



1st Quarter 2018

RESULT PRESENTATION

CORPORATE PROFILE

Our Products

Operating with modern and scalable infrastructure offering our retail customers online consumer loans, deposits and credit cards. For retailers we offer leading ecommerce and brick-and-mortar payment solutions

Our DNA

We aim to deliver effortless banking to our customers by being reliable, responsible and straightforward in our dealings with them

Our Geographical footprint

We serve customers in the Nordics and around the Baltic sea

The investment case

We operate in carefully selected niches where we can leverage on our platform and expertise to deliver attractive and sustainable risk adjusted growing returns

JANUARY – MARCH 2018 IN SUMMARY

- Continued organic loan book growth
- Strong operating profit growth
- Cost efficiency
- Capital position

LOAN BOOK
GROWTH

+28 %
SEK 3.519 million

OPERATING
PROFIT
GROWTH

+12 %
SEK 49 million

C/I RATIO

40 %

TOTAL CAPITAL
RATIO

15.1 %
31 Mar 2018

WORTH NOTING JANUARY – MARCH 2018

- In January, the subsidiary Avarda launched the Checkout+ payment solution in Finland, together with several major retailers
- A new forward flow agreement of sales of non-performing loans in Finland was implemented in February
- In March, TF Bank started a service subsidiary in Lithuania, TFB Service UAB

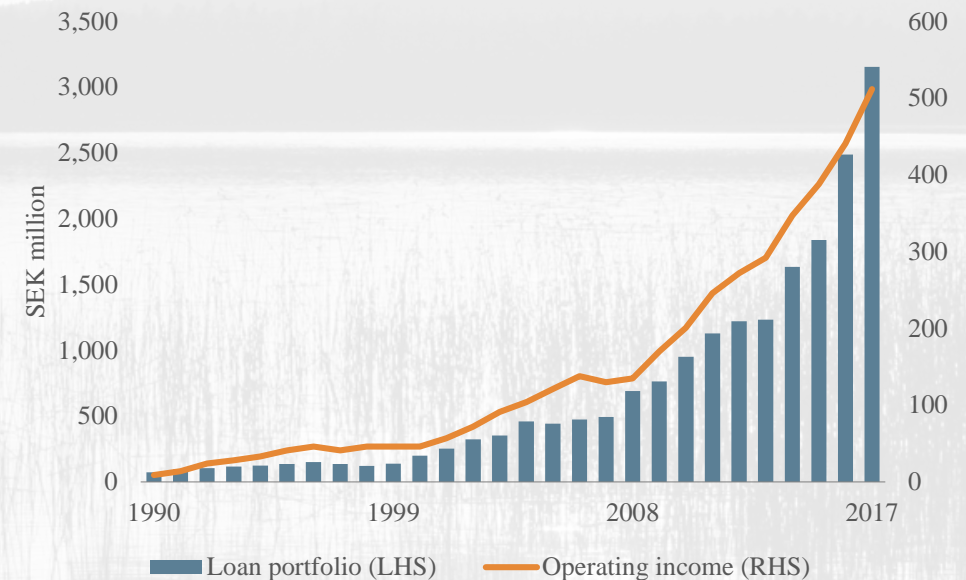


LONG TRACK RECORD OF PROFITABLE GROWTH

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 in payments and consumer loans

Strong track record on growth and profitability



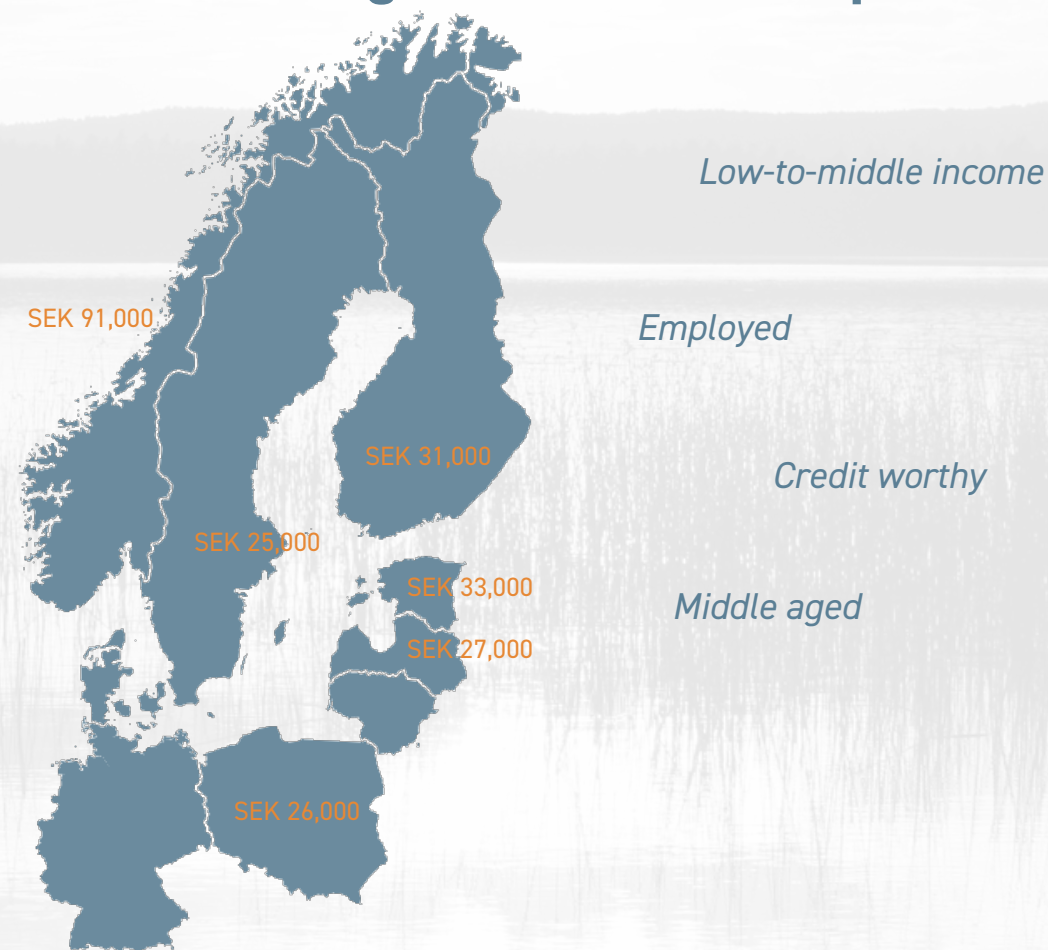
CONSUMER LENDING

DIVERSIFIED GRANULATED PORTFOLIO

Product overview and use of proceeds

- 80 % 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 ~23 months
- Average loan size on book of SEK ~37,000

