

## interim report january - september 2010

### » the nordic platform in place «

#### january – september 2010

- Operating income increased by 12 percent to SEK 730.7 million (655.1)
- Profit for the period fell by 27 percent to SEK 126.5 million (174.0)
- Earnings per share before dilution were down 29 percent to SEK 0.75 (1.06)

#### july – september 2010

- Operating income decreased by 35 percent to SEK 201.7 million (312.0)
- Profit for the period fell by 82 percent to SEK 18.8 million (103.0)
- Earnings per share before dilution were down 82 percent to SEK 0.11 (0.63)

- Lower trading activity and measures in Finland had a negative impact on profit for the period
- Negative goodwill of SEK 53.8 million that boosted earnings in 2009 disrupts the comparison between the periods
- Nordic platform in place: Sale of Nordnet's German operations and acquisition of Konsumentkredit
- Continued favourable growth in customers and accounts

net savings (january-september)

**SEK 8.9** (9.5)  
billion

total savings capital (30 september)

**SEK 96.2** (89.7)  
billion

net commission (january-september)

**SEK 31** (31)  
per trade

number of active accounts (30 sept)

**346,800** (304,500)

number of trades (january-september)

**12,319,200** (11,817,100)

Cost coverage (january-september)

**60** (54)  
percent

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# ceo's statement

## the nordic platform in place

During the third quarter of the year, key pieces of our Nordic platform have fallen into place – all designed to bring Nordnet closer to its vision of becoming the leading bank for savings in the Nordic countries. These investments for the future, together with decreased trade activity, had a negative impact on profit for the period.

### Decreased activity

We have maintained our share of the market during the quarter, but the number of trades among our customers decreased. In addition, our most active customers accounted for an increased proportion of trading, entailing lower net commission per transaction.

To ensure successful integration of the 40,000 eQ accounts that were transferred to Nordnet, we carried out a price campaign in July and August whereby all customers in Finland were able to trade at our lowest commission rate. Costs of about SEK 15 million were also incurred in connection with operations that will be phased out in the first half of 2011, as well as about SEK 5 million in non-recurring costs associated with personnel cutbacks.

When comparing profit to last year, one must also remember that last year's figures included a non-recurring positive income item in the form of negative goodwill of SEK 53.8 million.

### The Nordic platform in place

We took several strategically important steps to complete our Nordic platform in the third quarter:

- We have announced the sale of our German operations, now allowing us to focus fully on the Nordic countries and to benefit from the potential they represent. The sale will have an effect on profits for the fourth quarter.
- We have concluded our acquisition of credit provider Konsumentkredit, clearly signalling Nordnet's transition from Internet broker to Internet bank. This will have a positive effect on profit for the next quarter.
- We have signed an agreement with Paikallisosuuspankit (POP – the Finnish Local Cooperative Bank Group) giving us 12,500 new customers in the fourth quarter. Furthermore, we will be able to close the remainder of the eQ structure during the first half of 2011 – a year earlier than planned.

Our vision of becoming the leading bank for savings in the Nordic countries remains firm. Over the past quarter, we have put key strategic pieces of the puzzle in place to be able to achieve this and the results will already be visible in the next quarter.



Carl-Viggo Östlund  
Chief Executive Officer, Nordnet AB



# business development

## introduction

The period January-September 2010 was initially marked by a high level of activity in all customer segments, although this has fallen back to lower levels towards the end of the period. Since the start of the year, lending has risen, thanks to the acquisition of Konsumentkredit. Disregarding Konsumentkredit, lending has declined somewhat. Net commission for the first nine months was SEK 31 per trade and SEK 26 per trade in the third quarter. The principal explanations behind the lower level are a price campaign conducted in Finland over the summer and the fact that the most active customers represented a larger proportion of the total number of trades.

The number of active accounts was 346,800, corresponding to an increase of 14 percent over the past 12-month period. The number of active customers amounts to 303,800. Since the start of the year, the number of active accounts has risen organically by 27,400 and the number of active customers by 22,700. Each customer has an average of 1.14 accounts. Through the acquisition of Konsumentkredit, the number of customers and accounts has risen by approximately 22,000.

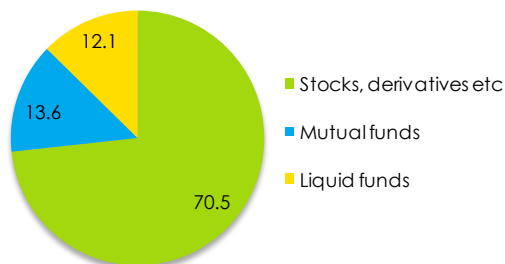
Our customers made an average of 64,500 trades per day during the period, which is an increase of 5 percent compared with the year-earlier period. Systems uptime was 99.92 percent.

Our customers' total savings capital amounted to SEK 96.2 billion at the end of the period, an increase of SEK 5.8 billion since the start of 2010 and an increase of SEK 6.5 billion compared with the corresponding date in 2009. Net savings during the period were SEK 8.9 billion.

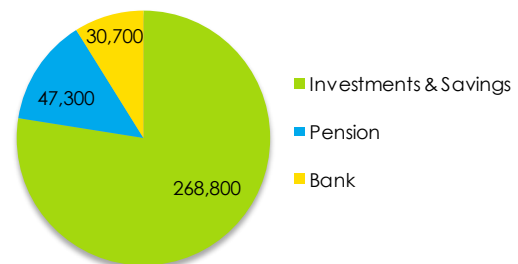
The number of accounts with fund savings was 78,400 at the end of the period, which is an increase of 9,300 since the beginning of 2010. Savings capital in funds totalled SEK 13.6 billion, which is an increase of SEK 2.3 billion since the beginning of 2010.

There were approximately 47,300 accounts with pension savings and endowment insurance at the end of the period, representing an increase of 8,800 accounts since the start of the year. Total savings capital amounted to approximately SEK 17 billion, an increase of some SEK 4.7 billion. To date, approximately 5,800 accounts have linked up with Nordnet Tjänstepension [Nordnet Service Pension], with a total savings capital of approximately SEK 670 million.

