

Investor presentation

SEK Additional Tier 1
Nordnet AB (publ)
November 2021

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Nordnet

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Today's presenter



Lennart Krän
CFO

With Nordnet since 2019.

MSc in Economics from Stockholm University
and certified financial analyst, Stockholm School
of Economics.

He has experience from the financial services
sector and has had positions such as CEO of
SalusAnsvar and CFO at SBAB and HSBC
Investment Bank Stockholm Branch.



Nordnet

Agenda



Transaction overview



Business update



Asset quality



Liquidity and capital position



Proposed AT1 transaction

Appendix

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Transaction overview

Key Investment Highlights

- Well-diversified business model
- Solid geographic distribution
- Strong organic growth
- A leading platform for growth
- Limited exposure to credit risk
- Strong liquidity position

Transaction rationale



SEK Benchmark

Perpetual NC5.25Y Additional Tier 1

- Optimizing the capital structure in regards to regulatory requirements
- Nordnet is committed to the SEK market and this transaction is the second SEK AT1
- The terms and conditions of this transaction are based on the Nordnet AT1 transaction in Q1 2019 and follows the key terms of recent AT1s in the SEK market with a 7% CET1 trigger on the consolidated level and with a temporary write down mechanism. Call dates (5-5.25y): First possible call date after 5y followed by a 3 month initial call period (call at par possible at any day within the initial call period) and then quarterly on any subsequent interest payment date

About Nordnet

- Attractive market fundamentals with long-term structural growth drivers
- Only pan-Nordic digital investment and savings platform at scale
- Superior customer experience and proposition driving market share gains
- Profitable customer growth
- Agile and scalable technology platform
- Strong competitive moat
- Leading ESG profile strongly embedded in Nordnet's DNA
- Operating leverage driving significant profit growth
- Capital light business model,
 - Only ~10% of Savings capital on balance
 - Deposit financed with only ~1/3 of the deposit lent giving 2/3 in liquidity

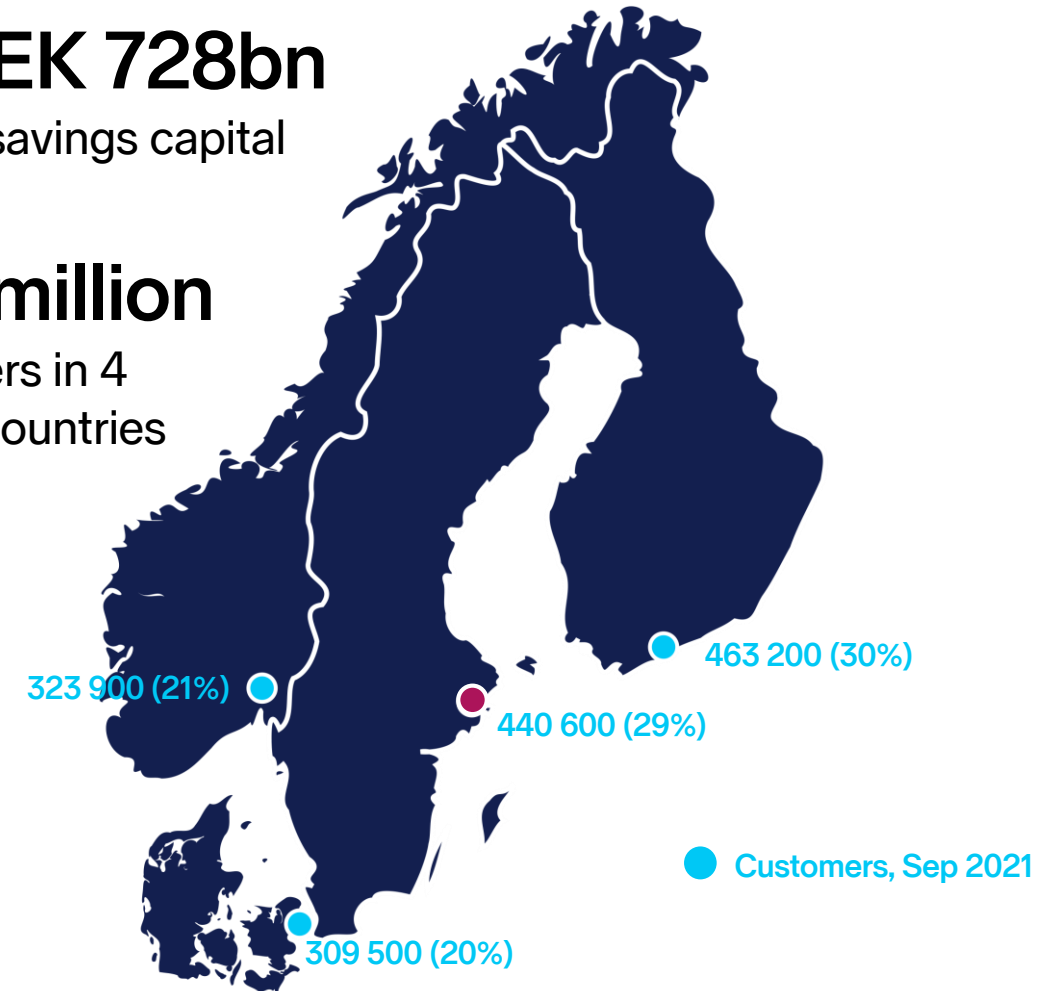
#1
NPS position in Nordics
#1 NPS position vs key competitors with #1 rank in DK, FI, NO; #2 in SE

#1
Market share in Nordics
#1 market share of addressable market among Nordic online platforms

#1
Nordic broker
#1 domestic broker on Nordic exchanges 2020

SEK 728bn
in savings capital

1.54 million
customers in 4
Nordic countries



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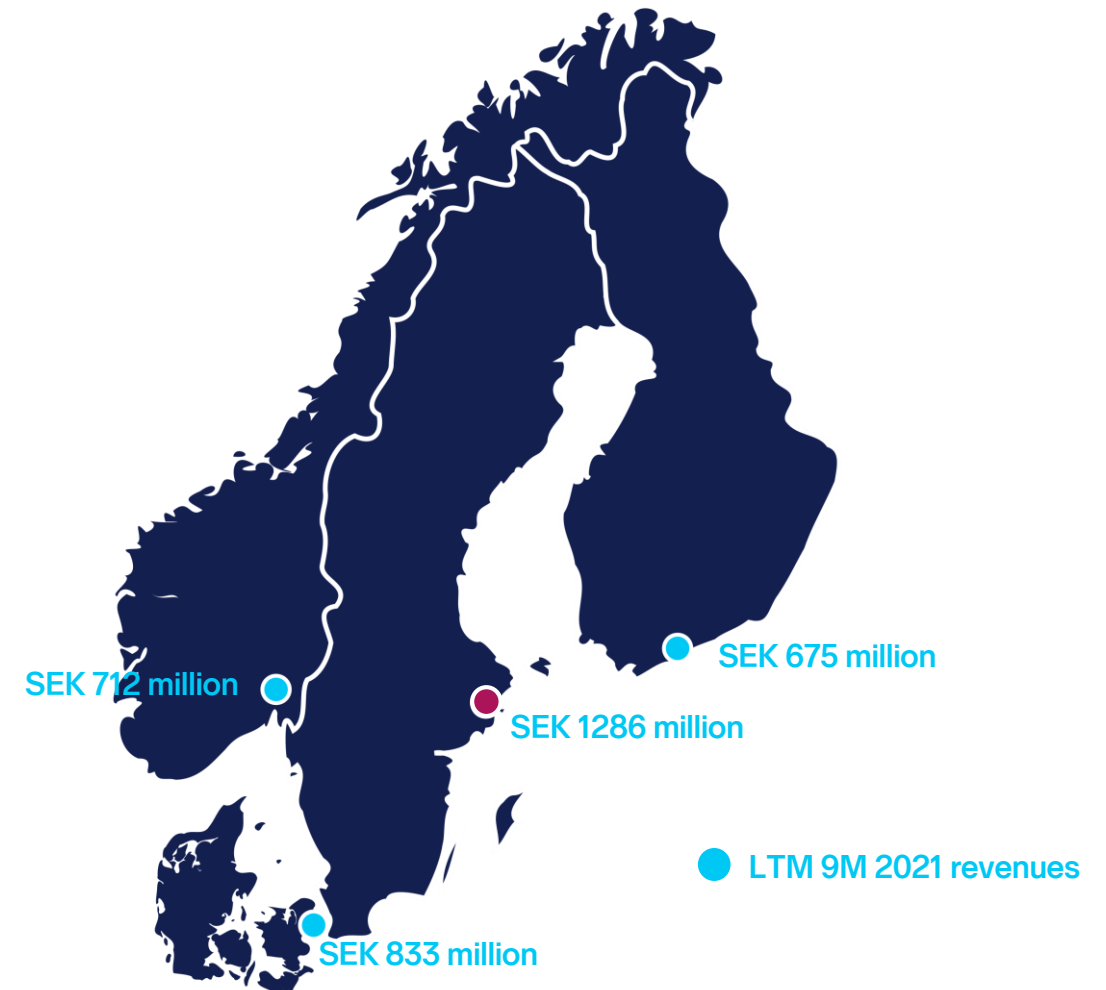
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Business overview

- Founded in 1996, Nordnet was a pioneer in online brokerage and has a longstanding history of innovation
- Today, Nordnet is a leading digital platform focusing on savings and investments, complemented by select lending products to support the core business
- ~650 employees serving customers from centralized functions in Stockholm, and local sales and marketing offices in Oslo, Helsinki and Copenhagen
- Long-term commitment and support from major shareholder (Öhman/ Dinkelspiel family)



Key Nordnet statistics

Sept. 2021	LTM 9M revenue	Customers	Savings capital	Lending	LTM 9M trades
	3 506 MSEK	1.54 million	728 SEKbn	24.2 SEKbn	71 million

Clear strategic focus

**SAVINGS AND
INVESTMENTS**

INDIVIDUALS

**NORDIC
REGION**

**DIGITAL
DISTRIBUTION**



We have been building our competitive moat for more than two decades

Operating in all four Nordic markets with...

**Strong and
trusted
brand**

**Local
presence
with
localized
offerings**

**Operating
at scale**

**Fully
licensed
and
regulated**

Leading customer proposition based on...

**One stop
shop for
savings and
investments**

**Product
innovation**

**Competitive
pricing**

**Leading
social
investment
platform**

One-stop shop for savings and investments

					
Securities brokerage	✓	✓	✓	✓	Shares, bonds, warrants, options, futures, ETFs, ETPs, certificates
Funds	✓	✓	✓	✓	>2,000 mutual funds, index funds, hedge funds, fund-of-funds as well as fund guidance and advisory
Pension	✓	✓	✓		Stock lending, endowment insurance, individual pension, occupational pension
Margin lending	✓	✓	✓	✓	Margin lending with securities as collateral
Retail lending	✓				Market leading ¹ own mortgage and distributor of third party mortgage as well as unsecured personal loans
Social investing	✓	✓	✓	✓	Leading Nordic social investment platform through Shareville

(1) Based on interest rate (0.69%) offered to select customers to qualifying Private Banking customers with savings capital >SEK15m

Nordnet has three customer offerings targeted at three customer groups

Share of September 2021 savings capital (%)			Customer offering		
			Retail (43%)	Private Banking ² (45%)	Partner (12%)
Savers¹ (41%)	<i>"Do it for me"</i>	<ul style="list-style-type: none"> Savers set aside small amounts of money each month, which over time can grow into a meaningful buffer Savers have a long-term horizon and tend to save in mutual funds 	17%	12%	12%
Investors¹ (50%)	<i>"Help me do it"</i>	<ul style="list-style-type: none"> Investors place larger amounts in the market and have a portfolio of several investments Investors are involved in what's happening in stock markets and like learning various investment strategies and analysis 	25%	25%	0%
Traders¹ (9%)	<i>"Do it myself"</i>	<ul style="list-style-type: none"> Traders participate in short-term daily trading of exchange-traded products. They trade to capitalise on swings in pricing Traders use different trading strategies, leverage and shorting to amplify returns 	1%	8%	0%

