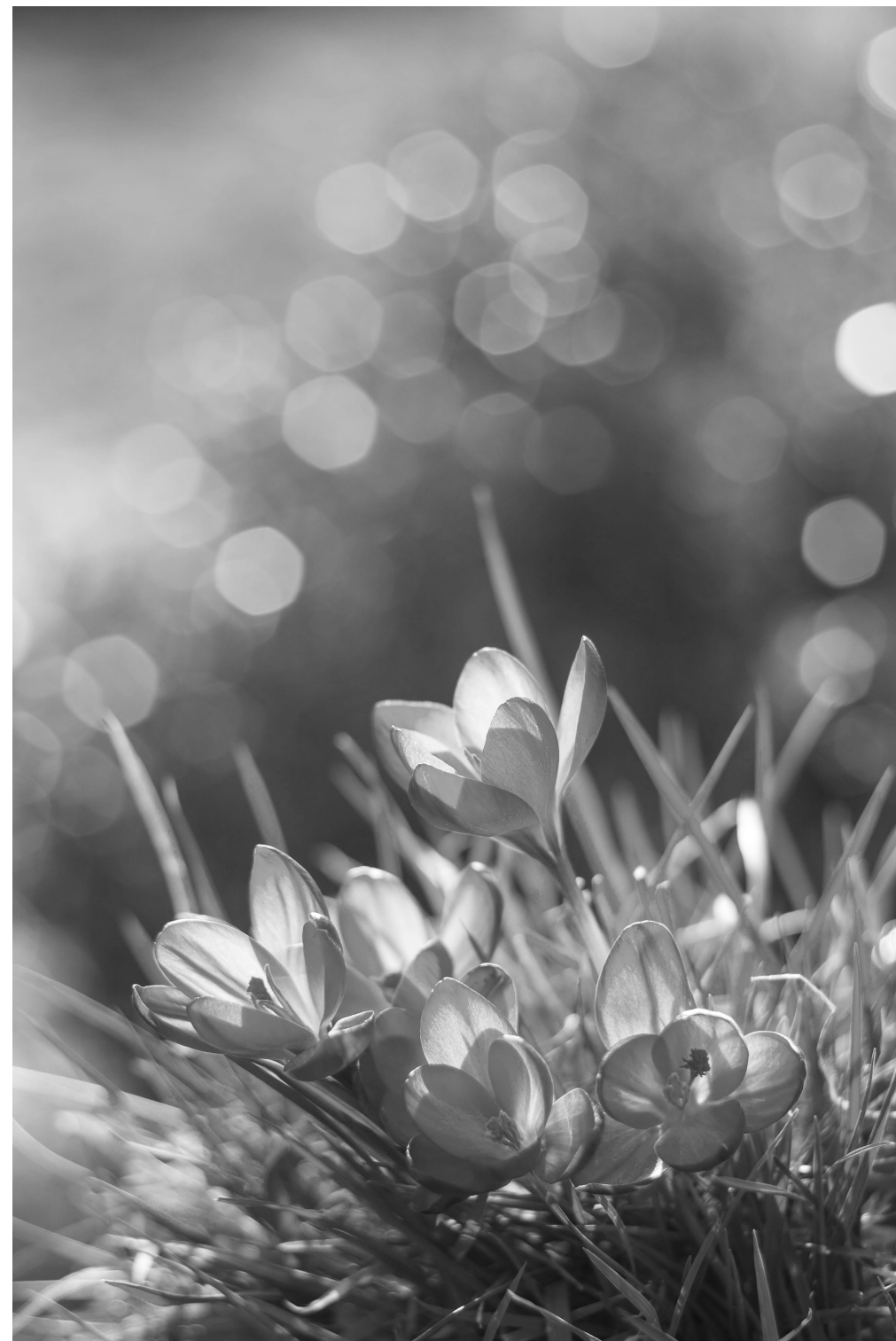




# 1<sup>st</sup> Quarter 2017

## RESULT PRESENTATION



# Q1 2017 in summary

- Continued organic loan book growth
- Strong EPS growth
- Cost efficiency
- Strong capital base

<sup>1)</sup> Attributable to shareholders of the parent company excluding items affecting comparability.

## Q1 2017 vs Q4 2016

LOAN BOOK  
GROWTH

+11%

EPS growth

+18%<sup>1)</sup>

C/I RATIO

38.8%

TOTAL CAPITAL  
RATIO

17%  
(Mar '17)

# Strong start to 2017

## > Continued profitable growth in all countries

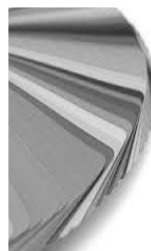
- ✓ Strong finish to the Quarter led to a strong start to the year
- ✓ Increased focus on OPEX within the Group
- ✓ Increased product mix in deposits and lending
- ✓ Continued geographic diversification of loan book and financing



# This is TF Bank



**GEOGRAPHICALLY  
DIVERSIFIED**



**DIVERSIFIED  
GRANULATED  
PORTFOLIO**



**FLEXIBLE  
IT- PLATFORM**



**NEW OPPORTUNITIES  
IN SALES FINANCE  
WITH AVARDA**



**CLEAN BALANCE  
SHEET SALE OF NPL**



**LEAN AND COST  
FOCUSED  
ORGANIZATION**

 **TFBank**

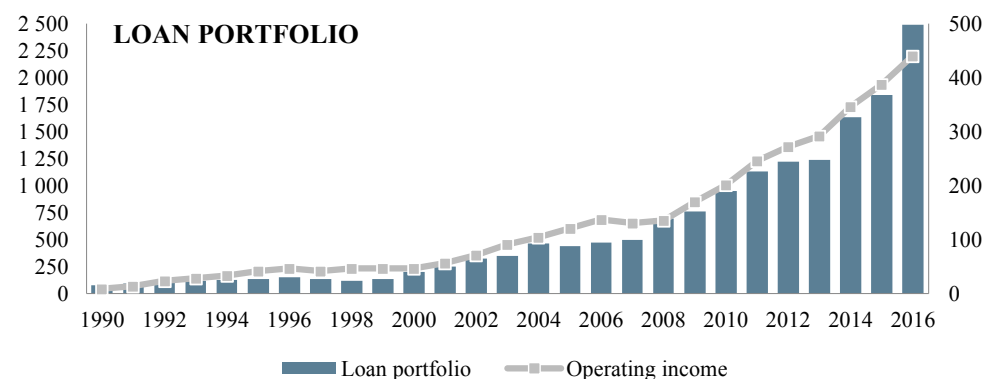
# Long track record of profitable growth

