Interim Report

January–June 2018

nordnet

Financial results in brief

April–June

Income
SEK 316.6 million
(296.9)

Expenses[1]
SEK -285.4 million
(-253.9)

Operating profit
SEK 31.3 million
(43.0)

New customers
19,500
(22,500)

Net savings
SEK 5.6 billion
(5.6)

Number of trades
5,976,200
(6,026,000)

January–June

Income
SEK 657.5 million
(620.7)

Expenses[1]
SEK -582.6 million
(-478.0)

Operating profit
SEK 74.9 million
(142.7)

New customers
48,700 customers
(49,300)

Net savings
SEK 17.2 billion
(9.2)

Number of trades
12,721,400
(12,886,800)

[1]Total expenses including credit losses

Highlights during the quarter

Nordnet's new Android app launched in all Nordic markets

Nordnet passed 700,000 customers, corresponding to customer growth of 17 percent growth in one year

Nordnet launches aggregator service providing savers a comprehensive overview of their savings, regardless of which bank they are held in

Nordnet 30 June 2018

Savings capital
SEK 310 billion
(260)

Lending[1]
SEK 13.1 billion
(10.1)

Customers
718,000 customers
(616,100)

Number of accounts
949,800 customers
(801,400)

[1]Excluding lending against pledged cash and cash equivalents

This is Nordnet

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

Our vision is for our customers to be the best investors they can be, whether they are experienced traders or beginners, have knowledge or need guidance, wish to spend hours on their investments every day or simply review their savings a few minutes a week. We will achieve this vision by offering an engaging user experience in savings and investments.

Our business areas

Our operations

Nordnet's core business is saving and investments. Our customers can invest in shares, mutual funds, ETFs, options, commercial papers, structured products and they can make pension savings at low commission and without fixed charges.

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.

Different customers have different needs and wishes. Accordingly, we have created a number of different ways in which you can use Nordnet. Whether you are an experienced trader or just starting to save, we offer user-friendly, fast and stable trading applications. With our mobile apps, you can keep track of your investments, and the markets and securities that interest you. For the more active investors, we offer the trading terminals Infront Web Trader and Nordnet Autotrader. We also offer a variety of digital advisory services in the form of, for example, Robosave and Fund Advisor.

Loans

Nordnet offers three kinds of loans: personal loans (unsecured loans), margin lending, and mortgages. In the Swedish market, we offer personal loans in Nordnet's own name and under the product name Konsumentkredit. Margin lending with securities as collateral, available in all four of our markets, gives our customers the possibility to borrow against their securities to increase their investments, or for other purposes. Residential mortgages are offered in the Swedish market, aimed at the Private Banking segment.

Shareville

Nordnet operates the Nordic region's largest social investment network Shareville, with nearly 190,000 members. Here you can share your Nordnet account with other members, and follow how other savers act. Notifications are sent to you as soon as someone you follow makes changes in their portfolio. You do your business directly through your account on Nordnet, and trade with your real money. You can be completely anonymous, and what appears to others is just the distribution of securities in your portfolio, your trades and your development. How much money your savings are worth in money does not appear on Shareville.

Comments from CEO

The second quarter brought somewhat of a recovery for the stock markets after a weak start to the year. Norway became the Nordic region's winning stock exchange rising more than 10 percent, in the wake of rising oil prices. Despite these more positive tones, private savers' trading was somewhat more cautious, and events such as a burgeoning trade war and the upcoming Brexit have entailed the number of transactions decreasing by more than 10 percent compared with the first quarter.

Nordnet passed a couple of milestones during the quarter. We now have a total of more than 700,000 customers in our four markets in the Nordic region. Combined, these customers have more than SEK 300 billion in savings capital, distributed between cash savings, shares, mutual funds and other securities. It is evident that the pace of our customer inflow has accelerated. In the past 12-month period alone, more than 100,000 new savers have joined Nordnet, and the annual growth rate in our customer base is 17 percent. As a comparison, it can be mentioned that it took three and a half years to grow from 300,000 to 400,000 customers, between September 2010 and March 2014. Even more rapid development can be seen in the savings capital, where our customers' capital in 2014 was worth SEK 150 billion, and where, in barely four years, savers have more than doubled their capital. Our customers' net savings for the quarter amount to SEK 5.6 billion, which is a strong figure in view of the deteriorating market situation. Our income for the three-month period amounts to 317 million, an increase of 7 percent compared with the corresponding period last year. Expenses are up by 12 percent, and operating profit ended up at more than SEK 31 million. We still find ourselves in the phase of realignment that we started a year ago, and my overall picture of Nordnet, at the moment is that we are continuing to grow the business at a healthy pace, with additional customers and savings capital, while making investments to secure our future growth.

As we move ahead, our focus will be on innovation and user experience, and our vision is to build the world's best customer experience within savings and investments. In May, we launched a product that I think takes us one step closer to this vision, as you as a Nordnet customer can now obtain a full overview of your investments through a single interface. With a few simple clicks and identification using mobile bank ID, you have the opportunity to view your savings in shares and mutual funds on the Nordnet website, regardless of which bank they are held at. We are the first bank in the Nordics that offer this functionality, and the service is made possible by aggregator technology from Tink, with whom we previously announced a partnership. During the quarter, we also launched a new app for Android in all of our markets, and the corresponding app for Apple mobile devices will also be released soon.

In June, we concluded our collaboration with IPsoft in the area of artificial intelligence, AI. My philosophy regarding new technology is that, as a bank, we must dare to invest and implement, but also to phase initiatives out if they fail to meet expectations. We want to create a culture in product development that is user-driven, in which new features are tested on the front line and in which customers' responses have a rapid impact on how we steer our initiatives forwards. With regard to AI, we are now proceeding with other initiatives – most immediately a feature called smart news, in which we use machine learning to identify which shares may be of interest to individual customers and display select information on those companies. The purpose is to inspire customers to make investments similar to how Netflix or Amazon work for films, books and gadgets.

Thank you for entrusting us with your savings. I promise that all of us at Nordnet will work hard to make your customer experience even better in the future.

Best regards / Peter Dahlgren

Operations

The Market

Following a weak start of 2018, the world's stock markets developed favourably in the second quarter. While most macro figures indicate continued global growth, uncertainty has grown due to political turbulence. Geopolitical events with major global impact, including Brexit, a trade war between the US and China, and increasing conflict in the Middle East due to the uncertainty surrounding the Iran nuclear deal, have caused fund managers to begin switching to more counter-cyclical and defensive investments. At present, the greatest risk to continued growth is that trade tensions between countries develop into a full-scale trade war, in turn accelerating inflation beyond the rates for which the central banks are prepared.

Stockholm Stock Exchange recovers

The Stockholm Stock Exchange is recovering compared with the weak start of the year, climbing a couple of percent in the period April–June. However, this upswing is being hampered by falling housing prices and weaker reports from manufacturing companies. One of the shares attracting most interest is H&M, which was also the quarter's most traded share. Following an extended decline for the share, hard-tested fund managers and private savers alike experienced an upswing of 7 percent in the share over the quarter. Betting and gaming shares have also attracted the interest of Swedish savers during the quarter.

Oslo led the Nordic exchanges this quarter

Norway is showing generally strong growth, with the market reaching a new all-time high following a rise of over 10 percent in the second quarter. This growth is mainly attributable to rising oil prices, making winners of shares such as Equinor (formerly Statoil). Both house prices and wages are rising, while unemployment is falling, and, with a currency that is expected to strengthen over the year, an interest rate hike is on the cards. Rumours of a buy-out of airline Norwegian, as well as a strong market for the fishing industry, also contributed to the overall positive quarter in Norway.

