



2<sup>nd</sup> Quarter 2023

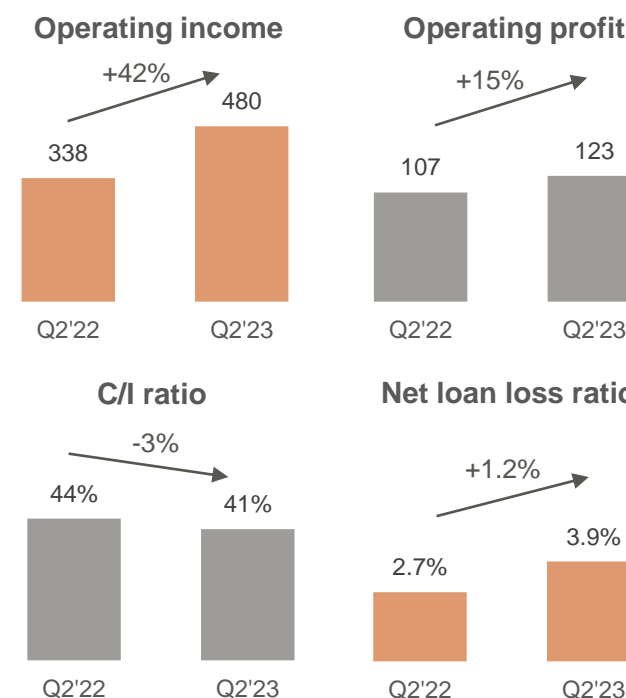
RESULT PRESENTATION



# HIGHLIGHTS APRIL – JUNE 2023

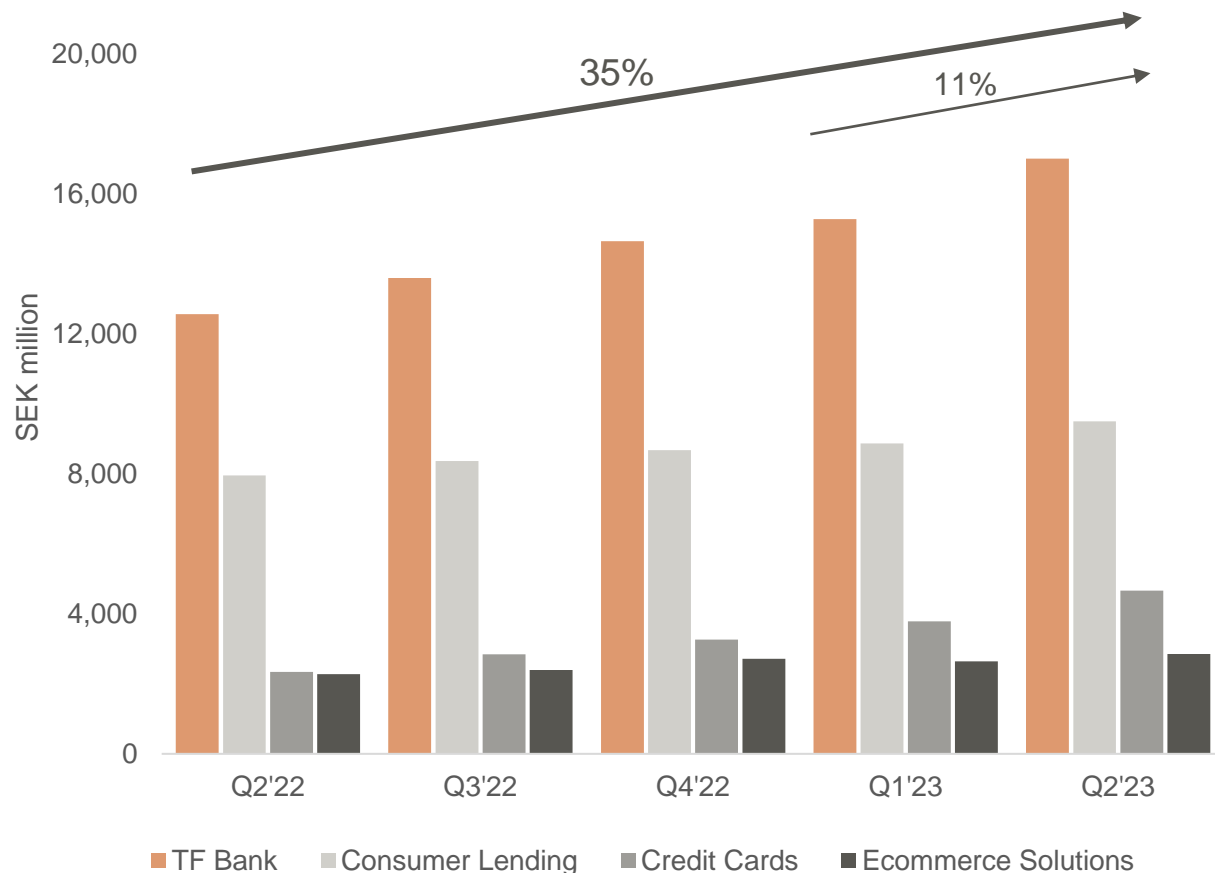


- Exceptional growth during the quarter, 11%\*, and strong sales momentum
  - Record volumes in Credit Cards segment during the quarter
  - Improved C/I ratio, 41%
    - Proving scalability in the business model with income increasing faster than costs
- Operating profit 123 MSEK, +15% vs Q2-2022
  - Increase in operating profit for the Credit Cards segment
- Higher net loan loss ratio
  - Compared against Q2-2022 with low pandemic loss levels and a changed business mix since then
- Capital: Redemption of AT1 instruments, 100 MSEK



\* whereof currency effects amount to 4%

# LOAN BOOK GROWTH



- TF Bank: Growth in Q2 = 11% (7%\*)
  - Year-on-year 35% (27%\*)
- Consumer Lending: Q2 = 7% (4%\*)
  - Year-on-year 19% (14%\*)
- Credit Cards: Q2 = 23% (18%\*)
  - Year-on-year 100%
- Ecommerce Solutions: Q2 = 8% (4%\*)
  - Year-on-year 25% (17%\*)

\* in local currencies

# GROWTH AND DIVERSIFICATION



## Market update

### Germany and Austria

- Credit card product in high demand. Competitive CAC\*. Continued large growth potential.



### Norway

- Continued positive long-term outlook on the Norwegian economy. Focus on margins. The credit card business keeps growing.



### Finland

- Focus on margins and profitability.



### Sweden

- Focus on profitability and e-commerce.



### The Baltic states

- Portfolio management and profitability focus in consumer lending.



### New markets

- Denmark and Spain underwriting kept low  
Still building credit experience.