Source: Nordnet as of September 2021. (1) The three customer groups are defined based on the number of trades in the last twelve months with "Savers" doing 0-10 trades, "Investors" doing 11-500 trades and "Traders" doing more than 500 trades; (2) Modern holistic Private Banking offering for customers with >SEK2.5m in savings capital

Significant investments undertaken to enhance customer experience and scalability

Rolled out new platform in all countries



Established high pace of new product launches

	Unlisted holdings in endowment wrapper	Fund pricing model, Denmark	
	New margin lending model	Platform model, Norway	EPK Norway
	FASK, Finland	ETF instrument page	Digital pension transfer SE
Options in ISK account	New ESG features	Fund guidance	Own tech indexfund
Stock lending, Sweden	Stock lending, Norway	New WL index funds	Swedish language site in FI
2018	2019	2020	2021

Strengthened organisation and management team



Lars-Åke Norling
CEO



Lennart Krän
CFO



Rasmus Järborg
CPO



Elias Lindblom
CTO



Carina Tovi
COO & CHRO



Martin Ringberg
Country Manager – Sweden



Anders Skar
Country Manager – Norway



Anne Buchardt
Country Manager – Denmark



Suvi Tuppurainen
Country Manager – Finland



Johan Tidestad
Chief Communications Officer

Solidified #1 pan-Nordic market position¹



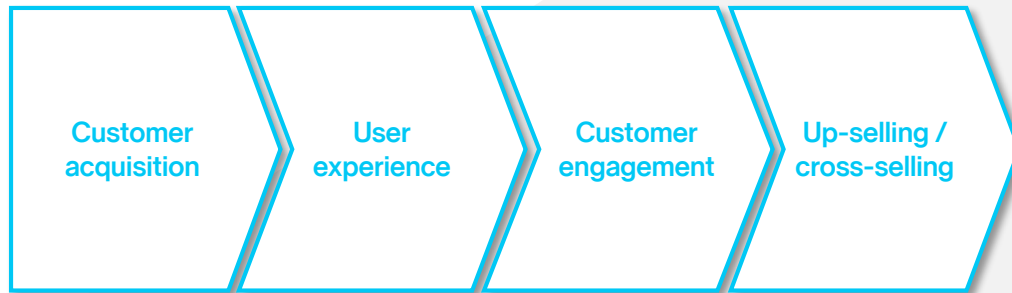
(1) Defined as NPS score vs. key competitor

Building the best platform for savings and investments...

Delightful digital channels



Automated and inspiring customer journeys



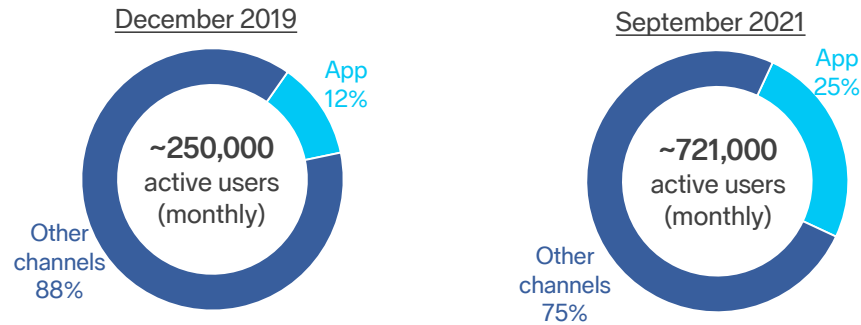
Cutting-edge financial products



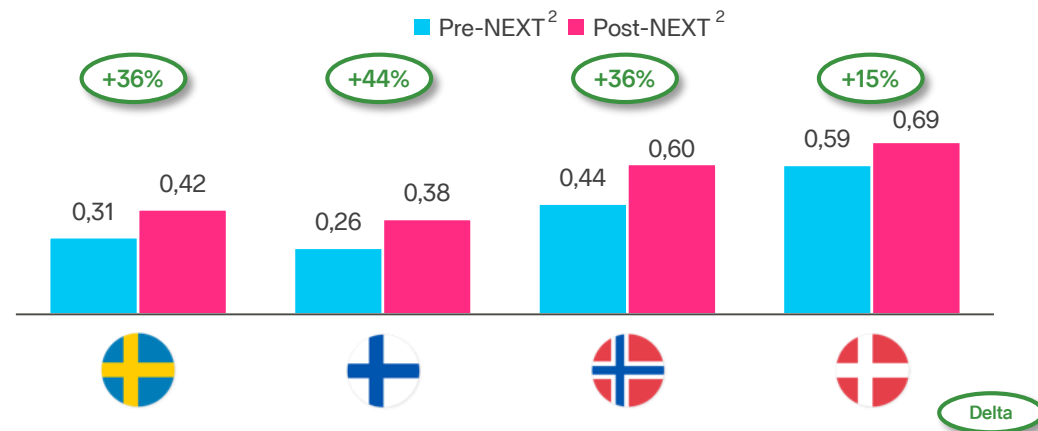
NordnetX: scalable and modern backend in the cloud

...that drives customer engagement, satisfaction and market share gains

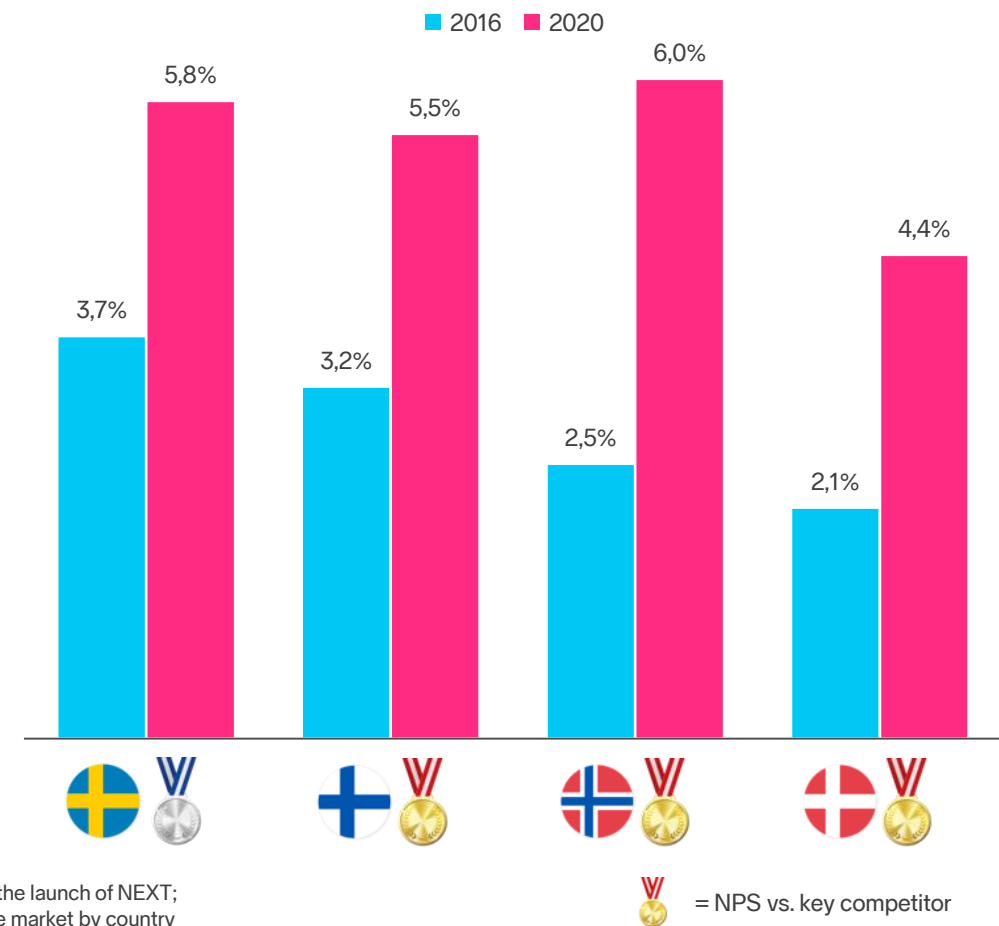
Activity on the Nordnet app % of traded value originated from the app¹



Customer engagement Average weekly # of trades per active customer¹



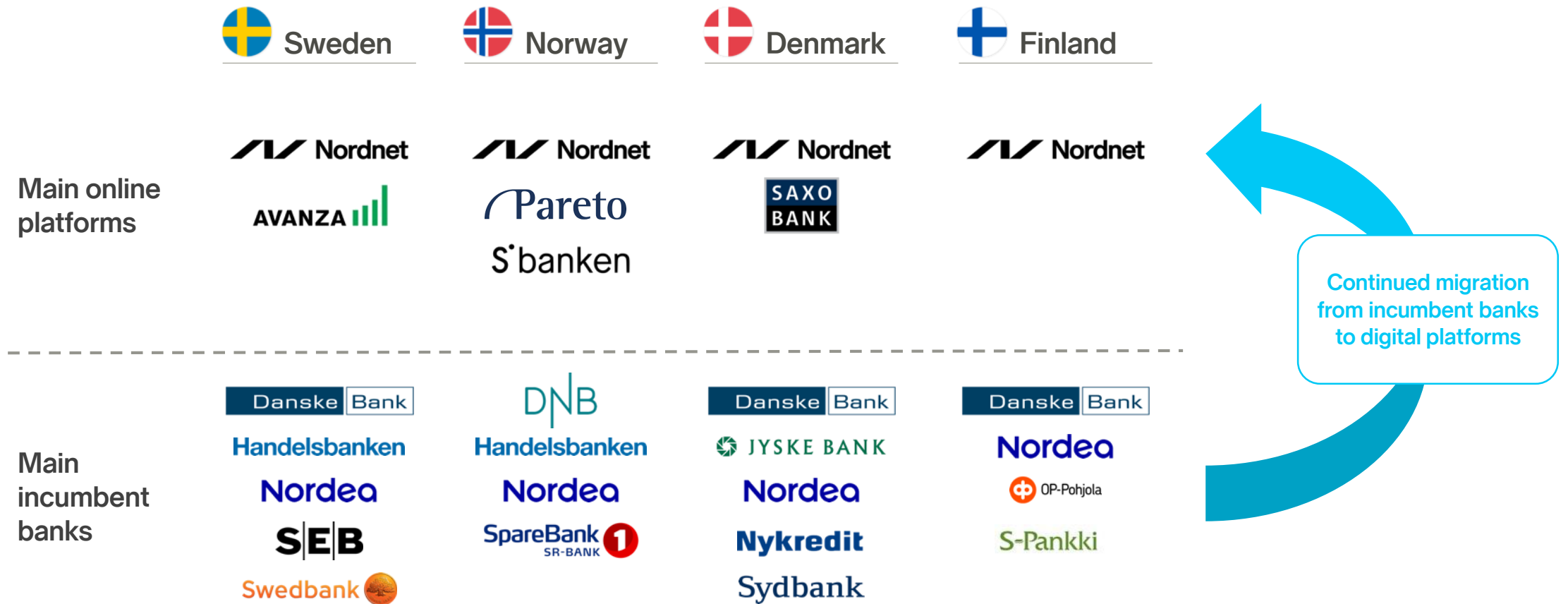
Market share across the Nordic region Estimated market share³



(1) Source: Nordnet; (2) Average number of weekly trades per active customer in an equally long estimate window before and after the launch of NEXT;
(3) Source: Leading third party management consulting firm. Defined as Nordnet's savings capital by country as share of addressable market by country



Nordnet competes primarily with online platforms and incumbent banks





Sustainability focus areas

A responsible and sustainable business

DECENT WORK AND ECONOMIC GROWTH



RESPONSIBLE CONSUMPTION AND PRODUCTION



PEACE, JUSTICE AND STRONG INSTITUTIONS



- Practice transparency, compliance and a high ethical standard
- Reduce our direct impact on the environment and climate.
- Promote physical and mental health through a good working environment

Equality and diversity

GENDER EQUALITY



DECENT WORK AND ECONOMIC GROWTH



REDUCED INEQUALITIES



- A better gender distribution within savings & investments
- A workplace characterized by gender equality and diversity
- Create a meaningful professional future for young people

