Nordnet AB (publ)

Year-end report

January–December 2018

Nordnet

Financial results in brief

October-December

Income
SEK 347.5 million
(333.1)

Expenses[1]
SEK -301.4 million
(-279.0)

Operating profit
SEK 46.2 million
(54.1)

New customers
23,400
(29,100)

Net savings
SEK 1.4 billion
(4.0)

Number of trades
6,984,500
(6,944,200)

January—December

Income
SEK 1,310.4 million
(1,244.1)

Expenses[1]
SEK -1,158.9 million
(-996.8)

Operating profit
SEK 151.6 million
(247.3)

New customers
95,900
(102,500)

Net savings
SEK 23.5 billion
(17.3)

Number of trades
26,119,800 trades
(26,181,300)

[1] Total expenses including credit losses

Highlights during the quarter

Acquisition of Netfonds – creating Norway's leading digital bank for savings and investments

Trading record in October and the strongest quarter ever in terms of income

One million active accounts on a Nordic basis and 100,000 customers in Denmark

Nordnet's stock lending program wins an award for the "Savings Innovation of the Year"

Stockbroker of the Year in Denmark

Nordnet, 31 December 2018

Savings capital
SEK 286 billion
(272)

Lending[1]
SEK 13.7 billion
(11.4)

Customers
765,200
(669,300)

Number of accounts
1,016,300
(884,500)

[1]Excluding lending against pledged cash and cash equivalents

This is Nordnet

Nordnet is a digital bank for savings and investments with operations in Sweden, Norway, Denmark and Finland. With user-friendliness, availability, a broad offering and low prices, we give our customers the opportunity to realize their savings ambitions.

Vision

Our vision is for our customers to be the best investors they can be, whether they are experienced traders or beginners, are knowledgeable or need guidance, wish to spend hours on their investments every day or simply review their savings a few minutes a week.

Our business areas

Savings and investments

Nordnet's core business is savings and investments. Our customers can save and invest in different types of securities at low fees in seven markets.

User-friendliness, stability and speed are important parameters as we develop our trading platforms, whether in the form of websites, mobile apps or more advanced applications. The less-active savers can also use our digital advisory services, including Robosave, Fund Advisor and Nordnet Smart Portfolios

Nordnet operates the Nordic region's largest social investment network Shareville, with more than 200,000 members. Here, members can be inspired by, and follow, how other investors act, receiving notifications when these investors make changes in their portfolios.

Pension

In Sweden, Norway and Denmark, we offer pension savings without fixed fees and with a wide range of investment opportunities. In Sweden, we have the most complete pension solution for individuals and companies.

Loans

Nordnet offers three kinds of loans: personal loans (unsecured loans), margin lending, and residential mortgages. Personal loans are available on the Swedish market, both via Nordnet's own brand and under the trade name Konsumentkredit. Margin lending with securities as collateral is available in all four of our markets and allows our customers to borrow against their securities, increasing their investments. Our residential mortgages target the Private Banking segment and are available in the Swedish market.

Comments from the CEO

"From an income perspective, the period October-December was our strongest quarter ever. Customer growth remains strong and we welcomed more than 23,000 new customers during the quarter, and passed the one million active accounts milestone. The shaky and declining stock market is, however, affecting the willingness of savers to invest new capital in the market."

The final quarter of the year was an intensive period for both private savers and Nordnet. The stock market has been volatile and altogether strongly negative – the stock exchanges in Sweden, Norway and Finland all declined by 15 percent during the period. With a decline of 9 percent, Denmark managed slightly better in this context. Behind the negative development are factors such as interest rate increases, economic worry, trade wars, Brexit and political unrest in the EU.

The savers have not passively followed the developments from the stands, but instead reviewed their investments to a record extent. In total, our customers made almost seven million trades during the quarter, which is the highest ever for one quarter. The shares our customers have invested most in during the period are investment companies, banks and oil companies.

Nordnet's own agenda has been at least as rich in content as the savers'. In October, we launched a stock lending program where our Swedish savers are given the opportunity of extra returns on their shares. The returns are created through lending of the shares to global investment banks, for example. The compensation the borrowers pay is divided equally between us and our customers, less the agent's fee. I am very proud of this product and see it as a financial innovation – we give the savers the opportunity for a third kind of return on their shareholdings, in addition to positive value changes and dividends. Briefly after launch, we were given the prestigious award "Savings Innovation of the Year" by the magazine Privata Affärer for the stock lending program. During the quarter, we were also named the "Stockbroker of the Year" by the Danish Shareholders' Association. This award is extra enjoyable since it's based on the private savers' own ratings of the quality of the actors who offer trading in shares and funds in the Danish market.

Our new asset management product Smart Portfolios has been introduced in all countries. The concept is based on modern portfolio management in cooperation with JP Morgan, combined with a digital advice model developed by Nordnet. The foundation of Smart Portfolios is three funds with different risk levels – Nordnet Smart 5, 10 and 15. The funds invest in a large number of indexes in the asset classes of shares, fixed interest products, commodities, real estate and credits. What is smart in the funds is that they redistribute between the assets depending on how the market acts, so that you as a customer will keep an even risk level in your savings. As a customer, you get an asset distribution calculated on volatility instead of a static proportion of shares and fixed interest products, and a risk that fits your own investment profile. With Smart Portfolios, we have our sights set on becoming relevant to a larger customer group. We see this as a position shift, from mainly having been an alternative for those who want to make their own investment decisions to also offering active guidance and concrete financial advice.

In December we announced the acquisition of the Norwegian bank Netfonds, one of the leading players in the Norwegian market for electronic securities trading. Netfonds was Norway's first online broker at the beginning in 1996, and just like Nordnet challenged structures and traditional banks for many years. In 2017, Netfonds made a pre-tax profit of NOK 42 million, had around NOK 17 billion in savings capital and today offers trading in a broad range of securities to more than 80,000 registered customers in Norway and Sweden. With this deal, we solidify and develop our position in

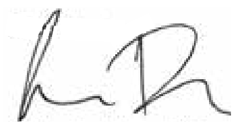
the Norwegian savings market. The deal is currently awaiting approval by the Norwegian Financial Supervisory Authority, which is expected to be obtained by 31 March at the latest. This will be followed by integration efforts where we want to take the best from Netfonds and combine it with the best from Nordnet. Our goal is to build Norway's best user experience in savings and investments with Nordnet's web service and brand as a basis. The plan is for our shared customers to use the same platform beginning in summer 2019.

From an income perspective, the period October-December was our strongest quarter ever. Total income amounted to SEK 348 million, an increase of 4 percent compared with the same quarter of 2017, and profit before tax was SEK 46 million. Expenses for the quarter amount to more than SEK 300 million in total, but are encumbered by non-recurring costs related to both savings initiatives carried out in the autumn and the acquisition of Netfonds. Underlying expenses decreased during the year. On a full-year basis, our costs have been higher than before due to investments in IT, product development and marketing. We look forward to a return to a more normalized cost level.

The shaky and declining stock market is affecting the willingness of savers to invest new capital in the market. Net savings during the quarter are relatively low in the context, but positive at around SEK 1.5 billion. Customer growth remains strong, however, and we welcomed more than 23,000 new customers during the quarter, and passed the one million active account milestone.

Altogether, I think we can look back on a quarter where we took a number of steps towards our vision by the right tools, information and inspiration making it possible for our customers to make good investments. Welcome to join us on our journey. Invest in yourself. Take control of your savings and get more to live for.

Best regards



Anders Danielsson, Acting CEO
@CEONordnet

Operations

Operations

Development of the stock market

The final quarter of the year was turbulent the world over and we have to go all the way back to the 2008 financial crisis to find similarly poor figures. A decade of a growth market with strong belief in the future shifted in the quarter to uncertainty where the market is pricing in a significant risk of a recession. The escalation between China and the U.S., the risk of a trade war and political unrest in the EU with Brexit at the forefront egged the worry on during the quarter and make the future hard to predict. Underlying indicators and many analyst firms have a more optimistic view, however, and predict a year of positive development after a period of over-reaction in the market.

The quarter resulted in negative figures in virtually all asset classes. The American S&P 500 closed their first negative full-year in 10 years and the Nordic general indexes all declined sharply.

Sweden

Riksbanken (Sweden's central bank) decided to raise the key interest rate although inflation did not reach the expectations. Real wages are growing slowly and the recoil in home prices does not seem to be occurring. Swedish OMXS30 dropped 15.5 percent during the quarter.

The most net sold share among Nordnet's customers was MTG (-12%). Among the most net bought, we find several investment companies, such as Investor (-8,5%), Kinnevik (-20%) and Latour (0%).

Norway

Norway's economy is flourishing compared with their Nordic neighbours. Unemployment dropped further during the quarter, growth is being fueled by investments in oil, infrastructure and rising real wages. In September, the central bank raised the key interest rate for the first time in seven years. Norwegian OBX dropped 15.5% during the quarter, however.

The most net sold share among Nordnet's customers was Vestas (+16.5%). The most net bought shares were oil companies, such as Norsk Hydro (-19%) and Equinor (-20%).

Denmark

During the year, Denmark has the lowest growth since the European debt crisis in 2012. Despite the decreasing unemployment, rising home prices and low inflation. Among the Nordic share indexes, the Danish OMXC20 managed relatively well will a decline of 8.8 percent during the quarter.

The most net sold share among Nordnet's customers was Vestas (+16.5%) and most net bought was Danske Bank (-25%).

Finland

Finland is managing well with a stable house market, strengthened consumer confidence that is driving up private consumption and an export that is not appreciably affected by either Brexit or worry about a trade war. Finnish OMXH25 dropped 14.5 percent during the quarter, however.

The most net bought sector among Nordnet's customers was finance and insurance with Nordea (-24%) and Sampo (-13%). The net most sold share was Nokia (+4.5%).

Customers and savings

As at 31 December, the number of active customers with Nordnet was 765,200 (669,300), corresponding to an increase of 14 percent compared with a year earlier.

Our customers' total savings capital amounted to SEK 286 billion (272), an increase of 5 percent compared with the end of December the previous year.

Net savings for the period January–December 2018 amounted to SEK 23.5 billion (17.3). Calculated in relation to savings capital as at the end of December

2017, net savings for the past 12 months correspond to 9 percent.