## 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)
  - *Sales Finance* (payment solutions to merchants and credit cards)

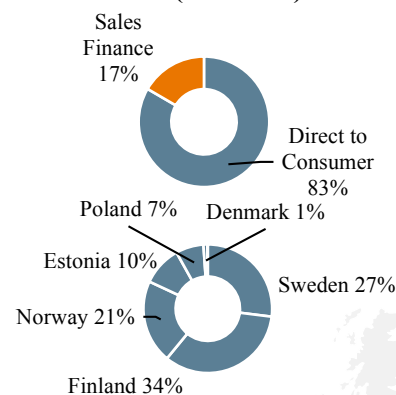
## Strong track record on growth and profitability

SEK million

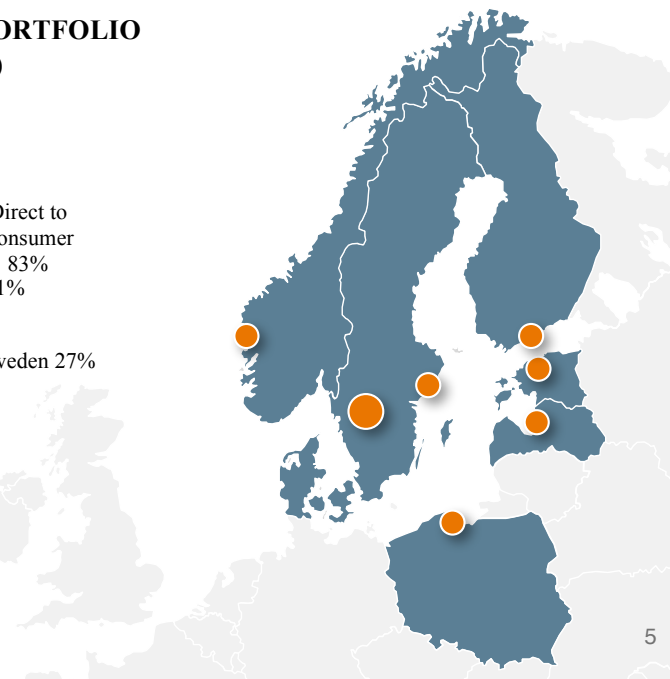


## Geographically well diversified

### SHARE OF LOAN PORTFOLIO (12M2016)



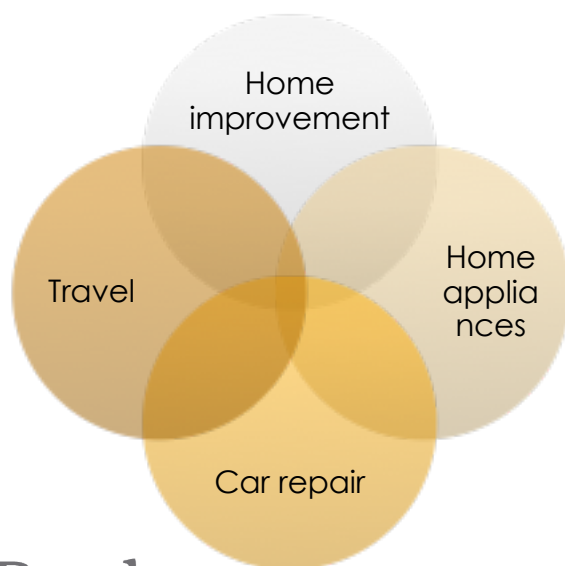
**98 employees  
(Average)**








# Direct to Consumer - Diversified Granulated Portfolio

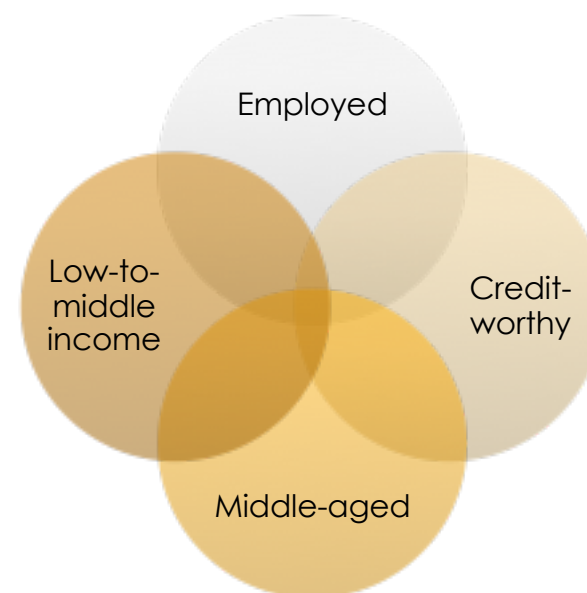
## Product overview and use of proceeds

- Unsecured consumer loans
- 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

	Average size (SEK) (per Mar '17)
	~24,000
	~94 000
	~25,000
	~22,000
	~18,000



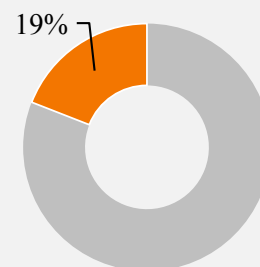
# Sales Finance – Drives new lending and builds database

## 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
- Norwegian credit cards (from Q1 2017)

## Key financials

### % OF TOTAL LOAN PORTFOLIO (Q1'17)



### KEY FACTS

Amount outstanding	516 SEKm (31 Mar 2017)
Loan portfolio growth	+35% (Q1 /2017 vs Q1 2016)