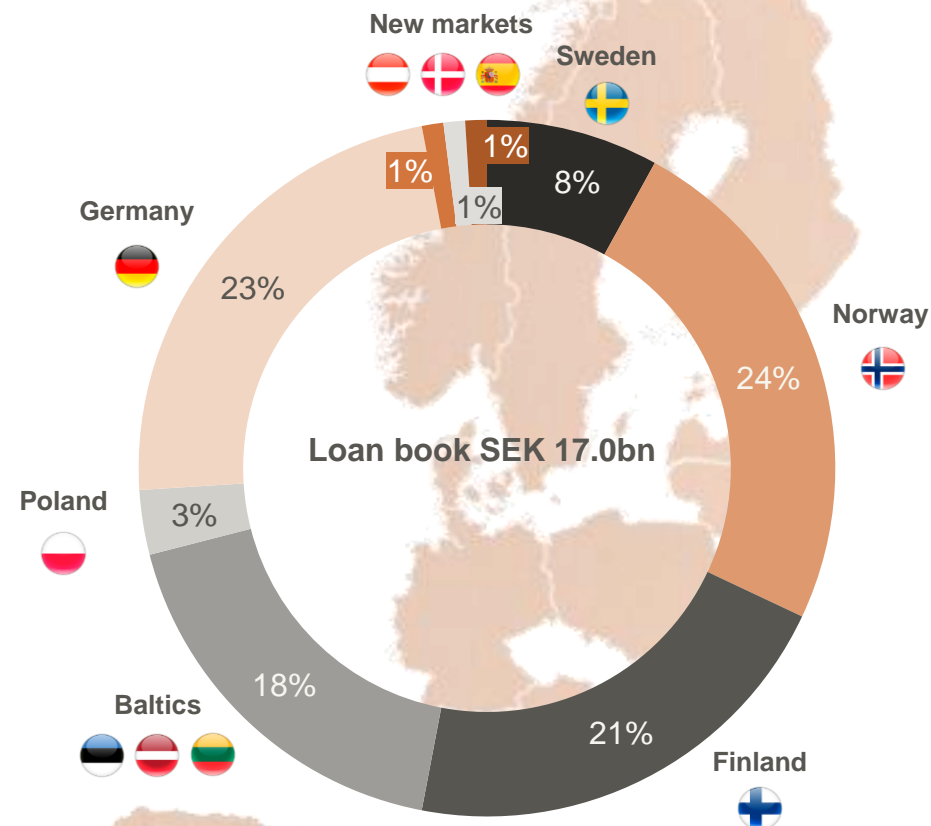


### Poland

- Consumer lending is in run-off. Decision in late June to stop new sales in e-commerce segment.



## Loan book split by market



\* Customer acquisition cost

# CONSUMER LENDING



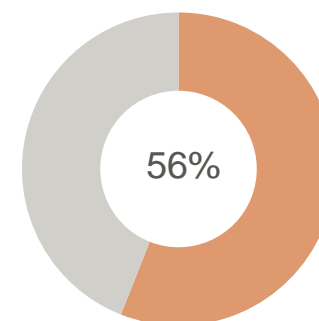
## Highlights

- Strong growth despite focus on protecting margins when funding costs increase
- Reduced price pressure in several markets due to less competition, proves the value of geographical diversification
- Improved credit quality compared to Q1

### Segment description

- Diversified portfolio with Nordic base
- Product offering tailored for each market
  - Average loan size on book of SEK – 72,000
  - Tenor typically between 12 and 60 months
- Marketed through direct channels, own data base and external partners

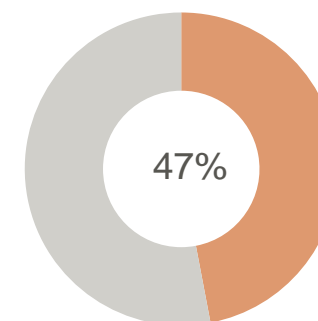
Share of TF Bank's loan book



9.5bn

Loan book

Share of TF Bank's operating income



+19%

Loan book  
growth\*

10

Countries

\* year-on-year

# CREDIT CARDS



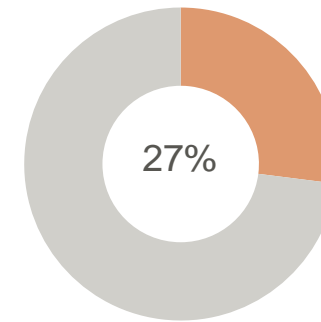
## Highlights

- Record volumes in all three markets during the second quarter
- Strong performance proves scalability in business model
- Active customers and net assets grew to 181,000 (161,000) and 4,663 MSEK (3,781) respectively during the quarter

### Segment description

- Gold plated and transparent offering – gold card with no fees
- Different income profile compared to consumer loans
  - "Low and grow" strategy
- Target markets are Germany, Norway and Austria and addressable side of market in terms of number of consumers
  - Germany 35 M\*, Norway 3 M\*\* and Austria 3 M\*\*\*

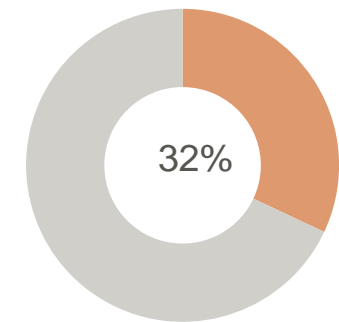
Share of TF Bank's loan book



4.7bn

Loan book

Share of TF Bank's operating income



+100%

Loan book  
growth\*\*\*\*

3

Countries

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

# ECOMMERCE SOLUTIONS



## Highlights

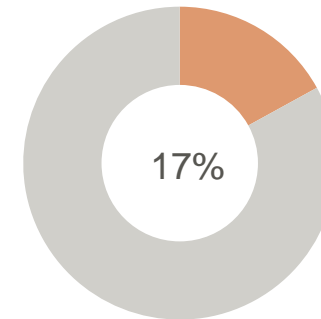
- Strong quarter for the Nordic region with record volumes and improved profitability
  - Repricing to compensate for higher funding costs beginning to bear fruit
- Decision in late June to stop new sales in Poland
- Although many companies in the retail sector see reduced demand, we have been able to attract new merchant partners to continue fuel the growth

