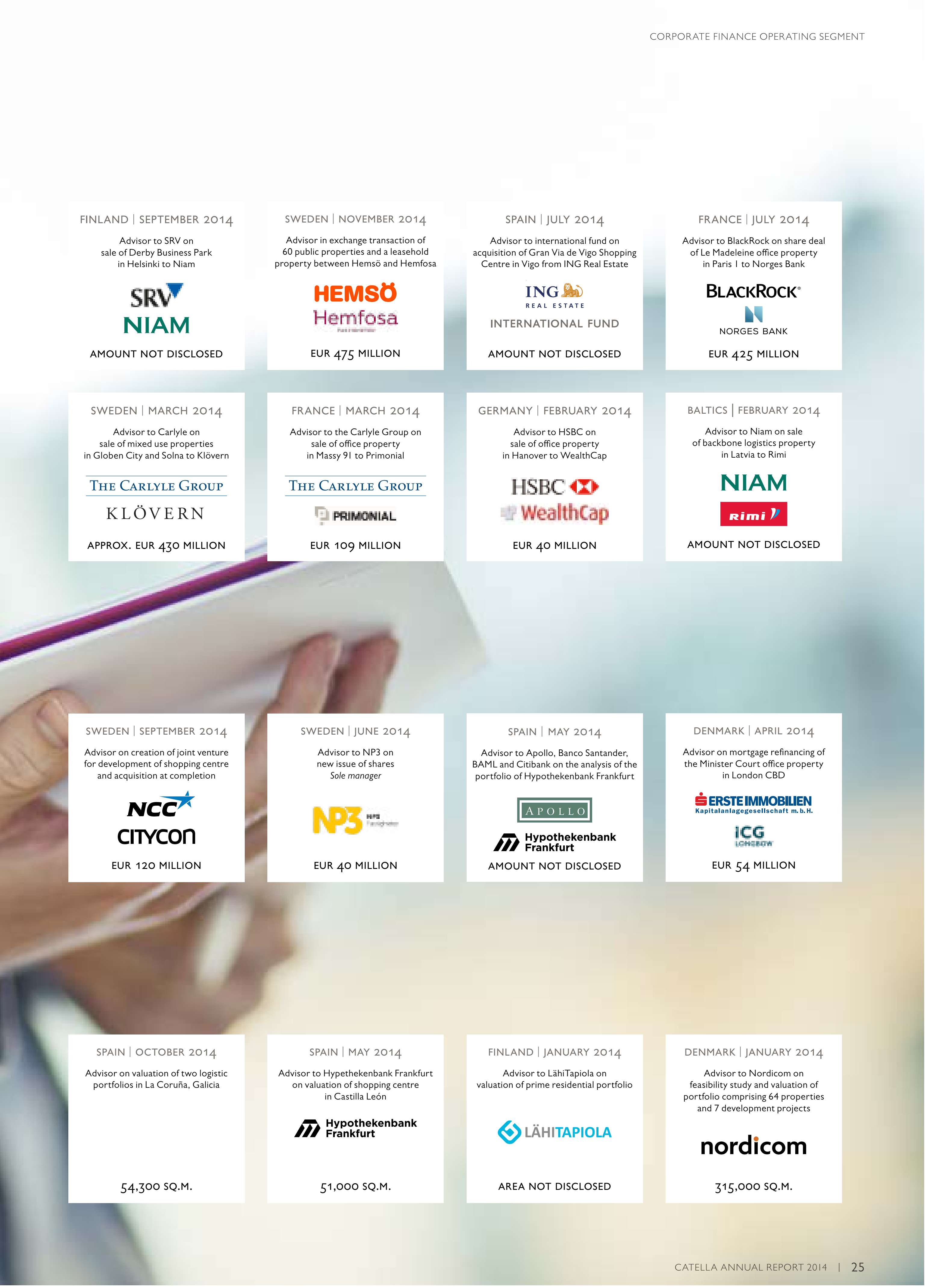
Valuations

FINLAND | NOVEMBER 2014
Advisor to A. Ahlström on valuation of island property in Kotka
100,000 SQ.M.

FINLAND | NOVEMBER 2014
Advisor to Kanta-Hämeen county on valuation of the regional hospital in Riihimäki
17,400 SQ.M.

SPAIN | NOVEMBER 2014
Advisor to York Capital Management on analysis of its loan portfolio
374,100 SQ.M.

SPAIN | OCTOBER 2014
Advisor on valuation of Rivas Futura Retail Park in Madrid
37,000 SQ.M.



FINLAND | SEPTEMBER 2014

Advisor to SRV on sale of Derby Business Park in Helsinki to Niam

AMOUNT NOT DISCLOSED

SWEDEN | NOVEMBER 2014

Advisor in exchange transaction of 60 public properties and a leasehold property between Hemsö and Hemfosa

EUR 475 MILLION

SPAIN | JULY 2014

Advisor to international fund on acquisition of Gran Via de Vigo Shopping Centre in Vigo from ING Real Estate

INTERNATIONAL FUND

AMOUNT NOT DISCLOSED

FRANCE | JULY 2014

Advisor to BlackRock on share deal of Le Madeleine office property in Paris I to Norges Bank

NORGES BANK

EUR 425 MILLION

SWEDEN | MARCH 2014

Advisor to Carlyle on sale of mixed use properties in Globen City and Solna to Klövern

APPROX. EUR 430 MILLION

FRANCE | MARCH 2014

Advisor to the Carlyle Group on sale of office property in Massy 91 to Primonial

EUR 109 MILLION

GERMANY | FEBRUARY 2014

Advisor to HSBC on sale of office property in Hanover to WealthCap

EUR 40 MILLION

BALTICS | FEBRUARY 2014

Advisor to Niam on sale of backbone logistics property in Latvia to Rimi

AMOUNT NOT DISCLOSED

SWEDEN | SEPTEMBER 2014

Advisor on creation of joint venture for development of shopping centre and acquisition at completion

EUR 120 MILLION

SWEDEN | JUNE 2014

Advisor to NP3 on new issue of shares

Sole manager

EUR 40 MILLION

SPAIN | MAY 2014

Advisor to Apollo, Banco Santander, BAML and Citibank on the analysis of the portfolio of Hypothekenbank Frankfurt

AMOUNT NOT DISCLOSED

DENMARK | APRIL 2014

Advisor on mortgage refinancing of the Minister Court office property in London CBD

EUR 54 MILLION

SPAIN | OCTOBER 2014

Advisor on valuation of two logistic portfolios in La Coruña, Galicia

54,300 SQ.M.

SPAIN | MAY 2014

Advisor to Hypethekenbank Frankfurt on valuation of shopping centre in Castilla León

51,000 SQ.M.

FINLAND | JANUARY 2014

Advisor to LähiTapiola on valuation of prime residential portfolio

AREA NOT DISCLOSED

DENMARK | JANUARY 2014

Advisor to Nordicom on feasibility study and valuation of portfolio comprising 64 properties and 7 development projects

315,000 SQ.M.

Progress in 2014

Catella served as an advisor on property transactions worth SEK 73 Bn in 2014, up 43% year on year. This means that Catella served as an advisor on 6% of total European transaction volumes excluding the UK, which made Catella the fourth largest advisor in EMEA in 2014 (according to Real Capital Analytics).

A new management for the Corporate Finance operation was appointed at year-end, with Emmanuel Schreder and Jesper Bo Hansen focusing on Continental Europe and the Nordics respectively. With this new management in place, the goal is to sharpen the focus on business development and intensified interaction between different geographical markets, as well as between service segments and business areas.

Nordics

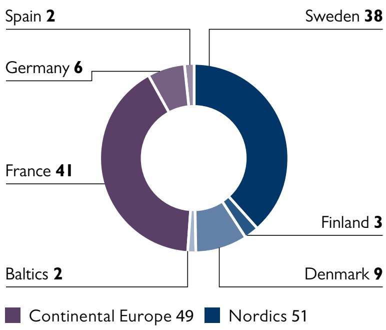
In Sweden, Catella served as an advisor on property transactions worth some SEK 28 Bn in 2014, a market share of over 20%. This made Catella Sweden's single largest property advisor in 2014. The major transactions where Catella served as an advisor included the Carlyle Group's sale of the Globen City properties for SEK 3.8 Bn, and new share issues for and the IPOs of, Platzer, the new property company Torslanda Property Investment, and NP3 Fastigheter.

Catella participated in a number of major transactions in Denmark in the year. Catella provided sales and financial advice on the single largest transaction in Denmark, Pension Denmark's sale of the Nordic Living housing portfolio, worth EUR 270 M. Catella also served as advisor to Paribas Fonddienstleistung on the GBP 40 M refinancing of the Minister Court office building in central London.

Catella's activity increased in Finland and the Baltics in the year. In the Baltics, the drivers are greater interest from Russian investors, and a need for European banks to dispose of their property holdings. Investors in Finland were mainly foreign, often Swedish. Catella served as an advisor on transactions including SRV's sale of the Derby Business Park in Helsinki, and on Niam's sale of a logistics property in Latvia.

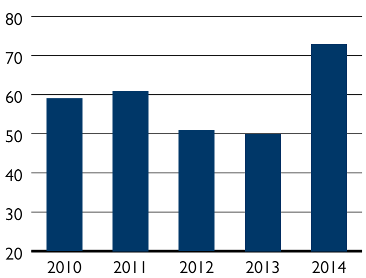
Catella also executed a number of primary market transactions through the bond market in the year. Catella served as an advisor on a SEK 400 M bond issue for wind power producer Aligera, and an SEK 200 M bond issue for government-owned airport operator Swedavia. The SEK 200 M bond issue for logistics company Estancia Logistik was

CATELLA'S PROPERTY TRANSACTION VOLUMES BY COUNTRY, %



CATELLA'S PROPERTY TRANSACTION VOLUMES, 2010–2014

SEK Bn



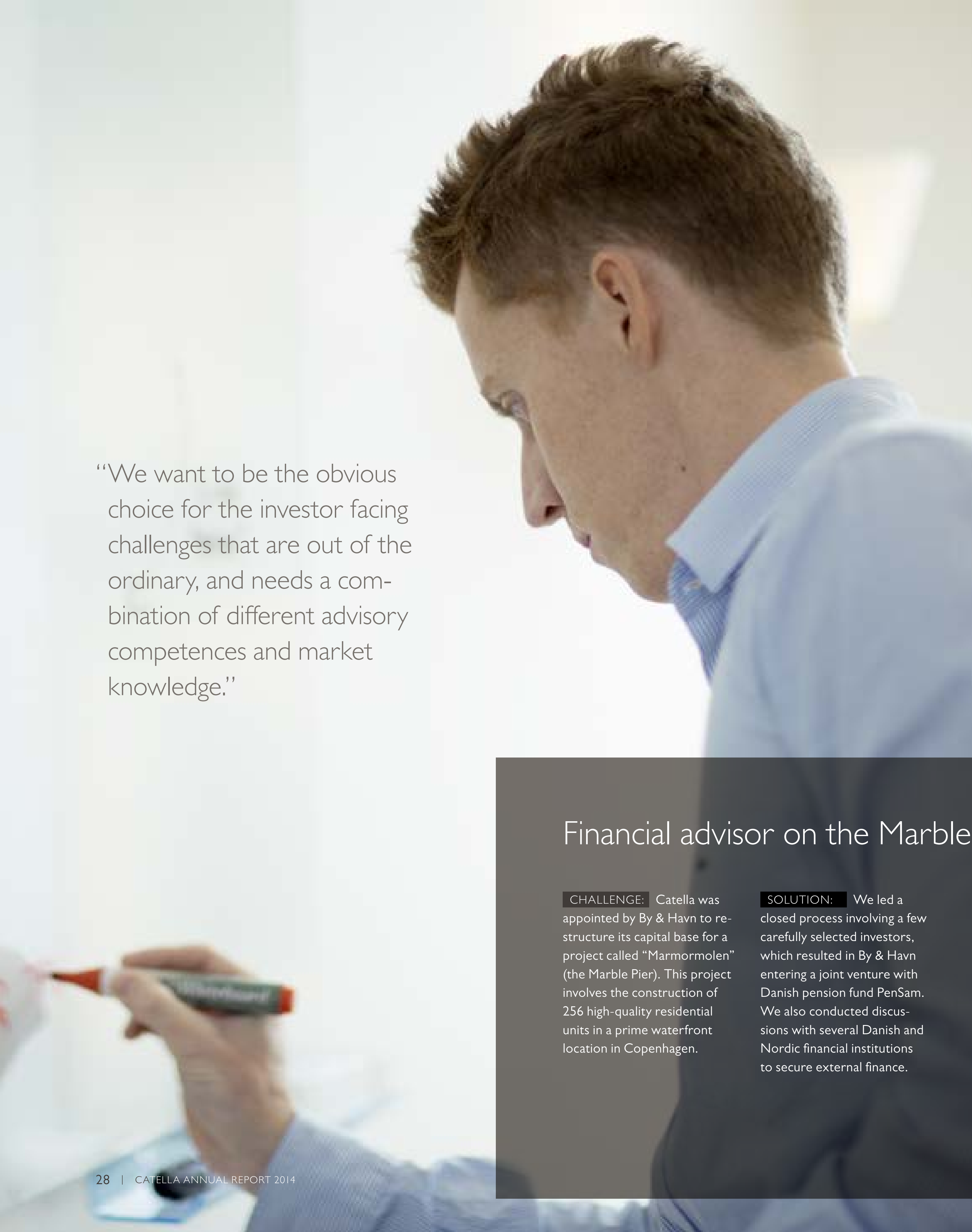
Financial advisor on NP3's IPO

CHALLENGE: Catella served as financial advisor to NP3 Fastigheter before, during and after its IPO. Over and above its main consulting assignment on the acquisition and raising capital, our role was to provide support and consultancy on the necessary organisational changes required in the process of building a larger organisation. We were also responsible for ensuring the good timing of this IPO.

SOLUTION: Because timing is decisive when raising new capital, we advised the client to utilise the favourable market conditions prevailing in June 2014. This enabled NP3 to acquire a large portfolio and make a number of smaller-scale acquisitions, which ensured a good scale of its holdings ahead of the forthcoming IPO.

OUTCOME: The new issue in June 2014 and the IPO in December 2014 were oversubscribed several times over. The client achieved an attractive growth platform as a listed property company.

CONCLUSION: We are one of few advisors with a clear connection between property and finance. Our positioning on the property market guarantees in-depth knowledge of client assets. We combine our knowledge of property with expertise in the financial markets, on actions including raising capital.



"We want to be the obvious choice for the investor facing challenges that are out of the ordinary, and needs a combination of different advisory competences and market knowledge."

Financial advisor on the Marble Pi

CHALLENGE: Catella was appointed by By & Havn to restructure its capital base for a project called "Marmormolen" (the Marble Pier). This project involves the construction of 256 high-quality residential units in a prime waterfront location in Copenhagen.

SOLUTION: We led a closed process involving a few carefully selected investors, which resulted in By & Havn entering a joint venture with Danish pension fund PenSam. We also conducted discussions with several Danish and Nordic financial institutions to secure external finance.

another example of Catella's capacity to deliver combined know-how of the property and bond markets.

Catella also served as an advisor on consumer sector transactions and projects in 2014. Catella was exclusive advisor to Lantmännen on the merger between Agroenergi and Neova Pellets, to Fagerberg & Dellby on the sale of YrkesAkademin to CapMan, as well as to Norvestor on the sale of Panorama Gruppen to Jotunfjell Partners.

Continental Europe

In France, Catella served as an advisor on property transactions worth some SEK 3.3 Bn in the year, equating to a market share of over 15%. This made Catella one of the three largest property advisors in France, a large and competitive market served by many globalised advisors.

All service segments performed well in the year. Sales and acquisitions focusing on residential improved after Catella's business model was realigned to fit new regulations on the Paris residential market.

Catella served as advisor on major transactions such as BlackRock's sale of the Le Madeleine office property in Paris, worth EUR 425 M, Blackstone's sale of an office and residential property worth EUR 230 M, and Icade's sale of a retail portfolio worth EUR 135 M.

Initiatives to focus and develop the services portfolio continued in Germany. Catella served as advisor on several large transactions in the year, including HSBC's sale of an office property in Hanover, and Codic's sale of a property in Düsseldorf.

There was a clear improvement on the Spanish market after a number of challenging years. Market activity was brisk, and Catella more than doubled its employee headcount at its Madrid office, expanding its service portfolio with lettings in the high-quality property segment. Catella served as an advisor to clients including an international fund on the acquisition of the Gran Via de Vigo retail mall from ING Real Estate.

Market progress [1]

The total European property market amounted to EUR 213 Bn in 2014, the highest figure since before the financial crisis. Excluding the UK, the property transaction market amounted to EUR 144 Bn in 2014.

The positive trend on the European property market continued in 2014. There was substantially increased interest in property investments in Europe, while the access to capital was good. Volatility on financial markets and other international turbulence also contributed to European property investments being perceived as attractive. Positive investor sentiment resulted in higher investment volumes, increased new development of properties, and increased rents in the primary segment, i.e. high-quality properties in good locations.

The yield level in the primary segment decreased on several markets in the year. In the UK, France, Germany and

"Our property transaction volumes were up by 43% year on year."

[1] Source: PMA—Property Market Analysis, RCA—Real Capital Analytics and NREV.

er project in Denmark

OUTCOME: Catella identified By & Havn's joint venture partner and created the partnership. We also arranged external financing on attractive terms. In consultation with Catella, the By & Havn consortium decided to enter an agreement with northern European financial group Nordea for construction finance and long-term debt.

CONCLUSION: We were able to offer our client a number of solutions for their project in a narrow, tailored process, in a manner few other advisors are capable of. The Marble Pier project required knowledge of the property and financial markets, and players active on both of them.

Sweden, yield levels were back down at 2007 levels.

As a result, investments in the secondary segment increased, in an attempt to secure higher returns. A number of major portfolio transactions and mergers were also executed in the property sector in the fourth quarter, primarily in the retail and housing segment. Due to favourable market conditions, transaction volumes are forecast to keep increasing in 2015.

Global interest in European property investment has increased. The capital destined for the European property market has more than doubled since the start of the financial crisis. 2014 also featured greater interest in recovering markets like Spain and Ireland, and generally higher risk acceptance from investors seeking higher returns. After five years of stable growth, the global capital flow (capital from investors outside Europe) into Europe was 6% higher than in the peak year of 2007.

In 2014, non-European investors invested EUR 64.8 Bn in European property. North American investors remain the largest source of capital in Europe, contributing 21% of total investment volumes. The second-largest investor group was from the UK, with a share of 4%. Domestic investors represented some 53% of transaction activity in 2014, the lowest share since 2007.

Global capital increased by 35% in 2014, compared to capital from domestic investors from Continental Europe, which was up by only 2%. London and Paris secured their status as the most attractive and liquid markets for cross-border capital, with an inflow totalling EUR 32.5 Bn.

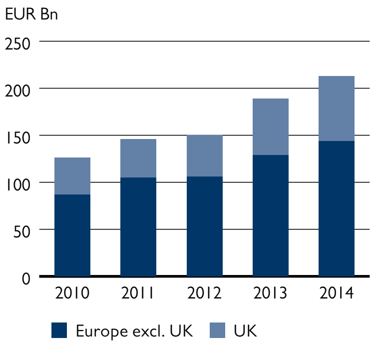
Focus in 2015

The overall target is to strengthen this business and continue to increase profitability on existing geographical markets. Synergies with other business areas of the Group should be exploited, primarily with the property-related asset management operation. We should strengthen our profile as a European property advisor with strong links to the capital markets, through means including concentrating and developing our property advisory services. We will also intensify initiatives to facilitate cross-border collaboration.

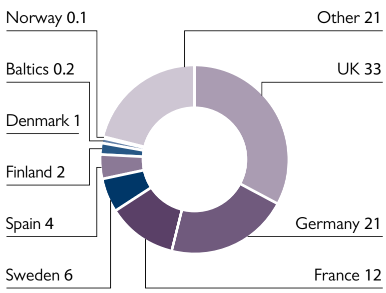
In the Nordics, Catella will work to secure and strengthen its current positioning as the leading Corporate Finance advisor. Regaining market presence in Norway will be another priority in the year.

Catella will also be focusing on concentrating and developing its property advisory services on the key German market, with the aim of increasing market shares and becoming more competitive against global players.

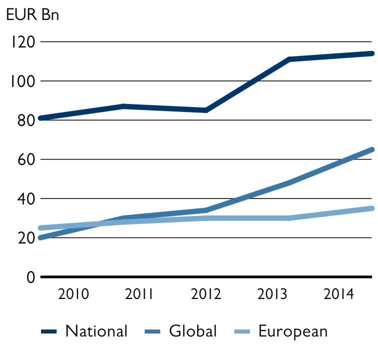
EUROPEAN PROPERTY TRANSACTION VOLUMES, 2010–2014[1]



EUROPEAN PROPERTY TRANSACTION VOLUMES BY COUNTRY, %[1]



EUROPEAN CAPITAL SOURCES, 2010–2014[1]



[1] Source: RCA—Real Capital Analytics.

Advisor on sale of office complex on Rue Condorcet

CHALLENGE: Catella was appointed by Blackstone as advisor on the sale of a flagship property in Paris through a corporate transaction. The client needed a very quick sales process, with marketing of the property commencing in September, and the deal concluded as early as mid-December.

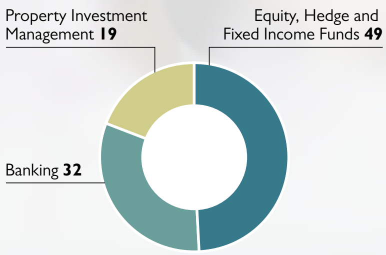
SOLUTION: In the fastest possible process, our mission was to identify the most motivated purchaser with the ability to close the deal on time and the capacity to execute corporate transactions.

OUTCOME: Catella concluded the deal with French listed company Société Foncière Lyonnaise as the purchaser. The deal completed in mid-December, at a sales price of EUR 230 M.

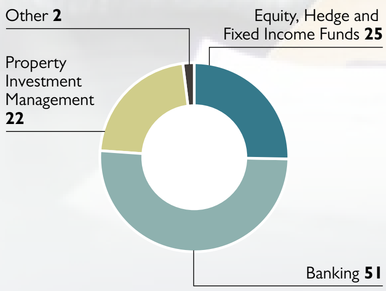
CONCLUSION: Due to our flexibility and efficiency as an advisor, our client was able to secure a major capital gain because this deal concluded on schedule. This was enabled by our in-depth knowledge of the Paris property market and awareness of the purchaser's capacity for corporate transactions.

Highly developed product competence in property, fixed income and equities

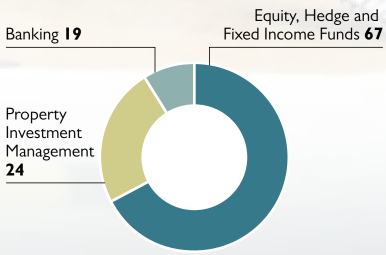
NET SALES BY BUSINESS AREA, %



NO. OF EMPLOYEES BY BUSINESS AREA, %



ASSETS UNDER MANAGEMENT BY BUSINESS AREA, %



Catella researches, develops and identifies opportunities in asset management from its unique positioning and long history as an advisor in the property sector and asset manager of properties, fixed income and equities. Catella also focuses on niche card and payment solutions to be able to deliver the optimal solution in selected market segments.

The Asset Management and Banking operating segment is divided into three business areas:

Equity, Hedge and Fixed Income Funds

Catella offers equity, hedge and fixed income funds. Its broad offering enables it to address the investment needs of private and institutional investors on the basis of different risk aspects, market conditions and management methodologies.

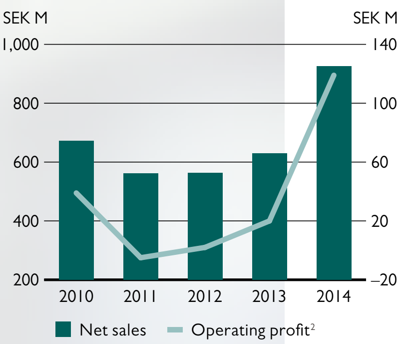
Banking

Catella provides state-of-the art investment advisory services and asset management. We also provide niche card and payment solutions for private banks and e-commerce players that operate as card issuers and card acquirers.

