



OSLO BØRS VPS

# *Oslo Børs VPS Holding ASA*

## *3rd Quarter 2012*

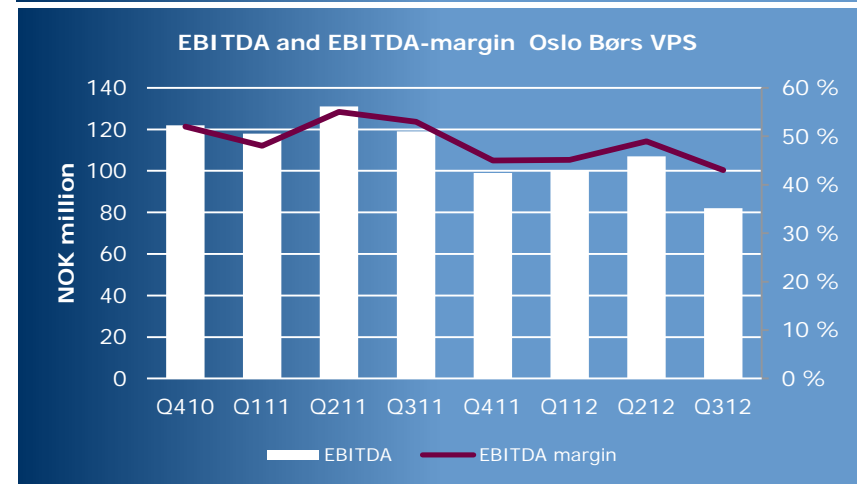
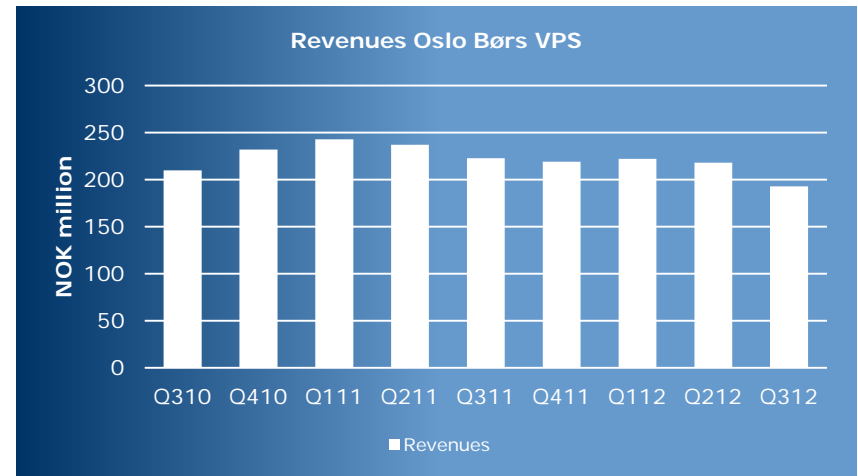
26 October 2012

## *3rd quarter at a glance*

- Oslo Børs strengthens its position in the Nordic market with the acquisition of Burgundy AB
- High level of activity in the fixed income market
- Low level of activity in the primary and secondary equities and derivatives markets
- More efficient clearing system (Magica) delivered in September
- Work on the new trading system (Millennium Exchange) on schedule
- New opening hours with effect from 6 August
- Oslo Børs VPS makes changes to its pension arrangements
- Oslo Børs to reduce stock trading fees

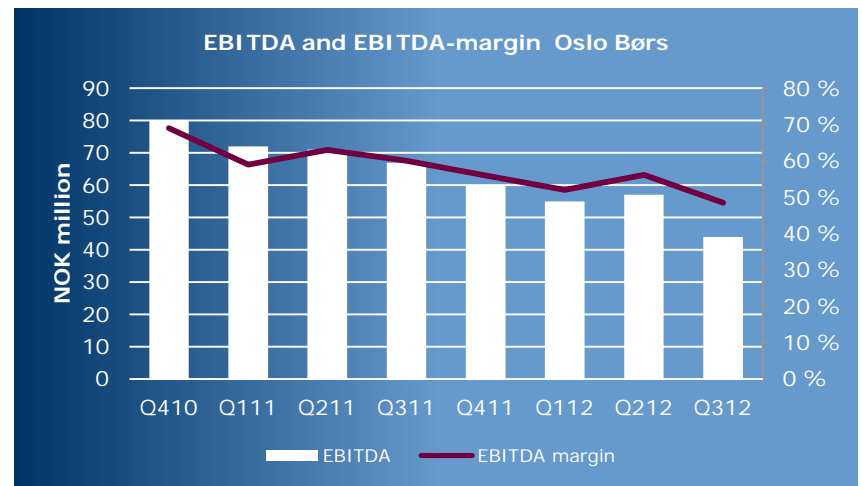
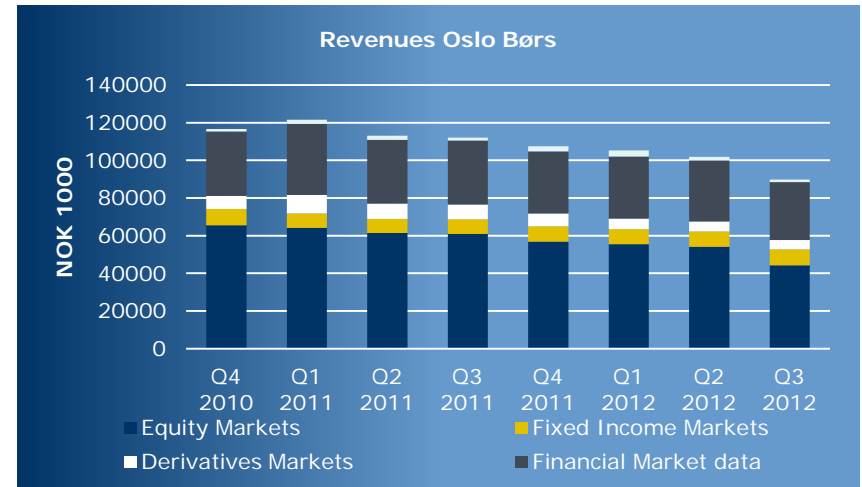
# 3rd quarter at a glance

- Revenues down 14% to NOK 193 million from Q311
- Operating expenses up 6% from Q311. Up 2% year to date.
- EBITDA down 31% to NOK 82 million from Q311
- EPS before amortisations NOK 1.20 – down 35% from Q311
- EPS NOK 0,8 – down 43% from Q311



# Oslo Børs

- Revenues down 20% to NOK 90 million from Q311
- EBITDA down 35% to NOK 44 million from Q211
- Reduced activity in equities
- Increased activity in fixed income instruments
- Implementation of Millennium in November 2012
- Aquisition of Burgundy AB



# *Strategic rationale for Burgundy and Oslo Børs*

- Create a long term competitive solution for Burgundy markets
- Join forces to increase the market share in the Nordic Market
- Increase the distribution of Burgundy and Oslo Børs products
- Introduce new products through the Burgundy market
- Implement the fastest trading system in the world – Millennium Exchange
- Reduce infrastructure and operational costs
- Combine Burgundy and Oslo Børs brands

