



Year-end report

January–December 2017

Financial results in brief

October–December

Income

SEK 333.1 million
(314,0)

Expenses*

SEK -279.0 million
(-206.3)

Operating profit

SEK 54.1 million
(107.7)

New customers

29,100
(21,200)

Net savings

SEK 4.0 billion
(4.1)

Number of transactions

6,944,200
(6,207,900)

January–December

Income

SEK 1,244.1 million
(1,196.0)

Expenses*

SEK -996.8 million
(-828.3)

Operating profit

SEK 247.3 million
(367.7)

New customers

102,500
(76,400)

Net savings

SEK 17.3 billion
(14.3)

Number of trades

26,181,300 trades
(22,931,500)

*Total expenses including credit losses

Highlights during the quarter



Nordnet was selected as one of Sweden's top 100 most successful employers in employer branding



The first phase of Nordnet's new website was launched to Nordnet's customers in the Nordic region



Partnership with the personal finance app Tink



Nordnet appointed as Bank of the Year by Privata Affärer



Nordnet's podcast #rahapodi voted best podcast in Finland



Nordnet expands - opens office in Malmö and invests in Private Banking

Nordnet, 31 December 2017

Savings capital

SEK 272 billion

(235)

Lending*

SEK 11.4 billion

(9.2)

Customers

669,300

(566,800)

Number of accounts

884,500

(735,000)

*Excluding lending against pledged cash and equivalents

This is Nordnet

Nordnet is a bank for investments, savings and loans with operations in Sweden, Norway, Denmark and Finland. We started up in the mid-90s and we are motivated by the desire to grant private individuals greater control over their money. This is why we digitized share trading and lowered the prices. We redefined our industry, and we still maintain that approach today.

Vision

Our vision is to become the number one choice for savings and investments in the Nordic region.

Our business concept

We are a digital bank that values innovation. The idea behind Nordnet is to give Nordic savers control over their investments and pension savings, and address people who value their independence. We offer them the tools and the products they need to make their money grow.



Our operations

Nordnet's core business consists of online trading in securities. Our customers can invest in shares, mutual funds, ETFs, options, structured products and they can make pension savings at low commission and without fixed charges. In the Swedish market, we also offer personal loans and residential mortgages.

Most of Nordnet's customer base consists of Nordic private individuals. Nordnet also partners with advisors and other banks who act as agents for Nordnet, bringing in new customers and acting by proxy on customers' behalf.

Transparent Banking

At Nordnet, we stand for transparency. Transparent Banking is the way we live and work. This aims for transparency in our business, making expertise available, clarity in communication about, for example, rates, terms and products, and openness to the public and customers.

Comments from CEO

”Nordnet is undergoing a shift in business model, under which operations in the future will contain a greater degree of advice and guidance. But we will never leave the ambition to be the number one choice for people who have a significant interest in savings and want to make independent investment decisions.”

Nordnet is Bank of the Year

The fourth quarter remained an intensive period in the process of building the new Nordnet. Our level of activity has been high and the year ended with Nordnet being awarded “Bank of the Year”. *Privata Affärer*, the largest personal finance magazine in the Nordic region, issued the award for the twenty-seventh time. The jury’s motivation was as follows: “The bank that has reached the forefront of making savings easier speeds up the pace. The jury likes several effective services that can improve our readers’ finances”. I consider “Bank of the Year” to be the finest award a Swedish bank can receive, and I am very proud that my colleagues and I have been able to deliver many solid improvements for Nordic savers this autumn.

Customer activity and financial results

Our higher rate of product development and greater visibility in the market has had a positive impact on our customer growth. During the fourth quarter, we earned the confidence of 29,100 new customers who we welcomed to Nordnet, which is the highest ever figure for a quarter. Customer growth for the full year 2017 amounted to 18 percent, corresponding to more than 100,000 customers. At the end of December, savings capital landed at a record SEK 272 billion, in total in the four markets in which we operate. Net savings for the last quarter of the year amounted to SEK 4 billion, and growth in savings during the past 12 months ended up at just over 7 percent.

All of our loan products are popular in the market, where residential mortgages account for the largest increase. The growth solely in the fourth quarter is 35 percent, and our mortgage portfolio has grown over by 150 percent over the past twelve months. At year-end, we had lending

of SEK 11.4 billion, an increase of 24 percent since 31 December 2016. During the quarter, we launched the opportunity to lend on the successful Norwegian account type ASK, which quickly became an appreciated product among our customers.

During the fourth quarter, income exceeded SEK 333 million, making it one of our best quarters ever. The was primarily due to strong customer growth and high activity among the savers, which has led to higher commission income. Both trading activity and mutual fund savings have increased, and during the quarter our customers made 6.9 million stock exchange transactions, the highest number in Nordnet’s history. At the same time, our expenses have increased, amounting to SEK 279 million for the period. We continue to invest in product development, infrastructure, skills enhancement and marketing, as well as resources for adapting to new regulations such as MiFID II, PRIIPS and GDPR. Profit before tax for the fourth quarter ended up at more than SEK 54 million, which is significantly lower than the corresponding period the previous year but in line with our plans to build the new Nordnet.

Continued high rate of product development

Our product strategy is based on three key pillars – in-house development, partnership and investments. We focus in-house on development in the areas in which we can realize the ambition of building the world’s best customer experience, and otherwise we enter into partnerships or conduct acquisitions.

During the quarter, we announced an investment in the private finance app Tink, and we now own 5 percent of the company and hold a licence for Tink’s technology.

Aggregator technology at the forefront, legislation such as PSD2, and a strong trend among consumers wanting to get a better overview of their commitment are all reasons why we consider Tink to be a good financial investment for Nordnet. The investment is, however, primarily a strategic initiative to create value for our customers. We will use the technology we licence to provide our customers with the ability to view their total holdings in shares and funds, regardless of where they are stored. This means that you as a Nordnet customer will soon be able to see your holdings in other banks alongside your savings at Nordnet, in a single view.

The development of our new website continues, and all Nordic customers now have access to the functionality we have launched so far. The site is being developed progressively in close dialogue with our users. Currently, in the new interface, we have launched order functionality that includes a new stop-loss function in all markets, "My Economy" with an account overview, and "Market Overview" with stock prices, ratings and news. Our new app is in the final phase of development and will soon be introduced on the market.

Guidance and inspiration for good investment decisions and a sustainable business model

Nordnet is undergoing a shift in business model, under which operations in the future will contain a greater degree of advice and guidance. But we will never leave the ambition to be the number one choice for people who have a significant

interest in savings and want to make independent investment decisions. Our newly launched product Robosave is a manifestation of that approach, and we will continue to introduce products in 2018 that will give Nordic private savers access to high-quality digital financial advice and world-class management. We are optimizing our organization in order to deliver on this promise, and during the quarter we have built up the Capital Markets unit, where we have combined our capabilities in asset management, financial instruments and trading.

We are also investing heavily in the production of content that guides savers in their investment decisions. The content is presented in several forms, such as educational films, podcasts, customer events, blogs, and not least through our savings economists, as well as all the discussions taking place on the Nordic region's largest social investment network Shareville. Our Finnish savings podcast #rahapodi is often the most downloaded podcast in any category on iTunes in Finland, and in December it was voted as the best podcast in Finland by leading podcast collective jakso.fi.

In February, it is time for the Nordic region's largest savings event, Nordnet Live. This year's event will bring together guests such as Jacob Wallenberg, Annie Lööf, Ian Lundin, Camilla Läckberg and Rune Andersson. I hope to see you all there.

Peter Dahlgren
@CEONordnet



Operations

Market

The stock market in 2017 experienced a good year with an overall increase in stock markets around the world. All four Nordic stock exchanges increased during the year, and the Oslo Stock Exchange's performance took the lead with a 20-percent increase. Internationally, the year was also very strong for stock markets, with more than ten exchanges experiencing increases above 20 percent. In the US, the Dow Jones rose by 25 percent in 2017, ending the year close to record-levels for the index.

The central banks contributed to a stimulating environment, despite the fact that signals of changed conditions increased during the year. The central bank of the US, the Federal Reserve, made three increases in the key interest rate during the year and signalled that more are on the way.

