



2<sup>nd</sup> Quarter 2017

RESULT PRESENTATION



# January – June 2017, in summary

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

LOAN BOOK  
GROWTH

+14%

Q2 2017 vs Q4 2016

EPS GROWTH

+20% <sup>1)</sup>

H1 2017 vs H1 2016

C/I RATIO

38%

H1 2017

TOTAL CAPITAL  
RATIO

17%

30 June 2017

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

# Worth noting

January – June 2017



Strong loan book growth in both segments



New agreement for Avara



One-off sale of NPLs & forward flow agreement in Estonia



Changes in the organisation



Continued geographic diversification: Germany

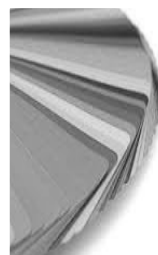


 TFBank

# 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  
ORGANISATION**

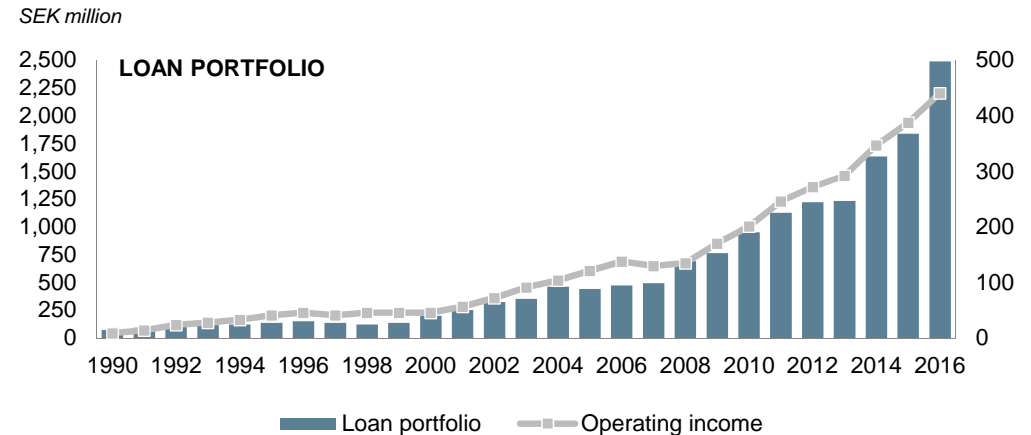
 **TFBank**

# Long track record of profitable growth

## Long experience and proven business model

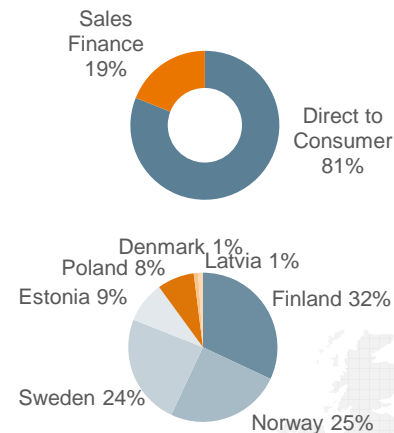
- More than 25 years experience from consumer finance industry
- Business model combining growth with best-in-class returns
- Highly profitable core markets with proven model for geographical expansion into new high-growth markets
- Over one million active customers
- Two complementary business segments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

## Strong track record on growth and profitability



## Geographically well diversified

### SHARE OF LOAN PORTFOLIO (30 June 2017)

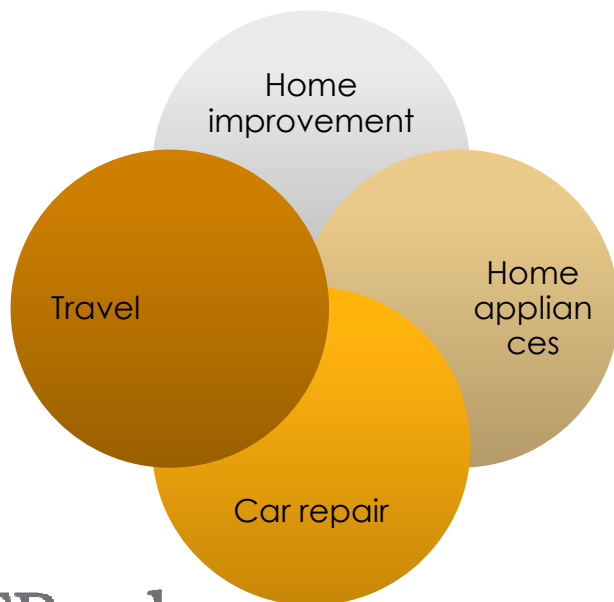


106 employees






# Direct to Consumer - Diversified Granulated Portfolio

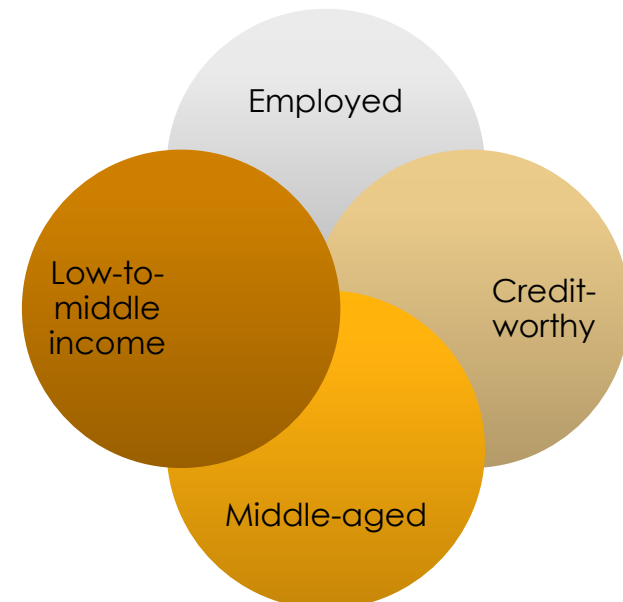
## Product overview and use of proceeds

- Unsecured consumer loans
- Marketed through internal channels and external partners
- Tenor of loans are typically between 12 and 60 months
- Estimated average maturity of ~22 months
- Average loan size on book of SEK ~30,000



## Loan sizes and customer profile

	Average size (SEK) (as at 30 Jun '17)
	~25,000
	~85,000
	~27,000
	~24,000
	~20,000



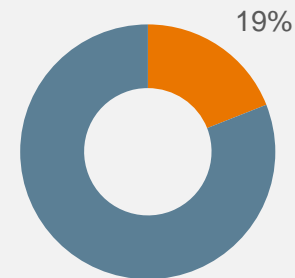
# Sales Finance – Drives new lending and builds database

## 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  
(Q2'17)



KEY FACTS

Amount  
outstanding

540 SEKm  
(30 Jun 2017)

Loan portfolio  
growth

+31%  
(Q2 /2017 vs Q4 2016)

