



# **CORPORATE GOVERNANCE REPORT 2017**

# CORPORATE GOVERNANCE REPORT

TF Bank AB (publ), corporate identity number 556158-1041

## INTRODUCTION

Shares in TF Bank AB (publ) ("TF Bank") have been listed on the Nasdaq Stockholm since 14 June 2016. The Company is the parent company of the TF Bank Group which conducts banking operations and is regulated by the Swedish Financial Supervisory Authority (Finansinspektionen) ("FI"). TF Bank follows a number of laws and regulations regarding good corporate governance and business control, such as the Banking and Financing Business Act (2004:297), Consumer Credit Act (2010: 1846), the Companies Act (2005:551), the Annual Accounts Act (1995:1554), the Credit Institutions and Securities Companies Act (1995:1559), the Swedish Corporate Governance Code, the Nasdaq Stockholm's rules for issuers and International Financial Reporting Standards. TF Bank also operates under a number of regulations and general guidelines issued by the FI and the European supervisory authority for banks ("EBA"). TF Bank has prepared this Corporate Governance Report in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code (the "Code").

TF Bank is based in Borås and six subsidiaries: Avarda AB, Avarda Oy, TFB Service OÜ, TFB Service SIA, BB Bank ASA and Confide AS. TF Bank is authorized by FI to conduct banking operations. TF Bank conducts banking activities with the permission of the FSA in Sweden and also in Finland, Estonia and Poland via branches. In addition, TF Bank conducts cross-border activities in Denmark, Latvia, Norway and Germany under the Swedish Banking and Finance Act. TF Bank also operates through a subsidiary in Norway (BB Bank ASA), which has its own bank authorization from the Norwegian Financial Supervisory Authority, Finanstilsynet. Avarda has been granted permission to conduct consumer credit operations under the Act (2014:275) on certain activities with consumer credit.

## THE CODE

TF Bank follows the Code. By 2017, TF Bank has deviated from Code 6.1 rule that the Chairman of the Board shall be elected by the AGM. The Annual General Meeting in 2017 appointed Mattias Carlsson as Chairman of the Board. In connection with the resignation of the CEO Declan Mac Guinness in November 2017, Mattias Carlsson took over as acting CEO and Board member Bertil Larsson was appointed by the Board as acting Chairman until a permanent CEO was appointed or until the 2018 Annual General Meeting. In addition, the Board regularly performs a systematic evaluation whereby members are given the opportunity to give their views on working methods, Board materials,

their own and other members' efforts in the work of the Board in order to develop the Board work and provide the Nomination Committee with relevant decision-making basis for the AGM. The evaluation has been carried out by an external party before the 2018 Annual General Meeting and the results of the evaluation have been presented to the Board and the Nomination Committee.

## OWNERSHIP

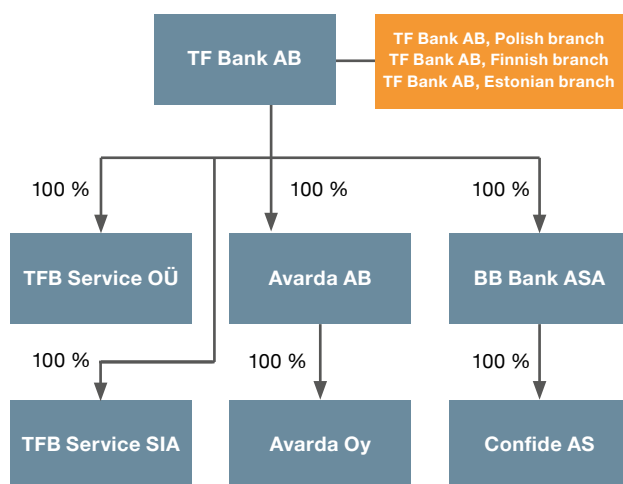
Ownership structure as at 31 December 2017:

