

## ABG Sundal Collier

### Second Quarter 2011 - Report to Shareholders

#### Weaker results due to drop in market activity

Oslo, 27 July 2011 – In the second quarter markets have been increasingly nervous and influenced by uncertainty related to the debt crisis haunting Greece and several other European countries in the eurozone as well as uncertainty related to the government debt situation in the US. Volatility in the markets has increased and given a challenging market for companies wanting to raise new capital.

#### Q2 Highlights

- EPS of NOK 0.08 versus NOK 0.15 in 2Q 2010. EPS for the first half of 2011 was NOK 0.19 compared to NOK 0.33 last year.
- Second Quarter Total Revenues amounted to NOK 257 million vs. NOK 288 million last year, declining by 11%
- Operating costs at NOK 164 million, compared to NOK 122 million in 2Q 2010
- ABGSC ranked the “Leading Brokerage Firm” in the Nordics by Extel Europe
- Completed first mandate for issuing of high yield bond in Sweden.

#### Summary Financial Data

##### Operating data and key ratios

	2. quarter 2011	2. quarter 2010	YTD 30.june 2011	YTD 30. June 2010	Year 2010
Pre-tax income (in NOK 1,000)	50,666	87,303	112,291	195,943	400,540
Earnings per share (in NOK) (1)	0.08	0.15	0.19	0.33	0.66
Compensation / Income ratio (2)	52.3 %	52.7 %	53.6 %	52.4 %	53.8 %
Pre-tax pre bonus profit margin (3)	35.1 %	58.4 %	38.5 %	61.5 %	57.5 %
Operating cost / Income ratio (4)	63.9 %	42.3 %	61.8 %	40.6 %	45.8 %
Total cost / Income ratio (5)	79.3 %	70.4 %	78.9 %	70.4 %	72.4 %
Book value per share (in NOK) (6)	2.77	2.88	3.04	2.88	3.25
Return on Equity (12 months) (7)	20.8 %	21.1 %	17.6 %	21.1 %	23.2 %
Average number of shares in 1,000 (8)	464,919	452,681	461,619	444,323	450,253
Shares outstanding end of period	415,773	387,259	415,773	387,259	388,924
Forward contracts for shares outstanding end of period	60,609	68,266	60,609	68,266	67,639
Number of employees at period end	292	284	292	284	296

(1) Net result for the period + interest element in forward contracts divided by the average number of shares

(2) Personnel expenses plus bonus expense and profit to partners as a percentage of operating revenues

(3) Earnings before tax adjusted for bonus expense and profit to partners as a percentage of operating revenues

(4) Operating expenses as a percentage of operating revenues

(5) Total expenses including bonus expense and profit to partners as a percentage of operating revenues

(6) Book equity at end of period divided by the total number of shares (adjusted for treasury shares)

(7) Net result for the last 12 month period as a percentage of average shareholders' equity.

(8) Adjusted for treasury shares and shares on forward contracts

## ***Nordic Equity Markets Review***

The MSCI Nordic (-3.2%) lost ground in 2Q 2011 and also underperformed the MSCI AC World index (-0.7%), amid intensifying concerns over the eurozone debt situation as well as increasing evidence of a slowdown in economic activity. In particular, eyes have been on Greece's precarious fiscal situation, with new data showing that recent austerity measures have been insufficient in taming the budget deficit. Moreover, intense debates have taken place within the European Union regarding the design of the rescue plan, concerning questions such as debt restructuring, the involvement of private creditors, etc. However, the market breathed a sigh of relief when the current government won a vote of confidence, and when the parliament in the end of June approved a new austerity package, which had been agreed on with the EU and IMF.

Overall, macroeconomic readings have deteriorated over the course of the quarter, validating concerns that the economy has entered a soft patch. For instance, the ISM Manufacturing index dropped from 60.4 to 53.5 in June and the unemployment rate has remained high amid worse-than-expected job growth. US GDP growth was weak in the first quarter, estimated at 1.9% and Standard & Poors cut its outlook on US debt to negative. Meanwhile, the PBOC continued to hike interest rates and raise bank reserve requirements in China and the ECB raised interest rates in April for the first time since 2008.

