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# Financial summary 2010

## Netfonds Holding ASA

Org.nr: 988 861 391

with subsidiaries:

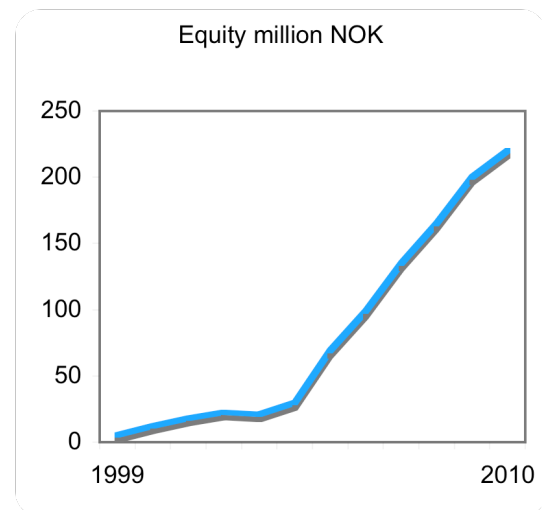
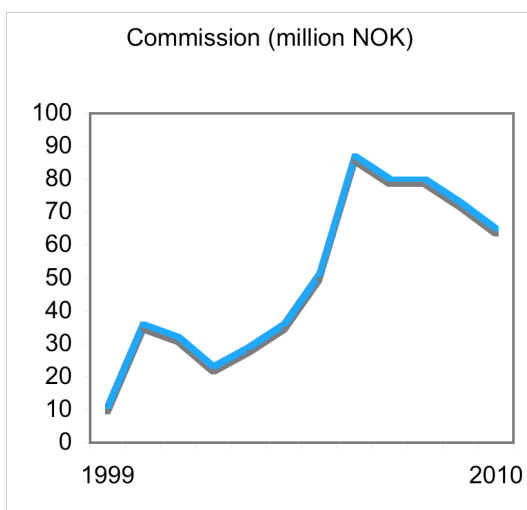
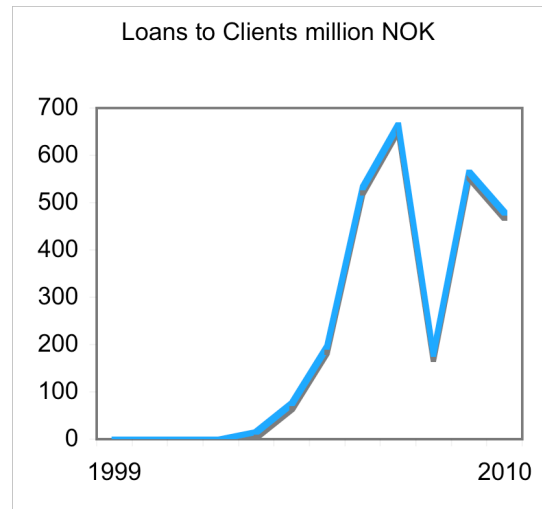
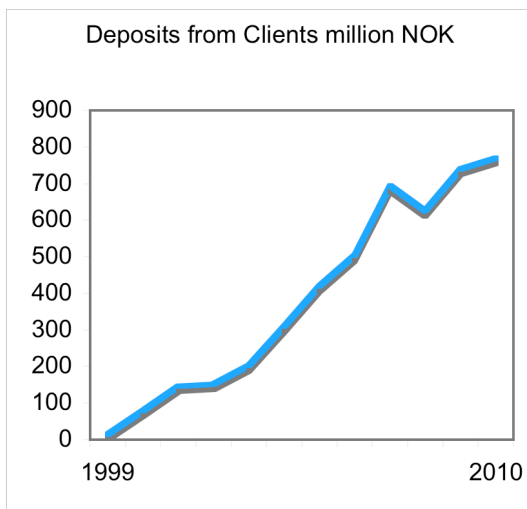
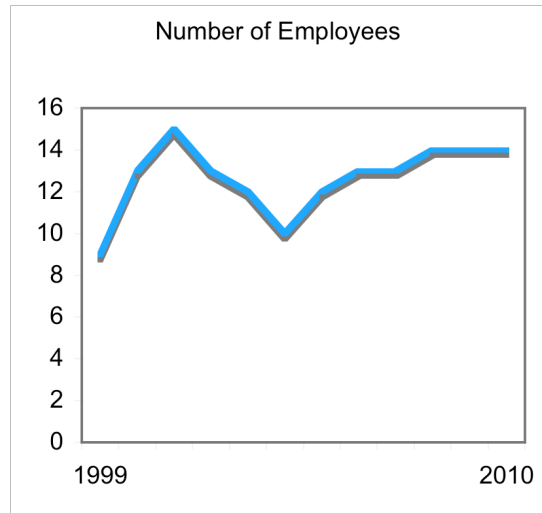
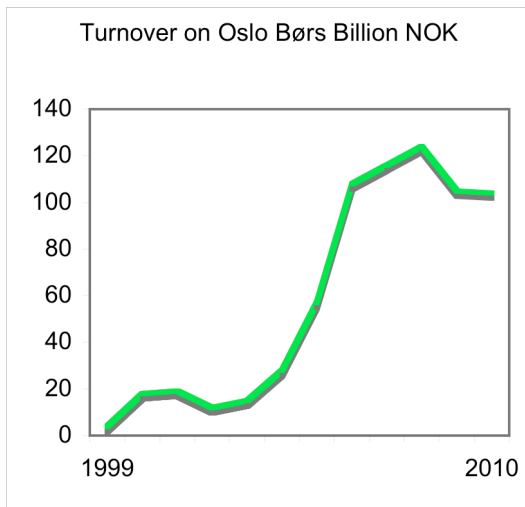
Netfonds Bank ASA  
Netfonds Livsforsikring AS  
Netfonds AS