	Owner	No. of shares	Ownership
1	TFB Holding AB	10,110,964	47.03%
2	Erik Selin Fastigheter AB	2,500,000	11.63%
3	Danica Pension Försäkrings AB	1,879,988	8.74%
4	Merizole Holding LTD	1,507,495	7.01%
5	Swedbank Robur fonder	1,081,344	5.03%
6	Proventus Aktiebolag	645,000	3.00%
7	Pareto Nordic Return	362,080	1.68%
8	Skandia fond småbolag Sverige	275,000	1.28%
9	Clearstream Banking S.A.	263,217	1.22%
10	KAAX Investment AB	224,521	1.04%
11	Tiberon AB	224,521	1.04%
12	Gurffinans AB	204,526	0.95%
13	Avanza Pension	161,585	0.75%
14	Carnegie Micro Cap	160,000	0.74%
15	AB Monarda	154,842	0.72%
16	Mattias Carlsson	154,432	0.72%
17	Grandeur Peak International	132,700	0.62%
18	UBS Switzerland AG	129,000	0.60%
19	Grandeur Peak Global Reach	116,700	0.54%
20	Ely Berzan	94,200	0.44%

The largest owner, TFB Holding AB, with a total holding of 47.03 % as at 31 December 2017, is represented by John Brehmer in the Company's Board of Directors and by Paul Källenius on the Nomination Committee.



## GROUP STRUCTURE



List of companies included for accounting and regulatory consolidation purposes:

Parent	Subsidiary	Corporate ID	Ownership	Consolid. (reg. / acc.)
TF Bank AB (publ.)		556158-1041		
	Avarda AB	556986-5560	100 %	Full/Full
	Avarda Oy	2619111-6	100 %	Full/Full
	BB Bank ASA	935590221	100 %	Full/Full
	Confide AS	948063603	100 %	Full/Full
	TFB Service OÜ	12676808	100 %	Full/Full
	TFB Service SIA	40203015782	100 %	Full/Full

## ARTICLES OF ASSOCIATION

The Articles of Association are adopted by the AGM and contain obligatory information of the basic nature of TF Bank's operations. The Articles, which are available on the Company's website [www.tfbankgroup.com](http://www.tfbankgroup.com), state, inter alia, what activities the company may conduct, the limits for the share capital, share classes and the number of votes per share allowed. The Articles do not contain any provisions on the appointment or dismissal of Board members or on amendments to the Articles.

## SHAREHOLDERS' GENERAL MEETING / AGM

TF Bank's shareholders' decision-making rights are exercised at the Annual General Meeting / AGM. According to the Companies Act, the Annual General Meeting is the company's highest decision-making body, which decides inter alia on issues such as amendments to the articles of association, discharge, determination of balance sheets and income

statements, share dividends, election of board members, auditors and fees to board members and auditors. Rules that govern the AGM and what should be included in this is, among other things, the Companies Act and the Articles of Association.

The Annual General Meeting in 2017 was held in Stockholm on 3 May 2017. It was decided, in accordance with the Board's proposal, that SEK 294,832,000 of the funds allocated to the Annual General Meeting would be allocated SEK 47,300,000 to the shareholders and that SEK 247,532,000 would be balanced on a new account. The dividend amounted to SEK 2.20 per share. The AGM also granted discharge for the financial year 2016 to the Board members and the Managing Director.

The AGM, in accordance with the proposal submitted, decided that the Board would consist of six members. Board members re-elected Mattias Carlsson, John Bremer, Bertil Larsson, and Tone Bjørnov. New election of Charlotta Björnberg-Paul and Mari Thjømøe. Mattias Carlsson was re-elected as Chairman of the Board. The AGM also decided that a fee of SEK 2,200,000 will be paid to the Chairman of the Board, SEK 300,000 to Board members not employed by TF Bank, SEK 100,000 to the Chairman of the Board's Audit Committee, SEK 50,000 to other members of the Board's Audit Committee and to the fees to the auditor shall be paid in accordance with the approved contract. Furthermore, it was decided that remuneration to the Board member, in agreement with TF Bank, should be invoiced by company, if tax conditions exist and provided it is cost neutrality for TF Bank.