Nordnet customers made an average of 105,600 trades (105,100) per day during the period January–December, an increase of 0.4 percent compared with January–December 2017.

Lending

Lending excluding lending against pledged cash and cash equivalents was up by 20 percent compared with 12 months ago, amounting to SEK 13.7 billion (11.4).

Nordnet offers three types of lending – loans with securities as collateral, personal loans and mortgage. Nordnet has well-developed procedures for managing credit risk in these products.

Residential mortgages are offered only to natural persons in Sweden, with a tenant-owner apartment or single-family home situated in Sweden as collateral. The maximum loan-to-value ratio permitted for a mortgage to be granted is 50 percent. The credit risk in this part of Nordnet's lending is considered to be lower than the credit risk within Nordnet's other lending products.

Number of customers and accounts	**31/12/2018**	**30/9/2018**	**30/6/2018**	**30/3/2018**	**31/12/2017**
Customers	765,200	741,800	718,000	698,500	669,300
Whereof personal loans	27,000	27,400	27,700	27,600	27,700
Accounts	1,016,300	982,400	949,800	923,300	884,500

Net savings and savings capital (SEK billion)	**31/12/2018**	**30/9/2018**	**30/6/2018**	**30/3/2018**	**31/12/2017**
Net savings	1.4	4.9	5.6	11.5	4.0
Savings capital	285.5	323.9	310.5	287.2	272.4

Number of trades	**31/12/2018**	**30/9/2018**	**30/6/2018**	**30/3/2018**	**31/12/2017**
During the period (quarter)	6,984,500	6,413,900	5,976,200	6,745,200	6,944,200
On average per day	113,600	98,700	101,300	108,800	111,100

Lending (SEK billion)	**31/12/2018**	**30/9/2018**	**30/6/2018**	**30/3/2018**	**31/12/2017**
Margin lending [1]	5.6	5.7	5.6	5.6	5.4
Personal loans	4.0	4.0	3.9	3.8	3.7
Mortgage	4.2	4.0	3.6	3.2	2.4
Total	**13.7**	**13.6**	**13.1**	**12.6**	**11.4**

[1]Excluding borrowing against pledged cash and cash equivalents

Similar to residential mortgages, personal loans are offered only to natural persons in Sweden. Nordnet applies a tried and tested scoring model to assess the credit risk of private individuals applying for credit. The model assesses the risk associated with each loan application and provides the basis for approval and pricing. The credit risk in these lending operations is to be considered higher than in Nordnet's other operations, although this is matched by higher interest margins.

Net profit

Group

October-December 2018

Operating income in the fourth quarter of the year increased by 4 percent, amounting to SEK 347.5 million (333.1). Net interest income increased by SEK 1.0 million, with greater volumes in residential mortgages and margin loans contributing to increased net interest income, although this was offset by a lower return on surplus liquidity due to zero and negative interest rates in several currencies. Net commission income rose by SEK 11.0 million, as non-transaction-related income rising due to increased volumes in Nordnet Markets and increased mutual fund savings.

Operating expenses before credit losses rose by 9 percent compared with the fourth quarter the previous year and amounted to SEK 296.6 million (271.6). This is mainly attributable to initiatives in IT development, digital presence and increased marketing expenses. Expenses for office space as a result of the new head office increased compared with the fourth quarter of the previous year. Expenses for depreciation and amortization also increased. Acquisition expenses of SEK 16 million attributable to the acquisition of Netfonds AS were charged to profit. In the same period in 2017, SEK 12 million attributable to a restructuring of operations with an increased focus on automation and IT development was charged to profit.

Operating profit decreased by 15 percent to SEK 46.2 million (54.1), and the operating margin was 13 percent (16). Profit after tax for the period decreased by 24 percent to SEK 38.9 million (51.1), resulting in a profit margin of 11 percent (15).

Operating income excluding transaction-related net commission income for the quarter rose by 8 percent compared with the same quarter in the preceding year. Cost coverage, i.e. operating income excluding transaction-related net commission income in relation to expenses, amounted to 74 (74) percent.

January – December 2018

Operating income for the period January–December increased by 5 percent and amounted to SEK 1,310.4 million (1,244.1). Net interest income decreased by SEK 8.7 million, with greater volumes in residential mortgages and margin loans contributing to increased net interest income, although this was offset by a lower return on surplus liquidity due to zero and negative interest rates in several currencies. Net commission income rose by SEK 55.5 million, which is explained by non-transaction-related income rising due to increased mutual fund savings and greater volumes in Nordnet Markets.

Operating expenses before credit losses rose by 17 percent compared with January–December 2017 and amounted to SEK -1,122.9 million (-961.5). This is mainly explained by increased investments in IT development, CRM and digital presence in various channels, as well as higher expenses for marketing and sales staff. The expenses for depreciation, amortization and impairment increased as a result of depreciation and amortization for investments in the new head office beginning and impairment related to the concluded cooperation with IPsoft. Expenses for office space as a result of the new head office also increased compared with the previous year. Acquisition expenses of SEK 16 million attributable to the acquisition of Netfonds AS were charged to profit. In the 2017, SEK 34 million attributable to a restructuring of operations with an increased focus on automation and IT development was charged to profit.

Operating profit decreased by 39 percent to SEK 151.6 million (247.3), and the operating margin was 12 percent (20). Profit after tax for the period decreased by 41 percent to SEK 126.5 million (212.8), resulting in a profit margin of 10 percent (17).

Operating income excluding transaction-related net commission income for the period rose by 10 percent compared with the period January–December 2017. Cost coverage, i.e. operating income excluding transaction-related net commission income in relation to expenses, amounted to 73 (77) percent.

Parent Company

January — December 2018

The Parent Company is a holding company and conducts no operations beyond its role as the owner of Nordnet Bank AB, Nordnet Pensionsförsäkring AB and the Group's other companies. Operating income for January—December 2018 amounted to SEK 0.5 million (19.2) and relates to Group-internal administrative services. Profit from financial investments amounted to SEK 7.0 million (107.7) and consisted primarily of Group contributions and a small part of interest expenses.

The Parent Company's profit after financial items for the period January—December 2018 amounted to SEK 0.0 million (101.9). The Parent Company's cash and cash equivalents amounted to SEK 23.3 million (48.9), and its equity to SEK 1,110.4 million (1,211.9).

Development in our markets

Sweden

During the period January-December, income in our Swedish operations increased by 4 percent compared with the same period last year, mainly attributable to larger volumes in residential mortgages, commission from increased mutual fund savings and income from Nordnet Markets. The total income is held back by lower returns on surplus liquidity, however. Expenses increased by 14 percent, due to expanded initiatives in automation, IT development, digital presence in various channels and an expanded sales force. Marketing expenses also increased. The operating margin was 16 percent (23) percent.

Nordnet in Sweden had 326,000 (302,700) active customers as at the end of December 2018, which corresponds to an increase of 8 percent in the last 12-month period. Net savings for the period January—December amounted to SEK 9.4 billion (1.2). Calculated in relation to savings capital as at the end of December 2017, net savings for the past 12 months correspond to 8 percent.

In December, Nordnet was awarded the "Savings Innovation of the Year" by the largest personal finance magazine in the Nordic region, Privata Affärer. The background of the award is the stock lending program that Nordnet presented in October. The stock lending programme means that all Swedish customers with endowment insurance are given the opportunity of extra returns on the stocks they have invested in. The return is created by Nordnet lending out the shares to external parties, such as global investment banks.

The number of trades during the period January-December 2018 decreased by 1 percent compared with 2017.

Nordnet's residential mortgages, focused on the private banking segment, amounted to SEK 4.2 billion (2.4) at the end of December. Margin lending decreased by 3 percent compared with the previous year, amounting to SEK 2.0 billion (2.1) at the end of December. In the Swedish market, Nordnet also offers personal loans (unsecured loans) under the product names Nordnet Toppenlånet and Konsumentkredit. At 31 December 2018, 27,000 customers (27,700) were using this product. The total lending volume was SEK 4.0 billion (3.7), with an interest income of about 5.7 percent after adjustment for loan brokering. During the year, the lending volume for personal loans to Nordnet's customers increased by 9 percent compared with the start of the year.

Frida Bratt was recruited as the new savings economist during the quarter and succeeds the former savings economist Joakim Bornold. Frida worked most recently at the newspaper Expressen, as a reporter and private finances expert. Frida will start to work at Nordnet on 25 January 2019.

Norway

During the period January—December, income for Nordnet in Norway rose by 14 percent, mainly due to increased commission income from savings capital in mutual funds and improved net interest income related to increased lending and positive returns on surplus liquidity. Expenses increased by 17 percent, due to expanded initiatives in automation, IT development, digital presence in various channels and an expanded sales force. Marketing expenses also increased. The operating margin amounted to 6 percent (9) during the period January—December.

Invest in yourself.

Take control of your savings and get more to live for.

In December, Nordnet announced that it would acquire the Norwegian bank Netfonds and form Norway's leading digital bank for savings and investments. Netfonds is one of the largest players in the Norwegian market for digital securities trading, and was Norway's first online broker at the beginning in 1996. The company offers trading in a wide range of securities to more than 80,000 registered customers in Norway and Sweden. Netfonds has a total of NOK 17 billion in savings capital and in 2017, made a pre-tax profit of NOK 42 million.

The number of trades in the period January-December rose by 6 percent compared with the corresponding period in 2017. Net savings for the period January–December amounted to SEK 3.3 billion (5.3). Calculated in relation to savings capital as at the end of December 2017, net savings for the past 12 months correspond to 10 percent.

As at 31 December 2018, the number of active customers in Norway amounted to 110,900 (97,900), which corresponds to customer growth of 13 percent over the past 12-month period.

