



4<sup>th</sup> Quarter 2022

RESULT PRESENTATION



# HIGHLIGHTS OCTOBER – DECEMBER 2022



- Loan portfolio increased by 6%\* in the quarter
- Operating profit 114 MSEK, +16% vs Q4-2021
  - Increase in operating profit for the Credit Cards segment
  - Higher transaction volumes than expected in Ecommerce Solutions in Q4 means higher upfront costs.
- Jollyroom live in all Nordic Markets in late December
- Focus on EPS-growth and capital – no dividend proposed

\* in local currencies

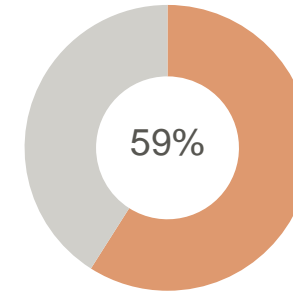
# CONSUMER LENDING



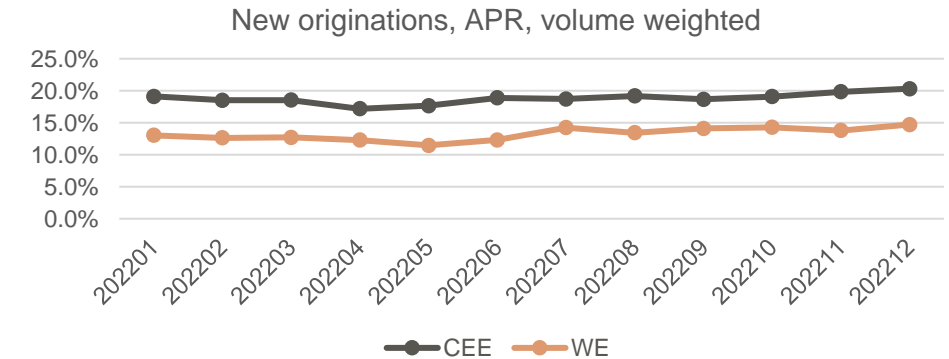
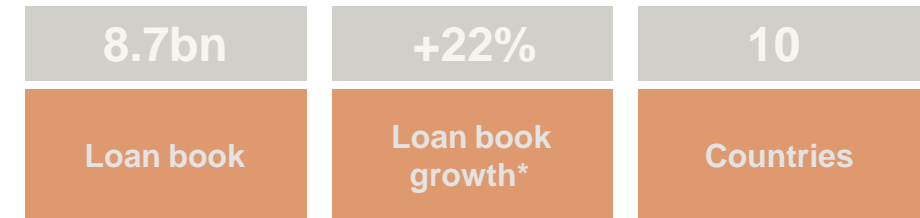
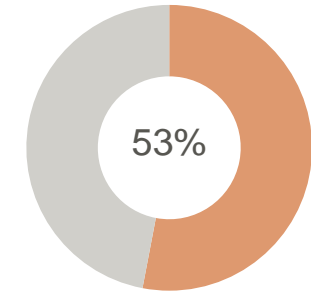
- Diversified portfolio with Nordic base
- Product offering tailored for each market
  - Average loan size on book of SEK – 69,000
  - Tenor typically between 12 and 60 months
- Marketed through direct channels, own data base and external partners
- Increase in front book APR, in line or above increase in funding cost
- Back book lending rates are up and so far outpace funding cost increases, but with a time lag contingent on consumer contract regulation
- Stable credit quality in the Nordics – higher losses in the Baltics albeit from low level

\* year-on-year

Share of TF Bank's loan book



Share of TF Bank's operating income



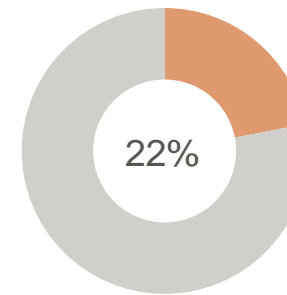
# CREDIT CARDS



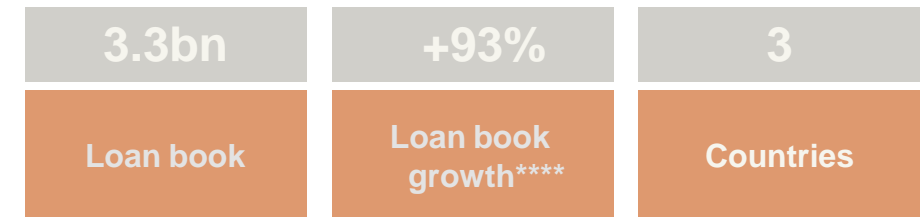
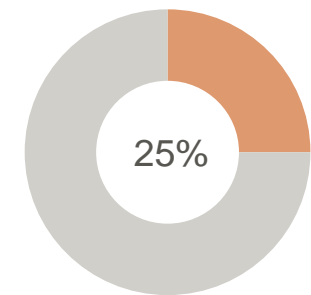
- Record volumes during the fourth quarter
- Target group is German, Austrian and Norwegian consumers
- Simple and transparent offering – gold card with no fees
- Different income profile compared to consumer loans
  - "Low and grow" strategy
- Addressable market in number of consumers
  - Germany 35 M\*, Norway 3 M\*\* and Austria 3 M\*\*\*
- Active customers and net assets grew to 141,000 (124,000) and 3,264 MSEK (2,841) during the quarter

\* Schufa and TF Bank estimate, \*\* Gjeldsregistret and TF Bank estimate, \*\*\*TF Bank estimate, \*\*\*\* year-on-year

