



Catella 2012



An independent  
European  
finance group

## An independent European finance group

Catella is an independent financial advisor and asset manager. We have a presence in 12 European countries and 430 employees. Page 2

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CATELLA



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## Specialised advisory services, based in the property sector

Catella provides specialised financial advisory services within Corporate Finance; most of this business consists of transaction advice in the professional property sector. Catella has a strong local presence in Europe, with 212 professionals at 22 offices in 11 countries. Page 14

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Catella is being managed towards the goal of being the best, but not necessarily largest, independent financial services provider on selected European markets. Page 8

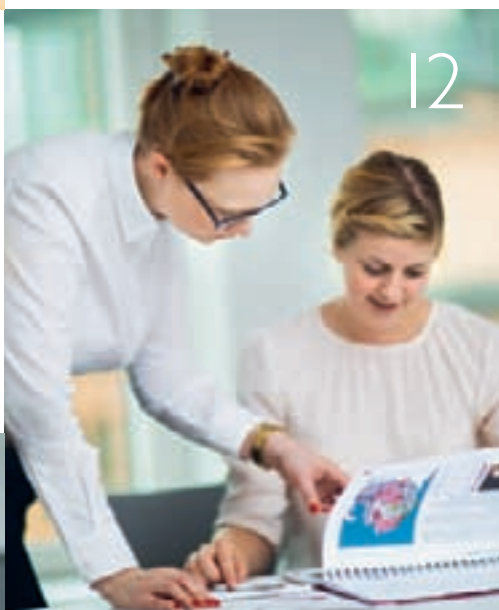
Catella believes in a culture where people think for themselves and make their own decisions

Since inception, Catella has operated according to clear, internally established core values. These values are embodied in its professionals' daily work, and shape Catella's services and way of dealing with clients. Page 10



## Over 430 people contribute to Catella's positioning

The specialist expertise and market know-how that Catella's professionals possess enable Catella to create value in its two operating segments: Corporate Finance and Asset Management. Page 12



## Broad-based asset management expertise with unique investment services

Catella provides institutions, corporations and private individuals with specialised financial services in fund and wealth management within the segment Asset Management. It also offers cards and payment solutions. 210 professionals work within Asset Management in four countries. Page 24



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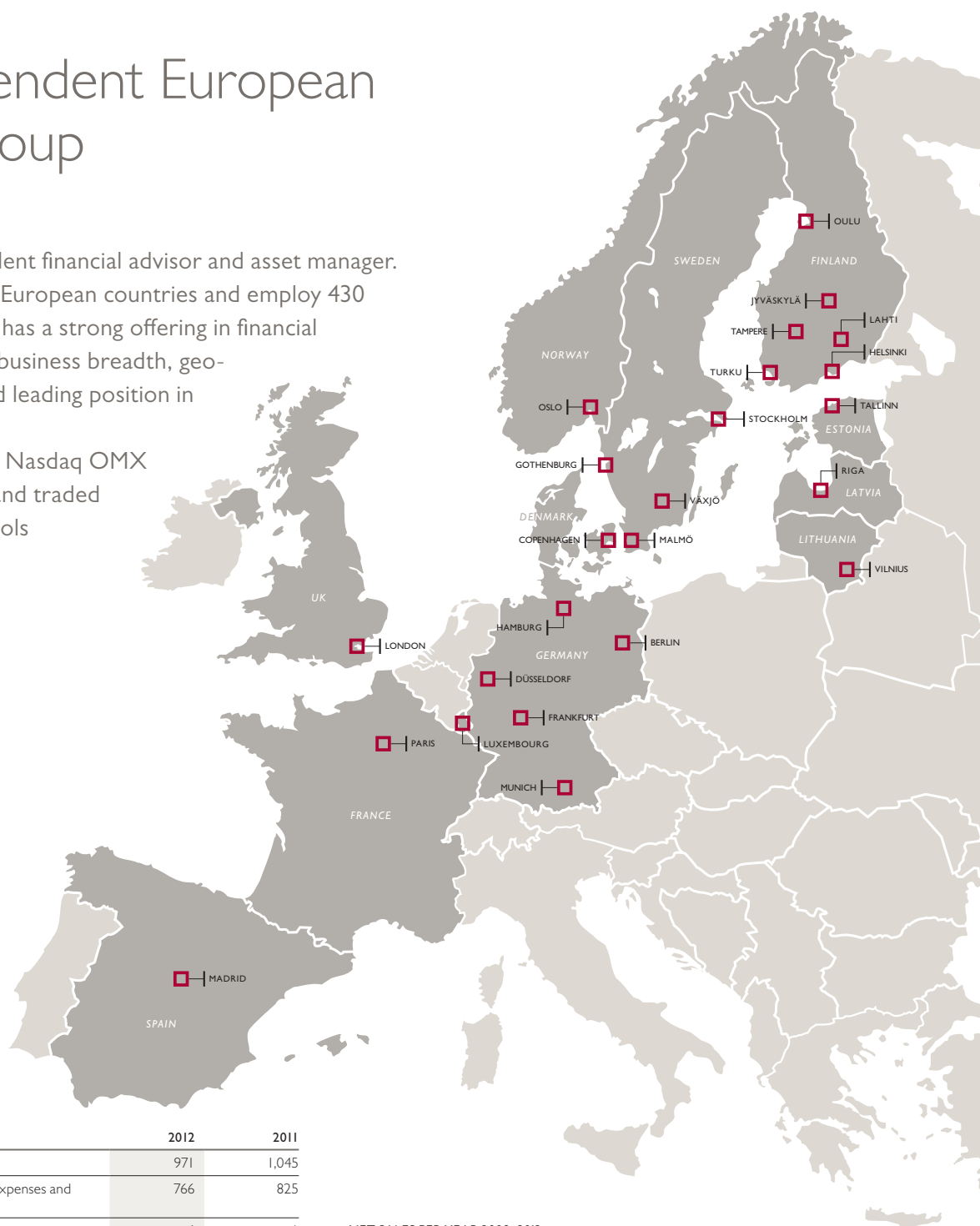
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THIS IS CATELLA

# An independent European finance group

Catella is an independent financial advisor and asset manager. We are present in 12 European countries and employ 430 professionals. Catella has a strong offering in financial services through our business breadth, geographical diversity and leading position in the property sector.

Catella is listed on Nasdaq OMX First North Premier and traded under the stock symbols CAT A and CAT B.



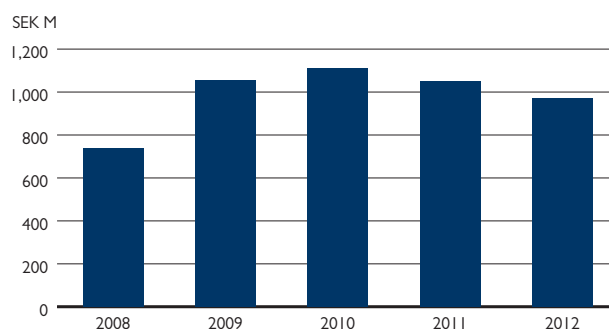
## CONSOLIDATED KEY FIGURES

	2012	2011
Net sales, SEK M	971	1,045
Income excluding direct assignment expenses and commissions, SEK M	766	825
Operating profit/loss, SEK M <sup>1</sup>	6	1
Profit/loss before tax, SEK M <sup>2</sup>	30	-15
Profit/loss after tax, SEK M	-13	21
Earnings per share, SEK	-0.17	0.25
Return on equity, %	-1	2
Equity per share, SEK	11.32	12.00
Number of employees at end of year	434	443
Transaction volumes in Corporate Finance, SEK Bn	54	61
Volumes under management in Asset Management, SEK Bn	41	32

<sup>1</sup> Operating profit/loss before acquisition-related items and items affecting comparability.

<sup>2</sup> Profit/loss before tax for the full year 2012 is adjusted for items affecting comparability of SEK 34 M.

## NET SALES PER YEAR 2008-2012





## Corporate Finance

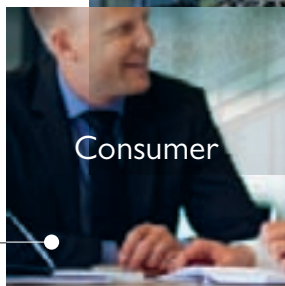
## Asset Management

### Property

Catella is a leading independent financial advisor in the European property sector, and delivers services in three main segments: Sales and Acquisitions, Debt and Equity, and Research and Valuation.



Property



Consumer



Fixed Income

### Consumer

Catella offers advisory services to corporations and private clients active in consumer-related sectors, mainly in the Nordics. The centre of gravity is on mergers and acquisitions (M&A).

### Fixed Income

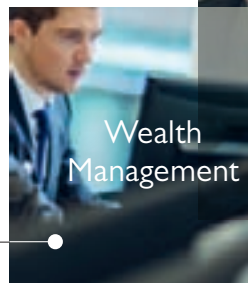
Catella offers corporations financing alternatives to bank borrowing and equity via the bond market. Catella also offers trading in fixed-income securities through its proprietary platform, Nordic Match.

### Funds

Catella offers German and Finnish property funds with a European focus and orientation on various regions and sectors. In Sweden, Catella also offers active equity and fixed income management, as well as a portfolio of alternative products.



Funds



Wealth Management



Cards and Payment Solutions

### Wealth Management

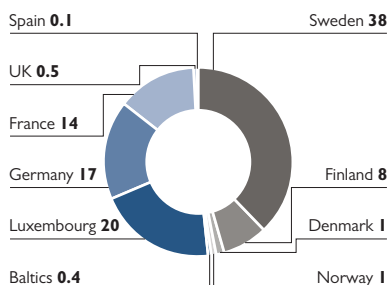
Catella provides tailored wealth management for corporations, institutions and private clients that require active independent advisory services and management.

### Cards and Payment Solutions

Catella offers niche cards and payment solutions, focusing on Europe. Catella operates as a card issuing and card acquiring bank.

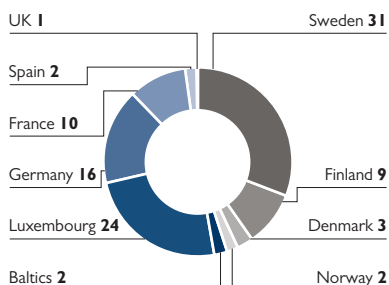
NET SALES BY COUNTRY 2012, %

■ Nordics ■ Non-Nordic Europe

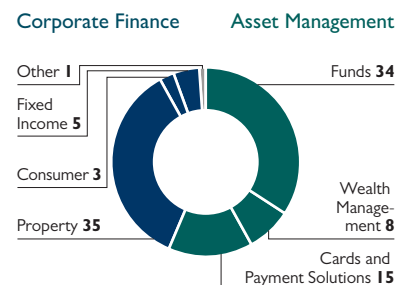


NUMBER OF EMPLOYEES BY COUNTRY 2012, %

■ Nordics ■ Non-Nordic Europe



NET SALES BY SERVICE SEGMENT 2012, %



## Catella endeavours for balance between trading earnings and long-term value building



As an owner representative in a number of companies, over the years, I have learnt that a long-term approach and perseverance, combined with good strategies, create the confidence necessary for long-term earnings and value creation. This is also Catella's primary aim.

Nearly three years have passed since we started our work on evaluating which service segments should shape the future Catella. Then, as now, our goal was to identify businesses that are stable over time and generate earnings, while simultaneously supporting each other on the product or market side.

This was based on the goal we set ourselves, to initiate a sales process of the banking operation, and this was despite us seeing high potential in the cards and payment business, which on an isolated basis, satisfies all the criteria we are pursuing; scalability, stability and good earnings capacity. However, synergies on the product and market side were not obvious.

After a fairly extended process, where there was no shortage of buyers, and where we are still being pursued, we took the decision to retain the bank, for precisely the reason I stated above. Even if there are no substantial operational synergies, our cards and payment busi-

ness has great development prospects, which offer attractive potential for rapid value building.

Asset management is, and will remain, a significant part of Catella. Assuming certain minimum threshold volumes, earnings are stable and can be developed. The market's valuation of earnings from asset management is also fairly high, and accordingly, we will create significant shareholder value if we succeed in generating healthy profits in asset management.

The acquisition of EKF Kapitalförvaltning did not go as planned, and accordingly, we took a number of measures in our wealth management operation. With a new management, and partly new focus, we think that this business will achieve the necessary volumes within a few years. Catella's client offering is undeniably competitive, and gives us a good base to build on.

Our funds business is stable, and has opportunities and challenges.



With a sharper focus on our market and partially complementary product offering, we see great opportunities to grow with improved profitability. We take a upbeat view of Catella's investment in asset manager IPM. This company's volumes under management are substantial, and its focus on systematic asset management is very timely. In addition, it contributes to the rest of Catella's fund operation, providing greater uniqueness to our product offering.

Our Corporate Finance business is market dependent and cyclical. Catella has a strong market position and documented earnings for an extended period. I think that its profits are stable, and more than justify its position in a structure where long-term earnings are one of the over-arching aims. There are also synergies with the rest of our business, primarily on the client side.

Even if Catella's profitability did not attain the levels I had hoped for when I entered the company as an owner, I am

optimistic. Despite economic conditions and difficulties facing the financial sector, Catella has made good progress. We have also executed several structural actions, which had been charged to profits. Catella is stable and attractive with good prospects for growth in both operating segments. If we succeed in strengthening our market positioning by increasing transaction volumes and volumes under management, this will result in higher earnings.

