Risk and Capital Management report 2019

Annual disclosure according to Pillar III

Definitions

Company – Catella AB (publ).

Consolidated situation – The Consolidated situation within the Group in which Catella AB (publ) is the parent company.

Group – The group in which Catella AB (publ) is the parent company.

Group Risk Control – The risk control function at Catella AB which has the overall responsibility to coordinate risk management within the Consolidated situation.

ICLAAP – Internal Capital and Liquidity Adequacy Assessment Process

IRRBB – Interest Rate Risk in the Banking Book.

Licensed Companies – The companies within the Group which conduct operations subject to a licensing obligation and which thus are under the supervision of the SFSA or an equivalent foreign regulatory authority.

LCR – Liquidity Coverage Ratio.

LR – Leverage Ratio.

Management Body – The Board of Directors at the Company and/or the Licensed Companies.

SFSA – The Swedish Financial Supervisory Authority.

1. Introduction

This document discloses information related to risk, risk management and capital adequacy for the Consolidated situation in accordance with Part Eight of the Capital Requirements Regulation (EU) 575/2013. This disclosure is also referred at as Pillar III, distinctive from the other two pillars of above regulatory framework, encompassing generic requirements for minimum regulatory capital (Pillar I), and requirements for institution specific risk and capital adequacy assessments (Pillar II).

On behalf of its status as reporting institute for the Consolidated situation the disclosure report is published by Catella Bank S.A. Additional information is provided in the Company's annual report and quarterly interim reports.

Information in this document is based on the situation as per year-end 2019. The document shall be read in conjunction with the interim financial reports and presentations, as well as press releases published on the website of Catella published after that date (catella.com).

2. Organisation and governance

Subject to above regulation, addressed to credit institutions and investment firms, Catella AB, due to its ownership of Catella Bank S.A. and due the materiality of other financial activities deployed within the Catella Group, is classified as a financial holding company. Consequently, subsidiaries of Catella AB. that deploy activities as specified in above regulation are part of the Consolidated situation and hence also subject to prudential regulatory oversight by the Luxembourg Financial Supervisory Authority CSSF.
Independent from this prudential consolidated supervision, some subsidiaries are subject to individual requirements and under supervision of a regulatory authority (Licensed Companies).

The table below provides a list of the Licensed Companies included in the Consolidated situation as per 31 December, 2019.

Companies included in the Consolidated situation	Corp. id nr.	Domicile	Ownership share %
Catella AB (publ)	556079-1419	Stockholm	
Catella Bank SA	B 29962	Luxemburg	100
Catella Fondförvaltning AB	556533-6210	Stockholm	100
IPM Informed Portfolio Management BV	33200827	Netherlands	53
IPM Informed Portfolio Management AB	556561-6041	Stockholm	61
IPM Informed Portfolio Management UK Ltd	10365981	London	61
Catella Real Estate AG	HRB 169051	München	95
Catella Kapital & Pension AB	556886-9019	Stockholm	100
Catella Asset Management AS	917 354 049	Oslo	51
Elementum Asset Management AS	912 800 423	Oslo	51
European Equity Tranche Income Ltd	44552	Guernsey	100
Catella Holding AB	556064-2018	Stockholm	100
Catella Brand AB	556690-0188	Stockholm	100
Catella Property Fund Management AB	556660-8369	Stockholm	100

For more information on the organisational and legal structure of the Consolidated situation, see Annex 1.

Description of the entities included in the Consolidated situation.

Catella AB

Catella AB is a parent financial holding company in the Group. Group management and other central group functions are integrated in Catella AB. At the end of 2019 the company had 14 employees.

Catella Bank

The core business activity of the Bank since the transfer of the Wealth Management business in 2018 and 2019 is to provide card and payment solutions. The Bank undertakes its own treasury management services, which is governed by an internal management framework (policies and guidelines). The Bank does not undertake any trading activities for its own account (i.e. proprietary trading), but primarily executes back-to-back operations in relation to commercial activities with card client facilitation. At the end of 2019 the company had 66 employees.

Catella Bank is a credit institution regulated by CSSF in Luxembourg.

Catella Fondförvaltning

Catella Fondförvaltning offers actively managed equity, hedge and fixed-income funds. Catella Fondförvaltning currently manages 14 funds with various management styles and risk profiles. Geographical focus and expertise is concentrated in the Nordic countries. At the end of 2019 the company had 27 employees.

The company is authorised by the SFSA to fund activities under the Mutual Funds Act (LVF), the law of the managers of alternative investment funds (LAIF) and also permission for discretionary portfolio management regarding financial instruments.

IPM Informed Portfolio Management

IPM is a provider of systematic investment services in portfolio management and fund management. IPM currently has assets under management of SEK 42 Bn on assignment from major institutional investors, pension funds, insurance companies and foundations. At the end of 2019 the company had 67 employees.

IPM is authorised by the SFSA as an Alternative Investment Fund Manager (AIFM), with ancillary licenses to perform portfolio management and investment advisory services, within the meaning of the Alternative Investment Fund Managers Directive 2011/61/EU and the related Swedish Alternative Investment Fund Managers Act.

The head office is located in Stockholm, Sweden from where all operations are run. Since 2016, IPM has an office in London for business development purposes. The office is registered as a Branch of IPM Informed Portfolio Management AB with the Financial Conduct Authority, UK. Since 2018, IPM has an office in New York for client retention and business development purposes. The office is formed as a subsidiary of IPM Informed Portfolio Management AB and is registered with the US National Futures Association.

Catella Real Estate

Catella Real Estate is an Alternative Investment Fund Manager, which provides real estate fund management, real estate transactions (acquisitions and dispositions), portfolio and asset management services. Catella Real Estate is based in Munich. The company's purpose is to design, develop and manage fund products that are geared towards the Group's expertise and market position. Catella Real Estate's funds are mainly designed for institutional investors and are characterized in each case by a clear profile and a focus on specific risk classes and regions. The company currently manages 16 open-ended real estate funds, in all cases under German investment law. At the end of 2019 the company had 73 full-time-employees.

Catella Real Estate is regulated by BaFin, Supervisory Authority, in Germany.

Catella Kapital & Pension

Since end of April 2019, the company is not conducting insurance mediation and is no longer regulated by Finansinspektionen. At the end of 2019 the company had 3 employees.

Elementum Asset Management

Non-regulated company. Elementum Asset Management (Elementum) is an independent adviser and asset manager focusing on the development, processing and management of real estate investment in the Nordic commercial property market. The company performs advisory and management assignments for real estate environments. At the end of 2019 the company had 4 employees.

European Equity Tranche Income (EETI)

The company's principal activity is to hold a portfolio of securitized European loans with primary exposure in housing. The investment objective is to hold the portfolio until maturity making opportune disposals. EETI is based in Guernsey and has no employees.

Other companies

Other companies within the Consolidated situation, Catella Holding AB, Catella Brand AB, Catella Property Fund Management AB, IPM Informed Portfolio Management BV and Catella Asset Management AS are holding companies whose business is to own and manage shares in subsidiaries. At the end of 2019 the companies had 7 employees together.

2.1. Corporate governance

Responsibility for the management and control of operations in the entities within the Consolidated situation is divided between the shareholders at the Annual General Meeting, the Management Body, 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, Nasdaq Stockholm 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. Further information regarding corporate governance is provided in the Company's annual report 2019.

2.2. Accounting principles & treatment

Consolidated accounts for the Consolidated situation have been prepared in accordance with the Group's accounting policies and the Annual Accounts for Credit Institutions and Securities Companies Act. All units included in the Consolidated situation are fully consolidated.

3. Risk management objectives and policies

3.1. Strategies and Processes

This section describes the overall strategies and processes which governs the risk management within the Consolidated situation.

The primary objective of risk management within the Consolidated situation is to ensure that material risks are identified, reported, managed and monitored in relation to each Licensed Company and the Consolidated situation as a whole. The overall framework for risk management within the Consolidated situation is established through the minimum requirements presented in the Guidelines for Group Risk Control. Within the framework established in the minimum requirements, each Licensed Company has the mandate to adopt stricter requirements for risk management.