Share of TF Bank's loan book



Share of TF Bank's operating income



Mid-term unit economics

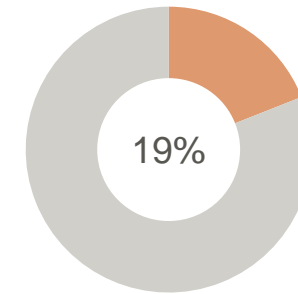
Mid-term unit economics	
Net banking income margin	18%
Marketing cost	5%
Net loan loss ratio	4%
Operating expenses ratio	3%
<b>Net operating profit margin</b>	<b>6%</b>

# ECOMMERCE SOLUTIONS

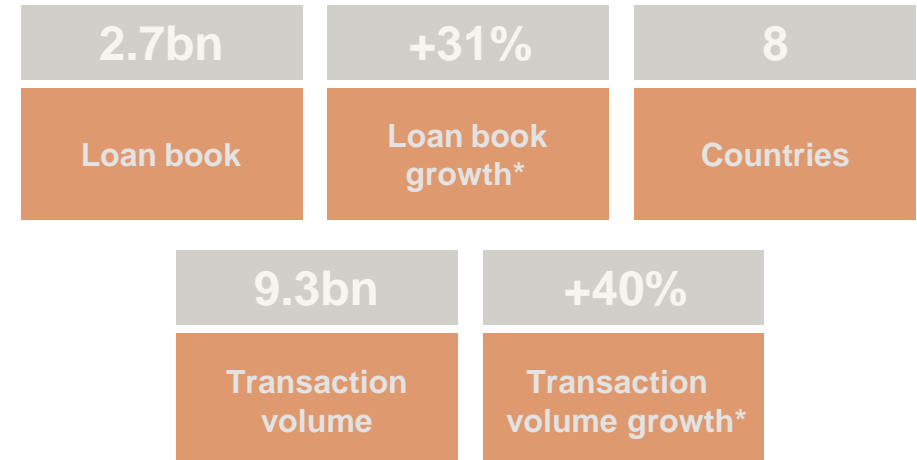
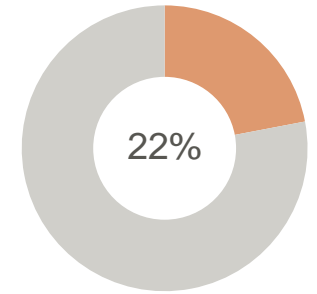


- Cooperation with Jollyroom live in late December
  - Expected transaction volume of more than SEK 2 billion
- Digital payment solutions offered in the Nordic region, the Baltics and Poland
- Best-in-class white label Checkout+ maintain focus on our partners throughout the whole customer journey
- Although many sectors in retail see lower demand the bank is able to attract new merchant partners to fuel the growth

