

## ABG Sundal Collier

### First Quarter 2011 - Report to Shareholders

#### ABGSC healthy profits in a quarter with low activity

Oslo, 27 April 2011 –ABGSC experienced lower revenues in the first quarter due to lower market activity and a difficult comparison with last year's very strong quarter. Despite a market environment where volumes are subdued and uncertainty remains high, ABGSC has continued to build and strengthen its franchise and improve the force and solidity of its set up. Our response to the uncertain environment has been to broaden our client list, and this strategy proved successful in the quarter, resulting in a number of new clients and assignments within both divisions. The orderly, transparent and well regulated Nordic markets are a benefit for many investors during times of turbulence elsewhere in the world.

#### Q1 Highlights

- EPS of NOK 0.10 versus NOK 0.18 in 1Q 2010.
- First Quarter Total Revenues amounted to NOK 268 million vs. NOK 329 million last year primarily due to lower primary market activities.
- Operating costs at NOK 160 million vs. NOK 129 million last year due to increase in number of staff and partly due to changes in remuneration systems for some categories of staff.

#### Summary Financial Data

##### Operating data and key ratios

	1. quarter 2011	1. quarter 2010	Year 2010	Year 2009
Average number of shares in 1,000 (1)	458,281	435,873	450,253	422,847
Shares outstanding end of period	389,898	375,700	388,924	375,343
Forward contracts for shares outstanding end of period	74,420	75,035	67,639	55,767
Earnings per share (in NOK) (2)	0.10	0.18	0.66	0.53
Pre-tax income (in NOK 1,000)	61,625	108,640	400,540	284,800
Book value per share (in NOK) (3)	3.37	3.36	3.25	3.00
Operating cost / Income ratio (4)	59.9 %	39.1 %	45.8 %	49.3 %
Total cost / Income ratio (5)	78.6 %	70.4 %	72.4 %	75.2 %
Compensation / Income ratio (6)	54.8 %	52.1 %	53.8 %	49.4 %
Pre-tax pre bonus profit margin (7)	41.7 %	64.3 %	57.5 %	54.0 %
Return on Equity (12 months) (8)	20.8 %	21.0 %	23.2 %	18.5 %
Number of employees at period end	296	281	296	264

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

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

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

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

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

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

## **Nordic Equity Markets Review**

The MSCI Nordic (-0.3%) was virtually unchanged in the first quarter of 2011 and hence underperformed the MSCI AC World index (+3) %. Generally, investors have been on edge as financial markets have been largely affected by numerous geopolitical developments over the course of the quarter, with the protests and clashes in the Middle East and North Africa causing the oil price to spike to over \$115 a barrel (Brent). Naturally, the devastating events in connection with the earthquake in Japan on March 11 have, apart from the human tragedy, had a huge impact on markets. Also, the flooding in Queensland in the beginning of the year put a halt to production in many of the country's coal mines. The concerns over the elevated levels of public debt in numerous euro-zone countries continued to plague global markets, with strong attention paid to Greece, Ireland, Portugal and Spain.

Overall, macroeconomic readings have showed strength in the quarter, with industrial production momentum strong and an improvement seen in US jobs data, although the unemployment rate remains high and the Federal Reserve stating that it could take 4-5 years for the job market to recover fully. Meanwhile, overheating concerns lingered in China, as the central bank continued to hike interest rates and raise reserve requirements.

Industrials stocks (particularly in Sweden) disappointed investors in the Q4 reporting season, with many companies missing earnings expectations as margins got under pressure from negative FX effects. M&A deal activity has remained high in both the Nordics and the US.

The Danish stock market, which is dominated by defensive companies, slightly outperformed the other Nordic markets in the quarter as it increased about 2%. Meanwhile, the Finnish and Norwegian markets ticked up approximately 1% each, while the Swedish market faced a marginal decline of less than one percent.

On a sector level, Energy (Aker Solutions +28%, Neste Oil +22% and TGS-NOPEC Geophysical +13%), Utilities (Fortum +6% and Hafslund +6%) and Consumer Staples (Danisco +30%, Marine Harvest +11% and Swedish Match +8%) outperformed, while Information Technology (Nokia -22% and Tieto -9%), Consumer Discretionary (Pandora -20%, RCCL -17% and Electrolux -15%) and Industrials (FLSmidth & Co -16%, Cargotec -12% and Metso -9%) underperformed.

Trading volumes improved compared to the same period last year. Measured in NOK, the traded volume on the Nordic stock exchanges (ex MTFs) increased by 11% in Q1 compared to the first quarter of 2010. Total market volumes have probably grown even stronger as growth in ETF activity has been high and off exchange trading is increasing.