## Growth through two different brands and organisations

**TFBank** (100%)

Geographical  
expansion in  
Europe

Long-term  
merchant  
relationships in  
the Nordics



**AVARDA** (51%)

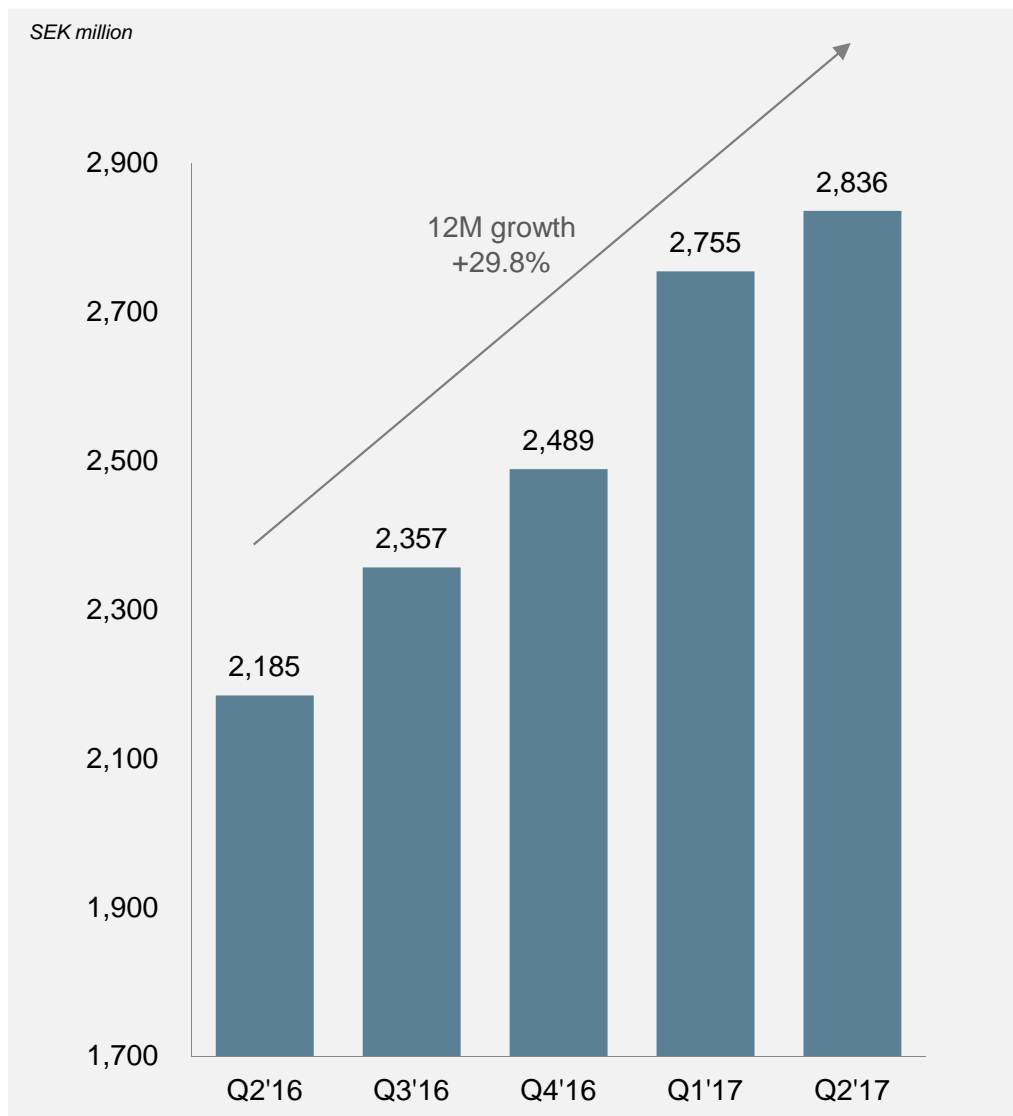
Subsidiary with  
minority  
interest  
established in  
2015