Share of TF Bank's loan book

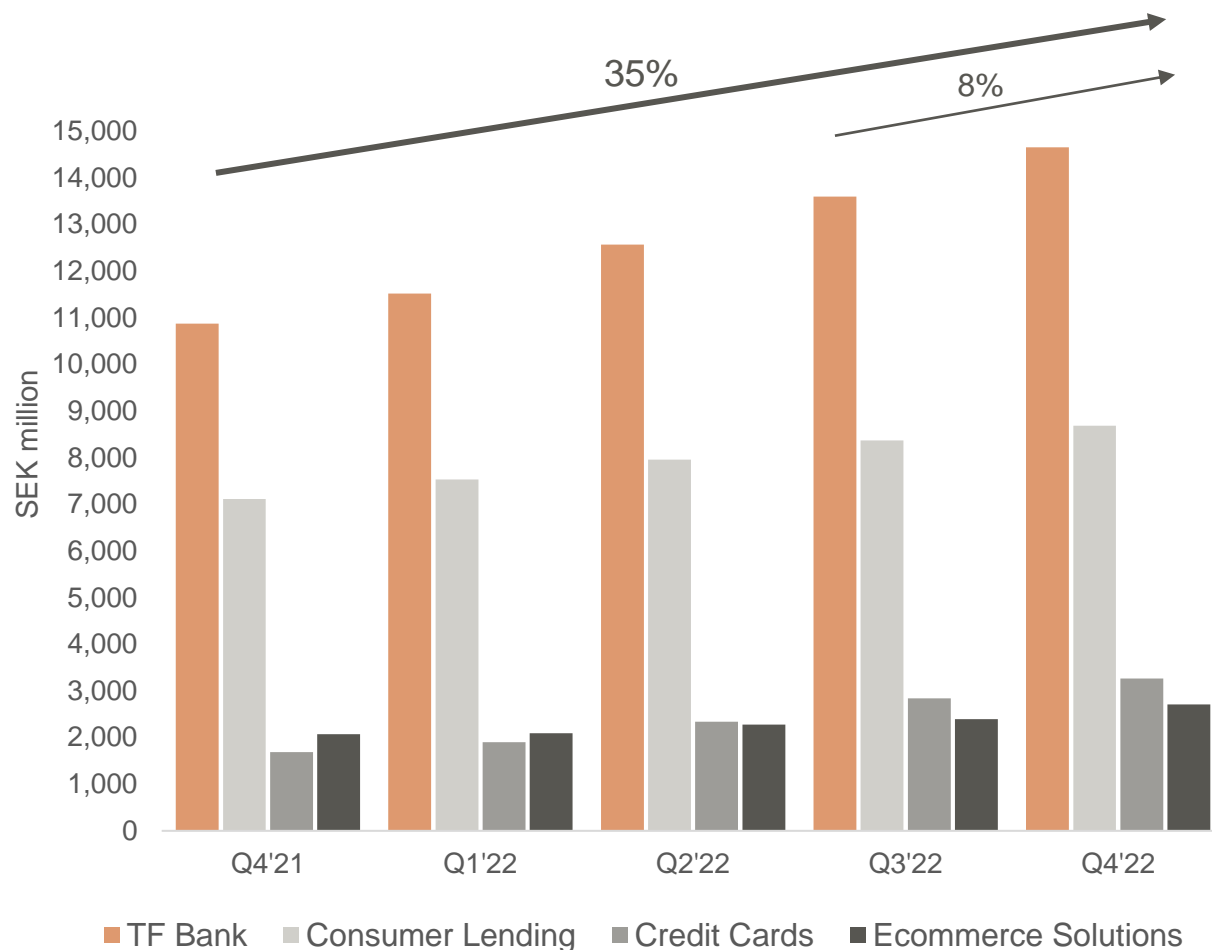


Share of TF Bank's operating income



\* year-on-year

# LOAN BOOK GROWTH



- TF Bank: Growth in Q4 = 8% (+2%\*)
  - Year-on-year 35% (+8%\*)
- Consumer Lending: Q4 = 4% (2%\*)
  - Year-on-year 22% (+7%\*)
- Credit Cards: Q4 = 15% (2%\*)
  - Year-on-year 93%
- Ecommerce Solutions: Q4 = 13% (2%\*)
  - Year-on-year 31% (+7%\*)

\* whereof currency effects

# GROWTH AND DIVERSIFICATION



## Sweden

- Focus on profitability and e-commerce.



## Norway

- Continued positive long term outlook on the Norwegian economy. Focus on growth and margins. Credit card issuing at an all time high.



## Finland

- High competition in consumer lending. Low risk loan book.



## The Baltic states

- Portfolio management and profitability focus in consumer lending.



## Poland

- Focus on e-commerce and profitability. Consumer lending is in run-off. Higher interest rate put pressure on margins.



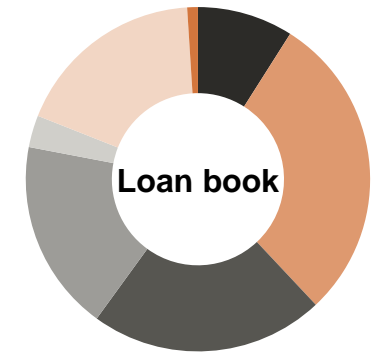
## Germany and Austria

- Credit card product in high demand. Competitive CAC\*. Austria reached cost coverage in Q4.



## New markets

- Denmark and Spain underwriting kept low (1 MEUR/market/month) – building credit experience.



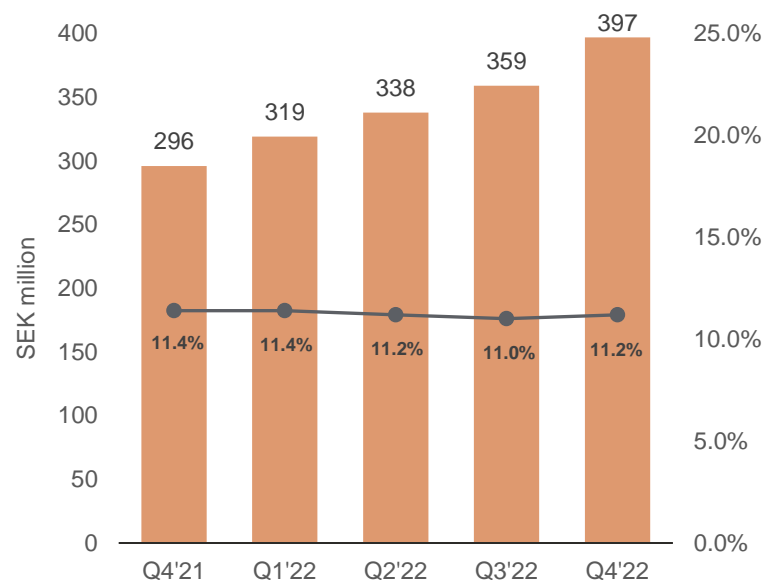
■ Sweden ■ Norway ■ Finland  
■ Baltics ■ Poland ■ Germany  
■ Austria

