

Nordnet AB (publ)

Interim Report

January-September 2019



Financial summary

July-September

Income

SEK 371.4 million
(305.4)

Expenses¹

SEK -279.2 million
(-276.5)

Operating profit

SEK 92.3 million
(28.9)

New customers

27,400
(23,800)

Net savings

SEK 4.2 billion
(4.9)

Number of trades

7,316,300
(6,413,900)

January-September

Income

SEK 1,145.2 million
(962.9)

Expenses¹

SEK -841.9 million
(-862.7)

Operating profit

SEK 303.3 million
(100.2)

New customers

117,000
(72,500)

Net savings

SEK 13.6 billion
(22.1)

Number of trades

20,834,500 trades
(19,135,300)

¹Total expenses including credit losses

The quarter in brief

New site launched in Denmark and Finland

Improved residential mortgage offering with a higher loan-to-value ratio and lower interest rate

Named "Stock Broker of the Year" in Finland

High customer growth and improved results

Lars-Åke Norling new CEO from September

Nordnet 30 September

Savings capital

SEK **365.2** billion
(323.9)

Lending¹

SEK **14.9** billion
(13.6)

Customers

882,200
(741,800)

Number of accounts

1,169,100
(982,400)

¹ Excluding lending against pledged cash and cash equivalents

This is Nordnet

Nordnet is a digital bank for investments, savings and loans 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 review their savings a few minutes a week.



Our business areas

Savings and investments

Nordnet's core business is saving and investments. Our customers can save and invest in shares, funds and other 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 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 – margin lending, residential mortgages and personal loans (unsecured loans). 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 only offered 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 60 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. Personal loans are offered both through Nordnet's own brand and under the trade name Konsumentkredit, and are directed at natural persons in Sweden. 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.

The English version of the Interim Report is a translation. In case of any discrepancy between the Swedish version and the English version, the Swedish version shall prevail.

Comments from the CEO

“Our overall ambition is to become the Nordic private savers’ first choice. To achieve this goal, we have to offer a world-class user experience regarding both the platform and products.”

I started my assignment as CEO of Nordnet at the beginning of September, and this is the first financial report I am presenting. Being able to lead Nordnet is an exciting challenge, and my first time here has been both inspiring and intensive. Likewise, the three-month period we have behind us has been full of events that affect the financial markets, and there has not been a shortage of themes to act upon. The savers have extensively shifted their portfolios, and we can summarize our most trading-intensive period ever – for the first time, the savers are making more than seven million transactions in a single quarter.

Our business is continuing to grow at a good pace, and the financial results for the period are strong. On the bottom line, we show a profit of SEK 81 million, which is more than 200 percent better than the same quarter last year. Behind this figure are a maintained cost level and a stable growth in customers and savings capital, which provides a higher revenue base. All of our markets show double-digit customer growth on an annualized basis, and for Nordnet as a whole, the increase in new savers in the past 12 months reached 19 percent.

In total, more than 880,000 customers have now chosen Nordnet as their financial partner, and the savings capital amounts to a record SEK 365 billion, an increase of 13 percent on an annualized basis. Our loan portfolio is approaching SEK 15 billion, which is also a new record.

Our overall ambition is to become the Nordic private savers’ first choice. To achieve this goal, we have to offer a world-class user experience regarding interface, products and stability in the platform. In the third quarter, we continued to work in line with that ambition, and launched our new web service in both Denmark and Finland. Notable among the new functions the site contains are free real-time prices and five levels of or-

der depth, a responsive interface and a number of new functions for sustainable saving.

We also continued to make improvements in the app, and strengthened our residential mortgage offering through an increase of the maximum loan-to-value to 60 percent and lower interest. Our lowest list rate is now 0.79 percent and we have the lowest average interest rate of all Swedish banks at 1.06 percent.

What drives us at Nordnet is democratizing savings and investments, and giving the Nordic private savers access to the same tools and opportunities as the professional investors. This was the idea behind our founding in the middle of the 1990s, and it is a direction that characterizes us still today. We were pioneers in trading in shares and funds online, and have long been committed to the conditions on pension savings being more on the consumers’ terms, and that digital financial advice should be qualitative, accessible and cost effective.

In April, we at Nordnet were the first to call the attention to the fact that the Government had folded for the industry in a legislative proposal – the effective right of transfer that was announced did not cover insurance policies taken out before 2007, and pension companies could still levy penal charges on savers who want to move their pension corresponding to the sales commissions the pension company has paid out. Through various initiatives, we have driven the savers’ agenda in the matter and argued for a free right of transfer for real. Several actors in the industry have joined us, and ultimately the other six parties sided with the savers and declared that they do not support the Government’s proposal. The final formulation of a new proposal is not finished, but for the first time in many years, there is a good hope for a real change in the field.



A year ago, we launched three funds with the aim of offering stable savings through well-diversified all-weather portfolios, together with a digital advice tool that focuses on the saver's risk propensity and savings goals. The idea was to offer the private savers management of a quality that is otherwise reserved for institutions, and a year later, we can confirm that our so-called Smart funds have delivered what we hoped for – a high return at a low risk. In a comparison with other funds in the same categories in Morningstar's system, our funds have performed substantially better than the average in their respective categories.

Our stock lending program is another example where we are making improvements and providing renewal for the savers. Lending of shares against compensation was previously hard to come by for private savers, but as a Nordnet customer you are now involved and have access to these revenues. To-date this year, SEK 17 million has been paid out to the savers.

Our strive to constantly improve also means that we win awards. In September, we were named the "Best Stockbroker" in Finland. This prize is awarded by Suo-

men Osakesäästäjät, which is the Finnish equivalent of the Swedish share savers' association Aktiespararna. The prize is backed by a survey where more than 1,800 members participated and could rate the quality of around 50 different service functions at various banks and stockbrokers. It is very honouring to be awarded this quality rating from the Finnish savers.

Lastly – Nordnet is a digital company, but behind every product, process and decision there are people. My leadership is based on the idea that committed employees are a prerequisite for satisfied customers, which in turn is the foundation of profitable growth.

Thank you for following Nordnet.

Lars-Åke Norling, vd
@CEONordnet

Operations



Operations

Development of the stock market

After a tough start to the quarter and a negative summer for stock markets the world over, the positivism that otherwise characterized the year returned towards the end of the period. Share prices continued upwards despite a strong flow of negative macro figures that all indicate an economic slowdown. The market's resilience is best explained by the continued monetary policy relief in both the U.S. and the EU where the key interest rate in the U.S. was lowered in both July and September and the ECB announced that it is resuming quantitative relief and will continue to buy assets until the inflation target is achieved.

In September, the drone attack against the Saudi oil giant Aramco caused oil prices to skyrocket. In Europe, an elevated risk of recession is being discussed in the EU's financial engine Germany after the worst industrial figures in a decade, and the Italian government formation finally succeeded after a long political division. The IPO of WeWorks in the U.S. flopped and had to be withdrawn, but it went better for the Swedish venture capital company EQT that was oversubscribed 10 fold and listed on the Stockholm Stock Exchange. In the UK, the Prime Minister Theresa May resigned and the Brexit supporter Boris Johnson was elected to lead the country out of the EU. President Donald Trump rode out the storm around the Mueller investigation, but is now again facing a possible impeachment at the same time that next year's election campaign has gotten started. The economy of the Nordic countries continues to grow despite indications that the slowdown in the rest of Europe will ultimately be contagious. This is already visible to some extent in Sweden where the Bank of Sweden has become increasingly dovish and indicated an unchanged key interest rate in the rest of 2019 and all of 2020. The weak SEK supports exports and the manufacturing industry, at the same time that inter-

national demand is gradually decreasing. In Norway, growth is being driven by the oil sector and the Bank of Norway went against the other Nordic economies when they raised the key interest during the quarter. This was the fourth raise within one year and further raises can not be ruled out. The Danish economy is in top shape, largely thanks to strong exports, low interest rates and a balanced labour market. Household income is continuing upwards, companies are continuing to invest and home prices have again begun rising. In Finland, the outlook is somewhat worse after negative industrial figures despite strong exports and a higher domestic demand after a period of declining unemployment.

Global stock markets (MSCI ACWI -0.5 percent) had a slightly negative quarter that was mainly weighed down by development markets (-1.9 percent) with Asia as the sinker (MSCI Asia excluding Japan -3.3 percent). Developed markets with the USA (S&P +1.7 percent) and Europe (MSCI Europe excluding UK 2.5 percent) in the lead managed substantially better and closed up. Nordic share indexes all had a good quarter with a return of 2-3 percent.

Customers, savings and lending

At 30 September, the number of active customers with Nordnet was 882,200 (741,800), corresponding to an increase of 19 percent compared with a year ago.

Our customers' collective savings capital totalled SEK 365 billion (324). Total savings capital increased by 13 percent compared with 30 September 2018.

Net savings for the period January-September 2019 amounted to SEK 13.6 billion (22.1). Calculated in relation to savings capital at the end of September 2018, net savings for the past 12 months correspond to 5 percent.