PricewaterhouseCoopers AB was elected as auditor for the period until the AGM in 2018 with the principal auditor Authorised Public Accountant Martin By.

No authorisation was given by the General Meeting to the Board to decide on issuing new shares or repurchase shares. The complete protocol and information on the AGM from 2017 is available on [www.tfbankgroup.com](http://www.tfbankgroup.com).

## THE NOMINATION COMMITTEE

The Annual General Meeting in 2017 decided that the TF Bank's Nomination Committee should consist of one representative of each of the three largest shareholders or the group of shareholders on the last banking day in August 2017. The term of office of the Nomination Committee will extend until a new Nomination Committee has been appointed. The Chairman of the Nomination Committee shall, unless the members agree otherwise, be the member representing the largest shareholder to the vote.

The Nomination Committee shall prepare proposals in the following matters to be submitted to the AGM for decision:

- proposal for the Chairman of the meeting;
- Board proposals;
- proposal for the Chairman of the Board;
- proposals for Board fees with the division between the Chairman and other members of the Board and compensation for Committee work;
- proposals for auditors; and
- proposal for remuneration for the company's auditors.

The Nomination Committee for the 2018 Annual General Meeting consists of:

- Paul Källenius, representing TFB Holding AB
- Erik Selin, representing Erik Selin Fastigheter AB
- Jonas Weil, representing Merizole Holding AB
- Bertil Larsson, acting Chairman of TF Bank AB
- Paul Källenius has been appointed Chairman of the Nomination Committee.

The composition of the Nomination Committee was announced by press releases and on the Company's website on 28 September 2017.

## THE BOARD OF DIRECTORS

The Board is ultimately responsible for TF Bank's organization and management. In addition, the Board shall exercise supervision of the CEO and ensure that TF Bank's financial conditions are verified in a satisfactory manner. The Board's decision shall aim to promote the owners' interest in value development and returns. The tasks and working methods of the Board are governed by the Companies Act, the Articles of Association and the Board's Rules of Procedure (see below). The information and work of the Board of TF Bank, as regulated companies, is also governed by the Banking and Finance Act.

The Board is responsible for balancing TF Bank's risk exposure and has established rules for decision-making, financial reporting and financing. Guidelines are also available for work in other areas, such as; environment, ethics, quality, information, staff, IT, security and communications.

The Board's work follows an annual rules of procedure including the matters to be dealt with by the Board at each ordinary meeting and the division of duties within the Board, with special assumptions for the Chairman. The Rules of Procedure also specify rules for the financial reporting to the Board and further rules for the CEO's responsibilities and powers.

According to the Articles of Association, the Board shall consist of at least three (3) and no more than ten (10) ordinary members. The Annual General Meeting 2017 decided that the Board should consist of six ordinary members without deputies. Mattias Carlsson, John Bremer, Bertil Larsson, Tone Bjørnov, Charlotta Björnberg-Paul and Mari Thjømøe were elected members. Mattias Carlsson was elected Chairman of the Board. Since 9 November 2017, Mattias Carlsson has acted as acting CEO and Bertil Larsson as acting chairman. Further information about the Board's representatives is available at [www.tfbankgroup.com](http://www.tfbankgroup.com) and on page 78 in the Annual report 2017.

## Significant Board items

During 2017, the Board of Directors held fourteen (14) meetings, of which four (4) were ordinary meetings, four (4) additional / telephone, and six (6) meetings held by correspondence.