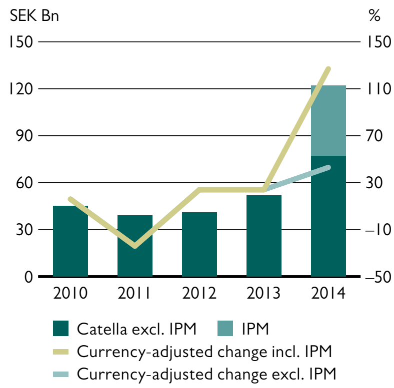
Property Investment Management

Catella offers property funds, primarily to institutional investors. We also offer asset management in the property sector, mainly to international investors and funds, as well as services in property-related development projects.

NET SALES AND OPERATING PROFIT, 2010–2014



CATELLA'S ASSETS UNDER MANAGEMENT, 2010–2014



KEY FIGURES

	2014[1]	2013
Net sales, SEK M	925	630
Operating profit/loss, SEK M[2]	119	20
Operating margin, %[2]	13	3
Equity, SEK M[3]	639	525
Return on equity, %[3]	12	–1
Equity/assets ratio, %	20	19
Assets under management at end of year, SEK Bn	122.4	52.3
No. of employees at end of year	271	211

[1] IPM consolidated as a subsidiary effective the third quarter 2014.
[2] Operating profit/loss before acquisition-related items and items affecting comparability.
[3] Attributable to shareholders of the Parent Company.

Equity, Hedge and Fixed Income Funds

KEY FIGURES	2014[1]	2013
Net sales, SEK [2]	457	226
Operating profit/loss, SEK [3]	129	50
Operating margin, % [3]	28	22
Assets under management at end of year, SEK Bn	82.5	21.5
No. of employees at end of year	69	20

[1] IPM consolidated as a subsidiary effective the third quarter 2014.

[2] Includes internal net sales.

[3] Operating profit/loss before acquisition-related items and items affecting comparability. The new operational structure means central costs are allocated to business areas.

Catella offers Equity, Hedge and Fixed Income funds. Its broad-based offering enables Catella to address private clients and institutional investors' needs from different risk aspects, market conditions and management methodologies. It's important to be responsive to client needs in an environment with low interest rates and intense competition. Catella wants to achieve this by continuously evaluating and developing its product portfolio. Committed professionals and taking responsibility lie at the core of this, where we do not speculate, but manage for the long term. Our goal is for Catella to be the first choice of private clients and institutions.

"Assets under management in Equity, Hedge and Fixed Income funds increased by SEK 18.1 Bn in 2014."

Services

Mutual Funds

Catella offers Equity, Hedge and Fixed Income funds with a geographical focus and expertise concentrated on the Nordics. We intend to be a competitive alternative for private clients and institutional investors seeking returns on the Nordic market. We currently manage 11 funds with different management styles and risk profiles. Several of these funds have received awards, top rankings, and ratings by independent researchers MFEX and Morningstar.

Systematic Funds

Catella manages systematic hedge fund and equity strategies for pension funds and other institutional investors such as life insurance companies and central banks through its subsidiary IPM. In hedge funds, Catella has strong positioning globally in its niche, with unique competence in systematic macro, where the ambition is to deliver high risk-adjusted returns with low correlation to the stock market. In equity management, we are one of the pioneers of smart beta—strategies designed to create value-added through intelligent and cost-efficient exposure to the stock market.

Progress in 2014

Volumes under management in Equity, Hedge and Fixed Income funds increased by SEK 18.1 Bn excluding IPM's opening balance of SEK 42.8 Bn in 2014. As of 31 December 2014, assets under management were SEK 82.5 Bn (21.5). The net inflow was largest in Catella's fixed income and hedge funds, following the underlying market trend.

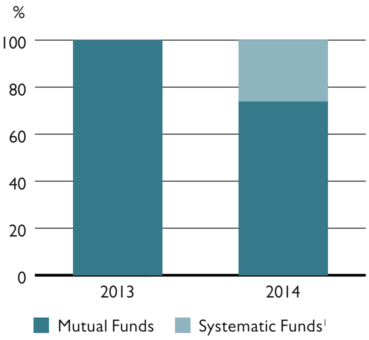
Mutual Funds

Catella's funds continued to win market share in Sweden in the year, and Catella had a market share of some 10% of the total net inflows in Sweden (excluding PPM).

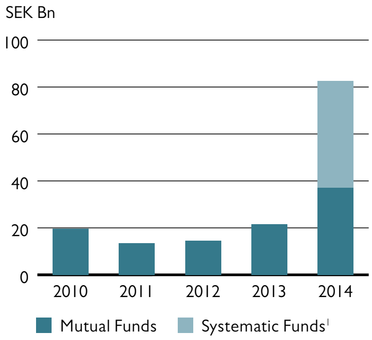
Catella's funds performed strongly in 2014, despite increased turbulence across the world and continued challenges on the financial markets. The Reavinstfond and Småbolagsfond, reported gains of some 16 and 28% respectively, generating returns above their relevant benchmark indexes. Catella Hedgefond, which is designed to generate good risk-adjusted absolute returns, achieved gains of some 8%. Catella's fixed income funds were also a good investment alternative in the current bond market.

Several Catella funds won awards in the year. Catella Nordic Corporate Bond Flex was recognised as the best hedge fund in the Long/Short Credit Fund category in the UCITS Hedge Awards 2014. Catella Hedgefond was recognized as Hedge Fund of the Year for 2014 by the publications *Privata affärer* and *fondmarknaden.se*.

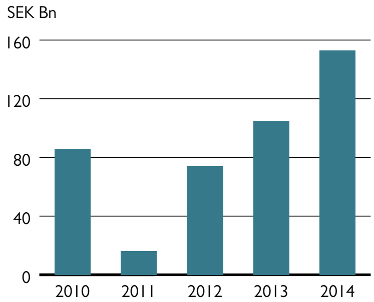
DIVISION OF NET SALES BY SERVICE SEGMENT, 2013–2014



ASSETS UNDER MANAGEMENT IN CATELLA'S EQUITY, HEDGE AND FIXED INCOME FUNDS, 2010–2014



NET SAVINGS IN MUTUAL FUNDS IN SWEDEN, 2010–2014



Source: The Swedish Investment Fund Association.

[1] IPM consolidated as a subsidiary effective the third quarter 2014.

The asset manager of the Catella Småbolagsfond and Reavinstfond was recognized as one of Sweden's top ten fund managers over the past three years, and A rated by Citywire for risk-adjusted returns over a three-year history.

The manager of Catella Avkastningsfond retained an AAA ranking for risk-adjusted returns over a three-year history. Catella was also top ranked in Prospera's annual ranking, in which fund distributors and commentators rate Swedish mutual fund companies.

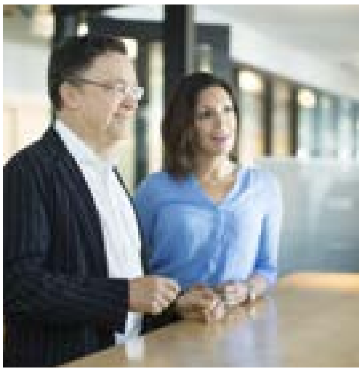
Erik Kjellgren became the new Head of this operation in the year. He possesses solid experience of research and asset management from a number of senior positions in the financial sector.

Systematic Funds

Catella increased its holdings in IPM in July 2014 to some 51%, and thus IPM became a subsidiary of Catella.

The IPM Systematic Macro fund won the HFM European Hedge Fund Performance award in the sub-USD 500 M category. This Fund was also nominated for the EuroHedge Awards and the Nordic Hedge Awards.

Catella intensified its initiative on the American market, which represents over half of the capital invested in hedge funds, and way over half of all new allocations to hedge funds, in 2014. The share of investments from the US market increased from a few percentage points to 15% in the year.



Market progress [1]

2014 was a strong year for fund savings in Sweden. New savings in mutual funds amounted to SEK 153 Bn, a new record for a single year (see diagram on page 36). Total fund assets in Sweden increased by SEK 521 Bn, and were a record SEK 3,002 Bn by the end of the year.

Despite turbulence, many stock markets posted substantial value games in 2014. On average, equity funds achieved value gains of 19% (measured in SEK).

In Sweden, there were net savings of some SEK 10 Bn in equity funds in 2014. The largest deposits were in global funds, which reported a net inflow of SEK 24 Bn. However, there were withdrawals from Sweden, Russia and Eastern Europe funds.

Interest in index funds remained high. In 2014, index funds attracted a net inflow of SEK 16 Bn, which is larger than total new savings in equity funds. At year-end 2014, index funds represented some 12% of total equity fund assets.

Mix funds attracted substantial net inflows throughout the year. Total net savings were over SEK 70 Bn. Bond funds (long fixed income funds) attracted very high inflows in 2014. Total net savings were some SEK 69 Bn, of which nearly SEK 20 Bn was in corporate bond funds.

However, money market funds (short fixed income funds) saw net outflows of some SEK 2 Bn for the full year. The global hedge fund market expanded by USD 355 Bn in 2014, to USD 3,019 Bn at year-end 2014. European Hedge Funds represented USD 609 Bn of the total hedge fund market. Investor interest in hedge funds with macro strategies is increasing, after having been allocated in equity-related strategies (equity long-short) for several years. Institutional investor interest in smart beta is in high growth, and investments in similar strategies have expanded from a few Bn dollars ten years ago, to over USD 200 Bn in 2014.

Focus in 2015

We will provide an attractive palette of funds spanning the whole risk scale, for private savings and institutional investors. Our ambition is to increase our market share through active and structured approaches of these client groups. Growth will be with profitability, and subject to undiminished quality standards. In a low interest rate environment with intense competition for clients and returns, we will be a first choice for investment products for private clients and institutions with our responsiveness to client needs, an attractive product offering and committed professionals.

In systematic funds, our target is to create both geographical expansion and distribution partnerships to access new client groups. Our focus is systematic macro and equity management, and we work continuously on improving and developing existing offerings. We will ensure profitability by maintaining a focus on automating and streamlining our processes.

"Catella came first in TNS Sifo Prospera's ranking of Swedish mutual fund companies."

[1] Source: the Swedish investment Fund Association's annual report on savings in Sweden and the 2015 Preqin Global Hedge Fund Report.

Launch of Catella Credit Opportunity

CHALLENGE: Record low market interest rates, which basically mean obtaining historical required returns with traditional fixed income savings in money markets funds and bond funds is impossible.

SOLUTION: In autumn 2014, we launched a new fund, Catella Credit Opportunity, to address this challenging interest rate environment. The objective of this fund is to generate a positive return regardless of market progress. In current market conditions, this fund has target returns of 6–8%.

OUTCOME: The launch was conducted in a period of fairly high turbulence and generally high outflows from credit funds. Despite this, Catella succeeded in attracting healthy start-up capital. Its flexible and broad mandate enables it to be tailored to prevailing market conditions. Higher expected returns do mean higher risk (volatility), but this fund offers an opportunity for higher returns than traditional fixed income savings, and is less sensitive to rising interest rates.

CONCLUSION: We saw a challenge in current market conditions with low interest rates and developed a new type of product that can be tailored to generate returns in prevailing market conditions.

Banking

KEY FIGURES	2014	2013
Net sales, SEK M [1]	293	234
Operating profit/loss, SEK M [2]	–27	–63
Operating margin, % [2]	–9	–27
Assets under management at end of year, SEK Bn	10.7	8.7
Card and payment volumes, SEK Bn	6.1	4.7
No. of employees at end of year	143	142

[1] Includes internal net sales.

[2] Operating profit/loss before acquisition-related items and items affecting comparability. The new operational structure includes the start-up of the pension operation, and central costs are allocated to business areas.

Catella provides state-of-the-art investment advisory services and asset management in Luxembourg and Sweden. Catella also provides niche cards and payment solutions for private banks and e-commerce players, serving as a card issuer and card acquirer.

"Catella's banking operation consists of Wealth Management, and Card and Payment Solutions."

Wealth Management

Catella is a contemporary investment advisor and asset manager with operations in Luxembourg and Sweden. After many years in the sector, through upturns and downturns, we have learnt a great deal from our clients. Entrepreneurs want progressive, dynamic and individualised solutions, set long-term targets and value advisors capable of delivering unique solutions in a world where off-the-shelf products are stitched together and presented as tailored solutions. Accordingly, we concentrate on developing the market's most client-specific wealth management service, which focuses on individualised asset management and alternative investments, mainly in property. Our clients are mainly entrepreneurs, property owners, as well as small and medium-sized institutions. We provide:

- Individualised asset management.
- Specialised investments in properties and unlisted companies.
- Financial planning (tax, law, generational succession, pension and insurance).
- Finance solutions.

We offer hand-picked management products from Catella and external partners.

Progress in 2014

Work on refining our asset management offering continued in 2014. Catella has produced a palette of management models that create the potential to offer each client a unique portfolio management solution. The discretionary management operation outperformed the market in 2014.

The initiative to deliver alternative property investments as investment products commenced in 2014. Three transactions were executed in close collaboration with Catella's Corporate Finance in the year: Modehuset i Kalmar, NP3 Fastigheter and Torslanda Property Invest. Read more about NP3's IPO on page 26.

Interest in this type of property investment from high net worth individuals and institutions was substantial. Accordingly, Catella created the potential for more clients to invest in a market that was previously only accessible to large institutions. The extremely low interest rate levels further accentuated interest in alternative investments focusing on direct returns, such as property investments. This means that the investor demand for transparency and quality increases.

Market progress

The overall scale of the Swedish private banking market is hard to estimate. This is mainly due to the four large banks, which control some three-quarters of the market, not disclosing asset management volumes in private banking separately. Catella estimates that private banking assets under management in Sweden amounted to some SEK 800 Bn in 2014. Catella also estimates that the market grew by some 5% yearly in the past five years, and anticipates growth of the same level in 2015.

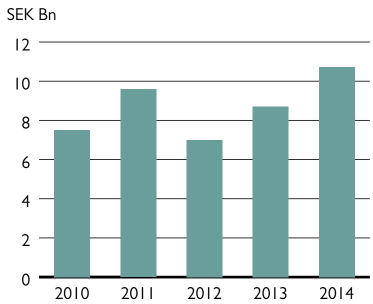
We are increasingly noting how clients want a classic private banking service in combination with the facility to invest in niche products. This is mainly driven by the large banks' standardisation of private banking services, but also because low interest rates are driving capital from stock exchanges and into more niche products.

Focus in 2015

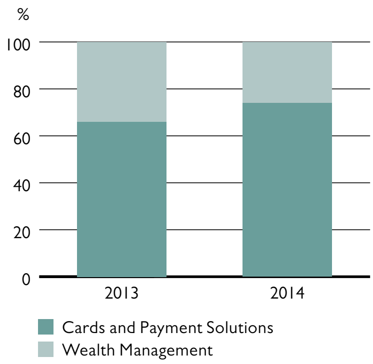
Catella is planning to launch a new system platform in Sweden in the second quarter of 2015, which will bring clients a state-of-the-art portfolio system and web application, which is also more cost-efficient for Catella.

Our wealth management operation is in a development phase, where the inflow of new assets under management is in focus. Our ambition is to develop the market's most client-specific wealth management service that focuses on individualised asset management and alternative investments, mainly in property. With strong commitment and good results in an environment that features closer collaboration and the exchange of best practice between our business areas, we will create new business opportunities for our clients.

ASSETS UNDER MANAGEMENT IN CATELLA WEALTH MANAGEMENT, 2010–2014



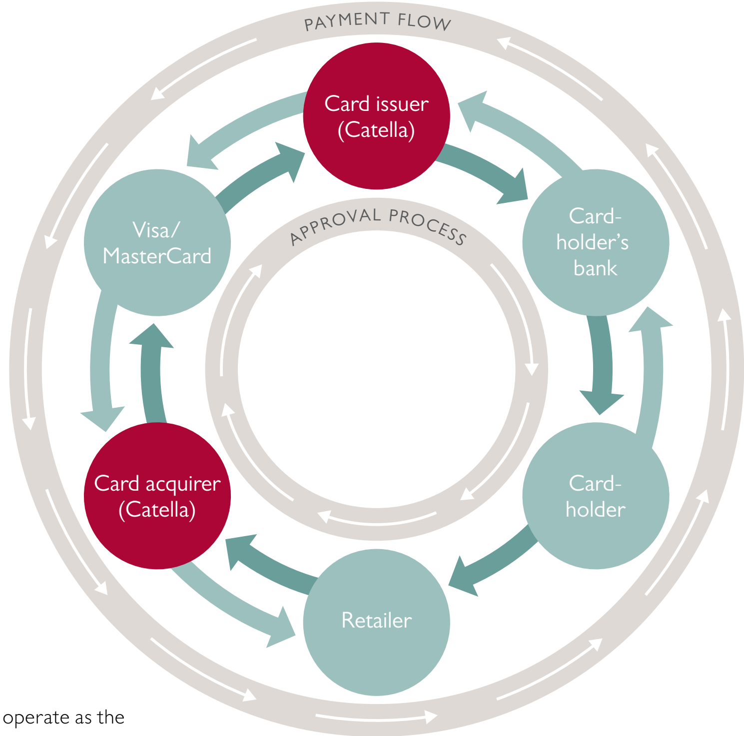
DIVISION OF NET SALES BY SERVICE SEGMENT, 2013–2014



Card and Payment Solutions

Catella's banking operation in Luxembourg offers card and payment solutions to private banks and e-commerce players. We serve as a Visa and MasterCard card issuer and card acquirer. We do not have ambitions of being a player in the mass market. On the contrary, we see great potential in offering niche solutions to private banks in card issuing, and to work in selective segments in card acquiring.

Catella has over 25 years' experience and a thorough knowledge of card and payment solutions. With our focus, we can offer the best solution in selected market segments. By delivering niche solutions and operating in selected segments, we also have the potential to maintain or increase margins in a changing market.



Catella can operate as the card issuer and/or card acquirer in the card payment flow.

Services

Card acquiring

Catella has European acquiring licenses from Visa and MasterCard, and offers card acquiring in several currencies for international e-commerce players. This enables clients to sell their goods or services in a chosen currency and secure optimal currency exposure. We collaborate with a large number of payment system providers worldwide, who are able to offer our acquisition service with cutting-edge fraud management systems through us, and tailored daily reporting and settlement.

Card issuing

Catella offers private banks solutions for issuing charge and prepaid cards to their customers, primarily in the high net worth client segment. We have been issuing cards for private banks for over 25 years, and we offer cards with the banks' own branding or neutral formats. Catella has issuer licenses from Visa and MasterCard, and can offer a world-class service addressing high net worth individuals.

Progress in 2014

Progress in the Card and Payment Solutions operation was positive in 2014, with healthy volume growth. In card acquisition, Catella signed agreements with a large number of e-commerce players, and integrated with three new payment system providers. Catella expanded its card acquisition offering in the year, and further strengthened its infrastructure, thus enabling it to offer availability of 99.4%.

Agreements were signed with new private banks in card issuing. To increase quality of service, Catella launched 24-hour customer service in the year.

Catella also launched new products in the exclusive Visa Infinite black concept, with extensive benefits such as personal concierge services.

Market progress [1]

Global volumes (number of transactions) of non-cash payments increased by 7.7% (8.6) to 334 billion transactions (307) in 2012. (2012 is the latest year official statistics are available for all regions). The somewhat lower growth rate compared to the previous year is mainly due to a slower growth rate in North America and Europe. Volume growth was highest in Europe, the Middle East/Africa and Asia.

[1] Source: The World Payment Report 2014 from Capgemini and Royal Bank of Scotland (RBS).

Tailored card solution for a leading private bank

CHALLENGE: In 2014, a leading private bank was evaluating its card issuing operation. Its conclusion was that managing a proprietary card program, with a few hundred card customers in several countries, was inefficient. It needed a better solution for its premium card services with global acceptance for its highest net worth, most demanding and influential clients.

SOLUTION: This private bank decided to outsource its card operation to Catella. We tailored a card program for this bank according to their clients' specific needs.

OUTCOME: The private bank can now offer its clients cards denominated in several currencies, either with its own branding, or discreetly unbranded. It can also offer clients features like fast response times, 24-hour service, and replacement cards within 24 hours. Moreover, the private bank is no longer charged with losses for fraud and can budget the precise cost for its card operation.

CONCLUSION: The private bank is now able to offer far better card service for its clients more cost-efficiently. The private bank has more satisfied customers, as is evident in increased card usage.

However, the growth rate recovered again in 2013 across all regions, with an estimated volume of 366 billion transactions. The estimated growth on emerging markets was 20.2% in 2013, against 5.6% growth on mature markets.

Global growth is still driven by increased usage of charge and credit cards, which reported gains of 13.4% and 9.9% respectively in 2012.

Enhanced infrastructure for non-cash payments in emerging economies will probably accelerate growth in the Third World and growth markets like China are expected to overtake the North American and European markets.

Growth in Internet and mobile payments remains high. The growth is highest in mobile payments, where transactions are forecast to increase by 60% annually through the coming years, compared to 16% for Internet payments.

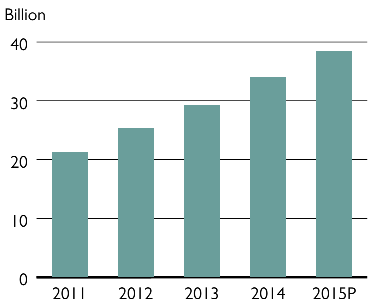
Focus in 2015

Catella will be launching a number of new products and services in 2015, including Capitol Art, an ultra-exclusive card made of solid gold, individually designed and created for individuals that want a truly unique charge card.

Catella's ambition in card issuing is to be the first choice for private banks and wealth managers worldwide that want to outsource their card issuing operations. In card issuing, we should be the most attractive choice for e-commerce players with specific requirements. The strategy is to offer niche solutions and operate in selected segment, to maintain or increase margins on a competitive market. The goal is to grow this business through extended collaborations with existing clients, and by establishing new relationships. Growth will be gradual to ensure that Catella's platform and infrastructure supports its growth rate.

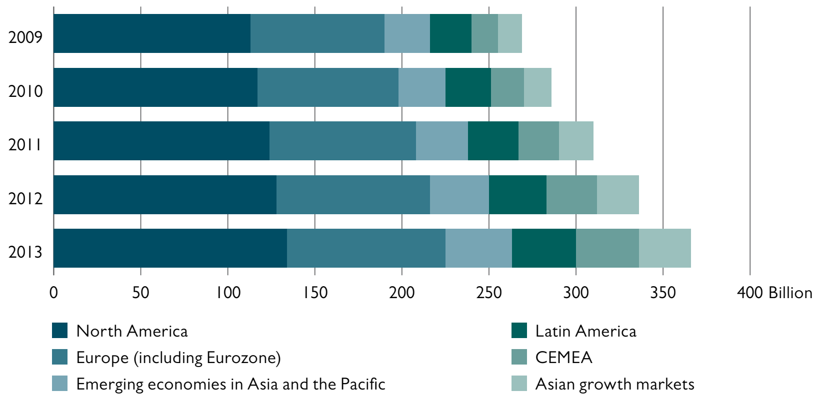
"It's not our ambition to be a player on the mass market. On the contrary, we see great potential in offering niche solutions."