Weak development in Copenhagen

The Copenhagen Stock Exchange was the loser among the Nordic exchanges over the quarter, ending down by two percent. Although private consumption is increasing, reduced exports are hampering growth. The negative trend in the share market was driven by the sharp decline in the jewelry company Pandora – the most traded Danish share among Nordnet customers – and by drug giant Novo Nordisk, which has the highest market capitalization of all Nordic companies.

Helsinki continues upwards

The Helsinki Stock Exchange follows its strong start to the year with a 4-percent increase in the second quarter. Consumer confidence is higher than ever, leading to greater private consumption and strong domestic demand for goods from the manufacturing sector. Export prospects are strong thanks to improved price competition, and investments in new production facilities having been made in several sectors. The most traded share during the period was Nokia, followed in second place by Outokumpu.

Customers and savings

At 30 June, the number of active customers with Nordnet was 718,000 (616,100), corresponding to an increase of 17 percent compared with a year ago.

Our customers' total savings capital amounted to SEK 310 billion (260), an increase of 20 percent compared with the end of June 2017.

Net savings for the period January–June 2018 amounted to SEK 17.2 billion (9.2). Calculated in relation to savings capital at the end of June 2017, net savings for the past 12 months corresponds to 10 percent.

Nordnet's customers made an average of 105,100 (106,100) trades per day during the period January–June, a decrease of 1 percent compared with January–June 2017.

Lending

Lending excluding lending against pledged cash and cash equivalents was up by 30 percent compared with 12 months ago, amounting to SEK 13.1 billion (10.1).

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.

Number of customers and accounts	**30/06/2018**	**31/03/2018**	**31/12/2017**	**30/9/2017**	**30/6/2017**
Customers	718,000	698,500	669,300	640,200	616,100
Whereof personal loans	27,700	27,600	27,700	27,600	27,700
Accounts	949,800	923,300	884,500	837,700	801,400

Net savings and savings capital (SEK billion)	**30/06/2018**	**31/03/2018**	**31/12/2017**	**30/9/2017**	**30/6/2017**
Net savings	5.6	11.5	4.0	4.1	5.6
Savings capital	310.5	287.2	272.4	267.5	259.7

Number of trades	**30/06/2018**	**31/03/2018**	**31/12/2017**	**30/9/2017**	**30/6/2017**
During the period (quarter)	5,976,200	6,745,200	6,944,200	6,350,300	6,026,000
On average per day	101,300	108,800	110,200	99,200	103,900

Lending (SEK billion)	**30/06/2018**	**31/03/2018**	**31/12/2017**	**30/9/2017**	**30/6/2017**
Margin lending[1]	5.6	5.6	5.4	5.1	5.3
Personal loans	3.9	3.8	3.7	3.5	3.4
Mortgage	3.6	3.2	2.4	1.8	1.4
Total	**13.1**	**12.6**	**11.4**	**10.4**	**10.1**

[1]Excluding lending with pledged cash and cash equivalents

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

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

Net profit

Group

April–June 2018

Operating income in the second quarter of the year increased by 7 percent, amounting to SEK 316.6 million (296.9). Net interest income decreased by SEK 0.4 million, with greater volumes in residential mortgages and personal loans contributing to increased net interest income although this was offset by a lower return on surplus liquidity due to zero and negative interest rates in several currencies. Net commission income rose by SEK 13.3 million with non-transaction-related income rising due to increased mutual fund savings and greater volumes in Nordnet Markets.

Operating expenses before credit losses rose by 13 percent compared with the second quarter last year and amounted to SEK 275.6 million (244.7). This is mainly attributable to initiatives in IT development, digital presence and reinforcement within regulatory functions. Marketing expenses and staff increases within sales increased compared with the second quarter the previous year. Amortization and impairment costs increased during the quarter as a result of the new head office began to be amortized, and due to impairment related to the terminated cooperation with IPsoft.

Operating profit decreased by 27 percent to SEK 31.3 million (43.0), and the operating margin was 10 percent (14). Profit after tax for the period decreased by 22 percent to SEK 29.1 million (37.3), resulting in a profit margin of 9 percent (13).

Operating income excluding transaction-related net commission income for the quarter rose by 15 percent compared with the same quarter the previous year. Cost coverage, i.e. operating income excluding transaction-related net commission income in relation to expenses, amounted to 75 percent (74).

January–June 2018

Operating income in January–June increased by 6 percent, amounting to SEK 657.5 million (620.7). Net interest income decreased by SEK 5.3 million, with greater volumes in residential mortgages and personal loans contributing to increased net interest income although this was offset by a lower return on surplus liquidity due to zero and negative interest rates in several currencies. Net commission income rose by SEK 29.6 million, which was attributable to non-transaction-related income rising due to increased volumes in Nordnet Markets and increased mutual fund savings.

Operating expenses before credit losses rose by 23 percent compared with January–June 2017 and amounted to SEK 562.9 million (459.3). This is mainly explained by increased investments in automation, IT development and digital presence in various channels. Marketing expenses and staff increases within sales increased compared with the first half of the previous year. Amortization and impairment costs increased during the period as a result of the new head office began to be amortized, and due to impairment related to the terminated cooperation with IPsoft.

Operating profit decreased by 47 percent to SEK 74.9 million (142.7), and the operating margin was 11 percent (23). Profit after tax for the period decreased by 49 percent to SEK 60.9 million (118.3), resulting in a profit margin of 9 percent (19).

Operating income excluding transaction-related net commission income for the quarter rose by 12 percent compared with the period January–June

2017. Cost coverage, i.e. operating income excluding transaction-related net commission income in relation to expenses, amounted to 73 percent (80).

Parent Company

January–June 2018

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–June 2018 amounted to SEK 2.2 million (7.3) and relates to Group-internal administrative services. The loss from financial investments amounted to SEK 0.5 million (0.4) and consisted primarily of interest expenses.

The Parent Company's loss after financial items for the period January–June 2018 amounted to SEK 2.7 million (12.9). The Parent Company's cash and cash equivalents amounted to SEK 15.3 million (10.7), and its equity to SEK 1,108.3 million (1,078.0).

Development in our markets

Sweden

During the period January-June, income in our Swedish operations increased by 3 percent compared with the same period last year, mainly attributable to commission from increased mutual fund savings and income from Nordnet Markets. Expenses increased by 19 percent, due to expanded initiatives in automation, IT development, digital presence in various channels and an expanded sales force. Marketing costs also increased. The operating margin was 15 percent (25).

Nordnet in Sweden had 316,500 (286,400) active customers as at the end of June 2018, corresponding to an increase of 11 percent in the past 12-month period.

Net savings for the period January–June amounted to SEK 9.1 billion (0.8). Calculated in relation to savings capital at the end of June 2017, net savings for the past 12 months correspond to 8 percent. The number of trades among Swedish customers during the period January–June decreased by 2 percent compared with the corresponding period the previous year.

During the quarter, Nordnet was the first bank in the Nordic region to launch an aggregator service, allowing savers to view their share and mutual fund investments in a single interface, regardless of which banks these are held in. This service is made possible supported by technology licensed from Tink, a company in which Nordnet acquired a minority holding in the autumn of 2017.

Demand for Nordnet's residential mortgages remains high in the Swedish market and, at 30 June, SEK 3.6 billion (1.4) in loans had been disbursed with residential properties as collateral. Nordnet also offers unsecured personal loans in the Swedish market, under the product names Nordnet Toppenlånet and Konsumentkredit. At 30 June 2018, 27,700 (27,700) customers were using this product. The total lending volume was SEK 3.9 billion (3.4), with an average interest income of about 5.9 percent after adjustment for loan brokering. During the year, the lending volume for personal loans to Nordnet's customers increased by 7 percent compared with the start of the year. On 30 June, margin lending amounted to SEK 2.1 billion (2.2), a decrease of 8 percent compared with June 30 2017.