One of the year's phenomena in the Nordic markets was "cryptocurrencies", with bitcoin at the forefront, which became a favourite among Nordnet's customers. Bitcoin experienced a spectacular development in 2017, with a thirteen-fold increase during the year. However, this has not been a calm journey for cryptocurrencies, as the end of the year showed. Bitcoin lost 30 percent of its value just during the last two weeks of the year.

Nasdaq Stockholm at the bottom of the heap

The Nasdaq Stockholm exchange had a weak end to the year, with a decline of 3.7 percent in the fourth quarter. The year's final outcome saw an increase of just under 4 percent, placing the Nasdaq Stockholm exchange at the absolute bottom category among world stock exchanges in 2017.

Contributing factors to the relatively weak development were Swedish housing market worries and the potential outcome of continued falling housing prices. This put pressure on several

sectors, including the construction, property and banking sectors. Major declines for companies such as Hennes & Mauritz and Fingerprint also held back indexes.

Oslo on top

The Oslo Stock Exchange was the year's top performer among the Nordic stock exchanges, with an increase of more than 20 percent. The Oslo Stock Exchange is generally considered to be oil-dependent, and the Norwegian stock market was supported by an oil price that increased by more than 15 percent during the year. There was strong development in the energy and offshore sectors, but other sectors such as telecom and finance also contributed strongly to the rising stock market in 2017. Golden Ocean Group, Norsk Hydro and Storebrand top the winners' list among major Norwegian companies.

The Copenhagen Stock Exchange climbed upwards

In the fourth quarter, the Danish stock market remained almost unchanged. Overall, the Copenhagen Stock Exchange was in the second place position among Nordic stock exchanges for 2017, with an increase of almost 16 percent. Contributing to this strength was the recovery of pharmaceutical giant Novo Nordisk. The company fell on the stock exchange in 2016 due to disappointing earnings and growth concerns, but it made a comeback in 2017 with a share increase of almost 30 percent. However, the share remains 20 percent below its record-level from 2015.

An increase in Helsinki

In Helsinki, the OMXH25 index rose by 6.5 percent. The majority of companies in the index experienced an increase during the year, but the stock market was held back by declines in major companies such as Nordea, Nokia and Telia. The best share in OMXH25 was the transport fuel company Neste, which climbed nearly 50 percent during the year.

The company has had strong profit growth in the wake of increased demand for environmentally friendly fuels.

Customers, savings and lending

As of 31 December, the number of active customers with Nordnet was 669,300 (566,800), corresponding to an increase of 18 percent compared with a year earlier.

Our customers' total savings capital amounted to SEK 272 billion (235), an increase of 16 percent compared with the end of December the previous year.

Net savings for the period January–December 2017 amounted to SEK 17.3 billion (14.3). Calculated in relation to savings capital at the end of December 2016, net savings for the past 12 months correspond to 7 percent.

Number of customers and accounts	31/12/2017	30/9/2017	30/6/2017	31/3/2017	31/12/2016
Customers	669,300	640,200	616,100	593,600	566,800
Whereof personal loans	27,700	27,600	27,700	27,600	27,600
Accounts	884,500	837,700	801,400	771,200	735,000

Net savings and savings capital (SEK billion)	31/12/2017	30/9/2017	30/6/2017	31/3/2017	31/12/2016
Net savings	4,0	4,1	5,6	3,6	4,1
Savings capital	272,4	267,5	259,7	245,7	234,7

Lending (SEK billion)	31/12/2017	30/9/2017	30/6/2017	31/3/2017	31/12/2016
Margin lending*	5,4	5,1	5,3	5,4	5,1
Personal loans	3,7	3,5	3,4	3,3	3,2
Mortgage	2,4	1,8	1,4	1,2	0,9
Total	11,4	10,4	10,1	9,8	9,2

*Excluding lending with pledged cash and cash equivalents, see note 5

Number of trades	31/12/2017	30/9/2017	30/6/2017	31/3/2017	31/12/2016
During the period (quarter)	6,944,200	6,350,300	6,026,000	6,860,800	6,207,900
On average per day	111,100	97,700	103,900	108,000	98,500

Nordnet customers made an average of 105,100 trades (91,400) per day during the period January–December, an increase of 15 percent compared with January–December 2016.

Lending excluding lending against pledged cash and cash equivalents was up by 24 percent compared with 12 months previous, amounting to SEK 11.4 billion (9.2).

Income and expenses

Group

October – December 2017

Operating income in the fourth quarter of the year increased by 6 percent, amounting to SEK 333.1 million (314.0). Net interest income decreased by SEK 9.2 million, due to lower margins on loan capital, lower return on surplus liquidity due to zero and negative interest rates in several currencies and increased costs to the Swedish National Debt Office for the resolution fee. Net commission income rose by SEK 20.6 million, partly due to non-transaction-related income from Nordnet Markets and mutual fund savings, but also increased trading.

Operating expenses before credit losses rose by 36 percent compared with the fourth quarter the previous year and amounted to SEK 271.6 million (199.1). This is mainly explained by increased Group-wide expenses. The item includes expenses related to a restructuring of operations with an increased focus on automation and IT development. Marketing expenses and adjustments to new regulations also increased during the quarter.

Operating profit decreased by 50 percent to SEK 54.1 million (107.7), and the operating margin was 16 percent (34). Profit after tax for the period decreased by 42 percent and amounted to SEK 51.1 million (87.4), resulting in a profit margin of 15 (28) percent.

Operating income excluding transaction-related net commission income for the quarter rose by 5 percent compared with the corresponding quarter the previous year.

Cost coverage, i.e. operating income excluding transaction-related net commission in relation to expenses, amounted to 74 (94) percent.

January – December 2017

Operating income for the period January–December increased by 4 percent and amounted to SEK 1,244.1 million (1,196.0). Net interest income decreased by SEK 16.9 million, due to lower margins on loan capital, lower return on surplus liquidity due to zero and negative interest rates in several currencies and increased costs to the Swedish National Debt Office for the resolution fee. Net commission income increased by SEK 50.7 million, explained by increased income from increased fund savings, Nordnet Markets, and a 12 percent increase in trading activity.

Operating expenses before credit losses rose by 20 percent compared with January–December 2016 and amounted to SEK 961.5 million (799.2). This is mainly explained by increased Group-wide expenses. This includes expenses related to a restructuring of operations with increased focus on automation, IT development and digital presence in various channels. Increased staffing in sales, increased marketing expenses and expenses associated with regulatory adjustments are other contributing factors.

Operating profit decreased by 33 percent to SEK 247.3 million (367.7), and the operating margin was 20 percent (31). Profit after tax for the period decreased by 28 percent to SEK 212.8 million (297.0), resulting in a profit margin of 17 percent (25).

Operating income excluding transaction-related net commissions for the period January–December increased by 4 percent compared with the corresponding period the previous year. Cost coverage, i.e. operating income excluding transaction-related net commission income in relation to expenses, amounted to 77 (89) percent.

Parent Company

January – December 2017

The Parent Company is a holding company and conducts no operations beyond its role as the owner of Nordnet Bank AB and Nordnet Pensionsförsäkring AB and the Group's other companies. Operating income for January–December 2017 amounted to SEK 19.2 million (9.3)

and relates to Group-internal administrative services. The profit from financial investments totalled SEK 107.7 million (198.1) and mainly comprises profit from participations in Group companies.

The Parent Company's profit after financial items for the period January–December 2017 amounted to SEK 101.9 million (188.8). The Parent Company's cash and cash equivalents amounted to SEK 48.9 million (7.8), and shareholders' equity to SEK 1,211.9 million (1,257.5).

Development in our markets

Sweden

During the period January–December, income increased by 3 percent, mainly attributable to commissions from increased mutual fund savings. Expenses increased by 18 percent, due to an expanded workforce in sales of occupational pensions as well as higher Group-wide expenses. The operating margin was 23 percent (33).

Nordnet in Sweden had 302,700 (268,800) active customers as at the end of December 2017, which corresponds to an increase of 13 percent in the last 12-month period.

During the second half of the year, Nordnet experienced a high rate of development in terms of new products and services. The robo-advice service Robosave, direct deposits via Swish, investment in the personal finance app Tink, and partnership with the company IPsoft on artificial intelligence are just a few examples of the autumn's news at Nordnet Sweden. In December, the results of the annual customer satisfaction survey in savings from the Swedish Quality Index (SKI) were presented. Nordnet advanced one place in this year's survey, to the top four in customer satisfaction in the banking sector. One reason for the increased customer satisfaction is our focus on digital development, whereby Nordnet's ambition is to build the world's best customer experience in savings and investments.