Savings capital (SEK billion)



Number of accounts



The chart to the right shows the distribution of active accounts between the Investments & Savings, Pension and Bank business areas. Brokerage accounts are included in Investments & Savings, pension saving and endowment insurance accounts in Pension and savings and loan accounts in Bank.

## revenues and expenses

### January – September 2010

The operating income for the period rose by 12 percent to SEK 730.7 million. The foremost reason was the acquisition of eQ carried out in July 2009. During the period, 12.3 million trades were made compared with 11.8

million in the year-earlier period. Net commission per trade was SEK 31, which was unchanged compared with the year-earlier period.

Operating expenses before credit losses rose by 32 percent to SEK 571.9 million compared with the corresponding period in 2009. The main reason for the higher costs is the acquisition of eQ. Excluding marketing expenses, operating expenses rose by 32 percent to SEK 525.7 million.

Operating profit fell by 27 percent to SEK 158.3 million and the profit after tax declined by 27 percent to SEK 126.5 million. The profit margin was 17 (27) percent. Earnings per share before dilution fell by 29 percent to SEK 0.75 (1.06). The comparison figures for 2009 include negative goodwill of SEK 53.8 million from the acquisition of eQ. Adjusted for negative goodwill, operating profit fell by 4 percent while profit for the period and earnings per share before dilution rose by 5 percent and 3 percent respectively.

Cost coverage, i.e. operating income excluding transaction-related net commission in relation to operating expenses, amounted to 60 percent (54). Our goal is to have cost coverage of 100 percent by the end of 2011. Operating income excluding transaction-related net commissions rose by 46 percent compared with the previous year. This is mainly due to the acquisition of eQ, improved net interest and increased commission from fund operations. Marketing expenses rose by 23 percent over the period to SEK 46.2 million. The acquisition cost per net new account over the period relating to marketing expenses averaged SEK 1,700 (1,400), excluding Konsumentkredit.

January - September	Sweden		Norway		Denmark		Finland		Germany		Luxembourg		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Operating income	336.8	262.3	143.1	129.6	67.9	61.6	140.3	102.0	26.6	31.5	15.9	14.3	730.7	601.3
Operating expenses	-244.5	-205.0	-82.9	-74.9	-37.8	-35.8	-162.6	-85.8	-22.8	-22.4	-16.4	-12.9	-567.0	-436.8
<b>Operating profit before</b>	<b>92.4</b>	<b>57.3</b>	<b>60.2</b>	<b>54.7</b>	<b>30.1</b>	<b>25.8</b>	<b>-22.3</b>	<b>16.2</b>	<b>3.8</b>	<b>9.1</b>	<b>-0.5</b>	<b>1.4</b>	<b>163.7</b>	<b>164.5</b>
Goodwill and non-rec. items	-	-	-	-	-	-	-	-	-	-	-	-	-5.3	53.8
<b>Operating profit</b>	<b>92.4</b>	<b>57.3</b>	<b>60.2</b>	<b>54.7</b>	<b>30.1</b>	<b>25.8</b>	<b>-22.3</b>	<b>16.2</b>	<b>3.8</b>	<b>9.1</b>	<b>-0.5</b>	<b>1.4</b>	<b>158.3</b>	<b>218.3</b>
<b>Operating margin</b>	<b>27%</b>	<b>22%</b>	<b>42%</b>	<b>42%</b>	<b>44%</b>	<b>42%</b>	<b>neg.</b>	<b>16%</b>	<b>14%</b>	<b>29%</b>	<b>neg.</b>	<b>10%</b>	<b>22%</b>	<b>36%</b>
Number of accounts	205,400	161,000	50,000	43,600	19,500	16,100	62,200	72,300	9,700	9,700	0	1,800	346,800	304,500
Savings capital (SEK billion)	52.2	40.0	10.9	9.2	5.4	4.4	26.2	31.9	1.5	1.4	0.0	2.8	96.2	89.7
Number of trades	6,093,000	5,422,900	2,318,500	2,748,300	1,483,400	1,540,600	1,808,700	1,344,200	574,800	672,600	40,800	88,500	12,319,200	11,817,100

For the expenses related to Germany and Luxembourg for January - September, approx. SEK 14 million is common expenses which will remain within the group after the phasing-out of these markets.

### Third quarter 2010

Operating income for the period fell by 35 percent to SEK 201.7 million. The main reason is weaker net commission compared with the year-earlier period as a result of decreased customer activity. Operating expenses before credit losses fell by 3 percent to SEK 178.0 million and the operating expenses excluding marketing expenses fell by 3 percent to SEK 166.0 million.

Operating profit fell by 82 percent to SEK 23.3 million and the profit after tax declined by 82 percent to SEK 18.8 million. The profit margin was 9 percent (33). Earnings per share before dilution fell by 82 percent to SEK 0.11. The comparison figures for 2009 include negative goodwill of SEK 53.8 million from the acquisition of eQ. Adjusted for negative goodwill, operating profit fell by 68 percent, profit for the period by 62 percent and earnings per share before dilution by 62 percent. Net savings for the third quarter totalled SEK 1.5 billion.

Nordnet estimates that operating profits for the third quarter were burdened with about SEK 15 million relating to operations in Finland that will be phased out during the first half of 2011, and approximately SEK 5 million in non-recurring costs related to personnel cutbacks in the same market.

## first with marketplace for exchange-traded funds

During the third quarter, Nordnet's customers made 3,672,600 trades on all markets, corresponding to a decline of 478,400 compared to the same period last year. The market share on the Nordic stock exchanges was 6.6 percent of the number of trades. An increase in algorithmic trading, i.e. computerized trading, has had an effect on the market share.

### Sweden

In the third quarter, Nordnet's share of the Swedish stock market was 6.1 percent in terms of trades and 4.4 percent in terms of turnover, compared with 10.0 and 6.3 percent respectively in the year-earlier period. The Swedish stock market was strong in the third quarter, as was interest in shares and mutual funds. However, the savings format gaining most ground is exchange-traded funds (ETFs) and certificates. To meet demand, an ETF marketplace was launched in September, bringing together all of the exchange-traded funds and certificates that Nordnet offers under a single roof and providing savers an opportunity to sort and compare investment alternatives. As of August, it is also possible to trade derivatives in endowment insurance accounts, which has been in demand for some time. Nordnet's iPhone and Android applications continue to gain popularity. During the quarter, several improvements were implemented, including a function that allows users to pay their bills using the Android application.

