



Full Year 2016

RESULT PRESENTATION



2016 in summary

- Record high organic loan book growth
- Strong EPS growth
- Cost efficiency
- Strong capital base

Full Year 2016 vs 2015

LOAN BOOK
GROWTH

+35.5%

EPS growth

+23%¹⁾

C/I RATIO

38.6%

TOTAL CAPITAL
RATIO

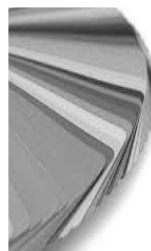
18.2%
(Dec '16)

¹⁾ Attributable to shareholders of the parent company excluding items affecting comparability.

This is TF Bank



**GEOGRAPHICALLY
DIVERSIFIED**



**DIVERSIFIED
GRANULATED
PORTFOLIO**



**FLEXIBLE IT
PLATFORM**



**NEW OPPORTUNITIES
IN SALES FINANCE
WITH AVARDA JV**



**CLEAN BALANCE
SHEET SALE OF NPL**



**LEAN AND COST
FOCUSED
ORGANIZATION**

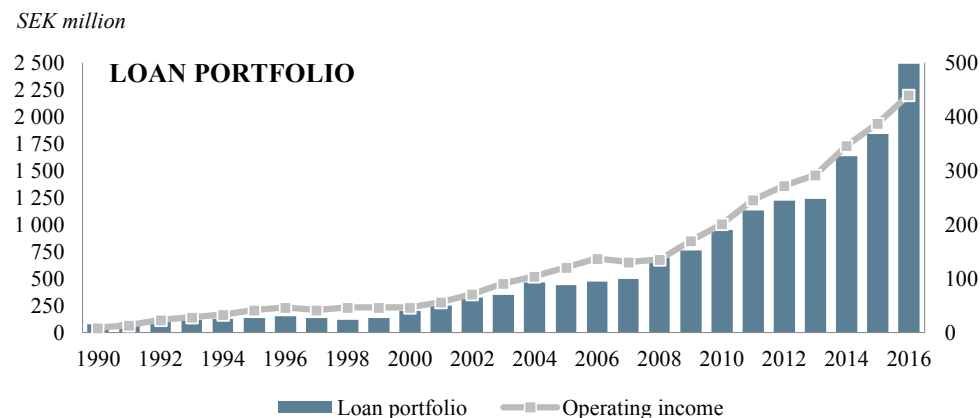
 **TFBank**

Long track record of profitable growth

Long experience and proven business model

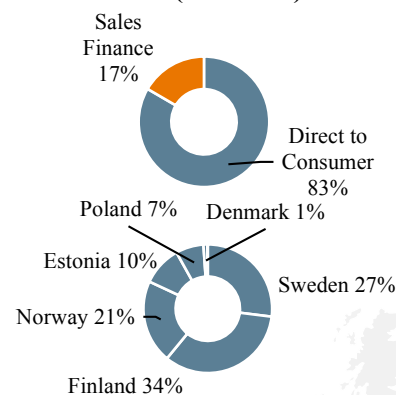
- More than 25 years experience from consumer finance industry
- Business model combining growth with best-in-class returns
- Highly profitable core markets with proven model for geographical expansion into new high-growth markets
- Over 1 million active customers
- Two complementary business segments
 - *Direct to Consumer* (consumer loans & credit cards)
 - *Sales Finance* (payment solutions to merchants)

Strong track record on growth and profitability



Geographically well diversified

SHARE OF LOAN PORTFOLIO (12M2016)








98 employees
(Average)

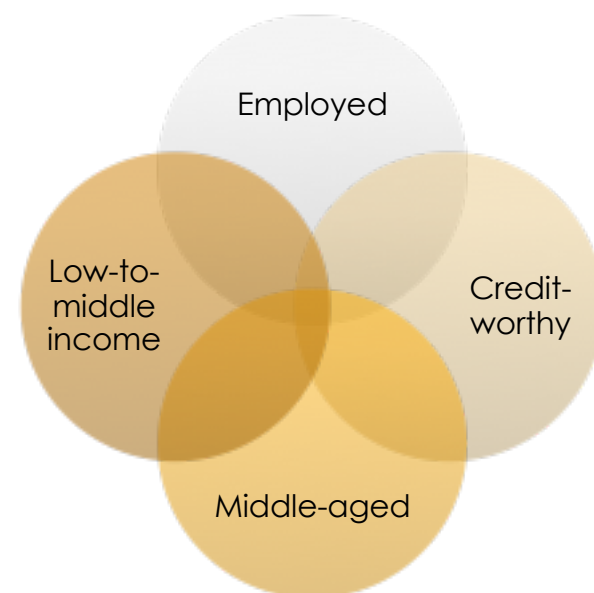
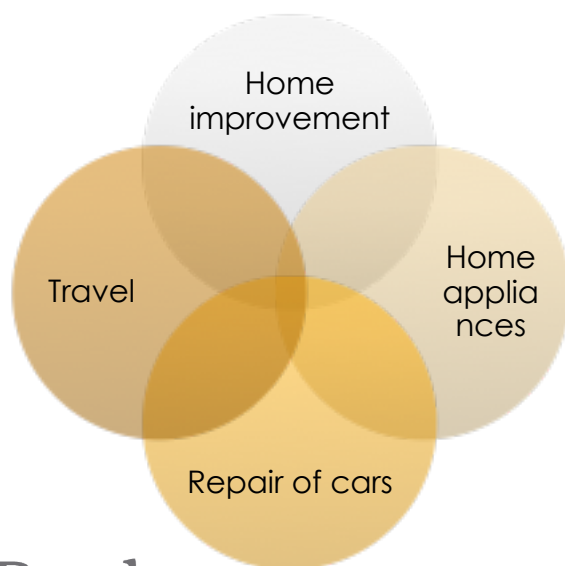
Direct to Consumer - Diversified Granulated Portfolio

Product overview and use of proceeds

- Unsecured consumer loans of max. SEK 45,000-300,000 depending on market
- Marketed through internal channels and external partners
- Tenor of loans are typically between 12 and 60 months
- Average loan on book of SEK ~28,000
- Estimated average maturity of ~22 months

Loan sizes and customer profile

SEK	Average size (per Dec '16)	Max size
	~24,000	50,000
	~99 000	~300,000
	~24,000	~55,000
	~20,000	~45,000
	~16,000	~100,000



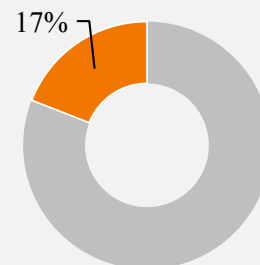
Sales Finance – Drives new lending and builds database

