

Interim Report January–September 2017

Nordnet is a bank for investments, savings and loans located in Sweden, Norway, Denmark and Finland. The concept behind Nordnet is to give customers control of their money, and our vision is to become the number one choice for savings in the Nordics.

Visit Nordnet's website www.nordnetab.com for reports, news and current information on Nordnet.

July – September 2017

- Operating income increased by 0.2 percent to SEK 290.3 million (289.6)
- Operating profit decreased by 40 percent to SEK 50.6 million (84.0)
- Profit after tax for the period fell by 37 percent to SEK 43.4 million (69.2)
- The building of the new Nordnet has commenced, with extraordinary expenses in the third quarter amounting to SEK 5.6 million

January – September 2017

- Operating income increased by 3 percent to SEK 911.0 million (882.0)
- Operating profit decreased by 26 percent to SEK 193.3 million (260.0)
- Profit after tax for the period fell by 23 percent to SEK 161.7 million (209.6)
- Extraordinary expenses related to the building of the new Nordnet amounted to SEK 40.3 million for the period January–September

Highlights from the third quarter

- Partnership with IPsoft on artificial intelligence
- Launch of the robot advisor Robosave and deposits through Swish
- Premiere for aksjesparekonto (ASK) in Norway
- Broadened customer offer in mortgage and occupational pensions in the Swedish market

<p>Operating profit/loss January–September</p> <p>193.3 (260.0) SEK million</p>	<p>Savings capital 30 September</p> <p>267 (225) SEK billion</p>
<p>Active customers 30 September</p> <p>640,200 (545,600) customers</p>	<p>Net savings January–September</p> <p>13.3 (10.2) SEK billion</p>
<p>Trades January–September</p> <p>19,237,100 (16,723,600) customers</p>	<p>Lending* 30 September</p> <p>10.4 (8.5) SEK billion</p> <p>* Excluding lending against pledged cash and equivalents.</p>

Peter comments on the quarter

The new Nordnet has strong owners, a clear direction, a focus on technological development and no time to waste. Our overarching ambition is to build the world's best customer experience in savings and investments. To succeed in this, we need to maintain the fastest pace of development in our market, and during the quarter we demonstrated that we are serious in this ambition.

In early August, we announced a partnership with the company IPsoft on artificial intelligence, AI. Within this year, we will implement AI in our services, starting with the onboarding process, that is, helping customers get started with their savings. As the first Nordic bank, we have launched a robot advisory service – Robosave. By answering 12 simple questions about savings targets, risks, amounts and savings horizon, our customers are provided with an individual savings profile, which is translated into savings in exchange traded funds. Robosave automatically buys and sells, builds the portfolio and ensures that the customer's risk always matches the savings profile.

In September, a new account format was introduced in the Norwegian market in the form of "aksjesparekonto" (ASK). The account can be seen as the equivalent to the Swedish ISK, and thanks to its simple taxation model, it has quickly become a great success and broadened savings to new groups. Nordnet's ASK leads the way in terms of pricing and has been named by Norwegian financial magazine Finansavisen as offering the best selection of investments.

In the Swedish market, we have introduced a more accessible version of our mortgage with lower interest rates both for customers with extensive savings and those with less savings. In the area of pensions, we have, during the quarter, entered into a partnership with Söderberg & Partners. This provides the customers with occupational pensions savings with access to advice in person on savings and insurance, combined with access to Nordnet's digital platform and broad offering. We are also the first bank to introduce the possibility for customers to deposit money into their Nordnet accounts using Swish – a seemingly small but important innovation in our efforts to remove friction from our most common customer journeys.

The third quarter was an intensive period in Nordnet's history, and we will not reduce the pace in the future. By the year-end, we will have a new web and app in place in all of our markets, and, in the field of digital financial advisory services, Robosave is only the first launch in a series of products where the objective is to guide our customers to simpler and smarter savings.

The process of change that we have initiated is progressing as planned and requires heavy investment in new technology, automated processes and reinforced skills in a number of areas. Our costs are 17 percent higher than in the corresponding quarter last year, and income is at a marginally higher level. Our underlying growth is strong with a 17 percent increase in the customer base over the past 12 months, higher net savings than previously and a new record level in savings capital of SEK 267 billion.

My mission is to take Nordnet to the next level and to show the strength in the combination of a strong brand and a Nordic savings market where we have only begun to realize our potential, despite more than 640,000 customers. We have begun our strategic transition towards addressing a broader target group, and we have ONE plan and ONE team with which we will realize our ambitions. Together with you as our customer, we are building the new Nordnet.

Peter Dahlgren, CEO, Nordnet
@CEONordnet



Operations

About Nordnet

Nordnet is a bank for investments, savings and loans with operations in Sweden, Norway, Denmark and Finland. We started up in the mid-90s and we are motivated by the desire to grant private individuals greater control over their money. This is why we digitized share trading and lowered the prices. We redefined our industry, and we still maintain that approach today. We give our clients the knowledge, inspiration and tools they need to be able to invest independently and receive the best possible return on their money. Our vision is to become the number one choice for investments and savings in the Nordics.

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

Nordnet's core business consists of trading in securities via the internet. 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. In the Swedish market, we also offer personal loans and residential mortgages.