## Growth through two different brands and organisations

### TFBank (100%)

Geographical expansion in Europe

Long-term merchant relationships in the Nordics



### AVARDA (51%)

JV established 2015

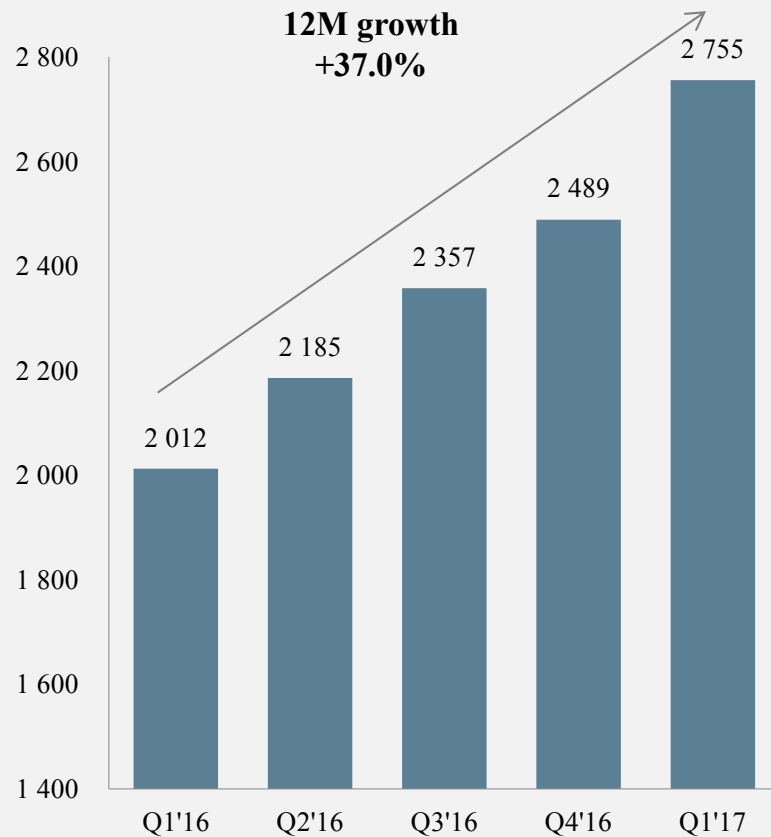
Strategy to become #2 in the Nordic region



# Strong loan book growth driven primarily by Direct to Consumer

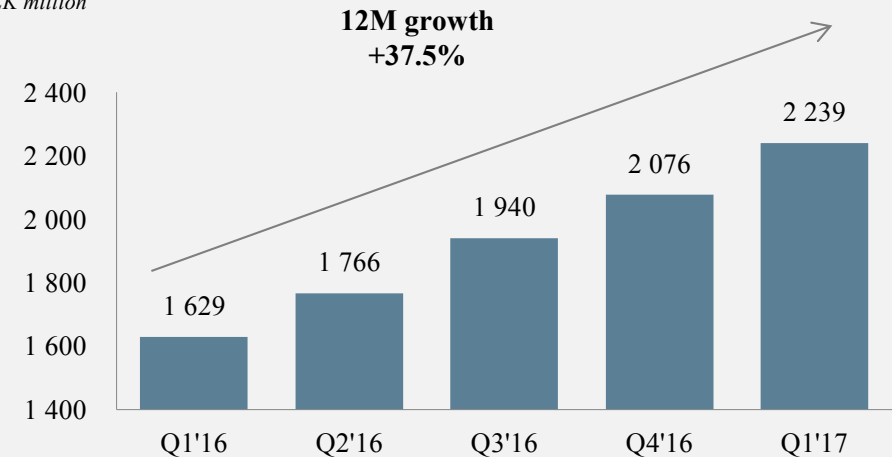
## TF Bank Group

SEK million



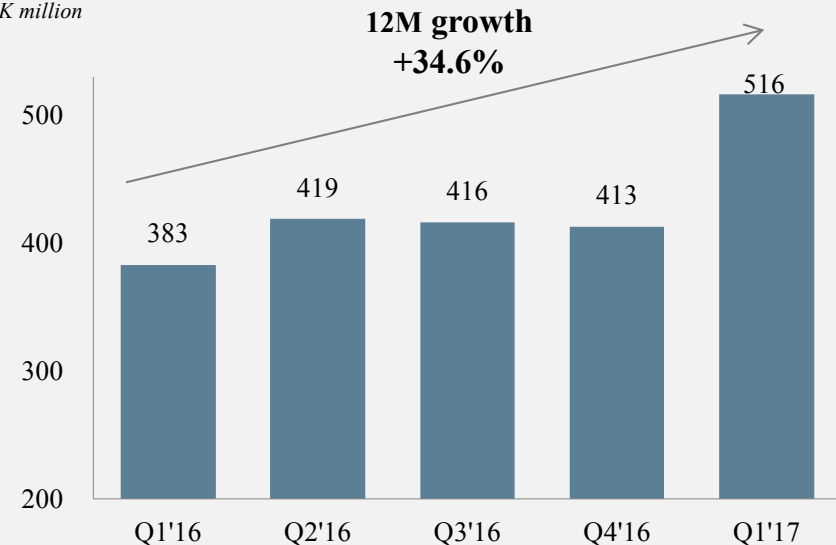
## Direct to Consumer segment

SEK million








## Sales Finance segment

SEK million





# Summary: growth and diversification according to plan

Country	Loan book growth in SEK million (share of group)			Comments
	<div>Q4'16</div> <div>847</div> <div>(34%)</div>	<div>Q1'17</div> <div>900</div> <div>(33%)</div>	<div>Growth during Q1 2017</div> <div>+6%</div>	<ul style="list-style-type: none"> <li>Strong growth in new product</li> </ul>
	<div>Q4'16</div> <div>663</div> <div>(27%)</div>	<div>Q1'17</div> <div>688</div> <div>(25%)</div>	<div>Growth during Q1 2017</div> <div>+4%</div>	<ul style="list-style-type: none"> <li>Focus on profitability</li> </ul>
	<div>Q4'16</div> <div>530</div> <div>(21%)</div>	<div>Q1'17</div> <div>642</div> <div>(23%)</div>	<div>Growth during Q1 2017</div> <div>+21%</div>	<ul style="list-style-type: none"> <li>Strong growth in both segments</li> </ul>
	<div>Q4'16</div> <div>249</div> <div>(10%)</div>	<div>Q1'17</div> <div>282</div> <div>(10%)</div>	<div>Growth during Q1 2017</div> <div>+13%</div>	<ul style="list-style-type: none"> <li>Strong portfolio development</li> </ul>
	<div>Q4'16</div> <div>164</div> <div>(7%)</div>	<div>Q1'17</div> <div>204</div> <div>(7%)</div>	<div>Growth during Q1 2017</div> <div>+24%</div>	<ul style="list-style-type: none"> <li>Strong growth in both segments</li> </ul>