Loan sizes (average) and customer profile



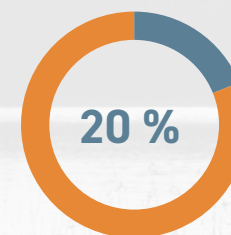
ECOMMERCE SOLUTIONS DRIVES NEW LENDING AND BUILDS DATABASE

Product overview

- Full check-out solution offered as one-stop-shop with several payment methods such as: invoice, instalment payment, credit/debit card and direct bank payments
- Strong momentum and growth in the segment. Successful launch and sale start of the Checkout+ solution including CRM functionalities driving sales and volume in Avarda
- Norwegian credit cards (from Q1 2017)

Key financials

Share of the
Group's loan portfolio



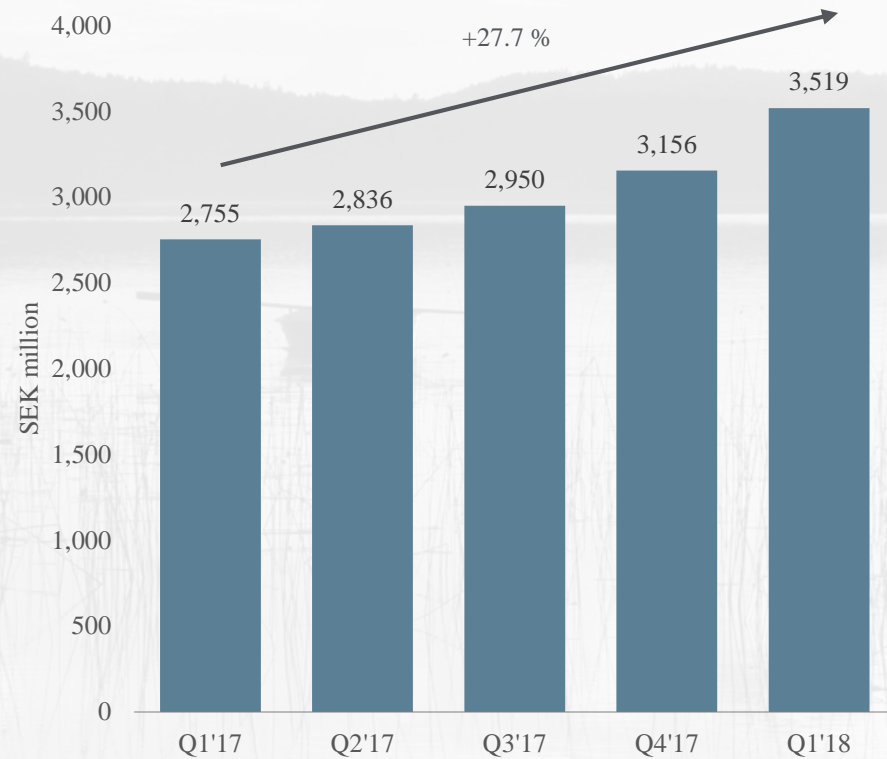
Amount outstanding
SEK 714 million
(31 Mar 2018)

Loan portfolio growth
+38 %
(Q1'18 vs Q1'17)

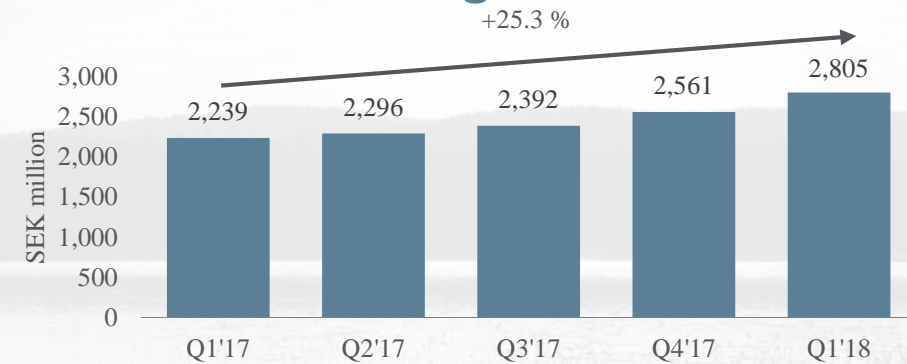
- Growth through three different brands, TF Bank, Avarda and BB Bank
- Geographical expansion in Europe
- Long-term relationships with companies in the Nordics
- Strategy to become one of the leading companies in the Nordic region
- Solid development in the credit card business