In the 1Q earnings season, Industrials stocks made a comeback and surprised positively, following disappointments in the Q4 reports. Thus, the Swedish stock market fared the best among the Nordics in the second quarter, ending the quarter almost unchanged (-0.2%). Meanwhile, the Danish market (-7.1%) faced steep declines and became the region's worst performing market. The Norwegian (-5.4%) and Finnish (-6.1%) markets also lost considerable ground.

On a sector level, Health Care (Lundbeck +11%, Getinge +9% and Orion +4%), Consumer Discretionary (Nokian Tyres +15%, Schibsted +6% and H&M +4%) and Information Technology (Ericsson +12%) outperformed, while Utilities (Fortum -17%), Energy (Frontline -44%, DNO International -31% and Qvesterre Energy -29%) and Telecommunication Services (TeliaSonera -15%, Tele -14% and Elisa -4%) underperformed.

Trading volumes deteriorated compared to the same period last year. Measured in NOK, the traded volume on the Nordic stock exchanges (ex MTFs) decreased by -12% in 2Q compared to the second quarter of 2010.

## Business Segments Review

### Markets Division

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011
<b>(Amounts in NOK 1,000)</b>						
Operating revenues	205,717	175,441	140,470	189,989	164,386	151,051
Operating Cost	91,927	83,124	97,621	138,450	117,672	116,915
Pre Bonus EBIT	<b>113,790</b>	<b>92,317</b>	<b>42,850</b>	<b>51,540</b>	<b>46,714</b>	<b>34,136</b>
Headcount 1)	100	97	100	105	110	105

1) Exclusive of Research

Revenues within Markets were down 14% compared with 2Q 2010 to NOK 151 million (NOK 175 million). Revenues from equities in Sweden were flat vs. last year but pure commission (excl ECM) continues to be up. Revenues in UK and the US were down roughly in line with market volumes. However, in constant currencies revenues in the US were more or less flat and the same in the UK if we adjust for revenues from continental European clients (now booked in Germany). The equities business in Norway continues to be negatively affected by low activity among high net worth individuals although Q2 saw a slight sequential improvement which is encouraging. Trading contributed positively in both Sweden and Norway.

Despite a tough market for equities our relative standing among clients is strong. We continue to be the preferred choice among international investors as we were ranked the "Leading Brokerage Firm" in the Nordics in the 2011 Extel Europe survey being #1 Equity Sales and #3 Country Analysis. In the Greenwich Associates survey we were clearly #1 in Europe on tier-1 accounts (~75-80% of commission) on Sales coverage, #3 on Large cap research and #1 on Small cap research. In Sweden we slipped to #4 on research in Financial Hearings 2011 survey as we lost votes in a few sectors. We have however taken steps to improve our position in sectors such as Engineering and Metals & Mining and following these changes we expect to again improve our position.

Recruiting activity has been high in the period as the hiring climate is good and we have a strong brand name. We have added senior capacity in Sales and Sales Trading in Sweden, Norway and UK. We have recruited four senior analysts to Sweden and Denmark and a new Head of Research in Norway. We have also added one more on Corporate Access position to be based in London.

### Investment banking Division

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011	2Q 2011
<b>(Amounts in NOK 1,000)</b>						
Operating revenues	123,460	112,418	125,422	222,537	103,535	105,778
Operating Cost	36,891	38,710	42,473	64,361	42,717	47,224
Pre Bonus EBIT	<b>86,569</b>	<b>73,708</b>	<b>82,949</b>	<b>158,176</b>	<b>60,818</b>	<b>58,554</b>
Headcount	64	67	69	69	67	67

Revenues from the Investment Banking Division declined by a moderate 5% to NOK 106 million vs. NOK 112 million in 2Q 2010. This result reflected weakness in ECM activity on the one hand and resilience in M&A and DCM transactions on the other hand. The current challenging market conditions impacts visibility for the upcoming quarter, however, our pipeline of projects remains solid.

