

Nordnet AB (publ)

Year-end report.

January-December 2019



Financial summary

October-December 2019

(October-December 2018)

Income

SEK 428.2 million
(347.5)

Expenses¹

SEK -354.1 million
(-306.5)

Operating profit

SEK 74.1 million
(41.0)

New customers

31,400
(23,400)

Net savings

SEK 7.3 billion
(1.4)

Trades

7,587,900
(6,984,500)

January-December 2019

(January-December 2018)

Income

SEK 1,573.4 million
(1,310.4)

Expenses¹

SEK -1,195.9 million
(-1,169.2)

Operating profit

SEK 377.4 million
(141.2)

New customers

148,500
(95,900)

Net savings

SEK 20.9 billion
(23.5)

Trades

28,422,400
(26,119,800)

¹ Total expenses including credit losses

The quarter in brief

New web service launched in the Swedish market

Nordnet first Finnish bank to offer new account type osakesäästötili (share savings account)

New model introduced for margin lending

Named “Small Business Bank of the Year” by Privata Affärer

Non-recurring expenses of SEK 50 million burdened net profit

High growth in customers and savings as well as improved financial results

31 December 2019

(31 December 2018)

Savings capital

SEK 394.5 billion
(285.5)

Lending¹

SEK 15.6 billion
(13.7)

Customers

913,600
(765,200)

Accounts

1,213,400
(1,016,300)

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.

The overarching purpose of Nordnet's operations is to democratize savings and investments. By that, we mean giving private savers access to the same information and tools as professional investors. This purpose has driven us since we started in 1996 and remains our direction to this day. In the 1990s, the idea of democratization entailed offering easily accessible and inexpensive share trading via internet, and building a fund supermarket with products from a number of different companies where savers could easily compare returns, risk and fees. During the journey, we have simplified matters and pressed down fees on, for example, pension savings, index funds and private banking services. In recent years, we have democratized the financial sector with, for example, the stock lending program that we launched just over a year ago. In addition to the value increase and dividend, we created a third type of income stream for private savers in the form of compensation for shares loaned to international asset managers and banks. We are always on the savers' side, and pursue issues of, for example, the right to transfer pension savings free of charge and reasonable and predictable taxation of holdings of shares and mutual funds.



Our vision is to become the Nordic private savers' first choice. To achieve this objective, we must always continue to challenge and innovate, keeping user-friendliness and savings benefit at the top of the agenda. Only then can we achieve the high level of customer satisfaction and brand strength required to become a leader in the Nordic region in terms of attracting new customers and producing loyal ambassadors for Nordnet.

Our business areas

Savings and investments

Nordnet's core business is saving and investments. Our customers can save and invest in different types of securities at low fees in seven markets. We offer a number of different interfaces, including the website, the app or more advanced applications. The less-active savers can also use our digital advisory services, including Robosave and Fund Advisor or invest in one of our "smart funds". Nordnet operates the Nordic region's largest social investment network Shareville, with more than 200,000 members.

Pensions

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 – 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. Personal loans are offered both through Nordnet's own brand and under the trade name Konsumentkredit, and are directed at natural persons in Sweden.

Comments from the CEO

"The strong growth and high level of activity mean that we can present income in excess of SEK 400 million for the quarter, corresponding to 23 percent growth compared to the same period last year."

The last quarter of the year brought substantial gains in the stock market, with 2019 turning out to be one of the best stock market years in a long time. In our Nordic home markets, the stock exchanges in Norway and Finland rose by almost five percent over the quarter and by about 15 percent over 2019. In Sweden and Denmark, the stock markets performed even better, climbing more than 25 percent over the year as a whole, of which almost ten percent was gained in the fourth quarter alone. These broad gains are welcome news for all savers, who, despite general concerns regarding the global situation and more specific events, such as the US-China trade war and prolonged Brexit discussions, have seen their portfolios increase significantly in value.

Nordnet's success goes hand in hand with that of the savers, and, as a bank, we too are able to look back on a good quarter and year. Over the past three months, we have welcomed more than 31,000 new savers to our platform, our highest-ever organic growth in new customers for a single quarter. Our customer growth over the past 12 months amounts to a strong 19 percent. Our customers' savings capital also reached a new high, ending the year at SEK 395 billion, with net savings of seven percent over the past 12 months. The generally high level of interest in equities and mutual funds, combined with our ever-growing business volumes, also led to a record quarter in terms of the number of stock market trades. More than 7.6 million customer transactions in total passed through our systems during the quarter.

The strong growth and high level of activity mean that we can present income in excess of SEK 400 million for the quarter, corresponding to 23 percent growth compared to the same period last year. Our expenses

were higher than in recent quarters, with this largely being attributable to non-recurring items. Expenses of slightly more than SEK 50 million were non-recurring, with about SEK 20 million of that being attributable to the completion of the integration of Netfonds. About SEK 30 million derived from a new assessment regarding the Nordnet Group's right to deduct input VAT in previous years. Despite the higher expenses, we are able to present operating profit of SEK 74 million for the quarter, slightly more than 80 percent higher than for the corresponding period in the preceding year.

On the product side, the quarter's major event was the November launch of our new web service in the Swedish market. It has been 12 years since we last launched a brand new website in Sweden, and there has been considerable demand from customers for a more user-friendly platform. In 2019, we launched our new web service in all of our markets, receiving a highly favorable response. During the quarter, we also improved our loan offer by increasing the number of securities eligible as collateral, as well as introducing a new model for margin lending, according to which, well-diversified portfolios allow greater scope for borrowing. We lowered our mortgage rate at the end of the third quarter and our updated offerings, combined with strong customer growth and substantial interest in equity-related savings, brought favourable growth of 14 percent in our loan portfolio over the past 12 months. Our stock lending program also continues to provide extra returns for savers. In December, Swedish business magazine *Privata Affärer* named us "Small Business Bank of the Year" for our offering aimed at entrepreneurs. It was particularly gratifying to receive this accolade given that Nordnet was started by entrepreneurs and that this target group is important to us.