STRONG LOAN BOOK GROWTH

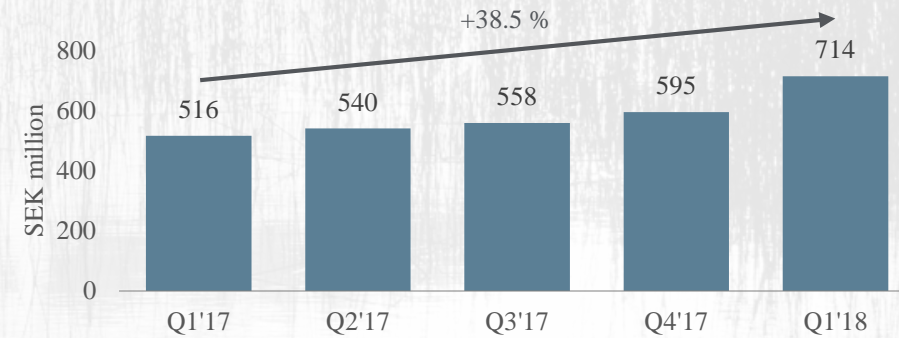
TF Bank Group



Consumer Lending



Ecommerce Solutions



GROWTH AND DIVERSIFICATION ACCORDING TO PLAN

Norway

Loan book SEK 1,076m (31 %)
Change Q1'18: +20 %
Strong growth

Finland

Loan book SEK 1,012m (29 %)
Change Q1'18: +11 %
Profitability and steady growth

Sweden

Loan book SEK 603m (17 %)
Change Q1'18: -4 %
Focus on profitability

Baltics

Loan book SEK 482m (14 %)
Change Q1'18: +20 %
Steady growth and profitability

Poland

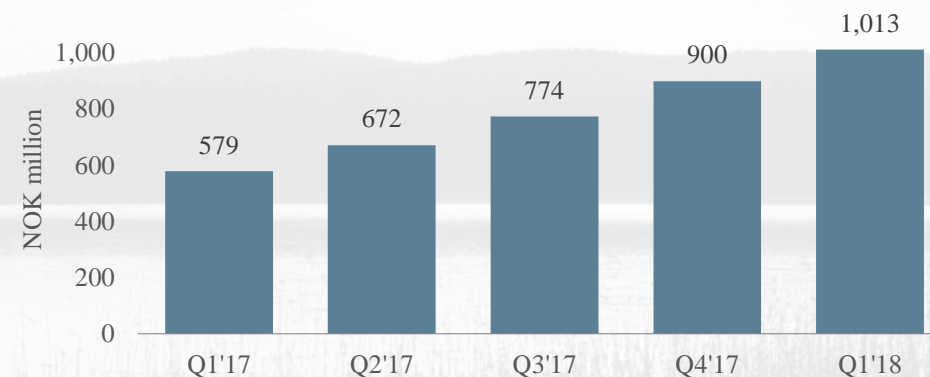
Loan book SEK 305m (9 %)
Change Q1'18: +9 %
Strong growth in both segments

NORWAY 2018

Development

- Maintaining growth and credit quality
- In compliance with new guidelines on lending practices
- Increase in the Group's business mix

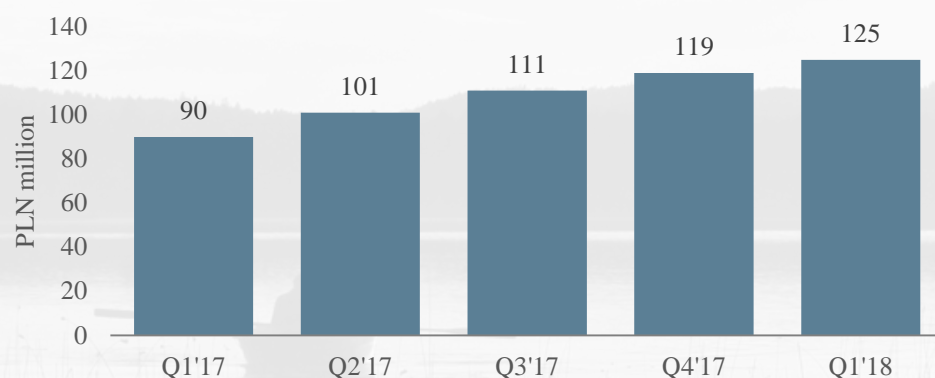
Strong momentum continues



- **More to come – strategic roadmap Norway**
 - Strong and steady growth
 - Focus on credit quality
 - Growth in both segments

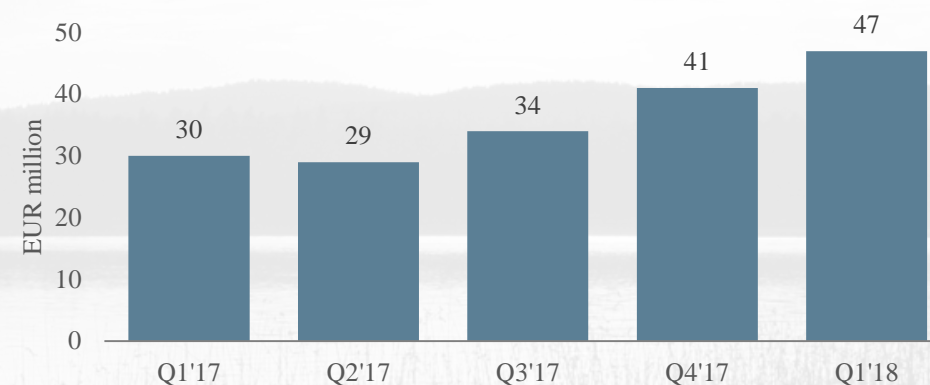
GROWTH MARKETS POLAND AND THE BALTICS 2018

Poland



- Continuous progress
- Strong sales in Ecommerce Solutions
- Growth in consumer loans lower in Q1 because of bankruptcy of one major distribution partner