Our high rate of development and the large number of product launches have also been highlighted by the magazine *Privata Affärer*, which in December named Nordnet "Bank of the Year". One of the services especially appreciated by the jury was Nordnet's residential mortgage offering. Nordnet's residential mortgages, directed to Private Banking customers, were launched in April 2016. In September 2017, we broadened our residential mortgage offering to more customer groups and now offer Sweden's lowest list rate for customers with extensive savings. This has increased the demand for Nordnet's residential mortgages, and as at the end of December, SEK 2.4 billion (0.9) loans secured on residential properties had been paid out.

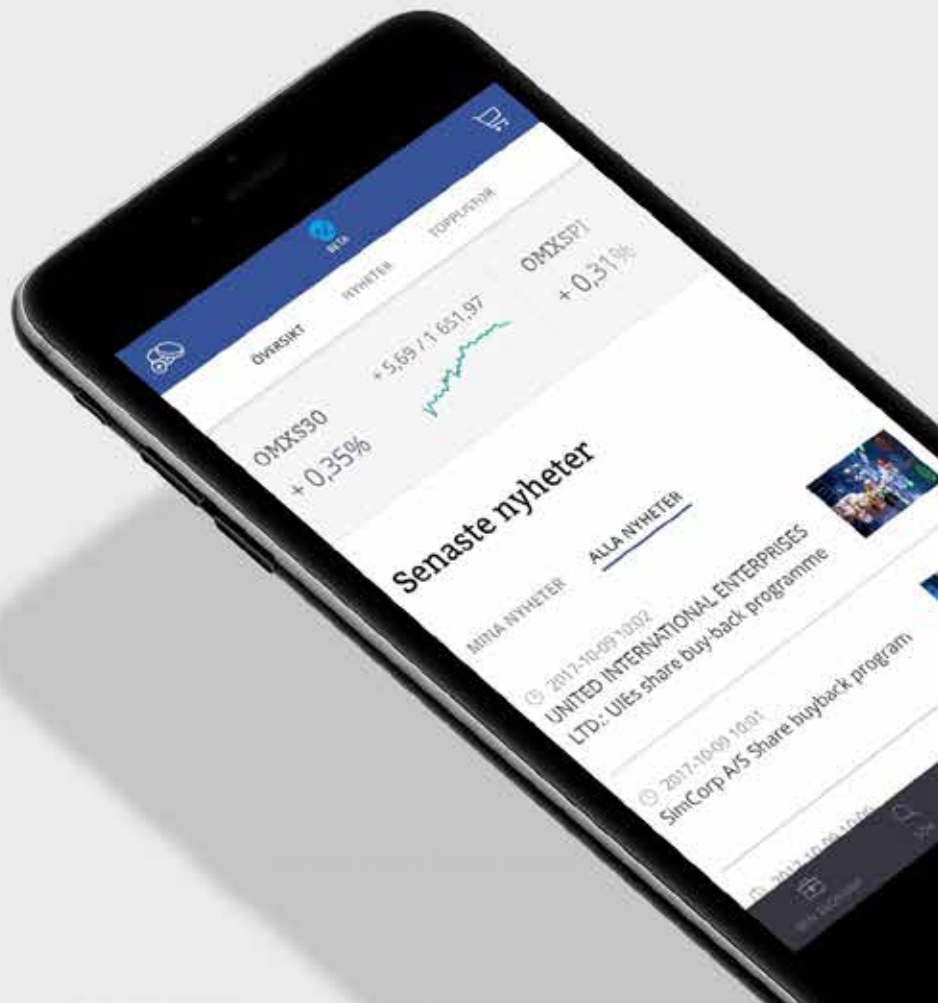
In addition to residential mortgages, Nordnet also offers personal loans and margin lending in the Swedish market. Personal loans (unsecured loans) are offered under the product names Nordnet Toppenlånet and Konsumentkredit. As at 31 December 2017, 27,700 customers (27,600) were using these products. The total lending volume was SEK 3.7 billion (3.2), with an interest income of about 6.2 percent after adjustment for loan brokering. During the year, the lending volume for private loans to Nordnet's customers increased by 16 percent compared with the start of the year. Personal loans contributed 55 percent (45) of operating profit in Sweden for the period January–December. Margin lending remained at the same level as in the previous year, amounting to SEK 2.1 billion (2.1) as at the end of December.

Net savings for the period January–December amounted to SEK 1.2 billion (2.7). Calculated in relation to savings capital at the end of December 2016, net savings for the past 12 months correspond to 1 percent. The number of trades among Swedish customers during the period January–December increased by 12 percent compared with the corresponding period the previous year.

Within pensions, Nordnet Sweden entered into a partnership with Söderberg & Partners during the

Bank of the Year 2017

“The bank that has reached the forefront of making savings easier speeds up the pace. The jury likes several effective services that can improve our readers’ finances.”



second half of the year. The collaboration entails that occupational pension savers can receive in-person advice on savings and insurance, as well as access to Nordnet's digital platform. During the quarter, Nordnet also established an offering in Malmö that focused on occupational pensions and Private Banking, as an additional investment in the area.

During the fourth quarter, the first phase of Nordnet's new website was launched to our Swedish customers. The new website has been improved in terms of functionality and design. The site is responsive, has an updated user interface, shows users the commission before they place an order and has stop-loss functionality across all markets. More content and functionality will be added in coming months. During the second half of the year, the proprietary trading application Wintrade was phased out and replaced by Infront Web Trader.

This autumn, Nordnet was selected as one of Sweden's top 100 most successful employers in employer branding. The recognition is awarded annually by Karriärföretagen, and is a seal of quality for employers who can offer unique career and development opportunities to their employees.

Norway

During the period January–December, income increased by 10 percent, related to increased commission income from savings capital in funds, higher trading volumes, and a larger share of foreign trade generating income from currency exchange. Expenses increased by 31 percent, mainly due to higher Group-wide expenses, but also sales expenses for personnel and marketing. The operating margin amounted to 9 percent (23) during the period January–December.

The positive trend on the Oslo Stock Exchange combined with low interest rates and our strong product offering contributed to record-high customer growth in the second half of the year. In total, Nordnet Norway gained 15,900 new active customers in 2017. As of 31 December 2017, the number of active customers in Norway amounted to 97,900 (82,000), which corresponds to customer

growth of 19 percent over the past 12-month period. Net savings for the period January–December amounted to SEK 5.3 billion (3.7). Calculated in relation to savings capital at the end of December 2016, net savings for the past 12 months correspond to 19 percent. Part of the increase in net savings during the period September–December was due to the introduction of the new account type "akjesparekonto" (ASK), launched on 1 September 2017. The account type allows for trading in shares and mutual funds to be tax-free within the framework of the account, with taxation being postponed until money is withdrawn from the account. Norwegian savers were given the opportunity to move existing holdings into a newly opened "aksjparekonto" account without taxation effects during September–December. During the second half of 2017, Nordnet established over 32,000 accounts of the new type. Toward the end of the year, Nordnet Norway also launched lending for the akjesparekonto account.

On 1 November, a new and improved version of the IPS savings format (individuell pensjonssparing) was introduced in the Norwegian market. During the first quarter of 2018, Nordnet will launch an updated version of IPS, in which this savings type will be converted into a Pensjonskapitalbevis. This opens up the market for occupational pensions and gives Nordnet an opportunity to reach a larger target group.

The first phase of Nordnet's new website was also launched in Norway this autumn, and the new trading application Infront Web Trader was introduced.

The number of trades during the period January–December rose by 29 percent compared with the corresponding period in 2016. Margin lending remained at the same level as in the previous year, amounting to SEK 0.7 billion (0.7) as at the end of December.

