



4th Quarter 2018

RESULT PRESENTATION

HIGHLIGHTS JANUARY – DECEMBER 2018

- Record high loan book growth, +41%
- Operating profit 250 MSEK*, +30%
- Best in class return on equity, 34,5%*
- Proposed dividend of SEK 2.30 per share for 2018
- New tier 1 capital instrument, 100 MSEK
- Avarda rolled out its solution Checkout+
- 300,000 new customers



* including items affecting comparability, 20 MSEK

CONSUMER LENDING

DIVERSIFIED GRANULATED PORTFOLIO

At a glance

- 78 % 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 ~24 months
- Average loan size on book of SEK ~44,000
- Welcomed 8,000 new customers in Q4

Loan sizes (average) and customer profile



ECOMMERCE SOLUTIONS

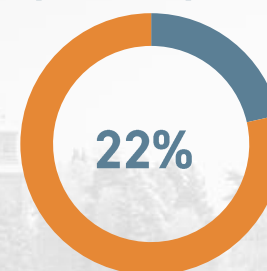
NEXT GENERATION PAYMENT SOLUTIONS

At a glance

- Large technology investments in recent years to build a best-in-class white label checkout solution with CRM functionality for online retailers – Avarda Checkout+
- Serving many strong consumer brands in Sweden and Finland; roll-out in Norway and additional markets to come
- Strong momentum and growth in the segment accelerated by Avarda's progress
- Credit cards offered in Norway and Germany with solid development

Key metrics

Share of the
Group's loan portfolio



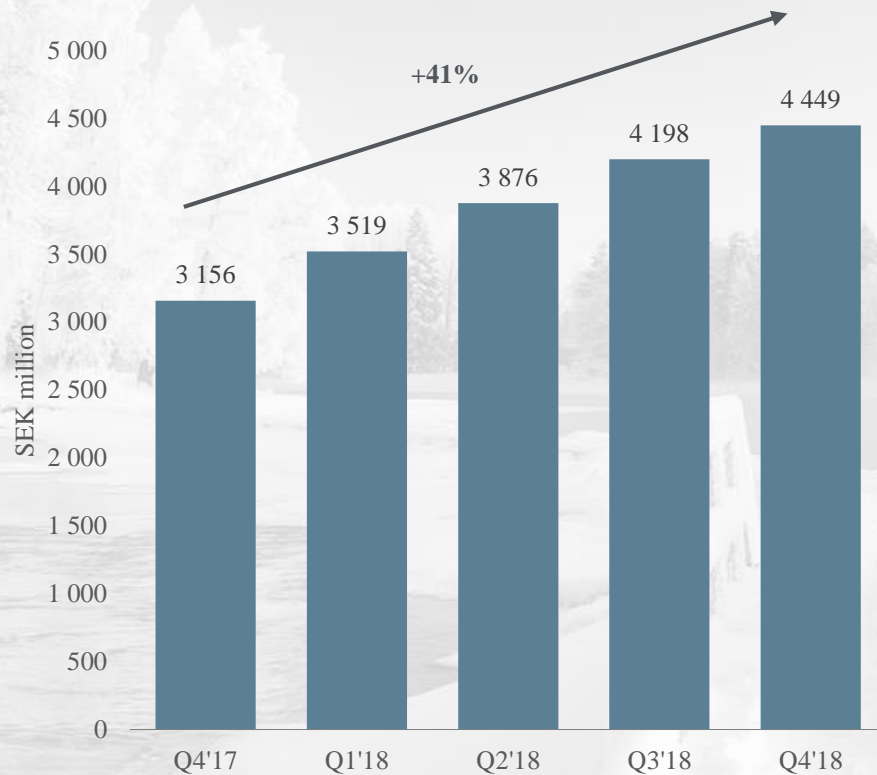
Amount outstanding
SEK 983 million
(31 Dec 2018)

Loan portfolio growth
+65%
(Q4'18 vs Q4'17)