### Norway

Nordnet's share of the Norwegian stock market in the quarter was 7.7 percent in terms of trades and 6.3 percent in terms of turnover, compared with 11.4 and 8.2 percent respectively in the year-earlier period. The trend on the Oslo Stock Exchange was strong in the third quarter but, despite this, the Norwegian stock market remains at about the same level as in January, following sharp declines earlier in the year. There continues to be a negative trend in the risk appetite of Norwegian savers – during the period, customers increased the proportion of cash in their portfolios while reducing the proportion of shares. To inspire greater activity, Nordnet's Android application was launched in the quarter, as was the ETF marketplace – Norway's first marketplace for exchange-traded mutual funds. Other innovations include a single login and financial overview, as well as the Nordnet blog, where various savings experts share their advice and thoughts.

### Denmark

In the third quarter, Nordnet's share of the Danish stock market was 6.8 percent in terms of trades and 4.6 percent in terms of turnover, compared with 9.5 and 6.4 percent respectively in the year-earlier period. In the quarter, Nordnet launched a single login providing Danish customers with a useful financial overview of their share and pension brokerage accounts. The ETF marketplace was also launched, giving Danish savers the opportunity to trade in all of the exchange-traded mutual funds and certificates that Nordnet offers. Following a calm summer, the influx of new customers gained pace towards the end of the quarter.

### Finland

Nordnet's share of the Finnish stock market in the third quarter was 6.7 percent in terms of trades and 4.4 percent in terms of turnover, compared with 9.2 and 6.6 percent respectively in the year-earlier period. At the end of the second quarter, all eQ customers were transferred to the Nordnet platform, which was well received. Throughout the third quarter, Nordnet has maintained its market position and seen a positive influx of new customers. In July, Nordnet also signed an agreement with Paikallisosuuspankit (POP – the Finnish Local Cooperative Bank Group) whereby the 12,500 customers covered by a collaboration between POP and eQ would instead be offered Nordnet accounts. This process will be implemented in the fourth quarter of 2010. In parallel with its customer management activities, the Finnish organization has been adapted to be able to meet savers' needs over the long term – sales and customer service will be managed locally while most other functions will be centralized to headquarters in Sweden.

### Germany and Luxembourg

On 9 August, Nordnet signed an agreement to sell its operations in Germany. For further information, please see the section "Sale of Nordnet's German operations" on page 8. During the quarter, the phasing-out of the operations in Luxembourg reached its final stages and only a small number of accounts remain.

	Broker	Number of trades	Market share	Number of trades	Market share
		Jan-Sept 2010		Jan-Sept 2009	
1	SEB Enskilda	11,717,350	8.54%	8,530,744	8.24%
<b>2</b>	<b>Nordnet</b>	<b>9,816,913</b>	<b>7.15%</b>	10,314,067	9.96%
3	Credit Suisse	8,865,499	6.46%	4,743,274	4.58%
4	Handelsbanken	6,572,849	4.79%	4,952,646	4.78%
5	Morgan Stanley	6,469,177	4.71%	5,204,339	5.02%
6	Citadel Securities	6,308,304	4.60%	646,385	0.62%
7	Deutsche Bank	5,921,961	4.32%	4,496,153	4.34%
8	Avanza Bank	5,764,356	4.20%	5,397,294	5.21%
9	ABN AMRO	4,952,552	3.61%	682,523	0.66%
10	Swedbank	4,420,156	3.22%	2,941,251	2.84%
<b>Total, Nordic primary exchanges</b>		<b>137,209,098</b>	<b>100%</b>	<b>103,582,380</b>	<b>100%</b>

The ten biggest brokers in the Nordic region with regard to the number of trades on the primary stock exchanges in Stockholm, Oslo, Helsinki, and Copenhagen for January-September 2010 and the respective players' figures for January-September 2009. Source: official statistics from the various stock exchanges.

## financial position

For lending not provided through Konsumentkredit, Nordnet has no direct exposure to the problems caused by uncertainty in respect of the value of credits and other receivables. Loans take place using securities as security, and Nordnet has well developed procedures for dealing with overlending. The excess deposit is placed in Swedish treasury bills, mortgage bonds and the Nordic banking system.

For lending provided through Konsumentkredit, a model developed in-house to assess the credit risk of private individuals applying for credit is used. The model assesses the risk associated with each loan application and provides the basis for approval and pricing. The credit risk in Konsumentkredit's lending is to be considered higher than in Nordnet's other operations, although this is matched by higher interest margins.

At the end of the period, the Group's liquid funds amounted to SEK 904 million, of which frozen assets amounted to SEK 138 million. Liquid funds include loans to credit institutions. Also, covered bonds are held at fair value of SEK 2,437 million. The Group's equity amounted to SEK 1,160 million. The equity is divided over 167,842,756 shares at SEK 6.91 per share.

As regards the financial conglomerate in which Nordnet AB (publ) is the Parent Company, the asset base amounted to SEK 707 million and the capital requirement to SEK 601 million, producing a capital surplus of SEK 107 million.

## other

### parent company

The Parent Company is a holding company. Net interest for the period January-September amounted to an expense of SEK 1.1 million. This amount includes internal group interest income of SEK 4.5 million. The parent company's operating income amounted to SEK 25.7 million and relates to internal Group administrative services. The parent company's loss after financial items amounted to SEK 25.8 million. The parent company's liquid funds amounted to SEK 16.3 million, and its equity to SEK 791.7 million.

### employees

As of 30 September 2010, the company had 357 full-time employees (408). The average number of full-time positions for the first nine months of the year was 374 (299). Full-time employees include temporary employees but not employees on parental or other leave. The decline in the number of employees is primarily attributable to the adjustment of the Finnish organisation in connection with the integration of eQ.

## significant risks and uncertainty factors

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 in note 7 in the Annual Report for 2009.