Strategy to  
become one of  
the leading  
companies in  
the Nordic  
region

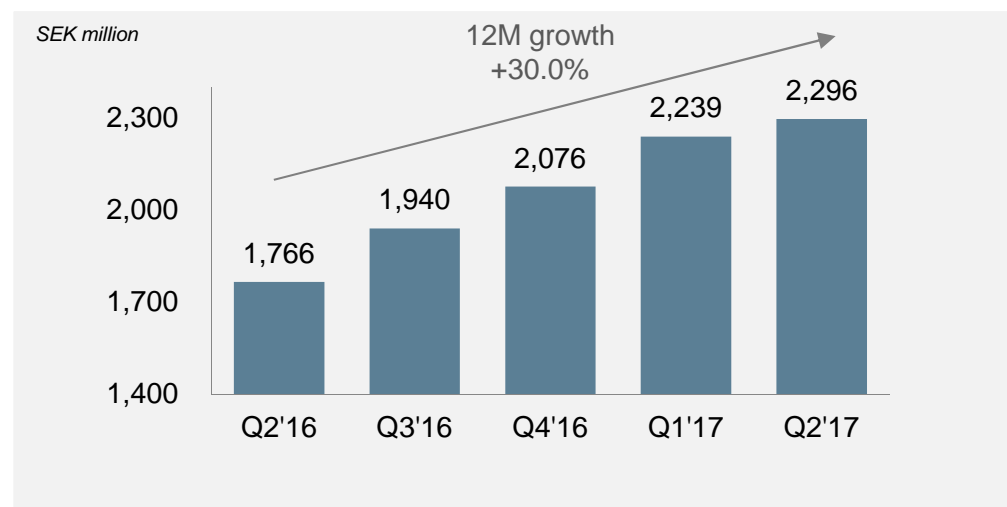


# Strong loan book growth driven primarily by Direct to Consumer

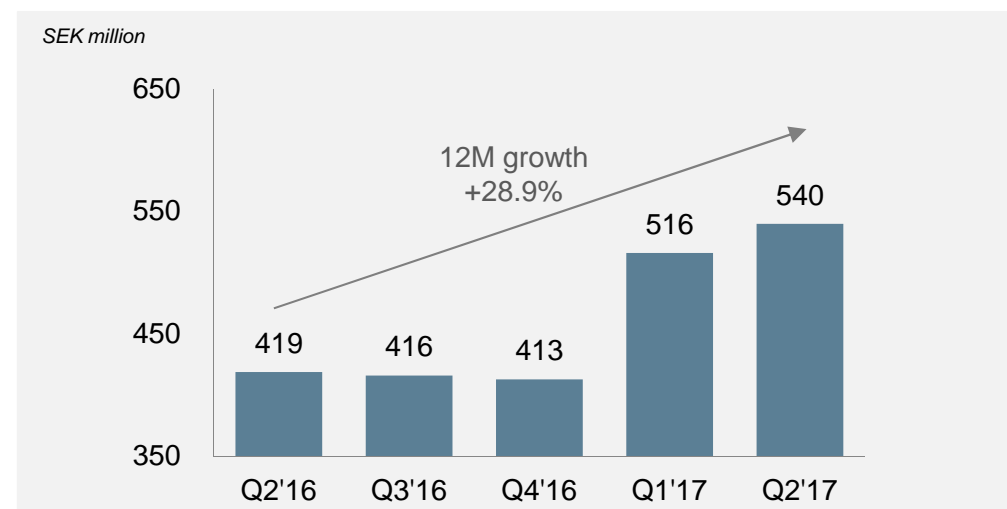
## TF Bank Group



## Direct to Consumer segment








## Sales Finance segment





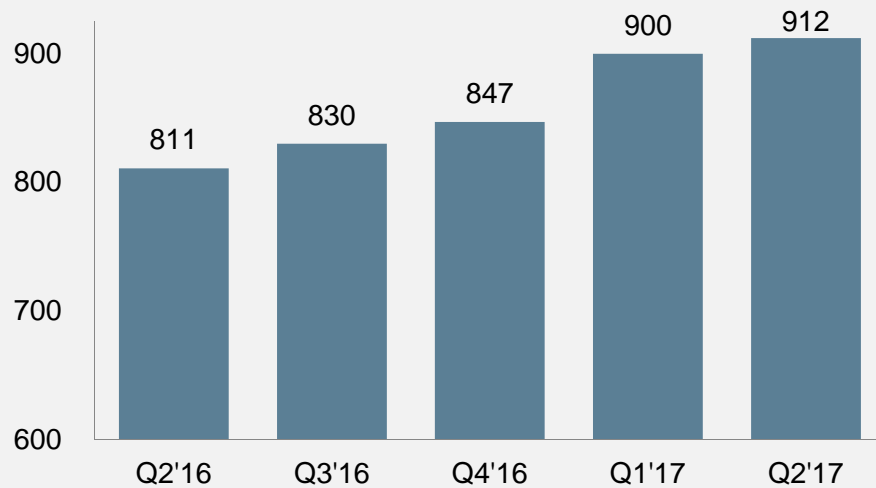
# Summary: growth and diversification according to plan

Country	Loan book growth in SEK million (share of group)			Comments
	31 Dec 2016 847 34%	30 Jun 2017 912 32%	Growth during 2017 +8%	<ul style="list-style-type: none"> <li>Steady growth and profitability</li> </ul>
	31 Dec 2016 663 27%	30 Jun 2017 662 24%	Growth during 2017 +0%	<ul style="list-style-type: none"> <li>Focus on profitability</li> </ul>
	31 Dec 2016 530 21%	30 Jun 2017 714 25%	Growth during 2017 +35%	<ul style="list-style-type: none"> <li>Strong growth in both segments</li> </ul>
	31 Dec 2016 249 10%	30 Jun 2017 280 10%	Growth during 2017 +13%	<ul style="list-style-type: none"> <li>Steady growth and profitability</li> </ul>
	31 Dec 2016 164 7%	30 Jun 2017 230 8%	Growth during 2017 +40%	<ul style="list-style-type: none"> <li>Strong growth in both segments</li> </ul>

# Core markets Finland and Sweden

## Finland

Outstanding balance  
(SEK million)



- Strong March affecting both quarters
- Increasing competition for the bigger tickets
- Focus on credit quality

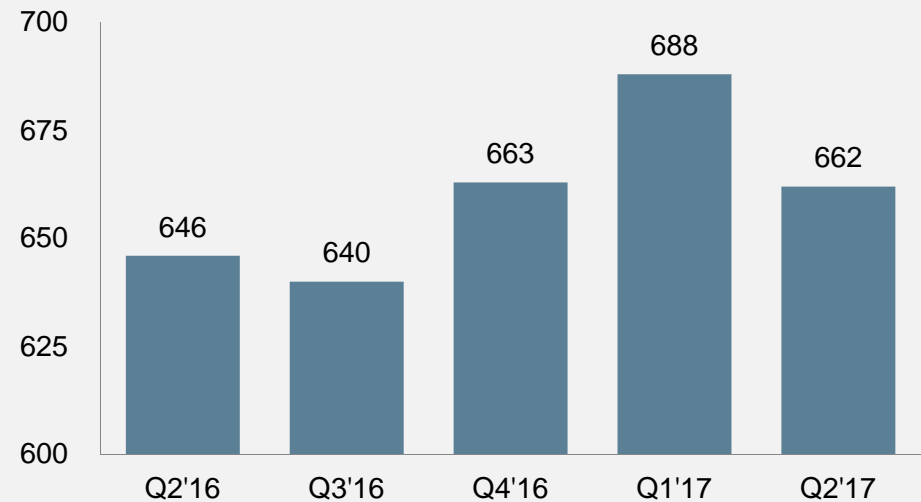
Growth  
during 2017

+8%

Steady growth and profitability

## Sweden

Outstanding balance  
(SEK million)



- Strong growth in Q1, slower in Q2
- Focus on credit quality
- Focus on profitability

Growth  
during 2017

+0%

Focus on profitability

# Core/growth market Norway

## Developments



- Maintaining growth and credit quality
- Product development (SF)
  - Credit card business growing
  - Higher margin than for loans
- Increase in the Group's business mix
  - Higher average loan albeit, lower than before
  - Lower interest rate than in other countries
  - Lower credit losses than in other countries
- Successful introduction of deposits in January (TF Bank)



*Strong growth in both segments*

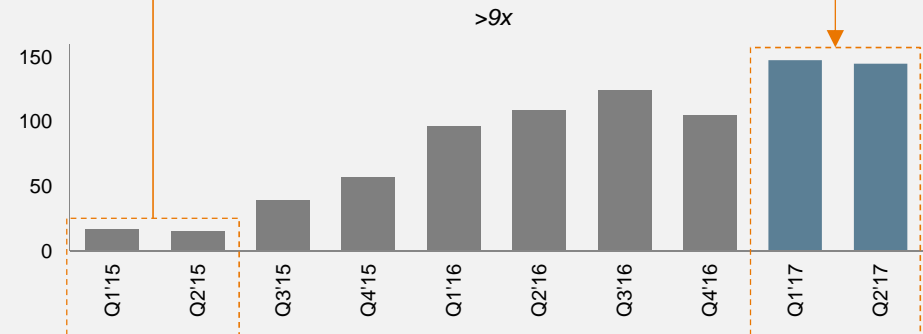
*Growth during 2017*

**+35%**

## Strong momentum continues

New lending  
(NOK million)