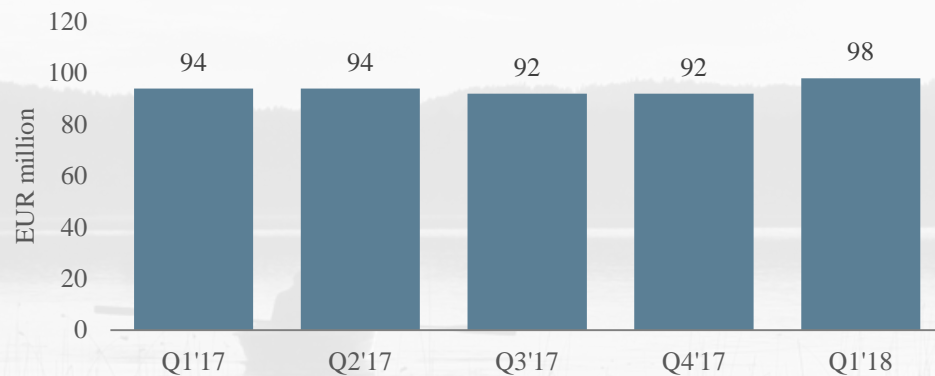
Baltics



- Portfolio size affected by sale of NPLs in Q2
- Strong growth in Estonia
- Scaling the Latvian operation

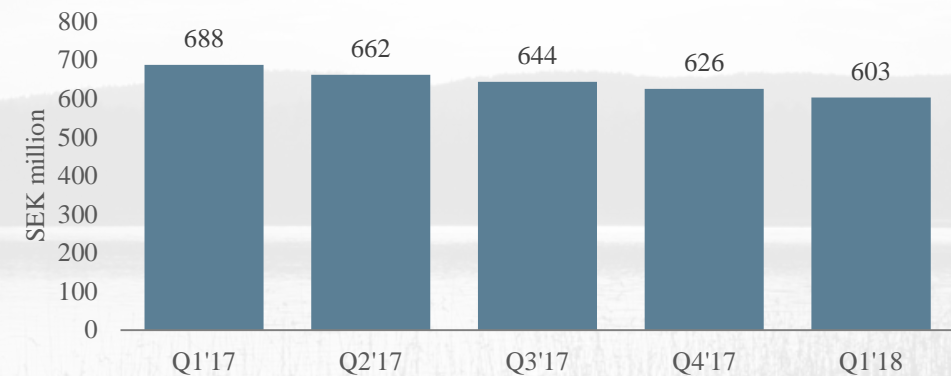
CORE MARKETS FINLAND AND SWEDEN 2018

Finland



- Strong sales in ecommerce
- Competition somewhat weaker in consumer loans
- Focus on credit quality for consumer loans and for ecommerce further strengthen the market position

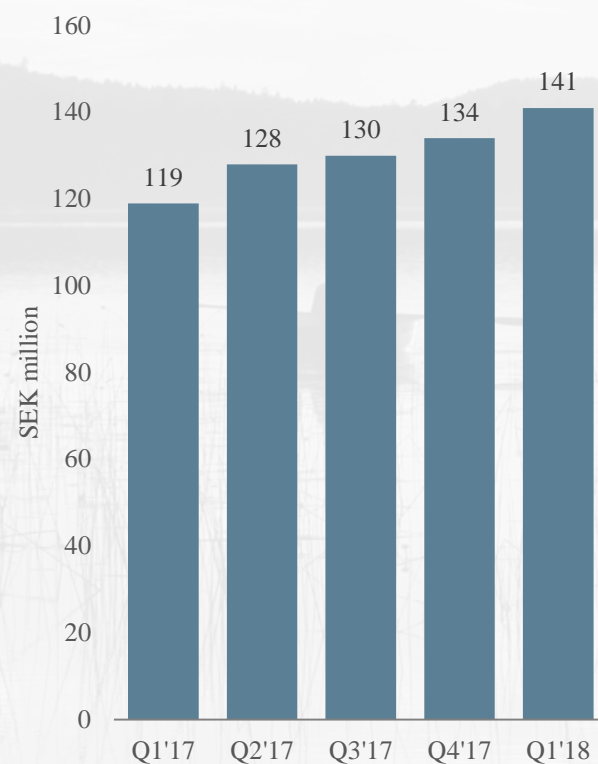
Sweden



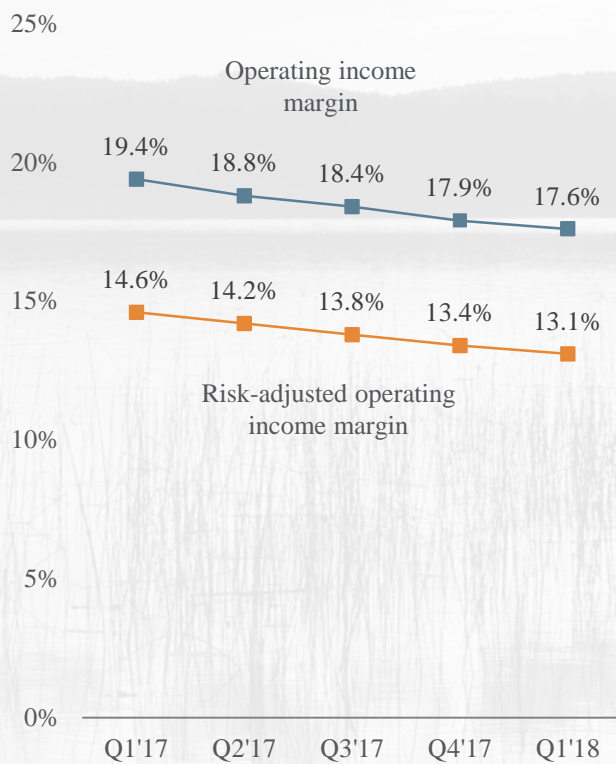
- Focus on credit quality and better use of own database
- Focus on costs
- Focus on distributions channels