Product overview

- The Sales Finance segment enables merchants to offer financing solutions to their customers
- TF Bank offers reliable and attractive white-label solutions, enabling merchant to use branded invoices
- Invoice payment time of 30-50 days and instalment plans for up to 36 months
- Average loan amount of SEK ~1,500

Key financials

% OF TOTAL LOAN PORTFOLIO (Q4'16)



KEY FACTS

Amount outstanding	413 SEKm (31 Dec 2016)
Loan portfolio growth	+18% (12M)
Avg. ticket size	~1,500 SEK

Growth through two different brands and organisations

TFBank (100%)

Geographical expansion in Europe

Long-term merchant relationships in the Nordics



AVARDA (51% JV)

Newly established JV

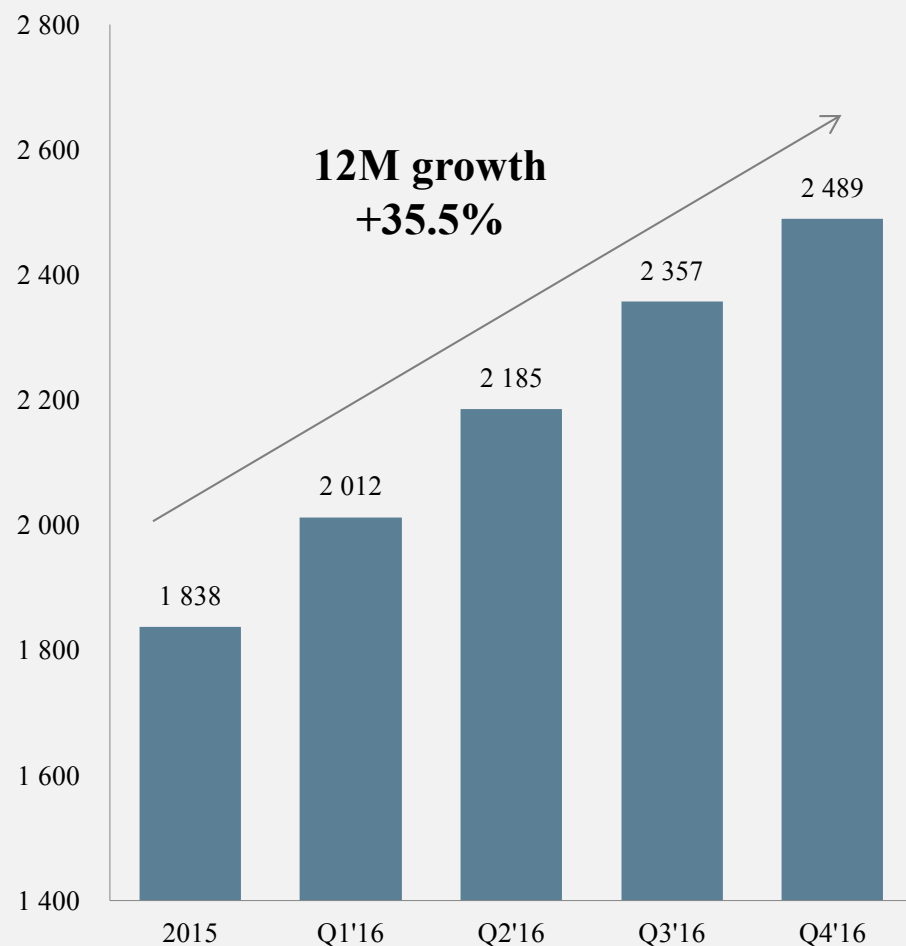
Strategy to become #2 in the Nordic region