In order to identify and manage all material risks, within the Consolidated situation as well as the Licensed Companies, self-assessments are continuously being carried out. Such self-assessments are among other things performed as forward looking workshops as well as through the analysis of business critical processes. Each Licensed Company as well as the Company also performs a self-assessment within the scope of the annual ICLAA-process.

All risks identified within the scope of self-assessments are further analyzed in order to determine whether or not the risk exceeds the risk limits established in accordance with the Consolidated situation's overall risk appetite.

Risks are managed in accordance with the following strategies, in adherence with the appetite and limits defined by Catella:

- Transferring the risk to another party
- Avoiding the risk

- Reducing the negative effect of the risk
- Accepting some or all of the consequences of a particular risk and report this to the Board of Directors

3.2. Structure and organization of the risk management function

The Management Body at the Company has the strategic responsibility to supervise the Consolidated situation's risk exposure and to determine the overall principles for managing material risks. The Management Body also determines the overall risk appetite for the Consolidated situation and actively participates in the development of internal rules for risk management. The risk appetite and internal rules are reviewed by the Management Body on an annual basis.

Each licensed company within the Consolidated situation has an established function for risk control which is independent from the daily business operations. It's the responsibility of the risk control function to monitor and manage all risks which materialise within the scope of the Licensed Company's business operations. The risk control function reports to the Management Body and CEO of the Licensed Company, as well as to the Group Risk Control function within the Company. The risk control function is set up in proportion to the scope and complexity of the business carried out within each Licensed Company.

The Group Risk Control is responsible for coordinating the risk management efforts carried out within the Consolidated situation and to monitor the risk exposure of the Consolidated situation as a whole. In order to monitor the risk exposure of the Consolidated situation the Group Risk Control receives continuous reports from the risk control functions within the Licensed Companies. The Group Risk Control function compiles the data gathered through such reports and presents an overview of the Consolidated situation's risk exposure to the Management Body at the Company on a quarterly basis.

3.3. The scope and nature of risk reporting and measurement systems

The risk control function of each Licensed Company is responsible for reporting the risk exposure to the CEO and Management Body as well as to the Group Risk Control. The Group Risk Control then has the responsibility to compile and report the risk exposure of the whole Consolidated situation to the Management Body at the Company.

All identified risks are measured and compared to the risk limits and risk appetite established within each Licensed Company. The risk appetite and risk limits of the Licensed Companies are developed within the scope of the overall group risk appetite which has been established by the Management Body at the Company.

3.4. Policies for hedging and mitigating risk

The business carried out within the Consolidated situation is exposed to financial as well as operational risk. Financial risks within the Consolidated situation include among others credit -, market-, and liquidity risks. The methods used to mitigate the above mentioned risks are summarized below.

Credit Risk
Credit risk is the risk of financial loss from an obligor's failure to meet the terms of any contract with the Consolidated situation or otherwise fail to perform as agreed. The credit risk within the Consolidated situation relates mainly to other items, equity and institutional exposures.

Credit risk within the Consolidated situation is monitored both by the business area itself, the CFO as well as by Group Risk Control. Frequently, a detailed assessment is made of the Consolidated situation's exposures and reported to the Management Body. The CFO of the Company manages counterparty risk.

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.

Market price risk
Transactions in financial instruments in the Consolidated situation is not conducted for proprietary trading or speculative purposes, which is why the market price risk is regarded as limited.

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 Company has mainly raised loan financing in SEK at variable interest for its own operational financing.

Exchange rate risk
The Group is active internationally and is subject to exchange rate risks (FX risk) that arise from various currency exposures. Exchange rate risk is comprised of *transaction* risk that arises through business transactions and recognized assets and liabilities, as well as *translation* risk that arises through 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.

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 majority of the revenues of the subsidiary IPM are denominated in foreign currency, mainly USD and EUR, while the majority of expenses are in SEK. Currency risk arises when invoices in foreign currency are raised against clients. Because their maturity is short, the risk of substantial fluctuations in exchange rates is low. In order to reduce currency risks positions in foreign currencies are sold continuously. In addition, IPM utilizes currency forward contracts to further limit its currency exposure.

Other companies within the Consolidated situation had on the reporting date no substantial liabilities or assets in foreign currencies that resulted in net exposure in a currency other than the companies' functional currencies.

The accounts of the Company and the Consolidated situation are denominated in SEK while Catella Bank, Catella Real Estate and EETI have their net assets denominated in EUR. This means that, from the Consolidated situation's 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 unfavorable exchange rate fluctuations could negatively impact the Consolidated situation's foreign net assets upon translation to SEK.

Market risk within the Consolidated situation is monitored both by the business area itself as well by the Group Risk Control. FX-risk inherent in the balance sheet is monitored and managed by the CFO of the Company. Among other things, various stress tests are used in order to determine what capital buffer is needed to cover this risk. The Company has a practice of hedging translation risk according to the Board of Directors instructions Group Risk Control reports the exposure towards FX-risk to the Management Body on a regular basis.

Operational Risk

Operational risk is the risk of financial loss resulting from inadequate or failed internal processes, people and systems or from external events. It is inherent in every business organisation and covers a wide spectrum of issues.

The operational risk in the Consolidated situation has been estimated to be moderate. The Consolidated situation is mainly exposed to operational risk connected to IT-disruptions, manual processes, regulatory reporting and compliance and legal risks

The operational risks are mitigated through good internal governance. The enforcement of good internal governance is an on-going process that includes:

- Reporting/Evaluation of incidents
- Self-assessment
- Monitoring of Key Risk Indicators (KRI)
- Continuous training of employees regarding the content of the internal policies and guidelines and the internal information and reporting systems.

3.5. Declaration on the adequacy of risk management arrangements

In accordance with Article 435 (e) of CRR, the Management Body of the Company declares that the risk management systems put in place within the Consolidated situation are satisfactory with regards to the profile and strategy of the Consolidated situation.

3.6. Risk Statement

The overall risk appetite of Catella at Group level has been expressed as medium.
When the Consolidated situation provides financial products and services, risk shall be estimated and compared to expected revenue to the extent it is economically justifiable. The risks taken shall be limited, and no speculative elements shall occur in the daily operations. The Consolidated situation shall ensure to maintain the amount of internal capital that the Management Body considers adequate to cover all the risks which the Consolidated situation is exposed to.

The optimal capital level is dependent upon balancing the following:

- To operate above minimum regulatory capital levels, taking into consideration the Consolidated situation's risk profile and the regulatory requirements; and
- To generate an attractive return on equity, and keeping the equity in the business at an efficient level.

To meet the regulatory requirements, the Consolidated situation's capitalization shall be risk-based, founded on an assessment of all risks inherent in the operations and forward looking, aligned with strategic and business planning.

The Consolidated situation has established a risk appetite framework, approved by the Management Body and reviewed on an annual basis. The table below provides the thresholds which have been determined for the Consolidated situation as part of the risk appetite framework. The Consolidated situation as well as each individual entity is required to maintain a capital ratio of one percent above the local regulatory requirements as well as a LCR which exceeds regulatory requirements by 10%.

Indicator	Threshold (% of the total risk exposure amount)
Capital ratio requirement (Pillar I, Pillar II, internal buffer and capital conservation buffer) (% of the total risk exposure amount)	> 15,9 %
Largest exposure to non-institution (exposure to one client or a group of connected clients)	< 20 %
Largest exposure to institution (exposure to one client or a group of connected clients)	< 90 %
Liquidity Coverage Ratio	> 100 %
Internal Liquidity Ratio	> 110 %
Interest rate risk sensitivity (economic value)	< 10 % of capital base

For non-financial risks, Catella applies the following target limits for the Consolidated situation:

Indicator	Target Limit
Incident reporting	Group's and the licensed companies' shall report incidents which has generated a direct cost exceeding the EUR 10,000 to the Group Risk Control Function.
Minimum testing frequency of each Business Continuity Plan	Once a year
Maximum Initiation frequency of each Disaster Recovery Plan (DRP)	Once every 2 years
Maximum number of Information Security incidents	Number and materiality of incidents implying internal and/or external data leakage shall not increase relatively over time
Maximum time to decide on the risk strategy for newly identified high and medium information security risks (i.e. risk avoidance, risk acceptance, risk mitigation, or risk transfer)	1 week
Information Security information and training coverage	100 % of new staff within 6 months
	100 % of all staff to be informed annually
Percentage of the non-critical checkpoints that need to have the status Yes for GDPR risks	100 %, or explanation
Percentage of the critical checkpoints that need to have the status Yes for GDPR risks	100 %

Adherence of the actual risk profile of the Consolidated situation with above thresholds is monitored through internal reporting, as well as through the quarterly processes for regulatory capital and financial reporting (COREP, FINREP, LCR).