We are continuing to broaden our customer offering and reaching out to additional target groups. In November, Nordnet Smart Portfolios were launched in the Norwegian market. The smart portfolios are based on

Profit per country

January-December	Sweden		Norway		Denmark		Finland		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Operating income	671.2	646.0	212.7	186.9	230.0	239.3	196.6	171.9	1,310.4	1,244.1
Operating expenses	-527.7	-462.4	-200.3	-170.6	-193.6	-156.4	-201.2	-172.1	-1,122.9	-961.5
Profit before credit losses	**143.5**	**183.6**	**12.4**	**16.3**	**36.3**	**82.9**	**-4.7**	**-0.3**	**187.6**	**282.6**
Credit losses	-34.6	-35.3	-0.5	-0.2	-0.7	0.2	-0.3	-0.1	-36.0	-35.3
Operating profit	**108.9**	**148.4**	**11.9**	**16.2**	**35.7**	**83.1**	**-4.9**	**-0.3**	**151.6**	**247.3**
Operating margin	**16%**	**23%**	**6%**	**9%**	**16%**	**35%**	**-3%**	**0%**	**12%**	**20%**
Number of customers	326,000	302,700	110,900	97,900	100,100	84,900	228,200	183,800	765,200	669,300
Number of accounts	473,100	431,500	158,400	132,800	128,100	109,800	256,700	210,400	1,016,300	884,500
Net savings (SEK billion)	9.4	1.2	3.3	5.3	7.6	8.8	3.3	2.0	23.5	17.3
Savings capital (SEK billion)	127.5	122.3	35.1	33.9	60.9	57.3	61.9	59.0	285.5	272.4
Number of trades	13,547,400	13,711,200	4,211,100	3,978,100	4,009,500	4,245,400	4,351,800	4,246,600	26,119,800	26,181,300
Margin lending[1] (SEK billion)	2.0	2.1	0.7	0.7	1.2	1.2	1.6	1.4	5.6	5.4
Personal Loans (SEK billion)	4.0	3.7							4.0	3.7
Mortgage (SEK billion)	4.2	2.4							4.2	2.4

[1]Lending excluding pledged cash and equivalents

modern asset management and have been created together with JP Morgan, combined with a digital advice model developed by Nordnet.

Margin lending amounted to SEK 0.7 billion (0.7), an increase of 11 percent in 12 months.

Denmark

During the period January–December, income in our Danish operations decreased by 4 percent. Nordnet Markets and income from third parties contribute positively to earnings, but are weakened by a lower net interest income related to negative returns on surplus liquidity. Expenses increased by 24 percent. The increase in expenses was due to expanded initiatives in IT development, CRM and digital presence in various channels and increased marketing expenses. Expenses for a larger workforce in sales also increased. The operating margin was 16 percent (35) percent.

The customer base is steadily increasing in the Danish market and in the fourth quarter, we surpassed more than 100,000 customers. The number of active customers as at the end of December 2018 amounted to 100,100 (84,900), an increase of 18 percent over the past 12 months.

Net savings for the period January–December amounted to SEK 7.6 billion (8.8). Calculated in relation to savings capital as at the end of December 2017, net savings for the past 12 months correspond to 13 percent.

The number of trades during the period January–December 2018 decreased by 6 percent compared with the corresponding period the previous year.

In November, Nordnet was named the Stockbroker of the Year in Denmark. The award is given out annually by the Danish Shareholders' Association (equivalent to the Swedish Shareholders' Association) and is based on a questionnaire where the members in the organisation rate Danish stockbrokers and banks in various respects. Nordnet received the highest ratings of all brokers and banks in the category of customer satisfaction.

Margin lending decreased by 1 percent compared with the previous year, amounting to SEK 1.2 billion (1.2) at the end of December.

Finland

During the period January–December, income in our Finnish operations increased by 14 percent, mainly due to increased transaction-related commission income and increased income from currency exchange related to trading in foreign securities. Income from Nordnet Markets and increased mutual fund savings contribute further, while lower interest rates, with a negative return on surplus liquidity, are holding back income.

Expenses increased by 17 percent. The increase in expenses was due to expanded initiatives in IT development, CRM and digital presence in various channels. Marketing expenses also increased. The operating margin was a negative 3 percent (0).

The number of active customers as at the end of December was 228,000 (183,800), corresponding to an increase of 24 percent compared with the end of December 2017.

Nordnet's Finnish savings podcast #rahapodi was named the Best Corporate Podcast of the Year by the leading podcast collective Jakso.fi. #rahapodi was also ranked as one of the five best podcasts in Finland by 11,000 votes. Nearly 150 episodes have been recorded of the popular podcast under the leadership of Nordnet's savings economist Martin Paasi and Miika Luukonen, Head of Business Sales.

Net savings for the period January–December amounted to SEK 3.3 billion (2.0). Calculated in relation to savings capital as at the end of December 2017, net savings for the past 12 months correspond to 6 percent. The number of trades among Finnish customers during the period January–December increased by 2 percent compared with the corresponding period the previous year.

Margin lending amounted to SEK 1.6 billion (1.4), an increase of 14 percent in 12 months.

Nordnet Smart Portfolios were also launched in the Finnish market during the quarter.

Financial position

Nordnet's deposit surplus is mainly invested in covered bonds, sovereign securities, the Swedish Riksbank, the

Danish National Bank and the Nordic banking system. Consolidated cash and cash equivalents at the end of December amounted to SEK 1,675.6 million (664.9), of which frozen assets were SEK 91 million (82). In addition, interest-bearing investments were held with a total fair value of SEK 20,161.8 million (13,955.3).

Consolidated equity amounted to SEK 1,979.6 million (2,021.6).

For the financial conglomerate in which NNB Intressenter AB[1] is the parent company, the asset base amounted to SEK 1,455.8 million (1,504.7) and total risk exposure amounts to SEK 8,510.5 million (8,648.2). As at the end of the period, the capital ratio was 17.1 percent, compared with 17.4 percent at the same time last year.

Cash flow

In the fourth quarter, cash flow from operating activities was affected positively by increased liquidity on customer deposits of SEK 1.9 billion. Cash flow from operating activities was also affected by SEK 0.2 billion due to lower lending. During the quarter, cash flow in investing activities was negative due to purchases of bonds and other fixed-income securities for SEK 1.2 billion.

Employees

As of 31 December 2018, Nordnet had 523 full-time employees (474). Full-time employees include temporary employees but not employees on parental or other leave. The average number of full-time positions for the period January–December was 510 (426).

Anders Danielsson took office as the acting CEO on 2 October, and thereby succeeded former CEO Peter Dahlgren. A search process for a permanent CEO is in progress. Anne Buchardt, Country Manager for Denmark, and Rasmus Järborg, Chief Product Officer, took office during the quarter, and are a part of Nordnet's management team.

Events after 31 December 2018

The Group is planning to merge Nordnet AB (publ) and NNB Intressenter AB in March 2019. Therefore, an annual report for NNB Intressenter AB only is being prepared for 2018.

At the extraordinary general meeting on 24 January, Karitha Ericson was elected a new Board member of Nordnet Bank AB. Karitha is currently the COO and Vice President at Grant Thornton. Before this, Karitha held senior positions in HR at EQT and SEB, among others.

[1] For more information, see Note 7

Signatures

The Board and CEO provide their assurance that this year-end report for the period January–December 2018 provides an accurate overview of the operations, position and earnings of the Group and the Parent Company, and that it also describes the principal risks and sources of uncertainty faced by the Parent Company and the companies within the Group.

This report has not been reviewed by the Company's auditors.

Stockholm 01 February 2019

Hans Larsson
Chairman of the Board

Jan Dinkelspiel
Board member

Tom Dinkelspiel
Board member

Christopher Ekdahl
Board member

Karitha Ericson
Board member

Christian Frick
Board member

Pierre Siri
Board member

Per Widerström
Board member

Anders Danielsson
Acting CEO

Financial statements

Financial statements

Consolidated income statement

SEK million	Note	3 months oct-dec 2018	3 months oct-dec 2017	12 months jan-dec 2018	12 months jan-dec 2017
Interest income		103.7	108.3	424.5	431.7
Interest expenses		-8.8	-14.3	-47.0	-45.4
Commission income		265.2	245.8	983.9	905.1
Commission expenses		-77.1	-68.7	-287.9	-264.6
Net result of financial transactions		43.5	45.9	178.0	162.4
Other operating income		20.9	16.0	58.9	54.9
Total operating income		**347.5**	**333.1**	**1,310.4**	**1,244.1**
General administrative expenses		-250.3	-238.0	-939.2	-818.8
Depreciation, amortization and impairments of intangibles and equipment		-28.1	-20.4	-105.9	-90.5
Other operating expenses		-18.3	-13.2	-77.8	-52.2
Total expenses before credit losses		**-296.6**	**-271.6**	**-1,122.9**	**-961.5**
Profit before credit losses		**50.9**	**61.5**	**187.6**	**282.6**
Credit losses, net	2	-4.7	-7.4	-36.0	-35.3
Operating profit		**46.2**	**54.1**	**151.6**	**247.3**
Tax on profit for the period		-7.2	-3.0	-25.0	-34.5
Profit for the period		**38.9**	**51.1**	**126.5**	**212.8**
Of which, attributable to:					
Shareholders of the Parent Company		38.9	51.1	126.5	212.8

Consolidated statement of other comprehensive income

SEK million	3 months oct-dec 2018	3 months oct-dec 2017	12 months jan-dec 2018	12 months jan-dec 2017
Profit for the period	**38.9**	**51.1**	**126.5**	**212.8**
Items that will be reversed to the income statement				
Changes in value of financial assets recognized at fair value through other comprehensive income	-14.0	-	-32.2	-
Tax on changes in value of financial assets recognized at fair value through other comprehensive income	3.1	-	7.1	-
Changes in value of available-for-sale assets	-	-0.6	-	-5.0
Tax on changes in value of available-for-sale assets	-	-0.2	-	1.1
Translation of foreign operations	-8.8	0.1	8.4	-3.0
Tax on translation of foreign operations	-0.2	0.4	-0.4	-1.5
Total other comprehensive income after tax	**-19.9**	**-0.3**	**-17.1**	**-8.4**
Total profit or loss and other comprehensive income	**19.0**	**50.8**	**109.4**	**204.4**
Of which, attributable to:				
Shareholders of the Parent Company	19.0	50.8	109.4	204.4

