



3rd Quarter 2017

RESULT PRESENTATION



January – September 2017 in summary

- Continued organic loan book growth

LOAN BOOK
GROWTH

+19 %

- Strong operating profit growth

OPERATING
PROFIT
GROWTH

+18 % ¹⁾

- Cost efficiency

C/I RATIO

37 %

- Strong capital base

TOTAL CAPITAL
RATIO

16.7 %

30 Sept 2017

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

Worth noting

January – September 2017

Continued loan book growth in both segments

Avarda signed an agreement with a large Finnish retailer

BB Finans received a banking license and became BB Bank

Deposits launched in Norway and Germany

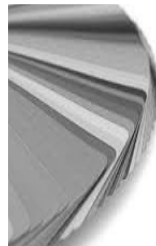
Branch established in Estonia



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



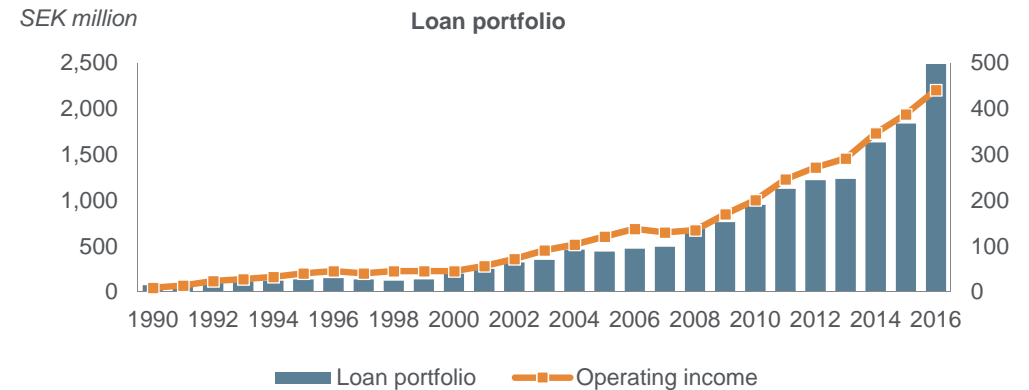
LEAN AND COST
FOCUSED
ORGANISATION

Long track record of profitable growth

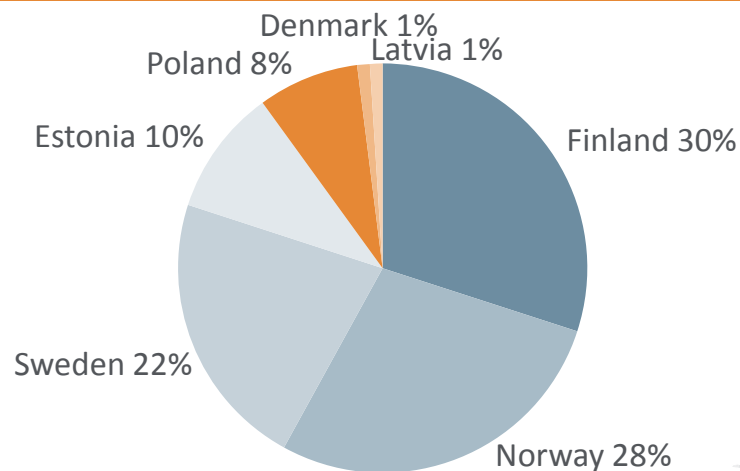
Long experience and proven business model

- 30 years experience from consumer finance industry
- Highly profitable core markets with proven model for geographical expansion into new high-growth markets
- Two complementary business segments

Strong track record on growth and profitability



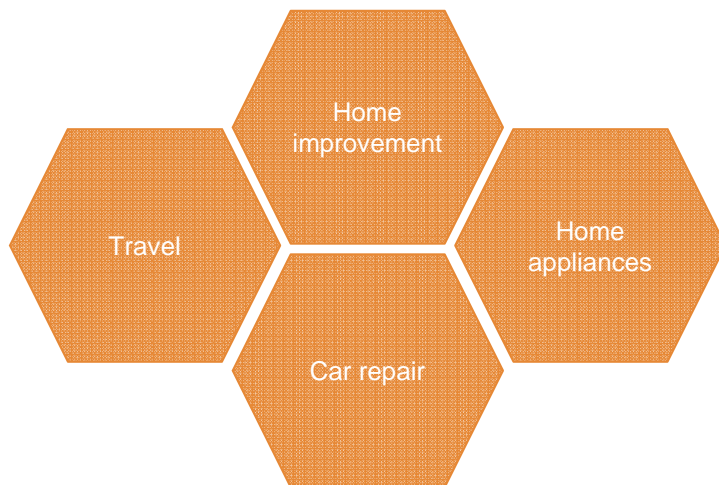
Geographically well diversified








Direct to Consumer – Diversified Granulated Portfolio

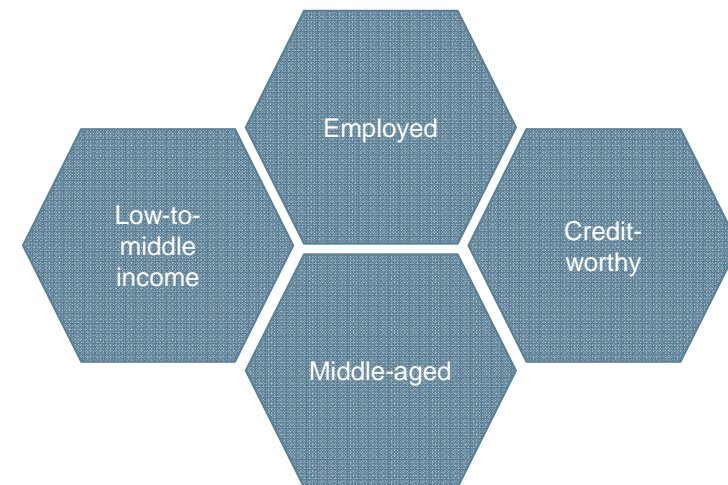
Product overview and use of proceeds

- 81 % of the loan portfolio
- 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 ~32,000