In Finland, the end of the year was marked by preparations for the introduction of the new share savings account – an account subject to a lower tax rate for private individuals seeking to save in equities. Nordnet was first among all banks in Finland to offer savers this new account type and, by the end of the year, fully 35,000 savers had made use of this opportunity.

Nordnet is all about democratizing savings and investments – this forms the basis of our existence and the guides us in our current direction. It is a matter of prioritizing user-friendliness and savings benefits in the products and services we develop and offer, but also of standing up for savers' rights in the general debate. In 2019, we updated our digital platforms to an entirely new level and further developed our product offering in a number of ways. We have also successfully advocated the right to freely transfer pension savings, and hopefully we will soon see sharper and more consumer-friendly legislation in place.

We also want to make an impression in sustainability, and have defined three areas in which we focus our activities – sustainable savings, digital learning and

equality & diversity. Examples of concrete initiatives include our women's career network Power Women in Tech, as well as the sustainable savings functions we implemented on our platforms in 2019. We will also be climate positive from 2019 onwards, in the sense that we offset for more carbon dioxide than we emit.

The fourth quarter was, on the whole, an intense and positive end to an eventful year for us at Nordnet, and we promise not slacken our pace in the future. I dare promise that we have many exciting things coming up in 2020, and I hope you will continue to follow us at Nordnet.

Lars-Åke Norling, vd
@CEONordnet

Operations.



Operations

Development of the stock market

The fourth quarter turned out to be positive period for equities, with the year therefore ending on a high note. All significant asset classes delivered a positive return – an unusual occurrence and in stark contrast to the broadly negative trend in 2018.

Several factors contributed to the quarter's strong development. Macro data for the US and Europe showed a brighter scenario than indicated by earlier gloomy reports. The manufacturing and services sectors are more positive than previous and, despite recurring headlines about mass redundancies, in both the US and Europe, unemployment fell. On the whole, the risk of an imminent recession is judged to have diminished, while the market's confidence has risen.

During the quarter, the two major geopolitical risks that had pervaded the year were warded off, or at least mitigated: Brexit and the US-China trade war. Following the overwhelming victory of the Conservative Party and Boris Johnson in the UK general election, a period of transition can now commence, with a trade agreement being negotiated in 2020. The GBP and the stock market soared following the vote, but fell back again somewhat when it became clear that the transition period cannot be extended. In the US-China trade war, an initial agreement was reached, preventing the hike in tariffs planned for December. Nor did the US impose any customs duties on European cars. The prevailing peace in trade relations calmed the market.

Around the world, stock markets rose by 9 percent in the fourth quarter, ending the year up 28 percent. The US powered the global trend, with the S&P 500 delivering a return of 32 percent for the full year, followed closely by Europe, which climbed 28 percent. Developing countries rose 19 percent over the year, with fully 12 percent being attributable to the fourth quarter. Russia, in particular, contributed strongly. On the whole, it was a very good year for equities, especially given the impending concerns regarding the global situation and that the record-long period of economic growth would

end. Nonetheless, the IMF has warned, as it stated in October, that the global economy is currently at its weakest since the financial crisis.

The Nordic countries are generally well prepared for a possible recession with good central government finances and plenty of room for expansionary fiscal policy. Sweden and Norway also defied the general tendency during the year, raising interest rates. The reasons for this are, however, very different, with inflation statistics in Norway supporting the decision and further increases also being likely in 2020. The same logic cannot be discerned in Sweden, where the reason seems to be, instead, to provide scope for cutting rates again in the future.

In 2019, the Nordic markets experienced stronger GDP growth than Europe in general and very stable equity markets, ending the year and the decade strongly, with virtually all sectors having developed favourably. The property sector benefited from the low interest rate environment and was the year's winner, while progress was poorer in the financial sector, which was burdened by extensive money laundering scandals.

Customers, savings and lending

Figures in parentheses refer to the corresponding date/period one year earlier.

At 31 December, the number of active customers with Nordnet was 913,600 (765,200), corresponding to an increase of 19 percent compared with a year ago.

Our customers' collective savings capital totalled SEK 395 billion (286). Total savings capital increased by 38 percent compared with 31 December 2018.

Net savings for the period January – December 2019 amounted to SEK 20.9 billion (23.5). Calculated in relation to savings capital at the end of December 2018, net savings for the past 12 months correspond to 7 percent.

Lending was up by 14 percent compared with 12 months ago, amounting to SEK 15.6 billion (13.7).

Customers, savings and lending	31/12/2019	30/9/2019	30/6/2019	31/3/2019	31/12/2018
Number of customers and accounts					
Customers	913,600	882,200	854,800	794,800	765,200
Accounts	1,213,400	1,169,100	1,134,000	1,054,700	1,016,300
Net savings and savings capital (SEK billion)					
Net savings	7.3	4.2	2.4	7.0	1.4
Savings capital	394.5	365.2	353.7	323.5	285.5
Number of trades					
During the period (quarter)	7,587,900	7,316,300	6,582,800	6,935,400	6,984,500
On average per day (quarter)	123,400	110,900	116,500	110,100	113,600
Lending (SEK billion)					
Margin lending ¹	7.0	6.6	6.3	6.1	5.6
Personal loans	4.1	4.1	4.0	4.0	4.0
Mortgage	4.5	4.3	4.3	4.3	4.2
Total	15.6	14.9	14.6	14.4	13.7

¹Excluding borrowing against pledged cash and cash equivalents

Nordnet customers made an average of 114,800 trades (105,600) per day during the period January – December, an increase of 9 percent compared with January – December 2018.

Net profit

Group

October – December 2019

(October – December 2018)

Operating income in the fourth quarter increased by 23 percent, amounting to SEK 428.2 million (347.5) compared with the fourth quarter of 2018. Net interest income increased by SEK 37.1 million, where higher volumes in margin lending 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 36.3 million, related to higher fund commissions and higher transaction-related income.