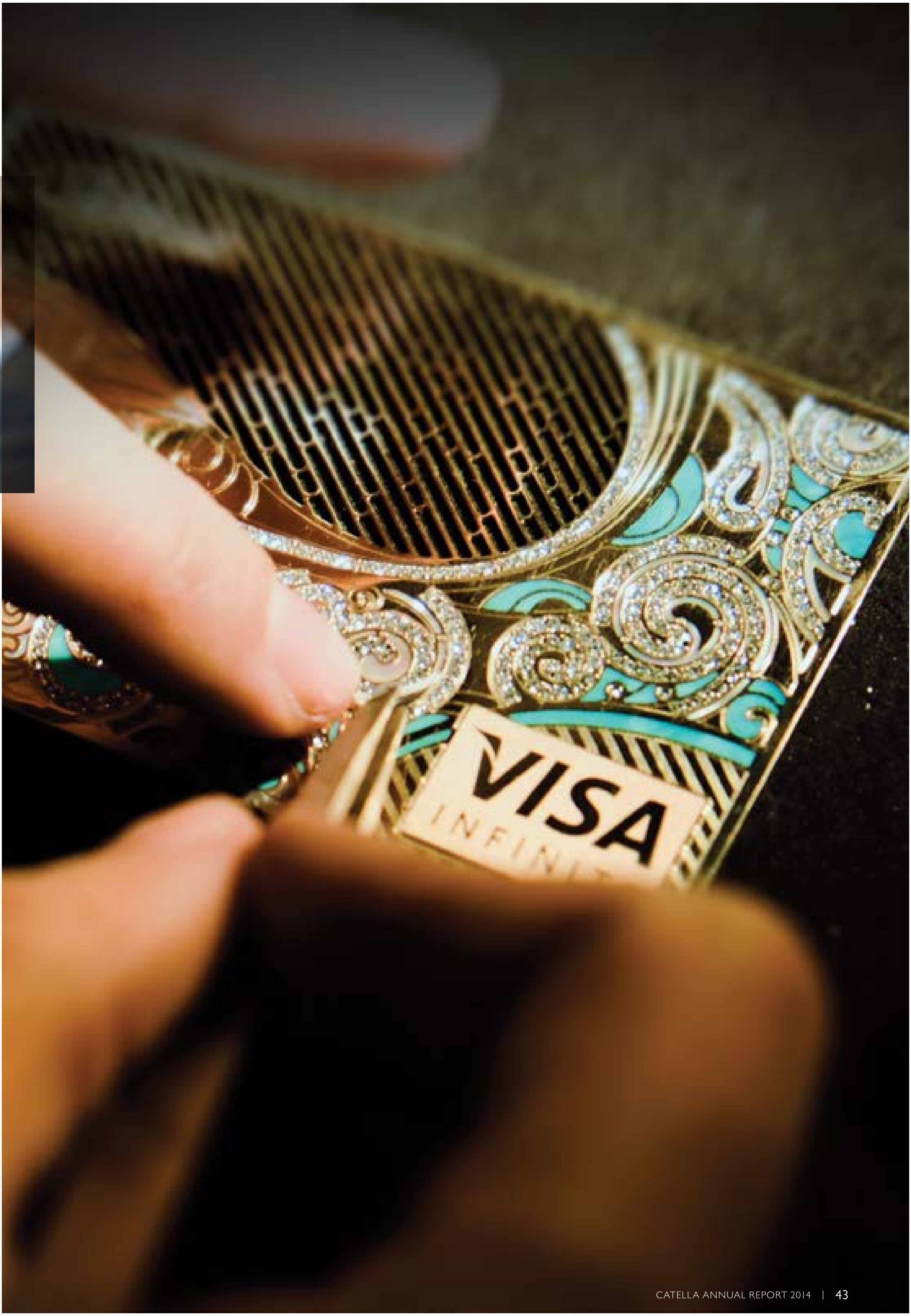
NUMBER OF ELECTRONIC PAYMENTS GLOBALLY, 2011–2015[1]



[1] Source: The World Payment Report 2014 from CapGemini and Royal Bank of Scotland (RBS).

NUMBER OF NON-CASH PAYMENTS GLOBALLY BY REGION, 2009–2013[1]




VISA

Property Investment Management

KEY FIGURES	2014	2013
Net sales, SEK M [1]	177	176
Operating profit/loss, SEK M [2]	17	35
Operating margin, % [2]	10	20
Assets under management at end of year, SEK Bn	29.2	22.1
No. of employees at end of year	59	49

[1] Includes internal net sales.

[2] Operating profit/loss before acquisition-related items and items affecting comparability. The new operational structure means central costs are allocated to business areas.

Catella offers property funds, primarily to institutional investors. Catella also provides asset management in the property sector, mainly to international investors and funds, as well as services in property-related development projects.

Catella has a strong offering, based on broad and rigorous experience of operating in the property sector with asset management in Europe, and by successfully delivering good risk-adjusted returns over the years. We offer clients a tailored, transparent business model, focused on performance-based compensation.

"Based on our rigorous experience of finance, and leadership in the professional property sector, we create investment opportunities for our clients."

Services

Catella offers investment management in the property sector in Denmark, France, Finland, Germany and the Baltics, in the property funds and property asset management segments.

Property Funds

Our property funds are primarily offered to institutional investors, and have a clear profile focusing on specific risk classes (core, core-plus) and regions. Catella currently distributes 12 open property funds and 11 closed funds. The strategy is to invest in high-quality properties in selected locations.

Property Asset Management

Catella is a full-range asset management partner, mainly for international investors and funds seeking a solution for acquiring new investments, and the strategic management of assets. We also provide services for banks, loan administrators and other financial institutions that want an active and localised asset management platform with good financing capability.

Our teams have over 15 years' experience of delivering good risk-adjusted returns from property investments.

We also offer investors development projects in the property sector in Germany. Catella creates opportunities for investors by interlinking demand from tenants, property developers and construction capacity. Catella does not assume development risk, but enables the creation of successful projects, thus delivering good investment opportunities for clients.

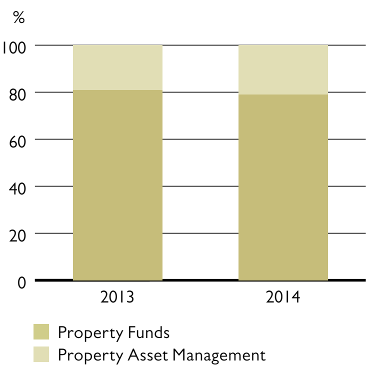
Progress in 2014

Volumes under management in Property Investment Management increased by 32% in 2014, from SEK 22.1 to 29.2 Bn. The below diagram illustrates volumes under management in 2010–2014.

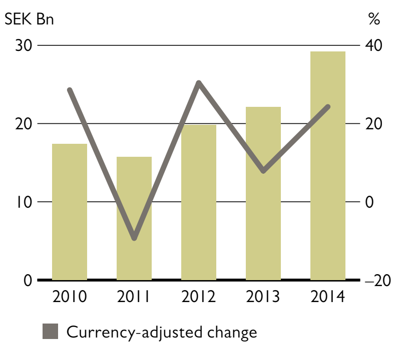
Property Funds

Catella acquired three major properties for the Catella MAX fund in 2014, which invests in the Munich region. Catella acquired seven properties for the Bouwfonds European Residential fund, two properties for the Sarasin Sustainable Properties fund, and one office property in Munich for the specialised ImmoSpezial—Wirtschaftsregion Süd-

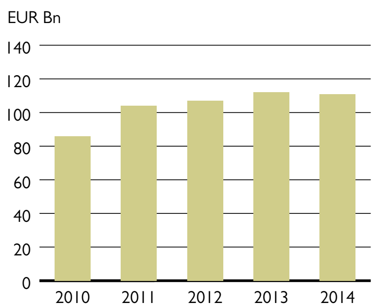
DIVISION OF NET SALES BY SERVICE SEGMENT, 2013–2014



CATELLA'S ASSETS UNDER MANAGEMENT IN PROPERTIES, 2010–2014



TOTAL ASSETS UNDER MANAGEMENT IN PROPERTY FUNDS IN EUROPE, 2010–2014



Source: INREV.

Restructuring and management of a property portfolio for Mount Street

CHALLENGE: Mount Street Loan Solutions administered a loan whose collateral consisted of assets including a retail property portfolio, consisting of 18 properties of some 87,000 m² spread across Finland. This portfolio was facing several challenges, and was not saleable on the market in its existing condition. The loan was due and the original owner was unable to fulfil its commitments to the lender. Apart from the largest tenant in the portfolio facing corporate restructuring, the owner was facing difficulties in meeting interest and capital repayments.

SOLUTION: Mount Street exercised its right to seize assets, and sold the whole portfolio into an SPV (special purpose vehicle), managed and administered by Catella. Coincident with this acquisition, a new business plan was prepared for the whole portfolio with the aim of improving cash flows and executing a structured disposal of assets.

OUTCOME: Catella's input enabled Mount Street to secure interest and capital repayments effectively, and execute an efficient disposal program so it can repay its loan on time.

CONCLUSION: Catella is one of few players on the market with a clear connection between property and finance. Catella's positioning on the property market insures rigorous knowledge of assets and available solutions to address client challenges in the most effective way. Catella combines this property know-how with its drive on the financial markets, offering the client more opportunities.

deutschland and Sarasin Sustainable Properties—European Cities funds.

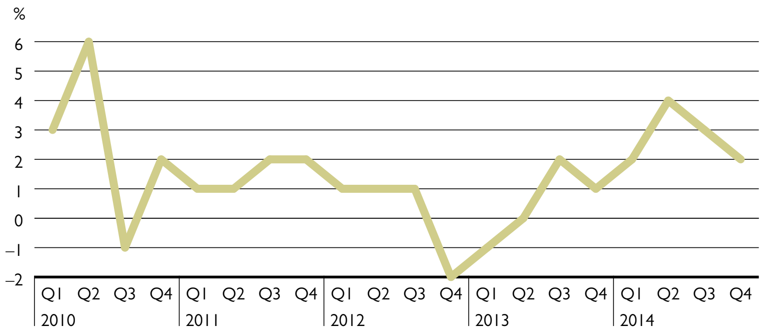
Catella also acquired an office complex for the Immo Spezial—Wirtschaftsregion Süddeutschland fund.

Catella secured a capital injection of some EUR 40 M for the Sarasin Sustainable Properties—European Cities fund in December.

Property Asset Management

In addition to its existing operations in Finland, Germany and the Baltics, Catella started up asset management in the French property sector. The French operation performed well in its first year, attracting new investment mandates and several acquisitions executed on behalf of investors. For example, Catella acquired, and now manages, an investment portfolio of 37 retail properties worth EUR 126 M for Tikehau Capital Partners, and an investment in a 21,500 m^2 office property worth EUR 100 M for Red Tree Capital. The Finnish operations signed a new mandate with UK loan administrator Mount Street comprising a portfolio of 18 retail properties of 87,000 m^2 in southern Finland. In the management of these existing mandates, a number of assets were sold in the Baltics and Finland because they were at the end of their investment cycle. A total of 25 assets were divested by the Finnish operation in 2014. The Living Circle project was executed in Düsseldorf in 2014, and Living Lyon in Frankfurt/Main. In early-2015, Catella secured the Living Central project in Düsseldorf, valued at EUR 400 M. Living Central is a new city quarter, where up to 1,000 apartments, hotels, day-care centres and retail units will be constructed. This project is part of the Living Vision product line, which focuses on rental properties in the mid-price segment.

INREVINDEX: EUROPEAN PROPERTY FUNDS, 2010–2014



Source: INREV.

Market progress

European property funds maintained their positive progress in 2014, according to the INREV Index. However, returns were only 2.3% in the fourth quarter of 2014, against 3.3% in the previous quarter. Despite this, on a rolling 12-month basis, returns on the INREV index were 11.1%, the highest level since its start-up in 2010. The brisk progress of property funds is partly due to the healthy progress of the UK market and better conditions in Continental Europe. Total returns on UK property funds were consistently higher, with returns of 4.0% in the fourth quarter of 2014, against Continental European funds, at 1.4%. Southern European funds posted record annual returns of 12.6%.

Read more about the European property market on page 29.

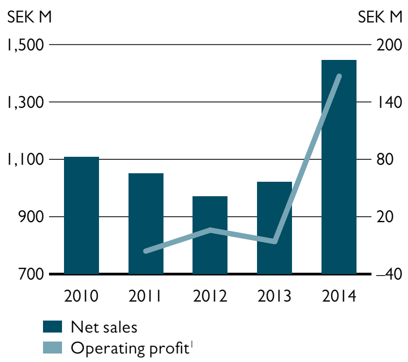
Focus in 2015

Work is ongoing to gradually transform existing local businesses into a more harmonised European offering by utilising the competence Catella possesses cross border. This change is being conducted with continued respect for the strength we possess in our strong local operations. Catella also continuously evaluates expansion to new, selected regional markets.

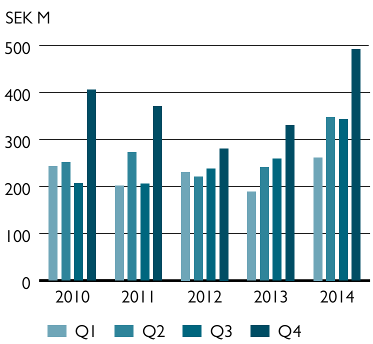
Financial overview

Group

NET SALES AND OPERATING PROFIT

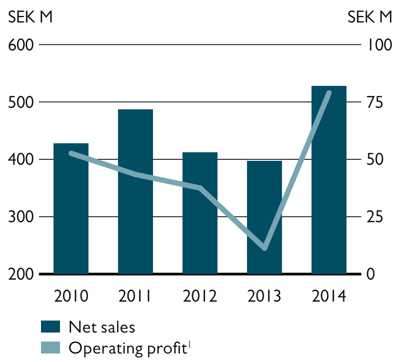


NET SALES PER QUARTER

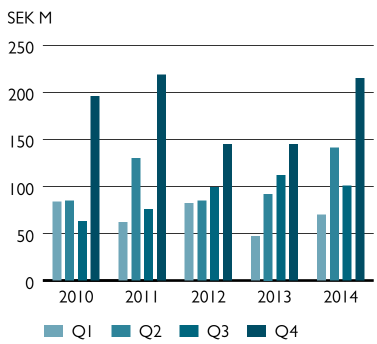


Corporate Finance

NET SALES AND OPERATING PROFIT

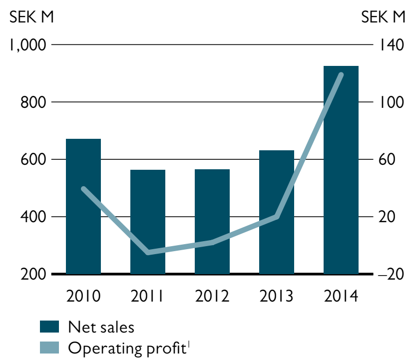


NET SALES PER QUARTER

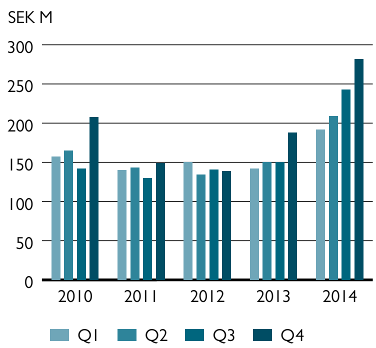


Asset Management and Banking

NET SALES AND OPERATING PROFIT



NET SALES PER QUARTER



Pro forma reported for 2010, as if the former Catella group was acquired and consolidated as of 1 January 2010.

CONSOLIDATED KEY FIGURES

	Corporate Finance		Asset Management/Banking		Other		Group	
	2014	2013	2014	2013	2014	2013	2014	2013
Operating margin, %[1]	15	3	13	3	–	–	11	–1
Profit margin, %	10	0	9	–0	–	–	16	–2
Return on equity, %[2]	36	1	12	–1	–	–	21	–2
Equity/assets ratio, %	56	55	20	19	–	–	29	27
Number of employees, average	200	220	266	225	13	13	479	458
Number of employees, at end of period	207	207	271	211	11	13	489	431
Personnel/staff turnover, %[3]	25	23	13	16	–	–	18	20
Transaction volumes for the period, SEK Bn	74.2	53.5	–	–	–	–	74.2	53.5
Assets under management at end of period, SEK Bn	–	–	122.4	52.3	–	–	122.4	52.3

[1] Operating profit/loss before acquisition-related items and items affecting comparability.
[2] Attributable to shareholders of the Parent Company.
[3] Terminated employment divided by average number of employees.

INCOME STATEMENT BY OPERATING SEGMENT

	Corporate Finance		Asset Management/Banking		Other		Group	
SEK M	2014	2013	2014	2013	2014	2013	2014	2013
Net sales	527	397	925	630	–7	–7	1,445	1,020
Other operating income	1	6	11	5	0	7	12	17
	529	**403**	**936**	**635**	**–7**	**0**	**1,457**	**1,038**
Personnel costs	–297	–249	–352	–241	–16	–16	–665	–507
Other expenses	–153	–142	–465	–373	–8	–22	–626	–537
Total expenses	**–449**	**–392**	**–817**	**–614**	**–24**	**–38**	**–1,290**	**–1,044**
Operating profit/loss before acquisition-related items	**79**	**11**	**119**	**20**	**–32**	**–38**	**167**	**–6**
Amortisation of acquisition-related intangible assets	0	0	–7	–6	0	0	–7	–6
Operating profit/loss	**79**	**11**	**112**	**15**	**–32**	**–38**	**160**	**–12**
Financial items—net	1	0	5	2	82	3	88	5
Profit/loss before tax	**80**	**11**	**117**	**17**	**51**	**–35**	**248**	**–7**
Tax	–25	–10	–37	–20	42	16	–20	–14
Net profit/loss for the year	**55**	**1**	**80**	**–3**	**92**	**–19**	**227**	**–21**
Profit/loss attributable to shareholders of the Parent Company	**55**	**1**	**69**	**–4**	**92**	**–19**	**217**	**–22**

FINANCIAL POSITION BY OPERATING SEGMENT

ASSETS	Corporate Finance		Asset Management/Banking		Other		Group	
Non-current assets	2014	2013	2014	2013	2014	2013	2014	2013
Intangible assets	62	61	244	195	50	50	356	306
Financial assets at fair value in profit or loss	0	0	12	6	285	229	297	235
Long-term loan receivables	–	–	162	249	–	–	162	249
Other non-current assets	12	10	35	77	62	42	108	128
	74	**71**	**453**	**527**	**397**	**321**	**924**	**919**
Current assets								
Accounts receivable	116	90	128	81	0	0	244	171
Current loan receivables	–	0	432	367	–	–	432	368
Cash and cash equivalents	160	101	2,308	1,752	64	41	2,532	1,893
Other current assets	68	44	148	83	8	5	224	132
	344	**235**	**3,017**	**2,284**	**72**	**45**	**3,432**	**2,564**
Total assets	**418**	**306**	**3,470**	**2,811**	**468**	**366**	**4,356**	**3,483**
EQUITY AND LIABILITIES								
Equity attributable to shareholders of the Parent Company	206	146	639	525	319	232	1,164	904
Non-controlling interests	27	22	62	3	0	2	88	28
Total equity	**233**	**169**	**700**	**528**	**319**	**234**	**1,252**	**932**
Liabilities								
Non-current liabilities								
Non-current loan liabilities	–	–	–	0	199	199	199	199
Other non-current liabilities	1	1	14	8	35	17	50	26
	1	**1**	**14**	**8**	**235**	**216**	**250**	**224**
Current liabilities								
Borrowings	–	0	237	227	0	0	237	227
Current loan liabilities	0		2,026	1,718	0	0	2,026	1,718
Other current liabilities	184	136	492	330	–86	–84	590	382
	185	**136**	**2,755**	**2,275**	**–86**	**–84**	**2,854**	**2,327**
Total liabilities	**186**	**137**	**2,769**	**2,283**	**149**	**132**	**3,104**	**2,551**
Total equity and liabilities	**418**	**306**	**3,470**	**2,811**	**468**	**366**	**4,356**	**3,483**

	Corporate Finance		Asset Management/Banking		Other		Group	
CASH FLOW BY OPERATING SEGMENT	2014	2013	2014	2013	2014	2013	2014	2013
Profit/loss before tax	80	11	117	17	51	–35	248	–7
Adjustment for non-cash items	24	22	5	15	–91	–14	–62	23
Adjustment for cash items	–19	–24	271	94	60	51	312	121
Cash flow from operating activities	**85**	**10**	**393**	**126**	**20**	**2**	**497**	**138**
Cash flow from investing activities	**–11**	**0**	**49**	**0**	**3**	**27**	**41**	**28**
Cash flow from financing activities	**–19**	**–12**	**0**	**–1**	**0**	**0**	**–20**	**–12**
Cash flow for the year	**54**	**–2**	**441**	**125**	**23**	**30**	**519**	**153**

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 being the Claesson & Anderzén group.

The Catella share

Catella's market capitalisation was SEK 868 M (568) as of 31 December 2014. The price of Catella's class B shares rose from SEK 6.95 to SEK 10.60 in 2014, gains of 53%. This can be compared to the OMX Stockholm PI index, which rose by 12%.

The closing price for Catella's class B share varied between SEK 5.80 and SEK 11.70 in 2014, with average daily turnover of about SEK 929,000, or 121,555 shares. Total turnover in 2014 was SEK 231 M, corresponding to just over 30 million shares.

Share capital

Share capital as of 31 December 2014 was SEK 163 M (163), divided between 81,698,572 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 79,168,017 class B shares with one vote per share. The Articles of Association confer the right 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 the full year 2014.

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 attributable to the Parent Company's shareholders will be transferred to shareholders.

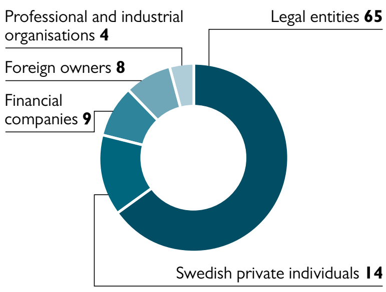
Considering forthcoming investments in Catella's growth segments, the Board of Directors is proposing a dividend of SEK 0.20 per class A and B share is paid to shareholders for the financial year 2014. No dividend was paid to shareholders for the financial year 2013.

Shareholders

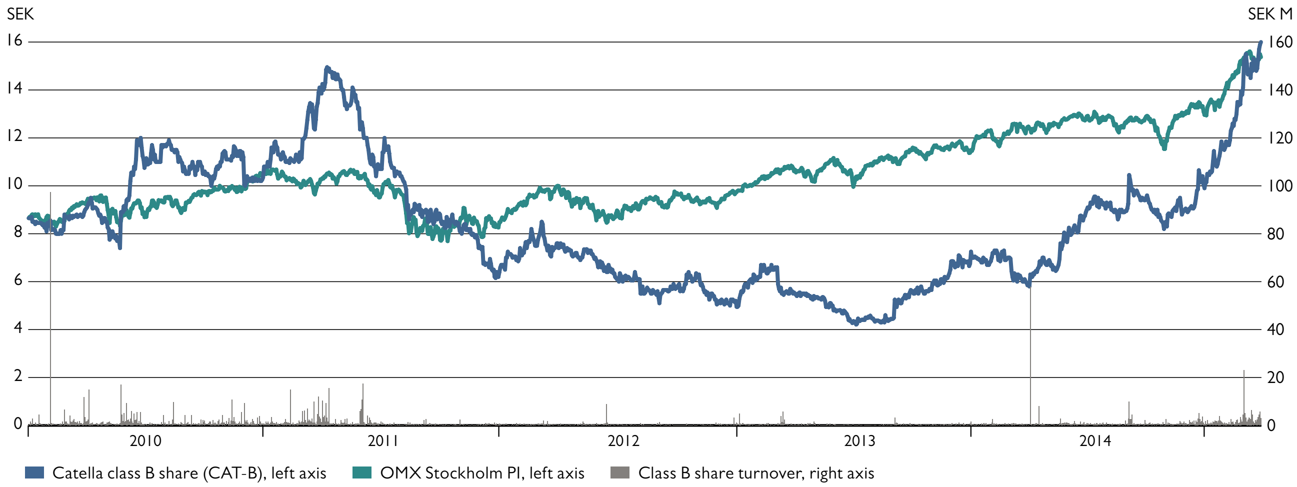
Catella had 6,322 (6,489) shareholders registered at the end of 2014. As of 31 December 2014, the single largest shareholders were the Claesson & Anderzén group represented by Johan Claesson, who is also Chairman of the Board, with a shareholding of 49.9% (48.4) of the capital and 49.2% (47.8) of the votes, followed by Bure Equity AB (publ) with a shareholding of 10.4% (0) of the capital and 10.8% (0) of the votes.

The ten largest shareholders represented 76.6% (77.9) of the capital and 75.7% (76.1) of the votes as of 31 December 2014. Foreign owners held 7.9% (8.1) of the capital and 7.6% (7.8) of the number of votes.

DIVISION OF OWNERSHIP OF CAPITAL, 31 DECEMBER 2014, %



FIVE-YEAR SUMMARY OF CATELLA'S CLASS B SHARE



Shareholders, 31 December 2014

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	49.2
Bure Equity	356,695	8,150,000	8,506,695	10.4	10.8
Avanza Pension	37,805	4,192,351	4,230,156	5.2	4.8
Unionen		1,981,158	1,981,158	2.4	2.2
Nordnet Pension	4,220	1,626,629	1,630,849	2.0	1.8
Marcus Schiller		1,607,398	1,607,398	2.0	1.8
Catella Bank [1]	42,167	1,267,527	1,309,694	1.6	1.6
Robur Försäkring		1,193,445	1,193,445	1.5	1.3
TAB Holding		1,150,000	1,150,000	1.4	1.3
Investment AB Trivselfabriken	200,000	1,121	201,121	0.2	1.1
Other	802,231	18,303,670	19,105,901	23.4	24.3
Total	**2,530,555**	**79,168,017**	**81,698,572**	**100.0**	**100.0**

[1] Nominee-registered clients with Catella Bank.