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

Market

After three quarters, 2017 is starting to look like a fairly good year for the Nordic stock markets. Both on stock exchanges and in the global economy, things are pointing in the right direction as we approach the end of the year. The main index on all Nordic exchanges have increased during the year and continue to defy repeated concerns and problems in the rest of the world. In Copenhagen and Oslo, the indexes have climbed more than 15 percent so far this year. Stockholm and Helsinki lie neck and neck, each having increased 8 percent after three quarters.

Also for the third quarter, the figures are positive across the board. This was despite the quarter being effected by geopolitical concerns and a war of words between representatives of the United States and North Korea. To date, the posturing and events in the region have had a limited effect and have not, for example, prevented the US exchanges from reaching new record levels during the quarter.

The Stockholm exchange rose by two percent in the third quarter, primarily driven by strong finish in September. Among the major Swedish corporations, Volvo has been a fast climber on the exchange during the year, including the third quarter. The Volvo share has climbed almost 50 percent this year, continuing to rise to new historical price peaks in September.

For Hennes & Mauritz, progress on the exchange has been sluggish and the share continues to fall behind the index. The share has fallen by slightly more than 15 percent over the first three quarters of the year, reaching a new low in September when the share price dropped below SEK 200.

The Oslo exchange is at record levels after a strong third quarter. Insurance company Storebrand is among the year's winners, having risen by 50 percent on strong reports. Aluminium company Norsk Hydro is another winner with an almost equal increase in price. During the quarter, Norsk Hydro completed the acquisition of Orkla's holding in the joint venture Sapa, which will contribute positively to profitability and growth. The aluminium price trend is also benefiting the company, as are positive currency effects.

The Copenhagen exchange made steady progress over the period, and all shares in the OMXC20 index are up year to date. The jewellery company Pandora is, however, an exception – its shares have fallen by more than 30 percent. Although the company has maintained its full-year forecast of SEK 23-24 billion in sales and an operating margin of 38 percent in its interim reports, the price trend indicates a negative forecast.

In Helsinki, the OMXH25 index just managed to climb above zero in the third quarter. Finnair is the winner both for the year and the quarter on the Helsinki exchange. The share has climbed 170 percent since the start of the year, rising 75 percent in the third quarter alone. The upswing is attributable to improvements in earnings and sales far above market expectations.

Customers, savings and lending

At 30 September, the number of active customers with Nordnet was 640,200 (545,600), corresponding to an increase of 17 percent compared with a year ago.

Our customers' total savings capital amounted to SEK 267 billion (225), an increase of 19 percent compared with the end of September in the previous year.

Net savings for the period January-September 2017 amounted to SEK 13.3 billion (10.2). Calculated in relation to savings capital at the end of September 2016, net savings for the past 12 months corresponded to 8 percent.

Nordnet customers made an average of 103,100 trades (89,200) per day during the period January to September, an increase of 16 percent compared with January to September 2016.

Lending excluding lending against pledged cash and cash equivalents was up by 22 percent compared with 12 months ago, amounting to SEK 10.4 billion (8.5).

Table: Customer and account overview

Number of customers and accounts	30/9/2017	30/6/2017	31/3/2017	31/12/2016	30/9/2016
Customers	640,200	616,100	593,600	566,800	545,600
Whereof personal loans	27,600	27,700	27,600	27,600	27,500
Accounts	837,700	801,400	771,200	735,000	705,600

Table: Net savings and savings capital

Net savings and savings capital (SEK billion)	30/9/2017	30/6/2017	31/3/2017	31/12/2016	30/9/2016
Net savings	4,1	5,6	3,6	4,1	3,3
Savings capital	267,5	259,7	245,7	234,7	225,0

Table: Lending

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

¹⁾ Excluding lending with pledged cash and cash equivalents, see note 5

Table: Number of transactions

Number of trades	30/9/2017	30/6/2017	31/3/2017	31/12/2016	30/9/2016
During the period (quarter)	6,350,300	6,026,000	6,860,800	6,207,900	5,425,800
On average per day	97,700	103,900	108,000	98,500	82,200

Revenues and expenses

Group

July – September 2017

Operating income in the third quarter of the year increased by 0.2 percent, amounting to SEK 290.3 million (289.6). Net interest income decreased by SEK 5.3 million, due to lower margins on loan capital, lower return on surplus liquidity due to zero and negative interest rates in several currencies and increased costs to the Swedish National Debt Office for the resolution fee. Net commission rose by SEK 8.9 million, mainly involving transaction-related income from mutual fund savings. Transaction-related income fell slightly due to changed trading patterns.

Operating expenses before credit losses rose by 16 percent compared with the third quarter last year and amounted to SEK 230.6 million (198.3). This is mainly explained by increased Group-wide expenses. The item includes expenses related to a restructuring of operations with an increased focus on automation, IT development and a digital presence in various channels. Marketing expenses also increased during the quarter.

Operating profit decreased by 40 percent to SEK 50.6 million (84.0), and the operating margin was 17 percent (29). Profit after tax for the period decreased by 37 percent to SEK 43.4 million (69.2), resulting in a profit margin of 15 percent (24).

Operating income excluding transaction-related net commission income for the quarter rose by 2 percent compared with the same quarter previous year. Cost coverage, i.e. operating income excluding transaction-related net commission in relation to expenses, amounted to 76 (87) percent.

