

## ABG Sundal Collier

### Third Quarter 2010 - Report to Shareholders

## A volatile market with modest activity – an opportunity to build for the future

Oslo, 27 October 2010 – The Nordic markets had a volatile development in the quarter and investors behaved hesitantly as no clear market trend was seen. We were however able to complete some significant transactions within Corporate Finance and continued to build our firm in order to meet expected challenges and opportunities going forward. 2 new offices are expected to open up during the last quarter of this year and we have continued to improve our credentials in several areas.

### Q3 Highlights

- Third Quarter EPS at NOK 0.12 vs. NOK 0.11 last year. For the first nine months of 2009, EPS was NOK 0.45 vs. NOK 0.37 last year.
- Third Quarter revenues were NOK 266 mil vs. NOK 246 mil last year, an increase of 8%. For the first nine months of 2010, total revenues were NOK 883 mil vs. NOK 779 mil last year, an increase of 13%.
- Operating Cost at NOK 140 million, an increase of 5% in line with increase in staffing.
- With the delivery of the Q3 accounts Jan Petter Collier will hand over the position as CEO to Knut Brundtland. Collier will continue his partnership and be full time active in our Investment Banking Division.

### Summary Financial Data

#### Operating data and key ratios

	3. quarter 2010	3. quarter 2009	YTD 30. Sept 2010	YTD 30. Sept 2009	Year 2009
Average number of shares in 1,000 (1)	455,938	426,258	448,198	421,004	422,847
Shares outstanding end of period	388,924	374,543	388,924	374,543	375,343
Forward contracts for shares outstanding end of period	68,046	51,767	68,046	51,767	55,767
Earnings per share (in NOK) (2)	0.12	0.11	0.45	0.37	0.53
Pre-tax income (in NOK 1,000)	73,163	58,741	269,106	196,734	284,800
Book value per share (in NOK) (3)	3.01	2.96	3.01	2.96	3.15
Operating cost / Income ratio (4)	52.7 %	54.3 %	44.3 %	55.5 %	49.3 %
Total cost / Income ratio (5)	77.5 %	76.5 %	72.6 %	78.4 %	75.2 %
Competition / Income ratio (6)	54.2 %	49.8 %	53.0 %	51.3 %	49.4 %
Pre-tax pre bonus profit margin (7)	52.4 %	46.1 %	58.8 %	48.2 %	54.0 %
Return on Equity (12 months) (8)	21.5 %	-17.5 %	21.5 %	-17.5 %	18.5 %
Number of employees at period end	293	271	293	271	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 gained nearly 10% in the third quarter, which was in line with the performance of the MSCI AC World index. After having lost ground in the end of June, global equity markets kicked off the third quarter by posting decent gains in July. Stocks thereafter retreated somewhat in August as concerns over the global economic recovery increased, only to rebound again and finish off the last month of the quarter with a rally as macro-economic readings generally surprised positively and as investors became more confident that the Federal Reserve will take the actions necessary for ensuring that the recovery stays on track.

Uncertainties over the strength of the global economic recovery and the duration of the current growth pause have caused stock markets to remain volatile. Overall, US macro readings have come in mixed relative to consensus. The slowdown in growth has, however, been evident in the data and the unemployment rate has remained at high levels without any significant movement in any direction. The ISM Manufacturing index came down from the June reading of 59.7 to 56.3 in September. Lately, though, focus has shifted more towards what actions the Federal Reserve will take in order to support the economy, and weak data points have generally been taken in stride in hope of another round of quantitative easing. Exchange rates have been a hot topic in the quarter with the most remarkable development being an intensified debate over the weak Yuan and the trade advantages it provides to China. Another predominant theme has been M&A, with high deal activity in the US as well as in the Nordics. Looking at other asset classes, commodities have generally gained amid a weakening dollar, while the bond market has continued to rally.

On a sector level, Materials (Yara International +44% , Rautaruukki +26% and Stora Enso +21% ), Consumer Staples (Kesko +29% , Carlsberg +22% and Danisco +18% ) and Financials (Swedbank +29% , DnB NOR +27% and SEB +20% ) outperformed, while Information Technology (Ericsson -15% and Nokia +6% ), Health Care (William Demant -10% , AstraZeneca -6% and Orion -5% ) and Energy (Frontline -12% , Neste Oil -4% and Statoil -3% ) underperformed.