Date	Significant items raised at the meeting
2017-02-08	Year-end report 2016 and decision to launch deposits in Norway
2017-03-23	Repurchase of option series 2016: 3 (Johannes Rintaniemi). ICAAP/ILAAP, Pillar 3 Report, Recovery Plan, Remuneration Policy, Insider Policy, Financial Policy, Liquidity Management Guidelines and Shareholders' Supplement to Avara AB
2017-04-26	Interim report Q1 2017
2017-05-10	Constituent meeting, company memorandum, election of audit committee and election of remuneration committee
2017-06-16	Capital contribution BB Bank ASA and remuneration to senior executives
2017-06-22	Sales of portfolios in Estonia
2017-07-17	Interim report Q2 2017
2017-09-15	Signatories
2017-09-27	Financial Policy, Liquidity Management Guidelines, IT Policy and Recovery Plan
2017-10-17	Agreement on sale of receivables
2017-10-25	Interim Report Q3 2017
2017-11-06	Decision to acquire Intrum Justitia's share of Avara AB
2017-11-09	Appointment of the acting CEO and acting Chairman
2017-12-19	Budget, Capital Policy, Remuneration Policy, Money Laundering Policy, Annual Risk and Capital adequacy Report, Risk Assessment AML, Capital Grant Avara AB

Board attendance:

Board Member	Independent of the largest shareholder/company	Attendance
Mattias Carlsson	No	14 of 14
Paul Källenius	No	3 of 14
John Brehmer	No	14 of 14
Lars Wollung	Yes	1 of 14
Tone Björnov	Yes	14 of 14
Bertil Larsson (acting Chairman)	Yes	14 of 14
Thomas Grahm	Yes	3 of 14
Mari Thjømøe	Yes	11 of 14
Charlotta Björnberg-Paul	Yes	11 of 14

CEO Declan Mac Guinness has attended all meetings until 9 November 2017 when he left his post as CEO. Mattias Carlsson was appointed acting CEO and Bertil Larsson as acting Chairman of the Board. CFO Mikael Meomuttel has participated in 13 meetings.

The responsibilities and duties of the Board of Directors include, inter alia, to establish objectives and strategies for the Company's operations, to strive to ensure that the organisation and operation of the Company's operations are characterised by internal control, to establish internal rules on risk management and risk control and regularly monitor compliance of these rules, to ensure that there is an internal audit function and to monitor the company's financial position. Furthermore, the Board of Directors' task is to appoint the CEO, to adopt instructions for the CEO's work and to monitor the results of that work.

#### **Reporting to the Board of Directors and Board Committees**

The Board of Directors receives a monthly financial report including balance sheet and income statements as well as key ratios with regard to the capital and liquidity situation of the company. At each regular Board meeting, the CEO, the CFO, the risk unit, the compliance unit, and credit risk report directly to the Board.

The overall responsibilities of the Board of Directors cannot be delegated. However, in 2017 the Board of Directors established committees to deal with certain issues and to prepare such issues for decisions by the Board.

The Board of Directors has two committees: the audit committee and remuneration committee (see below).

#### **Remuneration Committee**

The duties of the Remuneration Committee are dealt with by the Board of Directors in its entirety. The Remuneration Committee's task is to meet two (2) times a year to support the Board in its work to ensure that the risks associated with TF Bank's remuneration system are measured, managed and reported. The Remuneration Committee is also responsible for assisting the Board of Directors in setting norms and principles for decision on compensation to TF Bank's employees and management team and to ensure that compensation schemes are consistent with applicable laws and regulations. The Board of Directors decides on remuneration to the CEO, Vice President, Compliance Officer and Chief Risk Officer after the preparatory work of the Remuneration Committee.

The Remuneration Committee shall prepare a remuneration policy for the Company and submit it to the Board of Directors for approval. The Board of Directors reviews and approves at least once (1) a year a remuneration policy in accordance with FI's regulations on remuneration in financial institutions covering all TF Bank employees. The adoption of the remuneration policy is based on an analysis that is performed annually in order to identify employees whose work has a significant impact on the TF Bank's risk profile.

The remuneration policy states, inter alia, that remuneration and other benefits shall be competitive in order to promote TF Bank's long-term interests and to combat excessive risk-taking. A more detailed description of remuneration and benefits paid in 2017 can be found on TF Bank Group's website [www.tfbankgroup.com](http://www.tfbankgroup.com).

The Remuneration Committee met twice in 2017, when all members were in attendance.

#### **Audit Committee**

The Audit Committee is responsible for the preparation of the Board's work on quality assurance of the Company's financial reporting, internal control and risk management. This will be done by the committee dealing with critical accounting issues and the financial reports submitted by the Company.