\* Customer acquisition cost

# HIGHER RISK ADJUSTED INCOME

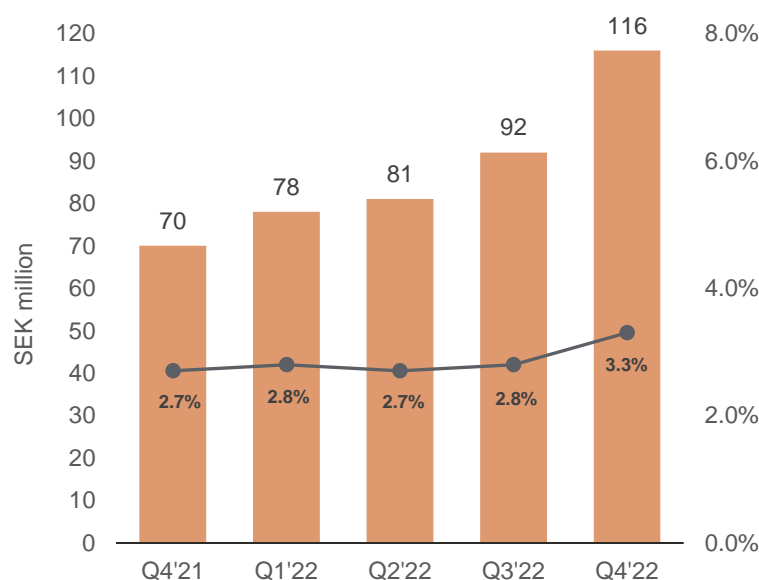


## Operating income\*



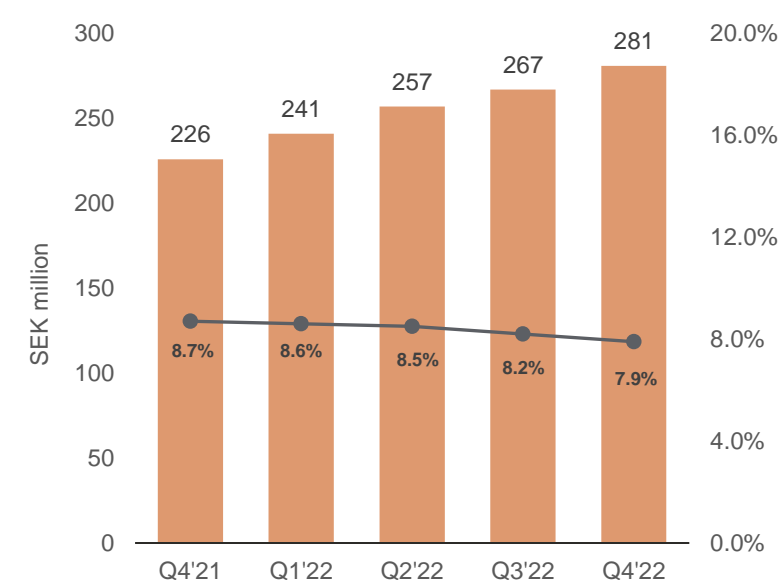
- **Income Q4-22 vs. Q4-21, +34%**
  - Credit Cards the main driver
  - New pricing improves interest income

## Net loan losses\*



- **Losses Q4-22 vs. Q4-21, +65%**
  - Record volume – higher provisions
  - Mix effect from segment growth

## Risk-adjusted income\*\*

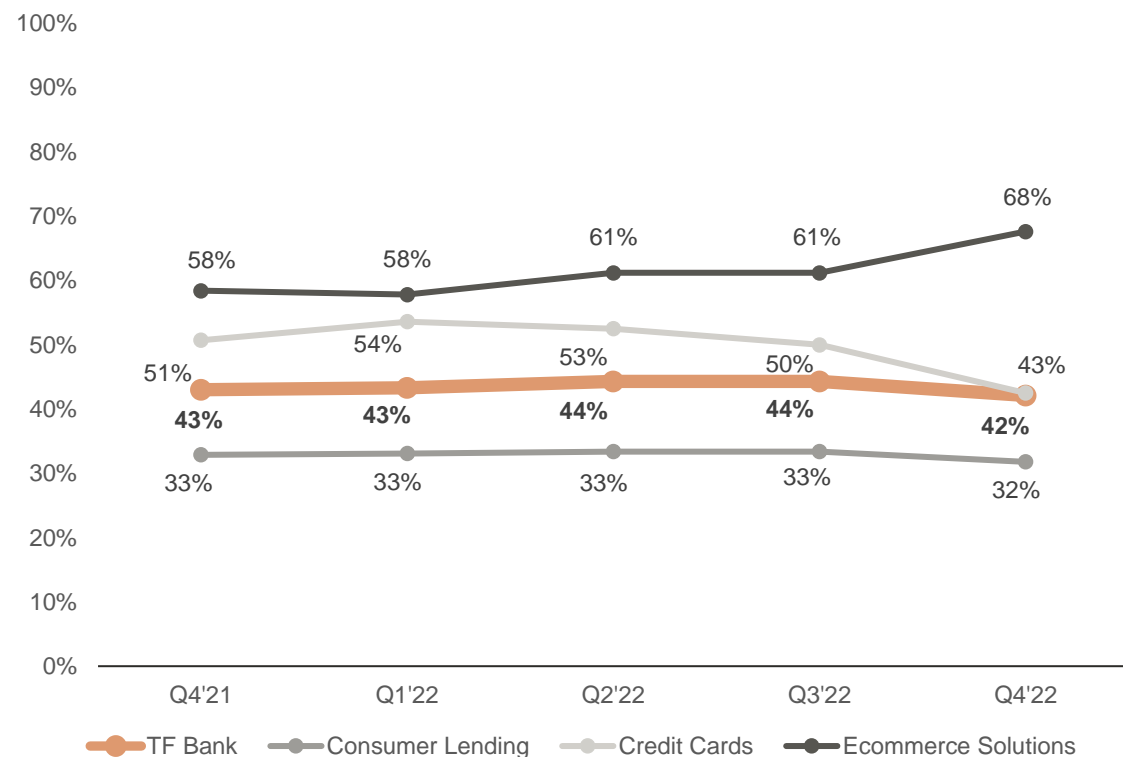


- **Risk-adjusted income, +24%**
  - Increased +14 MSEK vs Q3-2022
  - Higher interest expenses in Q4-2022
    - Not yet fully transferred to customers
  - Higher commission costs in Ecommerce Solutions

\* ratio = current quarter annualized, \*\* operating income minus net loan losses