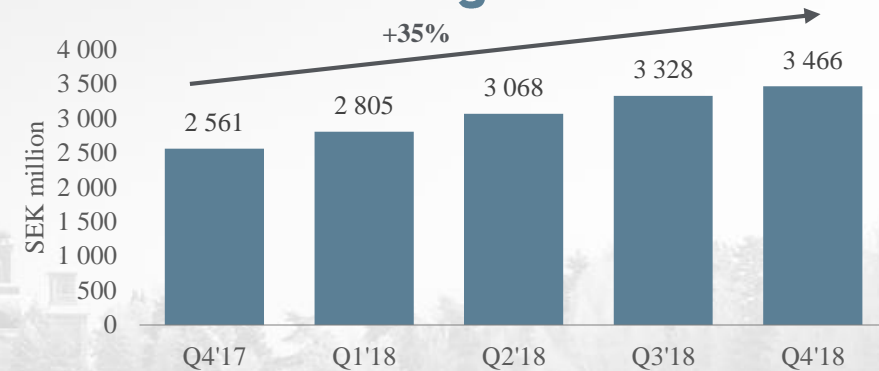
- Growth through three different brands, TF Bank, Avarda and BB Bank
- Soft launch of credit cards in Germany
- Long-term relationships with Nordic merchants
- Strategy to become one of the leading providers in the Nordic region
- Solid development in the credit card business
- Welcomed 89,000 customers in Q4 and 270,000 in 2018