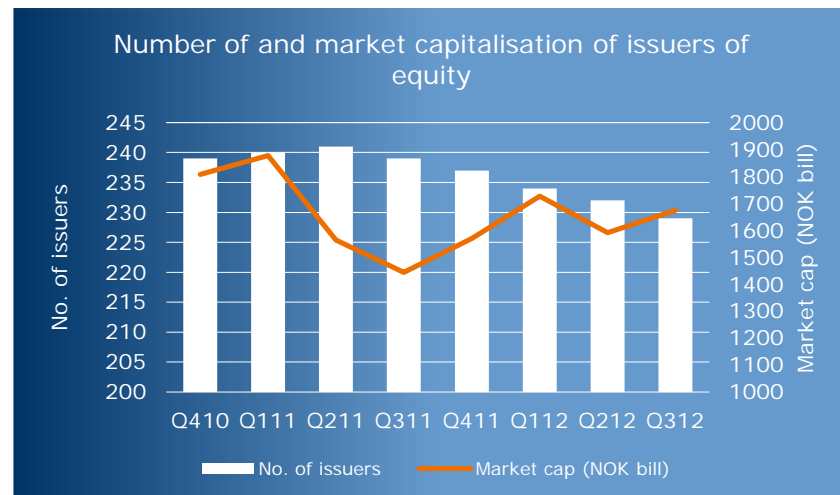
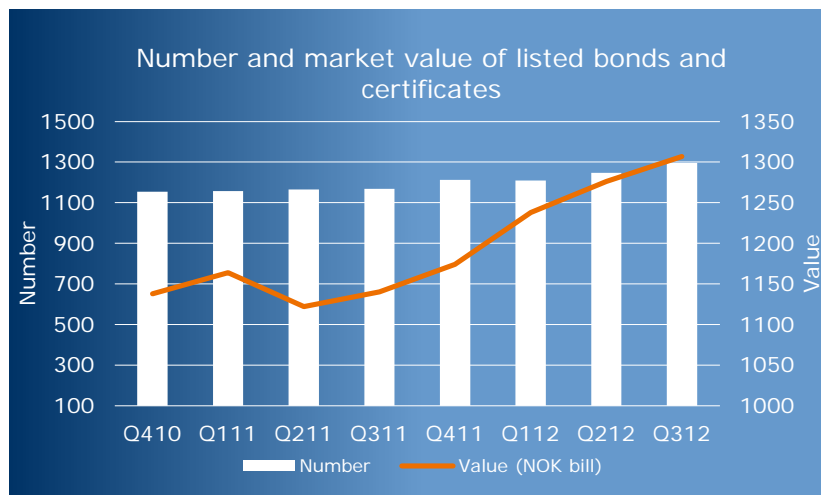
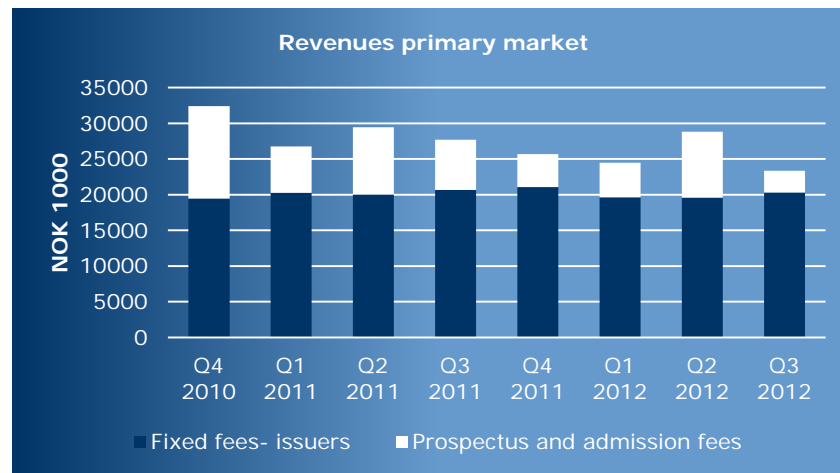


burgundy<sup>®</sup>

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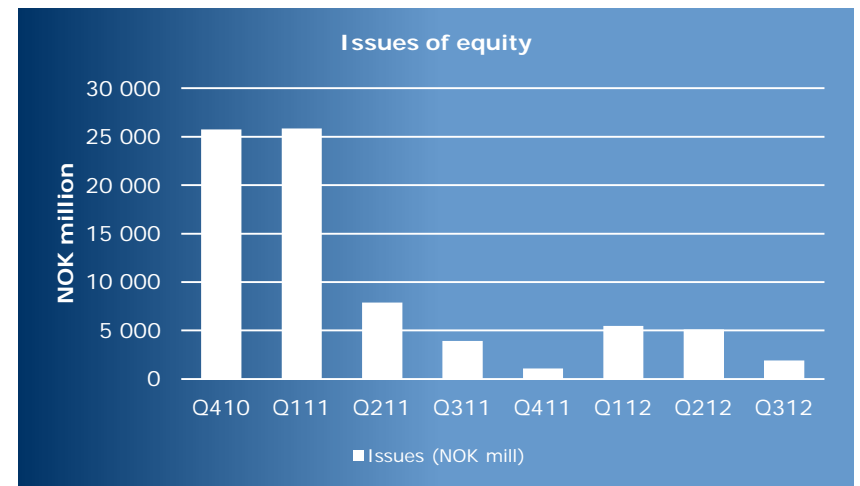
# Oslo Børs – primary market

- Steady increase in number of listed bonds and certificates
- Fixed fees from issuers down 2% from Q311
- Fixed fees driven by number of issuers and market capitalisation January 1
- Reduced market cap. 1 Jan 2012



# Oslo Børs – primary market

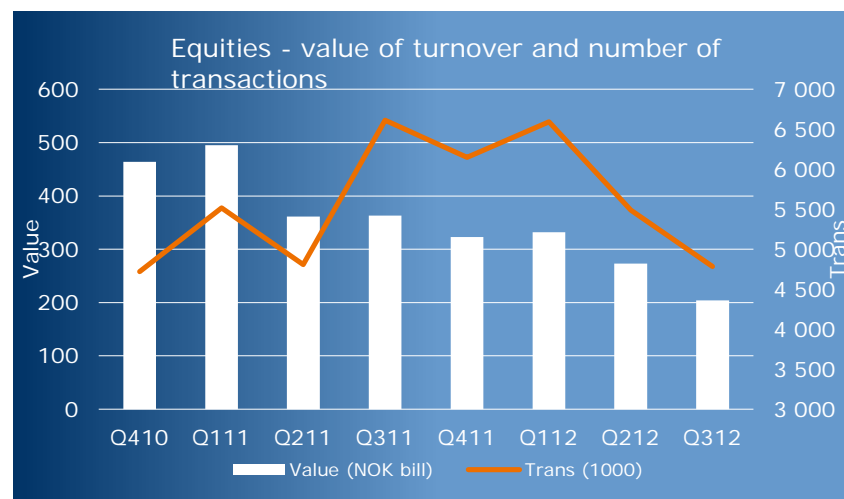
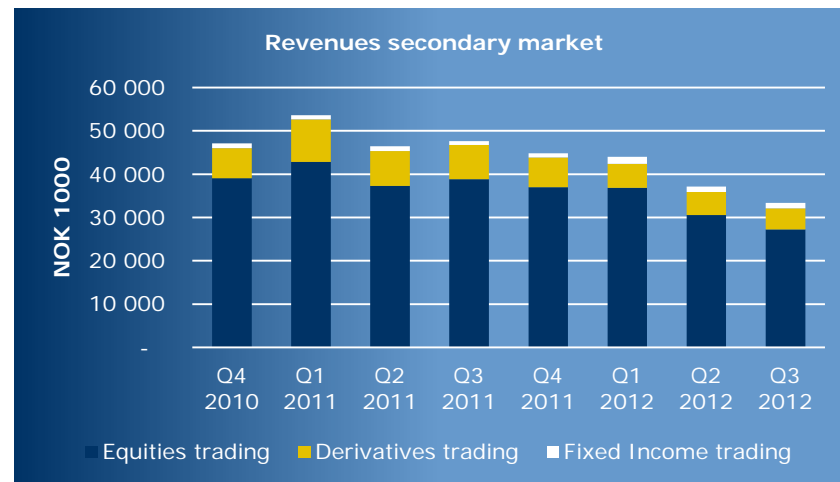
- Prospectus and admission fees down 57% from Q311
- Revenues driven by number and size of IPOs and issues
- One new listing in Q312
- Low level of issues of equity in Q312
- High level of issues of fixed income instruments