# OPEX – COST/INCOME RATIO BY SEGMENT

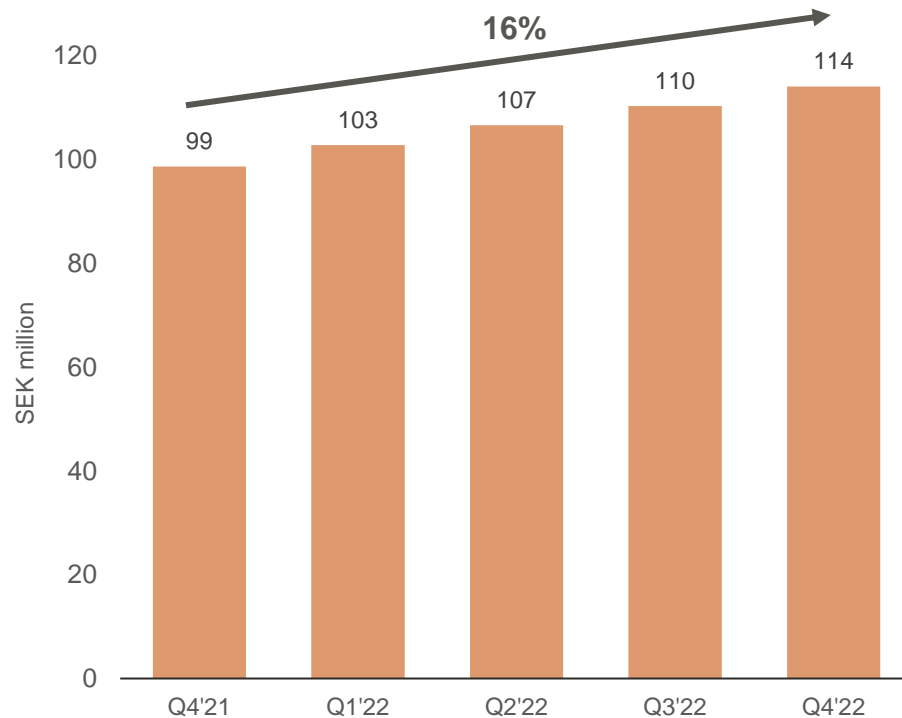


- **Expenses Q4-22 vs. Q4-21, +31%**
  - Sales related costs and more employees
  - Cost/income ratio 42%
  - Excl. marketing = 39%
- **Cost/income ratio per segment in Q4-22**
  - Consumer Lending 32%
  - Credit Cards 43%
  - Ecommerce Solutions 68%

# GROWING OPERATING PROFIT



## Operating profit

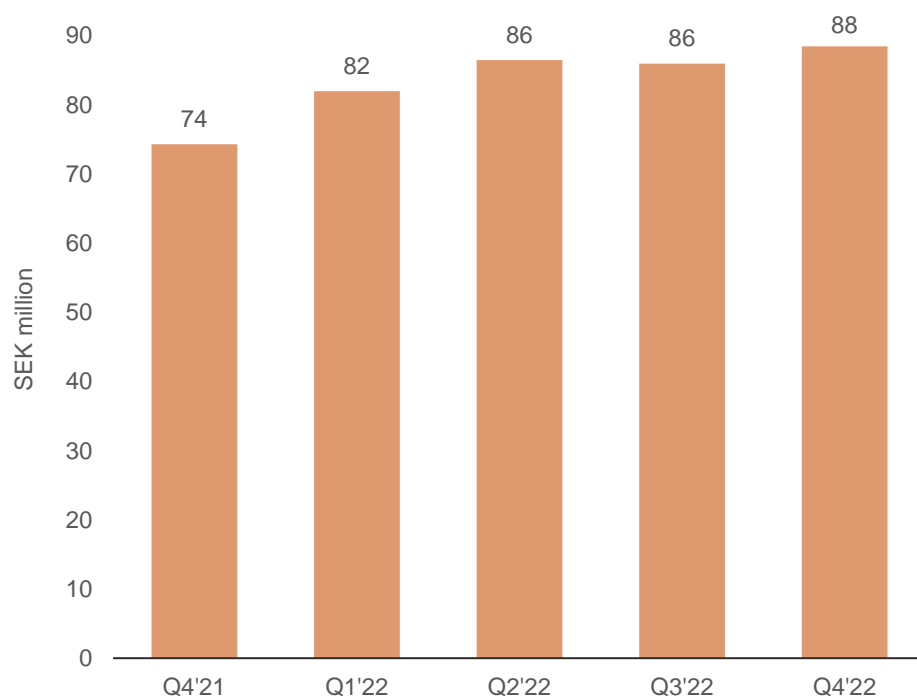


- **Operating profit Q4-22 vs. Q4-21, +16%**
  - Increased profit quarter-to-quarter
  - Return on assets, 2.4%
- **Growth combined with high profitability**
  - Return on equity, 23% in Q4-2022
  - Earnings per share, 3.96 SEK