After having clearly underperformed the other Nordic countries in the previous quarters of the year, Norway (+16% ) now became the region's best performing market, closely followed by Finland (+16% ). Sweden (+9% ) and Denmark (+6% ) were relative underperformers.

The reporting season predominantly showed positive surprises, with over 60% of the reporting companies exceeding top-line expectations and about just as many beating consensus on operating profit level.

## Business Segments Review

### Market Division

	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010
(in NOK 1000)							
Operating revenues	148,010	225,764	159,562	148,294	205,717	175,441	140,470
Operating Cost	112,702	106,738	97,779	65,087	91,927	83,124	97,621
Pre Bonus EBIT	35,308	119,026	61,783	83,207	113,790	92,317	42,850
Headcount	111	106	106	98	100	97	100

Equity markets in Q3'10 were effected by the summer months and the seasonal pick up in activity came in weaker than in previous years. Our bond trading activity performed out of New York and Oslo has however continued to grow and provides new opportunities when equity trading is declining. For Equity trading our office in London was the sole bright spot, as the team managed to perform better than Q3'09 despite the tough conditions.

Our solid roadshow activity continued across all markets in Q3. On 4-5 November 2010 we will host our second seminar in Helsinki with more than 20 Finnish companies presenting.

### **Investment Banking Division**

	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010
<b>(in NOK 1000)</b>							
Operating revenues	67,073	92,182	86,720	86,043	123,460	112,418	125,422
Operating Cost	34,687	44,567	35,932	2,606	36,891	38,710	42,473
Pre Bonus EBIT	<b>32,386</b>	<b>47,615</b>	<b>50,788</b>	<b>83,437</b>	<b>86,569</b>	<b>73,708</b>	<b>82,949</b>
Headcount	56	55	57	57	64	67	69

Investment Banking Division revenues increased by 45% from NOK 87 million in Q3 2009 to NOK 125 million in Q3 2010. Revenues were sourced from both M&A and capital markets activities. The pipeline of projects improved during the quarter resulting in improved outlook and visibility for the rest of the year.

The largest capital markets deal completed in Q3 was a USD 550 million convertible bond for Petrominerales, a Toronto listed E&P company with operations in Colombia and Peru, where ABGSC was the sole bookrunner. The issue priced at a 2.625% coupon and a 35% premium, on the back of favourable convertible bond market conditions and very strong demand for new issues in this category.

Amongst completed M&A projects was salmon processor Morpol's acquisition of the Scottish salmon farming activities of global aquaculture and fish feed player Cermaq, where ABGSC acted as advisor to Morpol. Later in the quarter we advised Morpol in its acquisition of Oslo Stock Exchange listed Marine Farms, an international seafood group which through one of its main subsidiaries, Lakeland, has a leading market position in Scottish salmon farming. Through these acquisitions Morpol has established a solid salmon farming cluster in Scotland.

ABGSC has acted as sole financial advisor to Norwegian Property in relation to the separation process of its hotel real estate business, Norgani Hotels. In August, Norwegian Property announced a preliminary agreement to sell Norgani Hotels to Pandox AB and the owners of Pandox.

Also in the quarter, Millennium Media Group, a Swedish media house focusing on packaging and distribution of media content on multiple platforms, was sold to Turner International which is a subsidiary to Time Warner. ABGSC acted as sole advisor to Millennium Media Group.

In late September, Visma, the leading Norwegian software company, was sold to Kohlberg, Kravis & Roberts, valuing the company to NOK 11.0 billion. ABGSC acted as advisor to Visma and the seller, HG Capital, who retained a 17.7 percent stake in the company. Required approvals of the transaction are still pending and the transaction is thus not booked in ABGSC's Q3 accounts.