The Audit Committee shall additionally meet regularly with the Company's auditor to control adherence to accounting principles, obtain information about changes in current regulations, consider the scope of the audit and discuss coordination between external and internal audit with regard to the Company's risks. The Committee shall also review and monitor the impartiality and independence of the auditor and pay particular attention if the auditor provides the Company with services other than audit services.

The Audit Committee shall also evaluate the work carried out by the auditor and inform the Nomination Committee of the outcome of the evaluation, thus assisting the Nomination Committee in producing proposals for auditors and audit fees. The Audit Committee shall meet at least four times per fiscal year and otherwise as required. Minutes shall be prepared for each meeting and shall be sent to all Board members.

During the financial year, the Audit Committee consisted of Tone Bjørnov, Lars Wollung and Mattias Carlsson until February 6, 2017. Thereafter until 10 May 2017, the Audit Committee only consisted of Tone Bjørnov and Mattias Carlsson when Lars Wollung left the Board and also the Audit Committee. On 10 May 2017, Mari Thjømøe was elected to the Audit Committee. At the Board meeting of 19 December 2017, Mattias Carlson left the Audit Committee and it was decided that the Audit Committee should consist of two members until the next meeting.

All members of the Audit Committee have been members of the Board.

Board member Tone Bjørnov is chairman of the Audit Committee.

In 2017, the Audit Committee held three (6) meetings. Attendance:

Board Member	Attendance
Tone Bjørnov (Chairman)	6 of 6
Lars Wollung	1 of 6
Mattias Carlsson	6 of 6
Mari Thjømøe	3 of 6

The Company's CFO and Head of Accounting attended all meetings, as did the Company's auditor Martin By. CEO Declan Mac Guinness attended all meetings until his departure.

#### **Remuneration to Board Members**

In accordance with the decision made at the 2017 AGM, the following remuneration was paid to the Board Members:

- Chairman: SEK 2,200,000
- Board Members not employed by the bank: SEK 300,000
- Chairman of the Audit Committee: SEK 100,000
- Members of the Audit Committee: SEK 50,000

## **CEO AND MANAGEMENT**

The CEO is responsible for the daily management of the Company in accordance with the Companies Act and the Board's instructions. The CEO is responsible for keeping the Board of Directors informed of the Company's operations and to ensure that the Board has as true and accurate a basis for decision as possible.

As at 31 December 2017, TF Bank's Group Management consisted of: Mattias Carlsson (acting CEO), Mikael Meomuttel (CFO), Espen Johannesen (Head of Direct to Consumer), and Mikael Johansson (Head of Sales Finance).

Additional information about the Group's management representatives can be found on [www.tfbankgroup.com](http://www.tfbankgroup.com) and on page 80 in the Annual report 2017.

#### **Compensation to senior management**

The Annual General Meeting 2017 adopted the following guidelines for remuneration to TF Bank's senior management:

Compensations and other terms of employment shall be designed to (i) comply with and promote effective risk management and counteract excessive risk taking and (ii) ensure access to the senior executives the Bank needs. The guidelines, which are valid until the next AGM, shall apply to each commitment and change of remuneration. The Board shall decide on the terms of eligibility and waive the guidelines, if there are special reasons in a particular case.

Compensations may consist of the components: fixed remuneration in the form of basic salary, benefits and pensions and variable remuneration. There should be an appropriate balance between fixed and variable remuneration. Each senior executive shall receive a basic salary and may be entitled to both the general benefits offered to all employees and special benefits. Pension benefits shall generally be paid in accordance with rules, collective agreements and practices in the country where the senior executives are permanently resident. Pension benefits may be defined benefit according to collective agreements and / or defined-contribution and are unaffordable since they are earned. The board shall fix a ceiling for the pensionable salary. If the bank resigns, the salary can be paid over a notice period of 6-12 months. In addition, severance pay can be paid for 6-12 months. Fixed salary during notice period and severance pay shall not exceed an amount equal to the fixed salary in two years. Variable compensation can be paid in the form of shares and there must be limits for the maximum outcome. Payment of variable remuneration shall be postponed and conditional upon the fact that the criterion fulfilment of the remuneration is shown to be sustainable in the long term and that the

Group's position has not deteriorated significantly. If the conditions for payment are not met, the remuneration shall expire in whole or in part. The essential terms of incentive programs shall be decided by the Annual General Meeting.