January – September 2017

Operating income for the period January–September increased by 3 percent, amounting to SEK 911.0 million (882.0). Net interest income decreased by SEK 7.8 million, due to lower margins on loan capital, lower return on surplus liquidity due to zero and negative interest rates in several currencies and increased costs to the Swedish National Debt Office for the resolution fee. Net commission income increased by SEK 30.1 million, explained by increased income from mutual fund savings and higher trading activity early in the year.

Operating expenses before credit losses rose by 15 percent compared with January–September 2016 and amounted to SEK 689.9 million (600.1). This is mainly explained by increased Group-

wide expenses. This includes expenses related to a restructuring of operations with an increased focus on automation, IT development and a digital presence in various channels.

Operating profit decreased by 26 percent to SEK 193.3 million (260.0), and the operating margin was 21 percent (29). Profit after tax for the period decreased by 23 percent to SEK 161.7 million (209.6), resulting in a profit margin of 18 percent (24).

Operating income excluding transaction-related net commissions for the period January - September increased by 4 percent compared with the corresponding period the previous year. Cost coverage, i.e. operating income excluding transaction-related net commission in relation to expenses, amounted to 79 (87) percent.

Parent Company

January – September 2017

The Parent Company is a holding company and conducts no operations beyond its role as the owner of Nordnet Bank AB and Nordnet Pensionsförsäkring AB and the Group's other companies. Operating income for January–September 2017 amounted to SEK 17.9 million (6.6) and relates to Group-internal administrative services. The loss from financial investments amounted to SEK 0.5 million (1.1) and consisted primarily of interest expenses and similar charges. The Parent Company's loss after financial items for the period January–September 2017 amounted to SEK 5.8 million (8.0). The Parent Company's liquid funds amounted to SEK 25.4 million (5.8), and its equity to SEK 1,083.8 million (1,061.0).

Financial position, liquidity and cash flow

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

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

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

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

Consolidated cash and cash equivalents at the end of September amounted to SEK 293.1 million (741.3), of which frozen assets were SEK 80 million (86). In addition, interest-bearing investments were held with a total fair value of SEK 14, 597.1 million (15, 452.8).

The Group's equity amounted to SEK 1, 959.8 million (1,891.3).

For the consolidated situation where NNB Intressenter AB* is the Parent Company, the capital base amounted to SEK 1,399.4 million (1,259.4) and the total exposure amount is SEK 8,351.7 million

(7,533.2). At the end of the period, the capital ratio was 16.8 percent, compared with 16.7 percent at the same time last year.

* See Note 10 on page 19.

Cash flow

In the third quarter, cash flow from operating activities was affected by increased liquidity in customer deposits due to sales of securities for SEK 0.9 billion and securities transactions under settlement, "settlement receivables". Cash flow from operating activities was also negatively affected by SEK 0.5 billion due to higher lending.

During the quarter, cash flow in investing activities was positive due to divestments of bonds and other fixed-income securities for SEK 0.1 billion.

During the period January to September 2017, cash flow from operating activities was affected by increased liquidity in customer deposits by SEK 4.7 billion and securities transactions under settlement, "settlement receivables". Cash flow from operating activities was also negatively affected by SEK 1.8 billion due to higher lending.

The cash flow from investing activities was negatively affected during the period January - September 2017 by SEK 3.2 billion, as a result of net investments in bonds and other interest-bearing securities as a result of higher deposit surpluses.

Employees

As of 30 September 2017, the company had 451 full-time employees (440). Full-time employees include temporary employees but not employees on parental or other leave. The average number of full-time positions for the January–September period was 417 (412).

On 24 July, Anders Danielsson stepped into the newly appointed role of Chief Commercial Officer, encompassing a commercial responsibility for Nordnet's markets together with the country managers. On 1 August, Hannes Wadell took up his position as the new CFO of Nordnet. Hannes replaces Robert Stambro, previously Acting CFO and now Head of Business Control & Treasury at Nordnet. Anders and Hannes are members of Nordnet's management team.

The CEO provide his assurance that this interim report for the period January-September 2017 provides an accurate overview of the operations, position and earnings of the Group and the Parent Company, and that it also describes the principal risks and sources of uncertainty faced by the Parent Company and the companies within the Group.

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

Bromma, 25 October 2017

Peter Dahlgren

CEO

Financial statements

Consolidated income statement (SEK million)