STRONG LOAN BOOK GROWTH

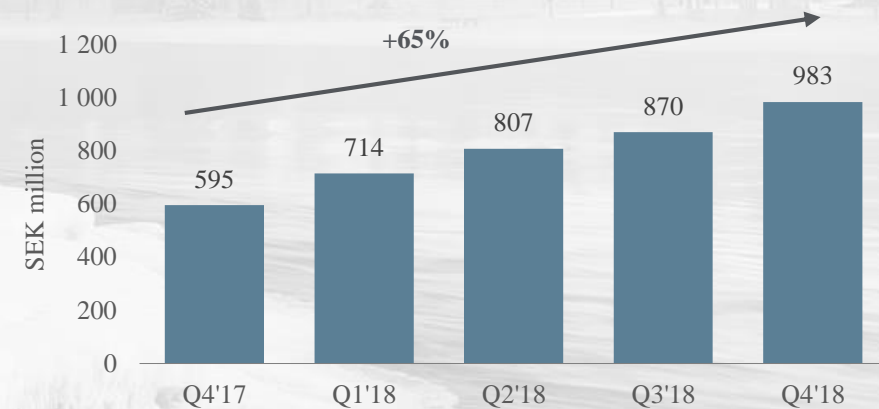
TF Bank Group



Consumer Lending



Ecommerce Solutions



GROWTH AND DIVERSIFICATION ACCORDING TO PLAN

Norway

Loan book SEK 1,375m (31%)
Change 12M'18: +53 %
Strong growth

Finland

Loan book SEK 1,196m (27%)
Change 12M'18: +31%
Profitability and steady growth

Sweden

Loan book SEK 662m (15%)
Change 12M'18: +6%
Focus on profitability

Baltics

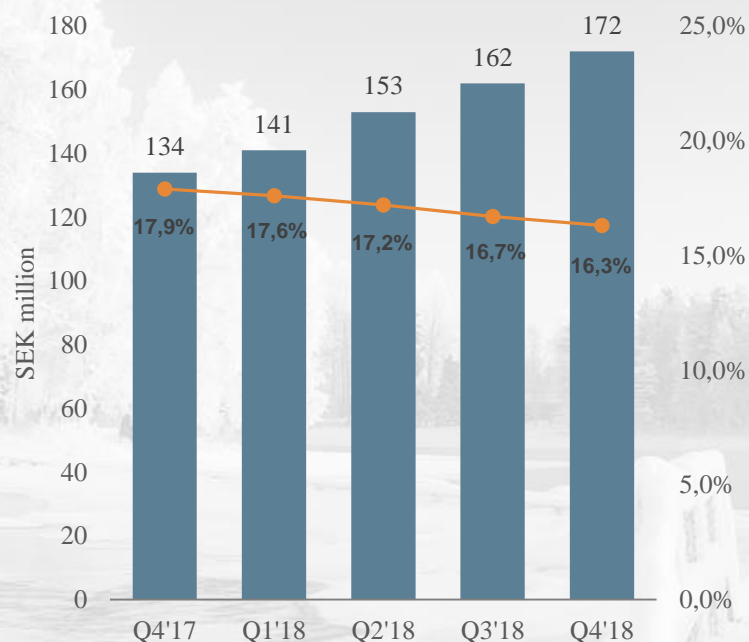
Loan book SEK 806m (18%)
Change 12M'18: +101%
Steady growth and profitability

Poland

Loan book SEK 371m (8%)
Change 12M'18: +32%
Strong growth in ecommerce segment

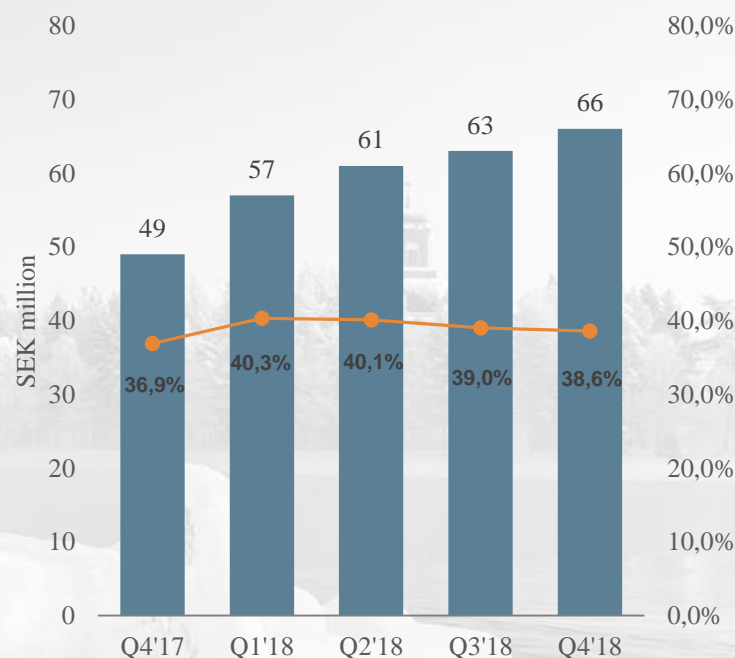
Q4-2018: KPIs IN LINE WITH PLAN

Operating income



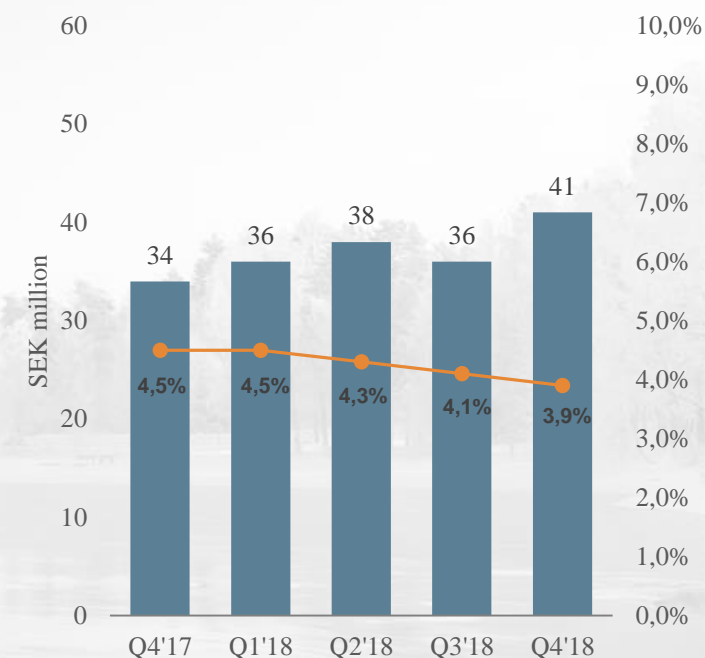
- Income Q4-18 vs. Q4-17, +29%
 - Strong momentum in Norway and the Baltics
 - Growth in Norway lowers margin