Customers, savings and lending	30/9/2019	30/6/2019	31/3/2019	31/12/2018	30/9/2018
Number of customers and accounts					
Customers	882,200	854,800	794,800	765,200	741,800
Accounts	1,169,100	1,134,000	1,054,700	1,016,300	982,400
Net savings and savings capital (SEK billion)					
Net savings	4.2	2.4	7.0	1.4	4.9
Savings capital	365.2	353.7	323.5	285.5	323.9
Number of trades					
During the period (quarter)	7,316,300	6,582,800	6,935,400	6,984,500	6,413,900
On average per day	110,900	116,500	110,100	113,600	98,700
Lending (SEK billion)					
Margin lending 1)	6.6	6.3	6.1	5.6	5.7
Personal loans	4.1	4.0	4.0	4.0	4.0
Mortgage	4.3	4.3	4.3	4.2	4.0
Total	14.9	14.6	14.4	13.7	13.6

¹Exklusive belåning mot pantsatta likvida medel

Lending was up by 9 percent compared with 12 months ago, amounting to SEK 14.9 billion (13.6).

Nordnet customers made an average of 112,300 trades (102,900) per day during the period January to September, an increase of 9 percent compared with January to September 2018.

Net profit

Group

July – September 2019

Operating income in the third quarter increased by 22 percent, amounting to SEK 371.4 million (305.4) compared with the third quarter of 2018. Net interest income increased by SEK 37.4 million, where higher volumes in margin loans and higher returns on excess liquidity are the main explanations of the increase. In addition, net interest income was improved by income from Nordnet's stock lending program. Net commission income increased by SEK 19.7 million, related to higher fund commissions and higher transaction-related income.

Operating expenses before credit losses rose by 3 percent compared with the third quarter last year and amounted to SEK 273.7 million (264.9). Expenses for marketing and external services decreased during the period while expenses for depreciation increased related to the acquisition of Netfonds.

Operating profit increased by 219 percent to SEK 92.3 million (28.9), and the operating margin was 25 percent (9). Profit after tax for the period rose by 207 percent to SEK 80.9 million (26.4), resulting in a profit margin of 22 percent (9).

Operating income excluding transaction-related net commission income for the quarter rose by 27 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 89 (71) percent.

January – September 2019

Operating income for the period January–September increased by 19 percent, amounting to SEK 1,145.2 million (962.9). Net interest income increased by SEK 83.0 million, with greater volumes in margin loans and

residential mortgages contributing to increased net interest income. In addition, net interest income improved from income from Nordnet's stock lending program and higher returns on surplus liquidity. Net commission income rose by SEK 30.7 million, mainly attributable to transaction-related income and higher volumes in Nordnet Markets. The result for the period includes a revaluation of the shareholding in Tink AB of SEK 65.8 million. The shares were sold during the period. Operating expenses before credit losses decreased by 2 percent compared with January–September 2018 and amounted to SEK 817.9 million (831.4). Expenses for marketing and external services decreased during the period while expenses for depreciation increased related to the acquisition of Netfonds.

Operating profit increased by 203 percent to SEK 303.3 million (100.2), and the operating margin was 26 percent (10). Profit after tax for the period rose by 228 percent to SEK 273.2 million (83.4), resulting in a profit margin of 24 percent (9).

Operating income excluding transaction-related net commission income for the period rose by 26 percent compared with the period January–September 2018. Cost coverage, i.e. operating income excluding transaction-related net commission income in relation to expenses, amounted to 93 (72) percent.

Development in our markets

Sweden

During the period January–September, income increased by 11 percent compared with the year-before period, mainly related to a higher net interest income resulting from higher volumes in residential mortgages and income from the stock lending program. Higher returns on surplus liquidity also contributed positively to profit compared with the year-before period. Expenses decreased by 8 percent, due to lower expenses for marketing and a smaller sales force. The operating margin was 31 percent (16) percent.

Nordnet in Sweden had 358,800 (322,400) active customers as at the end of September 2019, corresponding to an increase of 11 percent in the past 12-month period.

Savings capital at the end of September amounted to SEK 157 billion (146). Net savings for the period January–September amounted to SEK 5,877 million (10,625). Calculated in relation to savings capital at the end of September 2018, net savings for the past 12 months correspond to 3 percent.

Margin lending increased by 14 percent compared with the previous year, amounting to SEK 2.3 billion (2.0) at the end of September. Within personal loans (unsecured loans), there were 26,400 customers (27,400) at 30 September 2019, and the lending volume was SEK 4.1



Nordnet's employees are celebrating that we took major steps in the autumn towards a free right of relocation of pension savings.

billion (4.0). The lending volume in Nordnet's residential mortgages amounted to SEK 4.3 billion (4.0) at the end of September. The number of trades during the period January–September 2019 is unchanged compared with 2018.

In the past quarter, we improved our residential mortgage offering with the ambition of it being the markets most favourable loan for customers with savings that exceed SEK 1 million. The loan-to-value ratio has been increased from 50 to 60 percent, which makes our residential mortgage available to more customers. A new discount level that begins to apply at SEK 1 million in savings capital was introduced, and interest rates were lowered by 0.10–0.15 percent. Our most favourable interest rate is now 0.79 percent.

The pension area continued to receive extensive attention during the quarter. Extensive focus was on continuing to drive the work of inciting opinion for more customer-friendly terms in pension savings. We are continuing to push our proposed 500:2 method, presented this past spring, which means that a pension move should cost no more than SEK 500 and take maximum two months to carry out. A clear proposal with fees set in SEK makes it easier for the savers and creates a transfer right that is based on the savers' best interest instead of the industry's.

Within the pension area, we are also continuing the work on our proposal on the pension savings account (PSK). After the deduction right for IPS was rescinded, there is no good alternative for private pension savings, and it is very important that we put in place a new savings form that encourages long-term savings.

Norway

During the period January–September, income increased for Nordnet in Norway by 36 percent. A higher net interest income related to higher volumes in margin lending and higher transaction-related income contributed positively to profit compared with the same period of 2018. Expenses increased by 22 percent related to expenses associated with the acquisition of Netfonds AS. The operating margin amounted to 13 percent (3) during the period January–September.

At the end of September 2019, the number of active customers in Norway amounted to 143,500 (107,600), corresponding to customer growth of 33 percent over

the past 12-month period.

Savings capital at the end of September amounted to SEK 58 billion (42). Net savings for the period January–September amounted to SEK 2,399 million (3,002). Calculated in relation to savings capital at the end of September 2018, net savings for the past 12 months correspond to 6 percent.

Margin lending amounted to SEK 1.5 billion (0.9), an increase of 77 percent in 12 months. The number of trades in the period January–September rose by 21 percent compared with the corresponding period in 2018.

The second quarter was a very eventful period in Nordnet Norway's history, where we launched our new web service, presented a new lending product and concluded the integration of Netfonds, among other efforts. Our market position strengthened substantially after the implementation of these activities, and both the customer inflow and market share in the stock exchange were strong during the period. Focus in the third quarter was on providing training, service and savings-related content with the aim of following up that savers from both Nordnet and Netfonds feel at home in our new platform.

Denmark

During the period January–September, income is essentially unchanged in our Danish operations. Transaction-related income increased somewhat, but was held back by a decrease in net interest income related to negative return on surplus liquidity. Expenses decreased by 8 percent, mainly related to lower Group-wide expenses. Marketing costs also decreased during the period. The operating margin was 21 percent (15) percent.

The number of active customers at the end of September 2019 amounted to 113,600 (95,800), which is an increase of 19 percent over the past 12 months.

Savings capital at the end of September amounted to SEK 75 billion (67). Net savings for the period January–September amounted to SEK 2,498 million (6,360). Calculated in relation to savings capital at the end of September 2018, net savings for the past 12 months corresponded to 6 percent.

Margin lending decreased by 7 percent compared with the previous year, amounting to SEK 1.2 billion (1.3) on 30 September. The number of trades during the period January-September 2019 increased by 9 percent compared with the corresponding period the previous year.

The major event in the Danish market during the third quarter was the launch of our new web service. The new site is responsive and has a modern interface that provides a better overview, as well as a new design and navigation. Notable among the new functions are a screener for sustainable savings, which gives the

savers the possibility to filter out undesirable holdings for funds, Morningstar's fund rating on all ETFs, a more advanced search function for exchange traded products and the service "Selected funds", where Nordnet in cooperation with the independent analyst firm Wassum has chosen the actively managed funds that are considered to have the greatest chance of performing the best in the respective category. The new site was generally well received, and in connection with the launch, it offers cost-free real-time prices for all of 2019 and an order depth of five levels for the Nordic stock exchanges to all customers.