Loan sizes and customer profile

	Average size (SEK) (as at 30 Sept '17)
	~25,000
	~85,000
	~28,000
	~26,000
	~21,000



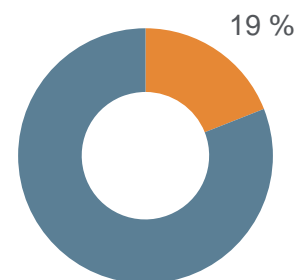
Sales Finance – Drives new lending and builds database

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
(Q3'17)



Key facts

**Amount
outstanding**

558 SEKm
(30 Sept 2017)

**Loan portfolio
growth**

+35 %
(Q3 /2017 vs Q4 2016)

Growth through two different brands and organisations

TFBank (100%)

Geographical
expansion in
Europe

Long-term
merchant
relationships in
the Nordics



BB BANK ASA



AVARDA (51%)

Subsidiary with
minority
interest
established in
2015

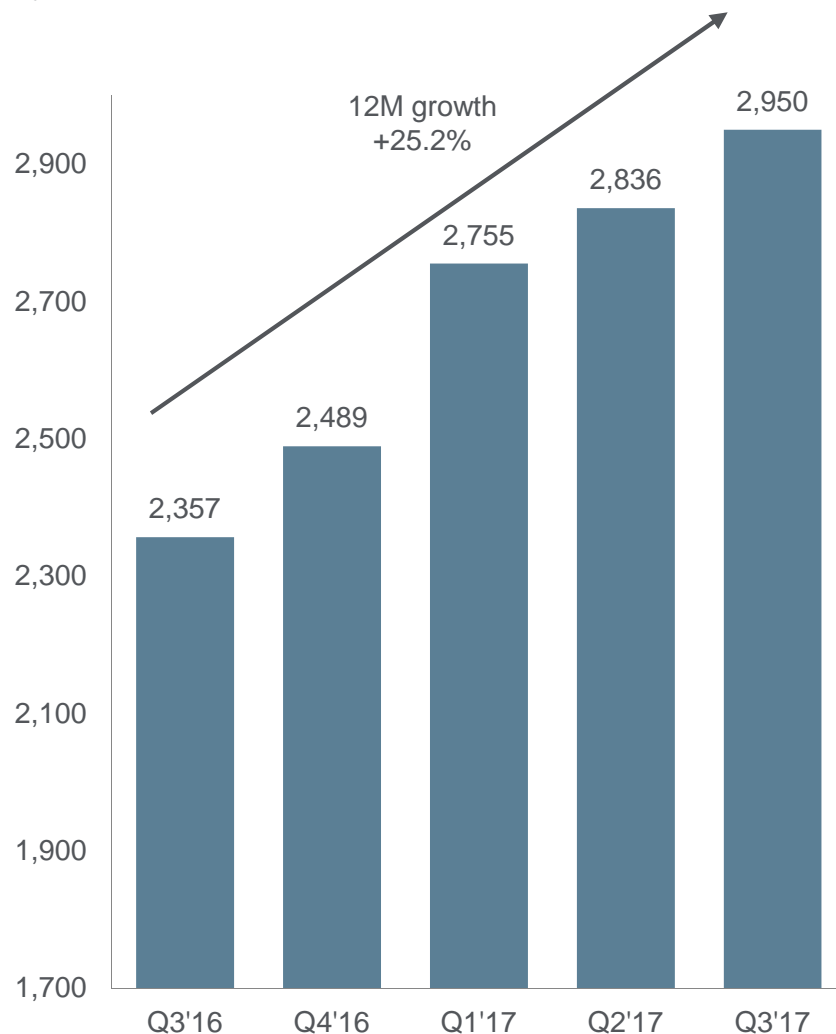
Strategy to
become one of
the leading
companies in
the Nordic
region



Strong loan book growth

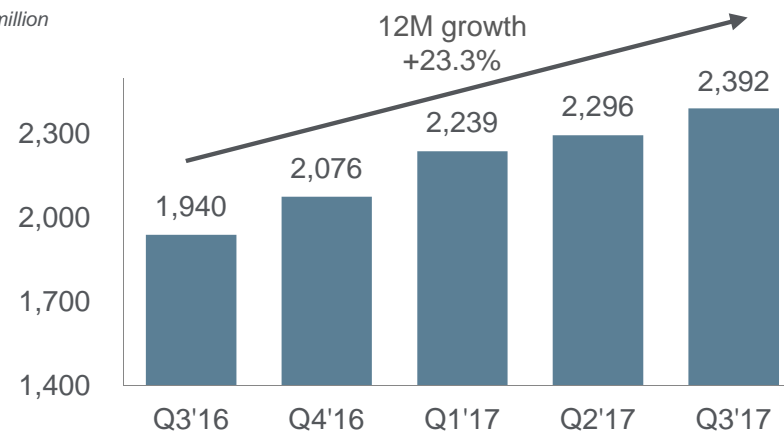
TF Bank Group

SEK million



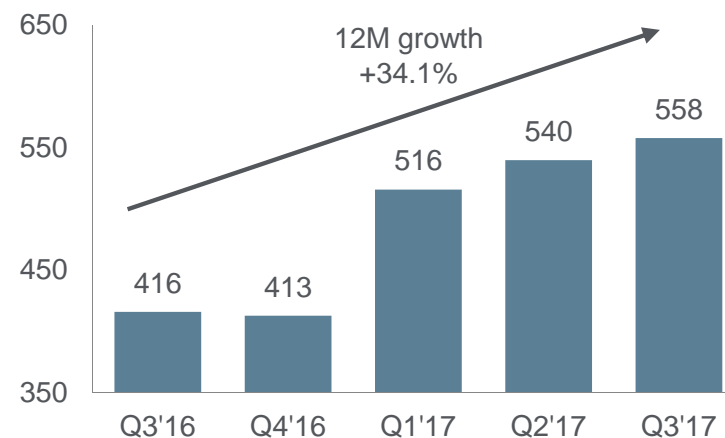
Direct to Consumer segment

SEK million




Sales Finance segment

SEK million



Summary: growth and diversification according to plan

Loan book in SEK million and share of group in %

	31 Dec 2016	30 Sep 2017	Growth during 2017	Comments
	847 34 %	878 30 %	+4 %	Profitability and steady growth
	663 27 %	644 22 %	-3 %	Focus on profitability
	530 21 %	818 28 %	+54 %	Strong growth in both segments
	249 10 %	325 11 %	+31 %	Steady growth and profitability
	164 7 %	247 8 %	+50 %	Strong growth in both segments