Denmark

During the period January–December, income increased by 6 percent. The increase in income was due to higher commission income from trading and increased income from currency exchange

Profit per country

January-December	Sweden		Norway		Denmark		Finland		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Operating income	646,0	628,5	186,9	169,3	239,3	226,5	171,9	171,7	1,244,1	1,196,0
Operating expenses	-462,4	-390,3	-170,6	-130,2	-156,4	-127,6	-172,1	-151,2	-961,5	-799,2
Profit before credit losses	183,6	238,2	16,3	39,1	82,9	99,0	-0,3	20,5	282,6	396,8
Credit losses	-35,3	-29,1	-0,2	-0,1	0,2	0,0	-0,1	0,1	-35,3	-29,1
Operating profit	148,4	209,1	16,2	39,1	83,1	99,0	-0,3	20,6	247,3	367,7
Operating margin	23%	33%	9%	23%	35%	44%	0%	12%	20%	31%
Number of customers	302,700	268,800	97,900	82,000	84,900	68,500	183,800	147,500	669,300	566,800
Number of accounts	431,500	374,500	132,800	101,400	109,800	88,800	210,400	170,300	884,500	735,000
Net savings (SEK billion)	1,2	2,7	5,3	3,7	8,8	7,1	2,0	0,8	17,3	14,3
Savings capital (SEK billion)	122,3	113,1	33,9	27,4	57,3	44,2	59,0	49,9	272,4	234,7
Number of trades	13,711,200	12,277,300	3,978,100	3,072,900	4,245,400	3,961,200	4,246,600	3,620,100	26,181,300	22,931,500
Margin lending* (SEK billion)	2,1	2,1	0,7	0,7	1,2	1,2	1,4	1,1	5,4	5,1
Personal Loans (SEK billion)	3,7	3,2							3,7	3,2
Mortgage (SEK billion)	2,4	0,9							2,4	0,9

*Lending excluding pledged cash and equivalents

from foreign trading. However, income was held back by a decrease in net interest income related to negative return on surplus liquidity. Expenses increased by 23 percent. The increase in expenses is primarily due to higher Group-wide expenses, but also investments in the sales organization in Denmark. The operating margin was 35 percent (44).

The number of active customers at the end of December 2017 amounted to 84,900 (68,500), which is an increase of 24 percent over the past 12 months. Toward the end of the year, a number of new rules for occupational pension savings were introduced in Denmark, which resulted in

an increased inflow of customers in the savings type, "aldersopsparing". Net savings for the period amounted to SEK 8.8 billion (7.1). Calculated in relation to savings capital at the end of December 2016, net savings for the past 12 months correspond to 20 percent.

The Danish OMXC20 index remained unchanged in the fourth quarter, but the Copenhagen Stock Exchange experienced an overall increase for the full year. Recovery from the stock market decline in 2016 resulted in increased trading activity in the second half of the year, during the fourth quarter in particular. The number of trades during

the period January–December 2017 increased by 7 percent compared with the corresponding period the previous year.

Margin lending remained at the same level as in the previous year, amounting to SEK 1.2 billion (1.2) as at the end of December.

The first phase of Nordnet's new website as well as the trading tool Infront Web Trader was also launched to Nordnet's customers in Denmark in autumn 2017.

Finland

Income in our Finnish operations during the period January–December remain almost unchanged compared with the previous year. Income increased by 0.1 percent in January–December 2017. Provision-related income increased with strong trading, but profit was burdened by a deteriorated interest rate level with a negative return on surplus liquidity.

Expenses increased by 14 percent. The increase expenses were due to higher Group-wide expenses. The operating margin was 0 percent (12).

The number of active customers as at the end of December was 183,800 (147,500), corresponding to an increase of 25 percent compared with the end of December 2016. Net savings for the period January–December amounted to SEK 2.0 billion (0.8). Calculated in relation to savings capital at the end of December 2016, net savings for the past 12 months correspond to 4 percent.

The Finnish index OMXH25 increased by more than 6 percent in 2017, and there is increased interest in the stock exchange among our Finnish customers. In October, Nordnet Finland for the first time acted as an issuing agent with the IPO of Titanium (TITAN, First North Finland). Nordnet also participated in the IPO of Rovio in late September in Finland, Denmark and Sweden. The number of trades during the period January–December

increased by 17 percent compared with the corresponding period the previous year. Margin lending amounted to SEK 1.4 billion (1.1), an increase of 20 percent in 12 months.

In August, Nordnet Finland was named stockbroker of the year in Finland by Osakesäästäjien Keskusliitto, the Finnish equivalent of the Swedish Shareholders' Association (Aktiespararna). In the survey, over 2,000 members were allowed to vote for which bank they preferred in 14 different categories. Nordnet Finland received the highest rating across all categories. In December, Nordnet's podcast #rahopodi was voted best podcast on the Finnish market. #rahopodi is a podcast on personal finance, savings and investment. The podcast is led by Nordnet's savings economists in Finland, Martin Paasi, and Miikka Luukkonen, Head of Business Sales. So far, 100 episodes of the popular podcast have been produced. The competition was arranged by leading podcast collective Jakso.fi, and #rahopodi won by 32 percent of the total votes.

Infront Web Trader was also introduced to our Finnish customers during the quarter, as well as the first phase of Nordnet's new website.

Financial position, liquidity and cash flow

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

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

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

Nordnet's deposit surplus is mainly invested in covered bonds, sovereign securities, the Swedish Riksbank, the Danish National Bank and the Nordic banking system.

Consolidated cash and cash equivalents at the end of December amounted to SEK 664.9 million (765.5), of which frozen assets were SEK 82 million (85). In addition, interest-bearing investments were held with a total fair value of SEK 13,955.2 million (14,489.5).

The Group's equity amounted to SEK 2,021.6 million (1,978.9).

For the consolidated situation in which NNB Intressenter AB* is the Parent Company, the capital base amounted to SEK 1,504.7 million (1,295.4) and total risk exposure amount is SEK 8,648.2 million (7,765.3). At the end of the period, the capital ratio was 17.4 percent, compared with 16.7 percent at the same time the previous year.

In the fourth quarter, cash flow from operating activities was affected by decreased liquidity in customer deposits due to purchases of securities for some SEK 0.3 billion and margin loan transactions under settlement, "settlement receivables". Cash flow from operating activities was also negatively affected by SEK 0.5 billion due to higher lending. During the quarter, cash flow from investing activities was positive due to divestments in bonds and other interest-bearing securities for SEK 0.8 billion.

During the year, cash flow from operating activities was affected by increased liquidity in customer deposits by SEK 4.4 billion and securities transactions under settlement, "settlement receivables". Cash flow from operating activities was also negatively affected by SEK 2.3 billion due to higher lending.

The cash flow from investing activities was negatively affected by SEK 2.5 billion, as a result of net investments in bonds and other interest-bearing securities as a result of higher deposit surpluses.

Employees

As at 31 December 2017, the company had 474 full-time employees (418). 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 426 (410).

During the fourth quarter, changes occurred in Nordnet's Group management. Hans Strömblad completed his position as Chief Analytics Officer at the Company and exited Nordnet management on 11 December 2017. Anders Danielsson, Chief Commercial Officer, replaced Hans Strömblad as Head of Marketing and Analysis. Martin Andersson, Head of Capital Markets, and Fredrik Ekblom, CEO of Nordnet Pensionsförsäkring AB, entered their positions as new members of Nordnet management on 11 December 2017.

Significant events after 31 december 2017

No significant events have occurred after the end of the financial year.

* See "Notes, Group" on page 23.

Signatures

The Board and CEO provide their assurance that this year-end report for the period January–December 2017 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.