### CONTINUED GROWTH SINCE ACQUISITION



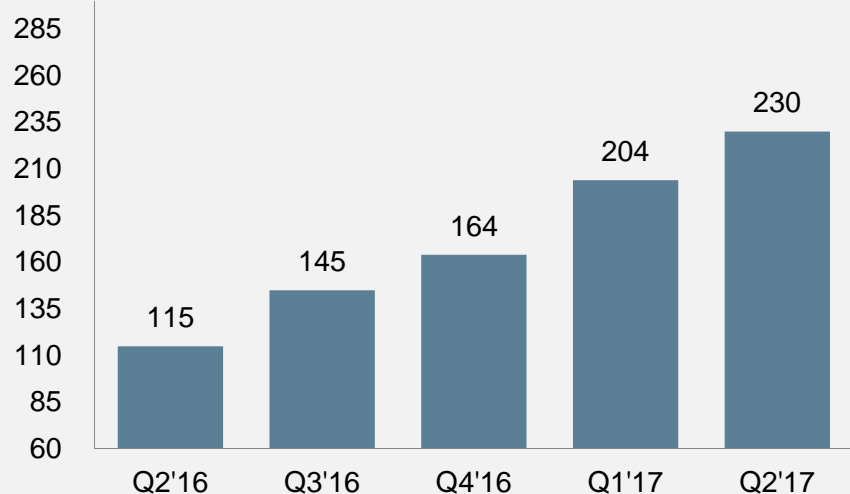
### MORE TO COME – STRATEGIC ROADMAP IN NORWAY

- ✓ Continued product development/Credit card
- ✓ Continued focus on growth and credit quality
- ✓ Banking license in Q3

# Growth markets Poland and the Baltics

## Poland

Outstanding balance  
(SEK million)



- Stable growth in Direct to Consumer
- Strong growth in Sales Finance
- Ever improving credit quality

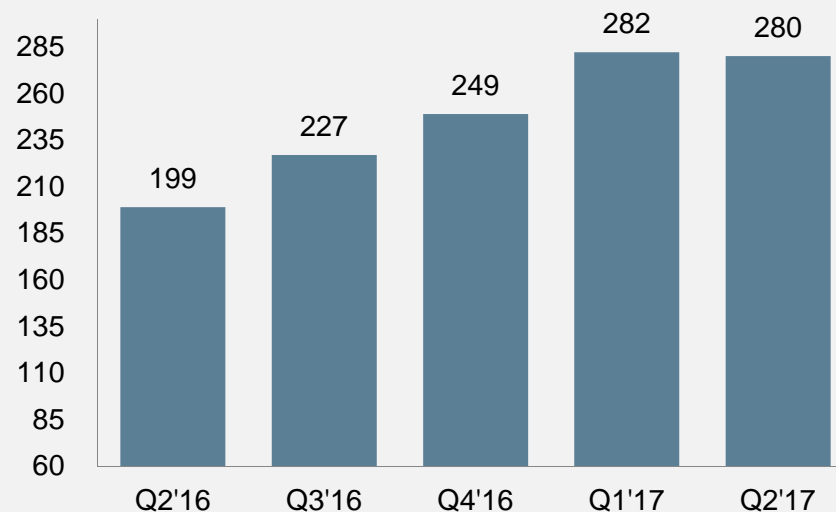
Growth  
during 2017

*Strong growth in both segments*

+40%

## The Baltics

Outstanding balance  
(SEK million)



- Portfolio size affected by sale of NPLs in Q2
- New forward flow: clean balance principle
- Latvia off to a solid start, good credit quality

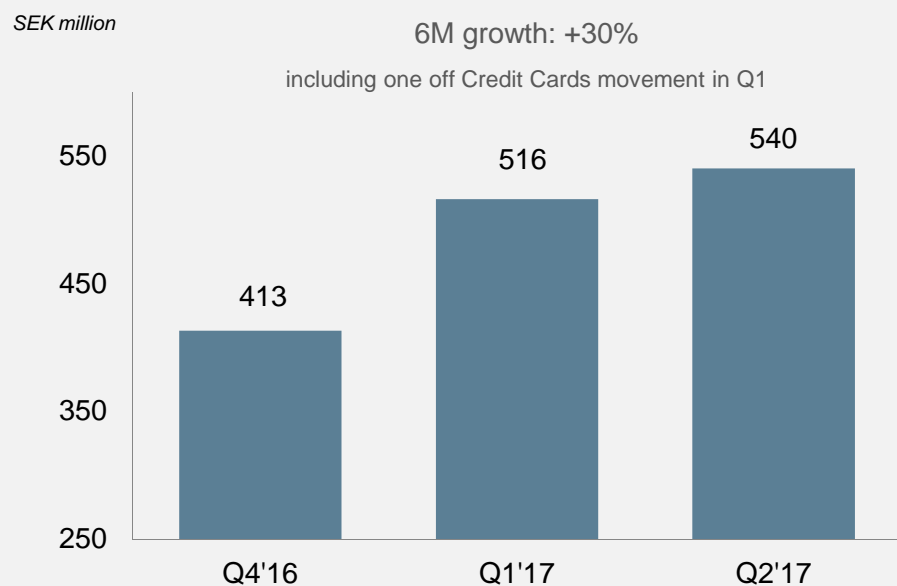
Growth  
during 2017

*Steady growth and focus on profitability*

+13%

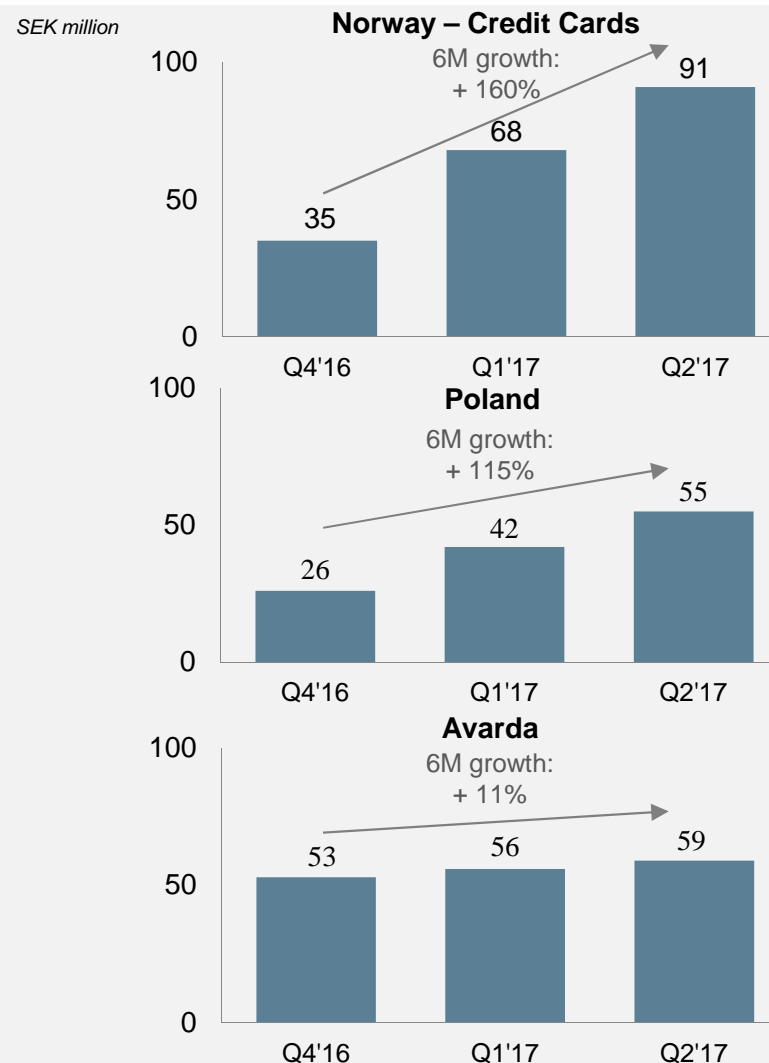
# Loan book growth in Sales Finance Segment