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



Growth
during 2017

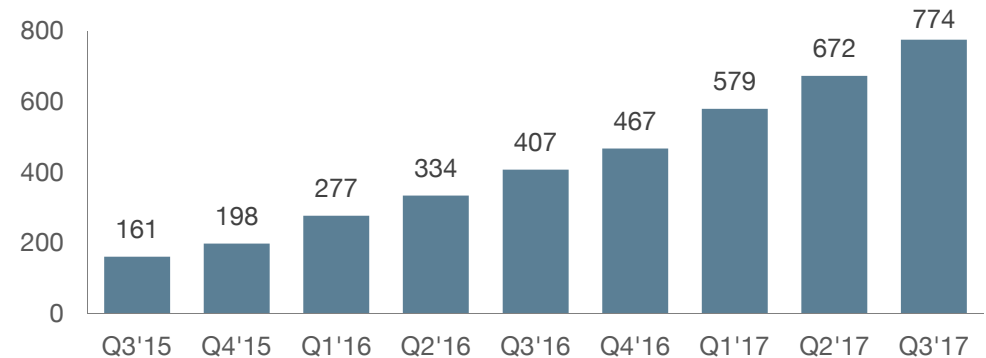
+54 %

Strong growth in both segments

Strong momentum continues (BB Bank)

Outstanding balance
NOK million

Loan portfolio



More to come – strategic roadmap in Norway



Strong and steady growth



Focus on credit quality

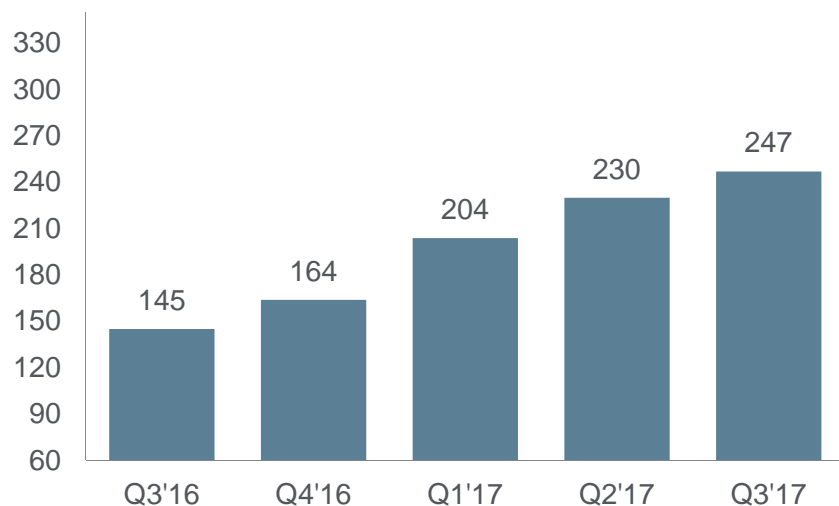


Growth in both segments

Growth markets Poland and the Baltics

Poland

Outstanding balance
SEK million



- Changes in competition
- Strong sales in Sales Finance
- Focus on credit quality

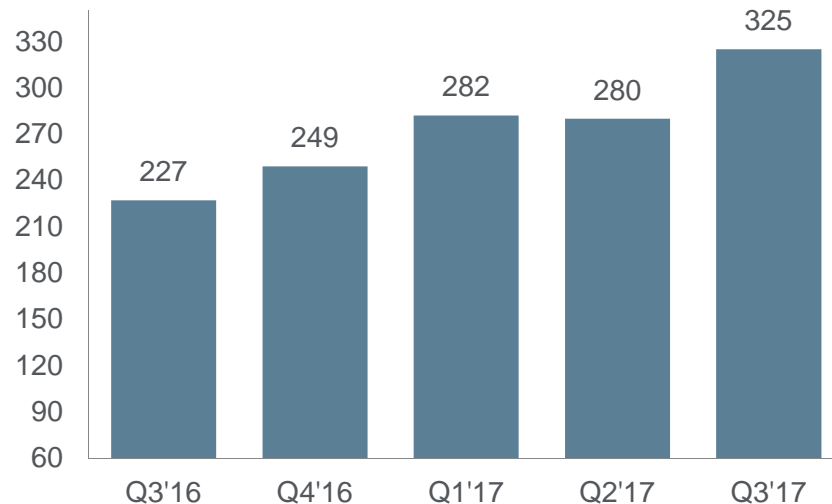
*Growth
during 2017*

+50 %

Strong growth in both segments

The Baltics

Outstanding balance
SEK million



- Portfolio size affected by sale of NPLs in Q2
- Strong growth in Estonia
- Great start in Latvia