# Core market Finland: strong growth in new product

## Developments

- Strong growth in Direct to Consumer in March
- Increased co-operation with brokers (access to new customer base)
- Increased sales to existing customer base (both segments)
- Stable credit quality

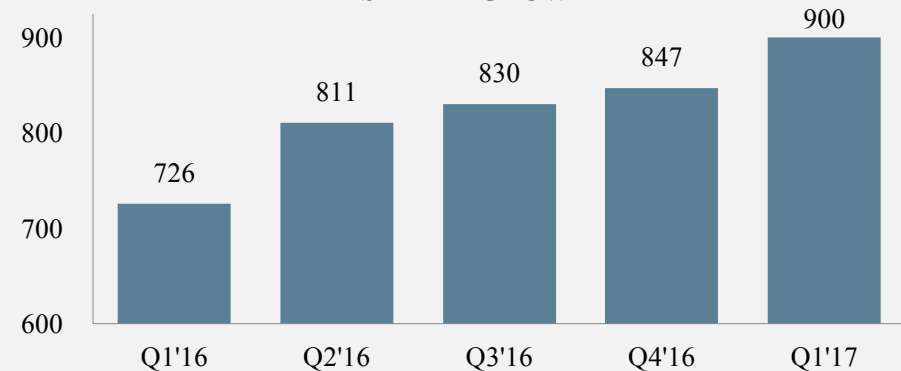
*Growth  
during Q1 2017*

+6%

## Continued strong business development

Outstanding consumer loans (SEK million)

### STABLE GROWTH



### MORE TO COME – STRATEGIC ROADMAP IN FINLAND

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

# Core market Sweden: continued focus on profitability

## Developments

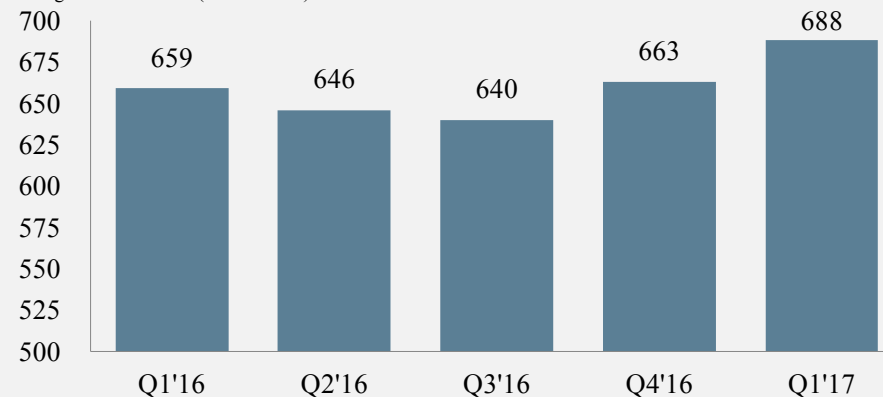
- Focus on protecting margins (“not willing to trade margins for volume”)
- Focus on cross-selling
- Focus on credit quality
- Introduction of new loan brokers

*Growth  
during Q1 2017*

+4%

## Continued strong business development

Outstanding consumer loans (SEK million)



### MORE TO COME – STRATEGIC ROADMAP IN SWEDEN



Development of scorecard to utilise application volume



Several trademarks via the same broker



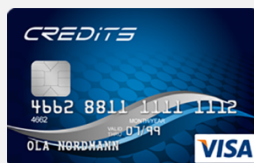
Increase in cross selling and number of brokers

# Core / growth market Norway: growth in both segments

## Developments



- Maintaining growth and credit quality
- Product development (SF)
  - Credit card business
  - Higher margin than for loans
  - Successful campaigns in February/March
- Increase in the Group's business mix
  - Higher average loan
  - Lower interest rate
  - Lower credit losses
- Successful introduction of deposits



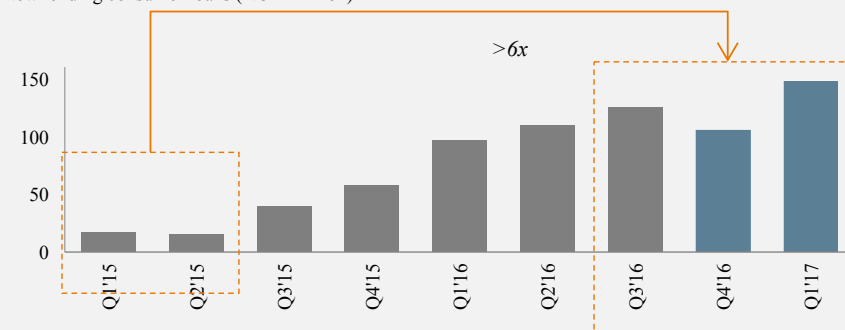
Growth  
during Q1 2017

+21%

## Strong momentum continues

### CONTINUED GROWTH SINCE ACQUISITION

New lending consumer loans (NOK million)