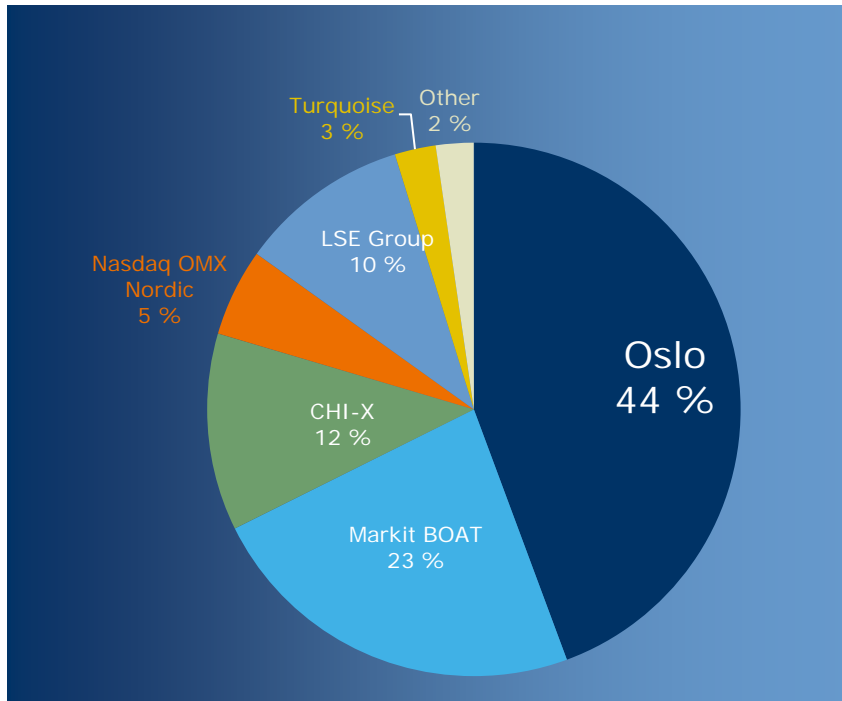
# Oslo Børs – secondary market

- Low market activity in Q312
- Revenues down 30% from Q311
- Equity revenues driven by trading activity and members choice of fee structures
- Derivatives revenues driven by activity level and composition of derivatives trading
  - No of contracts down 20% from Q311
  - Revenues down 38% from Q311

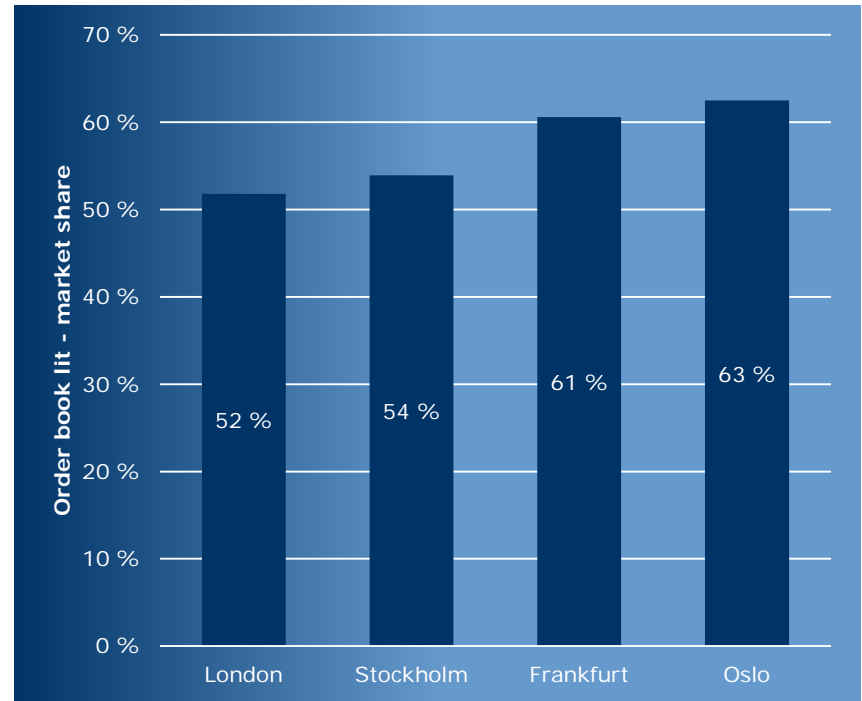


# Market share - equities trading

Total YTD 2012



On-exchange trading Sept 2012

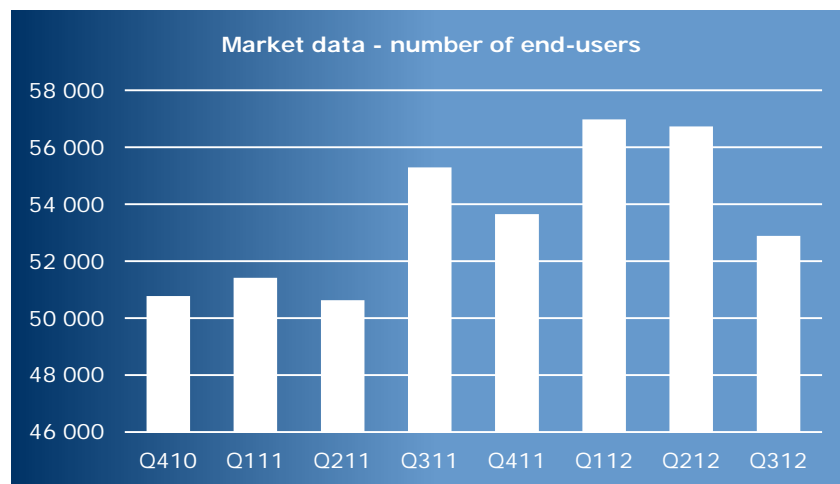
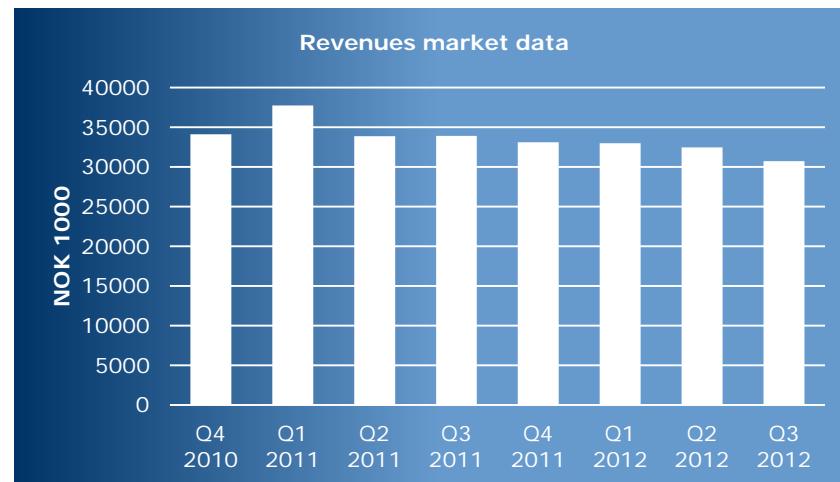