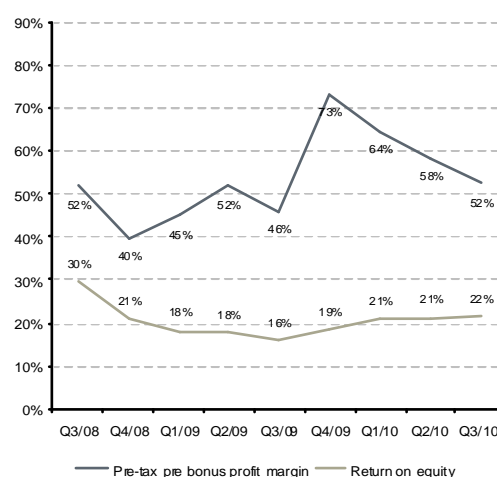
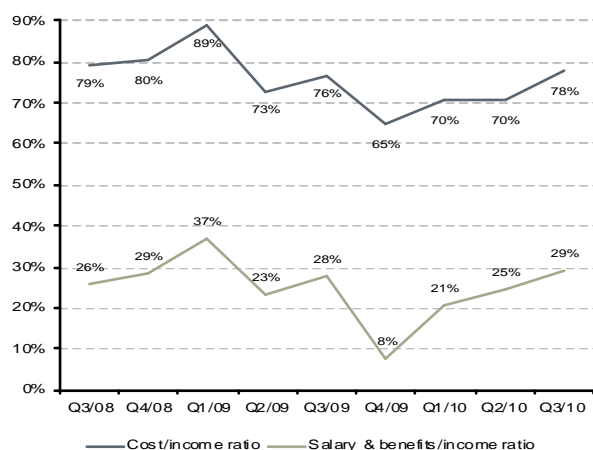
## Financial Review

Revenues for Q3 increased by 8% compared to last year and increased by 13% comparing the nine months. Costs have increased by 5% for Q3 compared to the same quarter last year. The increase in costs is mainly due to increases in number of staff and increase in activity level.

The cost reduction programme initiated towards the end of 2008 has given the targeted effects, but we have made decisions to make some valuable hires, thus increasing staff cost modestly. With further expansion planned for the next quarter we still expect to see some modest increases in costs going forward.

Net financial income was NOK 13 million in the third quarter compared to NOK +1 million in the same period last year. Net financial income is at modest levels due to low volumes of financing for clients and a low interest rate level in most currencies, but the quarterly figures can fluctuate significantly due to non recurring interest payments as well as movements in foreign exchange.

The group remains in a very strong capital position with a capital adequacy ratio of 24.3%, 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 expect any short term refinancing needs.



Return on equity adjusted for capital losses

## Business development

As announced in our Q2 2010 report we will shortly be opening up new offices both in Frankfurt in Germany and Gothenburg in Sweden. Staffs have been hired and premises are currently under refurbishment and both offices are expected to be fully operational towards the end of the 4<sup>th</sup> quarter.

New regulations restricting payment of variable compensation to key members of staff have been implemented or been announced in various European Countries. We are following the situation closely and will, if necessary try to implement solutions that both adhere to the regulations and continue to align the interest of management with the interest of the shareholders.

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

Amount in NOK 1,000	3. quarter	3. quarter	%	YTD 30. Sept	YTD 30. Sept	%	Year
	2010	2009	change	2010	2009	change	2009
<b>Operating revenues</b>							
Brokerage revenues	118,689	130,245	-8.9 %	428,283	436,876	-2.0 %	577,160
Corporate Finance revenues	142,715	111,007	28.6 %	431,741	305,078	41.5 %	394,920
Proprietary Trading revenues	4,488	5,061	-11.3 %	22,904	37,357	-38.7 %	41,568
Other revenues	-	(31)		-	-		0
<b>Total operating revenues</b>	<b>265,892</b>	<b>246,282</b>	<b>8.0 %</b>	<b>882,928</b>	<b>779,311</b>	<b>13.3 %</b>	<b>1,013,649</b>
<b>Operating expenses</b>							
Salaries and NI expenses	(78,123)	(67,893)	15.1 %	(217,663)	(220,974)	-1.5 %	(238,923)
Other operating expenses	(57,527)	(60,303)	-4.6 %	(158,792)	(194,755)	-18.5 %	(238,997)
Depreciation	(4,443)	(5,515)	-19.4 %	(14,290)	(16,676)	-14.3 %	(22,178)
<b>Total operating expenses</b>	<b>(140,094)</b>	<b>(133,711)</b>	<b>4.8 %</b>	<b>(390,745)</b>	<b>(432,405)</b>	<b>-9.6 %</b>	<b>(500,098)</b>
<b>EBIT Pre-bonus and profit to partners</b>	<b>125,798</b>	<b>112,571</b>	<b>11.7 %</b>	<b>492,183</b>	<b>346,906</b>	<b>41.9 %</b>	<b>513,551</b>
Bonus and profit to partners	(66,101)	(54,689)	20.9 %	(249,867)	(178,645)	39.9 %	(262,236)
<b>EBIT Post-bonus and profit to partners</b>	<b>59,697</b>	<b>57,882</b>	<b>3.1 %</b>	<b>242,316</b>	<b>168,261</b>	<b>44.0 %</b>	<b>251,314</b>
Net financial result	13,466	859	1467.6 %	26,790	28,473	-5.9 %	33,485
<b>Pre-tax income</b>	<b>73,163</b>	<b>58,741</b>	<b>24.6 %</b>	<b>269,106</b>	<b>196,734</b>	<b>36.8 %</b>	<b>284,800</b>
Taxes	(22,072)	(17,623)	25.2 %	(80,855)	(55,765)	45.0 %	(79,556)
<b>Net result for the period</b>	<b>51,091</b>	<b>41,119</b>	<b>24.3 %</b>	<b>188,251</b>	<b>140,970</b>	<b>33.5 %</b>	<b>205,244</b>
Diluted earnings per share	0.12	0.11		0.45	0.37		0.53
Basic earnings per share	0.13	0.11		0.49	0.39		0.56