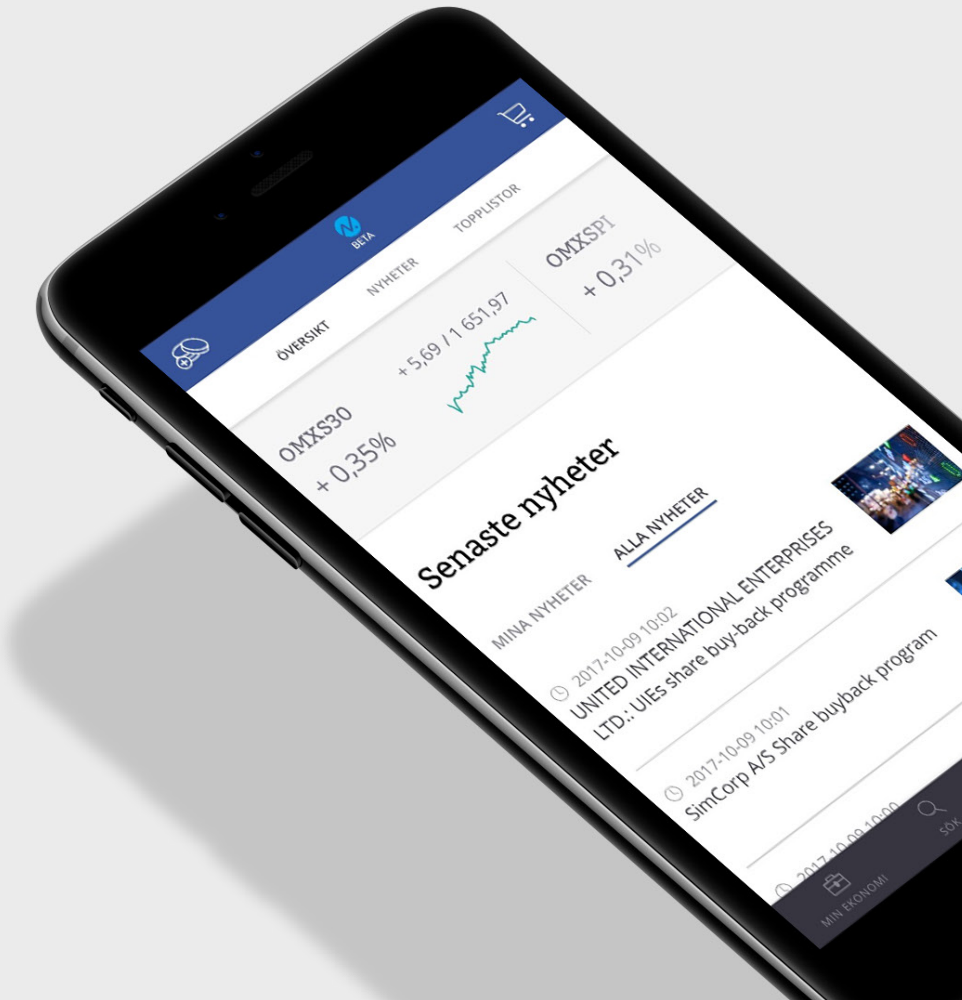
During the quarter, Nordnet's new app for Android was launched. The new app has been improved with regard to both functionality and design. It is now easier to gain an overview of accounts and how holdings are developing, to set up monitoring lists, to follow news related to specific holdings, and to buy shares and mutual funds directly in the app. Logging in is made easy with touch ID. A new Nordnet app for IOS is scheduled to be introduced in all Nordic markets during the third quarter.

Norway

During the period January–June, income for Nordnet in Norway rose by 11 percent, mainly due to increased commission income from savings capital in mutual funds and improved net interest income related to positive returns on surplus liquidity. Expenses increased by 28 percent, due to expanded initiatives in automation, IT development, digital presence in various channels and an expanded sales force. The operating margin amounted to 4 percent (16) during the period January–June.

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.”



As per 30 June 2018, the number of active customers in Norway amounted to 103,700 (90,200), corresponding to customer growth of 15 percent over the past 12-month period.

The Oslo Stock Exchange is among the strongest in the world in 2018 and, in the second quarter alone, achieved a total increase of just over 10 percent. Despite positive developments on the Oslo Stock Exchange, the market has been characterized by a certain degree of concern as a result of higher interest rates and global uncertainty. This resulted in some slowing of trading activity in the second quarter, although the number of trades in the period January–June rose by 3 percent compared with the corresponding period in 2017.

Net savings for the period January–June amounted to SEK 2.0 billion (2.5). Calculated in relation to savings capital at the end of June 2017, net savings for the past 12 months correspond to 17 percent.

Pensions are a priority area in Norway, and we continue to broaden our customer offering. During the first quarter, the Pension Fund Certificate (pensjonskapitalbevis – PKB) account type was included in our portfolio and, in the second quarter, we launched an updated version of Individual Pension Savings (individuell pensjonssparing – IPS). The new IPS account type is more advantageous from a fiscal perspective and allows our customers to save up to NOK 40,000 per year. Another important area is Private Banking, where we are increasing the number of market activities and focusing more on sales.

At the end of the second quarter, the new tax rules were established for Norwegian endowment insurance plans, also referred to as mutual fund accounts. The new tax rules will enter into force on 1 January 2019. Nordnet will soon start work on updating the account type Investeringskonto Zero in accordance with the new rules and making the account type more attractive to Norwegian savers.

Margin lending amounted to SEK 0.8 billion (0.7), an increase of 19 percent in 12 months.

Nordnet's new app for Android was also introduced in Norway during the quarter.

Denmark

During the period January–June, income in our Danish operations increased by 1 percent. Although Nordnet Markets is contributing positively to earnings, overall income growth is being hampered by poorer net interest income related to a negative return on surplus liquidity.

Expenses increased by 29 percent. The increase in expenses is attributable to expanded initiatives in automation, IT development and digital presence in various channels, but also to initiatives in the Danish sales organization and increased marketing expenses. The operating margin was 19 percent (37).

The customer base in the Danish market is increasing steadily. The number of active customers on 30 June 2018 amounted to 92,300 (76,000), which is an increase of 21 percent over the past 12 months. Net savings for the period January–June amounted to SEK 4.9 billion (5.0). Calculated in relation to savings capital at the end of June 2017, net savings for the past 12 months corresponds to 16 percent.

The Copenhagen Stock Exchange was characterized by challenging conditions and negative returns in the second quarter, which has affected trading activity among Danish savers. The number of trades during the period January–June 2018 decreased by 7 percent compared with the corresponding period the previous year.

Margin lending increased by 4 percent compared with the previous year, amounting to SEK 1.3 billion (1.2) on 30 June.

Nordnet's new app for Android was also introduced in the Danish market during the period, with an updated design and improved functionality.

Finland

During the period January–June, income in our Finnish operations increased by 17 percent, mainly due to increased commission income and increased income from currency exchange related to trading in foreign securities. A lower interest rate with a negative return on surplus liquidity dampened income. Expenses increased by 21 percent. The increase in expenses is mainly explained by expanded investments in automation, IT development and digital

Profit per country

January-June	Sweden		Norway		Denmark		Finland		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Operating income	336.9	326.1	103.0	92.4	119.3	118.4	98.3	83.8	657.5	620.7
Operating expenses	-267.7	-224.4	-98.7	-77.2	-96.1	-74.6	-100.4	-83.1	-562.9	-459.3
Profit before credit losses	**69.1**	**101.7**	**4.3**	**15.2**	**23.2**	**43.8**	**-2.1**	**0.7**	**94.6**	**161.4**
Credit losses	-18.2	-18,9	-0.5	-0.1	-0.5	0.2	-0.4	-	-19.7	-18.7
Operating profit	**50.9**	**82,8**	**3,9**	**15.1**	**22.7**	**44.1**	**-2,5**	**0.7**	**74.9**	**142.7**
Operating margin	15%	25%	4%	16%	19%	37%	-3%	1%	11%	23%
Number of customers	316,500	286,400	103,700	90,200	92,300	76,000	205,500	163,500	718,000	616,100
Number of accounts	455,100	403,000	142,900	112,200	118,600	98,100	233,200	188,100	949,800	801,400
Net savings (SEK billion)	9.1	0.8	2.0	2.5	4.9	5.0	1.3	0.9	17.2	9.2
Savings capital (SEK billion)	138.3	121.2	40.3	28.8	64.9	52.8	67.0	56.9	310.5	259.7
Number of trades	6,603,300	6,752,900	2,067,300	2,007,200	1,912,500	2,053,700	2,138,300	2,073,000	12,721,400	12,886,800
Margin lending* (SEK billion)	2.1	2.2	0.8	0.7	1.3	1.2	1.5	1.1	5.6	5.3
Personal Loans (SEK billion)	3.9	3.4							3.9	3.4
Mortgage (SEK billion)	3.6	1.4							3.6	1.4

[1]Lending excluding pledged cash and equivalents

presence in various channels. The operating margin was a negative 3 percent (positive 1).

