



3rd 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

NEW FINANCIAL TARGETS 2018

Growth

TF Bank aims to achieve earnings per share of at least 14.50 SEK in 2020

Efficiency

TF Bank aims to achieve a cost/income ratio of below 35 % in 2020

Capital structure

All capital ratios shall exceed the legal requirement (including pillar 2) by at least 2.5 % points

Dividend policy

Distribute surplus capital relative to the capital target and the bank's capital planning

WORTH NOTING JANUARY – SEPTEMBER 2018

- In January, the subsidiary Avarda launched a payment solution in Finland, together with several major partners
- In April, the Board appointed Mattias Carlsson as the new CEO of TF Bank
- In June TF Bank issued a Tier 1 capital instrument (AT1) of SEK 100 million
- Record high pre-tax profit of 63 MSEK in Q3

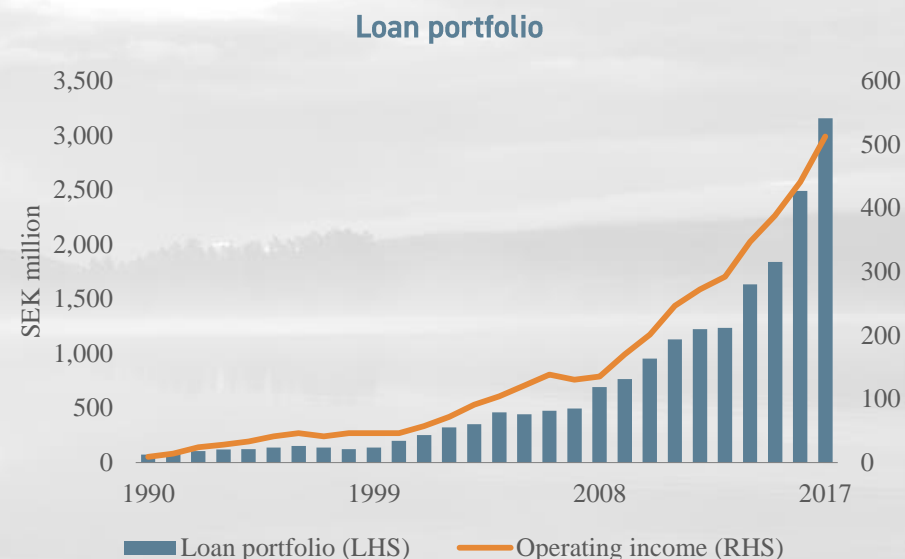


LONG TRACK RECORD OF PROFITABLE GROWTH

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



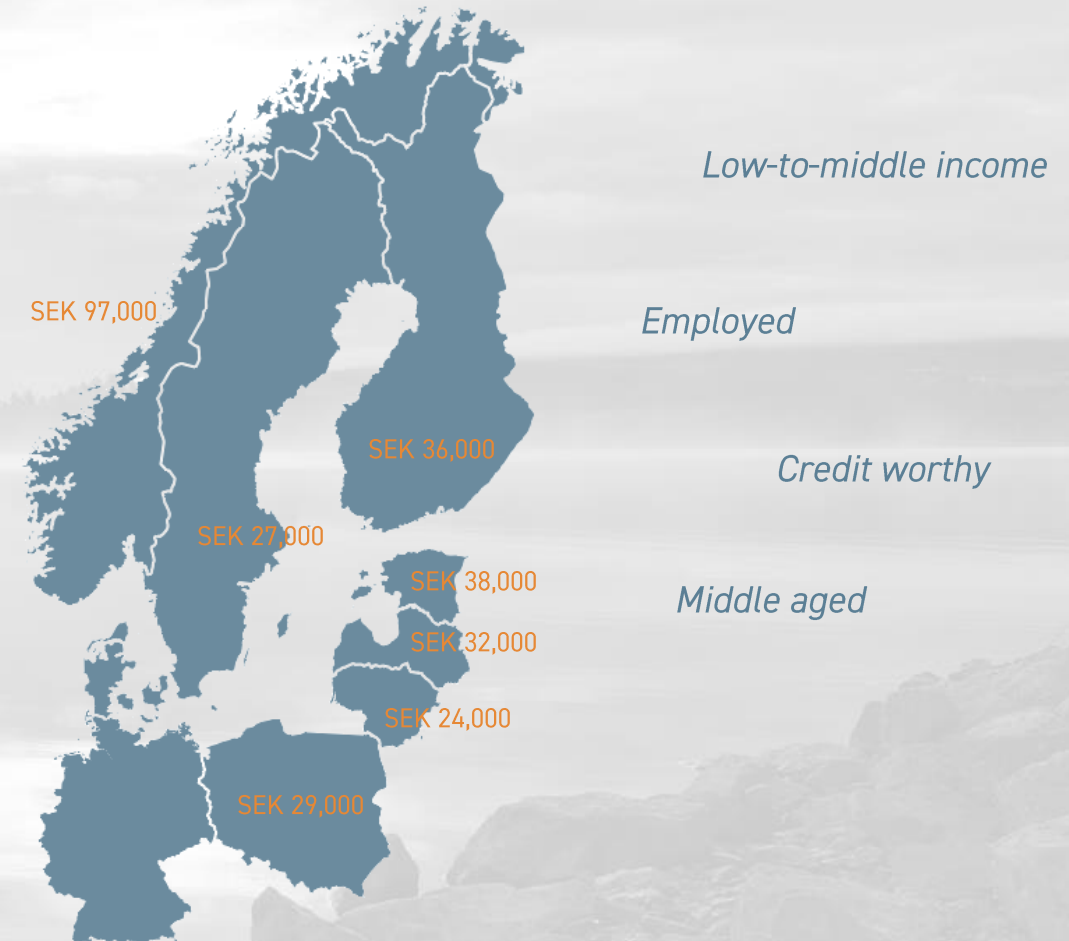
CONSUMER LENDING

DIVERSIFIED GRANULATED PORTFOLIO

At a glance

- 79 % of the loan portfolio
- Unsecured consumer loans
- Marketed through direct channels, own data base 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 ~42,000
- Welcomed more than 10,000 new customers in Q3