Consolidated balance sheet

SEK million	Note	31/12/2018	31/12/2017
Assets			
Cash and balances in Central banks		1,344.2	392.3
Treasury bills and other interest bearing securities eligible for refinancing		18,260.6	15,903.2
Loans to credit institutions		331.4	272.6
Loans to the general public	2	14,204.5	11,852.1
Bonds and other interest bearing securities		1,775.7	1,949.0
Shares and participations		59.6	59.2
Assets for which customers bear the investment risk		51,726.5	46,515.7
Intangible fixed assets		414.3	382.2
Tangible fixed assets		102.8	41.9
Current tax assets		88.6	76.8
Other assets		3,617.5	2,749.7
Prepaid expenses and accrued income		191.5	140.8
Total assets		**92,117.1**	**80,335.4**
Liabilities			
Deposits and borrowing from the general public		35,225.2	29,063.7
Liabilities for which customers bear the investment risk		51,726.5	46,515.7
Other liabilities		2,963.4	2,544.0
Current tax liabilities		42.1	8.0
Deferred tax liabilities		23.2	34.4
Accrued expenses and deferred income		157.1	147.9
Total liabilities		**90,137.5**	**78,313.8**
Equity			
Share capital		175.0	175.0
Other capital contributions		481.1	481.1
Other reserves		-85.0	-67.9
Retained earnings including profit for the period		1,408.5	1,433.4
Total equity		**1,979.6**	**2,021.6**
Total liabilities and equity		**92,117.1**	**80,335.4**

Consolidated statement of changes in equity

SEK million	31/12/2018	31/12/2017
Opening equity	**2,021.6**	**1,978.9**
Profit for the period	126.5	212.8
Total other comprehensive income	-17.1	-8.4
Effect of changed accounting principles IFRS 9	-37.8	-
Dividend	-101.5	-174.5
Equity provided, share programme	-	-9.2
Repurchase of own shares	-	22.0
Group contribution	-12.5	-
Effect of changed tax rate untaxed reserves	0.5	-
Closing equity	**1,979.6**	**2,021.6**

Consolidated cash flow

SEK million	3 months oct-dec 2018	3 months oct-dec 2017	12 months jan-dec 2018	12 months jan-dec 2017
Operating activities				
Cash flow from operating activities before changes in working capital	61.4	11.0	235.3	303.9
Cash flow from changes in working capital	1,392.1	-420.3	3,279.3	2,288.0
Cash flow from operating activities	**1,453.5**	**-409.3**	**3,514.6**	**2,591.9**
Investing activities				
Purchases and disposals of intangible and tangible fixed assets	-41.4	-52.8	-195.0	-117.1
Net investments in financial instruments	-1,161.8	776.4	-2,208.7	-2,456.0
Cash flow from investing activities	**-1,203.2**	**723.6**	**-2,403.7**	**-2,573.1**
Financing activities				
Cash flow from financing activities	-0.1	58.8	-101.7	-115.8
Cash flow for the period	**250.2**	**373.2**	**1,009.2**	**-97.1**
Cash and cash equivalents at the start of the period	**1,430.4**	**293.1**	**664.9**	**765.5**
Exchange rate difference for cash and cash equivalents	-5.0	-1.4	1.5	-3.6
Cash and cash equivalents at the end of the period	**1,675.6**	**664.9**	**1,675.6**	**664.9**
whereof cash and cash equivalents in Central Banks	1,344.2	392.3	1,344.2	392.3
whereof loans to credit institutions	331.4	272.6	331.4	272.6

Parent Company income statement

SEK million	3 months oct-dec 2018	3 months oct-dec 2017	12 months jan-dec 2018	12 months jan-dec 2017
Net sales	-2.1	1.4	0.5	19.2
Total operating income	**-2.1**	**1.4**	**0.5**	**19.2**
Other external costs	-0.9	-0.9	-5.7	-5.3
Personnel costs	-	-0.6	-0.3	-18.4
Other operating expenses	-0.4	-0.3	-1.6	-1.3
Operating profit	**-3.3**	**-0.5**	**-7.0**	**-5.7**
Result from financial investments:				
Result from participations in Group companies	7.9	108.4	7.9	108.4
Interest expense and similar items	-0.2	-0.2	-0.9	-0.8
Result from financial investments	**7.7**	**108.2**	**7.0**	**107.7**
Profit after financial items	**4.3**	**107.7**	**0.0**	**101.9**
Tax on profit for the year	-0.9	-1.3	-	-
Profit for the period	**3.4**	**106.5**	**0.0**	**101.9**

Parent Company statement of other comprehensive income

SEK million	3 months oct-dec 2018	3 months oct-dec 2017	12 months jan-dec 2018	12 months jan-dec 2017
Profit for the period	**3.4**	**106.5**	**0.0**	**101.9**
Total other comprehensive income	**-**	**-**	**-**	**-**
Total profit or loss after tax	**3.4**	**106.5**	**0.0**	**101.9**

Parent Company's balance sheet

SEK million	31/12/2018	31/12/2017
Assets		
Financial fixed assets	1,282.9	1,239.1
Current assets	4.0	39.0
Cash and bank balances	23.3	48.9
Total assets	**1,310.2**	**1,327.0**
Equity and liabilities		
Restricted equity	175.0	175.0
Non-restricted equity	935.4	1,036.9
Current liabilities	199.8	115.1
Total equity and total liabilities	**1,310.2**	**1,327.0**

Parent Company's statement of changes in equity

SEK million	31/12/2018	31/12/2017
Opening equity	**1,211.9**	**1,257.5**
Profit for the period	0.0	101.9
Dividend	-101.5	-174.5
Purchase of own shares	-	22.0
Performance-related share programme	-	-1.9
Equity provided, share programme	-	6.9
Closing equity	**1,110.4**	**1,211.9**

Notes

Since February 2017, NNB Intressenter is the parent company of Nordnet AB (publ). The operations of NNB Intressenter AB consist of owning and managing shares in Nordnet AB (publ) and its subsidiaries. This Interim Report relates to the Nordnet Group, with the exception of Note 7 Capital requirements for the financial conglomerate and the consolidated situation, which includes NNB Intressenter AB.

Note 1 Accounting principles

This Interim Report for the Group has been compiled in accordance with IAS 34, Interim Financial Reporting. In addition, the Group adheres to the Annual Accounts Act of Credit Institutions and Securities Companies and the Financial Supervisory Authority's regulations (FFFS 2008:25) and RFR 1 Supplementary Accounting Rules for Groups. The Parent Company's Interim Report has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and with application of the Swedish Financial Reporting Boards RFR 2 Accounting for legal entities.

The accounting principles applied in this Interim Report are those described in the 2017 Nordnet Annual Report, Note 5, the section entitled "Accounting principles applied". The accounting principles and bases of calculation applied remain unchanged compared with the 2017 Annual Report, except for the following amendments.

As of 1 January 2018, Nordnet applies IFRS 9 Financial Instruments to replace IAS 39 Financial Instruments: Recognition and Measurement, and IFRS 15 Revenue from Contracts with Customers. IFRS 9 affects Nordnet in the following three areas: Classification and measurement of financial instruments, Impairment and Hedge accounting. In the section "Note 3 Changed accounting principles" in Nordnet's 2017 Annual Report, the transition effects for implementation of IFRS 9 are described. The table below presents a reconciliation of the provisions in accordance with IAS 39 against the opening balance of loss reserves determined in accordance with IFRS 9. Refer also to the table under "Consolidated statement of changes in equity" regarding the effect of changed accounting principles.

IAS 39	**IFRS 9**	**IAS 39**	**IFRS 9**	**Effect of change in loss reserve**
31 December 2017	**1 January 2018**	**31 December 2017**	**1 January 2018**	
Specific reservations for individually valued loan receivables		37		-37
	Financial assets recognized at amortized cost			
	Step 1		20	20
	Step 2		26	26
	Step 3		39	39
	Financial assets recognized at fair value through other comprehensive income			
	Step 1		-	-
Total		**37**	**85**	**48**

The tax effect on transition to IFRS 9 amounted to a negative SEK 11 million.
Provisions in accordance with IAS 39, as a whole, refer to reserves for financial assets classified as Loans and receivables.

Following the transition to IFRS 9, Nordnet applies the following classification:

Classification under IAS 39	Measurement in accordance with IFRS 9
Loans and receivables	Amortized cost
Instruments held for maturity	Amortized cost
Available-for-sale financial assets	Fair value through other comprehensive income
Financial assets at fair value through profit and loss	Fair value through profit and loss
Other financial liabilities	Amortized cost

Nordnet has evaluated the business model for its portfolios of financial instruments based on how they are managed and evaluated. The liquidity portfolio, which until 31 December 2017 was reported according to "Held to maturity" and "Available for sale" will, from 1 January 2018, be classified according to "Hold to collect" and "Hold to collect and sell".

The transition in general has not caused any material differences compared with how the financial instruments were measured previously and will thereby not have any financial impact on Nordnet.

Accounting principles as of 1 January 2018

IFRS 9 Financial instruments

Financial assets

Financial assets recognized in the balance sheet include, on the asset side, Cash and balances in central banks, treasury bills eligible for refinancing, etc. Assets in the insurance business, Loans to credit institutions, Loans to the general public, Bonds and other interest-bearing securities, Shares and participations, Other assets and Accrued income. Currency derivatives are reported as either assets or liabilities, depending on whether the fair value is positive or negative.

Acquisitions and disposals of financial assets are recognized on the transaction date, which represents the day on which the company undertakes to acquire or dispose of the asset. A financial asset is de-recognized from balance sheet when the contractual rights to cash flow cease or when the Group for all material purposes has transferred all risks and benefits associated with ownership of the financial asset. The same applies to parts of financial assets.

Financial assets and financial liabilities are offset and recognized at a net amount in the balance sheet where there is a legal right to offset the amounts reported at the same time as there is an intention to adjust the items with a net amount or realize the asset and adjust the liability at the same time.

When a financial asset, with the exception of accounts receivable, is initially recognized it is measured at fair value plus — as regards a financial asset not belonging to the category of financial assets measured at fair value via the income statement — transaction expenses directly attributable to the acquisition or issue of the financial asset. Accounts receivable that do not have a significant financing component are measured at their transaction price. The financial assets are then classified either as measured at amortized cost, fair value through other comprehensive income or fair value via the income statement. Classification is based on the Group's business models for managing financial assets and the characteristics of the contractual cash flows from the financial asset.

Financial assets measured at amortized cost

Debt instruments are measured at amortized cost when they:

— are held in the context of a business model the objective of which is to hold financial assets for the purpose of collecting the contractual cash flows and;

— the agreed terms of the financial asset, at fixed dates, give rise to cash flows that are solely payments of principal and interest on the outstanding principal.