Operating expenses



- Expenses Q4-18 vs. Q4-17, +34%
 - “Investments” to utilize growth opportunities
 - Average number of employees 150 (116)

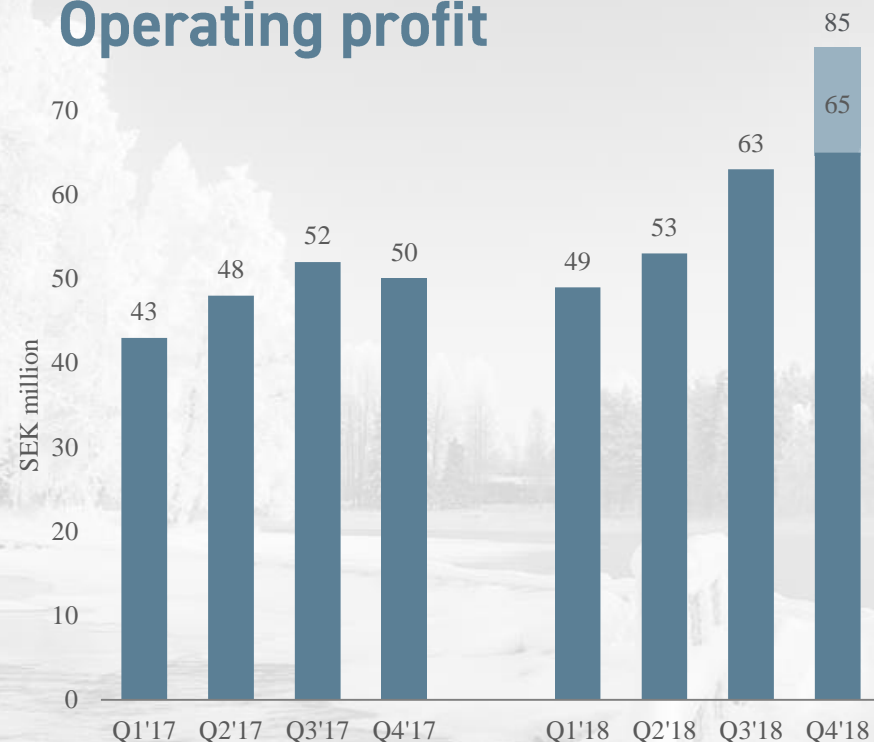
Net loan losses



- Losses Q4-18 vs Q4-17, +19%
 - Loan book growth 41%
 - Growth in Norway lowers ratio