INCREASED OPERATING INCOME AND HIGH MARGINS

Operating income



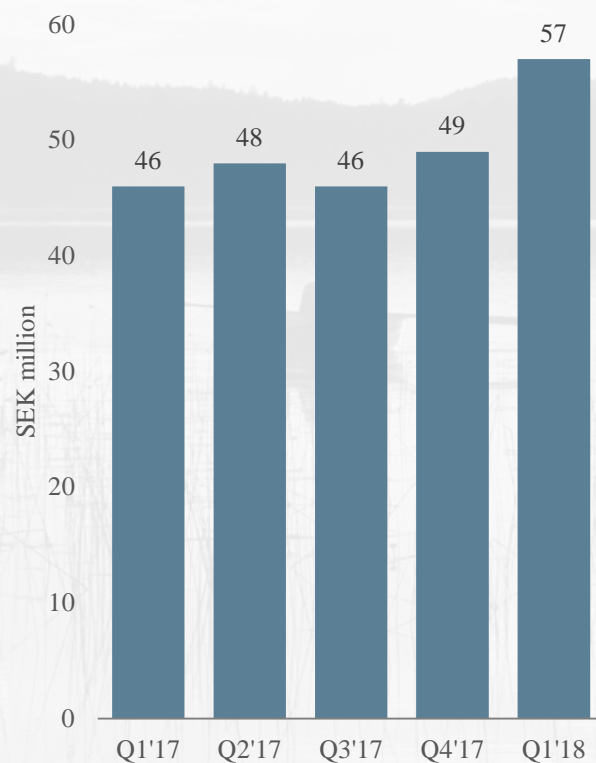
Operating income margin



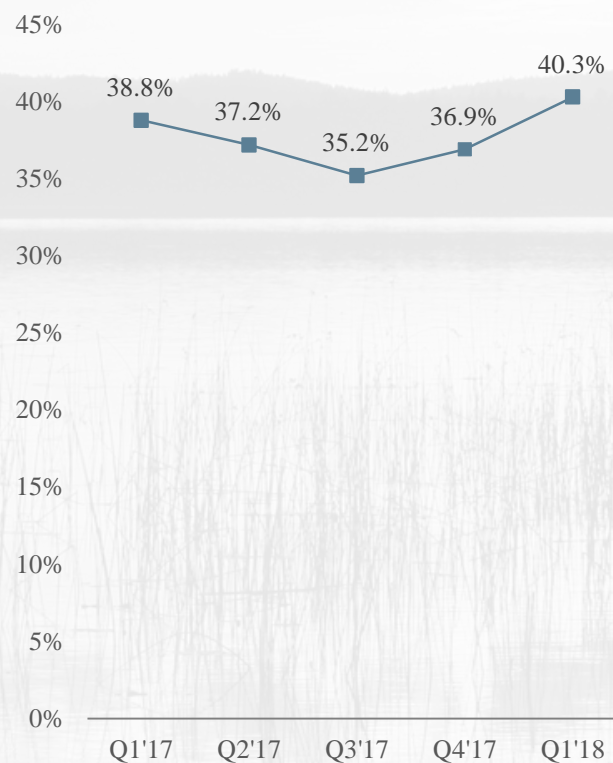
- Operating income Q1 2018 vs. Q1 2017 +18 %
 - Momentum in Norway, the Baltics and Avarda
 - Strong growth in loan book – income lag
- Operating income margin: 17.6 %
 - Growth in Norway (lower margins)
- Risk-adjusted margin (adjusted for net loan losses): 13.1 %

OPERATING EXPENSES IN LINE WITH PLAN

Operating expenses



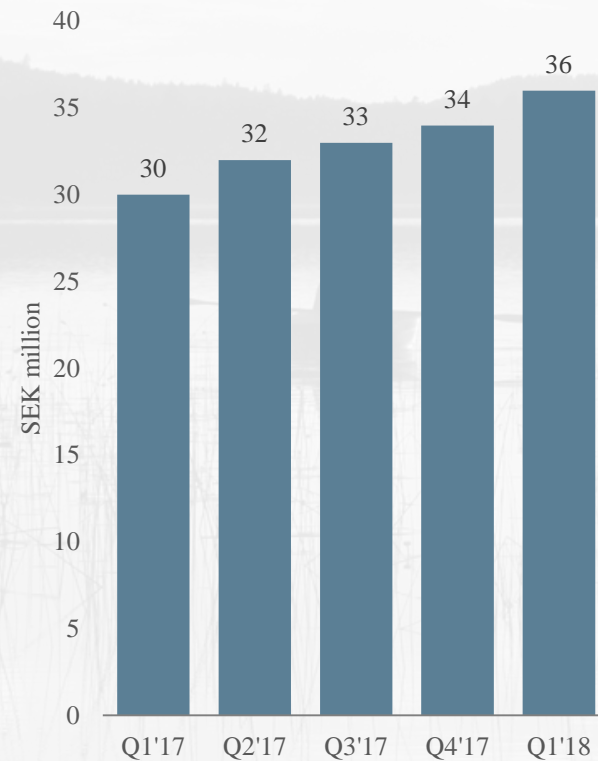
Cost/income ratio



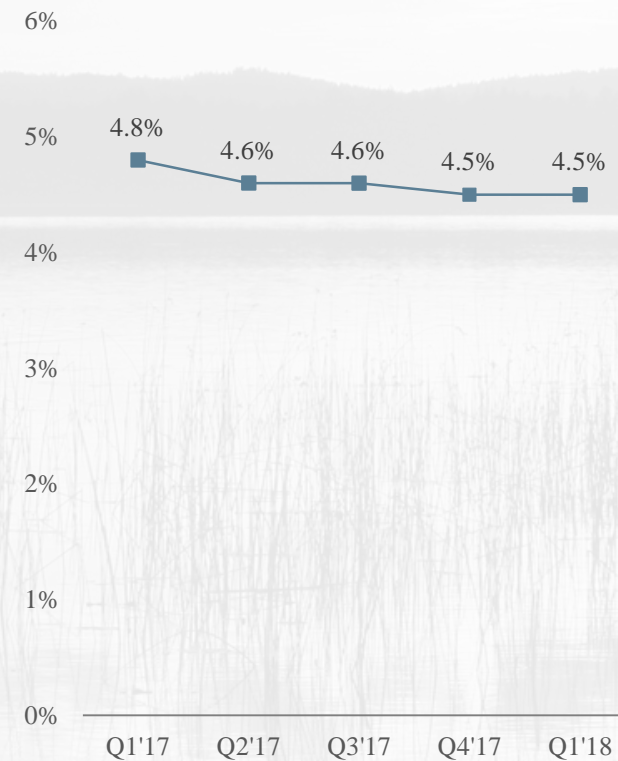
- **Operating expenses Q1 2018 vs. Q1 2017 +23 %**
 - Higher staff and IT costs (Avarda)
 - Credit volume increased +24 %
- **Cost/Income ratio Q1 2018: 40.3 %**
 - Q1 2017: 38.8 %
 - Excluding Avarda: 34.6 %