Operating expenses before credit losses rose by 14 percent compared with the fourth quarter last year and amounted to SEK 344.4 million (301.8). Expenses

for marketing and external services decreased during the quarter while expenses for depreciation increased related to the acquisition of Netfonds. Non-recurring expenses of SEK 19 million for the acquisition burdened the quarter. Beyond that, an expense of SEK 30 million has also been charged against earnings as a consequence of a new assessment being made in an ongoing issue regarding the Nordnet Group's right to deduct VAT.

Although credit losses remain at a low level, it is normal for them to vary between quarters.

Operating profit increased by 81 percent to SEK 74.1 million (41.0), and the operating margin was 17 percent (12). Profit after tax for the period rose by 91 percent to SEK 66.3 million (34.7), resulting in a profit margin of 16 percent (10).

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 80 percent (72).

January – December 2019

(January – December 2018)

Operating income for the period January – December increased by 20 percent, amounting to SEK 1,573.4 million (1,310.4). Net interest income increased by SEK 120.2 million, with greater volumes in margin lendings 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 67.0 million, mainly attributable to transaction-related income and higher volumes in Nordnet Markets. Income from increased savings in mutual funds also contributed positively to net profit. 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 increased by 3 percent compared with January – December 2018 and amounted to SEK 1,162.3 million (1,133.2). Expenses for marketing and external services decreased during the period while expenses for personnel increased. Expenses for depreciation increased in connection with the acquisition of Netfonds. Non-recurring expenses of SEK 35 million for the acquisition were charged against profit in the quarter. Furthermore, an expense of SEK 30 million has been charged against earnings as a consequence of a new assessment being made in an

ongoing issue regarding the Nordnet Group's right to deduct VAT.

Operating profit increased by 167 percent to SEK 377.4 million (141.2), and the operating margin was 24 percent (11). Profit after tax for the period rose by 187 percent to SEK 339.5 million (118.1), resulting in a profit margin of 22 percent (9).

Operating income excluding transaction-related net commission income for the period rose by 26 percent compared with the period January – December 2018. Cost coverage, i.e. operating income excluding transaction-related net commission income in relation to expenses, amounted to 89 percent (72).

Development in our markets

Sweden

During the period January – December, income increased by 15 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 33 percent (16).



Nordnet receives the "Small Business Bank of the Year" award from Privata Affärer

Nordnet in Sweden had 363,700 (326,000) active customers as at the end of December 2019, corresponding to an increase of 12 percent in the past 12-month period.

Savings capital at the end of December amounted to SEK 171 billion (128). Net savings for the period January – December amounted to SEK 8,199 million (9,412). Calculated in relation to savings capital at the end of December 2018, net savings for the past 12 months correspond to 6 percent.

Margin lending increased by 24 percent compared with the previous year, amounting to SEK 2.5 billion (2.0) at the end of December. Within personal loans (unsecured loans), there were 26,200 customers (27,000) at 31 December 2019, and the lending volume was SEK 4.1 billion (4.0). The lending volume in Nordnet's residential mortgages amounted to SEK 4.5 billion (4.2) at the end of December. The number of trades during the period January – December 2019 is unchanged compared with 2018.

In our Swedish operations, one of the highlights of the quarter was the launch of our new web service in November. Customers have sought this update of the digital experience and the response was positive. Another highlight was being named "Small Business Bank of the Year" by magazine *Privata Affärer* in December. We received the award because of our offering to entrepreneurs. Over the past year, we have developed and improved our customer offering for that segment and we now offer a comprehensive solution in terms of savings and investments for entrepreneurs, their companies and their employees alike.

Norway

During the period January – December, income increased for Nordnet in Norway by 38 percent. A higher net interest income related to higher volumes in margin loans, higher transaction-related income and currency exchange gains from foreign trading contributed positively to profit compared with the same period in 2018. Expenses increased by 37 percent related primarily to non-recurring expenses associated with the acquisition of Netfonds, although lower marketing expenses mitigated the increase somewhat. The operating margin amounted to 5 percent (5) during the period January

– December and was also affected negatively by the non-recurring expense for the acquisition of Netfonds.

At the end of December 2019, the number of active customers in Norway amounted to 150,400 (110,900), corresponding to customer growth of 36 percent over the past 12-month period.

Savings capital at the end of December amounted to SEK 63 billion (35). Net savings for the period January – December amounted to SEK 4,006 million (3,256). Calculated in relation to savings capital at the end of December 2018, net savings for the past 12 months correspond to 11 percent.

Margin lending amounted to SEK 1.7 billion (0.7), an increase of 132 percent in 12 months, partly as a consequence of the acquisition of Netfonds. The number of trades in the period January – December rose by 24 percent compared with the corresponding period in 2018.

From a product perspective, the focus during the quarter was on further developing our new website and improving our loan products. We have, for example, increased the collateral value of Norwegian shares, aiding the positive trend in loan volumes. There was also considerable focus on the continued favourable integration of the acquired Netfonds, and on making former Netfonds customers feel at home with Nordnet's digital experience and product range.

Denmark

During the period January – December, income increased for Nordnet in Denmark by 3 percent. Transaction-related income and currency exchange gains from foreign trading increased somewhat, but were held back by weaker net interest income related to negative return on surplus liquidity. Expenses decreased by 3 percent, mainly related to lower marketing expenses. The operating margin was 20 percent (15).

The number of active customers as at the end of December 2019 amounted to 119,800 (100,100), an increase of 20 percent over the past 12 months.

Savings capital at the end of December amounted to SEK 80 billion (61). Net savings for the period January

– December amounted to SEK 4,388 million (7,573). Calculated in relation to savings capital at the end of December 2018, net savings for the past 12 months correspond to 7 percent.

Margin lending increased by 3 percent compared with the previous year, amounting to SEK 1.2 billion (1.2) on 31 December. The number of trades during the period January – December 2019 increased by 8 percent compared with the corresponding period the previous year.