Profit per country

January - September	Sweden		Norway		Denmark		Finland		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Operating income	556.4	500.6	206.8	152.2	170.3	170.8	145.9	139.3	1,145.2	962.9
Operating expenses	-360.7	-391.2	-179.9	-147.3	-134.0	-145.4	-143.4	-147.5	-817.9	-831.4
Profit before credit losses	195.7	109.5	27.0	4.9	36.3	25.4	2.5	-8.2	327.3	131.5
Credit losses	-22.5	-30.0	-0.7	-0.6	-0.7	-0.5	0.0	-0.1	-23.9	-31.3
Operating profit	173.2	79.5	26.3	4.3	35.6	24.8	2.5	-8.4	303.3	100.2
Operating margin	31%	16%	13%	3%	21%	15%	2%	-6%	26%	10%
Number of customers	358,800	322,400	143,500	107,600	113,600	95,800	266,300	216,000	882,200	741,800
Number of accounts	523,200	465,600	296,700	150,000	205,100	122,900	144,100	243,900	1,169,100	982,400
Savings capital (SEK billion)	157.1	145.9	57.6	42.1	74.7	67.0	75.8	68.9	365.2	323.9
Number of trades	10,050,400	10,022,800	3,749,900	3,089,000	3,192,100	2,923,800	3,842,100	3,099,700	20,834,500	19,135,300
Net savings (SEK million)	5,877	10,625	2,399	3,002	2,498	6,360	2,838	2,085	13,612	22,071
Margin lending* (SEK billion)	2.3	2.0	1.5	0.9	1.2	1.3	1.5	1.5	6.6	5.7
Personal Loans (SEK billion)	4.1	4.0							4.1	4.0
Mortgage (SEK billion)	4.3	4.0							4.3	4.0

¹Lending excluding pledged cash and equivalents

A woman with long dark hair and a young boy are lying in bed, reading a book together. They are under a white canopy that is tied back, revealing a blue curtain. The scene is warmly lit, suggesting a cozy bedtime routine.

And hey, ho, the index rose 0.41%.

**Take control of your savings.
Automatically.**

Discover an entirely new service for long-term savings. With our free advisory services you gain access to a savings that manages itself, while you do something else.



Nordnet

Finland

During the period January–September, income in our Finnish operations increased by 5 percent, at the same time that expenses decreased by 3 percent. The operating margin was 2 percent (-6) percent.

At the end of September, the number of active customers was 266,300 (216,000), corresponding to an increase of 23 percent compared with the end of September 2018.

Savings capital at the end of September amounted to SEK 76 billion (69). Net savings for the period January–September amounted to SEK 2,838 million (2,085). Calculated in relation to savings capital at the end of September 2018, net savings for the past 12 months corresponded to 6 percent.

Margin lending was unchanged compared with the period January–September 2018 and amounted to SEK 1.5 billion (1.5). The number of trades during the period January–September increased by 24 percent compared with the corresponding period the previous year.

At the end of September, we launched our new web service with improved functionality and design. The new website is based on the same user-friendly design structure as the mobile app to create a uniform experience for our customers. The new web service was launched in Denmark and Norway previously this year, and will also be launched in Sweden at the end of the year.

Nordnet Finland received several awards during the period. For the third time in a row, Nordnet was named the Best Stockbroker in Finland by the Finnish shareholders' association, Suomen Osakesäästäjät. The survey is conducted once every two years, and Nordnet also took home the title in 2015 and 2017. Nordnet's brand was also named "Rocket of the Year" in the Finnish market by the independent market analyst firm Taloustutkimus. The study is done annually and is based on appraisals and recommendations of 150 different online brands in Finland.

Earlier this year, the Finnish government approved the new savings form "osakesäästötili", a share savings account, with terms in line with the already existing

savings forms of share savings accounts in Norway and investment savings accounts in Sweden. The regulations for the new account type will apply from 1 January 2020, and Nordnet will be one of the first banks in Finland to offer the new share savings account.

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 September amounted to SEK 1,027.8 million (1,433.7), of which blocked funds were SEK 98 million (88). In addition, interest-bearing investments were held with a total fair value of SEK 18,781.1 million (17,911.2).

Consolidated equity amounted to SEK 3,013.8 million (1,973.0). For more information, see the Group's specification of equity on page 20.

For the consolidated situation in which Nordnet AB (publ) is the parent company, the capital base amounted to SEK 1,913.5 million (1,432.5) and total risk exposure amounts to SEK 9,706.7 million (8,766.6). As at the end of the period, the capital ratio was 19.7 percent, compared with 16.3 percent at the same time last year. For more information, see Note 7.

Cash flow

In the third 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 negatively affected by SEK 1.3 billion due to higher lending. During the quarter, cash flow in investing activities was negative due to purchases of bonds and other fixed-income securities for SEK 0.6 billion.

Parent Company

January – September 2019

Nordnet AB (publ) 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–September 2019 amounted to SEK 15.0 million (5.9) and relates to Group-internal administrative services. The profit from financial investments totalled

SEK 60.5 million (1.5) and comprises interest expenses and dividends from subsidiaries.

The Parent Company's profit after financial items for the period January–September 2019 amounted to SEK 52.5 million (loss 3.3). The Parent Company's cash and cash equivalents amounted to SEK 121.4 million (3.4), and shareholders' equity to SEK 1,968.3 million (6,504.6). The change in equity is attributable to the merger between Nordnet AB (publ) and NNB Intres-senter AB, and an issue of Tier 1 capital (AT1) of SEK 500 million. The bonds have an indefinite maturity, with the first redemption after five years and runs with interest of three-month Stibor + 6.75 percent.

The bonds were taken up for trade in the market for corporate bonds at Nasdaq, Stockholm on 25 June 2019. The change in equity is also attributable to a new share issue in Nordnet AB (publ) and an unconditional shareholder contribution from the majority shareholders in an amount of SEK 250 million, in connection with the closing of the deal between Nordnet and Netfonds on 5 April. A write-up of the shareholding in Tink AB also affected equity. The holding in its entirety was divested in Q2 and the revaluation reserve that corresponds to the shares divested was transferred to non-restricted equity. For more information, see the

Parent Company's specification of equity on page 23 and notes on page 25.

Employees

As of 30 September 2019, Nordnet had 506 full-time employees (535). 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–September was 502 (521).

On 1 September, Lars-Åke Norling took office as the new CEO of Nordnet. Lars-Åke was previously the CEO of Telenor in Sweden and was most recently the investment manager for the TMT sector at Kinnevik.

Events after 30 September 2019

No significant events have occurred after the end of the period.

Signatures of the Board of Directors

The board and CEO provide their assurance that this interim report for the period January-September 2019 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 24 October 2019

Tom Dinkelspiel
Chairman of the Board

Jan Dinkelspiel
Board member

Christopher Ekdahl
Board member

Karitha Ericson
Board member

Christian Frick
Board member

Hans Larsson
Board member

Per Widerström
Board member

Lars-Åke Norling
CEO

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Upcoming report events

Year-end Report	31 January 2020
Annual and Sustainability Report	20 March 2020
Interim Report January-March	24 April 2020
Interim Report January-June	24 July 2020

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Become a customer: nordnet.se, nordnet.no, nordnet.dk, nordnet.fi

This is information which Nordnet AB (publ) is obliged to publish under the EU's Market Abuse Regulation.

This information was submitted through the efforts of the above-mentioned contact persons for publication on 25 October 2019 at 8:00 a.m. CET.

Financial statements



Financial statements

Consolidated income statement

		3 months	3 months	9 months	9 months	12 months	12 months
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	rolling	months
SEK million	Note	2019	2018	2019	2018	Oct-Sep	Jan-Dec
		2019	2018	2019	2018	2019	2018
Interest income		142.5	105.2	444.3	320.8	616.0	492.4
Interest expenses		-13.7	-13.8	-78.7	-38.2	-155.3	-114.8
Commission income		266.3	242.8	775.5	718.7	1,040.7	983.9
Commission expenses		-80.4	-76.7	-236.9	-210.8	-313.9	-287.9
Net result of financial transactions		42.4	42.9	194.4	134.4	238.0	178.0
Other operating income		14.4	5.0	46.5	38.0	67.4	58.9
Total operating income		371.4	305.4	1,145.2	962.9	1,492.8	1,310.4
General administrative expenses		-216.6	-219.4	-664.1	-694.2	-919.5	-949.6
Depreciation, amortization and impairments of intangibles and equipment		-47.5	-24.5	-126.0	-77.7	-154.1	-105.9
Other operating expenses		-9.6	-20.9	-27.9	-59.5	-46.1	-77.7
Total expenses before credit losses		-273.7	-264.9	-817.9	-831.4	-1,119.7	-1,133.2
Profit before credit losses		97.7	40.5	327.3	131.5	373.1	177.2
Credit losses, net	2	-5.5	-11.6	-23.9	-31.3	-28.6	-36.0
Operating profit		92.3	28.9	303.3	100.2	344.4	141.2
Tax on profit for the period		-11.4	-2.6	-30.1	-16.8	-36.4	-23.1
Profit for the period		80.9	26.4	273.2	83.4	308.1	118.1
Of which, attributable to:							
Shareholders of the Parent Company		80.9	26.4	273.2	83.4	308.1	118.1