The customer base in the Finnish market is growing steadily, and we reached a milestone in the number of customers during the quarter when we passed 200,000 active customers. The number of active customers on 30 June was 205,500 (163,500), corresponding to an increase of 26 percent compared with the end of June 2017.

Net savings for the period January–June amounted to SEK 1.3 billion (0.9). Calculated in relation to savings capital as at the end of June 2017, net savings for the past 12 months correspond to 4 percent. The number of trades during the period January–June rose by 3 percent compared with the year-earlier period.

Margin lending amounted to SEK 1.5 billion (1.1), an increase of 33 percent in 12 months.

We are continuing to broaden our customer offering to additional target groups. In the second quarter, Nordnet Finland commenced cooperation with UPM-Kymmene, one of the leading forest companies in the Nordic region. This partnership provides Finnish forest owners cooperating with UPM-Kymmene access to Nordnet's digital platform and wide range of investment services. We have also entered a partnership with Economic Information Office TAT. Together with TAT, our savings economist Martin Paasi will broadcast ten episodes of the podcast #Puhurahasta, aimed at helping young people understand how the financial markets work and how to invest for the future. During the quarter, Nordnet's share strategist Jukka Oksaharju published his fifth book on investments, *Arvoguru – näin löydät halvimmat osakkeet.* The book is about how investors can identify cheap shares.

Nordnet's new app for Android was also launched in the Finnish market during the quarter.

Financial position

Nordnet's deposit surplus is mainly invested in covered bonds, government securities, the Swedish Riksbank, the Danish National Bank and the Nordic banking system. At the end of June, consolidated cash and cash equivalents amounted to SEK 1,752.1 million (307.9), of which frozen assets were SEK 90 million (85). In addition, interest-bearing investments were held with a total fair value of SEK 17,364.1 million (14,401.6).

The Group's equity amounted to SEK 1,953.6 million (1,914.9).

As regards the financial conglomerate in which NNB Intressenter AB[1] is the parent company, the capital base amounted to SEK 1,443.7 million (1,368.6) and total risk exposure amounted to SEK 8,701.3 million (8,307.5). At the end of the period, the capital ratio was 16.6 percent, compared with 16.5 percent at the same time last year.

Cash flow

In the second quarter, cash flow from operating activities was affected positively by increased liquidity on customer deposits of SEK 3.1 billion. Cash flow from operating activities was also negatively affected by SEK 0.6 billion due to higher lending. During the quarter, cash flow in investing activities was negative due to acquisitions of bonds and other fixed-income securities for SEK 1.2 billion.

Employees

As of 30 June 2018, the company had 531 (449) full-time employees. 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–June was 508 (431).

During the second quarter, a number of changes took place in Nordnet's Group Management. Eva Trouin, Country Manager for the Swedish operations, left her position at Nordnet on 9 May and stepped down from the company's management team on the same date. She was replaced by Martin Ringberg, who started at Nordnet in 2017 as Head of Sales Sweden. Jenny Garneij, Chief Human Capital & Communications Officer, left Nordnet and the company's management team on 14 May. She has been replaced by Karin Isberg, Acting HR Manager, who started at Nordnet on 28 May. Tuva Palm, Chief Customer Experience Officer, left Nordnet during the second quarter. Anders Danielsson has temporarily assumed responsibility for the company's product development, and in the autumn of 2018, Rasmus Järborg will become Nordnet's new Chief Product Officer. Rasmus joins Nordnet from SEB, where he worked as Chief Strategy Officer. Ronnie Bodinger, Acting CTO, took office on 7 June as head of Nordnet's IT operations, development and IT security. The recruitment of a permanent CTO is in progress.

Martin Ringberg, Karin Isberg and Ronnie Bodinger all become new members of the Nordnet management team.

Events after 30 June 2018

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

[1] For more information, see Note 7

Signatures of the Board of Directors

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

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

Stockholm, 24 July 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	Note	3 months apr-jun 2018	3 months apr-jun 2017	6 months jan-jun 2018	6 months jan-jun 2017	12 months rolling jul-jun 2018	12 months jan-dec 2017
Interest income		107.0	107.9	215.6	217.9	429.4	431.7
Interest expenses		-11.1	-11.6	-24.4	-21.4	-48.4	-45.4
Commission income		227.7	208.2	475.9	443.2	937.8	905.1
Commission expenses		-66.7	-60.5	-134.2	-131.1	-267.7	-264.6
Net result of financial transactions		42.6	36.9	91.6	82.0	172.0	162.4
Other operating income		17.2	16.0	33.0	30.1	57.8	54.9
Total operating income		**316.6**	**296.9**	**657.5**	**620.7**	**1,280.9**	**1,244.1**
General administrative expenses		-229.4	-210.4	-471.2	-387.2	-902.8	-818.8
Depreciation, amortization and impairments of intangibles and equipment		-29.0	-23.0	-53.2	-45.9	-97.8	-90.5
Other operating expenses		-17.3	-11.3	-38.5	-26.2	-64.5	-52.2
Total expenses before credit losses		**-275.6**	**-244.7**	**-562.9**	**-459.3**	**-1,065.1**	**-961.5**
Profit before credit losses		**41.0**	**52.2**	**94.6**	**161.4**	**215.8**	**282.6**
Credit losses, net	2	-9.7	-9.2	-19.7	-18.7	-36.3	-35.3
Operating profit		**31.3**	**43.0**	**74.9**	**142.7**	**179.5**	**247.3**
Tax on profit for the period		-2.2	-5.8	-14.0	-24.4	-24.1	-34.5
Profit for the period		**29.1**	**37.3**	**60.9**	**118.3**	**155.4**	**212.8**
Of which, attributable to:							
Shareholders of the Parent Company		29.1	37.3	60.9	118.3	155.4	212.8

Consolidated statement of other comprehensive income

SEK million	3 months apr-jun 2018	3 months apr-jun 2017	6 months jan-jun 2018	6 months jan-jun 2017	12 months rolling jul-jun 2018	12 months jan-dec 2017
Profit for the period	**29.1**	**37.3**	**60.9**	**118.3**	**155.4**	**212.8**
Items that can or will be reclassified to the income statement						
Changes in value of financial assets recognized at fair value through other comprehensive income	-6.0	-	-12.8	-	-12.8	-
Tax on changes in value of financial assets recognized at fair value through other comprehensive income	1.3	-	2.8	-	2.8	-
Changes in value of available-for-sale assets	-	2.4	-	8.4	-13.4	-5.0
Tax on changes in value of available-for-sale assets	-	-0.5	-	-1.5	2.6	1.1
Translation of foreign operations	6.3	-2.4	20.9	-4.6	22.5	-3.0
Tax on translation of foreign operations	-0.9	-0.8	-0.4	-0.9	-1.0	-1.5
Total other comprehensive income after tax	**0.7**	**-1.3**	**10.5**	**1.4**	**0.7**	**-8.4**
Total profit or loss and other comprehensive income	**29.8**	**36.0**	**71.4**	**119.7**	**156.1**	**204.4**
Of which, attributable to:						
Shareholders of the Parent Company	29.8	36.0	71.4	119.7	156.1	204.4