The high growth in customers in the Danish market is explained partly by the strength of our brand. In November, in a survey conducted by YouGov, Nordnet was rated as the fifth most-recommended brand in Denmark. Our country manager Anne Buchardt was also named as one of the 100 most influential women in Denmark by leading newspaper Berlingske Tidende.

Finland

During the period January – December, income in our Finnish operations increased by 3 percent. Transaction-related income increased somewhat, but were

Result by country

January - September	Sweden		Norway		Denmark		Finland		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Operating income	773.1	671.2	293.7	212.7	237.5	230.0	203.3	196.6	1,573.4	1,310.4
Operating expenses	-488.0	-532.2	-277.2	-202.3	-190.0	-195.5	-207.0	-203.3	-1,162.3	-1,133.2
Profit before credit losses	285.1	139.0	16.5	10.4	47.4	34.5	-3.7	-6.7	411.1	177.2
Credit losses	-32.2	-34.6	-0.6	-0.5	-1.0	-0.7	0.2	-0.3	-33.6	-36.0
Operating profit	252.8	104.4	16.0	9.9	46.4	33.8	-3.5	-7.0	377.4	141.2
Operating margin	33%	16%	5%	5%	20%	15%	-2%	-4%	24%	11%
Number of customers	363,700	326,000	150,400	110,900	119,800	100,100	279,700	228,200	913,600	765,200
Number of accounts	532,600	473,100	310,800	158,400	218,200	128,100	151,800	256,700	1,213,400	1,016,300
Net savings (SEK billion)	171.1	127.5	63.5	35.1	80.2	60.9	79.8	61.9	394.5	285.5
Savings capital (SEK billion)	13,591,700	13,547,500	5,226,500	4,211,100	4,324,400	4,009,500	5,279,700	4,351,800	28,422,300	26,119,900
Number of trades	8,199	9,412	4,006	3,256	4,388	7,573	4,330	3,256	20,923	23,497
Margin lending ¹ (SEK billion)	2.5	2.0	1.7	0.7	1.2	1.2	1.5	1.6	7.0	5.6
Personal Loans (SEK billion)	4.1	4.0	-	-	-	-	-	-	4.1	4.0
Mortgage (SEK billion)	4.5	4.2	-	-	-	-	-	-	4.5	4.2

¹ Lending excluding pledged cash and equivalents

Maksimoi kasvu.

Avaa osakesäästötili Nordnetiin ja anna osakesijoituksillesi parhaat mahdollisuudet kasvaa. Kauppaa käyt ilman minkäänlaisia kuukausi- tai säilytysmaksuja. Käytössäsi on myös striimaavat kurssit pohjoismaisille osakkeille maksutta. Saat pääsyn palkittuihin analyysihin suomalaisista pörssiyhtiöistä ja Sharevillestä osakevinkkejä reaaliajassa parhailta sijoittajilta. Valitse Suomen suosituin arvopaperivälittäjä ja löydä osakesäästötilin edut osoitteessa nordnet.fi/osakesaastotili

→ **Avaa osakesäästötili jo tänään**

held back by weaker net interest income related to negative return on surplus liquidity. Expenses increased by 2 percent. The operating margin was a negative 2 percent (4). At the end of December, there were 279,700 active customers (228,200), corresponding to an increase of 23 percent compared with the end of December 2018.

Savings capital at the end of December amounted to SEK 80 billion (62). Net savings for the period January – December amounted to SEK 4,330 million (3,256). Calculated in relation to savings capital at the end of December 2018, net savings for the past 12 months correspond to 7 percent.

Margin lending decreased by 3 percent compared with the period January – December 2018 and amounted to SEK 1.5 billion (1.6). The number of trades during the period January – December increased by 21 percent compared with the corresponding period the previous year.

The fourth quarter was dominated by the introduction of osakesäästötili (share savings account) – a new account type for savings in equities, subject to lower taxes and corresponding to *investeringssparkonto* (ISK) in Sweden. The opportunity to use the new account type for investments came into effect at the end of the year, although we at Nordnet were the first bank in Finland to be able to offer customers the possibility of opening share savings as early as in November. Interest has exceeded all expectations, and, in the last few months of 2019 alone, we opened 35,000 accounts, corresponding to more than 80 percent of all share savings accounts opened in the Finnish market.

Financial position as of 31 December 2019 (31 December 2018)

Consolidated cash and cash equivalents at the end of 2019 amounted to SEK 914.7 million (1,677.2), of which blocked funds were SEK 103 million (91). In addition, interest-bearing investments were held with a total fair value of SEK 18,676.6 million (20,161.8). 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 equity amounted to SEK 3,057.8 million (1,988.2). For more information, see the Group's specification of equity on page 21. For the consolidated situation in which Nordnet AB (publ) is the parent company, the capital base amounted to SEK 1,990.6 million (1,455.7) and the total risk exposure amounted to SEK 10,090.3 million (8,510.5). At the end of the period, the capital ratio was 19.7 percent, compared with 17.1 percent at the same time last year. For more information, see Note 7.

Cash flow

In the fourth quarter, cash flow from operating activities was affected positively by increased liquidity on customer deposits of SEK 1.4 billion. Cash flow from operating activities was also negatively affected by SEK 0.5 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 1.1 billion.

Parent Company

January – December 2019

(January – December 2018)

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 – December 2019 amounted to SEK 18.7 million (8.2) and relates to Group-internal administrative services. The profit from financial investments totalled SEK 260.1 million (17.6) and comprises interest expenses and dividends from subsidiaries. An anticipated dividend of SEK 200 million from the subsidiary Nordnet Pensionsförsäkring AB was reported during the last quarter.

The Parent Company's profit after financial items for the period January – December 2019 amounted to SEK 250.5 million (7.2).

The Parent Company's cash and cash equivalents amounted to SEK 69.4 million (1.7), and shareholders' equity to SEK 2,158.1 million (6,512.6).

The change in equity and financial fixed assets is

attributable to the merger between Nordnet AB (publ) and NNB Intressenter AB, and an issue of Tier 1 capital (AT1) of SEK 500 million.