Measurement occurs at amortized cost less deductions for expected credit losses. For accounting of expected credit losses, see Note 2 "Lending to the general public". Financial assets recognized at amortized cost are: Cash and balances in central banks, Treasury bills eligible for refinancing, etc., Assets in the insurance business, Loans to credit institutions, Loans to the general public, Bonds and other interest-bearing securities, Shares and participations, Other assets and Accrued income.

Financial assets measured at fair value via other comprehensive income

Debt instruments are measured at fair value via other comprehensive income when they:
— are held in the context of a business model the objective of which is achieved both by collecting contractual cash flows and selling financial assets and;
— the agreed terms of the financial asset, at fixed dates, give rise to cash flows that are solely payments of principal and interest on the outstanding principal.

The value change is recognized in other comprehensive income, except for expected credit losses and currency profits and currency losses — until the financial asset is de-recognized from the balance sheet, at which time the accumulated profit or loss previously recognized in comprehensive income is reported in the income statement. For accounting of expected credit losses, see Note 2 "Lending to the general public". Financial assets recognized at fair value via other comprehensive income are Treasury bills eligible for refinancing, etc., and Bonds and other interest-bearing securities.

Financial assets measured at fair value via the income statement

Equity instruments measured at fair value via the income statement refer to instruments held for trading. Changes in value are recognized in the income statement. These are comprised of Shares and participations.

Financial liabilities

Financial liabilities recognized in the balance sheet include, on the liability side: Deposits and borrowing from the general public, Liabilities in the insurance business, Other liabilities and Accrued expenses.

When a financial liability is initially recognized, it is measured at fair value plus — as regards a financial liability not belonging to the category of financial assets measured at fair value via the income statement — transaction expenses directly attributable to the incurrence or issue of the financial liability. Financial liabilities subsequently classified are either as measured at amortized cost or fair value via the income statement.

Liabilities in the insurance business are measured at fair value via the income statement, as this is deemed to lead to more relevant information as it significantly reduces the inconsistencies in measurement and recognition ("Lack of conformity in the reporting").

Other financial liabilities are measured at amortized cost.

Impairment of financial assets

Nordnet applies a three-step method to measure expected credit losses for financial assets measured at amortized cost and fair value via other comprehensive income as well as loan commitments. Nordnet has identified four different categories for recognizing expected credit losses:
— Margin loans
— Granting of unsecured credits
— Residential mortgages
— Treasury portfolio

There are no expected credit losses for share investments because they are not covered by the standard model.

Financial assets with the exception of Other financial instruments measured at amortized cost are subject to the following three steps, based on the change in creditworthiness since the first reporting date:

Step 1: 12-month expected credit losses. For exposures where there has been no significant deterioration of the creditworthiness since the first reporting date, the part of lifetime expected credit losses related to the probability of default is reported within the next 12 months.

Step 2: Lifetime expected credit losses — underperforming assets. For exposures where there has been a significant deterioration of the creditworthiness from the initial reporting date, but that are not considered to have defaulted, lifetime expected credit losses (i.e., that which reflects the remaining life of the financial asset) are reported.

Step 3: Lifetime expected credit losses — non-performing assets. Exposures are deemed to have defaulted when one or more events that have an adverse effect on the estimated future cash flows for the asset have occurred. For exposures that have defaulted, lifetime expected credit losses and interest income are calculated using the effective interest rate on the depreciated amount (net after disposal) rather than the gross carrying amount.

Other financial instruments measured at amortized cost comprise accounts receivables without any significant financing component. For these financial assets, lifetime expected credit losses are recognized at the first reporting date according to the simplified model.

Determining categorization of impairment

At each reporting date, Nordnet assesses whether there has been a significant deterioration of the creditworthiness from the initial reporting date of exposures by comparing the risk of default over the life expectancy between the balance sheet date and the first reporting date. Nordnet acts on the basis on reasonable and verifiable data that is available without undue expenses or efforts. This includes quantitative and qualitative information as well as forward-looking information.

An exposure will be subject to the credit loss categories as credit quality deteriorates. If credit quality improves in a subsequent period and also reverses a previously assessed significant deterioration of creditworthiness, a provision for doubtful receivables will be turned from lifetime expected credit losses to 12 months.

Provision for doubtful receivables for exposures that have not deteriorated significantly since the first reporting date or where the deterioration remains within what, according to Nordnet's investment rating criteria, is considered to have low credit risk based on 12 months' expected credit losses.

When an asset has defaulted, it is depreciated against the provision that is attributable to the exposure. Such assets are depreciated after all necessary procedures have been completed and the loss amount has been determined. Recovering amounts previously depreciated reduces the cost in the income statement.

For the Treasury portfolio, Nordnet carries out the credit risk assessment on an individual basis. For the other categories, the assessment is performed collectively. In the collective assessment of impairment requirements, the financial instruments are grouped on the basis of common credit risk characteristics such as credit ratings, first reporting date, remaining maturity, geographical location of borrowers and other relevant factors.

Measurement of expected credit losses

Expected credit losses are derived from objective and probability-weighted estimates of expected losses and are measured as follows:

– Financial assets that have not fallen due on the balance sheet date: as the present value of any cash loss over the expected useful life of the financial asset discounted with the effective interest rate. The cash loss is the difference between the cash flows that Nordnet is entitled to under agreements and the cash flows Nordnet is expected to receive.

– Financial assets that have fallen due on the balance sheet date: as the difference between the reported value gross and the present value of estimated future cash flows discounted by the effective interest rate.

– Unutilized loan commitments: as the present value of the difference between the contractual cash flows that Nordnet is entitled to if the commitment is utilized and the cash flows that Nordnet expects to receive.

Expected credit losses are recognized through a provision for doubtful receivables in the income statement. In the case of financial instruments measured at fair value through other comprehensive income, the measurement of expected credit losses is based on the three-step strategy applied for financial assets at amortized cost. Nordnet recognizes the provision in the income statement with the corresponding amount reported in other comprehensive income without any impairment of the carrying amount of the asset in the balance sheet.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers are based on the principle that income is reported when the customer receives control of the sold item or service and has the opportunity to use and receive benefit from the goods or service. The standard will provide users of financial reports with more useful information about the company's income. The expanded disclosure obligation entails that information about type of income, timing of regulation, uncertainties linked to income recognition and cash flow attributable to the company's customer contracts must be disclosed. The income standard applies to all contracts with custom-

Cont'd Note 1 Accounting Principles

ers. Nordnet has analysed the contract based on the five steps in IFRS 15 and concluded that the standard has no impact on income recognition. However, IFRS 15 will increase disclosure requirements in future annual reports.

Prepaid acquisition expenses, insurance business

IFRS differentiates between insurance contracts and investment contracts. Insurance contracts are contracts where the company assumes 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 that cannot be defined as insurance contracts as they transfer no significant insurance risk from the policyholder to the company. All insurance policies in the company are classified as investment agreements, as the company's risk is very limited.

Effective from the second quarter of 2018, acquisition costs directly or indirectly related to new investment agreements and expenses related to the renewal of existing agreements, such as Deferred Acquisition Costs (DAC), are capitalized in the balance sheet.

Acquisition costs for the agreements are then amortized according to plan, adjusted to the anticipated proportion of contracts remaining. Other significant assessment items affecting the plan include contracts that are redeemed prematurely or cease in the event of death by means of an estimated repurchase or death rate.

If the anticipated maturity is adjusted or the asset is impaired, the effect is recognized in the income statement.

The capitalization of prepaid acquisition costs is applied in agreements brokered by external partners. The net amount after amortization amounts to SEK 2.5 million as at 31 December 2018.

Standards that will come into force in 2019 and beyond

When preparing the Group's financial statements, there are standards and interpretations published by the International Accounting Standards Board (IASB), which are not yet in force and have not been applied in advance for the preparation of these financial reports. The following is a preliminary assessment of the impact that the introduction of these standards and interpretations may have on the company's financial reports. In addition to the standards and interpretations described below, other standards and interpretations are not expected to affect the Group's financial reports.

IFRS 16 Leases

The new standard IFRS 16 Leases replaced IAS 17 Leases and enters into effect for financial years that begin on 1 January 2019.

The application of the standard means that all leases will be reported as an asset with the right of use and as a corresponding liability in the lessee's balance sheet. The depreciation of the asset is recognized in the income statement and the lease payments are divided up into interest expense and amortization. The standard exempts leases with a leasing period of less than 12 months (short-term leases) and leases for assets with a low value, from recognition as an asset and liability. For Nordnet, rental contracts for premises and leases for cars are included; Nordnet does not consider other contracts to meet the requirements for being reported according to IFRS 16. The reporting requirements for lessors are largely unchanged.

The standard must either be applied retroactively for the respective period in the financial statements, or retroactively without conversion of earlier periods (simplified transition method). Nordnet will apply the simplified transition method, which means that the asset in the transition period will be linked to being equal with the liability, which means that no effect of the transition will be presented in equity. No comparative figures will be restated.

As at 1 January 2019, Nordnet's leasing liability amounted to SEK 239 million.

IFRS 17 Insurance Contracts

IFRS 17 will replace IFRS 4 and will entail significant changes. Unlike IFRS 4, IFRS 17 also contains rules on how insurance contracts are to be valued and presented. The standard aims at creating a uniform method of accounting for all types of insurance contracts, a higher degree of transparency of insurance companies' earnings and increased comparability between companies and countries. The definition of an insurance contract is basically unchanged compared with IFRS 4, while the rules for separation of investment and service components are slightly adjusted. Formats in the income statements and balance sheets will be changed and the requirements for supplementary information will be expanded substantially. Provided that IFRS 17 is adopted by the EU and the date of entry into force proposed by the IASB is not amended, the standard will apply from the financial year 2022. The Group is currently analysing the financial impact of the new standard.

No other IFRS or IFRIC interpretations that have not yet entered into force are expected to have a significant impact on the Group.

Note 2 Loans to the general public

As at 31 December 2018, SEK 474.4 million (414.5) of lending to the public involves account credits that are fully covered by pledged cash and cash equivalents in endowment insurance plans and investment savings accounts (ISKs), the lending rate applied to the credits corresponds to the deposit rate on the pledged cash and cash equivalents. The remainder of lending to the public is secured by collateral in the form of securities and property or consists of unsecured loans.