Group, SEK million	Note	3 months	3 months	9 months	9 months	12m rolling	12 months
		Jul-sep 2017	Jul-sep 2016	Jan-sep 2017	Jan-sep 2016	okt-sep 2017	Jan-dec 2016
Interest income		105,5	107,6	323,4	323,5	433,8	433,9
Interest expenses		-9,7	-6,4	-31,1	-23,4	-38,4	-30,8
Commission income		216,0	199,0	659,3	611,6	881,7	834,0
Commission expenses		-64,8	-56,7	-195,9	-178,3	-261,7	-244,1
Net result of financial transactions		34,4	38,4	116,5	104,8	163,2	151,5
Other operating income		8,8	7,8	38,9	43,9	46,5	51,5
Total operating income		290,3	289,6	911,0	882,0	1,225,0	1,196,0
General administrative expenses	2	-193,6	-169,7	-580,8	-499,0	-749,8	-668,0
Depreciation, amortization and impairments of intangibles and equipment	3	-24,2	-20,9	-70,1	-61,4	-91,6	-82,9
Other operating expenses	4	-12,8	-7,7	-39,0	-39,7	-47,6	-48,3
Total expenses before credit losses		-230,6	-198,3	-689,9	-600,1	-889,0	-799,2
Profit before credit losses		59,7	91,3	221,2	281,9	336,1	396,8
Credit losses, net		-9,2	-7,3	-27,9	-21,9	-35,1	-29,1
Operating profit		50,6	84,0	193,3	260,0	301,0	367,7
Tax on profit for the period		-7,2	-14,8	-31,6	-50,4	-51,9	-70,7
Profit for the period		43,4	69,2	161,7	209,6	249,1	297,0
Of which, attributable to:							
Shareholders of the Parent Company		43,4	69,2	161,7	210,0	249,1	297,0
Holding less controlling influence		-	-	-	-0,4	-	-

Consolidated statement of comprehensive income (SEK million)

Group, SEK million	3 months	3 months	9 months	9 months	12m rolling	12 months
	Jul-sep 2017	Jul-sep 2016	Jan-sep 2017	Jan-sep 2016	okt-sep 2017	Jan-dec 2016
Profit for the period	43,4	69,2	161,7	209,6	249,1	297,0
Items that will be reversed to the income statement						
Changes in value of available-for-sale assets	-0,6	11,5	7,8	44,7	8,8	45,7
Tax on changes in value of available-for-sale assets	-0,2	-2,5	-1,7	-9,8	-2,0	-10,1
Translation of foreign operations	0,1	9,8	-4,5	20,8	-6,1	19,2
Tax on translation of foreign operations	0,4	-0,4	-0,5	-1,0	-0,4	-0,9
Total other comprehensive income after tax	-0,3	18,4	1,1	54,7	0,3	54,0
Total profit or loss and other comprehensive income	43,1	87,5	162,8	264,3	249,4	351,0
Of which, attributable to:						
Shareholders of the Parent Company	43,1	87,2	162,8	264,3	249,4	351,0
Holding less controlling influence	-	-	-	-0,4	-	-

Consolidated balance sheet (SEK million)

Group, SEK million	Note	30/09/2017	30/09/2016	31/12/2016
Assets				
Cash and balances in Central banks		96,4	500,2	436,4
Loans to credit institutions		196,7	241,1	329,0
Loans to the general public	5	11,295,5	9,192,0	9,516,4
Financial assets at fair value		59,3	8,5	10,6
Financial assets available for sale		10,523,3	11,591,4	11,959,3
Financial assets held to maturity		6,609,8	3,526,1	3,526,0
Assets in the insurance business		47,063,7	40,893,7	41,684,7
Intangible fixed assets		363,6	381,0	374,8
Tangible fixed assets		31,0	24,0	27,0
Current tax assets		98,0	99,0	95,2
Other assets		3,458,9	3,620,1	2,385,5
Prepaid expenses and accrued income		134,8	140,9	105,3
Total assets		79,931,0	70,218,0	70,450,2
Liabilities				
Deposits and borrowing from the general public		27,684,5	23,795,1	24,426,6
Liabilities in the insurance business		47,065,1	40,894,9	41,685,9
Other liabilities		2,984,2	3,374,2	2,168,2
Current tax liabilities		34,0	39,0	4,4
Deferred tax liabilities		42,3	51,3	42,9
Accrued expenses and deferred income		161,1	172,3	143,4
Total liabilities		77,971,2	68,326,7	68,471,4
Equity				
Share capital		175,0	175,0	175,0
Other capital contributions		481,1	478,8	481,1
Other reserves		-57,9	-58,6	-59,4
Retained earnings including profit for the period		1,361,6	1,296,1	1,382,2
Total equity		1,959,8	1,891,3	1,978,9
Total liabilities and equity		79,931,0	70,218,0	70,450,2

Consolidated changes in equity, summary (SEK million)

Group, SEK million	30/09/2017	30/09/2016	31/12/2016
Opening equity	1,978,9	1,874,0	1,874,0
Profit for the period	161,7	210,0	297,0
Total other comprehensive income	1,0	54,7	54,0
Effect acquisition of minority interest	-	-21,0	-20,6
Dividend	-174,7	-226,7	-226,7
Equity provided, share programme	-7,1	1,4	2,3
Repurchase of own shares	-	-1,1	-1,1
Closing equity	1,959,8	1,891,3	1,978,9

Consolidated cash flow statement, summary (SEK million)