HIGHER GROWTH FOR OPERATING PROFIT

Operating profit

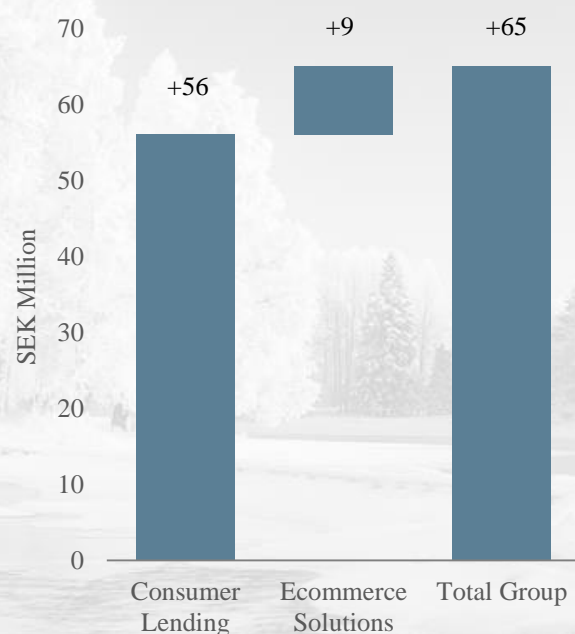


* excluding items affecting comparability, 20 MSEK

- Operating profit Q4 2018 vs. Q4 2017 +29%*
 - Main drivers: Higher income and lower loss ratio
 - Excluding items affecting comparability, +20 MSEK
- Bridge operating profit and earnings per share
 - Operating profit +29%*
 - Tier 1 capital holders -6%
 - Minority interests -2%
 - = Earnings per share +21%*
- Earnings per share rolling 12 months 8.01* (8.75)

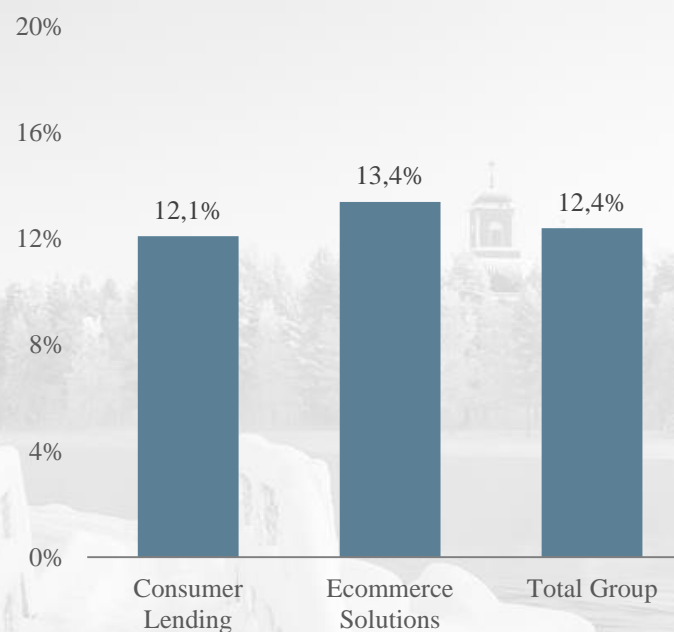
Q4 2018 - KPIs PER SEGMENT

Operating profit



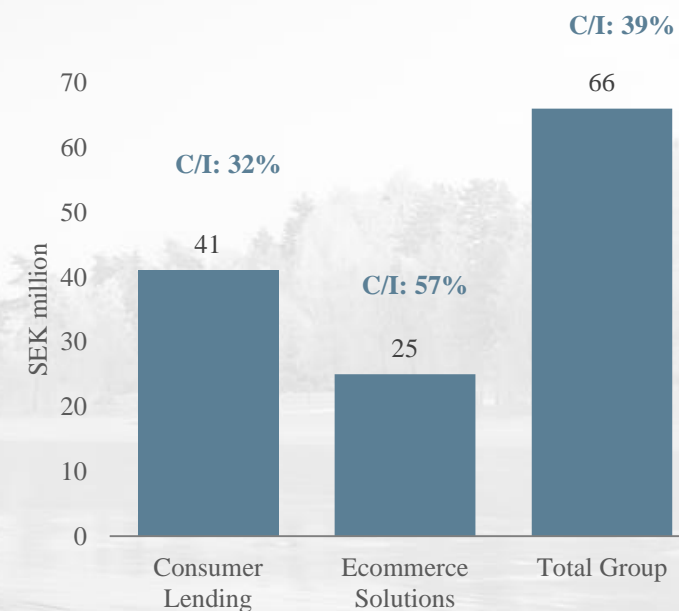
- Consumer Lending +12 % vs Q4-2017
- Positive trend for Ecommerce Solutions

Risk-adjusted margin



- Lower risk-adjusted margin for Consumer Lending
- Ecommerce Solutions positively impacted by seasonal effects