Strong loan book growth driven by Direct to Consumer

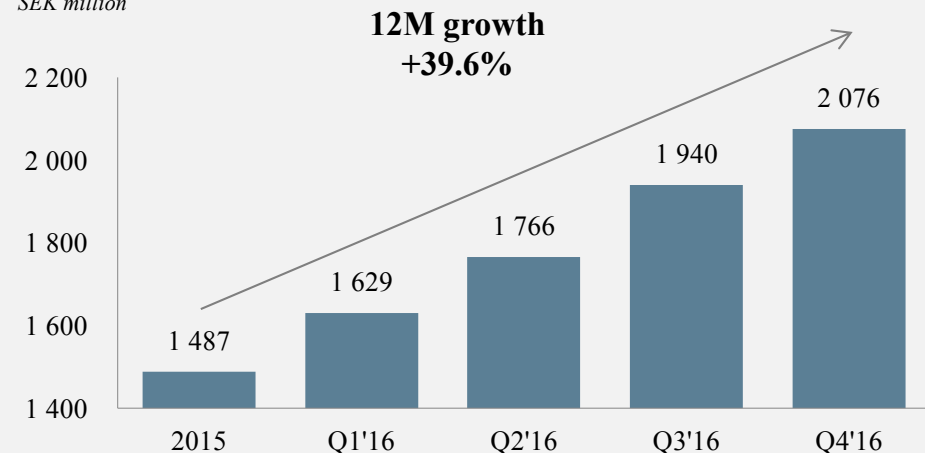
TF Bank Group

SEK million



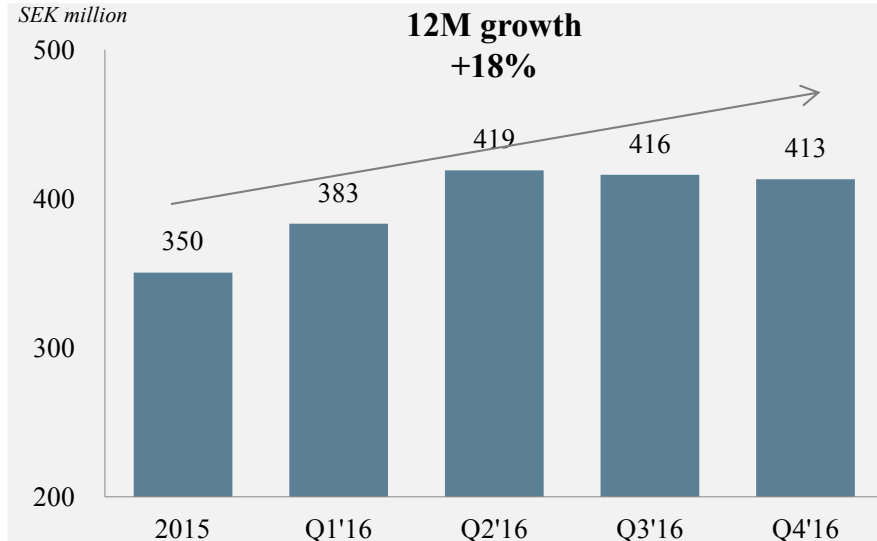
Direct to Consumer segment

SEK million








Sales Finance segment

SEK million



Summary: growth and diversification according to plan

Country	Loan book growth in MSEK (share of group)			Comments
	<div>Q4'15</div> <div>660</div> <div>(36%)</div>	<div>Q4'16</div> <div>847</div> <div>(34%)</div>	<div>Growth during 2016</div> <div>+28%</div>	<ul style="list-style-type: none"> Strong growth in both segments
	<div>Q4'15</div> <div>655</div> <div>(36%)</div>	<div>Q4'16</div> <div>663</div> <div>(27%)</div>	<div>Growth during 2016</div> <div>+1%</div>	<ul style="list-style-type: none"> Focus on profitability
	<div>Q4'15</div> <div>228</div> <div>(12%)</div>	<div>Q4'16</div> <div>530</div> <div>(21%)</div>	<div>Growth during 2016</div> <div>+132%</div>	<ul style="list-style-type: none"> Strong growth in BB Finans
	<div>Q4'15</div> <div>174</div> <div>(10%)</div>	<div>Q4'16</div> <div>246</div> <div>(10%)</div>	<div>Growth during 2016</div> <div>+41%</div>	<ul style="list-style-type: none"> Stable portfolio development
	<div>Q4'15</div> <div>85</div> <div>(5%)</div>	<div>Q4'16</div> <div>164</div> <div>(7%)</div>	<div>Growth during 2016</div> <div>+92%</div>	<ul style="list-style-type: none"> Strong growth, focus on credit quality

Core market Finland: going from strength to strength

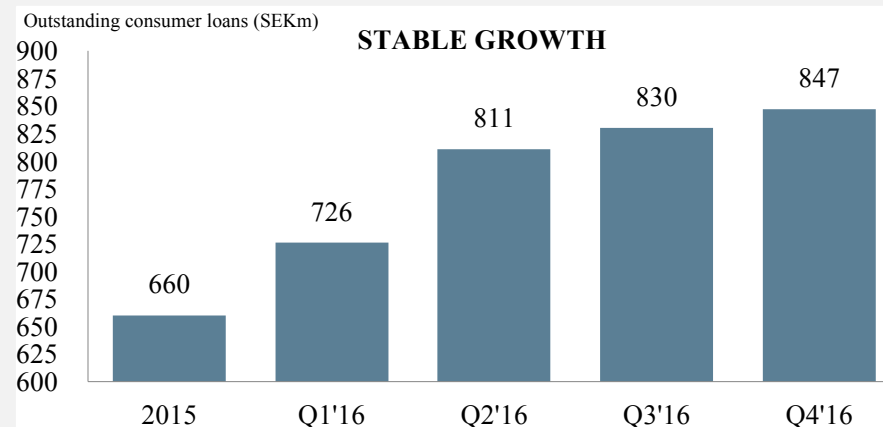
Developments

- Goals in 2016:
 - Increase data for scoring models
 - Manage loan broker efficiency
 - Increase sales to existing customers
 - Increase access to new customers
- Outcome:
 - Better segmentation of current portfolio to identify and activate new volumes
 - Enhanced cross-selling activities
 - Refinement of origination process with new external data source
 - Increased sales with stable credit quality

*Growth
during 2016*

+28%

Continued strong business development



MORE TO COME – STRATEGIC ROADMAP IN FINLAND

- ✓ Further development of Avarda and cross selling activities
- ✓ Increased online activity, alone and with partners
- ✓ Increase in number of co-operation partners

Core market Sweden: protecting market share and margins

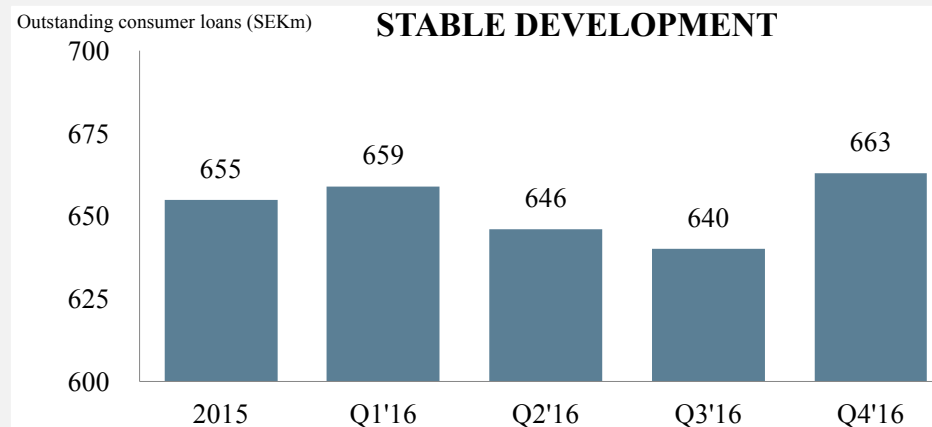
Developments

- Goals in 2016:
 - Focus on protecting margins
 - Not willing to trade margins for volume
 - Protect credit quality
- Outcome:
 - Stable portfolio with maintained credit quality
 - Introduction of new loan brokers
 - Better segmentation of current portfolio to identify and activate possible new volumes

*Growth
during 2016*

+1%

Continued strong business development



MORE TO COME – STRATEGIC ROADMAP IN SWEDEN

- ✓ Development of scorecard to utilise application volume
- ✓ Several trademarks via the same broker
- ✓ Increase in number of brokers

Core / growth market Norway: a welcome addition

Developments

○ Goals in 2016:

- Growth and credit quality
- Integration of platforms and processes
- Product development
- Introduce deposits



○ Outcome

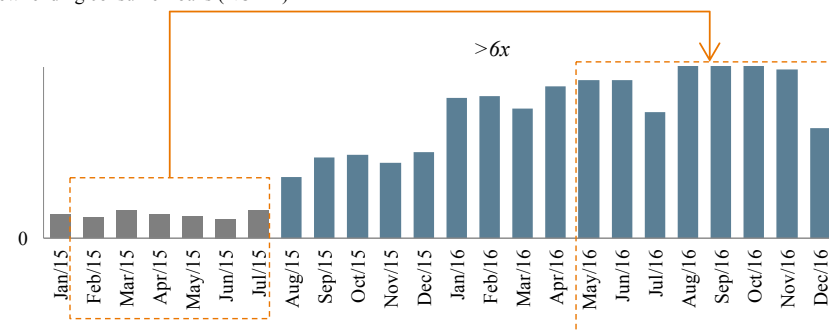
- Increase in the Group's business mix
 - Higher average loan
 - Lower interest rate
 - Lower credit losses
- Strong growth in portfolio with stable credit quality
- Credit card business with doubled transaction volume
- Deposits introduced (Q1 2017)