4. Governance Arrangements

This section describes the governance arrangements currently existing within the Consolidated situation. The Management Body of the Company has the ultimate responsibility for the Consolidated situation's governance arrangements and all information, regarding the Management Body provided in this section, therefore relates to the Company.

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4.1. Experience, knowledge and directorships held by members of the management body

The table below provides a summary of information regarding each member of the Management Body in the Company. More detailed information is provided in the Company's annual report.

Member of the board	Directorships	Experience	Education
Johan Claesson	Chairman of Claesson & Anderzén AB and directorships in other companies in the Catella Group. Chairman of Apodemus AB. CEO and director of Bellvi Förvaltnings AB and Johan och Marianne Claesson AB. Director of Fastighetsaktiebolaget Bremia, K3 Business Technology Group plc and Leeds Group plc.	Owner and executive chairman of Claesson & Anderzén AB.	Degree of Master of Science in Business and Economics
Johan Damne	CEO of Claesson & Anderzén Aktiebolag. Board assignments and CEO assignments in companies within the Claesson & Anderzén Group.	CEO Claesson & Anderzén AB	Degree of Master of Science in Business and Economics
Joachim Gahm	Chairman of Arise AB and Sustainable Growth Capital SGC AB and Solhemmet Samhällsfastigheter AB. Director of Tryggkredit AB.	Former president of Öhman Investment AB.	Degree of Master of Science in Business and Economics
Anna Ramel	Director of Erik Penser Bank AB (publ), Nordea Asset Management AB and Nordea Investment Management AB.	Compliance consultant in the financial services sector. Former legal counsel and compliance manager for firms including ABG Sundal Collier AB and Alfred Berg Fondkommission AB.	LL.M.
Jan Roxendal	Chairman of the Second Swedish National Pension Fund (AP fonden). Chairman, CEO and owner of Roxtra AB. Director of Magnolia Bostad AB and Stiftelsen Serafimerlasarettet (Seraphim Hospital Foundation).	CEO and CFO of Gambro AB, president and CEO of Intrum Justitia Group, COO of ABB Group and CEO of ABB Financial Services.	Higher public education in banking.

4.2. Policy of diversity for selection of members to the management body

Catella AB applies the Swedish code for corporate governance which among other things define rules regarding the size and composition of the company’s Management Body. The Consolidated situation also strives to ensure that the Management Body of each Licensed Company has a well-diversified constitution in terms of both knowledge and experience.

4.3. Risk committee

The Consolidated situation has not set up a separate risk committee. Matters relating to risk management are discussed at audit committee meetings with representatives from the Management Body together with the Group Risk Control.

4.4. Information flow on risk to the management body

The audit committee of the Company receives, at least quarterly, reports from the Group Risk Control regarding the risk exposure of the Consolidated situation as a whole. Reports are based on among other things risk limits, Key Risk Indicators as well as thresholds relating to regulatory capital and liquidity requirements.

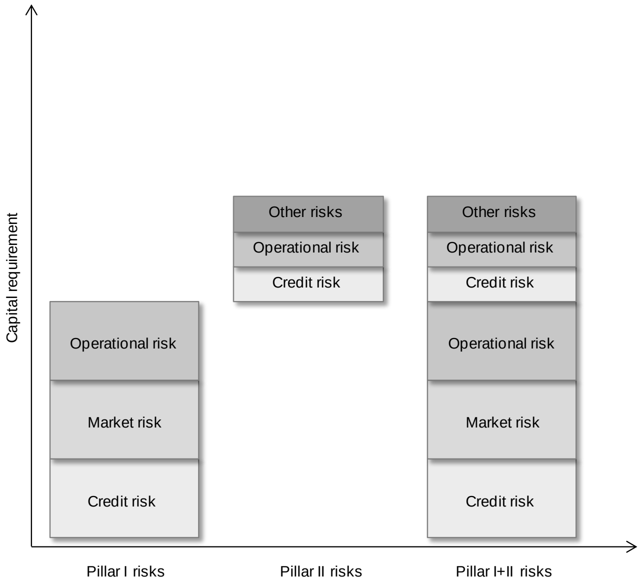
5. Own Funds

Information regarding own funds of the Consolidated situation is disclosed according to the format described in the delegated regulation (EU) 1423/2013. Information regarding own fund is included in annex 2 and 3 of this report.

6. Capital Requirements

6.1. Assessment of internal capital

In order to assess its capacity to support all the risks it is exposed to when conducting its business, the Consolidated situation has set up an ICLAAP methodology in accordance with article 73 of Directive 2013/36/EU. The ICLAAP approach used is Pillar I [plus]. In this approach, “the internal capital requirements for Pillar I risks are considered to be equal to the prudential own funds requirements. The risks which are not covered or not fully captured by the minimum prudential own funds requirements are subject to a separate assessment”. When resulting exposure is considered material and capital is seen as an adequate risk mitigant, capital needs are added to the risks of the first pillar in order to define the overall internal capital requirement. The figure below illustrates the Pillar I [plus] approach.



Through the ICLAAP process, the Consolidated situation's management has conducted a risk identification process with the support of a group of selected members representing different areas of knowledge of the Consolidated situation's business. With regard to their function, those members provide the appropriate level of oversight to the project given their day-to-day responsibilities and remit for the ICLAAP project.

Within the ICLAAP process individual risks should be quantified where possible. This means that a method for the quantification should be presented as well as the result of applying this model to the risk at hand. The sophistication of the models used will vary with the size and complexity of the risks involved.

The models used by the Consolidated situation range from simple impact/probability models to more advanced numerical methods, depending on the risks being considered. The reasons behind each specific choice of model as well as possible alternatives (where appropriate) are discussed for each risk individually.

The type of capital used to cover the Pillar II capital requirements is solely common equity tier one (CET1) capital.

6.2. Key parameters and assumptions

When conducting the ICLAAP, the following parameters and assumptions have been used:

Risk Appetite: The Consolidated situation shall comply with the limits of the risk appetite framework. In particular, the Consolidated situation shall maintain a risk profile with resilience to both short term and long term external stresses in order to report, in normal conditions, a total CET1 capital ratio above 15.9 % of the total risk exposure amount.

Correlation: As explained in previous sections, the Consolidated situation uses a 'building block' approach that adds up the capital needs arising from the assessments of single risks in its business. By implicitly assuming a full positive correlation between risks, the Consolidated situation has opted for a conservative approach that does not take into account diversification across risk types. This approach is very conservative and overestimates the actual risk exposure. At the same time it provides the Consolidated situation with a buffer to absorb model errors or other small deficiencies in its ICLAAP.

6.3. Risk-weighted exposure amounts

Own funds requirements

Specification of risk-weighted exposure amounts and own funds requirement Pillar I.

SEK M	2019 31 Dec		2018 31 Dec	
Specification of risk-weighted exposure amounts and own funds requirement Pillar I	Risk exp. amount	Own funds requirements Pillar I	Risk exp. amount	Own funds requirements Pillar I
Credit risk according to the Standardised				
Exposures to institutions	211	17	446	36
Exposures to corporates	11	1	630	50
Retail exposures	3	0	13	1
Exposures secured by mortgages on immovable property	0	0	125	10
Exposures in default	108	9	191	15
Items associated with particular high risk	178	14	180	14
Exposures in the form of covered bonds	0	0	4	0
Exposures in the form of collective investment undertakings (CIU)	33	3	1	0
Equity exposures	517	41	483	39
Other items	565	45	628	50
	1,625	**130**	**2,701**	**216**
Market risk				
Interest risk	0	0	0	0
Foreign exchange risk	154	12	268	21
	154	**12**	**268**	**21**
Operational risk according to the	**2,143**	**171**	**1,948**	**156**
Credit valuation adjustment risk	**0**	**0**	**4**	**0**
Total	**3,922**	**314**	**4,920**	**394**

7. Asset Encumbrance

Information regarding the asset encumbrance of the Consolidated situation is disclosed according to the format described in the EBA Guidelines (EBA/GL/2014/03). Information regarding asset encumbrance is included in annex 4 of this report.