Lending to the general public has been affected by IFRS 9, which has been applied from 1 January 2018. The principle for calculating anticipated credit losses has been changed. For transition effect, see Note 1.

Lending to the general public is reported after deduction of realized and anticipated credit losses. At the end of the period, the provision for impaired credit losses amounted to SEK 95.8 million (SEK 85.5 million as at 1 January 2018). The change in the accumulated provision for anticipated credit losses has affected fourth quarter earnings by SEK 0.2 million. For further information on the quarter's credit losses, refer to the table Consolidated credit loss reserve.

Note 3 Transactions with related parties

E. Öhman J:or AB with subsidiaries ("Öhman Group") and Nordic Capital Fund VIII ("Nordic Capital") are closely related to Nordnet AB (publ) through NNB Intressenter AB ("NNB Intressenter).
Family members of the owners Öhman Group also possess direct ownership in NNB Intressenter.

Nordnet Bank AB regularly enters into business relations with Öhman Group in the same way as is regularly done with other financial players. Nordnet's no-fee index funds, the Super funds, are managed by E. Öhman J:or Fonder AB, a company within the Öhman Group. The agreement has been entered into on market terms. For additional information, please refer to Note 6 in the 2017 Annual Report.

Consolidated credit loss reserve - Loans to the general public	12-month expected credit losses	Expected maturity credit losses (no default)	Expected maturity credit losses (default)	Total
Initial classification applying IFRS 9				
Opening balance 2018-01-01	**20.6**	**25.7**	**39.2**	**85.5**
Currency effects and other	0.0	0.1	0.9	**1.0**
Write-downs recognized credit losses	-0.3	-6.8	-1.3	**-8.4**
New financial assests	7.9	4.5	1.7	**14.1**
Transfers:				
-to 12-month expected credit losses	0.7	-6.4	-0.2	**-5.8**
-to expected maturity credit losses (no default)	-1.5	13.7	-0.1	**12.2**
-to expected maturity credit losses (default)	-0.2	-0.7	7.5	**6.7**
Removed financial assets	-5.9	-2.7	-0.8	**-9.4**
Changes in models/parameters	0.0	0.0	0.0	**0.0**
Closing balance 2018-12-31	**21.4**	**27.5**	**47.0**	**95.8**

Note 4 Significant risks and uncertainties

Risk taking is an essential part of Nordnet's business. Nordnet's profitability is directly dependent on its capacity to identify, analyse, control and price risk. Risk management in Nordnet serves several purposes. Partly to achieve desired profitability and growth, given a deliberately accepted level of risk and partly to maintain a high level of trust from customers and the external community. A trust that is essential for Nordnet's long-term profitability and existence.

How risk management is conducted is described in the risk management framework. The framework describes the strategies, processes, procedures, internal regulations, limits, controls and reporting procedures related to risk management. Combined, these are intended to ensure that Nordnet can, on an on-going basis, identify, measure, guide, internally report and maintain control over the risks to which Nordnet is, or is likely to be, exposed. A detailed description of Nordnet's exposure to risk and handling of risks can be found under Note 7 in the 2017 Annual Report. No significant risks have been added in the fourth quarter of 2018.

Note 5 Group — Financial instruments

Categorization of financial instruments

31/12/2018		Fair value through consolidated income statement				
Assets	**Amortized cost**	**Fair value**	**Other**	**Fair value through other comprehensive income**	**Non financial instruments**	**Total**
Cash and balances in Central banks	1,344.2	-	-	-	-	**1,344.2**
Treasury bills and other interest bearing securities eligible for refinancing	6,283.0	-	-	11,977.6	-	**18,260.6**
Loans to credit institutions	331.4	-	-	-	-	**331.4**
Loans to the general public	14,204.5	-	-	-	-	**14,204.5**
Bonds and other interest bearing securities	28.2	-	-	1,747.5	-	**1,775.7**
Shares and participations	-	59.6	-	-	-	**59.6**
Assets for which customers bear the investment risk	1,361.0	43,928.8	-	6,436.7	-	**51,726.5**
Intangible fixed assets	-	-	-	-	414.3	**414.3**
Tangible fixed assets	-	-	-	-	102.8	**102.8**
Other assets	3,617.5	-	-	-	88.6	**3,706.1**
Prepaid expenses and accrued income	191.5	-	-	-	-	**191.5**
Total assets	**27,361.2**	**43,988.4**	**-**	**20,161.8**	**605.7**	**92,117.1**
Liabilities						
Deposits and borrowing from the general public	35,225.2	-	-	-	-	**35,225.2**
Liabilities for which customers bear the investment risk	-	-	51,726.5	-	-	**51,726.5**
Other liabilities	2,963.4	-	-	-	65.3	**3,028.7**
Accrued expenses and deferred income	157.1	-	-	-	-	**157.1**
Total liabilities	**38,345.7**	**-**	**51,726.5**	**-**	**65.3**	**90,137.5**

Cont'd Note 5 Group — Financial instruments

Categorization of financial instruments

31/12/2017	Loans and accounts receivable	Financial assets at fair value		Financial assets held to maturity	Available-for-sale financial assets	Reported value	Fair value
Assets		Held for trading	Through P&L				
Treasury bills and other interest bearing securities	-	-	-	6,562.3	9,340.9	**15,903.2**	**15,919.5**
Loans to credit institutions	272.6	-	-	-	-	**272.6**	**272.6**
Loans to the general public	11,852.0	-	-	-	-	**11,852.0**	**11,852.0**
Bonds and other interest bearing securities	-	-	-	717.2	1,231.8	**1,949.0**	**1,949.0**
Shares and participations	-	-	59.2	-	-	**59.2**	**59.2**
Assets for which customers bear the investment risk	1,895.0	363.2	40,874.9	-	3,382.6	**46,515.7**	**46,515.7**
Other assets	2,749.7	-	-	-	-	**2,749.7**	**2,749.7**
Prepaid expenses and accrued income	140.8	-	-	-	-	**140.8**	**140.8**
Total assets	**16,910.1**	**363.2**	**40,934.1**	**7,279.5**	**13,955.3**	**79,442.2**	**79,458.5**

31/12/2017	Financial liabilities at fair value		Other financial liabilities	Reported value	Fair value
Liabilities	Held for trading	Through P&L			
Deposits and borrowing from the general public	-	-	29,063.7	**29,063.7**	**29,063.7**
Liabilities for which customers bear the investment risk	-	46,515.7	-	**46,515.7**	**46,515.7**
Other liabilities	-	-	2,528.4	**2,528.4**	**2,528.4**
Accrued expenses and deferred income	-	-	147.9	**147.9**	**147.9**
Total liabilities	**-**	**46,515.7**	**31,740.0**	**78,255.7**	**78,255.7**

Determination of fair value of financial instruments

When the Group determines fair values for financial instruments, different methods are used depending on the degree of observability of market data in the valuation and the market activity. An active market is considered either a regulated or reliable trading venue where quoted prices are easily accessible with regularity. An ongoing assessment of the activity is done by analysing factors such as differences in buying and selling prices.

The methods are divided into three different levels:

Level 1 — Financial assets and financial liabilities measured on the basis of unadjusted listed prices from an active market for identical assets or liabilities.

Level 2 — Financial assets and financial liabilities measured on the basis of input data other than that included in Level 1, either directly (prices) or indirectly (derived from prices) observable. \ Instruments in this category are measured applying:

a) Quoted prices for similar assets or liabilities, or identical assets or liabilities from markets not deemed to be active, or
b) Valuation models based primarily on observable market data.

Level 3 — Financial assets and financial liabilities not measured on the basis of observable market data.

The level of the fair value hierarchy to which a financial instrument is classified is determined based on the lowest level of input data that is significant for the fair value in its entirety.

Cont'd Note 5 Group — Financial instruments

In cases where there is no active market, fair value is determined using established valuation methods and models. In these cases, assumptions that cannot be directly derived from a market can be applied. These assumptions are then based on experience and knowledge about valuation in the financial markets. However, the goal is always to maximize the use of data from an active market. In cases when deemed necessary, relevant adjustments are made to reflect a fair value, in order to correctly reflect the parameters contained in the financial instruments and to be reflected in its valuation.

For financial instruments recognized at fair value via the income statement, mainly assets in the insurance operations, fair value is determined based on quoted purchase prices on the balance sheet date for the assets. Liabilities in the insurance operations receive an indirect asset valuation, which classifies them as Level 2 instruments, with the exception of liabilities relating to insurance contracts not classified as a financial liability.

Forward rate agreements are valued at fair value by discounting the difference between the contracted forward rate and the forward rate available on the balance sheet date for the remaining contract period. The discount rate is the risk-free rate based on government bonds.

The fair value of interest-bearing securities has been calculated by discounting anticipated future cash flows, with the discount rate being set based on the current market interest rate.

Fund units not considered to be traded in an active market at listed prices are measured at fair value based on NAV (net asset value).

For lending and deposits with flexible interest rates, including lending with financial instruments or housing as collateral, which are reported at accrued acquisition value, the carrying amount is considered to be fair value. For assets and liabilities in the balance sheet with a remaining maturity of less than six months, the carrying amount is considered to reflect the fair value.

Cont'd Note 5 Group — Financial instruments

Financial instruments are recognized at fair value

31/12/2018 SEK million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Treasury bills and other interest bearing securities eligible for refinancing	11,977.6	-	-	**11,977.6**
Bonds and other interest bearing securities	1,747.5	-	-	**1,747.5**
Shares and participations [1]	14.5	-	45.1	**59.6**
Assets for which customers bear the investment risk [2]	50,919.5	807.0	-	**51,726.5**
Subtotal	**64,659.1**	**807.0**	**45.1**	**65,511.2**
Financial assets where fair value is given for information purposes				
Loans to credit institutions	-	331.4	-	**331.4**
Loans to the general public	-	14,204.5	-	**14,204.5**
Financial assets held to maturity	-	6,311.2	-	**6,311.2**
Subtotal	**-**	**20,847.1**	**-**	**20,847.1**
Total	**64,659.1**	**21,654.1**	**45.1**	**86,358.2**
Financial liabilities at fair value				
Liabilities for which customers bear the investment risk	-	51,726.5	-	**51,726.5**
Total	**-**	**51,726.5**	**-**	**51,726.5**

[1] Shares and participations in Level 3 refer to unlisted shares.