Through its acquisition of Konsumentkredit i Sverige AB ("Konsumentkredit") on 30 September 2010, Nordnet's provision of unsecured credit and its risks associated with such credit have changed. Through Konsumentkredit, there currently is a lending of approximately SEK 1.4 billion to about 22,000 customers. Lending is provided without collateral. Konsumentkredit uses a model developed in-house 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 the lending through Konsumentkredit is to be considered higher than in Nordnet's other operations, although this is matched by higher interest margins.

## transactions with closely related parties

Nordnet's transactions with closely related parties can be found in note 6 in the Annual Report for 2009. During the first six months, a debenture loan of SEK 100 million was issued, with E. Öhman J:or Fondkommission acting as advisor. Apart from this, there have been no significant changes.

On 30 June, Nordnet signed an agreement to acquire 100 percent of the shares in Konsumentkredit i Sverige AB. The selling group includes E. Öhman J:or AB (20%) and Tom Dinkelspiel (5%). For further information, please see the section "Acquisition of Konsumentkredit" below.

## performance-related share programme 2010

In accordance with the decision of the Annual General Meeting of 22 April 2010, Nordnet established a long-range performance-related share incentive programme in the second quarter, called "Performance-Related Share Programme 2010", covering about 20 people including the CEO.

Employees who participate in "Performance-Related Share Programme 2010" can set aside an amount corresponding to maximum 5 percent of their gross compensation for share purchases on NASDAQ OMX Stockholm during the 12-month period from the implementation of the programme. If the shares purchased are retained by the employee for at least three years after purchase, and if the employee has been employed within the Nordnet group during the entire three-year period, then the employee will have the right to a compensation-free matching of those shares according to a predetermined amount.

Due to the Performance-Related Share Programme 2010, the Annual General Meeting decided to authorize the board to carry out the acquisition and transfer of shares in Nordnet AB (publ) on NASDAQ OMX Stockholm. This authorization may be exercised on one or more occasions before the Annual General Meeting in 2011. A maximum of 232,000 shares shall be acquired in order to ensure delivery of shares to participants in Performance-Related Share Programme 2010. Of these, a maximum of 53,440 shares may be purchased and transferred in order to cover general payroll taxes and other costs related to the Performance-Related Share Programme 2010. No shares have been acquired this quarter.

## acquisition of konsumentkredit

On 30 September 2010, Nordnet AB (publ) acquired 100 percent of the shares in Konsumentkredit i Sverige AB for a purchase price of approximately SEK 270 million, including SEK 90 million in equity. The purchase price is made up of 67 percent newly issued shares in Nordnet and 33 percent cash through a debenture loan which is subscribed for by the sellers. The number of newly issued shares amounts to 6,478,665, resulting in approximately 3.9 percent dilution for existing shareholders. Direct acquisition costs amount to SEK 3.5 million. The acquisition represents a strategic piece in the puzzle for Nordnet's bank venture and adds considerable know-how in the risk assessment, sales and administration of credit products.

Konsumentkredit offers unsecured loans and currently has lending equivalent to SEK 1.4 billion divided among 22,000 customers. For the 2009 financial year, Konsumentkredit's operating profit was SEK 57 million. Equity amounted to approx. SEK 90 million. Konsumentkredit's interest income for the first half of 2010 amounted to SEK 65.9 million, other income to SEK 6.1 million and operating profit to SEK 31.5 million. The effect on Nordnet's profit before tax is expected to be in the region of SEK 6-7 million per month and earnings per share are expected to rise by approximately SEK 0.30-0.35 per year following the transaction.

The acquisition has had the following effects on the company's assets, liabilities and cash flow.

Preliminary purchase price allocation, Konsumentkredit AB (SEK million)	Reported value	Fair value
<b>Acquired assets</b>		
Cash and cash equivalents	53.5	53.5
Financial assets	55.3	55.3
Intangible assets	0.2	224.3
Tangible assets	0.1	0.1
Other assets	14.8	14.8
Prepaid expenses and accrued income	1.0	1.0
<b>Total assets</b>	<b>124.9</b>	<b>349.0</b>
<b>Acquired liabilities</b>		
Other liabilities	29.9	34.6
Accrued expenses and deferred income	1.0	1.0
Deferred tax	4.6	43.9
<b>Total liabilities</b>	<b>35.5</b>	<b>79.5</b>
<b>Net identifiable assets</b>	<b>89.4</b>	<b>269.5</b>
<b>Purchase price paid</b>	<b>269.5</b>	
Goodwill and other intangible assets with indefinite useful life	69.8	
Intangible assets	154.0	
Deferred tax liabilities	-43.7	
	<b>180.1</b>	
Purchase price paid	-269.5	
Non-cash issue	180.1	
Debenture loan	75.7	
Short-term liabilities	13.7	
Acquired cash and cash equivalents	53.5	
<b>Net cashflow</b>	<b>53.5</b>	

The consolidated surplus value has been identified in the following items: customer base, SEK 152 million with an amortisation period of nine years; IT-based credit assessment model, SEK 2 million with a depreciation period of seven years; and brand with unlimited lifetime, SEK 12 million and goodwill of SEK 58 million.

## sale of nordnet's german operations

On 9 August 2010, to further strengthen its focus on the Nordic countries, Nordnet signed an agreement to sell its operations in Germany. The operations are to be sold to the German Internet broker OnVista for EUR 7 million with an additional consideration of up to EUR 3 million more depending on the outcome of the process. Following impairment losses, the effect on Nordnet's profit is expected to be approximately SEK 50 million.

The background to the sale of the operations involves Nordnet's strategic focus being on the Nordic countries. Nordnet customers in Germany are offered the opportunity to transfer to OnVista. The transaction is scheduled for completion in the fourth quarter of 2010. At the end of the third quarter of 2010, 9,700 accounts with total savings capital of SEK 1.5 billion remained in Nordnet's German operations.

## contingent liabilities

In June of 2004, securities firm CTA Lind & Co Scandinavia AB was declared bankrupt, upon which compensation was paid out to its investors from the Swedish investor compensation programme. Since adequate funds were not provisioned within the program, the Swedish National Debt Office will now levy fees on those institutes which at the

time of the bankruptcy were covered by the investor compensation programme. Total fees are estimated at SEK 140 million, a burden which is to be shared among about 190 institutes, including Nordnet's subsidiary Nordnet Bank AB. It is not possible to state today the amount that may be levied against Nordnet Bank AB.