8. Credit risk adjustments

Information regarding the credit risk adjustments of the Consolidated situation is disclosed according to the format described in the EBA Guidelines (EBA/GL/2014/03). Information regarding credit risk adjustments is included in annex 5 of this report.

9. Leverage Ratio

Information regarding the leverage ratio of the Consolidated situation is disclosed according to the format described in the Commission implementing regulation (EU) 2016/200. The company has a leverage ratio of 33% (15%), compared to the limit of 3% that will apply from 28 June 2021 in accordance with Regulation (EU) No 575/2013. No further processes are being used to manage the risk of excessive leverage. Information regarding the leverage ratio is included in annex 6 of this report.

10.Liquidity Coverage Ratio

Information regarding the liquidity coverage ratio of the Consolidated situation is disclosed according to the format described in the EBA Guidelines (EBA/GL/2017/01). The company has a liquidity coverage ratio of 423.49% (377.07%), compared to the regulatory limit of 100%. Information regarding the liquidity coverage ratio is included in annex 7 of this report.

11.Countercyclical Capital Buffer

Information regarding the countercyclical capital buffer of the Consolidated situation is disclosed according to the format described in the Commission delegated regulation (EU) 2015/1555. The company has an institution specific countercyclical buffer rate of 1.39% (1.06%). Information regarding the countercyclical capital buffer is included in annex 8 of this report.

12.Use of ECAIs

The Consolidated situation uses Standard & Poor’s (S&P) as the nominated External Credit Assessment Institution (ECAI) for associating the external rating of the asset with the credit quality steps in CRR for all exposure classes.

If the asset does not have an external rating, the external rating of the issuer is used.

13.Exposures in equities not included in the trading book

Exposures in equities not included in the trading book consist of shares in subsidiaries active in advisory services to the property sector, property asset management and certain other operations. These subsidiaries are part of the Group but they are not part of the Consolidated situation. The subsidiaries are held for strategic and profit-related reasons.

From the perspective of the Consolidated situation shares in subsidiaries have been measured at cost or fair value at the balance sheet date, whichever is lower, and decline in value is considered to be permanent.

As per 31 December, 2019 the carrying value of shares in subsidiaries amounted to 544 mSEK (555). Fair value is estimated to be a significantly higher amount. Results from participations in subsidiaries amounted to 12 mSEK (-36) which has been recognized in the income statement of the Consolidated situation in 2019.

Additional information regarding the exposures in equities not included in the trading book can be found in annex 9 of this report.

14.Exposure to interest rate risk on positions not included in the trading book

Interest rate risk relates to a firm's sensitivity to changes in the levels of interest rates and the structure of the yield curve. Interest rate risk is generated by all agreements that are expected to generate future cash flows because movements in interest rates changes the present value of these cash flows and in some instances the size of these cash flows. The cash flows must not be certain however they should be (reasonably) expected in some future instances. Interest rate risk is therefore a structural risk that naturally derives from the taking of deposits, granting loans and making deposits that is at the basis of banking activity.

Group interest rate risk has been identified in two entities included in the consolidated situation, mainly connected to Catella Bank but also for the SEK 750 Mio bond issued by Catella AB. The EETI loan portfolios are in an IRRB sense considered equal to an equity ownership and are thus not sensitive to interest rate risk.

The Bank and the consolidated situation has identified the following positions not included in the trading book to be subject to interest risk:

Assets
Cash and cash balances with credit institutions and central banks
Debt instruments
Loans and advances

Liabilities
Deposits from credit institutions
Deposits other than from credit institutions
Debt certificates (including bonds)

IRRBB capital requirements are measured with the EVE-method, and the net interest income is measured on the NII situation:

1) EVE measures the effect that differences in re-pricing dates and maturities between the firm's assets and liabilities have on the firm's economic value in different interest rate scenarios.
2) NII estimates the impact of interest rate changes on the Profit and Loss statement over the period of assessment chosen of five years, thus the model covers one year in addition to the banks budgeting horizon.

IRRBB is assessed based on a number of different yield curve stress scenarios. The scenarios considered are:

Scenario	*Short description*	*High level details*
Scenario01	CSSF parallel up	All interest rate +200bp
Scenario02	CSSF parallel down	All interest rate -200bp
Scenario03	Steepening	Shortest rates down 20bp and longest rates up 150bp
Scenario04	Flattening	Shortest rates up 125bp and longest rates down 50bp

Scenario05	Short rates up	Rates below 3 year up by 20bp
Scenario06	Short rates down	Rates below 3 year down by 20bp
Scenario07	EUR up / SEK down	EUR rates up by 75bp and SEK down by 25bp
Scenario08	EUR down / SEK up	EUR rates down by 25bp and SEK up by 75bp
Scenario09	Liquidity crisis	Credit base rates are increased by 40bp. All other rates are maintained.

Scenarios are expected to be added or amended over time as is the selection of scenarios to be reviewed. EVE results of Scenario 01 and 02 are the regulatory shocks and are reported to the Luxembourg regulator, CSSF.

The measurement of interest rate risk is carried out on a quarterly basis for the scenarios in question, and the Bank's ALCO is responsible to review results and, given the evolution of the economic context, may decide if any other scenarios should be analysed.

15.Exposure to securitisation positions

As per end of 2019 no securitisation positions were held within the Consolidated situation[1].

16.Credit risk mitigation techniques

In the Consolidated situation, no credit risk mitigation techniques are used for exposures.

17.Remuneration policy

The Consolidated situation has set up a remuneration committee with representatives from the Management Body of the Company and which is responsible for evaluating the remuneration policy's effect on the overall risk management within the Consolidated situation.The policy for the remuneration schemes throughout the Consolidated situation will be based on the following Principles:
Catella AB will ensure throughout the Consolidated situation that:
Robust governance arrangements are upheld, which include

- a clear organisational structure with transparent and consistent lines of responsibility,
- effective, proportionate and comprehensive processes to identify, manage, monitor and report the risk that Catella AB or parts of the Group is or might be exposed to, and adequate internal control mechanisms, including sound administration and accounting procedures;

[1] The EETI loan portfolios are classified as exposures in default when calculating own funds requirements in accordance with Regulation (EU) No 575/2013.

- Sound and effective risk management practices are implemented that do not encourage risk taking that exceeds the combined risk appetite and tolerated risk of the Group;
- Business strategy, objectives, values and long-term interests of the Group are clearly defined and are ultimately in line with the shareholders' expectations;
- Conflicts of interest are avoided or effectively mitigated, as necessary;
- Staff engaged in control functions are independent from business units of the entity that they oversee, and that appropriate authority and remuneration is linked to their functions, independent of the performance of the business areas they oversee;
- Appropriate and holistic ratios are set between fixed and variable remuneration for Identified Staff, which shall include the possibility to pay no variable remuneration component;
- Variable remuneration is decreased or withheld for personnel that fails to comply with all relevant internal rules and regulations applicable to their work position.
- Variable remuneration should normally not exceed 100 % of the fixed remuneration for any employee. On an exceptional basis, and in accordance with the procedure set out in Appendix 2, variable remuneration may be set to a maximum of 200 %, provided shareholders' meeting approval from the Bank is obtained.
- The remuneration systems and practices of the Group are important factors in ensuring that the Group can achieve its strategic objectives whilst maintaining adherence to the Principles. They are intended to ensure a remuneration level that will enable all entities within the Group to attract and retain sufficient numbers of qualified personnel in a dynamic market environment. The remuneration models and parameters are geared to the long-term business success. The system may include the following elements:
- Discretionary fringe benefits aimed at creating a working environment that encourages performance, offers recognition to employees and supports them beyond the immediate workplace;
- Company pension schemes tailored to the relevant conditions in the countries in which the Group is present. Should discretionary company pension schemes be offered all relevant regulatory requirements applicable to such a scheme must be observed, including any requirements for minimum withholding periods in line with the regulatory requirements in the Consolidated situation;
- The remuneration composition for employees should strike an appropriate balance of variable and fixed remuneration;
- In connection with remuneration issues, the Group does not tolerate any form of discrimination with regard to gender, ethnic background, sexual orientation, age, religion or disabilities;
- Variable remunerations shall always be paid after consideration is given to of the performance of the employee (which should include components for risk-adjustment), the business unit concerned, and of the overall results of the Group company in which the employee is employed;
- Except for "sign-on" bonuses paid in exceptional circumstances in order to hire personnel that would otherwise be difficult to attract and only for their first year of employment, no bonuses may be promised, or awarded if not justified by appropriate