[2] SEK 6,436.7 million refers to re-investments in bonds and SEK 1,361.0 million refers to cash and cash equivalents.

31/12/2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Treasury bills and other interest bearing securities eligible for refinancing	9,340.9	-	-	**9,340.9**
Bonds and other interest bearing securities	1,231.8	-	-	**1,231.8**
Shares and participations [1]	14.3	-	44.8	**59.1**
Assets for which customers bear the investment risk [2]	46,216.4	299.4	-	**46,515.8**
Subtotal	**56,803.4**	**299.4**	**44.8**	**57,147.6**
Financial assets where fair value is given for information purposes				
Loans to credit institutions	-	272.6	-	**272.6**
Loans to the general public	-	11,852.0	-	**11,852.0**
Financial assets held to maturity	-	7,279.5	-	**7,279.5**
Subtotal	**-**	**19,404.1**	**-**	**19,404.1**
Total	**56,803.4**	**19,703.5**	**44.8**	**76,551.7**
Financial liabilities at fair value				
Liabilities for which customers bear the investment risk	-	46,515.7	-	**46,515.7**
Total	**-**	**46,515.7**	**-**	**46,515.7**

[1] Shares and participations in Level 3 refer to unlisted shares.

[2] SEK 3,383 million refers to re-investments in bonds and SEK 1,895 million refers to cash and cash equivalents.

Cont'd Note 5 Group — Financial instruments

Description of valuation levels

Level 1 mainly contains shares, mutual funds, bonds, treasury bills and standardized derivatives where the quoted price has been used in the valuation.

Level 2 contains substantially less liquid bonds valued on curves and liabilities in the insurance operations, the value of which is indirectly linked to a specific asset value valued based on observable input data. For less liquid bond holdings, credit spread adjustments are based on observable market data such as the credit derivatives market. This category includes mutual funds, derivatives and certain interest-bearing securities.

Level 3 contains other financial instruments for which own internal assumptions have a significant effect on the calculation of fair value. Level 3 contains mainly unlisted equity instruments. When valuation models are used to determine fair value of financial instruments in Level 3, the compensation paid or received is considered to be the best assessment of fair value on initial recognition.

When the Group determines the level at which financial instruments are to be recognized, each one is individually assessed in its entirety.

During the year, there have been no transfers of financial instruments between valuation levels 1, 2 and 3. Financial instruments are transferred to or from Level 3 depending on whether internal assumptions have changed for the valuation.

Note 6 Pledged assets, contingent liabilities and commitments

SEK million	31/12/2018	31/12/2017
Pledged assets and comparable collateral for own liabilities	**none**	**none**
Other pledged assets and comparable collateral		
Bonds and other interest bearing securities [1]	2,197.1	1,968.5
of which deposits with credit institutions	1,926.0	1,692.2
of which deposits with clearing organisations	271.1	276.3
Contingent liabilities	**none**	**none**
Commitments		
Credit granted but not yet paid, unsecured loans	368.1	907.0
Funds managed on behalf of third parties		
Client funds	131.7	189.6

[1]This amount includes blocked funds of SEK 91 million (82)

As at the balance sheet date of 31 December 2018, the insurance business held registered assets amounting to SEK 51,726 million (46,516) to which the policyholders have priority rights.

Note 7 Capital adequacy information

The rules on capital adequacy are the legislator's requirement for how much capital in the form of a capital base an institution must have in relation to the level of risk it takes. The regulations aim to strengthen the link between risk taking and capital requirements in the Group's operations. The legal capital requirements are calculated in accordance with Regulation 575/2013 of the European Parliament and of the Council (CRR), as well as the 2013/36 EU (CRD IV) Directive.

Information in this note is provided in accordance with Regulation (EU) 575/2013 of the European Parliament and of the Council on supervisory requirements for credit institutions and investment firms ("the supervisory regulation") and regulations supplementing the supervisory regulation, the Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) on the annual accounts of credit institutions and securities companies and the Swedish Financial Supervisory Authority's regulations (FFFS 2014:12) on supervisory requirements and capital buffers. Other required information is provided in a separate pillar 3 report available on Nordnet's website, see www.nordnetab.com.

Capital base and capital requirement of the financial conglomerate

The financial conglomerate comprises NNB Intressenter AB, Nordnet AB (publ) and all its subsidiaries. As a consequence of the solvency rules, the item Solvency capital, which refers to the estimated future present value of the insurance companies (Nordnet Pensionsförsäkring AB) including the subsidiary Nordnet Livsforsikring AS) includes cash flows generated by the policyholders' capital.

The capital requirement for units in the Insurance operations is affected by the policyholders' assets. The capital requirements for the banking operations vary primarily in terms of the size and credit quality of the bank's exposures. Nordnet Pension Insurance's solvency capital requirements and capital base are calculated according to the standard model under Solvency II. The model requires assumptions that are determined by both the authorities and the Board of the insurance company.

The conglomerate's capital base shall cover the minimum capital requirements under the Supervision

The financial conglomerate

SEK million	31/12/2018	31/12/2017
Total equity	1,988.2	2,024.7
Less, profit that have not been subject to audit	0.0	-
Less requirements on prudent valuation	-20.2	-14.0
Less expected dividend for current year	0.0	-100.0
Total equity for the financial conglomerate	**1,968.0**	**1,910.7**
Less fixed intangible assets and deferred tax receivables	-414.3	-382.2
Solvency capital (VIF)	618.9	679.9
depart risk margin	-109.0	-122.2
Capital base	**2,063.6**	**2,086.2**
Capital requirement per sector		
Exposure regulated entities, insurance sector	410.9	480.9
Exposure regulated entities, the banking and securities sector	1,314.7	944.1
Capital requirement	**1,725.5**	**1,424.9**
Excess capital	**338.1**	**661.3**
Capital base/capital ratio	**1.2**	**1.5**

Cont'd Note 7 Capital adequacy information

regulation and the Solvency Requirement under the Insurance Companies Act. The rules contribute to strengthening the Group's resilience to financial losses and thereby protecting customers. For the determination of the financial conglomerate's regulatory capital requirement, Law (2006:531) on special supervision of financial conglomerates and the Swedish Financial Supervisory Authority's regulations and general advice (FFFS 2011:26) on the special supervision of financial conglomerates are applicable. The capital base and capital requirement have been calculated in accordance with the consolidation method. The Group-based accounts have been compiled in accordance with the same accounting principles as the consolidated accounts.

Capital base and capital requirements for the consolidated situation

The consolidated situation consists of NNB Intressenter AB, Nordnet AB (publ) and Nordnet Bank AB. Consequently, the difference between the financial conglomerate and the consolidated situation is that the financial conglomerate also consolidates the insurance operations.

In order to establish statutory capital requirements for the consolidated situation, the Special Supervision of Credit Institutions and Investment Firms Act (2014:968); the Capital Requirements Regulation (EU) 575/2013 of the European Parliament and of the Council; the Capital Buffers Act (2014:966), and the Swedish Financial Supervisory Authority's regulations (FFFS 2014:12) on supervisory requirements and capital buffers all apply.

The capital base shall cover minimum capital requirements for credit, settlement, market and operative risk, and the combined buffer requirement (capital conservation and countercyclical buffer) and additional Pillar 2 requirements (interest rate risk in the bankbook, concentration and pension risk).
Nordnet applies the standard method for calculating capital requirements for credit risk, which entails seventeen exposure classes with a variety of risk weights within each class. Credit risk is calculated on all asset items in the balance sheet not deducted from the capital base. Capital base requirement for exchange rate risk comprises all items in and outside the balance sheet measured at current market value and converted to Swedish kronor at the balance sheet date. Capital base requirements for operational risk are calculated according to the base method, which implies that the capital requirement amounts to 15 percent of the average operating income for the last three financial years.

The combined buffer requirement amounts to 4.3 percent of risk-weighted exposure amounts and consists of a capital conservation buffer (2.5 percent) and a countercyclical buffer (1.8 percent).

Core Tier 1 capital consists of equity reduced for items not included in the capital base, such as intangible assets, deferred tax assets and value adjustments. Deductions for value adjustments are made using the simplified method for financial instruments valued at fair value as regulated by Regulation (EU) 2016/101 on prudent valuation. Profit for the period or year is included in the event that external auditors have verified the profit and permission has been obtained from the Swedish Financial Supervisory Authority. Deductions are made for foreseeable costs and possible dividends under Commission Delegated Regulation (EU) 241/2014.

Internally assessed capital requirement

The minimum requirement for capital under Pillar 1 amounts to 8 percent. In addition to the minimum requirement, Nordnet maintains capital to meet the combined buffer requirement as well as to cover the total capital requirement resulting from the Bank's annual internal capital and liquidity assessment (IKLU) carried out under Pillar 2. This is governed by EU directive on capital adequacy 2013/36/EU Article 73 and the Financial Supervisory Authority's Regulations (FFFS 2014: Chapter 12 10). The capital evaluation aims at analysing and highlighting risks that may be underestimated in calculating capital base requirements under Pillar 1 and identifying other significant risks to which the bank is exposed. IKLU also includes an assessment of the liquidity requirement in relation to future developments as well as buffers to cover outflows under highly stressed conditions.

The internal capital evaluation is based on Nordnet's business plan, current and future regulatory requirements as well as different scenario analyses. The

Cont'd Note 7 Capital adequacy information

process and a summary of the results shall be reported annually to the Board and provide the basis for the Board's decisions on the conglomerate's capital planning. The Financial Supervisory Authority reviews and evaluates Nordnet's risk management and as regards sufficient capital is kept for the significant risks to which the bank is exposed.

In addition to the minimum capital requirement and the buffer requirements, Nordnet has calculated the internal capital requirement for the consolidated situation to be SEK 267.1 million (252.2). This is considered to be a satisfactory capital situation with regard to the activities that Nordnet conducts. Capital ratio is monitored continuously and, if necessary, results are reviewed during the current financial year by the company's external auditors, to be included in the capital base.

