



## Nordnet 2008

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# 2008 in brief

- Operating profit dropped by 11 per cent to SEK 702.7 million (785.6 million)
- Profit after tax dropped by 30 per cent to SEK 138.1 million (196.3 million)
- Market shares increased on all markets
- Proposed dividend of SEK 0.50 (0.50) per share

## Important events by quarter, 2008

<b>Q1</b>	<ul style="list-style-type: none"><li>• Focus on profitability</li><li>• Increased market share</li></ul>	<b>Q3</b>	<ul style="list-style-type: none"><li>• Reduced costs, increased market share</li><li>• New ambition, vision and business concept</li></ul>
<b>Q2</b>	<ul style="list-style-type: none"><li>• Reinforced position in the Nordic region, reduced costs</li><li>• Trading room in Stockholm and Helsinki</li></ul>	<b>Q4</b>	<ul style="list-style-type: none"><li>• Increased market share in the Nordic region</li><li>• New savings services launched</li></ul>

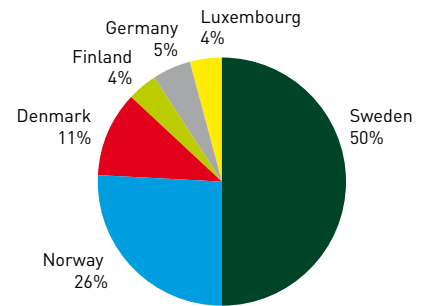
## Results and key figures

	2008	2007	Change
Operating income, SEK millions	702.7	785.6	-11%
Operating profit, SEK millions	182.4	278.7	-35%
Operating margin	26%	35%	-9%
Profit after tax, SEK millions	138.1	196.3	-30%
Earnings per share before dilution, SEK	0.84	1.19	-29%
Capital coverage ratio	1.7	1.3	23%
Deposits, SEK billions	6.8	8.2	-17%
Loans, SEK billions	2.1	3.8	-45%
AUM, SEK billions	39.1	55.1	-29%
Proposed dividend	0.50	0.50	-
Number of trades	11,765,300	9,401,700	25%
Number of active accounts	231,000	184,900	25%

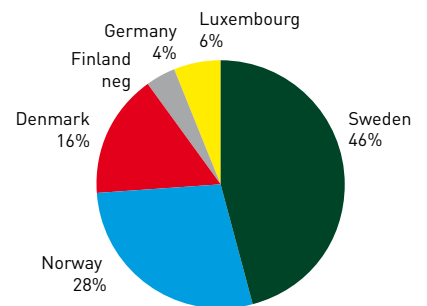
# The Nordic Region is our domestic market.



**Geographical distribution, gross income 2008**



**Sweden Geographical distribution, operating profit**



**Nordnet market share number of trades 2008**

Stockholm Stock Exchange	6.39%
Oslo Stock Exchange	10.03%
Copenhagen Stock Exchange	6.41%
Helsinki Stock Exchange	3.02%



”Simplicity our  
model for the future.”

Dear shareholders,

Over the 2008 financial year, a year characterised by upheaval, Nordnet has taken market shares and laid the first building blocks for its vision, to become the leading bank for savings and investments in the Nordic region. Over a year when customers have lost their trust in the major banks, Nordnet has increased its number of accounts by 25 per cent and demonstrated considerable financial strength. I am proud to be at the head of such a company.

Nordnet's strategy is based on three areas:

### 1. The Nordic region is our domestic market

Nordnet is currently by far the biggest Internet broker in the Nordic region and the third biggest firm of brokers. In Norway, we are the biggest as regards both the number of trades in terms of turnover. In terms of number of trades, we are the biggest Internet broker in both Denmark and Finland, and in Sweden we are number two. Our operations in Luxembourg are important for us to provide our Nordic customers with a service, and Germany is our window on Europe, where we learn from our work on other markets. Our focus, on the other hand, is clear: the Nordic region is our domestic market.

### 2. Active investors and less active investors

We divide our existing and potential customers into two categories. On the one hand we have very active investors who do most of the work themselves but who need top quality information and services. Here, Nordnet has to continue to offer the best services available on the market. The other group, where I perceive the greatest potential for growth, includes investors who are not really as active, and who need more support and knowledge. Here, Nordnet should assist by giving these investors control over their finances in a simple way adapted to suit these customers.

### 3. Trading, banking and pensions

Securities trading is our core activity, and here we have to be the best in our field. Our banking products will be extended and expanded throughout the Nordic region. We will be offering investors the opportunity to do all their banking with Nordnet; the mortgages that we launched in Sweden in 2008 were an important step in this strategy. The significance of pension savings to private finances is increasing; here, we will be offering both companies and private individuals complete pension solutions.

Nordnet's vision is to become the leading bank for savings and investments in the Nordic region within a decade. I believe that simplicity is the model by which we shall achieve this goal. Complicated products and impenetrable pricing have led to the major banks rapidly dragging themselves into a crisis of confidence. By maintaining simple, transparent products and services, we will continue to build trust and value. For both ourselves and for you as one of our shareholders.

Carl-Viggo Östlund  
CEO

# The banking services of the future – now!

Nordnet's vision is to be the leading bank in the Nordic region for savings and investments within a decade.

## Mission – Simplicity for our customers.

Nordnet represents something new. We are nothing like the major banks. We represent simple, modern services. Saving in funds should be simple – and it should

be every bit as simple to use advanced securities services. We represent creativity and innovation – for the banking services of tomorrow.

## Vision – The leading bank for savings and investments in the Nordic region.

Nordnet is switching from having been the leading Nordic Internet broker to challenging the traditional banks. We will become

the top Nordic bank for savings services. The broad groups of savers are worth the services and products we offer.

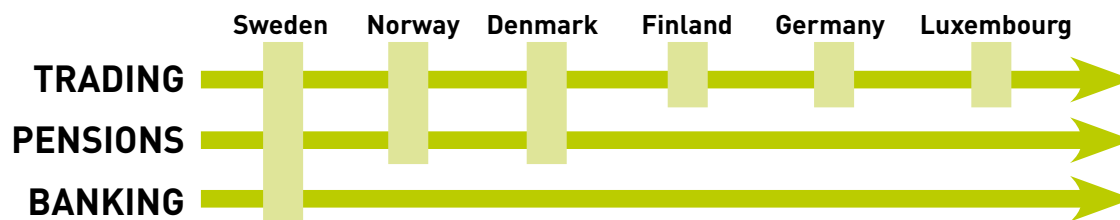
## Business concept – to offer private investors in the Nordic region services that simplify savings, investments and loans.

Our services and products must also focus on broad saving; savings accounts paying good rates of interest are just as important as maintaining a large selection of funds and simple share trading. The fact that we have launched mortgages in Sweden this year is an important step towards our ambition. Accommodation is a central part of the finances of most people, and indirectly also a form of saving.

In 2008, we have started launching broad saving in Sweden, and we will be rolling

this out to the other Nordic countries over the next few years.

At the same time, we are continuing to nurture our core business, security trading. By making saving easy, we will continue to entice new customers to join us and thereby take market shares among both active savers and among savers who demand more knowledge, support and assistance. This latter group represents Nordnet's future customer growth.



# Products and services for all investors

The Nordnet strategy involves focusing on both active investors and people who are seeking support and knowledge. Maintaining a broad perspective on savings requires services in all important savings areas.

## Objectives.

Nordnet's objective is to double its income over three to four years, while maintaining a high operating margin.

Within one year, we will have 100 per cent cost coverage from non-brokerage related income; that is to say, income from fund commissions, net interest income and administration services.

## Strategy.

A brief description is given below of Nordnet's general strategies.

### Customers

Nordnet's services are aimed mainly at two specific customer groups. The first of these includes investors who themselves play an active part in their saving activities. Brokerage and net interest income are the dominant sources of income in this group.

The second group includes investors who are looking for more support and knowledge, or who perhaps have neither the time nor the volition themselves to deal with their savings activities. Nordnet's income here is made up mainly of fund commissions and administration payments.

### Market

The Nordic Region is our domestic market. Nordnet is currently one of the biggest Internet brokers on each of the Nordic markets. We are striving to further reinforce our position in the Nordic region.

### Products

Nordnet maintains a broad perspective on savings and offers a complete range of services in all important areas of savings. This broad range means that customers have plenty of freedom of choice, and at the same time it provides stability in Nordnet's business.

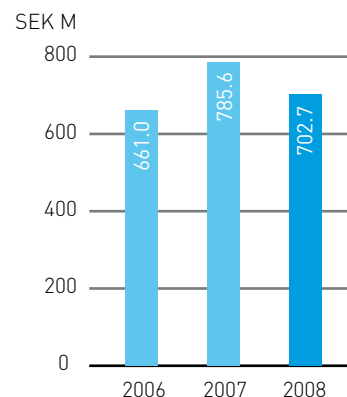
We divide our products into three areas: Trading, Banking and Pensions.

Trading is Nordnet's core business, and so it will continue as we aim to become the leading Nordic savings bank. Services in this field will continue to be developed and remain at the leading edge.

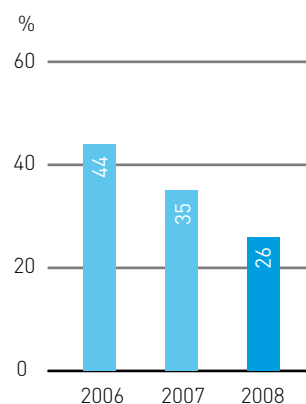
The number of banking products that we will be offering on the Nordic markets will be developed. More products are required if savers are to be able to keep all their finances with Nordnet. It is in this field that we think most customer growth will occur.

Pension savings – both private and service pensions – will take on more importance in the future. Nordnet offers complete pension solutions for both private individuals and companies.

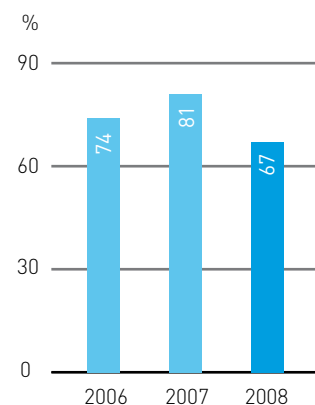
## Income



## Operating margin



## Cost coverage



From non-brokerage related income.

# Good business even in uncertain times

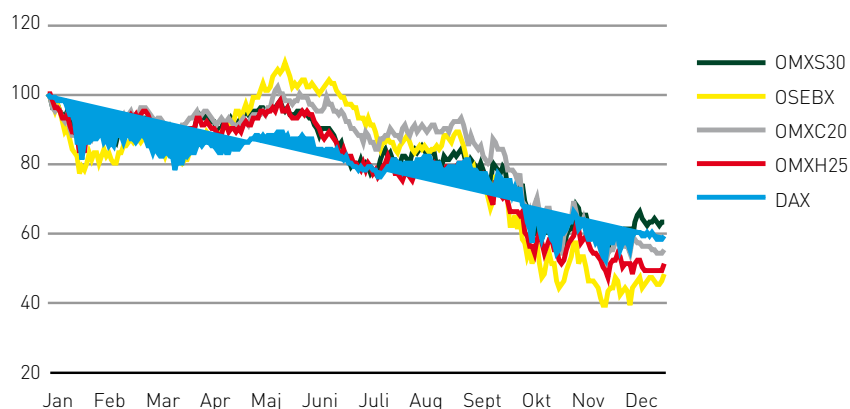
2009 has been approached with a great amount of trepidation. How the economic situation develops both globally and on our Nordic domestic market will be decisive. The stock exchanges on all markets where Nordnet operates have had major downturns in 2008. The financial crisis has turned into a credit crunch, and many countries are even experiencing recession. A continued reduction in demand and falling company profits will probably affect the stock exchanges throughout 2009.

Despite falling rates, Nordnet's customers have still shown interest in the stock exchange. The number of trades has increased by 25 per cent. Active savers have continued to trade, and even less active savers are still there on the stock exchange. There has been a continuing increased influx of people interested in fund saving. The number of customers with funds in their accounts is up 38 per cent.

Turnover on the stock exchange, which has fallen due to lower share prices, is still very important to Nordnet's results. In 2008, cost coverage – that is, income other than brokerage in proportion to operating expenses – was 67 per cent.

This is why focusing on a broader range of products is important with the prevailing financial situation. Low-risk saving is being demanded more and more fre-

## Market trends – primary indices



# The competition chart has been redrawn in 2008.

quently, and products such as mortgages, funds and pensions are becoming more important.

Nordnet is perceived by many as a secure, stable organisation. This is extremely important in order to entice the broad groups of savers to join us.

## **Stock exchange trend**

The number of accounts is up 25 per cent, and active investors have been even more active over the autumn. The major fluctuations on the stock exchange have created opportunities for active savers, although they have also scared off a number of investors and savers. However, development towards stagnant or gradually falling prices on the stock exchange over a long period will result in reduced activity and lower brokerage income.

## **Interest rate trend**

Nordnet's interest margin is affected by interest rates. With very low interest rate trends, the interest margin and hence net interest income are reduced.

## **Rules and regulations**

New rules and regulations can make things both easier and more difficult for Nordnet.

As of 1 January 2008 it became possible for foreign banks to sell pension products in Denmark, and over the year the legislation in Norway was altered so that IPS saving is now permitted. These are two important changes on the pensions market that will be of major significance to Nordnet.

1 November 2007 saw the introduction of MiFID, which is a collective ruling for EU countries. Its purpose is to facilitate cross-border operations and provide

better consumer protection. On 15 March 2009, the third money laundering directive will be introduced. This will have a major effect on how banks and stockbrokers deal with customer identification and checking monetary flows.

The tightening-up of taxation on capital income introduced in Germany on 1 January 2009 will have a positive effect for Nordnet customers in Germany.

## **Commercial centres**

Stock exchanges and clearing houses have been consolidated over the past few years, and new marketplaces have arisen. Major volumes are moving from the traditional stock exchanges to new, cheaper alternatives such as Turquoise and Chi-X. In 2008, a decision was made to launch a new commercial centre for Nordic shares, called Burgundy, in the second quarter of 2009. Burgundy is owned by 13 banks and stockbrokers, of which Nordnet is one.

## **Technical development**

Over the years, Nordnet has acquired competitive advantages by rapidly adopting new technology. However, pressure on prices is increasing as more organisations adopt new technology.

In the autumn of 2008, when an extremely large amount of trading occurred on some days, the IT system also demonstrated that our technology is able to withstand major stresses. Our quality target is 99.7 per cent uptime. Uptime over the year amounted to 99.9 per cent.

## **Risks**

For a description of the various types of risk occurring in Nordnet's operations, see note 7 on page 55.

# Strong position in Nordic region

25 million people live in our domestic market, and 10 million of these are potential Nordnet customers. With Nordnet's 231 000 customers, this means that we hold 2.3 per cent of the overall market. We have reinforced our position throughout the year by means of increasing market shares and strong customer growth on all Nordic markets.

entice ordinary savers to join us who are looking for alternatives to the traditional banks. Therefore, having a broad range of savings services will be important.

Our competitiveness is based on our provision of simple, modern services. We are currently price leaders in share trading, for example, in several Nordic countries at present. As regards pension savings, we are able to offer solutions that are a lot more cost-effective for savers than those offered by the major banks and insurance companies.

## Low-risk saving

In these anxious times on the financial market, more and more private individuals in the Nordic region are seeking low-risk investments. What has happened over the autumn is that people are now also choosing who to bank with on the basis of risk. The traditional banks have been hit hard by the credit crunch, and confidence in them has been hit. Many people feel that the major banks have reinforced the economic downturn by taking risks that were too great. Nordnet has stood out as a safe, secure organisation. Our credit losses are relatively small. Given this fact, we have major opportunities to continue to

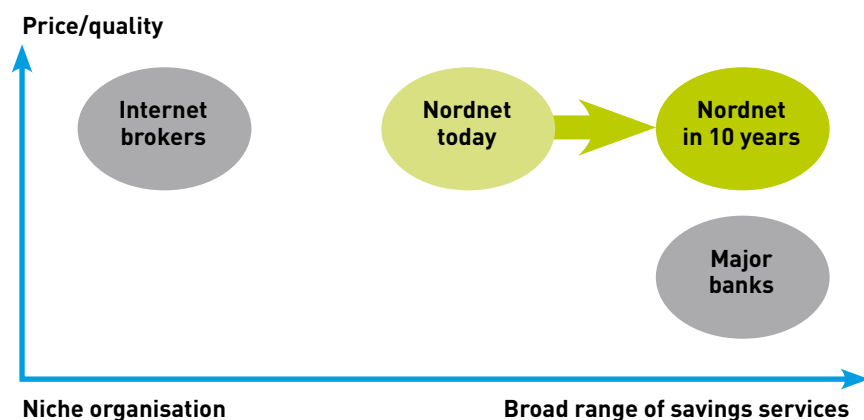
## Shares

Nordnet is currently one of the biggest Internet brokers on each of the Nordic markets. All in all, we are the biggest Internet broker on all the Nordic stock exchanges, and the third largest firm of brokers on the Nordic stock market, measured in terms of the number of trades, with a market share of 6.46 per cent. In 2008, Nordnet was the price leader in share trading in Finland, and also in Germany. Growth has continued well on all the markets in which Nordnet currently has a presence; both the number of accounts and the number of deals closed have increased. The number of trades on the Nordic stock exchanges increased by

## Market shares in the Nordic region – the major organisations

Broker	Participation		Number of deals closed	
	2008	2007	2008	2007
SEB	7.39%	5.69%	10,748,046	7,038,994
Morgan Stanley	6.51%	6.58%	9,464,979	8,139,843
<b>Nordnet</b>	<b>6.46%</b>	<b>5.51%</b>	<b>9,400,940</b>	<b>6,819,235</b>
Deutsche Bank	3.99%	3.77%	5,803,735	4,665,857
Merryl Lynch	3.78%	2.91%	5,503,115	3,605,956
Handelsbanken	3.96%	3.78%	5,764,216	4,676,603
Lehman Brothers	3.71%	5.95%	5,393,229	8,361,090
Avanza Bank	3.67%	3.10%	5,343,198	3,830,366
Credit Suisse	4.42%	3.69%	6,427,836	4,569,281
Société Générale	2.77%	2.12%	4,024,813	2,621,085
<b>Total for the Nordic stock exchanges</b>	<b>100%</b>	<b>100%</b>	<b>145,431,012</b>	<b>123,705,894</b>

The ten biggest brokers in the Nordic region with regard to the number of share deals on the stock exchanges in Stockholm, Oslo, Helsinki and Copenhagen, January to December 2008, and the respective players' figures for January to December 2007. Source: Official statistics from the various stock exchanges.



18 per cent in total, and by 25 per cent for Nordnet.

As regards share trading, we are competing with the traditional major banks such as SEB, Handelsbanken, Nordea, DnB Nor and Danske Bank. Nordnet is also competing with the traditional Internet brokers, Avanza being our biggest competitor in Sweden, Netfonds in Norway, FIM in Finland and Etrade in Denmark.

We still face tough competition on the market, but Nordnet has every chance of continuing to take market shares thanks to low prices and attractive services in the field of security trading.

### Funds

Nordnet distributes almost 900 funds from 70 fund management companies – one of the biggest selections in the industry – via our Fondtorget service (or Fund Square, in English). The Fondtorget service was launched in Sweden in 1999 and in Norway in 2008. It will be introduced in Finland in 2009.

Competition on the funds market is different to share trading competition. In the field of fund saving, Nordnet is competing with traditional banks and Internet brokers, as well as with the fund management companies that only sell their own ranges. Unlike with share trading, our fund saving competitors are also our partners as the range available on the Fondtorget service is based on the funds available on the entire market. Here, Nordnet is competing mainly by means of its simplicity, along with the fact that it offers customers the opportunity to keep both their shares and their fund saving in one and the same place, allowing them to maintain an over-

view of their savings capital.

The traditional banks' share of managed capital in funds is continuing to fall, and at the start of 2009 this amounted to around 71 per cent. The number of accounts involving funds at Nordnet increased to 38 per cent.

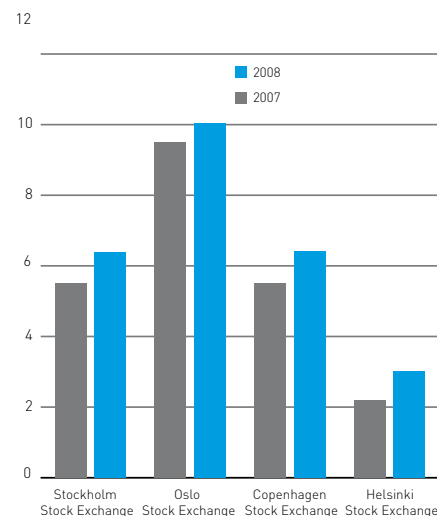
### Pensions

As of 1 May 2008, an entitlement was put in place to allow pension insurance policies taken out in Sweden after 2006 to be moved. In Denmark, the pensions market was deregulated, and in Norway IPS saving was introduced. The market is developing towards a more open, more competitive pensions market in all the countries in which we operate; a positive aspect for Nordnet. We offer very favourable terms, with low charges, plenty of choice and more control for customers. Compared with leaving pensions with the traditional insurance companies, moving pension savings to Nordnet is a good deal for all savers. However, our objective in the main is to persuade both old and new customers to start saving for their pensions with Nordnet. Moving a pension is still a lengthy process which involves high charges. It is important for us to maintain our own sales outlets in order to reach out to new groups of pension savers.

Our competition in Sweden comes mainly from traditional organisations such as SEB Trygg Liv, Handelsbanken LIV and Länsförsäkringar. The competition from new organisations such as Avanza Pension is also growing.

In Norway, our competition on pensions comes from Vital, Storebrand, Nordea, the Sparebank1 group, Danske Bank/Fokus Bank and Handelsbanken.

## Nordnet's market shares by geographical market, number of deals closed



Source: Official statistics from the stock exchanges

## Competitors

### Internet brokers

**Sweden:** Avanza, Etrade, Skandia-banken

**Norway:** Netfonds, Etrade, Skandiabanken

**Denmark:** Etrade, Saxo Bank

**Finland:** FIM, Etrade

**Germany:** Flatex, Etrade, Comdirekt, Cortal Consors m fl

**Luxembourg:** Internaxx, Cortal Consors, HMS, Keytrack

### Major banks

**Sweden:** SEB, Handelsbanken, Föreningssparbanken, Danske Bank, Nordea

**Norway:** DnBNor, Sparbankerna, Nordea, Fokus Bank, Handelsbanken, Storebrand

**Denmark:** Danske Bank, Nordea, Jyske Bank

**Finland:** Nordea, Sampo Pankki, OP, Ålandsbanken, Evli

**Luxembourg:** The major Nordic banks

# The credit crunch is persuading more savers to choose our services

The number of customers we have has continued to increase over the year. At year-end, we had 231 000 active accounts, representing an increase of 25 per cent. We have managed to entice more investors to move from the major banks. In the shadow of the credit crunch, security and low risk have been important to customers when choosing a bank.

Our active investors have had a different perspective of this decline compared with previously. They are remaining in the market and continuing trading, which among other things indicates greater knowledge and experience now compared with – for example – the situation in the early 2000s. The wide range of products available nowadays is used by active investors. The fact that the number of trades has increased by 25 percent is due largely to the fact that active customers have done more trades. Investors have developed together with the market, and this is also benefiting Nordnet.

Internet usage develops further every year. More and more investors are seeing the advantages of doing all their saving on the Internet, a development which is being accelerated by the credit crunch and the increasing mistrust of the traditional banks. This reinforces our potential for growth and our ambition to become the leading Nordic savings bank.

Our broad range of savings services with the best possible terms is crucial to help us achieve our vision. Regardless

of whether investors want to trade in securities or just maintain a good savings account, we must be one of their choices. With our background as Internet brokers, we are coming into the market with the most advanced technology, at low cost. As we see it, technology is at its best when users perceive it as being simple. We can offer simple but also qualified services at a competitive price.

Nordnet's services are normally launched in Sweden first and then introduced gradually to other markets. Here is a selection of services introduced over the year and services which have been established on new markets:

## **NordnetSkolan**

NordnetSkolan – Nordnet College – is now available in all Nordic countries and is being greeted with a lot of interest. The significance of the college is growing as we take on additional numbers of ordinary investors who are looking for support, knowledge and advice. The next step will be to offer courses on the Web.

# Number of customers up by 25 per cent.

## Mortgages

Mortgages were launched in Sweden in 2008; an indicator that we also see loans as an important part of savers' finances. Thanks to our partnership with SBAB, we are paving the way to allow savers to group more of their finances with us.

## Services for active investors

New trading applications – SIX ProTrader, The Online Trader and ORC – were launched in the Nordic region. In Germany, a faster, simpler warrant trading site called Scoach was launched, and Norway saw the launch of a special site for derivatives trading.

## Pensions

Pension services have been available in Sweden and Norway as of 2008. As the pensions market is being deregulated, pension savings will become an ever more important part of our range of savings services.

## Funds

The Fondtorget service is now in place in Sweden, Norway and Denmark and has almost 900 funds from 70 administrators.

## Endowment insurance

Nordnet Kapitalförsäkring has seen continued good development in Sweden and enticed lots of new customers. Norway has a corresponding product, Investeringskonto, which has seen continuing good development.

## Foreign trading on the increase

There is an increased interest in viewing all of the Nordic region as a market for share saving. This benefits Nordnet as we

offer trading on all Nordic markets. The number of trades on other markets has increased to 12 per cent. In Denmark, no fewer than 30 per cent of deals are closed on other markets.

## More partnerships

As a consequence of – for example – pension service initiatives, more partnerships will be entered into with insurance brokers. The partnerships with companies started in order to deal with investments in and payments from incentives programmes will continue and be expanded to additional companies.

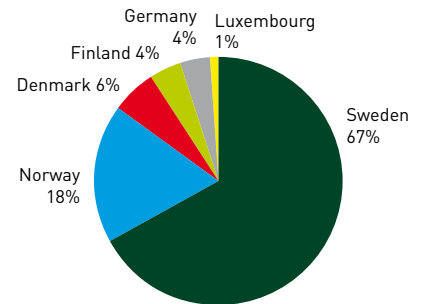
## Security

For savings services on the Internet, security is central. We are monitoring developments very closely and constantly making improvements so that we can offer secure, customer-friendly solutions. Reliability and uptime are also extremely important. The three biggest trading days in our history all took place in October 2008, and our systems were able to handle the enormous volumes with no problems. Our high uptime, 24 hours a day, kept working even under enormous pressure. Systems uptime has amounted to 99.9 per cent.

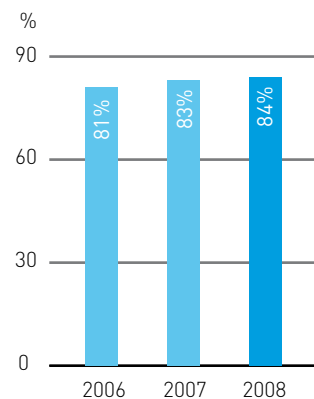
## Satisfied customers

Satisfied customers are central to our growth and success. Every year, we carry out a survey in order to find out how our customers perceive us. The customer survey carried out in December 2008 showed that the numbers of satisfied customers are on the increase. 84 per cent were happy or very happy.

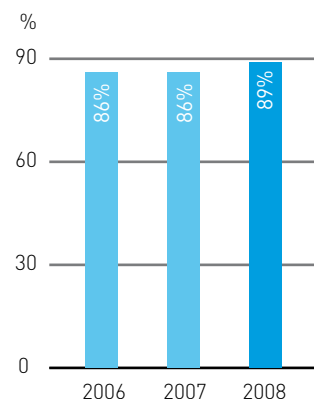
## Geographical distribution, number of customers 2008



## Number of customers who are happy or very happy with Nordnet



## Number of customers who would recommend Nordnet





Johan Tidestad, Country General Manager Sweden

# Broad range of savings services

**SWEDEN** Nordnet was the company encountering the highest growth on the Stockholm Stock Exchange in 2008. Despite major anxiety and uncertainty, the number of accounts has increased by 25 per cent.

Nordnet Sweden has more than 150,000 customers at present, representing an increase of 25 per cent compared with the previous year. We have also taken market shares on the Stockholm Stock Exchange. For the full year, the market share in volume in Swedish kronor amounted to 2.87 per cent, compared with 1.69 per cent for 2007. This is equivalent to an increase of 70 per cent. Market shares measured in terms of the number of trades increased to 6.39 per cent, compared with 5.51 per cent for 2007 – an increase of 16 per cent. In terms of the number of deals closed on the Stockholm Stock Exchange, Nordnet was the third-biggest broker in 2008, and one of the brokers seeing the most growth in terms of turnover in SEK.

Operating incomes fell by 16 per cent over the year. This reduction is due to a number of factors. The first factor is that the value of the stock exchange has fallen. This makes each trade smaller, and hence Nordnet's commission lower. 2008 also resulted in lower net commission due to the fact that the most active customers – who pay the lowest prices – represented a larger proportion of the

trades than was the case before. Finally, lending over the year has fallen greatly, which has resulted in reduction of net interest income.

Over the year, Nordnet Sweden has focused in particular on active investors. In April, a stock exchange room was opened in central Stockholm, and at about the same time integrated trading was made possible at Nordnet thanks to the trading applications The Online Trader and Orc. These tools supplement the previously launched applications Six Pro Trader and Wintrade.

The Nordnet Fondtorget service, which includes almost 900 funds, has enticed a lot of new customers. The number of customers with funds in their accounts increased by 38 per cent. Nordnet Kapitalförsäkring has continued its excellent development, with a lot of new customers. We believe that the growth in endowment insurance which we saw in 2008 was merely the start of a continuing trend.

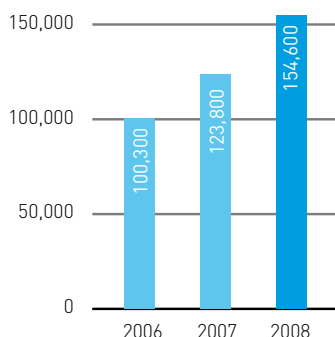
One important new feature over the year was the launch of mortgages, which took place in early November. Nordnet therefore has a broad range of banking and savings services on the Swedish market and is well equipped to attain its objective; to become the leading Nordic savings bank within a decade.

## 2009

In 2009, the emphasis will be on making available simple, limited risk savings services, launching banking services in great demand and broad areas of application, and sharpening up the services we offer to active customers. A new bank and debit card, a standard salary account and a savings account will be launched over the coming year. As far as products are concerned, we will be giving our customers the opportunity for the first time to take out premium bonds in the National Debt Office's issues. Over the first part of the year, we will be launching an Internet-based investment guide. In connection with this introduction, we will be working in cooperation with Öhman Fonder to launch five "funds of funds", as they are known, as well as two index funds. NordnetSkolan will undergo further development and be offered in both physical and digital form.

Several commercial centres competing with the Stockholm Stock Exchange have launched. Together with ten or so other organisations, Nordnet is the initiator and owner of the Burgundy commercial centre, which will be launched in 2009.

Number of accounts in Sweden



## Results and key figures

Sweden	2008	2007	Change
Income, SEK millions	351.2	417.1	-16%
Profit before goodwill and tax, SEK millions	95.5	161.3	-41%
Operating margin	25%	39%	-36%
Number of trades	4,685,600	3,818,700	23%
AUM as at 31 Dec, SEK billions	26.0	34.8	-25%
Number of active accounts	154,600	123,800	25%

# Record number of trades and several new savings services



Anders Skar, Country General Manager Norway

**NORWAY** Nordnet has reinforced its position as the biggest broker in Norway, measured in terms of the number of transactions. It has broadened its range of services and taken on new customers at the same time.