## Sales Finance segment



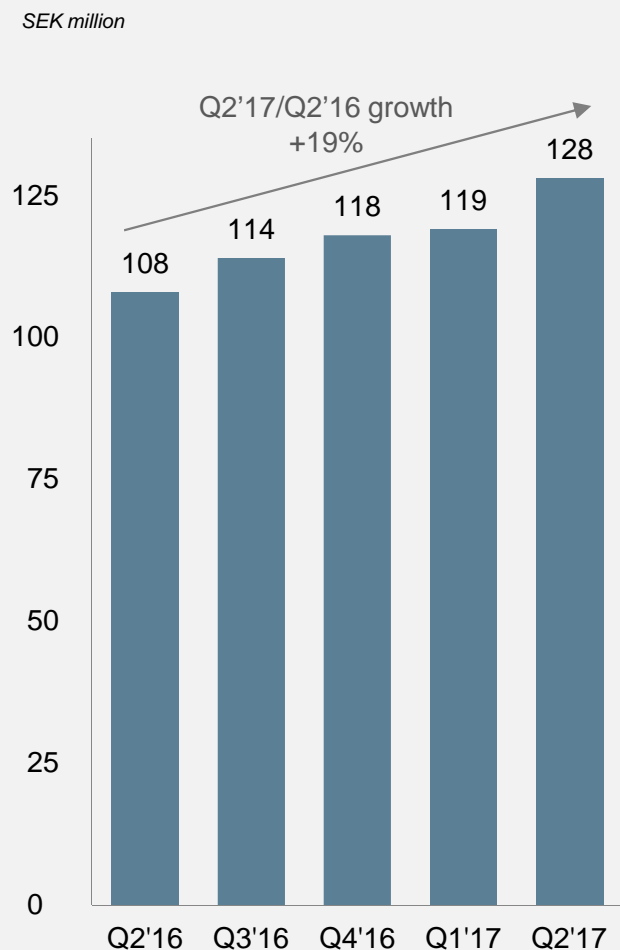
- Strong growth of Credit Cards in Norway
- Strong growth in Sales Finance Poland
- Avarda with new agreement

## Sales Finance segment

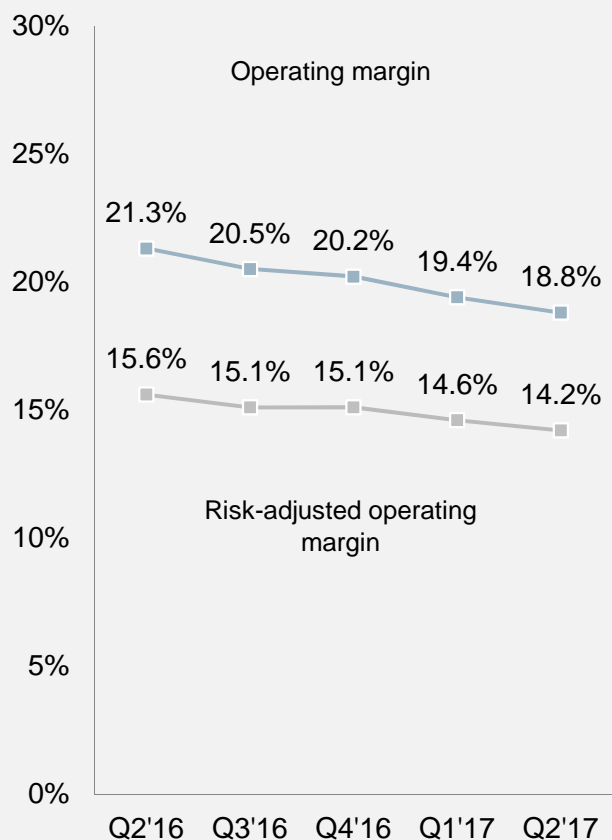


# Increased operating income and strong margins

## Operating income



## Operating income margins



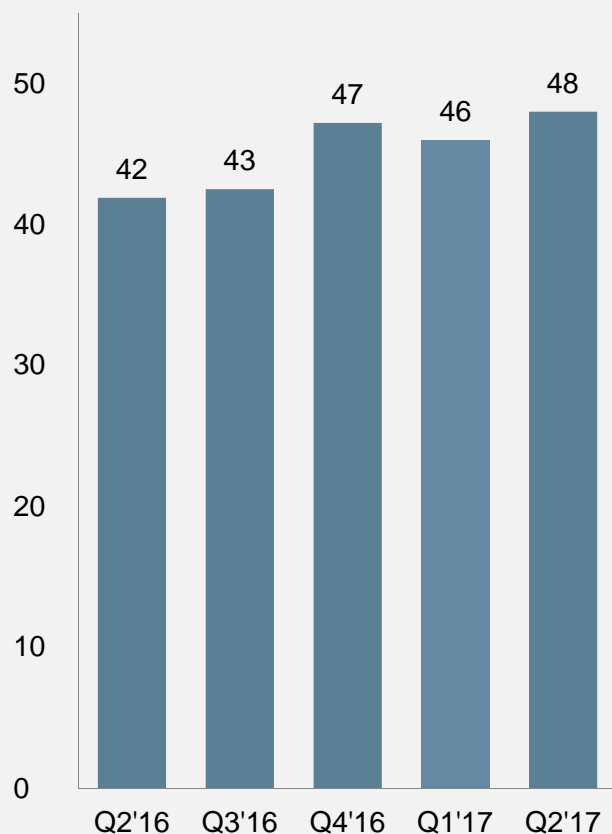
## Comments

- Operating income Q2 2017 vs. Q2 2016 +19%
  - Growth quarter to quarter +7%
  - Strong growth in Norway, Finland and Poland
- Decreasing operating income margin mostly due to:
  - Growth in Norway (lower margins)
- Risk-adjusted margin 14.2% (adjusted for net loan losses)