### MORE TO COME – STRATEGIC ROADMAP IN NORWAY

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

# Growth market Poland: growth in both segments

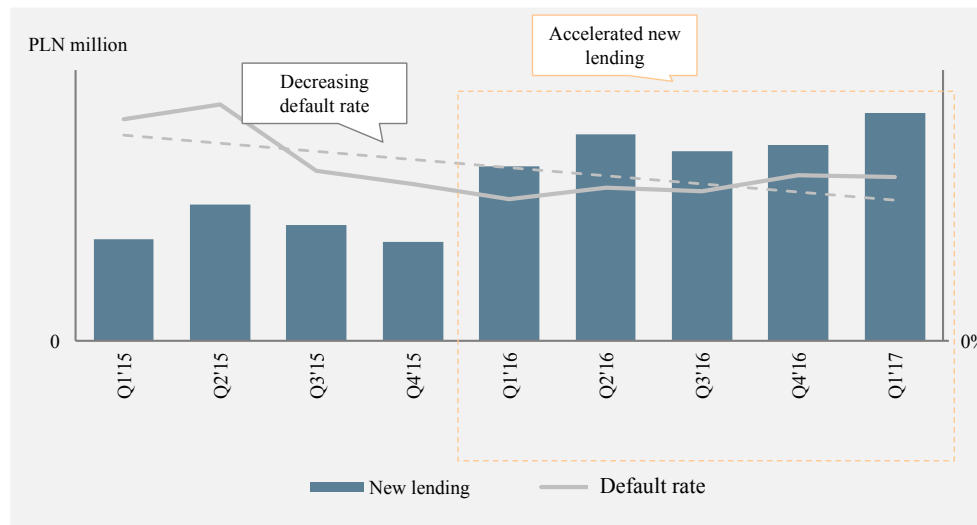
## 2017 Plans and first tangible results

- Increased volume in Sales Finance segment
- Continued focus on credit quality
- Further decrease in default rate
- Controlled increase in portfolio size
- Continued focus on approval rates

*Growth  
during Q1 2017*

+24%

## Stable new lending improved by risk management



## ON THE RIGHT PATH – STRATEGIC GOALS FOR POLAND



Further development of segmentation and scorecard



Further development of IT-platform and process



More brokers and increasing customer base

# Growth market the Baltics: strong in Estonia, start-up in Latvia

## 2017 Plans and first tangible results

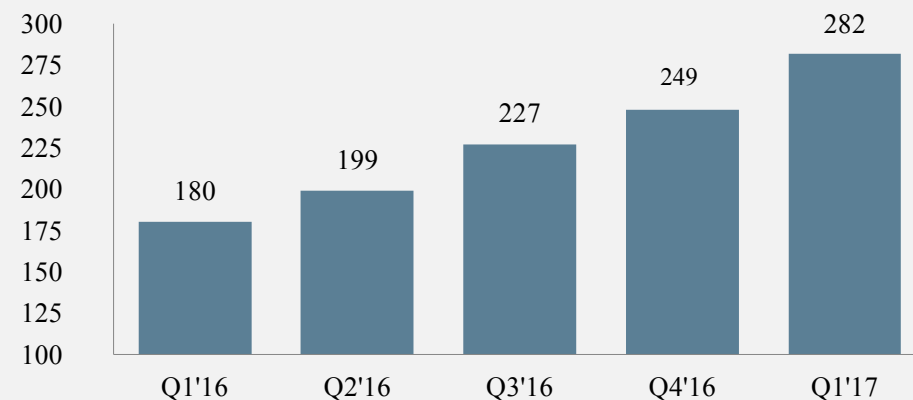
- Estonia going from strength to strength
- Application to establish a branch in Estonia
- Ongoing product development in both segments
- Record volume in Estonia in March
- Synergies between countries

*Growth  
during Q1 2017*

+13%

## Loan portfolio growth

Outstanding consumer loans (SEK million)



## ON THE RIGHT PATH – STRATEGIC GOALS FOR BALTICS



Establishment of a branch will give increased local focus



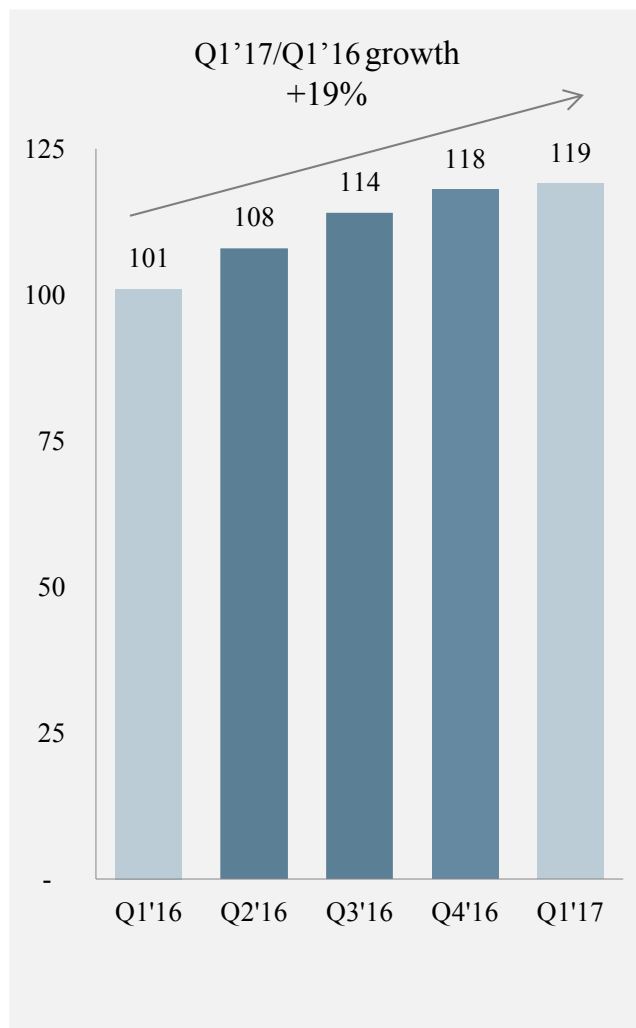
Further development of IT-platform and processes