Exchange rate movements on the Oslo Stock Exchange have been enormous over the year, which has created opportunities for many Nordnet customers who trade actively on the stock exchange. However, the Oslo Stock Exchange has dropped considerably, by 53 per cent, in 2008. The number of trades increased by 44 per cent, and Nordnet was the broker with the highest number of trades every month, with the exception of July and August.

On Tuesday, 25 November, Nordnet's customers set a record for the Oslo Stock Exchange, closing over 27,000 deals in a day. Never before has one broker been responsible for so many trades on a single day. Nordnet has retained its position as the biggest broker on the Oslo Stock Exchange in terms of the number of transactions, and it has also increased its market share 10.02 per cent of the number of trades. In November, Nordnet was also the biggest broker in terms of volume for the first time. Over the entire year, Nordnet was the fifth biggest broker in terms of volume, compared to eleventh place in 2007.

On 1 September, the opening hours on the stock exchange were extended by an

hour, which was a good move for trading and accessibility. Operating income was down, mainly because the most active customers – who pay the lowest prices – were responsible for a larger percentage of trades than was the case previously. Income also fell because the value of the stock exchange dropped, so making each transaction smaller.

The number of active accounts is up by 22 per cent to 41 600. Nordnet's range of simple, inexpensive services has enticed customers over a period of turbulence on the stock exchange and where many traditional organisations have been called into question. Nordnet is perceived as being secure; and the fact that we have a presence throughout the Nordic region is an advantage. Many customers who have been passive for a long time on the market have resumed securities trading in late 2008.

The Nordnet Fondtorget service has undergone development over the year, resulting in a large number of new funds. Only 340,000 Norwegians invested in shares, while 2.5 million have savings in funds. Most of our competition with regard to fund savings comes from the major banks, but also from fund management companies that sell their

own funds. August saw the launch of Derivatinfo, a specialist site that facilitates derivatives trading.

Pension services were introduced over the year. Once the legislation was amended, IPS saving was launched in the Nordic region as of the fourth quarter of 2008. This is limited to SEK 15,000 a year at present, but for Nordnet this is something of a battering ram to take us into the pensions market.

## 2009

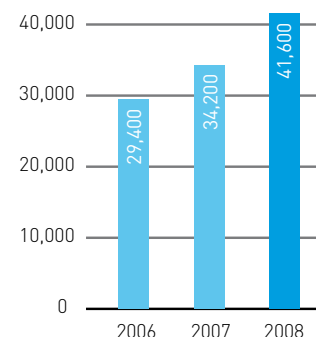
As of 2009, Nordnet will be able to offer complete savings solutions: shares, funds and pensions. The foundation is laid for us to reach new, broader target groups. Both the Fondtorget service and our pension services will be launched on a wide scale.

NordnetSkolan will continue to play a major part in disseminating knowledge, and it will also be made available on the Web. Of course, the most active investors will continue to be an important target group, and the service we offer to this group will remain at a high level.

## Results and key figures

Norway	2008	2007	Change
Income, SEK millions	184.8	208.4	-11%
Profit before goodwill and tax, SEK millions	57.0	103.5	-45%
Operating margin	29%	50%	-42%
Number of trades	3,400,400	2,357,300	44%
AUM as at 31 Dec, SEK billions	5.0	9.5	-47%
Number of active accounts	41,600	34,200	22%

## Number of accounts in Norway





Max Gandrup, Country General Manager Denmark

# Successes on a market in flux

**DENMARK** Nordnet increased its market shares and maintains a strong position on a market facing major changes.

The credit crunch has hit Denmark hard. Several banks – including Roskilde Bank, the eighth biggest bank in Denmark – declared bankruptcy in 2008. The Copenhagen Stock Exchange fell by 47 per cent, and on the property market prices are down by up to 25 per cent. There is a lot to indicate that the financial market will be restructured over the next few years, and the number of banks will fall.

Despite the negative development on the stock exchange, Nordnet Denmark acquired a lot of new customers, and the number of active accounts increased by 24 per cent to 13,800. The intake of new customers was enormous, not least over the fourth quarter, partly as a result of the anxiety on the market. Many new customers are applying to join Nordnet, which is perceived as a stable, secure organisation when banks fail.

Market shares are up in terms of both volume and number of trades. The Nordnet market share on the Copenhagen Stock Exchange increased from 5.5 per cent in 2007 to 6.4 per cent in 2008, in terms of the number of trades.

Operating income was down, mainly because the most active custo-

mers – who pay the lowest prices – were responsible for a larger percentage of trades than was the case previously. Income also fell due to the drop in value of the stock exchange. This makes each trade smaller, and hence Nordnet's commission lower.

The Danish stock market is very international, and 30 per cent of deals are closed on a market which is not people's own. Nordnet, with its Nordic profile, has major advantages here over its competitors. Børsen magazine also named Nordnet as the cheapest organisation for international share trading. The share trading price war which started in 2007 has come to a close over the year, and price levels have stabilised. The requirement to trade in stock exchange holdings on the Copenhagen Stock Exchange has been removed, which has had a positive effect on trading even though it reduces net brokerage.

## 2009

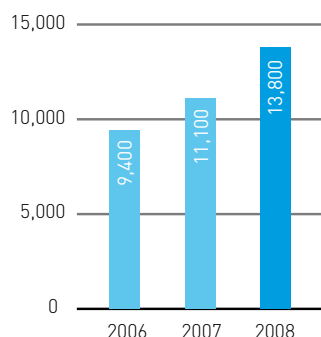
Large groups of ordinary investors are discovering Nordnet as they pick their way through the credit crunch. From 2009, we will be able to offer a broad range of services and products for anyone seeking more secure saving.

With the launch of a savings account and, above all, with the pension savings option opened up to us, our range of savings services will be complete and Nordnet will have significantly increased opportunities for growth in Denmark.

Cooperation will begin with insurance brokers in order to reach out to the retirement pensions market. Unit Linked savings are common in Denmark, but the range of funds available is limited. The Nordnet Fondtoret service, with its 500 funds, will therefore be very attractive for pension savers. Our pension services are in great demand among our existing customers, who have been asking for pension savings opportunities via Nordnet for a long time.

A representative office and a stock exchange room will be opening in Copenhagen over the first six months of the year. This is important in order to reinforce the strong position which Nordnet holds among active investors in Denmark.

## Number of accounts in Denmark



## Results and key figures

Denmark	2008	2007	Change
Income, SEK millions	77.7	91.5	-15%
Profit before goodwill and tax, SEK millions	32.9	48.6	-32%
Operating margin	41%	53%	-23%
Number of trades	1,583,600	1,354,300	17%
AUM as at 31 Dec, SEK billions	2.9	4.9	-41%
Number of active accounts	13,800	11,100	24%

# Record number of new customers

**FINLAND** Nordnet turned over a profit in Finland from the third quarter of 2008. The number of customers almost doubled over the year, and our market share targets for both volume and number of trades were exceeded.

Finland has also seen a dramatic year on the stock exchange. The Helsinki Stock Exchange fell by 49.6 per cent and turnover was down 31.7 per cent.

Nordnet has been able to benefit from the credit crunch and has some major successes from the year to look back upon. The reason for this positive result was very good customer growth and high levels of activity among active customers. Market shares on the Helsinki Stock Exchange in terms of volume and number of trades over the year have continued to increase, to 2.90 and 1.47 per cent respectively, compared with 1.47 and 0.83 per cent in 2007.

Operating income has increased massively, partly because we have taken on a lot of new customers but also because we have been working actively with the prices that we offer to new customers.

Our initiative focusing on active investors has been significant. We closed a very large number of trades; in October, for example, 116,000 deals were made by Nordnet customers, while customers of our competitor, Etrade, were responsible for 17,000. Nordnet is still a leader on

price and can also meet the stringent demands made as regards content and services. Both the traditional banks in Finland and competing Internet brokers have been hit hard by the credit crunch.

Over the year, a stock exchange room and a representative office have been opened in Helsinki. There has been a lot of interest in NordnetSkolan, which started in 2008, and all our courses there have been fully subscribed. The analysis service Experterna, which gives advice on portfolios, has been extended. SIX ProTrader, offering better terms and prices, was launched in 2008.

This year, Nordnet also got top marks from a major survey of Internet brokers run by Arvopaperis magazine, and was also ranked as one of the best services for active share customers in a survey carried out by Kauppalehti, Finland's leading business journal.

## 2009

The most active customers are of major significance to Nordnet Finland. We are continuing to focus on our Active Trader customers. New initiatives are being



Taru Rantala, Country General Manager Finland

implemented for 2009 in order to expand our cooperation with capital managers and fund management companies.

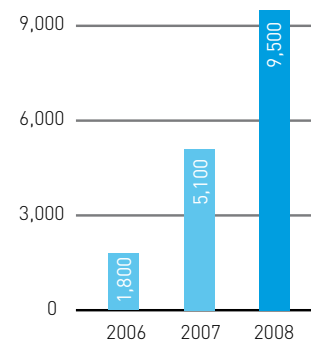
One important new feature in 2009 is the launch of the Fondtoret service. 57 per cent of Finns still keep their assets just in savings accounts, and the market for saving is about to face some strong development. With its range of broad, simple savings services, Nordnet is well equipped to cope with this.

NordnetSkolan is still of major significance, and it may be necessary to launch the courses on the Web.

## Results and key figures

Finland	2008	2007	Change
Income, SEK millions	29.2	13.3	120%
Profit before goodwill and tax, SEK millions	-0.6	-8.9	58%
Operating margin	neg	neg	-
Number of trades	1,047,200	654,800	60%
AUM as at 31 Dec, SEK billions	1.8	1.3	38%
Number of active accounts	9,500	5,100	86%

## Number of accounts in Finland





Charlotta Selin, Country General Manager Germany

# Ranked as the best Internet broker

**GERMANY** Nordnet turned over a positive result in Germany right from the first quarter. Despite a very turbulent market, development has continued well over the year, with increasing income and more customers.

The DAX Index on the main stock exchange in Germany, Xetra, fell by 40 per cent over the year. Market shares for Internet brokers were massively reduced, but Nordnet kept hold of its share; now it has 9,700 active accounts and is still a small player on the huge German market.

The German operation has produced positive results for every quarter in 2008; partly because we have worked actively to bring in new business, and partly because we have worked on expenses.

Over the year, Nordnet launched its Scoach commercial centre, which is owned jointly by Deutsche Börse and the Swiss Stock Exchange. This is a faster, more efficient commercial centre for warrants and certificates. The new marketplace is a further step towards transparency and fast order execution in Germany.

Germany is a mature market with several Internet brokers, and even the major banks are active with online services. Over the year, Nordnet increased its minimum brokerage for trade on Xetra but is still a leader on prices. Despite the

fact that the number of trades has fallen over the year, income is up 30 per cent. We have focused intently on expenses and on finding the right strategy on the German market. Nordnet is competing with a clear concept for active investors and attractive pricing.

In 2008, Nordnet has come out on top four times in various categories in comparative surveys carried out among Internet brokers by leading financial journals and TV channels. Pricing and terms are the most important factors for success. Other factors for success are our very high level of service and good cooperation within the German team. Good follow-up, fast case management and knowledgeable staff all helped to maintain a service level of 98 per cent over the year.

## 2009

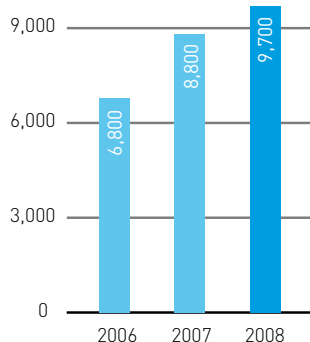
We are anticipating continuing anxiety on the stock exchanges in Germany. As a price leader with qualified content and simple, clear services, Nordnet attracts active investors.

We are focusing on communication and the packaging of services, and a new

range will be launched. There is still a lot of interest in Scoach, which aims to become Europe's leading stock exchange for structured products. The company will be entering into partnerships in order to reach customers via several different channels. Controlling expenses and profitability are all part of our everyday operations.

As of 1 January 2009, the taxation of securities will be tightened up, and 25 per cent of profits on capital income will be taxed at source. However, Nordnet customers will have to pay the tax themselves at the end of the year, which gives people better opportunities to plan their own finances.

## Number of accounts in Germany



## Results and key figures

Germany	2008	2007	Change
Income, SEK millions	36.3	27.9	30%
Profit before goodwill and tax, SEK millions	7.6	-12.8	159%
Operating margin	19%	neg	-
Number of trades	950,000	1,092,200	-13%
AUM as at 31 Dec, SEK billions	1.2	1.5	-20%
Number of active accounts	9,700	8,800	10%

# Good results and continuing trust from customers



Anders Thonning, Country General Manager Luxembourg

**LUXEMBOURG** Operations in Luxembourg are showing very good results despite the credit crunch. Nordnet Luxembourg aims its range of services mainly at Nordic people living abroad. Being able to trade on the stock exchanges in the Nordic countries, Germany, the USA and Canada in one and the same location is very important to customers who have chosen Nordnet.

The unrest on the financial markets of the world has affected customers' activities, the number of trades is down and average deals are smaller. Nordnet's prices are attractive compared with our competitors, and we offer a very high level of service. A well constructed range of services and the option of accessing the entire Nordnet range of funds are other important competitive advantages.

Operating income is down 14 per cent and the number of trades has fallen by 21 per cent compared with 2007.

Nordnet's main competitors in Luxembourg are Internaxx, CortalConsors, HMS and Keytrade. The major Nordic banks also have a presence in Luxembourg; many customers often choose Nordnet as part of a complete solution for their savings and investments in Luxembourg.

Operations are affected by laws and regulations in Sweden, Luxembourg and the EU.

The credit crunch has also resulted in direct expenses for Nordnet in Luxembourg. All players on the financial market in Luxembourg are forced by law to contribute jointly towards the banks and institutions that are unable to meet their commitments. This has cost Nordnet EUR 125,000 over the year.

It is highly likely that a demand for payment will also be made in 2009; this payment is capped at 5 per cent of the company's share capital per calendar year.

## 2009

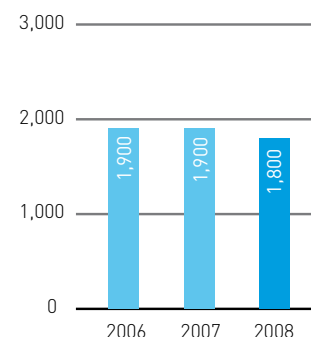
Work on an application for a banking charter is continuing, and development on the financial market is determining the pace of this. Extended options for borrowing, derivatives trading and certain banking services are making it possible to entice additional customers to join and to extend the range of services on offer to present customers.

High service levels and additional cooperations with partners on management issues are important focus areas for 2009.

## Results and key figures

Luxembourg	2008	2007	Change
Income, SEK millions	23.5	27.4	-14%
Profit before goodwill and tax, SEK millions	11.2	18.5	-39%
Operating margin	48%	68%	-29%
Number of trades	98,500	124,400	-21%
AUM as at 31 Dec, SEK billions	2.2	3.1	-29%
Number of active accounts	1,800	1,900	-5%

## Number of accounts in Luxembourg





# Greater responsibility and

2008 made target management and business plans central concepts for all staff. At the same time, the number of employees was adapted to comply with the conditions prevailing on the market.

Nordnet reviewed its expenses early on, before the credit crunch that became all the more tangible once the second half of the year was underway. The number of employees was reduced by 20 per cent in 2008. At the end of the year, the company employed 260 (323) staff. Of these, 42 per cent were female. The average age was 34.

A lot of effort has been put into an internal change process which aims to bring about a new way of controlling the company. Nordnet has grown quickly, and 2008 was the year in which we focused on structure and cost control. Responsibilities have been delegated and target management has been introduced. We work with target sheets, which are a kind of scorecard for employees.

We have implemented the Nordnet Challenge Cup for the third year now, where we emphasise various elements relating to targets, ambitions and business concepts.

### Attractive employer

The dark clouds of anxiety hovering over the finance market have not affected our ability to attract new employees. We have become 35 per cent more attractive to students, according to the Company Barometer survey carried out by Universum.

Nordnet is a multicultural company. This creates a dynamism which paves the

way for success in business. Language skills and an understanding of the culture of the markets on which we work are important factors in our success. We need different kinds of skills and personalities working for the company.

We encourage high levels of internal mobility within the company; this is important if we are to bring in and retain talented employees. Our employees have plenty of opportunities to switch jobs so that they can continue to develop.

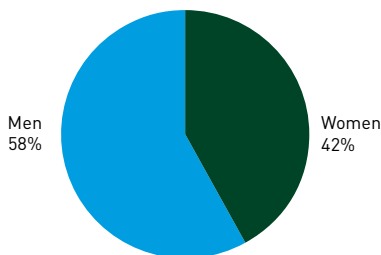
### Equal opportunities

Nordnet is an equal opportunities company. Of our managers, including the Group executive, 41 per cent of employees are female and 59 per cent male. In the employee survey which was carried out over the year (see below), our work on equal opportunities was rated very highly; and for instance, both managers and other staff have very positive attitudes towards parental leave, irrespective of gender.

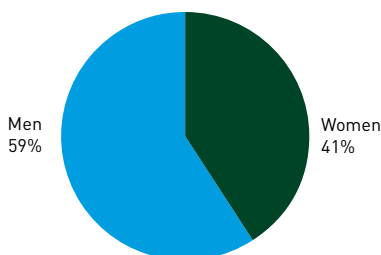
### Incentives

Nordnet has had for a while now a performance-related pay programme which is applicable to all staff in permanent employment with the company for at least one year. From 2009, Short Term Incentive (STI) programme will be implemented in order to stimulate and mo-

### Gender split



### Gender split, management





# clear objectives

tivate employees to work towards shared targets. This STI programme also aims to ensure that everyone is committed to the company's continuing development and profitability, and that they all play their part in achieving this.

**Health and fitness**

The company has continued to focus on the health of its employees in 2008 as well. Thanks to a partnership with World Class Quality Care, Nordnet now has a supplier of both fitness services and occupational health care. All employees are offered health reviews regardless of their age.

A range of activities was held to encourage staff to lead a healthier, fitter life, such as weight-loss and training initiatives. The theme over the year has been "competition and sport". Even in times when the odds are against us, it is important to work to the principle of having fun together at work, and to continue to focus on fitness and health. This has been our guiding principle in 2008.

A working environment team which works well, with one representative from each department, is an important part of fitness.

**Staff surveys**

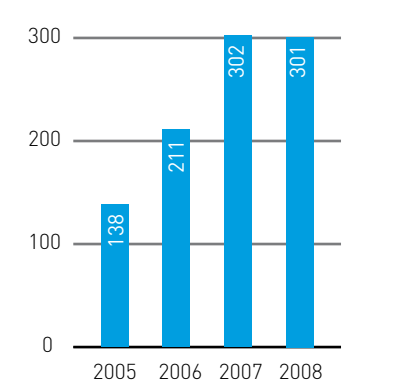
A review of the culture within the company took place over the year by means of team interviews, among other things. Culture is an important element which buoys up the organisation, supports its business and provides guidance in day-to-day work.

A new staff survey took place in December in order to identify areas which could be improved. Despite a very revolutionary year, with staff cutbacks and savings programmes, the employee survey reported almost the same high overall score as in the previous year, 3.99 compared with 4.16 out of a possible 5 for 2007. We were scored very highly in areas such as Business Declaration, Leadership, Working Environment, Equal Opportunities and Communication.

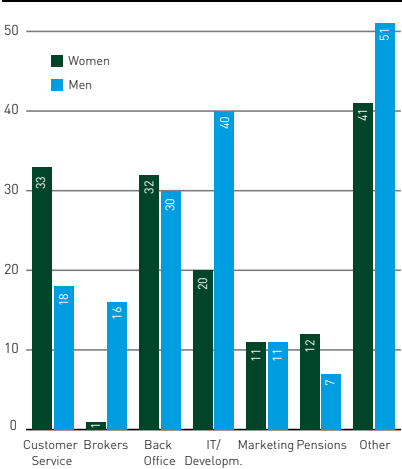
**Personnel statistics**

	2008	2007	2006
Operating income per employee, SEK thousands	2,335	2,601	3,133
Cost of training per employee, SEK thousands	7.3	17.6	7.5
Number of employees at year-end	260	323	238
Number of Swedsec-licensed employees	51	62	47
Staff turnover	39%	17%	13%
Average age	34.0	33.0	31.5
Sick leave	3.0%	2.6%	2.1%

**Average number of employees**



**Gender split by department**



# Shares

Nordnet shares fell by 55 per cent and were listed at SEK 8.60 at the end of 2008. The trading rate amounted to 15 per cent.

Nordnet shares have been listed on the OMX Nordic Exchange Stockholm since 2 October 2006 under the abbreviated name NN B. Nordnet has been part of the Nordic Mid Cap segment and in the Finance and Property sector since January 2009. The company's shares were previously listed on the O-list of the Stockholm Stock Exchange since April 2000.

## Share capital

As at 31 December 2008, Nordnet had share capital of SEK 165 (165) million, distributed over a total of 165,018,878 (165,018,878) shares with a nominal value of SEK 1. All shares are B shares with equal voting rights and shares in the company's capital and profits.

## Long-term incentives programme

The 2007 Annual General Meeting decided to implement a long-term incentives programme to employees. A total of 1,350,000 subscription rights were issued

to the subsidiary Go4us Nordic AB, to then be transferred to employees. 39 employees subscribed for 419,700 subscription rights, with the entitlement to subscribe to the same number of shares over the period from 3 September 2007 to 1 July 2010, at a subscription price of SEK 28.20.

The intention is for the number of subscription options issued over the three-year period, together with outstanding personnel debentures (see below), not to involve dilution in excess of 5 per cent at any time. Total dilution in the event of full subscription or conversion of these outstanding programmes will amount to approximately 3.6 per cent.

## Personnel debenture

In 2005, a debenture programme was issued to the subsidiary Go4us Nordic AB for passing on to employees, amounting to a nominal SEK 55 million (equivalent to 5,472,636 shares). The conversion rate is SEK 10.05, and the conversion period

## Data per share, SEK

	2008	2007	2006	2005
Profit before tax	1.11	1.69	1.77	1.21
Profit after tax	0.84	1.19	1.25	0.88
Dividend per share	0.50*	0.50	0.50	0.10
P/E ratio	10	16	19	24
Shareholders' equity per share	5.18	4.92	4.19	3.12
Share price at year-end	8.60	19.20	23.90	21.10
Average number of shares before dilution	164,941,468	165,018,878	165,018,878	165,018,878
Average number of shares after dilution	169,466,841	169,938,944	170,491,514	167,907,214
Number of outstanding shares at year-end	164,347,624	165,018,878	165,018,878	165,018,878

\* Proposed

# Buyback of shares started in November.

is between 1 July 2009 and 30 November 2010. The convertible loan is running with an interest rate equivalent to STIBOR 7 days plus 1.20 percentage points. The nominal amount is SEK 45.5 million, equivalent to 4,527,363 shares. In the event of full conversion, this programme will be equivalent to dilution of 2.7 per cent.

## Share trading

In 2008, 24,275,933 (38,768,615) shares were traded in a total of 9,333 (19,212) deals closed, worth SEK 318 (874) million. On average, this meant 96,333 (154,457) shares in 37 (77) deals closed, worth SEK 1.3 (3.5) million per trading day. On a yearly basis, Nordnet shares were traded at a turnover rate of 15 (24) per cent. Over the same period, the OMX Nordic Exchange Stockholm saw a turnover rate of 132 (131) per cent.

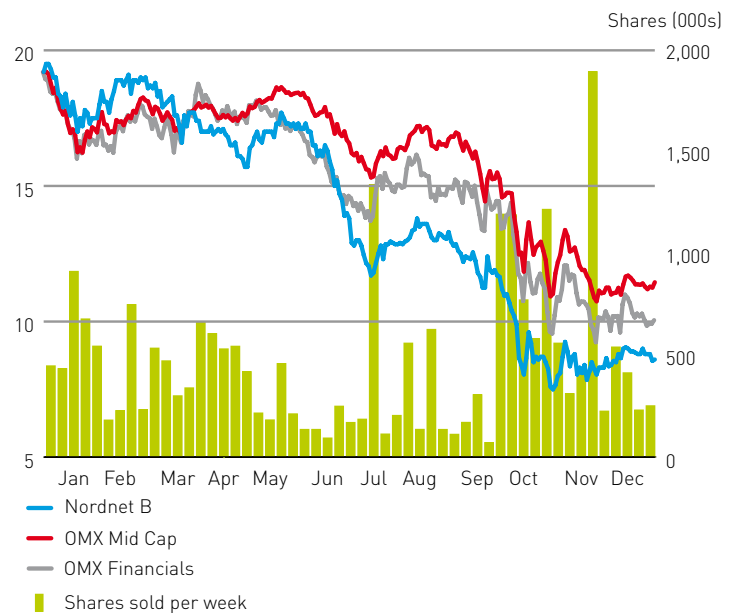
## Price trends and total returns

In 2008, the Nordnet share price fell by 55 per cent, from SEK 19.20 per share at the end of 2007 to SEK 8.60 at the end of 2008. The OMX fell by 39 per cent over the same period. At their peak, Nordnet shares were charged at SEK 19.50 (3 January), and SEK 7.50 at their lowest (28 October). At the end of 2008, Nordnet's market value amounted to SEK 1,413 (3,168) million.

## Buyback of shares

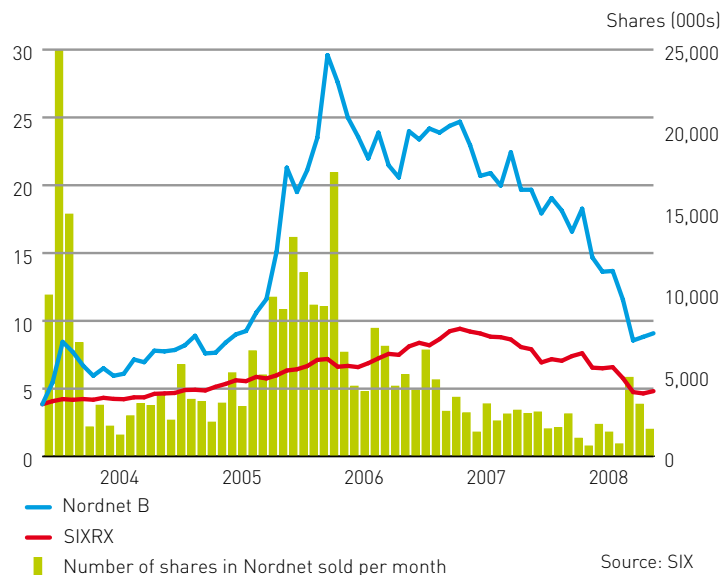
The 2007 Annual General Meeting authorised the Board of Directors, over the period until the 2008 Annual General Meeting, to buy back up to 10 per cent of shares in the company. Acquisitions may take place by means of purchases on the OMX Nordic Exchange or through acquisition offers addressed to all shareholders. It must also be possible to transfer bought-back shares in connection with the acquisition of companies or business. The Board of Directors made a

## Price trend and share turnover, 2008



Source: SIX

## Total return and share turnover, 2004–2008



Source: SIX

decision on 17 November 2008 to initiate the buyback of own shares in accordance with this authorisation. Nordnet has acquired in total 671 254 of its own shares in 2008, at a cost of SEK 5.7 million. This corresponds to an average rate of SEK 8.51 per share. The buybacks correspond to 0.4 per cent of the number of shares before the buyback. The Board of Directors has proposed to the 2008 Annual General Meeting a new mandate for the period until the 2009 Annual General Meeting.

#### Ownership structure

As at 31 December 2008, Nordnet had 5 456 (5 656) shareholders, a reduction of 4 (27) per cent compared with one year previously. E. Öhman J:or AB is the biggest shareholder, with a 30.9 (30.9) per cent

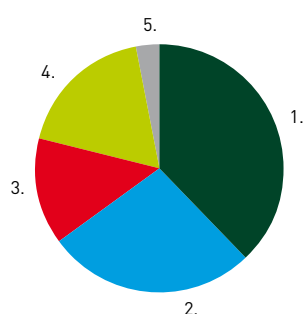
capital holding. The ten biggest shareholders control 68.5 (67.7) per cent of votes and capital. The number of shareholders domiciled in Sweden represents 86 (83) per cent of the capital. At year-end, financial and institutional organisations (38 (36) per cent) and private owners (27 (30) per cent) were the biggest owner groups.

#### Dividends

Nordnet's policy on dividends means that profits and capital not needed to consolidate, develop and expand operations are to be transferred to the shareholders.

The share dividend in the long term must not amount to less than 40 per cent of the profit. The Board proposes a dividend for 2008 of SEK 0.50 (0.50) per share, equivalent to 60 (42) per cent of the net profit.

#### Shareholding per owner group



1. Financial and institutional owners	38%
2. Private owners	27%
3. Owners domiciled abroad	14%
4. Non-financial companies	18%
5. Public sector	3%

#### The biggest shareholders per 31 December 2008

Shareholder	No. of shares	Votes and capital
E. Öhman J:or AB	50,974,150	30.89%
Premiefinans AB	17,663,878	10.70%
Skagen Kon-Tiki Verdipapirfond	7,753,035	4.70%
BK Julius Baer & co Sweden Main AC	7,302,311	4.43%
Dinkelspiel, Ulf	5,906,177	3.58%
Versteegh, Catharina	5,886,550	3.57%
Bredberg, Micaela	5,886,550	3.57%
Dinkelspiel, Tom C-son	4,956,550	3.00%
Dinkelspiel, Claes	4,801,838	2.91%
Fjärde AP-Fonden	3,966,363	2.40%
UBS AG LND IPB Segregated Client	2,677,462	1.62%
Lannebo Småbolag	2,500,000	1.51%
Dinkelspiel, Peder	1,994,263	1.21%
Dinkelspiel, Jan	1,966,263	1.19%
Dinkelspiel, Louise	1,952,977	1.18%
<b>Total of 15 largest owners</b>	<b>126,188,367</b>	<b>76.47%</b>
<b>Total of other owners</b>	<b>38,830,511</b>	<b>23.53%</b>
<b>Totalt</b>	<b>165,018,878</b>	<b>100%</b>

#### Shareholdings in terms of size as at 31 December 2008

Shareholders by size	No. of shareholders	No. of shares	Average shares per owner	% of votes and capital
1 – 5,000	4,826	5,353,241	1,109	3.24%
5,001 – 50,000	522	7,597,230	13,605	4.61%
50,001 – 500,000	75	10,533,568	140,448	6.39%
500,001 – 5,000,000	27	46,068,365	1,706,236	27.92%
5,000,001 – 10,000,000	4	26,828,446	6,707,112	16.26%
10,000,001 –	2	68,638,028	34,319,014	41.59%
<b>Total</b>	<b>5,456</b>	<b>165,018,878</b>	<b>42,887,524</b>	<b>100.00%</b>

# Report on Corporate Governance



” On a turbulent market, the companies with the best information, that react most quickly, are the ones that will survive. The new management model that we have prepared for Nordnet, and that has gradually been introduced over the year, will make it a lot easier to control and monitor operations. Not least, this sends out an important message to shareholders: that in a time in which we face tough challenges, our control is doing its job. As Chairman of the Board, I also maintain regular contact with the CEO and the executive team.