- Increased use of Smart Order Routers
- Increased internalisation in Europe

(Source: Thomson Reuters)

## Oslo Børs – market data

- Revenues down 9% from Q311
- Revenues primarily driven by number of professional end users of data from Oslo Børs
- Professional users down 12% from Q311
- Increase in private users
- One-off items in Q111
  - Customer audits



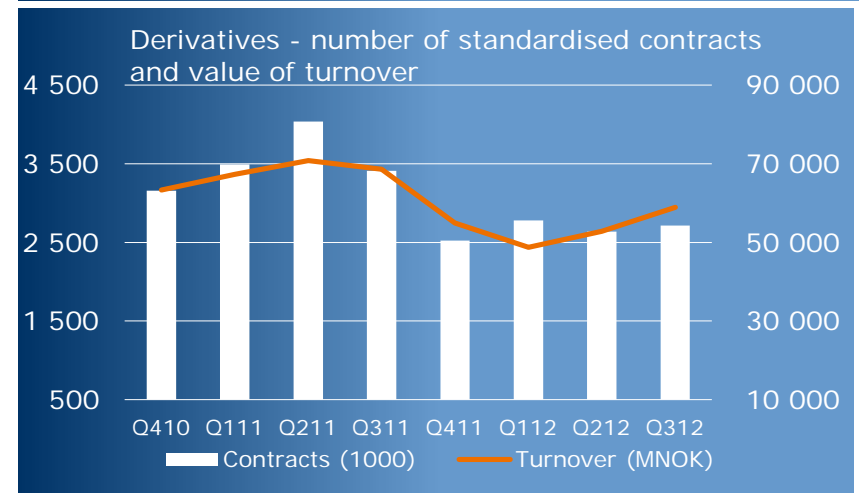
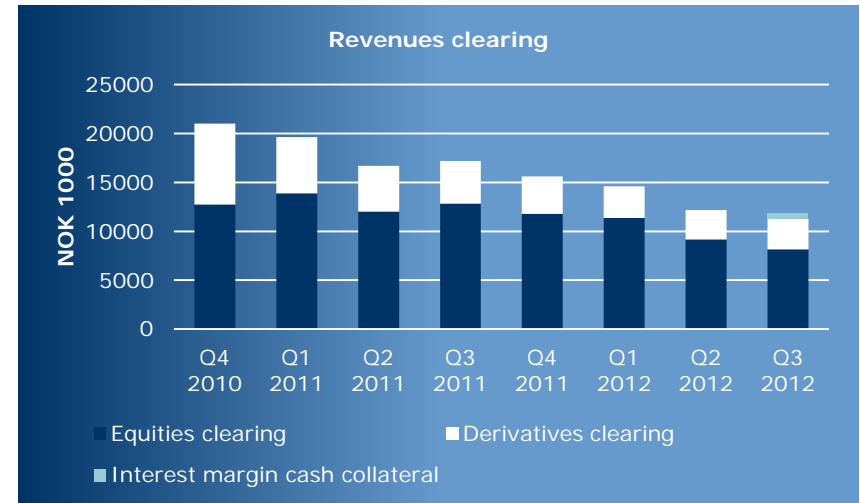
# Key market activities

- Millennium to be implemented in November 2012
  - Owned and used by London Stock Exchange Group
  - One of the world's fastest trading system
  - A flexible system
  - Attract new members and trading volume
- Continuous development of microstructure
  - Marketplace rules, pricing structure, technology, networks and products
  - New opening hours
  - New tariffs for high frequency trading
- Efficient post trade
  - Interoperability
- Fast track procedure for listing



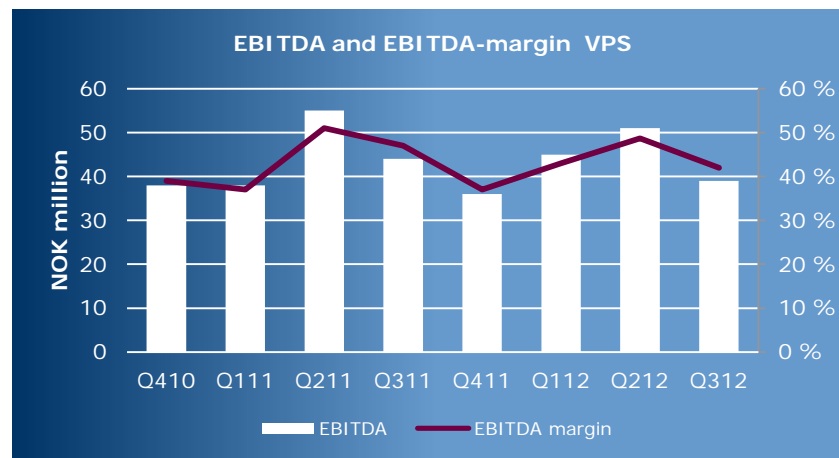
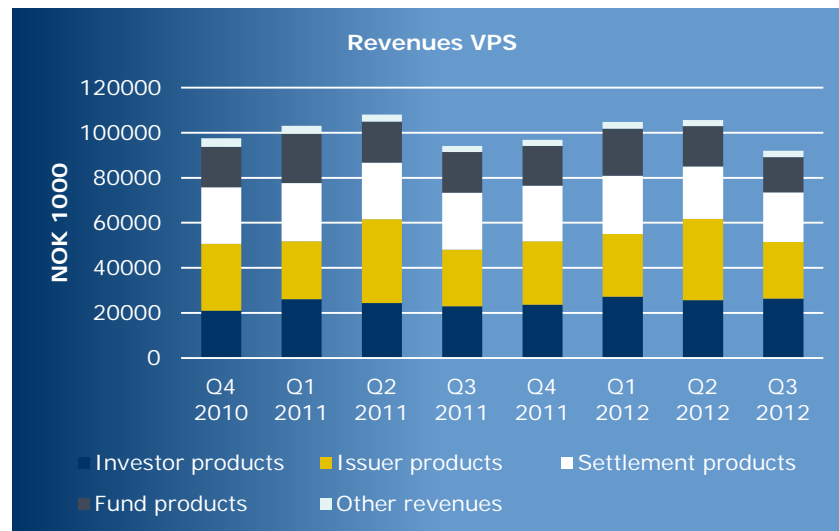
# Oslo Clearing

- Revenues down 34% from Q311
- Shift from transaction to value based fee-schedules
- Derivatives activity down 20% from Q311
- Clearing revenues driven by
  - trading activity and members choice of fee structures
  - activity level and composition of derivatives trading
- Interoperability with LCH Q113
- Magica – increased competitiveness in clearing
  - MNOK 772 in cash collateral under management as of Q3 12