## events after the reporting date

In connection with the acquisition of Konsumentkredit, Nordnet implemented a non-cash issue, which was fully subscribed by 30 September 2010. This increases Nordnet's share capital by SEK 6,478,655 through the issue of 6,478,665 shares. Following the completion of the issue, the number of registered shares and votes in Nordnet amount to 174,321,421 and the share capital amounts to SEK 174,321,421. The increase in the share capital was registered with the Swedish Companies Registration Office on 4 October 2010 and the shares were registered with Euroclear Sweden AB on the same date.

## future reports

Year-end report 2010	10 February 2011
Interim Report January–March 2011	28 April 2011
Interim Report January–June 2011	21 July 2011
Interim Report January–September 2011	20 October 2011
Year-end report 2011 2012	February 2012

## presentation to investors, analysts and the media

CEO Carl-Viggo Östlund and CFO Jacob Kaplan will be presenting the report and answering questions on Friday 22 October at the premises of the Nordnet School at Mäster Samuelsgatan 9, in Stockholm at 10.30 CET. The presentation will be made in English and can also be followed via the Internet at [www.org.nordnet.se](http://www.org.nordnet.se).

The information in this report is that which Nordnet AB (publ) is required to publish in accordance with the Swedish Financial Instruments Trading Act and/or the Swedish Securities Act. This information has been submitted to the market for publication on 22 October 2010 at 08.30 CET.

The CEO provides his assurance that this interim report 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.

Bromma, 22 October 2010,

Carl-Viggo Östlund  
CEO

For more information, please contact CEO Carl-Viggo Östlund, tel. +46 8-506 330 30, +46 70-609 58 81, [carl-viggo.ostlund@nordnet.se](mailto:carl-viggo.ostlund@nordnet.se) or Investor Relations Manager Adrian Westman, tel. +46 8 506 331 51, +46 73 509 04 00, [adrian.westman@nordnet.se](mailto:adrian.westman@nordnet.se).

Nordnet AB (publ)

Box 14077, 167 14 Bromma, Sweden

Tel: +46 08-506 330 30

Registered company no.: 556249-1687

Visiting address: Gustavslundsvägen 141

E-mail: [info@nordnet.se](mailto:info@nordnet.se)

Company website: [org.nordnet.se](http://org.nordnet.se)

Group websites: [www.nordnet.se](http://www.nordnet.se), [www.nordnet.no](http://www.nordnet.no), [www.nordnet.dk](http://www.nordnet.dk), [www.nordnet.fi](http://www.nordnet.fi), [www.nordnet.de](http://www.nordnet.de), [www.nordnet.lu](http://www.nordnet.lu), [www.aktiedirekt.se](http://www.aktiedirekt.se), [www.vcw.se](http://www.vcw.se), [www.derivatinfo.com](http://www.derivatinfo.com)

# review report

## **Introduction**

We have conducted a limited review of the enclosed interim financial statements for Nordnet AB (publ) as of 30 September 2010 and the nine-month period that concluded on this date. The true and fair preparation and presentation of these interim financial statements pursuant to IAS 34 and the Swedish Act on Annual Accounts of Credit Institutions and Securities Companies (ÅRKL) are the responsibility of the Board of Directors and Chief Executive Officer. Our responsibility is to report our conclusions concerning these interim financial statements on the basis of our limited review.

## **Orientation and Scope of Limited Review**

We have conducted our limited review pursuant to the Standard for Limited Review (SÖG) 2410 "Limited review of interim financial information conducted by the company's appointed auditor". A limited review consists of making inquiries, primarily to individuals responsible for financial and accounting matters, as well as performing analytical procedures and taking other limited review measures. A limited review has a different focus and significantly less scope than an audit according to RS Auditing Standards in Sweden and generally accepted auditing practice. The review procedures undertaken in a limited review do not enable us to obtain a level of assurance where we would be aware of all important circumstances that would have been identified had an audit been conducted. Therefore, a conclusion reported on the basis of a limited review does not have the level of certainty of a conclusion reported on the basis of an audit.

## **Conclusion**

Based on our limited review, no circumstances have come to our attention that would give us reason to believe that the interim financial statements have not been prepared pursuant to IAS 34 and the Swedish Annual Accounts Act for the Group, and pursuant to the Swedish Annual Accounts Act for the Parent Company, in all material respects.