Bromma, 2 February 2018

Hans Larsson
Chairman of the Board

Jan Dinkelspiel
Board Member

Tom Dinkelspiel
Board Member

Christopher Ekdahl
Board Member

Christian Frick
Board Member

Pierre Siri
Board Member

Per Widerström
Board Member

Peter Dahlgren
CEO

Financial statements

Consolidated income statement (SEK million)

Group, SEK million	Note	3 months	3 months	12 months	12 months
		okt-dec 2017	okt-dec 2016	jan-dec 2017	jan-dec 2016
Interest income		108,3	110,5	431,7	433,9
Interest expenses		-14,3	-7,3	-45,4	-30,8
Commission income		245,8	222,4	905,1	834,0
Commission expenses		-68,7	-65,8	-264,6	-244,1
Net result of financial transactions		45,9	46,7	162,4	151,5
Other operating income		16,0	7,6	54,9	51,5
Total operating income		333,1	314,0	1,244,1	1,196,0
General administrative expenses	2	-238,0	-169,1	-818,8	-668,0
Depreciation, amortization and impairments of intangibles and equipment	3	-20,4	-21,5	-90,5	-82,9
Other operating expenses	4	-13,2	-8,6	-52,2	-48,3
Total expenses before credit losses		-271,6	-199,1	-961,5	-799,2
Profit before credit losses		61,5	114,9	282,6	396,8
Credit losses, net		-7,4	-7,2	-35,3	-29,1
Operating profit		54,1	107,7	247,3	367,7
Tax on profit for the period		-3,0	-20,3	-34,5	-70,7
Profit for the period		51,1	87,4	212,8	297,0
Of which, attributable to:					
Shareholders of the Parent Company		51,1	87,4	212,8	297,0

Consolidated statement of comprehensive income (SEK million)

Group, SEK million	3 months okt-dec 2017	3 months okt-dec 2016	12 months jan-dec 2017	12 months jan-dec 2016
Profit for the period	51,1	87,4	212,8	297,0
Items that will be reversed to the income statement				
Changes in value of available-for-sale assets	-0,6	1,0	-5,0	45,7
Tax on changes in value of available-for-sale assets	-0,2	-0,2	1,1	-10,1
Translation of foreign operations	0,1	-1,6	-3,0	19,2
Tax on translation of foreign operations	0,4	0,1	-1,5	-0,9
Total other comprehensive income after tax	-0,3	-0,7	-8,4	54,0
Total profit or loss and other comprehensive income	50,8	86,7	204,4	351,0
Of which, attributable to:				
Shareholders of the Parent Company	50,8	86,7	204,4	351,0

Consolidated balance sheet (SEK million)

Group, SEK million	Note	31/12/2017	31/12/2016
Assets			
Cash and balances in Central banks		392,3	436,4
Treasury bills and other interest bearing securities eligible for refinancing		15,903,2	14,127,5
Loans to credit institutions		272,6	329,0
Loans to the general public	5	11,852,1	9,516,4
Bonds and other interest bearing securities		1,949,0	1,357,8
Shares and participations		59,2	10,6
Assets in the insurance business		46,515,7	41,684,7
Intangible fixed assets		382,2	374,8
Tangible fixed assets		41,9	27,0
Current tax assets		76,8	95,2
Other assets		2,749,7	2,385,5
Prepaid expenses and accrued income		140,8	105,3
Total assets		80,335,4	70,450,2
Liabilities			
Deposits and borrowing from the general public		29,063,7	24,426,6
Liabilities in the insurance business		46,515,7	41,685,9
Other liabilities		2,544,0	2,168,2
Current tax liabilities		8,0	4,4
Deferred tax liabilities		34,4	42,9
Accrued expenses and deferred income		147,9	143,4
Total liabilities		78,313,8	68,471,4
Equity			
Share capital		175,0	175,0
Other capital contributions		481,1	481,1
Other reserves		-67,9	-59,4
Retained earnings including profit for the period		1,433,4	1,382,2
Total equity		2,021,6	1,978,9
Total liabilities and equity		80,335,4	70,450,2

Consolidated changes in equity, summary (SEK million)

Group, SEK million	31/12/2017	31/12/2016
Opening equity	1,978,9	1,874,0
Profit for the period	212,8	297,0
Total other comprehensive income	-8,4	54,0
Effect acquisition of minority interest	-	-20,6
Dividend	-174,5	-226,7
Equity provided, share programme	-9,2	2,3
Repurchase of own shares	22	-1,1
Closing equity	2,021,6	1,978,9

Consolidated cash flow statement, summary (SEK million)

Group, SEK million	3 months	3 months	12 months	12 months
	okt-dec 2017	okt-dec 2016	jan-dec 2017	jan-dec 2016
Operating activities				
Cash flow from operating activities before changes in working capital	11,0	51,0	303,9	346,5
Cash flow from changes in working capital	-420,3	734,1	2,288,0	3,542,3
Cash flow from operating activities	-409,3	785,2	2,591,9	3,888,8
Investing activities				
Purchases and disposals of intangible and tangible fixed assets	-52,8	-26,0	-117,1	-58,9
Net investments in financial instruments	776,4	-743,0	-2,456,0	-3,117,2
Cash flow from investing activities	723,6	-769,1	-2,573,1	-3,176,1
Financing activities				
Cash flow from financing activities	58,8	-1,0	-115,8	-248,4
Cash flow for the period	373,2	15,0	-97,1	464,3
Cash and cash equivalents at the start of the period	293,1	741,3	765,5	294,7
Exchange rate difference for cash and cash equivalents	-1,4	9,1	-3,6	6,5
Cash and cash equivalents at the end of the period	664,9	765,5	664,9	765,5
whereof cash and cash equivalents in Central Banks	392,3	436,4	392,3	436,4
whereof loans to credit institutions	272,6	329,0	272,6	329,0

Parent Company income statement (SEK million)

Parent Company, SEK million	3 months okt-dec 2017	3 months okt-dec 2016	12 months jan-dec 2017	12 months jan-dec 2016
Net sales	1,4	2,7	19,2	9,3
Total operating income	1,4	2,7	19,2	9,3
Other external costs	-0,9	-2,0	-5,3	-7,2
Personnel costs	-0,6	-2,8	-18,4	-10,0
Other operating expenses	-0,3	-0,3	-1,3	-1,3
Operating profit	-0,5	-2,3	-5,7	-9,2
Result from financial investments:				
Result from participations in Group companies	108,4	199,1	108,4	199,1
Interest expense and similar items	-0,2	0,0	-0,8	-1,1
Result from financial investments	108,2	199,1	107,7	198,1
Profit after financial items	107,7	196,8	101,9	188,8
Tax on profit for the year	-1,3	-1,3	0,0	-0,3
Profit for the period	106,5	195,5	101,9	188,6

Parent Company statement of comprehensive income (SEK million)

Parent company, SEK million	3 months okt-dec 2017	3 months okt-dec 2016	12 months jan-dec 2017	12 months jan-dec 2016
Profit for the period	106,5	195,5	101,9	188,6
Total other comprehensive income	-	-	-	-
Total profit or loss and other comprehensive income	106,5	195,5	101,9	188,6

Parent Company balance sheet, summary (SEK million)

Parent Company, SEK million	31/12/2017	31/12/2016
Assets		
Financial fixed assets	1,239,1	1,202,3
Current assets	39,0	66,2
Cash and bank balances	48,9	7,8
Total assets	1,327,0	1,276,3
Equity and liabilities		
Equity	1,211,9	1,257,5
Current liabilities	115,1	18,8
Total equity and total liabilities	1,327,0	1,276,3

Notes, Group

Since February 2017, NNB Intressenter is the Parent Company of Nordnet AB (publ). NNB Intressenter is not an operating company and its sole business consists of holding shares in Nordnet AB (publ). This Interim Report relates to the Nordnet Group, with the exception of Note 10 Capital requirements for the financial conglomerate and the consolidated situation, which includes NNB Intressenter AB.

Note 1 Accounting principles

This Interim Report for the Group has been compiled in accordance with IAS 34, Interim Financial Reporting. In addition, the Group adheres to the Annual Accounts Act of Credit Institutions and Securities Companies and the Financial Supervisory Authority's regulations (FFFS 2008:25) and RFR1 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 2016 Nordnet Annual Report, Note 5, the section entitled "Accounting principles applied". In all material regards, the accounting principles and bases for calculation that have been applied are unchanged from the 2016 Annual Report, except for the changes below.

The Group has changed the format for interest-bearing securities in the balance sheet in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL). Historical comparative figures have been adjusted. The adjustment has not had any effect on earnings or equity.

A number of new or amended standards do not take effect until the next financial year and have not been applied prematurely in preparing the financial statements at hand.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is to Replace IAS 39 Financial Instruments: Recognition and Measurement on 1 January 2018. The standard contains rules for classification and valuation, impairment, derecognition, and general rules for hedge accounting.

IFRS 9 Classification and Measurement

Financial assets are classified at fair value through profit or loss, accrued acquisition value or at fair value through other comprehensive income. Decisive factors for the valuation are the company's business model for managing the asset and the asset's contractual cash flow characteristics. Equity instruments are carried at fair value through profit or loss, except when the company has chosen to present such instruments at fair value through other comprehensive income. The rules for the classification and valuation of financial liabilities remain largely unchanged.