The consolidated situation

SEK million	31/12/2018	31/12/2017
Total equity	1,877.5	1,986.8
Less, profit that have not been subject to audit	-	-
Less requirements on prudent valuation	-20.2	-14.0
Less expected dividend for current year	-	-100.0
Less intangible fixed assets and deferred tax receivables	-401.5	-368.1
Tier 1 capital	**1,455.8**	**1,504.7**
Capital base	**1,455.8**	**1,504.7**
Risk exposures		
Exposure to credit risk according to the standardized method	6,291.5	6,543.3
Exposure market risk	73.6	6.6
Exposure operational risk	2,145.4	2,098.3
Total exposure	**8,510.5**	**8,648.2**
Capital ratio	**17.1%**	**17.4%**
Capital base	**31/12/2018**	**31/12/2017**
Credit risk according to the standardized method	503.3	523.5
Market risk	5.9	0.5
Operational risk	171.6	167.9
Capital requirement Pillar 1	**680.8**	**691.9**
Capital requirement Pillar 2	**267.1**	**252.2**
Total capital requirement	**947.9**	**944.1**
Capital ratio and buffers		
Common equity tier 1 ratio, %	17.1%	17.4%
Tier 1 ratio, %	17.1%	17.4%
Total capital ratio, %	17.1%	17.4%
Institution-specific buffer requirements, %	4.3%	4.2%
of which capital conserv at ion buffer requirement , %	2.5%	2.5%
of which countercyclical buffer requirement, %	1.8%	1.7%
Total capital requirement including buffer requirement, %	15.4%	15.1%
Tier 1 capital available for buffer requirement, %	9.1%	9.4%

Financial development per quarter

Group, SEK million	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17
Net interest	95.0	91.3	95.9	95.3	94.0	95.8	96.3	100.2
Net commission - not trade related	62.4	56.2	58.6	52.4	49.2	43.0	37.6	35.3
Net commission - trade related	125.6	110.0	102.4	128.3	127.9	108.2	110.1	129.1
Net result of financial transactions	43.5	42.9	42.6	48.9	45.9	34.4	36.9	45.1
Other income	20.9	5.0	17.2	15.8	16.0	8.8	16.0	14.1
Operating income	**347.5**	**305.4**	**316.6**	**340.8**	**333.1**	**290.3**	**296.9**	**323.8**
General administrative expenses	-250.3	-217.8	-229.4	-241.8	-238.0	-193.6	-210.4	-176.8
Depreciation	-28.1	-24.5	-29.0	-24.2	-20.4	-24.2	-23.0	-22.9
Other operating expenses	-18.3	-21.0	-17.3	-21.2	-13.2	-12.8	-11.3	-15.0
Net credit losses	-4.7	-11.6	-9.7	-10.0	-7.4	-9.2	-9.2	-9.5
Expenses	**-301.4**	**-274.9**	**-285.4**	**-297.2**	**-279.0**	**-239.8**	**-253.9**	**-224.2**
Operating profit	**46.2**	**30.5**	**31.3**	**43.6**	**54.1**	**50.6**	**43.0**	**99.6**
Operating margin %	13%	10%	10%	13%	16%	17%	14%	31%
Cost coverage	74%	71%	75%	72%	74%	76%	74%	87%
Return on shareholders' equity	6%	8%	8%	8%	11%	13%	14%	16%

Quarterly statistics	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17
Number of active customers at end of the period	765,200	741,800	718,000	698,500	669,300	640,200	616,100	593,600
Number of active accounts at end of the period	1,016,300	982,400	949,800	923,300	884,500	837,700	801,400	771,200
Net savings (SEK billion)	1.4	4.9	5.6	11.5	4.0	4.1	5.6	3.6
Total savings capital (SEK billion)	286	324	310	287	272	267	260	246
Average savings capital per active account (SEK)	280,900	329,700	326,900	311,000	308,000	319,300	324,000	318,600
Number of trades	6,984,500	6,413,900	5,976,200	6,745,200	6,944,200	6,350,300	6,026,000	6,860,800
Traded value cash market, SEK million[1]	202,400	183,000	183,900	205,500	201,300	178,400	177,400	209,000
Number of trading days	62	65	59	62	63	64	58	64
Number of trades per day	113,600	98,700	101,300	108,800	111,100	99,200	103,900	107,200
Average net commission revenue per transaction (SEK)	19	17	17	19	18	17	18	19
Number of trades per active trading account	7.4	7.1	6.8	8.0	8.7	8.4	8.3	9.9
Number of trades per active trading account and month	2.5	2.4	2.3	2.7	2.9	2.8	2.8	3.3
Cash deposits at end of period, SEK million	43,022.8	40,919.8	40,553.6	35,980.2	34,341.2	33,773.1	32,988.0	30,144.0
Managed Client Funds, SEK million	131.6	125.5	135.1	159.8	182.7	174.9	182.5	213.8
Lending at end of period, SEK million	14,204.5	14,474.3	13,887.8	13,211.2	11,852.1	11,295.5	10,864.3	10,455.5
Lending excluding pledged cash and cash equivalents	13,730.1	13,682.4	13,147.5	12,552.7	11,437.6	10,380.9	10,140.5	9,840.4
Lending/deposits	33%	35%	34%	37%	35%	33%	33%	35%

[1] Cash market refers to trade in shares, warrants, ETFs, certificates, bonds and similar instruments.

Key figures

Key figures - Group	31/12/2018	31/12/2017
Operating margin (%)	12%	20%
Profit margin (%)	10%	17%
Cost/income ratio	88%	80%
Return on shareholders' equity (%)	6%	11%
Return on assets (%)	0.1%	0.3%
Shareholders' equity, SEK million	1,979.6	2,021.6
Capital base, SEK million	1,455.8	1,504.7
Capital coverage ratio	17.1%	17.4%
Investments in tangible assets, SEK million	84.0	29.1
Investments in intangible assets excl. company acquisitions, SEK million	112.1	88.0
Of which, internal development expenses, SEK million	31.9	22.8
Number of full-time employees at end of period	523	474

Customer related key financial figures	31/12/2018	31/12/2017
Number of active customers	765,200	669,300
Number of active accounts at end of the period	1,016,300	884,500
Net savings, SEK billion	23.5	17.3
Total savings capital at end of period, SEK billion	286	272
Average savings capital per active account at end of period, SEK	280,900	308,000
Number of trades for the period	26,119,800	26,181,300
Number of trades per day	105,600	105,100
Average net commission revenue per trade, SEK	18	18
Annual average income/savings capital (%)	0.4%	0.5%
Average yearly income per account, SEK	1,368	1,535
Average yearly operating expenses per account, SEK	-1,172	-1,186
Average yearly profit per account, SEK	196	349

Definitions

Active account[1]
Account with a value of > SEK 0 or a credit commitment.

Active customer[1]
Physical person or legal entity holding at least one active account.

Amount traded[1]
Amount traded refers to our customers' trade in shares, warrants, ETFs, certificates, bonds and similar instruments.

Cash market[1]
Cash market refers to trade in shares, warrants, ETFs, certificates, bonds and similar instruments.

Capital base[2]
The sum of Core Tier 1 capital and Tier 2 capital.

Capital ratio[2]
Capital base in relation to total risk-weighted exposure amount.

Client funds[1]
Cash and cash equivalents at Nordnet held on behalf of a third party.

Core Tier 1 capital[2]
Equity excluding proposed dividend, deferred taxes and intangible assets and some further adjustments in accordance with the EU's capital requirement regulation no. 575/2013 (CRR) and EU 241/2014.

Core Tier I ratio[2]
Core Tier 1 capital divided by total risk-weighted exposure amount.

Cost coverage[1]
Non-transaction-related income relative to expenses.

Deposits[1]
Deposits including deposits attributable to liabilities in the insurance operations.

Lending[1]
Lending to the general public, excluding lending through "account credits" that are fully covered by pledged cash and cash equivalents on endowment insurance plans and investment savings accounts (ISKs), where the lending rate applied to the credits corresponds to the deposit rate on the pledged cash and cash equivalents

Net commission income[1]
Commission income less commission expenses and non-transaction-related net commission income.

Net commission per trade[1]
Total net commission income divided by total number of trades during the period.

Net savings[1]
Deposits of cash and cash equivalents and securities, less withdrawals of cash and cash equivalents and securities.

Operating expenses[2]
Expenses for operations, excluding credit losses and impairment of goodwill.

Operating margin[1]
Operating profit in relation to operating income.

[1] Alternative performance measures
[2] Definitions in accordance with IFRS and the EU's capital requirement regulation no. 575/2013 (CRR) and the EU's Solvency II directive 2015/35

Definitions

Personal loans[1]
Unsecured loans.

Profit margin[1]
Profit for the period in relation to operating income.

Return on assets[1]
12-month rolling profit for the period in relation to average total assets.

Return on equity[1]
12-month rolling profit for the year in relation to average equity.

Risk exposure amounts[2]
Assets on and commitments outside of the balance sheet, risk-weighted according to the capital adequacy rules for credit risk and market risk. For operational risks, a capital requirement is calculated that is then expressed as risk-weighted assets. This only applies to the consolidated situation, i.e. excluding insurance operations, and not to exposures that have been directly deducted from the capital base.

Solvency capital (NPV)[2]
The estimated present value of expected profits in the existing insurance business.

Solvency capital requirements (SCR)[2]
Estimated capital requirements as per Solvency II regulations.

Total savings capital[1]
Total of cash and cash equivalents and value of securities for all active accounts.

Trade[1]
A registered transaction on the stock exchange or in the marketplace. Orders sometimes involve several trades.

Turnover rate[1]
The number of shares bought or sold during the year divided by the number of shares outstanding at year-end.

[1]Alternative performance measures
[2]Definitions in accordance with IFRS and the EU's capital requirement regulation no. 575/2013 (CRR) and the EU's Solvency II directive 2015/35

Alternative performance measures
Alternative Performance Measures (APM) are financial measures of historical or future earnings development, financial position or cash flow that are not defined in applicable reporting regulations (IFRS) or in the fourth capital requirement directive (CRD IV) or in the EU capital requirement regulation no. 575/2013 (CRR) or the EU's Solvency II directive 2015/35. Nordnet uses alternative key performance measures when it is relevant to describe our operations and monitor our financial situation. These measures are not directly comparable with similar key figures presented by other companies.

Nordnet AB (publ)
Box 30099, SE-104 25 Stockholm
Visiting address: Alströmergatan 39
Tel: +46 (0)10 583 30 00, e-mail: info@nordnet.se
Registered company no.: 556249-1687

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