*Growth
during 2017*

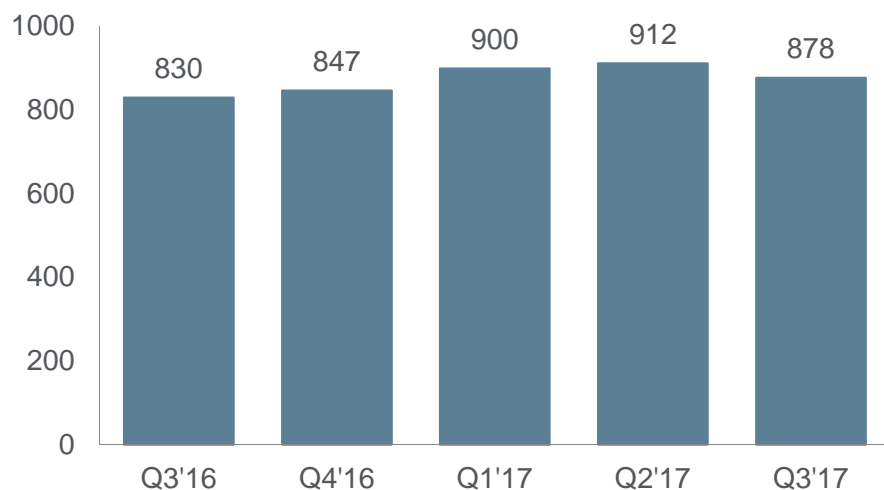
+31 %

Steady growth and focus on profitability

Core markets Finland and Sweden

Finland

Outstanding balance
SEK million



- Increased competition affecting Q3
- Focus on credit quality and better use of own database
- Focus on costs and distributions channels

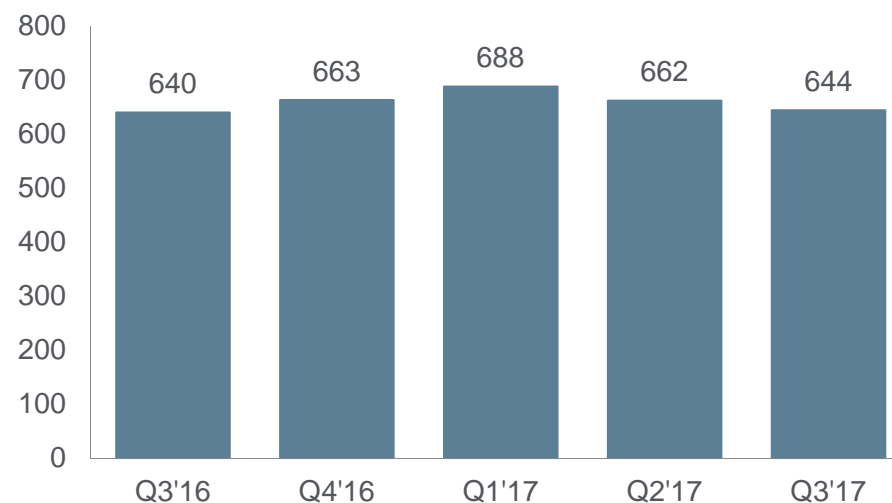
*Growth
during 2017*

+4 %

Steady growth and profitability

Sweden

Outstanding balance
SEK million



- Focus on credit quality and better use of own database
- Focus on costs
- Focus on distributions channels

*Growth
during 2017*

-3 %

Focus on profitability

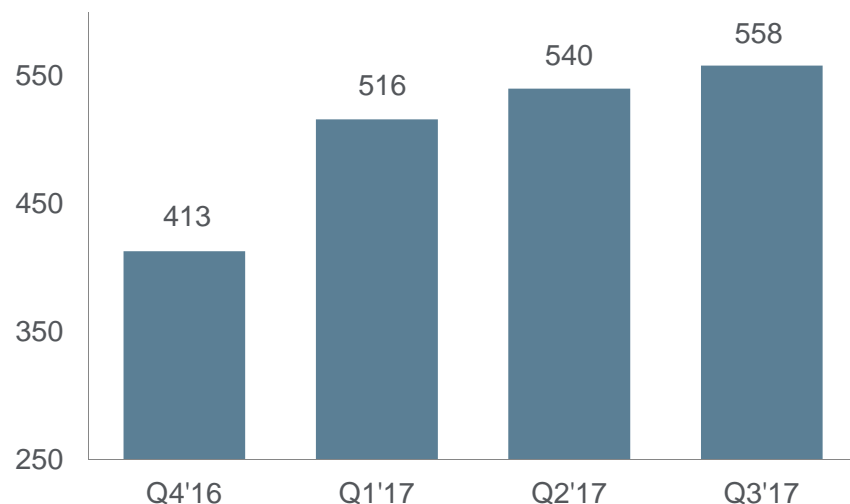
Loan book growth in Sales Finance Segment

Sales Finance Segment

SEK million

9M growth: +35 %

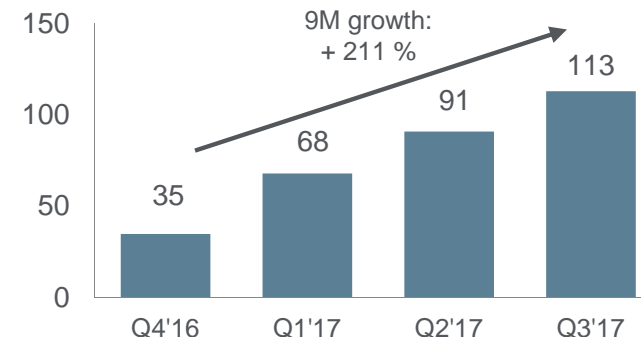
including one-off Credit Cards movement in Q1