In connection with the merger, the shares in Nordnet AB (publ) were eliminated from the Parent Company's non-restricted equity. The shares corresponded to a value of SEK 6,504 million.

The bonds have an indefinite maturity, can be redeemed first after five years and run 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 by SEK 65.8 million also affected equity. The holding was divested in its entirety in the second quarter 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 31 December 2019, Nordnet had 497 full-time employees (523). 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 502 (522).

Events after 31 December 2019

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

Dividend

The Board of Directors proposes a dividend of SEK 130,63 per share (SEK 0), corresponding to 40 percent of the earnings per share. Nordnet's Board of Directors is of the opinion that in the long term, approximately 60 percent of the profits should be distributed.

Signatures of the Board of Directors

The Board and CEO provide their assurance that this year-end report for the period January – December 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, 30 January 2020

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

For further information, please contact:

Lars-Åke Norling, CEO
lars-ake.norling@nordnet.se
Johan Tidestad, Chief Communications Officer
+46 708 875 775, johan.tidestad@nordnet.se

Upcoming report events

Annual and Sustainability Report	20 March 2020
Interim Report January – March	24 April 2020
Interim Report January – June	24 July 2020
Interim Report January – September	23 October 2020

Address and contact details

Visiting address: Alströmergatan 39
Postal address: Box 30099, SE-104 25 Stockholm
Phone: +46 10 583 30 00, e-mail: info@nordnet.se
Company registration number: 559073-6681
Website: nordnetab.com
Become a customer: nordnet.se, nordnet.no, nordnet.dk, nordnet.fi

This information is information that Nordnet AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08.00 CET on January 31.

Financial statements.



Financial statements

Consolidated income statement

SEK million	Note	3 months Oct-Dec 2019	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Interest income		175.9	103.7	620.2	492.4
Interest expenses		-43.8	-8.8	-122.5	-114.8
Commission income		294.7	265.2	1,070.1	983.9
Commission expenses		-70.3	-77.1	-307.2	-287.9
Net result of financial transactions		48.6	43.5	243.0	178.0
Other operating income		23.1	20.9	69.7	58.9
Total operating income		428.2	347.5	1,573.4	1,310.5
General administrative expenses		-283.6	-255.4	-947.7	-949.6
Depreciation, amortization and impairments of intangibles and equipment		-48.4	-28.1	-174.3	-105.9
Other operating expenses		-12.4	-18.3	-40.3	-77.7
Total expenses before credit losses		-344.4	-301.8	-1,162.3	-1,133.2
Profit before credit losses		83.8	45.7	411.1	177.2
Credit losses, net	2	-9.7	-4.7	-33.6	-36.0
Operating profit		74.1	41.0	377.4	141.2
Tax on profit for the period		-7.8	-6.3	-37.9	-23.1
Profit for the period		66.3	34.7	339.5	118.1
Of which, attributable to:					
Shareholders of the Parent Company		66.3	34.7	339.5	118.1

Statement of other comprehensive income

	3 months	3 months	12 months	12 months
SEK million	Oct-Dec 2019	Oct-Dec 2018	Jan-Dec 2019	Jan-Dec 2018
Profit for the period	66.3	34.7	339.5	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	-8.0	-14.0	0.2	-32.2
Tax on changes in value of financial assets recognized at fair value through other comprehensive income	1.8	3.1	0.0	7.1
Translation of foreign operations	-7.4	-8.8	9.6	8.4
Tax on translation of foreign operations	-0.3	-0.2	-0.9	-0.4
Total other comprehensive income after tax	-13.9	-19.9	8.9	-17.1
Total profit or loss and other comprehensive income	52.3	14.8	348.3	100.9
Of which, attributable to:				
Shareholders of the Parent Company	52.3	14.8	348.3	100.9

Consolidated balance sheet

SEK million	Note	31/12/2019	31/12/2018
Assets			
Cash and balances in Central banks		409.5	1,344.2
Treasury bills and other interest bearing securities eligible for refinancing		22,035.8	18,260.6
Loans to credit institutions		505.2	333.0
Loans to the general public	2	16,127.8	14,204.5
Bonds and other interest bearing securities		1,563.7	1,775.7
Shares and participations		6.6	59.6
Assets in the insurance business		70,089.2	51,726.5
Intangible fixed assets		917.1	414.3
Tangible fixed assets		306.8	102.8
Deferred taxed assets		2.8	-
Current tax assets		63.6	89.1
Other assets		3,368.5	3,617.7
Prepaid expenses and accrued income		206.6	191.5
Total assets		115,603.2	92,119.4
Liabilities			
Deposits and borrowing from the general public		38,572.1	35,225.2
Liabilities in the insurance business		70,091.0	51,726.5
Other liabilities		3,547.7	2,952.8
Current tax liabilities		92.2	42.1
Deferred tax liabilities		82.6	23.2
Accrued expenses and deferred income		159.9	161.4
Total liabilities		112,545.4	90,131.2
Equity			
Share capital		1.0	1.0
Other capital contributions		7,571.3	6,821.3
Other reserves		-76.1	-85.0
Retained earnings including profit for the period		-4,438.4	-4,749.0
Total equity		3,057.8	1,988.2
Total liabilities and equity		115,603.2	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	-	-	-	-	339.5	339.5
Other comprehensive income after tax	-	-	-	8.9	-	8.9
Total comprehensive income	-	-	-	8.9	339.5	348.4
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	-	-	-	-	-3.2	-3.2
Tax on transaction cost with issue of Tier 1 capital	-	-	-	-	0.7	0.7
Interest on Tier 1 capital	-	-	-	-	-26.3	-26.3
Total transactions reported directly in equity	-	500.0	250.0	-	-28.9	721.2
Equity carried forward 31 December 2019	1.0	500.0	7,071.3	-76.1	-4,438.4	3,057.8

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 Nasdaq Stockholm in the second quarter.