Growth
during 2016
+132%

Strong momentum – with more to come

CONTINUED GROWTH SINCE ACQUISITION

New lending consumer loans (NOKm)



MORE TO COME – STRATEGIC ROADMAP IN NORWAY

✓	Further integration of IT-platform and process
✓	Continued focus on growth and credit quality
✓	Product development / Credit card / Bank

Growth market Poland: careful growth, focus on credit quality

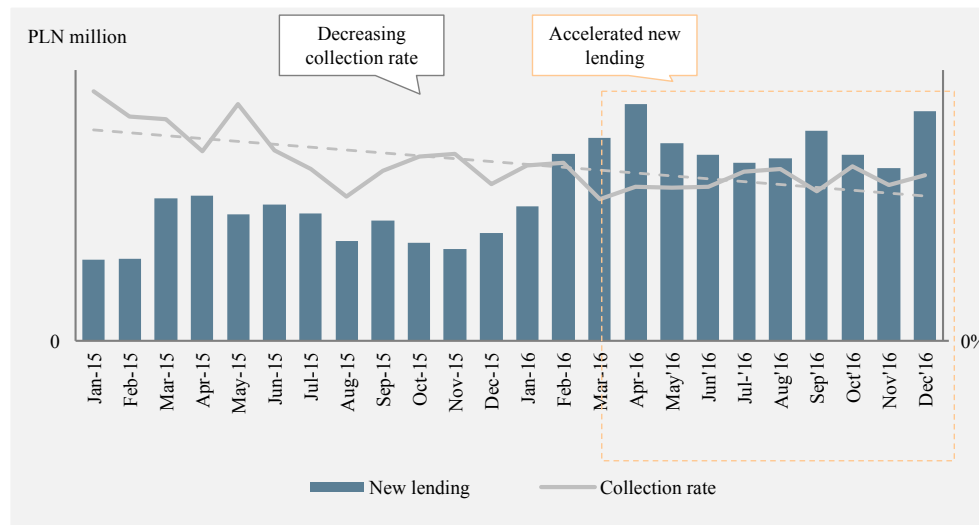
Developments

- Goals in 2016:
 - Increase no. of applications
 - Continue to improve credit quality
 - Increase in approval rates
 - IT platform development
- Result:
 - Co-operation with more brokers
 - Real-time access to more credit bureaus
 - Decreasing default rate
 - Broader product offer via broker networks
 - Increase in sales and portfolio size

*Growth
during 2016*

+92%

Loan portfolio growth following validation of model



MORE TO COME – STRATEGIC ROADMAP IN POLAND



Further development of segmentation and scorecard



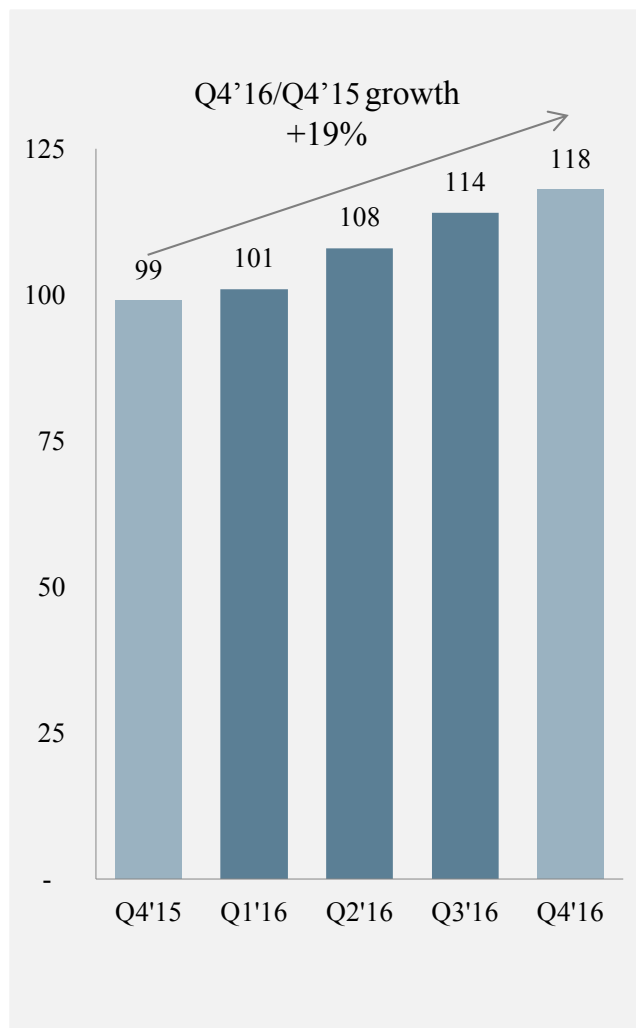
Further development of IT-platform and process



