

**ABG Sundal Collier**

**Third Quarter 2009 - Report to Shareholders**

**Improving market and possible trend shift, but still weaker than last year –  
Revenues drop 20% and Pre-tax Profits decrease 28% in Q3**

Oslo, 28 October 2009 – The Nordic markets experienced positive development during the third quarter, but volumes were low during the holiday season in July and August. The positive market development also influenced the corporate market and we managed the first Nordic IPO for more than a year in September. Despite the improved sentiment, both second hand trading and Corporate Finance Revenues came in at a lower level than last year.

ABGSC has continued to build its position in the Nordic market with the goal of being profitable during weak markets and being positioned to take full advantage of market improvements when they arise.

**Q3 Highlights**

- Third Quarter EPS fell by NOK 0.05 to NOK 0.11 vs. NOK 0.16 last year. For the first nine months of 2009, EPS was NOK 0.37 vs. NOK 0.65 last year, a decline of NOK 0.28.
- Third Quarter revenues were NOK 246 mil vs. NOK 308 mil last year, a decline of 20%. For the first nine months of 2009, total revenues were NOK 779 mil vs. NOK 1.028 mil last year, a decline of 24%.
- Equity Division revenues in the third quarter were NOK 123 mil vs. NOK 156 mil last year (-21%). For the first nine months of 2009, Equity Division revenues were NOK 383 mill vs. NOK 568 mil last year (-32%). The decrease in Q3 mainly reflects lower traded volumes on Nordic stock exchanges than for 2008.
- Corporate Finance Division revenues were NOK 119 mil in the third quarter vs. NOK 141 mil in the same period last year (-16%). For the first nine months of 2009 Corporate Finance Division revenues were NOK 359 mill vs. NOK 406 mil in 2008 (-12%).
- Our overall Nordic market share of traded volumes was stable at 3.69% in the third quarter this year versus 3.96% in the same quarter last year.

## Summary Financial Data

### Operating data and key ratios

	3. quarter	3. quarter	YTD 30. Sept	YTD 30. Sept	Year
	2009	2008	2009	2008	2008
Average number of shares in 1,000 (1)	426,258	408,306	421,004	397,074	400,277
Shares outstanding end of period	374,543	358,348	374,543	358,348	361,148
Forward contracts for shares outstanding end	51,767	51,496	51,767	51,496	48,696
Earnings per share (in NOK) (2)	0.11	0.16	0.37	0.65	(0.18)
Pre-tax income (in NOK 1,000)	58,741	81,138	196,734	338,926	19,391
Book value per share (in NOK) (3)	2.96	3.12	2.96	3.12	3.01
Operating cost / Income ratio (4)	54.3 %	54.5 %	55.5 %	45.9 %	49.7 %
Total cost / Income ratio (5)	76.5 %	79.1 %	78.4 %	74.1 %	75.3 %
Compensation / Income ratio (6)	49.8 %	50.2 %	51.3 %	50.7 %	49.4 %
Pre-tax pre bonus profit margin (7)	46.1 %	50.9 %	48.2 %	61.1 %	27.1 %
Return on Equity (12 months) (8)	-17.5 %	29.6 %	-17.5 %	29.6 %	-7.0 %
Number of employees at period end	271	306	271	306	287

(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 rose by 12%, but could not continue to outperform the MSCI AC World index, which rose by 15%. The best performing sectors were financials (Swedbank +79%, Danske Bank +46% and SEB +39%) and telecommunication services (Telenor +35%, Telia +20% and Tele2 +19%), while one of the most defensive sectors, healthcare, underperformed (AstraZeneca -8% and Lundbeck +5%). Two international stocks that underperformed significantly during Q3 were Ericsson (-8%) and Nokia (-4%).

Finland rose 21% to be the best performing market in the region in the quarter, while Denmark was up 16%, Norway +15% and Sweden +14%. In July the Q2 reporting season started and July came out as the strongest month in the quarter. We saw an especially strong performance in Sweden +10%, Finland +9% and Denmark +8%, while Norway came in last with +5%. In August Denmark and Finland showed strong performances with increases of 9% and 7% respectively, while Sweden +4% and Norway +1% lagged behind. In September Norway came back on track and rose 8%, while Finland gained 2%, Sweden 1% and Denmark was unchanged.