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
Other 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

Cash Flow Statement

	3 months	3 months	12 months	12 months
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK million	2019	2018	2019	2018
Operating activities				
Cash flow from operating activities before changes in working capital	423.6	103.5	418.2	271.4
Cash flow from changes in working capital	574.6	1,349.4	2,044.2	3,241.3
Cash flow from operating activities	998.2	1,452.9	2,462.4	3,512.7
Investing activities				
Purchases and disposals of intangible and tangible fixed assets	-21.0	-42.6	-564.0	-196.2
Net investments in financial instruments	-1,055.9	-1,161.8	-3,378.7	-2,208.7
Cash flow from investing activities	-1,076.9	-1,204.4	-3,942.7	-2,404.9
Financing activities				
Cash flow from financing activities	-28.6	0.0	718.7	-100.0
Cash flow for the period	-107.4	248.4	-761.6	1,007.8
Cash and cash equivalents at the start of the period	1,027.8	1,433.7	1,677.2	667.9
Exchange rate difference for cash and cash equivalents	-5.7	-4.9	-0.9	1.5
Cash and cash equivalents at the end of the period	914.7	1,677.2	914.7	1,677.3
<i>whereof cash and cash equivalents in Central Banks</i>	409.5	1,344.2	409.5	1,344.2
<i>whereof loans to credit institutions</i>	505.2	333.0	505.2	333.0

Parent company's income statement

SEK million	3 months Oct-Dec 2019	3 months Oct-Dec 2018	12 months Jan-Dec 2019	12 months Jan-Dec 2018
Net sales	3.7	2.2	18.7	8.2
Total operating income	3.7	2.2	18.7	8.2
Other external costs	-2.0	-0.4	-9.5	-4.1
Personnel costs	-3.0	-7.5	-17.4	-14.4
Other operating expenses	-0.3	0.0	-1.4	0.0
Operating profit	-1.6	-5.6	-9.6	-10.3
Result from financial investments:				
Result from participations in Group companies	200.0	16.0	260.0	17.6
Interest expense and similar items	-0.4	0.0	0.1	0.0
Result from financial investments	199.6	16.0	260.1	17.7
Profit after financial items	198.0	10.4	250.5	7.2
Tax on profit for the year	0.3	-2.5	1.6	-1.6
Profit for the period	198.3	8.0	252.1	5.6

Profit for the period matches the comprehensive income.

Parent company's Balance Sheet

SEK million	31/12/2019	31/12/2018
Assets		
Financial fixed assets	1,989.1	6,503.9
Current assets	205.0	16.7
Cash and bank balances	69.4	1.7
Total assets	2,263.5	6,522.3
Equity and liabilities		
Restricted equity	1.0	1.0
Non-restricted equity	2,157.1	6,511.6
Current liabilities	105.4	9.7
Total equity and total liabilities	2,263.5	6,522.3

Parent company's statement of changes in equity

SEK million	Share capital	Share premium reserve	Additional Tier 1 (AT1) capital	Retained earnings	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	-	-	-	-	252.1	252.1
Total comprehensive income	-	-	-	5.6	246.5	252.1
Transactions reported directly in equity						
Shareholders 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	-	-	-	-3.2	-	-3.2
Tax on transaction cost with issue of Tier 1 capital	-	-	-	0.7	-	0.7
Interest on Tier 1 capital	-	-	-	-26.3	-	-26.3
Result of merger	-	-	-	-5,393.5	-	-5,393.5
Equity carried forward 31 December 2019	1.0	6,340.2	500.0	-4,935.1	252.1	2,158.1

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 Nasdaq Stockholm in the second quarter.

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 2018 Nordnet AB (publ) Annual Report. 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 2018 Nordnet AB (publ) 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 reporting requirements for lessors remain essentially 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 recognized 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 ¹	-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 measuring future leasing payments, Nordnet has reviewed 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 31 December 2019, SEK 482.6 million (474.4) 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 4,052 million of lending to the public. Of lending to the public, SEK 7,560 mil-

Credit loss reserve 31/12/2019	Stage 1	Stage 2	Stage 3	Total
Amortized cost	14,623.4	1,508.1	94.7	16,226.2
Provisions for expected credit losses	-21.8	-24.4	-52.2	-98.5
Total lending to the public	14,601.6	1,483.7	42.5	16,127.7

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

lion is secured by collateral in the form of securities and SEK 4,515 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 98.5 million (95.8).

to risk and handling of risks can be found under Note 7 in the 2018 Annual Report.

No significant changes occurred in the fourth quarter of 2019.

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, analyze, 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

Not 5 Group - Financial instruments

Categorization of financial instruments

31/12/2019	Fair value through consolidated income statement			Fair value through other comprehensive income	Non financial instruments	Total
	Amortized cost	Held for trading	Other business model			
Assets						
Cash and balances in Central banks	409.5	-	-	-	-	409.5
Treasury bills and other interest bearing securities eligible for refinancing	8,845.4	-	-	13,190.4	-	22,035.8
Loans to credit institutions	505.2	-	-	-	-	505.2
Loans to the general public	16,127.8	-	-	-	-	16,127.8
Bonds and other interest bearing securities	740.6	-	-	823.1	-	1,563.7
Shares and participations, listed	-	6.0	-	-	-	6.0
Shares and participations, non-listed	-	0.6	-	-	-	0.6
Assets for which customers bear the investment risk ¹	1,776.4	-	63,649.7	4,663.1	-	70,089.2
Other assets	3,368.5	-	-	-	63.6	3,432.1
Prepaid expenses and accrued income	206.6	-	-	-	-	206.6
Total assets	31,980.1	6.6	63,649.7	18,676.6	63.6	114,376.6
Liabilities						
Deposits and borrowing from the general public	38,572.1	-	-	-	-	38,572.1
Liabilities for which customers bear the investment risk	-	-	70,091.0	-	-	70,091.0
Other liabilities	3,547.7	-	-	-	174.7	3,722.4
Accrued expenses and deferred income	159.9	-	-	-	-	159.9
Total liabilities	42,279.7	-	70,091.0	-	174.7	112,545.4

¹ SEK 4,663 million refers to reinvestments in bonds and SEK 1,776 million refers to liquid assets.

cont. Note 5 Group - Financial instruments

31/12/18	Fair value through consolidated income statement			Fair value through other comprehensive income	Non financial instruments	Total
	Amortized cost	Held for trading	Other business model			
Assets						
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
Prepaid expenses and 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 and deferred income	161.4	-	-	-	-	161.4
Total liabilities	38,339.4	-	51,726.5	-	65.3	90,131.2

¹ SEK 6,436 million refers to reinvestments in bonds and SEK 1,361 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 analyzing 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 valued 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 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 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 where the customers 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.