Group, SEK million	3 months jul-sep 2017	3 months jul-sep 2016	9 months jan-sep 2017	9 months jan-sep 2016	12m rolling okt-sep 2017	12 months jan-dec 2016
Operating activities						
Cash flow from operating activities before changes in working capital	65,4	94,1	292,9	295,4	344,0	346,5
Cash flow from changes in working capital	-156,7	-920,4	2,708,2	2,808,2	3,442,3	3,542,3
Cash flow from operating activities	-91,3	-826,4	3,001,2	3,103,6	3,786,3	3,888,8
Investing activities						
Purchases and disposals of intangible and tangible fixed assets	-19,6	-8,1	-64,3	-32,9	-90,3	-58,9
Net investments in financial instruments	95,8	739,7	-3,232,4	-2,373,1	-3,976,5	-3,117,2
Cash flow from investing activities	76,2	731,6	-3,296,7	-2,406,0	-4,066,8	-3,176,1
Financing activities						
Cash flow from financing activities	-0,2	-21,3	-174,7	-248,4	-174,7	-248,4
Cash flow for the period	-15,4	-116,0	-470,2	449,2	-455,2	464,3
Cash and cash equivalents at the start of the period	307,9	857,1	765,5	294,7	741,3	294,7
Exchange rate difference for cash and cash equivalents	0,6	0,2	-2,2	-2,6	7,1	6,5
Cash and cash equivalents at the end of the period	293,1	741,3	293,1	741,3	293,1	765,5
<i>whereof cash and cash equivalents in Central Banks</i>	<i>96,4</i>	<i>500,2</i>	<i>96,4</i>	<i>500,2</i>	<i>96,4</i>	<i>436,4</i>
<i>whereof loans to credit institutions</i>	<i>196,7</i>	<i>241,1</i>	<i>196,7</i>	<i>241,1</i>	<i>196,7</i>	<i>329,0</i>

Parent Company income statement (SEK million)

Parent Company, SEK million	3 months jul-sep 2017	3 months jul-sep 2016	9 months jan-sep 2017	9 months jan-sep 2016	12m rolling okt-sep 2017	12 months jan-dec 2016
Net sales	10,6	2,2	17,9	6,6	20,6	9,3
Total operating income	10,6	2,2	17,9	6,6	20,6	9,3
Other external costs	-1,2	-2,1	-4,4	-5,2	-6,3	-7,2
Personnel costs	-1,7	-2,2	-17,8	-7,3	-20,6	-10,0
Other operating expenses	-0,3	-0,3	-1,0	-1,0	-1,2	-1,3
Operating profit	7,3	-2,4	-5,3	-6,9	-28,1	-9,2
Result from financial investments:						
Result from participations in Group companies	-	-	-	-	199,1	199,1
Interest expense and similar items	-0,2	-0,4	-0,5	-1,1	-0,5	-1,1
Result from financial investments	-0,2	-0,4	-0,5	-1,1	198,5	198,1
Profit after financial items	7,1	-2,7	-5,8	-8,0	170,4	188,8
Tax on profit for the year	-1,8	0,4	1,3	1,0	0,0	-0,3
Profit for the period	5,4	-2,4	-4,5	-7,0	170,4	188,6

Parent Company statement of comprehensive income (SEK million)

Parent company, SEK million	3 months jul-sep 2017	3 months jul-sep 2016	9 months jan-sep 2017	9 months jan-sep 2016	12m rolling okt-sep 2017	12 months jan-dec 2016
Profit for the period	5,4	-2,4	-4,5	-7,0	170,4	188,6
Total other comprehensive income	-	-	-	-	-	-
Total profit or loss and other comprehensive income	5,4	-2,4	-4,5	-7,0	170,4	188,6

Parent Company balance sheet, summary (SEK million)

Parent Company, SEK million	30/09/2017	30/09/2016	31/12/2016
Assets			
Financial fixed assets	1,239,1	1,201,5	1,202,3
Current assets	11,1	8,3	66,2
Cash and bank balances	25,4	5,8	7,8
Total assets	1,275,6	1,215,6	1,276,3
Equity and liabilities			
Equity	1,083,8	1,061,0	1,257,5
Current liabilities	191,8	154,7	18,8
Total equity and total liabilities	1,275,6	1,215,6	1,276,3

Notes, Group

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

Note 1 Accounting principles

This interim report for the Group has been compiled in accordance with IAS 34, Interim Financial Reporting. In addition, the Group adheres to the Annual Accounts Act of Credit Institutions and Securities Companies and the Financial Supervisory Authority's regulations (FFFS 2008:25) and RFR1 Supplementary Accounting Rules for Groups. The Parent Company's Interim Report has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and with application of the Swedish Financial Reporting Boards RFR 2 Accounting for legal entities.

The accounting principles applied in this interim report are those described in the 2016 Nordnet Annual Report, Note 5, the section entitled "Accounting principles applied". In all material regards, the accounting principles and bases for calculation that have been applied are unchanged from the 2016 Annual Report.

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

IFRS 9 Financial Instruments is to replace IAS 39 Financial Instruments: Accounting and valuation and the standard shall apply from 1 January 2018.

Classification according to IFRS 9 is based on the company's business model and the characteristics of the contractual cash flows. The classification, in turn, determines the valuation. The impairment model is based on expected credit losses instead of the current model based on loss events occurred. The purpose is to report expected credit losses at an earlier stage. The new standard also defines increased disclosure requirements.

Nordnet's IFRS 9 project is progressing as planned and the work on developing a model for calculating provisions for credit losses is in its final phase, and is considered to be the part of the accounts that will be most affected by the new rules. The process is characterized by a large number of choices and assessments. Since no final decisions have yet been taken on these issues, it is also not possible to state with sufficient precision the effect in monetary terms. In terms of classification and valuation, securities in the liquidity portfolio as well as the assets in the insurance business will be affected. The work of analyzing existing holdings is ongoing, and as no final decisions have yet been taken on these issues, it is not possible to state the impact on the income statement and balance sheet.