**Statement of comprehensive income**

<b>Net result for the period</b>	<b>51,091</b>	<b>41,119</b>		<b>188,251</b>	<b>140,970</b>		<b>205,244</b>
<b>Other comprehensive income</b>							
Exchange differences on translating foreign operations	(19,617)	(26,571)		6,228	(44,432)		(45,693)
Hedging of investment in foreign subsidiaries	19,727	26,133		(3,878)	45,800		50,822
Valuation of available for sale financial assets	-	1,325		-	1,325		1,325
Income tax relating to other comprehensive income	(5,524)	(7,341)		1,086	(12,848)		(14,230)
<b>Other comprehensive income</b>	<b>(5,414)</b>	<b>(6,455)</b>		<b>3,436</b>	<b>(10,156)</b>		<b>(7,776)</b>
<b>Total comprehensive income for the period</b>	<b>45,678</b>	<b>34,664</b>		<b>191,687</b>	<b>130,814</b>		<b>197,468</b>

### Statement of financial position

Amount in NOK 1,000	30. September	30. September	31. December
	2010	2009	2009
Total intangible assets	45,600	67,447	46,634
Plant and equipment	43,758	51,717	48,493
Financial non-current assets	17,512	28,909	22,400
<b>Total non-current assets</b>	<b>106,870</b>	<b>148,072</b>	<b>117,527</b>
Receivables	1,860,583	2,251,678	780,760
Investments	152,902	76,114	70,594
Cash and bank deposits	1,346,315	817,576	1,200,658
<b>Total current assets</b>	<b>3,359,800</b>	<b>3,145,368</b>	<b>2,052,012</b>
<b>Total assets</b>	<b>3,466,670</b>	<b>3,293,440</b>	<b>2,169,539</b>
Paid-in capital	388,064	589,285	594,109
Other equity	782,509	519,570	586,421
<b>Total equity</b>	<b>1,170,573</b>	<b>1,108,855</b>	<b>1,180,530</b>
Long-term liabilities	348,870	405,098	355,100
Current liabilities	1,947,227	1,779,487	633,499
<b>Total liabilities</b>	<b>2,296,097</b>	<b>2,184,585</b>	<b>989,009</b>
<b>Total equity and liabilities</b>	<b>3,466,670</b>	<b>3,293,440</b>	<b>2,169,539</b>

### Statement of cash flow

	3. quarter	3. quarter	30. September	30. September	Year
	2010	2009	2010	2009	2009
Net cash flow from operating activities	768,881	107,717	435,560	146,576	522,111
Net cash flow from investing activities	65,992	2,207	(86,975)	(26,130)	(24,295)
Net cash flow from financing activities	(109,913)	11,053	(202,928)	(117,233)	(111,521)
Net change in cash and cash equivalents	724,960	120,977	145,657	3,213	386,295
Cash and cash equivalents - opening balance	621,355	696,598	1,200,658	814,363	814,363
Cash and cash equivalents - ending balance	1,346,315	817,576	1,346,315	817,576	1,200,658

### Statement of changes in equity

	3. quarter	3. quarter	30. September	30. September	Year
	2010	2009	2010	2009	2009
Shareholders equity - opening balance	1,115,457	1,062,419	1,180,530	1,088,266	1,088,266
Comprehensive income for the period	45,678	34,664	191,687	130,814	197,468
Payment to shareholders	-	-	(281,775)	(181,022)	(181,022)
New issuing of shares	9,519	11,777	79,225	70,789	75,696
Change in own shares	(81)	(19)	906	(6)	121
Other	-	14	-	14	-
<b>Shareholders equity - ending balance</b>	<b>1,170,573</b>	<b>1,108,855</b>	<b>1,170,573</b>	<b>1,108,855</b>	<b>1,180,530</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 2009, with the exception of a revised allocation of revenues between two main revenue sources and segment information that have been adjusted to reflect an internal organisational changes. Historical comparative figures are amended to reflect the new organisational structure. The quarterly report is unaudited.