Outstanding warrants programmes

As of 31 December 2014, the Group has 36,847,000 (35,900,000) outstanding share warrants, which confer entitlement to subscribe for 36,847,000 new class B shares of Catella AB (publ). Of the total number of outstanding warrants, 18,170,000 (9,010,000) are held in treasury by one of the Group's subsidiaries, Aveca AB.

In 2014, Catella introduced an incentive programme involving a further total of 7,000,000 share warrants for the CEO and other senior managers, with an exercise price of SEK 11. These share warrants are in three series, with terms of four, five and six yeas respectively. In 2014, 9,120,000 share warrants were re-purchased and 5,600,000 share warrants were sold to members of Catella's management and other key staff.

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 2014 imply a dilution effect of 31.1 % of the capital and 28.6 % 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.

In March 2015, Catella offered to re-purchase share warrants, which are due for exercise in the period 25 March–25 May 2015. This offering, which was effective until 31 March 2015 inclusive, involved a total of 7,620,000 share warrants. Of these, 7,270,000 warrants were re-purchased for a total purchase price of SEK 30 M. The remaining share warrants are expected to be redeemed for shares, which will imply a dilution effect of 0.4%.

For more information, see Note 12 in the Annual Accounts for 2014.

Division of shares as of 31 December 2014

Shareholding	No. of shareholders	No. of class A shares	No. of class B shares	Capital, %	Votes, %
1–500	4,520	226,065	435,895	0.81	1.71
501–1,000	702	132,839	421,438	0.68	1.18
1,001– 5,000	728	247,535	1,480,271	2.11	2.96
5,001–10,000	150	116,533	1,070,088	1.45	1.80
10,001–15,000	43	32,525	515,371	0.67	0.74
15,001–20,000	35	2,777	632,243	0.78	0.70
20,001–	144	1,772,281	74,612,711	93.50	90.91
Total	**6,322**	**2,530,555**	**79,168,017**	**100.00**	**100.00**

Division of share warrants by exercise year as of 31 December 2014

Issue 2010, 2013 and 2014 (exercise price SEK 11.00 per share)	Share of total outstanding share warrants, %	Total number of outstanding share warrants	Of which held in treasury
2015	48	17,740,000	9,890,000
2016	22	8,040,000	6,480,000
2018	6	2,333,333	466,667
2019	6	2,333,333	466,666
2020	6	2,333,334	466,667
Total 2010, 2013 and 2014	**89**	**32,780,000**	**17,770,000**

Issue 2011 (exercise price SEK 16.70 per share)	Share of total outstanding share warrants, %	Total number of outstanding share warrants	Of which held in treasury
2015	6	2,033,000	200,000
2016	6	2,034,000	200,000
Total 2011	**11**	**4,067,000**	**400,000**
Total	**100**	**36,847,000**	**18,170,000**

Shareholdings after full dilution as of 31 December 2014

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	34.4	35.1
Bure Equity	356,695	8,150,000	8,506,695	7.2	7.7
Avanza Pension	37,805	4,192,351	4,230,156	3.6	3.4
Unionen		1,981,158	1,981,158	1.7	1.5
Nordnet Pension	4,220	1,626,629	1,630,849	1.4	1.3
Marcus Schiller		1,607,398	1,607,398	1.4	1.2
Catella Bank [1]	42,167	1,267,527	1,309,694	1.1	1.1
Robur Försäkring		1,193,445	1,193,445	1.0	0.9
TAB Holding		1,150,000	1,150,000	1.0	0.9
Investment AB Trivselfabriken	200,000	1,121	201,121	0.2	0.8
Other	802,231	18,303,670	19,105,901	16.1	17.3
Total	**2,530,555**	**79,168,017**	**81,698,572**	**68.9**	**71.4**

Warrant holders	Class A shares	Class B shares	Total	Capital, %	Votes, %
Knut Pedersen, CEO		5,000,000	5,000,000	4.2	3.9
Ando Wikström, CFO		300,000	300,000	0.3	0.2
Johan Nordenfalk, Chief Legal Officer		240,000	240,000	0.2	0.2
Treasury		18,170,000	18,170,000	15.3	14.1
Other		13,137,000	13,137,000	11.1	10.2
Total		**36,847,000**	**36,847,000**	**31.1**	**28.6**
Total number of shares and warrants	**2,530,555**	**116,015,017**	**118,545,572**	**100.0**	**100.0**

[1] Nominee-registered clients of Catella Bank.

Share data, five years

	2014	2013	2012	2011	2010
Price of class B share					
Average price, SEK	8.61	5.52	6.39	10.46	9.92
Closing price for the year, SEK	10.60	6.95	5.55	7.00	10.80
High/low, SEK	11.70 / 5.80	7.25 / 4.21	8.50 / 4.95	14.95 / 6.15	12.00 / 7.40
Earnings per share	2.66	–0.26	–0.17	0.25	0.28
Cash flow per share	6.35	1.87	–0.27	–13.53	13.61
Equity per share	15.33	11.40	11.33	12.00	12.39
Dividend per share	–	–	–	–	–
Dividend yield, %	–	–	–	–	–
Market capitalization at end of year, SEK M	868	568	452	571	893
P/E neg	3.83	neg	neg	27.20	38.82
P/B	0.69	0.61	0.49	0.58	0.88
EV/EBITD	neg	neg	neg	neg	20.07
Net liquidity (+)/net debt (–)1	920	549	532	555	331
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	79,168,017	79,168,017	79,168,017	79,168,017	79,168,017
Total number of shares	**81,698,572**	**81,698,572**	**81,698,572**	**81,698,572**	**81,698,572**
Newly issued shares	–	–	–	–	–
Weighted average number of shares after dilution	81,698,572	81,698,572	81,698,572	95,463,278	87,550,220
Newly issued (+)/expired (-) warrants (net)	947,000	–200,000	–	6,100,000	30,000,000
Existing warrants	35,900,000	36,100,000	36,100,000	30,000,000	–
Total number of shares and warrants	**118,545,572**	**117,598,572**	**117,798,572**	**131,563,278**	**117,550,220**

[1] Net liquidity for 2010 excludes Catella Bank, see Note 3 of the Annual Accounts for 2014 for more information.

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.

Governance and control

Responsibility for the management and control of operations in 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 2014, 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 49.2% of the votes, followed by Bure Equity AB (publ) with a holding of 10.4% of the capital and 10.8% of the votes. For more information see the 'the Catella share and shareholders' section on pages 50–53.

Annual General Meeting

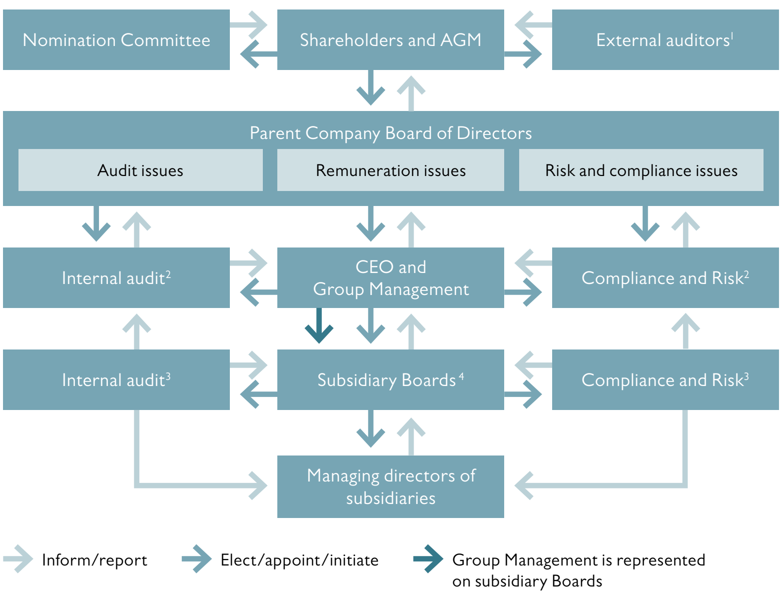
The AGM is the company's highest decision-making body and is held in Stockholm. The official notice of the AGM will be through an announcement in the Swedish Official Gazette (*Post- och Inrikes Tidningar*) and by the official notice being available from the company's website. Notification that the official notice has been made will be announced in Swedish daily newspaper *Svenska Dagbladet*. The official notice of the AGM and official notices of EGMs that consider amendments of the Articles of Association will be issued at the earliest six weeks and the latest four weeks prior to such Meetings. Official notices of other EGMs will be issued at the earliest six weeks and the latest three weeks prior to such Meetings.

The date and location of the AGM will be stated on Catella's website at the latest coincident with publication of the company's Third-quarter Interim Report.

Shareholders wishing to participate in the AGM should firstly be recorded in the share register at the latest five working days prior to the meeting, and secondly notify the company by 4 p.m. on the day stated in the official notice of the Meeting. Shareholders that are unable to participate in person may be represented by proxy or power of attorney.

Documentation from previous shareholders' meetings is available at **catella.com**

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, remuneration and risk and compliance in the corresponding manner to Parent Company Boards of Directors.

Annual General Meeting 2014

The AGM was held on 19 May 2014 in Stockholm. The Board of Directors and owners representing 58.3% of the votes attended the Meeting. Resolutions of the Meeting included:

- That retained profits and net profit for the year be carried forward.
- That fees to Board members should be unchanged from the previous year, be a total payable of SEK 1,700,000, of which the Chairman of the Board should receive SEK 500,000 and other members should receive SEK 300,000 each. Additionally, fees to auditors should be paid in accordance with approved account.
- Re-election of Johan Claesson, John Damne and Jan Roxendal as well as the election of Joachim Gahm and Anna Ramel. Viveka Ekberg and Petter Stillström declined re-election. Johan Claesson was elected Chairman of the Board.
- Appoint PricewaterhouseCoopers AB as Auditor, with Patrik Adolfson as Auditor in Charge, for the period from the end of the AGM 2014 until the end of the AGM 2015.
- Approval of the Nomination Committee's proposed principles for the Nomination Committee for the AGM 2015.
- Approval of the Board of Directors' proposed resolution regarding guidelines for remunerating senior managers.

Information on the AGM 2015, with the facility to notify attendance, is on **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 2015, the Nomination Committee consists of Patrik Tigerschiöld, appointed by Bure Equity AB (publ) and Chairman of the Nomination Committee, Thomas Andersson Borstam, 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 are independent of the Company, its Management and largest shareholders.

Information on Nomination Committee members and their proposals is on **catella.se**

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 19 May 2014 resolved to re-elect Johan Claesson, Johan Damne and Jan Roxendal, and to elect Joachim Gahm and Anna Ramel as members for the period until the next AGM. Johan Claesson was elected Chairman of the Board. Former Board members Petter Stillström and Viveka Ekberg declined re-election at the AGM. 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 matters considered on special occasions in the year.

Committees

In 2014, the Board of Directors did not work through committees, but rather, manages 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 2014

The number of Board meetings in 2014 was nine (nine) of which two (two) 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 2014 by the company's Chief Legal 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 below.

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 2014 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 2014, see the above table and Note 11 of the Annual Accounts for 2014.

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 regularly convenes subsidiary managing directors and other senior managers to discuss business conditions and other operational matters. The Chief Executive

ATTENDANCE AND COMPENSATION TO THE BOARD OF DIRECTORS

	Elected	Independent of company/owners	Attendance	Fees, SEK 000
Johan Claesson, Chairman	2008	No / No	9 / 9	500
Jan Roxendal	2011	Yes / Yes	9 / 9	300
Johan Damne	2014	Yes / No	9 / 9	263
Joachim Gahm	2014	Yes / Yes	5 / 5	175
Anna Ramel	2014	Yes / Yes	5 / 5	175
Viveka Ekberg [1]	2013	Yes / Yes	4 / 4	100
Peter Stillström [1]	2013	Yes / No	4 / 4	125

[1] Viveka Ekberg and Peter Stillström Carlsson declined re-election at the AGM 2014.

THE WORK OF THE BOARD OF DIRECTORS AND IMPORTANT DECISIONS IN 2014

QUARTER 1

- Decision to appoint KPMG as internal auditor for Catella's consolidated financial situation.
- Consideration of remuneration issues for the AGM.
- Review of audit and appraisal of auditors' work.
- Participation and report from the managing director of Catella Bank, and Head of Wealth Management for Sweden.

QUARTER 2

- Decision on internal audit plan for 2014.
- AGM.
- The Option of rules of procedure for the Board of Directors, instructions for the CEO and reporting instructions.

QUARTER 3

- Decision to appoint zeb Risk and Compliance Partner AB as risk and compliance providers for Catella and the consolidated financial situation.
- The Board adopted a Risk and Compliance Plan 2014 for Catella's consolidated financial situation.
- Participation and report from the managing director and Head of Sales for the Swedish funds operation.
- Site visits for new Board members at Catella's offices in Luxembourg, Germany, France and Denmark.
- Approval of the new operating structure, presented in this annual review.

QUARTER 4

- Review of internal capital evaluation for the consolidated financial situation.
- Adoption of guidelines for the consolidated financial situation and policies for risk and compliance.
- Decision to approve the internal capital evaluation for the consolidated financial situation.
- Decision to adopt the operating budget for 2015.
- Appraisal of the CEO.

Officer has delegated the right to make decisions to subsidiary managing directors through channels including rules of procedure for each subsidiary. The Group Management is presented in more detail in the Group Management section.

Compensation guidelines for senior managers

Compensation to the Chief Executive Officer 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 Accounts for 2014.

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 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 2014 elected audit firm PricewaterhouseCoopers AB (PwC), with Authorised Public Accountant Patrik Adolfson as Auditor in Charge. The company's external auditors attended one (one) Board meeting. In addition to auditing, audit firm PwC had a number of other limited assignments from Catella.

According to AGM resolution, auditor's fees should be payable according to approved account. The compensation paid to auditors for the financial year 2014 is stated in Note 8 of the Annual Accounts for 2014.

Follow-up and internal control

The Board of Directors has ultimate responsibility for the company's follow-ups and internal control, and has delegated ongoing administration of the company's affairs to the Chief Executive Officer in dedicated instructions. The company's authorised signatories are the Board as a whole or two Board members jointly and severally. The Chief Executive Officer may serve as sole signatory of the company concerning matters of ongoing administration, in accordance with the Swedish Companies Act.

The Catella Group consists of some 50 subsidiaries active in 12 European countries. Operations are mainly decentralised. Rules of procedure formalizing the division of responsibility between subsidiary Boards of Directors and the managing directors of each subsidiary are adopted by subsidiary Boards of Directors. The basis of internal control is a control environment that consists of the company's and the Group's corporate culture and business ethics, which are followed up and led with the aid of collective reporting procedures and standards. One important element of the Group's follow-ups and governance is that Group

Management is represented on subsidiary Boards of Directors and also reports to the Parent Company's Board of Directors.

Several of the Group's subsidiaries conduct operations that are subject to regulation by the financial supervisory authority of each jurisdiction. This implies that parts of the Group comprise a consolidated financial situation under the supervision of applicable regulatory frameworks.

The Board of Directors of Catella AB has appointed risk management, compliance and internal audit functions 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 functions, compliance functions and internal audit, 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, CA Fastigheter, Alufab, K3Business Technology Group, Leeds Group, Apodemus and Nighthawk Energy.

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

Education: B.Sc. (Econ.).

Shareholdings (December 2014): 1,087,437 class A shares and 39,694,718 class B shares.

Warrant holdings (December 2014): 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 2014): 150,000 class B shares.

Warrant holdings (December 2014): None.

Ownership: Private.

Independent of the company and management: Yes.

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 2014): None.

Warrant holdings (December 2014): 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.

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 2014): None.

Warrant holdings (December 2014): 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, mySafety Group and Flexenclosure and Board member of the Swedish Export Credit Corporation.

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 2014): 94,554 class B shares.

Warrant holdings (December 2014): 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, NCC Property Development AB and Nordstjernan Investment.

Shareholdings (December 2014): None.

Warrant holdings (December 2014): None.

Ownership: –

Group Management

Knut Pedersen

President and Chief Executive Officer, born in 1968

President and Chief Executive Officer of Catella AB and 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.), School of Economics, The University of Michigan.

Shareholdings (December 2014): None.

Warrant holdings (December 2014): 5,000,000.

Ownership: Private.

Ando Wikström

Chief Financial Officer, born in 1964

CFO of Catella AB and member of Group Management since September 2010.

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

Background: Employed by Catella since 2001. Formerly COO and CFO of Property Advisory Services for Catella. Previously COO and CFO of Capona AB.

Education: B.Sc. (Econ.), Stockholm University.

Shareholdings (December 2014): 30,000 class B shares.

Warrant holdings (December 2014): 300,000.

Ownership: Through companies and related parties.

Johan Nordenfalk

Chief Legal Officer and Head of Business Development, born in 1973

Chief Legal Officer and Head of Business Development of Catella AB since January 2011 and 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 2014): None.

Warrant holdings (December 2014): 240,000.

Ownership: Private.

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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 2014. 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 489 (431) professionals in 12 countries. Operations are conducted in the Corporate Finance and Asset Management and Banking operating segments.

In Corporate Finance, Catella provides transaction advisory services on sales and acquisitions to national and international investors in Europe, focusing on complex transactions. Catella also provides market research and strategic advisory service as well as consultancy on debt and equity finance to businesses in the property sector.

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 enables Catella to address the investment requirements of private and institutional investors based on a range of risk aspects, market conditions and investment methodologies. Under the Banking business area, Catella provides state-of-the-art investment advisory services and asset management as well as niche card and payment solutions for private banks and e-commerce players, serving as a card issuer and card acquirer. The Property Investment Management business area provides property funds, primarily to institutional investors. Catella also offers asset management within the property sector, mainly to institutional investors and funds, and services for property-related development projects.

Asset manager IPM Informed Portfolio Management was consolidated in the Group as a subsidiary under the Asset Management and Banking business area effective 18 July 2014. IPM had previously, since 10 April 2013, been reported as an associated company according to the equity method.

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% (48.4) of the share capital and 49.2% (47.8) of the votes, followed by Bure Equity with a holding of 10.4% of the capital and 10.8% of the votes. (At the end of 2013, AB Traction and related parties was one of the largest shareholders with 12.2% of the capital and 12.4% of the votes.) Catella's ten largest shareholders jointly controlled 76.6% (77.9) of the share capital and 75.7 (76.1) of the votes as of 31 December 2014. There is more on ownership structure in the section on the Catella share and owners on page 50.

OVERVIEW OF EARNINGS, FINANCIAL POSITION AND CASH FLOW

Progress of the Group—five-year summary

SEK M	2014	2013	2012	2011	2010 *
Net sales	1,445	1,020	971	1,045	611
Operating profit/loss before acquisition-related items and items affecting comparability	167	-6	6	1	33
Operating profit/loss	160	-12	-33	-3	33
Financial items—net	88	5	29	-12	11
Profit/loss before tax	248	-7	-4	-15	44
Net profit/loss for the year	**227**	**-21**	**-13**	**21**	**25**
Average no. of employees	480	458	444	437	200

SEK M	2014	2013	2012	2011	2010 *
Equity	1,252	932	925	980	1,012
Total assets	4,356	3,483	3,462	3,907	5,343
Equity/Asset ratio %	29	27	27	25	19

SEK M	2014	2013	2012	2011	2010 *
Cash flow from operating activities	497	138	-101	-1,090	1,153
Cash flow from investing activities	41	28	67	75	-268
Cash flow from financing activities	-20	-12	12	-90	227
Cash flow for the year	**519**	**153**	**-22**	**-1,105**	**1,112**

* The current Catella Group was formed through an acquisition in September 2010.The acquired operations have been consolidated in the Group from that date onwards. Prior to the acquisition, the Group's operations comprised investment activities.

The Group's net sales totalled SEK 1,445 M (1,020), up 42% year-on-year. The increase is attributable to both Corporate Finance and Asset Management and Banking.

Operating profit before acquisition-related items was SEK 167 M (-6). Amortisation of acquisition-related intangible assets, which are attributable to Asset Management and Banking in their entirety, was SEK 7 M (6).

Net financial income and expense was SEK 88 M (5), with a value adjustment of non-current securities and short-term investments at fair value totalled SEK 67 M (3). The disposal of non-current securities and short-term investments generated a profit of SEK 7 M (loss of SEK 4 M in the previous year). Net financial income and expense includes interest income of SEK 26 M (22), mainly attributable to the loan portfolios, and interest expenses of SEK 12 M (14), attributable to Catella's bond issue.

The Group's profit/loss before tax was SEK 248 M (-7).

The tax expense for the year was SEK 20 M (14), corresponding to effective tax of 8%. The Group posted a tax expense in the previous year despite posting a loss before tax. The fluctuations in the effective tax rate are mainly due to the Group's significant loss carry-forwards, which are NOTE wholly reported as a receivable in the Consolidated Balance Sheet in accordance with the Group's accounting policies.

The net profit/loss for the year after tax was SEK 227 M (–21), corresponding to earnings per share of SEK 2.66 (-0.26).

During 2014, consolidated equity increased by SEK 320 M to SEK 1,252 M as of 31 December 2014. In addition to net profit/loss for the year of SEK 227 M, equity was impacted by positive translation differences of SEK 44 M and changes in non-controlling interests totalling SEK 50 M. Of this item, SEK 50 M relates to additional non-controlling interests in IPM. The equity/assets ratio as of 31 December 2014 was 29% (27).

In 2014, total assets increased by SEK 873 M, amounting to SEK 4,356 M as of 31 December 2014. Cash and cash equivalents are the balance sheet item that saw the biggest increase, from SEK 1,893 M as of 31 December 2013 to SEK 2,532 M as of 31 December 2014.

The Group's cash flow from operating activities in 2014 was SEK 497 M (138), of which changes relating to the banking operations' net deposits and lending amounted to SEK 242 M (136).

Cash flow from investing activities amounted to SEK 41 M (28), of which SEK 25 M relates to changes in Group cash and cash equivalents relating to the acquisition of IPM. Payments received of SEK 14 M also arose from the Nordic Light Fund's re-purchase of fund units and the disposal of a short-term equity portfolio. Cash flow from loan portfolios was SEK 21 M in the year. Payments of SEK 8 M were also made in the year relating to property development projects in Germany. In addition, payments of SEK 12 M were also made relating to investments in property plant and equipment and intangible assets.

Cash flow from financing activities was SEK -20 M (-12) and relates to dividends and other payments to non-controlling interests of SEK 20 M. Payments made relating to the re-purchase of warrants issued totalled SEK 7 M and payments received for warrants issued totalled SEK 6 M.

Total cash flow for the year was SEK 519 M (153), of which cash flow from the banking operations was SEK 249 M (88) and cash flow from other operations was SEK 270 M (65).

Performance of operating segments—two-year summary

	Corporate Finance		Asset Management and Banking	
SEK M	2014	2013	2014	2013
Total income	529	403	936	635
Direct assigment costs and commission	-32	-19	-260	-200
Income excl. direct assignment costs & commission	497	384	676	435
Operating expenses	-417	-372	-557	-414
Operating profit/loss before acquisition-related items	79	11	119	20
Amortisation of acquisition-related intangible assets	-	-	-7	-6
Operating profit/loss	79	11	112	15
Financial items—net	1	0	5	2
Profit/loss before tax	80	11	117	17
Tax	-25	-10	-37	-20
Net profit/loss for the year	**55**	**1**	**80**	**-3**

SEK M	2014	2013	2014	2013
Equity	233	169	700	528
Total assets	418	306	3,470	2,811
Equity/Asset ratio %	56	55	20	19

Corporate Finance reported net sales of SEK 527 M (397), an increase of 33% year-on-year. The increase was greatest in France and Sweden. Profit/loss before tax was SEK 80 M (11).

Asset Management and Banking reported net sales of SEK 925 M (630), of which IPM SEK 118 M. Excluding IPM, the increase was 28% year-on-year. The Swedish fund and banking operations provided the biggest sales increase. The profit/loss before tax was SEK 117 M (17) and was charged with SEK 7 M (6) of expenses 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 2014. Catella's assets with indefinite useful lives consist of goodwill and brands, with a reported value of SEK 278 M (242) 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 2014, the Group made investments totalling SEK 59 M (48). Of this amount, SEK 10 M (12) is investments in property, plant and equipment and SEK 2 M (3) investments in intangible assets. The Group made a SEK 46 M additional investment in IPM Informed Portfolio Management, which transferred from an associated company to a subsidiary of Catella coincident with the transaction. Investments in associated companies were SEK 2 M (33). Depreciation and amortisation in the financial year was SEK 19 M (20).