Consolidated statement of other comprehensive income

SEK million	3 months Jul-Sep 2019	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2018	12 months rolling Oct-Sep 2019	12 months Jan-Dec 2018
Profit for the period	80.9	26.4	273.2	83.4	308.1	118.1
Items that will be reversed to the income statement						
Changes in value of financial assets recognized at fair value through other comprehensive income	-0.5	-5.4	8.2	-18.2	5.9	-32.2
Tax on changes in value of financial assets recognized at fair value through other comprehensive income	0.1	1.2	-1.8	4.0	1.3	7.1
Translation of foreign operations	2.0	-3.7	17.0	17.2	8.3	8.4
Tax on translation of foreign operations	-0.4	0.2	-0.6	-0.2	-0.9	-0.4
Total other comprehensive income after tax	1.2	-7.7	22.8	2.8	2.8	-17.1
Total profit or loss and other comprehensive income	82.1	18.7	296.0	86.2	310.9	100.9
Of which, attributable to:						
Shareholders of the Parent Company	82.1	18.7	296.0	86.2	310.9	100.9

Consolidated balance sheet

SEK million	Note	30/09/2019	30/09/2018	31/12/2018
Assets				
Cash and balances in Central banks		528.1	1,139.0	1,344.2
Treasury bills and other interest bearing securities eligible for refinancing		20,574.7	16,429.2	18,260.6
Loans to credit institutions		499.6	294.7	333.0
Loans to the general public	2	15,711.0	14,474.3	14,204.5
Bonds and other interest bearing securities		1,965.3	2,468.5	1,775.7
Shares and participations		15.9	48.8	59.6
Assets for which customers bear the investment risk		64,610.8	60,774.9	51,726.5
Intangible fixed assets		938.6	408.5	414.3
Tangible fixed assets		321.5	101.4	102.8
Deferred taxed assets		1.1	-	-
Current tax assets		138.0	164.8	89.1
Other assets		3,299.2	3,500.1	3,617.7
Prepaid expenses and accrued income		248.9	190.2	191.5
Total assets		108,852.7	99,994.4	92,119.4
Liabilities				
Deposits and borrowing from the general public		37,820.2	33,649.9	35,225.2
Liabilities for which customers bear the investment risk		64,610.8	60,774.9	51,726.5
Other liabilities		2,987.2	3,299.5	2,952.8
Current tax liabilities		143.8	62.0	42.1
Deferred tax liabilities		92.9	39.3	23.2
Accrued expenses and deferred income		183.9	195.8	161.4
Total liabilities		105,838.9	98,021.4	90,131.2
Equity				
Share capital		1.0	1.0	1.0
Other capital contributions		7,571.2	6,821.3	6,821.3
Other reserves		-62.2	-65.1	-85.0
Retained earnings including profit for the period		-4,496.2	-4,784.2	-4,749.0
Total equity		3,013.8	1,973.0	1,988.2
Total liabilities and equity		108,852.7	99,994.4	92,119.4

Consolidated statement of changes in equity

SEK million	Share capital	Additional Tier 1 (AT1) capital	Other contributed capital	Other reserves	Retained earnings including profit for the year	Total equity
Equity brought forward 1 January 2019	1.0	-	6,821.3	-85.0	-4,749.0	1,988.2
Profit after tax reported in the income statement	-	-	-	-	273.2	273.2
Other comprehensive income after tax	-	-	-	22.8	-	22.8
Total comprehensive income	-	-	-	22.8	273.2	296.0
Transactions reported directly in equity						
Shareholder contribution ¹			250.0			250.0
Issue of Tier 1 capital ²	-	500.0	-	-	-	500.0
Transaction costs in connection with issue of Tier 1 capital	-	-	-	-	-3.4	-3.4
Tax on transaction cost with issue of Tier 1 capital	-	-	-	-	0.7	0.7
Interest on Tier 1 capital	-	-	-	-	-17.7	-17.7
Total transactions reported directly in equity	-	500.0	250.0	-	-20.4	729.6
Equity carried forward 30 September 2019	1.0	500.0	7,071.2	-62.2	-4,496.2	3,013.8

¹ The shareholders' contribution is unconditional.

² Issue of Tier 1 capital of SEK 500 million. The bonds have an indefinite maturity, with the first redemption after five years and runs with interest of three-month Stibor + 6.75 percent. The bonds are listed on the Nasdaq Stockholm exchange.

SEK million	Share capital	Other contributed capital	Other reserves	Retained earnings including profit for the year	Total equity
Equity brought forward 1 January 2018	1.0	6,821.3	-67.9	-4,729.7	2,024.7
Profit after tax reported in the income statement	-	-	-	83.4	83.4
Other comprehensive income after tax	-	-	2.8	-	2.8
Total comprehensive income	-	-	2.8	83.4	86.2
Transactions reported directly in equity					
Effect of changed principles IFRS 9 as of January 1, 2018	-	-	-	-37.8	-37.8
Dividend issued	-	-	-	-100.0	-100.0
Total transactions reported directly in equity	-	-	-	-137.8	-137.8
Equity carried forward 30 September 2018	1.0	6,821.3	-65.1	-4,784.2	1,973.0

cont. Consolidated statement of changes in equity

SEK million	Share capital	Other contributed capital	Other reserves	Retained earnings including profit for the year	Total equity
Equity brought forward 1 January 2018	1.0	6,821.3	-67.9	-4,729.7	2,024.7
Profit after tax reported in the income statement	-	-	-	118.1	118.1
Comprehensive income after tax	-	-	-17.1	-	-17.1
Total comprehensive income	-	-	-17.1	118.1	100.9
Transactions reported directly in equity					
Effect of changed principles IFRS 9 as of January 1, 2018	-	-	-	-37.8	-37.8
Dividend issued	-	-	-	-100.0	-100.0
Effect of changed tax rate untaxed reserves	-	-	-	0.5	0.5
Total transactions reported directly in equity	-	-	-	-137.3	-137.3
Equity carried forward 31 December 2018	1.0	6,821.3	-85.0	-4,749.0	1,988.2

Consolidated cash flow

SEK million	3 months Jul-Sep 2019	3 months Jul-Sep 2018	9 months Jan-Sep 2019	9 months Jan-Sep 2018	12 months rolling Oct-Sep 2019	12 months Jan-Dec 2018
Operating activities						
Cash flow from operating activities before changes in working capital	-91.3	-1.3	-5.4	167.9	98.1	271.4
Cash flow from changes in working capital	907.7	-486.6	1,469.6	1,891.9	2,819.0	3,241.3
Cash flow from operating activities	816.4	-487.9	1,464.2	2,059.8	2,917.0	3,512.7
Investing activities						
Purchases and disposals of intangible and tangible fixed assets	6.0	-34.1	-543.0	-153.6	-585.6	-196.2
Net investments in financial instruments	-594.2	200.4	-2,322.8	-1,046.9	-3,484.6	-2,208.7
Cash flow from investing activities	-588.2	166.3	-2,865.8	-1,200.5	-4,070.2	-2,404.8
Financing activities						
Cash flow from financing activities	-1.0	0.0	747.3	-100.0	747.3	-100.0
Cash flow for the period	227.2	-321.5	-654.3	759.4	-405.8	1,007.8
Cash and cash equivalents at the start of the period	804.6	1,756.4	1,677.2	667.9	1,433.7	667.9
Exchange rate difference for cash and cash equivalents	-4.0	-1.2	4.8	6.4	0.0	1.5
Cash and cash equivalents at the end of the period	1,027.8	1,433.7	1,027.8	1,433.7	1,027.8	1,677.2
whereof cash and cash equivalents in Central Banks	528.1	1,139.0	528.1	1,139.0	528.1	1,344.2
whereof loans to credit institutions	499.6	294.7	499.6	294.7	499.6	333.0

Parent company income statement

SEK million	3 months Jul-Sep 2019	3 months Jul-Sep 2018	6 months Jan-Sep 2019	6 months Jan-Sep 2018	12 months rolling Oct-Sep 2019	12 months Jan-Dec 2018
Net sales	9.3	2.1	15.0	5.9	17.3	8.2
Total operating income	9.3	2.1	15.0	5.9	17.3	8.2
Other external costs	-1.4	-1.0	-7.5	-3.8	-7.9	-4.1
Personnel costs	-9.2	-2.3	-14.4	-7.0	-21.8	-14.4
Other operating expenses	-0.4	0.1	-1.1	0.0	-1.1	0.0
Operating profit	-1.6	-1.2	-8.0	-4.8	-13.6	-18.6
Result from financial investments:						
Result from participations in Group companies	60.0	-	60.0	1.5	76.0	17.6
Interest expense and similar items	-0.5	-	0.5	-	0.5	0.0
Result from financial investments	59.5	0.0	60.5	1.5	76.6	17.6
Profit after financial items	57.9	-1.2	52.5	-3.3	63.0	7.2
Tax on profit for the year	0.4	1.1	1.3	0.9	-1.2	-1.6
Profit for the period	58.3	-0.1	53.8	-2.4	61.8	5.6

Profit for the period matches the comprehensive income.