SEK million

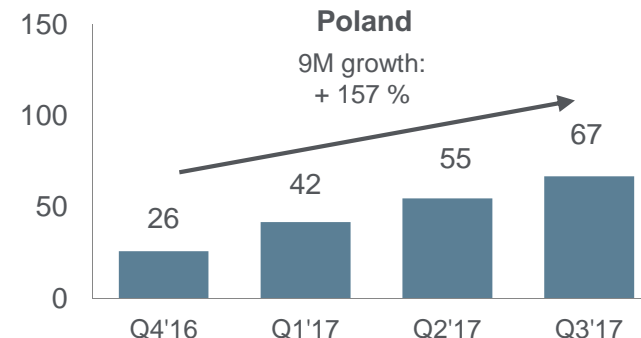
Norway – Credit Cards

9M growth:
+ 211 %



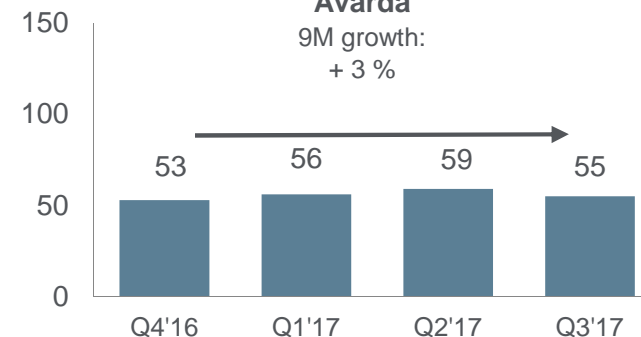
Poland

9M growth:
+ 157 %



Avarda

9M growth:
+ 3 %

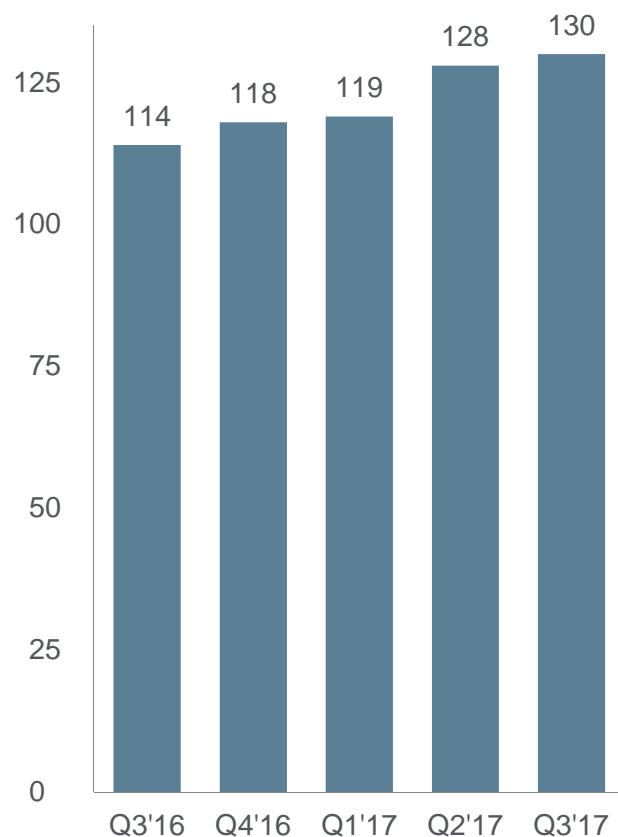


- Strong growth of Credit Cards in Norway
- Strong growth in Sales Finance Poland
- Good credit quality

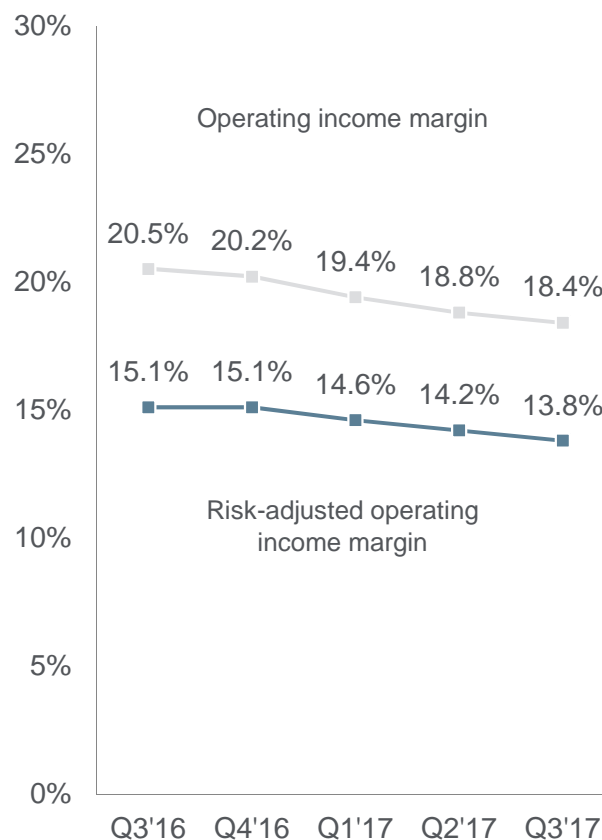
Increased operating income and strong margins