Loan sizes (average) and customer profile



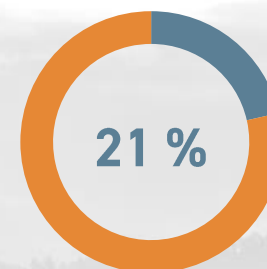
ECOMMERCE SOLUTIONS DRIVES NEW LENDING AND BUILDS DATABASE

At a glance

- Full check-out solution (Checkout+) offered as one-stop-shop in Finland and Sweden with all major payment methods
- Strong momentum and growth in the segment. Checkout+ solution including CRM functionalities is driving sales and volume in Avarda
- Ongoing launch of Checkout+ in Norway
- Credit cards (from Q1 2017)

Key metrics

Share of the
Group's loan portfolio



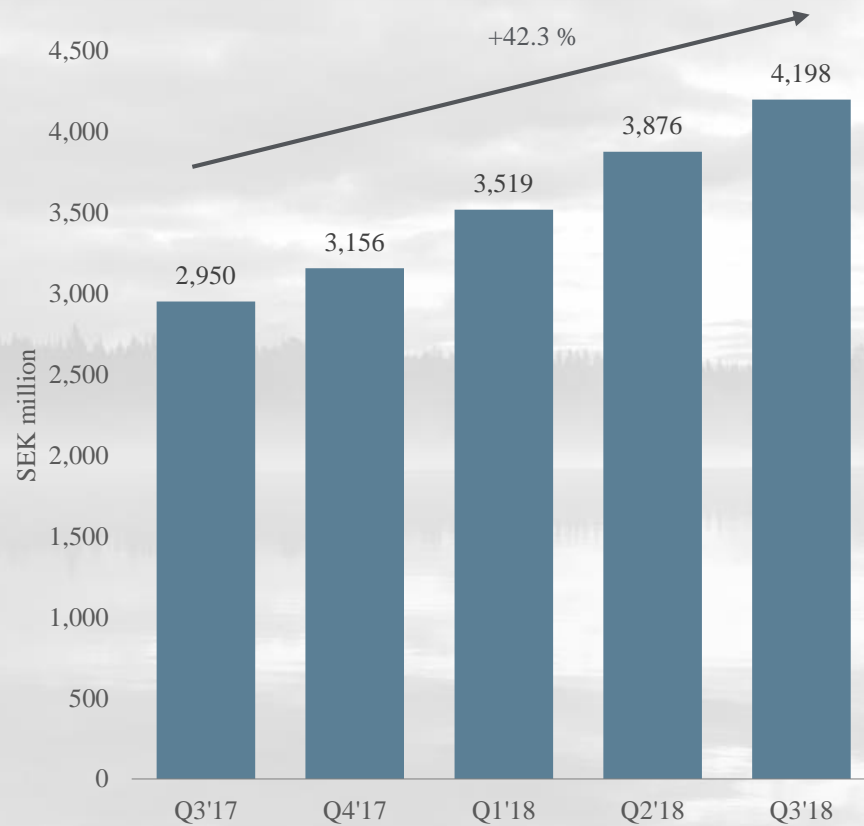
Amount outstanding
SEK 870 million
(30 Sep 2018)

Loan portfolio growth
+46 %
(Q3'18 vs Q4'17)

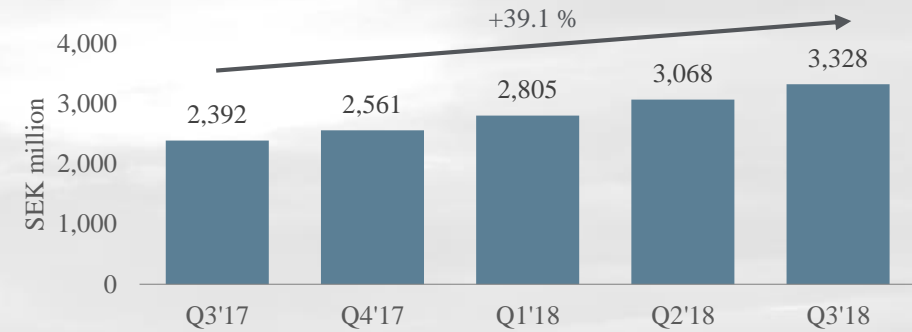
- Growth through three different brands, TF Bank, Avarda and BB Bank
- Soft launch of credit cards in Germany
- Long-term relationships with Nordic merchants
- Strategy to become one of the leading providers in the Nordic region
- Solid development in the credit card business
- Welcomed more than 67,000 customers in Q3