Catella is well positioned, with a good balance between trading earnings from Corporate Finance and its cards and payment business, and long-term value creation from Asset Management. Catella has high potential, which in time, I hope the stock market will reward.

JOHAN CLAEISSON  
*Chairman of the Board  
and principal owner*



# Extensive efforts to increase profitability



Our goal for 2013 is to strengthen our presence on the major European markets in Corporate Finance and build a competitive offering in Asset Management. In 2012, we commenced a number of projects to achieve this objective.

### Integrating the bank

Our decision to retain the banking business in June was one of the most important events of the year. Since then, extensive efforts have been ongoing to develop and integrate the bank with the rest of our business. This work takes time, and is charged to profit in the short term. The work is demanding, but there is substantial profitability potential in the bank's cards and payment business.

### High potential in cards

With its Visa and MasterCard licenses, Catella enjoys attractive growth prospects. A number of projects are currently ongoing to exploit the related earnings

potential. Our cards and payment business also contributes to surplus liquidity, which offers us the opportunity to offer finance to our wealth management clients.

### Direct relationships with investors

In parallel, we are gradually building a contemporary and cost-efficient wealth management business. We re-dimensioned our staffing in the year to build a new structure, which involved staff reductions and hiring.

Catella's broad-based asset management expertise, combined with strong positioning on the property market, means we have the capability to create a unique wealth management offering. By building a strong wealth management business, we will access a broader client base. This will improve the stability of our earnings over time.

### Broad-based asset management expertise

Increasing our ownership of asset manager IPM was another important decision in 2012. Catella has long-term

experience of active fund management and broad-based expertise in property, equities and fixed income. IPM possesses expertise in systematic asset management, and offers a wealth of exciting development opportunities. Meanwhile, IPM is inherently a very exciting company.

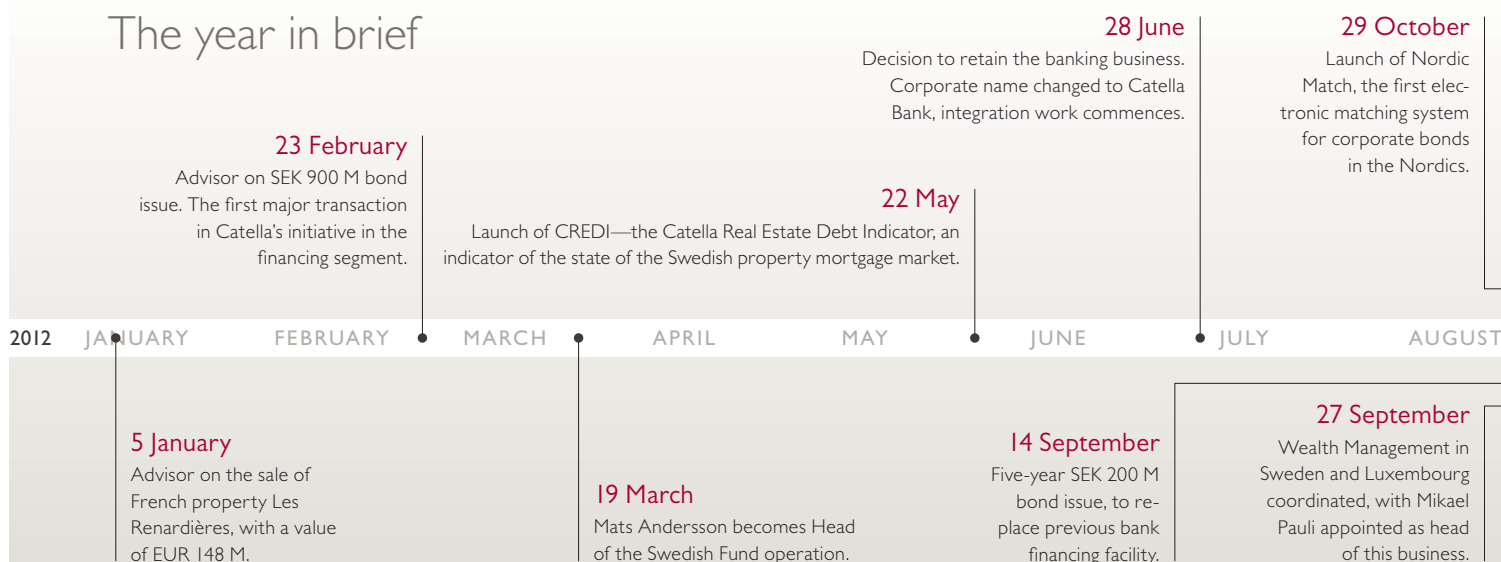
### Strong position in Corporate Finance

2012 was a challenging year on the European transaction market overall. Total transaction volumes in Europe excluding the UK were down somewhat. Despite challenging market conditions for financial advisory services in Europe, we executed a number of major transactions and are retaining our strong positioning in the property sector. It is also pleasing that our advisory business in the consumer sector performed positively in 2012.

### Developing our offering

We also took a number of major initiatives in 2012 within Corporate Finance to strengthen our business. Primarily through a resolute build-up of our

## The year in brief





advisory services in the financing segment. This has secured us with special status on the market by combining our specialist expertise in the property sector with the capacity to deliver financing solutions. With our in-depth sector focus and expertise, we are building an offering that is sharper than our competitors'.

The goal for 2013 is to strengthen our presence on Europe's major property markets. We will achieve this through channels including developing our business in Germany, which enjoys high growth potential.

**Synergies between our businesses**

Apart from all the operational collaboration opportunities in our various segments, our two operating segments support and complement each other financially.

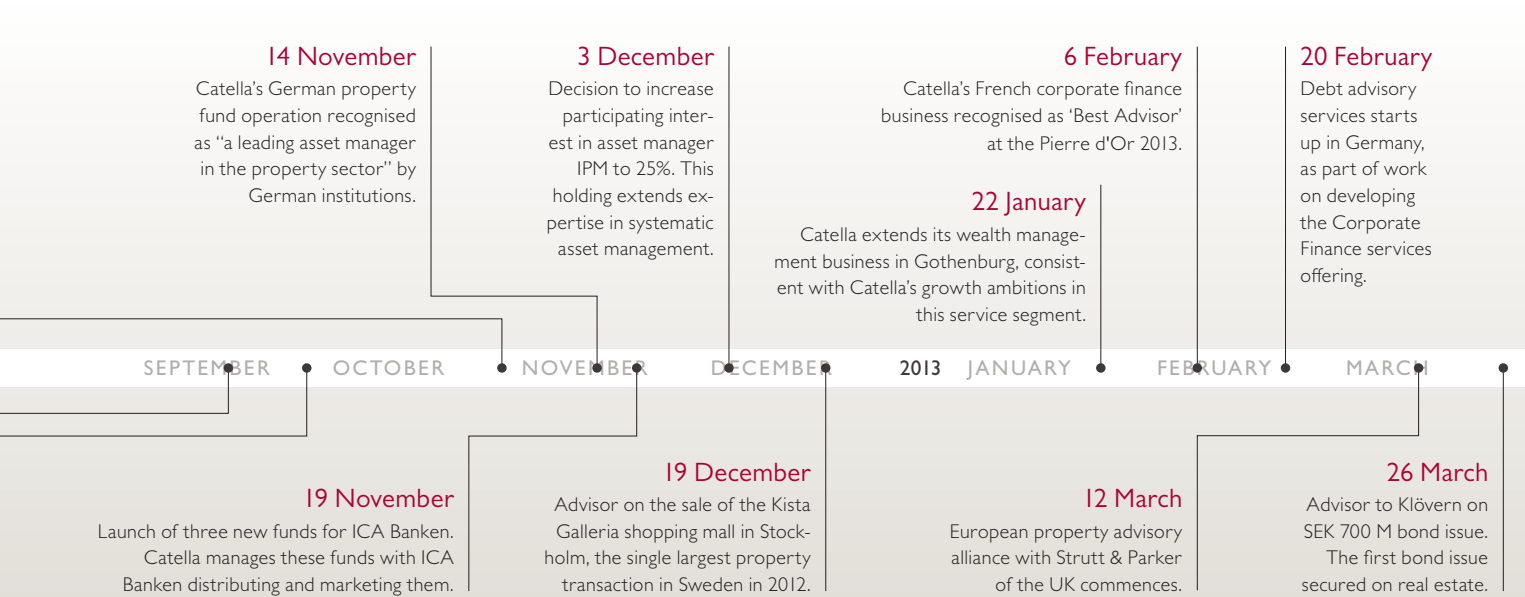
Our Corporate Finance operation is not capital intensive but does generate substantial cash flows. Asset Management is based on long-term values and improves the stability of our earnings over time.

**My role at Catella**

I started up Catella's Corporate Finance business with colleagues over 20 years ago. I have held a series of executive positions since, as President and CEO for the past three years. Going forward, I will remain with Catella, but it is also the right time to consider the succession issue, because I will be 62 this year. Accordingly, we are commencing a search and selection process to identify my successor as President and CEO of Catella. This is a process that will take time, and I will continue to work as usual until my successor is in place. Once the appointment has been made, I am looking forward to remaining in a senior, business management role within Catella.

Catella is a fantastic company with great potential. And I'd like to keep contributing to developing this potential.

**JOHAN ERICSSON**  
*President and CEO*



# Catella – to be the best in independent financial services

Catella is being managed towards the goal of being the best, but not necessarily largest, independent financial services provider on selected European markets. Its operations are decentralised and driven by sound business practice. Catella has broad-based expertise in the asset classes of property, fixed income and equities. By combining this expertise into its client offering, Catella secures unique positioning on the market.

## Business concept

Catella offers specialised financial advisory services and asset management with unique investment products.

## Vision

Catella will be the best, but not necessarily largest, independent financial services provider on selected European markets. Catella will embody high business ethics and an innovative approach, as well as being the most trustworthy member of the financial sector.

## Operational goals for 2013

The overall operational goals for 2013 are to strengthen Catella's presence on the major European markets in Corporate Finance and to build a competitive offering in Asset Management.

## Financial goals

Catella measures and controls its operating segments through means including the financial goals of operating margin, defined as profit before tax for the year in relation to total income. The target is to exceed 15% over time. The operating margin for 2012 was 9% for Corporate Finance and 4% for Asset Management.

## Strategies

### *Broad-based expertise with unique investment services*

Catella's objective is to be one of the best in selected segments and markets, to be achieved by offering clients specialised expertise with depth and breadth in each segment on each market.

Catella possesses broad-based expertise in property, fixed income and equities. By coordinating this expertise into

its client offering, Catella gains special status on the market.

### *Specialised and innovative services in Corporate Finance*

Catella will add unique value to each client relationship. With their specialist expertise and solid core values, Catella's professionals will create high-quality financial services. Catella's offerings compete by always being specialised and innovative. Catella will always operate closest to the client and market, through localised organisations and decentralised working methods.

### *Sound business practice with collective core values*

Catella's operations are highly decentralised and driven by sound business practice. Coordination is achieved using clear reporting processes and standards.



Catella rests on clear core values, with these values embodied in its professionals' daily work, which shape Catella's services and way of dealing with clients.

*Decentralised working methods that bring freedom with responsibility*

Entrepreneurship is now, and has always been, an important part of Catella. Catella provides a workplace featuring decentralised working methods offering freedom with responsibility for everyone.

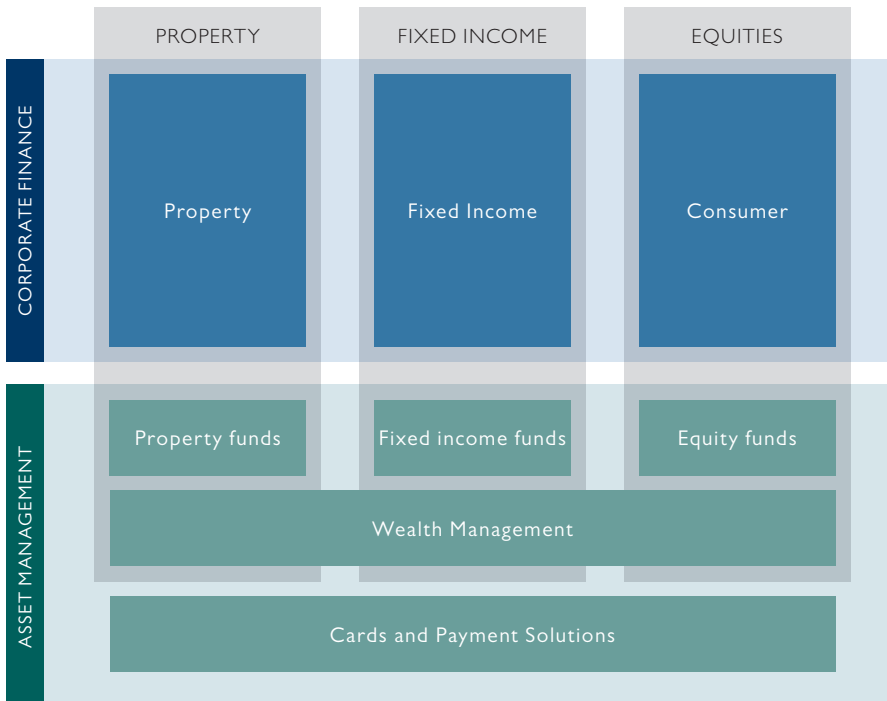
*Synergies between service segments*

Catella's two operating segments, Corporate Finance and Asset Management, support and complement each other financially. The Corporate Finance operation is not capital intensive and generates substantial cash flows. Asset Management is based on long-term values, by means including building

direct relationships with investors, thus enhancing the stability of earnings over time.