There was an increase in capital raising and M&A activity in Q3. We saw two large rights issues announced by Swedbank for SEK 15bn and DnB Nor for NOK14bn. A.P. Møller Maersk sold treasury shares for DKK8.3bn. Three of the largest M&A transactions in the region were Ericsson's acquisition of Nortel's CDMA and LTE assets for USD 1.3bn, Cisco's NOK 17bn bid for Tandberg and TeliaSonera's purchase of the remaining shares in its Estonian and Lithuanian operations for SEK 4.89bn.

## **Business Segments Review**

### **Equities Division**

	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009
(in NOK 1000)							
Operating revenues	210,268	208,722	155,646	122,613	108,229	152,695	122,509
Operating Cost	80,879	86,061	110,205	99,015	86,090	79,263	76,933
Pre Bonus EBIT	<b>129,389</b>	<b>122,661</b>	<b>45,441</b>	<b>23,598</b>	<b>22,139</b>	<b>73,432</b>	<b>45,576</b>
Headcount	140	131	137	129	125	126	126

Nordic stock markets continued to rally in Q3 though volumes were weak due to the holiday season, but also because many investors were sceptical about the strength of the rally and instead watched from the sidelines. Measured in Norwegian kroner (NOK), traded volumes on the Nordic stock exchanges in Q3'09 were 31% down on last year and down a further 3% on Q2'09. In the year to date volumes are down 39%.

Against this difficult backdrop, the Equity division's revenues fell 21% in Q3'09 vs. Q3'08. The lower revenue is once again spread between all client groups and geographic areas. Our business in Sweden continued its strong performance from previous quarters.

Our Research team worked hard to broaden its research coverage and during Q3 added 15 new companies to coverage, of which 11 are Finnish

companies. We successfully hosted our first seminar in Finland where we presented 20 Finnish companies to Nordic and International investors.

During the quarter we also got a confirmation of our strong research standing with Prospera ranking us as No. 1 in Nordic case research and periodic research.

***Total market share Nordic stock exchanges YTD '09***

<b>No</b>	<b>Broker</b>	<b>in%</b>
1	SEB Enskilda	9.1%
2	Svenska Handelsbanken	6.0%
3	Nordnet Bank AB	5.5%
4	Nordea	4.3%
<b>5</b>	<b>ABG Sundal Collier</b>	<b>3.9%</b>
6	Morgan Stanley & Co.	3.8%
7	Credit Suisse Securities	3.8%
8	Danske Bank	3.7%
9	HQ Bankaktiebolag	3.7%
10	Deutsche Bank	3.7%

## Corporate Finance Division

	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009
(in NOK 1000)							
Operating revenues	141,344	116,254	141,212	117,973	92,596	147,182	118,743
Operating Cost	45,530	62,235	48,421	52,945	46,659	59,927	48,765
Pre Bonus EBIT	<b>95,814</b>	<b>54,019</b>	<b>92,791</b>	<b>65,028</b>	<b>45,937</b>	<b>87,255</b>	<b>69,978</b>
Headcount	87	89	90	82	80	77	81

Corporate Finance Division revenues decreased by 16% from NOK 141million in Q3 2008 to NOK 119 million in Q3 2009. Revenues were sourced from a wide range of transaction types and industries. The visibility of the activity level going forward appears to be slightly improved however, uncertainty is still evident.

Q3 transactions included the IPO of Polarcus which was the first Nordic IPO since the summer of 2008. The favourable conditions in the convertible bond market observed in Q2 persisted and two significant convertible bond offerings for Seadrill and Subsea 7 were completed, with combined gross proceeds of USD 775 million. In Sweden, ABGSC raised SEK 330 million through a private placement for Arise Windpower, a leading independent player on the Swedish wind power market. M&A transactions in the quarter included Norske Skog's sale of parts of its Chinese operations.

In Prosperas' bi-annual corporate finance survey we received excellent credentials and maintained our No 1 position in Norway.