Operating income

SEK million



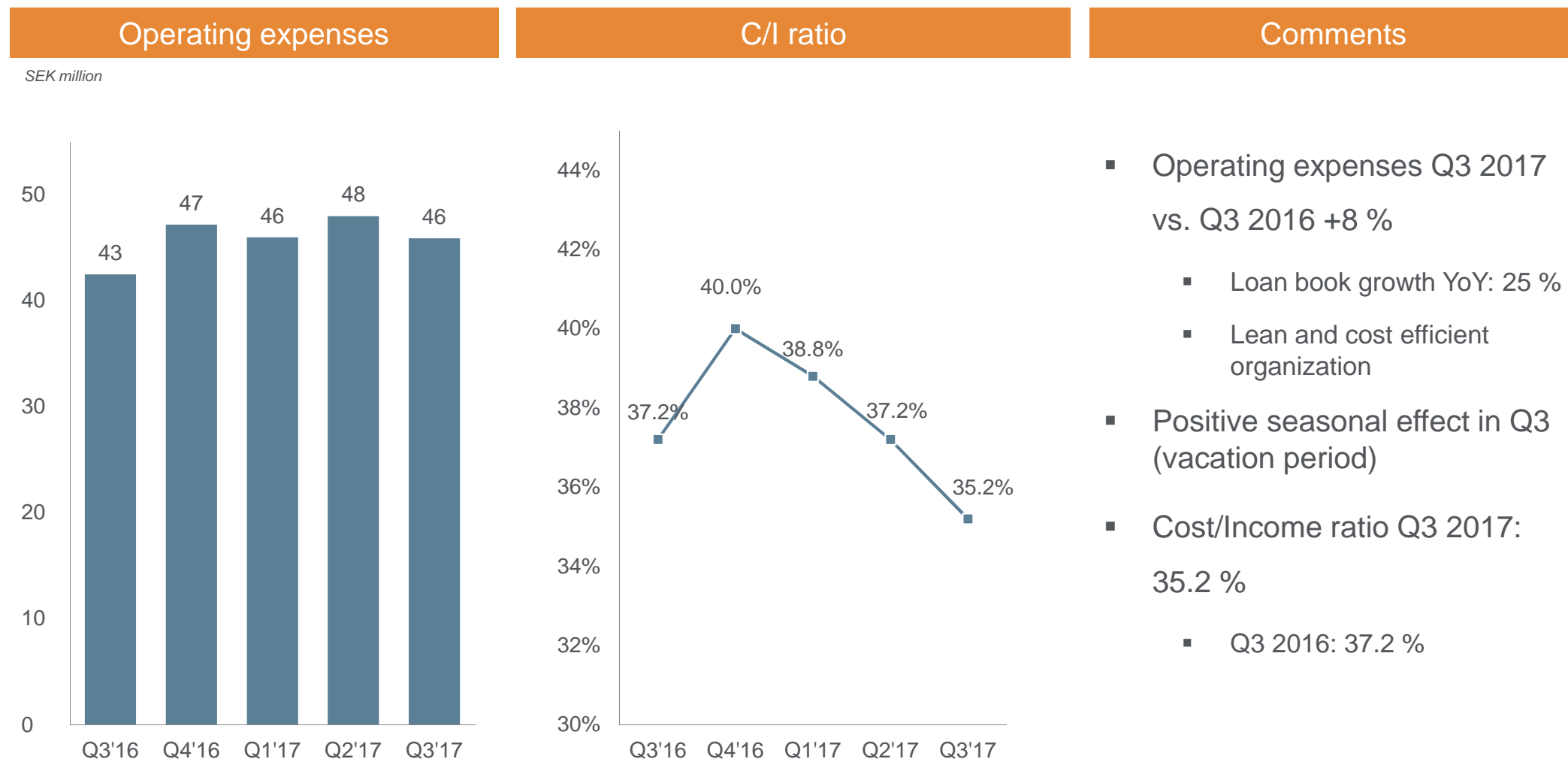
Operating income margin



Comments

- Operating income Q3 2017 vs. Q3 2016 +14 %
 - Strong momentum in Norway, Baltics and Poland
 - Sweden and Finland lowers growth
- Operating income margin: 18.4 %
 - Growth in Norway (lower margins)
- Risk-adjusted margin: 13.8 % (adjusted for net loan losses)

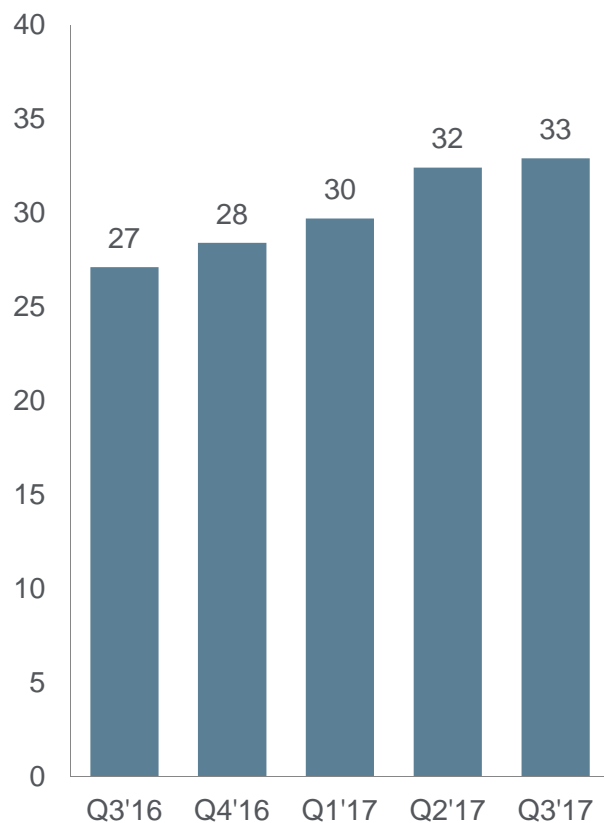
Positive trend for Cost/Income ratio



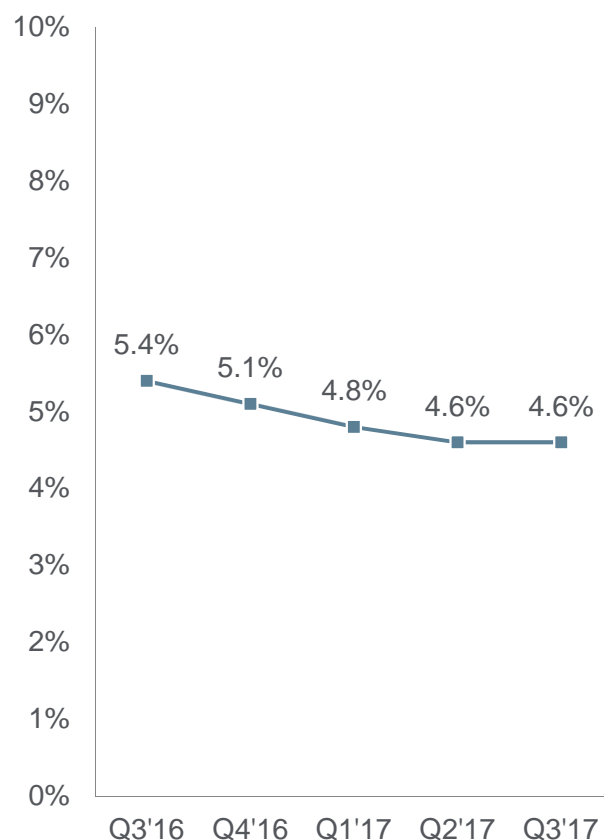
Net loan loss ratio continues to decrease