Parent company balance sheet

SEK million	30/09/2019	30/09/2018	31/12/2018
Assets			
Financial fixed assets	1,989.1	6,503.9	6,503.9
Current assets	15.2	3.5	16.7
Cash and bank balances	121.4	3.4	1.7
Total assets	2,125.7	6,510.8	6,522.3
Equity and liabilities			
Restricted equity	1.0	1.0	1.0
Non-restricted equity	1,967.3	6,503.6	6,511.6
Current liabilities	157.4	6.2	9.7
Total equity and total liabilities	2,125.7	6,510.8	6,522.3

Parent Company's statement of changes in equity

SEK million	Share capital	Share premium reserve	Additional Tier 1 (AT1) capital	Other non-restricted reserves	Profit for the year	Total
Equity brought forward 1 January 2019	1.0	6,340.2	-	165.9	5.6	6,512.6
Reallocation of last year's profit	-	-	-	5.6	-5.6	-
Profit after tax reported in the income statement	-	-	-	-	53.8	53.8
Total comprehensive income	-	-	-	5.6	48.2	53.8
Transactions reported directly in equity						
Shareholder contribution	-	-	-	250.0	-	250.0
Revaluation reserve ¹	-	-	-	65.8	-	65.8
Issue of Tier 1 capital ²	-	-	500.0	-	-	500.0
Transaction costs in connection with issue of Tier 1 capital	-	-	-	-3.4	-	-3.4
Tax on transaction cost with issue of Tier 1 capital	-	-	-	0.7	-	0.7
Interest on Tier 1 capital	-	-	-	-17.7	-	-17.7
Result of merger	-	-	-	-5,393.5	-	-5,393.5
Equity carried forward 30 September 2019	1.0	6,340.2	500.0	-4,926.7	53.8	1,968.3

¹ The revaluation of the shares in Tink AB were made during the first quarter through a revaluation reserve. The shares has been sold during the second quarter and the revaluation reserve was transferred to retained earnings

² Issue of Tier 1 capital of SEK 500 million. The bonds have an indefinite maturity, with the first redemption after five years and runs with interest of three-month Stibor + 6.75 percent. The bonds are listed on the Nasdaq Stockholm exchange.

SEK million	Share capital	Share premium reserve	Retained earnings	Profit for the year	Total
Equity brought forward 1 January 2018	1.0	6,340.2	0.0	265.9	6,607.0
Reallocation of last year's profit	-	-	265.9	-265.9	-
Profit after tax reported in the income statement	-	-	-	-2.4	-2.4
Total comprehensive income	-	-	265.9	-268.3	-2.4
Transactions reported directly in equity					
Dividend	-	-	-100.0	-	-100.0
Equity carried forward 30 September 2018	1.0	6,340.2	165.9	-2.4	6,504.6

SEK million	Share capital	Share premium reserve	Retained earnings	Profit for the year	Total
Equity brought forward 1 January 2018	1.0	6,340.2	0.0	265.9	6,607.0
Reallocation of last year's profit	-	-	265.9	-265.9	-
Profit after tax reported in the income statement	-	-	-	5.6	5.6
Total comprehensive income	-	-	265.9	-260.3	5.6
Transactions reported directly in equity					
Dividend	-	-	-100.0	-	-100.0
Equity carried forward 31 December 2018	1.0	6,340.2	165.9	5.6	6,512.6

Notes

On 1 March 2019, NNB Intressenter AB, org. reg. no. 559073-6681 was merged with the wholly owned subsidiary Nordnet AB (publ), org. reg. no. 556249-1687, whereby NNB Intressenter AB absorbed Nordnet AB (publ), which was dissolved without liquidation. NNB Intressenter AB thereby took over all assets and liabilities in Nordnet AB (publ). In connection with the merger, NNB Intressenter AB changed its company name to Nordnet AB (publ) and changed the company category from a private to a public company. For further information, see Note 46 – Events after the balance-sheet date in the Nordnet AB (publ) annual report 2018. On 5 April 2019, the acquisition of Netfonds' operations in Norway was completed; for more information, refer to Note 8.

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 2018 Nordnet Annual Report, Note 5, the section entitled "Accounting principles applied". The accounting principles and bases of calculation applied remain unchanged compared with the 2018 Annual Report, except for the following amendments.

As of 1 January 2019, Nordnet applies IFRS 16 Leases in its consolidated financial statements. This standard replaced IAS 17 Leases and establishes principles for recognition, measurement, presentation of and disclosures regarding leases. Note 3 "New and amended standards" in the Nordnet AB (publ) 2018 Annual

Report provides a brief presentation of the effects upon the implementation of IFRS 16.

Accounting principles as of 1 January 2019 IFRS 16 Leases

The application of IFRS 16 Leases means that all leases that meet the definition of leases will be reported as an asset with the right of use and as a corresponding liability in the lessee's balance sheet. The standard allows exceptions to the recognition of leases with a leasing period of less than 12 months (short-term leases) and leases for assets with a low value. These are recognized as an expense directly in the income statement. The right of use (ROU) and the liability are initially measured at the present value of future leasing payments. 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). The lessor's report will essentially remain unchanged.

The application of the new standard entails more assets and interest-bearing liabilities on the balance sheet. A need is also added for new estimates and assumptions that affect the valuation of leasing liabilities. A discount rate must be assumed to calculate the present value and the leasing liability may be revalued depending on, e.g., an assessment of the likelihood that an option will be used. This will increase the volatility of the financial reporting.

In the income statement, an expense is recognised for the depreciation of the leased asset and an interest expense for the financial liability. In the cash flow statement, the leasing payments are divided between interest paid in the cash flow from operating activities and repayment of leasing liabilities in financing activities. This entails a positive effect on the cash flow from operating activities.

Page 26 presents a bridge between the operating leases under IAS 17 as of 31 December 2018 and leasing liabilities under IFRS 16 as of 1 January 2019.

Commitments for operational leases as of 31st December 2018

SEK Million	278.2
Financial leasing liabilities	5.2
Short term lease (expensed)	-2.1
Lease with low value (expensed)	-4.8
Effects of reclassification	-37.1
Discount-rate effect	-0.1
Reported leasing liabilities opening balance as of 1st of January 2019	239.3

¹ Mainly refers to the effect of non-deductible VAT and property tax.

Estimates and assessments

In 2018, Nordnet appointed a project group to prepare the implementation of IFRS 16. In the measurement of future leasing payments, Nordnet went through all leases to ensure completeness with regard to the agreements. For Nordnet, rental contracts for premises and leases for cars are included, but Nordnet does not consider other contracts to be material.

Nordnet applies IFRS 16 Leases in the consolidated financial statements. In accordance with RFR2, the standard is not applied in the Parent Company. Nordnet has applied the simplified transition method, which means that the asset in the transition period was equal with the liability, which means that no effect of the transition was presented in equity. No comparative figures have been restated.

Contracts with a shorter duration than 12 months were exempted. All leases include a rental period and terms for extension. The contracts for leasing cars extend over three years. If stipulated durations are missing in our contracts, the following durations are assumed for the respective category. Premises contracts five years,

Leasing vehicles three years.

Nordnet has chosen to use the rate that corresponds to a Swedish five-year government bond, +2 percent, for our premises leases. In the contracts for leased vehicles, a variable interest rate is given.

At the transition to IFRS 16 on 1 January 2019, assets increased by SEK 239.3 million in right of use assets, which in the balance sheet are recognized as Tangible fixed assets and allocated as follows: right of use to premises and buildings SEK 234.1 million, right of use to vehicles SEK 5.2 million. An interest-bearing leasing liability is recognized in the consolidated balance sheet under Other liabilities. The costs of these leases are recognized in the consolidated income statement as depreciation or interest expense. The standard has no significant impact on the Group's cash flow. Key performance indicators for capital effect and indebtedness are negatively impacted when recognized assets and interest-bearing liabilities increase. Nordnet's weighted average marginal borrowing rate is 0.05 percent as at 1 January 2019.

Since 1 March 2019, Nordnet is also the lessor through subletting of a part of office premises.

Note 2 Loans to the general public

As at 30 September 2019, SEK 800.5 million (791.9) 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 (ISAs), the lending rate applied to the credits corresponds to the deposit rate on the pledged cash and cash equivalents.

Unsecured loans comprise SEK 4,040 million of lending to the public. Of lending to the public, SEK 7,412 million is secured by collateral in the form of securities and

Credit loss reserve 30/09/2019	Stage 1	Stage 2	Stage 3	Total
Amortized cost	14,239.0	1,478.2	91.1	15,808.3
Provisions for expected credit losses	-20.6	-21.9	-54.8	-97.3
Total lending to the public	14,218.4	1,456.3	36.3	15,711.0

Credit loss reserve 30/09/2018	Stage 1	Stage 2	Stage 3	Total
Amortized cost	13,139.5	1,358.2	72.5	14,570.2
Provisions for expected credit losses	-22.6	-28.4	-44.9	-95.9
Total lending to the public	13,116.9	1,329.8	27.6	14,474.3

Credit loss reserve 31/12/2018	Stage 1	Stage 2	Stage 3	Total
Amortized cost	12,581.9	1,638.0	80.4	14,300.3
Provisions for expected credit losses	-21.4	-27.5	-47.0	-95.8
Total lending to the public	12,560.6	1,610.5	33.4	14,204.5

SEK 4,259 million pertains to Residential mortgages.