Note 2 General administrative expenses

SEK million	3 months jul-sep 2017	3 months jul-sep 2016	9 months jan-sep 2017	9 months jan-sep 2016	12m rolling okt-sep 2017	12 months jan-dec 2016
Personnel costs	-89,3	-88,7	-295,7	-268,0	-387,3	-359,6
Other administrative expenses	-104,3	-81,0	-285,0	-231,0	-362,5	-308,4
	-193,6	-169,7	-580,8	-499,0	-749,8	-668,0

Note 3 Amortization and depreciation of tangible and intangible assets

SEK million	3 months jul-sep 2017	3 months jul-sep 2016	9 months jan-sep 2017	9 months jan-sep 2016	12m rolling okt-sep 2017	12 months jan-dec 2016
Depreciation	-24,2	-20,9	-70,1	-61,4	-91,5	-82,9
	-24,2	-20,9	-70,1	-61,4	-91,5	-82,9

Note 4 Other operating expenses

SEK million	3 months jul-sep 2017	3 months jul-sep 2016	9 months jan-sep 2017	9 months jan-sep 2016	12m rolling okt-sep 2017	12 months jan-dec 2016
Marketing	-11,1	-5,8	-33,2	-34,3	-40,4	-41,5
Other operating expenses	-1,7	-1,8	-5,8	-5,4	-7,2	-6,8
	-12,8	-7,7	-39,0	-39,7	-47,6	-48,3

Note 5 Loans to the public

As at 30 September 2017, SEK 914.6 million (676.7) 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 public is secured by collateral in the form of securities and property or consists of unsecured loans.

Note 6 Transactions with related parties

E. Öhman J:or AB is a closely related party to Nordnet AB (publ) since E. Öhman J:or AB has a direct ownership in Nordnet AB (publ) by being a shareholder in the Parent Company NNB Intressenter AB. Nordnet has a cooperation agreement with E. Öhman J:or Fonder AB. Since 2014, agreements has been reached on the management of Nordnet's no-fee index funds and the Superfunds.

Otherwise, similar transactions took place with closely related parties and to the same extent as previously. For additional information, please refer to Note 6 in the 2016 Annual Report.

Note 7 Significant risks and uncertainties

Nordnet's operations are influenced by a number of environmental factors, the effects of which on the Group's profit and financial position can be controlled to varying degrees. When assessing the Group's future development, it is important to take into account the risk factors alongside any opportunities for profit growth. A description of Nordnet's exposure to risk and handling of risks can be found under Note 7 in the 2016 Annual Report. No significant changes occurred in the third quarter of 2017.

Note 8 Financial assets and liabilities and their fair values

Fair value

SEK million	30/09/2017 Reported value	30/09/2017 Fair value	30/09/2016 Reported value	30/09/2016 Fair value	31/12/2016 Reported value	31/12/2016 Fair value
Financial assets						
Loans within Central banks	96,4	96,4	500,2	500,2	436,4	436,4
Loans to credit institutions	196,7	196,7	241,1	241,1	329,0	329,0
Loans to the general public	11,295,5	11,295,5	9,192,0	9,192,0	9,516,4	9,516,4
Financial assets at fair value	59,3	59,3	8,5	8,5	10,6	10,6
Financial assets available for sale*	10,523,3	10,523,3	11,591,4	11,591,4	11,959,2	11,959,2
Financial assets held to maturity	6,609,8	6,633,3	3,526,1	3,539,2	3,526,0	3,541,8
Financial assets - policy holders bearing the risk*	47,063,7	47,063,7	40,893,7	40,893,7	41,684,7	41,684,7
Other assets	3,432,1	3,432,1	3,592,1	3,592,1	2,336,7	2,336,7
Accrued income	74,0	74,0	89,4	89,4	75,9	75,9
Total	79,350,7	79,374,2	69,634,6	69,647,7	69,874,9	69,890,7
Financial liabilities						
Deposits and borrowing from the general public	27,684,5	27,684,5	23,795,1	23,795,1	24,426,6	24,426,6
Liabilities in the insurance business, regarding						
investment contracts	47,065,1	47,065,1	40,894,9	40,894,9	41,685,9	41,685,9
Other liabilities	2,972,8	2,972,8	3,363,8	3,363,8	2,106,5	2,106,5
Accrued expenses	69,1	69,1	43,5	43,5	17,9	17,9
Total	77,791,6	77,791,6	68,097,3	68,097,3	68,236,9	68,236,9

*Assets in the insurance business derive from Nordnet Pensionsförsäkring AB's investments. These are partly invested in accounts with Nordnet Bank AB, which, in turn, has invested in interest-bearing securities with a value of SEK 4,073.8 million (3,861.4). As of 31 December 2016, the corresponding amount was SEK 2,511.7 million.

Description of fair value measurement

Loans to credit institutions

The fair value of loans to credit institutions that are not payable on demand has been calculated discounting expected future cash flows, with the discount rate being set as the lending rate currently applied. The fair value of receivables payable on demand is judged to be the same as the carrying amount.

Loans to the public

As a rule, fair value is calculated individually for financial instruments. Value adjustments at a portfolio level have also been made to cover the credit risk.