Democratize savings and investments

QUALITY EDUCATION



DECENT WORK AND ECONOMIC GROWTH



INDUSTRY, INNOVATION AND INFRASTRUCTURE



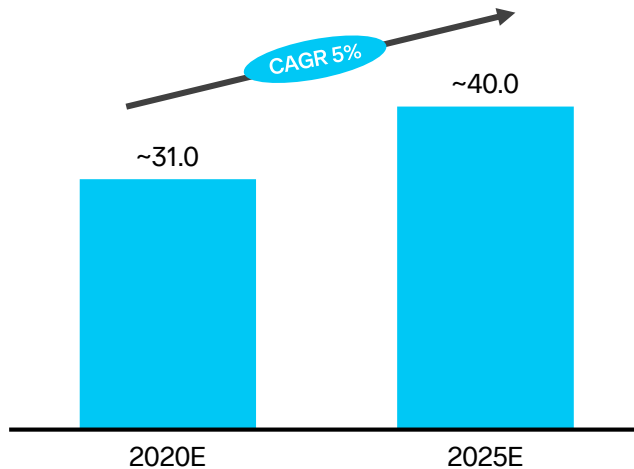
- Increase the general knowledge about personal finances
- Develop user-friendly and inspirational digital services for saving and investments
- Become the leading platform in the Nordics for sustainable savings



We operate in an attractive market with strong and sustainable growth prospects

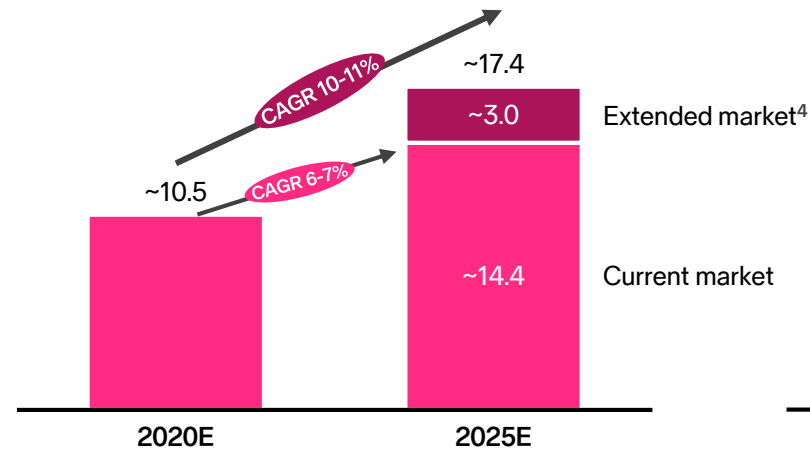
Consistent growth in the Nordic savings market...

Savings capital (SEKtln)



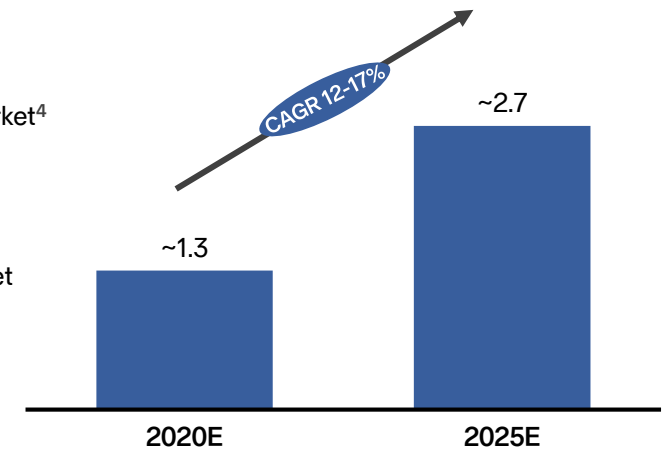
...with Nordnet's addressable market¹ growing faster...

Savings capital (SEKtln)



...and digital platforms² significantly outgrowing the market

Savings capital (SEKtln)

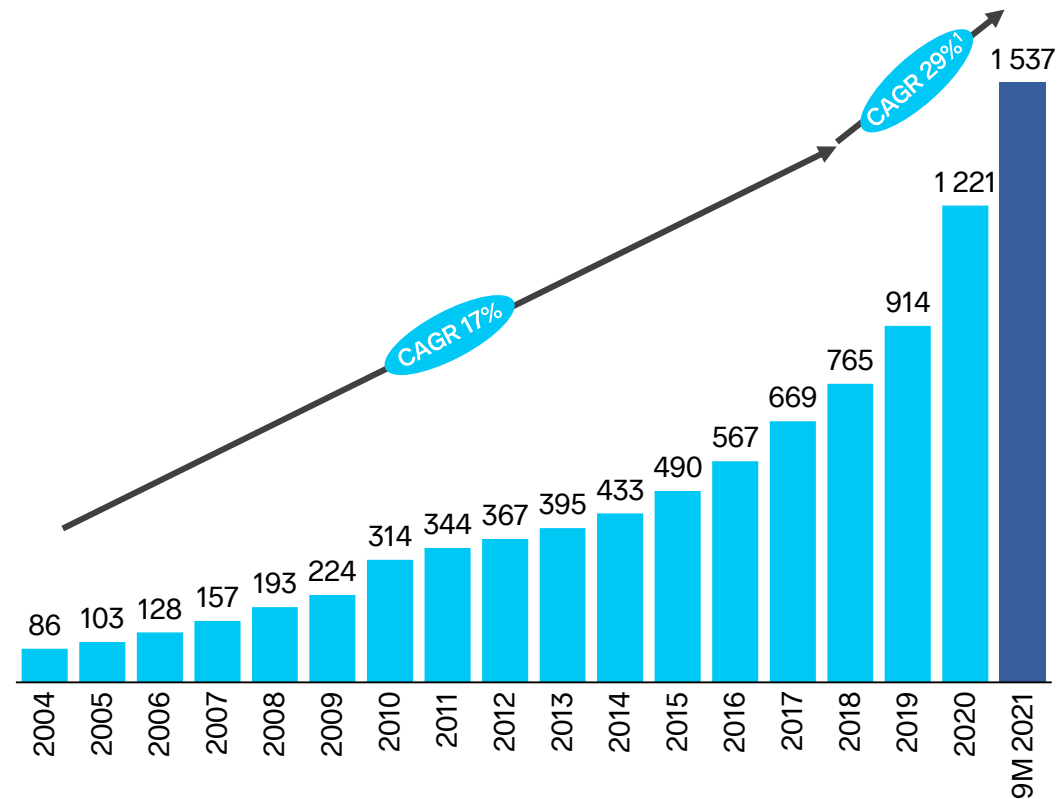


Significant growth potential for Nordnet with only ~5% market share of the addressable market³

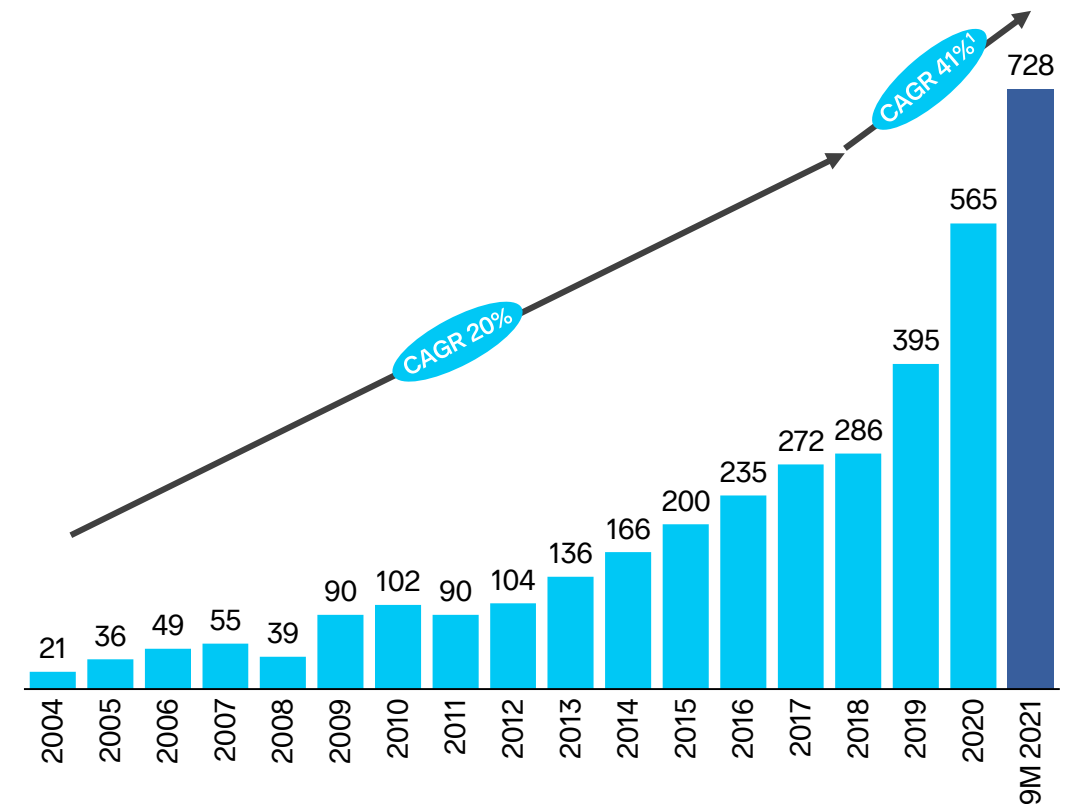
Source: Leading third party management consulting firm. (1) Addressable market defined as the estimated part of the overall Nordic savings market that Nordnet caters to with its current product offering; (2) Savings capital of Nordnet, Avanza, Saxo, Pareto and Sbanken; (3) Based on Nordnet's 2020 savings capital of SEK565 bn and addressable market of SEK10.5 bn; (4) Extended market include EPK Norway, DK Livrente and FI insurance wrapper

Continued acceleration of long-term growth

Customers
Thousand

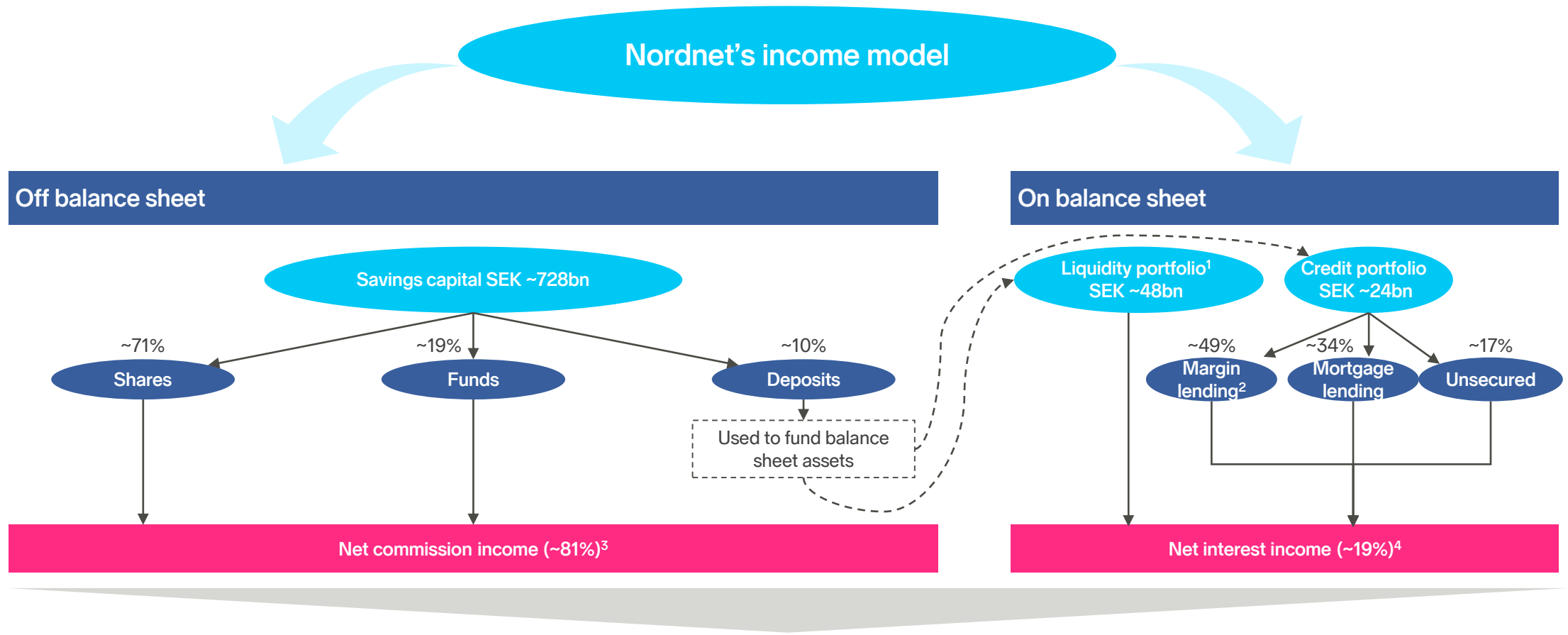


Savings capital
SEKbn



(1) Adjusting for the acquisition of Netfonds (contributing ~32,000 customers / SEK15bn in savings capital), the CAGRs would have been 28% for customers and 39% for savings capital, respectively