### Placing in Sweden and Norway YTD '09

No	Broker	No. of deals	Proceeds (USDm)
1	<b>ABG Sundal Collier</b>	<b>7</b>	<b>1 350</b>
2	SEB Enskilda	9	1 010
3	Pareto	8	876
4	Citigroup	1	723
5	Dresdner	1	723
6	Morgan Stanley	1	723
7	Unicredit	1	723
8	Carnegie	7	505
9	DnB NOR	4	486
10	Arctic Securities	2	301

Bookrunners, placing size > USDm 30. Source: Thomson Financial (26 June 2009)

## ***Financial Review***

Revenues fell in the third quarter and the first nine months and a cost saving programme have been implemented in order to reduce the net profit impact of the decline in revenues. In the third quarter operating expenses were down by 20%, reflecting the cost saving programme gradually taking effect in combination with some additional one of costs in the same quarter last year. The reduction in costs matched the reduction in revenue percentagewise and consequently also the operating profit before bonuses and profit to partners fell by 20% in Q3. For the first nine months, operating profit before bonuses and profit to partners fell by 38% as revenues decreased by 24% and operating costs decreased by 9%.

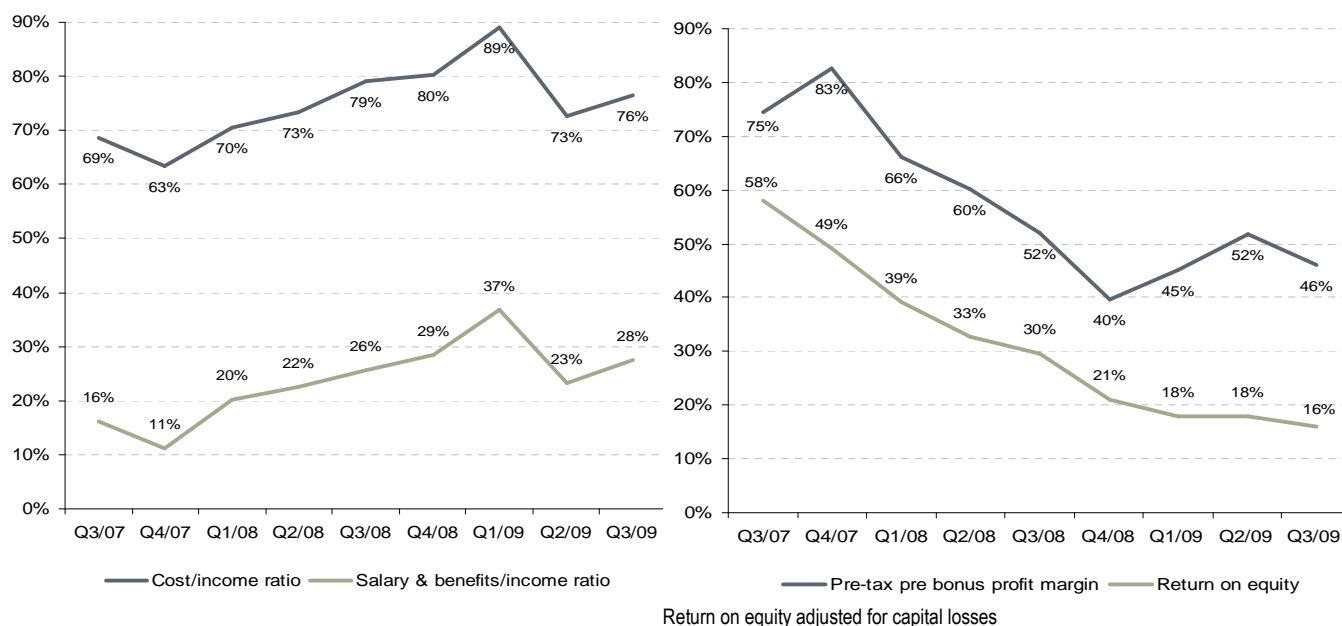
A cost reduction programme was initiated towards the end of 2008 and this programme is gradually giving results. The underlying cost level has been decreasing through out the year and by the 3 quarter we have reached our goal of an underlying cost base of below NOK 550 million annually. The number of partners and employees has been reduced from a peak level of 306 to 271 by the end of Q3 this year. Other operating costs have been positively affected by lower trading volumes and competition between different market places and settlement systems is also producing reduced costs. Combined with a general belt tightening within the organisation we have reached our cost ambition. Going forward cost levels will be dependent upon market development and our response to opportunities that arise in the market.

There have not been any loan loss provisions in the 3 quarter and we are optimistic that we will realize our remaining work out engagements without incurring further loan loss provisions.

Net financial income was NOK +1 million in the third quarter compared to NOK +17 million in the same period last year. Net financial income is also influenced by lower volumes of financing for clients and a falling interest rate level.

During the quarter there were value adjustments attributable to available for sale investments that were recorded directly towards equity comparable to 0.00 per share (adjustment with - 0.17 per share in 3Q 2008).