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 97.3 million (95.9).

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). Family members of the owners Öhman Group also possess direct ownership in Nordnet AB (publ).

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 Superfonderna, 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 2018 Annual Report.

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 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 2018 Annual Report.

No significant changes occurred in the third quarter of 2019.

Note 5 Group - Financial instruments

Categorization of financial instruments

30/09/2019	Fair value through consolidated income statement			Fair value through other comprehensive income	Non financial instruments	Total
	Amortized cost	Held for trading	Other business models			
Assets						
Cash and balances in Central banks	528.1	-	-	-	-	528.1
Treasury bills and other interest bearing securities eligible for refinancing	8,383.4	-	-	12,191.3	-	20,574.7
Loans to credit institutions	499.6	-	-	-	-	499.6
Loans to the general public	15,711.0	-	-	-	-	15,711.0
Bonds and other interest bearing securities	907.0	-	-	1,058.4	-	1,965.4
Shares and participations, listed	-	15.3	-	-	-	15.3
Shares and participations, non-listed	-	0.6	-	-	-	0.6
Assets for which customers bear the investment risk	1,748.8	-	57,330.6	5,531.4	-	64,610.8
Other assets	3,299.2	-	-	-	138.0	3,437.2
Accrued income	248.9	-	-	-	-	248.9
Total assets	31,326.1	15.9	57,330.6	18,781.1	138.0	107,591.7
Liabilities						
Deposits and borrowing from the general public	37,820.2	-	-	-	-	37,820.2
Liabilities for which customers bear the investment risk	-	-	64,610.8	-	-	64,610.8
Other liabilities	-	-	-	-	236.8	236.8
Accrued expenses	183.9	-	-	-	-	183.9
Total liabilities	38,004.1	-	64,610.8	-	236.8	102,851.7

¹ SEK 5,531.4 million refers to reinvestments in bonds and SEK 1,748.8 million refers to liquid assets.

cont. Note 5 Group - Financial instruments

Assets	Fair value through consolidated income statement			Fair value through other comprehensive income	Non financial instruments	Total
	Amortized cost	Held for trading	Other business models			
Cash and balances in Central banks	1,139.0	-	-	-	-	1,139.0
Treasury bills and other interest bearing securities eligible for refinancing	6,512.0	-	-	9,917.2	-	16,429.2
Loans to credit institutions	294.7	-	-	-	-	294.7
Loans to the general public	14,474.3	-	-	-	-	14,474.3
Bonds and other interest bearing securities	622.9	-	-	1,845.6	-	2,468.5
Shares and participations, listed	-	3.7	-	-	-	3.7
Shares and participations, non-listed	-	45.1	-	-	-	45.1
Assets for which customers bear the investment risk ¹	1,121.5	-	53,505.0	6,148.4	-	60,774.9
Other assets	3,500.1	-	-	-	164.8	3,664.9
Accrued income	190.2	-	-	-	-	190.2
Total assets	27,854.7	48.8	53,505.0	17,911.2	164.8	99,484.5
Liabilities						
Deposits and borrowing from the general public	33,649.9	-	-	-	-	33,649.9
Liabilities for which customers bear the investment risk	-	-	60,774.9	-	-	60,774.9
Other liabilities	3,299.5	-	-	-	101.3	3,400.8
Accrued expenses	195.8	-	-	-	-	195.8
Total liabilities	37,145.2	-	60,774.9	-	101.3	98,021.4

¹ SEK 6,148.4 million refers to reinvestments in bonds and SEK 1,121.5 million refers to liquid assets.

cont. Note 5 Group - Financial instruments

Assets	Fair value through consolidated income statement			Fair value through other comprehensive income	Non financial instruments	Total
	Amortized cost	Held for trading	Other business models			
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	333.0	-	-	-	-	333.0
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, listed	-	15.2	-	-	-	15.2
Shares and participations, non-listed	-	44.4	-	-	-	44.4
Assets for which customers bear the investment risk ¹	1,361.0	-	43,928.8	6,436.7	-	51,726.5
Other assets	3,617.7	-	-	-	89.1	3,706.8
Accrued income	191.5	-	-	-	-	191.5
Total assets	27,363.1	59.6	43,928.8	20,161.8	89.1	91,602.4
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	2,952.8	-	-	-	65.3	3,018.1
Accrued expenses	161.4	-	-	-	-	161.4
Total liabilities	38,339.4	-	51,726.5	-	65.3	90,131.2

¹ SEK 6,436.7 million refers to reinvestments in bonds and SEK 1,361.0 million refers to liquid assets.

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:

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

Level 3 – Financial assets and financial liabilities 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.

In cases where there is no active market, fair value is

cont. Note 5 Group – Financial instruments

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 through the income statement, mainly assets where the customer bears the investment risk, fair value is determined based on quoted purchase prices on the balance sheet date for the assets. Liabilities where the customer bears the investment risk 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.

Financial instruments are recognized at fair value

30/09/2019				
SEK million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Treasury bills and other interest bearing securities eligible for refinancing	12,191.3	-	-	12,191.3
Bonds and other interest bearing securities	1,058.4	-	-	1,058.4
Shares and participations ¹	15.3	-	0.6	15.9
Assets for which customers bear the investment risk	63,687.4	799.8	123.6	64,610.8
Subtotal	76,952.4	799.8	124.2	77,876.4
Financial assets where fair value is given for information purposes				
Cash and balances in Central Banks	528.1	-	-	528.1
Loans to credit institutions	-	499.6	-	499.6
Loans to the general public	-	15,711.0	-	15,711.0
Treasury bills and other interest bearing securities eligible for refinancing	-	8,385.9	-	8,385.9
Bonds and other interest bearing securities	-	907.3	-	907.3
Other assets	3,299.2	-	-	3,299.2
Accrued income	248.9	-	-	248.9
Subtotal	4,076.2	25,503.8	-	29,580.0
Total	81,028.6	26,303.6	124.2	107,456.5
Financial liabilities at fair value				
Liabilities for which customers bear the investment risk	-	64,610.8	-	64,610.8
Total	-	64,610.8	-	64,610.8

¹ Shares and participations at level 3 refers to unlisted shares.

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 amortized cost, 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. Note 5 Group – Financial instruments

30/09/2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Treasury bills and other interest bearing securities eligible for refinancing	9,917.2	-	-	9,917.2
Bonds and other interest bearing securities	1,845.6	-	-	1,845.6
Shares and participations ¹	3.7	-	45.1	48.8
Assets for which the customers bear the investment risk ²	59,751.9	1,023.0	-	60,774.9
Subtotal	71,518.4	1,023.0	45.1	72,586.5
Financial assets where fair value is given for information purposes				
Cash and balances in Central Banks	1,139.0	-	-	1,139.0
Loans to credit institutions	-	294.7	-	294.7
Loans to the general public	-	14,474.3	-	14,474.3
Treasury bills and other interest bearing securities eligible for refinancing	-	6,512.0	-	6,512.0
Bonds and other interest bearing securities	-	622.9	-	622.9
Other assets	3,500.1	-	-	3,500.1
Accrued income	190.2	-	-	190.2
Subtotal	4,829.3	21,903.9	-	26,733.2
Total	76,347.7	22,926.9	45.1	99,319.7
Financial liabilities at fair value				
Liabilities for which the customers bear the investment risk	-	60,774.9	-	60,774.9
Total	-	60,774.9	-	60,774.9

¹ Shares and participations at level 3 refers to unlisted shares.² Level 3 securities are valued at 0.

31/12/2018	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	50,919.4	807.1	-	51,726.5
Subtotal	64,659.0	807.1	45.1	65,511.2
Financial assets where fair value is given for information purposes				
Cash and balances in Central Banks	1,344.2	-	-	1,344.2
Loans to credit institutions	-	333.0	-	333.0
Loans to the general public	-	14,204.5	-	14,204.5
Treasury bills and other interest bearing securities eligible for refinancing	-	6,288.4	-	6,288.4
Bonds and other interest bearing securities	-	28.2	-	28.2
Other assets	3,617.7	-	-	3,617.7
Accrued income	191.5	-	-	191.5
Subtotal	5,153.4	20,854.1	-	26,007.5
Total	69,812.3	21,661.2	45.1	91,518.7
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 at level 3 refers to unlisted shares.² Level 3 securities are valued at 0.

cont. 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 consideration 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.

Financial instruments are transferred to or from Level 3 depending on whether internal assumptions have changed for the valuation.

Relocation between levels

Financial instruments that moved during the year from level 1 to level 2 amounted to SEK 65 million, from level 2 to level 1 amounted to SEK 27 million and from level 3 to level 3 were SEK 2 million. All are within assets where the customer bears the investment risk.