Nordnet has evaluated the business model for portfolios of financial instruments based on how they are managed and evaluated. The liquidity portfolio, which until 31 December 2017 was reported according to "Held to maturity" and "Available for sale" will, from 1 January 2018, be classified according to "Hold to collect" and "Hold to collect and sell". This will not have any financial impact on Nordnet.

IFRS 9 Impairment

The standard eliminates the requirement to identify incurred loss events and introduces a model of

expected credit losses in the form of a three-stage approach based on whether a significant increase in credit risk has occurred.

Nordnet has identified four categories of lending for modelling:

- Margin loans
- Unsecured loans
- Residential mortgages
- Treasury portfolio

Expected credit losses will be calculated as the probability-weighted present value of expected reduction in cash flow by taking into account: probability of default (PD); loss given default (LGD), credit exposure at default (EAD) and discount rate. Furthermore, they will be evaluated and probability-weighted under a number of economic scenarios.

The financial outcome arising from implementation of IFRS 9 is attributable to a higher reserve for anticipated credit losses. The change primarily affects the credit loss reserve for unsecured loans and the increase in the reserve is attributed to Stage 1 and Stage 2 in expected credit losses (ECL). For other portfolios, the financial effects are more limited. The total increase in the credit loss reserve as at 1 January 2018 amounts to SEK 48.4 million before tax and SEK 37.7 million after tax. The effect is reported over equity, which is consequently affected by SEK 37.7 million.

Both the capital base and the capital adequacy ratio are adversely affected by the transition to IFRS 9. The capital ratio for the consolidated situation deteriorated by 0.4 points and for Nordnet Bank AB by 0.5 points during the first period of application.

IFRS 9 Hedge Accounting

The regulations aim to better reflect the Company's risk management activities and introduce simplified

rules for assessing the effectiveness of the hedges. Nordnet does not apply the rules for hedge accounting, therefore the Group is not affected by the new rules.

Nordnet will not apply transitional rules pursuant to Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 (Supervisory Regulation).

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer. The standard introduces a five-step model to determine how and when revenue recognition should be done, but it does not affect the reporting of financial instruments covered by IFRS 9. The standard sets new information requirements to provide more relevant information. The standard, which replaces all previously published standards and interpretations for revenue with a single revenue recognition model, will apply from 1 January 2018. Nordnet estimates that the standard has limited impact on the financial position.

Note 2 General administrative expenses

	3 months	3 months	12 months	12 months
SEK million	okt-dec 2017	okt-dec 2016	jan-dec 2017	jan-dec 2016
Personnel costs	-109,5	-91,6	-405,3	-359,6
Other administrative expenses	-128,5	-77,4	-413,5	-303,4
	-238,0	-169,1	-818,8	-663,0

Note 3 Amortisation and depreciation of tangible and intangible assets

	3 months	3 months	12 months	12 months
SEK million	okt-dec 2017	okt-dec 2016	jan-dec 2017	jan-dec 2016
Depreciation	-20,4	-21,5	-90,5	-82,9
	-20,4	-21,5	-90,5	-82,9

Note 4 Other operating expenses

	3 months	3 months	12 months	12 months
SEK million	okt-dec 2017	okt-dec 2016	jan-dec 2017	jan-dec 2016
Marketing	-11,2	-7,2	-44,4	-41,5
Other operating expenses	-2,0	-1,4	-7,8	-6,8
	-13,2	-8,6	-52,2	-48,3

Note 5 Loans to the public

As at 31 December 2017, SEK 414.5 million (305.6) 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 (ISK). The lending rate applied to the credits corresponds to the deposit rate on the pledged cash and cash equivalents.

The remainder of lending to the public is secured by collateral in the form of securities and property or consists of unsecured loans.

Note 6 Transactions with related parties

E. Öhman J:or AB is a closely related party to Nordnet AB (publ) since E. Öhman J:or AB has an indirect ownership in Nordnet AB (publ) by being a shareholder in the Parent Company NNB Intressenter AB. Nordnet has a cooperation agreement with E. Öhman J:or Fonder AB. Since 2014, agreements have been reached on the

management of Nordnet's no-fee index funds and the Superfunds with E. Öhman J:or Fonder AB. Otherwise, similar transactions took place with closely related parties, and to the same extent as previously. For additional information, please refer to Note 6 in the 2016 Annual Report.

Note 7 Significant risks and uncertainties

Nordnet's operations are influenced by a number of environmental factors, the effects of which on the Group's profit and financial position can be controlled to varying degrees. When assessing the Group's future development, it is important to take into account the risk factors alongside any opportunities for profit growth.

A description of Nordnet's exposure to risk and handling of risks can be found under Note 7 in the 2016 Annual Report. No significant changes occurred in the fourth quarter of 2017.

Note 8 Financial assets and liabilities and their fair values

Fair value

SEK million	31/12/2017 Reported value	31/12/2017 "Fair value"	31/12/2016 Reported value	31/12/2016 "Fair value"
Financial assets				
Loans within Central banks	392,3	392,3	436,4	436,4
Treasury bills and other interest bearing securities eligible for refinancing	15,903,2	15,920,1	14,127,5	14,143,3
Loans to credit institutions	272,6	272,6	329,0	329,0
Loans to the general public	11,852,1	11,852,1	9,516,4	9,516,4
Bonds and other interest bearing securities	1,949,0	1,949,0	1,357,8	1,357,8
Shares and participations	59,2	59,2	10,6	10,6
Financial assets - policy holders bearing the risk*	46,515,7	46,515,7	41,684,7	41,684,7
Other assets	2,749,4	2,749,4	2,336,7	2,336,7
Accrued income	70,9	70,9	75,9	75,9
Total	79,764,4	79,781,3	69,875,0	69,890,8
Financial liabilities				
Deposits and borrowing from the general public	29,063,7	29,063,7	24,426,6	24,426,6
Liabilities in the insurance business, regarding investment contracts	46,515,7	46,515,7	41,685,9	41,685,9
Other liabilities	2,528,4	2,528,4	2,106,5	2,106,5
Accrued expenses	80,4	80,4	17,9	17,9
Total	78,188,2	78,188,2	68,236,9	68,236,9

*Assets in the insurance business derive from Nordnet Pensionsförsäkring AB's investments. These are partly invested in accounts with Nordnet Bank AB, which, in turn, has invested in interest-bearing securities with a value of SEK 3,382.6 million. As at 31 December 2016, the corresponding amount was SEK 2,511.7 million.

Cont. Note 8 Financial assets and liabilities and their fair values

Description of fair value measurement

Loans to credit institutions

The fair value of loans to credit institutions, which are not payable on demand, are calculated by discounting the expected future cash flows, the discount rate has been set at the current lending rate is applied. The fair value of loans payable on demand is deemed to be the same as the carrying amount.

Loans to the public

Fair value is generally measured individually for financial instruments. Also performed valuation adjustments on the portfolio level to cover credit risk.

- Loans to financial instruments or real estate as collateral is judged to be equal to the carrying value.
- Loans without collateral has been calculated by discounting the expected future cash flows, the discount rate has been set at the current lending rate is applied.

Assets in the insurance business

Fair value is based on a quoted price in an active market or using valuation models based on observable market data. Valuation models based on observable market data used for derivative instruments and certain debt securities.

Currency futures are valued at fair value by discounting the difference between the contracted forward rate and the forward rate that can be subscribed on the closing date for the remaining contract period. Discounting is made to the risk free rate based on government bonds.

Unlisted warrants are valued at fair value using the Black-Scholes model based on the underlying market data.

The fair value of debt securities is estimated by discounting the expected future cash flows, the discount rate is set based on the current market rate.

Mutual fund shares that are not deemed traded in an active market, the quoted prices are measured at fair value based on NAV (Net Asset Value).

Other assets, accrued income, non-current liabilities and accrued expenses

For assets and liabilities with a remaining maturity of less than six months, the carrying amount reflects the fair value.

Liabilities to credit institutions

For liabilities to credit institutions in the balance sheet with a remaining maturity of less than six months, the carrying amount is considered to reflect the fair value.

Deposits and borrowings from the public

The fair value of deposits is calculated by discounting the expected future cash flows, the discount rate has been set at the current deposit rate applied. The fair value of a debt that is redeemable on demand is not addressed to an amount less than the amount payable on demand, discounted from the first date that the payment of this amount could be required.