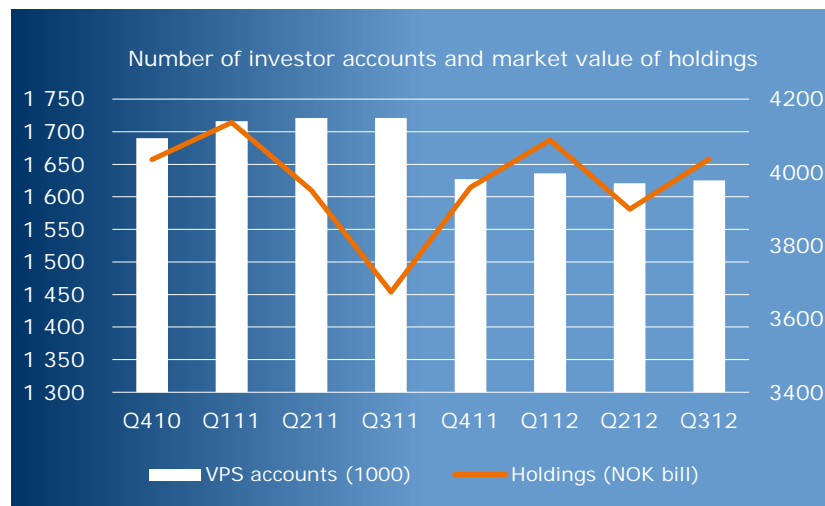
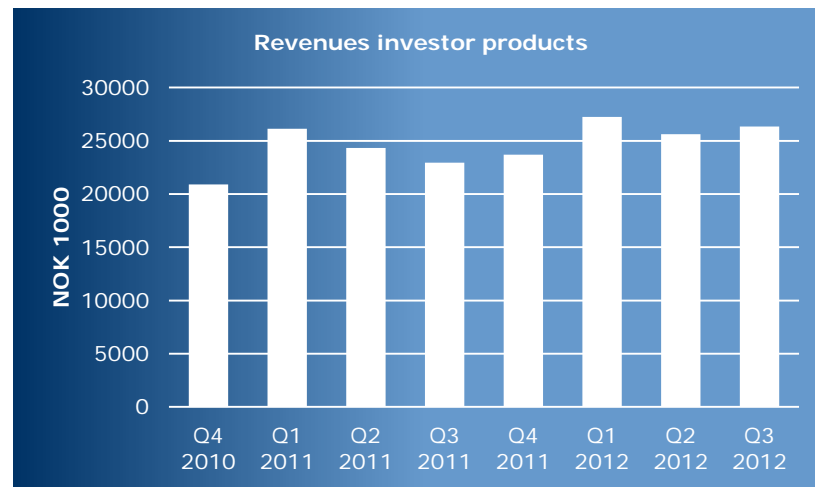
# VPS

- Revenues down 2% to NOK 92 million from Q311
- EBITDA down 11% to NOK 39 million from Q311
- Increased Investor revenues



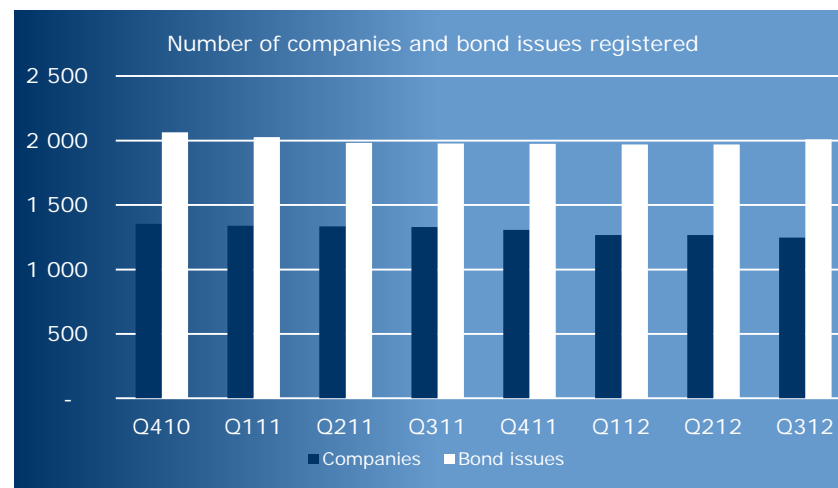
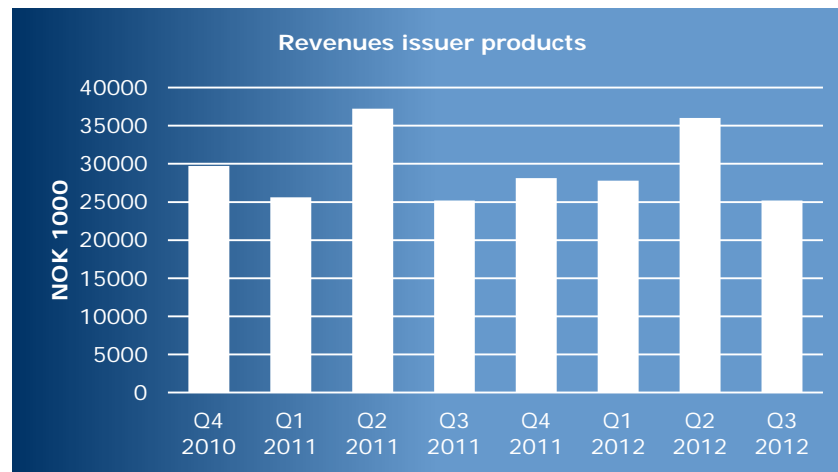
## VPS – investor products

- Revenues up 15% from Q311
- Revenues primarily driven by number of VPS accounts and market value of holdings January 1



# VPS – issuer products

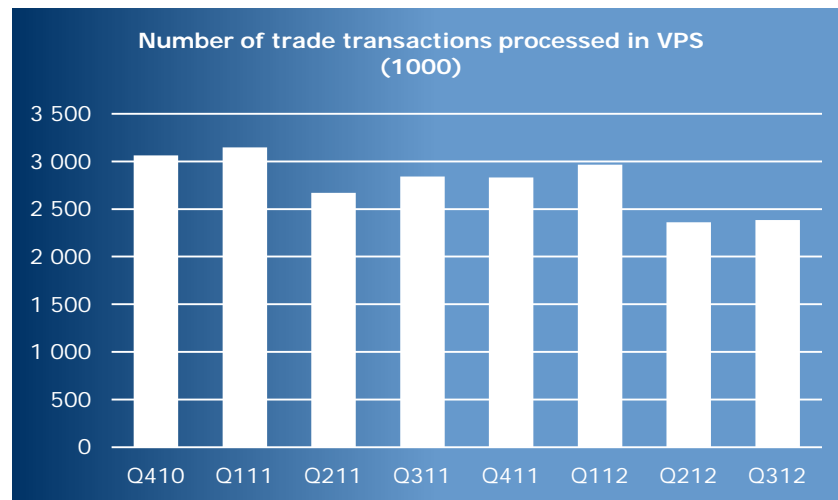
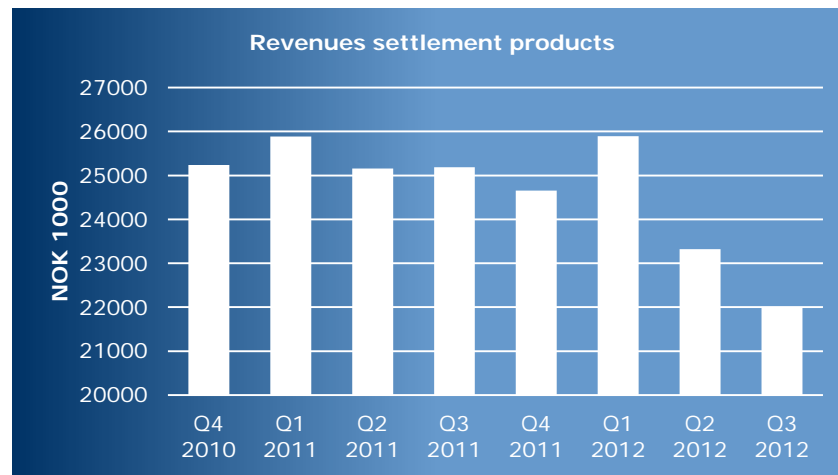
- Revenues in line with Q311
- Revenues driven by number and composition of issuers and level and composition of corporate activity
  - AGM-season in Q2
- Additional revenue from value added products
  - AGM-services
  - Stock purchase programs
  - Nominee-ID