Nordnet has a capital light business model

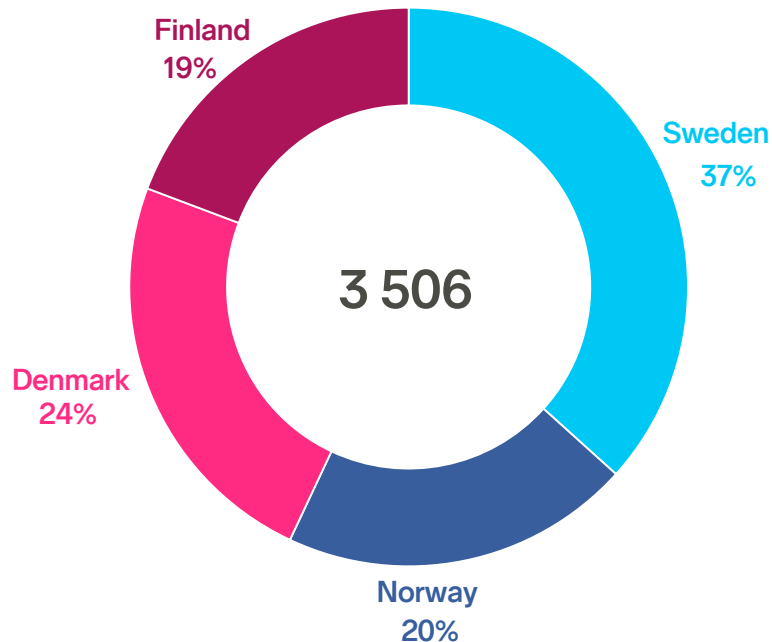


Figures as per LTM 9M 2021; (1) Defined as customer deposits minus lending (credit portfolio); (2) Excluding lending against pledged cash and cash equivalents; (3) Includes net financial transactions and other income; (4) Includes off-balance sheet income from securities lending

Only pan-Nordic digital savings and investment platform at scale

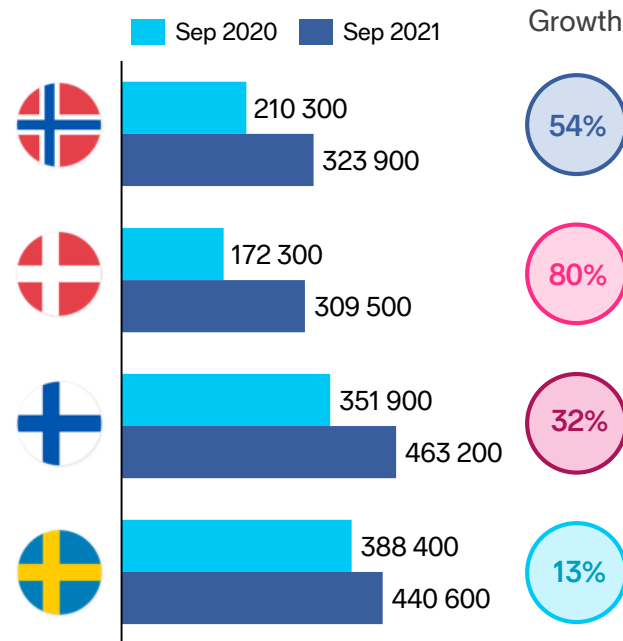
Sweden is still the largest market...

Nordnet's LTM 9M 2021 revenue by country (%)
SEKm



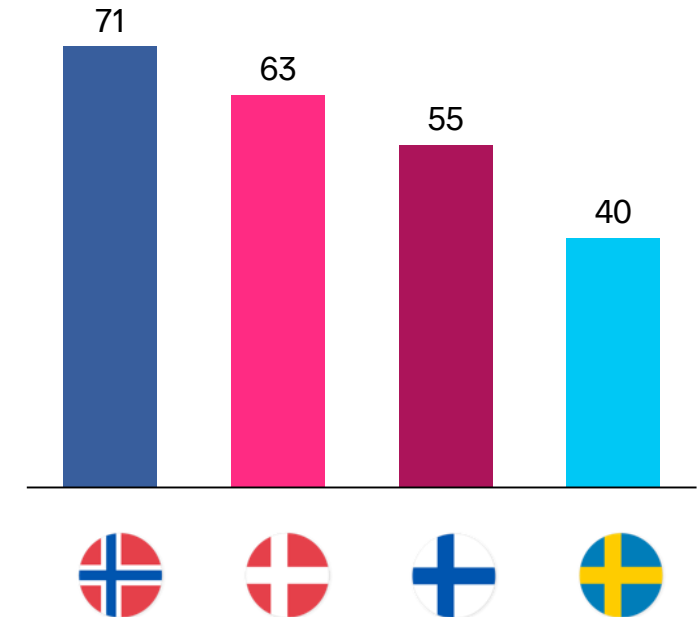
...and other Nordic countries are growing faster...

Nordnet's number of customers by country



...at higher margins

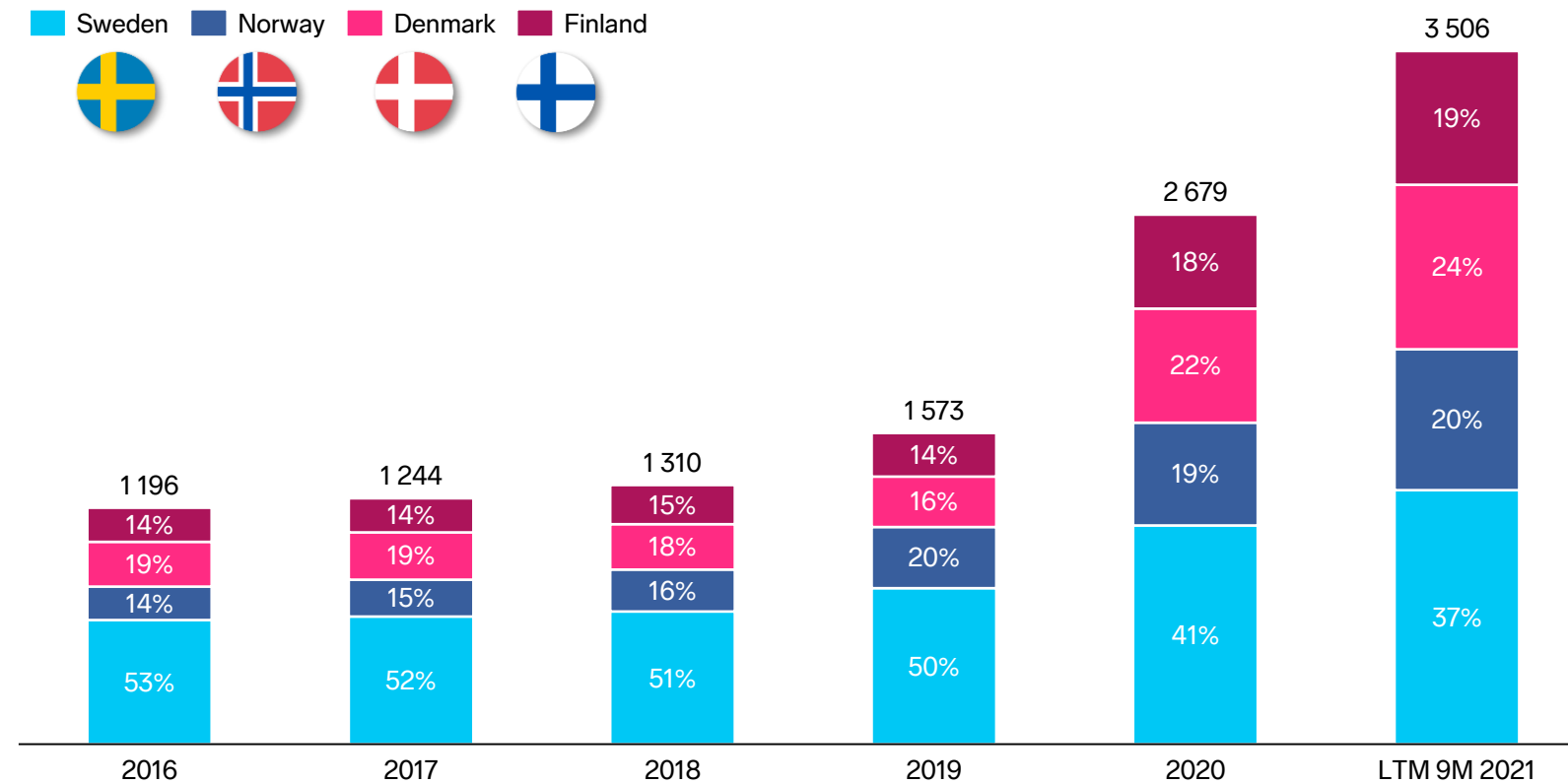
Revenue margin by country (bps)¹



(1) LTM 9M 2021 revenue (excluding personal loans in Sweden) divided by average quarterly savings capital

Strong regional income diversification

Revenue by country
SEKm



Substantially improved regional distribution



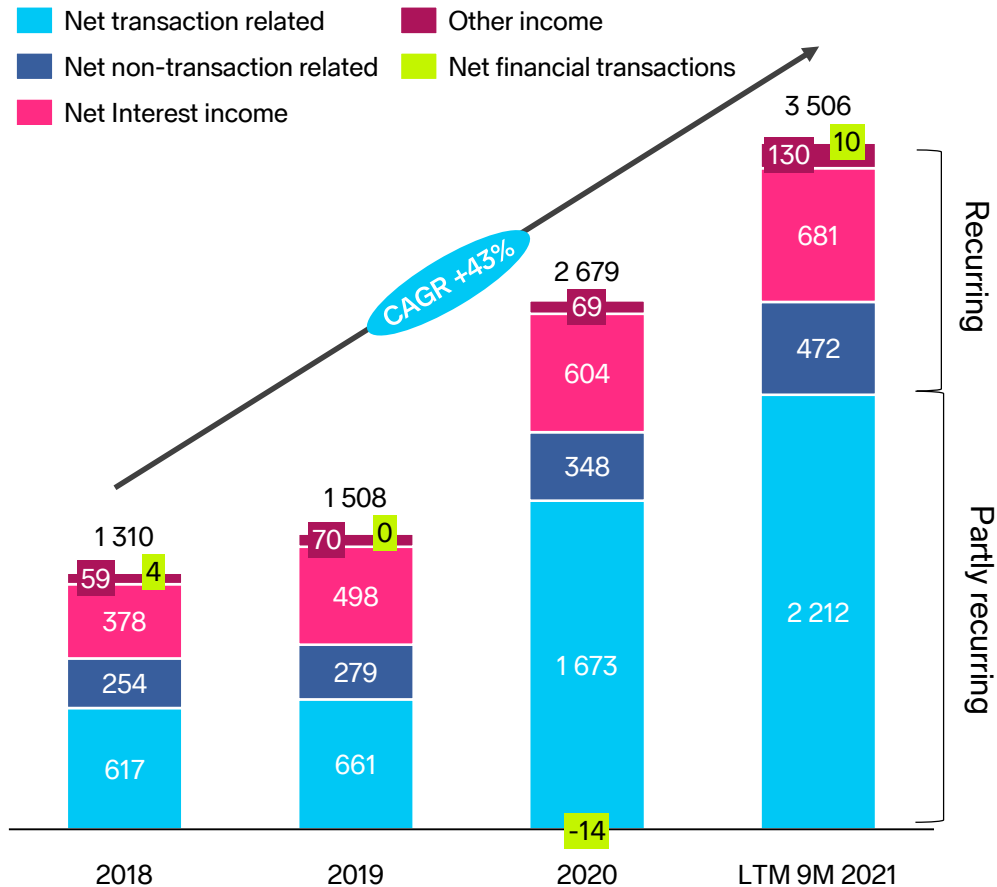
Supported by strong customer satisfaction