#### **Variable compensation (bonus) to members of management**

In 2017 there has been no variable remuneration to senior executives.

### **INTERNAL CONTROL DOCUMENTS**

In addition to laws, ordinances, regulations, etc. TF Bank has a number of internal control documents relating to the daily management. These have been adopted by the Board of Directors, the CEO or other officers and include the Articles of Association, Rules of Procedure for the Board of Directors, instructions for the Audit Committee and Remuneration Committee, instructions to the CEO and with regard to financial reporting to the Board, an insider policy, risk management policy, credit policy, remuneration policy, handling of ethical issues and conflicts of interest (code of conduct), outsourcing policy, business continuity plan, liquidity management instruction, a financial policy, a capital policy, policy on risk control, compliance and internal audit, the handling of complaints and a policy regarding measures against money laundering and terrorist financing. All policy documents are available through the intranet.

### **EXTERNAL AUDITORS**

The Company's external auditors are appointed by the AGM. The external auditors' responsibility is to review the Annual Report and the financial statements, the Board of Directors and the CEO. In 2017, PwC was elected as the Company's auditor, with the Authorised Public Accountant Martin By as auditor-in-charge.

Details of the fees and expenses of the auditors is presented in note 10 in the Annual report 2017.

### **INTERNAL CONTROL AND RISK MANAGEMENT**

#### **First line of defence**

The activities of TF Bank consist primarily of three business areas (deposits, loans and sales finance) and three supporting functions (IT, finance and back-office). First line risk-management is based on the business and support units and includes all employees. The respective department responsible for the first line of defence is responsible for daily risk management and compliance and for taking the appropriate action if unwanted exposure or inadequate routines occur within the area. Reporting lines are to the immediate supervisor, the Compliance function, the Risk Control function or the CEO.

#### **Second line of defence - Compliance and Risk Control**

The independent control functions within compliance and risk control examine, evaluate and report to executive management and the Board of Directors regarding risk and compliance within the Group. The work of both functions is governed by instructions established by the Board of Directors. The control functions in the second line of defence are responsible for reviewing risk management and compliance carried out in the first line of defence but should also serve as a support for the same.

An independent review of compliance with external and internal rules is made by the compliance function in accordance with FI's regulations and general recommendations on governance, risk management and control of credit institutions as well as the guidelines and recommendations issued by EBA. The compliance function is subordinate to the CEO, reports directly to the Board of Directors and is regularly reviewed by internal audit. TF Bank's Head of Compliance is Tirill Thorsheim. Compliance is independent of all business units and support functions.

Independent risk control and monitoring of risk management within TF Bank is carried out by an internal independent risk control function in accordance with FI's regulations and general recommendations on governance, risk management and control of credit institutions. The risk control function is subordinate to the CEO, reports directly to the Board of Directors and is regularly reviewed by internal audit. Reporting to the Board of Directors includes the Company's capital position, liquidity risk, credit risk, market risk and operational risk (including any incidents). TF Bank's Chief Risk Officer is Magnus Löfgren. The function's responsibilities include an independent monitoring and analysis of how risks at an aggregate level evolve over time and subsequently reporting these to the Board of Directors and management. The function's responsibility is also to contribute to the further development of risk management processes including providing methods for the identification, measurement, analysis and reporting of risks. The risk control function works independently of all business units and support functions.

#### **Third line of defence - Internal Audit**

TF Bank's third line of defence is an independent audit function, reporting to the Board of Directors. The internal audit is mainly responsible for providing the Board with a reliable and objective evaluation of risk management, financial reporting, risk control and governance processes in order to reduce the occurrence of threats and improve the control structure. TF Bank's internal audit carried out by KPMG AB and the head of internal control is Henrik Auoja. The audits are carried out according to an audit plan adopted by the Board.