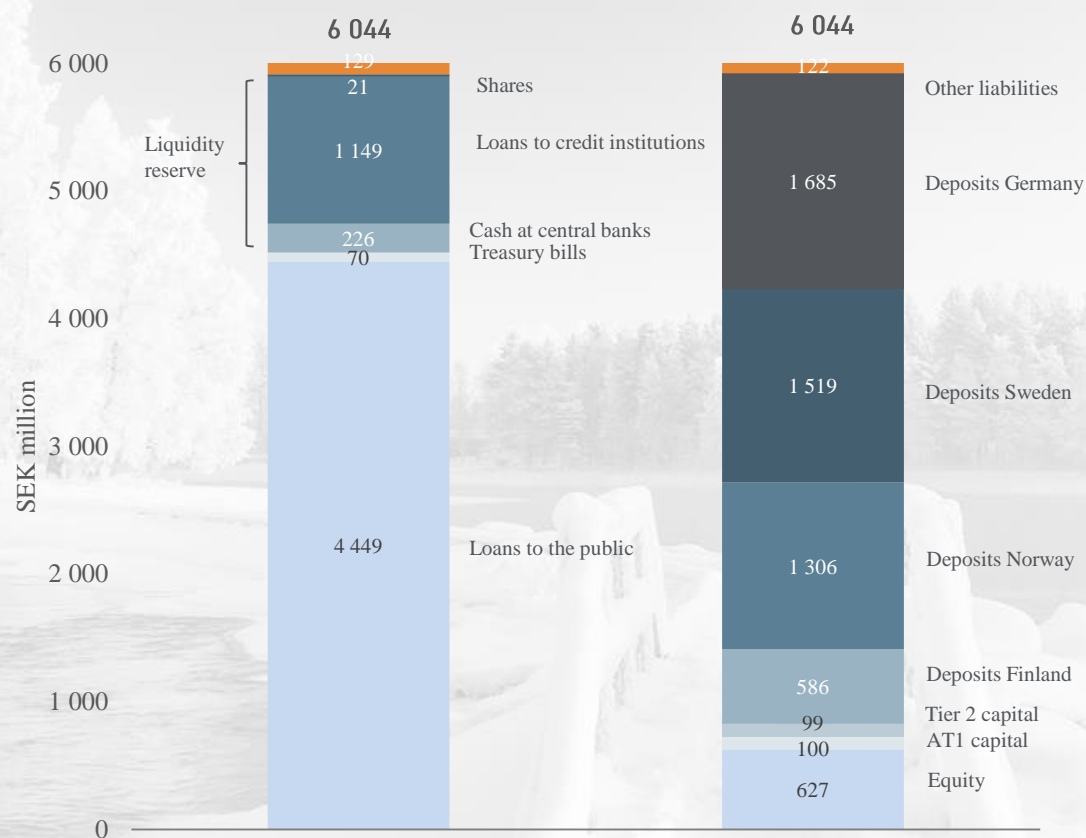
Operating expenses



- Low C/I ratio for Consumer Lending
- Higher volume improves Ecommerce Solutions