Critical mass also achieved outside of Sweden leading to scalability and increased profits

Large part of total income is recurring

Adjusted revenue by income type¹
SEKm

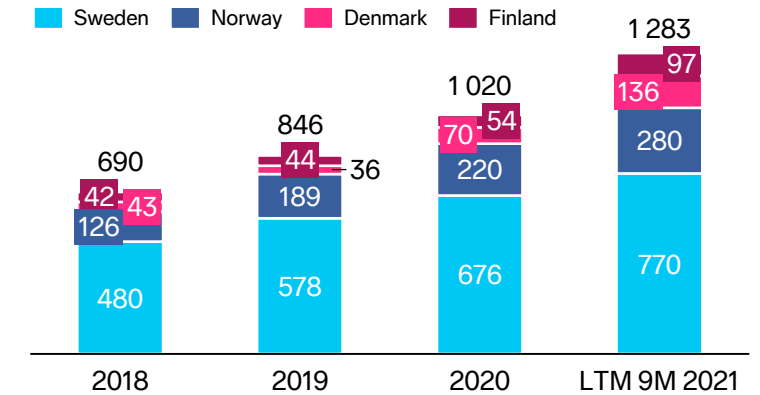


Margin lending
Mortgage
Unsecured loans
Securities lending
Liquidity portfolio

Resilient margins
Great addressable market
Own fund company started

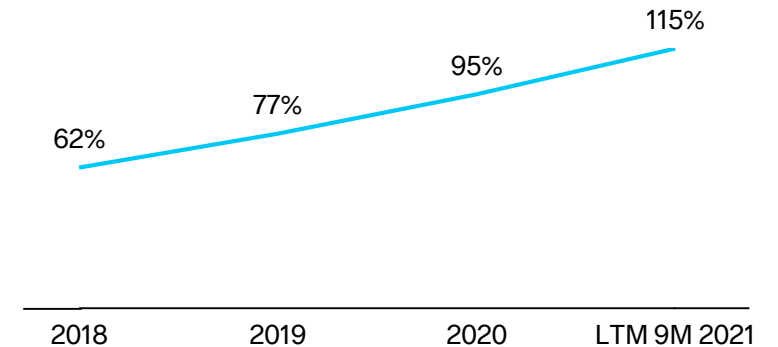
Part of the transaction related income is re-occurring with our lowest level being increased due to higher customer base and improved offering

Regionally diversified recurring income²
SEKm



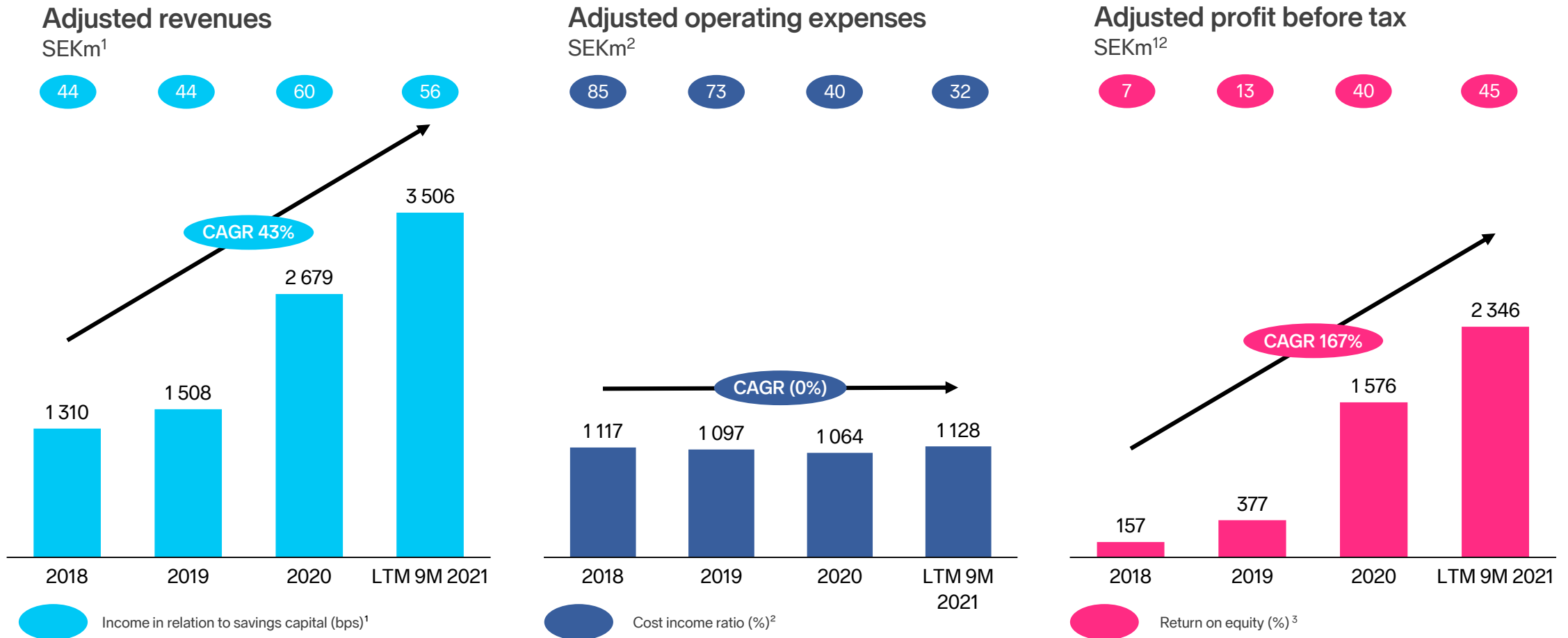
Cost coverage

Total income excluding transaction related income in relation to operating expenses



(1) Adjusted revenue, subtracting SEK66m in 2019 from net financial transactions; (2) Recurring income includes "Net non-transaction related", "Net interest income" and "Other Income"

Revenue growth together with operating leverage driving significant profit growth



(1) Adjusted revenue, subtracting SEK66m in 2019; (2) Adjusted expenses; subtracting SEK16m in 2018, SEK65m in 2019, SEK129m in 2020 and SEK99m in LTM 9M 2021. Adjusted operating expenses includes amortisation of PPA intangibles and excludes credit losses; (3) Excluding AT1-capital. Interest for AT1 has been deducted from net profit.

Group income statement

January – September (SEKm)	2020	2021	YoY %
Net transaction related income	1 180	1 719	46%
Net non-transaction related income	245	370	51%
Net commission income	1 425	2 089	47%
Net interest income	455	533	17%
Net financial transactions	(10)	15	-
Other income	41	102	149%
Adjusted total income	1 912	2 739	43%
Adjusted operating expenses	(777)	(842)	8%
Net credit losses	(32)	(24)	(24%)
Adjusted operating profit before tax	1 103	1 873	70%
Items affecting comparability, income	-	-	
Items affecting comparability, expenses	(30)	-	
Reported profit before tax	1 073	1 873	75%
Tax	(192)	(357)	86%
Reported net profit	881	1 516	72%

Agenda



Transaction overview



Business update



Asset quality



Liquidity and capital position



Proposed AT1 transaction

Appendix

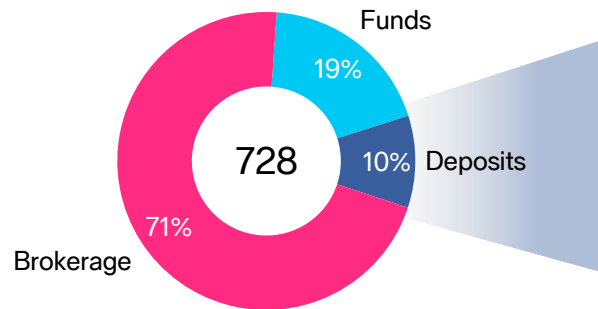
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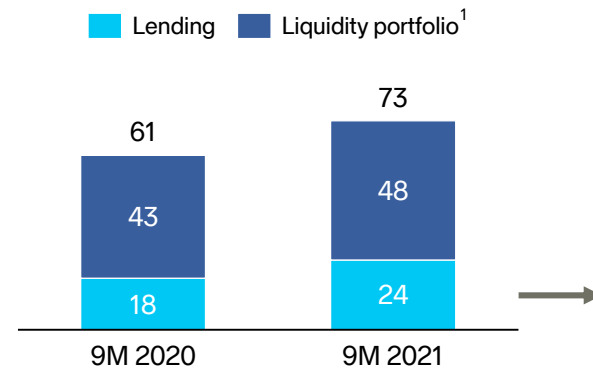
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High quality loan portfolio with loan losses remaining at very low levels

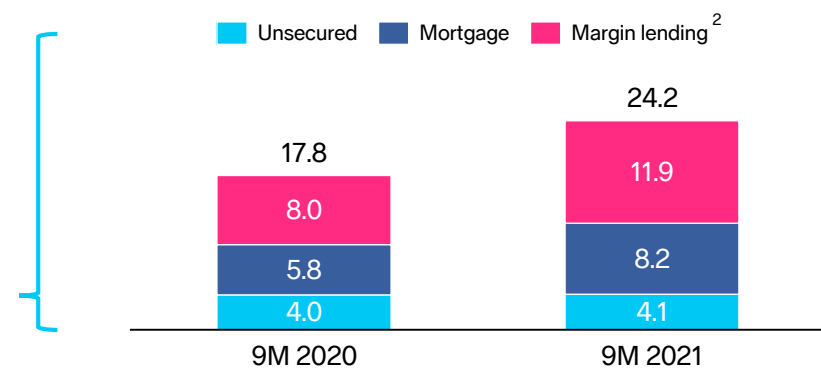
9M 2021 savings capital
SEKbn



Usage of deposits
SEKbn

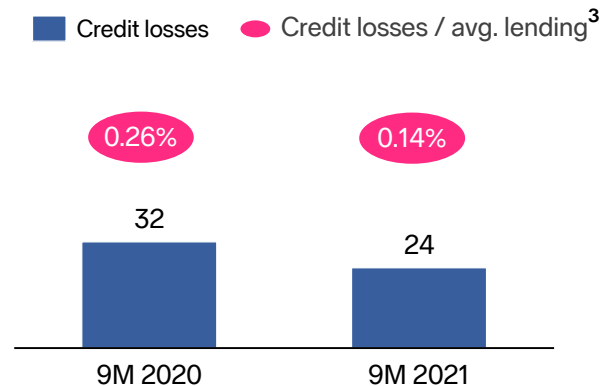


Lending
SEKbn

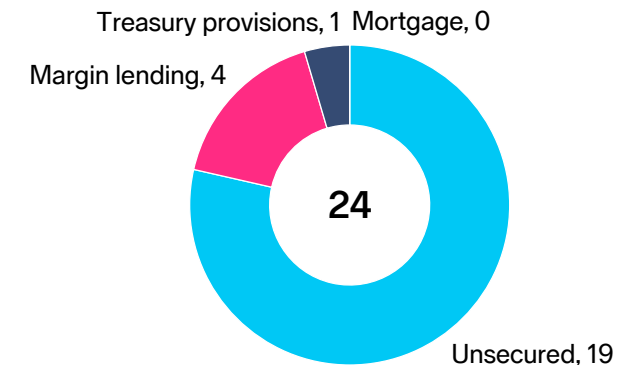


- ✓ Nordnet's loan book only features lending to retail customers. Split between margin lending, mortgages and unsecured lending.
- ✓ The unsecured lending book is not expected to grow while the mortgage lending book increasing.