The Internal Audit function reviews and assesses whether systems, internal controls and routines are appropriate and effective, and issue recommendations and ensure compliance with recommendations. In 2017, the audit conducted by the internal audit included the company's process of compliance with regulatory systems for IT systems, information security and systems for savings products covered by the deposit insurance guarantee. Review of the processes for the annual accounts that formed the basis for both annual reports and government reporting was conducted.

The Board of Directors issues and revises at least annually all policies that constitute the framework for the business.

**INFORMATION IN ACCORDANCE WITH CHAPTER 6, 2 § OF THE ACT (2014:968) ON SPECIAL SUPERVISION OF CREDIT INSTITUTIONS AND SECURITIES COMPANIES AND CHAPTER 8, 2 § FINANCIAL SUPERVISORY AUTHORITY ON REGULATORY REQUIREMENTS AND CAPITAL BUFFERS (FFFS 2014:12)**

TFB Service OÜ, TFB Service SIA and BB Bank ASA are owned 100 % by TF Bank. Confide AS is owned 100 % by BB Bank. TF Bank owns 100 % of Avarða AB, whilst Avarða AB owns 100 % of Avarða Oy. All companies are wholly or majority-owned subsidiaries and as the sole or majority shareholder is the TF Bank to control the companies through the exercise of TF Bank's voting rights at general meetings. TF Bank can also through its shareholding determine the Board of Directors elected at each company's general meeting.

**THE BOARD OF DIRECTORS' DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT RELATED TO FINANCIAL REPORTING**

The Board of Directors is responsible for the internal control of both TF Bank Group and TF Bank AB (publ) through the Companies Act and the Swedish Annual Accounts Act.

Internal control over the financial reporting is a process designed to provide reasonable assurances regarding the reliability of external financial reporting and whether the financial statements are prepared in accordance with GAAP, applicable laws and regulations and other requirements for companies whose transferable debt securities are admitted to trading on a regulated market. The internal regulatory framework with policies, instructions and the routine and process descriptions constitute the primary tool to ensure accurate financial reporting. The efficiency and effectiveness of the control mechanisms are reviewed annually by the control functions and internal audit.

The internal control activities are included in TF Bank's administrative procedures. The internal control of TF Bank is based on a control environment that includes values and management culture, follow-up, a clear and transparent organisational structure, segregation of duties, the duality principle and the quality and efficiency of internal communications. The basis for internal control of financial reporting consists of a control environment with organisation, decision making, duties and responsibilities which are documented and communicated in governing documents with job descriptions for the control functions.

TF Bank's risk management is proactive and based on proper follow-ups with the main focus on ongoing controls and internal training. Risk management is an integral part of the business. The control activities include both general and detailed controls intended to prevent and detect errors and discrepancies so that these can be corrected. Control activities are designed and documented at the corporate and departmental level, based on a reasonable level related to the risk of errors and the effect of such errors. Each functional manager is primarily responsible for managing the risks related to the respective department's operations and financial reporting processes (the "first line of defence").

Control of procedures and processes regarding, inter alia, financial reporting is also performed by TF Bank's risk unit (the "second line of defence"). The control consists of assessing, including spot checks, that existing procedures and processes are adequate and followed.

Monthly financial reports are submitted to the Board of Directors and each meeting of the Board of Directors deals with the Company's and the Group's financial situation. The Board of Directors receives a report from the risk control and compliance functions prior to each regular meeting.

The Board of Directors also reviews the quarterly and annual financial reports as well as the reports from the external and internal auditors.

**FURTHER INFORMATION**

Further information on corporate governance is available at [www.tfbankgroup.com](http://www.tfbankgroup.com).



## **AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT**

To the annual meeting of the shareholders of TF Bank AB (publ), corporate identity number 556158-1041

### ***Engagement and responsibility***

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2017 and that it has been prepared in accordance with the Annual Accounts Act.