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 met for the full year and as of 31 December 2014.

The Group also has an overdraft facility of SEK 32 M (32), of which 32 M was un-utilised as of 31 December 2014.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Knut Pedersen—new CEO and President

Knut Pedersen became Catella's new CEO and President effective year-end 2013. Knut Pedersen has extensive experience of a range of different positions in the financial sector and joins Catella from his position as CEO of ABG Sundal Collier in Sweden.

Asset Manager IPM becomes Catella subsidiary

In January 2014, Catella signed an agreement to increase its participating interest from 25% to 50.7% in asset manager IPM Informed Portfolio Management by acquiring shares in the company. Following approval by the Swedish Financial Supervisory Authority as of 18 July 2014, IPM became a subsidiary of Catella consolidated from the second half-year 2014. The purchase price amounted to SEK 46 M including a potential future additional purchase price, preliminarily estimated at SEK 20 M. More information on the purchase is in Note 37 of these Annual Accounts.

IPM is a provider of systematic investment services in discretionary management and asset management. The company specialises in global macro and equity asset management. As of 31 December 2014, IPM managed assets worth SEK 45 Bn on behalf of institutional investors, pension funds, insurance companies and trusts. IPM has 45 employees in Stockholm.

Extraordinary General Meeting

An EGM of Catella AB held on 13 February 2014 decided to elect Johan Damne as a Board member. Johan Damne is CEO of the Claesson & Anderzén Group, Catella's largest shareholder. A decision was also made to introduce an incentive programme comprising a total of 7,000,000 share warrants aimed at the CEO and senior managers. Full subscription and exercise of these warrants entails dilution of some 7.8% of existing share capital.

Positive value adjustment of loan portfolios

Changes in underlying parameters resulted in an overall positive value adjustment of the total loan portfolio of SEK 56 M in 2014. The valuation was conducted by external advisors and is based on projected future cash flows, for more information about Catella's loan portfolios see Note 22.

New Board members

The AGM on 19 May resolved to re-elect Johan Claesson, Johan Damne and Jan Roxendal and to elect new Board members Joachim Gahm and Anna Ramel. Johan Claesson was elected Chairman.

CEO acquires warrants

Catella's President and CEO Knut Pedersen acquired 5,000,000 warrants in the second quarter for a purchase price of SEK 5.3 M. The warrants form part of the incentive programme adopted by the EGM in February 2014.

Changes to Group Management

Johan Ericsson took up his position as Interim Head of the Swedish property advisory services operation in August 2014. In order to focus on the Swedish operations, he resigned from his other assignments in Catella, including Group management.

Nomination Committee for AGM 2015

In accordance with the May 2014 AGM's resolution on the principles governing the Nomination Committee, a Nomination Committee was appointed for Catella AB ahead of the AGM on 21 May, 2015. 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, appointed by TAB Holding AB.

SIGNIFICANT EVENTS AFTER YEAR-END

New management in Corporate Finance operating segment

After the end of the year, Emmanuel Schreder and Jesper Bo Hansen were appointed heads of the Corporate Finance operating segment. The new management implies an increased focus on business development and collaboration between geographical and service areas.

Re-purchase of warrants

In February 2015, the Board decided to offer to re-purchase series 2010A1 and 2010C warrants with exercise due in the period 25 March - 25 May 2015. The offer, 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 M. The potential exercise of the remaining 350,000 warrants would give rise to a dilution effect of 0.4% of the capital and votes.

EMPLOYEES

The number of employees at the end of the period, expressed as full-time equivalents, was 489 (431), of whom 207 (207) were employed in the Corporate Finance operating segment, 271 (211) in the Asset Management and Banking operating segment, including 45 in IPM, and 11 (13) 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 part of the Asset Management and Banking operating segment, which includes lending coincident with client purchases of securities.

Trading in this operating segment is primarily on behalf of clients for client transactions, but on occasion, these transactions are also conducted via a small-scale proprietary trading portfolio. 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 conducted in subsidiary Catella Bank, 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 foreign 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. 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.

The subsidiary Nordic Fixed Income, which is included under the Corporate Finance operating segment, is exposed to secondary market transaction credit risk in the form of counterparty risk. This credit risk is managed by establishing credit limits.

Derivative instruments

Catella Bank's card operation has some currency exposure relating to transactions in foreign currency. The Bank uses currency swaps and forward contracts to limit this risk as follows:

Currency forwards are agreements to purchase foreign and domestic currency, including undelivered spot transactions.

Currency swaps are agreements to swap 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. The Catella Group 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

Corporate Finance's overall target is to strengthen this business and continue to lift profitability on current geographical markets. Synergies with other business areas of the Group will be exploited, primarily in property-related asset management. We should strengthen our profile as a European property advisor with strong links to the capital markets, through channels including concentrating and developing our property advisory services. Initiatives to facilitate cross-border collaboration will also intensify.

Asset Management and Banking

The Equity, Hedge and Fixed Income Funds business area's ambition is to increase its market share increase through active and structured approaches to these client groups. Growth will be with profitability, and subject to undiminished quality standards.

The Banking business area focus on the inflow of new assets under management within wealth management. With strong commitment and good results in an environment featuring a closer collaboration and exchange of best practice between our business areas, we will create new business opportunities for clients. In its card and payment solutions operation, the target is to grow the business through extended collaborations with existing clients, and by creating new business relationships. Growth will be gradual to ensure that the platform and infrastructure supports our growth rate.

Work is ongoing in the Property Investment Management business area to gradually transform existing local businesses into a more harmonised European offering by utilising the competence Catella possesses cross border. This change is being conducted with continued respect for the strength we possess in our secure local operations. We also continuously evaluates expansion to new, selected regional markets.

RESEARCH AND DEVELOPMENT

The Catella Group 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. The work of enhancing and developing the Group's range of services is continuously in progress. The Group had capitalised development expenses of SEK 2 M as of 31 December 2014.

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 2014, the Parent Company recognised income of SEK 4.2 M (6.8). The operating profit/loss for the year was SEK -28.2 M (-27.5) and the profit/loss after tax was SEK 17.6 M (40.8). The Parent Company's fixed costs reduced in 2014 as a result of fewer employees and each operating segment bearing a higher share of expenses for management and follow-ups. However, the Parent Company's variable costs increased in 2014 in year-on-year terms, see also Note 11 Compensation of the Board of Directors and senior managers.

In 2014, the Parent Company recognized appropriations of SEK 49.0 M (51.9) relating to Group contributions received from subsidiary Catella Fund Management. The Parent Company had total loss carry-forwards of SEK 85 M (104). The company's balance sheet includes a deferred tax asset of SEK 18.5 M (19) 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 33.8 M (45.4) and total assets to SEK 808.9 M (789.8) on the reporting date.

At the end of the period, there were 7 (11) 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	49,562,148
Retained earnings	121,474,003
Net profit/loss for the year	17,581,044
	188,617,195

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

SEK	
dividend paid to shareholders, 0,20 per share, in total	16,339,714
carried forward (of which 49 562 148 allocated to share premium reserve)	172,277,481
	188,617,195

Proposed payment of dividends on 28 May 2015.

The Group has 350,000 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 2015. If all 350,000 options are exercised, the total dividend will increase to SEK 16,409,714. 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 2014, the Group's equity/assets ratio is 29%. For the consolidated financial situation, the equity/assets ratio on the same date is 27%. 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, 2015

The Board of Directors of Catella AB (publ) proposes that the AGM 2015 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 24 April 2015 are Knut Pedersen (CEO), Ando Wikström (CFO) and Johan Nordenfalk (General Counsel). 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.

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	2014 Jan–Dec	2013 Jan–Dec
Net sales	6	1,445	1,020
Other operating income	7	12	17
		1,457	**1,038**
Direct assigment costs and commission		-289	-217
Other external expenses	8	-325	-294
Personnel costs	10, 11, 12	-665	-507
Depreciation and amortisation	9	-12	-15
Other operating expenses	13	0	-12
Operating profit/loss before acquisition-related items		**167**	**-6**
Amortisation of acquisition-related intangible assets	9	-7	-6
Operating profit/loss		**160**	**-12**
Interest income	14	26	22
Interest expenses	14	-12	-14
Other financial income	14	76	17
Other financial expenses	14	-2	-20
Financial items—net		88	5
Profit/loss before tax		**248**	**-7**
Tax	15	-20	-14
Net profit/loss for the year		**227**	**-21**
Profit/loss attributable to:			
Shareholders of the Parent Company		217	-22
Non-controlling interests	20	10	0
		227	**-21**
Earnings per share attributable to Parent Company shareholders, SEK	16		
- before dilution		2.66	-0.26
- after dilution		2.66	-0.26
Number of shares at end of year		81,698,572	81,698,572
Average weighted number of shares before and after dilution		81,698,572	81,698,572

Consolidated Statement of Comprehensive Income

SEK M	2014 Jan–Dec	2013 Jan–Dec
Net profit/loss for the year	227	-21
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	44	24
Other comprehensive income for the year, net of tax	**44**	**24**
Total comprehensive income for the year	**271**	**3**
Total comprehensive income attributable to:		
Shareholders of the Parent Company	260	3
Non-controlling interests	11	1
	271	**3**

Consolidated Statement of Financial Position

SEK M	Note	2014 31 Dec	2013 31 Dec
Assets			
Non-current assets			
Intangible assets	18	356	306
Tangible assets	19	24	20
Investments in associated companies	20	2	50
Financial assets at fair value through profit or loss	22	297	235
Long-term loan receivables	24	162	249
Deferred tax assets	15	76	53
Other non-current receivables	25	6	5
		924	**919**
Current assets			
Accounts receivable	23	244	171
Current loan receivables	24	432	368
Tax assets		13	16
Other receivables		21	15
Prepaid expenses and accrued income	26	146	82
Derivatives	21	3	2
Financial assets at fair value through profit or loss	22	39	13
Client funds		2	3
Cash and cash equivalents	27	2,532	1,893
		3,432	**2,564**
Total assets		**4,356**	**3,483**
EQUITY AND LIABILITIES			
Equity	28		
Share capital		163	163
Other contributed capital		273	274
Reserves		-110	-153
Retained earnings incl. net profit/loss for the year		837	620
Equity attributable to shareholders of the Parent Company		**1,164**	**904**
Non-controlling interests	20	88	28
Total equity		**1,252**	**932**
Liabilities			
Non-current liabilities			
Borrowings	29	1	0
Long-term loan liabilities	29	199	199
Deferred tax liabilities	15	27	20
Other provisions	31	23	6
		250	**224**
Current liabilities			
Borrowings	29	237	227
Current loan liabilities	29	2,026	1,718
Derivatives	21	3	2
Accounts payable		150	95
Tax liabilities		43	19
Other liabilities		48	31
Accrued expenses and deferred income	32	345	232
Client funds		2	3
		2,854	**2,327**
Total liabilities		**3,104**	**2,551**
Total equity and liabilities		**4,356**	**3,483**

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

Consolidated Statement of Cash Flows

SEK M	Note	2014 Jan–Dec	2013 Jan–Dec
Cash flow from operating activities			
Profit/loss before tax		248	-7
Adjustments for non-cash items:			
Other financial items		-74	3
Depreciation and amortisation	9	19	20
Impairment current receivables	13	1	7
Change in provisions		-4	-2
Interest income from loan portfolios	14	-24	-20
Acquisition expenses		1	0
Profit/loss from participations in associated companies	7	-5	-1
Personnel costs not affecting cash flow	10	24	17
Paid income tax		-29	-3
Cash flow from operating activities before changes in working capital		**157**	**14**
Cash flow from changes in working capital			
Increase (–)/decrease (+) of operating receivables		-8	174
Increase (+)/decrease (–) of operating liabilities		349	-50
Cash flow from operating activities		**497**	**138**
Cash flow from investing activities			
Investment in tangible assets	19	-10	-12
Investment in intangible assets	18	-2	-3
Acquisition of subsidiaries, net of cash and cash equivalents acquired	37	25	1
Acquisition of associated companies	20	-2	-33
Investment in financial assets		-34	0
Sales of financial assets		41	68
Cash flow from loan portfolios		21	6
Dividends from investments		1	1
Cash flow from investing activities		**41**	**28**
Cash flow from financing activities			
Re-purchase of share warrants		-7	0
Proceeds from share warrants issued		6	0
Transactions with non-controlling interests		-20	-13
Cash flow from financing activities		**-20**	**-12**
Cash flow for the year		**519**	**153**
Cash and cash equivalents at beginning of year		1,893	1,680
Exchange rate differences in cash and cash equivalents		120	60
Cash and cash equivalents at end of year	**27**	**2,532**	**1,893**

SEK 1,918 M of the Group's cash and cash equivalents relate to Catella Bank, and pursuant to the regulations and rules Catella Bank is regulated by. The rest of the Catella 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 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	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 holds 18,170,000 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 2013	**163**	**273**	**-177**	**644**	**904**	**21**	**925**
Total comprehensive income for the year, January - December 2013							
Net profit/loss for the year				-22	-22	0	-21
Other comprehensive income, net of tax			24	0	24	0	24
Total comprehensive income for the year			**24**	**-21**	**3**	**1**	**3**
Transactions with shareholders							
Transactions with non-controlling interests **				-3	-3	6	2
Re-purchase of warrants issued		0			0		0
Closing balance as of 31 December 2013	**163**	**274**	**-153**	**620**	**904**	**28**	**932**

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

** In tandem with a new share issue in the Baltics, a value transfer of SEK 3 M was made to non-controlling interests.

The Parent Company had 35,900,000 warrants outstanding as of 31 December 2013. In 2011, 2012 and 2013 warrants were re-purchased at market price from employees and as of 31 December 2013 Catella holds 9,010,000 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 2014 were approved for publication by the Board of Directors and the Chief Executive Officer on 24 April 2015 and will be presented for adoption by the Annual General Meeting on 21 May 2015.

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.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the financial statements

The Consolidated Accounts of the Catella Group 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 remeasurement 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 2014

The following new standards have been adopted by the Group effective 1 January 2014:

IFRS 10 "Consolidated Financial Statements", which replaces the corresponding parts of the former IAS 27 (2008), formalises the principles for preparing and presenting consolidated accounts and identifies control as the decisive factor to determine whether a company should be included in the Consolidated Accounts. This standard builds on existing principles and offers further guidance for determining control when this is hard to judge. Controlling influence in Catella Group subsidiaries is based on shareholdings that give rise to more than half of the voting rights. The new definition of controlling influence has the effect for the Catella Group that additional companies can be consolidated, including unit trusts. A consolidating company affects the consolidated financial statements primary through total assets and liabilities in the Statement of Financial Position increasing. Otherwise, the Group does not hold any objects of investment where controlling influence occurs on another basis. Accordingly, the adoption of IFRS 10 did not have any effect on the consolidated financial statements.

IFRS 11 "Joint Arrangements" determines the principles applying to accounting of holdings in arrangements, that are controlled jointly, i.e. when one or two parties have a joint controlling influence. The standard focuses on the rights and obligations of the parties in a joint arrangement rather than on the legal form of the arrangement. There are two types of joint arrangements, joint operations and joint ventures. The Catella-Group does not have holdings in joint arrangements with a joint controlling influence and accordingly IFRS 11 does not have any implications for the financial statements.

IFRS 12 "Disclosure of Interests in Other Entities" covers disclosure requirements for all forms of holdings in other companies, such as subsidiaries, joint arrangements, associated companies and non-consolidated structured entities. The adoption of IFRS 12 meant that the Group extended its disclosures regarding subsidiaries, primarily subsidiaries with non-controlling interests. This adoption did not have any effect regarding holdings of Catella's funds, because the Group does not have any significant positions in funds managed by companies within the Group.

Other amendments and interpretations of standards introduced in 2014 have not 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 2014 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 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 2017. 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.

IFRS 9 "Financial Instruments" deals with the classification, measurement and recognition of financial assets and liabilities. 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. 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 in the Income Statement. 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 in 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 reported at fair value in the Income Statement based on the fair value option. Changes in value attributable to changes in own credit risk are then recognised in Other Comprehensive Income. IFRS 9 reduces the requirements for hedge accounting as the 80-125 criterion is replaced by a requirement for a economic relationship between the hedging instrument and the hedged item where the hedging ratio must correspond to that used in risk management. There are also limited changes to the hedging documentation compared to those produced under IAS 39. The standard will apply from the financial year starting 1 January 2018. Early adoption is permitted. The Group has not yet evaluated the effects of introducing the standard.

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 the Catella Group, 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 income and accumulated in the translation reserve in equity.

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.

Tangible assets

Tangible assets are 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) Trademark: Trademark acquired on the basis of a business combination are recognised at fair value on the acquisition date. Trademark recognised 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 made.

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 equities 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, 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. Assets in this category comprise treasury bills.

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 recognised 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. At present, the Group has defined benefit and defined contribution pension plans, but has adopted the principle of not arranging any new defined benefit plans.

A defined contribution pension plan is a pension plan in which the Group pays fixed contributions to a separate legal entity. The Group does not have any legal or informal obligations to pay additional contributions if this legal entity does not have sufficient assets to pay all benefits to employees associated with their service in current or earlier periods.

A defined benefit pension plan is a pension plan that is not defined contribution. The distinguishing feature of defined benefit plans is that they define an amount of pension benefit an employee receives after retirement, usually based on one or more factors such as age, length of service and salary. The liability recognized in the Balance Sheet for defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, with adjustments for unrecognised actuarial gains and losses, and for unrecognised expenses relating to service in earlier periods. The defined benefit pension obligation is measured yearly by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is measured by discounting estimated future cash flows by using the yield on investment grade corporate bonds issued in the same currency in which the benefits will be paid, with maturities comparable to the relevant pension obligation's. Actuarial gains and losses resulting from experienced-based adjustments and changes to actuarial assumptions are recognised in other comprehensive income in the period when they arise. Expenses relating to service in earlier periods are recognised directly in profit or loss, unless changes to the pension plan are conditional on the employee remaining in service in a stated period (vesting period). In such case, the expense is relating to service in previous periods is allocated on a straight-line basis over the vesting period. There are defined benefit plans in the Group's operations in Luxembourg.

In defined contribution pension plans, the Group pays contributions to public or privately administered pension insurance plans on a compulsory, 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 in 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 programme 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 recognised 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 these risks and decides how they are to be managed. Group Management actively participates in the preparation of risk management guidelines, which are evaluated and amended continuously. At present, the Board has decided not to establish any Group-wide objectives and principles for the financial position and financial risk management because the Group's activities and structure are being reviewed and streamlined. Instead, risk management is 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 and IPM Informed Portfolio Management AB in the Asset Management and Banking operating segment. In the Corporate finance operating segment, the subsidiary Nordic Fixed Income AB conducts operations that require a licence. These subsidiaries have a 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 carried out under 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, funds and a short-term equity portfolio. 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 257 M (183) 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 61 M (56) at year-end. The remaining equity portfolio was sold in 2014, for more information see Note 22. The most significant risks in the short-term investment portfolio have been market price risk when the value of Catella's investment changes and liquidity risk.

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 2014, the short-term liquidity reserve (cash and cash equivalents, short-term investments and committed but unutilised credit facilities) amounted to 180% (190) of consolidated annual sales and 106% (90) of consolidated borrowing and loan liabilities. Adjusted for Catella Bank, the short-term liquidity reserve was 59% (48) of annual sales and 343% (187) of borrowing and loan liabilities. As of 31 December 2014, the average time to maturity for short-term borrowing was about 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 could be limited.

The following tables summarise the Catella Group's liquidity risk at the end of 2014 and 2013.

Liquidity report as of 31 December 2014-2013

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**

31 December 2013	< 1 yr.	Between 1 and 5 yrs.	> 5 yr.	Total
Borrowings	-227	0		-227
Loan liabilities	-1,718	-199		-1,917
Derivatives	-2			-2
Accounts payable and other liabilities	-126			-126
Total outflows *	**-2,073**	**-199**	**0**	**-2,272**
Accounts receivable and other receivables	186			186
Loan receivables	368	249		617
Derivatives	2			2
Financial assets at fair value through profit or loss **	5	91	88	183
Total inflows *	**560**	**340**	**88**	**989**
Net cash flow, total	**-1,513**	**140**	**88**	**-1,284**

Net cash flows reported above totalled SEK -1,545 M (2013: SEK -1,284 M) at the end of 2014, to be compared to consolidated cash and cash equivalents of SEK 2,532 M (2013: SEK 1,893 M) on the same date.

* Discounted contracted cash flows. For outflows, estimated interest payments are approximately SEK 12 M in 2015. For inflows, estimated interest income including interest on loan portfolios is approximately SEK 35 M in 2015.
** The majority is EETI's loan portfolios, more information in Note22

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 and in the subsidiary Nordic Fixed Income, which forms part of the Corporate Finance operating segment, 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

Investments in securities, etc. are described in Note 22. These investments are measured at the current market value or equivalent on the relevant reporting date, and thereby, are mainly exposed to market price risk.

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 Corporate Finance

The subsidiary Nordic Fixed Income AB can potentially accumulate trading portfolio, implying potential market price risk. The risk is limited by establishing limits and restrictions.

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. Catella Bank Filial (branch office) has the mandate to maintain a modest stock of Swedish premium bonds, implying potential market price risk. The risk is managed by establishing limits and restrictions.

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 2014, 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 16.2 as of 31 December 2014 (2013: 0.3).

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

31 December 2014	Amount, SEK M	Term (days)	Average interest expense and income for the year,%	Interest +0.5%	Net effect on profit or loss of 0.5% increase, SEK M	Interest -0.5%	Net effect on profit or loss of 0.5% decrease, SEK M
EUR liabilities	-987						
USD liabilities	-602						
SEK liabilities	-568						
GBP liabilities	-187						
CHF liabilities	-67						
NOK liabilities	-34						
DKK liabilities	-2						
Liabilities in other currencies	-20						
Total interest-bearing liabilities	**-2,467**	**35**	**0.7**	**1.2**	**-12**	**0.2**	**12**
EUR assets	1,631						
USD assets	595						
SEK assets	749						
GBP assets	270						
CHF assets	69						
NOK assets	29						
DKK assets	20						
Assets in other currencies	24						
Total interest-bearing assets	**3,387**	**14**	**1.7**	**2.2**	**17**	**1.2**	**-17**

31 December 2013	Amount, SEK M	Term (days)	Average interest expense and income for the year,%	Interest +0.5%	Net effect on profit or loss of 0.5% increase, SEK M	Interest -0.5%	Net effect on profit or loss of 0.5% decrease, SEK M
EUR liabilities	-735						
USD liabilities	-525						
SEK liabilities	-627						
GBP liabilities	-159						
CHF liabilities	-61						
NOK liabilities	-14						
DKK liabilities	-3						
Liabilities in other currencies	-23						
Total interest-bearing liabilities	**-2 147**	**36**	**0.8**	**1.3**	**-11**	**0.3**	**11**
EUR assets	1,226						
USD assets	576						
SEK assets	609						
GBP assets	165						
CHF assets	62						
NOK assets	15						
DKK assets	18						
Assets in other currencies	25						
Total interest-bearing assets	**2,696**	**15**	**2.0**	**2.5**	**13**	**1.5**	**-13**

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 806 M (652) as of 31 December 2014. This net exposure consists of capital financed by deposits and lending in local currencies 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 subsidiarie.

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 is reported in other comprehensive income and consequently does not affect profit for the year. In 2014, the translation difference amounted to SEK 44 M (2013: SEK 24 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 79 M (2013: SEK 64 M).

Capital employed and financing by currency, 2014-2013

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

31 December 2013	EUR	USD	GBP	CHF	NOK	DKK	Other currencies	Total foreign currencies	SEK	Total, group	Total, group +10%	Total, group –10%
Capital employed	107	0	1	0	-11	-2	0	95	287	383	392	373
Net liquidity (+)/Net debt (–)	491	51	6	1	1	15	2	567	-18	549	605	492
Non-controlling interests	-4			0	0	-5	-1	-10	-18	-28	-29	-27
Net exposure	**594**	**51**	**7**	**1**	**-11**	**8**	**2**	**652**	**252**	**904**	**969**	**839**
Net debt/equity ratio	-0.8	0.0	-0.8	-1.0	0.1	-1.1	-1.0	-0.9	0.1	-0.6	-0.6	-0.6

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.

On the reporting date, subsidiaries of Catella had no substantial liabilities or assets in foreign currencies that resulted in net exposure in a currency other than the companies' accounting currency 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 0.04% (0.4) of Group net sales in 2014.