performance or achievements, and no variable remuneration should be awarded to members of management of Group companies unless justified;
- Performance or achievements shall always be evaluated taking into account their long-term benefits or impact on the Group company of employment. The assessment of an employee or a department's performance will take into account long term strategic views and goals of the Group Company's long-term strategic plan;
- The total variable remuneration pool of a Licensed Company or of Catella AB may never limit the ability of the Licensed Company to strengthen its capital base or of Catella AB to maintain an appropriate level of solidity;
- Any severance package or remuneration package relating to compensation or buy out from contracts in previous employment for companies included in the Consolidated situation should only be contemplated by the company of employment if it aligns with the long term strategy and interests of the company in question. This includes any retention, deferral, performance and clawback arrangements;
- All Group companies should establish a suitable performance review and variable disbursement procedure;
- Clawback arrangements should apply to all Risk Takers in the Consolidated situation, to the extent it is legally valid under local law;
- Staff is required to undertake not to use personal hedging strategies or remuneration- and liability- related insurance to undermine the risk alignment effects embedded in their remuneration arrangements;
- No variable remuneration shall be paid through vehicles or methods that facilitate the non-compliance with the CRR or CRD IV.
- The application and implementation of the above Principles should be supervised by the Group control functions on overall Group level and by the local control functions of the Licensed Companies. The control functions will also retain the obligation of constructing, designing and operating the remuneration practices encapsulated in this Policy.

Group Management may decide that certain of the listed principles above should be applicable to companies within the group outside the Consolidated situation.

17.1. Quantitative information

The tables below provide quantitative information regarding remunerations for the Consolidated situation. As the Consolidated situation is not organized into separate business areas the information required by CRR article 450 1. (g) is presented in relation to each relevant Licensed Company. All figures are presented in kSEK.

Aggregate quantitative information on remuneration broken down by Licensed Company.[2]

[2] Information is disclosed in relation to senior management and Employees whose work duties have a material impact on the undertaking's risk profile

Aggregate quantitative information on remuneration broken down by Licensed Company, kSEK

Company	Total remuneration 2019	2018
Catella AB	6 769	7 660
Catella Bank S.A.	46 417	86 558
Catella Fondförvaltning AB	30 543	39 632
Informed Portfolio Management AB	67 062	73 917
Catella Real Estate AG	39 932	37 745
Ambolt Advisors Sárl	0	195
Elementum Asset Management AS	0	2 137
	190 722	247 843

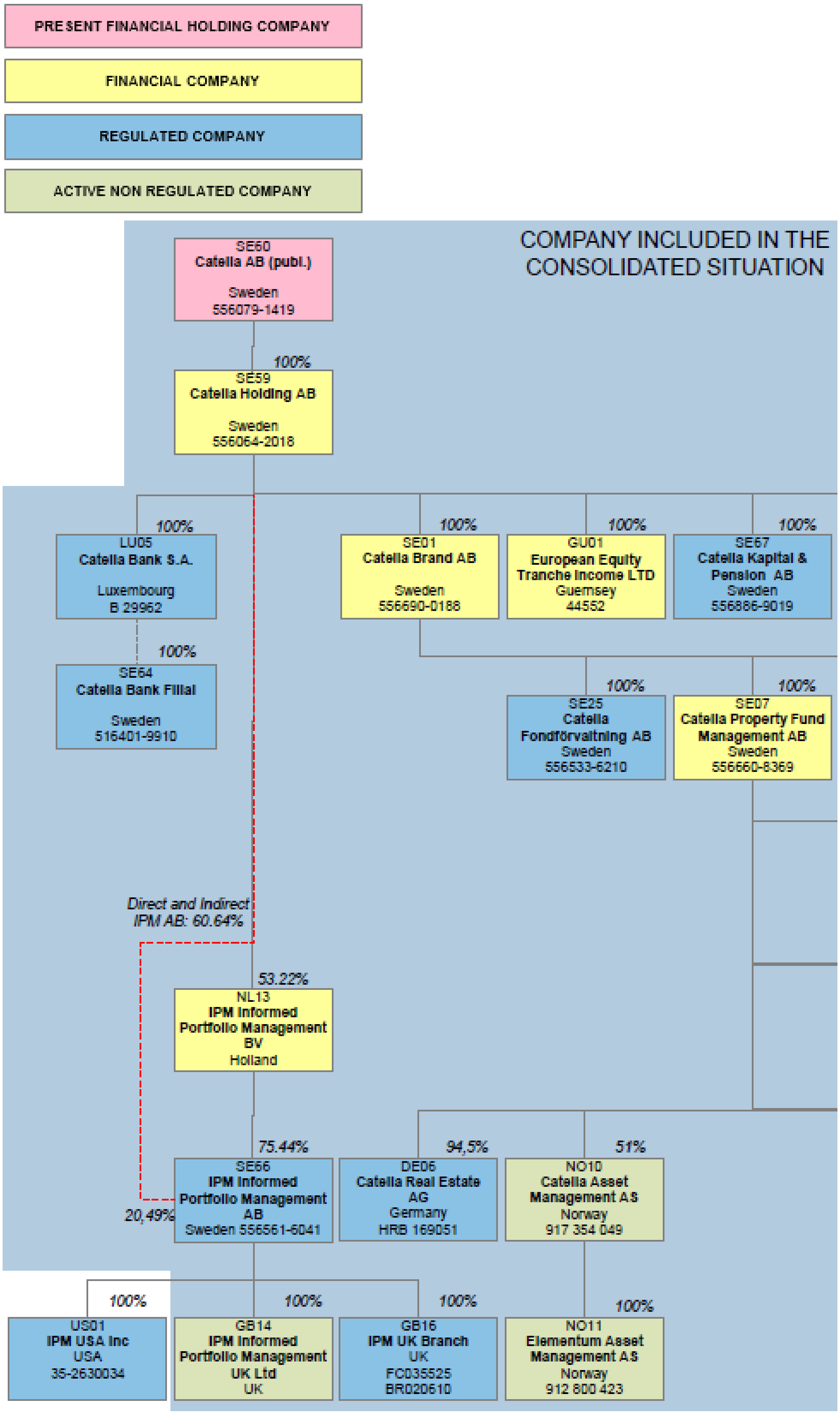
Aggregate quantitative information presented according to CRR article 450 1 (h) i – vi.[3]

Aggregate quantitative information presented according to CRR article 450 1 (h) i – vi

	2019		2018	
	Senior management	Other employees whose work duties have a material impact on undertaking's risk profile	Senior management	Other employees whose work duties have a material impact on undertaking's risk profile
Fixed remuneration	48 519	87 274	68 338	99 335
Variable remuneration	31 261	23 669	41 428	38 741
Number of beneficiaries	25	72	34	83
Variable remuneration in the form of cash	31 136	21 144	41 188	33 506
Variable remuneration in the form of fund units	125	2 525	240	5 235
Outstanding acc. deferred remuneration at year end	15 997	32 975	37 998	52 907
Deferred remuneration awarded during the year	7 169	8 892	10 348	15 374
Deferred remuneration paid out during the year	8 884	17 039	9 559	10 510
Severance payments made during the year	3 173	540	0	0
Number of beneficiaries	3	2	0	0
Severance payments awarded during the year	0	300	0	0
Number of beneficiaries	0	1	0	0

[3] Rows not containing any information have been excluded from the presentation.