Consolidated balance sheet

SEK million	Note	30/06/2018	30/06/2017	31/12/2017
Assets				
Cash and balances in Central banks		1,519.4	121.6	392.3
Treasury bills and other interest bearing securities eligible for refinancing		17,039.5	16,106.2	15,903.2
Loans to credit institutions		232.7	186.3	272.6
Loans to the general public	2	13,887.8	10,864.3	11,852.1
Bonds and other interest bearing securities		2,064.7	1,758.4	1,949.0
Shares and participations		47.2	13.1	59.2
Assets in the insurance business		57,902.3	45,786.2	46,515.7
Intangible fixed assets		404.7	366.5	382.2
Tangible fixed assets		97.4	32.6	41.9
Current tax assets		135.8	71.6	76.8
Other assets		3,028.5	2,702.2	2,749.7
Prepaid expenses and accrued income		187.1	144.5	140.8
Total assets		**96,547.0**	**78,153.4**	**80,335.4**
Liabilities				
Liabilities to credit institutions		-	-	-
Deposits and borrowing from the general public		33,372.3	27,357.7	29,063.7
Liabilities in the insurance business		57,902.3	45,787.6	46,515.7
Other liabilities		3,004.1	2,824.7	2,544.0
Current tax liabilities		91.3	60.1	8.0
Deferred tax liabilities		39.4	42.5	34.4
Accrued expenses and deferred income		184.0	165.9	147.9
Total liabilities		**94,593.3**	**76,238.5**	**78,313.8**
Equity				
Share capital		175.0	175.0	175.0
Other capital contributions		481.1	481.1	481.1
Other reserves		-57.4	-57.1	-67.9
Retained earnings including profit for the period		1,354.9	1,315.9	1,433.4
Total equity		**1,953.6**	**1,914.9**	**2,021.6**
Total liabilities and equity		**96,547.0**	**78,153.4**	**80,335.4**

Consolidated statement of changes in equity

SEK million	30/06/2018	30/06/2017	31/12/2017
Opening equity	**2,021.6**	**1,978.9**	**1,978.9**
Profit for the period	60.9	118.3	212.8
Total other comprehensive income	10.5	1.4	-8.4
Effect of changed accounting principles IFRS 9	-37.9	-	-
Dividend	-101.5	-174.5	-174.5
Equity provided, share programme	-	-9.2	-9.2
Repurchase of own shares	-	-	22.0
Closing equity	**1,953.6**	**1,914.9**	**2,021.6**

Consolidated cash flow

SEK million	3 months apr-jun 2018	3 months apr-jun 2017	6 months jan-jun 2018	6 months jan-jun 2017	12 months rolling jul-jun 2018	12 months jan-dec 2017
Operating activities						
Cash flow from operating activities before changes in working capital	-43.5	72.4	174.3	227.6	250.6	303.9
Cash flow from changes in working capital	2,919.5	2,895.1	2,373.6	2,864.9	1,796.7	2,288.0
Cash flow from operating activities	**2,876.0**	**2,967.5**	**2,547.9**	**3,092.5**	**2,047.3**	**2,591.9**
Investing activities						
Purchases and disposals of intangible and tangible fixed assets	-48.6	-17.6	-119.5	-44.7	-191.9	-117.1
Net investments in financial instruments	-1,797.0	-2,677.1	-1,247.3	-3,328.2	-375.1	-2,456.0
Cash flow from investing activities	**-1,845.5**	**-2,694.7**	**-1,366.8**	**-3,372.9**	**-567.0**	**-2,573.1**
Financing activities						
Cash flow from financing activities	-101.5	-174.5	-101.5	-174.5	-42.8	-115.8
Cash flow for the period	**929.0**	**98.3**	**1,079.6**	**-454.9**	**1,437.5**	**-97.1**
Cash and cash equivalents at the start of the period	**820.3**	**211.5**	**664.9**	**765.5**	**307.9**	**765.5**
Exchange rate difference for cash and cash equivalents	2.8	-1.9	7.6	-2.7	6.7	-3.6
Cash and cash equivalents at the end of the period	**1,752.1**	**307.9**	**1,752.1**	**307.9**	**1,752.1**	**664.9**
whereof cash and cash equivalents in Central Banks	*1,519.4*	*121.6*	*1,519.4*	*121.6*	*1,519.4*	*392.3*
whereof loans to credit institutions	*232.7*	*186.3*	*232.7*	*186.3*	*232.7*	*272.6*

Parent Company income statement

SEK million	3 months apr-jun 2018	3 months apr-jun 2017	6 months jan-jun 2018	6 months jan-jun 2017	12 months rolling jul-jun 2018	12 months jan-dec 2017
Net sales	1.1	4.6	2.2	7.3	14.1	19.2
Total operating income	**1.1**	**4.6**	**2.2**	**7.3**	**14.1**	**19.2**
Other external costs	-2.0	-0.9	-3.3	-3.2	-5.4	-5.3
Personnel costs	-0.1	-13.8	-0.2	-16.0	-2.6	-18.4
Other operating expenses	-0.4	-0.3	-0.9	-0.7	-1.5	-1.3
Operating profit	**-1.4**	**-10.4**	**-2.2**	**-12.5**	**4.6**	**-5.7**
Result from financial investments:						
Result from participations in Group companies	-	-	-	-	108.4	108.4
Interest expense and similar items	-0.3	-0.2	-0.5	-0.4	-0.9	-0.8
Result from financial investments	**-0.3**	**-0.2**	**-0.5**	**-0.4**	**107.5**	**107.7**
Profit after financial items	**-1.7**	**-10.6**	**-2.7**	**-12.9**	**112.1**	**101.9**
Tax on profit for the year	0.4	2.5	0.6	3.0	-2.4	-
Profit for the period	**-1.3**	**-8.0**	**-2.1**	**-9.9**	**109.7**	**101.9**

Parent company's statement of other comprehensive income

SEK million	3 months apr-jun 2018	3 months apr-jun 2017	6 months jan-jun 2018	6 months jan-jun 2017	12 months rolling jul-jun 2018	12 months jan-dec 2017
Profit for the period	**-1.3**	**-8.0**	**-2.1**	**-9.9**	**109.7**	**101.9**
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**
Total profit or loss and other comprehensive income	**-1.3**	**-8.0**	**-2.1**	**-9.9**	**109.7**	**101.9**

Parent Company balance sheet, summary

SEK million	30/06/2018	30/06/2017	31/12/2017
Assets			
Financial fixed assets	1,239.1	1,209.1	1,239.1
Current assets	8.7	9.8	39.0
Cash and bank balances	15.3	10.7	48.9
Total assets	**1,263.1**	**1,229.6**	**1,327.0**
Equity and liabilities			
Restricted equity	175.0	175.0	175.0
Non-restricted equity	933.3	903.0	1,036.9
Current liabilities	154.8	151.6	115.1
Total equity and total liabilities	**1,263.1**	**1,229.6**	**1,327.0**

Notes

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

Note 1 Accounting principles

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

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

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

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

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

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

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

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

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

Accounting principles as of 1 January 2018

IFRS 9 Financial instruments

Financial assets

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

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

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

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

Financial assets measured at amortized cost

Debt instruments are measured at amortized cost when they:

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

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

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

Financial liabilities measured at fair value via other comprehensive income

Debt instruments are measured at fair value via other comprehensive income when they:

– are held in the context of a business model the objective of which is achieved both by collecting contractual cash flows and selling financial assets and;

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

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

Financial liabilities measured at fair value via the income statement

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

Financial liabilities

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

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

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

Other financial liabilities are measured at amortized cost.