Liabilities to policyholders

Fair value of liabilities in insurance operations comply fair value of the assets in the insurance business with the exception of liabilities for insurance contracts that are not classified as a financial liability.

Valuation Levels

31/12/2017	Level 1	Level 2	Level 3	
SEK million	Listed market price on active market	Valuation model based on observable market data	Estimated using valuation technique	Total
Financial assets at fair value				
Treasury bills and other interest bearing securities eligible for refinancing	15,903,2	-	-	15,903,2
Bonds and other interest bearing securities	1,949,0	-	-	1,949,0
Shares and participations	14,4	-	44,8	59,2
Other assets, currency derivatives	21,681,0	24,834,7	-	46,515,7
Total	39,547,6	24,834,7	44,8	64,427,1
Financial liabilities at fair value				
Liabilities in the insurance business, regarding investment contracts	21,681,0	24,834,7	-	46,515,7
Other liabilities, currency derivatives	-	-	-	-
Total	21,681,0	24,834,7	-	46,515,7
31/12/2016				
Financial assets at fair value				
Treasury bills and other interest bearing securities eligible for refinancing	10,601,5	-	-	10,601,5
Bonds and other interest bearing securities	1,357,8	-	-	1,357,8
Shares and participations	10,6	-	-	10,6
Assets in the insurance business	21,016,7	20,667,9	-	41,684,7
Total	32,986,6	20,667,9	-	53,654,5
Financial liabilities at fair value				
Liabilities in the insurance business, regarding investment contracts	21,016,7	20,667,9	-	41,684,7
Total	21,016,7	20,667,9	-	41,684,7

Cont. Note 8 Financial assets and liabilities and their fair values

Description of valuation levels

Level 1

Financial assets and financial liabilities whose value is based solely on a quoted price from an active market for identical assets or liabilities. This category includes treasury bills, shareholdings and deposits.

Level 2

Financial assets and financial liabilities measured using valuation models principally based on observable market data. Instruments in this category are valued using:

a) quoted prices for similar assets or liabilities, or

identical assets or liabilities in markets that are not considered to be active; or

b) Valuation models based primarily on observable market data.

This category includes mutual funds, derivatives, certain debt securities and cash.

Level 3

Financial assets and financial liabilities, the value of which is not based on observable market data.

There have been no re-classifications between the levels during the period.

Note 9 Contingent liabilities

Contingent liabilities, SEK Million	30/09/2017	31/12/2016
Bonds and other interest bearing securities*	1,968,5	2,135,7
	1,968,5	2,135,7
The above assets are attributed to		
Deposits with credit institutions	1,692,2	1,833,8
Deposits with clearing organisations	276,3	301,9
	1,968,5	2,135,7
Total assets pledged	1,968,5	2,135,7
Client funds		
Funds managed on behalf of third parties (client funds account)	189,6	194,7
	189,6	194,7
Contingent liabilities	-	-
Commitments		
Credit granted but not yet paid, unsecured loans	907,0	527,7
	907,0	527,7

*This amount includes blocked funds of SEK 82 million (85).

Cont. Note 9 Contingent liabilities

For own liabilities, pledged assets comprise securities that have been pledged in connection with repurchase agreements. The transactions are conducted under standard agreements employed by financial market. Counterparts in those transactions are credit institutions. The transactions are typically short term with a maturity of less than three months.

Other pledged collateral consists of bonds and other fixed income securities, which are pledged as collateral for securities lending and customer for payment to the Clearinghouse. Counterparties in security loan transactions are other credit institutions.

In the insurance business is closing day, December 31, 2017, registered assets 46 516 (41 685) million, of which policyholders have priority.

In addition to the commitments specified in the above table was at end of period 7 021 (6 864) million in unutilized credit facilities related to the possible borrowing of securities. For each customer is limited headroom in the lowest amount of the credit limit, which sold individually for each customer of the company, and the collateral value of the securities held. Credit agreements can be terminated with 60 days notice. Collateral value of the securities may change instantaneously.

Note 10 Capital requirements for the financial conglomerate and the consolidated situation

The financial conglomerate

SEK million	31/12/2017	31/12/2016
Total equity	2,024,7	1,978,9
Less requirements on prudent valuation	-14,0	-14,5
Less expected dividend for current year	-100,0	-175,0
Total equity for the financial conglomerate	1,910,7	1,789,4
Less fixed intangible assets and deferred tax receivables	-382,2	-374,8
Solvency capital (VIF)	679,9	776,0
depart risk margin	-122,2	-170,8
Capital base	2,086,2	2,019,7
Capital requirement per sector		
Exposure regulated entities, insurance sector	480,9	515,0
Exposure regulated entities, the banking and securities sector	944,2	886,5
Capital requirement	1,425,0	1,401,4
Excess capital	661,2	618,3
Capital base/capital ratio	1,5	1,4

The above table refers to the financial conglomerate consisting of NNB Intressenter AB, Nordnet AB (publ) and all of its subsidiaries. The capital base of the financial conglomerate has been calculated in accordance with the

consolidation method. The Group-based financial statements have been compiled in accordance with the same accounting principles as the consolidated financial statements.

Note 10 Capital requirements for the financial conglomerate and the consolidated situation

The capital requirements for the banking operations vary primarily in terms of the size and credit quality of the bank's assets.

Capital requirements for the insurance operations vary mainly in terms of the size of the insurance company's insurance assets and the insurance company's expenses.

For the determination of the financial conglomerate's regulatory capital requirement, the Law (2006:531) on special supervision of financial conglomerates and the Swedish Financial Supervisory Authority's regulations and general advice (FFFS 2011:26) on the special supervision of financial conglomerates are applicable. The capital base and capital requirement have been calculated in accordance with the consolidation method.

Solvency capital (VIF) for the financial conglomerate consists of the discounted present value of future profits in Nordnet Pensionsförsäkring AB, including the subsidiary, Nordnet Livsförsäkring AS, generated with the policyholders' capital. The Solvency capital item is a result of the introduction of the Solvency II Regulations 2016.

The consolidated situation

In accordance with the CRR, the European Capital Requirements Regulation, Nordnet reports a consolidated situation consisting of NNB Intressenter AB, Nordnet AB (publ) and Nordnet Bank AB. Capital requirements presented in

this note refer to Pillar 1 and additional Pillar 2 capital. This is in accordance with the prevailing regulations on capital adequacy.

SEK million	31/12/2017	31/12/2016
Total equity	1,986,8	1,840,7
Less requirements on prudent valuation	-14,0	-14,5
Less expected dividend for current year	-100,0	-175,0
Less intangible fixed assets and deferred tax receivables	-368,1	-355,8
Tier 1 capital	1,504,7	1,295,4
Capital base	1,504,7	1,295,4
Risk exposures		
Exposure to credit risk according to the standardized method	6,543,3	5,789,4
Exposure market risk	6,6	18,5
Exposure operational risk	2,098,3	1,957,4
Total exposure	8,648,2	7,765,3
Capital ratio	17,4%	16,7%
Capital base	31/12/2017	31/12/2016
Credit risk according to the standardized method	523,5	463,2
Market risk	0,5	1,5
Operational risk	167,9	156,6
Capital requirement Pillar 1	691,9	621,3
Capital requirement Pillar 2	252,3	265,3
Total capital requirement	944,2	886,6
Capital ratio and buffers		
Common equity tier 1 ratio, %	17,4%	16,7%
Tier 1 ratio, %	17,4%	16,7%
Total capital ratio, %	17,4%	16,7%
Institution-specific buffer requirements, %	4,2%	3,7%
of which capital conservation buffer requirement, %	2,5%	2,5%
of which countercyclical buffer requirement, %	1,7%	1,2%
Total capital requirement including buffer requirement, %	15,1%	15,2%
Tier 1 capital available for buffer requirement, %	9,4%	8,7%

Note 10 Capital requirements for the financial conglomerate and the consolidated situation

The consolidated situation pertains to NNB Intressenter AB, Nordnet AB (publ) and its subsidiary Nordnet Bank AB, which is fully consolidated. Consequently, the difference between the financial conglomerate and the consolidated situation is that the financial conglomerate also consolidates Nordnet Pensionsförsäkring AB.