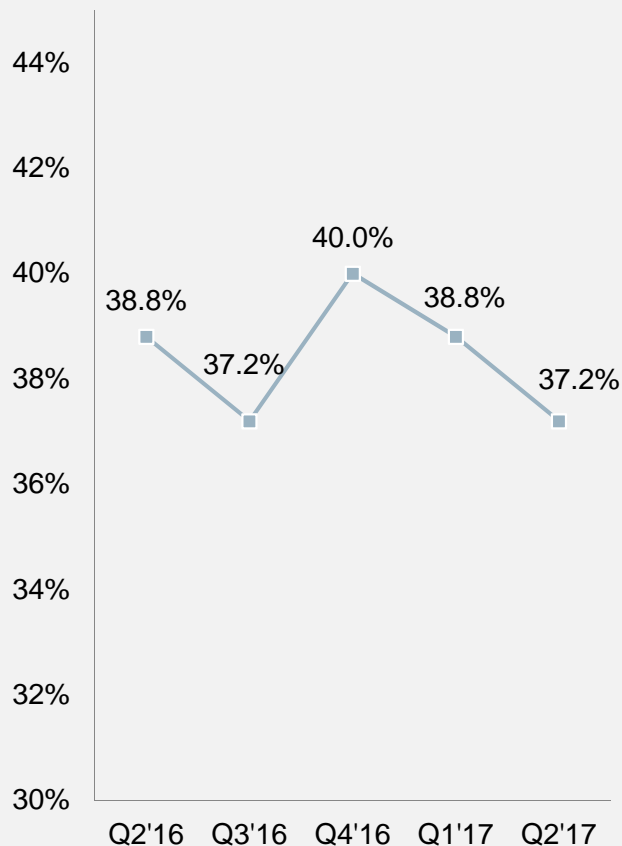
# Extensive focus on OPEX

## Operating expenses

SEK million



## C/I ratio

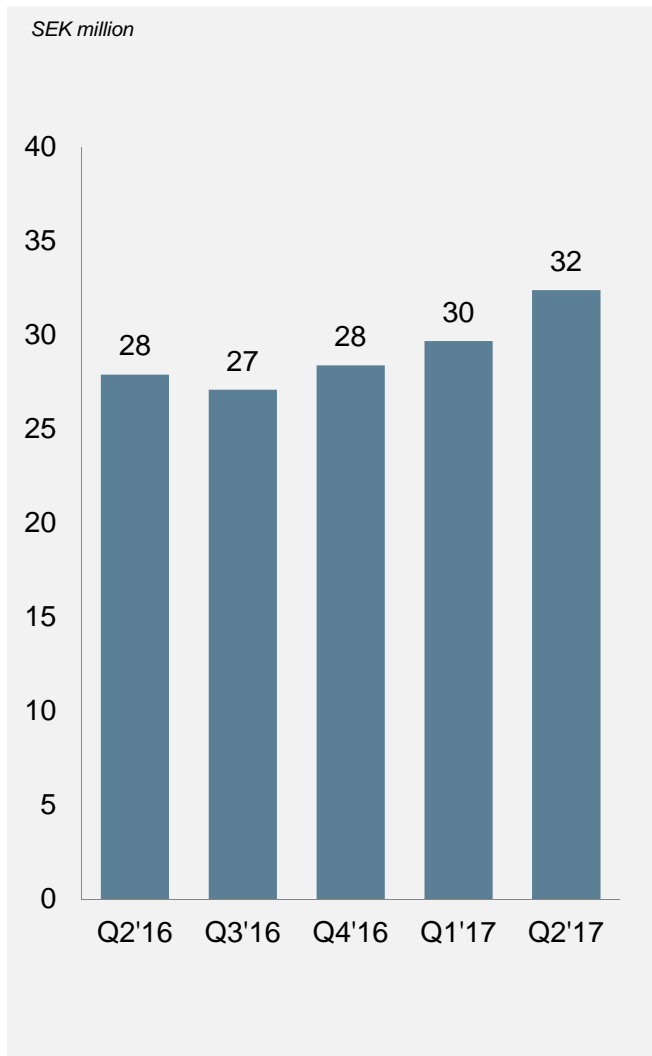


## Comments

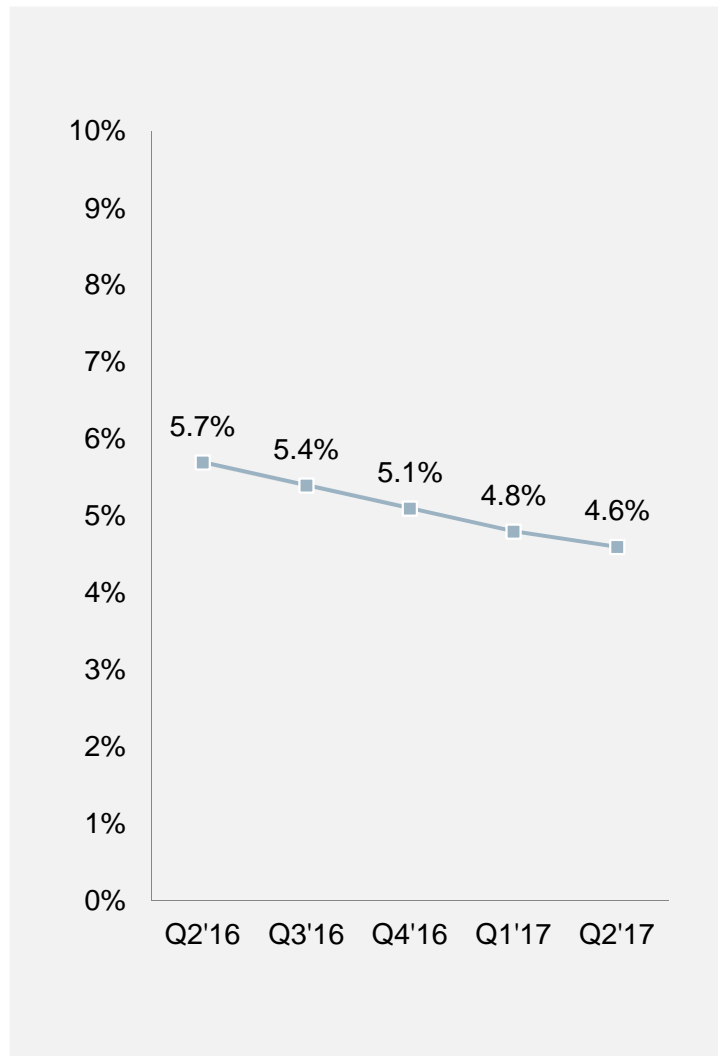
- Operating expenses Q2 2017 vs. Q2 2016 +14%
  - Number of employees 106 (98)
  - Increased IT costs/investments
  - Sales costs related to lending volumes
- Cost/Income ratio Q2 2017 37.2%
  - Q2 2016: 38.8%
  - Excluding Avarða 33.9%