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.

Financial instruments are recognized at fair value

31/12/2019				
SEK million	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Treasury bills and other interest bearing securities eligible for refinancing	13,190.4	-	-	13,190.4
Bonds and other interest bearing securities	823.1	-	-	823.1
Shares and participations ¹	6.0	-	0.6	6.6
Assets for which customers bear the investment risk	69,170.4	697.8	221.0	70,089.2
Subtotal	83,189.9	697.8	221.6	84,109.3
Financial assets where fair value is given for information purposes				
Cash and balances in Central Banks	409.5	-	-	409.5
Loans to credit institutions	-	505.2	-	505.2
Loans to the general public	-	16,127.8	-	16,127.8
Treasury bills and other interest bearing securities eligible for refinancing	-	8,840.8	-	8,840.8
Bonds and other interest bearing securities	-	740.7	-	740.7
Other assets	3,368.5	-	-	3,368.5
Accrued income	206.6	-	-	206.6
Subtotal	3,984.7	26,214.5	-	30,199.2
Total	87,174.6	26,912.3	221.6	114,308.5
Financial liabilities at fair value				
Liabilities for which customers bear the investment risk	-	70,091.0	-	70,091.0
Total	-	70,091.0	-	70,091.0

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

cont. 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	50,919.4	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 8 million, from level 2 to level 1 amounted to SEK 80 million and from level 3 to level 2 were SEK 3 million, from level 3 to level 1 SEK 17 million. All are within assets where the customer bears the investment risk.

Note 6 Pledged assets, contingent liabilities and commitments

SEK million	31/12/2019	31/12/2018
Pledged assets and comparable collateral for own liabilities	none	none
Other pledged assets and comparable collateral		
Bonds and other interest bearing securities ¹	2,224.5	2,197.1
<i>of which deposits with credit institutions</i>	1,842.0	1,926.0
<i>of which deposits with clearing organisations</i>	382.6	271.1
Contingent liabilities	none	none
Commitments		
Credit granted but not yet paid, unsecured loans	426.5	368.1
Funds managed on behalf of third parties		
Client funds	148.5	131.7

¹ The amount includes restricted cash of SEK 103 (91) million.

As of 31 December 2019, the insurance business held registered assets amounting to SEK 70,089 million (51,726) 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.

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 in the conglomerate (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 capital requirement

The financial conglomerate

SEK million	31/12/2019	31/12/2018
Capital base after regulatory adjustments	2,538.5	2,054.6
Capital requirement	2,160.8	1,726.7
Excess capital	377.1	328.0
Capital ratio	1.2	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 requirement of the financial conglomerate

The financial conglomerate comprises 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.

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 429.8 million (267.6). 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 what is stated in 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

Capital requirements consolidated situation

SEK million	31/12/2019	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
Retained earnings	-4,766.2	-5037.1
Accumulated other comprehensive income (and other reserves)	180.4	234.4
Independently reviewed interim profits net of any foreseeable charge or dividend	236.3	51.4
Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,341.5	1,877.5
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
Additional value adjustments (negative amount)	-18.7	-20.3
Intangible assets (net of related tax liability) (negative amount)	-832.2	-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)	-850.9	-421.7
Common Equity Tier 1 (CET1) Capital	1,490.6	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)	1,990.6	1,455.7
Tier 2 (T2) capital	-	-
Total capital (TC = T1 + T2)	1,990.6	1,455.7
Total risk weighted assets	10,090.3	8,510.5
Capital ratios and buffers		
Common Equity Tier 1 (as a percentage of total risk exposure amount)	14.8%	17.1%
Tier 1 (as a percentage of total risk exposure amount)	19.7%	17.1%
Total capital (as a percentage of total risk exposure amount)	19.7%	17.1%
Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation 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%
of which: capital conservation buffer requirement	2.5%	2.5%
of which: countercyclical buffer requirement	2.3%	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)	10.3%	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

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

cont. Note 7 Capital adequacy information

Consolidated situation

SEK million	31/12/2019		31/12/2018	
Risk weighted exposures				
Exposure to credit risk according to the standardized method	7,498.4		6,291.5	
of which exposures to institutions	518.8		334.7	
of which exposures to corporates	186.1		104.2	
of which retail exposures	3,506.2		3,451.3	
of which exposures secured by mortgages on immovable property	1,033.5		971.9	
of which in default	68.5		32.9	
of which exposures in the form of covered bonds	1,297.0		600.1	
of which equity exposures	401.9		453.0	
of which other items	486.4		343.4	
Exposures market risk	11.6		73.6	
Exposure operational risk	2,580.3		2,145.4	
Total risk weighted exposures	10,090.3		8,510.5	
Capital requirement				
Credit risk according to the standardized method	599.9	5.9%	503.3	5.9%
Market risk	0.9	0.0%	5.9	0.1%
Operational risk	206.4	2.0%	171.6	2.0%
Capital requirement Pillar 1	807.2	8.0%	680.8	8.0%
Concentration risk	81.8	0.8%	72.1	0.8%
Market risk excluding interest rate risk	117.2	1.2%	58.0	0.7%
Interest rate risk	190.5	1.9%	137.5	1.6%
Credit risk in government exposures	0.3	0.0%	-	-
Other	-	-	-	-
Capital planning buffer	40.0	0.4%	-	-
Capital requirement Pillar 2	429.8	4.3%	267.6	3.1%
Buffer requirement	485.8	4.8%	366.7	4.3%
Total capital requirement, incl. buffer requirement	1,722.9	17.1%	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 parentheses 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 parentheses refers to the period before the acquisition.