## **Business Segments Review**

### **Markets Division**

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011
<b>(Amounts in NOK 1000)</b>					
Operating revenues	205,717	175,441	140,470	189,989	164,386
Operating Cost	91,927	83,124	97,621	138,450	117,672
Pre Bonus EBIT	<b>113,790</b>	<b>92,317</b>	<b>42,850</b>	<b>51,540</b>	<b>46,714</b>
Headcount 1)	100	97	100	105	110

1) Exclusive of Research

Revenues within Markets were down 20% vs. a very strong Q1 2010. However, adjusting for lower ECM sales fee, underlying secondary commission were down only a few percentages. Sweden and UK showed single digit positive growth in the period with Sweden now being the largest revenue contributor. Our business on Norway was negatively affected by lower activity from high net worth individuals, a from time to time volatile business. Our office in Germany is now fully up and running with positive contribution already.

We have taken the opportunity to recruit skilled people in the period. In particular we have focused on adding seniority to our Research department in Oslo with the recruitment of two more analysts. We have also added capacity within Sales Trading in UK and Sweden, Sales in Norway and a new Head of Corporate Access. Our research product continues to be highly appreciated as we were ranked second best European Research Team, Nordic Equities by Institutional Investor 2011.

### **Investment banking Division**

	1Q 2010	2Q 2010	3Q 2010	4Q 2010	1Q 2011
<b>(Amounts in NOK 1000)</b>					
Operating revenues	123,460	112,418	125,422	222,537	103,535
Operating Cost	36,891	38,710	42,473	64,361	42,717
Pre Bonus EBIT	<b>86,569</b>	<b>73,708</b>	<b>82,949</b>	<b>158,176</b>	<b>60,818</b>
Headcount	64	67	69	69	67

With current market conditions Q1 2011 was a satisfactory quarter for the Investment Banking Division, although revenues were down 16% vs. Q1 2010. Several M&A transactions were completed in the quarter which contributed the major share of revenues. Also a number of bond issues were closed in Q1 while the activity within ECM was somewhat more modest compared to the end of 2010. We continue to have a positive view on the rest of 2011 as we see new and exiting incoming projects adding to our pipeline.

One of the first transactions announced in 2011 was the acquisition of Jøkelfjord Laks, a Norwegian salmon farming company recognised as one of the best performing companies in the industry, by Morpol, a salmon processing company with world leadership in smoked salmon. ABGSC acted as advisor to Morpol in the process. Trade sales completed in Q1 2011 included the sale of Nille, the Norwegian discount retailer, to BC Partners. ABGSC acted as sole financial advisor to Herkules Capital, a leading Norwegian private equity fund, and Nille in the process. Also in the quarter, ABGSC acted as sole financial advisor to Imarex, a diversified financial group listed on Oslo Stock Exchange, in relation to the divestment of its UK brokerage business, Spectron, to Marex Financials. In January, a leading Scandinavian spare-parts chain Mekonomen, announced the acquisition of Sørensen & Balchen, a supplier of spare parts and accessories in the Norwegian market, from Otto Olsen Invest. ABGSC acted as financial advisor to Otto Olsen Invest and Sørensen & Balchen in relation to the above mentioned transaction.

Among capital market transactions in Q1 2011 was the USD 425 million equity issue for Seadrill spin-off North Atlantic Drilling. Bond issues completed in the quarter included a USD 125 million convertible bond issue for Ship Finance International, a NOK 500 million bond issue for Morpol and a NOK 500 million bond issue for Prosafe.

## ***Financial Review***

The comparison with Q1 last year is challenging as the first quarter of 2010 was a good quarter with strong markets and high investment banking activity within the convertible bonds sector. The activity levels in the first quarter this year has been fluctuating within our Market Division where we have seen shifts between very quiet days and days with high activity. Investment banking had a slow start of the year, but activity levels picked up in March and a broad variety of transactions produced revenues of NOK 104 million for the quarter.

Cost for Q1 was NOK 160 million compared to NOK 129 million in the same quarter last year. The increase in cost is due to increase in number of staff and also partly due to the implemented change in remuneration system for some categories of staff. We continue to build our organisation and we might consider additional opportunities for strengthening our position by attracting additional high quality staff.

With our accrual for bonuses (based on the 48%/52% split ), pre-tax profit came in at NOK 62 million in Q1 2011 compared to NOK 109 million in Q1 2010. Net profit amounted to NOK 43 million in Q1 2011 compared to NOK 73 million in the same period last year. EPS was NOK 0.10 per share compared to NOK 0.18 per share in Q1 2010.

The Company remains in a strong capital position with a Group capital adequacy ratio of 21.3% (pro forma after payment to shareholders) compared with the 8% requirement of the Financial Supervisory Authority of Norway. Protecting our balance sheet has been a high priority. Our strong balance sheet is supplemented by credit lines with our banks in order to cover short term liquidity needs. We are satisfied that we have managed to control risk within our set limits and also that we have avoided further losses on our client financing activity.