# CONSUMER LENDING: STABLE DEVELOPMENT



## Operating profit

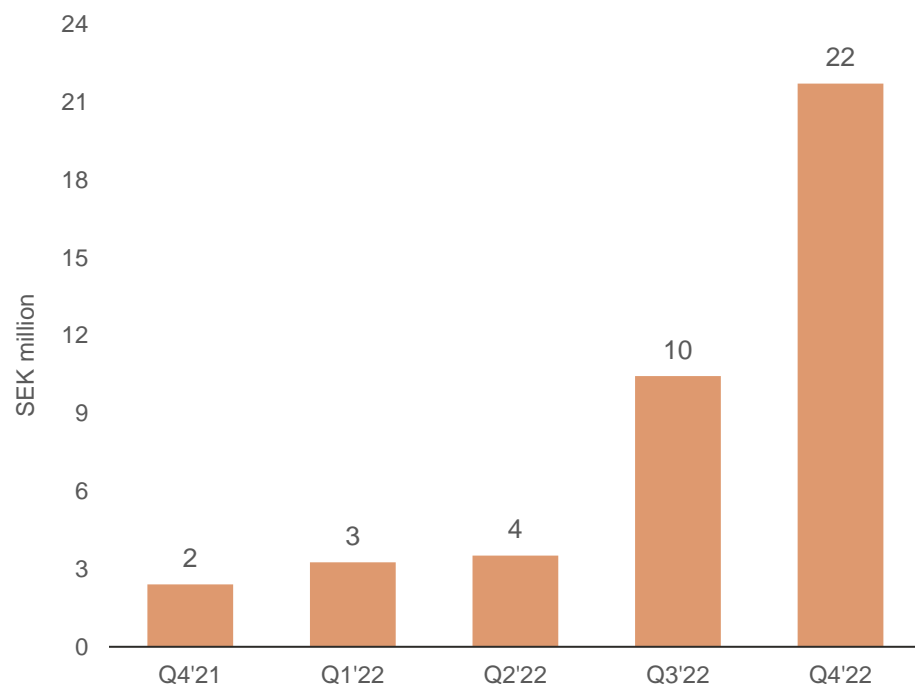


- **Operating profit Q4-22 vs. Q4-21, +19%**
  - Higher interest expenses in Q4-2022
    - Not yet fully transferred to customers
  - Return on assets, 3.2%
- **Higher loan losses in Q4-22**
  - Higher amount in Stage 2
  - Challenges in the Baltic countries

# CREDIT CARDS: HIGHER OPERATING PROFIT



## Operating profit



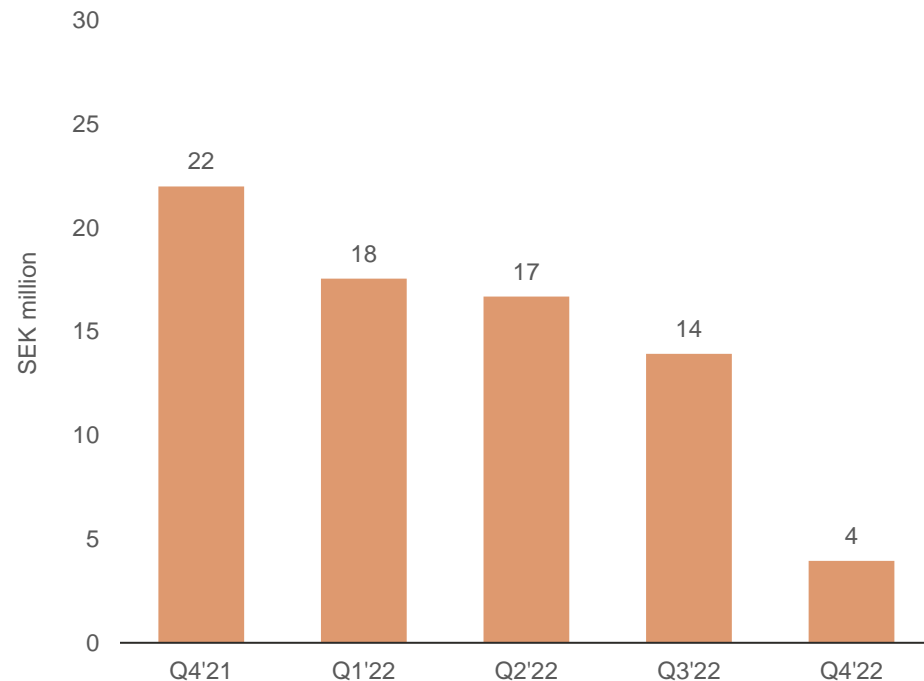
- **Operating profit Q4-22, 22 MSEK**
  - Profit turnaround in 2022
  - Return on assets, 2.2%
- **Higher marketing costs from Q2-2022**
  - Digital channels, impacts OPEX upfront