STABLE NET LOAN LOSS RATIO

Net loan losses



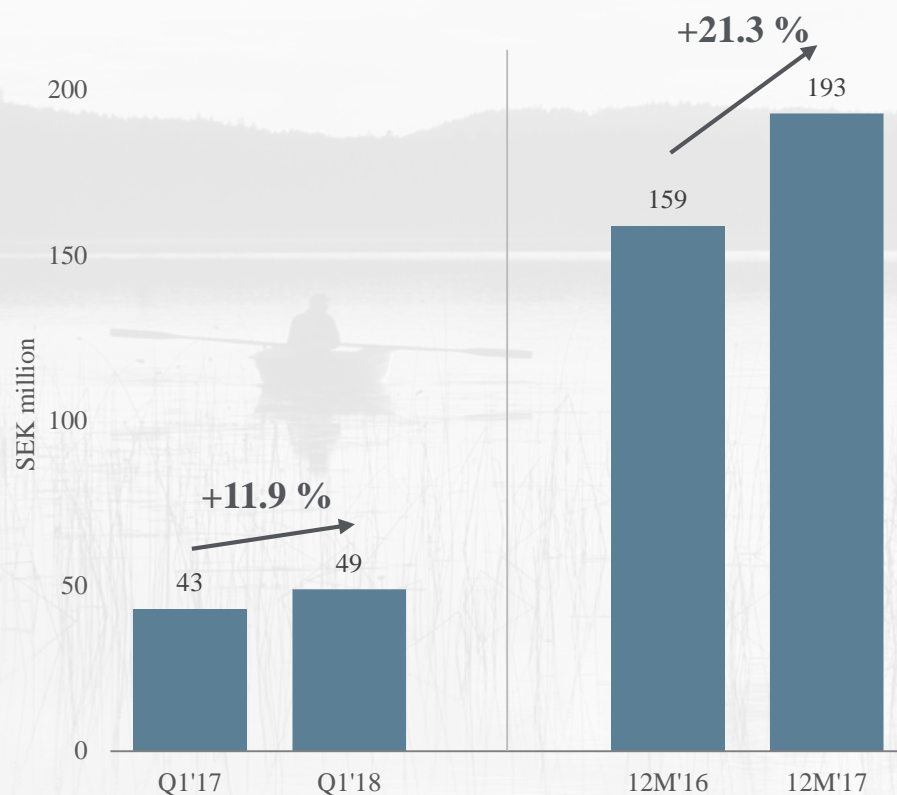
Net loan loss ratio



- **Clean balance sheet policy**
 - NPLs are generally sold on forward flow basis after approx. 72 days
- **Net loan losses Q1 2018 vs. Q1 2017 +20 %**
 - First quarter with IFRS 9 (expected loss model)
 - New forward flow contract in Finland
- **Net loan loss ratio Q1 2018: 4.5 %**
 - Q4 2017: 4.5 %

CONTINUED GROWTH FOR OPERATING PROFIT

Operating profit



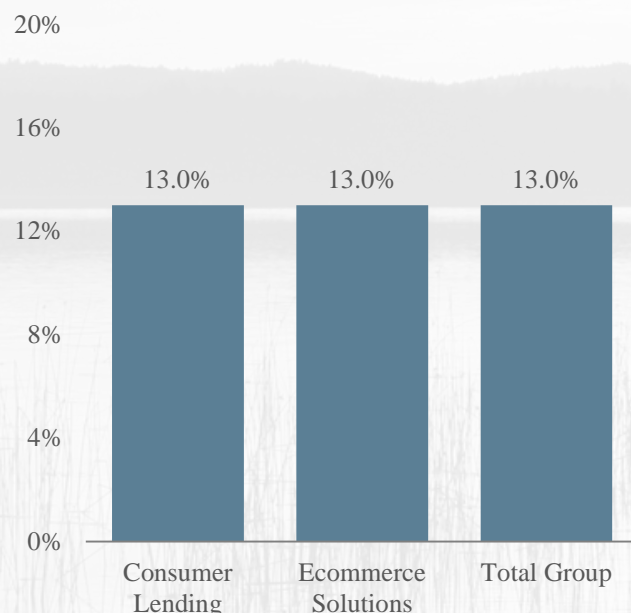
- **Operating profit Q1 2018 vs. Q1 2017 +12 %**
 - Main driver: Loan book growth
- **Bridge between operating profit and EPS**
 - Operating profit +12 %
 - Minority interests – 3 %
 - Earnings per share 9 %
- **Earnings per share rolling 12 months 7.19**
 - Excluding Avarda: 7.72