Our management model involves clearer distribution of responsibilities; internal charging, business plans and the budget process are important components of this. This also makes it easier to meet customers’ requirements quickly. With the broad customer base that we have at present, people expect different things from Nordnet now, compared with when the company started – and this consideration is what guides everything we do. This is why we can state that the company is controlled nowadays by what our customers require.

**Claes Dinkelspiel, Chairman**

## INTRODUCTION

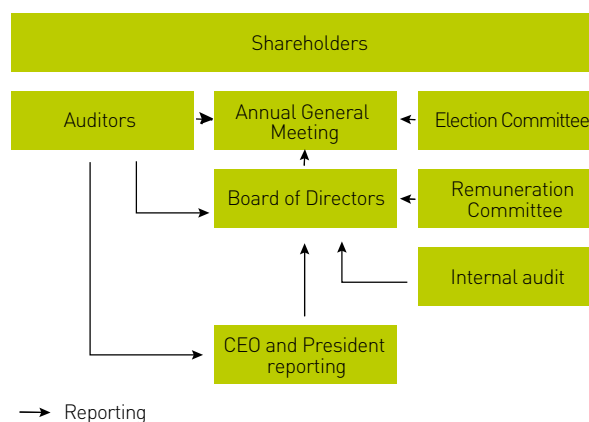
Nordnet is a Swedish limited company, headquartered in Stockholm. Nordnet shares have been listed on the OMX Nasdaq in Stockholm since April 2000. In 2008, the Group was operational in all Nordic countries – apart from Iceland – as well as Germany and Luxembourg.

The Articles of Association, the Swedish Companies act and the stock exchange regulations which include the Code for Corporate Governance form the basis for management of the Group.

A new management model has been produced over the year, with clearer distribution of responsibilities; internal charging, business plans and the budget process are important components of this. Responsibilities are delegated on the basis of areas of responsibility, each area of responsibility including both financial and non-financial responsibilities. This model applies internal charges in order to achieve fairer, more precise distribution of expenses. These internal charges also aim to promote communication between the departments and to enhance incentives to run the company in a more cost-effective way that promotes development.

Nordnet has been applying this code since 1 July 2007, but it deviates from the rules relating to the following points, with the following justifications:

### Reporting structure for the Nordnet management body



#### Deviation from

##### 9.1

The members of the remuneration committee, apart from the Chairman, must be independent of the company and the corporate executive.

#### Explanation

Claes Dinkelspiel and Ulf Dinkelspiel, Chairmen, who sit on the remuneration committee, are considered to be dependent in respect of the owners in accordance with the definition given by the Swedish Code for Corporate Governance. Despite the fact that Claes Dinkelspiel is to be considered dependent, the Board of Directors is of the opinion that it is important for Claes Dinkelspiel – on account of his expertise – to participate in the discussion of issues relating to remuneration in order to attract and retain skilled employees.

## BODIES AND REGULATIONS

### Shareholders

At the end of 2008, Nordnet had 5 456 shareholders, of whom 14 per cent were domiciled outside Sweden. The biggest owner was E. Öhman J:or AB, holding 30.9 per cent of votes and capital. Financial and institutional organisations owned 38 per cent of shares at year-end, while private individuals owned 27 per cent. For more information, see the Shares section on pages 22–24.

### Annual General Meeting

Shareholders' entitlements to make decisions on Nordnet matters are exercised at the Annual General Meeting, which is the company's highest decision-making body. The obligatory tasks of the Annual General Meeting include approving and adopting the company's balance sheet and income statement, making decisions on the distribution of earnings and on remuneration principles for the company's leading officials, and on discharge of liability for the Board members and CEO. According to suggestions from the election committee, the Annual General Meeting elects Board members for the period up to the end of the next Annual General Meeting, as well as auditors and an election committee. Six months before the 2008 Annual General Meeting, the company's shareholders were notified on [www.org.nordnet.se](http://www.nordnet.se) of their entitlement to have matters discussed at the meeting.

### Election Committee

The election committee nominates members of the Nordnet Board, who are then put forward to the Annual General Meeting. The work of the election committee starts off with an evaluation of the incumbent Board. When nominating a future Board, the

#### Election committee prior to 2008 Annual General Meeting

Member	Number of shares
Fred Wennerholm, Chair	10,000
Olle Isberg	1,760,000
Claes Dinkelspiel <sup>1)</sup>	64,607,927

<sup>1)</sup> representing E. Öhman J:or AB, holdings in Premiefinans AB (50%) and private holdings; see the Shares section, pages 22–24.

election committee takes into account the potential members' strategic expertise, training and – where appropriate – any other Board work. The election committee also obtains views from the bigger owners. At the Annual General Meeting, the election committee submits a proposal for remuneration to Board members.

The election committee also submits a proposal for remuneration to the auditors and, where appropriate, a proposal for the choice of auditors as well.

### Board of Directors

#### Board responsibilities

The Board of Directors at Nordnet holds overall responsibility for organisation and management of the company, and for ensuring that guidelines for management of the company's funds are structured appropriately. The Board is also responsible for developing and monitoring the company's strategies by means of plans and targets, decisions on acquisitions and divestments of companies, major investments, recruitments and remuneration to the Group executive, along with regular monitoring of operations over the year. The Board also establishes business plans and annual accounts and monitors the work of the CEO.

#### Chairman of the Board

The Chairman manages the work of the Board to ensure that this is done in accordance with laws and regulations. The Chairman monitors operations in consultation with the CEO and is responsible for ensuring that other members receive the information they need to maintain high levels of quality in discussions and decisions. The Chairman also takes part in evaluation and development issues relating to the leading officials for the Group.

#### Composition of the Board

At the 2008 Annual General Meeting, it was decided that the Board should consist of seven regular members and no deputies. The CEO does not sit on the Board, but presents reports to it. The company's General Counsel is normally the secretary at Board meetings. Where necessary, other company officials also present reports. The table below shows – among other things – Board members, along with the Board's assessment concerning dependence in respect of the company and its shareholders.

### Board members

	Elected	Position	Dependent position*	Remuneration committee	Shareholding
Claes Dinkelspiel, Chair	2001	Chairman of the Board at E. Öhman J:or AB, etc.	Yes	Member	4,801,838
Ulf Dinkelspiel	2001	Board member at E. Öhman J:or AB, etc.	Yes	Chairman	5,906,177
Bo Mattsson	2003	CEO, Cint AB		Member	15,012
Nils Nilsson	2005	Chairman of the Board at Russian Real Estate			–
Annica Axelsson	2006	Own consultancy, former Head of Division at Svenska spel, etc			–
Tom Dinkelspiel	2007	CEO, E. Öhman J:or AB, etc.	Yes		4,956,550
Bengt Baron	2007	Former CEO, Vin & Sprit		Member	–

\*Dependent in respect of the owners in accordance with the definition in the Swedish Code of Corporate Governance

As regards the composition of the remuneration committee, Nordnet deviates from the Swedish Code for Corporate Governance in that one of the members is considered to be dependent in respect of the company and the corporate executive, excepting the Chairman.

### The Board's procedures

The Board's procedures are established each year at the inaugural Board meeting. These procedures are also reviewed as required. The procedures include – among other things – the Board's responsibilities and tasks, the tasks of the Chairman of the Board and audit issues, as well as stating which reports and financial information should be received by the Board of Directors prior to each Ordinary General Meeting. In addition, the procedures include instructions for the CEO. The procedures also prescribe the fact that a remuneration committee should be elected, and also what it has to do. The latest applicable procedures were adopted on 16 July 2008.

### Evaluation of the work of the Board

The procedures also state that an annual evaluation of the work of the Board should take place by means of a systematic and structured process. For 2009, the Chairman has ensured that the work of the Board has been evaluated and that the Chairman of the election committee, lawyer Fred Wennerholm, has been notified of the results of the evaluation prior to the

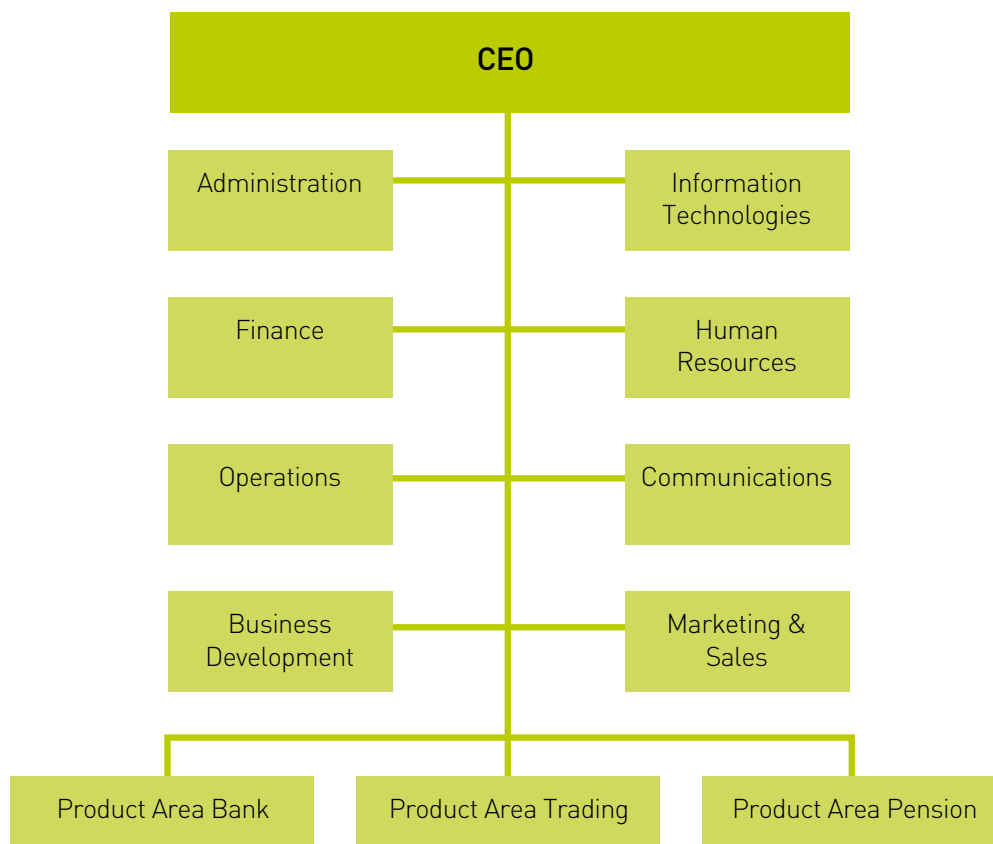
nomination work of the election committee for the 2009 Annual General Meeting.

### Committees

The overall responsibilities of the Board cannot be delegated, but the Board has established a remuneration committee tasked with preparing issues relating to salaries, remuneration and other terms of employment for the CEO and corporate executive, as well as bonuses for employees of the Group. Reporting to the Board takes place regularly. The remuneration committee has produced a Short Term Incentives programme for all employees, excluding the CEO, in order to stimulate and motivate employees to work towards common objectives. This programme is based on how well individuals contribute towards Groupwide objectives and to the individual targets or Group targets set. From the start of the year to the inaugural Board meeting held on 24 April 2008, the remuneration committee consisted of Claes Dinkelspiel, Ulf Dinkelspiel (Chairman), Bo Mattsson and Sven Skarendahl (deceased January 2008); and from 24 April 2008 to the next Annual General Meeting, it consisted of Claes Dinkelspiel, Ulf Dinkelspiel (Chairman), Bo Mattsson and Bengt Baron.

Nordnet has no audit committee; the entire Board performs the tasks of an audit committee. However, the procedures state that the Board must regularly assess the need to establish a specific audit committee.

## Nordnet organisation



### **CEO and corporate executive**

The CEO manages operations within the framework established by the Board. The latest applicable instruction for the CEO was adopted by the Board on 16 July 2008. The CEO produces the requisite information and decision data prior to Board meetings, reports on matters and justifies proposals for decisions. The Chairman of the Board holds annual evaluation talks with the CEO in accordance with the instruction for the CEO and the requirement spec.

The CEO manages the work of the corporate executive and makes decisions in consultation with other executive members. The corporate executive holds weekly meetings at which they discuss operational issues. In addition, the corporate executive produces a business plan each year which is followed up via monthly reports. In addition to these weekly meetings, most members of the corporate executive meet every day. The rapid development of the company means that daily contact is a must for management and leadership to function. The corporate executive is made up of managers of essential business areas within the Nordnet Group; see the organisational chart on page 27.

### **Auditors**

At the 2008 Annual General Meeting, accounting firm Ernst & Young was appointed auditor for Nordnet AB and all subsidiaries until the 2011 Annual General Meeting. The job of the auditors is to review the annual accounts, consolidated accounts and accounting, and the management of the Board and CEO. The auditors will report back on their findings on a number of occasions over the year and will be present at the Board meeting to discuss the closing of the accounts.

### **Internal audit**

In accordance with the Board's procedures and procedures for the subsidiary Nordnet Bank AB, as well as the regulations of the Swedish Financial Supervisory Authority, the Board has appointed an independent review function/internal audit which is directly subordinate to the Board. The work of this independent review function will be based on a review plan established annually by the Board. This review will involve assessment of internal auditing within the company, as well as an assessment of the appropriateness of the same. Auditing company Deloitte has acted as an independent reviewer since late 2007.

### **Board control over financial reporting**

The Board monitors the quality of financial reporting in a number of ways. One method involves issuing instructions to the CEO. According to these instructions, the CEO is responsible for reviewing and ensuring the quality of all financial reporting, and for making sure that the Board in general receives the reports required to allow the Board to assess the financial position of the Group on an ongoing basis.

The internal reporting and control system is based on yearly financial planning, monthly reports and daily checking of business-related key figures. The CEO is also responsible for ensuring that other financial information, such as press releases and presentations, is correct and of good quality. The instructions for the CEO state the issues on which the CEO is permitted to exercise his authorisation to represent the company, but only once the Board has given its authorisation or approval for this.

The Group's risk functions, the independent reviewer and the compliance officer check and monitor reporting of and compliance with internal and external rules and risks. Because the entire Board performs the tasks of the audit committee, they ensure that financial reporting is of a high standard. The Board follows up and assesses quality assurance by receiving monthly reports on results development for the company and its credit and exposure to risk, along with relevant industry data; and also by discussing the Group's financial situation at every ordinary Board meeting.

The interim reports for the first and second quarters of 2008 were generally reviewed by the company's auditors. The Group's auditors report their findings from the audit to the entire Board each year, partly in connection with ongoing reviews over the year and partly when the annual accounts are compiled. In addition, the Board meets the company's auditors at least once a year – without the presence of the corporate executive – in order to find out information on the focus and scope of the audit, and also to discuss coordination between the external audit and the internal control and views of the company's risks. The auditor presents the focus and scope of the audit to the Board and receives views from the members.

## WORK OVER THE YEAR

### Annual General Meeting 2008

The 2008 Annual General Meeting of Nordnet took place on 24 April 2008. Claes Dinkelspiel was elected Chairman of the meeting.

The Annual General Meeting made the following decisions, among other things:

- dividends of SEK 0.50 per share are to be paid to shareholders for 2007
- the Board shall have seven regular members and no deputies

See the minutes of the Annual General Meeting at [www.org.nordnet.se](http://www.org.nordnet.se)

### Election committee

In 2008, the election committee held two minuted meetings and a large number of teleconferences. This work related to evaluation and proposals for new Board members and auditors prior

to the 2008 Annual General Meeting.

As regards the fee to be paid to the election committee for work prior to the 2008 Annual General Meeting, the 2007 Annual General Meeting made the decision that no payment would be made.

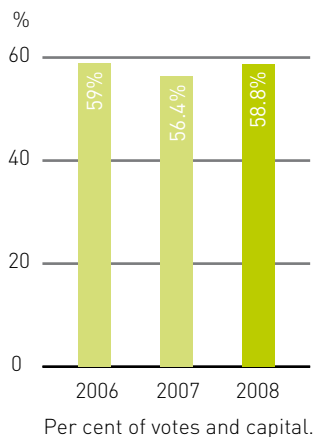
For the election committee's proposals prior to the 2009 Annual General Meeting, see the notice to attend at [www.org.nordnet.se](http://www.org.nordnet.se). This also includes information on how shareholders can submit proposals to the election committee.

### Board of Directors

The Board held 13 meetings over the year, excluding meetings by letter or mail. Of these meetings, four were teleconferences using documentation sent out. In addition, nine meetings have taken place by letter or mail.

The large number of Board meetings is typical for a growth company such as Nordnet. The work of the Board takes place at an intensive pace in order to support the CEO and other members of the corporate executive. At each meeting, the Board has discussed a number of issues relating to strategic and busi-

### Attendance at the Annual General Meeting



### Attendance in 2008

Name	Board meetings	Remuneration committee
Claes Dinkelspiel	12 of 13	3 of 4
Annika Axelsson	13 of 13	
Bengt Baron	10 of 13	2 of 4*
Tom Dinkelspiel	13 of 13	
Ulf Dinkelspiel	11 of 13	4 of 4
Bo Mattsson	12 of 13	4 of 4
Nils Nilsson	10 of 13	

\* Became a member of the remuneration committee as of 24 April, after two meetings had already taken place.

### Board meetings, 2008

Meeting	Topics discussed
February	The year-end report for the past year. Decision on proposal for dividend.
March	Report from the auditor concerning review of the annual accounts for 2007.
April (before and after the Annual General Meeting)	Notice to attend the Annual General Meeting.
June	Results for the first quarter, the usual decisions on authorisations to sign on behalf of the company and other formalities such as the procedures for the Board. Report from the auditor concerning review of the interim accounts for the period January–March 2008.
July	No specific incidents apart from the usual.
September	Interim results, January–June. Report from the auditor concerning review of the interim accounts for the period January–June 2008.
October	Discussion on strategy.
November	Results for the third quarter.
December	Decision to exercise the authorisation of the Annual General Meeting to buy back own shares.
	Preparations prior to annual accounts. Report from the auditor concerning regular review.

ness-related fields. Over the year, Nordnet officials have participated in Board meetings by providing reports. Every month, the Board receives a report on the company's results development, credit and risk exposure, as well as relevant industry data. The company's successful growth is due in part to very active cooperation between the Board and the executive.

See the table on the previous page for decisions made in 2008. For information on Board members, see page 33.

#### **Remuneration committee**

The remuneration committee was made up of Ulf Dinkelspiel (Chairman), Claes Dinkelspiel, Bo Mattsson and Bengt Baron. This committee has dealt – in the usual manner – with issues relating to salaries and other terms of employment for the CEO, as well as guidelines for remuneration for other members of the corporate executive team. The committee has also paid particular attention to issues relating to Short Term Incentives programmes for the Group. The committee met on four occasions over the year.

#### **Chief Executive Officer**

The Chief Executive Officer of Nordnet has been Carl-Viggo Östlund, former Group President of SalusAnsvar, since 15 November 2007.

#### **Corporate executive**

Changes have been made to the corporate executive over the year. At the end of the year, the corporate executive was made up of eight leading officials: Carl-Viggo Östlund, Fredrik Svederman, David Craelius, Victoria Thore, Arturo Arques, Maria Zalamans, Jonas Burvall (as of 1 September), Sven Kruth (as of 15 September) and Sarah Bucknell (as of 4 December). The following people were part of the corporate executive earlier in the year: Jessica von Otter (until 9 June), Torbjörn Östman (until 13 June) and Anders Råge (until 15 November).

The corporate executive team is presented on page 34. The corporate executive held 47 minuted meetings over the year, under the management of the CEO.

#### **Audit and auditors**

Authorised public accountant Björn Fernström, born in 1950, of Ernst & Young has been the Principal Auditor for Nordnet AB since the 2004 Annual General Meeting. Björn Fernström is also an auditor for AMF Pension, Munters, Ruric, Varyag, et al.

## **REMUNERATION**

#### **Remuneration to the Board**

The 2008 Annual General Meeting decided that the total remuneration to Board members for the present year would amount to SEK 1 200 000, of which SEK 300 000 would be paid to the Chairman and SEK 150 000 to each member. In addition, a fee of SEK 30 000 per member will also be paid to the remuneration committee for their committee work.

#### **Remuneration to the CEO and corporate executive**

Remuneration to the CEO and other members of the corporate executive team is made up of a fixed amount, performance-related pay, other benefits and pensions. The division between the basic salary and the performance-related pay is in proportion to the responsibilities and authorisations of the decision-makers. For the CEO, the performance-related pay for 2008 was capped at SEK 1 650 000, equivalent to 50 per cent of the basic salary. For 2008, performance-related pay of SEK 495 000 will be paid to the CEO. Remuneration to the CEO for 2009 amounts to SEK 275 000 per month, and the performance-related pay is capped at 50 per cent of the set salary. For other members of the corporate executive team, performance-related pay was capped at 30–40 per cent of the basic salary for 2008.

Performance-related pay of a total of SEK 595 000 in respect of 2008 will be paid to other leading officials in 2009. For 2009, the performance-related pay is capped at 30–35 per cent of the basic salary. The performance-related pay is based on the Group's business development and individual performance.

The CEO's pension level in relation to his salary was 35 per cent of the pensionable salary in 2008. "Pensionable salary" refers to basic salary including holiday remuneration. Besides a mutual notice period of six months, the CEO will be entitled to remuneration over 18 months equivalent to the salary paid over the notice period. If the CEO starts a new job or runs his own company during the notice period, income from such employment or business must be deducted from the salary over the notice period.

For other leading officials, a mutual notice period of three to six months will be applied. There are no special benefits for the executive management except for company cars subject to arrangements which are cost-neutral to the employer.

#### **Long-term incentives programme**

The 2007 Annual General Meeting decided to implement a long-term incentives programme for employees. The purpose of this is to give company employees a long-term interest in developing good value for Nordnet shares, and hence to stimulate greater interest in the company and the development of its results. A total of 1 350 000 subscription rights were issued to the subsidiary Go4us Nordic AB, to then be transferred to interested employees. 39 employees subscribed for 419 700 subscription rights at a subscription price of SEK 28.20, with the entitlement to subscribe to the same number of shares over the period from 3 September 2007 to 1 July 2010. The Board will not be proposing any similar programme for 2009. However, the existing programme from 2007 will be continuing. The intention is for the number of subscription options issued over the three-year period, together with outstanding personnel debentures (see

below), not to involve dilution in excess of 5 per cent at any time. Total dilution in the event of full subscription or conversion of these outstanding programmes will amount to approximately 3.6 per cent.

### Short-term incentives programme

On the basis of the proposal put forward by the remuneration committee, the Board decided in December 2008 to implement a short-term incentives programme in order to stimulate and motivates employees to work towards common goals. This programme also aims to ensure that everyone is committed to the company's continuing development and profitability, and that they all play their part in achieving this.

The company is divided into four groups as follows:

	Max. bonus, % of annual salary	% of Groupwide targets	% of individual or group targets
Corporate executive Managers and key personnel	30–35%	80%	20%
Sales staff	15–30%	35%	65%
Other employees	15–25%	20%*	80%
	8%	100%	0%

\* Unit targets

Decisions on any bonus results will be made by the Board once the profit for the year has been presented.

### Personnel debenture

In 2005, a debenture programme was issued to the subsidiary Go4us Nordic AB for passing on to employees, amounting to a nominal SEK 55 million (equivalent to 5 472 636 shares). The conversion rate is SEK 10.05, and the conversion period is between 1 July 2009 and 30 November 2010. The 2007 Annual General Meeting decided to buy back and invalidate the personnel debentures not subscribed to by employees from this programme. Buyback and invalidation corresponding to a nominal amount of SEK 9 500 000 (945 273 shares) have taken place. The remaining nominal amount is SEK 45.5 million, equivalent to 4 527 363 shares or dilution of approximately 2.7 per cent.

### Remuneration to auditor

Total remuneration amounting to SEK 4 275 thousand has been paid to auditors and audit firms in 2008. This total relates to work for auditing, advice and other review work linked with auditing. Remuneration has also been paid for other advice, most of which relates to consultations relating to audits in respect of accounting and tax issues.

### Remuneration to the CEO and corporate executive

SEK thousands		Basic salary	Performance-related pay	Benefits	Pension costs	Total
VD, Carl-Viggo Östlund	2008	3,356	495	6	1,174	5,031
	2007	420	–	–	90	510
Other corporate executive	2008	7,101	595	219	1,377	9,292
	2007	7,028	1,391	87	1,301	9,807

### Remuneration to auditors

SEK thousands	2008	Group		Parent company		2006
		2007	2006	2008	2007	
<b>External auditors</b>						
Remuneration for auditing tasks	3,184	2,632	2,809	753	743	893
Remuneration for other auditing tasks	–62	475	580	47	–	300
	<b>3,122</b>	<b>3,107</b>	<b>3,389</b>	<b>800</b>	<b>743</b>	<b>1,193</b>
<b>Internal auditors</b>						
Remuneration for auditing tasks	–	–	–	–	–	–
Remuneration for other auditing tasks	1,153	437	519	–	–	–
	<b>1,153</b>	<b>437</b>	<b>519</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>4,275</b>	<b>3,544</b>	<b>3,908</b>	<b>800</b>	<b>743</b>	<b>1,193</b>

## INTERNAL CONTROL

According to the Swedish Code for Corporate Governance, the Board's report on internal control must describe how internal control is organised within the company and be limited to a description of internal control in respect of financial reporting. The Board's report on internal control has not been reviewed by the company's auditors.

### Inspection environment

Good internal controls are based on a formulated, structured inspection environment. Nordnet's ambition is for the company's inspection environment to be permeated by the company's ethical values and corporate culture. The ethical guidelines are laid down by the Board and communicated to all employees, as is other steering documentation in the form of policies, guidelines and procedures. To enhance this ambition and awareness of – for example – ethics in professional roles and compliance with rules, and to enhance the quality of work done, all employees are offered the opportunity for licensing by SwedSec. There is an independent function within the company, Risk Control. Its task is to constantly monitor the risks to which the company is exposed and to create control procedures in order to manage these risks. Nordnet has a separate risk control function so as to specifically monitor and control the risks originating from IT availability and operation. Legal risk and compliance with rules are handled by the companies' Compliance functions.

### Risk assessment

An Internal Capital Assessment is carried out each year in which the company, in its capacity as a credit institution, is obliged to carry out a comprehensive review of risks within Nordnet and of future capital requirements, focusing on credit risk, liquidity risk, market risk and operational risk. In addition to these risks, the company mainly faces having to deal with legal risks which could cause the company both financial losses and loss of confidence. Within the Group, there is also cause to pay attention to insurance risks as one of the subsidiaries carries on insurance business. The financial statement process is the critical process linked to financial reporting. Other critical processes within the company are processes linked with giving credit and availability of secure IT support, as the company's services are entirely Internet-based.

### Review activities

A control structure is built up on the basis of the most critical processes within the company by means of a number of review activities. These aim to prevent, detect and correct faults or non-conformances occurring in financial reporting, and also to prevent the occurrence of irregularities and various kinds of incidents hostile to the company. Decisions are required from the Board for assessment items and unique transactions.

### Information and communication

To safeguard financial reporting, the Nordnet Board of Directors has established policies, guidelines and procedures for the purpose. These are made available and kept updated on the Nordnet intranet. Knowledge and awareness of these are obtained by means of ongoing internal training and information for the various departments and functions covered by internal reporting responsibility in respect of financial statistics and information.

### Follow-up and monitoring of control operations

The content of policies, guidelines and procedures is updated and evaluated as required. Responsibility for maintenance of current documents and communicating these rests with the Board for the general steering documentation and with the relevant departmental managers for other documents. Recommendations from external and internal auditors are reported to the executive and Board. During any subsequent review, recommendations from previous years are followed up; here, attention is paid to measures, or to why certain measures have not been carried out.

The Board has come to the conclusion that Nordnet is not big enough for the company to introduce an internal audit function; however, an annual assessment is carried out whether required or not in order to maintain good internal control within the company. In its capacity as a credit institution, securities institution and insurance company, Nordnet must carry out an independent review of the internal control and compliance with guidelines and processes as part of its internal audit. Therefore, the company has opted to use an external party for independent reviews (since September 2007, Deloitte). This party carries out the review and reports to the executive and Board. This year's review focused on IT security, banking services, case management and compliance with MiFID.

## BOARD OF DIRECTORS AND AUDITORS



### **Claes Dinkelspiel, Chairman**

Born in 1941. Masters in Economics from the Stockholm School of Business and Economics, MBA from INSEAD, France. Chairman of the Board at E. Öhman J:or AB, Gummesson Gruppen AB, MPS Holding AB, Småföretagsinvest AB, Premiefinans AB and Stockholms Köpmansklubb. Board member of Intellecta AB, Prevas AB, FBN Sweden Service AB and Stiftelsen Silviahemmet.

Board member since 2001, member of the election committee and remuneration committee.  
Shareholding: 4,800,338.



### **Ulf Dinkelspiel**

Born in 1939. Masters in Economics from the Stockholm School of Business and Economics. Chairman of the Board at Landshypotek AB, Sveriges Allmänna Hypoteksbank, Springtime AB, AB Ångpanneföreningen, ICC Sverige, Stiftelsen Sverige i Europa and Föreningen Svenskar i Världen. Board member of E. Öhman J:or AB, Premiefinans AB and Bockholmen Hav och Restaurang

AB. Member of IVA. Board member since 2001, member of the remuneration committee.  
Shareholding: 5,906,177.



### **Annica Axelsson**

Born in 1970.  
Fil kand from Högskolan Dalarna, MBA from University of Colorado. Own consultancy, former Head of Division at Svenska Spel. Board member since 2006.  
Shareholding: -.



### **Bo Mattsson**

Born in 1960. Masters in Economics from the Stockholm School of Business and Economics. Founded Eurotrade, former CEO of Nordnet Holding. Founder and CEO of CINT AB (Cint.com). Board member of Room328 AB and Robust AB. Board member since 2003, member of the remuneration committee.  
Shareholding: 15,012.



### **Bengt Baron**

Born in 1962. MBA in International business administration and finance from University of California, Berkeley. Former CEO of Vin & Sprit AB. Board member of the Sweden-America Foundation and Norrwin AB. Board member since 2007, member of the remuneration committee.  
Shareholding: -.



### **Nils Nilsson**

Born in 1961. Studied at the Stockholm School of Business and Economics. Founder and Chairman of Russian Real Estate Investment Company AB. Board member of Invest Real Asset Fund AB and Malka Oil. Board member since 2005.  
Shareholding: -.



### **Tom Dinkelspiel**

Born in 1967. Studied at the Stockholm School of Business and Economics. CEO of E. Öhman J:or AB and member of Boards associated with this. Board member of KOGMOT AB, Konsumentkredit i Sverige AB, MPS Holding AB, 11 Real Asset Fund AB, Russian Real Estate Investment Company AB, the Swedish Securities Dealers Association, Burgundy AB and LifePlan AB.

Board member since 2007.  
Shareholding: 4,956,550.

### **Auditor**

Firm of auditors Ernst & Young. Auditor since 2004. Principal Auditor Björn Fernström, authorised public accountant. Born 1950.