Note 6 Pledged assets, contingent liabilities and commitments

SEK million	30/09/2019	30/09/2018	31/12/2018
Pledged assets and comparable collateral for own liabilities	none	none	none
Other pledged assets and comparable collateral			
Bonds and other interest bearing securities ¹	1,933.2	2,166.4	2,197.1
<i>of which deposits with credit institutions</i>	1,617.1	1,874.8	1,926.0
<i>of which deposits with clearing organisations</i>	316.1	291.6	271.1
Contingent liabilities	none	none	none
Commitments			
Credit granted but not yet paid, unsecured loans	324.5	572.9	368.1
Funds managed on behalf of third parties			
Client funds	132.3	125.6	131.7

¹ The amount includes restricted cash of SEK 98 (88) million.

As per the balance sheet date of 30 September 2019, the insurance business held registered assets amounting to SEK 64,611 million (53,213) to which the policyholders have priority rights.

Note 7 Capital adequacy information

Disclosures in this note are provided in accordance with the Swedish Financial Supervisory Authority's regulations and general guidelines (FFFS 2008:25) regarding annual reports in credit institutions and securities companies and the Swedish Financial Supervisory Authority's regulations (FFFS 2014:12) regarding supervisory requirements and capital buffers. Other required disclosures 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 are provided on the Nordnet website; see www.nordnetab.com.

The capital requirement for units in the insurance business 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. Solvency capital requirements and capital base are calculated according to the standard model under Solvency II. 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 Livsförsäkring AS) includes cash flows generated by the policyholders' capital.

Capital base and capital requirement of the financial conglomerate

The financial conglomerate comprises Nordnet AB (publ) and all its subsidiaries. The capital base and capital requirement have been calculated in accordance with the consolidation method.

The financial conglomerate

SEK million	30/09/2019	30/09/2018	31/12/2018
Capital base after regulatory adjustments	2,487.2	2,113.8	2054.6
Capital requirement	2,054.0	1,866.7	1726.7
Excess capital	433.2	247.1	328.0
Capital ratio	1.2	1.1	1.2

From June 30, 2019, Solvency II figures are reported with one quarter delay.

cont. Note 7 Capital adequacy information

Capital base and capital requirements for the consolidated situation

The consolidated situation consists of 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 business.

Nordnet applies the standard method for calculating capital requirements for credit risk. 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 capital base shall cover minimum capital requirements and the combined buffer requirement, as well as supplemental Pillar 2 requirements. Profit for the period is included in the event that external auditors have verified the profit and permission has been obtained from the Swedish Financial Supervisory Authority.

Internally assessed capital requirement

In accordance with the EU directive on capital adequacy 2013/36/EU Article 73 and the Swedish Financial Supervisory Authority regulations (FFFS 2014:12) regarding supervisory requirements and capital buffers, Nordnet evaluates the total capital requirements that were the result of the bank's annual internal capital adequacy assessment (ICAAP) with the aim of identifying significant risks to which the bank is exposed and to ensure that the bank has adequate capital.

The ICAAP is based on Nordnet's business plan, current and future regulatory requirements and scenario-based simulations and stress tests. The results are reported to the Board annually and form the basis of the Board's capital planning.

Nordnet has calculated the internal capital requirement for the consolidated situation to be SEK 391.6 million (241.0). This is considered to be a satisfactory capital situation with regard to the activities that Nordnet conducts. Nordnet's internal assessment of the capital requirement is not entirely comparable with the estimated capital requirement that the Swedish Financial Supervisory Authority publishes quarterly. In addition to that stated by this interim report.

Nordnet's risk management and capital adequacy is described in more detail in Nordnet's annual report for 2018 and on the Nordnet website; see www.nordnetab.com.

cont. Note 7 Capital adequacy information

The consolidated situation

SEK million	30/09/2019	30/09/2018	31/12/2018
Common Equity Tier 1 (CET1) capital: instruments and reserves			
Capital instruments and the related share premium accounts	6,690.9	6,628.8	6,628.8
Retained earnings	-4,829.0	-5,051.4	-5,037.1
Accumulated other comprehensive income (and other reserves)	263.7	268.1	234.4
Independently reviewed interim profits net of any foreseeable charge or dividend	156.7	-	51.4
Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,282.3	1,845.5	1,877.5
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
Additional value adjustments (negative amount)	-18.9	-17.9	-20.3
Intangible assets (net of related tax liability) (negative amount)	-849.9	-395.0	-401.5
Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10 % threshold and net of eligible short positions) (negative amount)	-	-	-
Deferred tax assets arising from temporary differences	-	-	-
Total regulatory adjustments to Common Equity Tier 1 (CET1)	-868.8	-412.9	-421.7
Common Equity Tier 1 (CET1) Capital	1,413.5	1,432.5	1,455.7
Additional Tier 1 (AT1) capital: instruments			
Capital instruments and the related share premium accounts	500.0	-	-
of which: classified as equity under applicable accounting standards	500.0	-	-
Additional Tier 1 (AT1) capital	500.0	-	-
Tier 1 capital (T1 = CET1 + AT1)	1,913.5	1,432.5	1,455.7
Tier 2 (T2) capital	-	-	-
Total capital (TC = T1 + T2)	1,913.5	1,432.5	1,455.7
Total risk weighted assets	9,706.7	8,766.6	8,510.5
Capital ratios and buffers			
Common Equity Tier 1 (as a percentage of total risk exposure amount)	14.6%	16.3%	17.1%
Tier 1 (as a percentage of total risk exposure amount)	19.7%	16.3%	17.1%
Total capital (as a percentage of total risk exposure amount)	19.7%	16.3%	17.1%
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital systematically and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important institution buffer expressed as a percentage of risk exposure amount)	9.3%	8.8%	8.8%
of which: capital conservation buffer requirement	2.5%	2.5%	2.5%
of which: countercyclical buffer requirement	2.3%	1.8%	1.8%
of which: systemic risk buffer requirement	-	-	-
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	-	-
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	10.1%	8.3%	9.1%
Amounts below the thresholds for deduction (before risk weighting)			
Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10 % threshold and net of eligible short positions)	126.5	126.5	126.5

Figures are only published for those buffer requirements which have gained legal force.

cont. Note 7 Capital adequacy information

Consolidated situation

SEK million	30/09/2019		30/09/2018		31/12/2018	
Risk weighted exposures						
Exposure to credit risk according to the standardized method	7,550.9		6,601.8		6,291.5	
of which exposures to institutions	575.2		310.1		334.7	
of which exposures to corporates	312.8		114.6		104.2	
of which retail exposures	3,467.5		3,860.5		3,451.3	
of which exposures secured by mortgages on immovable property	965.8		835.7		971.9	
of which in default	58.3		26.3		32.9	
of which exposures in the form of covered bonds	1,118.7		833.0		600.1	
of which equity exposures	411.9		389.8		453.0	
of which other items	640.7		231.7		343.4	
Exposures market risk	23.0		19.5		73.6	
Exposure operational risk	2,132.9		2,145.4		2,145.4	
Total risk weighted exposures	9,706.7		8,766.6		8,510.5	
Capital requirement						
Credit risk according to the standardized method	604.1	6.2%	528.1	6.0%	503.3	5.9%
Market risk	1.8	0.0%	1.6	0.0%	5.9	0.1%
Operational risk	170.6	1.8%	171.6	2.0%	171.6	2.0%
Capital requirement Pillar 1	776.5	8.0%	701.3	8.0%	680.8	8.0%
Concentration risk	81.2	0.8%	74.1	0.8%	72.1	0.8%
Market risk excluding interest rate risk	111.1	1.1%	53.0	0.6%	58.0	0.7%
Interest rate risk	159.3	1.6%	114.0	1.3%	137.5	1.6%
Other	-	-	-	-	-	-
Capital planning buffer	40.0	0.4%	-	-	-	-
Capital requirement Pillar 2	391.6	4.0%	241.0	2.7%	267.6	3.1%
Buffer requirement	462.5	4.8%	374.1	4.3%	366.7	4.3%
Total capital requirement, incl. buffer requirement	1,630.6	16.8%	1,316.5	15.0%	1,315.2	15.5%

This table shows capital requirement in MSEK and as a percentage of risk weighted exposures

Note 8 Acquisition and merger

On 5 April 2019, the acquisition of Netfonds' operations in Norway previously communicated by Nordnet was completed. Netfonds is one of the leading players in the Norwegian market for the electronic securities trade and offers trade in a broad selection of securities to customers in Norway and Sweden. With this deal, Nordnet solidifies and develops its position in the Norwegian savings market with the goal of building Norway's best user experience in savings and investments, with Nordnet's web service and brand as a base.

The transaction was implemented in two steps where Nordnet Bank AB acquired 100 percent of the shares in Netfonds Bank A/S, org. reg. no. 976546180 and where Nordnet Pensionsförsäkring AB's Norwegian subsidiary Nordnet Livförsäkring A/S acquired 100 percent of the shares in Netfonds Livförsäkring A/S, org.

reg. no. 991008144. Thereafter, both of the companies were merged with Nordnet Bank AB and Nordnet Livförsäkring A/S, respectively, with 6 June 2019 as the merger date.