ABGSC acted as sole financial advisor to the Aditya Birla Group in the acquisition of Domsjö Fabriker, a leading Swedish biorefinery and specialty cellulose company, which was completed in 2Q 2011. Aditya Birla is an India-based USD 35 billion industry group with some 133,000 employees and operations in 33 countries worldwide. The transaction marks Aditya Birla's entry into the Nordic region and is an important step in reaching the goal of increasing revenues to USD 65 billion by 2015. Nordic private equity firm Altor announced the acquisition of Elixia, the leading health & fitness chain in the Nordic region, from Norvestor and its other owners. ABGSC acted as advisor to Altor in the process. Also in 2Q, ABGSC advised FSN Capital and Baggium in the divestiture of Baggium Vård och Behandling, a leading Swedish private provider of high quality care and treatment as well as transit living services mainly for youths with immigrant background and unaccompanied youths applying for asylum.

Completed ECM transactions in 2Q included the USD 132 million IPO of Höegh LNG, which was a welcomed reintroduction of the Höegh name in the equity market following the de-listing of Leif Höegh & Co. ASA in 2003. The Höegh LNG IPO was completed despite challenging market conditions and in an environment where other planned IPOs were put on hold. During the second quarter ABGSC acted as sole lead manager of a USD 55 million private placement of new equity in Eitzen Chemical and a subsequent offering directed towards the company's shareholders who were not offered to participate in the private placement. Also an underwritten rights issue for Orexo of approximately SEK 245 million was concluded in 2Q where ABGSC acted as sole financial advisor to Orexo in the transaction. Orexo is a Sweden based specialist pharmaceutical company focusing on developing treatments for pain and inflammation. ABGSC acted as sole financial advisor to Orexo in the transaction.

In spite of the increasingly demanding market sentiment, a number of bond issues were completed within a wide range of sectors including E&P, Oil Service, Renewables, Real Estate and Industrials. Particularly pleasing is the performance of our recently established Swedish bonds origination team. Revenues recognised from bond issues in the quarter include a NOK 1,400 million bond issue for Fred Olsen Energy, a USD 125 million convertible bond issue for Polarcus, a SEK 300 million bond issue for Corem, a SEK 400 million bond issue for Ferronordic Machines and a USD 240 million bond issue for DNO International. The issuance of convertible bonds is a niche market and the activity in this market is usually correlated with the activity in the ECM market.

### ***Financial Review***

Operating profit before bonuses and profit to partners was NOK 93 million compared to NOK 166 million in the same period last year. The decline is due to a combination of declining revenues, increased costs in general as well as non recurring reversal of loan losses in the 2Q last year.

Costs in the 2Q of 2010 were positively influenced by a reversal of loan loss provisions of NOK 15 million. The additional cost increase in 2011 comparing to 2010 is due to an increase in the

fixed part of the remuneration for some categories of staff and a planned increase in number of revenue generating staffs that reflects our optimism about our long term business prospects.

Net financial expense of NOK 2 million compares to NOK 2 million in income last year. With our normal accrual for bonuses, pre-tax profit came in at NOK 51 million in 2Q 2011 compared to NOK 87 million in 2Q 2010. Net profit amounted to NOK 35 million in 2Q 2011 compared to NOK 61 million in the same period last year.

The Company remains in a very strong capital position with a Group capital adequacy ratio of 2.7 times the required minimum by the Financial Supervisory Authority of Norway. Protecting our balance sheet has been a high priority and we are satisfied that we have managed to control risk within our set limits.