Catella possesses broad-based expertise in property, fixed income and equities, which is exchanged between services segments. By combining this expertise in its client offering, Catella secures unique positioning on the market.

The surplus liquidity generated in Asset Management creates new business opportunities for Catella, which is thus able to deliver tailored financing solutions in property advisory services and wealth management. The following schematic image presents the synergies between Catella's service segments.



Synergies between Catella's service segments

Catella possesses broad-based expertise in property, fixed income and equities that is exchanged between service segments through collective business projects and internal processes. This expertise is the base of Catella's business and is safeguarded through the continuous development of its staff and processes.

# We believe in a culture where people think for themselves and make their own decisions

Since inception, Catella has operated according to clear, internally established core values. These values are embodied in its professionals' daily work, and shape Catella's services and way of dealing with clients. Catella believes in a culture that promotes high quality in delivery and research. A culture where people think for themselves and make their own decisions.

## Client focus

Catella adopts a long-term client perspective so it can address the client's services needs proactively. This enables Catella to create value-added and profitability over time, which exceeds the client's expectations.

## Entrepreneurship

Catella utilises individual potential and performance through decentralised working methods. Entrepreneurship is now, and has always been, an important part of Catella. Its corporate culture features sound business practice and freedom with responsibility for everyone.



## Independence

Catella stands on its own two feet and always provides independent asset management and financial advice. For Catella, independence means working for the client, and not allowing itself to be controlled by any type of compensation other than what the client pays directly to Catella.

## Teamwork

Catella create synergies through collaboration. Professionalism, enthusiasm and informality feature in Catella's working methods, which are flexible and tailored according to assignment. For its professionals, this means a varied environment, which utilises individual expertise effectively.



## Catella's origins – 25 years in the financial sector

Catella was founded in 1987, initially offering property advisory services, which is served as the foundation of Catella's first operating segment, **Corporate Finance**. During Sweden's property and banking crisis in the early 1990s, Catella succeeded in building 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 grown to cover more services segments and markets. Advisory services to the property sector have been supplemented with specialised advisory services to corporations in the consumer sector, and a business that delivers alternative financing solutions via bond market. Catella is now one of the leading European advisors in the property sector, with operations in 11 countries.

In the mid-1990s, Catella started an asset management business, and started up its Swedish funds business a few years later. This was the foundation of Catella's second operational segment, **Asset Management**. In 2006 and 2007, the funds business was expanded through property funds in Germany and Finland. Broad-based expertise in active asset management was supplemented in 2011 when Catella secured part-ownership of asset manager IPM. This added expertise in global systematic asset management. A banking operation in Luxembourg, Catella Bank, was added coincident with a change of control in 2010, when Scribona acquired Catella. Building on the base of this bank, Catella built a wealth management business in Luxembourg and Sweden. Through this bank, Catella also offers niche cards and payment solutions in Europe. Catella's Asset Management business currently has SEK 41 Bn under management, and operations in four countries.

### Specialisation

Catella's services are tailored to the ever-changing needs of clients. The combination of Catella's in-depth specialist expertise and a local presence creates value-added for the client.

### Creativity

Catella brings creativity and innovation to its dealings with clients. By providing a working environment that encourages this, Catella creates drive and positive sentiment. In turn, this helps Catella stay at the leading edge of progress.

### Ethics

Catella's high ethical standard makes it a reliable and loyal collaboration partner. Catella's professionals undertake to comply with the ethical rules set, formulated to maintain Catella's independence and trust for the client. Beyond this, high moral standards and substantial individual responsibility create the basis of daily work, which creates good relationships externally and internally.



# Over 430 professionals contributing to Catella's positioning – every day

The specialist expertise and market know-how that Catella's professionals possess enable Catella to create value in its two operating segments: Corporate Finance and Asset Management.

Since Catella is a knowledge-based, specialised company, operations are based entirely on the company's resources, which means the people that make up its organisation. Catella believes in giving each employee the scope to develop and the potential for job satisfaction. With the aim of cultivating the motivation and commitment of its professionals, Catella communicates objectives and strategies within its organisation, coupled to an understanding of how individual performance contributes to overall results.

### Number of employees

The number of employees, expressed as full-time equivalents, was 434 (443) at year-end, of which 212 (209) in the Cor-

porate Finance operating segment, 210 (219) in the Asset Management operating segment and 12 (15) in other functions.

### Qualified and specialised

Catella has been successfully hiring competent professionals for a long time, and has thus built a knowledge-intensive organisation. Its employees should combine specialised expertise and broad-based general skills.

As its operations have grown, Catella has hired experienced specialists and young graduates with appropriate profiles. At year-end, 70% (63) of its employees held university degrees or equivalent qualifications. Due to its growth and conscious recruitment policy, Catella's professionals have a balanced age profile—the largest age group is the 30-40s. 36% (37) of the group's employees are women and 64% (63) men.

### Goal-oriented compensation system

Catella believes in encouraging high performance, good conduct and balanced risk-taking consistent with its clients' and shareholders' expectations.

Its variable compensation structure is based on stakeholding in the results created at the level within Catella where the relevant person operates and can exert an influence. The structure and scale of variable compensation is based on business logic, market and regulatory practice, competitive situation and the individual's contribution to operations.

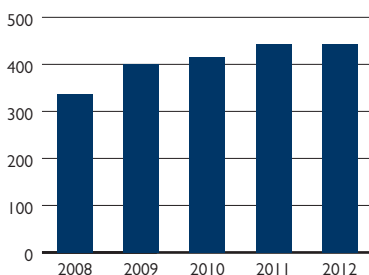
The variable compensation system in Catella's operating segments, Corporate Finance and Asset Management is based on a general profit share model amounting to 50% and 30% (including social security expenses) of local levels in the



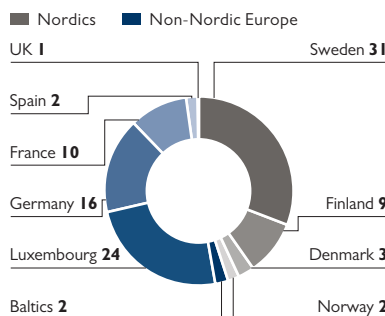
KEY FIGURES, EMPLOYEES

	2012	2011
Number of employees at end of year	434	443
Average number of employees	444	437
Staff turnover, %	16	20
Share of women, %	36	37
Share of university graduates, %	70	63

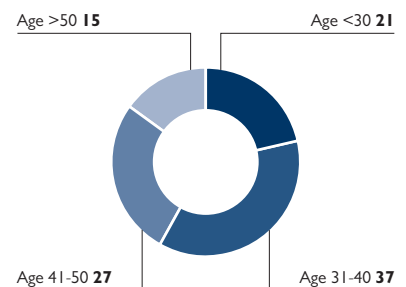
NUMBER OF EMPLOYEES, 2008–2012



NUMBER OF EMPLOYEES BY COUNTRY 2012, %



AGE PROFILE 2012, %

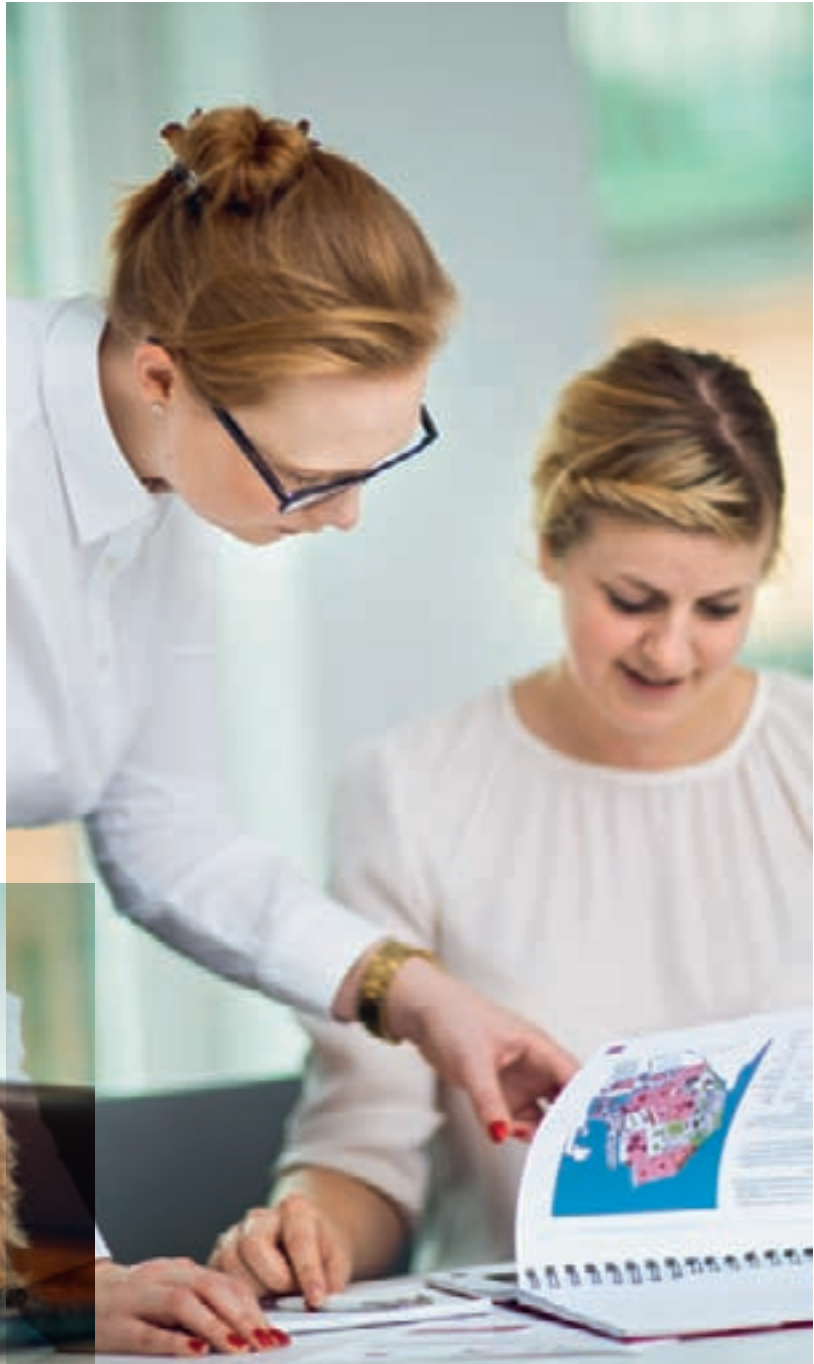


form of variable compensation and/or risk-taking via stakeholding.

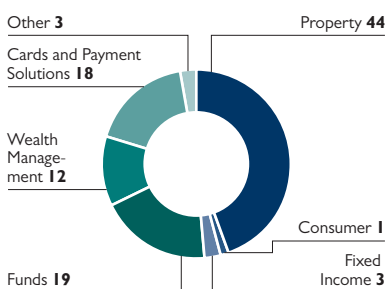
Catella's compensation system creates a strong incentive to do business that adds value for the client, simultaneous with the incentive creating natural cost control because variable compensation is based on local earnings. In the event of a local unit generating a loss, this is not offset by other local profit centres.

There is a share option program linked to Catella's share price performance for employees that influence the group's performance, which is reviewed in more detail in the section on the share and shareholders, and in Note 12 of the Annual Accounts for 2012.

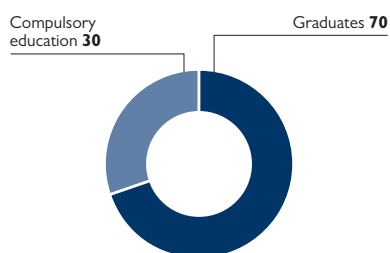
Catella continuously monitors the effects of its compensation structure and its competitiveness. The company also works actively for equal salaries for men and women.



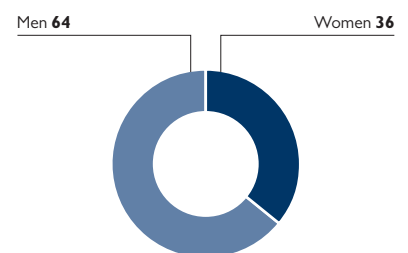
EMPLOYEES BY SERVICE SEGMENT 2012, %



EDUCATIONAL STANDARD 2012, %



DIVISION BETWEEN SEXES 2012, %



# Specialised advisory services based in the property sector

Catella provides specialised financial advisory services within Corporate Finance; most of this business consists of transaction advice for the professional property sector. Catella has a strong local presence in Europe, with 212 professionals at 22 offices in 11 countries.

Corporate Finance’s business model is based on identifying market sectors in financial advisory services where specialisation is critical to creating value-added for the client. Catella provides specialised financial advisory services in three sectors:

- PROPERTY**  
Advisory services for the property sector.
- CONSUMER**  
Advisory services for the consumer sector.
- FIXED INCOME**  
Alternative financing solutions.