STRONG LOAN BOOK GROWTH

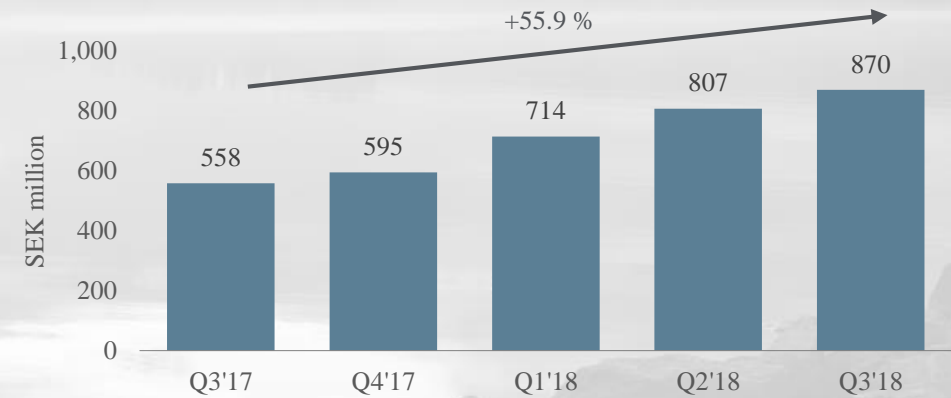
TF Bank Group



Consumer Lending



Ecommerce Solutions



GROWTH AND DIVERSIFICATION ACCORDING TO PLAN

Norway

Loan book SEK 1,355m (32 %)
Change 9M'18: +51 %
Strong growth

Finland

Loan book SEK 1,122m (27 %)
Change 9M'18: +23 %
Profitability and steady growth

Sweden

Loan book SEK 632m (15 %)
Change 9M'18: +1 %
Focus on profitability

Baltics

Loan book SEK 707m (17 %)
Change 9M'18: +76 %
Steady growth and profitability

Poland

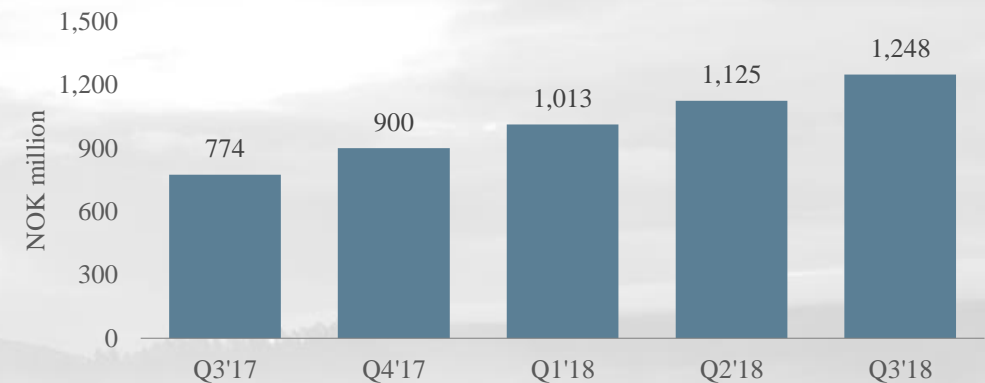
Loan book SEK 343m (8 %)
Change 9M'18: +22 %
Strong growth in ecommerce segment

NORWAY 2018

Development

- Excellent credit quality
- Regulatory risk regarding lending standards is considered low hence our average consumer loan is in the low end for the market
- Debt register expected to ready in 2H 2019 – Some uncertainties regarding data
- Largest market in the Groups business mix

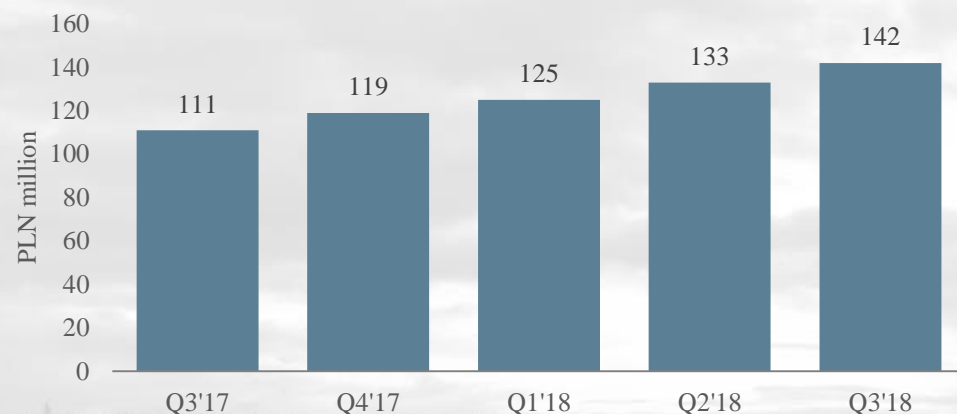
Strong momentum continues



- More to come – strategic roadmap Norway
 - Strong and steady growth
 - Focus on credit quality