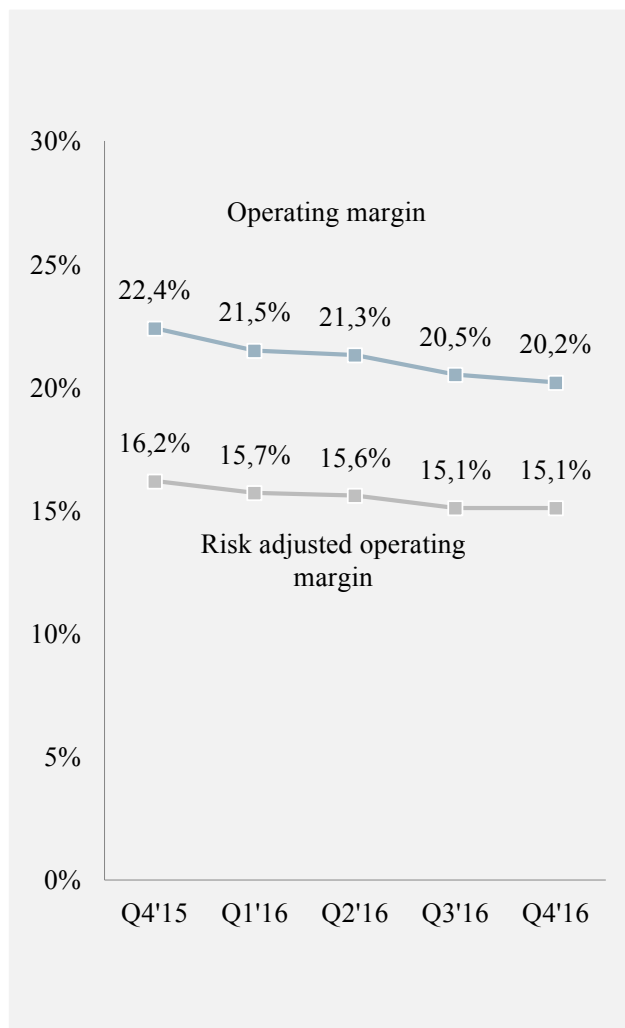
Broaden the loan broker base

Increased operating income and strong margins

Operating income



Operating income margins

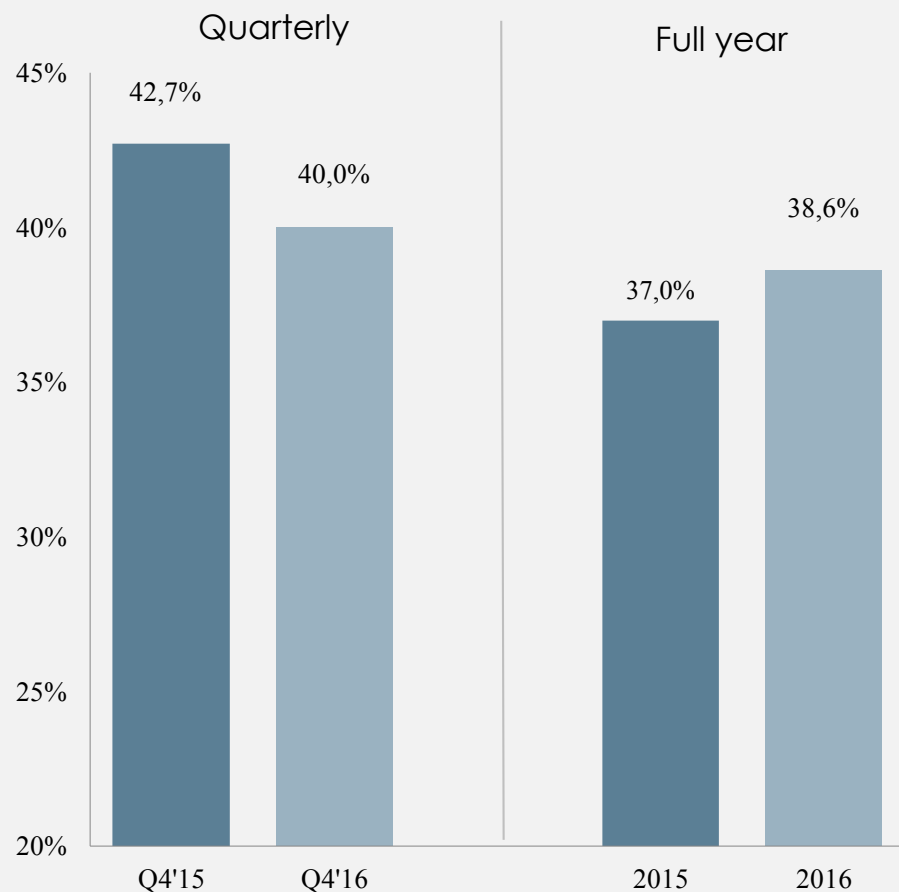


Comments

- Operating income Q4 2016 vs. Q4 2015 +19%
- Operating income margin decreasing mostly due to:
 - Growth in Norway (lower margins)
 - Higher interest expenses due to subordinated loan
- Risk-adjusted margin (adjusted for net loan losses): 15,1%

Cost focused organization

C/I-ratio



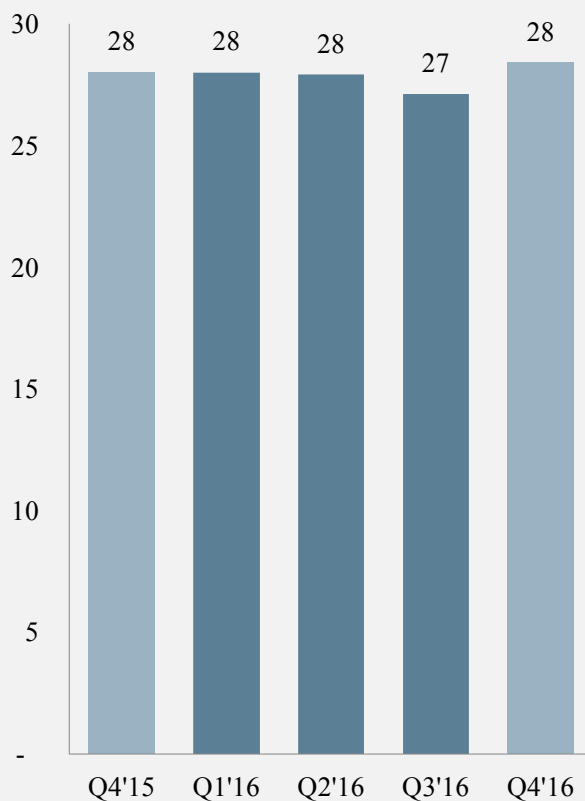
Comments

- Cost/Income ratio decreased Q4 2016 vs Q4 2015
- Full-year: Cost/Income ratio increased to 38,6%
 - Excluding Avarda 34,1% (34,4)
- Average number of employees 2016: 98 (78)
- Outlook 2017: Extensive focus on OPEX

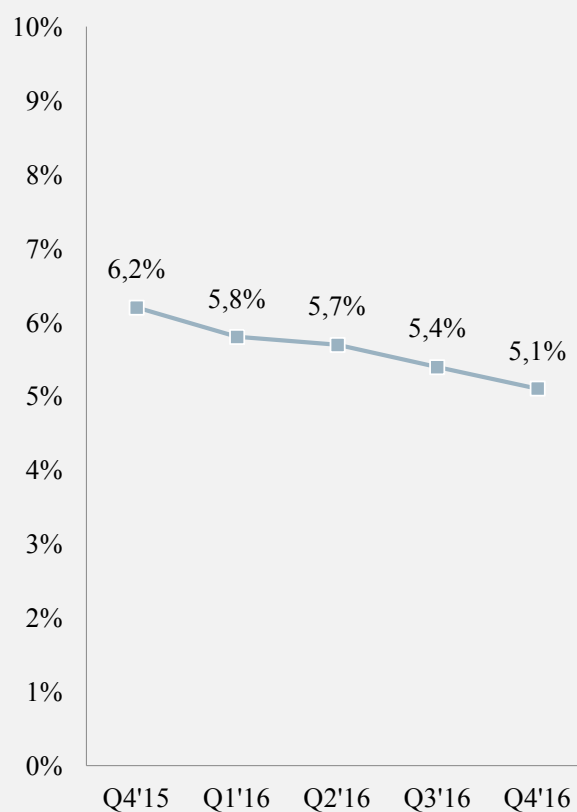
Net loan loss ratio continues to decrease