Product innovation

# Increased operating income and strong margins

## Operating income



## Operating income margins



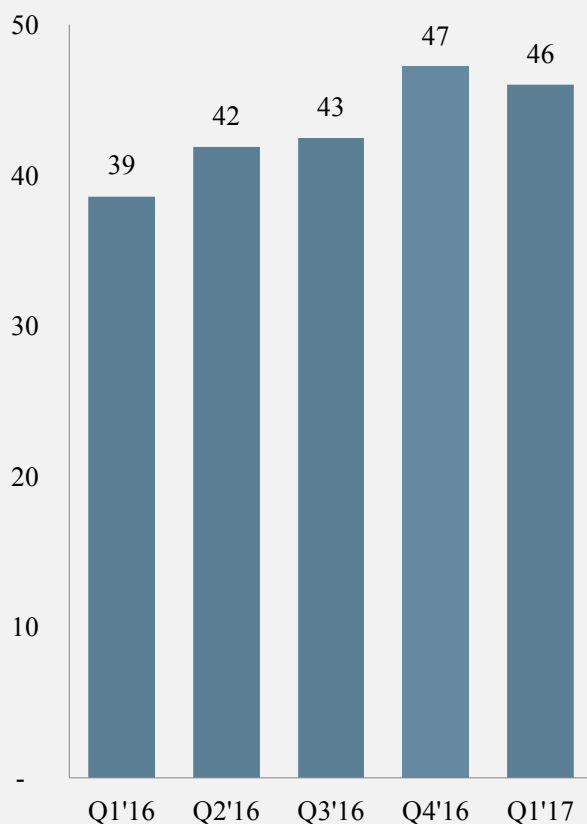
## Comments

- Operating income Q1 2017 vs. Q1 2016 +19%
  - Strong growth in Norway, Finland and Estonia
- Decreasing operating income margin mostly due to;
  - Growth in Norway (lower margins)
- Risk-adjusted margin (adjusted for net loan losses): 14.6%

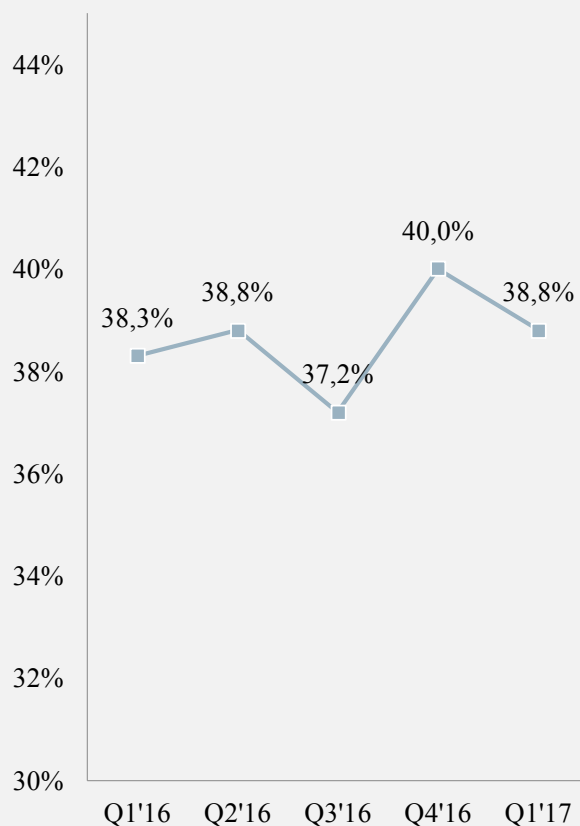
# Extensive focus on OPEX

## Operating expenses

SEK million



## C/I ratio



## Comments

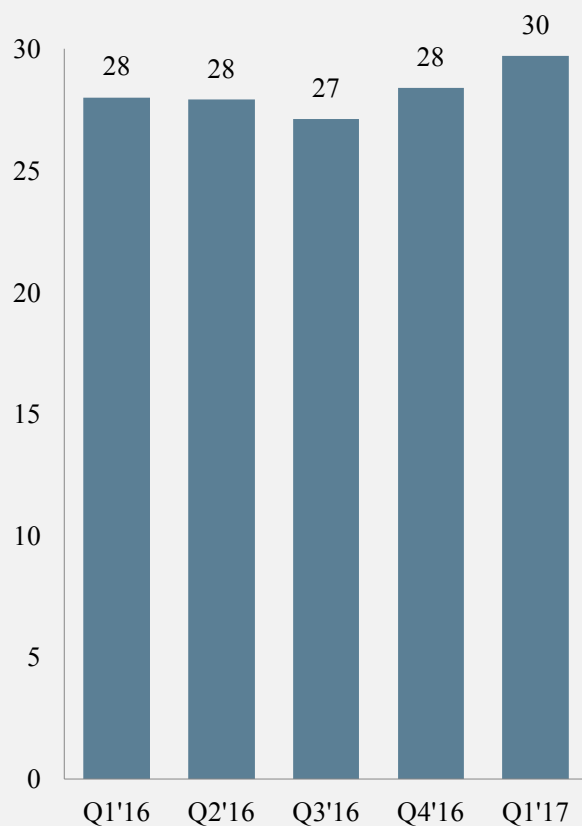
- Operating expenses Q1 2017 vs. Q1 2016 +20%
  - Number of employees 105 (94)
  - Increased IT costs/investments
  - Sales costs related to lending volumes
- Operating expenses decreased Q1 2017 vs Q4 2016
  - Extensive focus on OPEX
- Cost/Income ratio Q1 2017: 38.8%
  - Excluding Avarda 36.0%



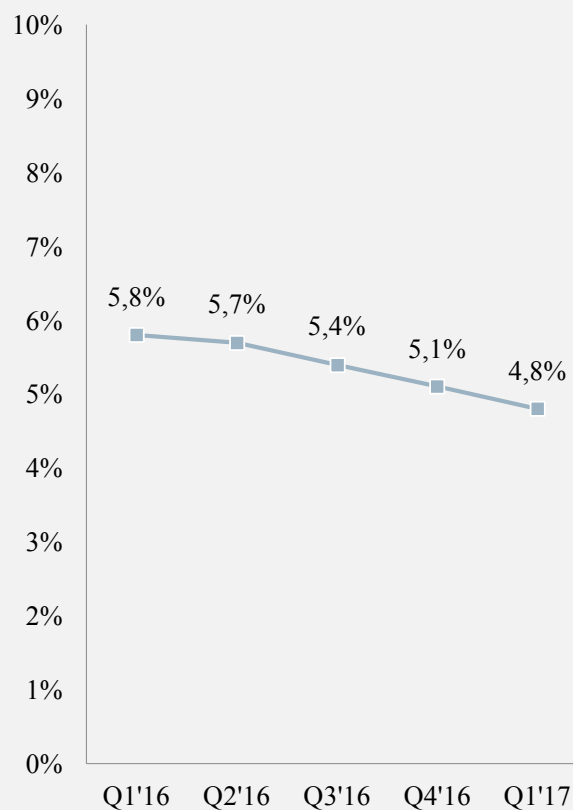
# Net loan loss ratio continues to decrease