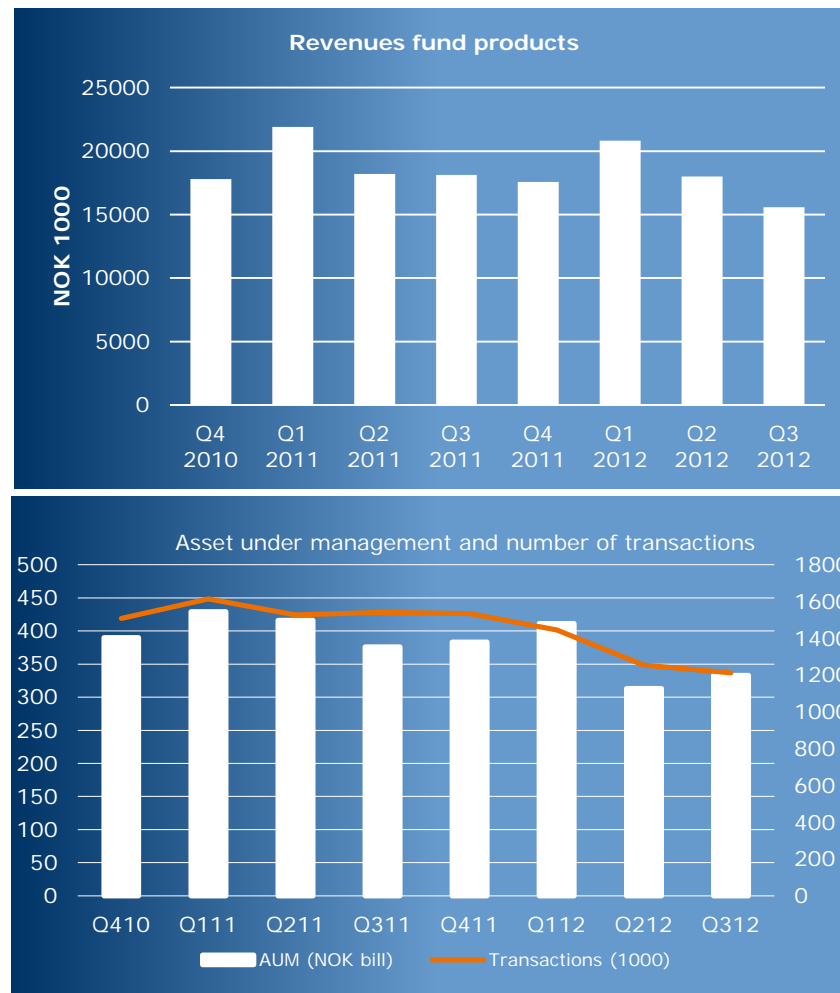
# VPS – settlement products

- Revenues down 13% from Q311
- Revenues driven by number of participants and number of settlement transactions



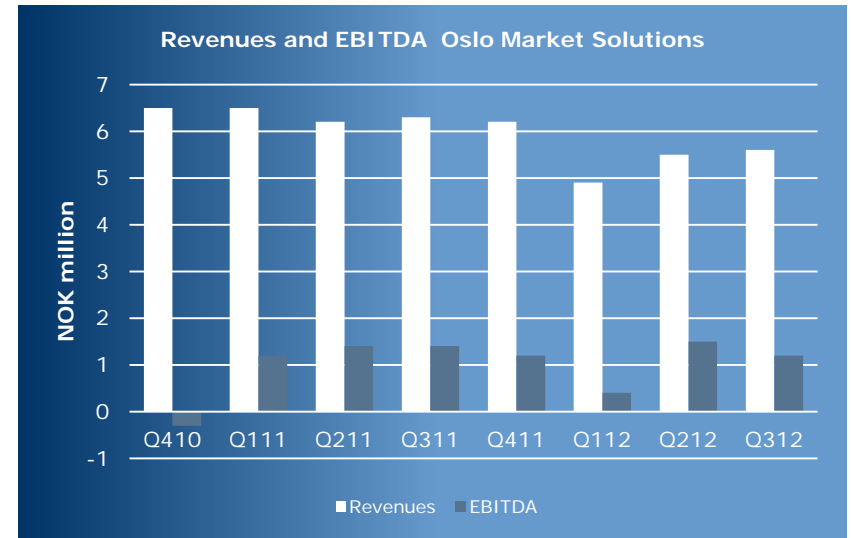
## VPS – fund products

- Revenues down 14% from Q311
- Reduction in volumes from Q312
- Revenues primarily driven by assets under management and number of transactions
- First part of new fund system released in June
- Program extended with development of new functionality



# Oslo Market Solutions

- Revenues down 11% from Q311
- EBITDA down 14% from Q311
- Transfer of revenue stream to VPS as of 2012

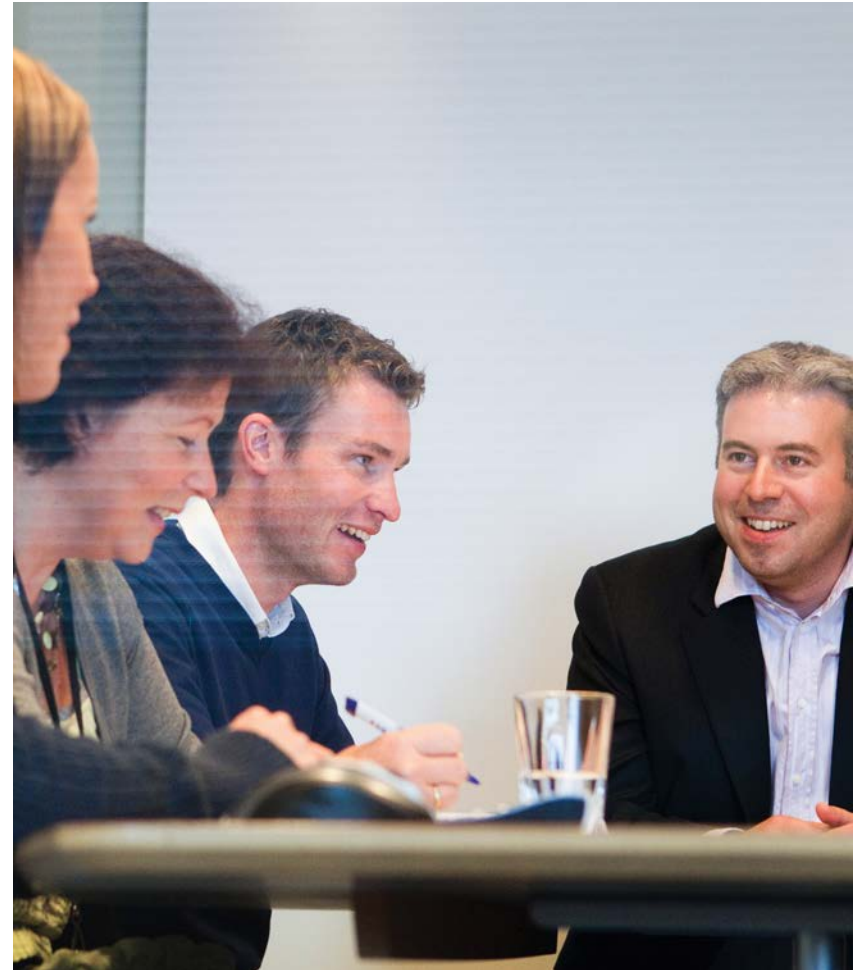


# *European regulation - implications*

- MiFID II and MiFIR
  - More level playing field and increased transparency
- EMIR
  - Opportunity for CCPs in mandatory clearing
  - Requirements for CCPs – organisation, capital and access and interoperability
- CSD-legislation
  - Increased competition – opportunity and threat
- Financial transactions tax?