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Investment Services - Banking - Life Insurance - Asset Management

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# Netfonds 1999 - 2010



# Netfonds 2010

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## Business areas

Netfonds Holding ASA (Netfonds) is the mother company of Netfonds Bank AS, a commercial bank, and Netfonds Livsforsikring AS, a life insurance company. The Netfonds Group operates a self service internet platform for trading in securities. The trading platform is open for trading in Norwegian, Swedish, Danish and US securities, ETF's, derivatives, managed funds, CFD's and foreign exchange. Netfonds is self clearing in the Norwegian market. Netfonds Bank AS is taking deposits from clients and lending funds to clients who trade through Netfonds. Netfonds Livsforsikring AS offers saving accounts in the form of investment bonds with 1% life insurance included. The Netfonds IT-department develops and operates all systems being used for trading in securities, settlement and clearing of trades, banking and life insurance.

## Regulations

Netfonds is seated in Oslo and regulated by The Financial Supervisory Authority of Norway. Netfonds offers cross border services to Sweden and Denmark.

## Management

Rolf Dammann is chief executive officer and owner of 80% of the shares in Netfonds. Harald Hjort is chairman of the Board of Directors.

## Risk - Capital Requirements

Netfonds evaluates risk on a regular basis and has identified these main areas to follow up:

- a) Liquidity risk, which is offset by credit lines from other financial institutions and sufficient deposits.
- b) Credit risk, which is reduced by a strict lending practice.
- c) Operational risk, which is reduced by strict administrative routines and back up systems.

By year end Netfonds had equity capital of 224 million NOK, of which 14.4 million NOK was allocated to cover credit risk and 11 million NOK to cover operational risk. Market and liquidity risk was insignificant. Sufficient measures have been taken to reduce the risk level in our business.

## Online Brokerage

In 2009 Netfonds executed 1,248,543 trades on Oslo Stock Exchange, resulting in a market share of 3.27%. Total commissions totalled 62.2 million NOK, a reduction from 72.9 million NOK in 2009.

## Investment Banking

Total lending to clients totalled 631.3 million NOK at year end, an increase of 563.2 million NOK during the year. Netfonds did not incur any losses on loans to customers in 2010. Deposits from clients totalled 845.8 million NOK, which was an increase from 740.3 million over the year. Net interest income for 2010 totalled 35.9 million NOK, an increase from 32.8 million NOK the previous year.

## Life Insurance

Operations started 13th February 2009. The client portfolios totalled 95 million NOK by year end 2010 and the equity was 46 million NOK.