## CORPORATE EXECUTIVE

### 1. Carl-Viggo Östlund

CEO

Born in 1955, Masters in Economics from the Stockholm School of Business and Economics. Employed since 2007. Board member of CargoNet A/S, Chairman of HHS Kamratförening. Formerly employed by SalusAnsvar AB, TNT and Tetra Pak. Convertible loan/subscription options: -/-. Shareholding: 11,000.

### 2. Victoria Thore

Head of Marketing & Sales

Born in 1967, Masters in Economics, MBA. Employed since 2005. Formerly employed by BGC AB, Borneo Internet Management, Lexivision/ins, Östgöta Enskilda Bank AB (publ) and H&M. Convertible loan/subscription options: -/-. Shareholding: -.

### 3. Arturo Arques

Head of Business Development

Born in 1965. Fil mag in financial economics, fil kand in pedagogics. Employed since 2007. Lay assessor at Attunda district court. Formerly employed by SEB, SHB and Richard Hägglöf Fondkommission. Convertible loan/subscription options: -/-. Shareholding: -.

### 4. Sven Kruth

Head of Internal Operations

Born in 1971. Employed since 2000. Formerly employed by Swedbank. Convertible loan/subscription options: 199,004/-. Shareholding: -.

### 5. Maria Zalamins

HR Manager

Born in 1964. Behavioural scientist and economist. Employed since 2005. Formerly employed by Scandic Hotels AB, Cell Network, Svenska Torget AB and PostNet. Convertible loan/subscription options: -/-. Shareholding: 5,000.

### 6. David Craelius

Chief Information Officer

Born in 1974. Studied at the Royal Institute of Technology. Employed since 1999. Convertible loan/subscription options: 298,507/-. Shareholding: -.

### 7. Sarah Bucknell

Chief Administration Officer

Born in 1971. Economist. Employed since 2000. Formerly employed by Handelsbanken. Convertible loan/subscription options: 99,502/-. Shareholding: -.

### 8. Jonas Burvall

Corporate Communications Manager

Born in 1972. Pol mag. Employed since 2008. Formerly employed by SalusAnsvar AB and Skandia AB. Convertible loan/subscription options: -/-. Shareholding: -.

### 9. Fredrik Svederman

Chief Financial Officer

Born in 1970. Economist. Employed since 2002. Formerly employed by Saab Aircraft Leasing AB, Brunswick Emerging Markets AB and M2S AB. Convertible loan/subscription options: 199,004/-. Shareholding: -.



After year-end, Martin Andersson, Trading Desk Manager and Johan Furemo, CEO of Nordnet Pension, have become part of the corporate executive and Maria Zalamins has left the company.

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# Directors' Report

## Introduction

The Board and Chief Executive Officer of Nordnet AB (publ) (Nordnet), company registration number 556249-1687, head-quartered in Stockholm, hereby submit the Annual Report and principles of consolidation for the 2008 financial year.

## Business

Via its subsidiary Nordnet Bank AB, Nordnet offers savings and securities trading. A large number of safe deposit and information services are also offered. The company is mainly run via the Internet. A fairly simple Internet broker service at the lowest brokerage on the market is offered via the subsidiary and under the Aktiedirekt brand. Cross-border operations are run in Denmark, Finland and Germany. In Norway, operations are run via a branch. The wholly-owned subsidiary Nordnet Securities Luxembourg S.A. in Luxembourg offers an Internet broker service aimed mainly at Nordic people living abroad. Nordnet offers life insurance operations focused on pension products via its subsidiary Nordnet Pensionsförsäkring AB. In Norway, operations are run via a branch. Nordnet's other operations are the share discussion service VCW Internet Services AB and the derivatives information site Deriva Financial Services AB.

## Significant events during the year

The credit crunch which started in the USA in late 2007 spread over the year to Europe, where the stock exchanges on all markets where Nordnet operates fell sharply. Despite unrest on the financial markets, interest in Nordnet services has been great on all markets. Over the year, the number of active accounts rose by 46,000 to 231,000; equivalent to an increase of 25 per cent. The turbulent market climate has resulted in more customers reviewing their savings and reinvesting their money, which means that a high number of trades have been made. The enormous stock market dives have reduced the average size of every transaction. During turbulent times, the most active customers – who pay the lowest prices – represent a greater proportion of trading activity than is the case in calmer times. This combination has resulted in net brokerage income from January to December falling from SEK 35 per deal in the first quarter to SEK 27 per deal in the fourth quarter.

Halfway through the second quarter, a cost savings programme was launched where the objective was to reduce operating expenses, excluding marketing, by SEK 5 million a month before year-end, down to SEK 35 million a month. This target had been attained by the start of the third quarter. This cost saving resulted in – among other things – around 70 people leaving Nordnet, and the Poland initiative that began in 2007 was dropped.

Mortgages were launched in Sweden in 2008; an indicator that Nordnet also sees loans as an important part of savers' finances. Thanks to our partnership with SBAB, where Nordnet acts as an agent for the customer, Nordnet is paving the way to allow savers to collect more of their finances with Nordnet.

New trading applications – SIX ProTrader, The Online Trader and ORC – were launched in the Nordic region. In Germany, a

faster, simpler warrant trading site called Scoach was launched, and Norway saw the launch of a special site for derivatives trading.

Nordnet pension services have been available in Sweden and Norway as of 2008. As the pensions market is being deregulated, pension savings will become an ever more important part of Nordnet's range of savings services.

## Earnings and financial position

### Group

Operating income for the financial year fell by 11 per cent to SEK 702.7 (785.6) million. Of this operating income, SEK 408.5 (460.8) million was net commission, SEK 251.4 (272.1) million was net interest income, SEK 31.1 (29.1) million was charges and other income, and SEK 11.7 (23.7) million was net profit from financial transactions. Operating expenses before credit losses were up 1 per cent, amounting to SEK -510.8 (-505.9) million. This includes items of a non-recurring nature amounting to SEK -12.1 (-31.5) million in respect of notice salary and severance pay. The operating profit for the financial year amounted to SEK 182.4 (278.7) million. The operating margin amounted to 26 (35) per cent. Profit after tax amounted to SEK 138.1 (196.3) million. The profit margin amounted to 20 (25) per cent. Earnings per share before dilution amounted to SEK 0.84 (1.19), and after dilution amounted to SEK 0.82 (1.17). Group goodwill amounted to SEK 144.0 (158.2) million at year-end. The Group's cash and cash equivalents as at 31 December 2008 amounted to SEK 4 204.2 (3 597.1) million, of which frozen assets amounted to SEK 418.4 (703.9) million. As at 31 December 2008, the Group's equity amounted to SEK 851.8 (812.3) million distributed over 164 347 624 outstanding shares, which is equivalent to SEK 5.18 per share. The Group's capital coverage ratio was 1.6 (1.3). Investments over the year in property, plant and equipment amounted to SEK 9.7 (25.3) million. Investments over the year in intangible assets, such as capitalised expenditure for development work, amounted to SEK 24.0 (62.3) million, of which SEK 8.2 (17.4) million covers internally capitalised development expenses. Marketing expenses amounted to SEK -50.5 (-93.3) million. The group's five-year review and key figures can be found on pages 81–83.

### Parent company

The parent company is a holding company. Net interest for the period amounted to SEK -16.9 million. This amount includes internal group interest expenses of SEK -14.9 million. The parent company's net sales amounted to SEK 10 million and relate to internal Group administrative services. The parent company's profit before tax amounted to SEK 63.7 million. This profit includes anticipated dividends from subsidiaries of SEK 85 million. The parent company's cash and cash equivalents amounted to SEK 18.9 million, and its equity to SEK 655 million. Dividends of SEK 82.5 million have been paid to shareholders in respect of the 2007 financial year.

## Outlook

The financial unrest we saw in 2008 has continued on into early 2009. Major exchange rate movements under high turnover favour Nordnet's income in the short term. However, in the long term a persistently volatile market situation is negative, particularly in combination with falling market prices. This is because the average customer has a tendency to reduce activities in order to wait for a more stable, more favourable situation before starting to reinvest capital. It is thought that the current uncertainty on the financial markets will persist throughout 2009.

The work in progress at Nordnet aiming to bring about more efficient processes, increased cost-effectiveness and increased control and security must lead to good opportunities to maintain strong growth in the long term and good profitability over the coming years. The Nordic region is our domestic market, and growth on all of these markets is expected to be good: we have seen this in 2008, as Nordnet has been viewed as a secure option with which people can invest their savings.

Nordnet has two obvious customer groups – the people who play an active part in their own investments, and the people looking for support and information or who have neither the time nor the volition to deal with their savings themselves. Continuation of our development of administration services will provide the latter customer group in particular with some important tools.

Trading, Banking and Pensions are Nordnet's product areas. Trading is Nordnet's core business, and so it will continue as we aim to become the leading Nordic savings bank. Services in this field will continue to be developed and remain at the leading edge. The number of banking products that Nordnet will be offering on the Nordic markets will be developed. More products are required if savers are to be able to keep all their finances with Nordnet. It is in this field that we think most customer growth will occur. Pension savings – both private and service pensions – will take on more importance in the future. Nordnet offers complete pension solutions for both private individuals, employers and entrepreneurs.

Despite the fact that conditions are favourable in the long term, it is important to work with the insight that it must be possible to adapt costs quickly if market conditions worsen in the short term.

## Objective

Nordnet's objective is to double its income over three to four years, while maintaining a high operating margin.

Within one year, we will have 100 per cent cost coverage from non-brokerage related income; that is to say, income from fund commissions, net interest income and administration services.

## Employees

The average number of full-time positions over the year was 301 (302). At the end of the year, there were 260 (324) full-time positions. This reduction is primarily attributable to the cost savings programme which was implemented in the second quarter, when around 70 people left the company.

## Risks and uncertainty factors

Nordnet's operations are influenced by a number of environmental factors, the effects of which on the group's profit and financial position can be controlled to varying degrees. When

assessing the group's future development, it is important to take into account the risk factors alongside any opportunities for profit growth. The primary risks to Nordnet are credit risk, market risk, liquidity risk and operational risks. The objective of Nordnet risk management is to identify, gauge, control and limit the risks to operations. For a detailed description of risks and the handling of these, please see Note 7.

## Official supervision

### Introduction

Nordnet's operations are subject to official supervision. Operations are largely regulated by laws, regulations, general advice and industry contracts. Therefore, compliance with rules within the Group is of major significance and the subject of regular inspections and reviews from bodies such as the Board of Directors, the independent review function appointed by the Board and the compliance functions established. These compliance functions check regularly and assess whether the guidelines and instructions compiled for the company are appropriate and effective. The compliance functions are also tasked with ensuring that Group employees and the Board of Directors are kept informed of applicable rules for the operations conducted. This takes place by means of courses concerning new and amended business rules, for example.

### Authorisations received

Subsidiary Nordnet Bank AB, which is subject to supervision by the Swedish Financial Supervisory Authority, is licensed to carry on banking operations in accordance with the Banking and Finance Business Act (2004:297), licensed to carry on securities operations in accordance with chap. 2, § 1, 1–7 of the Securities Market Act (2007:528), licensed to carry on pension savings operations in accordance with the Individual Pension Savings Act (1993:931), and licensed for registration as a manager of fund units in accordance with the Investment Fund Act (2004:46).

Subsidiary Nordnet Securities Luxembourg S.A. in Luxembourg, which is subject to supervision by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg, has been licensed by the CSSF and "est autorisée exercer l'activité de commissionnaire, de courtier en instrument financiers et de conseiller en investissement conformément à l'article 24, 24-1 et 24-2 de la loi modifiée du 5 avril 1993 relative au secteur financier" (has been allocated a broker's licence for receipt and transfer of financial instruments for execution on behalf of customers).

Subsidiary Nordnet Pensionsförsäkring AB, which is subject to supervision by the Swedish Financial Supervisory Authority, is licensed to run insurance operations in accordance with the Insurance Business Act (1982:713).

The licence of Nordnet SAK AB (name changed from Nordnet Försäkringsförmedling AB) to act as an agent for property insurance has been withdrawn at the request of the company itself.

## Environmental work

The business run by Nordnet Bank AB has no direct effect on the outdoor environment. However, Nordnet Bank AB works actively to optimise the recycling of office products in the form of paper and data. Attempts are always made to select environmentally friendly options when purchasing.

## Dividend policy

Nordnet's policy on dividends means that profits and capital not needed to consolidate, develop and expand operations are to be transferred to the shareholders. The share dividend in the long term must not amount to less than 40 per cent of the profit. The Board proposes a dividend for 2008 of SEK 0.50 (0.50) per share, equivalent to 60 (42) per cent of the net profit.

## Nordnet shares and ownership

Nordnet shares have been listed on the OMX Nordic Exchange Stockholm Mid Cap list since 2 October 2006. Prior to this, the company's shares were listed on the O-list of the Stockholm Stock Exchange since April 2000.

The total number of registered shares amounts to 165,018,878. There is only one type of share, and the share capital amounts to SEK 165 019 thousand, with a nominal value of SEK 1 per share. One share provides equal entitlement to one vote at the Annual General Meeting and any extraordinary general meetings. E. Öhman J:or AB was the biggest shareholder in Nordnet as at 31 December 2008, with a holding of 30.9 per cent of share capital and votes. The second-biggest owner is Premierfinans AB, with a holding of 10.7 per cent. Further information on Nordnet shares can be found on pages 22–24.

## Buyback of own shares

On 17 November 2008, the Board of Directors of Nordnet AB decided, supported by authorisation from the Annual General Meeting held on 24 April 2008, to buy back shares in the company. The purpose of the buyback programme is to achieve flexibility with regard to equity. As at year-end, 671,254 shares had been bought back for SEK 5,712 thousand. After year-end, a further 3,000 shares have been bought back for SEK 26 thousand. The nominal value of these shares is SEK 1 per share, and their share of share capital amounts to 0.4 per cent.

## Composition of the Board

At the 2008 Annual General Meeting, it was decided that the Board should consist of seven regular members and no deputies. The CEO does not sit on the Board, but presents reports to it. The company's General Counsel is normally the secretary at Board meetings. Where necessary, other company officials also present reports. Members of the Board are presented on page 33.

The Articles of Association state that Board members are elected annually by the Annual General Meeting for the period until the end of the next Annual General Meeting. The Articles of Association include no specific regulations on amendment of the Articles of Association.

## Board's proposals for guidelines for remuneration to the CEO and other leading officials

Nordnet AB (publ) has a remuneration committee, which over the 2008 financial year consisted of Board Chairman Claes Dinkelspiel and members Ulf Dinkelspiel, Bo Mattsson and Bengt Baron. The job of this committee is to review and provide recommendations to the Board on the principles for remuneration to the Group's leading officials.

The Board proposes to the 2009 Annual General Meeting the following guidelines for determination of salaries and other remuneration to the Chief Executive Officer and other members

of the corporate executive, which includes the company's Chief Executive Officer and corporate executive, currently ten people. The objective is for the company to have the remuneration levels and terms of employment required in order to recruit and retain leading officials with the expertise and capacity to attain targets set. The basic salary must be individual and reviewed annually. The performance-related pay must be capped for the Chief Executive Officer at 50 per cent of the basic salary, and for other members of the corporate executive it must be capped to between 30 and 35 per cent of the basic salary. The performance-related pay must also be reviewed annually. The performance-related pay for the executive is based on fulfilment of the growth targets in operating income, profitability measured as an operating margin, and reliability and staff satisfaction. With the exception of the Chief Executive Officer, the same policy on pensions shall apply to the members of the corporate executive as for other employees. The pension provisions of the Chief Executive Officer must correspond to 35 per cent of the basic salary. Members of the corporate executive were offered the opportunity to subscribe for convertible debentures in the 2005 issue of convertible debentures to those employees. The members of the corporate executive who met the conditions for participation in the issue programme exercised their entitlement to subscribe for convertible debentures on market terms. At the 2007 Annual General Meeting, it was decided to introduce an incentives programme in the form of subscription options, with entitlements for employees meeting certain conditions to subscribe for acquisitions. The Board will not be proposing any similar programme for 2009. However, the existing programme from 2007 will continue to run. Other, non-monetary benefits for members of the corporate executive shall facilitate the executive members' execution of their work and correspond to what may be considered reasonable in respect of practice on the market. Deviation from these guidelines by the Board is permitted if there are special reasons for doing so in the individual case in question. The Board's proposal to the Annual General Meeting held on 23 April 2009 will comply with previous years' remuneration principles, with the exception that the performance-related pay for the executive will be capped at 35 per cent of the basic salary, compared with the previous 40 per cent. For more information, see Note 13 on page 61.

## Group Income statements

Group, SEK thousands	Note	2008	2007
Interest income	9	467,572	434,468
Interest expenses	9	-216,166	-162,412
Commission income	10	659,093	744,625
Commission expenses	10	-250,619	-283,800
Net result of financial transactions	11	11,722	23,682
Other operating income	12	31,124	29,055
<b>Total operating income</b>		<b>702,726</b>	<b>785,618</b>
General administration expenses	13	-389,739	-352,233
Depreciation and writedown of property, plant and equipment and intangible fixed assets	14	-68,869	-58,388
Other operating expenses	15	-52,142	-95,239
<b>Total expenses before credit losses</b>		<b>-510,750</b>	<b>-505,860</b>
<b>Profit before credit losses</b>		<b>191,976</b>	<b>279,758</b>
Credit losses, net	16	-9,547	-1,056
<b>Operating profit</b>		<b>182,429</b>	<b>278,702</b>
Tax on profit for the year	17	-44,368	-82,395
<b>Profit for the year</b>		<b>138,061</b>	<b>196,307</b>
Earnings per share before dilution, SEK	18	0.84	1.19
Earnings per share after dilution, SEK	18	0.82	1.17
Proposed/declared dividend per share, SEK	34	0.50	0.50

## Group Balance sheets

Group, SEK thousands	Note	31 Dec 2008	31 Dec 2007
<b>Assets</b>			
State bonds eligible as collateral, etc.	19	–	1,291,614
Loans to credit institutions	20	4,204,171	2,305,513
Loans to the general public	21	2,127,773	3,827,969
Financial assets at fair value	22	15,082	20,215
Available-for-sale financial assets	23	8,164	2,852
Assets in the insurance business	24	5,843,202	6 041,963
Intangible fixed assets	25	275,466	309,540
Tangible assets	26	48,115	66,387
Deferred tax assets	17	81	81
Other assets	27	288,376	757,078
Prepaid expenses and accrued income	28	70,305	28,989
<b>Total assets</b>		<b>12,880,735</b>	<b>14,652,201</b>
<b>Liabilities</b>			
Liabilities to credit institutions	29	1,663	8,331
Deposits and borrowing	30	5,817,737	7,286,152
Liabilities in the insurance business	24	5,845,460	6,043,592
Other liabilities	31	136,857	276,083
Current tax liabilities	17	116,188	96,931
Deferred tax liabilities	17	9,715	12,167
Accrued expenses and prepaid income	32	54,677	68,033
Subordinated liabilities	33	46,674	48,674
<b>Total liabilities</b>		<b>12,028,971</b>	<b>13,839,963</b>
<b>Equity</b>			
Share capital	34	165,019	165,019
Contributed capital		308,313	308,313
Other reserves		13,926	20,649
Earnings including profit for the year		364,506	318,257
<b>Total equity</b>		<b>851,764</b>	<b>812,238</b>
<b>Total equity and liabilities</b>		<b>12,880,735</b>	<b>14,652,201</b>
Securities pledged	35		
Contingent liabilities	35		

## Group Change in equity

Group, SEK thousands	Share capital <sup>1)</sup>	Contributed capital	Other reserves <sup>1)</sup>	Earnings	Total <sup>2)</sup>
Opening equity, 1 January 2007	165,019	319,525	2,409	204,460	691,413
<b>Items recognised directly in equity</b>					
Change in value in available-for-sale financial assets, after tax	-	-	249	-	249
Translation differences occurring when converting foreign activities	-	-	17,991	-	17,991
<b>Net total of items charged directly to equity</b>	<b>-</b>	<b>-</b>	<b>18,240</b>	<b>-</b>	<b>18,240</b>
Profit for the year	-	-	-	196,307	196,307
<b>Total income and expenses for the period</b>	<b>-</b>	<b>-</b>	<b>18,240</b>	<b>196,307</b>	<b>214,547</b>
<b>Transactions with the owners</b>					
Option element in convertible loan	-	-2,200	-	-	-2,200
Buyback of convertible loan	-	-10,000	-	-	-10,000
Paid subscription option premium	-	988	-	-	988
Dividend paid	-	-	-	-82,510	-82,510
<b>Closing equity, 31 December 2007</b>	<b>165,019</b>	<b>308,313</b>	<b>20,649</b>	<b>318,257</b>	<b>812,238</b>
Opening equity, 1 January 2008	165,019	308,313	20,649	318,257	812,238
<b>Items recognised directly in equity</b>					
Change in value in available-for-sale financial assets, after tax	-	-	-1,590	-	-1,590
Adjustment of convertible loan	-	-	-	-3,590	-3,590
Translation differences occurring when converting foreign activities	-	-	-5,133	-	-5,133
<b>Net total of items charged directly to equity</b>	<b>-</b>	<b>-</b>	<b>-6,723</b>	<b>-3,590</b>	<b>-10,313</b>
Profit for the year	-	-	-	138,061	138,061
<b>Total income and expenses for the period</b>	<b>-</b>	<b>-</b>	<b>-6,723</b>	<b>134,471</b>	<b>127,748</b>
<b>Transactions with the owners</b>					
Buyback of own shares	-	-	-	-5,712	-5,712
Dividend paid	-	-	-	-82,510	-82,510
<b>Closing equity, 31 December 2008</b>	<b>165,019</b>	<b>308,313</b>	<b>13,926</b>	<b>364,506</b>	<b>851,764</b>

<sup>1)</sup> For more information, please see Note 34.

<sup>2)</sup> Equity is attributable in its entirety to the parent company's shareholders.

## Group Cash flow statements

Group, SEK thousands	2008	2007
<b>Current operations</b>		
Interest and commissions received	1,020,200	1,179,093
Interest and commissions paid	-467,420	-446,119
Payments to suppliers and employees	-356,062	-394,828
	<b>196,718</b>	<b>338,146</b>
<b>Increase/decrease of assets of current operations</b>		
Increase (-)/decrease (+) of loans to the general public	1,690,649	-545,585
Increase (-)/decrease (+) of other assets	441,673	-463,665
<b>Increase/decrease of liabilities of current operations</b>		
Increase (+)/decrease (-) in deposits and borrowing among the general public	-1,468,415	2,014,273
Increase (+)/decrease (-) of liabilities	-125,671	-56,964
Income taxes paid	-53,846	-116,239
<b>Cash flow from current operations</b>	<b>681,108</b>	<b>1,169,966</b>
<b>Investment activities</b>		
Acquisition of intangible fixed assets	-23,950	-53,119
Acquisition of property, plant and equipment	-9,710	-25,277
Net investments in securities	-1,769	-2,114
Acquisition of subsidiaries	-872	-5,728
<b>Cash flow from investment activities</b>	<b>-36,301</b>	<b>-86,238</b>
<b>Financing activities</b>		
Amortisation of loans	-13,668	-71,469
Buyback of own shares	-5,712	-
Dividend paid	-82,510	-82,510
<b>Cash flow from financing activities</b>	<b>-101,890</b>	<b>-153,979</b>
Exchange rate differences in cash and cash equivalents	64,127	-914
<b>Cash flow for the year</b>	<b>607,044</b>	<b>928,835</b>
Cash and cash equivalents at the beginning of the year	3,597,127	2,668,292
<b>Cash and cash equivalents at year-end</b>	<b>4,204,171</b>	<b>3,597,127</b>
Cash and cash equivalents include: <sup>3)</sup>		
State bonds eligible as collateral <sup>4)</sup>	-	1,291,614
Loans to credit institutions (bank balances)	4,204,171	2,305,513
	<b>4,204,171</b>	<b>3,597,127</b>

<sup>3)</sup> This amount includes frozen funds amounting to SEK 418,403 (703,879) thousand. See Note 35.

<sup>4)</sup> This amount includes state bonds eligible as collateral with a term of less than 90 days..

## Parent company Income statements

Parent company, SEK thousands	Note	2008	2007
Net sales	36	10,028	10,277
Other operating income		690	-
<b>Total operating income</b>		<b>10,718</b>	<b>10,277</b>
Other external expenses	37	-4,699	-6,954
Personnel expenses	38	-9,158	-17,879
Depreciation and writedown of property, plant and equipment and intangible fixed assets	39	-	-27
Other operating expenses		-1,222	-1,654
<b>Operating profit</b>		<b>-4,361</b>	<b>-16,237</b>
<b>Profit from financial investments</b>			
Income from participations in Group companies	40	85,000	200,000
Other interest income and similar income	41	3,687	2,967
Writedown of financial fixed assets and short-term investments		-	-16,161
Interest expenses and similar costs	41	-20,600	-7,186
<b>Income after financial items</b>		<b>63,726</b>	<b>163,383</b>
Tax on profit for the year	42	5,902	5,452
<b>Profit for the year</b>		<b>69,628</b>	<b>168,835</b>

## Parent company Balance sheets

Parent company, SEK thousands	Note	31 Dec 2008	31 Dec 2007
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Property, plant and equipment</b>			
Fixtures and fittings	43	–	0
		–	0
<b>Financial fixed assets</b>			
Participations in Group companies	44	1,252,248	663,878
Other securities held as fixed assets		7,493	50
Deferred tax assets	42	81	81
		<b>1,259,822</b>	<b>664,009</b>
<b>Total fixed assets</b>		<b>1,259,822</b>	<b>664,009</b>
<b>Current assets</b>			
Receivables from Group companies		21,356	233,148
Other receivables	45	831	1,161
Prepaid expenses and accrued income	46	893	882
		<b>23,080</b>	<b>235,191</b>
Cash and bank balances		18,852	13,385
<b>Total current assets</b>		<b>41,932</b>	<b>248,576</b>
<b>TOTAL ASSETS</b>		<b>1,301,754</b>	<b>912,585</b>
<b>EQUITY</b>			
	47		
<b>Restricted equity</b>			
Share capital		165,019	165,019
Statutory reserve		262,111	262,111
Other restricted reserves		10,995	10,995
		<b>438,125</b>	<b>438,125</b>
<b>Non-restricted equity</b>			
Profit brought forward		147,663	61,639
Profit for the year		69,628	168,835
		<b>217,291</b>	<b>230,474</b>
<b>TOTAL EQUITY</b>		<b>655,416</b>	<b>668,599</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Liabilities to Group companies		582,793	163,065
Other liabilities	48	57,834	65,333
Accrued expenses and prepaid income	49	5,711	15,588
		<b>646,338</b>	<b>243,986</b>
<b>TOTAL LIABILITIES</b>		<b>646,338</b>	<b>243,986</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,301,754</b>	<b>912,585</b>
<b>Memorandum items</b>			
Securities pledged		None	None
Contingent liabilities		None	None

## Parent company Change in equity

Parent company, SEK thousands	Share capital	Statutory reserve	Other restricted reserves	Profit brought forward	Profit for the year	Total
<b>Opening equity, 1 January 2007</b>	165,019	262,111	12,100	144,149	-	583,379
<b>Items recognised directly in equity</b>						
Group contribution	-	-	-	31,497	-	31,497
Tax relating to Group contributions	-	-	-	-8,819	-	-8,819
Taxed profit transfer submitted	-	-	-	-22,678	-	-22,678
<b>Net total of items charged directly to equity</b>	-	-	-	0	-	0
<b>Income and expenses for the period</b>						
Profit for the year					168,835	168,835
<b>Total income and expenses for the period</b>	-	-	-	-	168,835	168,835
<b>Transactions with the owners</b>						
Issue of subscription options	-	-	989	-	-	-
Buyback of convertible debentures	-	-	-2,094	-	-	-
Dividend paid	-	-	-	-82,510	-	-82,510
<b>Closing equity, 31 December 2007</b>	165,019	262,111	10,995	61,639	168,835	668,599
<b>Opening equity, 1 January 2008</b>	165,019	262,111	10,995	230,474	-	668,599
<b>Items recognised directly in equity</b>						
Adjustment of convertible loan	-	-	-	-4,604	-	-4,604
Group contribution	-	-	-	21,079	-	21,079
Tax relating to Group contributions	-	-	-	-5,902	-	-5,902
Taxed profit transfer submitted	-	-	-	-5,162	-	-5,162
<b>Net total of items charged directly to equity</b>	-	-	-	5,411	-	5,411
<b>Income and expenses for the period</b>						
Profit for the year	-	-	-	-	69,628	69,628
<b>Total income and expenses for the period</b>	-	-	-	-	69,628	69,628
<b>Transactions with the owners</b>						
Buyback of own shares	-	-	-	-5,712	-	-5,712
Dividend paid	-	-	-	-82,510	-	-82,510
<b>Closing equity, 31 December 2008</b>	165,019	262,111	10,995	147,663	69,628	655,416

For more information, please see Note 47.

## Parent company Cash flow statements

Parent company, SEK thousands	2008	2007
<b>Current operations</b>		
Income after financial items	63,726	163,383
Adjustments for items not included in cash flow, etc.	-85,000	-183,801
	<b>-21,274</b>	<b>-20,418</b>
Paid tax	-	-
<b>Cash flow from current operations before changes in working capital</b>	<b>-21,274</b>	<b>-20,418</b>
<b>Cash flow from changes in working capital</b>		
Decrease (+)/increase (-) of other receivables	308,424	145,064
Increase (+)/decrease (-) of liabilities	416,021	49,789
	<b>724,445</b>	<b>194,853</b>
<b>Cash flow from current operations</b>	<b>703,171</b>	<b>174,435</b>
<b>Investment activities</b>		
Shareholder contribution paid	-	-14,196
Acquisition of other securities held as fixed assets	-7,443	-
Acquisition of subsidiaries <sup>51</sup>	-590,000	-
Sale of subsidiaries	1,630	-
<b>Cash flow from investment activities</b>	<b>-595,813</b>	<b>-14,196</b>
<b>Financing activities</b>		
Subscription options paid	-	989
Buyback of own shares	-5,712	-
Dividend paid	-82,510	-82,510
Amortisation of loans	-13,669	-71,095
<b>Cash flow from financing activities</b>	<b>-101,891</b>	<b>-152,616</b>
<b>Cash flow for the year</b>	<b>5,467</b>	<b>7,623</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>13,385</b>	<b>5,762</b>
<b>Cash and cash equivalents at year-end</b>	<b>18,852</b>	<b>13,385</b>
Cash and cash equivalents relate to the company's bank balances.		
Adjustments for items not included in cash flow, etc. consist of the following:		
Forestalled dividend	-85,000	-200,000
Writedown of shares in subsidiaries	-	16,161
Retirement of fixed assets	-	11
Depreciation of fixed assets	-	27
	<b>-85,000</b>	<b>-183,801</b>

<sup>51</sup> See also Note 44.

# Notes

## Note 1 Company information

The consolidated accounts for Nordnet AB (the Parent Company) for the financial year ending 31 December 2008 have been approved by the Board of Directors and the Chief Executive Officer for publication on 18 March 2009 and will be placed before the Annual General Meeting on 23 April 2009 for approval and adoption. The Parent Company is a Swedish limited company (publ) headquartered in Stockholm, Sweden. The company's shares have been listed on the OMX Nordic Exchange Mid Cap list since 2 October 2006. Prior to this, the shares had been listed on the O-list of the Stockholm Stock Exchange since April 2000. The primary business of the Group is described on page 36 of the Directors' Report.