Annex I – Organisational and legal structure of the Consolidated situation



Annex 2 – Own Funds

	Own funds disclosure template	2019-12-31 (kSEK)	2018-12-31 (kSEK)	Regulation (EU) No 575/2013 Article Reference
Common Equity Tier 1 capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	440 061	403 738	26 (1), 27, 28, 29
	of which: Share Capital	440 061	403 738	EBA list 26 (3)
	of which: instrument type 2			EBA list 26 (3)
	of which: instrument type 3			EBA list 26 (3)
2	Retained earnings	991 793	1 101 390	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves)	7 970	6 026	26 (1)
3a	Funds for general banking risk			26 (1) (f)
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1			486 (2)
5	Minority interests (amount allowed in consolidated CET1)			84
5a	Independently reviewed interim profits net of any foreseeable charge or dividend			26 (2)
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**1 439 824**	**1 511 154**	**Sum of rows 1 to 5a**
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	-15 351	-24 380	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	-274 170	-284 883	36 (1) (b), 37
9	Empty set in the EU			
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-71 878	-120 801	36 (1) (c), 38
11	Fair value reserves related to gains or losses on cash flow hedges			33 (1) a
12	Negative amounts resulting from the calculation of expected loss amounts			36 (1) (d), 40, 159
13	Any increase in equity that results from securitised assets (negative amount)			32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing			33(1) (b)
15	Defined-benefit pension fund assets (negative amount)			36 (1) (e), 41
16	Direct or indirect holdings by an institution of own CET1 instruments (negative amount)			36 (1) (f), 42
17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)			36 (1) (g), 44
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institutions does not have a significant investment in those entities (amount above 10% threshold and not of eligible short positions) (negative amount)			36 (1) (h), 43, 45, 46, 49 (2) (3), 79

19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institutions has a significant investment in those entities (amount above 10% threshold and not of eligible short positions) (negative amount)			36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79
20	Empty set in the EU			
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-186 004	-185 204	36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)	-186 004	-185 204	36 (1) (k) (i), 89 to 91
20c	of which: securitisation positions (negative amount)			36 (1) (k) (ii), 243 (1) (b), 244 (1) (b), 258
20d	of which: free deliveries (negative amount)			36 (1) (k) (iii), 379 (3)
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)			36 (1) (c), 38, 48 (1) (a)
22	Amount exceeding the 15 % threshold (negative amount)			48 (1)
23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities			36 (1) (i), 48 (1) (b)
24	Empty set in the EU			
25	of which: deferred tax assets arising from temporary differences			36 (1) (c), 38, 48 (1) (a)
25a	Losses for the current financial year (negative amount)			36 (1) (a)
25b	Foreseeable tax charges relating to CET1 items (negative amount)			36 (1) (l)
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)			36 (1) (j)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-547 403**	**-615 268**	**Sum of rows 7 to 20a, 21, 22 and 25a to 27**
29	**Common Equity Tier 1 (CET1) capital**	**892 421**	**895 886**	**Row 6 minus row 28**
Additional Tier (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts			51, 52
31	of which: classified as equity under applicable accounting standards			
32	of which: classified as liabilities under applicable accounting standards			
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1			486 (3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties			85, 86
35	of which: instruments issued by subsidiaries subject to phase out			486 (3)
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**			**Sum of rows 30, 33 and 34**
Additional Tier (AT1) capital: regulatory adjustments				
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)			52 (1) (b), 56 (a), 57
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)			56 (b), 58

39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			56 (c), 59, 60, 79
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)			56 (d), 59, 79
41	Empty set in the EU			
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)			56 (e)
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**			**Sum of rows 37 to 42**
44	**Additional Tier 1 (AT1) capital**			**Row 36 minus row 43**
45	**Tier 1 capital (T1=CET1 + AT1)**	**892 421**	**895 886**	**Sum of rows 29 and row 44**
Tier 2 (T2) capital: instruments and provisions				
46	Capital instruments and the related share premium accounts			62, 63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2			486 (4)
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties			87, 88
49	of which: instruments issued by subsidiaries subject to phase out			486 (4)
50	Credit risk adjustments			62 (c) & (d)
51	**Tier 2 (T2) capital before regulatory adjustments**			
Tier 2 (T2) capital: regulatory adjustment				
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)			63 (b) (i), 66 (a), 67
53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)			66 (b), 68
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)			66 (c), 69, 70, 79
55	Direct and indirect holdings by the institution of the T2 instruments an subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)			66 (d), 69, 79
56	Empty set in the EU			
57	**Total regulatory adjustments to Tier 2 (T2) capital**			**Sum of rows 52 to 56**
58	**Tier 2 (T2) capital**			**Row 51 minus row 57**
59	**Total capital (TC=T1 + T2)**	**892 421**	**895 886**	**Sum of row 45 and row 58**
60	**Total risk weighted assets**	**3 922 082**	**4 919 795**	
Capital ratio buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	22,75%	18,21%	92 (2) (a)

62	Tier 1 (as a percentage of total risk exposure amount)	22,75%	18,21%	92 (2) (b)
63	Total capital (as a percentage of total risk exposure amount)	22,75%	18,21%	92 (2) (c)
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer, expressed as a percentage of risk exposure amount)	8,39%	7,90%	CRD 128, 129, 130, 131, 133
65	of which: capital conservation buffer requirement	2,50%	2,50%	
66	of which: countercyclical buffer requirement	1,39%	0,90%	
67	of which: systemic risk buffer requirement			
67a	of which: Global Systemically Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer			
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	19,25%	14,71%	CRD 128
69	[not relevant in EU regulation]			
70	[not relevant in EU regulation]			
71	[not relevant in EU regulation]			
Amounts below the threshold for deduction (before risk weighting)				
72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)			36 (1) (h), 46, 45, 56 (c), 59, 60, 66 (c), 69, 70
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)			36 (1) (i), 45, 48
74	Empty set in the EU			
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)			36 (1) (c), 38, 48
Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)			62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach			62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal Ratings-based approach (prior to the application of the cap)			62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach			62
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)				
80	— Current cap on CET1 instruments subject to phase out arrangements			484 (3), 486 (2) & (5)
81	— Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)			484 (3), 486 (2) & (5)
82	— Current cap on AT1 instruments subject to phase out arrangements			484 (4), 486 (3) & (5)
83	— Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)			484 (4), 486 (3) & (5)
84	— Current cap on T2 instruments subject to phase out arrangements			484 (5), 486 (4) & (5)
85	— Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)			484 (5), 486 (4) & (5)

Annex 3 – Capital Instruments main features

Capital Instruments main features template[1]							
1	Issuer	Catella AB (publ)	Catella AB (publ)	Catella AB (publ)	Catella AB (publ)	Catella AB (publ)	Catella AB (publ)
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement	CAT B, SE0000188518	CAT B, SE0000188518	CAT B, SE0000188518	CAT B, SE0000188518	CAT B, SE0000188518	CAT A, SE0000188500
3	Governing law(s) of the instrument	Swedish Law	Swedish Law	Swedish Law	Swedish Law	Swedish Law	Swedish Law
	Regulatory treatment						
4	Transitional CRR rules	Common Equity Tier I	Common Equity Tier I	Common Equity Tier I	Common Equity Tier I	Common Equity Tier I	Common Equity Tier I
5	Post-transitional CRR rules	Common Equity Tier I	Common Equity Tier I	Common Equity Tier I	Common Equity Tier I	Common Equity Tier I	Common Equity Tier I
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated	Solo & consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share capital	Share capital	Share capital	Share capital	Share capital	Share capital
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	MSEK 18,2	MSEK 21,3	MSEK 1,3	MSEK 0,3	MSEK 158,3	MSEK 5,1
9	Nominal amount of instrument	MSEK 4,3	MSEK 4,5	MSEK 0,2	MSEK 0,06	MSEK 158,3	MSEK 5,1
9a	Issue price	MSEK 18,2	MSEK 21,3	MSEK 1,3	MSEK 0,3	MSEK 158,3	MSEK 5,1
9b	Redemption price	N/A	N/A	N/A	N/A	N/A	N/A
10	Accounting classification	Equity	Equity	Equity	Equity	Equity	Equity
11	Original date of issuance	2019-04-30	2018-05-31	2016-04-26	2015-07-10	1961-07-13	1961-07-13
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	N/A	N/A	N/A	N/A	N/A	N/A
14	Issuer call subject to prior supervisory approval	No	No	No	No	No	No
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	N/A	N/A	N/A
16	Subsequent call dates, if applicable	N/A	N/A	N/A	N/A	N/A	N/A
	Coupons/ dividends						
17	Fixed or floating dividend/coupon	Floating	Floating	Floating	Floating	Floating	Floating
18	Coupon rate and any related index	N/A	N/A	N/A	N/A	N/A	N/A
19	Existence of a dividend stopper	No	No	No	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No	No	No
22	Noncumulative or cumulative	N/A	N/A	N/A	N/A	N/A	N/A
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A	N/A	N/A
30	Write-down features	No	No	No	No	No	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Catella bond issue	Catella bond issue	Catella bond issue	Catella bond issue	Catella bond issue	Catella bond issue
36	Non-compliant transitioned features	No	No	No	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A	N/A	N/A	N/A