# ECOMMERCE SOLUTIONS: NORDIC EXPANSION

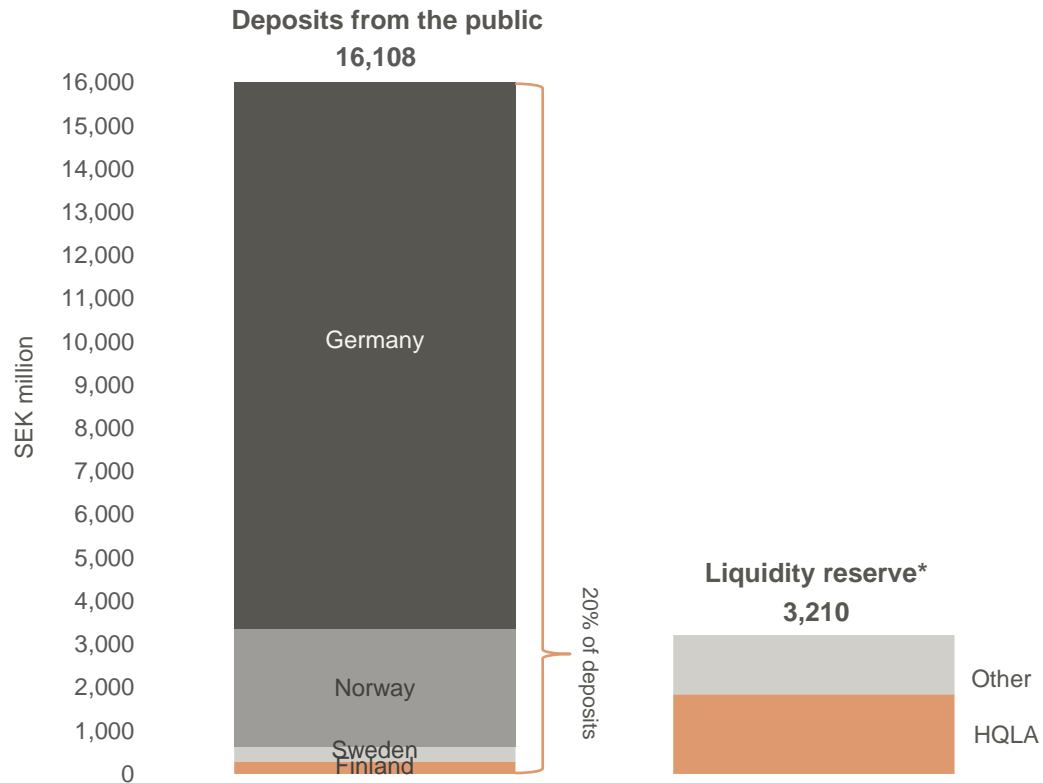


## Operating profit



- **Operating profit Q4-22, 4 MSEK**
  - Record volume lowers profit
    - Sales related costs
    - IFRS 9 provisions
  - Poland is still a drag
  - Return on assets, 0.5%
- **Higher interest expenses in Q4-2022**
  - Not yet fully transferred to customers

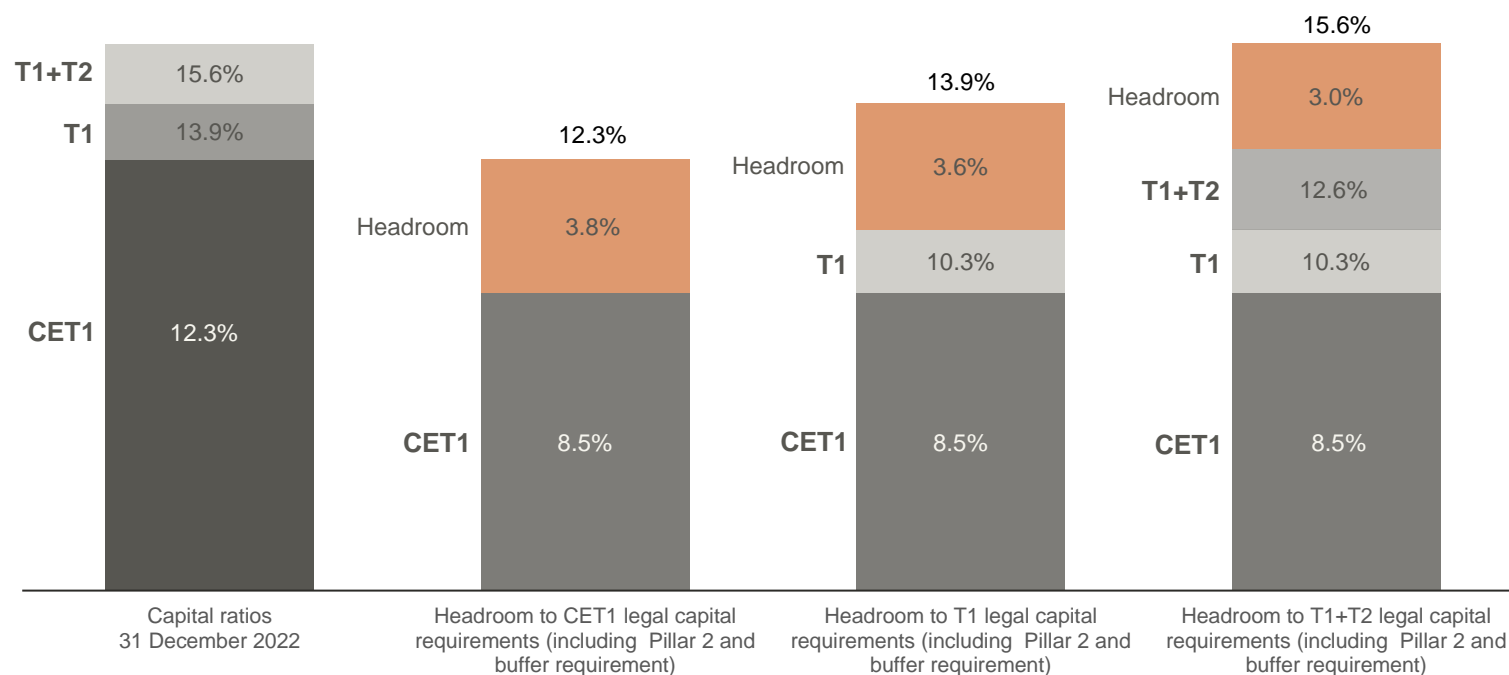
# FUNDING AND LIQUIDITY



- **Retail deposits in 4 markets**
  - Germany (SEK 12.7 billion)
  - Norway (SEK 2.7 billion)
  - Sweden (SEK 0.3 billion)
  - Finland (SEK 0.3 billion)
  - Fixed-term deposits: 32%
- **Liquidity reserve: 20% of deposits**
  - HQLA 1.8 billion
  - Other liquidity 1.4 billion
  - Low risk – stable return
  - Increased treasury bills in Q3-Q4