## Note 2 Grounds for compilation of the accounts

The consolidated accounts are based on historical acquisition values with the exception of derivative instruments, available-for-sale financial assets and financial assets valued at fair value via the income statement, which is valued at fair value. Unless stated otherwise, all amounts are stated in thousands of Swedish kronor (SEK thousands).

### Statement of compliance with rules applied

The consolidated accounts have been compiled in accordance with International Financial Reporting Standards (IFRS). As the parent company is a company within the EU, only IFRS approved by the EU are applied.

The consolidated accounts have been compiled in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL 1995:1559) as Nordnet AB is regarded as a financial holding company, which means that the Group also has to apply this law's provisions on compilation of consolidated accounts. The consolidated accounts have also been compiled in accordance with the Swedish Financial Supervisory Authority's regulations and general recommendations regarding annual accounts for credit institutions and securities companies (FFFS 2006:16), the Swedish Financial Reporting Board's recommendation RFR 1.1 Supplementary accounting rules for the Group, and the recommendation of the Swedish Financial Reporting Board.

The annual accounts of the Parent Company have been compiled in accordance with the Swedish Annual Accounts Act (ÅRL 1995:1554) and with application of the Swedish Financial Reporting Board, RFR 2.1 Accounting for Legal Entities. This means that IFRS valuation and information rule are applied, with the exceptions and supplements specified in the section concerning the Parent Company's accounting principles.

### Grounds for consolidation

The consolidated accounts include the Parent Company and its subsidiaries as at 31 December every year. The financial reports for the Parent Company and subsidiaries which are included in the consolidated accounts relate to the same period and have

been compiled in accordance with the accounting principles applicable to the Group.

All balances within the Group, income, expenses, profits or losses arising in transactions between companies covered by the consolidated accounts are eliminated in their entirety.

A subsidiary is included in the consolidated accounts from the time of acquisition, which is the date on which the parent company takes a controlling influence, and is included in the consolidated accounts until the date on which the controlling influence ceases. Controlling influence exists when the parent company directly, or indirectly through subsidiaries, holds over half of the votes in a company.

Assets and liabilities in the Group balance sheet are essentially dealt with in a liquidity arrangement as this classification is more relevant on the basis of the operations run by the Group.

## Note 3 Amended accounting principles

### 2008

Three interpretations from IFRIC have been added as of 1 January 2008. IFRIC 11, IFRS 2 – Transactions involving own shares, IFRIC 12 Service Concession Arrangements, and IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. IFRIC 12 has not yet been approved by the EU and so is not applied. In the autumn of 2008, IASB has made amendments to IAS 39 and IFRS 7, which have also been approved for application within the EU, which permits certain financial assets to be reclassified under specific conditions with effect from 1 July 2008. The new interpretations IFRIC 11, 12 and 14, plus the amendments to IAS 39 and IFRS 7, do not affect the Nordnet Group's income statements, balance sheets, cash flow and equity.

### 2009

A number of new or amended standards and interpretations will come into force in 2009 and have not been applied in advance when these financial reports were compiled. There are no plans to apply in advance any new features or amendments which will be applicable as of financial years following 2009. If anticipated effects on the financial reports of the application of the new or amended standards and interpretations are not described below, Nordnet has not yet assessed their effects.

IFRS 8 Operating Segments defines what an operating segment is and what information has to be submitted regarding these in the financial reports. This standard requires the segment information to be presented from an executive perspective, which means that it is presented in the same way as that in which it is used in internal reporting. IFRS 8 is a purely informational standard, which is why it has no effect on the Group's income statements, balance sheets, cash flow and equity. Application of IFRS 8 involves no amendment of the Group's segments.

IAS 1 Presentation of Financial Statements means that presentation of the financial reports is amended in some regards and that new, non-mandatory designations are proposed for the reports. The future formulation of financial reports by the Nordnet Group will thus not be affected at the time of introduction. This amendment will not affect the amounts reported.

Besides IFRS 8 and IAS 1, the following will be added: IAS 23, IFRIC 13 and an amended IFRS 2 Share-related Payments, "Vesting conditions and cancellations", IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 16 Hedges of a Net Investment in a Foreign Operation and IFRIC 17 Distributions of Non-cash Assets to Owners. IFRIC 15, 16 and 17 have not yet been approved by the EU for application, which is why these have not been applied. The aforesaid amendments and IFRICs are not deemed to have any effect on the Nordnet Group's income statements, balance sheets, cash flow statement and equity.

#### Note 4 Important estimates and assessments

Certain assumptions regarding the future and certain estimates and assessments as at the balance sheet date are of particular significance to the valuation of assets and liabilities in the balance sheet. Below is a discussion of the areas where the risk of value changes over the following year is greatest due to the fact that the assumptions or estimates may need to be amended.

#### Testing of goodwill writedowns

The value of goodwill reported is tested at least once a year with regard to any need for writedowns. This testing requires an assessment of the utility value of the cash-generating unit, or groups of cash-generating units, to which the goodwill value is attributable. In turn, this requires the anticipated future cash flow from the cash-generating unit to be estimated and a discount rate to be established for calculation of the current value of the cash flow. The assessments made as at 31 December 2008 are specified in Note 25.

#### Note 5 Accounting principles applied

##### Business Combinations

IFRS 3 is applied to business combinations which have taken place since 1 January 2004, which is in compliance with IFRS 1 and thus is an exception to the primary rule concerning retro-active application of IFRS.

IFRS 3 means that fair values of identifiable assets and liabilities in the business acquired are established at the time of acquisition. These fair values also include the percentages of assets and liabilities which can be attributed to any remaining minority owners in the acquired business. Identifiable assets and liabilities also include assets, liabilities and provisions, including obligations and claims from third parties, which are not reported in the balance sheet of the acquired business.

Provisions are not made for fees relating to planned restructuring measures as a consequence of the acquisition. The difference between the acquisition value for the acquisition and the acquired part of the net assets in the acquired business is classified as goodwill and entered in the balance sheet as an intangible asset.

The economic life for each individual intangible asset is established and depreciated over the economic life. If the economic life is deemed to be indeterminate, no depreciation takes place. Any assessment resulting in the economic life of an intangible asset being indeterminate takes into account all relevant conditions and is based on the fact that there is no predictable future time limit for the net cash flow generated by

the asset. The economic life for goodwill is generally assumed to be indeterminate.

#### Exchange rate effects and translation of foreign subsidiaries

The consolidated accounts are presented in Swedish kronor (SEK), which is the functional currency and reporting currency of both the parent company and Nordnet Bank AB. Each company forming part of the Group establishes its functional currency, and every item in the financial reports is valued on the basis of this functional currency. Transactions in foreign currencies are originally entered in the functional currency after translation using the currency exchange rate on the transaction date. Monetary assets and liabilities in foreign currency are converted to functional currency at the currency exchange rate on the balance sheet date. All currency differences are reported via the income statement. Non-monetary items in foreign currency which are valued at historical acquisition value are valued in the functional currency using the currency exchange rate at the time of the original transaction.

#### Translation difference, foreign subsidiaries

This translation means that all assets, provisions and liabilities are translated at the rate on the balance sheet date and that all items in the income statement are translated at the average rate over the reporting period, whereupon the exchange rate difference is recognised directly in equity. On divestment of a foreign subsidiary, the accumulated exchange rate difference is reported in the income statement.

#### Financial assets and financial liabilities

Financial instruments reported in the balance sheet include – on the asset side – interest-bearing receivables, other receivables, accounts receivable and cash and cash equivalents. On the liability side, there are accounts payable and borrowings. Currency derivatives are reported as either assets or liabilities, depending on whether the fair value is positive or negative.

The Group's financial assets are classified either as financial assets valued at fair value via the income statement, loans and receivables, or available-for-sale financial assets. When a financial asset is reported for the first time, it is valued at fair value plus – as regards a financial asset not belonging to the category of financial assets valued at fair value via the income statement – transaction expenses directly attributable to the acquisition or issue of the financial asset. When valuing a financial asset after first recognition, the financial asset is reported in accordance with one of the three categories below in which the financial asset is classified at the time of acquisition.

Acquisitions and divestments of financial assets are reported on the transaction date, which represents the day on which the company undertakes to acquire or dispose of the asset.

The fair value of a financial asset which is listed on an active market is established by means of the purchase price at closure on the balance sheet date. In the few instances in which there is no active market, fair value is established on the basis of recently completed transactions between knowledgeable parties independent of one another. Financial assets and financial liabilities are offset and recognised at a net amount in the balance sheet where there is a legal right to offset the amounts reported while at the same time it is intended to adjust the items with a net amount or at the same time to capitalise the asset and adjust the liability.

### Financial liabilities valued at fair value via the income statement

Financial assets valued at fair value via the income statement are divided into two subcategories.

The first subcategory, financial assets classified as held for trading, are reported as financial assets valued at fair value via the income statement. A financial asset is classified as held for trading if it was acquired or arose for the primary purpose of being sold or bought back in the short term, or if it is included in a portfolio of identified financial instruments which are managed together and for which there is a recent, demonstrated, actual pattern of short-term realisations of profit, or if the financial asset is a derivative; except in instances in which the derivative is held as a hedge instrument. Profits and losses on assets held for trading are reported via the income statement.

The second subcategory is financial assets identified at first recognition as items valued at fair value via the income statement. Assets in the insurance business are classified in this category.

### Loans and accounts receivable

Loans and accounts receivable are financial assets which are not derivatives, which have established or are establishable payments and which are not listed on an active market. Valuation takes place at accrued acquisition value less writedowns and specific reservations for credit losses. Profits and losses are reported via the income statement when the financial asset is derecognised from the balance sheet or is written down, and also via period allocation. Liquid fund receivables and liquid fund liabilities are reported net under other assets in the balance sheet in accordance with IAS 32. Accounts receivable are included in the balance sheet when the invoice has been sent. The expected term of accounts receivable is short, and so the value is recognised at a nominal amount without discount. A financial asset is excluded from the balance sheet once the contractual rights have been realised, have expired or the company has lost control over it. The same is true for part of a financial asset.

If there is objective evidence which indicates that a need to write down a financial asset in the loans and accounts receivable category has arisen, the writedown is calculated as the difference between the recognised value of the asset and the current value of estimated future cash flows (excluding future credit losses which have not occurred), discounted to the financial asset's original effective interest rate. The writedown amount is recognised in the income statement. Credit losses are reported partly as credit losses confirmed over the year, and partly as reservations relating to likely credit losses. All or part of a receivable which is not deemed to be recoverable or which cannot be obtained on realisation of the security is reported as a confirmed loss. Confirmed losses are written down where there are no realistic chances of recovery. An amount corresponding to the difference between the recognised value of the loan receivable and the assessed recoverable value is recognised as a reservation relating to likely losses.

A reservation relating to likely credit losses is executed if the receivable is uncertain, i.e.:

- if it is likely, based on events and circumstances which have occurred by the balance sheet date, that the payments will not be made in accordance with the contract terms, and
- there is no security which will cover, by a safe margin, both loan amounts and interest, including compensation for any delay.

When determining reservations relating to likely credit losses, the loan receivables are valued individually and in groups for homogeneous groups of loan receivables of limited value and of a similar credit risk.

Restructured loan receivables, for example in the form of a reduction in interest as a consequences of financial problems being experienced by the borrower, are not considered to be uncertain if it is deemed likely that payments will be made in accordance with the contract terms following restructuring. Recovered credit losses are reported as a reduction in the year's net expense relating to credit losses.

### Available-for-sale financial assets

Available-for-sale financial assets are assets which are not derivatives where the assets are identified as being available for sale, nor are they classified as any of the two categories mentioned above. Valuation takes place at fair value. The value change is recognised directly in equity via the information for change in equity – apart from with regard to writedowns and currency profits and currency losses – until the financial asset is derecognised from the balance sheet, at which time the accumulated profit or loss recognised previously in equity is then reported in the income statement.

If there is objective evidence which indicates a need to write down a financial asset in the available-for-sale financial assets category, the accumulated negative value change recognised directly in equity is derecognised from equity and reported in the income statement even if the financial asset has not been derecognised from the balance sheet. The amount of the accumulated negative value change which is derecognised from equity and reported in the income statement is the difference between the acquisition cost and the current fair value, less any writedown of the financial asset which was previously reported in the income statement.

Writedowns reported in the income statement for an investment in an equity instrument classified as an available-for-sale financial asset are not written back via the income statement.

### Cash and cash equivalents

Cash and cash equivalents in the balance sheet consist of Loans to credit institutions and State bonds eligible as collateral with a term of less than 90 days from the time of acquisition. Cash and cash equivalents can easily be converted into cash balances to a known amount and are not subject to any significant risk of value fluctuations.

Cash and cash equivalents as specified above are defined in the cash flow statement. The Group's cash flow statements are compiled in accordance with a direct method, while the parent company's cash flow statements are compiled in accordance with an indirect method. The Group's cash flow statements are compiled using a direct method as this method best reflects real conditions.

### Convertible loan

The convertible loan is reported partly as a financial liability and partly as equity. Distribution over the various sections is effected once valuation has taken place in connection with an issue. The interest expense is accrued over the term of the loan.

### Financial liabilities

When a financial liability is reported for the first time, it is valued at fair value plus – as regards a financial liability not belonging

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to the category of financial liabilities valued at fair value via the income statement – transaction expenses directly attributable to the acquisition or issue of the financial liability. After first recognition, all financial liabilities are valued at accrued acquisition value by using the effective interest rate method.

Liabilities are included in the balance sheet when the counterparty has fulfilled its obligations and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recognised in the balance sheet when an invoice is received. Accounts payable have a short expected term and are valued at nominal amount without discounting.

A financial liability is derecognised from the balance sheet once the obligation in the contract has been fulfilled or is in some other way extinguished. The same is true for part of a financial liability.

Financial liabilities in the insurance business where customers bear the investment risk are categories in the same way as the corresponding assets, i.e. in the category of financial assets and liabilities recognised at fair value.

### Property, plant and equipment

Property, plant and equipment are recognised as assets in the balance sheet if future financial benefits are likely to accrue to the company and the acquisition value of the asset can be reliably estimated.

Property, plant and equipment are recognised at acquisition value, less accumulated depreciation and any accumulated writedown. Depreciation is straight line over the economic life of the asset, down to an estimated residual value. If there is an indication of a reduction in value, testing is carried out and a recoverable value is estimated. If this is less than the recognised value, writedown takes place.

The recognised value of a tangible asset is derecognised from the balance sheet on scrapping or disposal, or when no future economic benefits are expected from its use. Profits and losses arising when property, plant or equipment is derecognised from the balance sheet are determined as the difference between any net income, upon disposal, and the recognised value of the asset.

The depreciation method of the tangible assets is reviewed at the end of every financial year as a minimum, and adjustment of the depreciation time takes place where so required.

Fixtures and fittings, computers and other hardware are normally written off after 3–4 years. Improvement charges for third-party property are depreciated straight line over the remaining term of the rental contract or the economic life of the improvements, whichever is the shorter.

### Intangible assets

Intangible assets are recognised as assets in the balance sheet if future financial benefits are likely to accrue to the company and the acquisition value of the asset can be reliably estimated. An intangible asset is valued at its acquisition value the first time it is recognised in the balance sheet. After first recognition, an intangible asset is included in the balance sheet at acquisition value, less any accumulated amortisation and accumulated writedowns. Intangible assets generated internally, apart from capitalised expenditure for development work, are not capitalised but are recognised in the income statement in the period in which the expense arose. Amortisation is straight line over the economic life of the asset, down to an estimated residual value, and amortisation commences only when the asset can start to be used. Amortisation normally takes place

over 3–5 years. The residual value and economic life of intangible assets are reviewed – irrespective of whether there is any indication of a value reduction – at the end of every financial year as a minimum, at which point adjustment of the amortisation time and/or writedown takes place where so required. If there is an indication of a reduction in value, testing is carried out and a recoverable value is estimated. If this is less than the recognised value, writedown takes place. Even intangible assets which have not yet been commissioned are tested annually, even if there is no indication of a need for writedown.

### Capitalised expenditure for development work

Capitalised expenditure for development work is made up partly of services purchased externally, and partly of capitalised personnel expenses. Capitalised expenditure relates to development of the trading systems and other applications which in the long term will give the Group financial benefits through either increased income or cost savings. Charges are recognised as asset as they occur. Capitalised development expenses are entered in the balance sheet at acquisition value, less depreciation and writedowns. Amortisation of capitalised development expenses takes place once the asset has been completed and over an assessed economic life.

Capitalised expenditure for development work is amortised over 3–5 years, depending on the assessed economic life.

### Goodwill

The goodwill arising from a business combination as an asset valued at acquisition value, which corresponds to that part of the acquisition value which exceeds the net fair value for the acquired percentage of the identifiable assets, liabilities and contingent liabilities of the acquired unit, is recognised at the time of acquisition. After first recognition, goodwill arising is valued at acquisition value less any accumulated writedowns. Goodwill arising is tested at least once a year for any writedown requirements. Testing is carried out more frequently if events or circumstances indicate that a need for writedown may be present.

When testing a writedown requirement for acquired goodwill, this is distributed over each and every one of the Group's cash-generating units, or groups of cash-generating units, which are expected to support synergies in the acquisition, regardless of whether or not other assets or liabilities in the acquired company are assigned to these units or groups of units. Every unit or group of units over which goodwill is to be distributed must:

- be equivalent to the lowest level in the company at which the issue of goodwill is monitored by the company in the internal management, and
- not be larger than one segment, based either on the company's primary or secondary basis of segment reporting as established by IAS 14 Segment Reporting.

Writedown of goodwill is recognised for a cash-generating unit (group of units) as the recoverable value of goodwill if lower than the recognised value of goodwill for the unit (group of units).

### Writedown of assets (excluding goodwill)

On each balance sheet date, the company assesses whether there is any indication that an asset may have decreased in value. If this is the case, an estimate is made of the asset's recoverable amount. The recoverable value of an asset is the fair value minus sales expenses for an asset or cash-generating unit and its utility value, whichever is the greater. If the recogni-

sed value is lower than the recoverable value, the recoverable value must be written down. When calculating the recoverable value, future cash flows are estimated which are discounted at current value with a discount factor before tax, taking into account current market assessments of the time-related value of money and the risks associated in particular with the asset for which the estimates of the future cash flows have not been adjusted. Writedowns are recognised in the income statement over the period under the specific income items to which the writedown of the asset belongs.

At every balance sheet date, the Group also establishes whether there are any indications that earlier writedown of an asset, apart from goodwill, wholly or in part, is no longer justified. If there are any such indications, the recoverable value of the asset is calculated. A previous writedown of an asset (except goodwill) is reversed only if a change has occurred in the assumptions which formed the basis for determination of the asset's recoverable value when the asset was last written down. If so, the recognised value of the asset must be increased to the recoverable value. This increase is recognised in the income statement as a reversal of writedown. An increase in the recognised value of an asset, except for goodwill as a consequence of a reversal of an earlier writedown, must not lead to the recognised value exceeding what the Group ought to have reported if the Group had executed no writedowns for the asset. Reversal of a writedown for an asset, except for goodwill, is recognised immediately in the income statement unless the asset is recognised at a revalued value; if it is, this is then dealt with as a value increase instead. Once a writedown has been reversed, future depreciation is adapted so that the new recognised value, less any residual value, is distributed over the remaining economic life of the asset.

## Leasing

Classification of leasing contracts is determined by the extent to which the economic risks and advantages linked with ownership of the leased object in question are present for the lessor or lessee. Leasing contracts are classified as financial leasing contracts if the financial benefits and financial risks associated with ownership of the object are materially transferred from the lessor to the lessee. A leasing contract is classified as operational if this does not mean that its advantages and risks are materially transferred from the lessor to the lessee.

Objects which are leased in accordance with a financial leasing contract are entered in the balance sheet as fixed assets, and the obligation to pay leasing charges in the future is entered as a liability. Depreciation and interest on the liability are reported in the income statement over the term, starting from utilisation.

Objects which are leased in accordance with an operational leasing contract are not entered in the balance sheet. The leasing charges in an operational leasing contract are reported in the income statement over the term, starting from utilisation. The Group has only operational leasing contracts.

## Insurance contracts and investment contracts

Nordnet's insurance policies may be of fund insurance or traditional insurance type. For traditional insurance, the value of the insurance consists in its entirety of a conditional bonus, which means that the insurance has no guaranteed insurance capital. Policyholders themselves bear the risk of their investments.

The products Capital Pension, Occupational Pension and Private Pension may be converted into fund insurance when they are paid out. If the insurance remains as a traditional policy, a

fixed annual amount of 3% will be calculated and paid out over the first five years on the insurance value at the first payment. The payment amount is guaranteed over the first five years.

For fund insurance, the value of the insurance is entirely dependent on the investments made by the policyholder. Policyholders themselves bear the risk of their investments.

IFRS differentiates between insurance contracts and investment contracts. Insurance contracts are contracts where the Group undertakes a significant insurance risk for the policyholder by agreeing to compensate the policyholder or other beneficiary if a predetermined insured event takes place. Investment contracts are financial instruments which cannot be defined as insurance contracts as they transfer no significant insurance risk from the policyholder to the Group. Risk products including health insurance, premium waiver, death benefit and survivor pension are classified as insurance contracts. Other products are classified as investment contracts.

### Assets in the insurance business

Assets in the insurance business consist of policyholders' investments in securities in capital insurance, capital pension, private pension and occupational pension, as well as equivalent products in Norway. Policyholders themselves bear the risk of their investments, with the exception of any guaranteed amount in a traditional insurance policy which pays out. These assets in the insurance business are valued at fair value via the income statement. The fair value of the investments is based on the latest buying price. Amounts received from and paid to holders are entered in the balance sheet as deposits or withdrawals.

### Commitment for investment contracts

In the case of contracts classified as investment contracts, the commitment in respect of policyholders is considered to be a liability. The size of this liability is directly related to the value development of the securities, as well as deposits and withdrawals. The liability is entered as a liability valued at fair value via the income statement.

Changes in the value of assets in the insurance business and corresponding changes of commitments for investment contracts are reported net in the income statement. The substance of the transaction is that the value changes belong entirely to policyholders. A net report will make it easier for policyholders and other stakeholders to understand the transactions and assess the company's results and future cash flow.

### Commitment for insurance contracts

The contracts classified as insurance contracts are recognised as liabilities to policyholders. This liability relates to a reserve for unknown damage. Liability for unknown damage is calculated on the basis of actuarial assumptions.

## Remuneration to employees

### Short-term remuneration

Short-term remuneration including salaries, payroll overheads, paid short-term sick leave, performance-related pay and certain types of non-monetary remuneration are recognised in the income statement in the period in which the employee performed the service for the Group. A provision for performance-related pay is entered when the Group has a legal or an informal obligation to make such payments as a consequence of the services in question having been received from the employees and the provision amount can be calculated reliably.

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### Remuneration after termination of employment

Pensions are included in remuneration after termination of employment. The Group only has a defined contribution pension plan, which is recognised in the income statement in the period in which the employee performed the service for the Group.

A defined contribution pension plan means that a set charge, based on a certain percentage of the salary, is paid into the employee's pension account (opened by the Group) held with an insurance company. The size of the pension for the individual employee depends on how much money has been paid in and what returns there have been on the funds, unlike in the case of defined benefit pension plans, where the employee is guaranteed a specific, predetermined pension by the employer.

### Compensation on termination of employment

Compensation for termination of employment where the staff member is suspended is recognised immediately as an expense as there are no future financial benefits for the Group.

## Provisions and contingent liabilities

### Provisions

A provision is entered in the balance sheet when there is a formal or informal commitment as a consequence of an event that has occurred, and it is likely that an outflow of resources will be required to settle the commitment and a reliable estimate of the amount can be made. In cases in which part or all of the amount required to regulate a provision is expected to be replaced by a third party, the remuneration here is entered when, and only when, it is as good as definite that it will be used if the commitment is regulated. The remuneration is entered in the balance sheet as an independent asset. The amount entered for the remuneration cannot exceed the provision. The cost of a provision is recognised net in the income statement, less any remuneration from a third party.

A provision for restructuring is reported only when a detailed restructuring plan has been established and restructuring has either commenced or otherwise been published to the relevant parties.

### Contingent liabilities

Contingent liabilities are reported when there is a potential commitment stemming from incidents taking place, the occurrence of which is confirmed only by one or more uncertain future incidents, not entirely under the control of the company, taking place or failing to take place; or when there is a commitment stemming from incidents taking place but which is not reported as a liability or provision due to the fact that it is unlikely that an outflow of resources will be required in order to service the commitment, or the size of the commitment cannot be calculated with sufficient accuracy.

## Income reporting

Income is entered at the fair value of what has been received or will be received. The time for entry of income occurs when the financial result can be calculated in a reliable manner, the significant risks are transferred to the purchaser and it is likely that the financial benefits associated with the transaction will fall to the Group.

The most significant income for the Group is explained below.

### Interest income

Interest income relating to loans to credit institutions and loans to the general public are recognised as income when it is earned, which means that interest income is recognised on an ac-

crual basis for the period to which it relates in accordance with the effective interest rate method. The effective interest rate method is a way of calculating the accrued acquisition value of a financial asset and for distribution of interest income over time.

### Commission income

Commission income, which relates mainly to brokerage in connection with the purchase and sale of securities, is recognised as income in connection with the completion of transactions. Commissions when procuring securities in connection with issues, when selling structured products and in the event of guaranteed issues, are recognised as income in connection with the completion of transactions. Commission from fund operation is made up partly of entry commission, which is recognised as income in connection with fund purchases, and partly of commission based on fund volume, which is recognised monthly as income on the basis of actual volume.

### Net profit from financial transactions

Realised and unrealised value changes attributable to financial transactions classified as financial assets valued at fair value are recognised in this item. Income also relates to dividends received, currency exchange fees and currency profits and currency losses.

### Other operating income

Other operating income relates to income from – among other things – safe deposit-related services, information services and software, as well as service and support fees from partners. Income is recognised as income in the period in which the service is performed and provided to the customer.

## Borrowing costs

Borrowing costs are charged to income in the period to which they refer.

### Income taxes

The group's total tax refers to current tax and deferred tax.

### Current tax

Current tax is tax that is due to be paid or received pertaining to the current year. This also applies to the adjustment of current tax attributable to previous periods.

Current tax liabilities and current tax receivable which are attributable to current or earlier periods are valued at what is to be paid or received from the tax authorities according to the assessment of the company. These amounts are calculated in accordance with the tax rates and tax rules that were decided or had in practice been decided as at the balance sheet date.

Current tax is recognised directly in equity if the tax is attributable to items recognised directly in equity in the same period.

### Deferred tax

Uppskjuten skatteskuld avseende samtliga skattepliktiga temDeferred tax liabilities in respect of all taxable temporary differences are entered in the balance sheet except insofar as the tax liabilities are attributable to first recognition of goodwill or first recognition of an asset or a liability originating from a transaction which is not a corporate acquisition and which at the time of the transaction does not affect either the recognised or the taxable profit. Deferred tax liabilities attributable to taxable temporary differences on account of holdings in subsidiaries, branches, associated companies and shares in joint ventures

are recognised, except where both of the conditions before are met:

- The parent company, investor or co-owner can control the date for the restoration of the temporary differences and
- it is considered likely that a restoration will not occur within the immediately foreseeable future.

Deferred tax assets relating to all deductible temporary differences are entered in the balance sheet insofar as it is likely that the amounts can be utilised against future taxable excesses, with the exception of tax assets which are attributable to first recognition of an asset or a liability in a transaction which is not a business combination, and which at the time of the transaction affects neither the reported nor the taxable profit.

Deferred tax assets attributable to deductible temporary differences attributable to holdings in subsidiaries, branches, associated companies and shares in joint ventures are entered only insofar as it is likely that the temporary difference will lead to a tax-related deduction within the foreseeable future, and taxable excesses against which the deduction can be utilised will be available.

The reported value of a deferred tax asset is restated at each balance sheet date. The value is reduced insofar as it is no longer likely that sufficient taxable excesses will be available. The reduction is returned insofar as it is later deemed likely that sufficient taxable excesses will be available.

Deferred tax assets and deferred tax liabilities are valued according to the tax rates which are expected to apply for the period when the asset is realised or the liability is regulated in accordance with the tax rates and tax rules decided upon or notified as at the balance sheet date.

Deferred tax is recognised directly in equity if the tax is attributable to items which are recognised directly in equity in the same period or another period.

Deferred tax assets and deferred tax liabilities are reported net only when there is a legal entitlement to offset the current tax assets against current tax liabilities and these are attributable to taxes charged by the same tax authority and the same tax subject

## Segment reporting

A segment is a business segment or a geographical area. A business segment is a part of a company identifiable in the accounts, which provides an individual product or service or a group of similar products or services which is exposed to risks and opportunities which are different to what is applicable to other business segments. A geographical area is a part of a company identifiable in the accounts, which provides products or services within a financial environment exposed to risks and possibilities which are different to what applies to other financial environments.

The Group has identified a business segment as a primary segment and geographical area as a secondary segment.

There are deemed to be two business segments: securities operations and insurance procurement. Securities operations include the services supplied by Nordnet Bank AB and Nordnet Pensionsförsäkring AB. As insurance procurement constitutes less than 10% of Group income, profit and assets, there is no obligation to report this separately. In the view of the Group, there is only one geographical area as the countries in which the Group is active do not differ widely as regards risks and opportunities. Hence no segments are reported.

## Parent Company's accounting principles

The annual accounts of the Parent Company have been compiled in accordance with the Swedish Annual Accounts Act (ÅRL 1995:1554) and with application of the Swedish Financial Reporting Board, RFR 2.1 Accounting for Legal Entities. This means that IFRS valuation and information rules are applied, with certain exceptions and supplements, depending on legal provisions, mainly in the Swedish Annual Accounts Act, and also on the link between accounting and taxation. Differences between the Group's and parent company's accounting principles are given below.

### Classification

Fixed assets, long-term liabilities and provisions principally consist of amounts which may be expected to be realised (recovered) or paid later than 12 months subsequent to the balance sheet date. Current assets and current liabilities principally consist of amounts which may be expected to be realised (recovered) or paid within 12 months of the balance sheet date.

### Group contributions and shareholders' contributions

Group contributions and shareholders' contributions are reported for the legal entities in accordance with the statement from the Swedish Financial Reporting Board. Shareholders' contributions are taken directly to the equity of the recipient and are capitalised in the shares and participating interests of the payer, insofar as impairment losses are not required. Group contributions are entered according to their financial import. Group contributions paid and received with the aim of minimising the Group's tax are recognised in the parent company as a reduction or increase in non-restricted equity after adjustment for calculated tax.

### Financial fixed assets

Financial fixed assets relate to shares in subsidiaries and are reported in the parent company in accordance with the acquisition value method. Dividends received are only recognised as revenue if they are derived from profits earned after acquisition. Dividends that exceed these earned profits are classed as repayment of the investment and reduce the carrying amount of the participating interest.

### Untaxed reserves

Tax legislation in Sweden permits provisions in individual companies for special reserves and funds. This means that companies can operate within certain limits to allocate and retain recognised profits in operations without them being taxed immediately. These untaxed reserves are taxed only when they are liquidated. However, in the consolidated accounts untaxed reserves are divided into deferred tax liabilities and equity.