# Net loan loss ratio continues to decrease

## Net loan losses



## Net loan loss ratio



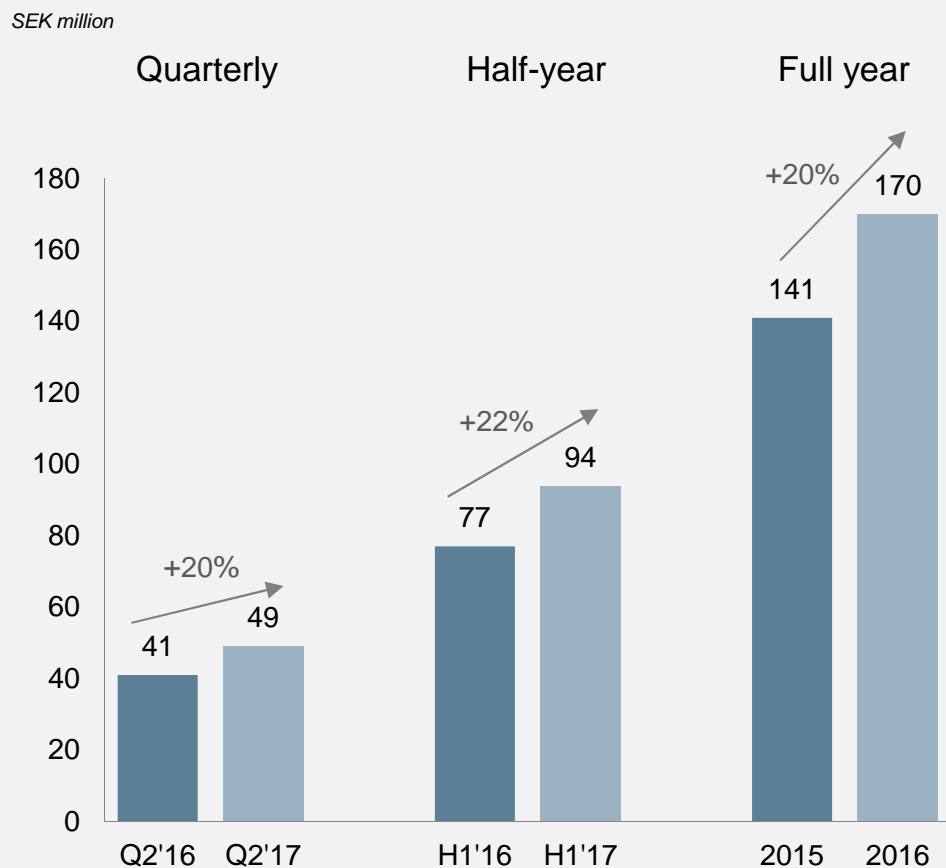
## Comments

- Clean balance sheet policy
  - NPLs generally sold on forward flow basis after approx. 72 days
- Transactions in Estonia
  - Forward flow contract
  - Non-performing portfolio sold
- Net loan losses Q2 2017 vs. Q2 2016 +16%
  - Growing loan portfolio increases 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>



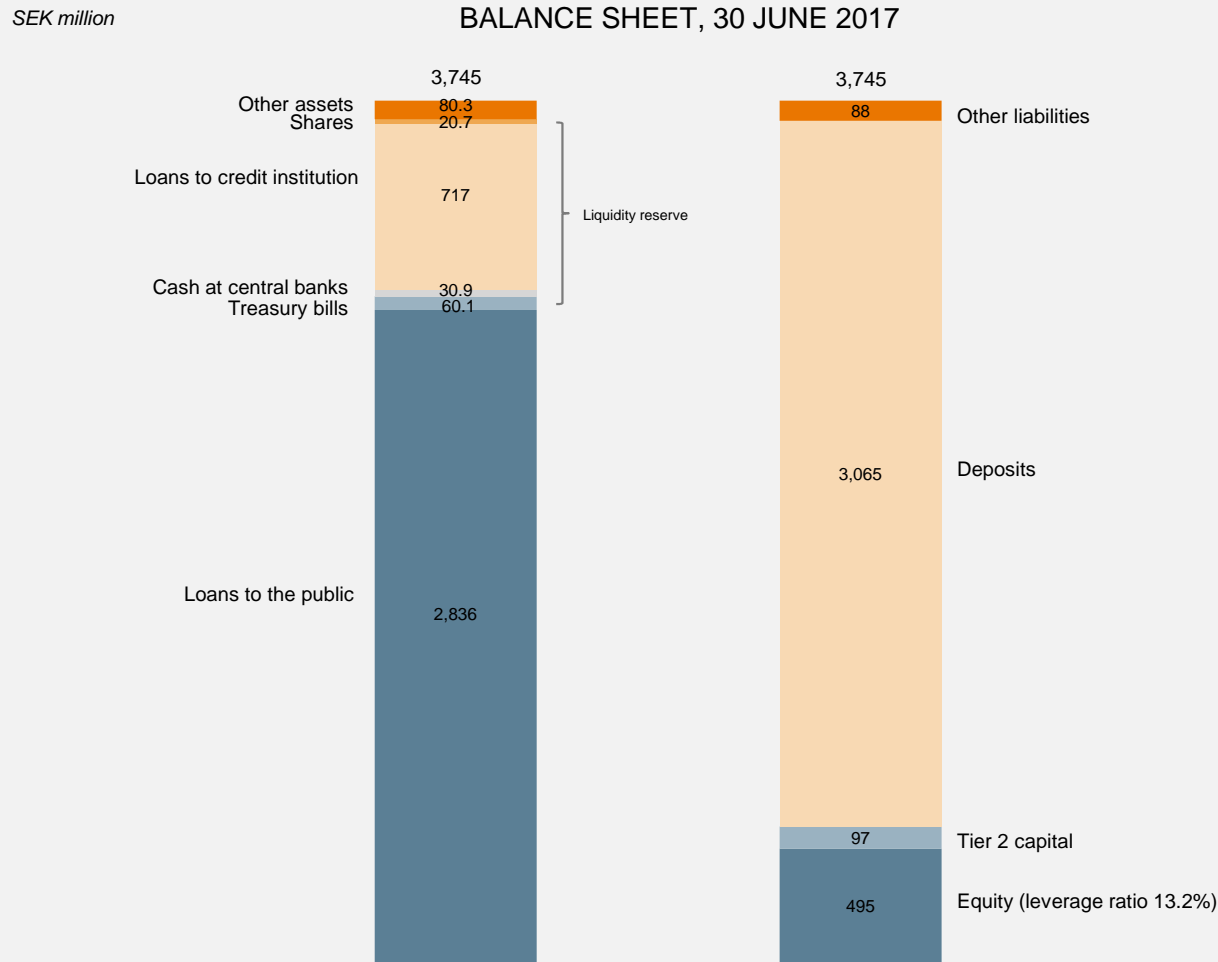
<sup>1)</sup> Attributable to the shareholders of the parent company excluding items affecting comparability