Net loan losses

SEK million



Net loan loss ratio



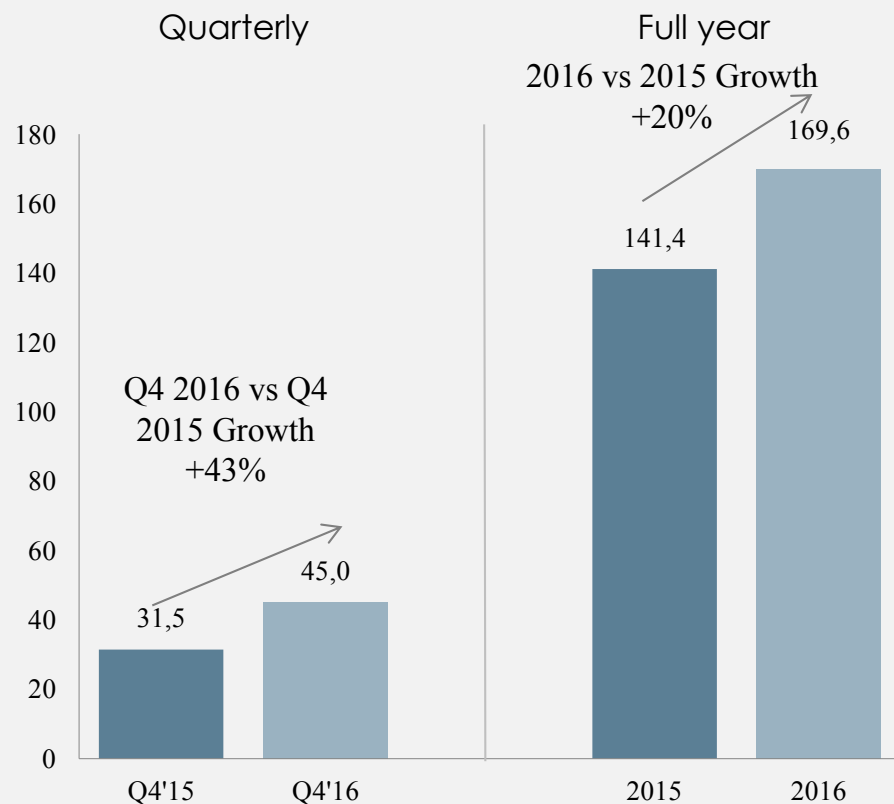
Comments

- Clean balance sheet policy
 - Non Performing Loans are generally sold on forward flow basis after approx. 70 days
- Net loan loss ratio continue to decrease, driven by;
 - Strong growth in Norway
 - Improving credit risk management processes for new markets

Strong result 2016

Operating profit¹⁾

SEK million



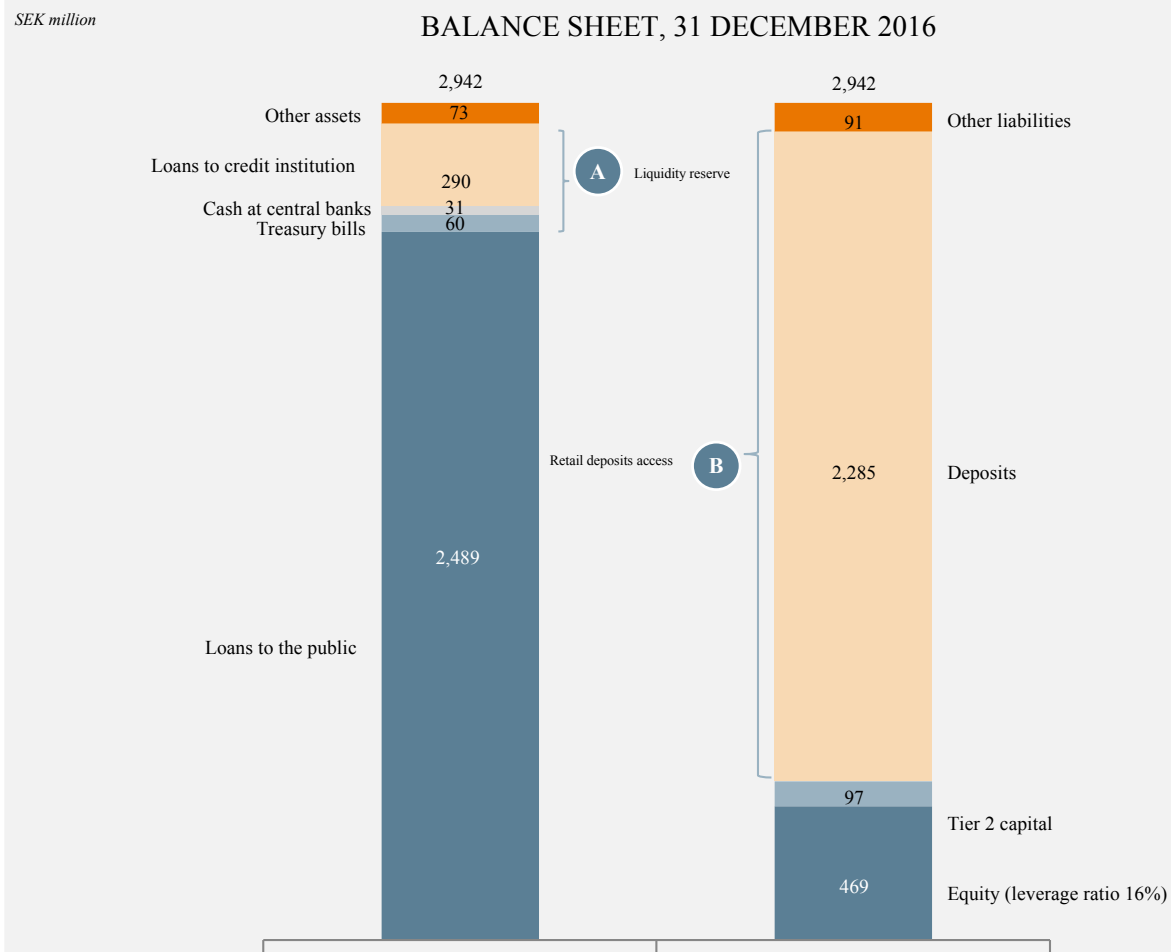
¹⁾ Attributable to shareholders of the parent company excluding items affecting comparability

Comments

- Operating profit +43% Q4 16 vs Q4 15
 - “Investments” affecting Q4 15
- EPS +23%: Delivery on financial target
 - Operating profit¹⁾ +20% full-year 2016

Current funding position

Strong balance sheet and capital position



¹⁾ Includes unutilized credit facility of MSEK 332.