[1]) Insert 'N/A' if the question is not applicable

CATELLA

Annex 4 – Asset Encumbrance

Disclosure of asset encumbrance

kSEK

Template A - Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	113 774 402				3 231 581 774	289 604 334		
030	Equity instruments					157 779 477			
040	Debt securities					228 729 464			
050	of which: covered bonds					25 104 999			
060	of which: asset-backed securities								
070	of which: issued by general governments					14 168 504			
080	of which: issued by financial corporations					25 104 999			
090	of which: issued by non-financial corporations					189 331 467			
120	Other assets	113 774 402		-	-	2 844 672 571	289 604 334	-	-
121	of which: …			-	-			-	-

Template B-Collateral received

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered: Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the reporting institution**				
140	Loans on demand				
150	Equity instruments				
160	Debt securities				
170	of which: covered bonds				
180	of which: asset-backed securities				
190	of which: issued by general governments				
200	of which: issued by financial corporations				
210	of which: issued by non-financial corporations				
220	Loans and advances other than loans on demand				
230	Other collateral received				
231	of which: …				
240	**Own debt securities issued other than own covered bonds or asset-backed securities**				
241	**Own covered bonds and asset-backed securities issued and not yet pledged**				
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**				

Template C-Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	**Carrying amount of selected financial liabilities**		
011	of which: …		

Template D - Accompanying narrative information

-

The table is in line with Commission Delegated Regulation (EU) 2017/2295 on disclosure of encumbered and unencumbered assets and the values represent the annual median of the end-of-period values for each of the four quarters in a year.

Annex 5 – Credit risk adjustments

All amounts are expressed in kSEK.

Net values of on-balance-sheet and off-balance-sheet exposures (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR).

	Net value of exposures at the end of the period	Average net exposures over the period
Central governments or central banks	260 957	329 768
Regional governments or local authorities	20 278	14 198
Institutions	1 059 402	1 656 550
Corporates	45 231	57 381
Retail	3 552	3 900
Secured by mortgages on immovable property	0	20 198
Exposures in default	113 987	163 948
Items associated with particularly high risk	118 654	117 762
Covered bonds	0	20 123
Collective investments undertakings	32 659	9 249
Equity exposures	516 778	537 017
Other exposures	554 724	596 571
Total standardised approach	**2 726 220**	**3 526 664**

Net values of on-balance-sheet and off-balance-sheet exposures (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR).

	Net value of exposures at the end of the period											
	Switzerland	Spain	Finland	France	United Kingdom	Ireland	Cayman Islands	Luxembourg	Norway	Portugal	Sweden	Total
Central governments or central banks	0	0	0	0	0	0	0	237 979	0	0	22 979	260 958
Regional governments or local authorities	0	0	0	0	0	0	0	0	0	0	20 278	20 278
Institutions	152 978	0	0	4 987	0	0	0	183 926	4 515	0	713 643	1 060 049
Corporates	0	0	0	0	0	0	0	20 451	0	0	3 861	24 311
Retail	588	0	0	0	0	0	0	610	0	0	2 354	3 552
Exposures in default	0	58 389	0	0	0	0	0	6 347	0	49 252	0	113 987
Items associated with particularly high risk	0	0	0	0	0	2 297	115 136	1 218	0	0	0	118 651
Collective investments undertakings	2 348	0	0	0	0	0	0	0	0	0	30 311	32 659
Equity exposures	8 464	0	10 387	0	161 764	0	0	112 153	0	0	224 013	516 780
Other exposures	82 117	0	0	0	0	0	0	20 970	0	0	451 640	554 727
Total standardised approach	**246 494**	**58 389**	**10 387**	**4 987**	**161 764**	**2 297**	**115 136**	**583 653**	**4 515**	**49 252**	**1 469 078**	**2 705 952**

Net values of on-balance-sheet and off-balance-sheet exposures (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR). The counterparty sector allocation is based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor should be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure.

	Net value of exposures at the end of the period		
	Financial sector entity	Non-financial sector entity	Total
Central governments or central banks		260 958	260 958
Regional governments or local authorities		20 278	20 278
Institutions	1 060 049		1 060 049
Corporates		24 311	24 311
Retail		3 552	3 552
Exposures in default		113 987	113 987
Items associated with particularly high risk		118 651	118 651
Collective investments undertakings		32 659	32 659
Equity exposures	150	516 630	516 780
Other exposures		554 727	554 727
Total standardised approach	**1 060 199**	**1 645 753**	**2 705 952**

Net values of on-balance-sheet exposures (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation in Part One, Title II, Chapter 2 of the CRR).

	Net value of exposures at the end of the period		
	On demand	Longer maturity	Total
Central governments or central banks	237 979	22 979	260 958
Regional governments or local authorities		20 278	20 278
Institutions	880 618	179 431	1 060 049
Corporates	614	23 697	24 311
Retail	590	2 962	3 552
Exposures in default		113 987	113 987
Items associated with particularly high risk		118 651	118 651
Collective investments undertakings		32 659	32 659
Equity exposures		516 780	516 780
Other exposures		554 727	554 727
Total standardised approach	**1 119 801**	**1 586 150**	**2 705 952**

Net values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR).

	Gross carrying values of		Specific credit risk adjustment	General credit risk adjusment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures					
Central governments or central banks		260 958					260 958
Regional governments or local authorities		20 278					20 278
Institutions		1 061 150	1 100			484	1 060 049
Corporates		24 311					24 311
Retail		3 560	8			-204	3 552
Exposures in default	120 334		6 347			-1 824	113 987
Items associated with particularly high risk		118 651					118 651
Collective investments undertakings		32 659					32 659
Equity exposures		516 780					516 780
Other exposures		554 727					554 727
Total standardised approach	**120 334**	**2 593 073**	**7 455**	**0**	**0**	**-1 543**	**2 705 952**

Net values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR) of total exposures under the standardised approach and the IRB approach altogether.

	Gross carrying values of		Specific credit risk adjustment	General credit risk adjusment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures					
Financial sector entities		1 061 300	1 100			484	1 060 199
Non-financial sector entities	120 334	1 531 773	6 355			-2 028	1 645 753
Total standardised approach	**120 334**	**2 593 073**	**7 455**	**0**	**0**	**-1 543**	**2 705 952**

Net values (corresponding to the accounting values reported in financial statements but according to the scope of regulatory consolidation as per Part One, Title II, Chapter 2 of the CRR) of total exposures under the standardised approach and the IRB approach altogether broken down by significant geographical areas and jurisdictions in which institutions have exposures.