The purchase consideration totalled SEK 663 million, which was paid in cash upon takeover. Transaction costs of SEK 21 million related to the acquisition were recognized as an expense in the income statement.

The assets and liabilities were taken over at the consolidated values in the merger. The acquisition analysis was adopted in the third quarter of 2019. In connection with the adoption of the acquisition analysis, the amortization of intangible assets increased by SEK 7.1 million in the month of September.

Netfonds Bank A/S	
Net sales	36.5 (22.4)
Operating profit	10.2 (12.8)
Assets	
Loans to the general public	864.3
Bonds and other interest bearing securities	379.8
Other assets	529.4
Liabilities	
Deposits and borrowing from the general public	1586.0
Other liabilities	30.0

Net sales and operating profit refer to the period 1st of January until the merger. Within parantheses refers to the period before the acquisition.

Netfonds Livförsäkring A/S	
Net sales	1.3 (0.9)
Operating profit	0.7 (0.5)
Assets	
Assets for which customers bear the investment risk	552.8
Other assets	51.2
Liabilities	
Liabilities for which customers bear the investment risk	552.8
Other liabilities	2.7

Net sales and operating profit refer to the period 1st of January until the merger. Within parantheses refers to the period before the acquisition.

Preliminary acquisition analysis (MSEK)	
Purchase price	663.2
Reported amounts of acquired assets and liabilities	
Acquired equity	208.4
Intangible assets	278.0
Goodwill	239.5
Deferred tax	-71.7

Financial development per quarter

Group, SEK million	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17
Net interest	128.8	132.9	103.9	95.0	91.4	95.9	95.3	94.0
Net commission - not trade related	62.5	59.6	54.8	62.4	56.2	58.6	52.4	49.2
Net commission - trade related	123.4	118.9	119.5	125.6	110.0	102.4	128.3	127.9
Net result of financial transactions	42.4	42.9	109.1	43.5	42.9	42.6	48.9	45.9
Other income	14.4	16.9	15.2	20.9	5.0	17.2	15.8	16.0
Operating income	371.4	371.2	402.5	347.4	305.5	316.7	340.8	333.0
General administrative expenses	-216.6	-227.6	-219.8	-255.4	-219.4	-231.3	-243.5	-239.3
Depreciation	-47.5	-40.5	-38.0	-28.1	-24.5	-29.0	-24.2	-20.4
Other operating expenses	-9.6	-9.3	-9.1	-18.3	-21.0	-17.3	-21.2	-13.3
Net credit losses	-5.5	-11.7	-6.7	-4.7	-11.6	-9.7	-10.0	-7.4
Expenses	-279.2	-289.1	-273.6	-306.6	-276.5	-287.3	-298.9	-280.4
Operating profit	92.3	82.1	129.0	40.8	29.0	29.4	41.9	52.6
Operating margin %	25%	22%	32%	12%	9%	9%	12%	16%
Cost coverage	89%	87%	103%	72%	71%	75%	71%	73%
Return on shareholders' equity	10%	9%	8%	6%	7%	7%	7%	8%
Quarterly statistics	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18	Q4 17
Number of active customers at end of the period	882,200	854,800	794,800	765,200	741,800	718,000	698,500	669,300
Number of active accounts at end of the period	1,169,100	1,134,000	1,054,700	1,016,300	982,400	949,800	923,300	884,500
Net savings (SEK billion)	4.2	2.4	7.0	1.4	4.9	5.6	11.5	4.0
Total savings capital (SEK billion)	365	354	323	286	324	310	287	272
Average savings capital per active account (SEK)	312,300	311,800	306,700	280,900	329,700	326,900	311,000	308,000
Number of trades	7,316,300	6,582,800	6,935,400	6,984,500	6,413,900	5,976,200	6,745,200	6,944,200
Traded value cash market, SEK million ¹	192,800	185,600	199,900	202,400	183,000	183,900	205,500	201,300
Number of trading days	66	57	63	62	65	59	62	63
Number of trades per day	110,900	116,500	110,100	113,600	98,700	101,300	108,800	111,100
Average net commission revenue per transaction (SEK)	17	18	17	19	17	17	19	18
Number of trades per active trading account	6.7	6.4	7.1	7.4	7.1	6.8	8.0	8.7
Number of trades per active trading account and month	2.2	2.1	2.4	2.5	2.4	2.3	2.7	2.9
Cash deposits at end of period, SEK million	45,029.8	44,415.9	41,249.8	43,022.8	40,919.8	40,553.6	35,980.2	34,341.2
Managed Client Funds, SEK million	131.7	127.8	157.4	131.6	125.5	135.1	159.8	182.7
Lending at end of period, SEK million	15,711.0	15,397.0	15,008.8	14,204.5	14,474.3	13,887.8	13,211.2	11,852.1
Lending excluding pledged cash and cash equivalents	14,910.5	14,602.6	14,358.3	13,730.1	13,682.4	13,147.5	12,552.7	11,437.6
Lending/deposits	35%	35%	36%	33%	35%	34%	37%	35%

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

Key figures

Key figures - Group	30/09/2019	30/09/2018	31/12/2018
Operating margin (%)	26%	10%	11%
Profit margin (%)	24%	9%	9%
Cost/income ratio	74%	90%	89%
Return on shareholders' equity (%)	11%	4%	6%
Return on assets (%)	0.3%	0.1%	0.1%
Shareholders' equity, SEK million	3,013.8	1,973.0	1,988.2
Capital base, SEK million	1,913.5	1,432.5	1,455.7
Capital coverage ratio	19.7%	16.3%	17.1%
Investments in tangible assets, SEK million	41.5	75.0	84.0
Investments in intangible assets excl. company acquisitions, SEK million	70.7	78.5	112.1
Of which, internal development expenses, SEK million	27.6	23.4	32.5
Number of full-time employees at end of period	506	535	526
Customer related key financial figures	30/09/2019	30/09/2018	31/12/2018
Number of active customers	882,200	741,800	765,200
Number of active accounts at end of the period	1,169,100	982,400	1,016,300
Net savings, SEK billion	4.2	4.9	23.5
Total savings capital at end of period, SEK billion	365	324	286
Average savings capital per active account at end of period, SEK	312,300	329,700	280,900
Number of trades for the period	20,834,500	19,135,300	26,119,800
Number of trades per day	112,300	102,900	105,600
Average net commission revenue per trade, SEK	17	18	18
Annual average income/savings capital (%)	0.5%	0.4%	0.4%
Average yearly income per account, SEK	1,421	1,390	1,368
Average yearly operating expenses per account, SEK	-1,015	-1,200	-1,172
Average yearly profit per account, SEK	406	190	196

Definitions

Alternative Performance Measures (APM) are financial measures of historical or future financial position, performance or cash flow that are not defined in applicable reporting regulations (IFRS) or in the fourth capital requirement directive (CRD IV) and 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 indicators presented by other companies.

Active account

Account with a value of > SEK 0 or a credit commitment.

Active customer

Physical person or legal entity holding at least one active account.

Amount traded

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

Cash market

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

Capital base¹

The sum of Core Tier 1 capital and Tier 2 capital.

Capital ratio¹

Capital base in relation to total risk-weighted exposure amount.

Client funds

Cash and cash equivalents at Nordnet held on behalf of a third party.

Core Tier 1 capital¹

Equity excluding proposed dividend, deferred taxes and intangible assets and some further adjustments in accordance with the EU capital requirements regulation no. 575/2013 (CRR) and EU 241/2014.

Core Tier I ratio¹

Core Tier 1 capital divided by total risk-weighted exposure amount.

Cost coverage

Non-transaction-related income relative to expenses.

Deposits

Deposits including deposits attributable to liabilities in the insurance business.

Lending

Lending to the 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

Commission income less commission expenses and non-transaction-related net commission income.

Net commission per trade

Total net commission income divided by total number of trades during the period.

Net savings

Deposits of cash and cash equivalents and securities, less withdrawals of cash and cash equivalents and securities.

¹ 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

Operating expenses¹

Expenses for operations, excluding credit losses and impairment of goodwill.

Operating margin

Operating profit in relation to operating income.

Personal loans

Unsecured loans.

Primary capital contributions¹

Capital instruments and associated share premium reserves that meets the requirements set out in Regulation (EU) No 575/2013 and may thereby be included in Tier 1 capital.

Profit margin

Profit for the period in relation to operating income.

Return on assets

12-month rolling profit for the period in relation to average total assets.

Return on equity

12-month rolling profit for the year in relation to average equity.

Risk exposure amounts¹

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 business, and not to exposures that have been directly

deducted from the capital base.

Solvency capital (NPV)¹

The estimated present value of expected profits in the existing insurance business.

Solvency capital requirements (SCR)¹

Estimated capital requirements as per Solvency II regulations.

Tier 1 capital¹

The sum of Core Tier 1 capital and primary capital contributions.

Tier 1 capital ratio¹

Tier 1 capital divided by total risk-weighted exposure amount.

Total savings capital

Total of cash and cash equivalents and value of securities for all active accounts.

Trades

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

¹ 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

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