**ABG SUNDAL COLLIER GROUP**  
**Income statement**

Amounts in NOK 1,000	2. quarter	2. quarter	%	YTD 30. June	YTD 30. June	%	Year
	2011	2010	change	2011	2010	change	2010
<b>Operating revenues</b>							
Brokerage revenues	142,395	157,413	-9.5 %	315,497	328,010	-3.8 %	609,025
Corporate Finance revenues	114,433	130,446	-12.3 %	209,253	289,026	-27.6 %	686,744
Other revenues	-	-		-	-		-
<b>Total operating revenues</b>	<b>256,829</b>	<b>287,859</b>	<b>-10.8 %</b>	<b>524,750</b>	<b>617,036</b>	<b>-15.0 %</b>	<b>1,295,769</b>
<b>Operating expenses</b>							
Salaries and related expenses	(94,869)	(70,971)	33.7 %	(191,680)	(139,540)	37.4 %	(351,818)
Other operating expenses	(65,294)	(46,026)	41.9 %	(124,672)	(101,265)	23.1 %	(223,306)
Depreciation	(3,977)	(4,837)	-17.8 %	(8,177)	(9,846)	-17.0 %	(18,432)
<b>Total operating expenses</b>	<b>(164,140)</b>	<b>(121,834)</b>	<b>34.7 %</b>	<b>(324,528)</b>	<b>(250,652)</b>	<b>29.5 %</b>	<b>(593,556)</b>
<b>EBIT Pre-bonus and profit to partners</b>	<b>92,689</b>	<b>166,025</b>	<b>-44.2 %</b>	<b>200,222</b>	<b>366,384</b>	<b>-45.4 %</b>	<b>702,213</b>
Bonus and profit to partners	(39,467)	(80,775)	-51.1 %	(89,535)	(183,766)	-51.3 %	(344,835)
<b>EBIT Post-bonus and profit to partners</b>	<b>53,222</b>	<b>85,251</b>	<b>-37.6 %</b>	<b>110,687</b>	<b>182,619</b>	<b>-39.4 %</b>	<b>357,378</b>
Net financial result	(2,556)	2,052		1,605	13,324	-88.0 %	43,162
<b>Pre-tax income</b>	<b>50,666</b>	<b>87,303</b>	<b>-42.0 %</b>	<b>112,291</b>	<b>195,943</b>	<b>-42.7 %</b>	<b>400,540</b>
Taxes	(15,200)	(26,191)	-42.0 %	(33,687)	(58,783)	-42.7 %	(121,760)
<b>Net result for the period</b>	<b>35,466</b>	<b>61,112</b>	<b>-42.0 %</b>	<b>78,604</b>	<b>137,160</b>	<b>-42.7 %</b>	<b>278,779</b>
<b>Diluted earnings per share</b>	<b>0.08</b>	<b>0.15</b>		<b>0.19</b>	<b>0.33</b>		<b>0.66</b>
Basic earnings per share	0.09	0.17		0.20	0.37		0.73

**Statement of comprehensive income**

<b>Net result for the period</b>	<b>35,466</b>	<b>61,112</b>		<b>78,604</b>	<b>137,160</b>		<b>278,779</b>
<b>Other comprehensive income</b>							
Exchange differences on translating foreign operations	(9,488)	23,243		(18,978)	25,845		6,164
Hedging of investment in foreign subsidiaries	11,733	(22,524)		20,036	(23,605)		(3,113)
Valuation of available for sale financial assets	-	-		-	-		-
Income tax relating to other comprehensive income	(3,285)	6,307		(5,610)	6,609		872
<b>Other comprehensive income</b>	<b>(1,041)</b>	<b>7,026</b>		<b>(4,552)</b>	<b>8,850</b>		<b>3,923</b>
<b>Total comprehensive income for the period</b>	<b>34,425</b>	<b>68,138</b>		<b>74,052</b>	<b>146,010</b>		<b>282,702</b>

### Statement of financial position

Amounts in NOK 1,000	30. June 2011	30. June 2010	31. December 2010
Total intangible assets	45,149	52,003	49,657
Plant and equipment	39,643	46,742	42,814
Financial non-current assets	14,378	18,780	15,451
<b>Total non-current assets</b>	<b>99,169</b>	<b>117,525</b>	<b>107,921</b>
Receivables	3,845,025	2,496,923	1,071,222
Investments	316,542	219,086	381,044
Cash and bank deposits	1,378,839	621,355	1,270,352
<b>Total current assets</b>	<b>5,540,405</b>	<b>3,337,365</b>	<b>2,722,618</b>
<b>Total assets</b>	<b>5,639,575</b>	<b>3,454,889</b>	<b>2,830,539</b>
Paid-in capital	530,168	660,401	391,498
Other equity	623,152	455,056	872,511
<b>Total equity</b>	<b>1,153,321</b>	<b>1,115,457</b>	<b>1,264,008</b>
Long-term liabilities	14,130	346,084	117,558
Current liabilities	4,472,124	1,993,348	1,448,973
<b>Total liabilities</b>	<b>4,486,254</b>	<b>2,339,432</b>	<b>1,566,531</b>
<b>Total equity and liabilities</b>	<b>5,639,575</b>	<b>3,454,889</b>	<b>2,830,539</b>