Catella’s ambition is to be a flexible specialist rather than the largest player on the market, even if in several countries, Catella holds a high market share. By maintaining a clear profile and professionals with market-leading expertise in three selected sectors, Catella has created a specialised organisation with clear synergies.

Catella’s strategy for creating competitive advantages is to focus on expert competence and sector expertise. By developing in-depth know-how in selected market segments and continuously maintaining a sector network, Catella’s aim is to stay one step ahead of competitors.

### Goals for 2013

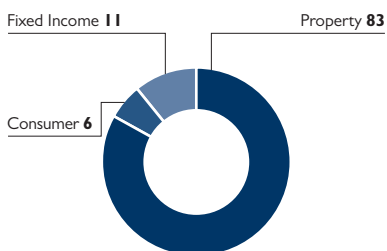
The overall business goal for Corporate Finance for 2013 is to strengthen its presence on the major European markets. Thanks to its business breadth and broad geographical diversity across Europe, Catella has good prospects of securing strong and profitable market positions.

### Financial goals

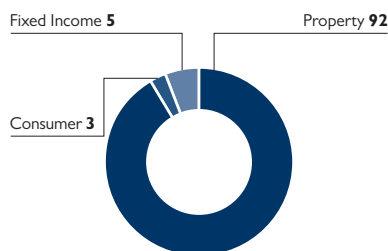
Catella measures and controls its operating segments through means including the financial goals of operating margin, defined as profit before tax for the year in relation to total income. The target is to exceed 15% over time. For Corporate Finance, the operating margin for 2012 was 9%.



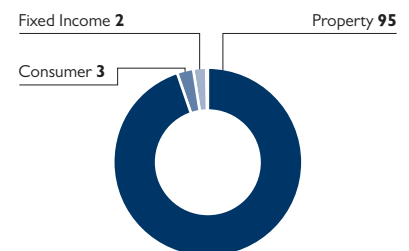
NET SALES BY SERVICE SEGMENT 2012, %



EMPLOYEES BY SERVICE SEGMENT 2012, %



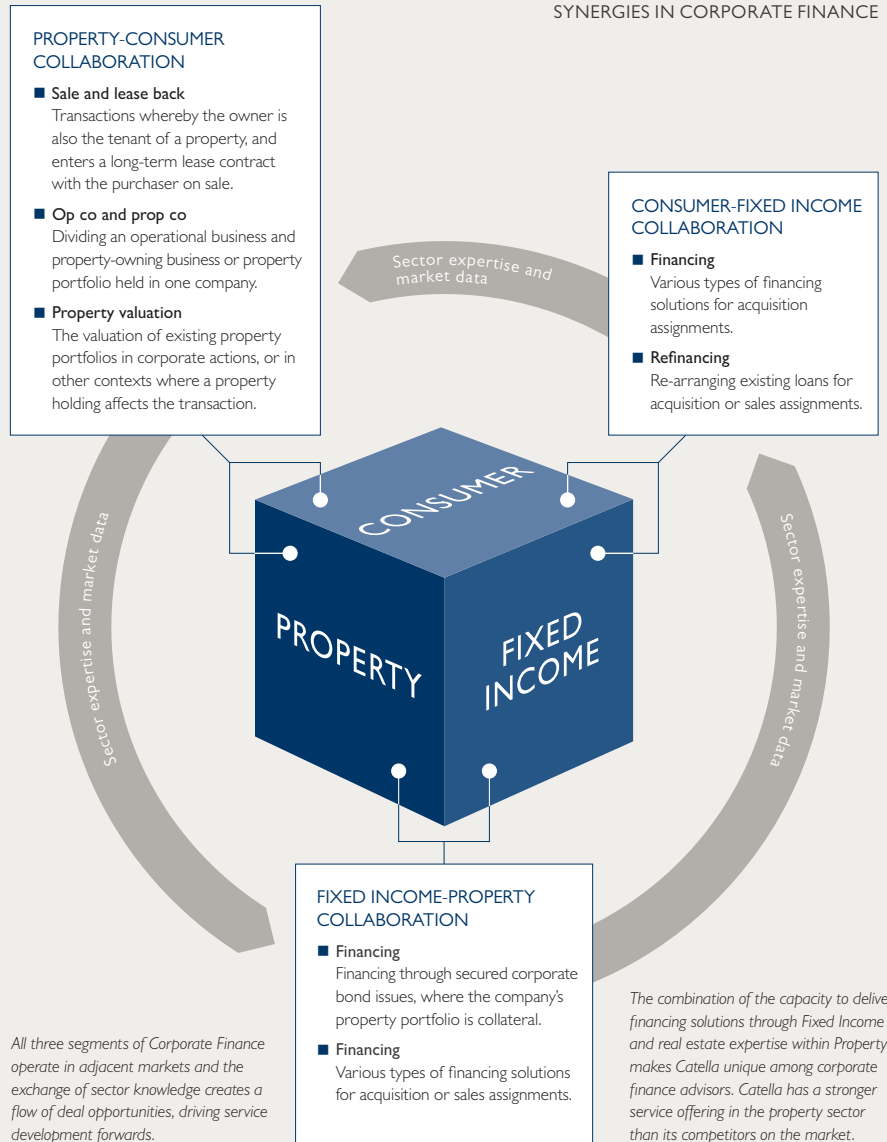
CATELLA'S TRANSACTION VOLUMES BY SERVICE SEGMENT 2012, %







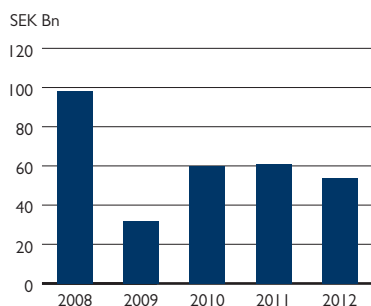
SYNERGIES IN CORPORATE FINANCE



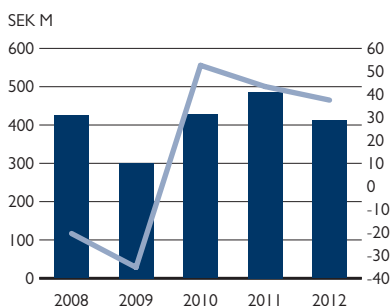
All three segments of Corporate Finance operate in adjacent markets and the exchange of sector knowledge creates a flow of deal opportunities, driving service development forwards.

The combination of the capacity to deliver financing solutions through Fixed Income and real estate expertise within Property makes Catella unique among corporate finance advisors. Catella has a stronger service offering in the property sector than its competitors on the market.

CATELLA'S TRANSACTION VOLUMES 2008–2012, %



NET SALES AND PROFIT/LOSS BEFORE TAX 2008–2012



KEY FIGURES

	2012	2011
Net sales, SEK M	412	488
Operating profit/loss, SEK M	39	44
Operating margin, %	9	9
Profit/loss before tax, SEK M	37	42
Transaction volumes, SEK Bn	54	61
of which property transactions	51	61
Number of employees at end of year	212	209

# Property



Catella is a leading independent financial advisor for the property sector. This operation is established at 22 offices in 11 European countries. Its most important markets are France, Sweden and Germany.

Catella delivers services in three main areas for the professional property sector in Europe: Sales and Acquisitions, Debt and Equity, and Valuation and Research. In addition, it offers associated services such as letting and property management. The combination of services varies between countries.

## Sales and Acquisitions

Catella provides advisory services for domestic and international property owners on the sale and acquisition of properties or property portfolios. On sales assignments, Catella utilises its sector network in broad or narrow tailored

sales processes to find the best potential purchaser. Often, the focus in acquisition assignments is to identify an optimal investment for the buyer, in regards to structure as well as strategy. Catella has served as advisor on transactions for over 20 years and has well-established status on the European transaction market, largely thanks to its local presence and thorough market knowledge.

## Debt and Equity

Catella provides a range of advisory services for financing and refinancing for companies in the property sector. With its broad-based network of, and close

contacts with, banks and institutions, Catella can assist in arranging loans on competitive terms. In addition, Catella provides services for raising equity for private and public companies and for asset managers in the property sector. Its aggregate knowledge of properties, the market and finance means that Catella can also offer advisory services for corporate restructuring and the realisation of pledged assets for financiers, banks and institutions.

## Valuation and Research

Catella provides independent valuation services for all types of property and is a respected appraiser, primarily in France and Finland. Its valuation work is compliant with international standards such as RICS and IVS. Catella's research services include external market reports for local markets or countries. Catella also offers feasibility studies and sensitivity





analyses on assignment for clients. This operation is closely linked to the two other service segments, as substantial market knowledge and data is generated in them.

#### Progress in 2012

In 2012, Catella served as advisor on property transactions at a value of SEK 50.7 Bn (60.8). Despite challenging market conditions for financial services in Europe, Catella carried out a number of major transactions in 2012, including the largest transaction on the Swedish market, the sale of Stockholm shopping mall, Kista Galleria, AP3's (the Third Swedish National Pension Fund) acquisition of the remaining 50% of property company Hemsö and a number of high-profile sales in central Paris. Accordingly, Catella retained its strong market position in Europe as a transaction advisor in the property sector.

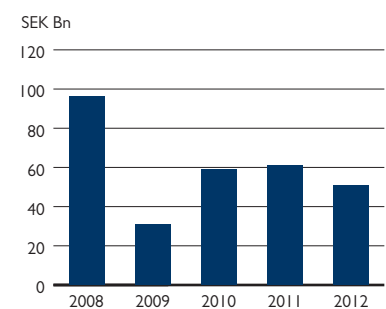
Strategic efforts with the aim of sharpening Catella's competitiveness in property advisory services commenced in 2012. The aim is to harmonise the service offering by establishing the three main service segments in all countries where Catella is active. Another ambition is to extend the collaboration between country units.

An initiative to strengthen Catella's organisation in Germany, a major European market with high growth potential, commenced in 2012. The German business is being extended organically, and passed break even in 2012.

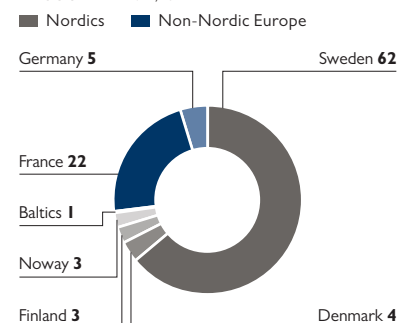
#### Focus in 2013

In March 2013, Catella initiated a strategic collaboration with UK property advisor Strutt & Parker, which will be established and developed in the year. Catella and Strutt & Parker will collaborate on advisory services to utilise their

CATELLA'S PROPERTY TRANSACTION VOLUMES, 2008–2012



CATELLA'S PROPERTY TRANSACTION VOLUMES BY COUNTRY 2012, %





combined strength and size on the European property market. This collaboration brings Catella the opportunity to offer its clients access to the UK market, as well as to global players who use London as their base for European initiatives.

The strategic work on extending and harmonizing the service portfolio which started in 2012 will continue in 2013. Work on developing the German operation will also continue. To utilise the business potential of current market conditions, Catella will also develop its debt advisory offering in Europe accordingly.

### Market progress

The European transaction market for property excluding the UK contracted by 3% in 2012 in year-on-year terms. A lot of large individual transactions were conducted in 2012, while the share of transactions conducted with advisors reduced. Limited financing opportunities also meant that the market was

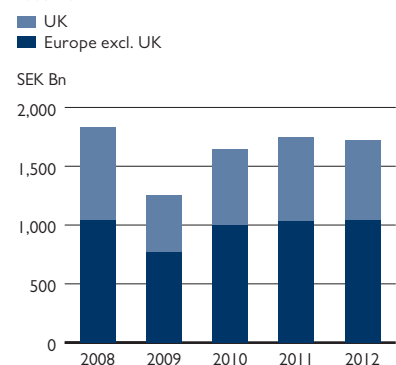
dominated by investors seeking centrally located properties with low risk. Primarily, this favoured major markets like the UK, Germany and France.

Stronger bank balance sheets, the deferral of Basel III and improved alternative financing opportunities means that transaction volumes in 2013 are expected to be somewhat higher than 2012. Activity in 2013 is expected to remain high in the UK, Germany and France, because many investors will still be seeking low-risk investments.

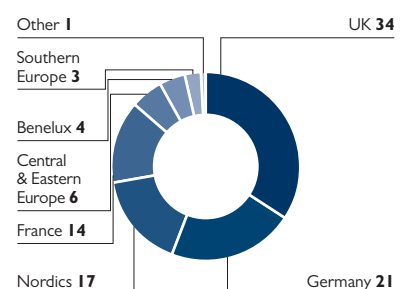
However, interest in high-yielding property segments is growing, and for properties in less central locations, because the competition over central, low-risk properties has been high, with prices subject to upward pressure.

Catella judges that this increased risk appetite and expected increased activity by foreign investors will increase the share of transactions conducted with advisors in 2013.

PROPERTY TRANSACTION VOLUMES IN EUROPE, 2008–2012



PROPERTY TRANSACTIONS IN EUROPE BY COUNTRY 2012, %



Source: Catella



# Anders Palmgren

Head of Corporate Finance

## How would you sum up 2012?

2012 was a fairly difficult year for Property, mainly due to a sluggish financial market in the first half-year. We also started 2012 with a fairly poor portfolio of assignments.