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 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). 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 maximum loan to value ratio for equities is 70% and one-sided collateral is not accepted. 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—Corporate Finance

In the subsidiary Nordic Fixed Income AB, credit risk arises in the form of counterparty risk in secondary market transactions. This credit risk is managed through predetermined limits. The Board of Directors has overall responsibility for the company's exposure to credit risk. The Board, in special instructions, has delegated this responsibility, within certain parameters, to a credit committee. The credit committee reports regularly to the Board. The company's credit issuance is subject to extremely stringent business ethics, quality and control standards. One universal principle is that all credit decisions in the company are normally taken by at least two people. Credit risk is the company's greatest exposure to risk. Despite this, no credit losses have been reported by the company.

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 2014, 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 Catella Group

Credit ratings of financial assets

31 December 2014	Accounts receivable	Loan receivables	Derivatives	Assets available for sale	Assets held to maturity	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**

31 December 2013	Accounts receivable	Loan receivables	Derivatives	Assets available for sale	Assets at fair value through profit or loss	Assets held to maturity	Bank balances and short-term bank deposits	Total
Counterparties with external credit ratings *								
AAA					0			0
AA+			1				294	296
AA	1						8	9
AA-	0						193	193
A+	6						136	142
A	40				1		224	265
A-	1				29		174	205
BBB+							174	174
BBB	3						4	8
BB+	2							2
BB-	1							1
B+					21			21
	55	**0**	**1**	**0**	**52**	**0**	**1,208**	**1,317**
Counterparties without external credit ratings								
Company	90	292	0	0	140			523
Funds					51			51
Financial companies	17	45			5		685	752
Public administration	3							3
Private individuals	6	280	0					287
	116	**617**	**1**	**0**	**196**	**0**	**685**	**1,615**
Total	**171**	**617**	**2**	**0**	**248**	**0**	**1,893**	**2,931**

* 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	
	2014	2013	2014	2013
Luxembourg	1,755	1,507	953	807
Sweden	956	609	288	354
Germany	210	255	63	67
France	201	117	67	625
Switzerland	126	106	693	49
Portugal	105	-	-	-
Other countries	358	339	759	676
Total	**3,710**	**2,931**	**2,823**	**2,578**

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 2014, 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 2014, net cash in relation to equity was 0.7 (0.6).

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 21.0% as of 31 December 2014. 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 2014.

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. After the remaining equity portfolio was sold in 2014, only smaller holdings of premium bonds are held in this category.

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, corporate bonds and two 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, and units in a property development project in Germany.

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 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**

The Group's assets and liabilities at fair value as of 31 December 2013

31 December 2013	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
Assets				
Derivatives		2		2
Financial assets available for sale		0		0
Financial assets at fair value through profit or loss	1	8	239	248
Total assets	**1**	**10**	**239**	**250**
Derivatives		2		2
Total liabilities	**0**	**2**	**0**	**2**

Changes in instruments in the category of valuation techniques using non-observable market data in 2014 and 2013:

	2014 Assets at fair value through profit or loss	2013 Assets at fair value through profit or loss
As of 1 January	239	289
Investments	32	0
Disposals	-38	–60
Amortisation	-10	–1
Gains and losses recognised through profit or loss	73	4
Capitalised interest income	12	16
Reclassification to holding in associated company	-	–17
Exchange rate differences	15	7
As of 31 December	**323**	**239**

NOTE 4 CRITICAL ESTIMATES AND JUDGMENTS

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 278 M (242) 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 2014 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 839 M (788) 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 -34 M (-32) and loan receivable losses of SEK -26 M (-41) 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 2,075 M (1,799) 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 2014, the value of Catella's loan portfolios was SEK 257 M (183). 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 2014, the value of Catella's units in Nordic Light Fund totalled SEK 58 M (55). 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 76 M (53) 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 790 M, 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

The operating segments reported in these Annual Accounts, Corporate Finance and Asset Management and Banking, comprise the Group's reportable operating segments in accordance with IFRS 8, outlined in more detail in Note 2 Significant accounting policies. 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.

Income Statement by operating segment

SEK M	Corporate Finance 2014	Corporate Finance 2013	Asset Management and Banking 2014	Asset Management and Banking 2013	Other 2014	Other 2013	Eliminations 2014	Eliminations 2013	Group 2014	Group 2013
Net sales	527	397	925	630	7	9	-14	-15	1,445	1,020
Other operating income	1	6	11	5	-	7	0	-	12	17
	529	**403**	**936**	**635**	**7**	**15**	**-14**	**-15**	**1,457**	**1,038**
Direct assigment costs and commission	-32	-19	-260	-200	-	0	4	2	-289	-217
Other external expenses	-117	-115	-195	-155	-18	-32	5	8	-325	-294
Personnel costs	-297	-249	-352	-241	-21	-21	5	5	-665	-507
Depreciation and amortisation	-3	-6	-9	-9	0	0	-	-	-12	-15
Other operating expenses	0	-2	-1	-10	1	0	0	-	0	-12
Operating profit/loss before acquisition-related items	**79**	**11**	**119**	**20**	**-32**	**-38**	**0**	**0**	**167**	**-6**
Amortisation of acquisition-related intangible assets	-	-	-7	-6	-	0	-	-	-7	-6
Operating profit/loss	**79**	**11**	**112**	**15**	**-32**	**-38**	**0**	**0**	**160**	**-12**
Interest income	1	1	1	1	25	21	-1	0	26	22
Interest expenses	-1	0	0	-1	-12	-13	1	0	-12	-14
Other financial income	0	1	5	4	71	13	-	-	76	17
Other financial expenses	0	-1	-1	-2	-1	-18	-	-	-2	-20
Financial items—net	1	0	5	2	83	3	0	0	88	5
Profit/loss before tax	**80**	**11**	**117**	**17**	**51**	**-35**	**0**	**0**	**248**	**-7**
Tax	-25	-10	-37	-20	42	16	-	-	-20	-14
Net profit/loss for the year	**55**	**1**	**80**	**-3**	**92**	**-19**	**0**	**0**	**227**	**-21**

Financial position by operating segment

SEK M	Corporate Finance		Asset Management and Banking		Other		Eliminations		Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Assets										
Non-current assets										
Intangible assets	62	61	244	195	50	50			356	306
Tangible assets	13	6	12	14	0	0			24	20
Investments in group companies	0				783	682	-783	–682	0	0
Investments in associated companies	0		0	50	2				2	50
Financial assets at fair value through profit or loss	0	0	12	6	285	229			297	235
Long-term loan receivables			162	249					162	249
Deferred tax assets	-6	–1	23	13	60	42			76	53
Other non-current receivables	6	5	0		0				6	5
	74	**71**	**453**	**527**	**1,179**	**1,003**	**-783**	**–682**	**924**	**919**
Current assets										
Accounts receivable	116	90	128	81	0	0			244	171
Receivables from group companies	22	4	0	8	72	76	-95	–87	0	0
Current loan receivables		0	432	367					432	368
Tax assets	10	10	3	6	0	0			13	16
Other receivables	7	10	13	6	2	2			23	19
Prepaid expenses and accrued income	12	13	128	61	6	8			146	82
Derivatives			3	2					3	2
Financial assets at fair value through profit or loss	17	7	0	0	22	6			39	13
Cash and cash equivalents	160	101	2,308	1,752	64	41			2,532	1,893
	344	**235**	**3,017**	**2,284**	**166**	**132**	**-95**	**–87**	**3,432**	**2,564**
Total assets	**418**	**306**	**3,470**	**2,811**	**1,346**	**1,135**	**-877**	**–769**	**4,356**	**3,483**
EQUITY AND LIABILITIES										
Equity attributable to shareholders of the Parent Company	206	146	639	525	1,102	914	-783	–682	1,164	904
Non-controlling interests	27	22	62	3	0	2			88	28
Total equity	**233**	**169**	**700**	**528**	**1,102**	**916**	**-783**	**–682**	**1,252**	**932**
Liabilities										
Non-current liabilities										
Borrowings	1	0							1	0
Long-term loan liabilities				0	199	199			199	199
Deferred tax liabilities			12	3	15	17			27	20
Other provisions	1	1	2	5	20				23	6
	1	**1**	**14**	**8**	**235**	**216**	**0**	**0**	**250**	**224**
Current liabilities										
Borrowings		0	237	227					237	227
Current loan liabilities	0		2,026	1,718					2,026	1,718
Derivatives			3	2					3	2
Accounts payable	25	16	122	78	3	1			150	95
Liabilities to group companies	12	15	90	93	-7	–24	-95	–85	0	0
Current tax liabilities	29	12	12	6	1	1			43	19
Other liabilities	31	22	19	14	1	1		–2	50	34
Accrued expenses and deferred income	88	71	245	137	11	24			345	232
	185	**136**	**2,755**	**2,275**	**9**	**3**	**-95**	**–87**	**2,854**	**2,327**
Total liabilities	**186**	**137**	**2,769**	**2,283**	**244**	**219**	**-95**	**–87**	**3,104**	**2,551**
Total equity and liabilities	**418**	**306**	**3,470**	**2,811**	**1,346**	**1,135**	**-877**	**–769**	**4,356**	**3,483**

Cash flow by operating segment

SEK M	Corporate Finance 2014	Corporate Finance 2013	Asset Management and Banking 2014	Asset Management and Banking 2013	Other 2014	Other 2013	Group 2014	Group 2013
Profit/loss before tax	80	11	117	17	51	-35	248	-7
Other financial items	0	0	-4	-2	-70	5	-74	3
Depreciation and amortisation	3	6	16	15	0	0	19	20
Other items Note affecting cash flow	21	16	-7	2	-21	-19	-7	0
Paid income tax	-13	-6	-13	6	-2	-3	-29	-3
Change in operating capital employed	-6	-18	284	88	63	54	340	124
Cash flow from operating activities	**85**	**10**	**393**	**126**	**20**	**2**	**497**	**138**
Cash flow from tangible and intangible non-current assets	-9	-2	-3	-13	0	0	-12	-15
Acquisition of subsidiaries, net of cash and cash equivalents	0		51		-26	1	25	1
Cash flow from other financial assets	-2	2	2	13	28	27	28	41
Cash flow from investing activities	**-11**	**0**	**49**	**0**	**3**	**27**	**41**	**28**
Net borrowings, amortisation of loans	0	0	-		-		0	0
Re-purchase of share warrants, contributions from, and payments to, non-controlling interests	-20	-12	0	-1	0	0	-20	-12
Cash flow from financing activities	**-19**	**-12**	**0**	**-1**	**0**	**0**	**-20**	**-12**
Cash flow for the year	**54**	**-2**	**441**	**125**	**23**	**30**	**519**	**153**

Disclosures by geographical market

SEK M	Total sales to external customers * 2014	Total sales to external customers * 2013	Total assets 2014	Total assets 2013	Non-current assets ** 2014	Non-current assets ** 2013
Luxembourg	41	50	1,715	1,474	58	60
Sweden	685	456	1,388	978	364	441
Germany	215	201	221	265	48	60
France	203	127	220	124	66	55
Other countries	301	187	396	339	15	14
Non-current assets not specified by country **	–	–	416	303	373	289
Total	**1,445**	**1,020**	**4,356**	**3,483**	**924**	**919**

* 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	2014	2013
Brokerage income, Corporate Finance	512	383
Fund and Asset Management income	699	455
Income from card operations	195	137
Asset Management net financial income/expense (see below)	29	37
Other income	10	8
	1,445	**1,020**

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

SEK M	2014	2013
Interest income		
Interest income on bank balances	2	4
Interest income on loan receivables	22	30
Other interest income	0	0
Other financial income		
Coupon, treasury	0	0
Capital gains on bonds in treasury	8	9
	32	**43**
Interest expenses		
Interest expenses on deposits from credit institutions	-2	-2
Interest expenses on other deposits	-1	-3
Other interest expenses	0	-1
Other financial expenses		
Capital loss on bonds in treasury	0	0
	-3	**-6**
Total net financial income/expense	**29**	**37**

NOTE 7 OTHER OPERATING INCOME

SEK M	2014	2013
Rental income	-	6
Share of profit from associated companies	6	1
Income relating to contract personnel	0	6
Other	6	5
	12	**17**

NOTE 8 OTHER EXTERNAL COSTS

Compensation of auditors

SEK M	2014	2013
PwC		
Audit assignment *	7	6
Audit activities other than audit assignment	0	0
Tax advisory	0	0
Other services	0	1
	7	**8**
Other audit firms		
Audit assignment	0	1
Audit activities other than audit assignment	0	1
Other services	–	0
	1	**2**
Total remuneration to auditors	**8**	**9**

* 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	2014	2013
Amortisation of intangible assets, Note 18	12	10
Depreciation of tangible assets, Note 19	7	9
Amortisation of acquisition-related intangible assets attributable to associated companies, net of tax, Note 21	-	1
	19	**20**

NOTE 10 PERSONNEL

Employee benefits

SEK M	2014	2013
Salaries and other compensation	463	367
Social security expenses	106	79
Pension costs defined contribution pension plans	41	31
Pension costs defined benefit pension plans	0	1
	610	**478**

Salaries and other benefits

SEK M	2014	2013
Boards of Directors and Presidents *	91	72
Other employees	372	295
	463	**367**
* of which bonus	43	16

Apart from the aforementioned compensation, which was an expense for Catella in 2014, 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 24 M (17).

Average no. of employees (full-time equivalents)

	2014		2013	
Average	Total	of which women	Total	of which women
Sweden—parent company	7	2	12	4
Sweden—subsidiaries	143	49	132	47
Norway			5	1
Denmark	14	4	12	1
Finland	40	12	39	11
Baltics	10	3	8	2
France	52	33	47	25
Germany	89	38	83	33
Luxembourg	112	47	110	47
Spain	13	4	10	2
Total	**480**	**192**	**458**	**173**

As of 31 December 2014, the number of Board members and Presidents totalled 181 (158), of whom 20 (15) 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 MANAGERS

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 2014:

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, other members of group management and employees of the Parent Company should 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. It should not be possible for variable salary to be greater than 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 Pages 58 and 59.

During the year, the composition of the Board of Directors changed as follows: Johan Damne, Joachim Gahm and Anna Ramel were elected as new ordinary Board members. Viveka Ekberg and Petter Stillström left their directorships with Catella AB in 2014.

The following changes were made to Group Management in the year: Knut Pedersen became CEO and President effective year-end 2013. Johan Ericsson, previously CEO and more recently Head of Corporate Finance, left Catella's Group management in August 2014 to focus on the Swedish property advisory services business.

Board fees, approved by the AGM on 19 May 2014, total SEK 500,000 for the Chairman and SEK 300,000 each for other Board members. Fees are unchanged compared to 2013. 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 2014.

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 2014

Tkr	Basic salary/Directors' fee	Variable compensation	Other benefits	Pension cost	Financial instruments	Other compensation	Total
Chairman of the Board							
Johan Claesson	500						500
Other Board members							
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**	**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**	**0**	**16,602**

* The Board member resigned from the Board in 2014

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

*** Other senior managers are Ando Wikström (CFO) and Johan Nordenfalk (Chief Legal Officer) and Johan Ericsson (Head of Corporate Finance) until the end of August 2014 when he resigned from Group Management.

Compensation and other benefits in 2013

Tkr	Basic salary/Directors' fee	Variable compensation	Other benefits	Pension cost	Financial instruments	Other compensation	Total
Chairman of the Board							
Johan Claesson	500						500
Other Board members							
Björn Edgren *	100						100
Petter Stillström	200						200
Viveka Ekberg ***	263						263
Niklas Johansson *	150						150
Jan Roxendal	300						300
Stefan Carlsson * ****	100					600	700
Total compensation to board members	**1,613**	**0**	**0**	**0**	**0**	**600**	**2,213**
Chief Executive Officer							
Johan Ericsson	2,143	275	118	648			3,184
Other senior managers **	7,038	500	462	1,385			9,385
Total compensation to CEO and other members of Group management	**9,181**	**775**	**580**	**2,033**	**0**	**0**	**12,569**

* The Board member resigned from the Board in 2013

** Other senior managers are Ando Wikström, Johan Nordenfalk and Anders Palmgren

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

**** Other remuneration of SEK 600,000 relates to the Chairmanship of Catella Bank in 2013.

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 2014 and 2013 respectively*:

No.	Class A shares 2014	Class A shares 2013	Class B shares 2014	Class B shares 2013	Options 2014	Options 2013
Board of Directors						
Johan Claesson, Chairman of the Board (direct and indirect shareholdings)	1,087,437	1,087,437	39,694,718	38,480,821	–	–
Johan Damne, Board member	–	–	150,000	–	–	–
Jochim Gahm, Board member	–	–	–	–	–	–
Anna Ramel, Board member	–	–	–	–	–	–
Jan Roxendal, Board member	–	–	94,554	25,000	–	–
Viveka Ekberg, Board member	–	–	–	60,000	–	–
Petter Stillström, Board member (direct and indirect shareholdings)	–	356,695	–	9,602,163	–	–
Management						
Knut Pedersen, President and CEO	–	–	–	–	5,000,000	–
Ando Wikström, CFO	–	–	30,000	30,000	300,000	5,250,000
Johan Nordenfalk, Chief Legal Officer	–	–	–	–	240,000	300,000
Johan Ericsson, Head of Corporate Finance	–	–	–	25,000	–	5,250,000
Total holdings	**1,087,437**	**1,444,132**	**39,969,272**	**48,222,984**	**5,540,000**	**10,800,000**

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

NOTE 12 SHARE-BASED INCENTIVES

As of 31 December 2014, the Group had 36,847,000 (35,900,000) outstanding warrants, conferring entitlement to subscribe for 36,847,000 new class B shares of Catella AB (publ). Of the total number of outstanding warrants, 18,170,000 (9,010,000) 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 Catella 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 re-purchase 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 2014, 9,120,000 warrants were re-purchased, and 5,600,000 warrants were sold to members of Catella's management and other key staff.

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 eight (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 2014, outstanding warrants imply a dilution effect of 31.1% of the capital and 28.6% of the votes.

In March 2015, Catella offered the re-purchase of warrants, which are 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 M. Given potential exercise of the remaining 350,000 warrants, a dilution effect of 0.4% of the capital and votes would occur.

Change in the number of outstanding warrants:

No.	2014	2013
Opening balance as of 1 January	35,900,000	36,100,000
Newly issued	7,000,000	9,700,000
Expiry of unutilised warrants	-6,053,000	-9,900,000
As of 31 December	**36,847,000**	**35,900,000**
of which held by Catella	**18,170,000**	**9,010,000**

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

Issue 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
2015	48	17,740,000	9,890,000
2016	22	8,040,000	6,480,000
2018	6	2,333,333	466,667
2019	6	2,333,333	466,666
2020	6	2,333,334	466,667
Total	**88**	**32,780,000**	**17,770,000**

Issue 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
2015	6	2,033,000	200,000
2016	6	2,034,000	200,000
Total	**12**	**4,067,000**	**400,000**
Total	**100**	**36,847,000**	**18,170,000**

NOTE 13 OTHER OPERATING EXPENSES

SEK M	2014	2013
Impairment of accounts receivable	-2	-2
Recovered bad debt losses	2	0
Impairment of loan receivables	-4	-7
Recovered loan losses	3	5
Expenses for fraud on credit cards issued	-1	-3
Share of profit from associated companies	0	0
Other operating expenses	1	-6
	0	**-12**

NOTE 14 FINANCIAL ITEMS

SEK M	2014	2013
Interest income		
Interest income on bank balances	2	1
Interest income on financial assets at fair value through profit or loss	24	20
Interest income on loan receivables	-	0
Other interest income	1	0
	26	**22**
Interest expenses		
Interest expenses to credit institutions	0	0
Interest expenses on bond loan	-12	-13
Other interest expenses	0	-1
	-12	**-14**
Other financial income		
Dividend income on financial assets at fair value through profit or loss	1	0
Dividend income from associated companies	–	-
Fair value gains on financial assets at fair value through profit or loss	67	14
Capital gains on financial assets at fair value through profit or loss	7	1
Capital gains on financial assets available for sale	–	-
Exchange rate gains	2	2
	76	**17**
Other financial expenses		
Fair value loss on financial assets at fair value through profit or loss	-	-11
Capital losses on financial assets at fair value through profit or loss	-	-5
Issue and loan guarantee expenses	0	0
Exchange rate losses	-1	-4
	-2	**-20**

NOTE 15 TAXES

SEK M	2014	2013
Current tax:		
Current tax on profit/loss for the year	-44	-19
Adjustments relating to previous years	-1	0
Total current tax	**-44**	**-18**
Deferred tax:		
Origination and reversal of temporary differences	24	4
Effect of change in tax rates	-	0
Total deferred tax	**24**	**4**
Income tax	**-20**	**-14**

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	2014	2013
Profit/loss before tax	248	-7
Income tax calculated at domestic tax rates applicable to profit in the respective countries	-63	0
Tax effects of:		
Previously not recognized loss carry forwards	15	6
Utilized loss carry forwards, previously not recognized	19	12
Tax losses for which no deferred tax asset was recognised	-2	-18
Effect from temporary differences with non-recognized deferred tax asset	18	-3
Effect of change in tax rates	-	0
Non-deductible expenses to cover losses	-	-5
Other non-deductible/non-taxable items	-5	-4
Wealth tax	-2	-2
Adjustments relating to previous years	0	0
Tax expense	**-20**	**-14**

Deferred tax assets and tax liabilities are allocated as follows:

SEK M	2014	2013
Deferred tax assets		
Estimated to be utilised after more than 12 months	64	47
estimated to be utilised within 12 months	13	7
Net recognised against deferred tax liabilities	-1	-1
	76	**53**
Deferred tax liabilities		
to be paid after 12 months	-25	-19
to be paid within 12 months	-3	-1
Net recognised against deferred tax assets	1	1
	-27	**-20**
Deferred tax assets/liabilities (net)	**49**	**34**

Change in deferred tax assets and liabilities during the year:

SEK M	Defined benefit pension plans	Future deductible expenses	Tax depreciation	Tax deficit	Other	Net recognised	Total
Deferred tax assets							
As of 1 January 2013	0	2	1	49	0	-1	52
Recognised in profit or loss		1	0	0	0		1
Recognised in other comprehensive income	0						0
Exchange rate differences	0	0	0	0	0		0
Net recognised against deferred tax liabilities						0	0
As of 31 December 2013	**0**	**3**	**1**	**50**	**0**	**-1**	**53**
Recognised in profit or loss		9	0	13	0		22
Recognised in other comprehensive income	0						0
Exchange rate differences	0	0		1	0		1
Net recognised against deferred tax liabilities						0	0
As of 31 December 2014	**1**	**12**	**1**	**64**	**0**	**-1**	**76**

SEK M	Capital gains	Fair value gains	Intangible assets	Un-taxed reserves	Other	Net recognised	Total
Deferred tax liabilities							
As of 1 January 2013	9	1	14		0	-1	23
Recognised in profit or loss	-1	0	-1		0		-3
Recognised in other comprehensive income							0
Changed estimate							0
Exchange rate differences	-1	0			0		-1
Net recognised against deferred tax assets						0	0
As of 31 December 2013	**7**	**1**	**13**		**0**	**-1**	**20**
Acquisition			5	4			9
Recognised in profit or loss	-1	1	-2	0	0		-2
Recognised in other comprehensive income							0
Changed estimate							0
Exchange rate differences	0	0			0		0
Net recognised against deferred tax assets						0	0
As of 31 December 2014	**5**	**2**	**16**	**4**	**0**	**-1**	**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 64 M (50), 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 790 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 0.1 M (0.0) for the financial year 2014. The accumulated tax effect in other comprehensive income amounts to SEK 0.1 M (0.2) 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	2014	2013
Profit/loss	227	-21
Profit/loss attributable to the Parent Company shareholders	217	-22
Profit/loss for calculation of earnings per share before dilution	**217**	**-22**
Weighted average number of ordinary shares	**81,698,572**	**81,698,572**
Earnings per share, SEK	**2.66**	**-0.26**

(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.

There was no dilution effect as of 31 December 2014. The same applies to year-end 2013.

NOTE 17 DIVIDENDS

The Board of Directors will propose a dividend to shareholders of SEK 0.20 per share, totalling SEK 16,339,714, to the AGM on 21 May 2015. The record date is 25 May 2015, and the payment date is 28 May 2015. The proposed dividend has not been recognised as a liability in these financial statements. No dividend was paid in 2014.