Stockholm, 22 October 2010

Ernst & Young AB

Peter Strandh

Authorized Public Accountant

Consolidated Income Statement (SEK million)	Note	3 months	3 months	9 months	9 months	12m rolling	12 months
		Jul-Sep 2010	Jul-Sep 2009	Jan-Sep 2010	Jan-Sep 2009	Oct-Sep 2010	Jan-Dec 2009
Interest income		76.6	66.1	243.5	174.7	318.0	249.2
Interest expenses		-9.8	-10.9	-27.8	-36.3	-36.3	-44.8
Commission income		174.5	233.4	639.1	592.4	871.2	824.4
Commission expenses		-64.4	-64.9	-205.1	-192.9	-271.6	-259.3
Net result of financial transactions		16.9	19.1	40.6	28.8	48.5	36.7
Other operating income		7.8	15.4	40.3	34.6	66.8	61.1
Negative goodwill effect		-	53.8	-	53.8	-	53.8
<b>Total operating income</b>		<b>201.7</b>	<b>312.0</b>	<b>730.7</b>	<b>655.1</b>	<b>996.6</b>	<b>921.0</b>
General administrative expenses	1	-145.6	-146.1	-454.8	-339.4	-632.6	-517.2
Depreciation and amortization	2	-19.5	-23.2	-67.1	-55.6	-98.5	-87.0
Other operating expenses	3	-12.8	-15.1	-50.0	-39.5	-68.2	-57.7
<b>Total expenses before credit losses</b>		<b>-178.0</b>	<b>-184.4</b>	<b>-571.9</b>	<b>-434.5</b>	<b>-799.3</b>	<b>-661.9</b>
<b>Profit before credit losses</b>		<b>23.7</b>	<b>127.6</b>	<b>158.8</b>	<b>220.6</b>	<b>197.2</b>	<b>259.1</b>
Net credit losses		-0.5	-1.9	-0.4	-2.3	-4.3	-6.2
<b>Operating profit</b>		<b>23.3</b>	<b>125.7</b>	<b>158.3</b>	<b>218.3</b>	<b>192.9</b>	<b>252.9</b>
Tax on profit for the period		-4.4	-22.7	-31.8	-44.3	-37.0	-49.5
<b>Profit for the period</b>		<b>18.8</b>	<b>103.0</b>	<b>126.5</b>	<b>174.0</b>	<b>155.9</b>	<b>203.4</b>
<b>Of which, attributable to:</b>							
shareholders of the Parent Company		18.8	103.0	126.5	174.0	156.7	204.1
the non-controlling interest		-	-	-	-	-0.7	-0.7
Average number of shares before dilution		167,837,781	164,684,922	167,703,453	164,458,057	167,399,535	165,008,025
Earnings per share before dilution		0.11	0.63	0.75	1.06	0.93	1.23
Average number of shares after dilution		171,703,805	168,869,997	170,264,102	168,869,997	169,971,764	168,926,185
Earnings per share after dilution		0.11	0.61	0.74	1.03	0.92	1.21
<b>Note 1</b>							
Personnel costs		-73.7	-80.9	-228.8	-181.6	-303.0	-255.8
Other administrative expenses		-71.9	-65.2	-226.0	-157.8	-329.6	-261.4
		-145.6	-146.1	-454.8	-339.4	-632.6	-517.2
<b>Note 2</b>							
Goodwill amortization		0.1	-	-5.3	-	-5.3	-
Depreciation		-19.6	-23.2	-61.7	-55.6	-93.2	-87.0
		-19.5	-23.2	-67.1	-55.6	-98.5	-87.0
<b>Note 3</b>							
Marketing		-12.0	-13.9	-46.2	-37.4	-62.8	-54.1
Other operating expenses		-0.8	-1.2	-3.9	-2.1	-5.4	-3.6
		-12.8	-15.1	-50.0	-39.5	-68.2	-57.7
<b>Consolidated Statement of Comprehensive Income</b>		<b>3 months</b>	<b>3 months</b>	<b>9 months</b>	<b>9 months</b>	<b>12m rolling</b>	<b>12 months</b>
		<b>Jul-Sep 2010</b>	<b>Jul-Sep 2009</b>	<b>Jan-Sep 2010</b>	<b>Jan-Sep 2009</b>	<b>Oct-Sep 2010</b>	<b>Jan-Dec 2009</b>
<b>Profit for the period</b>		<b>18.8</b>	<b>103.0</b>	<b>126.5</b>	<b>174.0</b>	<b>155.9</b>	<b>203.4</b>
<b>Income/expenses recognized directly against shareholders' equity</b>							
Change in value of assets available for sale		-6.2	12.3	-20.1	14.0	-19.1	15.0
Tax on change in value of assets available for sale		1.6	-3.2	5.3	-3.7	7.3	-1.7
Translation of foreign operations		-39.6	-17.7	-95.3	-1.9	-77.0	16.4
<b>Total other comprehensive income after tax</b>		<b>-44.2</b>	<b>-8.6</b>	<b>-110.1</b>	<b>8.4</b>	<b>-88.8</b>	<b>29.7</b>
<b>Total comprehensive income after tax</b>		<b>-25.4</b>	<b>94.4</b>	<b>16.4</b>	<b>182.4</b>	<b>67.1</b>	<b>233.1</b>
<b>Of which, attributable to:</b>							
shareholders of the Parent Company		-25.4	94.4	16.4	182.4	67.1	233.8
the non-controlling interest		-	-	-	-	-	-0.7

Consolidated Statement of Financial Position (SEK million)	30/9/2010	30/9/2009	31/12/2009
<b>Assets</b>			
Loans to credit institutions	904.4	3,037.3	2,383.9
Loans to the public	5,923.3	3,973.9	4,586.3
Financial assets at fair value	395.1	1,012.2	727.2
Financial assets available for sale	3,231.8	2,817.9	2,741.6
Financial assets - policy holders bearing the risk	16,762.3	11,523.7	11,866.2
Intangible fixed assets	577.8	422.7	416.3
Tangible fixed assets	31.8	44.5	38.7
Other assets	390.3	1,622.8	920.6
Prepaid expenses and accrued income	125.8	96.3	73.5
<b>Total assets</b>	<b>28,342.6</b>	<b>24,551.3</b>	<b>23,754.1</b>
<b>Liabilities</b>			
Liabilities to credit institutions	-	0.1	24.8
Deposits and borrowing by the public	9,742.7	10,145.8	9,874.5
Liabilities to policyholders	16,762.3	11,524.0	11,869.4
Other liabilities	370.9	1,744.2	811.8
Accrued expenses and deferred income	116.4	146.3	114.6
Subordinated liabilities	190.2	35.7	22.6
<b>Total liabilities</b>	<b>27,182.5</b>	<b>23,596.1</b>	<b>22,717.7</b>
<b>Shareholders' equity</b>			
Share capital	174.3	165.5	166.9
Other capital contributions	475.7	312.4	304.1
Other provisions	-54.4	100.7	43.7
Accrued profit including profit for the period	564.4	375.3	521.7
<b>Total shareholders' equity attributable to shareholders of the Parent Company</b>	<b>1,160.0</b>	<b>953.9</b>	<b>1,036.4</b>
<b>Non-controlling interest</b>	<b>-</b>	<b>1.4</b>	<b>-</b>
<b>Total shareholders' equity</b>	<b>1,160.0</b>	<b>955.2</b>	<b>1,036.4</b>
<b>Total liabilities and shareholders' equity</b>	<b>28,342.6</b>	<b>24,551.3</b>	<b>23,754.1</b>
<b>Consolidated changes in shareholders' equity (SEK million)</b>	<b>30/9/2010</b>	<b>30/9/2009</b>	<b>31/12/2009</b>
<b>Opening shareholders' equity</b>	<b>1,036.4</b>	<b>851.8</b>	<b>851.8</b>
Profit for the period	126.5	174.0	203.3
Total other comprehensive income after tax	-110.1	8.4	29.7
Dividend	-83.8	-82.2	-82.2
Conversion of convertible debenture loan	10.9	4.0	18.3
Merger reserve etc.	-	-0.8	-
Sales of treasury shares	-	-	15.5
Ongoing non-cash issue	180.1	-	-
<b>Closing shareholders' equity</b>	<b>1,160.0</b>	<b>955.2</b>	<b>1,036.4</b>