## What's your view of market progress?

The conditions for securing financing for property acquisitions have improved in early-2013. Investor risk appetite has also increased noticeably. Accordingly, it looks like being a fairly good year for transactions. The portfolio of ongoing assignments is better than at the corresponding point of last year.

## What's your focus for 2013?

To keep working on creating a consistent service offering in all countries and setting up internal structures to increase sales between different countries. We'll also be working on establishing our collaboration with Strutt & Parker in London and on developing our German business. Property sector financing will be another focus. No other Swedish firm can match the depth of knowledge of the capital and property markets Catella possesses. This offers security to property companies and investors in our products.

## What challenges and opportunities do you see?

Germany represents Property's single biggest opportunity to increase sales and profitability. It's the largest transaction market in Europe after the UK,

but significantly less developed. Margins are also relatively high. The biggest challenges are economic progress in Europe and the risk of government financial crises rearing up with the resulting impact on the banking system.

## How do you collaborate with other service segments?

In Property, we derive great benefit from collaborating with Catella's other businesses. The bond issue Catella executed in March 2013 for property company Klöver is a good example

of collaboration between different parts of Corporate Finance. We are also examining collaboration opportunities with the Asset Management operating segment to find lending opportunities for the property sector. Wealth Management also offers private clients advisory services on the sale of individual business properties, where we can offer sector expertise. Property can also provide Wealth Management with new potential clients.



## Consumer



Catella offers advisory services to corporations and private clients active in consumer-related sectors such as retailing and e-commerce, consumer goods, brands and services. The centre of gravity is on mergers and acquisitions (M&A). Operations are based in Stockholm.

Catella operates on the buy and sell side of M&As for private and public transactions. Clients are based in the Nordics, or global players engaged in the Nordics, and consists of venture capital firms, family businesses/entrepreneurs, listed companies and large cooperatives.

Catella's team possesses rigorous experience of M&As with a total of over 50 years in the advisory sector and over 100 transactions executed in consumer-related sectors. Catella's strength as an advisor lies in its specialisation, independence and flexibility, unlike other advisors in the consumer sector, which are often major banks.

### Progress in 2012

Catella advanced its position as an independent specialised advisor in Sweden in 2012 by completing a number of transactions and projects in the consumer sector. Catella served as a financial

advisor to the owning family on the sale of multinational shirt brand Eton Fashion to private equity firm Litorina, one of the highest-profile transactions in the Nordic clothing sector in 2012. Catella also advised on IK Investment Partners' acquisition of Actic (formerly Nautilus) from FSN Capital, EQT's sale of Lundhags to Swix and Procuritas' sale of North Trade.

### Focus in 2013

In 2013 the focus will lie on developing the existing client network in the consumer sector. Another ambition is to increase the collaboration with other service segments in Catella and examine potential business opportunities.

### Market progress

Market activity for M&A in the consumer sector was high in 2012, especially in the second quarter, when several

transactions were executed among retail and brand companies.

During the autumn, the market featured accentuating uncertainty due to general turbulence on the financial markets, which meant that many of the sales processes in the autumn were deferred, with several not being completed before year-end 2012.

Catella sees a number of factors that could make a positive contribution to progress of the M&A market in 2013, such as the strong balance sheets of trade buyers, private equity firms and Nordic banks. A more positive climate for acquisition finance is already apparent, and this is expected to make a real contribution to buyers and sellers being able to find a common pricing level. In addition, Catella anticipates a stabilised macroeconomic picture for the Nordics, and most international markets such as the US and Asia, and a strong start to the year on the stock



## Fredrik Bergholm

Head of Consumer

### How would you sum up 2012?

2012 was a very active year for us, particularly in the spring and summer. We were able to strengthen our status as an independent advisor in the consumer sector.

### What's your view of market progress?

We see a number of factors that we expect to make a positive contribution to progress on the M&A market in 2013. We strengthened our team in 2012, adding four new people so we can deal with what we expect to be an active 2013.

### What's your focus for 2013?

We will be continuing our work on strengthening relationships with our clients through close collaboration, with the goal of further advancing our positioning in M&A in the consumer sector.

### What challenges and opportunities do you see?

Obviously, we are dependent on the underlying market progressing well. Our strength as an advisor lies in our specialisation, flexibility and independence, and we're noticing growing market interest for advisors with our profile.

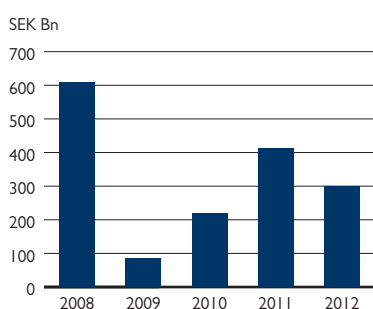
### How do you collaborate with other service segments?

We collaborate with the other segments in Corporate Finance in terms of local or sector-specific client relationships and complementary skill segments. We can also assist wealth management clients in selling companies. The sales enable clients to free up substantial capital, which then needs optimal management.

market having positive effects on transaction flow.

The expected increasing market activity in 2013, combined with a growing need for specific market knowledge is creating opportunities for Catella. The market for consumer-related M&A is getting more complex, and specialised sector knowledge makes Catella an attractive choice of independent advisor.

NORDIC TRANSACTION VOLUMES ON THE M&A MARKET, 2008–2012



Source: Catella

## Fixed Income

Catella provides Nordic corporations alternative financing solutions to bank borrowings and equity via the bond market. Catella also offers trading in fixed income securities via its Nordic Match platform. Clients are companies that want to diversify their sources of capital and investors in fixed income securities. Operations are based in Stockholm.



These operations are conducted under the name Nordic Fixed Income. The offering includes specialised advisory services to corporations that want to diversify their debt profiles, refinance outstanding loans or want capital for expansion and acquisitions. Raising capital is mainly done through corporate bonds. In addition, Catella serves as a broker on the government, mortgage and corporate bond market, as well as offering credit and macroeconomic research. Catella also provides an independent research service that identifies investment opportunities with attractive risk-adjusted returns on behalf of investors.

### Progress in 2012

Operations performed strongly in 2012, their first full financial year. The first primary market transaction, of just over SEK 900 M for district heating company Värmevärden for selected Nordic institutional investors, was conducted in February 2012. The first bond issue on the Swedish market secured by investment properties was conducted in March 2013, when Klöver issued SEK 700 M to a selection of institutional investors.

In late-October 2012, Catella

launched Nordic Match—the first electronic matching system for corporate bonds on the Nordic secondary market. Nordic Match lists a selection of some 70 corporate bonds, primarily high-yield, SEK-denominated bonds. Nordic Match offers clients greater liquidity and transparency, as well as more effective execution in the secondary market. Its main users are institutional investors.

In November 2012 Nordic Fixed Income launched its market tendency survey FIKA ('Finance, Investment, and Economic Analysis'), based on in-depth interviews with senior managers of NASDAQ OMX MidCap constituents.

### Focus in 2013

The goal is to provide new primary market transactions by being the most innovative player on the Swedish corporate bond market. In parallel, Nordic Match will be developed by offering more clients access to the platform and increasing its supply of bonds.

### Market progress

Market growth in corporate bonds in Sweden and the rest of the Nordics is primarily driven by credit institutions

making far-reaching adaptations to forthcoming capital adequacy and liquidity requirements. Bonds issued in Swedish currency to non-financial companies increased by 39% in 2012 from SEK 46 Bn to SEK 64 Bn. The trend is for companies to diversify their financing sources, which is also expected to increase going forward.

Catella's FIKA market tendency survey for November indicated that one-third of companies listed on NASDAQ OMX MidCap think sales will increase in the next six months, despite a negative view of the economy. These companies are very interested in issuing corporate bonds to use as expansion capital, but primarily to re-finance existing bank debt. One general market trend is that corporations, especially capital-intensive companies like property and private equity-owned companies, are reviewing their financing sources to diversify bank loans and want to re-finance with more flexible instruments such as bonds.

Overall, progress on the corporate bond market is expected to provide good prospects for Catella in 2013. Catella possesses the knowledge and experience to identify solutions for businesses'



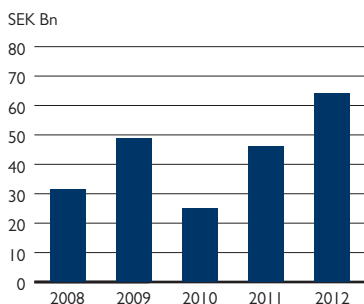


## Anna Ringby

Head of Nordic Fixed Income

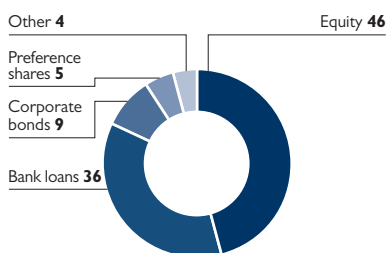
finance requirements, and also has a well-established network in those sectors where these needs are greatest.

BONDS ISSUED BY NON-FINANCIAL COMPANIES IN SWEDEN, 2008–2012



Source: Riksbank (Swedish central bank)

HOW SWEDISH COMPANIES FINANCED THEIR OPERATIONS IN 2012, %



Source: FIKA Report, 2012

### How would you sum up 2012?

This was our first full financial year and we are proud that we were profitable. We conducted one of the largest issues in the year in the high-risk segment on the Nordic market. We also launched Nordic Match in autumn 2012, enabling our clients to match buy and sell interests on the corporate bond market. In the first four months, Nordic Match had already executed over SEK 700 M-worth of transactions.

### What's your view of market progress?

Underlying interest rates will remain low in 2013, which means investors need to increase risk levels in their investments through corporate bonds, for example, to attain good risk-adjusted returns. We are seeing clear signs that investors want to increase the risk of their portfolios. The allocation is from government bonds towards equities and credit bonds, which is creating business opportunities for us.

### What's your focus for 2013?

We want to drive the corporate bond market in Sweden and offer

the best fixed income solutions for clients: SMEs and fixed income investors. We also want to build on Nordic Match to make it the natural tool for all fixed income investors. This platform is something new that is modernising the bond market.

### What challenges and opportunities do you see?

One of the big challenges for us is to educate companies about debt finance and the opportunities that bonds offer. We need to simplify and clarify our processes. There are also opportunities in greater interest in alternative financing solutions, combined with our strength as an independent player.

### How do you collaborate with other service segments?

One example was Klövern's bond issue, secured on properties, where we served as advisor alongside Property. This utilised Catella's unique combined expertise in properties and bond finance. We hope to be able to execute more transactions of this type.

# Broad-based asset management expertise with unique investment services

Catella provides institutions, corporations and private individuals with specialised financial services in asset and wealth management. It also offers cards and payment solutions. 210 professionals work for Asset Management in four countries.

The business model of Asset Management is based on identifying needs and developing tailored products through close contact and long-term relationships with clients. Catella provides services in three segments:

- FUNDS
- WEALTH MANAGEMENT
- CARDS AND PAYMENT SOLUTIONS

Catella has long-term experience of fund management, currently offering active management in the equities, property and fixed income asset classes. Its part-ownership of asset manager IPM also brings expertise in systematic asset management, which further extends its expertise. The combination of this broad-based asset management expertise with strong positioning on the property

market confers Catella with a unique wealth management offering. Building a strong wealth management operation not only offers Catella a direct relationship with investors but also a larger client base, which improves the stability of its earnings over time.

### Goals for 2013

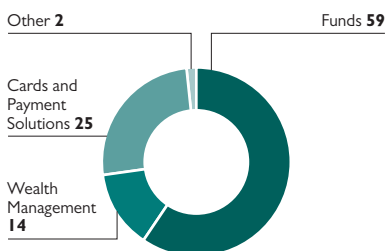
The overall business goal for 2013 is to build a competitive asset management offering.

### Financial goals

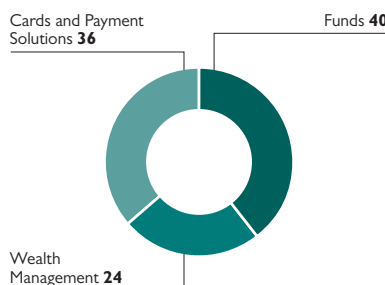
Catella measures and controls its operating segments through means including the financial goals of operating margin, defined as profit before tax for the year in relation to total income. The target is to exceed 15% over time. For Asset Management, the operating margin for 2012 was 4%.