## Net loan losses

SEK million



## Net loan loss ratio



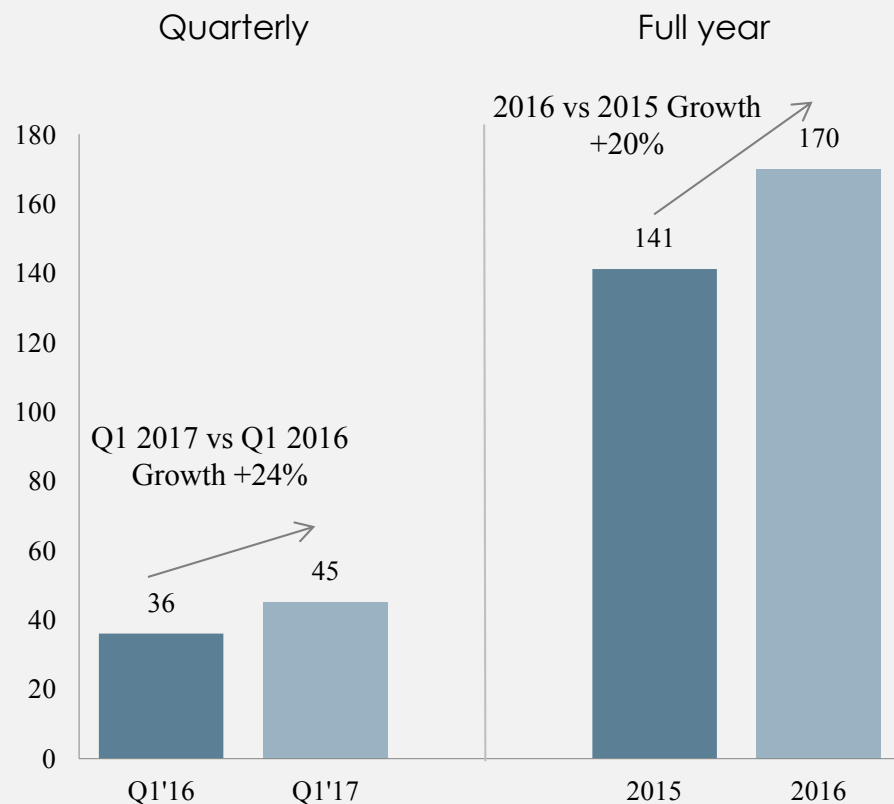
## Comments

- Clean balance sheet policy
  - NPLs generally sold on forward flow basis after approx. 72 days
- Net loan losses Q1 2017 vs. Q1 2016 +6%
  - Growing loan portfolio drives loan losses
- Net loan loss ratio continues to decrease, driven by:
  - Strong growth in Norway
  - Improving credit risk management processes

# Operating profit growth

## Operating profit<sup>1)</sup>

SEK million



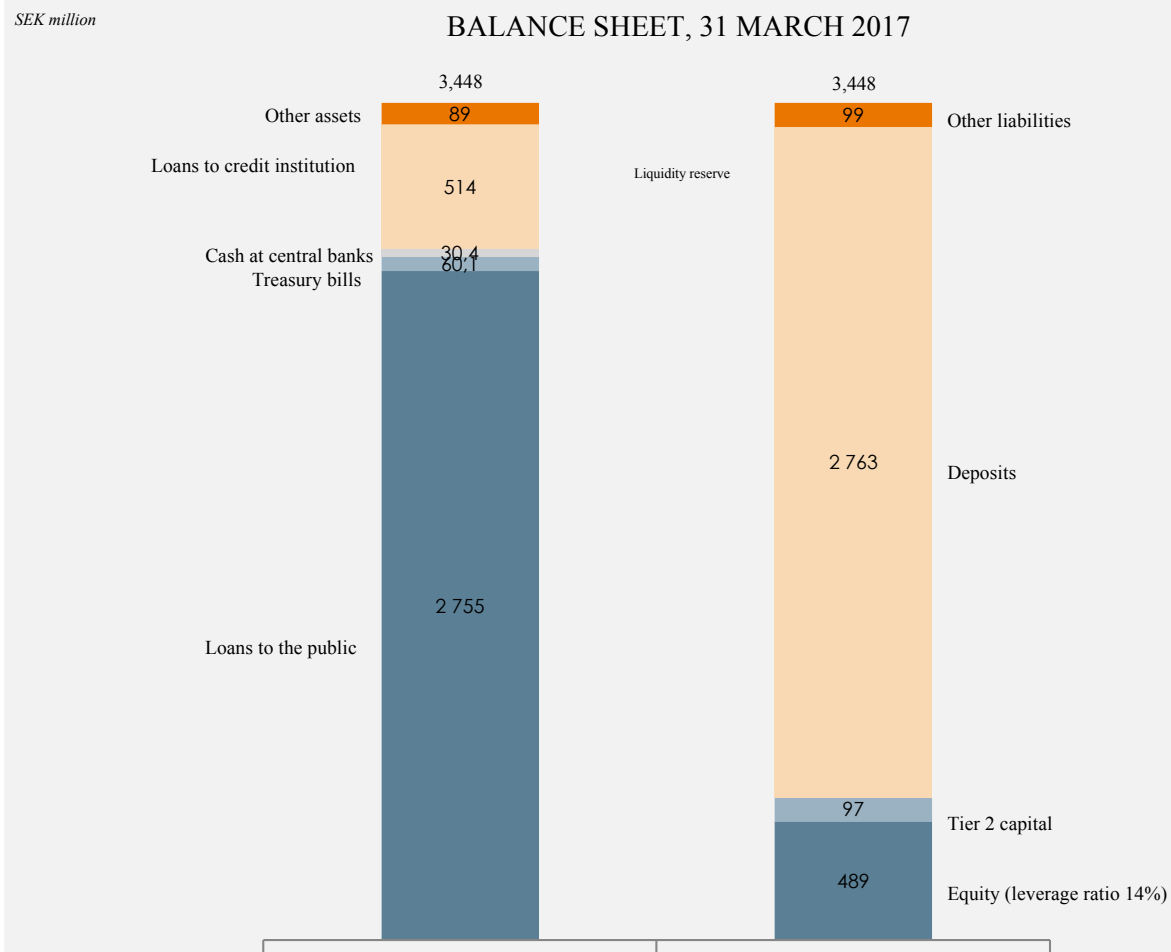
## Comments

- Operating profit Q1 2017 vs. Q1 2016 +24%
  - Loan book growth
  - Extended focus on OPEX
  - Stable net loan losses
- Earnings per share +18%
  - Impacted by income tax fluctuations
- Continuing delivery on financial EPS target
  - Operating profit +20% full-year 2016