Consolidated	3 months	3 months	9 months	9 months	12m rolling	12 months
Statement of Cash Flows (SEK million)	Jul-Sep 2010	Jul-Sep 2009	Jan-Sep 2010	Jan-Sep 2009	Oct-Sep 2010	Jan-Dec 2009
<b>Operating activities</b>						
Cash flow from operating activities before changes in working capital	30.0	72.4	156.6	175.8	241.7	261.0
Cash flow from changes in working capital	-1,568.9	-8.2	-1,480.5	316.2	-483.0	1,313.7
Cash flow from operating activities	-1,538.9	64.2	-1,323.9	492.0	-241.3	1,574.7
<b>Investing activities</b>						
Purchases and disposals of intangible and tangible fixed assets	-17.6	-17.9	-32.9	-27.7	-54.9	-49.7
Net investments in financial instruments	1,542.3	-625.3	-117.2	-1,677.7	-1,885.0	-3,445.5
Acquisitions of subsidiaries	-22.3	140.7	-22.3	140.7	-22.2	140.7
Disposals of subsidiaries	-	-	-	-	20.1	20.1
Cash flow from investing activities	1,502.4	-502.5	-172.4	-1,564.7	-1,942.0	-3,334.3
<b>Financing activities</b>						
Cash flow from financing activities	62.1	-3.3	53.4	-94.2	97.0	-50.5
<b>Cash flow for the period</b>	<b>25.6</b>	<b>-441.6</b>	<b>-1,443.0</b>	<b>-1,166.9</b>	<b>-2,086.3</b>	<b>-1,810.2</b>
<b>Cash and equivalents at the start of the period</b>	<b>855.4</b>	<b>3,478.9</b>	<b>2,383.9</b>	<b>4,204.2</b>	<b>3,037.3</b>	<b>4,204.2</b>
Exchange rate difference for cash and equivalents	23.5	0.0	-36.4	0.0	-46.5	-10.1
<b>Cash and equivalents at the end of the period</b>	<b>904.5</b>	<b>3,037.3</b>	<b>904.5</b>	<b>3,037.3</b>	<b>904.5</b>	<b>2,383.9</b>
<b>Income Statement - Parent Company (SEK million)</b>						
	3 months	3 months	9 months	9 months	12m rolling	12 months
	Jul-Sep 2010	Jul-Sep 2009	Jan-Sep 2010	Jan-Sep 2009	Oct-Sep 2010	Jan-Dec 2009
Net sales	8.4	7.7	25.7	19.4	32.5	26.2
<b>Total operating income</b>						
Other external costs	-0.6	-3.6	-8.5	-10.0	-6.7	-8.3
Personnel costs	-13.3	-11.5	-41.4	-33.8	-54.7	-47.2
Other operating expenses	-0.2	-0.8	-0.6	-1.8	-9.3	-10.6
<b>Operating profit</b>	<b>-5.6</b>	<b>-8.2</b>	<b>-24.8</b>	<b>-26.2</b>	<b>-38.3</b>	<b>-39.7</b>
<b>Profit from financial investments:</b>						
Income from participations in affiliated companies	-	-	-	-	114.0	114.0
Other interest and similar income	1.8	0.3	4.5	1.1	4.8	1.4
Interest expense	-2.2	-0.8	-5.6	-2.6	-6.2	-3.2
<b>Profit after financial items</b>	<b>-6.0</b>	<b>-8.7</b>	<b>-25.8</b>	<b>-27.7</b>	<b>74.3</b>	<b>72.4</b>
Tax on profit for the year	0.6	2.2	5.7	7.1	9.2	10.7
<b>Profit for the year</b>	<b>-5.4</b>	<b>-6.5</b>	<b>-20.2</b>	<b>-20.6</b>	<b>83.5</b>	<b>83.1</b>
<b>Balance Sheet - Parent Company (SEK million)</b>						
				30/9/2010	30/9/2009	31/12/2009
<b>Assets</b>						
Financial fixed assets				1,141.3	758.5	758.6
Current assets				108.6	10.5	35.2
Cash and bank balances				16.3	4.1	17.9
<b>Total assets</b>				<b>1,266.2</b>	<b>773.1</b>	<b>811.7</b>
<b>Shareholders' equity and liabilities</b>						
Shareholders' equity				791.7	572.3	706.9
Current liabilities				474.5	200.8	104.8
<b>Total liabilities and shareholders' equity</b>				<b>1,266.2</b>	<b>773.1</b>	<b>811.7</b>

Capital requirements for the financial conglomerate (SEK million)	30/9/2010	31/12/2009
Shareholder's equity, Group	1,160.0	1,036.4
Plus debenture loan	175.7	-
Less dividend for the 2009 financial year	-	-83.8
Less assumed dividend for the 2010 financial year	-50.6	-
Less intangible fixed assets and deferred tax receivables	-577.8	-416.3
<b>Capital base</b>	<b>707.3</b>	<b>536.3</b>
Capital requirement for regulated units within the banking and securities sector	567.9	447.8
Theoretical solvency requirement for non-regulated units in the largest financial sector	8.5	2.2
Capital requirement for regulated units within the insurance sector	24.3	23.5
<b>Capital requirement</b>	<b>600.7</b>	<b>473.5</b>
<b>Capital surplus</b>	<b>106.6</b>	<b>62.8</b>
<b>Capital coverage ratio</b>	<b>1.18</b>	<b>1.13</b>

The table above relates to the financial conglomerate consisting of Nordnet AB (publ) and all 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.