### Mergers

There have been seven mergers within the Group over the year. Of these, there has been no merger with Nordnet AB. These mergers have been recognised in accordance with BFNAR 1999:1 "Merger of a wholly-owned limited liability company." The group valuation method has been applied, which means that the assets and liabilities of the merged subsidiaries have been recognised in the respective companies' parent companies at the values held by these previously in the consolidated accounts. See also Note 44.

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## Note 6 Closely related transactions

The Group has certain closely related transactions, which are described below. Neither provisions relating to bad debts or expenses relating to bad debts have been reported over the financial year.

### Contract with E. Öhman J:or AB

E. Öhman J:or AB is associated with Nordnet AB (publ) as E. Öhman J:or AB has a direct holding, and also because family members of the owners of E. Öhman J:or AB have a direct holding in Nordnet AB (publ). There have been no transactions over the year and no contracts have been entered into as at 31 December 2008.

### Ongoing business relations with E. Öhman J:or Fondkommission AB

E. Öhman J:or Fondkommission AB is a subsidiary of the above-mentioned E. Öhman J:or AB.

Nordnet Bank AB regularly enters into various business relations with E. Öhman J:or Fondkommission AB in the same way as regularly takes place with other stockbrokers and banks. According to Nordnet Board, these business relations have been entered into under market conditions. Over the year, Nordnet Bank AB has received commission income and other income amounting to a total of SEK 1,194 (1,351) thousand. As at 31 December 2008, there are overdue accounts receivable amounting to SEK 0 (138) thousand and non-due accounts receivable amounting to SEK 51 (58) thousand.

### Other closely related transactions

As regards the salaries and other remuneration, expenses and obligations relating to pensions and similar benefits and contracts in respect of severance pay for the Board, the CEO and other leading officials, see Note 13 and page 62.

No other company within the Group has given loans, guarantees or guarantees to any other leading official.

## Note 7 Risks

Exposure to risk is a fundamental element of the financial operations run by Nordnet. It is extremely important to ensure that exposure to risk takes place under forms and limitations decided upon. Nordnet's ambition is for the company's inspection environment to be permeated by the company's ethical values and corporate culture. The ethical guidelines are laid down by the Board and communicated to all employees, as is other steering documentation in the form of policies, guidelines and procedures.

Overall responsibility for Nordnet operations, and for ensuring that operations are run with good internal control, rests with the Board. The Nordnet Board of Directors prepares central policy documents which state how risks are to be handled. The Chief Executive Officer is responsible for ongoing administration by implementing the Board's policy in respect of the risks described below. In addition to this, there is an independent risk control function. This is tasked with reviewing and checking identified risks and control procedures. The risk control function reports directly, regularly and as required, to the Chief Executive Officer and to the Board at Board meetings. Work on dealing with risks in operations takes place at several levels at Nordnet.

Individual departments and groups hold responsibility, via

various procedures and instructions, for reconciliations and other checks within their own spheres of control, and risks identified are reported to risk control. There is also an independent review function prescribed by the Swedish Financial Supervisory Authority and appointed by the Board. This is tasked with reviewing operations and reporting the results of its review sessions directly to the Board. Responsibility for ensuring that knowledge of laws, regulations and internal instructions is disseminated within Nordnet rests with the compliance functions. The individuals at Nordnet who are covered by SwedSec's licensing requirement have undergone training and received licences.

Risks in Nordnet operations are also identified within the scope of a continuous capital assessment process (IKU) where an assessment takes place of whether risks identified are being handled in a satisfactory manner, and which ones have already been covered by the capital requirement in column 1 in the capital coverage rules. If a significant risk is identified which is not deemed to have been covered by the abovementioned capital requirement, a decision is made on any further capital allocation.

Nordnet operations are subject to various types of risk such as credit risks, market risks, liquidity risks and operational risks. To limit and control the company's risks and risk exposure, the Nordnet Board, which is ultimately responsible for internal controls at Nordnet, has issued policies and instructions for lending and other financial operations. Nordnet's business concept does not involve exposure to market risks in its own name, which means that Nordnet does not normally run trading in its own inventory or expose itself in other contexts to financial risks in its own name. Besides the abovementioned risks, there are other risks to which Nordnet is or may be exposed, such as strategic risk, earnings risk, reputation earnings risk, concentration risk and economic cycle risks. These risks are largely dependent on one another and on the other risks specified above.

### Credit risks

Credit risk is the risk of Nordnet not receiving payment as agreed and/or making a loss due to a counterparty's inability to fulfil its obligations, and where any securities do not cover Nordnet's receivables. The underlying transaction may be a loan, a security, a derivative contract or a currency transaction. The Nordnet credit risk mainly involves lending against security in quoted shares and fund units, mainly Nordic, German and American.

Nordnet's overall credit risk exposure consists of the capital amount equivalent to receivables in the balance sheet or contingent liabilities to customers and counterparties. Thus the biggest exposure involves loans to the general public, which at year-end amounted to SEK 2,128 (3,828) million gross, including loans in currency.

As at year-end, Nordnet's net lending amounted to a total of SEK 1,800 (3,500) million after deduction of positive currency holdings which exceed lending at customer level. The value eligible as collateral of the total securities in the form of securities eligible as collateral amounted to SEK 6,300 (10,600) million. Thus average loans amounted to 29% (36%) at year-end.

Nordnet lending is characterised by targets set high in respect of ethics, quality and control. The crucial grounds for assessment for Nordnet's lending is the security for loans in the form of securities eligible as collateral, holdings in various currencies and the creditworthiness of customers. To limit the credit risk, the securities portfolio used as collateral – depending on the size of the loan – must normally demonstrate a good risk spread in the form of diversified holdings. Otherwise permitted

lending is normally restricted. Lending takes place within the scope of a special credit instruction and lending levels in accordance with a model produced internally. This model is based mainly on the liquidity and volatility of individual shares and is regularly updated with new information. The lending level in respect of shares currently varies by up to 85 per cent of current market value, and so before any final credit loss can arise when settling liabilities, the shares used as collateral must be sold on the market at a price lower than after a decline in share price of at least 15 per cent. For fund units, the maximum lending level is 95 per cent of current market value. Lending levels are updated at least twice a year.

Customers are given a credit limit so as to maintain good control over lending. The size of this limit is determined on the basis of the quality of the security and the customer's credit-worthiness. The credit instruction specifies the Nordnet bodies which may permit credit limits to be raised. The Nordnet credit committee makes decisions on issues relating to higher credit limits, and the Board makes the biggest decisions on credit.

The Nordnet credit department constantly monitors the lending situation at aggregated and individual level. The credit department reports to the executive – weekly and, when so required, for special reasons – a summary of the current credit situation. It is Nordnet's view that there is no concentration of credit risks. Lending is spread well across the geographical markets with the aim of avoiding a high concentration of securities used as collateral. There were approximately 10,000 accounts utilising credit as at year-end.

Nordnet also offers lending without security via two standard products designated Credit50 and Credit250. These are unsecured credits which are granted by the Nordnet credit department after testing as a credit in invoice linked to the safe deposit. The credit amount for Credit50 is SEK 50,000, and for Credit250 – which can be offered to Private Banking customers and Active Trader customers – it is SEK 250,000. Other terms for Credit 50/250, besides demands for security, are the same as for securities borrowing. Around 800 (700) customers have received the aforesaid unsecured credit frameworks, for a total granted

The table below shows lending by country.

Market	Utilised credit, net (SEK millions)		Percentage of total credit volume (%)		Average credit (SEK)	
	2008	(2007)	2008	(2007)	2008	(2007)
SE	1,020	(1,623)	56	(46)	171,000	(266,066)
NO	439	(1,351)	24	(38)	155,000	(614,091)
DK	237	(444)	13	(13)	252,000	(634,286)
FI	68	(47)	4	(1)	177,000	(235,000)
DE	32	(39)	2	(1)	127,000	(130,000)
LUX	19	(19)	1	(1)	440,000	(190,000)
<b>Total</b>	<b>1,815</b>	<b>(3,523)</b>	<b>100</b>	<b>(100)</b>	<b>174,000</b>	<b>(366,979)</b>

The table below shows credit volume within specific amount ranges and the percentage of total credit outstanding.

Range	No.		Total, net (SEK millions)		Percentage of total (%)	
	2008	(2007)	2008	(2007)	2008	(2007)
<SEK 10 thousand	3,000	(2,200)	12	(8)	0.7	(0.2)
SEK 10–500 thousand	6,000	(5,800)	682	(877)	37.6	(24.9)
SEK 500–2,000 thousand	500	(1,300)	635	(1,169)	35	(33.2)
>2,000	500	(300)	486	(1,469)	26.7	(41.7)
<b>Total</b>	<b>10,000</b>	<b>(9,600)</b>	<b>1,815</b>	<b>(3,523)</b>	<b>100</b>	<b>(100)</b>

The table below shows the collateral value's element of the total collateral value in the credit portfolio for the single biggest securities at year-end.

Dec 2008		Dec 2007	
Ericsson B	3.0%	Ericsson B	3.3%
H&M B	2.3%	DNO International	2.8%
Tanganyika Oil Company	2.3%	Golden Ocean Group	2.3%
Lundin Petroleum	1.8%	Crew Gold Corporation	1.9%
DNO International	1.5%	Lundin Petroleum	1.8%

framework amount of approximately SEK 69 (56) million, of which approximately SEK 35 million is being utilised.

Despite Nordnet's ongoing monitoring of customers' exposure, it may happen in the event of severe exchange rate fluctuations, for example, that individual customers end up in a situation in which the value of their securities fails to cover the claims which Nordnet has on the customers. In such instances, there are set procedures on how to deal with such cases. Nordnet initially investigates the option of a resolution in the form of direct redemption of the liability or redemption via a plan for paying off the debt. If the claim exceeds a certain amount, the matter must be discussed by the Nordnet credit committee. Reservation must be made in accordance with a set procedure in accordance with the Nordnet credit instruction. For a description of Nordnet's credit losses, please see Note 16.

Nordnet also bears a counterparty risk in the currency swaps executed by Nordnet in order to balance out currency exposures arising as a consequence of customers' securities trading in various currencies. As at year-end, there were outstanding currency swaps corresponding to a market value of SEK 112 (430.6) million. If the banks which are counterparties to these were unable to fulfil their obligations, Nordnet is at risk of settlement of the position being more expensive than was originally agreed as a consequence of unfavourable exchange rate fluctuations. Nordnet's risk in the event of a scenario as outlined above, with a SEK change of 10 per cent, would affect the profit before tax by SEK 11.2 (43.1) million.

Credit risks also occur when investing Nordnet's excess liquidity. This is invested partly in the Swedish banking system and partly in treasury bills. Despite the situation which prevailed over the latter part of 2008, the risks of losses in this element are deemed to be small. For distribution of credit risk exposure to various counterparty types, see Note 21.

## Market risks

In financial ops, the most important market risks are made up of interest rate risks, exchange rate risks and share price risks. Interest rate risk is defined as the risk of the market value of the bank's fixed interest assets falling as market interest rates rise. The longer the maturity, the higher the degree of interest rate risk – or interest risk – will be. Another form of interest rate risk is the net interest risk; that is, the risk of the net interest being impaired as interest rate levels rise, because the fixed interest term is normally shorter for borrowing than it is for lending. In Nordnet's case, interest rates are variable for both borrowing and lending, so this risk does not arise. As a consequence of the reduction in market activity and the general unrest on the world's markets, Nordnet is exposed to the risk of lending being reduced, which is what happened in 2008. This has an adverse effect on net interest. There is also a risk of gradual impairment of net interest as a consequence of falling market interest rates, as there is a limit to how much interest rates on borrowing can be reduced. The competitive situation on the market also affects the interest margin, which has a direct effect on net interest.

Esubordinated liabilities amount to SEK 46.7 (48.7) million, for which interest rate adjustment takes place on a quarterly basis. If market interest rates fall by 1%, a risk estimated at approx. SEK 0.5 (0.5) million arises.

Nordnet's interest rate risk in interest rate documents is low, as liquidity is not invested in interest rate documents in accordance with the ruling on investment, or otherwise invested so that the average term exceeds fifteen months. In addition, investments are mainly made in treasury bills. There were no

holdings of interest rate documents at year-end.

Exchange rate risk occurs as a consequence of assets and liabilities in the same foreign currency failing to match in terms of size, and as a consequence of customers' positions in various currencies where major exchange rate fluctuations may bring about negative net assets. If the customer does not have a currency account, Nordnet covers foreign exchange positions arising by implementing exchanges on a daily basis. Only smaller flow-related foreign exchange positions can normally occur over more than one banking day. Net assets from foreign operations are not hedged. At year-end, there was a total net exposure in foreign currency amounting to SEK 16.1 (126.6) million. An unfavourable exchange rate development of 10 per cent in the relevant currency means a risk of approximately SEK 13.6 (16.0) million. This includes the exchange rate risk attributable to the currency swap contracts described under Credit risks. For a more detailed description of assets and liabilities in foreign currency, see Note 53.

Share price risk is the risk of the market value of a share investment falling as a consequence of changes in the market. This is an indirect risk for Nordnet as lending takes place against securities eligible as collateral, used as security as described above. Nordnet's direct exposure to share price risk is deemed to be low as the Group does not normally hold any major positions of its own; instead, it runs its operations mainly on a procurement basis, with the exception of the analysis service Experterna. However, Nordnet has a fairly small trading warehouse in order to facilitate trading in certain shares and funds. At year-end, the company's total own exposure to share price risk amounted to SEK 15.1 (20.2) million. A short-term, unfavourable development in a fall of 10 per cent for all shares would therefore involve a risk of approximately SEK 1.5 (2.0) million. In connection with Nordnet's participation as a distributor in new share issues and spread offers, Nordnet can also opt to participate as a guarantor for part of the issue in the case of listing offers. No such guarantees were issued over year-end.

## Liquidity risk

Med likviditetsrisk avses risken att Nordnet inte kan finansiera. Liquidity risk refers to the risk of Nordnet being unable to finance existing assets or meet its payment obligations, or of it only being able to do these things at high cost. Good payment readiness requires the asset side of the balance sheet to be liquid. At Nordnet, assets are made up mainly of cash and cash equivalents (loans to credit institutions and state bonds eligible as collateral, etc.) and loans to the general public. Nordnet's Board of Directors has decided on a policy that there must be at all times a liquidity reserve in order to meet any unexpected liquidity requirements. The Nordnet Board has also established an instruction for investment of customers' net borrowings, which specifies that these must be invested in an account at a bank, in treasury bills or other interest-bearing assets with good creditworthiness and with an interest rate period not exceeding 15 months, unless the assets are immediately realisable, at which point they are deemed to be at sight. Nordnet invests excess liquidity in a small number of major business banks with good creditworthiness. As at year-end, the counterparties had minimum short-term ratings of P1 (Moody's), A1 (S&P) and F1 (Fitch).

Loans to credit institutions, consisting of credit balances in other banks, amounted to SEK 4 204 (2 306) million at year-end. Investment in state bonds eligible as collateral, etc. amounted to SEK – (1 291) million at year-end. Of cash and cash equiva-

lents, SEK 418 (704) have been provided as security for security loans and security settlement, which is why immediately available cash and cash equivalents amounted to SEK 3,786 (2,893) million at year-end.

Borrowing (households and companies) is Nordnet's most important source of finance. Nordnet reduces the liquidity risk by spreading its financing over many customers and several geographical markets, and its payment readiness is deemed to be very good.

Of Nordnet's liabilities as at year-end, all fall due for payment in 2009, with the exception of borrowing and liabilities in the insurance business which have no fixed due date, plus subordinated liabilities whereby SEK 7.0 million falls due for payment in 2009 and SEK 39.7 million falls due in 2010.

### Operational risk

Operational risk relates to the risk of financial or confidence-related losses as a consequence of faults or shortcomings in internal procedures and checks, disruptions to internal and external systems, human error or external incidents such as irregularities, fire and sabotage. Operational risks also include legal risks and IT risks. Operational risks are present throughout everything Nordnet does, and in order to maintain good internal control of these, the company needs systems and procedures which work well, training for staff and good management. The individual departments are primarily responsible for dealing with operational risks. The independent risk control functions work with identification, checking and gauging operational risks, and they act as support for the company. One important component is a special function for IT security which works with identification, prevention and control of risks related to the Nordnet IT systems. This function works together with the risk control function, legal and compliance, in order to create a high level of compliance with rules and greater awareness of operational risks.

### Strategic risk

Institutional changes and changes to basic market criteria which may arise all constitute strategic risk. Nordnet's operations are largely based on advance planning, efficiency, flexibility and a tendency towards change, which means the company is well prepared to face changes in the conditions for running its operations.

### Earnings risk

The risk of current income developing less well than anticipated is termed earnings risk. Nordnet focuses on cost-effectiveness and on forcing down customers' expenses for trading with securities in competition with traditional players on the market. Given the breadth of the range offered by Nordnet and the fact that Nordnet is active on geographical markets other than just Sweden, it is the company's view that it is well prepared to deal with changes in earnings for individual service segments and also for individual market segments.

### Reputation risk

Reputation risk means the company risking being affected by an impaired reputation on the market. Nordnet is constantly striving to maintain high levels of confidence in the market. Training, good risk control and effective internal procedures are important factors which Nordnet prioritises and which permit the company to maintain high levels of confidence.

### Concentration risk

Commitments concentrated on a limited number of customers, a specific industry or geographical area, etc. create vulnerability and constitute concentration risks. Nordnet's broad range of services and products is currently aimed at a broad spectrum of customers. There are very active customers who execute a number of transactions each day, and also customers who execute only a few transactions in a year. Customers are active in different segments of the securities market, which means that some only trade shares, some trade derivative instruments, and others trade just funds. Many customers take the long-term view, while others prefer shorter-term investments. Nordnet's customers are located in a wide range of geographical areas, which in itself reduces the specific country risk. Parts of Nordnet's customer base use borrowing as a way of increasing their risk and hence as an opportunity for higher returns. All in all, as a result Nordnet's customers are not deemed to constitute a concentration risk. All concentration risks may, for example, come about when customers' securities on borrowing constitute one and the same security, or securities within the same industry segment. Nordnet constantly gauges and monitors this type of exposure with the aim of avoiding risks caused by quick changes for individual companies or industries. Borrowing levels for individual securities are adjusted where required in order to reduce such exposure to risks.

### Economic cycle risks

Economic cycle risks occur if, for example, the company is sensitive to variations in the economic cycle via its lending or otherwise. Nordnet's operations are largely based on securities trading, which in itself is sensitive to the economic cycle. The risks associated with fluctuations in the economy are dealt with under the same conditions as described above with regard to strategic risks and earnings risks.

### Risks in insurance business

#### Insurance risks

Insurance risks in business are made up mainly of mortality risk, morbidity risk and operating expense risk. Premiums and charge levels are based on product calculations and are re-tested each year. Reinsurance is used to reduce the company's risk in respect of risk insurance by 80%.

#### Financial risks

Savings insurance in insurance business relates to traditional policies with a conditional bonus and fund insurance where the insured party himself bears the investment risk. This means that the company's financial risk is very limited. In traditional policies with periodic payout, there is a guarantee over the first five years of the payout period. The annual guarantee amount is 3% of the customer's insurance capital at the time of the first payment. The value of the guaranteed commitments amounts to approx. 1.5% of the company's technical insurance provisions, equivalent to SEK 81.7 (77.8) million.

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## Note 8 Acquired companies

On 8 November 2007, the subsidiary VCW Internet Services AB acquired all shares in Deriva Financial Services AB. Deriva runs Sweden's leading information site for warrants and options. The purpose of this acquisition is a part of a greater emphasis on special areas in securities trading and savings. The purchase price was calculated originally to be SEK 9.4 million, which included an estimated additional purchase price of SEK 3.2 million. The additional purchase price was based on Deriva's advertising sales for 2008-2010. Over the year, a final acquisition analysis has been compiled where contracts were entered into with the vendors, concerning the fact that an additional purchase price should only be calculated on Deriva's advertising sales for 2008. As a result of this, the additional purchase price has been reduced from the estimated SEK 3.2 million to SEK 0.9 million. The final additional purchase price has been paid over the year.

The original goodwill item, SEK 9.2 million, has been reduced by SEK 2.3 million on the basis of the reduced additional purchase price.

The final acquisition analysis is below:

### The following assets and liabilities were included in the acquisition of Deriva Financial Services AB

Cash and cash equivalents	472
Tangible assets	40
Other assets	251
Other liabilities	-567
<b>Acquired net assets</b>	<b>196</b>
<b>Goodwill</b>	<b>6,876</b>
<b>Purchase price</b>	<b>7,072</b>
Purchase price	7,072
Less cash and cash equivalents in Deriva	-472
<b>Negative effect on cash and cash equivalents</b>	<b>6,600</b>

## Note 9 Group – net interest income

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
<b>Net interest income</b>		
<b>Interest income</b>		
Interest income on loans to credit institutions	158,624	102,097
Interest income on interest-bearing securities	32,338	56,655
Interest income on loans to the general public	270,550	270,723
Other interest income	6,060	4,993
	<b>467,572</b>	<b>434,468</b>
<b>Interest expenses</b>		
Interest expenses for liabilities to credit institutions	-655	-1,005
Interest expenses for deposits and borrowing	-204,567	-155,591
Interest expenses for subordinated liabilities	-4,808	-5,423
Other interest expenses	-6,136	-392
	<b>-216,166</b>	<b>-162,412</b>
<b>Net interest income</b>	<b>251,406</b>	<b>272,056</b>

Average interest on loans to the general public over the year was 7.61 (7.34)%.

Average interest on deposits and borrowing over the year was 2.53 (1.93)%.

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
<b>Net interest income covers the following geographical markets:</b>		
Sweden	136,071	167,408
Norway	68,465	66,565
Denmark	25,173	28,568
Germany	5,730	1,007
Finland	6,153	1,616
Luxembourg	9,814	6,892
	<b>251,406</b>	<b>272,056</b>

Of interest income, SEK 32,338 (56,655) thousand is attributable to turnover-classified, interest-bearing securities. No interest income or interest expenses are attributable to financial assets and financial liabilities valued at fair value via the income statement.

**Note 10 Group – net commission**

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
<b>Net commission</b>		
<b>Commission income</b>		
Securities commission	658,128	743,233
Insurance procurement commission, SAK	965	1 392
	<b>659,093</b>	<b>744,625</b>
<b>Commission expenses</b>		
Securities commission	-250,619	-283,800
<b>Net commission</b>	<b>408,475</b>	<b>460,825</b>
<b>Net commission covers the following geographical markets:</b>	<b>1 Jan 2008 - 31 Dec 2008</b>	<b>1 Jan 2007 - 31 Dec 2007</b>
Sweden	192,591	226,804
Norway	106,348	126,766
Denmark	49,327	57,511
Germany	28,158	22,134
Finland	21,450	10,367
Luxembourg	10,601	17,243
	<b>408,475</b>	<b>460,825</b>

No commission income or commission expenses are attributable to financial assets and financial liabilities valued at fair value via the income statement.

**Note 11 Group – net result of financial transactions**

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
<b>Net result of financial transactions</b>		
Capital gains/losses, shares and participations	-6,780	8,942
Unrealised changes in value, shares and participations	-1,244	-3,865
Capital gains/losses, interest-bearing securities	-	67
Unrealised changes in value, interest-bearing securities	-	110
Exchange rate changes	19,746	18,430
	<b>11,722</b>	<b>23,682</b>
<b>Net result of financial trans- actions covers the following geographical markets:</b>	<b>1 Jan 2008 - 31 Dec 2008</b>	<b>1 Jan 2007 - 31 Dec 2007</b>
Sweden	5,104	12,696
Norway	3,804	5,746
Denmark	1,439	2,532
Germany	652	1,748
Finland	771	870
Luxembourg	-48	90
	<b>11,722</b>	<b>23,682</b>

Of the net result of financial transactions, SEK -8,024 (5,076) thousand is attributable to financial assets and financial liabilities valued at fair value via the income statement.

**Note 12 Group – other operating income**

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
<b>Other operating income</b>		
Set deposit fees	2,190	4,225
Other deposit-related income	13,834	12,831
Portal-related advertising income	2,262	1,065
Other	12,838	10,934
	<b>31,124</b>	<b>29,055</b>
<b>Other operating income covers the following geographical markets:</b>	<b>1 Jan 2008 - 31 Dec 2008</b>	<b>1 Jan 2007 - 31 Dec 2007</b>
Sweden	17,362	17,554
Norway	6,306	5,558
Denmark	1,766	1,772
Germany	1,712	1,680
Finland	823	440
Luxembourg	3,155	2,051
	<b>31,124</b>	<b>29,055</b>

## Note 13 Group – general administration expenses

General administration expenses	1 Jan 2008	1 Jan 2007	Average number of employees covers the following geographical markets:	1 Jan 2008	1 Jan 2007
	- 31 Dec 2008	- 31 Dec 2007		- 31 Dec 2008	- 31 Dec 2007
Personnel expenses	-209,495	-190,385	<b>Sweden</b>	<b>279</b>	<b>280</b>
Information expenses	-35,563	-32,527	- of whom women	120	137
System and communication expenses	-46,371	-34,209	- of whom men	159	143
Purchased services (for audit expenses, see the specification below)	-40,627	-28,754	<b>Norway</b>	<b>17</b>	<b>16</b>
Rental and property expenses	-23,088	-19,266	- of whom women	5	5
Other operational leasing expenses (see the specification below)	-2,046	-2,032	- of whom men	12	11
Other general administration expenses	-32,549	-45,061	<b>Luxembourg</b>	<b>5</b>	<b>6</b>
			- of whom women	2	2
			- of whom men	3	4
<b>Total general administration expenses</b>	<b>-389,739</b>	<b>-352,233</b>	<b>Number of full-time positions at year-end</b>	<b>301</b>	<b>302</b>
				<b>260</b>	<b>324</b>
Average number of employees over the year	1 Jan 2008	1 Jan 2007	Distribution of personnel expenses:	1 Jan 2008	1 Jan 2007
Total	- 31 Dec 2008	- 31 Dec 2007		- 31 Dec 2008	- 31 Dec 2007
	<b>301</b>	<b>302</b>	Salaries and other remuneration	-145,877	-144,269
- of whom women	127	144	Payroll overheads	-42,518	-33,793
- of whom men	174	158	Pension expenses	-17,481	-16,863
			Other personnel expenses	-11,791	-12,833
			<b>Total personnel expenses</b>	<b>-217,667</b>	<b>-207,759</b>
			Of which capitalised personnel expenses	8,172	17,374
			<b>Total expensed personnel expenses</b>	<b>-209,495</b>	<b>-190,385</b>

	1 Jan 2008 - 31 Dec 2008		1 Jan 2007 - 31 Dec 2007	
	Salaries and other remuneration	Payroll overheads	Salaries and other remuneration	Payroll overheads
Board members, Chief Executive Officer and corresponding officials	-5,057	-1,639	-12,102	-3,923
Other employees	-140,820	-40,879	-132,167	-29,870
	<b>-145,877</b>	<b>-42,518</b>	<b>-144,269</b>	<b>-33,793</b>

	1 Jan 2008 - 31 Dec 2008		1 Jan 2007 - 31 Dec 2007	
	Men	Women	Men	Women
<b>Sick leave</b>				
<b>Sick leave figures are as follows</b>				
<b>Up to age 29</b>				
Percentage of planned regular working hours*	3.04%	2.64%	1.89%	4.07%
<b>Age 30-49</b>				
Percentage of planned regular working hours	2.43%	4.25%	1.56%	3.68%

\* Planned regular working hours refers to regular working hours excluding leave of absence and holiday.

There are fewer than 10 employees aged over 50, so no information on sick leave has been reported for them. Total sick leave amounts to 3.01 (2.61)%. In 2008, long-term sick leave amounted to 23.82 (17.71)% of total sick leave. Long-term sick leave refers to absence for a period of 60 or more consecutive days.

## Remuneration for senior management and corporate executive

### Remuneration for senior management

2008	Basic salary	Performance-related pay	Benefits	Pension expenses	Fees	Severance pay	Total
<b>Chairman of the Board,</b> Claes Dinkelspiel	-	-	-	-	-330	-	-330
<b>Other Board members</b>							
Annika Axelsson	-	-	-	-	-150	-	-150
Bengt Baron	-	-	-	-	-180	-	-180
Bo Mattsson	-	-	-	-	-180	-	-180
Nils Nilsson	-	-	-	-	-150	-	-150
Tom Dinkelspiel	-	-	-	-	-150	-	-150
Ulf Dinkelspiel	-	-	-	-	-180	-	-180
<b>Chief Executive Officer</b> Carl-Viggo Östlund	-3,356	-495	-6	-1,174	-	-	-5,031
	<b>-3,356</b>	<b>-495</b>	<b>-6</b>	<b>-1,174</b>	<b>-1,320</b>	<b>-</b>	<b>-6,351</b>
2007	Basic salary	Performance-related pay	Benefits	Pension expenses	Fees	Severance pay	Total
<b>Chairman of the Board,</b> Claes Dinkelspiel	-	-	-	-	-300	-	-300
<b>Other Board members</b>							
Annika Axelsson	-	-	-	-	-150	-	-150
Bengt Baron	-	-	-	-	-150	-	-150
Bo Mattsson	-	-	-	-	-150	-	-150
Nils Nilsson	-	-	-	-	-150	-	-150
Sven Skarendahl	-	-	-	-	-150	-	-150
Tom Dinkelspiel	-	-	-	-	-150	-	-150
Ulf Dinkelspiel	-	-	-	-	-150	-	-150
<b>Chief Executive Officer</b> Carl-Viggo Östlund (15 November-31 December)	-420	-	-	-90	-	-	-510
Klas Danielsson (1 January-14 November)	-2,952	-900	-30	-953	-	-6,450	-11,285
	<b>-3,372</b>	<b>-900</b>	<b>-30</b>	<b>-1,043</b>	<b>-1,350</b>	<b>-6,450</b>	<b>-13,145</b>

### Chief Executive Officer

The basic salary to the current CEO for 2009 amounts to SEK 275,000 (275,000) per month, with a maximum performance-related pay of 50 (50)% of the basic salary. The final size of the performance-related pay is based on the Board's assessment of development of the business and the CEO's function as the parent company's CEO and Group President. Provision to occupational pension for 2009 amounts to 35 (35)% of pensionable salary. Pensionable salary refers to the basic salary including holiday pay.

The mutual notice period of the CEO is 6 months. If the CEO starts a new job or runs his own company during the notice period, income from such employment or business must be deducted from the salary over the notice period.

Severance pay will be payable to the CEO if the company terminates his employment, at an amount equivalent to 18 months' basis monthly salary.

The company car entitlement is a cost-neutral arrangement on the part of the company; i.e. a gross salary deduction is made from the basic salary in order to cover the company's expenses.

The discussion and decision process applied with regard to remuneration and other terms for the CEO is a Board issue. The Board has appointed a remuneration committee for discussion of remuneration issues. The individuals included in the remuneration committee are noted in the section entitled "Corporate governance" on page 25.

Any salary adjustments or other remuneration for the company's executive are proposed by the CEO to the remuneration committee, which has been commissioned by the Board to discuss such issues.

There are no special benefits for the corporate executive except for company cars subject to arrangements which are cost-neutral to the employer.