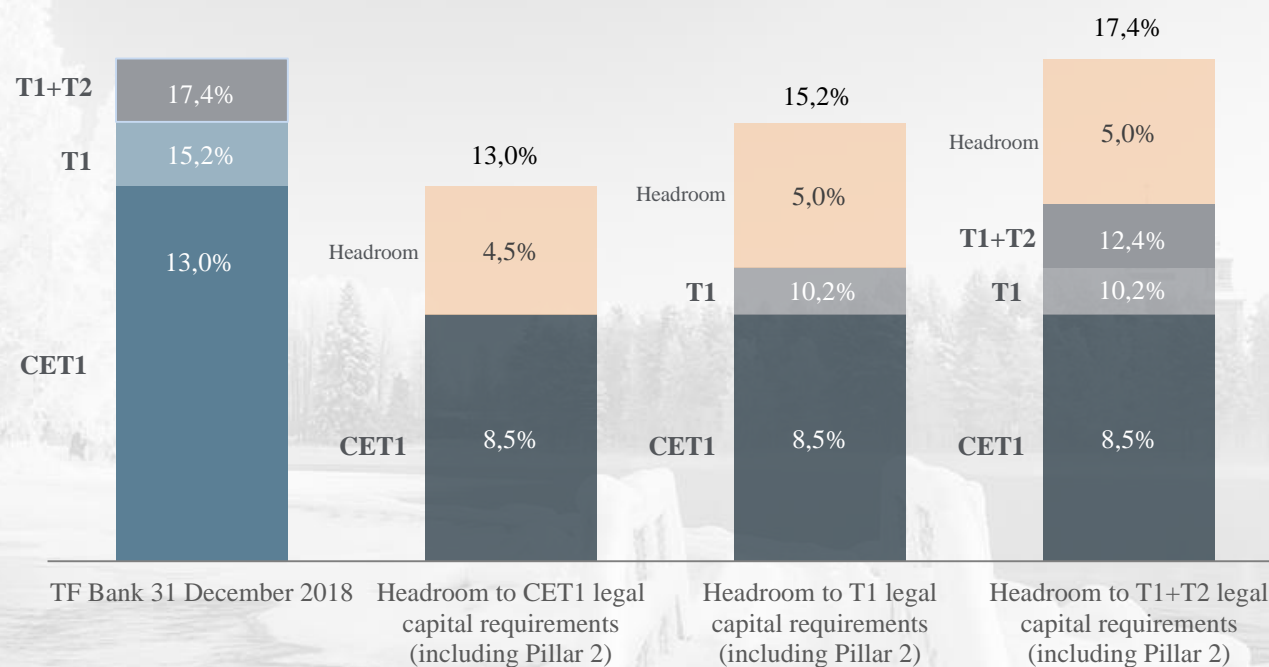
DIVERSIFIED FUNDING AND STRONG LIQUIDITY POSITION

Assets and liabilities



- **Cost-efficient funding from diversified retail deposits**
 - Germany (SEK 1.7 billion)
 - Sweden (SEK 1.5 billion)
 - Norway (SEK 1.3 billion)
 - Finland (SEK 0.6 billion)
- **Strong liquidity position**
 - Liquidity reserve 29% of deposits
 - Supports further loan book growth
- **Tier 1 capital issued in June**
 - SEK 100 million

DIVERSIFIED CAPITAL STRUCTURE



- Significant headroom to all legal capital requirements (incl. Pillar 2) ¹⁾
- Own funds include full year profit and proposed dividend payout of SEK 2.30 per share
- Internal target: 2.5 % above legal capital requirements (incl. Pillar 2) ¹⁾

1) The Pillar 2 requirement should be covered by capital split similarly as for the Pillar 1 requirement, i.e. the Pillar 2 requirement of 1.0 % is split as follows: CET1 capital 0.7 %, T1 capital 0.8 % and total capital 1.0 %.

LOOKING AHEAD

- Continue to leverage on the platform in Consumer lending
- Continued expansion in Ecommerce solutions
- Norway presents an even better opportunity for increased market share in consumer loans
- Protecting margins in the Swedish and Finnish market for consumer loans
- The German card program is progressing and we will be able to give a more firm view in second half of the year
- Baltics is developing well and Lithuania expected to make a positive contribution by Q4-19