Net loan losses

SEK million



Net loan loss ratio



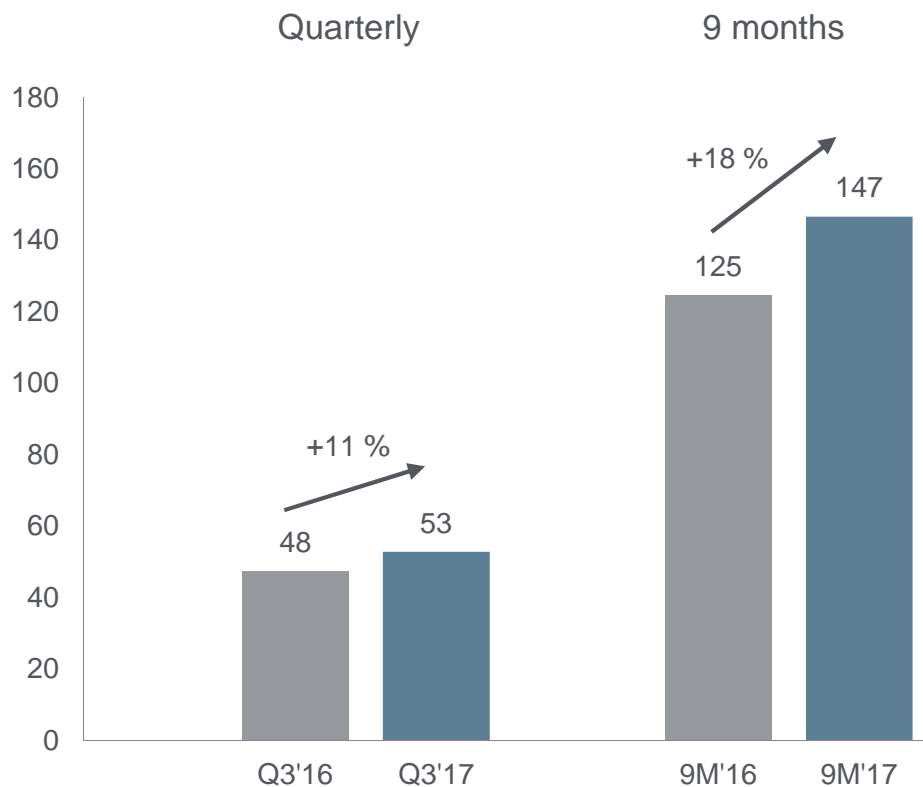
Comments

- Clean balance sheet policy
 - NPL are generally sold on forward flow basis after approx. 72 days
- Net loan losses Q3 2017 vs. Q3 2016 +21 %
 - Growing loan portfolio drives loan losses
 - Weaker credit quality in Sweden and Finland
- Net loan loss ratio is decreasing, driven by:
 - Strong growth in Norway
 - Improving credit risk management processes

Continued growth for operating profit

Operating profit ¹⁾

SEK million



Comments

- Operating profit Q3 2017 vs. Q3 2016 +11 %
 - Loan book growth and improving C/I ratio
 - Net loan losses increased
 - Liquidity reserve 35 % of deposits
- Mid-term financial EPS target 20 %
 - Operating profit +18 % first nine months 2017

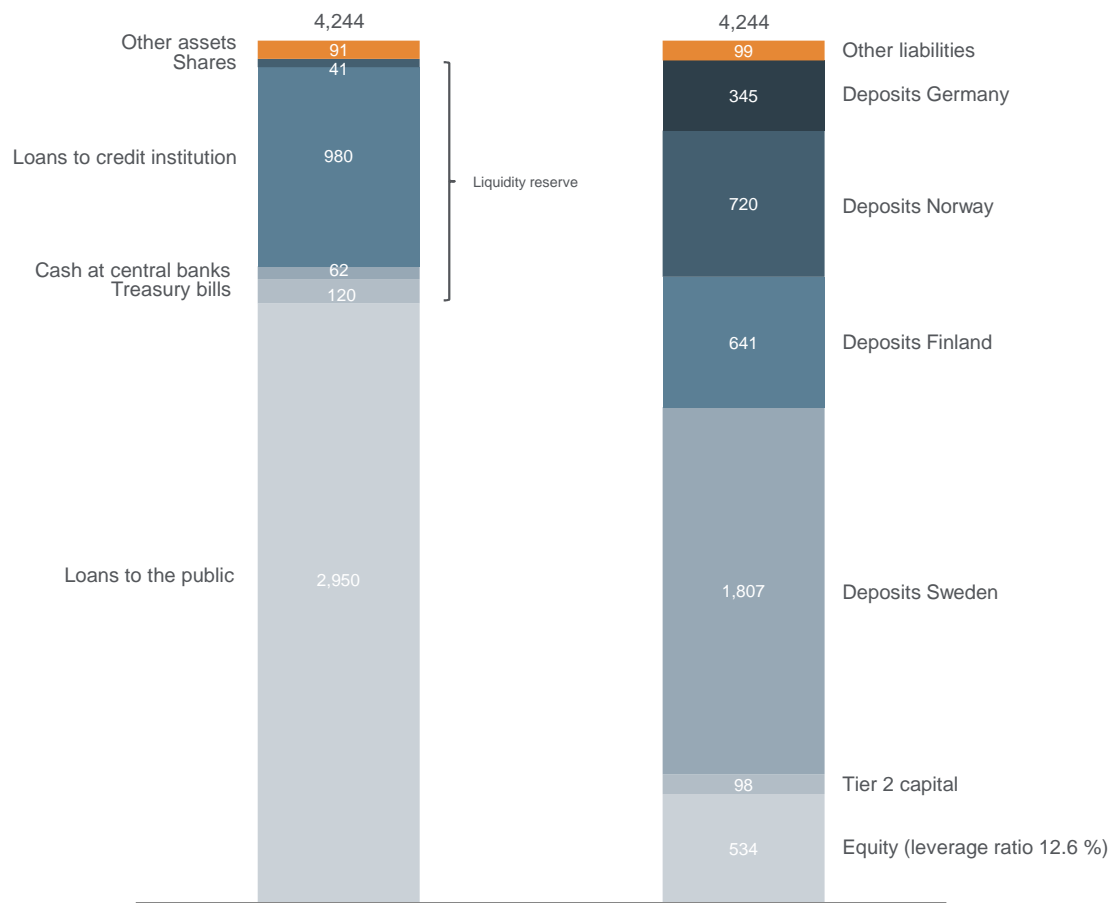
¹⁾ Attributable to the shareholders of the parent company excluding items affecting comparability