- Lending to the public with financial instruments or properties as collateral are deemed to be equal to the carrying amount.
- Loan receivables have been calculated discounting expected future cash flows, with the discount rate being set as the lending rate currently applied.

Financial assets – policy holders bearing the risk

Fair value is based on a quoted price on an active market, or by using valuation models based on observable market data. Valuation models based on observable market data are applied for derivative instruments and certain interest-bearing securities.

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

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

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).

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

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.

Deposits by credit institutions

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

Deposits and borrowing by the public

The fair value of deposits has been calculated discounting expected future cash flows, with the discount rate being set as the deposit rate currently applied. However, the fair value of a liability that is redeemable on demand is not recorded at an amount less than the amount payable on demand, but is discounted from the first date on which payment of the amount could be demanded.

Liabilities to policyholders

The fair value of liabilities in the insurance business follows the fair value of assets in the insurance business, with the exception of liabilities for insurance agreements that are not classified as financial liabilities.

Valuation Levels

30/09/2017	Level 1	Level 2	Level 3	
	Valuation model			
SEK million	Listed market price on active market	based on observable market data	Estimated using valuation technique	Total
Financial assets at fair value				
Financial assets at fair value	15,1	-	44,2	59,3
Financial assets available for sale	10,523,3	-	-	10,523,3
Assets in the insurance business	22,365,6	24,698,0	-	47,063,7
Total	32,904,0	24,698,0	44,2	57,646,3
Financial liabilities at fair value				
Liabilities in the insurance business, regarding investment contracts	22,367,1	24,698,0	-	47,065,1
Other liabilities, currency derivatives	-	-	-	-
Total	22,367,1	24,698,0	-	47,065,1
30/09/2016				
Financial assets at fair value				
Financial assets at fair value	8,5	-	-	8,5
Financial assets available for sale	11,591,4	-	-	11,591,4
Assets in the insurance business	19,757,3	21,136,4	-	40,893,7
Total	31,357,2	21,136,4	-	52,493,6
Financial liabilities at fair value				
Liabilities in the insurance business, regarding investment contracts	19,758,3	21,136,5	-	40,894,9
Total	19,758,3	21,136,5	-	40,894,9
31/12/2016				
Financial assets at fair value				
Financial assets at fair value	10,6	-	-	10,6
Financial assets available for sale	11,959,2	-	-	11,959,2
Assets in the insurance business	21,016,7	20,667,9	-	41,684,7
Total	32,986,6	20,667,9	-	53,654,5
Financial liabilities at fair value				
Liabilities in the insurance business, regarding investment contracts	21,016,7	20,667,9	-	41,684,7
Total	21,016,7	20,667,9	-	41,684,7

Description of valuation levels

Level 1

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

Level 2

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

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

This category includes mutual funds, derivatives, certain interest-bearing securities and cash equivalents.

Level 3

Financial assets and financial liabilities, whose value is not based on observable market data.

Note 9 Pledged assets, contingent liabilities and commitments

Other assets pledged, SEK Million	30/09/2017	30/09/2016	31/12/2016
Bonds and other interests bearing securities ¹⁾	1,935,3	2,126,6	2,135,7
	1,935,3	2,126,6	2,135,7
The above assets are attributed to			
Deposits with credit institutions	1,668,1	1,820,7	1,833,8
Deposits with clearing organisations	267,1	305,9	301,9
	1,935,3	2,126,6	2,135,7
Total assets pledged	1,935,3	2,126,6	2,135,7
Client funds			
Funds managed on behalf of third parties (client funds account)	181,2	275,9	194,7
	181,2	275,9	194,7
Contingent liabilities	-	-	-
Commitments			
Credit granted but not yet paid, unsecured loans	593,9	459,4	527,7
	593,9	459,4	527,7

¹⁾ This amount includes blocked funds of SEK 80 (86) million.

Assets pledged for own liabilities comprise securities pledged in connection with buy-back agreements. The transactions are carried out in accordance with standard agreements used by the parties on the financial market. Counterparties in these transactions are credit institutions. The transactions are primarily short term with a duration of less than three months.

Other assets pledged consist partly of bonds and other fixed-interest securities that have been provided as security for the customer's secured loans, and for payment to clearing organizations. Counterparties in securities-based lending transactions are other credit institutions. Nordnet holds equivalent collateral in the form of liens on customers' custodial accounts.

As per the balance sheet date of 30 September 2017, the insurance business held registered assets amounting to SEK 40,378 million (35,322) to which the policyholders have priority rights.

In addition to the commitments specified in the table above, SEK 7,054 million (6,756) of a credit facility related to possible securities-collateralized borrowing remained unutilized at the end of the period. For each customer, the credit size is restricted by the minimum amount of credit limit, which is set individually per customer by the company, and the collateral value of security holdings. Credit agreements can be terminated with 60 days' notice. The leverage value of a security can be changed instantly.