<sup>1)</sup> Attributable to shareholders of the parent company excluding items affecting comparability

# Strong growth for deposits

## Strong balance sheet and capital position



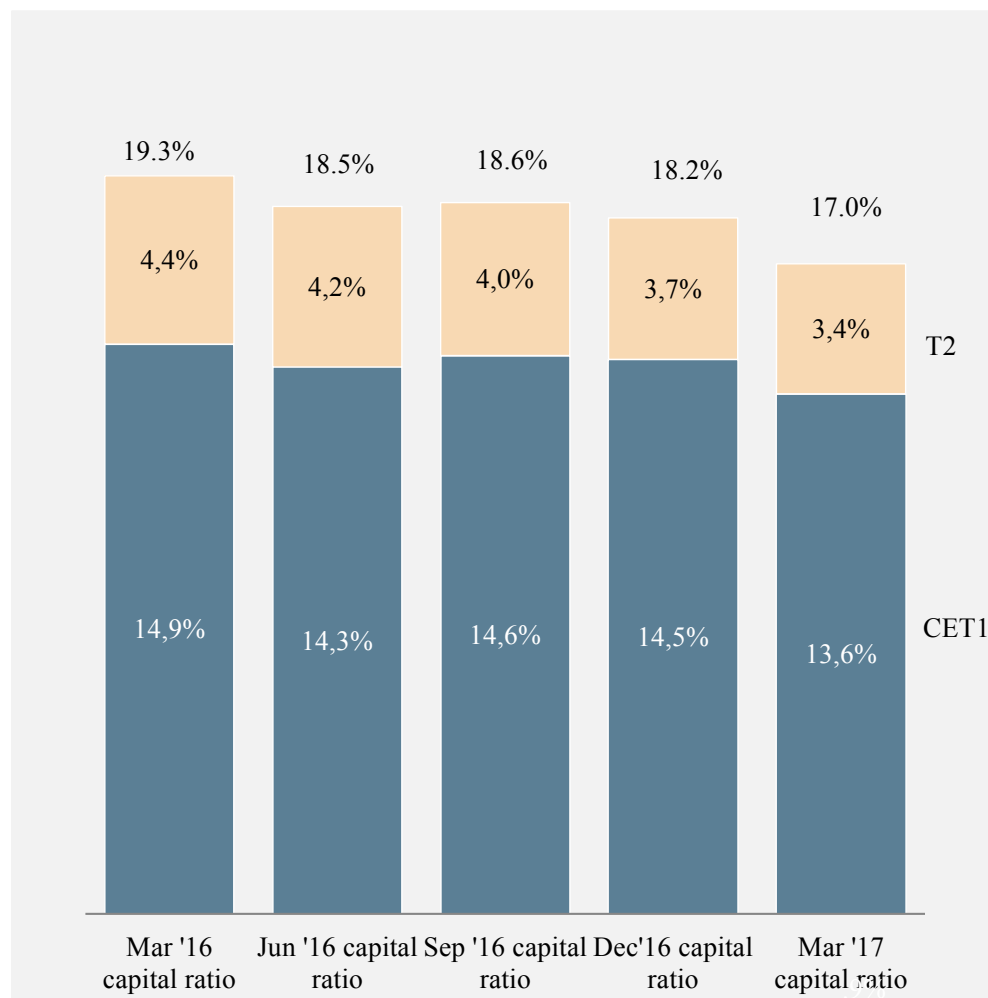
<sup>1)</sup> Includes undrawn credit facilities of SEK 331 million.

## Comments

- Cost-efficient funding from retail deposits
  - Sweden
  - Finland
  - Norway (NEW)
- Strong growth for new deposit products in Q1-17
  - Fixed interest account in Sweden
  - Deposits from the public in Norway
- Increased liquid assets
  - Liquidity reserve<sup>1)</sup> 34% of deposits
  - Supports further loan book growth

# Capital ratios decreased in Q1

## Historical and current capital structure <sup>1)</sup>



<sup>1)</sup> For Q1 2017 deduction of dividends from own funds has been made in accordance with the Board of Directors' proposal to the Annual General Meeting 2017 as well as the dividend policy for the interim profit.

## Comments

- CET1 ratio of 13.6% and total capital ratio 17.0%
- Significant headroom to legal requirements
  - CET1 capital requirement: 8.5%
  - T1 capital requirement: 10.1%
  - Total capital requirement: 12.2%
- Objective is to maintain a total capital ratio of at least 14.5%

# Outcome financial targets Q1 2017

*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 <b>at least 20 percent</b></i>	<b>18 percent <sup>1)</sup></b>
Efficiency	<i>Over the medium-term, the Company aims to achieve a cost-to-income ratio of <b>below 35 percent</b></i>	<b>38.8 percent</b>
Capital structure	<i>The Company aims to maintain a total capital ratio of <b>at least 14.5 percent</b></i>	<b>17.0 percent</b> (31 Mar '17)
Dividend policy	<i>A pay-out ratio of approximately <b>50 percent</b> of its annual consolidated net profit <sup>2)</sup></i>	N/A

<sup>1)</sup> Excluding items affecting comparability.

<sup>2)</sup> Attributable to shareholders of the parent company including items affecting comparability.

# Q&A Session

# Appendix

# 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 2009

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 OÜ, 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, Swedebridge AB, chairman Gota Media AB, Board member Effektiv Bemanning AB, chairman, Brf Asplickan, 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

# CONTACTS



TF Bank Investor Relations

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[www.tfbankgroup.com](http://www.tfbankgroup.com)