Comments

A Solid liquidity position
Liquidity reserve 31% of deposits¹⁾

B Cost-efficient funding from retail deposits

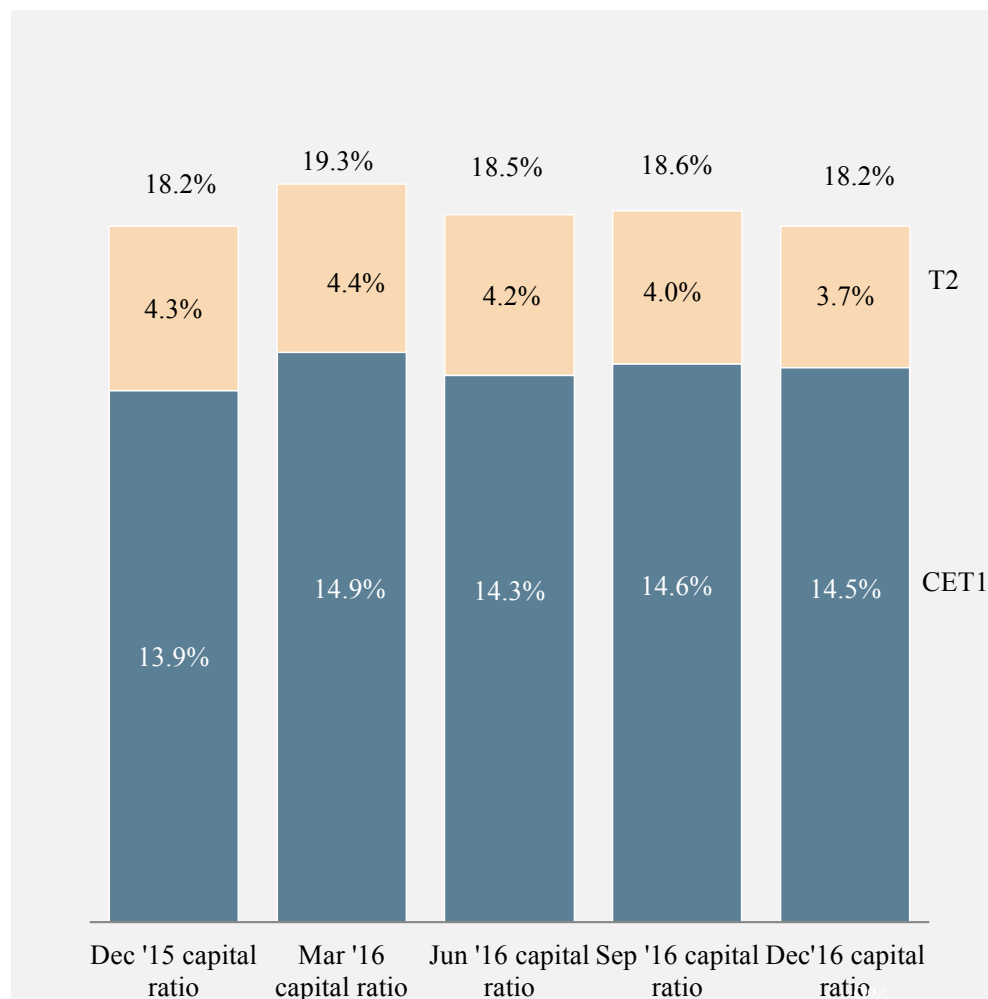
- Sweden
- Finland

Recent diversification in funding structure

- Fixed interest account in Sweden
- Deposits from the public in Norway

Strong capital position to support further growth

Historical and current capital structure ¹⁾



¹⁾ For the first three quarters of the year deduction of foreseeable dividend from own funds have been made in accordance with the adopted dividend policy and for the fourth quarter deduction of dividends from own funds have been made in accordance with the Board of Directors' proposal to the Annual General Meeting

Comments

- Strong CET1 ratio of 14.5% and total capital ratio of 18.2%
- Significant headroom to legal requirements
 - CET1 capital requirement: 8.32%
 - T1 capital requirement: 9.95%
 - Total capital requirement: 12.11%
- Objective is to maintain a total capital ratio of at least 14.5%

Outcome financial targets 2016 *Note: Medium term defined as 3-5 years*

Item	Target	Outcome
Growth	<i>Over the medium term, the Company aims to achieve an EPS growth of at least 20 percent</i>	23¹ percent
Efficiency	<i>Over the medium term, the Company aims to achieve a cost to income ratio of below 35 percent</i>	38.6 percent
Capital structure	<i>The Company aims to maintain a total capital ratio of at least 14.5 percent</i>	18.2 percent (31 Dec '16)
Dividend policy	<i>a pay-out ratio of approximately 50 percent of its annual consolidated net profit²⁾</i>	Proposed dividend approx. 40%

¹⁾ Excluding items affecting comparability

²⁾ Attributable to shareholders of the parent company including items affecting comparability.

Looking ahead into 2017

> Continued profitable growth

- ✓ Continue to improve credit quality and scoring models
- ✓ Opportunities with Avarada
- ✓ Continued focus on cost base and improving cost efficiency
- ✓ New markets



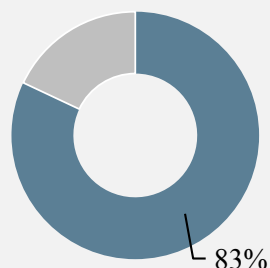
Q&A Session

Appendix

Direct to consumer overview

Loans to the public

% OF TOTAL LOAN PORTFOLIO



KEY FACTS

Amount
outstanding

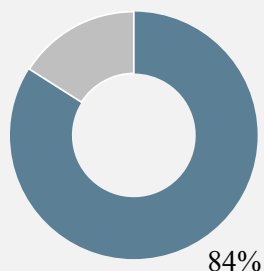
2,076 SEKm
(31 Dec 2016)

Loan portfolio
growth

+39.6%
(12M)

Operating income

% OF TOTAL OPERATING INCOME



KEY FACTS

Operating
income

372 SEKm
(2016)

Growth

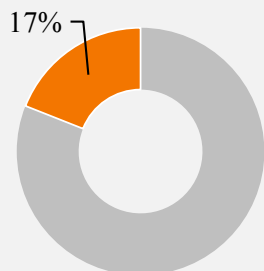
+15.8 %
(2016 vs 2015)

- Consumer loans
- Focus on highly profitable small- to mid-sized consumer loans
- Distribution through own database, websites and credit intermediaries
- Loans to the public in Direct to Consumer increased by 39.6% during 2016 and growth remained strong in Norway, Finland and Poland, where much focus has been in the past year
- The Group's progress in Norway has led to BB Finans approval by the Norwegian FSA (Finanstilsynet) for a banking license and it is currently evaluated how to best utilize this in the future.