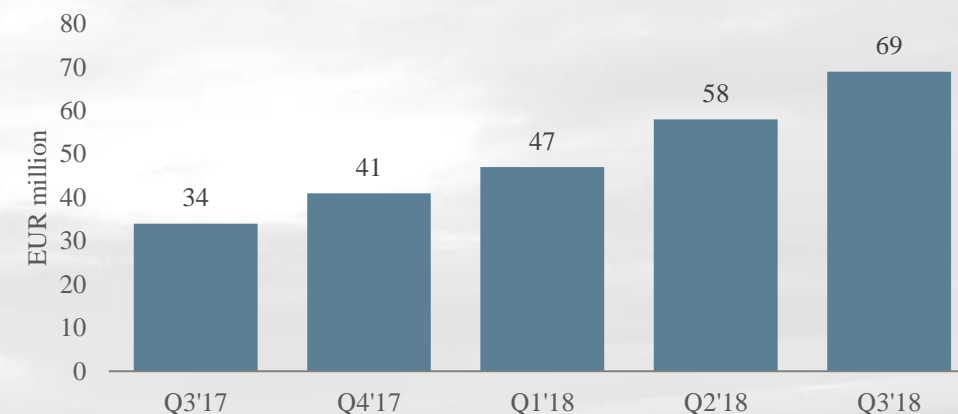
GROWTH MARKETS POLAND AND THE BALTICS 2018

Poland



- Strong sales in Ecommerce Solutions with strong margins. Scale up in H2 and beyond
- Sluggish growth in consumer loans but underlying asset quality improvement and a new loan product to be launched Q1 2019

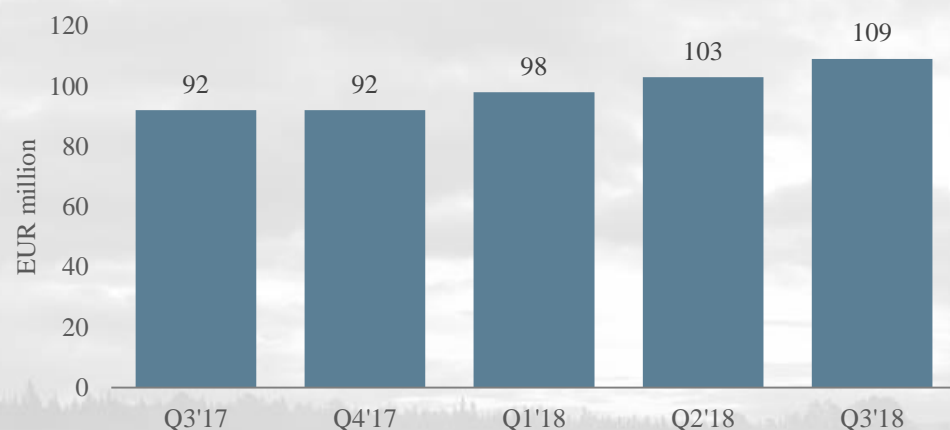
Baltics



- Started Lithuanian operations
- Strong growth in Estonia and Latvia
- Estonian market share in unsecured loans at 12%
- Good asset quality with long history of predictable default rates
- Likely new interest cap 25%-29% in Latvia from July 2019

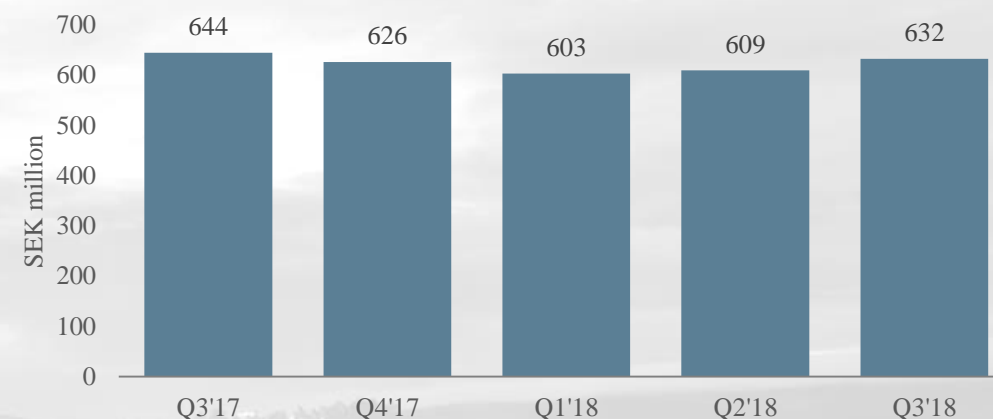
CORE MARKETS FINLAND AND SWEDEN 2018

Finland



- Strong sales in ecommerce
- Switch to growth from H2 in Consumer lending with slightly revised product parameters
- Weak retail sales especially in July and August