Credit losses
SEKm



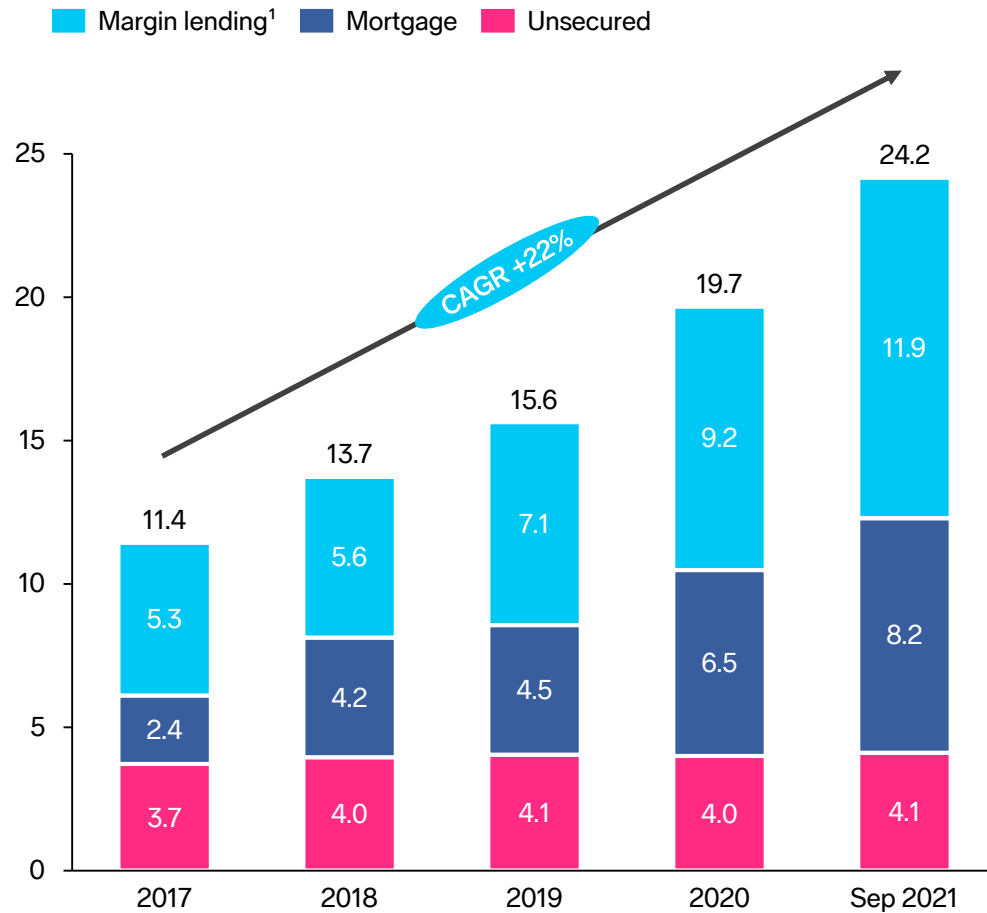
9M 2021 credit losses by lending category
SEKm



(1) Defined as customer deposits minus lending (credit portfolio); (2) Excluding lending against pledged cash and cash equivalents; (3) LTM 9M 2021 credit losses divided by average quarterly lending volume over the period

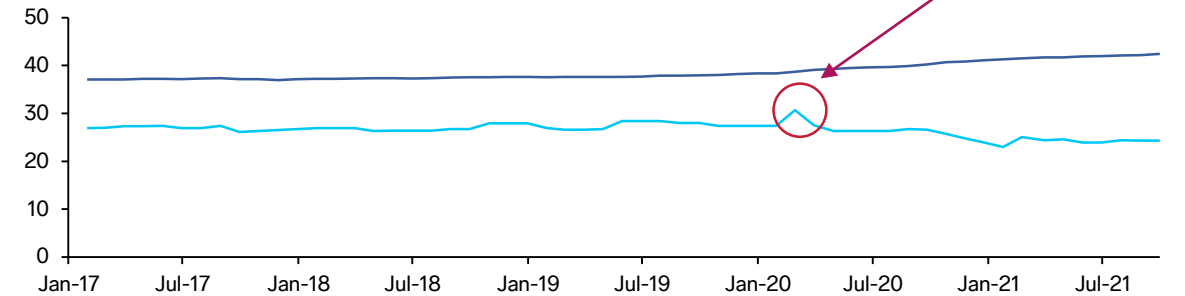
Stable LTV and low risk in loan portfolio

Lending volume
SEKbn

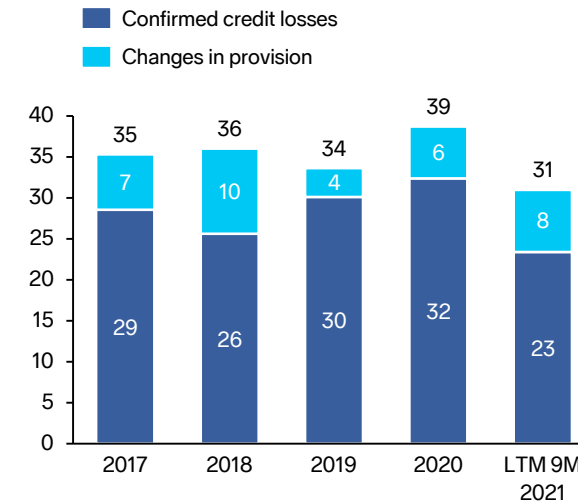


(1) Excluding lending against pledged cash and cash equivalents;

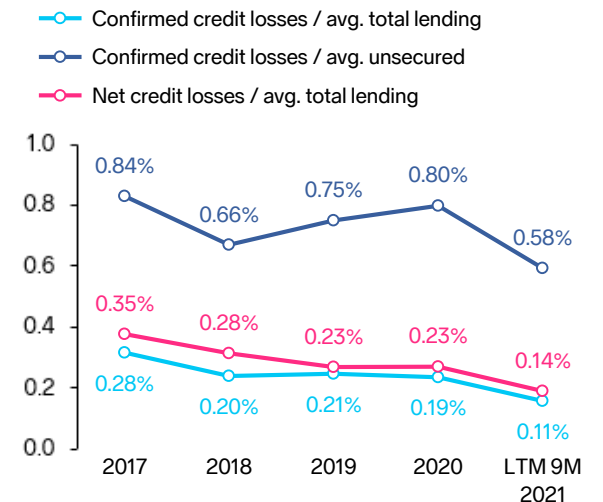
LTV development
%



Net credit losses
SEKm

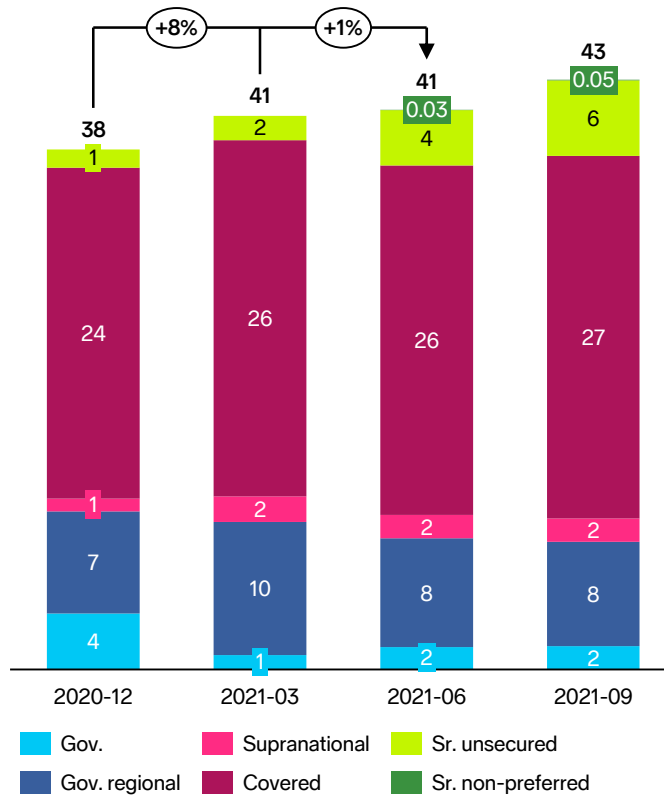


Ratios
%



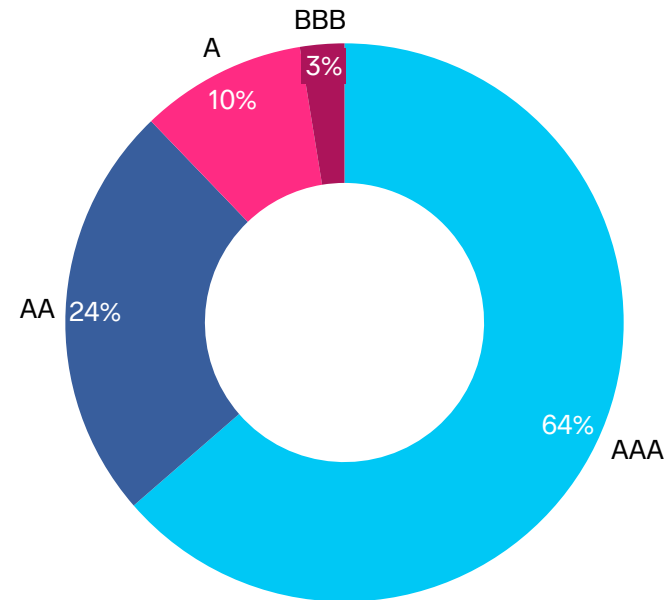
Liquidity portfolio – Conglomerate

Portfolio volume* (SEK bn)

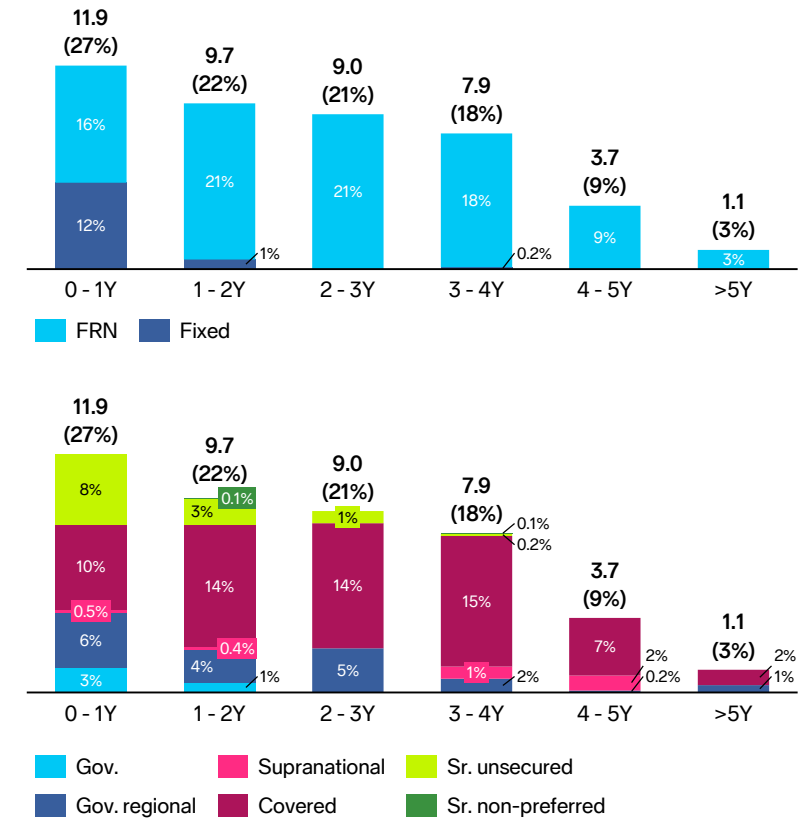


* Market value excluding O/N, bank balances

Rating (S&P equivalent) — 2021-09



Maturity structure* (SEK bn) — 2021-09



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Liquidity and capital position