# Summary

- Revenues affected by European downturn in trading and listing activities
- Underlying operating costs slightly higher than in 2011 year to date
- Focus forward
  - Attract new listings/registrations and members
  - Increased sale to existing customers
  - Strengthen competitive position in secondary market
    - Trading, clearing and settlement
  - Successful execution of projects
    - Millennium, Magica, Fund project, modernisation of VPS IT
  - Consider opportunities to increase scale in post trade, e.g. share technology



# *Appendix*

|  | 3rd Quarter<br>2012 | 3rd Quarter<br>2011 | Change<br>in % | 30. Sept<br>2012 | 30. Sept<br>2011 | Change<br>in % | 2011           |
|--|---------------------|---------------------|----------------|------------------|------------------|----------------|----------------|
| <b>Operating revenues</b>  | <b>192 869</b>      | <b>223 110</b>      | <b>-14 %</b>   | <b>632 517</b>   | <b>703 239</b>   | <b>-10 %</b>   | <b>921 894</b> |
| <b>Operating expenses</b>  |                     |                     |                |                  |                  |                |                |
| Capitalisation of internal resources   | -664                | -2 252              |                | -4 383           | -7 248           |                | -9 016         |
| Salary and other personnel expenses  | 65 614              | 62 547              |                | 200 531          | 200 719          |                | 272 804        |
| Other operating expenses   | 44 977              | 41 646              |                | 141 018          | 134 639          |                | 181 828        |
| Depreciations and write-downs  | 16 123              | 16 189              |                | 50 347           | 48 372           |                | 71 217         |
| Amortisations  | 23 441              | 27 265              |                | 70 324           | 81 796           |                | 109 061        |
| <b>Operating expenses before capitalisation of internal resources, depreciations and amortisations</b> | <b>110 591</b>      | <b>104 193</b>      | <b>6 %</b>     | <b>341 549</b>   | <b>335 358</b>   | <b>2 %</b>     | <b>454 632</b> |
| <b>Total operating expenses</b>  | <b>149 491</b>      | <b>145 395</b>      | <b>3 %</b>     | <b>457 837</b>   | <b>458 278</b>   | <b>0 %</b>     | <b>625 894</b> |
| <b>EBITDA</b>  | <b>82 278</b>       | <b>118 917</b>      | <b>-31 %</b>   | <b>290 968</b>   | <b>367 881</b>   | <b>-21 %</b>   | <b>467 262</b> |
| <b>Operating profit (EBIT)</b>   | <b>43 378</b>       | <b>77 715</b>       | <b>-44 %</b>   | <b>174 680</b>   | <b>244 961</b>   | <b>-29 %</b>   | <b>296 001</b> |
| Net financial items  | 4 664               | 6 087               |                | 16 465           | 18 318           |                | 24 817         |
| <b>Ordinary pre-tax profit</b>   | <b>48 042</b>       | <b>83 802</b>       |                | <b>191 145</b>   | <b>263 279</b>   |                | <b>320 818</b> |
| Tax  | 13 487              | 23 508              |                | 53 646           | 73 852           |                | 87 773         |
| <b>Earnings for the period</b>   | <b>34 555</b>       | <b>60 294</b>       | <b>-43 %</b>   | <b>137 499</b>   | <b>189 427</b>   | <b>-27 %</b>   | <b>233 045</b> |
| Actuarial gains/losses defined benefit pension plans   | 0                   | 0                   |                | 0                | 0                |                | -19 135        |
| Tax-effect   | 0                   | 0                   |                | 0                | 0                |                | 5 358          |
| <b>Total comprehensive income</b>  | <b>34 555</b>       | <b>60 294</b>       | <b>-43 %</b>   | <b>137 499</b>   | <b>189 427</b>   | <b>-27 %</b>   | <b>219 268</b> |
| Earnings per share (NOK)   | 0,80                | 1,40                | -43 %          | 3,20             | 4,40             | -27 %          | 5,42           |
| Diluted earnings per share (NOK)   | 0,80                | 1,40                | -43 %          | 3,20             | 4,40             | -27 %          | 5,42           |
| Earnings per share (NOK) before amorisations   | 1,20                | 1,86                | -36 %          | 4,37             | 5,77             | -24 %          | 7,25           |

# Breakdown revenues – Oslo Børs segment

| <b>Revenues per area</b>      | <b>Q3 2012</b> | <b>Q3 2011</b> | <b>30.09.2012</b> | <b>30.09.2011</b> | <b>2011</b>    |
|-------------------------------|----------------|----------------|-------------------|-------------------|----------------|
| Equity Markets                | 44 255         | 60 848         | 153 811           | 186 336           | 243 177        |
| Fixed Income Markets          | 8 543          | 7 816          | 24 753            | 23 056            | 31 152         |
| Derivatives Markets           | 4 863          | 7 903          | 15 692            | 25 857            | 32 675         |
| Financial Market data         | 30 732         | 33 922         | 96 169            | 105 553           | 138 648        |
| Other                         | 1 482          | 1 552          | 6 597             | 6 044             | 8 687          |
| <b>Total Oslo Børs</b>        | <b>89 876</b>  | <b>112 041</b> | <b>297 022</b>    | <b>346 845</b>    | <b>454 339</b> |
| <b>Revenues per category</b>  | <b>Q3 2012</b> | <b>Q3 2011</b> | <b>30.09.2012</b> | <b>30.09.2011</b> | <b>2011</b>    |
| Fixed fees- issuers           | 20 313         | 20 677         | 59 500            | 60 989            | 82 041         |
| Trading fees                  | 33 387         | 47 657         | 114 107           | 147 759           | 192 577        |
| Prospectus and admission fees | 3 022          | 7 001          | 17 113            | 22 880            | 27 485         |
| Financial market data         | 30 732         | 33 922         | 96 169            | 105 553           | 138 648        |
| Other income                  | 2 421          | 2 785          | 10 133            | 9 666             | 13 589         |
| <b>Total Oslo Børs</b>        | <b>89 876</b>  | <b>112 041</b> | <b>297 022</b>    | <b>346 845</b>    | <b>454 339</b> |



## *Breakdown revenues – VPS segment*

| <b>VPS</b>          | <b>Q3 2012</b> | <b>Q3 2011</b> | <b>30.09.2012</b> | <b>30.09.2011</b> | <b>2011</b>    |
|---------------------|----------------|----------------|-------------------|-------------------|----------------|
| Investor products   | 26 334         | 22 951         | 79 201            | 73 425            | 97 124         |
| Issuer products     | 25 175         | 25 201         | 89 007            | 88 055            | 116 180        |
| Settlement products | 22 003         | 25 186         | 71 218            | 76 227            | 100 883        |
| Fund products       | 15 590         | 18 124         | 54 411            | 58 232            | 75 797         |
| Other revenues      | 2 827          | 2 598          | 8 465             | 9 215             | 11 949         |
| <b>Total VPS</b>    | <b>91 930</b>  | <b>94 060</b>  | <b>302 302</b>    | <b>305 154</b>    | <b>401 933</b> |