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

Amounts in NOK 1,000	1. quarter	1. quarter	%	Year	Year
	2011	2010	change	2010	2009
<b>Operating revenues</b>					
Brokerage revenues	173,102	170,597	1.5 %	609,025	618,729
Corporate Finance revenues	94,820	158,580	-40.2 %	686,744	394,920
Other revenues	-	-		-	-
<b>Total operating revenues</b>	<b>267,921</b>	<b>329,177</b>	<b>-18.6 %</b>	<b>1,295,769</b>	<b>1,013,649</b>
<b>Operating expenses</b>					
Salaries and related expenses	(96,811)	(68,569)	41.2 %	(351,818)	(238,923)
Other operating expenses	(59,378)	(55,240)	7.5 %	(223,306)	(238,997)
Depreciation	(4,200)	(5,009)	-16.2 %	(18,432)	(22,178)
<b>Total operating expenses</b>	<b>(160,389)</b>	<b>(128,818)</b>	<b>24.5 %</b>	<b>(593,556)</b>	<b>(500,098)</b>
<b>EBIT Pre-bonus and profit to partners</b>	<b>107,533</b>	<b>200,359</b>	<b>-46.3 %</b>	<b>702,213</b>	<b>513,551</b>
Bonus and profit to partners	(50,068)	(102,991)	-51.4 %	(344,835)	(262,236)
<b>EBIT Post-bonus and profit to partners</b>	<b>57,464</b>	<b>97,367</b>	<b>-41.0 %</b>	<b>357,378</b>	<b>251,314</b>
Net financial result	4,161	11,273	-63.1 %	43,162	33,485
<b>Pre-tax income</b>	<b>61,625</b>	<b>108,640</b>	<b>-43.3 %</b>	<b>400,540</b>	<b>284,800</b>
Taxes	(18,488)	(32,592)	-43.3 %	(121,760)	(79,556)
<b>Net result for the period</b>	<b>43,138</b>	<b>76,048</b>	<b>-43.3 %</b>	<b>278,779</b>	<b>205,244</b>
<b>Diluted earnings per share</b>	<b>0.10</b>	<b>0.18</b>		<b>0.66</b>	<b>0.53</b>
Basic earnings per share	0.11	0.20		0.73	0.56

**Statement of comprehensive income**

<b>Net result for the period</b>	<b>43,138</b>	<b>76,048</b>		<b>278,779</b>	<b>205,244</b>
<b>Other comprehensive income</b>					
Exchange differences on translating foreign operations	(9,490)	2,602		6,164	(45,693)
Hedging of investment in foreign subsidiaries	8,304	(1,081)		(3,113)	50,822
Valuation of available for sale financial assets	-	-		-	1,325
Income tax relating to other comprehensive income	(2,325)	303		872	(14,230)
<b>Other comprehensive income</b>	<b>(3,511)</b>	<b>1,823</b>		<b>3,923</b>	<b>(7,776)</b>
<b>Total comprehensive income for the period</b>	<b>39,627</b>	<b>77,871</b>		<b>282,702</b>	<b>197,468</b>

### Statement of financial position

Amounts in NOK 1,000	31. March	31. March	31. December
	2011	2010	2010
Total intangible assets	49,050	46,011	49,657
Plant and equipment	40,864	48,801	42,814
Financial non-current assets	15,411	21,296	15,451
<b>Total non-current assets</b>	<b>105,325</b>	<b>116,108</b>	<b>107,921</b>
Receivables	2,501,613	1,844,221	1,071,222
Investments	291,594	41,588	381,044
Cash and bank deposits	1,470,540	1,176,697	1,270,352
<b>Total current assets</b>	<b>4,263,747</b>	<b>3,062,506</b>	<b>2,722,618</b>
<b>Total assets</b>	<b>4,369,072</b>	<b>3,178,614</b>	<b>2,830,539</b>
Paid-in capital	394,394	593,152	391,498
Other equity	918,140	667,641	872,511
<b>Total equity</b>	<b>1,312,534</b>	<b>1,260,793</b>	<b>1,264,008</b>
Long-term liabilities	14,997	347,143	117,558
Current liabilities	3,041,541	1,570,678	1,448,973
<b>Total liabilities</b>	<b>3,056,538</b>	<b>1,917,821</b>	<b>1,566,531</b>
<b>Total equity and liabilities</b>	<b>4,369,072</b>	<b>3,178,614</b>	<b>2,830,539</b>