	Gross carrying values of		Specific credit risk adjustment	General credit risk adjusment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
	Defaulted exposures	Non-defaulted exposures					
Switzerland		246 494					246 494
Spain	58 389						58 389
Finland		10 387					10 387
France		4 987					4 987
United Kingdom		161 764					161 764
Ireland		2 297					2 297
Cayman Islands		115 136					115 136
Luxembourg	12 693	578 414	7 455			-1 543	583 653
Norway		4 515					4 515
Portugal	49 252						49 252
Sweden		1 469 078					1 469 078
Total	**120 334**	**2 593 073**	**7 455**	**0**	**0**	**-1 543**	**2 705 952**

Annex 6 – Leverage Ratio

	Reference date	**31 /12/2019**
	Entity name	Catella AB
	Level of application	Consolidated
Table LRSum: Summary reconciliation of accounting assets and leverage ratio exposures		
		Applicable Amounts in kSEK
1	Total assets as per published financial statements	4 057 000
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-820 668
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable framework but excluded from the leverage ratio exposure measure according to Article 429(11) of Regulation (EU) NO. 575/2013	
4	Adjustments for derivative financial instruments	7 919
5	Adjustments for securities financing transactions	
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	6 043
7	Other adjustments	-556 704
8	**Leverage ratio exposure**	**2 693 590**

Table LRCom: Leverage ratio common disclosure		
		CRR leverage ratio exposures
	On-balance sheet exposure (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	3 212 567
2	Asset amounts deducted in determining Tier 1 capital	-547 402
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)**	**2 665 165**
	Derivative exposures	
4	Replacement cost associated with derivatives transactions	14 463
5	Add-on amounts for PFE associated with derivatives transactions	7 919
EU-5a	Exposure determined under Original Exposure Method	
6	empty set in the EU	
7	empty set in the EU	
8	empty set in the EU	
9	empty set in the EU	
10	empty set in the EU	
11	**Total derivative exposures (sum of lines 4 to 5a)**	**22 382**
	Securities financing transaction exposures	
12	empty set in the EU	
EU-12a	SFT exposure according to Article 220 of Regulation (EU) NO. 575/2013	
EU-12b	SFT exposure according to Article 222 of Regulation (EU) NO. 575/2013	
13	empty set in the EU	
14	empty set in the EU	
15	empty set in the EU	
16	**Total securities financing transaction exposures**	**0**
	Off-balance sheet exposures	
17	Off-balance sheet exposures at gross notional amount	31 214
18	Adjustments for conversion to credit equivalent amounts	-25 171
19	**Total off-balance sheet exposures (sum of lines 17 to 18)**	**6 043**
	Capital and Total Exposures	
20	**Tier 1 capital**	**892 421**
EU-21a	Exposures of financial sector entities according to Article 429(4) 2nd subparagraph of Regulation (EU) NO. 575/2013	
21	**Total Exposures (sum of lines 3, 11, 16, 19 and 21a)**	**2 693 590**
	Leverage Ratios	
22	**End of quarter leverage ratio**	**0,33**
EU-22a	**Leverage ratio (avg of the monthly leverage ratios over the quarter)**	
	Choice on transitional arrangements and amount of derecognised fiduciary items	
23	Choice on transitional arrangements for the definition of the capital measure	
24	Amount of derecognised fiduciary items in accordance	

Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives and SFTs)		
		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives and SFTs), of which:	**3 212 567**
EU-2	Trading book exposures	
EU-3	Banking book exposures, of which:	3 212 567
EU-4	Covered bonds	0
EU-5	Exposures treated as sovereigns	281 235
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	0
EU-7	Institutions	1 033 925
EU-8	Secured by mortgages of immovable properties	0
EU-9	Retail exposures	3 544
EU-10	Corporate	16 006
EU-11	Exposures in default	107 640
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1 770 217

Annex 7 – Liquidity Coverage Ratio

Scope of consolidation: Consolidated		Total weighted value			
Currency and units: kSEK					
Quarter ending on (DD Month YY)		31 March 19	30 June 19	30 September 19	31 December 19
Number of data points used in the calculation of averages		12	12	12	12
21	LIQUIDITY BUFFER	674 543	651 607	595 500	420 531
22	TOTAL NET CASH OUTFLOWS	342 681	270 537	190 574	112 396
23	LIQUIDITY COVERAGE RATIO (%)	196,84%	240,86%	312,48%	374,15%

The table is in line with EBA's Guidelines on LCR disclosure and the values represent 12 months averages for each reported quarter-ending.

Annex 8 – Countercyclical capital buffer

Geographical distribution of relevant credit exposures

kSEK	General credit exposure		Trading book exposure		Securitisation exposure		Own funds requirements				Own funds requirement weights	Countercyclical capital buffer rate
	Exposure value for SA	Exposure value for IRB	Sum of long and short position of trading book	Value of trading book exposure for internal models	Exposure value for SA	Exposure value for IRB	Of which: General credit exposures	Of which: Trading book exposures	Of which: Securitisation exposures	Total		
Breakdown by country												
Germany	93 516	-	-	-	-	-	7 470	-	-	7 470	0,07	0,00%
Spain	58 389	-	-	-	-	-	4 671	-	-	4 671	0,04	0,00%
Finland	10 387	-	-	-	-	-	831	-	-	831	0,01	0,00%
United Kingdom	161 764	-	-	-	-	-	12 941	-	-	12 941	0,11	1,00%
Ireland	2 297	-	-	-	-	-	276	-	-	276	0,00	1,00%
Cayman Islands	115 136	-	-	-	-	-	13 816	-	-	13 816	0,12	0,00%
Luxembourg	151 186	-	-	-	-	-	11 379	-	-	11 379	0,10	0,00%
Portugal	49 252	-	-	-	-	-	3 940	-	-	3 940	0,03	0,00%
Sweden	712 178	-	-	-	-	-	57 784	-	-	57 784	0,51	2,50%
Total	**1 354 105**	**-**	**-**	**-**	**-**	**-**	**113 107**	**-**	**-**	**113 107**	**1,00**	**-**

Amount of institution-specific countercyclical capital buffer

Total risk exposure amount (kSEK)	3 922 082
Institution specific countercyclical buffer rate (%)	1,39%
Institution specific countercyclical buffer requirement (kSEK)	54 675

Annex 9 – Exposures in equities not included in the trading book

Instrument name	Type (drop-down)	Objective (drop-down)	Balance sheet value (kSEK)	Fair value (kSEK)	Market value (kSEK) (if listed)
Catella Asia Ltd	Other	Strategic reasons	0	0	N/A
Catella Corporate Finance AB	Other	Strategic reasons	225 008	225 008	N/A
Aveca AB	Other	Strategic reasons	1 800	1 800	N/A
Catella Asset Management OY	Other	Strategic reasons	10 387	10 387	N/A
Catella Logistic Europe SAS	Other	Strategic reasons	281	281	N/A
Catella Residential Investment Management (CRIM) GmbH	Other	Strategic reasons	8 464	8 464	N/A
Catella Asset Management SAS	Other	Strategic reasons	884	884	N/A
Catella Asset Management Iberia	Other	Strategic reasons	18	18	N/A
Catella Project Management GmbH	Other	Strategic reasons	106	106	N/A
Catella Property Asset Management AB	Other	Strategic reasons	9 500	9 500	N/A
Catella Asset Management GmbH	Other	Strategic reasons	272	272	N/A
Catella Investment Management Benelux BV	Other	Strategic reasons	1 974	1 974	N/A
APAM Ltd	Other	Strategic reasons	284 523	284 523	N/A
Winning Regions Europé General Partner SARL	Other	Strategic reasons	129	129	N/A
Catella Hospitality Europe SAS	Other	Strategic reasons	218	218	N/A
Catella Residential 01 GP Sarl	Other	Strategic reasons	134	134	N/A
Pamica AB	Private equity	Strategic reasons	15 026	15 026	N/A
Pamica 2 AB	Private equity	Strategic reasons	11 920	11 920	N/A
Pamica Invest 2 AB	Private equity	Strategic reasons	5 742	5 742	N/A
MaxFastigheter AB	Other	Strategic reasons	9 203	9 203	9 203
VISA Series C conv PPS *)	Other	Strategic reasons	112 078	112 078	N/A
SWIFT shares	Other	Strategic reasons	73	73	N/A
Nordic Light Fund	Other	Strategic reasons	1 221	1 221	N/A

*) The value of the VISA convertibles is derived from the market value of shares VISA inc, multiplied with the applicable conversion rate, and discounted with 30%.

Overview of the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation and any significant changes in these practices;
The impact of the fair value on VISA and SWIFT equities is booked through revaluation reserves. Fair value variances on Nordic Light Fund is booked through PL. From the perspective of the Consolidated situation shares in subsidiaries have been measured at cost or fair value at the balance sheet date, whichever is lower, and decline in value is considered to be permanent.

Measure	Amount (EUR)
the cumulative realised gains or losses arising from sales and liquidations in the period	0
total unrealised gains or losses	578 960
of which: included in CET1 capital	578 960
total latent revaluation gains or losses	4 568 619
of which: included in CET1 capital	0