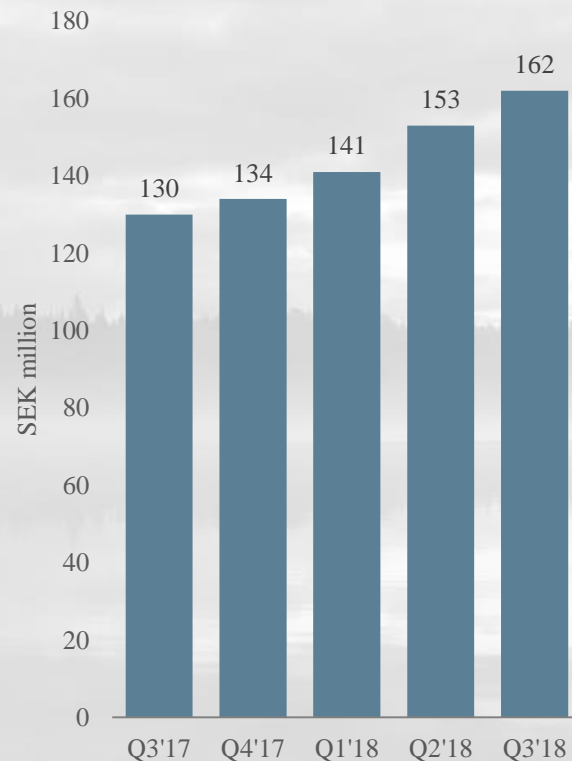
Sweden



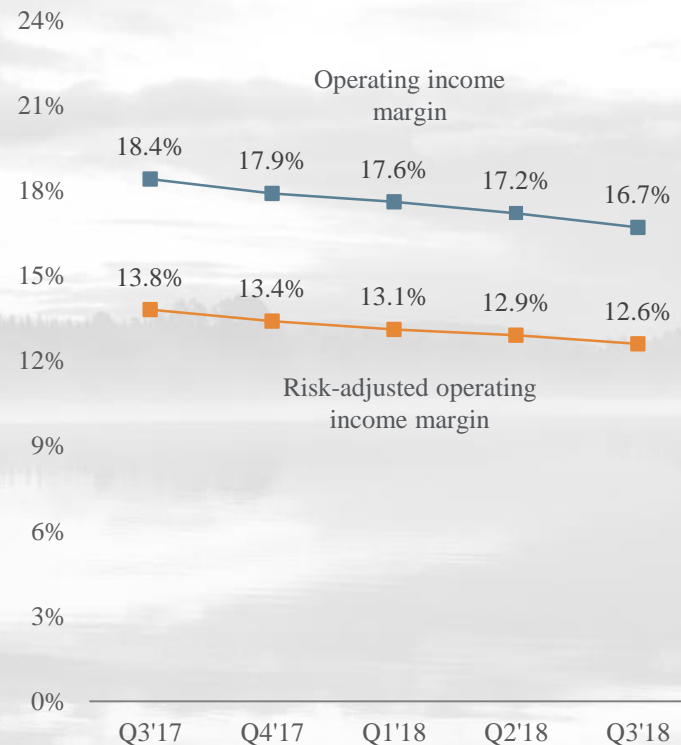
- Fierce competition and price pressure
- Seeking growth with attractive ROE in consumer loans with slightly revised product parameters
- Focus on optimizing distributions channels

ANOTHER QUARTER WITH STRONG INCREASE IN OPERATING INCOME

Operating income



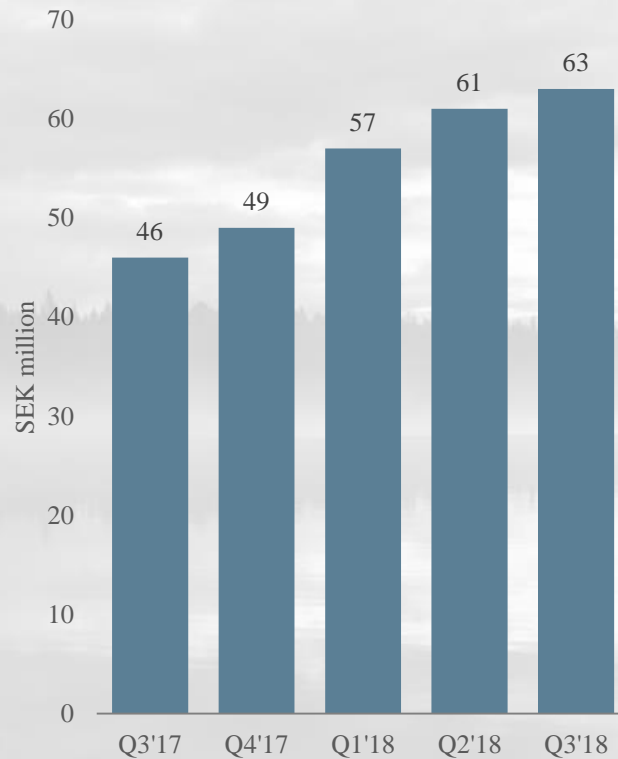
Operating income margin



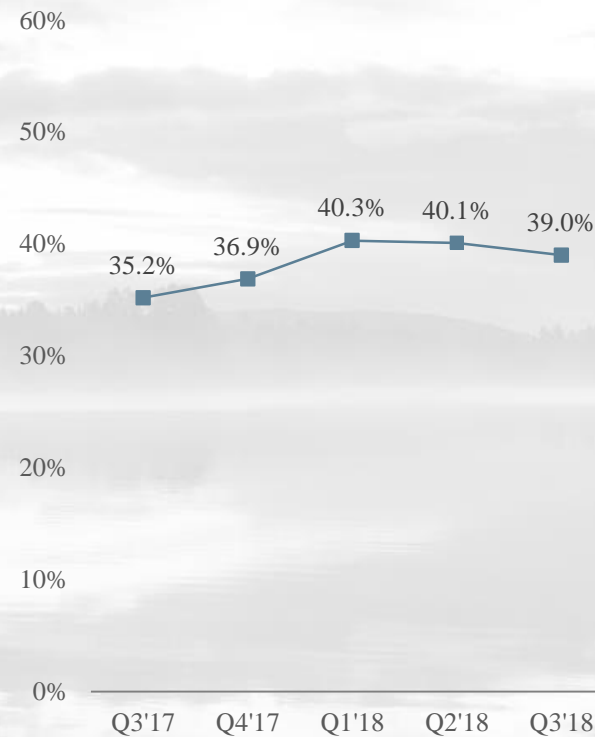
- Operating income Q3 2018 vs. Q3 2017 +24 %
 - Quarter-to-quarter increase: + 9 MSEK
 - Strong momentum in the Baltics and Norway
 - Positive impact from currency effects
- Operating income margin: 16.7 %
 - Growth in Norway (lower margins)
 - Slightly revised product parameters
- Risk-adjusted margin (adjusted for net loan losses): 12.6 %