### Statement of cash flow

	1. quarter	1. quarter	Year
	2011	2010	2010
Net cash flow from operating activities	10,264	(348,866)	586,590
Net cash flow from investing activities	86,865	(22,178)	(315,879)
Net cash flow from financing activities	27,096	347,083	(201,018)
Net change in cash and cash equivalents	124,225	(23,961)	69,694
Cash and cash equivalents - opening balance	1,346,315	1,200,658	1,200,658
Cash and cash equivalents - ending balance	1,470,540	1,176,697	1,270,352

### Statement of changes in equity

	1. quarter	1. quarter	Year
	2011	2010	2010
Shareholders equity - opening balance	1,264,008	1,180,530	1,180,530
Comprehensive income for the period	39,627	77,871	282,702
Payment to shareholders	-	-	(281,775)
New issuing of shares	8,270	2,392	79,225
Change in own shares	629	-	3,327
Other	-	-	-
<b>Shareholders equity - ending balance</b>	<b>1,312,534</b>	<b>1,260,793</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	
	1Q	YTD	1Q	YTD	1Q	YTD	1Q	YTD
<b>Profit &amp; loss</b>								
Revenues - external	161,244	161,244	106,677	106,677	-	-	267,921	267,921
Revenues - from other operating segments	3,142	3,142	-3,142	-3,142	-	-	-	-
<b>Total revenues</b>	164,386	164,386	103,535	103,535	-	-	267,921	267,921
Operating expenses	-117,672	-117,672	-42,717	-42,717	-	-	-160,389	-160,389
<b>Profit before bonus and profit sharing</b>	46,715	46,715	60,818	60,818	-	-	107,533	107,533
Bonus and profit sharing	-	-	-	-	-50,068	-50,068	-50,068	-50,068
Financial result	-	-	-	-	4,161	4,161	4,161	4,161
<b>Profit before tax from continuing operations</b>	<b>46,715</b>	<b>46,715</b>	<b>60,818</b>	<b>60,818</b>	<b>-45,907</b>	<b>-45,907</b>	<b>61,625</b>	<b>61,625</b>
Segment assets	2,565,517	2,565,517	25,540	25,540	1,778,015	1,778,015	4,369,072	4,369,072
Segment liabilities	2,013,018	2,013,018	20,303	20,303	1,023,217	1,023,217	3,056,538	3,056,538
	<b>2010</b>							
	Markets		Investment Banking		Unallocated		Total	
	1Q	YTD	1Q	YTD	1Q	YTD	1Q	YTD
<b>Profit &amp; loss</b>								
Revenues - external	170,597	170,597	158,580	158,580	-	-	329,177	329,177
Revenues - from other operating segments	35,120	35,120	-35,120	-35,120	-	-	0	0
<b>Total revenues</b>	205,717	205,717	123,460	123,460	-	-	329,177	329,177
Operating expenses	-91,927	-91,927	-36,891	-36,891	-	-	-128,818	-128,818
<b>Profit before bonus and profit sharing</b>	113,790	113,790	86,569	86,569	-	-	200,359	200,359
Bonus and profit sharing	-	-	-	-	-102,991	-102,991	-102,991	-102,991
Financial result	-	-	-	-	11,273	11,273	11,273	11,273
<b>Profit before tax from continuing operations</b>	<b>113,790</b>	<b>113,790</b>	<b>86,569</b>	<b>86,569</b>	<b>-91,719</b>	<b>-91,719</b>	<b>108,640</b>	<b>108,640</b>
Segment assets	1,699,295	1,699,295	68,703	68,703	1,410,616	1,410,616	3,178,614	3,178,614
Segment liabilities	1,106,453	1,106,453	43,236	43,236	768,132	768,132	1,917,821	1,917,821

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

	Operating revenues		
	1Q	1Q	Year
	2011	2010	2010
Norway	137,247	169,102	742,596
Sweden	50,046	75,555	221,962
Other Europe	55,970	53,758	212,834
US	24,658	30,763	118,377
<b>Total</b>	<b>267,921</b>	<b>329,177</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	31 March 2011
Share price	NOK8.60	NOK 7.60

Planned Payment to shareholders (AGM April 28<sup>th</sup> 2011): NOK 0.85 per share. The share will trade ex dividend from April 29<sup>th</sup>.

High - Low 2011 (closing prices): NOK 7.46-8.66

### Ownership Structure

	Shares	%
Directors & Staff	124,851,377	32.0
Treasury shares	189,125	0.0
All other	264,857,543	68.0
<b>Total Shares at 31 March 2011</b>	<b>389,898,045</b>	<b>100.0</b>

ABGSC has forward contracts with partners purchasing 70,519,721 shares with settlement in 2011-2014. ABGSC also has agreed to issue 3,900,000 new shares to partners following the AGM. ABGSC owns 189,125 Treasury shares.