NOTE 18 INTANGIBLE ASSETS

SEK M	Goodwill	Trademark	Contractual customer relations	Software licenses	Total
As of 1 January 2013					
Cost	240	50	23	85	397
Accumulated amortisation			-10	-76	-86
Net carrying amount	**240**	**50**	**13**	**8**	**311**
Financial year 2013					
Opening balance	240	50	13	8	311
Acquired during the year				3	3
Amortisation			-5	-6	-10
Exchange rate differences	2			0	2
Closing balance	**242**	**50**	**8**	**6**	**306**
As of 31 December 2013					
Cost	242	50	23	91	405
Accumulated amortisation			-14	-85	-99
Net carrying amount	**242**	**50**	**8**	**6**	**306**
Financial year 2014					
Opening balance	242	50	8	6	306
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**

Reported goodwill at year-end 2014 relates to the acquisition of the Catella Brand AB group in 2010 (SEK 226 M), the acquisition of Catella Förmögenhetsförvaltning AB in 2011 (SEK 20 M) and the acquisition of IPM Informed Portfolio Management AB in 2014 (SEK 32 M). The Catella trademark was valued at SEK 50 M on the acquisition of the Catella Brand AB group. Of the carrying amounts of contracted customer relationships as of 31 December 2014, SEK 3 M relates to the same acquisition, while SEK 7 M relates to the acquisition of IPM, when software licenses with a closing carrying amount of SEK 30 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 2014 in accordance with above procedure indicates no impairment.

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

	WACC, %	
	2014	**2013**
Corporate Finance	13.0	13.0
Asset Management and Banking	13.0	13.0
Other	13.0	13.1

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

	2014		2013	
SEK M	Goodwill	Trademark *	Goodwill	Trademark *
Corporate Finance	61	-	60	-
Asset Management and Banking	217	-	182	-
Other	-	50	-	50
	278	**50**	**242**	**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 TANGIBLE ASSETS

SEK M	Furniture, fittings and equipment	Total
As of 1 January 2013		
Cost	105	105
Accumulated depreciation	-88	-88
Net carrying amount	**17**	**17**
Financial year 2013		
Opening balance	17	17
Acquired during the year	12	12
Disposals	0	0
Depreciation	-9	-9
Exchange rate differences	0	0
Closing balance	**20**	**20**
As of 31 December 2013		
Cost	116	116
Accumulated depreciation	-96	-96
Net carrying amount	**20**	**20**
Financial year 2014		
Opening balance	20	20
Acquired during the year	10	10
Disposals	0	0
Reclassification from investments in associated companies	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**

NOTE 20 INVESTMENTS IN ASSOCIATED COMPANIES AND SUBSIDIARIES

Investments in associated companies recognised according to the equity method

SEK M	2014	2013
As of 1 January	50	2
Reclassification from financial assets at fair value through profit or loss	-	17
Investments	2	33
Sales	-	0
Holding transferred to subsidiaries	-55	-
Share in profits, see Note 7	6	1
Share in profits, see Note 13	0	0
Dividends paid	-	-1
Amortisation of acquisition-related intangible assets, net of tax	-	-1
Exchange rate differences	-	0
Closing book value	**2**	**50**

* 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.

No material dividends or other transactions occurred between the Catella group and its associated companies in 2014 (in 2013, dividend of SEK 1 M).

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	
	Country of registration	Assets, SEK M	Liabilities, SEK M	Income, SEK M	Profit/loss SEK M	Participating interest, %	Participating interest, SEK M
CA Seeding GmbH	Germany	3	0	0	0	45	2
ANL Kiinteistöt OY	Finland	0	0	0	0	50	0
SIA AREAL Baltic	Latvia	0	0	0	0	49	0
							2

Investments in subsidiaries

A list of the group's subsidiaries is in Note 38. 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 company that in turn owns 75% of IPM Informed Portfolio Management AB. There is also a direct 20% 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 wholly consolidates non-controlling holdings.

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.

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

Total ownership by non-controlling interests amounted to SEK 88 M (28) as of 31 December 2014, of which SEK 75 M (13) relates to the subsidiaries IPM Informed Portfolio Management AB, Catella Corporate Finance Stockholm HB and Catella Property Denmark A/S.

Results of operations relating to non-controlling interests amount to SEK 30 M (15) for the financial year 2014, of which SEK 21M (6) relates to the aforementioned companies. 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 Corporate Finance HB (participating interest 65 %)		Catella Property Denmark A/S (participating interest 60 %)	
Summarised balance sheet	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Non-current assets	8	-	2	4	2	2
Current assets	179	-	41	32	29	16
Total assets	**187**	**0**	**43**	**36**	**31**	**18**
Non-current liabilities	-4	-				
Current liabilities	-63	-	-16	-13	-14	-6
Total liabilities	**-67**	**0**	**-16**	**-13**	**-14**	**-6**
Net assets	**120**	**0**	**27**	**23**	**17**	**12**
Net assets allocated to non-controlling interest	59	-	9	8	7	5
Summarised income statement and comprehensive income						
Income	126	-	88	75	34	20
Net profit/loss for the year	20	-	20	11	16	6
Total comprehensive income for the year	20	0	20	11	17	6
Total comprehensive income allocated to non-controlling interest	10	-	7	4	6	2
Dividend paid to non-controlling interest		-	4	6	5	
Summarised cash flow						
Cash flow from operating activities	59	-	30	26	15	11
Cash flow from investing activities	0	-	-	0	-1	0
Cash flow from financing activities	-	-	-17	-29	-11	-
Decrease/increase in cash and cash equivalents	**59**	**0**	**13**	**-3**	**3**	**11**

NOTE 21 DERIVATIVE INSTRUMENTS

	2014		2013	
SEK M	Assets	Liabilities	Assets	Liabilities
Currency forwards	3	3	2	2
	3	**3**	**2**	**2**
Less: long-term portion	–	–	-	-
Short-term portion	**3**	**3**	**2**	**2**

Derivative instruments relate solely to the subsidiary Catella Bank, which regularly enters 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	2014	2013
Loan portfolios	257	183
Fund investments	61	56
Listed shares	0	1
Unlisted shares	-	-
Corporate bonds	10	7
Other	8	1
	336	**248**

SEK M	2013	2013
As of 1 January	248	299
Reclassification to holding in associated company	1	-17
Acquisition *	47	25
Disposals **	-45	-84
Amortisation	-10	-2
Fair value gains/losses on financial assets at fair value through profit or loss ***	67	3
Capitalised interest income	12	16
Exchange rate differences	15	7
As of 31 December	**336**	**248**
Less: long-term portion	-297	-235
Short-term portion	**39**	**13**

* Relates to items including the purchase of business-related shareholdings in corporate bonds, of which the majority were sold in 2014. The acquisition of short-term trading portfolios of equities intended for wealth management clients are also included. The whole trading portfolio was sold in 2014. Participations in a property development project in Germany were also acquired.

** Includes disposal of business-related holdings in corporate bonds, trading portfolios of equity and units in Nordic Light Fund.

*** Changes in fair value of financial assets 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 carrying amount in Catella's Consolidated Accounts is determined based on the projected discounted cash flows. The portfolios were discounted at discount rates of 6.4%, 7.9% and 12.9% as of 31 December 2014, giving a weighted average discount rate of 10.0% (10.3) for the total loan portfolios. The weighted average duration for the portfolio amounted to 5.3 years (6.3) as of 31 December 2014.

Cash flows mainly comprise interest payments, but also repayments with a projected period up to and including 2029. The expected cash flows for the period amounted to approximately SEK 404 M, which are discounted and recognised at SEK 257 M (183).

The parameters for the Ludgate, Pastor 2, 3, 4, 5 and Gems loan portfolios changed in 2014.

The Ludgate loan portfolio started to generate cash flow in the second quarter 2014, which is expected to continue for the foreseeable future, resulting in a SEK 64 M positive value adjustment of Ludgate in the financial year 2014.

The parameter that states the expected loss severity of the underlying assets increased for the Pastor 2, 3, 4, 5 loan portfolios increased, which resulted in a negative value adjustment.

The issuer of the Gems loan portfolio holds a clean-up call on Gems. The probability that this option will be exercised by the issuer has reduced, and this means that the forecast cash flows are deferred in time, and accordingly, and negative value adjustment has occurred.

Overall, these changes and amendments to the remaining portfolio resulted in a positive value adjustment of SEK 56 M in 2014 (2013: SEK -10 M).

No loan portfolio was sold in 2014. In previous years, via subsidiaries, Catella sold the Shield, Memphis and Semper loan portfolios. Through these sales, Catella has been repaid its original investment with a good margin.

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.
**** 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 2013*

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	47.9	13.3	29.1	16.0	9.0	5.8
Pastor 3	Spain	1.6	0.5	0.6	0.3	14.0	7.5
Pastor 4	Spain	77.6	21.6	20.2	11.2	14.0	10.3
Pastor 5	Spain	16.8	4.7	4.0	2.2	14.0	11.0
Lusitano 3	Portugal	79.8	22.2	50.9	28.1	9.0	5.7
Lusitano 4 **	Portugal	–	–	–	–	–	–
Lusitano 5	Portugal	63.1	17.6	24.6	13.6	14.0	4.6
Gems	Germany	43.8	12.2	40.0	22.1	7.5	1.2
Minotaure	France	27.5	7.6	10.6	5.9	14.0	7.3
Ludgate **	UK	–	–	–	–	–	–
Sestante 2 **	Italy	–	–	–	–	–	–
Sestante 3 **	Italy	–	–	–	–	–	–
Sestante 4 **	Italy	–	–	–	–	–	–
Sestante 4 A1	Italy	1.3	0.4	1.2	0.7	7.5	1.4
Total cash flow ***		**359.5**	**100.0**	**181.3**	**100.0**	**10.3**	**6.3**
Accrued interest				2.0			
Carrying amount				**183.3**			

* 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
Total		**27.0**	**0.0**	**0.0**	**0.0**	**33.8**	**0.8**	**2.0**	**8.4**	**12.2**	**3.3**	**19.4**	**21.7**	**14.2**	**142.8**	**122.2**	**20.6**

															Forecast	
Forecast		Pastor 2	Pastor 3	Pastor 4	Pastor 5	Lusitano 3	Lusitano 5	Sestante 4	Memphis **	Shield **	Gems	Semper **	Minotaure	Ludgate	Quarter/ Year	Acc.
FY	2015	0.2		-		3.9	-	0.4			0.4		-	18.7	23.6	23.6
FY	2016	0.2		-		11.2	-	0.1			0.4		-	16.8	28.7	52.3
FY	2017	0.3		-		15.3	-	0.1			0.4		-	14.3	30.3	82.6
FY	2018	0.3		-		26.4	43.4	0.1			0.4		-	11.2	81.9	164.5
FY	2019	47.8		-		3.8	4.5	0.1			0.5		-	19.3	75.9	240.4
FY	2020			-		3.5	4.3	0.3			47.9		-		56.0	296.4
FY	2021			-		3.2	4.0	0.0					30.5		37.8	334.2
FY	2022			-		3.0	3.1								6.1	340.3
FY	2023			-		2.7	1.7								4.4	344.7
FY	2024			19.4		2.5	1.5								23.4	368.0
FY	2025					14.9	1.4								16.3	384.3
FY	2026						1.2								1.2	385.6
FY	2027						1.1								1.1	386.7
FY	2028						1.0								1.0	387.6
FY	2029						16.3								16.3	404.0
Total		**48.9**	**0.0**	**19.4**	**0.0**	**90.4**	**83.4**	**1.0**	**0.0**	**0.0**	**50.0**	**0.0**	**30.5**	**80.3**	**404.0**	

* 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 97 and the discount rates are presented on page 96 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 99 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 98 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

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

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
6.4%	36.6	11.0	67.6	56.0	0.8	35.4	20.8	68.7	294.1
7.9%	34.3	9.6	63.6	51.5	0.8	32.7	19.0	66.4	277.2
12.9%	27.7	6.3	52.7	39.9	0.7	25.4	14.3	59.6	230.7
13.5%	27.0	6.0	51.6	38.8	0.7	24.6	13.8	58.9	225.7
15.0%	25.4	5.3	49.0	36.2	0.7	22.9	12.7	57.1	214.5
17.5%	23.0	4.4	45.2	32.4	0.7	20.3	11.1	54.5	197.7
20.0%	20.8	3.6	41.9	29.2	0.6	18.1	9.8	52.0	182.9
Discounted cash flow *	**34.3**	**6.3**	**63.6**	**39.9**	**0.8**	**35.4**	**14.3**	**59.6**	**254.2**

Cash flow per portfolio in relation to discounted value (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
6.4%	1.3x	1.8x	1.3x	1.5x	1.2x	1.4x	1.5x	1.2x	1.4x
7.9%	1.4x	2.0x	1.4x	1.6x	1.2x	1.5x	1.6x	1.2x	1.5x
12.9%	1.8x	3.1x	1.7x	2.1x	1.3x	2.0x	2.1x	1.3x	1.8x
13.5%	1.8x	3.2x	1.8x	2.2x	1.4x	2.0x	2.2x	1.4x	1.8x
15.0%	1.9x	3.6x	1.8x	2.3x	1.4x	2.2x	2.4x	1.4x	1.9x
17.5%	2.1x	4.4x	2.0x	2.6x	1.5x	2.5x	2.7x	1.5x	2.0x
20.0%	2.3x	5.4x	2.2x	2.9x	1.5x	2.8x	3.1x	1.5x	2.2x
Multiple	**1.4x**	**3.1x**	**1.4x**	**2.1x**	**1.2x**	**1.4x**	**2.1x**	**1.3x**	**1.6x**

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%	58.2	10.8	108.0	67.9	1.4	60.1	24.4	101.4	432.2	70%
165%	56.5	10.4	104.9	65.9	1.3	58.4	23.6	98.4	419.5	65%
160%	54.8	10.1	101.7	63.9	1.3	56.6	22.9	95.4	406.8	60%
155%	53.1	9.8	98.5	61.9	1.3	54.8	22.2	92.4	394.1	55%
150%	51.4	9.5	95.3	59.9	1.2	53.1	21.5	89.5	381.4	50%
145%	49.7	9.2	92.2	57.9	1.2	51.3	20.8	86.5	368.6	45%
140%	48.0	8.9	89.0	55.9	1.1	49.5	20.1	83.5	355.9	40%
135%	46.3	8.5	85.8	53.9	1.1	47.7	19.3	80.5	343.2	35%
130%	44.5	8.2	82.6	51.9	1.1	46.0	18.6	77.5	330.5	30%
125%	42.8	7.9	79.4	49.9	1.0	44.2	17.9	74.5	317.8	25%
120%	41.1	7.6	76.3	47.9	1.0	42.4	17.2	71.6	305.1	20%
115%	39.4	7.3	73.1	45.9	0.9	40.7	16.5	68.6	292.4	15%
110%	37.7	7.0	69.9	43.9	0.9	38.9	15.8	65.6	279.7	10%
105%	36.0	6.6	66.7	41.9	0.9	37.1	15.0	62.6	267.0	5%
100%	**34.3**	**6.3**	**63.6**	**39.9**	**0.8**	**35.4**	**14.3**	**59.6**	**254.2**	**0%**
95%	32.5	6.0	60.4	38.0	0.8	33.6	13.6	56.7	241.5	-5%
90%	30.8	5.7	57.2	36.0	0.7	31.8	12.9	53.7	228.8	-10%
85%	29.1	5.4	54.0	34.0	0.7	30.1	12.2	50.7	216.1	-15%
80%	27.4	5.1	50.8	32.0	0.6	28.3	11.5	47.7	203.4	-20%
75%	25.7	4.7	47.7	30.0	0.6	26.5	10.7	44.7	190.7	-25%
70%	24.0	4.4	44.5	28.0	0.6	24.8	10.0	41.7	178.0	-30%
65%	22.3	4.1	41.3	26.0	0.5	23.0	9.3	38.8	165.3	-35%
60%	20.6	3.8	38.1	24.0	0.5	21.2	8.6	35.8	152.5	-40%
55%	18.8	3.5	35.0	22.0	0.4	19.5	7.9	32.8	139.8	-45%
50%	17.1	3.2	31.8	20.0	0.4	17.7	7.2	29.8	127.1	-50%
45%	15.4	2.8	28.6	18.0	0.4	15.9	6.4	26.8	114.4	-55%
40%	13.7	2.5	25.4	16.0	0.3	14.1	5.7	23.9	101.7	-60%
35%	12.0	2.2	22.2	14.0	0.3	12.4	5.0	20.9	89.0	-65%
30%	10.3	1.9	19.1	12.0	0.2	10.6	4.3	17.9	76.3	-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 realised revenues from its investments to unit holders, through quarterly re-purchases of fund units. The fund's expected return level is high. In 2014, the fund re-purchased fund units from Catella for a total value of SEK 13 M (EUR 1.4 M), generating a capital gain of nearly SEK 6 M. Additionally, a positive value adjustment of SEK 10 M of remaining units was made in 2014. The carrying amount of the holding, and market value as of 31 December 2014, was SEK 58 M (55).

Business-related investments

The business-related investments include Nordic Fixed Income's trading portfolio of corporate bonds and Catella Bank's derivatives holding. An investment in a property development project in Germany was additional in 2014. The book value of the holdings, also market value, was SEK 24 M (11) as of 31 December 2014.

Other securities

A share portfolio was sold in 2014, generating a modest profit.

NOTE 23 ACCOUNTS RECEIVABLE

SEK M	2014	2013
Accounts receivable	278	203
Less: provision for doubtful debt	-34	-32
	244	**171**

The fair value of accounts receivable is as follows:

SEK M	2014	2013
Accounts receivable	244	171
	244	**171**

The age analysis of past due accounts receivable follows:

SEK M	2014	2013
Less than 2 months	83	24
2 to 6 months	6	3
More than 6 months	34	30
	123	**57**

Changes in the reserve for doubtful debts are as follows:

SEK M	2014	2013
As of 1 January	-32	-30
Provision for doubtful debt	-2	-2
Recovered bad debt losses	2	0
Exchange rate differences	-2	0
As of 31 December	**-34**	**-32**

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	2014	2013
Loan receivables	620	658
Less: provision for doubtful loan receivables	-26	–41
	595	**617**
Less: long-term portion	-162	–249
Short-term portion	**432**	**368**

All loan receivables relate to Catella Bank.

The maturity periods for the Group's long-term loan receivables are as follows:

SEK M	2014	2013
Between 1 and 5 yrs.	162	249
More than 5 yrs.	–	–
	162	**249**

All lending relates to depository loans with an indefinite term.

The fair value of loan receivables is as follows:

SEK M	2014	2013
Loan receivables	595	617
	595	**617**

Catella Bank also has granted but un-utilised credit facilities to clients of SEK 2,075 M (1,799), see Note 35.

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

SEK M	2014	2013
As of 1 January	41	42
Provision for doubtful debt	4	7
Receivables written off during the year that are not recoverable	-3	-4
Reversed unutilised amount	-18	-5
Exchange rate differences	2	1
As of 31 December	**26**	**41**

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

SEK M	2014	2013
EUR	242	211
USD	50	24
SEK	283	361
GBP	16	16
CHF	1	2
NOK	2	1
DKK	0	1
Other currencies	0	0
	595	**617**

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

NOTE 25 OTHER NON-CURRENT RECEIVABLES

SEK M	2014	2013
As of 1 January	5	8
Endowment policies utilised in the year	-	-2
Additional receivables	2	0
Repaid receivables	-2	-2
Exchange-rate differences	0	0
As of 31 December	**6**	**5**

SEK M	2014	2013
Rent guarantees	5	4
Lease receivable	1	1
Other	0	0
	6	**5**

NOTE 26 PREPAID EXPENSES AND ACCRUED INCOME

SEK M	2014	2013
Accrued interest income	2	1
Accrued management fees and card income	109	51
Other accrued income	3	3
Prepaid rental charges	9	11
Other prepaid expenses	22	16
	146	**82**

NOTE 27 CASH AND CASH EQUIVALENTS AND OVERDRAFT FACILITIES

SEK M	2014	2013
Catella group excluding Catella Bank	630	330
Catella Bank	1,902	1,564
Client deposit receivables attributable to the asset management and securities operations	134	105
Client deposit liabilities attributable to the asset management and securities operations	-134	-105
Total cash and cash equivalents	**2,532**	**1,893**

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 totalling SEK M 147 (95). 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 134 M (105), which were reported net of client deposit liabilities of SEK 134 M (105). 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, including net profit for the year

The item share capital includes the registered share capital of the Parent Company. No changes in share capital occurred in 2014.

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 2014, there SEK 6 M (0.3) was deposited for issued warrants. In addition, other contributed capital was reduced by the re-purchase of issued warrants. In 2014, issued warrants totaling SEK 7 M were re-purchased (2013: marginal amount).

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 2014, the Board of Directors is proposing a dividend of SEK 0.20 per share, totalling SEK 16.3 M, to be paid to shareholders in May 2015. No dividends were paid in the period 2002-2014.

See also Note 53 Equity of Parent Company.

NOTE 29 BORROWINGS AND LOAN LIABILITIES

SEK M	2014	2013
Bank loans for financing operations	238	227
Bond loans	206	206
Deposits from companies	1,502	1,236
Deposits from private clients	518	476
	2,464	**2,145**
Less: long-term portion	-200	–199
Short-term portion	**2,264**	**1,945**

Borrowings and loan liabilities essentially relate to Catella Bank.

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

SEK M	2014	2013
Less than 6 months	2,264	1,945
Between 6 and 12 months	0	0
Between 1 and 5 yrs.	200	199
More than 5 yrs.	–	-
	2,464	**2,145**

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

SEK M	2014	2014
Bank loans	238	227
Bond loans	206	206
Deposits from companies	1,502	1,236
Deposits from private clients	518	476
	2,464	**2,145**

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.

SEK M	2014	2013
Obligations and liabilities in the Balance Sheet for defined benefit pension benefits	2	1
Recognition in the Income Statement of defined benefit pension benefits	-1	-1
Actuarial profit (+)/loss (-) for the year recognized in the Consolidated Statement of Comprehensive Income	-1	-
Accumulated actuarial profit (+)/loss (-) recognized in the Consolidated Statement of Comprehensive Income	**-1**	**-1**

Those amounts recognised in the Balance sheet have been measured as follows:

SEK M	2014	2013
Present value of funded obligations	5	3
Fair value of plan assets	-2	-2
Deficit in funded plans	2	1
Present value of unfunded obligations	-	-
Net debt in Balance Sheet	**2**	**1**

The change in defined benefit obligations in the year is as follows:

SEK M	2014	2013
At beginning of year	3	7
Expense for service rendered in current year	1	1
Payroll tax	0	0
Interest expenses	0	0
Actuarial profit (-)/loss (+)	1	0
Acquisition	-	1
Disbursed benefits	-	-3
Obligation settled	-	-3
Exchange rate differences	0	0
At end of year	**5**	**3**

The change in fair value of plan assets in the year is as follows:

SEK M	2014	2013
At beginning of year	2	5
Expected return on plan assets	0	0
Fees from employers	0	1
Actuarial profit (+)/loss (-)	0	0
Acquisition	-	1
Disbursed benefits	-	-3
Disposal	-	-3
Exchange rate differences	0	0
At end of year	**2**	**2**

The real return on assets under management totalled SEK 112,000 (70,000).

The most important actuarial assumptions were as follows:

	2014	2013
	Luxembourg	Luxembourg
Discount rate	2.00%	3.00%
Expected return on plan assets	2.00%	3.00%
Future salary increase	2.75%	2.75%
Future pension increase	2.50%	2.50%

NOTE 31 OTHER PROVISIONS

SEK M	Endow-ment policies	Defined benefit pension plans	Legal disputes in acquired companies	Earnout acquired company	Other	Total
As of 1 January 2013	2	1	1		5	9
Additional provisions						
Value changes recognised in other comprehensive income					5	5
Utilised during the year		0				0
Reversed unutilised amount	-2				-6	-8
Reclassification from disposal group held for sale		0	-2			-1
Exchange rate differences		0			0	0
As of 31 December 2013	**0**	**1**	**0**	**0**	**4**	**6**
Additional provisions		1		20		21
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	**0**	**2**	**0**	**20**	**1**	**23**

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	2014	2013
Holiday pay liability	21	17
Accrued personnel costs	37	20
Accrued audit expenses	5	3
Accrued legal expenses	3	1
Accrued bonus	155	78
Accrued interest expenses	0	0
Accrued rental charges	19	32
Accrued commission expenses	72	47
Other accrued expenses	33	34
	345	**232**

NOTE 33 PLEDGED ASSETS

SEK M	2014	2013
Securities	4	110
Cash and cash equivalents	190	130
Other pledged assets	-	1
	194	**241**

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 totaling SEK 147 M (95). 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	2014	2013
Client funds managed on behalf of clients	134	105
Guarantees	14	14
	148	**119**

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	2014	2013
Unutilised credit facilities, granted by Catella Bank	2,075	1,799
Currency forwards	216	203
Other commitments	3	1
	2,294	**2,003**

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	2014	2013
Within 1 yr.	57	59
Between 1 and 5 yrs.	131	126
More than 5 yrs.	-	29
	188	**214**

Leasing costs recognised in profit and loss during the year amounted to SEK 57 M (62).