### Statement of cash flow

	2. quarter 2011	2. quarter 2010	YTD 30. June 2011	30. June 2010	Year 2010
Net cash flow from operating activities	42,171	(282,769)	128,398	(333,320)	586,590
Net cash flow from investing activities	(26,670)	(177,760)	60,195	(152,967)	(315,879)
Net cash flow from financing activities	(107,202)	(94,813)	(80,106)	(93,015)	(201,018)
Net change in cash and cash equivalents	(91,701)	(555,342)	108,487	(579,303)	69,694
Cash and cash equivalents - opening balance	1,470,540	1,176,697	1,270,352	1,200,658	1,200,658
Cash and cash equivalents - ending balance	1,378,839	621,355	1,378,839	621,355	1,270,352

### Statement of changes in equity

	2. quarter 2011	2. quarter 2010	YTD 30. June 2011	30. June 2010	Year 2010
Shareholders equity - opening balance	1,312,534	1,260,793	1,264,008	1,180,530	1,180,530
Comprehensive income for the period	34,425	68,138	74,052	146,009	282,702
Payment to shareholders	(331,413)	(281,775)	(331,413)	(281,775)	(281,775)
New issuing of shares	138,388	67,315	146,658	69,706	79,225
Change in own shares	(614)	987	15	987	3,327
Other	-	-	-	-	-
<b>Shareholders equity - ending balance</b>	<b>1,153,320</b>	<b>1,115,457</b>	<b>1,153,320</b>	<b>1,115,457</b>	<b>1,264,008</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1 - Accounting principles

The quarterly report is prepared in accordance with the International Financial Reporting Standard (IFRS) published by the International Accounting Standards Board (IASB) and all interpretations from the Financial Reporting Interpretations Committee (IFRIC), which have been endorsed by the EU commission for adoption within the EU. The quarterly report is presented using the same principles as in the annual report for 2010. The quarterly report is unaudited.

### Note 2 - Information about Segments and Geographical Markets

The Group's two business segments are Markets (brokerage and proprietary trading) and Investment Banking. The management system is matrix-based. Revenues and expenses are recorded both by business segment and geographical markets. Assets and liabilities except from directly allocatable items, and equity and cash flow are recorded by geographical markets. Bonus and profit sharing, Financial results and Income taxes are all treated as unallocated items in the internal reporting.

#### Operating profit reported by primary segment (business segment)

	2011							
	Markets		Investment Banking		Unallocated		Total	
	2Q	YTD	2Q	YTD	2Q	YTD	2Q	YTD
<b>Profit &amp; loss</b>								
Revenues - external	122,077	283,321	134,752	241,429	-	-	256,829	524,750
Revenues - from other operating segments	28,974	32,116	-28,974	-32,116	-	-	-	-
<b>Total revenues</b>	<b>151,051</b>	<b>315,437</b>	<b>105,778</b>	<b>209,313</b>	<b>-</b>	<b>-</b>	<b>256,829</b>	<b>524,750</b>
Operating expenses	-116,915	-234,587	-47,224	-89,941	-	-	-164,140	-324,528
<b>Profit before bonus and profit sharing</b>	<b>34,136</b>	<b>80,850</b>	<b>58,554</b>	<b>119,372</b>	<b>-</b>	<b>-</b>	<b>92,689</b>	<b>200,222</b>
Bonus and profit sharing	-	-	-	-	-39,467	-89,535	-39,467	-89,535
Financial result	-	-	-	-	-2,556	1,605	-2,556	1,605
<b>Profit before tax from continuing operations</b>	<b>34,136</b>	<b>80,850</b>	<b>58,554</b>	<b>119,372</b>	<b>-42,023</b>	<b>-87,930</b>	<b>50,666</b>	<b>112,291</b>
Segment assets	3,900,202	3,900,202	84,106	84,106	1,655,267	1,655,267	5,639,575	5,639,575
Segment liabilities	3,357,961	3,357,961	31,744	31,744	1,096,549	1,096,549	4,486,254	4,486,254