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

The financial conglomerate

SEK million	30/09/2017	30/9/2016	31/12/2016
Total equity	2,159,3	1,891,3	1,978,9
Less requirements on prudent valuation	-14,6	-15,5	-14,5
Less expected dividend for current year	-242,7	-125,8	-175,0
Total equity for the financial conglomerate	1,902,0	1,750,0	1,789,4
Less fixed intangible assets and deferred tax receivables	-363,6	-381,0	-374,8
Solvency capital (VIF)	653,0	736,8	776,0
depart risk margin	-115,1	-165,9	-170,8
Capital base	2,076,3	1,939,9	2,019,7
Capital requirement per sector			
Exposure regulated entities, insurance sector	465,9	474,6	515,0
Exposure regulated entities, the banking and securities sector	945,9	802,2	886,5
Capital requirement	1,411,8	1,276,8	1,401,4
Excess capital	664,5	663,1	618,3
Capital base/capital ratio	1,5	1,5	1,4

The above table refers to the financial conglomerate consisting of NNB Intressenter AB, Nordnet AB (publ) and all of its subsidiaries. The capital basis of the financial conglomerate has been calculated in accordance with the consolidation method. The Group-based financial statements have been compiled in accordance with the same accounting principles as the consolidated financial statements.

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

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

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

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

The consolidated situation

In accordance with the CRR, the European Capital Requirements Regulation, Nordnet reports a consolidated position consisting of NNB Intressenter AB, Nordnet AB (publ) and Nordnet Bank AB. Capital requirements presented in this note refer to Pillar 1 and additional Pillar 2 capital. This is in accordance with the prevailing regulations on capital adequacy.

SEK million	30/09/2017	30/09/2016	31/12/2016
Total equity	1,977,5	1,736,6	1,840,7
Less requirements on prudent valuation	-14,6	-15,5	-14,5
Less expected dividend for current year	-215,1	-101,1	-175,0
Less intangible fixed assets and deferred tax receivables	-348,4	-360,7	-355,8
Tier 1 capital	1,399,4	1,259,4	1,295,4
Capital base	1,399,4	1,259,4	1,295,4
Risk exposures			
Exposure to credit risk according to the standardized method	6,250,7	5,560,4	5,789,4
Exposure market risk	2,7	15,4	18,5
Exposure operational risk	2,098,3	1,957,4	1,957,4
Total exposure	8,351,7	7,533,2	7,765,3
Capital ratio	16,8%	16,7%	16,7%
Capital requirements			
Credit risk according to the standardized method	500,1	444,8	463,2
Market risk	0,2	1,2	1,5
Operational risk	167,9	156,6	156,6
Capital requirement Pillar 1	668,1	602,7	621,3
Capital requirement Pillar 2	277,8	199,5	265,3
Total capital requirement	945,9	802,2	886,6
Capital ratio and buffers			
Common equity tier 1 ratio, %	16,8%	16,7%	16,7%
Tier 1 ratio, %	16,8%	16,7%	16,7%
Total capital ratio, %	16,8%	16,7%	16,7%
Institution-specific buffer requirements, %	4,1%	3,7%	3,7%
of which capital conservation buffer requirement, %	2,5%	2,5%	2,5%
of which countercyclical buffer requirement, %	1,6%	1,2%	1,2%
Total capital requirement including buffer requirement, %	15,4%	14,3%	15,2%
Tier 1 capital available for buffer requirement, %	8,8%	8,7%	8,7%

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 Nordnet Pensionsförsäkring AB. The shareholding in this subsidiary is deducted from the capital base in the consolidated situation pursuant to Article 36 of Regulation (EU) No. 575/2013.

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

Interim profit

Nordnet has received the approval of Finansinspektionen (Swedish financial supervisory authority) to use interim profit in the calculation of the capital base, provided that the company's auditors can confirm that profit in accordance with the supervisory regulation and that deductions for possible dividends and foreseeable expenses have been made in accordance with the Commission's delegated Regulation (EU) No.

241/2014 supplementing the supervisory with regard to regulatory technical standards for capital base requirements. Deloitte performed the aforementioned review per 30 September 2017.

Internally assessed capital requirement

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

In addition to the minimum capital requirement, Nordnet estimates that a capital of SEK 277.8 million (199.5) should be retained taking into account the risks identified in the ICAAP process. The purpose is to maintain a satisfactory capital situation taking into account the operations Nordnet conducts. Read more about ICAAP in Note 7 in the 2016 Annual Report. Capital ratio is monitored continuously and, if necessary, results are reviewed during the current financial year by the company's external auditors, to be included in the capital.

Definitions

Active customer

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

Active account

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

Trades

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

Borrowing

Borrowing including borrowing attributable to liabilities in the insurance business.

Capital base

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

Capital ratio

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

Client funds

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

Cost coverage

Non-transaction-related income relative to costs.

Core tier 1 capital

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

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

Net savings

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

Personal loans

Unsecured loans.

Risk exposure Amounts

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.

Operating expenses

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

Operating margin

Operating profit in relation to operating income.

Total savings capital

The sum of cash and cash equivalents and market value of securities for all active accounts.

Lending excluding pledged cash and equivalents

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

Profit margin

Profit for the period in relation to operating income.

Solvency capital (VIF)

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

Solvency capital requirements (SCR)

Estimated capital requirements as per Solvency II regulations.

Address and contact details

Nordnet AB (publ)
Box 14077, SE-167 14 Bromma, Sweden
Visitors: Gustavslundsvägen 141
Tel: +46 (0)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

While every care has been taken in the translation of this report, readers are reminded that the original report is the Swedish version.