Information in this note regarding Nordnet's capital adequacy is provided in accordance with FFFS 2008:25, Chapter 6, §§ 3-4, and the references in this regulation to Regulation (EU) No. 575/2013 Articles 92.3 d) and f), 436, 437 b) and 438, and (FFFS 2014:12) on regulatory requirements and capital buffers and column A, Annex 6 of the Commission Implementing Regulation (EU) No. 1423/2013.

Other required information according to FFFS 2014:12 and Capital Adequacy Regulation (EU No 575/2013) are available on Nordnet's website www.nordnetab.com.

Internally assessed capital requirement

In accordance with the current capital adequacy rules, Nordnet establishes an annual internal capital and liquidity adequacy assessment (ICAAP). Work with ICAAP aims at analyzing, assessing and ensuring that the company is sufficiently capitalized in relation to the risks that the company is exposed to through the operations being conducted and that the company has sufficient liquidity to cover outflows under highly stressed conditions. ICAAP also includes assessing whether capital and liquidity are sufficient even in relation to future development. The process and a summary of the results shall be reported annually

to the Board and provide the basis for the Board's decisions on the conglomerate's capital planning. In addition to the minimum capital requirement, Nordnet estimates that a capital of SEK 252.3 million (265.3) should be retained taking into account the risks identified in the ICAAP process. The purpose is to maintain a satisfactory capital situation taking into account the operations Nordnet conducts. Read more about ICAAP in Note 7 in the 2016 Annual Report. Capital ratio is monitored continuously and, if necessary, results are reviewed during the current financial year by the Company's external auditors, to be included in the capital.

Financial development per quarter

Group, SEK million	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Net interest	94,0	95,8	96,3	100,2	103,1	101,2	100,3	98,6
Net commission - not trade related	49,2	43,0	37,6	35,3	37,1	32,0	29,4	31,1
Net commission - trade related	127,9	108,2	110,1	129,1	119,5	110,3	108,8	121,8
Net result of financial transactions	45,9	34,4	36,9	45,1	46,7	38,4	32,7	33,7
Other income	16,0	8,8	16,0	14,1	7,6	7,8	22,4	13,7
Operating income	333,1	290,3	296,9	323,8	314,0	289,6	293,5	298,9
General administrative expenses	-238,0	-193,6	-210,4	-176,8	-169,1	-169,7	-166,7	-162,5
Depreciation	-20,4	-24,2	-23,0	-22,9	-21,5	-20,9	-20,5	-20,0
Other operating expenses	-13,2	-12,8	-11,3	-15,0	-8,6	-7,7	-13,2	-18,9
Net credit losses	-7,4	-9,2	-9,2	-9,5	-7,2	-7,3	-6,3	-8,3
Expenses	-279,0	-239,8	-253,9	-224,2	-206,3	-205,6	-206,7	-209,7
Operating profit	54,1	50,6	43,0	99,6	107,7	84,0	86,9	89,2
Operating margin %	16%	17%	14%	31%	34%	29%	30%	30%
Cost coverage	74%	76%	74%	87%	94%	87%	89%	84%
Return on shareholders' equity	11%	13%	14%	16%	16%	16%	17%	17%
Quarterly statistics	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16
Number of active customers at end of the period	669,300	640,100	616,100	593,600	566,800	545,600	523,200	507,100
Number of active accounts at end of the period	884,500	837,700	801,400	771,200	735,000	705,600	673,800	650,500
Net savings (SEK billion)	4,0	4,1	5,6	3,6	4,1	3,3	4,2	2,6
Total savings capital (SEK billion)	272	267	260	246	235	225	205	197
Average savings capital per active account (SEK)	308,000	319,300	324,000	318,600	319,300	318,900	303,900	302,300
Number of trades	6,944,200	6,350,300	6,026,000	6,860,800	6,207,900	5,425,800	5,404,000	5,893,800
Traded value cash market, SEK million*	201,300	178,400	177,400	209,000	195,100	186,300	184,400	198,300
Number of trading days	63	64	58	64	63	66	62	60
Number of trades per day	110,200	99,200	103,900	107,200	98,500	82,200	87,200	98,200
Average net commission revenue per transaction (SEK)	18	17	18	19	19	20	20	21
Number of trades per active trading account	8,7	8,4	8,3	9,9	9,4	8,7	9,0	10,2
Number of trades per active trading account and month	2,9	2,8	2,8	3,3	3,1	2,9	3,2	3,4
Cash deposits at end of period, SEK million	34,341,2	33,773,1	32,988,0	30,144,0	29,131,5	29,366,3	28,969,9	25,296,9
Managed Client Funds, SEK million	182,7	174,9	182,5	213,8	189,7	265,8	251,3	219,1
Lending at end of period, SEK million	11,852,1	11,295,5	10,864,3	10,455,5	9,516,4	9,192,0	8,211,4	7,875,0
Lending excluding pledged cash and cash equivalents	11,437,6	10,380,9	10,140,5	9,840,4	9,210,8	8,515,3	7,638,5	7,399,2
Lending/deposits %	35%	33%	33%	35%	33%	31%	32%	31%

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

Key figures

Key figures - Group	31/12/2017	31/12/2016
Operating margin (%)	20%	31%
Profit margin (%)	17%	25%
Cost/income ratio	80%	69%
Return on shareholders' equity (%)	11%	15%
Return on assets (%)	0,3%	0,5%
Shareholders' equity, SEK million	2,021,6	1,978,9
Capital base, SEK million	1,504,7	1,295,4
Capital coverage ratio	17,4%	16,7%
Investments in tangible assets, SEK million	29,1	9,9
Investments in intangible assets excl. company acquisitions, SEK million	92,5	46,5
Of which, internal development expenses, SEK million	22,8	21,6
Number of full-time employees at end of period	474	418
Customer related key financial figures	31/12/2017	31/12/2016
Number of active customers	669,300	566,800
Number of active accounts at end of the period	884,500	735,000
Net savings, SEK billion	17,3	14,3
Total savings capital at end of period, SEK billion	272	235
Average savings capital per active account at end of period, SEK	308,000	319,300
Number of trades for the period	26,181,300	22,931,500
Number of trades per day	105,100	91,400
Average net commission revenue per trade, SEK	18	20
Annual average income/savings capital (%)	0,5%	0,6%
Average yearly income per account, SEK	1,535	1,755
Average yearly operating expenses per account, SEK	-1,186	-1,173
Average yearly profit per account, SEK	349	582

Definitions

Active account³

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

Active customer³

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

Amount traded³

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

Cash market³

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

Capital base²

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

Capital ratio²

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

Client funds³

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

Core Tier 1 capital²

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 1 ratio²

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

Cost coverage¹

Non-transaction-related income relative to costs.

Deposits¹

Deposits including deposits attributable to liabilities in the insurance business.

Lending excluding pledged cash and equivalents¹

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 income¹

Net commission income after deduction of commission expenses and non-transaction-related net commission income.

Net commission per trade³

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

Net savings³

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

Operating expenses²

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

Operating margin¹

Operating profit in relation to operating income.

¹ Alternative key indicators

² Definitions in accordance with IFRS and the EU's capital requirement regulation no. 575/2013 (CRR) and according to the EU's Solvency II directive 2015/35

³ Other definitions

Definitions

Personal loans¹

Loans provided without collateral - unsecured loans.

Profit margin¹

Profit for the period in relation to operating income.

Return on assets¹

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

Return on equity¹

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

Risk exposure amounts²

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

Alternative key indicators

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) or in the EU capital requirement regulation no. 575/2013 (CRR) or the EU's Solvency II directive 2015/35. Nordnet uses alternative key indicators when it is relevant to describe our operations and follow up our financial situation. These measures are not directly comparable with similar key indicators presented by other companies.

Solvency capital (NPV)²

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

Solvency Capital Requirement (SCR)²

Estimated capital requirements under Solvency II regulations.

Total savings capital³

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

Trades³

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

¹ Alternative key indicators

² Definitions in accordance with IFRS and the EU's capital requirement regulation no. 575/2013 (CRR) and according to the EU's Solvency II directive 2015/35

³ Other definitions

Nordnet AB (publ)
Box 14077, 167 14 Bromma
Visiting address: Gustavslundsvägen 141
Tel: +46 8 506 330 00, e-mail: info@nordnet.se
Registered company no.: 556249-1687

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

To become a customer, visit nordnet.se, nordnet.no, nordnet.dk or nordnet.fi