Proposed AT1 transaction

Appendix

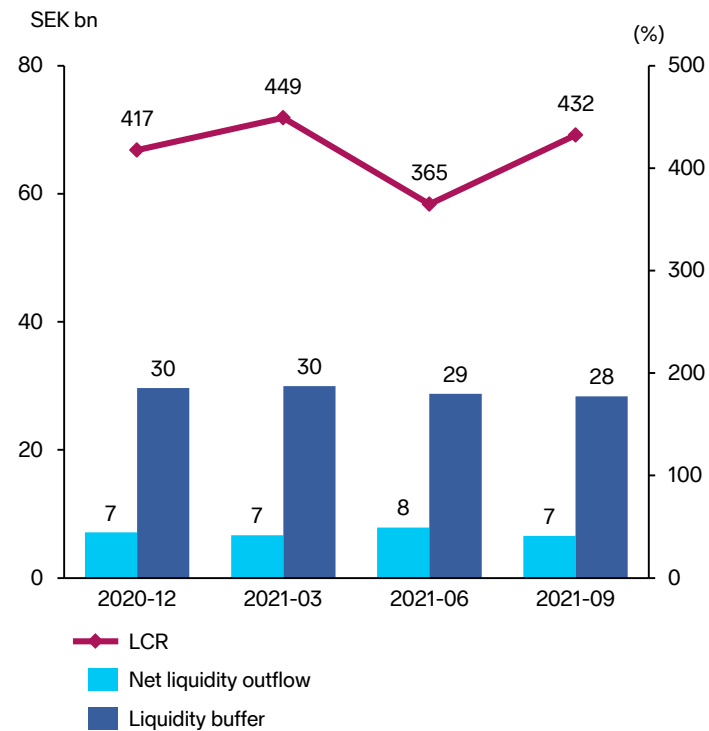
Nordnet AB (publ)



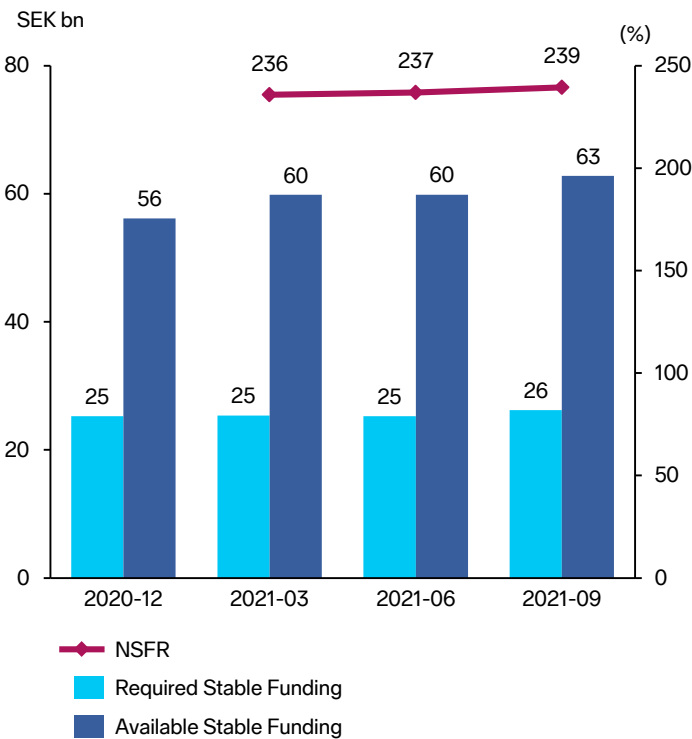
Nordnet

Liquidity – Consolidated situation

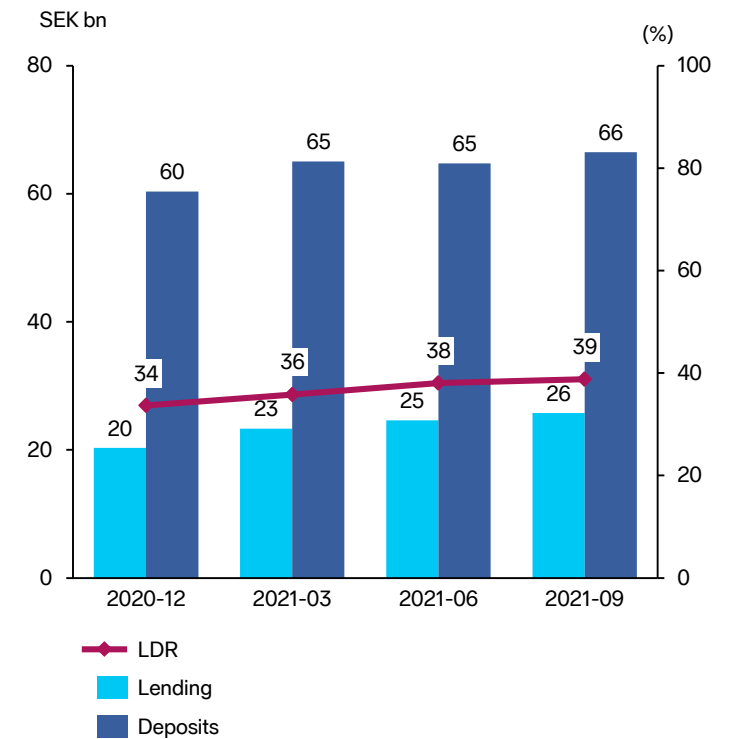
Liquidity Coverage Ratio



Net Stable Funding Ratio



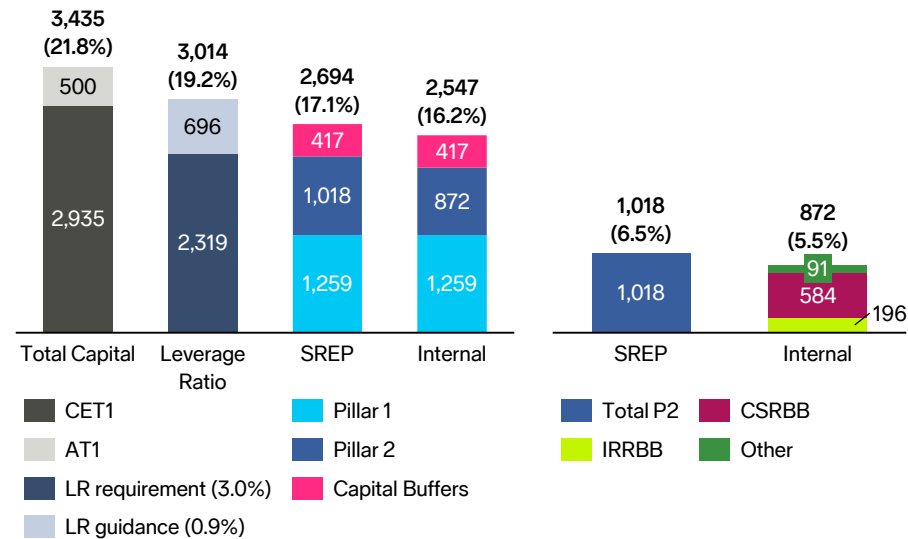
Loan-to-Deposit Ratio



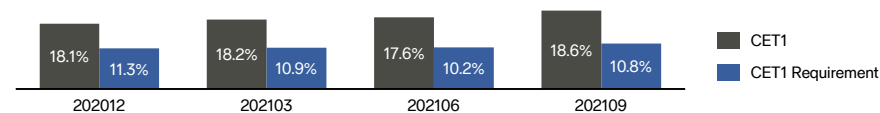
Capital requirements and deposit development

Risk based & Leverage Ratio requirements

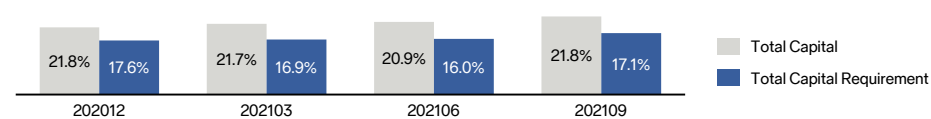
Consolidated Situation | September 2021, SEK million



CET1 Requirement Consolidated Situation | 2020-12 – 2021-09 (% RWE)

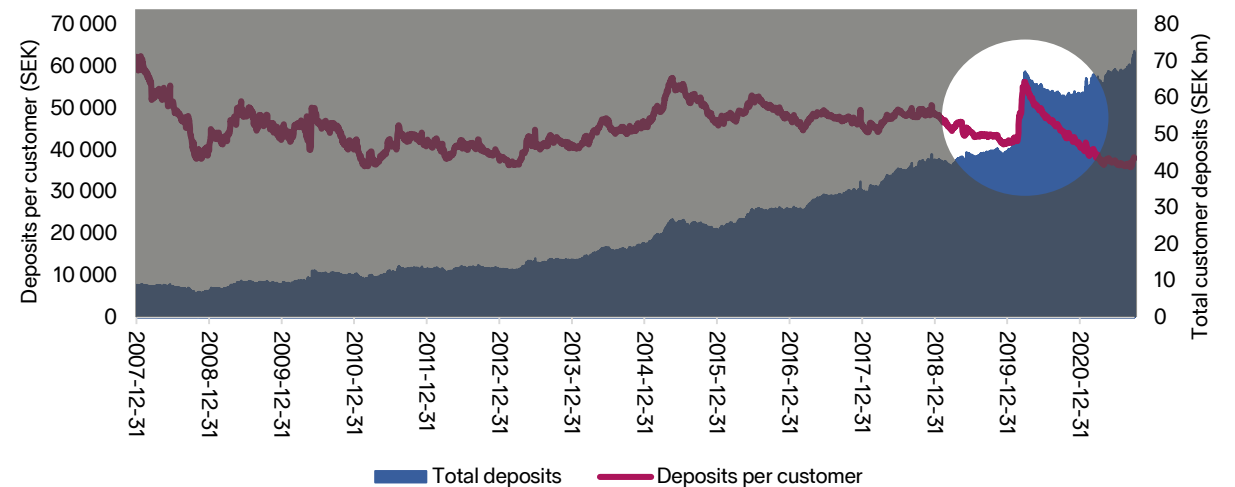


Total Capital Requirement Consolidated Situation | 2020-12 – 2021-09 (% RWE)



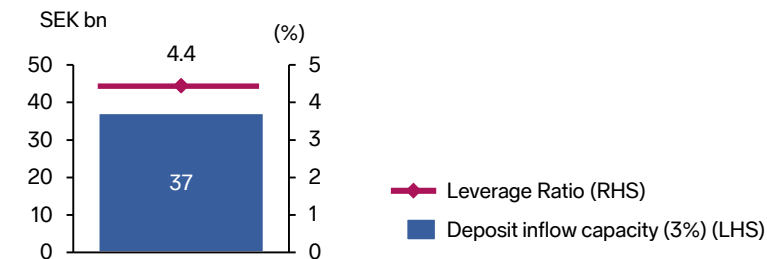
Total customer deposits

Conglomerate | 2007-12 – 2021-09



Leverage Ratio & deposit inflow capacity

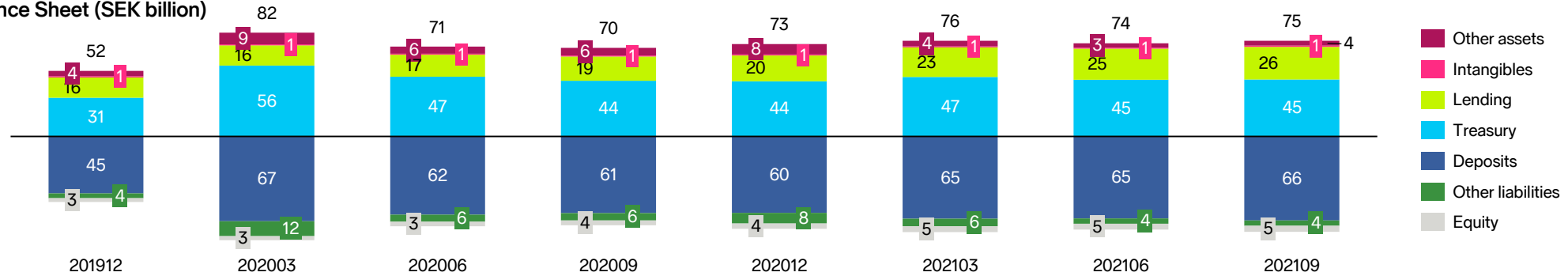
Consolidated Situation | September 2021, SEKbn | %