Impairment of financial assets

Nordnet applies a three-step method to measure expected credit losses for financial assets measured at amortized cost and fair value via other comprehensive income as well as loan commitments. Nordnet has identified four different categories for recognizing expected credit losses:

– Margin loans
– Granting of unsecured credits
– Residential mortgages
– Treasury portfolio

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

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

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

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

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

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

Determining categorization of impairment

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

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

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

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

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

Measurement of expected credit losses

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

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

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

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

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

Cont'd Note 1 Accounting Principles

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers are based on the principle that income is reported when the customer receives control of the sold item or service and has the opportunity to use and receive benefit from the goods or service. The standard will provide users of financial reports with more useful information about the company's income. The expanded disclosure obligation entails that information about type of income, timing of regulation, uncertainties linked to income recognition and cash flow attributable to the company's customer contracts must be disclosed. The income standard applies to all contracts with customers. Nordnet has analyzed the contract based on the five steps in IFRS 15 and concluded that the standard has no impact on income recognition. However, IFRS 15 will increase disclosure requirements in future annual reports.

Prepaid acquisition costs, insurance business

IFRS differentiates between insurance contracts and investment contracts. Insurance contracts are contracts where the company assumes a significant insurance risk for the policyholder by agreeing to compensate the policyholder or other beneficiary if a predetermined insured event takes place. Investment contracts are financial instruments that cannot be defined as insurance contracts as they transfer no significant insurance risk from the policyholder to the company. All insurance policies in the company are classified as investment agreements, as the company's risk is very limited.

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

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

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

The capitalization of prepaid acquisition costs is applied in agreements brokered by external partners. On 30 June 2018, capitalized acquisition costs amounted to SEK 0.3 million.

Consolidated credit loss reserve	12-month espected credit losses	Expected maturity credit losses (no default)	Expected maturity credit losses (default)	Total
Initial classification applying IFRS 9				
Opening balance 01/01/2018	**20.6**	**25.7**	**39.2**	**85.5**
Currency effects and other	-	0.1	1.3	**1.4**
Write-downs recognized credit losses	-0.1	-5.5	-0.5	**-6.1**
New financial assests	4.8	1.0	0.4	**6.2**
Transfers:				
-to 12-month ecpected credit losses	0.7	-5.6	-0.1	**-5.1**
-to expected maturity credit losses (no default)	-1.3	11.6	-	**10.3**
-to expected maturity credit losses (default)	-0.1	-0.3	3.4	**3.1**
Removed financial assets	-3.8	-0.9	-0.2	**-4.9**
Changes in models/parameters	-	-	-	**-**
Closing balance 30/06/2018	**20.9**	**26.0**	**43,4**	**90.3**

Note 2 Loans to the general public

As at 30 June 2018, SEK 740.3 million (723.8) of lending to the public involves account credits that are fully covered by pledged cash and cash equivalents in endowment insurance plans and investment savings accounts (ISKs), the lending rate applied to the credits corresponds to the deposit rate on the pledged cash and cash equivalents. The remainder of lending to the general public is secured by collateral in the form of securities and property or consists of unsecured loans.

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

Lending to the general public is reported after deduction of realized and anticipated credit losses. At the end of the period, the provision for impaired credit losses amounted to SEK 90.3 million (SEK 85.5 million as at 1 January 2018). The change in the accumulated provision for anticipated credit losses has affected second quarter earnings negatively by SEK 3.0 million and, accumulated for 2018, by SEK 4.8 million. For further information on the quarter's credit losses, refer to the table *Consolidated credit loss reserve.*

Note 3 Transactions with related parties

E. . Öhman J:or AB with subsidiaries ("Öhman Group") and Nordic Capital Fund VIII ("Nordic Capital") are closely related to Nordnet AB (publ) through NNB Intressenter AB ("NNB Intressenter). Family members of the owners Öhman Group also possess direct ownership in NNB Intressenter. Nordnet Bank AB regularly enters into business relations with Öhman Group in the same way as is regularly done with other financial players. Nordnet's no-fee index funds, the Super funds, are managed by E. Öhman J:or Fonder AB, a company within the Öhman Group. The agreement has been entered into on market terms. For additional information, please refer to Note 6 in the 2017 Annual Report.

Note 4 Significant risks and uncertainties

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

Cont'd Note 4 Significant risks and uncertainties

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

Note 5 Group – Financial instruments

Categorization of financial instruments

30/06/2018					
Assets	**Amortized cost**	**Fair value through P&L**	**Fair value through other comprehensive income**	**Non financial instruments**	**Total**
Cash and balances in Central banks	1,519.4	-	-	-	**1,519.4**
Treasury bills and other interest bearing securities eligible for refinancing	6,958.3	-	10,081.2	-	**17,039.5**
Loans to credit institutions	232.7	-	-	-	**232.7**
Loans to the general public	13,887.8	-	-	-	**13,887.8**
Bonds and other interest bearing securities	501.2	-	1,563.5	-	**2,064.7**
Shares and participations	-	47.2	-	-	**47.2**
Assets in the insurance business	1,462.0	50,720.9	5,719.4	-	**57,902.3**
Intangible fixed assets	-	-	-	404.7	**404.7**
Tangible fixed assets	-	-	-	97.4	**97.4**
Other assets	3,028.5	-	-	135.8	**3,164.2**
Prepaid expenses and accrued income	187.1	-	-	-	**187.1**
Total assets	**27,776.9**	**50,768.1**	**17,364.1**	**637.9**	**96,547.0**
Liabilities					
Deposits and borrowing from the general public	33,372.3	-	-	-	**33,372.3**
Liabilities in the insurance business	-	57,902.3	-	-	**57,902.3**
Other liabilities	3,004.1	-	-	130.6	**3,134.8**
Accrued expenses and deferred income	184.0	-	-	-	**184.0**
Total liabilities	**36,560.4**	**57,902.3**	**-**	**130.6**	**94,593.3**

Cont'd Note 5 Group – Financial instruments

Categorization of financial instruments

30/06/2017	Loans and accounts receivable	Financial assets at fair value		Financial assets held to maturity	Availble-for-sale financial assets	Reported value	Fair value
Assets		**Held for trading**	**Through P&L**				
Treasury bills and other interest bearing securities	-	-	-	6,948.4	9,157.8	**16,106.2**	**16,105.9**
Loans to credit institutions	186.3	-	-	-	-	**186.3**	**186.3**
Loans to the general public	10,864.3	-	-	-	-	**10,864.3**	**10,864.3**
Bonds and other interest bearing securities	-	-	-	-	1,758.4	**1,758.4**	**1,758.4**
Shares and participations	-	-	13.1	-	-	**13.1**	**13.1**
Assets in the insurance business	2,144.7	247.1	39,909.0	-	3,485.4	**45,786.2**	**45,786.2**
Other assets	2,702.2	-	-	-	-	**2,702.2**	**2,702.2**
Prepaid expenses and accrued income	144.5	-	-	-	-	**144.5**	**144.5**
Total assets	**16,042.0**	**247.1**	**39,922.1**	**6,948.4**	**14,401.6**	**77,561.1**	**77,560.8**

30/06/2017	Financial liabilities at fair value		Other financial liabilities	Reported value	Fair Value
Liabilities	**Held for trading**	**Through P&L**			
Deposits and borrowing from the general public	-	-	27,357.7	**27,357.7**	**27,357.7**
Liabilities in the insurance business	-	45,787.6	-	**45,787.6**	**45,787.6**
Other liabilities	-	-	2,824.7	**2,824.7**	**2,824.7**
Accrued expenses and deferred income	-	-	165.9	**165.9**	**165.9**
Total liabilities	**-**	**45,787.6**	**30,348.3**	**76,135.9**	**76,135.9**

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

Cont'd Note 5 Group – Financial instruments

Categorization of financial instruments

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

Determination of fair value of financial instruments

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

The methods are divided into three different levels:

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

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

a) Quoted prices for similar assets or liabilities, or identical assets or liabilities from markets not deemed to be active; or

b) Valuation models based primarily on observable market data.