## Comments

- Operating profit Q2 2017 vs. Q2 2016 +20%
  - Loan book growth
  - Decreasing C/I ratio
  - Stable net loan losses
  
- Earnings per share Q2 2017 vs. Q2 2016 +22%
  - Impacted by income tax fluctuations 2016
  
- Continuing to deliver on financial EPS target
  - Operating profit +20% full-year 2016
  - Operating profit +22% first six months 2017

# Strong growth for deposits

## Strong balance sheet and capital position



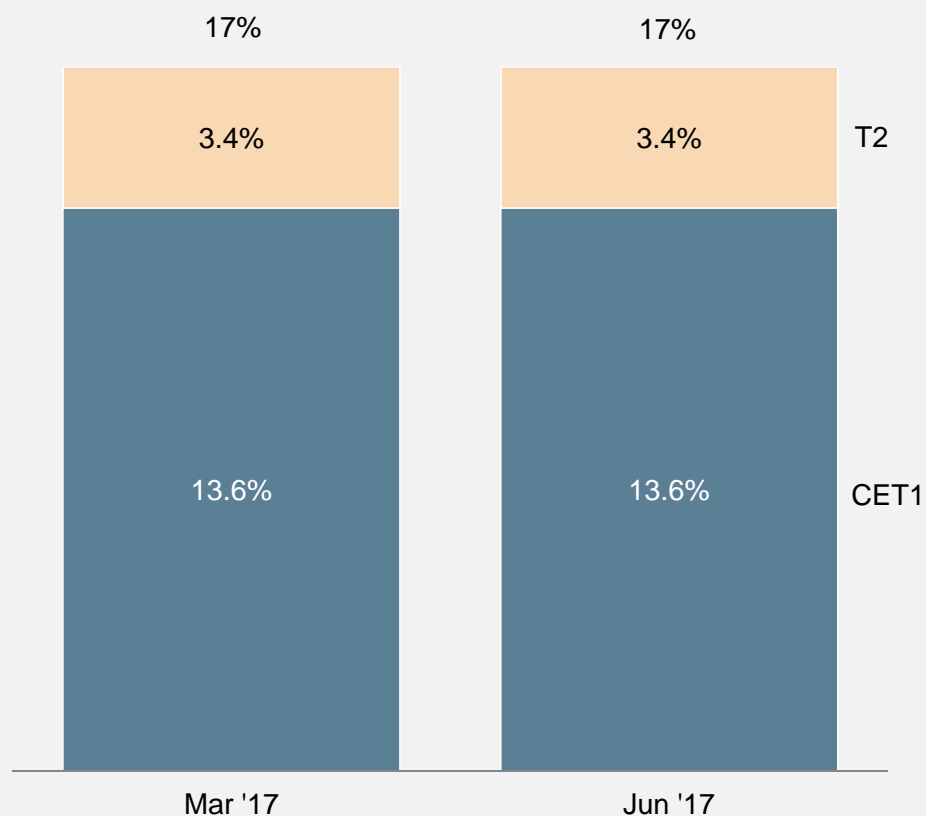
<sup>1)</sup> The liquidity reserve includes undrawn credit facilities of SEK 330 million.

## Comments

- Cost-efficient funding from retail deposits
  - Sweden
  - Finland
  - Norway
- Strong growth for new deposit products during 2017
  - Fixed interest account in Sweden
  - Deposits from the public in Norway
- Increased liquid assets
  - Liquidity reserve 38% of deposits <sup>1)</sup>
  - Supports further loan book growth

# Capital ratios maintained in Q2

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



## Comments

- CET1 ratio of 13.6% and total capital ratio 17.0%
- Significant headroom to legal requirements
  - CET1 capital requirement: 8.6 %
  - T1 capital requirement: 10.3 %
  - Total capital requirement: 12.4 %
- Objective is to maintain a total capital ratio of at least 14.5%

<sup>1)</sup> In the calculation of the Q2 2017 capital adequacy ratios own funds include the interim profit after foreseeable dividend of 50%, in line with the dividend policy, whilst for Q1 2017 this entails the dividend payment in May 2017 of SEK 47.3 million.

# Outcome financial targets Q2 2017

Item	Target	Outcome
Growth	Over the medium-term, the Company aims to achieve an EPS growth of <b>at least 20 percent</b>	<b>22.1% <sup>1)</sup></b>
Efficiency	Over the medium-term, the Company aims to achieve a cost-to-income ratio of <b>below 35 percent</b>	<b>37.2%</b>
Capital structure	The Company aims to maintain a total capital ratio of at <b>least 14.5 percent</b>	<b>17.0%</b> (30 June '17)
Dividend policy	A pay-out ratio of approximately <b>50 percent</b> of its annual consolidated net profit <sup>2)</sup>	N/A

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

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

Note: Medium-term defined as 3-5 years

# Q&A Session

# Strong Governance through experienced Board

## Board of Directors



**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



**Charlotta Björnberg-Paul**  
*Board member since 2017*

Current commitments: Saco Oy, Board member

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, Storyline Studios AS, Chairman, Valutacorp AS, Board member, Norsk Film Kostyme AS, Chairman, Aqua Bio Technology 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 Asplickan, Board member

Independent of the company, its management and of major shareholders



**Mari Thjømøe**  
*Board member since 2017*

Current commitments: Norconsult AS, Deputy Chairman, E-CO Energi AS, Board member, Færder Nasjonalparksenter, Chairman, Nordic Mining AS, Board member, Scatec Solar ASA, Board member, SINTEF Research Institute, Board member, Tryg A/S, Board member

Independent of the company, its management and of major shareholders

# 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

## Head of countries and functions



**Johannes Rintaniemi**  
*Head of Finland*

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



**Karin Zandrén**  
*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



**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



**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



**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



**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  
CEO BB Finans*

With TF Bank since 2015

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



**Juris Pūce**  
*Head of Latvia*

With TF Bank since 2016

Previous experience: worked for seven years in Bigbank, serving as country manager in Latvia and Spain. Prior to that fulfilled various roles with credit management services provider Creditreform.



**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

# CONTACTS



## Investor Relations

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