Preliminary acquisition analysis (MSEK)

Purchase price	663.2
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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	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Net interest	132.1	128.8	132.9	103.9	95.0	91.4	95.9	95.3
Net commission - not trade related	78.2	62.5	59.6	54.8	62.4	56.2	58.6	52.4
Net commission - trade related	146.1	123.4	118.9	119.5	125.6	110.0	102.4	128.3
Net result of financial transactions	48.6	42.4	42.9	109.1	43.5	42.9	42.6	48.9
Other income	23.1	14.4	16.9	15.2	20.9	5.0	17.2	15.8
Operating income	428.2	371.4	371.2	402.5²	347.4	305.5	316.7	340.8
General administrative expenses	-283.6	-216.6	-227.6	-219.8	-255.4	-219.4	-231.3	-243.5
Depreciation	-48.4	-47.5	-40.5	-38.0	-28.1	-24.5	-29.0	-24.2
Other operating expenses	-12.4	-9.6	-9.3	-9.1	-18.3	-21.0	-17.3	-21.2
Net credit losses	-9.7	-5.5	-11.7	-6.7	-4.7	-11.6	-9.7	-10.0
Expenses	-354.1³	-279.2	-289.1	-273.6	-306.6	-276.5	-287.3	-298.9
Operating profit	74.1	92.3	82.1	129.0	40.8	29.0	29.4	41.9
Operating margin %	17%	25%	22%	32%	12%	9%	9%	12%
Cost coverage	80%	89%	87%	103%	72%	71%	75%	71%
Return on shareholders' equity	11%	10%	9%	8%	6%	7%	7%	7%
Quarterly statistics	Q4 19	Q3 19	Q2 19	Q1 19	Q4 18	Q3 18	Q2 18	Q1 18
Number of active customers at end of the period	913,600	882,200	854,800	794,800	765,200	741,800	718,000	698,500
Number of active accounts at end of the period	1,213,400	1,169,100	1,134,000	1,054,700	1,016,300	982,400	949,800	923,300
Net savings (SEK billion)	7.3	4.2	2.4	7.0	1.4	4.9	5.6	11.5
Total savings capital (SEK billion)	394	365	354	323	286	324	310	287
Average savings capital per active account (SEK)	325,000	312,300	311,800	306,700	280,900	329,700	326,900	311,000
Number of trades	7,587,900	7,316,300	6,582,800	6,935,400	6,984,500	6,413,900	5,976,200	6,745,200
Traded value cash market, SEK million 1	211,700	192,800	185,600	199,900	202,400	183,000	183,900	205,500
Number of trading days	62	66	57	63	62	65	59	62
Number of trades per day	122,400	110,900	116,500	110,100	113,600	98,700	101,300	108,800
Average net commission revenue per transaction (SEK)	19	17	18	17	19	17	17	19
Number of trades per active trading account	6.7	6.7	6.4	7.1	7.4	7.1	6.8	8.0
Number of trades per active trading account and month	2.2	2.2	2.1	2.4	2.5	2.4	2.3	2.7
Cash deposits at end of period, SEK million	45,011.7	45,029.8	44,415.9	41,249.8	43,022.8	40,919.8	40,553.6	35,980.2
Managed Client Funds, SEK million	148.5	131.7	127.8	157.4	131.6	125.5	135.1	159.8
Lending at end of period, SEK million	16,127.8	15,711.0	15,397.0	15,008.8	14,204.5	14,474.3	13,887.8	13,211.2
Lending excluding pledged cash and cash equivalents	15,645.1	14,910.5	14,602.6	14,358.3	13,730.1	13,682.4	13,147.5	12,552.7
Lending/deposits	36%	35%	35%	36%	33%	35%	34%	37%

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

² The positive revaluation of Tink AB by SEK 65.8 million has affected the income

³ Non-recurring expenses of SEK 19 million associated with the acquisition of Netfonds and the right to deduct opening VAT of SEK 30 million were charged against the period.

Key figures

Key figures - Group	31/12/2019	31/12/2018
Operating margin (%)	24%	11%
Profit margin (%)	22%	9%
Cost/income ratio	76%	89%
Return on shareholders' equity (%)	13%	6%
Return on assets (%)	0.3%	0,1%
Shareholders' equity, SEK million	3,057.8	1,988.2
Capital base, SEK million	1,990.6	1,455.7
Capital coverage ratio	19.7%	17.1%
Investments in tangible assets, SEK million	46.1	84.0
Investments in intangible assets excl. company acquisitions, SEK million	91.3	112.1
Of which, internal development expenses, SEK million	37.8	32.5
Number of full-time employees at end of period	497	523
Customer related key financial figures	31/12/2019	2018-12-31
Number of active customers	913,600	765,200
Number of active accounts at end of the period	1,213,400	1,016,300
Net savings, SEK billion	20.9	23.5
Total savings capital at end of period, SEK billion	394	286
Average savings capital per active account at end of period, SEK	325,000	280,900
Number of trades for the period	28,422,400	26,119,800
Number of trades per day	114,800	105,600
Average net commission revenue per trade, SEK	18	18
Annual average income/savings capital (%)	0.4%	0.4%
Average yearly income per account, SEK	1,404	1,368
Average yearly operating expenses per account, SEK	-1,037	-1,172
Average yearly profit per account, SEK	367	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

Nordnet AB (publ)
Box 30099, SE-104 25 Stockholm
Visiting address: Alströnergatan 39
Tel: +46 10 583 30 00, e-mail: info@nordnet.se
Company registration number: 559073-6681

For more information on Nordnet and financial reports, go to nordnetab.com

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