### ***The scope of the audit***

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### ***Opinions***

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 23 March 2018  
PricewaterhouseCoopers AB

Martin By  
Authorised Public Accountant

# BOARD OF DIRECTORS



**BERTIL LARSSON**  
Acting chairman since November 2017. Board member since 2007.

**Born:** 1946

**Current commitments:** 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), and AB Effektiv (chairman).

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



**TONE BJØRNOV**  
Board member since 2015.

**Born:** 1961

**Education:** Bedriftsøkonom vid Handelshøyskolen BI.

**Current commitments:** Film-parken 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 of major shareholders.



**JOHN BREHMER**  
Board member since 2010.

**Born:** 1965

**Education:** MSc in Business and Economics, industrial marketing, Stockholm School of Economics.

**Current commitments:** Consortio Fashion Holding AB (board member), Mederion AB (chairman), TFB Holding AB (board member), Tiberon AB (chairman) och Zebware AB (chairman).

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



**CHARLOTTA BJÖRNBERG-PAUL**  
Board member since 2017.

**Born:** 1974

**Education:** M.Sc. Econ. Hanken, Svenska handelshögskolan, Finland.

**Current commitments:** Saxo Oy (deputy chairman), Anki Rugs Entrepreneur (deputy chairman), Paptic Ltd (board member), GuardianX Technologies Inc (board member).

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



**MARI THJØMØE**  
Board member since 2017.

**Born:** 1962

**Education:** Master of Economy and Business (Handelshøyskolen BI) and CFA (Norges Handelshøyskole)

**Current commitments:** E-CO Energi AS (deputy chairman), Færder Nasjonalparksenter (chairman), Nordic Mining ASA (board member), Scatec Solar ASA (board member), SINTEF Research Institute (board member), Seilspport Maritimt Forlag AS (chairman), Norconsult AS (deputy chairman), Teodin Holdco as (board member) och Tryg A/S (board member).

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



**MATTIAS CARLSSON**  
Board member and acting CEO

**Born:** 1972

**Education:** MEng., engineering physics, Uppsala University.

**Current commitments:** BB Bank ASA (board member), Avarda AB (board member), Avarda Oy (board member), Smedslättens Tennisbanor Aktiebolag (chairman), Qred AB (chairman), and Tronstad Consulting AB (board member).

Dependent of the company and its management.

# SENIOR MANAGEMENT



**MATTIAS CARLSSON**  
**Acting CEO**

**Born:** 1972

**Education:** MEng., engineering physics, Uppsala University.

**Current commitments:** BB Bank ASA (board member), Avarða AB (board member), Avarða Oy (board member), Smedslättens Tennisbanor Aktiebolag (chairman), Qred AB (chairman), and Tronstad Consulting AB (board member).



**MIKAEL MEOMUTTEL**  
**CFO and Deputy CEO**

**Born:** 1976

**Education:** MSc, Business/Economics and Finance, University of Borås/University of Gothenburg.

At TF Bank since 2009, 2014 deputy CEO and from 2018 also the Group's Head of IR. Previously, among other things, been Financial Controller at Consortio Fashion Group AB (CFG).

**Current commitments:** Avarða AB (board member)



**ESPEN JOHANNESSEN**  
**Head of Direct to Consumer  
och CEO BB Bank ASA**

**Born:** 1981

**Education:** Executive M.B.A Management control Norwegian School of Economics (NHH), Bachelor of economics, Business BI Norwegian School of Management

At BB Bank since 2010.



**MIKAEL JOHANSSON**  
**Head of Sales Finance och  
CEO Avarða AB**

**Born:** 1974

**Education:** MSc Business Administration and Mathematics Stockholms universitet

With the Group since 2016 as CEO of Avarða. Previously, among other things, at GE Commercial Finance and as CEO of Santander Consumer Bank Sweden.

**Current commitments:** Svenska Bilhandlare AB (chairman) and Sticklinge Management AB (alternate member)





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