KPIs PER SEGMENT

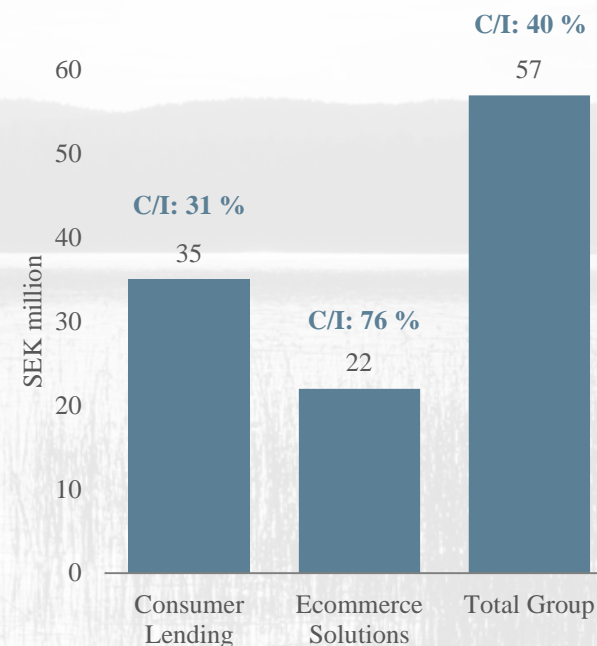
Operating profit



Risk-adjusted margin ¹⁾



Operating expenses



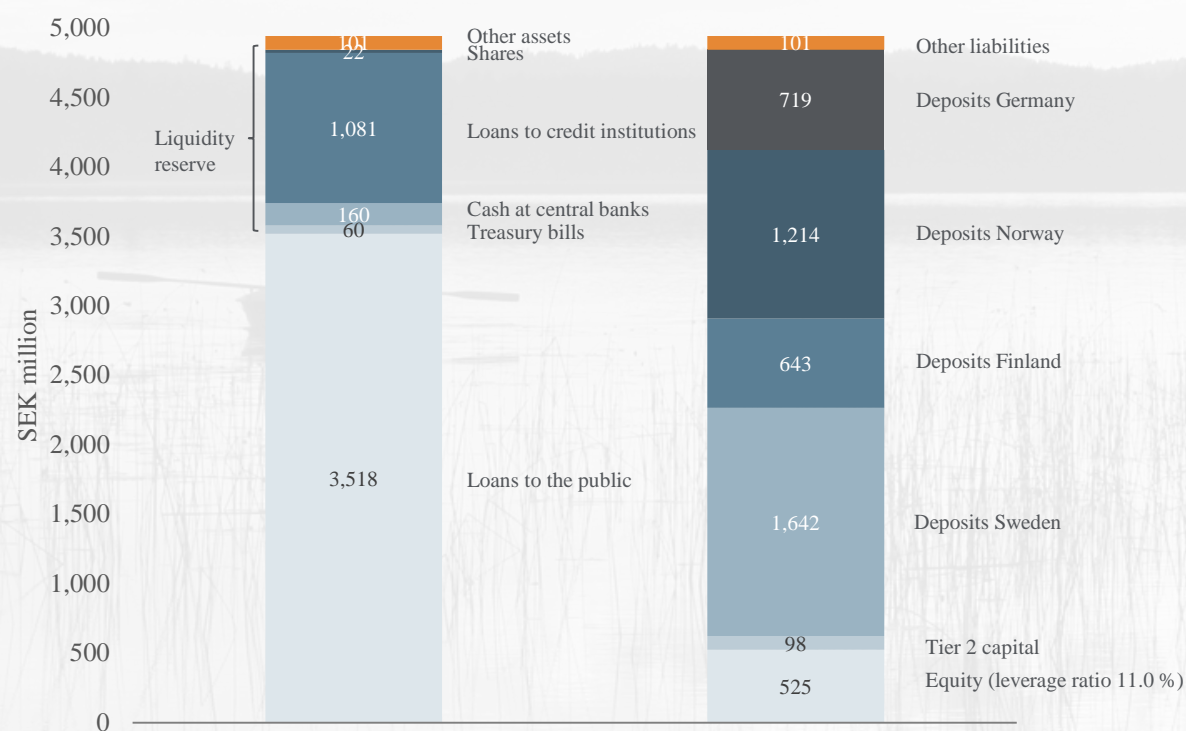
- **Operating profit, Group SEK 49 million** ▪
 - Consumer Lending SEK 52 million
 - Ecommerce Solutions SEK -3 million

- **Risk-adjusted margin ¹⁾, Group 13.0 %**
 - Consumer Lending 13.0 %
 - Ecommerce Solutions 13.0 %

- **Operating expenses, Group SEK 57 million**
 - Consumer Lending SEK 35 million
 - Ecommerce Solutions SEK 22 million

FURTHER DIVERSIFICATION OF DEPOSITS AND STRONG LIQUIDITY POSITION

Assets and liabilities



¹⁾ The liquidity reserve includes undrawn credit facilities of SEK 30 million.