Q&A Session

APPENDIX

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

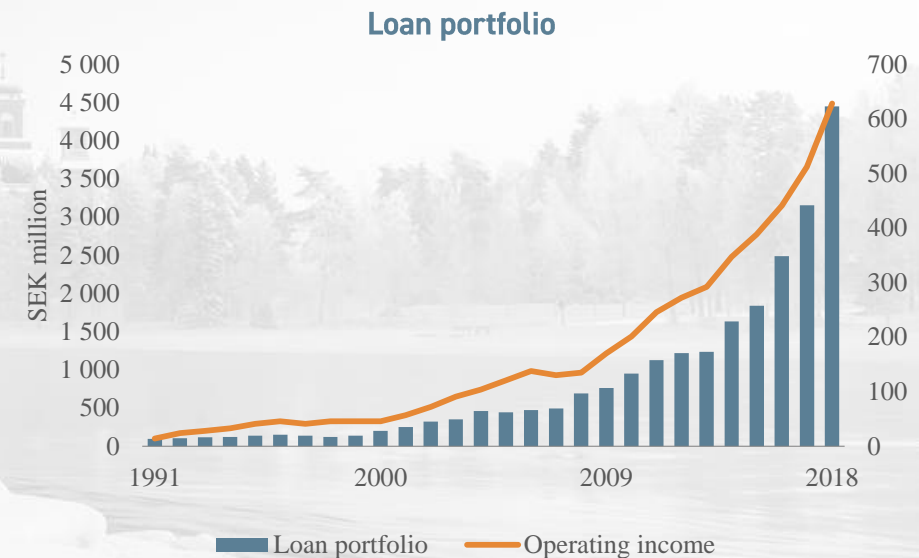
We operate in carefully selected niches where we can leverage on our platform and expertise to deliver attractive and sustainable risk adjusted growing returns

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 consumer loans and payments

Strong track record on growth and profitability



FINANCIAL TARGETS

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

Board of Directors



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

Current commitments:

Chairman: ThjømøeKranen AS, Seilspport Maritimt Forlag AS
Deputy chairman: Norconsult AS
Board member: Tryg A/S, Hafslund E-CO AS, Scatec Solar ASA, SINTEF Research Institute, Nordic Mining ASA, ice ASA



Charlotta Björnberg-Paul
Board member since 2017

Current commitments:

Deputy chairman: Saxo Oy
Board member: Paptic Ltd, GuardianX Technologies Inc
Co-founder: Superskills
Entrepreneur: Anki Rugs



Tone Bjørnov
Board member since 2015

Current commitments:

Chairman: Filmparken AS, Storyline Studios AS, Norsk Film Kostyme AS,
Board member: BB Bank ASA, Aqua Bio Technology ASA, Sparebankstiftelsen Bien, Guard Automation AS, Guard Electro AS, Omsorgsbygg Oslo KF



John Brehmer
Board member since 2010

Current commitments:

Chairman: Mederion AB, Tiberon AB, Zebware AB
Board member: Consortio Fashion Holding AB, TFB Holding AB



Bertil Larsson
Board member since 2007

Current commitments:

Chairman: LåsTeam Sverige AB, Minso Solutions AB, Aktiebolaget Borås Tidning, AB Effektiv
Board member: Conpera AB, Tore G Wärenstams stiftelse, Gota Media AB, BRF Asplickan, Kyrkesunds Båthamnsförening



Mattias Carlsson
Board member since 2008

Current commitments:

Chairman: Smedslättens Tennisbanor Aktiebolag, Qred AB, BB Bank ASA
Board member: Avarda AB, Avarda Oy, Tronstad Consulting AB

EXECUTIVE MANAGEMENT TEAM



Mattias Carlsson
CEO

Education: MSc, Engineering Physics, Uppsala University.

Current commitments: BB Bank ASA (chairman of the board), Avarða AB (board member), Avarða 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: Avarða 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 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)

Head of countries and functions ¹⁾



Vilma Sool
*Regional manager
Baltics
Head of Estonia*

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



Juho Maanpää
Head of Finland

Extensive consumer finance experience in Finland within operations management, credit risk and digital marketing. With 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 and in various positions 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 from 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 at 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 positions and for KBC Group across Europe.



Sarunas Dmukauskas
Head of Lithuania

Before joining TF Bank at end of 2018, worked for 2 years in Mokilizingas as Head of Projects and prior to that as a project and product manager of Consumer Loans. Led development of various financial service related IT solutions.

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. 19.

Contact

Investor relations

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