## accounting principles

Nordnet AB's (publ) consolidated financial statements are compiled in accordance with International Financial Reporting Standards (IFRS) approved by the EU. This report for the Group has been compiled in accordance with IAS 34, Interim Financial Reporting. Furthermore, Nordnet is compliant with the Swedish Act on Annual Accounts of Credit Institutions and Securities Companies (ÅRKL) and the regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25). The interim report for the Parent Company has been compiled in accordance with the Annual Accounts Act. The accounting principles applied in this report are those described in the Nordnet Annual Report for 2009, Note 5, the section entitled "Accounting principles applied". Accounting principles and calculation methods are unchanged from those applied in the Annual Report for 2009.

Financial development per quarter - Group (SEK million)	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08
Net interest	66.8	77.8	71.0	65.9	55.2	40.9	42.3	49.9
Net commission - not trade related	15.6	8.9	23.2	27.5	23.6	5.3	4.9	3.8
Net commission - trade related	94.4	150.7	141.1	138.1	144.9	126.6	94.3	102.2
Net result of financial transactions	16.9	6.2	17.5	7.9	19.1	8.4	1.3	0.1
Other income	7.8	12.6	19.9	26.5	15.4	9.8	9.3	8.0
<b>Operating income</b>	<b>201.7</b>	<b>256.3</b>	<b>272.7</b>	<b>265.9</b>	<b>258.2</b>	<b>191.0</b>	<b>152.1</b>	<b>164.0</b>
General administrative expenses	-145.5	-149.1	-160.1	-179.3	-147.3	-100.6	-93.7	-89.2
Depreciation	-19.6	-20.4	-21.7	-31.4	-23.2	-15.9	-16.5	-16.6
Other operating expenses	-12.8	-22.5	-14.7	-16.6	-13.9	-14.6	-8.9	-10.2
Net credit losses	-0.5	0.0	0.0	-3.9	-1.9	0.1	-0.5	-7.0
<b>Profit before goodwill and non-recurring items</b>	<b>23.3</b>	<b>64.3</b>	<b>76.1</b>	<b>34.6</b>	<b>71.9</b>	<b>60.0</b>	<b>32.5</b>	<b>41.0</b>
Goodwill and non-recurring items	0.1	0.1	-5.5	-	53.8	-	-	-4.6
<b>Operating profit</b>	<b>23.4</b>	<b>64.4</b>	<b>70.6</b>	<b>34.6</b>	<b>125.7</b>	<b>60.0</b>	<b>32.5</b>	<b>36.4</b>
Earnings per share before dilution	0.11	0.33	0.32	0.18	0.63	0.28	0.15	0.17
Cost coverage	60%	55%	66%	56%	61%	49%	49%	53%
Return on shareholders' equity	2%	5%	5%	3%	11%	5%	3%	3%
Capital coverage ratio	1.18	1.46	1.36	1.14	1.09	1.71	1.68	1.57
Quarterly statistics	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09	Q1 09	Q4 08
Number of accounts at end of the period	346,800	316,000	317,800	308,600	304,500	249,600	238,600	230,900
Total savings capital (SEK billion)	96.2	91.2	96.2	90.4	89.7	53.9	42.8	39.1
Average savings capital per account (SEK)	277,300	288,700	302,700	293,000	294,400	215,900	179,400	169,000
Number of trades	3,672,600	4,298,600	4,348,100	4,121,000	4,151,000	4,100,000	3,566,000	3,806,000
Number of trading days	66	62	63	65	66	64	63	62
Number of trades per day	55,600	69,300	69,000	63,400	62,900	64,100	56,600	61,400
Number of trades per account and month	3.5	4.5	4.6	4.5	5.0	5.6	5.1	5.6
Net commission per trade (SEK)	26	35	32	34	35	31	27	27

<b>Key figures - Group</b>	<b>30/9/2010</b>	<b>30/9/2009</b>	<b>31/12/2009</b>
Operating margin (%)	22%	33%	27%
Profit margin (%)	17%	27%	22%
Investments in tangible assets, SEK million	13.8	2.0	8.3
Investments in intangible assets, SEK million	17.8	11.2	25.1
Of which, internal development expenses	1.5	2.8	3.5
Marketing, SEK million	46.2	37.4	54.1
Earnings per share before dilution, SEK	0.75	1.06	1.23
Earnings per share after dilution, SEK	0.74	1.03	1.21
Return on shareholders' equity (%)	11%	19%	22%
Shareholders' equity per share, SEK	6.91	5.79	6.21
Dividend per share, SEK	-	-	0.50
Share price, SEK	27.80	23.20	23.60
Market capitalization at the end of the period, SEK million	4,666	3,825	3,940
Shareholders' equity, SEK million	1,160.0	955.2	1,036.8
Capital base, SEK million	707.3	532.5	536.6
Capital coverage ratio	1.18	1.09	1.13
Average number of shares before dilution	167,703,453	164,458,057	165,008,025
Average number of shares after dilution	171,703,805	168,869,997	168,926,185
Number of shares at end of period	167,842,756	164,855,071	166,937,285
Number of full-time employees at end of period	357	408	353
<b>Customer related key financial figures:</b>			
Number of active accounts at end of the period	346,800	304,500	308,600
Total savings capital at end of period, SEK million	96.2	89.7	90.4
Average savings capital per trade-related active account at end of period, SEK	277,346	294,441	292,909
Cash deposits at end of period, SEK million	12,032.9	11,860.9	11,022.3
Managed Client Funds, SEK million	101.3	567.5	512.1
Lending at end of period, SEK million	5,923.3	3,973.9	4,586.3
Lending/deposits (%)	49%	32%	42%
Number of trades for the period	12,319,200	11,817,100	15,937,800
Number of trades per day	64,499	61,228	61,774
Number of trades per trade-related active account	35.5	46.2	59.8
Number of trades per trade-related active account and month	3.9	5.1	5.0
Average net commission revenue per trade, SEK	31	31	32
DART (Daily Average Revenue from Trading), SEK	2,990,900	2,817,000	2,871,000
Annual average income/savings capital (%)	1.0%	1.5%	1.5%
Average yearly income per account, SEK	3,022	3,147	3,447
Average yearly operating expenses per account, SEK	-2,346	-2,088	-2,479
Average yearly profit per account, SEK	675	1,059	968