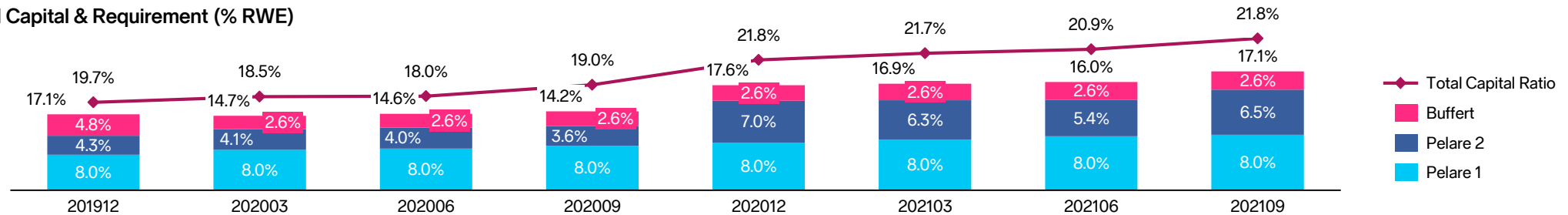
Balance sheet, capital requirements and LCR

Consolidated situation

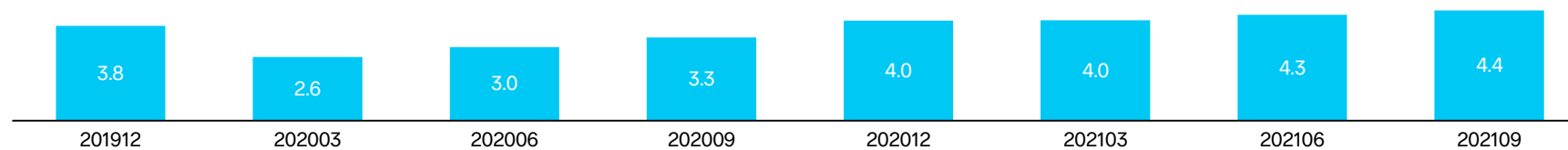
Balance Sheet (SEK billion)



Total Capital & Requirement (% RWE)



Leverage Ratio (%)



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Proposed AT1 transaction

Appendix

Nordnet AB (publ)



Nordnet

Indicative Term Sheet

Issuer	Nordnet AB (publ)
Status of Notes	Additional Tier 1 Notes, constituting unsecured, subordinated obligations of the issuer
Currency & Principal Amount	Expected SEK 500 million
Maturity date	Perpetual
First call date	[] November 2026
Issuer redemptions options	At par on any date from and including [] November 2026 to and including [•] February 2027 and callable on every Coupon Payment Date thereafter, subject to the Competent Authority
Initial call period	The period commencing on (and including) the First Call Date, [] November 2026, and ending on (and including) the Interest Payment Date falling on or immediately after three (3) month of the First Call Date
Early redemption	Capital Disqualification Event and Tax Event
Call price	100.000%
Coupon	3 month Stibor + [] bps, paid quarterly in arrears, Actual/360, modified following, adjusted
Interest cancellation	Any payment of Interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Banking Regulations; or (ii) will be mandatorily cancelled, to the extent so required by the Applicable Banking Regulations, including the applicable criteria for Additional Tier 1 Capital instruments
Loss absorption	Upon a Trigger Event, the Total Nominal Amount shall be reduced (in whole or in part, and in each case as determined by the Issuer in consultation with the Swedish FSA) by an amount sufficient to restore the CET1 ratio of the Issuer Consolidated Situation to at least 7.00 per cent., at the point of such write-down, provided that the maximum reduction of the Total Nominal Amount shall be down to SEK 250 (i.e. down to a Nominal Amount per Note of SEK 1)
Trigger event	CET1 ratio, of the Issuer Consolidated Situation, has fallen below 7.00 per cent
Governing Law	Swedish Law
Exchange Listing	NASDAQ Stockholm
Denomination	SEK 2,000,000 and integral multiples of SEK 2,000,000 in excess thereof
Joint Lead Managers	Nordea Bank Abp and SEB

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Proposed AT1 transaction

Appendix

Nordnet AB (publ)



Nordnet

Group income statement

MSEK	2017	2018	2019	2020	LTM 9M 2021
Adjusted total income	1 244	1 310	1 508	2 679	3 506
Adjusted operating expenses	(964)	(1 117)	(1 097)	(1 064)	(1 128)
Net credit losses	(35)	(36)	(34)	(39)	(31)
Adjusted operating profit before tax	245	157	377	1 576	2 346
Items affecting comparability, income	-	-	66	-	-
Items affecting comparability, expenses	(45)	(16)	(65)	(129)	(99)
Reported profit before tax	200	141	377	1 447	2 247
Tax	(33)	(23)	(38)	(274)	(439)
Reported net profit	167	118	339	1 173	1 808
Adjusted net profit pre items affecting comparability (net of tax)	203	131	326	1 276	1 887

Note: A tax rate of 20% has been applied when adjusting for non-recurring expenses.

Items affecting comparability

SEKm	2021	2020	2019	2018	2017
Non-recurring items – Expenses					
Delisting from Nasdaq					(45)
Acquisition of Netfonds			(35)	(16)	
Deduction right VAT		(20)	(30)		
IPO related expenses		(109)			
Non-recurring items – Income					
Revaluation of the shareholdings in Tink AB ¹			66		
Total	-	(129)	1	(16)	(45)

(1): The shareholding was divested in 2019

Group balance sheet

SEKm	2017	2018	2019	2020	9M 2021
Assets					
Cash and balances in central banks	392	1 344	410	3 100	5 271
Debt securities	17 852	20 036	23 600	32 616	39 810
Loans to credit institutions	276	333	505	604	683
Lending to the public	11 814	14 204	16 128	20 312	25 776
Insurance assets	46 516	51 726	70 089	102 691	136 459
Intangible assets	382	414	917	867	904
Other assets	3 021	4 061	3 955	7 803	3 804
Total assets	80 254	92 119	115 603	167 993	212 705
Liabilities					
Liabilities to credit institutions	—	—	—	—	—
Deposits and borrowing from the public	29 064	35 225	38 572	52 553	60 518
Liabilities in the insurance business	46 517	51 728	70 091	102 693	136 461
Other liabilities	2 648	3 178	3 882	8 535	10 380
Total liabilities	78 229	90 131	112 546	163 781	207 360
Equity					
Common equity	1 525	1 488	2 558	3 712	4 846
AT1	500	500	500	500	500
Total equity	2 025	1 988	3 058	4 212	5 346
Total liabilities and equity	80 254	92 119	115 603	167 993	212 705

Difference condensed and prudential consolidation

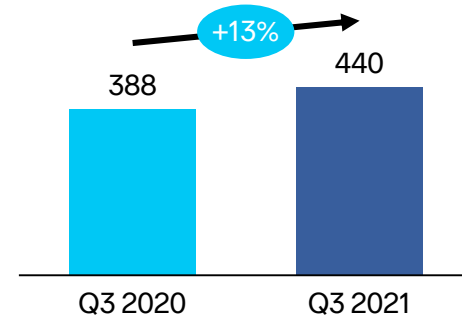
SEKm September 2021	Condensed consolidation	Prudential consolidation
Assets		
Cash and balances in central banks	5,271	5,271
Debt securities	39,810	37,127
Loans to credit institutions	683	2,605
Lending to the public	25,776	25,776
Insurance assets	136,459	0
Intangible assets	904	895
Other assets	3,804	3,809
Total assets	212,705	75,483
Liabilities		
Liabilities to credit institutions	0	0
Deposits and borrowing from the public	60,518	66,469
Liabilities in the insurance business	136,461	0
Other liabilities	10,380	4,040
Total liabilities	207,360	70,509
Equity		
Common equity	4,846	4,473
AT1	500	500
Total equity	5,346	4,973
Total liabilities and equity	212,705	75,483

AT1 dividends of SEK36m p.a. are being recorded in shareholders' equity directly

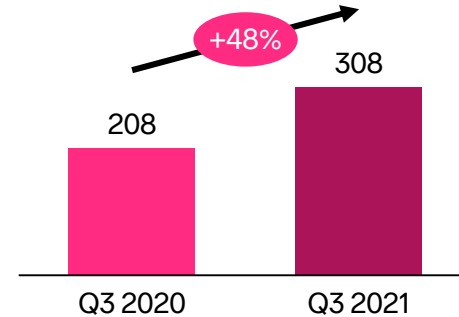
Continued strong customer and savings capital growth across our geographies

Sweden

Customers
Thousand

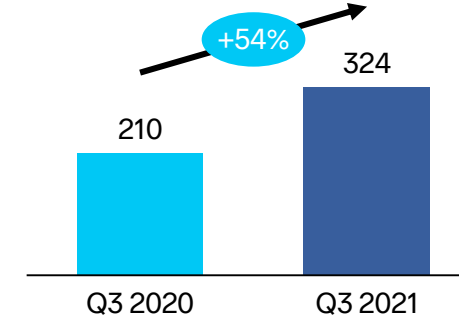


Savings capital
SEKbn

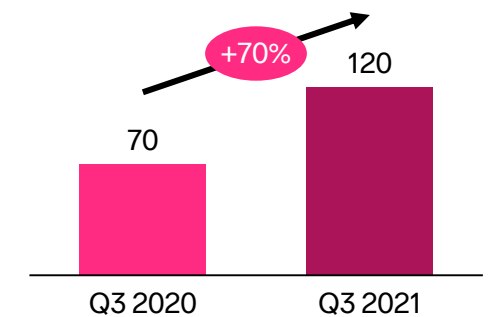


Norway

Customers
Thousand

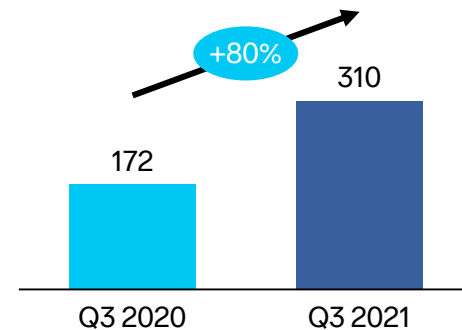


Savings capital
SEKbn

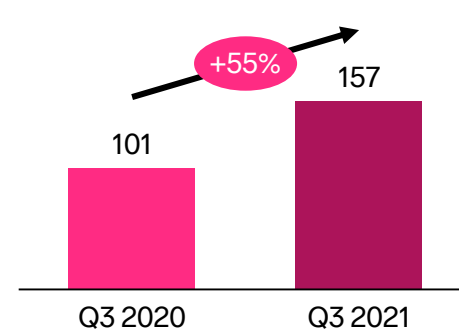


Denmark

Customers
Thousand

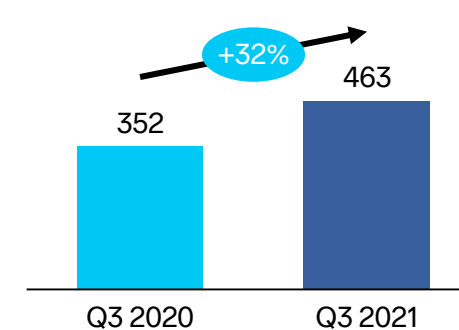


Savings capital
SEKbn

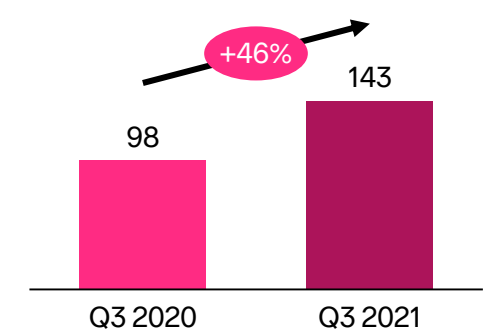


Finland

Customers
Thousand



Savings capital
SEKbn



Nordnet history