NOTE 36 INTEREST PAID AND RECEIVED

Interest paid and received for the Catella Group in the financial year amounted to the following:

SEK M	2014	2013
Interest received	37	42
Interest paid	-15	–19
Net interest received	**22**	**22**

NOTE 37 ACQUIRED OPERATIONS

Acquisitions in 2014

After approval from the Swedish Financial Supervisory Authority, Catella increased its participating interest in asset manager IPM Informed Portfolio Management (IPM) from 25 to 50.7% on 18 July 2014. This part-ownership of IPM means that Catella extends its fund offering by providing global systematic asset management. Catella is also expanding its international client base.

IPM is a provider of systematic investment services within discretionary management and asset management. The company specialises in global macro management and equity management. IPM manages assets worth SEK 45 Bn for institutional investors, pension funds, insurance companies and foundations. IPM has 45 employees in Stockholm.

The acquired operation, which is part of the Asset Management and Banking operating segment, was consolidated in the Group as a subsidiary effective 18 July 2014. Prior to that, IPM has been consolidated in the group as an associated company, according to the equity method, since 10 April 2013. As of 1 July, the fair value of the acquired net assets of IPM was SEK 113 M. If full consolidation of IPM had occurred as of 1 January 2014, the Group's revenues would have been SEK 1,535 M, although profit 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 using the Group's accounting policies, and by restating IPM's profit or loss. Profit or loss includes additional depreciation and amortisation 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 total purchase price for 50.7% of the participations of IPM amounts to SEK 96 M, of which SEK 20 M is unsettled purchase consideration. The purchase consideration paid was funded internally, through cash payment, of which SEK 26 M affected the group's cash and cash equivalents in 2014. In addition, Catella incurred acquisition-related expenditure of SEK 1 M, of which SEK 0.4 M was charged to operating profit in 2014.

The goodwill of SEK 32 M that arises through the acquisition relates to operational expansion, human capital and the synergy effects expected from coordinating with the Group's existing operations within Asset Management and Banking. None of the reported goodwill is expected to be deductible against taxation of income.

The following acquisition analysis is preliminary, and may be subject to restatement up to one year after the acquisition date.

SEK M	2014
Acquisition-related intangible assets	24
Tangible assets	1
Financial assets at fair value through profit or loss	1
Other receivables	70
Cash and cash equivalents	51
Deferred tax liabilities	-9
Other liabilities	-25
Fair value, net assets	**113**
Non-controlling interests	-50
Goodwill	32
Total purchase price	**96**
Unsettled purchase price	-20
Cash-settled purchase consideration	**76**
Cash and cash equivalents in acquired subsidiary	-51
Acquisition expenses	1
Change in the Group's cash and cash equivalents on acquisition	**25**

Acquisitions in 2013

In 2013, Catella acquired 50.1% of the shares in recently incorporated Catella Asset Management SAS. From spring 2014, the company operates asset management in the property sector in France on assignment of French and international investors. The acquired operations, which are included in the Asset Management and Banking operating segment, were consolidated effective 1 December 2013.

SEK M	2013
Cash and cash equivalents	2
Other liabilities	–
Fair value, net assets	**2**
Non-controlling interests	–1
Goodwill	–
Total purchase price	**1**
Purchase consideration settled from previous year	–
Cash-settled purchase consideration	**1**
Cash and cash equivalents in acquired subsidiaries	–2
Acquisition expenses	–
Change in the Group's cash and cash equivalents on acquisition	**–1**

NOTE 38 GROUP COMPANIES

			31 Dec 2014		31 Dec 2013	
Company	Corp. ID no.	City	Participating interest, %	Total no. of share	Participating interest, %	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		-
European Equity Trance Income Ltd*	44552	Guernsey	100	64	100	64
Catella Corporate Finance Stockholm HB	969751-9628	Stockholm	65	-	65	-
Catella Corporate Finance Göteborg HB	969751-9602	Gothenburg	65	-	65	-
Catella Nordiska Fribrev HB	969766-7914	Stockholm	60	-		-
Nordic Fixed Income AB*	556545-0383	Stockholm	55	15,878	100	15,878
Catella Nordic Fixed Income AB*	556887-7087	Stockholm	55	1,111	100	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
Amplion Asset Management Oy	2214836-4	Helsinki	100	10,000	100	10,000
Catella Property Norway AS	986032851	Oslo	100	2,976,862	100	2,976,862
Catella Corporate Finance AS	886623372	Oslo	100	58,000	97	58,000
Catella Property GmbH	HRB 106179	Dusseldorf	100	-	100	-
Catella Property Valuation GmbH	HRB 106180	Dusseldorf	100	-	100	-
Catella Property Advisors GmbH	HRB 106183	Dusseldorf	100	-	100	-
Catella Property Residential GmbH	HRB 142101	Dusseldorf	100	-	100	-
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	100	500,000
Catella France SARL	B 412670374	Paris	100	2,500	100	2,500
Catella Valuation Advisors SAS	B 435339098	Paris	67	4,127	66	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	65	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
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. More information under Note 41 financial corporate group and capital adequacy.

NOTE 39 SUBSEQUENT EVENTS

New management for the Corporate Finance operating segment

After year-end, Emmanuel Schreder and Jesper Bo Hansen were appointed to head up the Corporate Finance operating segment. The new management will bring a sharper focus on business development and collaboration between geographical regions and service segments.

Re-purchase of warrants

In February 2015, the Board decided to offer to re-purchase series 2010A1 and 2010C warrants with exercise in the period 25 March - 25 May 2015. The offer, 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 M. The potential exercise of the remaining 350,000 warrants would give rise to a dilution effect of 0.4% of the capital and votes.

NOTE 40 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.

In certain conditions, key individuals, active in subsidiaries in the Corporate Finance operation, are shareholders in 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. For more information on senior managers' shareholdings in Catella and subsidiaries, see Note 11.

Related party transactions

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.

2013

In 2013, 1,200,000 share warrants were re-purchased at market price from Fredrik Sauter, the former Chief Executive Officer of Catella Bank and member of Catella's Group management team, due to changed employment terms, in accordance with the terms of the warrants. The total purchase consideration for the warrants amounted to SEK 29,000.

NOTE 41 CONSOLIDATED FINANCIAL SITUATION AND 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 Sweden, there is one subsidiary that is an institution, the securities company Nordic Fixed Income AB. In the consolidated financial situation, Nordic Fixed Income AB is the reporting and liable institution. The consolidated financial situation, which does not include subsidiaries active in property and consumer advice and certain other operations, is obliged to adhere to the CRR capital adequacy regulation, which was adopted by the European Parliament in June 2013, with application effective January 2014. Those group companies that are included, and not included, in the consolidated financial situation, are stated in Note 38 Group companies.

According to the Swedish Annual Accounts Act for Credit Institutions and Investment 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 Group's consolidated accounts and Notes 1-40 and Note 43 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	2014 Jan–Dec	2013 Jan–Dec
Net sales	910	617
Other operating income	11	11
Total income	**921**	**628**
Direct assignment costs and commission	-259	-221
Income excl. direct assignment costs and commission	**662**	**407**
Operating expenses	-567	-444
Operating profit/loss before acquisition-related items	**96**	**-37**
Amortisation of acquisition-related intangible assets	-7	-6
Operating profit/loss	**88**	**-43**
Financial items—net	118	24
Profit/loss before tax	**206**	**-19**
Appropriations	-19	0
Tax	5	-3
Net profit/loss for the year	**193**	**-23**
Average no. of employees	269	234

Summary financial position

SEK M	2014 31 Dec	2013 31 Dec
Non-current assets	880	879
Current assets	3,149	2,350
Total assets	**4,029**	**3,229**
Equity	1,084	807
Liabilities	2,946	2,422
Total equity and liabilities	**4,029**	**3,229**

Capital adequacy

The company Catella AB is a parent financial holding company of the Catella 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 summarised as follows;

SEK M	2014 31 Dec	2013 31 Dec
Common Equity Tier 1 capital	690	481
Additional Tier 1 capital	0	0
Tier 2 capital	0	0
Own funds	**690**	**481**
Total risk-weighted exposure amount	**3,292**	**2,632**
Own funds requirements	**263**	**211**
of which own funds requirement for credit risk	135	91
of which own funds requirement for market risk	48	46
of which own funds requirement for operational risk	80	73

SEK M	2014 31 Dec	2013 31 Dec
Capital relations and buffers, % of total risk-weighted exposure amount		
Common Equity Tier 1 capital ratio	21.0	18.3
Tier 1 capital ratio	21.0	18.3
Total capital ratio	21.0	18.3
Institution-specific buffer requirements	2.5	0.0
of which requirement for capital conservation buffer	2.5	-
of which requirement for counter-cyclical capital buffer	-	-
of which requirement for systemic risk buffer	-	-
of which buffer for global/other systemically important	-	-
Common Equity Tier 1 capital available for use as buffer	13.0	10.3

Catella AB's consolidated financial situation satisfies the requirement of the minimum level for own funds requirement.

Own funds, SEK M		
Common Equity Tier 1 capital		
Share capital and share premium reserve	399	399
Retained earnings and other reserves	492	431
Reviewed annual results, net of any foreseeable charge or dividend	177	-23
Less:		
Intangible assets	-270	-225
Price adjustments	-32	-19
Deferred tax assets	-76	-52
Other deductions	0	-30
Total Common Equity Tier 1 capital	**690**	**481**
Additional Tier 1 capital	-	-
Tier 2 capital	-	-
Own funds	**690**	**481**

Specification of risk-weighted exposure amounts and own funds requirement, SEK M	2014 31 Dec Risk exp. amount	Own funds requirements	2013 31 Dec Risk exp. amount	Own funds requirements
Credit risk standardised approach				
Exposures to institutions	474	38	290	23
Exposures to corporates	763	61	226	18
Retail exposures	89	7	279	22
Exposures in default	231	19	183	15
Exposures in the form of covered bonds	10	1	-	-
Exposures in the form of collective investment undertakings (CIU)	61	5	-	-
Equity exposures	48	4	-	-
Other items	11	1	162	13
	1,687	**135**	**1,140**	**91**
Market risk				
Interest risks	12	1	9	1
Share price risks	0	0	49	4
Exchange rate risks	591	47	515	41
	603	**48**	**573**	**46**
Operational risk basic approach	**1,002**	**80**	**919**	**73**
Total	**3,292**	**263**	**2,632**	**211**

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 4 December 2014, the Board of Directors approved the 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	2014 31 Dec	2013 31 Dec
Central bank deposits	21	17
Cash and bank balances i other banks	2,365	1,778
Holdings in government securities	-	-
Holdings of investment grade covered bonds	48	-
Total liquidity reserve	**2,434**	**1,795**
Funding sources, SEK M		
Equity	1,084	807
Bond loans	199	199
Borrowing from credit institutions	237	227
Borrowing from the general public	2,026	1,718
Other liabilities	483	278
Total	**4,029**	**3,229**
Risk measures and key ratios		
Liquidity reserve/total assets ratio	0.60	0.56
Liquidity reserve/total liabilities ratio	0.83	0.74
liquidity reserve/current liabilities ratio	0.90	0.81

NOTE 42 DEFINITIONS AND EXCHANGE RATES

TERMS 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.

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 debt
The net of interest-bearing provisions and liabilities less financial assets including cash and cash equivalents. Catella's investments in loan portfolios are also included in net debt.

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 2014

Currency	Average rate	Closing day rate
DKK	1.220	1.278
EUR	9.097	9.516
GBP	11.292	12.139
LTL	2.635	2.756
NOK	1.089	1.052
PLN	2.175	2.212
USD	6.858	7.812

Exchange rates 2013

Currency	Average rate	Closing day rate
DKK	1.160	1.199
EUR	8.649	8.943
GBP	10.186	10.733
LTL	2.505	2.590
LVL	12.333	12.729
NOK	1.109	1.058
PLN	2.043	2.042
USD	6.518	6.594

Parent Company Income Statement

SEK M	Note	2014 Jan–Dec	2013 Jan–Dec
Net sales		4.2	6.5
Other operating income		0.0	0.3
		4.2	**6.8**
Other external expenses	44	-10.8	-11.6
Personnel costs	45	-21.7	-22.5
Depreciation and amortisation		-0.1	0.0
Other operating expenses		0.0	-0.1
Operating profit/loss		**-28.2**	**-27.5**
Profit/loss from participations in group companies	46	-0.3	-0.5
Interest income and similar profit/loss items	47	10.1	11.4
Interest expenses and similar profit/loss items	48	-12.5	-13.5
Financial items		-2.7	-2.6
Profit/loss before tax		**-30.9**	**-30.0**
Appropriations	49	49.0	51.9
Tax on profit/loss for the year	50	-0.5	19.0
Net profit/loss for the year		**17.6**	**40.8**

Parent Company Statement of Comprehensive Income

SEK M	Note	2014 Jan–Dec	2013 Jan–Dec
Net profit/loss for the year		17.6	40.8
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		0.0	0.0
Total comprehensive income for the year		**17.6**	**40.8**

Parent Company Balance Sheet

SEK M	Note	2014 31 Dec	2013 31 Dec
Assets			
Non-current assets			
Tangible assets		0.1	0.1
Participations in Group companies	51	519.1	519.4
Deferred tax assets	52	18.5	19.0
		537.7	**538.6**
Current assets			
Receivables from group companies		233.4	202.3
Tax assets		0.1	0.1
Other current receivables		1.5	0.9
Prepaid expenses and accrued income		2.5	2.5
Cash and cash equivalents		33.8	45.4
		271.2	**251.2**
Total assets		**808.9**	**789.8**
EQUITY AND LIABILITIES			
Equity	53		
Restricted equity			
Share capital		163.4	163.4
Statutory reserve		249.9	249.9
		413.3	**413.3**
Non-restricted equity			
Share premium reserve		49.6	49.6
Retained earnings		121.5	80.6
Net profit/loss for the year		17.6	40.8
		188.6	**171.0**
Total equity		**601.9**	**584.3**
Liabilities			
Long-term loan liabilities	54	198.4	197.8
		198.4	**197.8**
Current liabilities			
Accounts payable		1.7	0.7
Liabilities to group companies		0.5	2.6
Tax liabilities		-	-
Other current liabilities		0.3	0.4
Accrued expenses and deferred income	55	6.1	4.1
		8.6	**7.8**
Total liabilities		**207.0**	**205.5**
Total equity and liabilities		**808.9**	**789.8**
Memorandum items	56		
Pledged assets		-	-
Contingent liabilities		-	-

Parent Company Cash Flow Statement

SEK M	Note	2014 Jan–Dec	2013 Jan–Dec
Cash flow from operating activities			
Profit/loss before tax		-30.9	-30.0
Adjustments for non-cash items:			
Depreciation and amortisation		0.1	0.0
Dividend from subsidiaries	46	-	-
Impairment of shares in subsidiaries	46	0.3	0.5
Financial items		-9.3	-9.9
Cash flow from operating activities before changes in working capital		**-39.9**	**-39.5**
Cash flow from changes in working capital			
Increase (–)/decrease (+) of operating receivables		-24.5	34.1
Increase (+) / decrease (–) in operating liabilities		0.9	0.3
Cash flow from operating activities		**-63.5**	**-5.1**
Cash flow from investing activities			
Investment in tangible assets		0.0	-0.1
Cash flow from investing activities		**0.0**	**-0.1**
Cash flow from financing activities			
Group contribution received		51.9	-
Cash flow from financing activities		**51.9**	**0.0**
Cash flow for the year		**-11.7**	**-5.2**
Cash and cash equivalents at beginning of year		45.4	50.6
Exchange rate differences in cash and cash equivalents		-	-
Cash and cash equivalents at end of year		**33.8**	**45.4**

Parent Company Statement of Changes in Equity

		Restricted equity		Non-restricted equity			
SEK M	Note 53	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Net profit/loss for the year	Total equity
Equity 1 January 2012		163.4	249.9	49.6	108.6	-27.9	543.5
Appropriation of profits					-27.9	27.9	0.0
Total comprehensive income for the year, January - December 2013							
Net profit/loss for the year						40.8	40.8
Other comprehensive income, net of tax						0.0	0.0
Total comprehensive income for the year						**40.8**	**40.8**
Equity 31 December 2013		**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**

Parent Company Notes

NOTE 43 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 from the Parent Company to subsidiaries are reported as an increase in the participations in subsidiaries and an impairment test is conducted subsequently.

Effective the financial year 2014, group contributions that the Parent Company receives are recognised as an appropriation in the Income Statement. Group contributions received were previously recognised directly against retained profits after deducting for deferred tax. Accordingly, the change to this accounting policy affects recognised profit or loss, but did not have any effect on the company's financial position otherwise. Comparative figures for 2013 have been restated in accordance with IAS 1. This change of accounting policy for group contributions was caused by the majority of the Group's Swedish subsidiaries applying The Swedish Accounting Standards Board's general pronouncement BFNAR 2012:1 *Årsredovisning och koncernredovisning* ("annual accounts and consolidated accounts") (K3) from the financial year 2014, and accordingly, transferred to recognising group contributions received as appropriations.

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 to 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 44 OTHER EXTERNAL EXPENSES

Remuneration of auditors

SEK M	2014	2013
PwC		
Audit assignment	0.5	0.5
Audit activities other than audit assignment	-	-
Tax advisory	-	-
Other services	0.2	0.3
Total	**0.6**	**0.8**

Operating leases including rent

SEK M	2014	2013
Expense for the year for operating lease arrangements including rent amount to	1.4	1.7

Future lease payments for non-cancellable operating leases with remaining durations exceeding one year are allocated as follows:		
Due for payment within one year	1.4	1.9
Due for payment after more than one year but less than five years	2.5	2.2
Due for payment after more than five years	-	-
Total	**3.8**	**4.1**

NOTE 45 PERSONNEL

Salaries, other compensation and social security expenses

	2014		2013	
SEK M	Salaries and other compensation (of which bonus)	Social security contributions (of which pension costs)	Salaries and other compensation (of which bonus)	Social security contributions (of which pension costs)
Board of Directors	1.8	0.3	1.6	0.4
	0	(0,0)	(0,0)	(0,0)
Chief Executive Officer	4.2	2.1	2.3	1.5
	(2,3)	(0,8)	(0,2)	(0,8)
Other employees, Sweden	7.5	3.8	9.3	5.3
	(2,6)	(1,3)	(1,0)	(2,2)
Total	**13.5**	**6.2**	**13.2**	**7.2**
	(4,9)	**(2,1)**	**(1,2)**	**(3,0)**

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

	2014		2013	
SEK M	Total	of which women	Total	of which women
CEO and senior managers	2	-	3	–
Other employees	5	2	9	4
Total	**7**	**2**	**12**	**4**

NOTE 46 PROFIT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

SEK M	2014	2013
Impairment of shares in subsidiaries	-0.3	-0.5
Total	**-0.3**	**-0.5**

NOTE 47 INTEREST INCOME AND SIMILAR PROFIT/LOSS ITEMS

SEK M	2014	2013
Interest	10.1	11.0
Settlement for warrants issued	-	0.4
Exchange rate gains	0.0	-
Total	**10.1**	**11.4**

SEK 9.9 M (10.5) of interest income and similar profit/loss items are intragroup.

NOTE 48 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

SEK M	2014	2013
Interest	-11.9	-12.8
Loan arrangement expenses	-0.7	-0.7
Exchange rate losses	-	0.0
Total	**-12.5**	**-13.5**

SEK 0.1 M (0.2) of interest expenses and similar profit/loss are intragroup.

NOTE 49 APPROPRIATIONS

SEK M	2014	2013
Group contribution received	49.0	51.9
Total	**49.0**	**51.9**

NOTE 50 TAX ON NET PROFIT/LOSS FOR THE YEAR

SEK M	2014	2013
Deferred tax revenue relating to tax-deductible losses	-0.5	19.0
Total	**-0.5**	**19.0**

Taxable earnings for the year amounted to SEK 19.5 M (22.8), of which SEK 49.0 M (51.9) relates to taxable income from subsidiary Catella fund Management. The Parent Company has total loss carry-forwards of SEK 85 M (104). 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 (19.0) 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 52.

NOTE 51 PARTICIPATIONS IN GROUP COMPANIES

				Carrying amount, SEK M	
Company	Share of equity,%	Share of vote,%	No. of participations	2014	2013
Catella Holding AB	100%	100%	1,000	519.1	519.1
Scribona AS	100%	100%	1	0.1	0.4
Total				**519.1**	**519.4**

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	2014	2013
Opening book value	519.4	519.9
Impairment losses	-0.3	-0.5
Closing book value	**519.1**	**519.4**

Impairment is stated in Note 46 Profit/loss from participations in Group companies

NOTE 52 DEFERRED TAX ASSETS

Deferred tax assets are measurement of part of the company's tax-deductible losses expected to be offset against surpluses in future taxation, see also Note 50.

Company	2014	2013
Opening book value	19.0	0.0
Deficit utilised in the year	-4.3	-5.0
Value change from revised estimate	3.8	24.0
Closing book value	**18.5**	**19.0**

NOTE 53 EQUITY

As of 31 December 2014, the share capital amounted to SEK 163.4 M divided between 81,698,572 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 79,168,017 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 2014.

As of 31 December 2014, there were no outstanding convertible promissory notes that could lead to dilution of the share capital.

36,847,000 warrants had been issued as of 31 December 2014, as described in more detail in Note 12. In February 2015, the Board decided to offer to re-purchase series 2010A1 and 2010C warrants with exercise in the period 25 March - 25 May 2015. The offer, 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 M. The potential exercise of the remaining 350,000 warrants would give rise to a dilution effect of 0.4% of the capital and votes.

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 2014 was the Claesson & Anderzén Group (with related parties) with 49.9% (48.4) of the capital and 49.2% (47.8) of the votes, followed by Bure Equity with 10.4% of the capital and 10.8% of the votes (at the end of 2013, AB Traction and related parties was one of the largest owners with 12.2% of the capital and 12.4% of the votes).

Dividend

The Board of Directors is proposing a dividend of SEK 0.20 per Class A and B share is paid to shareholders for the financial year 2014. No dividend was paid for 2013.

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 54 LOAN LIABILITIES

SEK M	2014	2013
Bond loans	198.4	197.8
	198.4	**197.8**
Less: long-term portion	-198.4	-197.8
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 2014. The bond was listed on Nasdaq Stockholm in July 2013.

NOTE 55 ACCRUED EXPENSES AND DEFERRED INCOME

SEK M	2014	2013
Holiday pay liability	0.7	0.8
Accrued salaries	3.0	1.6
Social security expenses	1.2	0.9
Accrued interest expenses	0.4	0.4
Accrued audit fees	0.1	0.2
Accrued consulting fees	-	-
Other items	0.7	0.1
Total	**6.1**	**4.1**

NOTE 56 PLEDGED ASSETS AND CONTINGENT LIABILITIES

As of 31 December 2014, there were no pledged assets or contingent liabilities.

NOTE 57 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 2014, 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 Capital AB, the holding company of Catella Fondförvaltning AB.

For benefits for senior managers, see the information presented for the Group in Note 11 of the consolidated accounts and Note 45.

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 56.

NOTE 58 FINANCIAL RISK MANAGEMENT

The Parent Company applies IAS 39 financial instruments: Recognition and Measurement, with the exceptions stated in Note 43. 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 2014.

For more information on financial risks for the Catella 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 21 May 2015.

As stated above, the Annual Accounts and the Consolidated Accounts were approved for issue by the Board and Chief Executive Officer on 24 April 2015.

Johan Claesson
Chairman of the Board

Johan Damne
Board member

Joachim Gahm
Board member

Anna Ramel
Board member

Jan Roxendal
Board member

Knut Pedersen
Verkställande direktör

Our Audit Report was presented on 24 April 2015.

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 2014. The company's Annual Accounts and Consolidated Accounts are included in the printed version of this document on pages 61-115.

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 2014 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 2014 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 2014.

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, 24 April 2015

PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant

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