\* Liquidity reserve consists of Treasury bills and Government bonds (1,837m), Cash at central banks (3m) and Loans to credit institutions (1,370m) available next day

# CAPITAL SITUATION



- Capital ratios impacted by loan book growth
- SFSA has given TF Bank permission to use the Alternative Standardised Approach for operational risk
- Higher countercyclical buffer requirements ahead

# LOOKING AHEAD



- Ambition to continue grow faster than the market in 2023
- Continued positive development for the credit card business in Germany
- With rate hikes at a slower pace the repricing of the back book will catch up with increasing funding cost
- We will see slightly higher loan losses but nothing dramatic will happen in Q1







# 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

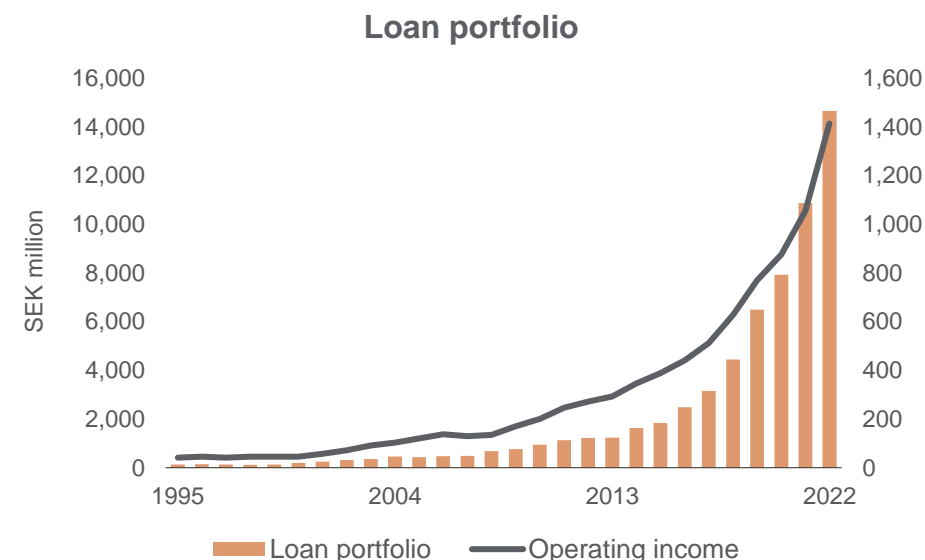
# LONG TRACK RECORD OF PROFITABLE GROWTH



## 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
- Three complementary business segments

## Strong track record on growth and profitability





# Board of Directors



**John Brehmer**

*Chairman of the Board since 2020*

*Board member since 2010*

**Current commitments:**

**Chairman:** Mederion AB, Tiberon AB, Zebware AB

**Board member:** Consortio Invest AB, Consortio Business Center AB

**Holdings in company:** 3 361 852 shares



**Mari Thjømøe**

*Board member since 2017*

**Current commitments:**

**Chairman:** Seilspport Maritimt Forlag AS, ThjømøeKranen AS

**Board member:** Tryg A/S, Deezer S.A., Hafslund AS, FCG Fonder AB, Norconsult AS, Sintef Eiendom Holding AS

**Holdings in company:** 11 850 shares



**Sara Mindus**

*Board member since 2020*

**Current commitments:**

**Board member:** K-Fast Holding AB, Besqab AB, Dreams AB, Colibri Ventures AB, Faboss Invest AB, Sara Mindus AB

**Holdings in company:** 25 000 shares



**Michael Lindengren**

*Board member since 2021*

**Current commitments:**

**Chairman:** Acrap AB

**Deputy chairman:** Tidaholms Sparbank

**Board member:** Sparbanksstiftelsen Sjuhärad, Sparbanken Sjuhärad (publ) AB, Simplicity AB

**Holdings in company:** 5 000 shares



**Niklas Johansson**

*Board member since 2022*

**Current commitments:**

**Chairman:** Apoteket AB:s Pensionsstiftelse, AREIM AB

**Board member:** Livförsäkringsbolaget Skandia, Euroclear Sweden AB

**Holdings in company:** 300 shares



**Fredrik Oweson**

*Board member since 2022*

**Current commitments:**

**Chairman:** Scope Capital SA, Woffel SA

**Board member:** Swedish Bra Holding AB, Artificial Solutions International AB

**Holdings in company:** 0 shares

# Executive management team



**Mattias Carlsson**  
*CEO*

**Education:** MSc, Engineering Physics, Uppsala University.

At TF Bank since 2008 as CEO until 2015, Chairman of the board between 2015 and 2017 and CEO from 2017. Previous experience from Resurs Bank and SEB.

**Current commitments:** Tobisflöte Holding AB (chairman), Tronstad Consulting AB (board member) TFB Service AB (Board member)

**Holdings in company:** 261 651 shares



**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:** Torhamnsskär Holding AB (chairman)

**Holdings in company:** 28 000 shares



**Espen Johannesen**  
*COO*

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

At the Group since 2015 as CEO of BB Bank 2015-2020 (now branch Norway). More than 10 year's of experience in consumer finance.

**Holdings in company:** 45 198 shares

# Contact

## **Investor relations**

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