### Board of Directors

Besides the remuneration payable to the Board, remuneration of SEK 30,000 has been paid to each member of the remuneration committee. See page 26. No other remuneration has been paid to the Board. There are no other agreements concerning pensions or severance pay.

Over the year, the Board has consisted of 6 (7) men and 1 (1) woman.

The discussion and decision process applied with regard to remuneration to the Chairman of the Board takes place within the Board. Remuneration to the Board has been distributed in accordance with the decision made by the Annual General Meeting.

For information on Board members' shareholdings, please see page 33.

### Remuneration to corporate executive (excluding the CEO)

	Basic salary	Performance related pay	Benefits	Pension expenses	Total
2008	-7,101	-595	-219	-1,377	-9,292
2007	-7,028	-1,391	-87	-1,301	-9,807

The corporate executive has changed over the year, and as at 31 Dec 2008 it amounted to 8 people besides the CEO, of whom 6 (5) are men and 2 (3) are women. All are employees in Sweden. See also page 34. Remuneration in the above table relates to the time each individual has been part of the corporate executive.

Over the year, agreements have been entered into with leading officials with regard to termination of employment. Severance pay corresponding to SEK 2,653 thousand has been reserved.

Performance-related pay for the corporate executive in 2008 is capped at 30-40% of the basic salary. Performance-related pay relating to the 2008 business year, amounting to a total of SEK 595 thousand, has been paid in March 2009. This amount is reserved as at 31 Dec 2008. For 2009, performance-related pay is capped at 30-35% of basic salary.

### Convertible loan 2005/2010

In 2005, employees were given the opportunity to acquire convertible debentures. The acquisition price was equivalent to market value and has been calculated by an external party. The interest rate is set to STIBOR 7 days + 1.2 percentage points, and the loan will run until 30 December 2010 insofar as no conversion has taken place prior to this. Conversion to shares may take place from 1 July 2009 to 30 November 2010, and the conversion rate is set to SEK 10.05.

For the holdings of the senior management and corporate executive, see page 34.

### Subscription options 2007/2010

In 2007, employees were given the opportunity to acquire subscription options. The acquisition price was equivalent to market value and has been calculated by an external party. Notification of subscription of shares may take place over the period from 3 September 2007 to 1 July 2010. The subscription rate is set at SEK 28.20.

For the holdings of the senior management and corporate executive, see page 34.

### Pension policy

The Group's pension policy is a defined contribution plan applicable to all personnel within the Group. Pension expenses for the Group amount on average to approx. 12% of pensionable salary, depending on age and salary.

Audit expenses	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
<b>Ernst &amp; Young</b>		
Audit assignments	-3,184	-2,632
Other assignments	62	-475
	<b>-3,122</b>	<b>-3,107</b>
<b>Deloitte</b>		
Audit assignments	-	-
Other assignments*	-1,153	-437
	<b>-1,153</b>	<b>-437</b>
<b>Total</b>	<b>-4,275</b>	<b>-3,544</b>

\* Relates to internal audit.

Audit assignments refer to the reviewing of the annual report, the accounts and the administration by the Board of Directors and Managing Director. Auditing assignments also include what the company's auditor is required to perform, advise on or other contributions resulting from observations made during this auditing work or while carrying out these assignments. All other work comes under other assignments.

**Operational leasing contracts**

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
Premises	-18,552	-16,209
Fixtures and fittings	-1,524	-1,318
	<b>-20,076</b>	<b>-17,527</b>

**Agreed future charges**

Within one year	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
Premises	-13,584	-16,762
Fixtures and fittings	-1,120	-1,375
	<b>-14,704</b>	<b>-18,137</b>

Between one and five years	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
Premises	-38,660	-37,317
Fixtures and fittings	-724	-1,595
	<b>-39,384</b>	<b>-38,912</b>

After five years	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
Premises	-	-6,543
Fixtures and fittings	-	-
	<b>-</b>	<b>-6,543</b>

**Note 14 Group – Depreciation and writedown of property, plant and equipment and intangible fixed assets**

Depreciation and writedown of property, plant and equipment and intangible fixed assets	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
Capitalised expenditure for development work	-35,182	-29,941
Groupwide goodwill (writedown)	-4,163	-212
Intangible asset, customer base	-3,940	-3,936
Fixtures and fittings	-25,584	-24,299
	<b>-68,869</b>	<b>-58,388</b>

**Note 15 Group – other operating expenses**

Other operating expenses	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
Marketing expenses	-50,526	-93,280
Other	-1,616	-1,959
	<b>-52,142</b>	<b>-95,239</b>

**Note 16 Group – credit losses, net**

Credit losses, net	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
A. Specific reservation for individually valued loan receivables:		
1. Year's write-off of confirmed credit losses	-862	-116
2. Reversed reservations made previously for likely credit losses which are entered as confirmed losses in the accounts for the year	1,359	210
3. Year's reservation for likely credit losses	-8,571	-1,827
4. Deposited for previous year's confirmed credit losses	8	55
5. Reversed, no longer required reservations for likely credit losses	118	622
6. Net expenses for the year	-7,947	-1,056
C. Homogeneous groups of loan receivables, valued groupwide, with limited value and similar credit risk:		
1. Year's reservation for likely credit losses	-1,600	-
<b>Year's net expense for credit losses</b>	<b>-9,547</b>	<b>-1,056</b>
<b>Given borrowers' places of domicile, the company's credit losses are geographically attributable to:</b>		
Sweden	-2,502	-717
Norway	-4,351	408
Denmark	-1,808	-768
Luxembourg	-350	-
Germany	-536	21
	<b>-9,547</b>	<b>-1,056</b>

All credit losses are attributable to receivables for the general public and amount to 0.45% (0.03%) of the book value of the loan receivables at year-end.

## Note 17 Group – taxes

	1 Jan 2008 - 31 Dec 2008		1 Jan 2007 - 31 Dec 2007			
<b>Tax charged to income</b>						
<b>Current tax expense (-)/ tax income (+)</b>						
Current tax on profit/loss for the year	-44,167		-61,212			
<b>Deferred tax expense (-)/ tax income (+)</b>						
Deferred tax related to temporary differences	-201		-967			
Deferred tax expense as a result of the use of previously capitalised tax value of loss carryforward	-		-20,216			
	<b>-201</b>		<b>-21,183</b>			
<b>Tax on profit for the year</b>	<b>-44,368</b>		<b>-82,395</b>			
	1 Jan 2008 - 31 Dec 2008		1 Jan 2007 - 31 Dec 2007			
<b>Reconciliation of current tax</b>						
Profit before tax	182,429		278,702			
Tax at applicable rate for parent company	28.0%	-51,080	28.0%	-78,037		
Effect of other tax rates for Group companies	4.9%	8,878	0.9%	-2,618		
Effect of non-deductible expenses	0.4%	-809	0.2%	-548		
Effect of non-taxable income	0.1%	228	-0.1%	208		
Effect of writedown of groupwide goodwill	0.6%	-1,166	0.0%	-59		
Effect of corrected tax from previous years	-	-	0.2%	-629		
Effect of other	0.2%	-419	0.3%	-712		
<b>Reported effective tax</b>	<b>24.3%</b>	<b>-44,368</b>	<b>29.5%</b>	<b>-82,395</b>		
	Deferred tax assets		Deferred tax liabilities		Net 2008	
Other tax assets	81		-		81	
Property, plant and equipment and intangible fixed assets	-		-9,715		-9,715	
<b>Deferred tax assets and tax liabilities, net</b>	<b>81</b>		<b>-9,715</b>		<b>-9,634</b>	
	Deferred tax assets		Deferred tax liabilities		Net 2007	
Other tax assets	81		-		81	
Property, plant and equipment and intangible fixed assets	-		-12,167		-12,167	
<b>Deferred tax assets and tax liabilities, net</b>	<b>81</b>		<b>-12,167</b>		<b>-12,086</b>	
	Opening balance 1 Jan 2008	Recognised in the income statement	Recognised in equity	Closing balance 31 Dec 2008		
Untaxed reserves	-32,546	-155	-	-32,701		
Other provisions	20,379	-46	2,654	22,987		
<b>Deferred tax assets and tax liabilities, net</b>	<b>-12,167</b>	<b>-201</b>	<b>2,654</b>	<b>-9,715</b>		

As at the balance sheet date, there were no remaining unused tax carryforwards.

Current tax liabilities of SEK 116,188 thousand are attributable to Nordnet Bank AB, the Norwegian branch of Nordnet Bank NUF, Nordnet Pensionsförsäkring AB and Nordnet Securities Luxembourg S.A. This tax will be paid in 2009.

**Note 18 Group – earnings per share**

<b>Earnings per share before dilution</b>	<b>1 Jan 2008 - 31 Dec 2008</b>	<b>1 Jan 2007 - 31 Dec 2007</b>
Profit for the year	138,061	196,307
Weighted average number of outstanding shares before dilution	164,941,468	165,018,878
<b>Earnings per share before dilution</b>	<b>0.84</b>	<b>1.19</b>
<b>Earnings per share after dilution</b>		
Profit for the year	138,061	196,307
Recovery of interest expense after tax with regard to convertible loan	1,449	1,680
<b>Adjusted result</b>	<b>139,510</b>	<b>197,987</b>
Weighted average number of outstanding shares after dilution	169,466,841	169,938,944
<b>Earnings per share after dilution</b>	<b>0.82</b>	<b>1.17</b>
Weighted average number of outstanding shares before dilution	165,018,878	165,018,878
Less weighted average number of own shares bought back	-77,410	-
<b>Total weighted average number of outstanding shares before dilution</b>	<b>164,941,468</b>	<b>165,018,878</b>
Weighted average number of outstanding shares before dilution	165,018,878	165,018,878
Less weighted average number of own shares bought back	-77,410	-
Additional weighted average number of shares in the case of full conversion	4,525,373	4,920,066
<b>Total weighted average number of outstanding shares after dilution</b>	<b>169,466,841</b>	<b>169,938,944</b>

The total number of own shares bought back amounts to 671,254 units, which have been held for approximately 42 days, which is why the weighted average number of bought-back shares amounts to 77,410 units.

The additional weighted average number of shares in the case of full conversion relates to convertible loans. Outstanding subscription options have not been included in the calculation of the average number of outstanding shares as these have no real value.

Conditions for conversion of the convertible loan and the subscription option programme can be found in Note 33.

**Note 19 Group and parent company – state bonds eligible as collateral**

The Swedish State is the issuer of all treasury bills which are listed. State bonds eligible as collateral may be renewed before maturity and thus they are not intended to be permanently utilised or held in the company; this is why they are classified as current assets.

<b>State bonds eligible as collateral</b>	<b>31 Dec 2008</b>	<b>31 Dec 2007</b>
Remaining term		
- up to one month	-	299,570
- one to three months	-	992,044
- more than three months but no more than one year	-	-
<b>Total</b>	<b>-</b>	<b>1,291,614</b>
<b>Average remaining term (years)</b>	<b>-</b>	<b>0.1</b>

**Note 20 Group and parent company – loans to credit institutions**

<b>Loans to credit institutions</b>	<b>31 Dec 2008</b>	<b>31 Dec 2007</b>
Remaining term		
- payable on demand	4,204,171	2,305,513
- max. three months	-	-
- more than three months but no more than one year	-	-
<b>Total</b>	<b>4,204,171</b>	<b>2,305,513</b>
<b>Average remaining term (years)</b>	<b>0.0</b>	<b>0.0</b>

### Note 21 Group and parent company – loans to the general public

Loans to the general public	31 Dec 2008	31 Dec 2007
<b>Loan receivables per category of borrower, Group</b>		
Loan receivables, gross	2,141,049	3,832,780
Of which unregulated loan receivables included in uncertain loan receivables	13,276	4,811
Of which unregulated loan receivables not included in uncertain loan receivables	-	-
Of which uncertain loan receivables	13,276	4,811
Less specific reservations for individually valued loan receivables	-11,676	-4,811
Less groupwide reservations for individually valued loan receivables	-	-
Less reservations for homogeneous groups of loan receivables, valued groupwide	-1,600	-
<b>Loan receivables, net book value</b>	<b>2,127,773</b>	<b>3,827,969</b>
Remaining term		
- up to one month	2,127,773	3,827,969
- one to three months	-	-
- more than three months but no more than one year	-	-
<b>Total</b>	<b>2,127,773</b>	<b>3,827,969</b>
<b>Average remaining term (years)</b>	<b>0.1</b>	<b>0.1</b>

Given borrowers' places of domicile, the company's loan receivables are geographically attributable to:	31 Dec 2008	31 Dec 2007
Sweden	53.6%	45.5%
Norway	25.1%	38.3%
Denmark	15.9%	13.5%
Germany	2.1%	1.4%
Finland	3.3%	1.3%

Loan receivables are distributed as follows:	31 Dec 2008	31 Dec 2007
Entrepreneurial households	93,258	185,193
Other households	818,916	1,252,232
General public overseas	328,395	2,087,485
Non-financial corporate sector	451,110	301,530
Other	436,094	1,529
	<b>2,127,773</b>	<b>3,827,969</b>

Given borrowers' places of domicile, the company's total reserve for anticipated credit losses is geographically attributable to:	31 Dec 2008	31 Dec 2007
Sweden	-4,377	-2,030
Norway	-5,104	-1,018
Denmark	-2,522	-1,145
Germany	-1,273	-618
	<b>-13,276</b>	<b>-4,811</b>

### Note 22 Group – financial assets at fair value

Financial assets at fair value	31 Dec 2008	31 Dec 2007
Shares for trading	6,183	13,627
Other shareholdings	8,899	6,588
	<b>15,082</b>	<b>20,215</b>

"Shares for trading" relates to the analysis service "Experterna".  
"Other shareholdings" relates to temporary holdings in connection mainly with issues of new shares.

### Note 23 Group – available-for-sale financial assets

Available-for-sale financial assets	31 Dec 2008	31 Dec 2007
Shares and participations, unlisted	7,514	158
Shares and participations, listed	650	2,694
	<b>8,164</b>	<b>2,852</b>

"Unlisted holdings" refers mainly to Burgundy AB. Burgundy is a commercial centre – what is known as a Multilateral Trading Facility (MTF) – for Nordic securities planned for launch in the second quarter of 2009.

### Note 24 Group – assets and liabilities in the insurance business

Assets and liabilities in the insurance business	31 Dec 2008	31 Dec 2007
<b>Financial assets where the policyholder bears the investment risk</b>		
Shares and participations	4 306 076	4 729 234
Interest-bearing securities	512 536	395 818
Cash and cash equivalents	1 024 590	916 911
	<b>5 843 202</b>	<b>6 041 963</b>
<b>Liabilities in the insurance business</b>		
Life insurance provision	81 734	77 769
Outstanding claims	2 259	1 629
Fund insurance obligations	55 145	42 665
Conditional bonus	5 706 322	5 921 529
	<b>5 845 460</b>	<b>6 043 592</b>
of which liabilities relating to investment contracts	5 843 335	6 041 842
of which liabilities relating to insurance contracts	2 125	1 557

All assets in the insurance business relate to assets for which policyholders bear direct investment risk. For liabilities in the insurance business with regard to investment contracts, policyholders bear direct investment risk. This means that policyholders receive returns, but also bear the risk involved with assets and liabilities in the insurance business. The Group has no entitlement to the cash flow attributable to invested funds.

Both assets and liabilities are valued in accordance with the category financial assets and liabilities valued at fair value via the income statement. The effect on profit with regard to acquired securities, unrealised changes in value, realised changes in value, interest and dividends received and premiums and changes in liability value are net zero.

## Note 25 Group – intangible fixed assets

Intangible fixed assets	Group goodwill		Goodwill arising from the purchase of assets				Capitalised expenditure for development work		Total	
					Customer base					
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<b>Akkumulerade anskaffningsvärden</b>										
Acquisition value at start of year	224,805	207,011	5,821	5,821	81,103	74,751	128,434	138,426	440,163	426,009
Purchases	-	9,203	-	-	-	-	23,950	53,119	23,950	62,322
Adjusted final acquisition analysis	-2,327	-	-	-	-	-	-	-	-2,327	-
Divestments and disposals	-	-	-	-	-	-	-4,368	-63,241	-4,368	-63,241
Translation differences for the year	-7,762	8,591	-	-	-5,737	6,352	448	130	-13,052	15,073
	<b>214,716</b>	<b>224,805</b>	<b>5,821</b>	<b>5,821</b>	<b>75,366</b>	<b>81,103</b>	<b>148,464</b>	<b>128,434</b>	<b>444,366</b>	<b>440,163</b>
<b>Accumulated depreciation and writedowns</b>										
At start of year	-66,591	-66,591	-212	-	-13,181	-8,410	-50,639	-72,682	-130,623	-147,683
Depreciation for the year	-	-	-	-	-3,940	-3,931	-35,182	-29,946	-39,122	-33,877
Writedowns for the year	-4,163	-	-	-212	-	-	-	-	-4,163	-212
Writedowns for the year	-	-	-	-	-	-	-	-	-	-
Divestments and disposals	-	-	-	-	-	4,348	52,100	4,348	52,100	
Translation differences for the year	-	-	-	-	1,106	-839	-446	-111	660	-950
	<b>-70,754</b>	<b>-66,591</b>	<b>-212</b>	<b>-212</b>	<b>-16,015</b>	<b>-13,181</b>	<b>-81,919</b>	<b>-50,639</b>	<b>-168,900</b>	<b>-130,623</b>
<b>Recognised value at year-end</b>	<b>143,962</b>	<b>158,214</b>	<b>5,609</b>	<b>5,609</b>	<b>59,351</b>	<b>67,922</b>	<b>66,545</b>	<b>77,795</b>	<b>275,466</b>	<b>309,540</b>

The most significant items relating to capitalised expenditure on development work are the investment in the administrative pilot systems and the mostly self-developed Web service. The book value of the administrative pilot systems amounts to SEK 18.0 (27.9) million, and SEK 11.7 (13.1) million for the Web service. Development is taking place constantly, and the amortisation periods are 5 years for the administrative pilot systems and 3 years for the Web service. The average remaining amortisation period is approx. 2.8 (2.9) years for the administrative pilot systems and approx. 1.6 (2.2) years for the Web service.

Other intangible assets relates to the Stocknet customer base, which was identified in connection with the acquisition of Stocknet Securities ASA. The book value amounts to NOK 53.8 (57.2) million. The amortisation period is 20 years, which reflects the assessed utilisation period. The remaining amortisation period is 15.8 (16.8) years.

Amortisation of other intangible assets and capitalised expenditure for development takes place using a linear method.

Capitalised expenditure for development work includes accumulated personnel expenses at a recognised value of SEK 10,098 (19,826) thousand. Acquisition for the year amounts to SEK 8,172 thousand, while amortisation for the year amounts to SEK 17,900 thousand.

### Writedown tests for cash-generating units containing goodwill

Over the years, business and customer relations have been acquired which together have resulted in the size and market position of the Group changing and being reinforced. The acquisitions which have taken place have therefore created the Group we have today, and they are part of the current Group's operations. The book values in Swedish kronor for the Group's remaining goodwill items in respect of cash-generating units are shown below.

The book values for the Group's remaining goodwill items in respect of cash-generating units are shown below.

	31 Dec 2008	31 Dec 2007
AD Aktiedirekt AB	29,697	29,697
Deriva Financial Services AB	6,876	9,203
Nordnet SAK AB	-	4,163
Nordnet Securities Luxembourg S.A.	5,453	5,453
Stocknet Securities AS*	101,936	109,698
	<b>143,962</b>	<b>158,214</b>

\* Groupwide goodwill with regard to Stocknet Securities AS amounts to NOK 92.4 million

The writedown requirement for the Group's cash-generating units is based on calculation of the utility value. This value is based on cash flow forecasts based on future forecasts. The forecast future cash flows are calculated at present value with a discount rate before tax. The utility value of the cash-generating units is made up of the current value of the cash flows. This utility value is compared with the unit's groupwide book value in order to determine whether there is any need for writedown.

The cash-generating units AD Aktiedirekt AB, Nordnet Securities Luxembourg S.A. and Stocknet Securities AS which are included in core business – securities trading on the Internet – amount to approx. 38% of Nordnet's core business. When calculating the utility value of these units, a future cash flow is forecast for core business as a whole, which is why 38% of the current value from this cash flow is distributed proportionally over these three cash-generating units so that they can then be compared with the book values of the respective units.

The utility value of Nordnet SAK AB is calculated by forecasting a future cash flow from business and future forecasts for additional sales in the form of customers who open safe deposits, along with the next income of these safe deposits. As the business has essentially switched to dormant status over the year, a writedown of SEK 4 163 million has taken place.

The utility value of Deriva Financial Services AB is calculated by forecasting a future cash flow from business and future forecasts for increased income from increased trading in derivatives.

The future cash flows used for the core business are based on the Group's strategic plan, which extends until 2011. Cash flows after 2011 will be based on annual growth of 5%. The discount rate is set at 10.8% before tax, which is equivalent to the calculated required return. Important assumptions – i.e. assumptions which have a major effect on cash flows – are assumptions concerning further growth in the number of safe deposits, safe deposit value and net income per safe deposit. A sensitivity analysis has been carried out whereby the discount rate has been changed by 5 percentage points with no writedown requirement arising.

Closing accumulated writedowns of groupwide goodwill amount to SEK -70.8 (-66.6) million.

## Note 26 Group – property, plant and equipment

Property, plant and equipment	31 Dec 2008	31 Dec 2007
<b>Accumulated acquisition values</b>		
At start of year	99,943	123,231
Purchases	9,710	25,277
Divestments and disposals	-7,938	-48,870
Translation differences for the year	551	305
	<b>102,266</b>	<b>99,943</b>
<b>Accumulated depreciation according to plan</b>		
At start of year	-33,556	-55,759
Divestments and disposals	5,413	46,775
Accumulated depreciation/ amortisation according to plan	-25,584	-24,299
Translation differences for the year	-424	-273
	<b>-54,151</b>	<b>-33,556</b>
<b>Recognised value at year-end</b>	<b>48,115</b>	<b>66,387</b>

Accumulated acquisition values includes fees for improvement of someone else's property, amounting to SEK 25,135 [26,622] thousand, which relates to the subsidiary Nordnet Bank AB. The depreciation plan is based on a utility period of 60 months, and the residual value according to plan amounts to SEK 12,701 [20,467] thousand.

A linear method is used when depreciating property, plant and equipment.

## Note 27 Group – other assets

Other assets	31 Dec 2008	31 Dec 2007
Liquid fund receivables	164,061	648,524
Current tax receivables	78,823	73,468
Other	45,492	35,086
	<b>288,376</b>	<b>757,078</b>

Gross liquid fund receivables amount to SEK 2,425,077 [4,464,783] thousand. Other assets are made up entirely of current assets.

## Note 28 Group – prepaid expenses and accrued income

Prepaid expenses and accrued income	31 Dec 2008	31 Dec 2007
Prepaid expenses	20,447	19,478
Accrued interest income	42,338	0
Other accrued income	7,520	9,511
	<b>70,305</b>	<b>28,989</b>

Prepaid expenses and accrued income are made up entirely of current assets.

## Note 29 Group – liabilities to credit institutions

Liabilities to credit institutions relates entirely to a loan of SEK 1.7 (8.3) million from Danske Bank. This loan is running at a variable interest rate of STIBOR 7 days + 1.5% and falls due for final payment on 31 March 2009. The average remaining term is 0.3 (1.4) years.

## Note 30 Group – deposits and borrowing

These amounts relate to borrowing and are defined as the balances of the accounts covered by the depositor guarantee. These amounts relate to the entire balance of the accounts without taking into account the amount restriction applicable to the depositor guarantee. Borrowing is payable in its entirety upon request.

## Note 31 Group – other liabilities

Other liabilities	31 Dec 2008	31 Dec 2007
Liquid fund liabilities	40,405	117,788
Accounts payable	35,357	62,036
Non-invested premiums in the insurance business	1,829	7,288
Other	59,265	88,971
	<b>136,857</b>	<b>276,083</b>

## Note 33 Group – subordinated liabilities

Subordinated liabilities	31 Dec 2008	31 Dec 2007
Interest-bearing subordinated loan – Aston Holding AS	14,000	21,000
Interest-bearing subordinated convertible loan	32,674	27,674
	<b>46,674</b>	<b>48,674</b>

The loan currency is SEK.

### Aston Holding AS

The interest-bearing subordinated loan from Aston Holding AS consists of a loan of an original SEK 35 million. The interest rate is set at STIBOR 6 months + 5.00%, and the loan will run until 31 January 2010. This loan is being repaid at SEK 7.0 million per year.

The lender may declare the capital amount as well as accrued interest due for immediate payment if any of the following conditions arises.

- The borrower fails to fulfil his obligations to the lender in accordance with the loan terms and the company fails to correct this situation within 30 banking days of the lender notifying the borrower of this failure in writing; or
- The borrower is declared bankrupt or goes into liquidation.

The contracts include no terms which will allow the loans to be converted to a conditional capital infusion.

Interest expenses for the year amount to SEK 1,449 (1,913) thousand.

Gross liquid fund liabilities for the year amount to SEK 2,301,243 (3,980,224) thousand. Other liabilities are current liabilities in their entirety; i.e. they fall due for payment within 12 months of the balance sheet date.

## Note 32 Group – accrued expenses and prepaid income

Accrued expenses and prepaid income	31 Dec 2008	31 Dec 2007
Accrued		
- Personnel expenses	27,765	26,718
- Other general administration expenses	21,437	39,738
- Interest expenses	849	1,484
Other interim items	4,626	93
	<b>54,677</b>	<b>68,033</b>

Accrued expenses and prepaid income are current liabilities in their entirety; i.e. they fall due for payment within 12 months of the balance sheet date.

### Subordinated convertible loan

Convertible loan, 2005/2010, of SEK 55 million. The interest rate is set at STIBOR 7 days + 1.20%, and the loan will run until 30 December 2010 insofar as no conversion has taken place prior to this. Conversion of shares may take place from 1 July 2009 to 30 November 2010. The conversion rate is set at SEK 10.05.

Repayment of the loan amount may take place before the due date only if the company is declared bankrupt or goes into liquidation. The company cannot request early payment of the convertible loan.

In the event of liquidation or bankruptcy, the debentures must involve entitlement to payment from the company's assets in accordance with the company's non-subordinated obligations and equally (pari passu) with other subordinated obligations which are not expressly subordinated to this loan.

The debentures not subscribed to by personnel, equivalent to 945,273 shares, were invalidated in 2007. In 2007, debentures equivalent to 995,025 shares were also bought back by the previous CEO. These will be invalidated in 2009.

As a consequence of conversion of the debentures into shares, it must be possible for the share capital to increase by a maximum of SEK 4,527,363, and the number of shares by a maximum of 4,527,363 units.

Interest expenses for the year amount to SEK 3,359 (1,316) thousand.

## Note 34 Group – equity

A list of changes in equity can be found on page 41. As at 21 December 2008, the company owns 671,254 of its own shares, which were acquired for SEK 5,712 thousand over the year.

Over the year, SEK - (-) thousand have been transferred from equity to the income statement, attributable to financial assets for sale.

Share capital amounted to SEK 165,018,878 as at 31 December 2008, distributed over 165,018,878 B shares. All shares give the same entitlement to vote and equal rights to the company's profit and capital.

For the 2008 financial year, the Board proposes a dividend of SEK 0.50 (0.50) per share, equivalent to a total of SEK 82.2 (82.5) million.

This proposed dividend is equivalent to 60% of the profit for the Group after tax and will be presented to the Annual General Meeting on 23 April 2009 for a decision.

Restricted equity amounts to SEK 584,824 (580,633) thousand, while non-restricted equity amounts to SEK 266,940 (231,605) thousand.

	Reserve for translation differences	Reserve for fair value	Total
<b>Opening balance, 1 January 2007</b>	<b>1,990</b>	<b>419</b>	<b>2,409</b>
Translation difference, foreign subsidiary	17,991	-	17,991
Unrealised profit, assets for sale	-	249	249
<b>Closing balance 31 December 2007</b>	<b>19,981</b>	<b>668</b>	<b>20,649</b>
Translation difference, foreign subsidiary	-5,133	-	-5,133
Unrealised loss, assets for sale	-	-1,590	-1,590
<b>Closing balance 31 December 2008</b>	<b>14,848</b>	<b>-922</b>	<b>13,926</b>

## Note 35 Group – pledged assets and contingent liabilities

Other assets	31 Dec 2008	31 Dec 2007
<b>Assets pledged for own liabilities</b>		
State bonds eligible as collateral, etc.	-	702,183
Loans to credit institutions	418,413	1,696
	<b>418,413</b>	<b>703,879</b>
<b>The above assets pledged are attributable to</b>		
Deposits with credit institutions	91,050	351,477
Deposits with clearing organisations	327,363	352,402
	<b>418,413</b>	<b>703,879</b>

Assets pledged for own liabilities consist partly of state bonds eligible as collateral, etc., which have been provided as security for customers' security loans, and for payment to clearing organisations, partly cash and cash equivalents in the form of loans to credit institutions, which have been provided as security for rental contracts, etc. The counterparties in security loan transactions are other credit institutions.

Funds managed on behalf of a third party (client funds account) which are not entered in the balance sheet amount to SEK 487,292 (643,583) thousand.

### Contingent liabilities

There are no contingent liabilities.

## Note 36 Parent Company – net sales

Net sales are made up entirely of internal Group invoicing for both 2008 and 2007.

## Note 37 Parent Company – other external expenses

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
<b>Audit expenses</b>		
Ernst & Young		
Audit assignments	-753	-743
Other assignments	-47	-
	<b>-800</b>	<b>-743</b>

### Note 38 Parent Company – personnel expenses

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
<b>Personnel expenses</b>		
Salaries and fees	-5,384	-12,226
(of which CEO and Board)	(-5,057)	(-12,226)
Payroll overheads	-1,690	-3,781
Pension expenses	-1,692	-1,696
(of which CEO and Board)	(-1,589)	(-1,696)
Other personnel expenses	-392	-176
	<b>-9,158</b>	<b>-17,879</b>

No sick leave has been reported for the parent company as there are only two employees.

Performance-related pay has been paid to the CEO and Group President. See also Note 13.

#### Average number of employees at the parent company over the year

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
Total	2.0	1.0
of whom women	–	–
of whom men	2.0	1.0

All personnel employed by the parent company operate in Sweden.

For other information concerning personnel expenses and remuneration to senior management and the corporate executive, please see Note 13. In 2008, only one employee has received remuneration from the parent company besides the CEO and Group President and the Board. All members of the corporate executive are employees of the sub-subsidiary Nordnet Bank AB.

For information on remuneration to the Board, please see Note 13.

### Note 39 Parent Company – Depreciation and writedown of property, plant and equipment and intangible fixed assets

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
<b>Planned depreciation</b>		
Fixtures and fittings	–	-27
	–	-27

### Note 40 Parent Company – income from participations in Group companies

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
Dividend from subsidiaries	85,000	200,000

### Note 41 Parent Company – other interest income and interest expenses

Interest expenses amounting to SEK 14,934 (1,011) thousand and interest income amounting to SEK 2,669 thousand (1,925) relate to internal Group interest. The remaining amounts relate to external counterparties.