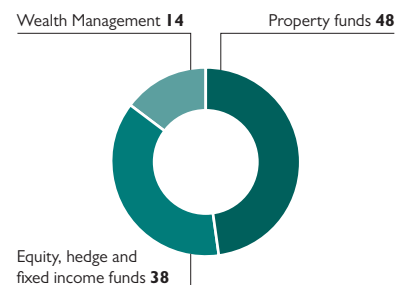
NET SALES BY SERVICE SEGMENT 2012, %



NUMBER OF EMPLOYEES BY SERVICE SEGMENT 2012, %

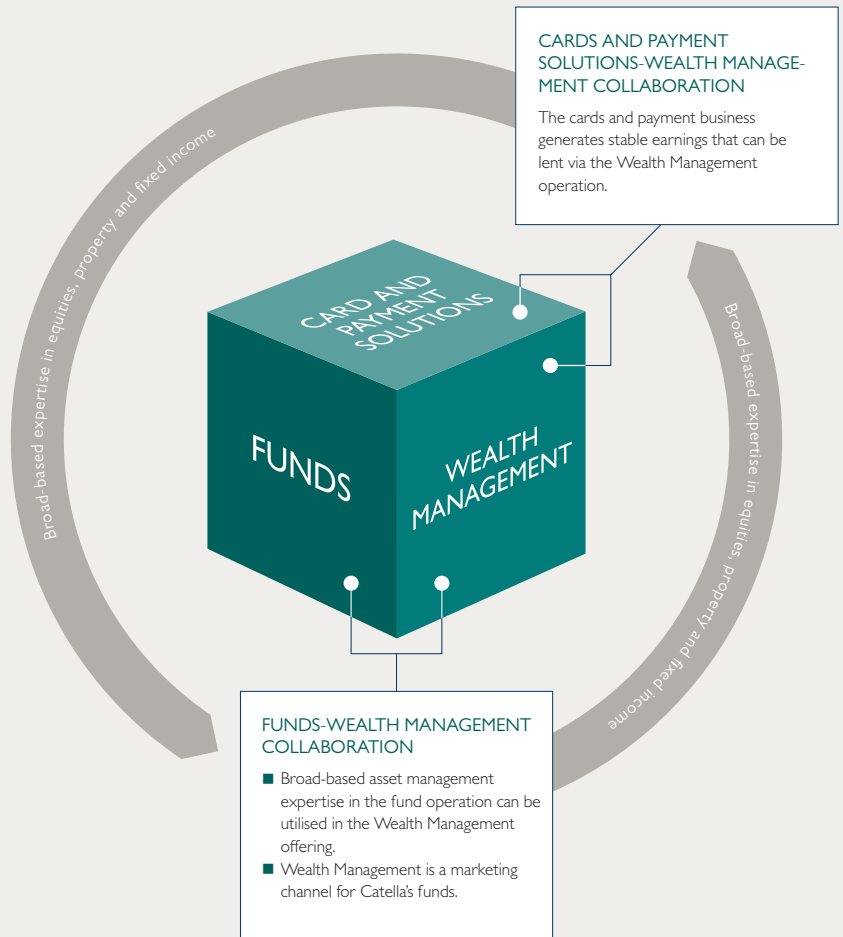


VOLUMES UNDER MANAGEMENT BY SEGMENT 2012, %

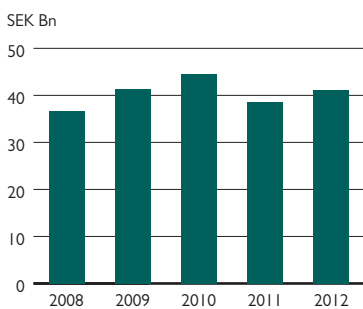




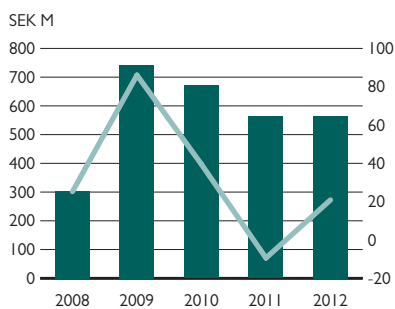
SYNERGIES IN ASSET MANAGEMENT



CATELLA'S VOLUMES UNDER MANAGEMENT, 2008–2012



NET SALES AND PROFIT BEFORE TAX<sup>2</sup>, 2008–2012



KEY FIGURES

	2012	2011
Net sales, SEK M	565	561
Operating profit/loss, SEK M <sup>1</sup>	2	-5
Operating margin, %	4	neg
Profit/loss before tax, SEK M <sup>2</sup>	20	-7
Volumes under management, SEK Bn	41	39
Number of employees at end of year	210	219

<sup>1</sup> Operating profit/loss before acquisition-related items and items affecting comparability.  
<sup>2</sup> Profit/loss before tax for the full year 2012 is adjusted for items affecting comparability of SEK 31 M.

## Property funds

Catella provides property funds with a European focus. These funds are managed in Germany and Finland.

Catella's German property fund operation provides funds, primarily for institutional investors. These funds have a European focus, with orientation on various regions and sectors. Catella currently manages three open property funds and five closed property funds.

Property funds are a common savings product in Germany, with an estimated market value of some SEK 850 Bn. The revenue model is based on regular management fees, and fees on the acquisition or sale of the fund's property assets. The share of performance-based fees is low.

Catella's Finnish property fund operation provides management of property funds and advisory services to

international and domestic investors. The revenue model is based on fixed management fees and performance-based income.

### Progress in 2012

Volumes under management in Catella's property funds increased by 26% in

2012, from SEK 15.7 Bn to SEK 19.8 Bn

In the German funds, volumes under management were up by 42% on 2011. The German 'Catella Multitenant Stiftungsfonds' property fund was launched in September, which addresses trusts and invests in commercial rental properties. In the year, Catella was also rated as one



## Dr. Andreas Kneip

Head of the German Fund Operation

### How would you sum up 2012?

We can look back on a positive year when we achieved strong profits. And this was despite the market featuring uncertainty from investors as a result of factors including altered regulatory structures and more regulation.

### What's your view of market progress?

We hope that the new laws and regulations for investing operations in the property sector that are being introduced

will result in stabilisation and achieving optimal liquidity management. The purpose of these regulations is to increase the confidence of market participants in the sector. For us, it means less uncertainty on the market.

### What's your focus for 2013?

We expect stable inflows to our funds in 2013 and further investment undertakings. Because property investors still prefer secure investments, such as high

standard, centrally located properties on stable markets, we will maintain our investment strategy of low risk and portfolio diversification.

### What challenges and opportunities do you see?

The future for property investments may still appear uncertain to some investors as a result of greater regulation. But for investments with a clear focus on properties in Germany, the prospects are now favourable.





of the foremost asset managers in the property sector by German institutions in a survey conducted by European credit agency Feri EuroRating Service.

The property portfolio Catella manages in Finland is worth approximately SEK 4 Bn. In 2012,

Catella executed 39 transactions in Finland, corresponding to total volume of approximately SEK 500 M. Catella continuously monitors investor needs with the objective of launching new niche property products.

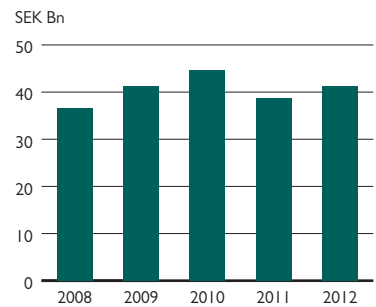
**Focus in 2013**

In 2013, Catella intends to launch new funds with clearly defined strategies and investor focus. The focus is on high-quality property assets, which generate stable cash flows.

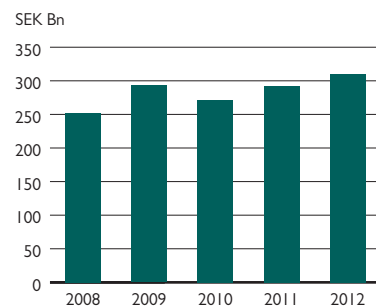
**Market progress**

Despite credit turbulence, property funds generally made stable progress in Europe. In 2011 and 2012, the inflow of capital to property funds increased after a few years of low inflows. The greatest interest was in funds investing in properties in central locations. Simultaneously, institutional investors wanted greater control and involvement, driving development toward new types of investment product such as joint ventures and investment clubs.

CATELLA'S VOLUMES UNDER MANAGEMENT IN PROPERTY FUNDS, 2008–2012



PROGRESS OF OPEN PROPERTY FUNDS IN GERMANY, 2008–2012



Source: BVI

*More information on the property market on page 18.*

**How do you collaborate with other service segments?**

In our German fund operation, we combined very good knowledge of the property market with many years' experience of property investment. The extensive network, experience and expertise integrated in Catella is a very substantial asset for us.



## Equity, hedge and fixed income funds



Catella provides equity and fixed income fund management as well as a number of alternative products, such as the hedge fund, Catella Hedgefond. With its broad offering, Catella can address client investment needs based on a range of risk considerations and market conditions.

Catella utilises team-based asset management, which means that a fund is not dependent on an individual manager. Teams are mutually complementary through their differing areas of expertise. Catella also possesses a high level of expertise and focus on risk and risk management.

Catella's stake in IPM Informed Portfolio Management AB (IPM) extends the Catella Group's asset management expertise by enabling it to offer systematic asset management. IPM also brings a global service and broad international client base.

### Progress in 2012

Volumes under management in Catella's equity, hedge and fixed income funds increased by 16% in 2012, from SEK 13.4 Bn to SEK 15.5 Bn. Approximately SEK 1 Bn of this increase is from net inflows, and the remainder is from value growth.

The largest inflows in 2012 were in Catella's fixed income funds. The inflows to Catella's Swedish funds correspond to about 2% of total inflows (excluding PPM pension management) in Sweden. Several of Catella's Swedish funds achieved very high risk-adjusted returns in 2012.

Mats Andersson became Head of the Swedish fund operation in March 2012. Three new funds allocated fund-of-fund solutions, which Catella manages, and ICA Banken distributes and markets, were launched in October.

Catella reviewed and consolidated its fund portfolio in the year to achieve a more appropriate composition in financial and management terms. As a result, six funds were merged.

At year-end 2012, fund administration and IT support transferred to Catella Bank's Swedish branch to improve the utilisation of resources and improve cost-efficiency within Catella.

In December, Catella AB decided to increase its ownership of asset manager IPM from 5 to 25% through an SEK 33 M private placement.

### Focus in 2013

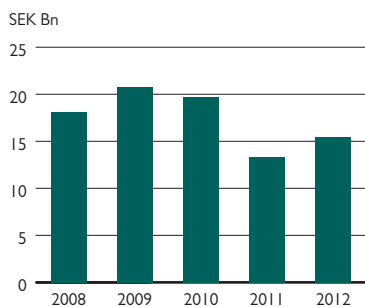
In 2013, the aim is to increase assets under management by 10% via net inflows. Because the market showed greater risk appetite in late-2012 and early-2013, Catella thinks there are good prospects to increase volumes in its equity funds. Its ambition is to develop new, niche funds, through channels including partnership with asset manager IPM.

### Market progress

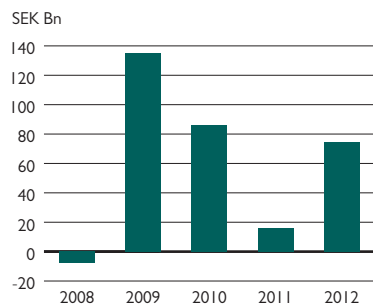
2012 got off to a brisk start in the first quarter with bright points in US housing statistics, and hopes of improvement for the real economy and stock market. Disappointing growth in China and continued turbulence related to the Euro crisis soon restrained expectations.

Sweden entered a slowdown in the late-autumn, triggering a sharp increase in the number of lay-offs. Despite a weak real economy, most stock markets rose. Very low benchmark rates in Europe and

VOLUMES UNDER MANAGEMENT IN CATELLA'S EQUITY, HEDGE AND FIXED INCOME FUNDS, 2008–2012



NET SAVINGS IN FUNDS IN SWEDEN, 2008–2012



Source: the Swedish Investment Fund Association

the US, and the ECB LTRO (long-term refinancing operation) provided renewed impetus to stock markets through the autumn, with outcomes including the Swedish stock market making gains of 16.5% in 2012 (SIX RX).

Net savings in Swedish funds, deposits minus withdrawals, was positive largely throughout 2012. Total fund assets were SEK 2,049 Bn at year-end 12, an increase of SEK 229 Bn in the year. Positive net savings contributed SEK 74 Bn and value growth was SEK 155 Bn.

Mixed funds saw the highest net inflows in the year, totalling SEK 35 Bn. Bond funds (long-term fixed income funds) also registered fairly sizeable inflows in 2012, totalling SEK 21 Bn, partly explained by the interest in corporate bond funds. However, money market funds (short-term fixed income funds) saw an SEK -5 Bn outflow in the year. Those months when flows were positive for money market funds were largely consistent with the months when new savings in equity funds were negative. At year-end, index funds represented nearly 10% of equity fund assets after a net inflow of just over SEK 17 Bn in 2012.



## Mats Andersson

Head of the Swedish Fund Operation

### How would you sum up 2012?

Despite robust gains on the stock market in the year, clients took a hesitant view of risk-taking. We saw good inflows of new capital to our funds, primarily to our fixed income products. We took aggressive and defensive measures in the year, when we reviewed our costs, simultaneous with gradually upscaling our sales activities in the year. Accordingly, we are entering 2013 with a lower cost base, and expect to see the results of increased sales activities.

### What's your view of market progress?

In terms of the stock market, the prospects for 2013 are fairly good. Because in late-2012 and early-2013, markets exhibited greater risk appetite, we think there are good prospects for increased volumes in equity funds. Meanwhile, we know that the eurozone debt crisis is far from over, which means we have to expect setbacks and high volatility on the market.

### What's your focus for 2013?

Our goal is to increase assets under management by 10% via net inflows. We also have the ambition of developing one or two new funds, one of which will be an absolute return fund with a higher risk level than the funds we offer at present.

### What challenges and opportunities do you see?

The regulatory structures implemented in recent years present a challenge because cost pressure is increasing. Traditional fund management is a mature market with fairly low growth. Catella has a broad offering of equity, hedge and fixed income funds with differing risk levels. This means we can address the differing needs of our clients in all potential market conditions.