Level 3 – Financial assets and financial liabilities measured on the basis of observable market data.

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

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

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

Cont'd Note 5 Group – Financial instruments

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

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

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

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

Financial instruments are recognized at fair value

30/06/2018	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Treasury bills and other interest bearing securities eligible for refinancing	10,081.2	-	-	**10,081.2**
Bonds and other interest bearing securities	1,563.5	-	-	**1,563.5**
Shares and participations [1]	2.3	-	44.9	**47.2**
Assets in the assurance business [2]	57,901.3	1.0	-	**57,902.3**
Subtotal	**69,548.3**	**1.0**	**44.9**	**69,594.2**
Financial assets where fair value is given for information purposes				
Loans to credit institutions	-	232.7	-	**232.7**
Loans to the general public	-	13,887.8	-	**13,887.8**
Financial assets held to maturity	-	7,459.5	-	**7,459.5**
Subtotal	**-**	**21,580.0**	**-**	**21,580.0**
Total	**69,548.3**	**21,581.0**	**44.9**	**91,174.2**
Financial liabilities at fair value				
Liabilities in the insurance business	-	57,902.3	-	**57,902.3**
Total	**-**	**57,902.3**	**-**	**57,902.3**

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

[2] 5,719 refers to reinvestments in bonds and 1,462 refers to liquid assets.

Financial instruments are recognized at fair value

30/06/2017	Level 1	Level 2	Level 3	Total
Financial assets at fair value				
Treasury bills and other interest bearing securities eligible for refinancing	9,157.8	-	-	**9,157.8**
Bonds and other interest bearing securities	1,758.4	-	-	**1,758.4**
Shares and participations	13.1	-	-	**13.1**
Assets in the assurance business [1]	45,473.2	313.0	-	**45,786.2**
Subtotal	**56,402.5**	**313.0**	**-**	**56,715.5**
Financial assets where fair value is given for information purposes				
Loans to credit institutions	-	186.3	-	**186.3**
Loans to the general public	-	10,864.3	-	**10,864.3**
Financial assets held to maturity	-	6,948.4	-	**6,948.4**
Subtotal	**-**	**17,999.0**	**-**	**17,999.0**
Total	**56,402.5**	**18,312.0**	**-**	**74,714.5**
Financial liabilities at fair value				
Liabilities in the insurance business	-	45,787.6	-	**45,787.6**
Total	**-**	**45,787.6**	**-**	**45,787.6**

[1] 3,485 refers to reinvestments in bonds and 2,145 refers to liquid assets.

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

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

[2] 3,383 refers to reinvestments in bonds and 1,895 refers to liquid assets.

Cont’d Note 5 Group – Financial instruments

Description of valuation levels

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

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

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

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

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

Note 6 Pledged assets, contingent liabilities and commitments

SEK million	30/06/2018	30/06/2017	31/12/2017
Pledged assets and comparable collateral for own liabilities	none	none	none
Other pledged assets and comparable collateral			
Bonds and other interest bearing securities [1]	2,171.7	2,086.4	1,968.5
of which deposits with credit institutions	*1,880.9*	*1,780.0*	*1,692.2*
of which deposits with clearing organisations	*290.8*	*306.4*	*276.3*
Contingent liabilities	none	none	none
Commitments			
Credit granted but not yet paid, unsecured loans	642.6	132.6	907.0
Funds managed on behalf of third parties			
Client funds	135.3	189.1	189.6

[1] The amount includes restricted cash of SEK 90 (85) million.

In the insurance business as at the balance sheet date of 30 June 2018, registered assets amounted to SEK 57,902 million (45,786), for which the policyholders have priority rights.

Note 7 Capital adequacy information

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

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

Capital base and capital requirement of the financial conglomerate

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

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

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

Capital base and capital requirements for the consolidated situation

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

In order to establish statutory capital requirements for the consolidated situation, Regulation (EU) 575/2013 of the European Parliament and of the Council on supervisory requirements for credit institutions and investment firms, Capital Requirements regulation; the Capital Buffers Act (2014:966), and the Swedish Financial Supervisory Authority's regulations (FFFS 2014:12) on supervisory requirements and capital buffers all apply.

Cont'd Note 7 Capital adequacy information

The financial conglomerate

SEK million	30/06/2018	30/06/2017	31/12/2017
Total equity	1,954.4	2,111.9	2,024.7
Less, profit that have not been subject to audit	-57.0	-71.5	-
Less requirements on prudent valuation	-17.4	-14.4	-14.0
Less expected dividend for current year	-	-172.3	-100.0
Total equity for the financial conglomerate	**1,880.0**	**1,853.7**	**1,910.7**
Less fixed intangible assets and deferred tax receivables	-404.7	-366.5	-382.2
Solvency capital (VIF)	746.3	633.4	679.9
depart risk margin	-128.9	-120.8	-122.2
Capital base	**2,092.7**	**1,999.8**	**2,086.2**
Capital requirement per sector			
Exposure regulated entities, insurance sector	515.9	447.1	480.9
Exposure regulated entities, the banking and securities sector	948.2	947.0	944.1
Capital requirement	**1,464.1**	**1,394.1**	**1,424.9**
Excess capital	**628.7**	**605.8**	**661.3**
Capital base/capital ratio	**1.4**	**1.4**	**1.5**

The capital base shall cover minimum capital requirements for credit, settlement market operative risk and the combined buffer requirement (capital conservation and countercyclic buffer) and additional Pillar 2 requirements (interest rate risk in the bankbook, concentration and pension risk).

Nordnet applies the standard method for calculating capital requirements for credit risk, which entails seventeen exposure classes with a variety of risk weights within each class. Credit risk is calculated on all asset items in the balance sheet not deducted from the capital base. Capital base requirement for exchange rate risk comprises all items in and outside the balance sheet measured at current market value and converted to Swedish kronor at the balance sheet date. Capital base requirements for operational risk are calculated according to the base method, which implies that the capital requirement amounts to 15 percent of the average operating income for the last three financial years.

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

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

Cont'd Note 7 Capital adequacy information

Internally assessed capital requirement

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

The internal capital evaluation is based on Nordnet's business plan, current and future regulatory requirements as well as different scenario analyses. The process and a summary of the results shall be reported annually to the Board and provide the basis for the Board's decisions on the conglomerate's capital planning. The Financial Supervisory Authority reviews and evaluates Nordnet's risk management and as regards sufficient capital is kept for the significant risks to which the bank is exposed.

In addition to the minimum capital requirement and the buffer requirements, Nordnet has calculated the internal capital requirement for the consolidated situation to be SEK 239.4 million (282.4). This is considered to be a satisfactory capital situation with regard to the activities that Nordnet conducts. Capital ratio is monitored continuously and, if necessary, results are reviewed during the current financial year by the company's external auditors, to be included in the capital base.