# Balance sheet

|   | 30. Sept<br>2012 | 30. Sept<br>2011 | 31. Dec<br>2011  |
|---|------------------|------------------|------------------|
| <b>Fixed assets</b>                               |                  |                  |                  |
| IT-systems  | 274 956          | 378 050          | 345 997          |
| Customer relations                                | 34 842           | 50 334           | 46 461           |
| Registrations                                     | 10 000           | 10 000           | 10 000           |
| Goodwill  | 464 233          | 464 233          | 464 233          |
| Deferred tax assets                               | 89 117           | 73 483           | 88 770           |
| Tangible assets                                   | 59 316           | 56 199           | 51 337           |
| Financial fixed assets                            | 233 944          | 75 990           | 75 389           |
| <b>Current assets</b>                             |                  |                  |                  |
| Market value of outstanding derivatives positions | 418 496          | 908 405          | 380 055          |
| Receivables                                       | 80 382           | 86 474           | 81 555           |
| Investments                                       | 9 982            | 4 982            | -                |
| Cash and cash equivalents                         | 1 418 034        | 816 836          | 892 870          |
| <b>Assets</b>                                     | <b>3 093 302</b> | <b>2 924 986</b> | <b>2 436 667</b> |
| <b>Equity</b>                                     |                  |                  |                  |
| Contributed equity                                | 1 380 946        | 1 471 606        | 1 501 325        |
| Earned equity                                     | -                | -                | -                |
| Total equity                                      | 1 380 946        | 1 471 606        | 1 501 325        |
| <b>Liabilities</b>                                |                  |                  |                  |
| Pension liabilities                               | 227 775          | 194 888          | 218 698          |
| Deferred tax liabilities                          | 55 688           | 83 014           | 75 379           |
| Cash collateral                                   | 772 356          | 32 451           | 33 096           |
| Market value of outstanding derivatives positions | 418 496          | 908 405          | 380 055          |
| Current liabilities                               | 238 041          | 234 622          | 228 114          |
| <b>Equity and liabilities</b>                     | <b>3 093 302</b> | <b>2 924 986</b> | <b>2 436 667</b> |

# Cash flow

|  | 3rd Quarter<br>2012 | 3rd Quarter<br>2011 | 30. Sept<br>2012 | 30. Sept<br>2011 | 2011           |
|--|---------------------|---------------------|------------------|------------------|----------------|
| <b>Cash flow from</b>                                  |                     |                     |                  |                  |                |
| - operational activities                               | 49 964              | 98 453              | 243 646          | 295 574          | 368 373        |
| - investment activities                                | 597 136             | -27 512             | 540 077          | -32 643          | -28 981        |
| - financing activities                                 | -152                | -260                | -258 559         | -344 821         | -345 247       |
| <b>Cash and cash equivalents at<br/>period's start</b> | <b>771 086</b>      | <b>746 155</b>      | <b>892 870</b>   | <b>898 726</b>   | <b>898 726</b> |
| Change in cash and cash equivalents                    | 646 948             | 70 681              | 525 164          | -81 890          | -5 856         |
| <b>Cash and cash equivalents at<br/>period's end</b>   | <b>1 418 034</b>    | <b>816 836</b>      | <b>1 418 034</b> | <b>816 836</b>   | <b>892 870</b> |
| <b>Cash flow per share (NOK)</b>                       | <b>15,04</b>        | <b>1,64</b>         | <b>12,21</b>     | <b>-1,90</b>     | <b>-0,14</b>   |

# Equity

|                                     | 3rd Quarter<br>2 012 | 3rd Quarter<br>2011 | 30. Sept<br>2012 | 30. Sept<br>2011 | 2011             |
|-------------------------------------|----------------------|---------------------|------------------|------------------|------------------|
| <b>Equity at period's start</b>     | 1 346 390            | 1 411 311           | <b>1 501 325</b> | <b>1 626 019</b> | <b>1 626 019</b> |
| Total comprehensive income          | 34 555               | 60 294              | 137 499          | 189 427          | 233 045          |
| Dividends                           |                      |                     | -257 878         | -343 838         | -343 838         |
| Purchase of own shares              |                      |                     | 0                | 0                | -122             |
| Acturial gains/losses in the period |                      |                     |                  |                  | -13 777          |
| <b>Equity at period's end</b>       | <b>1 380 946</b>     | <b>1 471 606</b>    | <b>1 380 946</b> | <b>1 471 606</b> | <b>1 501 325</b> |
| <b>Equity ratio</b>                 | <b>45 %</b>          | <b>48 %</b>         | <b>45 %</b>      | <b>48 %</b>      | <b>62 %</b>      |

# Largest shareholders 22 October 2012

| Investor                                | Number of shares  | % of top 20 | % of total    | Type  | Country |
|---|-------------------|-------------|---------------|-------|---------|
| DNB LIVSFORSIKRING ASA                  | 8,522,045         | 23.85%      | 19.82%        | Comp. | NOR     |
| KOMMUNAL<br>LANDSPENSJONSKASSE          | 4,300,200         | 12.04%      | 10.00%        | Comp. | NOR     |
| PARETO AS                               | 3,662,230         | 10.25%      | 8.52%         | Comp. | NOR     |
| ORKLA ASA                               | 3,510,700         | 9.83%       | 8.16%         | Comp. | NOR     |
| LANDSBANKINN HF                         | 2,812,930         | 7.87%       | 6.54%         | Nom.  | ISL     |
| JP MORGAN CLEARING<br>CORP.             | 2,034,353         | 5.69%       | 4.73%         | Nom.  | USA     |
| ARENDALS FOSSEKOMPANI<br>ASA            | 1,996,000         | 5.59%       | 4.64%         | Comp. | NOR     |
| NORSK HYDROS<br>PENSJONSKASSE           | 1,834,400         | 5.13%       | 4.27%         | Comp. | NOR     |
| MSF-MUTUAL FINANCIAL<br>SERVI FD        | 911,000           | 2.55%       | 2.12%         | Comp. | USA     |
| STATE STREET BANK AND<br>TRUST CO.      | 852,138           | 2.39%       | 1.98%         | Nom.  | USA     |
| MORGAN STANLEY & CO<br>INTERNAT. PLC    | 725,700           | 2.03%       | 1.69%         | Nom.  | GBR     |
| NORDEA NORDIC SMALL<br>CAP FUND         | 718,841           | 2.01%       | 1.67%         | Comp. | FIN     |
| MUST INVEST AS                          | 708,520           | 1.98%       | 1.65%         | Comp. | NOR     |
| SUNDT AS                                | 657,500           | 1.84%       | 1.53%         | Comp. | NOR     |
| FRANKLIN TEMPLETON<br>EXCLUSIVE         | 622,000           | 1.74%       | 1.45%         | Comp. | LUX     |
| BANQUE DE LUXEMBURG<br>S.A.             | 457,160           | 1.28%       | 1.06%         | Nom.  | LUX     |
| STATE STREET BANK AND<br>TRUST CO.      | 447,895           | 1.25%       | 1.04%         | Nom.  | USA     |
| MSF-MUTUAL EUROPEAN<br>FUND             | 340,000           | 0.95%       | 0.79%         | Comp. | USA     |
| CLEARSTREAM BANKING<br>S.A.             | 306,940           | 0.86%       | 0.71%         | Nom.  | LUX     |
| MP PENSJON PK                           | 306,394           | 0.86%       | 0.71%         | Comp. | NOR     |
| <b>Total number owned by<br/>top 20</b> | <b>35,726,946</b> | <b>100%</b> | <b>83.08%</b> |       |         |
| <b>Total number of shares</b>           | <b>43,004,000</b> |             | <b>100%</b>   |       |         |

# Share price Oslo Børs VPS Holding ASA