OPERATING EXPENSES IN LINE WITH PLAN

Operating expenses



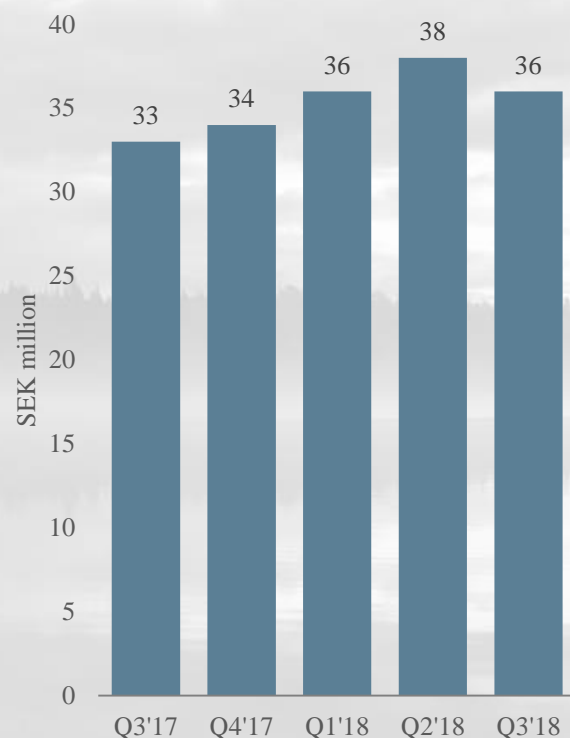
Cost/income ratio



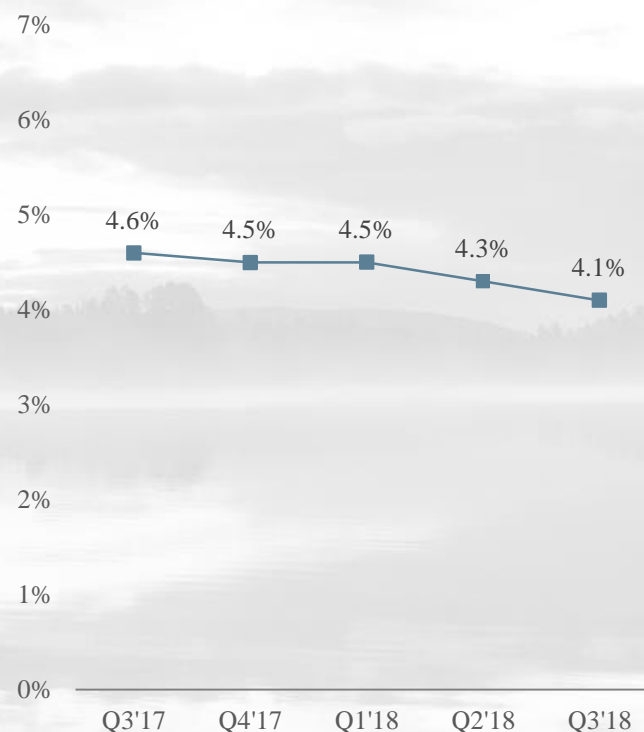
- **Operating expenses Q3 2018 vs. Q3 2017 +37 %**
 - Average number of employees 145 (112)
 - Expansion in Avarda and the Baltics
 - Currency effects impacts OPEX negatively
- **Cost/Income ratio Q3 2018: 39.0 %**
 - Improved vs Q2 2018 (40.1 %)
 - Excluding Avarda: 34.8 %