The group remains in a very strong capital position with a capital adequacy ratio of 21.7 %, compared with the 8% requirement of the Financial Supervisory Authority of Norway. Protecting our balance sheet and maintaining a financial position that is strong enough to support our operations have been important goals for us. During most of the quarter we have been in a net depositor situation with our main banks and we do not have any expected short term refinancing needs.



### **Business development**

Through issuance of Convertible Bonds (CBs) for clients we have obtained a position as the leading player in the Nordic CB market. There has arisen an opportunity to expand our presence in this specialist market further and we have decided to hire a team of CB traders in order to significantly increase in our presence in this market. We will establish a CB trading desk both in London and New York in addition to the current CB trading out of Oslo. The team will join our firm during the 4<sup>th</sup> quarter of this year and 1<sup>st</sup> quarter next year and they are expected to start trading towards the end of the first quarter next year.

The CB trading desks are also expected to generate synergies to our corporate finance business within this area and further strengthen our position both within the Nordic market and within selected areas globally.

Due to challenging market conditions and lack of scale, we have decided to discontinue our Alternative investments operations in Oslo.

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

Amount in NOK 1,000	3. quarter	3. quarter	%	YTD 30. Sept	YTD 30. Sept	%	Year
	2009	2008	change	2009	2008	change	2008
<b>Operating revenues</b>							
Stockbroking revenues	110,320	149,026	-26.0 %	365,195	544,445	-32.9 %	661,829
Corporate Finance revenues	130,932	147,727	-11.4 %	376,759	428,897	-12.2 %	550,823
Proprietary Trading revenues	5,030	10,932	-54.0 %	37,326	54,656	-31.7 %	73,217
Other revenues	-	104		31	104		1,337
<b>Total operating revenues</b>	<b>246,282</b>	<b>307,790</b>	<b>-20.0 %</b>	<b>779,311</b>	<b>1,028,102</b>	<b>-24.2 %</b>	<b>1,287,206</b>
<b>Operating expenses</b>							
Salaries and NI expenses	(67,893)	(78,816)	-13.9 %	(220,974)	(232,496)	-5.0 %	(306,568)
Other operating expenses	(60,303)	(82,610)	-27.0 %	(194,755)	(224,222)	-13.1 %	(312,900)
Depreciation	(5,515)	(6,353)	-13.2 %	(16,676)	(15,649)	6.6 %	(20,422)
<b>Total operating expenses</b>	<b>(133,711)</b>	<b>(167,779)</b>	<b>-20.3 %</b>	<b>(432,405)</b>	<b>(472,366)</b>	<b>-8.5 %</b>	<b>(639,890)</b>
<b>EBIT Pre-bonus and profit to partners</b>	<b>112,571</b>	<b>140,011</b>	<b>-19.6 %</b>	<b>346,906</b>	<b>555,736</b>	<b>-37.6 %</b>	<b>647,317</b>
Bonus and profit to partners	(54,689)	(75,583)	-27.6 %	(178,645)	(289,103)	-38.2 %	(329,506)
<b>EBIT Post-bonus and profit to partners</b>	<b>57,882</b>	<b>64,428</b>	<b>-10.2 %</b>	<b>168,261</b>	<b>266,633</b>	<b>-36.9 %</b>	<b>317,810</b>
Net financial result	859	16,710	-94.9 %	28,473	72,293	-60.6 %	(298,419)
<b>Pre-tax income</b>	<b>58,741</b>	<b>81,138</b>	<b>-27.6 %</b>	<b>196,734</b>	<b>338,926</b>	<b>-42.0 %</b>	<b>19,391</b>
Taxes	(17,623)	(23,530)	-25.1 %	(55,765)	(98,289)	-43.3 %	(114,945)
<b>Net result for the period</b>	<b>41,119</b>	<b>57,608</b>	<b>-28.6 %</b>	<b>140,970</b>	<b>240,638</b>	<b>-41.4 %</b>	<b>(95,554)</b>
Diluted earnings per share	0.11	0.16		0.37	0.65		(0.18)
Basic earnings per share	0.11	0.16		0.39	0.70		(0.27)