Strong growth and further diversification of deposits

Strong balance sheet and capital position

SEK million

Balance sheet, 30 September 2017



Comments

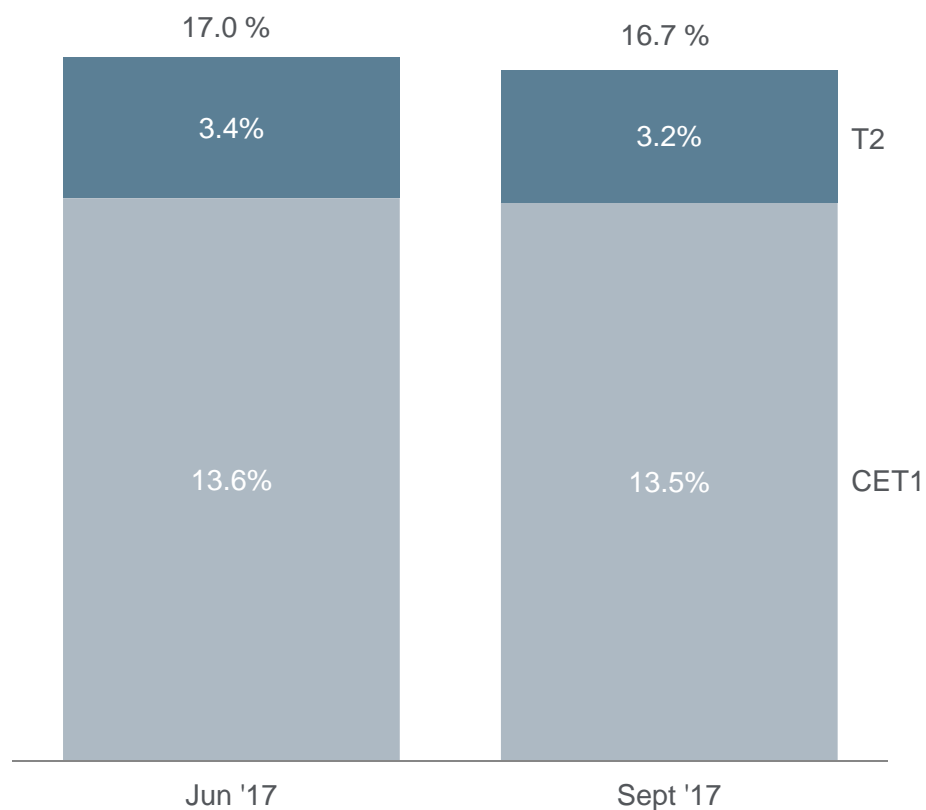
- Cost-efficient funding from retail deposits
 - Sweden (SEK 1.8 billion)
 - Finland (SEK 0.6 billion)
 - Norway (SEK 0.7 billion)
 - Germany (SEK 0.3 billion)
- Strong growth for new deposit products during 2017
 - Liquidity reserve 35 % of deposits ¹⁾
 - Supports further loan book growth

¹⁾ The liquidity reserve includes undrawn credit facilities of SEK 31 million.

Capital ratios maintained in Q3

Historical and current capital structure¹⁾

Comments



- CET1 ratio of 13.5 % and total capital ratio 16.7 %
- Significant headroom to legal requirements
 - CET1 capital requirement: 8.6 %
 - T1 capital requirement: 10.2 %
 - Total capital requirement: 12.4 %
- Objective is to maintain a total capital ratio of at least 14.5 %

¹⁾ In the calculation of the Q3 2017 capital adequacy ratios own funds include the interim profit after foreseeable dividend of 50 %, in line with the dividend policy.

Outcome financial targets 9 months 2017

Item	Target	Outcome
Growth	Over the medium-term, the Company aims to achieve an EPS growth of at least 20 percent	15 % ¹⁾
Efficiency	Over the medium-term, the Company aims to achieve a cost-to-income ratio of below 35 percent	37.0 %
Capital structure	The Company aims to maintain a total capital ratio of at least 14.5 percent	16.7 % (30 Sept '17)
Dividend policy	A pay-out ratio of approximately 50 percent of its annual consolidated net profit ²⁾	N/A

¹⁾ Excluding items affecting comparability.

²⁾ 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 Bank ASA, 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 Bank ASA, 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: LåsTeam Sverige AB, Chairman, Minso Solutions AB, Chairman, Conpera AB, Board member, Minso Holding AB, Chairman, Aktiebolaget Borås Tidning, Chairman, Gota Media AB, Board member, Effektiv Bemanning AB, Chairman, Brf Asplyckan, 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



Juho Maanpää
Head of Finland

With TF Bank since 2013

Previous experience: Worked 8 years in consumer finance in roles within operations management, credit risk and online marketing. Previously worked at GE Money, Santander Consumer Finance and Ferratum Group.



Karin Zandén
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 Bank*

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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