LOWER NET LOAN LOSS RATIO

Net loan losses



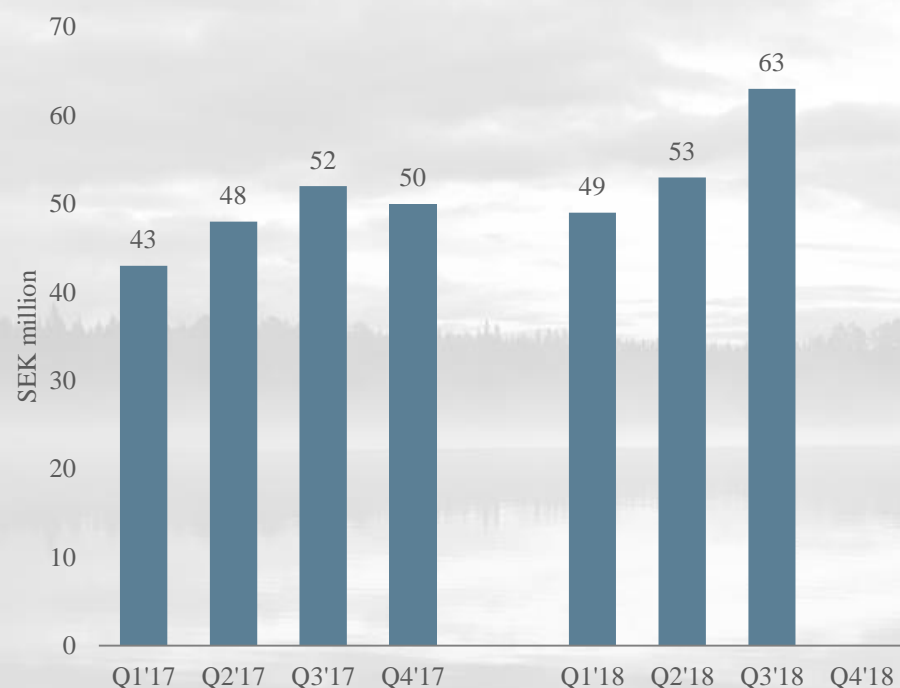
Net loan loss ratio



- **Clean balance sheet policy**
 - Delinquent loans are generally sold on forward flow basis after approx. 72 days
- **Net loan losses Q3 2018 vs. Q3 2017 +9 %**
 - Mainly driven by loan book growth and currency effects
 - New accounting standard, IFRS 9 (expected loss model)
- **Net loan loss ratio Q3 2018: 4.1 %**
 - New forward flow contracts in the Baltic countries
 - Improvements of existing scoring models

STRONG GROWTH FOR OPERATING PROFIT

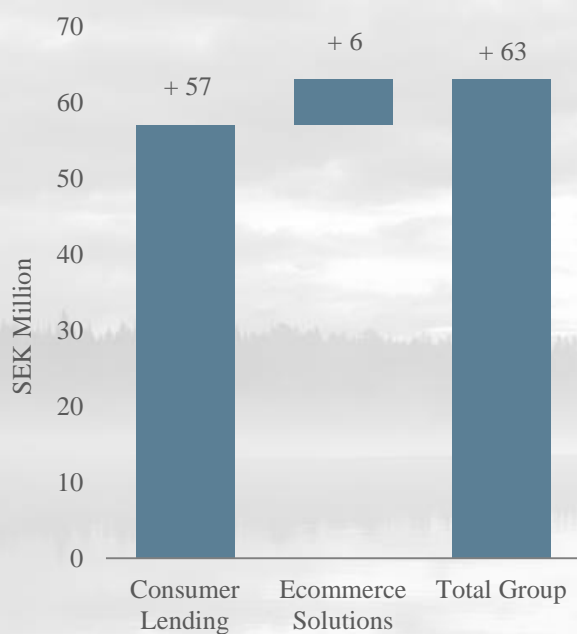
Operating profit



- Operating profit Q3 2018 vs. Q3 2017 +22 %
 - Main drivers: Higher income and lower loss ratio
 - Quarter-to-quarter increase: +10 MSEK (19 %)
- Bridge between operating profit and earnings per share
 - Operating profit +22 %
 - Tier 1 capital holders -5%
 - Minority interests -2 %
 - = Earnings per share +15 %
- Earnings per share rolling 12 months 7.62

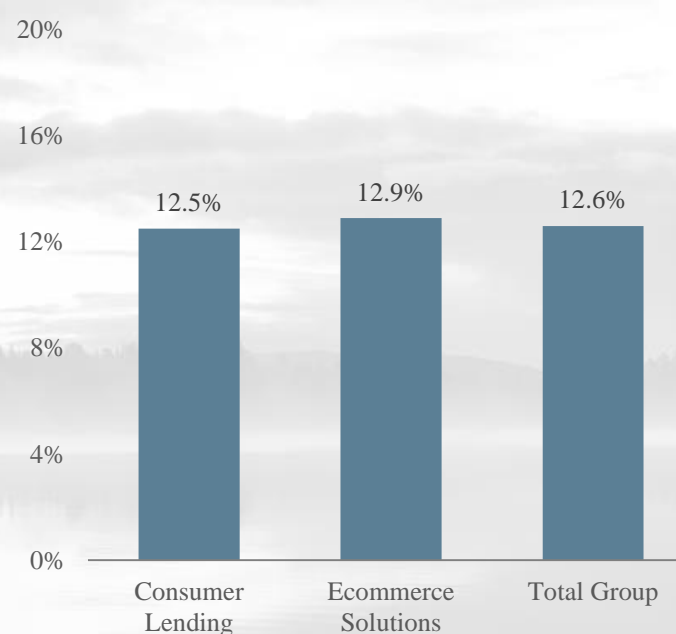
KPIs PER SEGMENT – Q3 2018

Operating profit



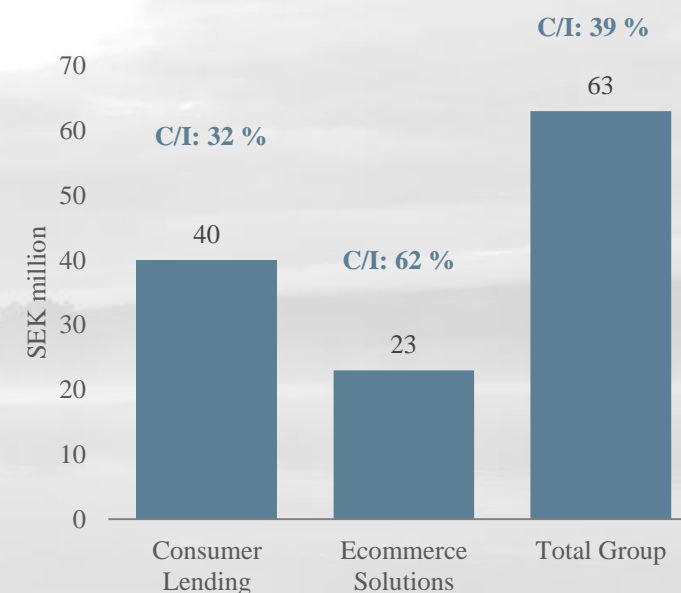
- Operating profit, Group 63 MSEK
 - Consumer Lending 57 MSEK
 - Ecommerce Solutions 6 MSEK