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## Note 42 Parent Company – taxes

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
<b>Tax charged to income</b>		
<b>Current tax expense (-)/ tax income (+)</b>		
Current tax on profit/loss for the year	5,902	8,738
<b>Deferred tax expense (-)/ tax income (+)</b>		
Deferred tax expense as a result of the use of previously capitalised tax value of loss carryforward	-	-3,286
<b>Tax on profit for the year</b>	<b>5,902</b>	<b>5,452</b>

		1 Jan 2008 - 31 Dec 2008		1 Jan 2007 - 31 Dec 2007
<b>Reconciliation of current tax</b>				
Profit before tax		63,726		163,383
Tax at applicable rate for parent company	28.0%	-17,843	28.0%	-45,746
Effect of anticipated dividend	-37.3%	23,800	-34.3%	56,000
Effect of reversal of writedowns in subsidiaries	-	-	2.8%	-4,525
Effect of other non-deductible expenses	0.4%	-248	0.2%	-278
Effect of non-taxable income	-0.3%	193	0.0%	1
<b>Reported effective tax</b>	<b>-9.3%</b>	<b>5,902</b>	<b>-3.3%</b>	<b>5,452</b>

	Deferred tax assets	Deferred tax liabilities	Net 2008
<b>Deferred tax assets and tax liabilities</b>			
Other tax assets	81	-	81
Loss carryforwards	-	-	-
<b>Deferred tax assets and tax liabilities, net</b>	<b>81</b>	<b>-</b>	<b>81</b>

	Deferred tax assets	Deferred tax liabilities	Net 2007
Other tax assets	81	-	81
Loss carryforwards	-	-	-
<b>Deferred tax assets and tax liabilities, net</b>	<b>81</b>	<b>-</b>	<b>81</b>

Change in deferred taxes in temporary differences and unused tax carryforwards	Opening balance 1 Jan 2008	Entered in income statement	Recognised in equity	Closing balance 31 Dec 2008
Use of loss carryforward	81	-	-	81
Change in deferred taxes in temporary differences and unused tax carryforwards	Opening balance 1 Jan 2007	Entered in income statement	Recognised in equity	Closing balance 31 Dec 2007
Use of loss carryforward	3,367	-3,286	-	81

As at the balance sheet date, there were no remaining unused tax carryforwards.

### Note 43 Parent Company – property, plant and equipment

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
<b>Fixtures and fittings</b>		
Accumulated acquisition values		
At start of year	-	209
Purchases	-	-
Sales/disposals	-	-209
	-	-
Accumulated depreciation according to plan		
At start of year	-	-171
Sales/disposals	-	198
Accumulated depreciation according to plan	-	-27
	-	-
<b>Recognised value at year-end</b>	<b>-</b>	<b>-</b>

### Note 45 Parent Company – other receivables

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
<b>Other receivables</b>		
Income taxes recoverable	329	211
Other	502	950
	<b>831</b>	<b>1 161</b>

### Note 44 Parent Company – participations in Group companies

All Group companies are wholly owned. Votes and capital share are the same in all cases.

Name	Co. reg. no.	Headquarters	Profit/loss after tax	Equity	No. shares	Book value
Nordnet Pensionsförsäkring AB	516406-0286	Stockholm	33,463	80,872	285,000	60,000
VCW Internet Services AB	556541-8752	Stockholm	863	4,894	150,003	9,000
- Deriva Financial Services AB	556687-3575	Stockholm				
TeleTrade Solutions AB	556541-9057	Stockholm	33	68,961	3,200,000	68,961
- Nordnet SAK AB	556517-0031	Stockholm				
- Go4us Nordic AB	556576-7323	Stockholm				
Nordnet Family AB	556608-8893	Stockholm	311,631	624,904	142,434	524,213
Nordnet Bank AB	516406-0021	Stockholm	78,808	617,718	480,001	590,000
- TeleTrade Solutions AS	981 023 358	Oslo				
- Stocknet Securities AS	980 527 182	Oslo				
- Stocknet Deutschland GmbH	HRB 5954	Bad Soden am Taunus				
- Nordnet Securities Luxembourg S.A.	B68553	Luxemburg				
Nordnet Securities OY	1917411-5	Helsingfors	0	74	1,000	74
						<b>1,252,248</b>

Over the year, TeleTrade Technology AB and ALLX Financial Marketplace AB have been sold by Nordnet AB to Teletrade Solutions AB, after which they were merged with Teletrade Solutions AB. The companies Nättidningen Dagens Finans AB, AD Aktiedirekt AB, Fondex Sweden AB, Nordnet Holding AB and Nordnet Försäljning have also been merged over the year with Teletrade Solutions AB. The Parent Company has acquired all shares in Nordnet Bank AB over the year as part of an initiative to cultivate the structure of the Group and facilitate the implementation of the aforesaid mergers. Nordnet Försäkringsförmedling AB has changed its name to Nordnet SAK AB over the year.

	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
Accumulated acquisition values		
At start of year	846,176	831,980
Acquisition of Nordnet Bank AB	590,000	-
Sale of ALLX Financial Market Place AB	-1,530	-
Sale of TeleTrade Technology AB	-100	-
Shareholders' contributions, VCW Internet Services AB	-	3,000
Shareholders' contributions, Teletrade Solutions AB	-	11,196
	<b>1,434,546</b>	<b>846,176</b>
Accumulated writedowns and writedowns for the year		
At start of year	-182,298	-166,137
Writedown of shares in VCW Internet Services AB	-	-4,000
Writedown of shares in Teletrade Solutions AB	-	-12,161
	<b>-182,298</b>	<b>-182,298</b>
<b>Recognised value at year-end</b>	<b>1,252,248</b>	<b>663,878</b>

#### Note 46 Parent Company – prepaid expenses and accrued income

Prepaid expenses and accrued income	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
Prepaid pension expenses	110	79
Prepaid company insurance	487	463
Other prepaid expenses	296	340
	<b>893</b>	<b>882</b>

#### Note 47 Parent Company – equity

A list of changes in equity can be found on page 45. As at 31 December 2008, registered share capital included 165,018,878 (165,018,878) B shares with a nominal value of SEK 1.00 per share. Nordnet has acquired in total 671 254 of its own shares in 2008, at a cost of SEK 5,712 thousand. There are 164,347,624 outstanding shares. Restricted reserves refers to share capital amounting to SEK 165,019 (165,019) thousand, a reserve fund of SEK 262,111 (262,111) thousand, an options element of SEK 10,006 (10,006) thousand in the convertible loan and a subscription option premium of SEK 989 (989) thousand, giving a total of SEK 438,125 (438,125) thousand.

#### Note 48 Parent Company – other liabilities

Other liabilities	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
Interest-bearing subordinated loan	14,000	21,000
Interest-bearing subordinated convertible loan	41,883	35,474
Liabilities with credit institutions	1,663	8,331
Other liabilities	288	528
	<b>57,834</b>	<b>65,333</b>

Liabilities with credit institutions and other liabilities are current liabilities, i.e. will fall due for payment within 12 months of the balance sheet date.

For information on interest-bearing subordinated loans, please see Note 33.

#### Note 49 Parent Company – accrued expenses and prepaid income

Accrued expenses and prepaid income	1 Jan 2008 - 31 Dec 2008	1 Jan 2007 - 31 Dec 2007
Accrued payroll overheads	100	233
Accrued holiday pay	212	59
Accrued payroll tax	931	336
Accrued interest expenses	849	944
Accrued personnel expenses	867	11,577
Other accrued expenses	2,752	2,439
	<b>5,711</b>	<b>15,588</b>

#### Note 50 Information concerning purchases and sales between Group companies

Of the total purchases and sales for the parent company, measured in Swedish kronor, 0% of purchases and 100% of sales relate to other companies within the Group.

#### Note 51 Book value and fair value of items in the balance sheet

##### Book value and fair value of items in the balance sheet, Group

The book value matches the fair value for state bonds eligible as collateral, loans to credit institutions, loans to the general public, financial assets at fair value, available-for-sale financial assets, assets in the insurance business, liabilities to credit institutions, deposits and borrowing, liabilities in the insurance business and subordinated liabilities. When valuing state bonds eligible as collateral, the latest purchase rate has been applied. Loans to credit institutions, loans to the general public, liabilities to credit institutions and deposits and borrowing are all at variable interest rates, which is why the fair value is approximated to the book value. The subordinated liabilities are running at STIBOR 7 days or STIBOR 6 months, which is why the fair value is approximated to the book value.

Information on fair value is not provided for intangible fixed assets as this is not a requirement. For these items, the fair value cannot be specified with sufficient reliability, and so no amounts are stated. However, it is the Group's opinion that the fair value can mainly be approximated to the book value.

## Note 52 Fixed interest period

Fixed interest period, Group, 2008	0 – 1 mth	1 – 3 mth	3 – 6 mth	6 – 12 mth	1 – 5 yrs	No fixed int- erest period	Total
State bonds eligible as collateral							-
Loans							
- to credit institutions	4,204,171						4,204,171
- to the general public	2,127,773						2,127,773
Financial assets at fair value						15,082	15,082
Available-for-sale financial assets						8,164	8,164
Other assets						6,525,545	6,525,545
<b>Total</b>	<b>6,331,944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,548,791</b>	<b>12,880,735</b>
Liabilities to credit institutions	1,663						1,663
Deposits and borrowing	5,817,737						5,817,737
Other liabilities	32,674		14,000			6,162,897	6,209,571
Equity						851,764	851,764
	<b>5,852,074</b>	<b>-</b>	<b>14,000</b>	<b>-</b>	<b>-</b>	<b>7,014,661</b>	<b>12,880,735</b>
Difference, assets and liabilities	479,870	-	-14,000	-	-	-465,870	0
Weights	0.00958	0.00833	0.00625	0.00250	0.00000	-	-
<b>Total net interest risk</b>	<b>4,597</b>	<b>-</b>	<b>-88</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,510</b>
<b>Fixed interest period, Group, 2007</b>	<b>0 – 1 mth</b>	<b>1 – 3 mth</b>	<b>3 – 6 mth</b>	<b>6 – 12 mth</b>	<b>1 – 5 yrs</b>	<b>No fixed int- erest period</b>	<b>Total</b>
State bonds eligible as collateral	299,570	992,044					1,291,614
Loans							
- to credit institutions	2,305,513						2,305,513
- to the general public	3,827,969						3,827,969
Financial assets at fair value						20,215	20,215
Available-for-sale financial assets						2,852	2,852
Other assets						7,204,038	7,204,038
<b>Total</b>	<b>6,433,052</b>	<b>992,044</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,227,105</b>	<b>14,652,201</b>
Liabilities to credit institutions	8,331						8,331
Deposits and borrowing	7,286,152						7,286,152
Other liabilities	25,474		21,000			6,499,006	6,545,480
Equity						812,238	812,238
	<b>7,319,957</b>	<b>-</b>	<b>21,000</b>	<b>-</b>	<b>-</b>	<b>7,311,244</b>	<b>14,652,201</b>
Difference, assets and liabilities	-886,905	992,044	-21,000	-	-	-84,139	0
Weights	0.00958	0.00833	0.00625	0.00250	0.00000	-	-
<b>Total net interest risk</b>	<b>-8,497</b>	<b>8,264</b>	<b>-131</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-364</b>

## Note 53 Valuation of assets and liabilities in foreign currency

### Valuation of assets and liabilities in foreign currency, Group

Assets and liabilities have been valued at the rate on the balance sheet date. The total equivalent value in Swedish kronor of foreign currency, divided by assets and liabilities, amounts to:

	2008	2007
Assets		
Loans to credit institutions	1,235,590	693,255
Loans to the general public	1,055,724	2,094,239
Other assets	62,633	715,261
<b>Total assets</b>	<b>2,353,947</b>	<b>3,502,755</b>
Liabilities		
Deposits and borrowing	2,144,786	2,627,942
Other liabilities	193,060	748,218
<b>Total liabilities</b>	<b>2,337,846</b>	<b>3,376,160</b>

The total equivalent value in Swedish kronor of assets and liabilities, divided by currency, is specified in the list below:

	Assets	Liabilities	Net exposure	Exchange rate risk*
<b>2008</b>				
NOK	942,139	979,270	-37,131	-3,713
DKK	440,859	458,564	-17,706	-1,771
USD	208,559	213,724	-5,166	-517
EUR	735,029	659,339	75,691	-7,569
Other	27,362	26,949	412	-41
	<b>2,353,947</b>	<b>2,337,846</b>	<b>16,101</b>	<b>-13,610</b>
<b>2007</b>				
NOK	1,910,997	1,808,325	102,671	-10,267
DKK	642,546	658,103	-15,557	-1,556
USD	679,218	665,003	14,214	-1,421
EUR	224,494	198,050	26,444	-2,644
Other	45,500	46,678	-1,178	-118
	<b>3,502,755</b>	<b>3,376,160</b>	<b>126,595</b>	<b>-16,006</b>

\* Shows the exchange rate risk in the case of an unfavourable exchange rate fluctuation of 10 per cent in the currency in question.

## Note 54 Classification of financial instruments

### GROUP – 2008

Assets	Loan receivables and accounts receivable	Financial assets at fair value	Available-for-sale financial assets	Non-financial assets	Total
State bonds eligible as collateral, etc.			–		–
Loans to credit institutions	4,204,171				4,204,171
Loans to the general public	2,127,773				2,127,773
Financial assets at fair value		15,082			15,082
Available-for-sale financial assets			8,164		8,164
Assets in the insurance business		5,843,202			5,843,202
Intangible fixed assets				275,466	275,466
Tangible assets				48,115	48,115
Deferred tax assets				81	81
Other assets	242,884			45,492	288,376
Prepaid expenses and accrued income				70,305	70,305
<b>Total assets</b>	<b>6,574,828</b>	<b>5,858,284</b>	<b>8,164</b>	<b>439,459</b>	<b>12,880,735</b>
Liabilities		Financial liabilities at fair value	Other financial liabilities	Non-financial liabilities	Total
Liabilities to credit institutions			1,663		1,663
Deposits and borrowing			5,817,737		5,817,737
Liabilities in the insurance business		5,845,460			5,845,460
Other liabilities			75,762	61,095	136,857
Current tax liabilities				116,188	116,188
Deferred tax liabilities				9,715	9,715
Accrued expenses and prepaid income				54,677	54,677
Subordinated liabilities			46,674		46,674
<b>Total liabilities</b>		<b>5,845,460</b>	<b>5,941,836</b>	<b>241,675</b>	<b>12,028,971</b>

### GROUP – 2007

Assets	Loan receivables and accounts receivable	Financial assets at fair value	Available-for-sale financial assets	Non-financial assets	Total
State bonds eligible as collateral, etc.			1,291,614		1,291,614
Loans to credit institutions	2,305,513				2,305,513
Loans to the general public	3,827,969				3,827,969
Financial assets at fair value		20,215			20,215
Available-for-sale financial assets			2,852		2,852
Assets in the insurance business		6,041,963			6,041,963
Intangible fixed assets				309,540	309,540
Tangible assets				66,387	66,387
Deferred tax assets				81	81
Other assets	668,863			88,215	757,078
Prepaid expenses and accrued income	925			28,064	28,989
<b>Total assets</b>	<b>6,803,270</b>	<b>6,062,178</b>	<b>1,294,466</b>	<b>492,287</b>	<b>14,652,201</b>
Liabilities		Financial liabilities at fair value	Other financial liabilities	Non-financial liabilities	Total
Liabilities to credit institutions			8,331		8,331
Deposits and borrowing			7,286,152		7,286,152
Liabilities in the insurance business		6,043,592			6,043,592
Other liabilities			242,668	33,415	276,083
Current tax liabilities				96,931	96,931
Deferred tax liabilities				12,167	12,167
Accrued expenses and prepaid income				68,033	68,033
Subordinated liabilities			48,674		48,674
<b>Total liabilities</b>		<b>6,043,592</b>	<b>7,585,825</b>	<b>210,546</b>	<b>13,839,963</b>

## Note 54 Classification of financial instruments, cont.

### PARENT COMPANY – 2008

Assets	Loans and accounts receivable	Financial assets at fair value	Available-for-sale financial assets	Non-financial assets	Total
Fixtures and fittings				-	-
Participations in Group companies				1,252,248	1,252,248
Other securities held as fixed assets				7,493	7,493
Deferred tax assets				81	81
Receivables with Group companies				21,356	21,356
Other receivables				831	831
Prepaid expenses and accrued income				893	893
Cash and bank balances	18,852				18,852
<b>Total assets</b>	<b>18,852</b>	<b>-</b>	<b>-</b>	<b>1,282,902</b>	<b>1,301,754</b>

Liabilities	Financial liabilities at fair value	Other financial liabilities	Non-financial liabilities	Total
Liabilities to Group companies			582,793	582,793
Other liabilities		57,546	288	57,834
Accrued expenses and prepaid income		849	4,862	5,711
<b>Total liabilities</b>	<b>-</b>	<b>58,395</b>	<b>587,943</b>	<b>646,338</b>

### PARENT COMPANY – 2007

Assets	Loans and accounts receivable	Financial assets at fair value	Available-for-sale financial assets	Non-financial assets	Total
Fixtures and fittings				0	0
Participations in Group companies				663,878	663,878
Other securities held as fixed assets				50	50
Deferred tax assets				81	81
Receivables with Group companies				233,148	233,148
Other receivables				1,161	1,161
Prepaid expenses and accrued income				882	882
Cash and bank balances	13,385				13,385
<b>Total assets</b>	<b>13,385</b>	<b>-</b>	<b>-</b>	<b>899,200</b>	<b>912,585</b>

Liabilities	Financial liabilities at fair value	Other financial liabilities	Non-financial liabilities	Total
Liabilities to Group companies			163,065	163,065
Other liabilities		64,805	528	65,333
Accrued expenses and prepaid income		944	14,644	15,588
<b>Total liabilities</b>	<b>-</b>	<b>65,749</b>	<b>178,237</b>	<b>243,986</b>

## Note 55 Financial conglomerate

Capital requirement for the financial conglomerate	31 Dec 2008
<b>Capital basis</b>	
Equity in the Group	851.8
Less proposed dividend	-82.2
Less intangible fixed assets and deferred tax assets	-275.5
	<b>494.0</b>
<b>Capital requirement</b>	
Capital requirement for regulated units within the banking and securities sector	268.4
Theoretical solvency requirements for non-regulated units within the biggest financial sector	2.0
Capital requirement for regulated units in the insurance sector	21.0
	<b>291.4</b>
<b>Excess capital</b>	<b>202.6</b>
<b>Capital coverage ratio</b>	<b>1.7</b>

The Swedish Financial Supervisory Authority decided in December 2008 that the Nordnet Group is a financial conglomerate. The financial corporate group ceased to exist as a consequence of this. The table above relates to the financial conglomerate consisting of Nordnet AB (publ) and all its subsidiaries. The capital basis of the financial conglomerate has been calculated in accordance with the consolidation method.

Nordnet's objective is for the capital coverage ratio never to fall below 1.25. This is ensured through constant monitoring of the capital coverage ratio and, if so required, results are reviewed by the external auditors over the current financial year. In its internal capital assessment process (IKU), Nordnet has estimated that it requires a further SEK 25.2 million to cover risks other than those included in the capital requirement for the respective sectors. These other risks are mainly IT risks and strategic risks.

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# Five-year review

Group	2008	2007	2006	2005	2004
<b>Income statements, SEK thousands</b>					
Net interest income	251,406	272,056	201,630	123,993	84,271
Net commission	408,475	460,825	421,440	278,173	176,167
Net result of financial transactions	11,722	23,682	5,836	5,209	-3,240
Other revenue	31,124	29,055	32,152	26,773	23,344
<b>Total operating income</b>	<b>702,726</b>	<b>785,618</b>	<b>661,058</b>	<b>434,148</b>	<b>280,542</b>
Operating expenses	-510,750	-505,860	-368,815	-232,585	-172,825
Credit losses	-9,547	-1,056	-113	-1,468	-300
<b>Operating profit</b>	<b>182,429</b>	<b>278,702</b>	<b>292,130</b>	<b>200,095</b>	<b>107,417</b>
Tax	-44,368	-82,395	-85,410	-54,398	-23,470
<b>Profit for the year</b>	<b>138,061</b>	<b>196,307</b>	<b>206,720</b>	<b>145,697</b>	<b>83,947</b>
Of which non-recurring items, depreciation and writedown of goodwill, and tax	60,675	113,895	86,628	54,398	30,577
Operating profit before non-recurring items, depreciation and writedown of goodwill	198,736	310,202	293,347	200,095	114,524
<b>Balance sheets, SEK thousands</b>					
State bonds eligible as collateral, etc.	-	1,291,614	2,391,789	996,000	629,066
Loans to credit institutions	4,204,171	2,305,513	276,503	697,604	222,349
Loans to the general public	2,127,773	3,827,969	3,282,384	2,597,289	1,485,439
Assets in the insurance business	5,843,202	6,041,963	3,376,278	1,041,287	-
Other assets	705,589	1,185,142	750,881	541,493	446,917
<b>Total assets</b>	<b>12,880,735</b>	<b>14,652,201</b>	<b>10,077,835</b>	<b>5,873,673</b>	<b>2,783,771</b>
Liabilities to credit institutions	1,663	8,331	15,000	20,000	20,000
Deposits and borrowing	5,817,737	7,286,152	5,271,879	3,732,439	2,193,884
Liabilities in the insurance business	5,845,460	6,043,592	3,376,771	1,041,287	-
Other liabilities	364,111	501,888	722,772	565,516	228,418
<b>Total liabilities</b>	<b>12,028,971</b>	<b>13,839,963</b>	<b>9,386,422</b>	<b>5,359,243</b>	<b>2,442,302</b>
Equity	851,764	812,238	691,413	514,431	341,469
<b>Total equity and liabilities</b>	<b>12,880,735</b>	<b>14,652,201</b>	<b>10,077,835</b>	<b>5,873,673</b>	<b>2,783,771</b>

# Key figures

GROUP	2008	2007	2006	2005	2004
Operating margin, %	26	35	44	46	38
Profit margin, %	20	25	31	34	30
Investments in tangible assets, SEK millions	9.7	25.3	59.8	13.7	8.5
Investments in intangible assets, SEK millions of which internal development expenses, SEK millions	24.0 8.2	62.3 17.4	33.4 12.2	28.2 9.3	24.7 6.2
Marketing expenses, SEK millions	50.5	93.3	89.4	31.2	18.9
Profit after tax per share before dilution, SEK	0.84	1.19	1.25	0.88	0.53
Profit after tax per share after dilution, SEK	0.82	1.17	1.22	0.87	0.53
Cash flow from ongoing operations per average number of shares	4.13	7.09	7.30	4.52	-0.15
Return on equity, %	17	26	34	34	30
Equity per share, SEK	5.18	4.92	4.19	3.12	2.16
Dividend per share	0.50*	0.50	0.50	0.10	-
Share price, SEK	8.6	19.2	23.9	21.1	7.8
Market capitalisation at end of period, SEK millions	1,413	3,168	3,944	3,482	1,279
Share turnover rate, %	15	24	60	35	49
Equity, SEK millions	851.9	812.3	691.4	514.4	341.5
Capital basis, SEK millions	481.3	385.4	382.9	317.7	174.8
Capital coverage degree, %	-	-	10	11	11
Capital coverage ratio	1.7	1.3	-	-	-
Average number of shares before dilution	164,941,468	165,018,878	165,018,878	165,018,878	158,063,701
Average number of shares after dilution	169,466,841	169,938,944	170,491,514	167,907,214	158,063,701
Number of outstanding shares at end of period	164,347,624	165,018,878	165,018,878	165,018,878	165,018,878
Number of full-time employees at year-end	260	324	238	164	119
* Proposed dividend					
<b>Customer-related key figures</b>					
Number of active accounts at end of period	231,000	184,900	149,500	117,300	101,400
AUM at end of period, SEK billions	39.1	55.1	49.4	36.3	20.9
Average savings capital per active account at end of period, SEK	169,191	297,912	330,437	309,762	206,319
Borrowing at end of period, SEK millions	6,812.7	8,203.1	5,912.8	4,138.4	2,642.9
Lending at end of period, SEK millions	2,127.7	3,828.0	3,282.4	2,597.3	1,485.4
Lending/borrowing, %	29	44	50	57	56
Number of trades per year	11,765,352	9,401,677	8,003,233	5,641,024	3,133,029
Number of trades per trading day	45,780	36,725	31,020	22,122	12,335
Number of trades per active account per year	56.3	56.2	59.7	52.1	42.0
Number of trades per active account per month	4.7	4.7	5.0	4.3	3.5
Average net brokerage per deal closed, SEK	32	43	48	46	52
Average net brokerage per trading day, SEK	2,372,000	2,607,000	2,455,000	1,730,000	975,000
Annual income/average savings capital, %	1.4	1.4	1.5	1.5	1.8
Average annual income per account, SEK	3,342	4,683	4,913	3,990	4,039
Average annual operating expense per account, SEK	-2,412	-3,010	-2,715	-2,119	-2,389
Average annual profit per account, SEK	930	1,673	2,198	1,871	1,650

**GROUP**

<b>Number of active accounts</b>	<b>31 Dec 08</b>	<b>31 Dec 07</b>	<b>Change</b>
Sweden	154,600	123,800	25%
Norway	41,600	34,200	22%
Denmark	13,800	11,100	24%
Finland	9,500	5,100	86%
Germany	9,700	8,800	10%
Luxembourg	1,800	1,900	-5%
<b>Total</b>	<b>231,000</b>	<b>184,900</b>	<b>25%</b>

<b>Savings capital, SEK billions</b>	<b>31 Dec 08</b>	<b>31 Dec 07</b>	<b>Change</b>
Sweden	26.0	34.8	-25%
Norway	5.0	9.5	-47%
Denmark	2.9	4.9	-41%
Finland	1.8	1.3	38%
Germany	1.2	1.5	-20%
Luxembourg	2.2	3.1	-29%
<b>Total</b>	<b>39.1</b>	<b>55.1</b>	<b>-29%</b>

<b>Number of deals closed</b>	<b>2008</b>	<b>2007</b>	<b>Change</b>
Sweden	4,685,600	3,818,700	23%
Norway	3,400,400	2,357,300	44%
Denmark	1,583,600	1,354,300	17%
Finland	1,047,200	654,800	60%
Germany	950,000	1,092,200	-13%
Luxembourg	98,500	124,400	-21%
<b>Total</b>	<b>11,765,300</b>	<b>9,401,700</b>	<b>25%</b>

# Proposal for distribution of profits

## Outlook

Nordnet has a strong market position in the industry and in the countries in which the Group is active, and works constantly to bring about improvements and streamlining. The chances of long-term positive development are deemed to be good.

## Proposal for distribution of profits

The following profits are at the disposal of the Annual General Meeting (SEK):

Profit brought forward	147,964,428
Profit for the year	69,627,263
<b>Total</b>	<b>217,591,691</b>

## The Board proposes the following allocation:

To shareholders, a dividend of SEK 0.50 per share (164,344,624 * 0.50), total	82,172,312
Carried forward to next year	135,419,379
	<b>217,591,691</b>

The proposed dividend to shareholders reduces the capital coverage ratio of the financial conglomerate, of which Nordnet AB (publ) is the parent company, by 0.28 from 1.98 to 1.70. The

capital coverage ratio is satisfactory, given that it has been assessed that the operations of the company and the Group will continue to take place with good profitability. It has been assessed that it will be possible to maintain the liquidity in the company and the Group at an equally satisfactory level. The company's equity includes no unrealised profit or loss due to financial instruments being entered at market value. With reference to the above and otherwise to the best of the Board of Directors' knowledge, the Board of Directors is of the opinion that an all-round assessment of the company's and the Group's financial position justifies the proposed dividend with reference to the requirements such as the nature, scope and risks of the business with regard to the scope of the company's and the Group's equity and the company's and Group operations' consolidation needs, liquidity and position in general.

The undersigned assure that the consolidated and annual accounts have been prepared in accordance with international financial reporting standards (IFRS) as adopted by the EU, as well as with good accounting practice, and give a true and fair view of the Group's and the parent company's financial position and results, and that the Group administration report gives a fair summary of the development of the operations, position and results of the Group and the parent company, as well as describing significant risks and uncertainty factors facing the companies which form part of the Group.

Stockholm, 18 March 2009

Claes Dinkelspiel  
Chairman of the Board

Annica Axelsson

Bengt Baron

Bo Mattsson

Nils Nilsson

Tom Dinkelspiel

Ulf Dinkelspiel

Carl-Viggo Östlund  
Chief Executive Officer

Our audit report has been submitted on 18 March 2009.  
Ernst & Young AB

Björn Fernström  
Authorised public accountant

# Audit report

## **To the Annual General Meeting of Nordnet AB (publ), company registration number 556249-1687**

We have audited the annual report, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Chief Executive Officer of Nordnet AB (publ) for the 2008 financial year. The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 35–83. The Board and the Chief Executive Officer are responsible for the accounting records and the administration of the company, as well as for the application of the Annual Accounts Act when compiling the annual accounts, as well as for the application of International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. These standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the Board of Directors and Chief Executive Officer, as well as evaluating any significant valuations made by the Board and Chief Executive Officer in preparing the annual accounts and consolidated accounts and evaluating the overall presentation of information in the annual accounts and consolidated accounts.

As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any Board member or the CEO. We also examined whether any Board member or the Chief Executive Officer has in any other way acted in contravention of the Swedish Companies Act, the Banking and Financing Act, the Annual Accounts Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association of the company. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual report has been prepared in accordance with good accounting practice and provides a true and fair picture of the financial position and result of the parent company in accordance with good accounting practice in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards (IFRS) as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies and give a true and fair view of the Group's financial position and results of operations. The administration report is consistent with other parts of the annual accounts and the consolidated accounts.

We recommend that the Annual General Meeting adopt the parent company's income statement and balance sheet, and the consolidated income statement and the consolidated balance sheet, that the parent company's profits be dealt with in accordance with the proposal in the Directors' Report, and that the members of the Board and the Chief Executive Officer be discharged from liability for the financial year.

Stockholm, 18 March 2009

Ernst & Young AB

Björn Fernström  
Authorised public accountant

# Definitions

## Definitions, general

**Active account:** An account (safe deposit) for cash and cash equivalents and/or securities.

**Return on equity:** Profit (after tax) in relation to average equity over the period.

**Deal closed:** A registered transaction on the stock exchange or in the marketplace. Orders placed sometimes involve several deals closed.

**Market capitalisation:** The number of outstanding shares multiplied by the share price.

**Equity per share:** Equity in relation to the number of shares at the end of the period.

**Average number of shares after dilution:** A weighted average of shares outstanding over the year plus potential new shares in accordance with IAS 33.

**Average number of shares before dilution:** A weighted average of shares outstanding over the year in accordance with IAS 33.

**Borrowing:** Borrowing including borrowing attributable to liabilities in the insurance business.

**Net brokerage income:** Commission income per deal closed, less commission expenses and non-closed deal-related net commission income.

**Net savings:** Deposits, less withdrawals, of cash and cash equivalents and securities.

**Earnings per share before and after dilution:** Profit (after tax) in relation to the average number of shares over the period before and after dilution.

**Operating expenses:** Expenses for operations, excluding credit losses and writedown of goodwill.

**Operating margin:** Operating profit in relation to operating income.

**Total savings capital:** Total of cash and cash equivalents and market capitalisation of securities for all active accounts.

**Development expenses:** Relates to both internal development and externally financed development of the trading systems and other applications which generate economic benefits in the long term.

**Profit margin:** Profit (after tax) in relation to operating income.

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