### How do you collaborate with other service segments?

The fund operation has a close collaboration with Wealth Management, where asset management and market expertise in fixed income, equity and alternative investments can be utilised.

# Wealth Management



Catella provides tailor-made wealth management for companies, institutions and private clients that require active, independent advisory services and management. Catella offers wealth management from offices in Luxembourg, Stockholm, Gothenburg, Malmö and Växjö.

Catella provides independent advisory services and wealth management. Its business model is based on an open architecture (independence) and full transparency. Catella is impartial in its selection of the best managers and products. Income is generated from the fixed percentage fee debited to clients assets under management. Other services generate income per assignment.

Catella regards wealth management as an extremely client-specific business, and bases its services on a long-term approach, expertise and trust. The ambition is to create value-added by focusing on the complete picture. Catella provides advisory services in tax and law, pen-

sions and finance. Asset management is tailor-made based on risk and return profiles, and the selected structure.

## Progress in 2012

Building the Swedish wealth management business on the platform of Catella Bank commenced and a number of key individuals were hired in asset management, financial planning and as client advisors. In September, Catella decided to coordinate its wealth management businesses in Sweden and in Luxembourg. Mikael Pauli took up his position as Head of Wealth Management in December. A special focus on the operation in Gothenburg was also implemented.

## Focus in 2013

Efforts on developing wealth management in Sweden and Luxembourg will intensify in 2013. In 2013, Catella will launch an enhanced asset management offering creating opportunities for individualised portfolio solutions in a fully open architecture. Catella will also develop its advisory services for entrepreneurs with a broader-based offering.

## Market progress

Financial savings in Sweden increased by SEK 153 Bn in 2012. The household sector tends to increase savings when real growth is falling, and vice versa. On the asset side, insurance savings, bank deposits, ownership of tenant-owners' associations and foreign equities and fund units primarily increased. There were net sales of bonds and Swedish listed equities in the period. On the liabilities side, the increase in borrowing fell for the third consecutive year, and were at their lowest level since 2002. Household borrowing increases remained restrained in the final quarter of the year despite falling lending rates.

Household financial assets increased by SEK 582 Bn in 2012 to SEK 5,828 Bn, an increase of 11%. The geographical location of private individual financial assets indicate that Greater Stockholm, the Counties of Västra Götaland and Skåne represent 58%, while other Swedish counties represent 42%. This indicates a high concentration of net worth in and around Stockholm, Gothenburg and Malmö.

Catella judges that the share of private clients, smaller institutions and



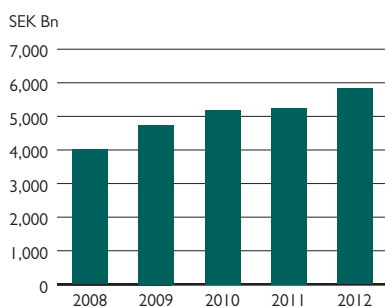


## Mikael Pauli

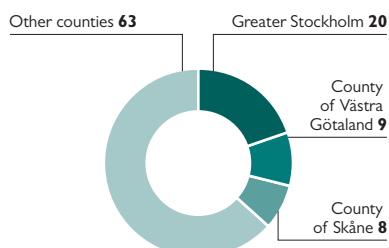
Head of Wealth Management

businesses that want transparent advisory services will increase in the coming years due to factors including impending EU legislation including proposals to ban what are known as kickbacks.

HOUSEHOLDER AND NON-PROFIT ORGANISATION FINANCIAL POSITIONS, 2008–2012



FINANCIAL ASSETS HELD BY PRIVATE INDIVIDUALS BY SWEDISH COUNTY



Source: Statistics Sweden

### How would you sum up 2012?

In 2012, we worked intensively on developing our wealth management offering. We hired a number of key individuals, very skilled specialists, and are concentrating on developing our local offices. We also started work on coordinating our operations in Sweden and Luxembourg. Catella's ambition is growth within wealth management, and we've laid a foundation to grow on.

### What's your view of market progress?

We think risk appetite is gradually increasing, which is a good prerequisite for overall business decisions among clients and collaboration partners. We are also seeing flows from the bond market to the stock market, although without any great activity on the commission site.

For us, rising stock markets and an increase in the equity share in portfolios means higher repeat income, with some delay.

### What's your focus for 2013?

We've laid a foundation to grow on with a strong offering. Our focus right now is on reaching out with our offering, mainly in those loca-

tions where we are active. Our ambition is to offer the market's most tailor-made wealth management service, and to be the self-evident choice for individuals looking for the best offering on the market.

### What challenges and opportunities do you see?

Satisfying regulatory standards on participants in the financial markets conducting operations requiring permits means increased costs and is a major challenge. Not all participants will be able to satisfy these standards, which obviously creates opportunities for others to secure positioning. Potential forthcoming regulatory decisions including banning kickbacks creates opportunities for asset managers like Catella with their scalable processes and open reporting.

### How do you collaborate with other service segments?

In Catella, we integrate market-leading expertise and local presence on the property, fixed income and stock markets. By collaborating, high flexibility and short decision-paths, we create a really good environment for active advisory services and management.

# Cards and Payment Solutions



Catella provides cards and payment solutions focusing on Europe. Catella operates as a card issuing and card acquiring bank. Operations are conducted from Luxembourg.

Catella offers other banks complete card programmes under its own Visa and MasterCard licenses. Catella provides all services including clearing for Visa and MasterCard, card branding, billing, risk monitoring and customer services in-house.

In addition, Catella clears international credit card transactions for e-commerce companies and provides daily settlement in multiple currencies, as well as electronic statements.

### Progress in 2012

Jonathan Reddin became Head of Cards and Payment Solutions in June. In the year, operations focused on business development in card issuing and card acquisition. In parallel, operations were reorganised, with IT infrastructure consolidated to enable further growth.

### Focus in 2013

Work on building greater capacity in infrastructure will continue in 2013. The

focus going forward is growth, primarily in card acquisition.

### Market progress

Global volumes (number of transactions) of non-cash payments are maintaining high growth. Volumes were up by 7.1% to SEK 283 Bn in 2010 (the most recent year official data is available for all regions).

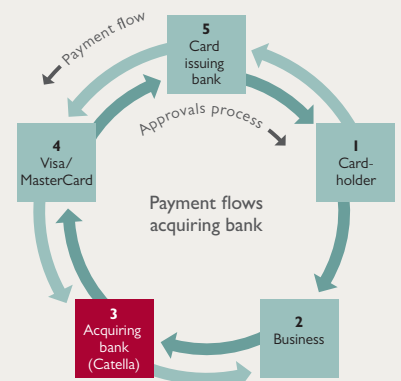
Volumes were up by 16.9% on growth markets, with Russia and China increasing by 30%. Even if growth in developing markets was modest, at 4.9%, this growth rate exceeded GDP. Developed markets still present 79.5% of all non-cash payments globally.

Cards remain the biggest driver of non-cash payments globally, representing 55.8% of all non-cash payments in 2010, up from 53.4% in 2009.

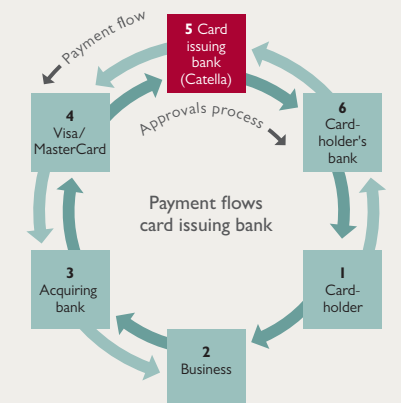
In 2011, 306 billion non-cash payment transactions were conducted globally, an increase of 5.6%.

The growth of non-cash payments in Europe was comparable to global growth, at 4.9% in 2010. Growth was limited by the economic downturn on several markets such as Greece, Italy, Spain and Ireland. However, these growth rates were still substantially above GDP growth. Europe remains the world's second-largest market in non-cash payments, representing 82 billion transactions, or 29% of total volumes in

SCHMATIC ILLUSTRATION OF PAYMENT FLOWS FOR A CARD ACQUIRING BANK



SCHMATIC ILLUSTRATION OF PAYMENT FLOWS FOR A CARD ISSUING BANK

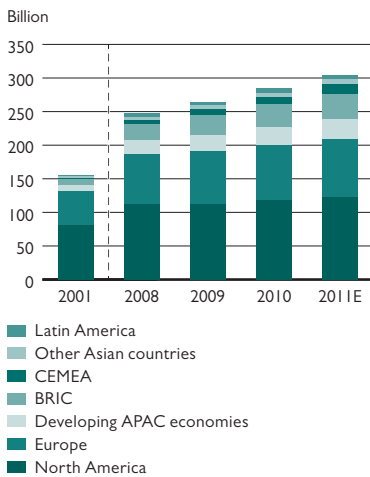


The cardholder makes a purchase in store or on the Internet using his/her card. The business/e-commerce enterprise is connected to an acquiring bank, which authorises the card purchase via Visa or MasterCard. The card issuing bank confirms that the card is valid for the purchase and pays the business/e-commerce enterprise via Visa or MasterCard and the acquiring bank.

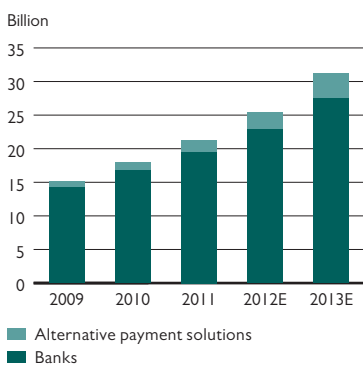
2010. The largest markets in Europe are France, Germany and the UK.

Internet payments (e-payments) are still rising briskly worldwide. Sector research indicates that 17.9 billion e-payments were made globally in 2010, with an estimated 21.3 billion in 2011. The forecast number of e-payments in 2013 is 31.4 billion. This increase is driven by the rapid growth of alternative payment solutions via new channels.

NUMBER OF NON-CASH PAYMENTS GLOBALLY BY REGION 2001 AND 2008-2011



NUMBER OF ELECTRONIC PAYMENTS GLOBALLY, 2009-2013E



Source: World Payments Report (WPR) from Capgemini, the Royal Bank of Scotland (RBS) and EFMA.



## Jonathan Reddin

Head of Cards and Payment Solutions

### How would you sum up 2012?

The year featured intensive work on evaluating the capacity and potential of our cards and payment operation. We also embarked on extensive efforts to build an organisation and systems that can cope with higher volumes.

### What's your view of market progress?

Major changes are ongoing on the market, which are creating opportunities through new technology and altered consumer behaviour.

### What's your focus for 2013?

We are continuing our work on expanding our capacity so that we can benefit from the growth opportunities on new markets through

emerging technology. Eventually, our ambition is to expand in the broader-based payment segment.

### What challenges and opportunities do you see?

One of our opportunities is to secure a higher share of the growing e-commerce market in profitable segments, for fairly low risk. The challenge is to grow with control cost-efficiently.

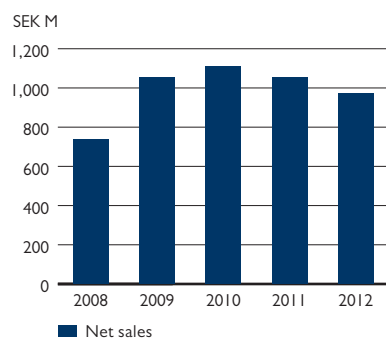
### How do you collaborate with other service segments?

We are in close collaboration with our colleagues in Wealth Management. Our clients generate deposits, which in turn, offer lending opportunities.

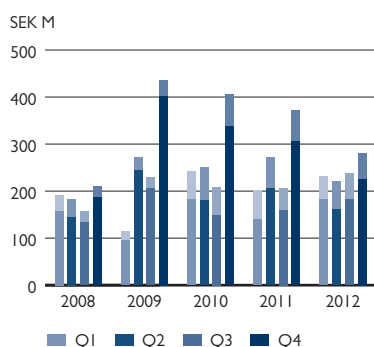
# Financial overview

## Group

NET SALES PER YEAR, 2008–2012

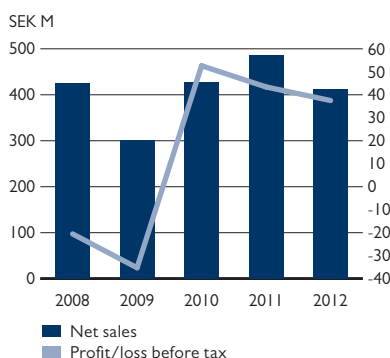


NET SALES PER QUARTER, 2008–2012

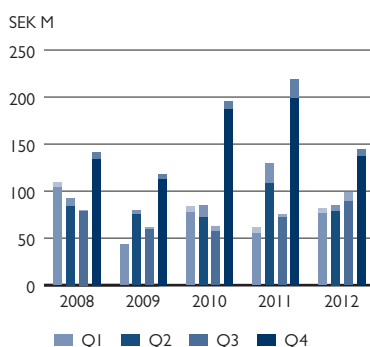


## Corporate Finance

NET SALES AND PROFIT/LOSS BEFORE TAX PER YEAR, 2008–2012

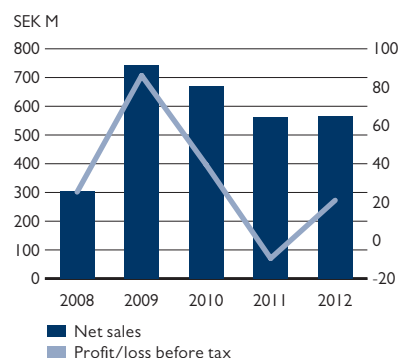


NET SALES PER QUARTER, 2008–2012

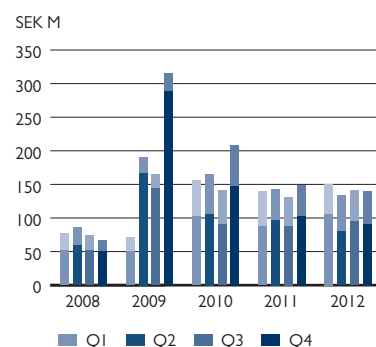


## Asset Management

NET SALES AND PROFIT/LOSS BEFORE TAX<sup>1</sup> PER YEAR, 2008–2012



NET SALES PER QUARTER, 2008–2012



2008–2010 pro forma, as if the former Catella group was acquired and consolidated as of 1 January 2008.