	2010							
	Markets		Investment Banking		Unallocated		Total	
	2Q	YTD	2Q	YTD	2Q	YTD	2Q	YTD
<b>Profit &amp; loss</b>								
Revenues - external	157,413	328,010	130,446	289,026	-	-	287,859	617,036
Revenues - from other operating segments	18,028	53,148	-18,028	-53,148	-	-	-	-
<b>Total revenues</b>	<b>175,441</b>	<b>381,158</b>	<b>112,418</b>	<b>235,878</b>	<b>-</b>	<b>-</b>	<b>287,859</b>	<b>617,036</b>
Operating expenses	-83,124	-175,051	-38,710	-75,601	-	-	-121,834	-250,652
<b>Profit before bonus and profit sharing</b>	<b>92,317</b>	<b>206,107</b>	<b>73,709</b>	<b>160,277</b>	<b>-</b>	<b>-</b>	<b>166,026</b>	<b>366,384</b>
Bonus and profit sharing	-	-	-	-	-80,775	-183,766	-80,775	-183,766
Financial result	-	-	-	-	2,051	13,324	2,051	13,324
<b>Profit before tax from continuing operations</b>	<b>92,317</b>	<b>206,107</b>	<b>73,709</b>	<b>160,277</b>	<b>-78,724</b>	<b>-170,442</b>	<b>87,302</b>	<b>195,943</b>
Segment assets	2,497,440	2,497,440	82,964	82,964	874,486	874,486	3,454,889	3,454,889
Segment liabilities	1,541,203	1,541,203	76,715	76,715	721,514	721,514	2,339,432	2,339,432

#### Operating revenues from external customers by geographical segments

	Operating revenues		
	2Q 2011	2Q 2010	Year 2010
Norway	115,950	148,992	742,596
Sweden	72,539	53,834	221,962
Other Europe	45,334	53,726	212,834
US	23,006	31,307	118,377
<b>Total</b>	<b>256,829</b>	<b>287,859</b>	<b>1,295,769</b>
	<b>YTD 2011</b>	<b>YTD 2010</b>	<b>Year 2010</b>
Norway	253,197	318,094	742,596
Sweden	122,585	129,389	221,962
Other Europe	101,304	107,484	212,834
US	47,664	62,070	118,377
<b>Total</b>	<b>524,750</b>	<b>617,036</b>	<b>1,295,769</b>



## Shareholder Information

ABG Sundal Collier is listed on the Oslo Stock Exchange with the ticker symbol "ASC".

	31 Dec 2010	30 June 2011
Share price	NOK 8.60	NOK 5.88

Payment to shareholders of NOK 0.85 per share was made to shareholders as of April 28<sup>th</sup>. The share traded ex. Payment to shareholders as from April 29<sup>th</sup>.

High - Low 2011 (closing prices): NOK 5.84-8.66

### Ownership Structure

	Shares	%
Directors & Staff	132,003,230	31.7
Treasury shares	189,126	0.0
All other	283,580,940	68.3
<b>Total Shares at 30 June 2011</b>	<b>415,773,296</b>	<b>100.0</b>

ABGSC has forward contracts with partners purchasing 51,274,471 shares with settlement in 2011-2014. ABGSC owns 289,126 Treasury shares. ABGSC has authorisation to re-purchase its shares in the market or to issue new shares.



## Responsibility statement

We confirm to the best of our knowledge that the condensed set of financial statements for the period 1 January 2011 to 30 June 2011 has been prepared in accordance with the IAS 34 "Interim Financial Reporting" and gives a true and fair view of the Group's assets, liabilities, financial position and results for the period viewed in their entirety, and that the interim Board of Directors report includes a fair review of any significant events that arose during the six months period and their effect on the half-yearly financial report and any significant related parties' transactions. The report includes, to the best of our knowledge a description of the material risks that the Board of Directors, at the time of this report deem that might have a significant impact on the financial performance of the Group.

Oslo, 27 July 2011

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Judy Bollinger (sign)

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Anders Grudén (sign)

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Tone Bjørnov (sign)

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Arild Engh (sign)

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Arnold Rørholt (sign)

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Knut Brundtland -CEO (sign)