## Allocations

The Netfonds group made a profit after tax of 32,5 million NOK in 2010, an decrease from 35.3 million NOK the previous year. Total group equity reached 224 million NOK, after deduction of 5 million NOK in dividends.

<b>Netfonds Group Profit &amp; Loss (1000 kr)</b>	2010	2009	2008	2007
Interest Income	46 538	46 683	58 225	57 448
Interest Expense	-8 241	-12 268	-31 949	-27 344
<b>Net Interest Income</b>	<b>38 297</b>	<b>34 415</b>	<b>26 276</b>	<b>30 104</b>
Commissions	62 220	72 875	79 571	80 504
Fees paid to Exchanges and Custodians	-27 115	-32 320	-35 524	-33 025
Technical Result Life Insurance	234	-54	0	0
Other Revenues	272	212	438	0
Net Gain/Loss from Investments in Securities	798	1 858	-1 291	0
<b>Net Other Revenues</b>	<b>36 353</b>	<b>42 571</b>	<b>43 194</b>	<b>47 479</b>
Overhead Expenses	-18 629	-18 645	-17 727	-15 978
Depreciation	-2 438	-2 703	-2 627	-2 181
Other Operating Expenses	-8 061	-7 503	-7 901	-5 347
<b>Total Operating Expenses</b>	<b>-29 128</b>	<b>-28 851</b>	<b>-28 255</b>	<b>-23 506</b>
Income before Loss on Receivables	45 521	48 135	41 215	54 077
Loss on Receivables	0	0	0	0
Income before Tax	45 521	48 135	41 215	54 077
Tax	-13 022	-12 796	-6 997	-15 194
<b>Net Income</b>	<b>32 499</b>	<b>35 339</b>	<b>34 218</b>	<b>38 883</b>

<b>Netfonds Group Balance Sheet (1000 kr)</b>	2010	2009	2008	2007
<b>Assets:</b>				
Deposits in Central Bank	101 569	16 180	32 471	57 809
Receivables from Financial Institutions	204 307	187 550	552 730	39 515
Receivables from Clients	631 286	563 193	168 484	664 432
Investments in Money Market Funds	147 433	204 211	0	0
Investments in Securities	0	2 961	1 103	0
Settlement Balances with Clients	6 798	12 007	14 347	13 735
Settlement Balances with Broker Dealers	2 963	44 393	50 695	128 374
Securities Lent to Clients	30 050	9 908	1 014	1 351
Clients Life Insurance Portfolio	94 977	61 795	0	0
Other Assets	1 556	1 911	1 156	1 076
Prepayments	285	1 630	1 238	1 963
Deferred Tax Assets	346	0	631	750
Intangible Assets	75	303	557	771
Fixed Assets	4 059	4 352	4 759	4 689
Real Estate	3 589	3 736	3 883	4 025
Overfunded Pension Scheme	1 709	1 570	1 369	846
<b>Total Assets</b>	<b>1 231 002</b>	<b>1 115 700</b>	<b>834 437</b>	<b>919 336</b>
<b>Liabilities and Equity:</b>				
Bank Debt	0	0	273	327
Deposits from Clients	845 806	740 348	625 771	693 984
Settlement Balances with Clients	12 088	83 212	20 262	67 749
Borrowed Securities	30 050	9 908	1 104	1 351
Life Insurance Liability	94 977	61 795	0	0
Other Short Term Debt	4 205	6 605	4 800	4 388
Tax Payables	13 637	10 780	11 903	12 535
Deferred Tax Liabilities	0	274	0	0
Accrued Expenses	1 222	1 262	1 377	1 273
Dividend Payable	5 000	5 000	4 000	3 000
<b>Total Liabilities</b>	<b>1 007 030</b>	<b>919 184</b>	<b>669 490</b>	<b>784 607</b>
Share Capital	10 000	10 000	10 000	10 000
Other Equity	214 015	186 516	154 947	124 730
<b>Total Equity</b>	<b>224 015</b>	<b>196 516</b>	<b>164 947</b>	<b>134 730</b>
<b>Total Liabilities and Equity</b>	<b>1 231 002</b>	<b>1 115 700</b>	<b>834 437</b>	<b>919 336</b>