- **Cost-efficient funding from diversified retail deposits**

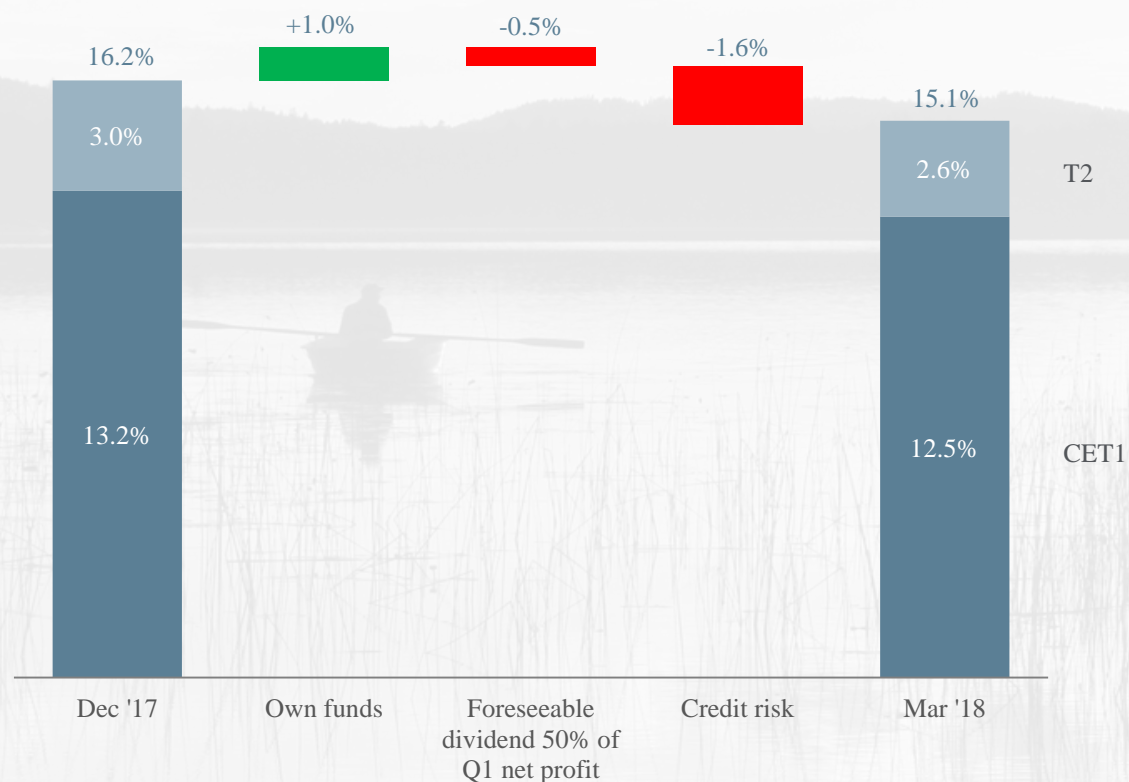
- Sweden (SEK 1.6 billion)
- Finland (SEK 0.6 billion)
- Norway (SEK 1.2 billion)
- Germany (SEK 0.7 billion)

- **Strong liquidity position**

- Liquidity reserve 32 % of deposits ¹⁾
- Supports further loan book growth

CAPITAL RATIOS REDUCED IN Q1 2018

Capital ratios



- CET1 ratio of 12.5 % and total capital ratio 15.1 % ¹⁾
 - Incl. the proposed dividend of SEK 48 million for 2017
 - Incl. dividend 50 % of net profit (policy) Q1-2018
 - IFRS 9 effects phased in 2018-2023
- Headroom to legal requirements (incl. Pillar 2)
 - CET1 capital requirement: 8.6 %
 - T1 capital requirement: 10.3 %
 - Total capital requirement: 12.4 %
- The target is to maintain a total capital ratio of at least 14.5 %

¹⁾ In the calculation of the capital adequacy ratio for Q1 2018, own funds takes into account the proposed dividend of SEK 2.25 per share and the foreseeable dividend of 50 % in line with the dividend policy.

OUTCOME FINANCIAL TARGETS Q1 2018

Growth	<i>Over the medium-term, the Company aims to achieve an EPS growth of at least 20 percent</i>	9%
Efficiency	<i>Over the medium-term, the Company aims to achieve a cost-to-income ratio of below 35 percent</i>	40%
Capital structure	<i>The Company aims to maintain a total capital ratio of at least 14.5 percent</i>	15.1 %
Dividend policy	<i>A pay-out ratio of approximately 50 percent of its annual consolidated net profit ¹⁾</i>	N/A

¹⁾ Attributable to the shareholders of the parent company

Note: Medium-term is defined as 3-5 years

LOOKING AHEAD INTO 2018

- Continued expansion in ecommerce solutions in Finland; Sweden and Norway next
- Leverage on the platform in consumer lending
- Lithuania launch
- Continued strong competition especially in the Nordics
- Gradually improving financial performance in ecommerce segment as income grows and opex are mainly in place

Q&A Session

Board of Directors



Bertil Larsson
*Acting Chairman of the
Board since 2017
Board member since
2007*



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



Tone Bjørnov
*Board member since
2015*



John Brehmer
*Board member since
2010*



Mari Thjømøe
*Board member since
2017*



Mattias Carlsson
*Board member since
2008*

EXECUTIVE MANAGEMENT TEAM



Mattias Carlsson
CEO

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).



Mikael Meomuttel
CFO, Deputy CEO and Head of Investor Relations

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: Avarda AB (board member)



Espen Johannesen
Head of Consumer Lending

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 Ecommerce Solutions

Education: MSc Business Administration and Mathematics Stockholms universitet

With the Group since 2016 as CEO of Avarda. 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)

Head of countries and functions ¹⁾



Vilma Sool
Head of Estonia

10 years of experience in the consumer finance sector – developed and led Bigbank Swedish branch, before this various positions within new business development.



Juho Maanpää
Head of Finland

Extensive consumer finance experience in Finland within operations management, credit risk and digital marketing. Worked at TF Bank since 2013.



Juris Pūce
Head of Latvia

Before joining TF Bank in 2016, worked for seven years in Bigbank, serving as country manager in Latvia and Spain as well as fulfilled various roles with credit management services provider Creditreform.



Björn Skytt
CIO

Before joining TF Bank in 2010 worked as integration manager for ICA Banken and prior to that as project manager and system manager for SKF's financial and treasury systems.



Olga Bliumenzon
Head of Lithuania

International communication degree holder with experience in consumer lending in Lithuania and Spain, business development in FINTEC, and IT project management.



Wojciech Drozd
Head of Poland

Sales leader with 20+ years of extensive consumer finance and retail banking experience: in GE Money Bank Poland and Bank BPH.



Karin Zandrén
Head of Sweden

With TF Bank since 2009. 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

Credit Risk Manager with 15 years of experience in retail banking sector. Worked for GE Money Bank and BPH Bank in Poland holding various roles and for KBC Group across Europe.

¹⁾ Excluding Espen Johannesen, Head of Norway, as he is also the Head of Consumer Lending and consequently a member of the Executive Management Team as shown on p. 24.

Contact

Investor relations

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