In their graphs of progress per quarter, total income is divided between income excluding assignment expenses and commissions and assignment expenses and commissions.

## CONSOLIDATED KEY FIGURES

	Corporate Finance		Asset Management		Other		Group	
	2012	2011	2012	2011	2012	2011	2012	2011
Operating margin, % <sup>1</sup>	9	9	4	-0	-	-	4	-1
Profit margin, %	5	5	-1	1	-	-	-1	2
Return on equity, %	14	17	-1	1	-	-	-1	2
Equity/assets ratio, %	52	42	22	16	-	-	27	25
Number of employees, average	212	206	220	218	12	13	444	437
Number of employees, at end of period	212	209	210	219	12	15	434	443
Staff turnover, % <sup>2</sup>	14	12	19	28	17	8	16	20
Transaction volume for the period, SEK Bn	54	61	-	-	-	-	54	61
Assets under management at end of period, SEK Bn	-	-	41	39	-	-	41	39

<sup>1</sup> Profit/loss before tax excluding items affecting comparability.

<sup>2</sup> Number of people that terminated employment in 2012 divided by the average number of employees.



## SUMMARY INCOME STATEMENT BY OPERATING SEGMENT

SEK M	Corporate Finance		Asset Management		Other		Group	
	2012	2011	2012	2011	2012	2011	2012	2011
Net sales	412	488	565	561	-6	-4	971	1,045
Other operating income	7	6	3	8	6	6	17	20
	<b>419</b>	<b>493</b>	<b>568</b>	<b>569</b>	<b>0</b>	<b>2</b>	<b>987</b>	<b>1,064</b>
Personnel costs	-243	-282	-219	-217	-16	-16	-478	-516
Other expenses	-138	-167	-347	-357	-19	-24	-503	-547
Total expenses	-380	-449	-566	-574	-35	-40	-981	-1,063
<b>Operating profit/loss before acquisition-related items and items affecting comparability</b>	<b>39</b>	<b>44</b>	<b>2</b>	<b>-5</b>	<b>-35</b>	<b>-38</b>	<b>6</b>	<b>1</b>
Amortisation of acquisition-related intangible assets	-	-	-5	-4	-	-	-5	-4
Items affecting comparability	-	-	-31	-	-3	-	-34	-
<b>Operating profit/loss</b>	<b>39</b>	<b>44</b>	<b>-34</b>	<b>-9</b>	<b>-38</b>	<b>-38</b>	<b>-33</b>	<b>-3</b>
Financial items—net	-2	-2	23	2	8	-12	29	-12
<b>Profit/loss before tax</b>	<b>37</b>	<b>42</b>	<b>-11</b>	<b>-7</b>	<b>-30</b>	<b>-50</b>	<b>-4</b>	<b>-15</b>
Tax	-15	-15	4	12	2	39	-9	35
<b>Net profit/loss for the year</b>	<b>22</b>	<b>27</b>	<b>-7</b>	<b>5</b>	<b>-28</b>	<b>-11</b>	<b>-13</b>	<b>21</b>

## FINANCIAL POSITION BY OPERATING SEGMENT

## ASSETS

## Non-current assets

Intangible assets	60	61	201	201	50	50	311	311
Financial assets measured at fair value in profit or loss	-	-	18	18	258	304	276	322
Long-term loan receivables	-	-	304	111	-	-	304	111
Other non-current assets	17	66	22	16	40	-7	79	76
	<b>78</b>	<b>127</b>	<b>545</b>	<b>347</b>	<b>348</b>	<b>346</b>	<b>971</b>	<b>820</b>

## Current assets

Accounts receivable	85	142	93	17	3	2	181	161
Current loan receivables	-	-	489	-	-	-	489	-
Cash and cash equivalents	102	80	1,568	104	11	-32	1,680	152
Other current assets	44	31	91	60	5	46	141	137
	<b>231</b>	<b>253</b>	<b>2,242</b>	<b>181</b>	<b>18</b>	<b>16</b>	<b>2,491</b>	<b>450</b>
Assets in disposal group held for sale	-	-	-	2,637	-	-	-	2,637
<b>Total assets</b>	<b>309</b>	<b>380</b>	<b>2,787</b>	<b>3,165</b>	<b>366</b>	<b>362</b>	<b>3,462</b>	<b>3,907</b>

## EQUITY AND LIABILITIES

Equity attributable to shareholders of the Parent Company	142	132	611	493	151	324	904	949
Non-controlling interests	19	28	2	3	-	-	21	31
<b>Total equity</b>	<b>161</b>	<b>160</b>	<b>614</b>	<b>496</b>	<b>151</b>	<b>324</b>	<b>925</b>	<b>980</b>

## Liabilities

## Non-current liabilities

Non-current loan liabilities	-	-	-	-	197	-	197	-
Other non-current liabilities	6	11	12	8	19	23	37	42
	<b>6</b>	<b>11</b>	<b>12</b>	<b>8</b>	<b>216</b>	<b>23</b>	<b>234</b>	<b>42</b>

## Current liabilities

Borrowings	-	-	155	86	-	154	155	240
Current loan liabilities	-	-	1,824	-	-	-	1,824	-
Other current liabilities	142	210	182	257	-1	-140	323	328
	<b>142</b>	<b>210</b>	<b>2,161</b>	<b>343</b>	<b>-1</b>	<b>14</b>	<b>2,302</b>	<b>567</b>
Liabilities in disposal group held for sale	-	-	-	2,318	-	-	-	2,318
<b>Total liabilities</b>	<b>148</b>	<b>221</b>	<b>2,173</b>	<b>2,669</b>	<b>215</b>	<b>38</b>	<b>2,537</b>	<b>2,927</b>
<b>Total equity and liabilities</b>	<b>309</b>	<b>380</b>	<b>2,787</b>	<b>3,165</b>	<b>366</b>	<b>362</b>	<b>3,462</b>	<b>3,907</b>

## CASH FLOW BY OPERATING SEGMENT

Profit/loss before tax	37	42	-11	-7	-30	-50	-4	-15
Adjustment for non-cash items	11	32	2	27	-19	3	-6	62
Adjustment for cash items	-19	-35	-138	-1,119	66	17	-91	-1,137
<b>Cash flow from operating activities</b>	<b>29</b>	<b>39</b>	<b>-147</b>	<b>-1,099</b>	<b>17</b>	<b>-30</b>	<b>-101</b>	<b>-1,090</b>
<b>Cash flow from investing activities</b>	<b>-5</b>	<b>-5</b>	<b>57</b>	<b>11</b>	<b>15</b>	<b>69</b>	<b>67</b>	<b>75</b>
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-9</b>	<b>-2</b>	<b>13</b>	<b>14</b>	<b>-93</b>	<b>12</b>	<b>-90</b>
<b>Cash flow for the year</b>	<b>24</b>	<b>24</b>	<b>-92</b>	<b>-1,075</b>	<b>45</b>	<b>-54</b>	<b>-22</b>	<b>-1,105</b>

# Board of Directors and auditors



**Johan Claesson**  
Chairman  
Born in 1951

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

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

**Background:** owner and Executive Chairman of Claesson & Anderzén AB.

**Education:** B.Sc. (Econ.).

**Shareholdings (December 2012):** 1,087,437 Class A shares and 38,480,821 class B shares.

**Warrant holdings (December 2012):** none.

**Ownership:** through company and private.

**Independent of the company and management:** no.

**Independent of major shareholders of the Company:** no.



**Stefan Carlsson**  
Member  
Born in 1961

Board member of Catella AB since 2012.

**Other Board assignments:** Chairman of the Board of Catella Bank.

**Background:** former member of Swedbank's Group Management, also served in companies including Öhman Luxembourg S.A., SEB Enskilda Equities and DnB Asset Management, New York.

**Education:** B.Sc. (Econ.), MBA.

**Shareholdings (December 2012):** none.

**Warrant holdings (December 2012):** none.

**Ownership:** -

**Independent of the company and management:** no.

**Independent of major shareholders of the Company:** yes.



**Björn Edgren**  
Member  
Born in 1938

Board member of Catella AB since 2008.

**Other Board assignments:** Chairman of the Olle Engkvist Foundation and Board member of Brogårn Förvaltning AB.

**Background:** former Partner of law firm Vinge KB. Former member of Skandinaviska Enskilda Banken's Group Management. Member of the Swedish Bar Association, 1969–1992 and 1996 onwards.

**Education:** LL.B.

**Shareholdings (December 2012):** 100,000 class B shares.

**Warrant holdings (December 2012):** none.

**Ownership:** private.

**Independent of the company and management:** yes.

**Independent of major shareholders of the Company:** yes.



**Niklas Johansson**  
Member  
Born in 1961

Board member of Catella AB since 2011.

**Other Board assignments:** Chairman of the Board of the Swedish National Pharmacy Corporation Pension Fund and the Telia Pension Fund, Board member of AP2 (the Second Swedish National Pension Fund).

**Background:** previously served companies including Ernst & Young, Skandia Liv and Crédit Agricole Indosuez Cheuvreux Nordic and President & CEO of Carnegie Investment Bank.

**Education:** B.Phil., MBA and CEFA.

**Shareholdings (December 2012):** 28,300 class B shares.

**Warrant holdings (December 2012):** none.

**Ownership:** private.

**Independent of the company and management:** yes.

**Independent of major shareholders of the Company:** yes.



**Jan Roxendal**  
Member  
Born in 1953

Board member of Catella AB since 2011.

**Other Board assignments:** Chairman of the Board of the Swedish Export Credits Guarantee Board and mySafety Group 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 2012):** none.

**Warrant holdings (December 2012):** none.

**Ownership:** -

**Independent of the company and management:** yes.

**Independent of major shareholders of the Company:** yes.

## Auditor

**Patrik Adolfsen**  
Auditor  
Born in 1973

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

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

**Shareholdings (December 2012):** none.

**Warrant holdings (December 2012):** none.

**Ownership:** -

# Group Management



## Johan Ericsson

*President and Chief Executive Officer, born in 1951*

President and Chief Executive Officer of Catella AB and member of Group Management since September 2010.

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

**Background:** employed by Catella since 1992. President of Property Advisory Services for the former Catella.

**Education:** B.Sc. (Econ.).

**Shareholdings (December 2012):** 25,000 class B shares.

**Warrant holdings (December 2012):** 5,250,000 with class B shares as underlying security. Most of these options have exercise dates between March and May of 2015 and 2016.

**Ownership:** through company and related parties.



## 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 the majority of the Catella Group's subsidiaries, and minor Board assignments outside Catella.

**Employment:** employed by Catella since 2001. Formerly COO and CFO of Property Advisory Services for the former Catella. COO and CFO of Capona AB.

**Education:** B.Sc. (Econ.).

**Shareholdings (December 2012):** 30,000 class B shares.

**Warrant holdings (December 2012):** 5,250,000 with class B shares as underlying security. Most of these options have exercise dates between March and May of 2015 and 2016.

**Ownership:** through company and related parties.



## Johan Nordenfalk

*General Counsel and Head of Business Development, born in 1973*

General Counsel 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 the majority of the Catella Group's subsidiaries, and minor Board assignments outside Catella.

**Employment:** employed by Catella since 2011. Former Partner and Attorney-at-Law and partner with Hamilton law firm.

**Education:** LL.B., Maîtrise en droit.

**Shareholdings (December 2012):** none.

**Warrant holdings (December 2012):** 300,000 with class B shares as underlying security. Most of these options have exercise dates between March and May of 2015 and 2016.

**Ownership:** private.



## Anders Palmgren

*Head of Corporate Finance, born in 1959*

Head of Corporate Finance since January 2012 and member of Group Management since April 2011.

**Current Board assignments:** Board member of Catella's Nordic Corporate Finance companies, and minor Board assignments outside Catella.

**Employment:** employed by Catella since 2007. Previously founder of, and served, Genesta Property Nordic AB.

**Education:** LL.B.

**Shareholdings (December 2012):** 26,000 class B shares.

**Warrant holdings (December 2012):** 600,000 with class B shares as underlying security. Most of the options have redemption dates between March and May of 2013.<sup>1</sup>

**Ownership:** private.

<sup>1</sup> In spring 2013, these warrants and their term extended until 2015.



**Catella AB (publ)**

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