Sales Finance overview

Loans to the public

% OF TOTAL LOAN PORTFOLIO



KEY FACTS

Amount
outstanding

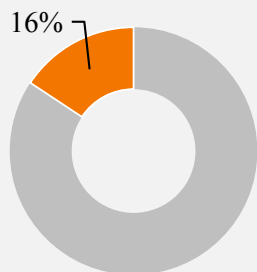
413 SEKm
(31 Dec 2016)

Loan portfolio
growth

18%
(12M)

Operating income

% OF TOTAL OPERATING INCOME



KEY FACTS

Operating
income

69 SEKm
(2016)

Growth

+3.2%
(2016 vs 2015)

- Enables retailers to offer an attractive financing solution to their customers
- Payment solution based on invoices that customer can choose to convert into a credit (instalment loan)
- Merchant friendly white label invoice solution
- Setback with Avara bankruptcy
- Development of Avara as # 2 Sales Finance provider in the Nordics

TF Bank team

Executive management team



Declan Mac Guinness
CEO

With TF Bank since 2012

Previous experience: CEO of Carlson Fonder AB and Compliance Officer for DNB Asset Management. Also a guest lecturer at Stockholm University for the last fifteen years



Mikael Meomuttel
CFO and Deputy CEO

With TF Bank since 2006

Previous experience: Financial Controller at Consortio Fashion Group AB (CFG), one of the Nordic region's leading groups in distance commerce and e-commerce



Johannes Rintaniemi
Head of Finland and Head of Direct to Consumer

With TF Bank since 2011

Previous experience: Worked in consumer credit, credit risk management and portfolio quality at Ferratum Group. **GE Money**, **Santander Consumer Finance** and **Citibank**



Jonas Wedin
Head of Sales Finance

With TF Bank since 2013

Previous experience: Worked at ICA Banken, ICA AB and SP Technical Research Institute of Sweden as project leader and team leader



Björn Skytt
CIO

With TF Bank since 2010

Previous experience: Worked as integration manager for ICA Banken and prior to that as project manager and system manager for SKF's financial and treasury systems



Sture Stølen
Head of Investor Relations

With TF Bank since 2015

Previous experience: Head of Investor Relations at SAS Group, senior advisor at Fogel & Partners, senior advisor and partner at Wildecos and a director of Forex Bank

Head of countries and functions



Wojciech Drozd
Head of Poland

With TF Bank since 2014

Previous experience: Sales leader with more than 15 years of extensive consumer finance and retail banking experience. Worked for **GE Money** & **BPH Bank** in Poland



Karin Zandren
Head of Sweden

With TF Bank since 2009

Previous experience: More than 10 years in the consumer finance sector. Previously worked with **Citibank** as Lending Product Manager and with **GE Money** as Online Sales & Marketing Manager



Krzysztof Blach
Credit Manager

With TF Bank since 2015

Previous experience: 12 years of experience within credit risk management. Worked for **GE Money Bank** in Poland as Head of Consumer Risk Management



Espen Johannesen
Head of Norway and CEO BB Finans

With TF Bank since 2015

Previous experience: Six years of experience within the Norwegian consumer finance market



Vilma Sool
Head of Estonia

With TF Bank since 2014

Previous experience: Head of division for private customer deposits in German, Austrian and Dutch market at **Bigbank** and established the Bigbank AS Swedish branch



Mikael Johansson
CEO Avarda

With Avarda since 2016

Previous experience: Various roles within Risk, Marketing & Business Development and CEO/MD at **GE Commercial Finance**, **Santander Consumer Bank**

Strong Governance through experienced Board



Mattias Carlsson

Chairman of the Board since 2015, Board member since 2008

Current commitments: TFB Service OU, Board member, BB Finans AS, Board member, Avarda AB, Board member, Avarda Oy, Board member

Dependent of the company and its management



Thomas Grahn

Board member since 2010

Previous appointments include the Swedish Financial Supervisory Authority

Independent of the company, its management and of major shareholders



Tone Bjørnov

Board member since 2015

Current commitments: Filmparken AS, chairman, BB Finans AS, Board member, ABG Sundal Collier ASA, Board member, ABG Sundal Collier Holding ASA, Board member, Bank 1 Oslo Akershus AS, Board member, Valutacorp AS, Board member, Norsk Film Kostyme AS, chairmann Aqua Bio Technology ASA, Board member Intex Resources ASA, Board member

Independent of the company, its management and major shareholders



John Brehmer

Board member since 2010

Current commitments: TFB Holding AB, Board member, Zebware AB, chairman, Tiberon AB, chairman, Mederion AB, chairman, Consortio Fashion Holding AB, Board member

Independent of the company and its management. Dependent of major shareholders



Bertil Larsson

Board member since 2007

Current commitments: Board member, LåsTeam Sverige AB, chairman, Minso Solutions AB, chairman, Conpera AB, Board member Minso Holding AB, chairman, Aktiebolaget Borås Tidning, chairman, Tore G Wärenstams stiftelse, Board member, Swedebribe AB, chairman Gota Media AB, Board member Effektiv Bemanning AB, chairman, Brf Asplyckan, Board member

Independent of the company, its management and of major shareholders



Paul Källenius

Board member since 2007

Current commitments: TFB Holding AB, chairman, Consortio Fashion Group AB, chairman, Halens A, Board member, New Bubbleroom Sweden AB, Board member, Urbanista AB, Board member, Nordiska Hypoteksförmedlingen AB, Board member, Consortio Fashion Holding AB, chairman

Independent of the company and its management. Dependent of major shareholders



Lars Wollung

Board member since 2015

Current commitments: IFS, chairman, Tieto, Board member, northern Alliance Group, chairman, DLaboratory, Board member, Bambora, Board member

Independent of the company, its management and major shareholders

CONTACTS



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