Risk-adjusted margin



- Risk-adjusted margin, Group 12.6 %
 - Consumer Lending 12.5 %
 - Ecommerce Solutions 12.9 %

Operating expenses



- Operating expenses, Group 63 MSEK (C/I: 39%)
 - Consumer Lending 40 MSEK (C/I: 32%)
 - Ecommerce Solutions 23 MSEK (C/I: 62%)

FURTHER DIVERSIFICATION OF DEPOSITS AND STRONG LIQUIDITY POSITION

Assets and liabilities

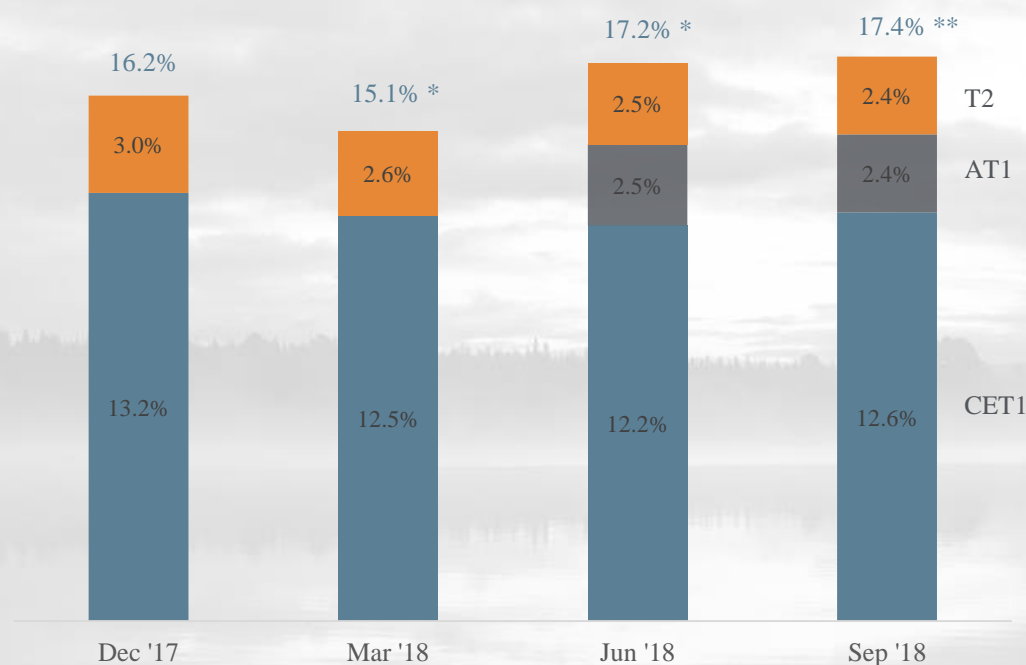


¹⁾ The liquidity reserve includes undrawn credit facilities of SEK 33 million.

- **Cost-efficient funding from diversified retail deposits**
 - Sweden (SEK 1.6 billion)
 - Finland (SEK 0.6 billion)
 - Norway (SEK 1.3 billion)
 - Germany (SEK 1.6 billion)
- **Strong liquidity position**
 - Liquidity reserve 33 % of deposits ¹⁾
 - Supports further loan book growth
- **Tier 1 capital issued in June**
 - SEK 100 million

CAPITAL RATIOS STRENGTHENED BY AT1 ISSUE AND NEW DIVIDEND POLICY IN Q3 2018

Capital ratios



* Foreseeable dividend 50% of net profit.

** Foreseeable dividend 32% of net profit.

- Capital ratios 30 September (Dec. 2017)
 - CET1 capital ratio: 12.6 % (13.2 %)
 - T1 capital ratio: 15.0 % (13.2 %)
 - Total capital ratio: 17.4 % (16.2 %)
- Headroom to new capital target (incl. Pillar 2)
 - CET1 capital target: 11.1 % (legal + 2.5 %)
 - T1 capital target: 12.8 % (legal + 2.5 %)
 - Total capital target: 14.9 % (legal + 2.5 %)
- Comments on capital ratios
 - Foreseeable dividend 32 % of net profit (actual 2017)
 - Optimized capital structure with issued AT1 Capital
 - IFRS 9 effects phased in during 2018-2023

JANUARY – SEPTEMBER 2018 IN SUMMARY

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

LOAN BOOK
GROWTH

+33 %
SEK 4,198 million

OPERATING
PROFIT
GROWTH

+15 %
SEK 165 million

C/I RATIO

40 %

TOTAL CAPITAL
RATIO

17.4 %
30 Sep 2018

LOOKING AHEAD

- Continued expansion in ecommerce solutions
- Continue leveraging on the platform in consumer lending
- Lithuania and Germany soft launch
- Continued strong competition especially in the Nordics
- Gradually improving financial performance in ecommerce segment as income grows and opex are mainly in place
- Protecting margins in Sweden and Finland

Q&A Session

Board of Directors



Mari Thjømøe
*Chairman of the Board
since 2018
Board member since
2017*



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



Tone Bjørnov
*Board member since
2015*



John Brehmer
*Board member since
2010*



Bertil Larsson
*Board member since
2007*



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
*Regional manager
Baltics
Head of Estonia*

10 years of experience in the consumer finance sector – developed and led Bigbank Swedish branch.



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.



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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