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

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

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

	2010							
	Markets		Investment Banking		Unallocated		Total	
	3Q	YTD	3Q	YTD	3Q	YTD	3Q	YTD
<b>Profit &amp; loss</b>								
Revenues - external	123,177	451,187	142,715	431,741	-	-	265,892	882,928
Revenues - from other operating segments	17,293	70,441	-17,293	-70,441	-	-	-	-
<b>Total revenues</b>	<b>140,470</b>	<b>521,628</b>	<b>125,422</b>	<b>361,300</b>	<b>-</b>	<b>-</b>	<b>265,892</b>	<b>882,928</b>
Operating expenses	-97,621	-272,672	-42,473	-118,074	-	-	-140,094	-390,745
<b>Profit before bonus and profit sharing</b>	<b>42,850</b>	<b>248,957</b>	<b>82,949</b>	<b>243,226</b>	<b>-</b>	<b>-</b>	<b>125,798</b>	<b>492,183</b>
Bonus and profit sharing	-	-	-	-	-66,101	-249,867	-66,101	-249,867
Financial result	-	-	-	-	13,466	26,790	13,466	26,790
<b>Profit before tax from continuing operations</b>	<b>42,850</b>	<b>248,957</b>	<b>82,949</b>	<b>243,226</b>	<b>-52,635</b>	<b>-223,077</b>	<b>73,163</b>	<b>269,106</b>
Segment assets	1,854,010	1,854,010	21,525	21,525	1,591,135	1,591,135	3,466,670	3,466,670
Segment liabilities	1,593,522	1,593,522	115,476	115,476	587,099	587,099	2,296,097	2,296,097

	2009							
	Markets		Investment Banking		Unallocated		Total	
	3Q	YTD	3Q	YTD	3Q	YTD	3Q	YTD
<b>Profit &amp; loss</b>								
Revenues - external	135,306	474,233	111,007	305,078	-31	-	246,282	779,311
Revenues - from other operating segments	24,287	59,103	-24,287	-59,103	-	-	-	-
<b>Total revenues</b>	<b>159,593</b>	<b>533,336</b>	<b>86,720</b>	<b>245,975</b>	<b>-31</b>	<b>-</b>	<b>246,282</b>	<b>779,311</b>
Operating expenses	-97,779	-317,220	-35,932	-115,186	-	-	-133,711	-432,405
<b>Profit before bonus and profit sharing</b>	<b>61,814</b>	<b>216,117</b>	<b>50,788</b>	<b>130,789</b>	<b>-31</b>	<b>-</b>	<b>112,572</b>	<b>346,906</b>
Bonus and profit sharing	-	-	-	-	-54,689	-178,645	-54,689	-178,645
Financial result	-	-	-	-	859	28,473	859	28,473
<b>Profit before tax from continuing operations</b>	<b>61,814</b>	<b>216,117</b>	<b>50,788</b>	<b>130,789</b>	<b>-53,861</b>	<b>-150,172</b>	<b>58,742</b>	<b>196,734</b>
Segment assets	2,110,153	2,110,153	58,945	58,945	1,124,342	1,124,342	3,293,440	3,293,440
Segment liabilities	1,434,727	1,434,727	104,632	104,632	645,227	645,227	2,184,586	2,184,586

## Shareholder Information

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

	31 Dec 2009	30 Sept 2010
Share price	NOK 7.98	NOK 6.63

Payment to shareholders (AGM April 29<sup>th</sup> 2010): NOK 0.75 per share. The share traded ex payment from April 30<sup>th</sup>.

High - Low 2010 (closing prices): NOK 5.50-8.50

### Ownership Structure

	Shares	%
Directors & Staff	133,836,641	34.4
Treasury shares	654,125	0.2
All other	254,433,279	65.4
<b>Total 30 September 2010</b>	<b>374,542,759</b>	<b>100.0</b>

ABGSC has forward contracts with partners purchasing 66,995,750 shares with settlement in 2011-2013. ABGSC owns 654,125 Treasury shares. ABGSC has authorisation to re-purchase its shares in the market or to issue new shares.