**Statement of comprehensive income**

<b>Net result for the period</b>	<b>41,119</b>	<b>57,608</b>		<b>140,970</b>	<b>240,638</b>		<b>(95,554)</b>
<b>Other comprehensive income</b>							
Exchange differences on translating foreign c	(26,571)	21,712		(44,432)	8,586		52,456
hedging of investment in foreign subsidiaries	26,133	(23,945)		45,800	(10,879)		(42,786)
Valuation og available for sale financial asset	1,325	(67,909)		1,325	(257,019)		9,753
Income tax relating to other comprehensive ii	(7,341)	6,706		(12,848)	3,053		11,980
<b>Other comprehensive income</b>	<b>(6,455)</b>	<b>(63,435)</b>		<b>(10,156)</b>	<b>(256,260)</b>		<b>31,403</b>
<b>Total comprehensive income for the perio</b>	<b>34,664</b>	<b>(5,828)</b>		<b>130,814</b>	<b>(15,622)</b>		<b>(64,151)</b>



**Statement of financial position**

Amount in NOK 1,000	30. September	30. September	31. December
	2009	2008	2008
Total intangible assets	67,447	83,096	81,953
Plant and equipment	51,717	53,572	62,746
Financial non-current assets	28,909	66,703	26,297
<b>Total non-current assets</b>	<b>148,072</b>	<b>203,372</b>	<b>170,996</b>
Receivables	2,251,678	4,248,814	1,735,470
Investments	76,114	232,068	60,827
Cash and bank deposits	817,576	616,320	814,363
<b>Total current assets</b>	<b>3,145,368</b>	<b>5,097,202</b>	<b>2,610,660</b>
<b>Total assets</b>	<b>3,293,440</b>	<b>5,300,574</b>	<b>2,781,656</b>
Paid-in capital	589,285	677,195	699,433
Other equity	519,570	440,700	388,833
<b>Total equity</b>	<b>1,108,855</b>	<b>1,117,894</b>	<b>1,088,266</b>
Long-term liabilities	405,098	392,962	404,880
Current liabilities	1,779,487	3,789,718	1,288,511
<b>Total liabilities</b>	<b>2,184,585</b>	<b>4,182,680</b>	<b>1,693,390</b>
<b>Total equity and liabilities</b>	<b>3,293,440</b>	<b>5,300,574</b>	<b>2,781,656</b>

**Statement of cash flow**

	3. quarter	3. quarter	30. September	30. September	Year
	2009	2008	2009	2008	2008
Net cash flow from operating activities	107,717	195,416	146,576	(509,335)	741,589
Net cash flow from investing activities	2,226	381,838	(26,130)	257,059	37,564
Net cash flow from financing activities	11,053	(390,736)	(117,233)	62,568	(539,487)
Net change in cash and cash equivalents	120,996	186,519	3,213	(189,708)	239,665
Cash and cash equivalents - opening balance	696,598	429,801	814,363	806,028	517,374
Cash and cash equivalents - ending balance	817,596	616,320	817,576	616,320	814,363

**Statement of changes in equity**

	3. quarter	3. quarter	30. September	30. September	Year
	2009	2008	2009	2008	2008
Shareholders equity - opening balance	1,062,419	1,121,966	1,088,266	1,647,596	1,647,596
Comprehensive income for the period	34,664	(5,828)	130,814	(15,622)	(64,151)
Dividend paid	-	-	(181,022)	(577,847)	(577,847)
New issuing of shares	11,777	1,760	70,789	63,460	82,361
Change in own shares	(19)	308	(6)	308	308
Other	14	(313)	14	(1)	-
<b>Shareholders equity - ending balance</b>	<b>1,108,855</b>	<b>1,117,894</b>	<b>1,108,855</b>	<b>1,117,894</b>	<b>1,088,266</b>



## Shareholder Information

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

	31 Dec 2008	30 Sept 2009
Share price	NOK 3.90	NOK 7.20

Payment to shareholders (AGM April 30<sup>th</sup> 2009): NOK 0.50 per share. The share traded ex payment from May 4<sup>th</sup>.

High - Low 2009 (closing prices): NOK 3.90-7.60

### Ownership Structure

	Shares	%
Directors & Staff	133,766,293	35.7
Treasury shares	51,750	0.0
All other	240,724,716	64.3
<b>Total 30 September 2009</b>	<b>374,542,759</b>	<b>100.0</b>

ABGSC has forward contracts with partners purchasing 51,767,250 shares with settlement in 2010-2012. ABGSC owns 51,750 Treasury shares. ABGSC has authorisation to re-purchase its shares in the market or to issue new shares.