Cont'd Note 7 Capital adequacy information

The consolidated situation

SEK million	30/06/2018	30/06/2017	31/12/2017
Total equity	1,883.2	1,945.3	1,986.8
Less, profit that have not been subject to audit	-31.0	-40.0	-
Less requirements on prudent valuation	-17.4	-14.4	-14.0
Less expected dividend for current year	-	-172.3	-100.0
Less intangible fixed assets and deferred tax receivables	-391.2	-350.0	-368.1
Tier 1 capital	**1,443.7**	**1,368.6**	**1,504.7**
Capital base	**1,443.7**	**1,368.6**	**1,504.7**
Risk exposures			
Exposure to credit risk according to the standardized method	6,500.4	6,206.7	6,543.3
Exposure market risk	55.6	2.5	6.6
Exposure operational risk	2,145.4	2,098.3	2,098.3
Total exposure	**8,701.3**	**8,307.5**	**8,648.2**
Capital ratio	**16.6%**	**16.5%**	**17.4%**

Capital base	30/06/2018	30/06/2017	31/12/2017
Credit risk according to the standardized method	520.0	496.5	523.5
Market risk	4.4	0.2	0.5
Operational risk	171.6	167.9	167.9
Capital requirement Pillar 1	**696.1**	**664.6**	**691.9**
Capital requirement Pillar 2	**239.4**	**282.4**	**252.2**
Total capital requirement	**935.5**	**947.0**	**944.1**
Capital ratio and buffers			
Common equity tier 1 ratio, %	16.6%	16.5%	17.4%
Tier 1 ratio, %	16.6%	16.5%	17.4%
Total capital ratio, %	16.6%	16.5%	17.4%
Institution-specific buffer requirements, %	4.3%	4.1%	4.2%
of which capital conserv at ion buffer requirement , %	2.5%	2.5%	2.5%
of which countercyclical buffer requirement, %	1.8%	1.6%	1.7%
Total capital requirement including buffer requirement, %	15.0%	15.5%	15.1%
Tier 1 capital available for buffer requirement, %	8.6%	8.5%	9.4%

Financial development per quarter

Group, SEK million	Q2 18	Q1 18	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16
Net interest	95.9	95.3	94.0	95.8	96.3	100.2	103.1	101.2
Net commission - not trade related	58.6	52.4	49.2	43.0	37.6	35.3	37.1	32.0
Net commission - trade related	102.4	128.3	127.9	108.2	110.1	129.1	119.5	110.3
Net result of financial transactions	42.6	48.9	45.9	34.4	36.9	45.1	46.7	38.4
Other income	17.2	15.8	16.0	8.8	16.0	14.1	7.6	7.8
Operating income	**316.6**	**340.8**	**333.1**	**290.3**	**296.9**	**323.8**	**314.0**	**289.6**
General administrative expenses	-229.4	-241.8	-238.0	-193.6	-210.4	-176.8	-169.1	-169.7
Depreciation	-29.0	-24.2	-20.4	-24.2	-23.0	-22.9	-21.5	-20.9
Other operating expenses	-17.3	-21.2	-13.2	-12.8	-11.3	-15.0	-8.6	-7.7
Net credit losses	-9.7	-10.0	-7.4	-9.2	-9.2	-9.5	-7.2	-7.3
Expenses	**-285.4**	**-297.2**	**-279.0**	**-239.8**	**-253.8**	**-224.2**	**-206.3**	**-205.6**
Operating profit	**31.3**	**43.6**	**54.1**	**50.6**	**43.0**	**99.6**	**107.7**	**84.0**
Operating margin %	10%	13%	16%	17%	14%	31%	34%	29%
Cost coverage	75%	72%	74%	76%	74%	87%	94%	87%
Return on shareholders' equity	8%	8%	11%	13%	14%	16%	16%	16%
Quarterly statistics	**Q2 18**	**Q1 18**	**Q4 17**	**Q3 17**	**Q2 17**	**Q1 17**	**Q4 16**	**Q3 16**
Number of active customers at end of the period	718,000	698,500	669,300	640,100	616,100	593,600	566,800	545,600
Number of active accounts at end of the period	949,800	923,300	884,500	837,700	801,400	771,200	735,000	705,600
Net savings (SEK billion)	5.6	11.5	4.0	4.1	5.6	3.6	4.1	3.3
Total savings capital (SEK billion)	310	287	272	267	260	246	235	225
Average savings capital per active account (SEK)	326,900	311,000	308,000	319,300	324,000	318,600	319,300	318,900
Number of trades	5,976,200	6,745,200	6,944,200	6,350,300	6,026,000	6,860,800	6,207,900	5,425,800
Traded value cash market, SEK million[1]	183,900	205,500	201,300	178,400	177,400	209,000	195,100	186,300
Number of trading days	59	62	63	64	58	64	63	66
Number of trades per day	101,300	108,800	110,200	99,200	103,900	107,200	98,500	82,200
Average net commission revenue per transaction (SEK)	17	19	18	17	18	19	19	20
Number of trades per active trading account	6.8	8.0	8.7	8.4	8.3	9.9	9.4	8.7
Number of trades per active trading account and month	2.3	2.7	2.9	2.8	2.8	3.3	3.1	2.9
Cash deposits at end of period, SEK million	40,553.6	35,980.2	34,341.2	33,773.1	32,988.0	30,144.0	29,131.5	29,366.3
Managed Client Funds, SEK million	135.1	159.8	182.7	174.9	182.5	213.8	189.7	265.8
Lending at end of period, SEK million	13,887.8	13,211.2	11,852.1	11,295.5	10,864.3	10,455.5	9,516.4	9,192.0
Lending excluding pledged cash and cash equivalents	13,147.5	12,552.7	11,437.6	10,380.9	10,140.5	9,840.4	9,210.8	8,515.3
Lending/deposits	34%	37%	35%	33%	33%	35%	33%	31%

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

Key figures

Key figures - Group	30/06/2018	30/06/2017	31/12/2017
Operating margin (%)	11%	23%	20%
Profit margin (%)	9%	19%	17%
Cost/income ratio	89%	77%	80%
Return on shareholders' equity (%)	8%	6%	11%
Return on assets (%)	0.2%	0.2%	0.3%
Shareholders' equity, SEK million	1,953.6	1,914.9	2,021.6
Capital base, SEK million	1,443.7	1,368.6	1,504.7
Capital coverage ratio	16.6%	16.5%	17.4%
Investments in tangible assets, SEK million	64.9	12.9	29.1
Investments in intangible assets excl. company acquisitions, SEK million	54.6	34.5	88.0
Of which, internal development expenses, SEK million	15.3	10.3	22.8
Number of full-time employees at end of period	531	435	474

Customer related key financial figures	30/06/2018	30/06/2017	31/12/2017
Number of active customers	718,000	616,100	669,300
Number of active accounts at end of the period	949,800	801,400	884,500
Net savings, SEK billion	17.2	9.2	17.3
Total savings capital at end of period, SEK billion	310	260	272
Average savings capital per active account at end of period, SEK	326,900	324,000	308,000
Number of trades for the period	12,721,400	12,886,800	26,181,300
Number of trades per day	105,100	105,600	105,100
Average net commission revenue per trade, SEK	18	19	18
Annual average income/savings capital (%)	0.5%	0.5%	0.5%
Average yearly income per account, SEK	1,484	1,600	1,535
Average yearly operating expenses per account, SEK	-1,270	-1,184	-1,186
Average yearly profit per account, SEK	213	416	349

Definitions

Active customer[1]

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

Active account[1]

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

Amount traded[1]

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

Cash market[1]

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

Capital base[2]

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

Capital ratio[2]

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

Client funds[1]

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

Core Tier 1 capital[2]

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

Core Tier I ratio[2]

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

[1]Alternative performance measures

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

Cost coverage[1]

Non-transaction-related income relative to expenses.

Deposits[1]

Deposits including deposits attributable to liabilities in the insurance operations.

Lending[1]

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

Net commission income[1]

Commission income less commission costs and non-transactional net commission income.

Net commission per trade[1]

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

Net savings[1]

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

Operating expenses[2]

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

Operating margin[1]

Operating profit in relation to operating income.

Definitions

Personal loans[1]
Unsecured loans.

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

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

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

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

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

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

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

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

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

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

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

Nordnet AB (publ)
Box 30099, SE-104 25 Stockholm Visiting address: Alströmergatan 39 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