### Segment description

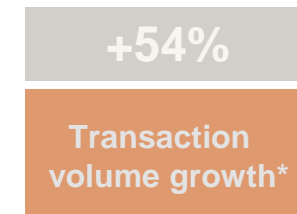
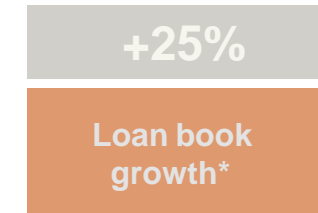
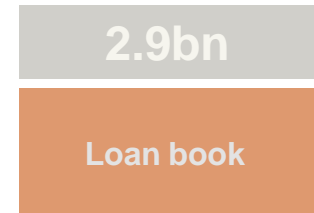
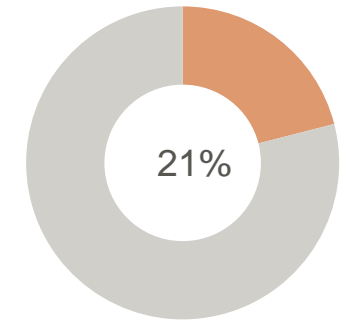
- Digital payment solutions offered in the Nordic region, the Baltics and Poland
- Best-in-class white label Checkout+ solution. We support our partners, the merchants, throughout the whole customer journey

\* year-on-year

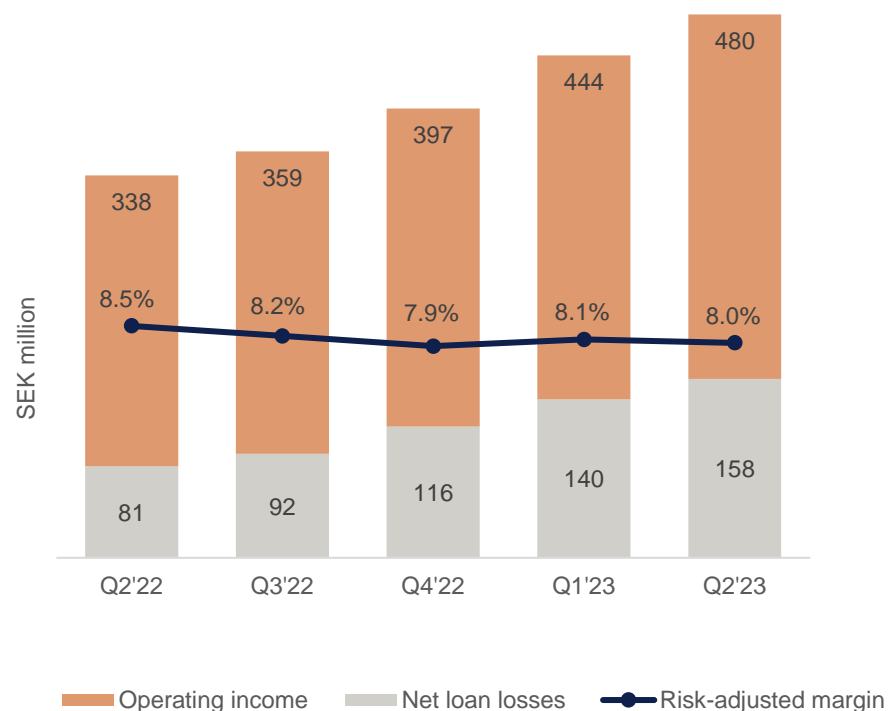
Share of TF Bank's loan book



Share of TF Bank's operating income



# STABLE RISK-ADJUSTED MARGIN

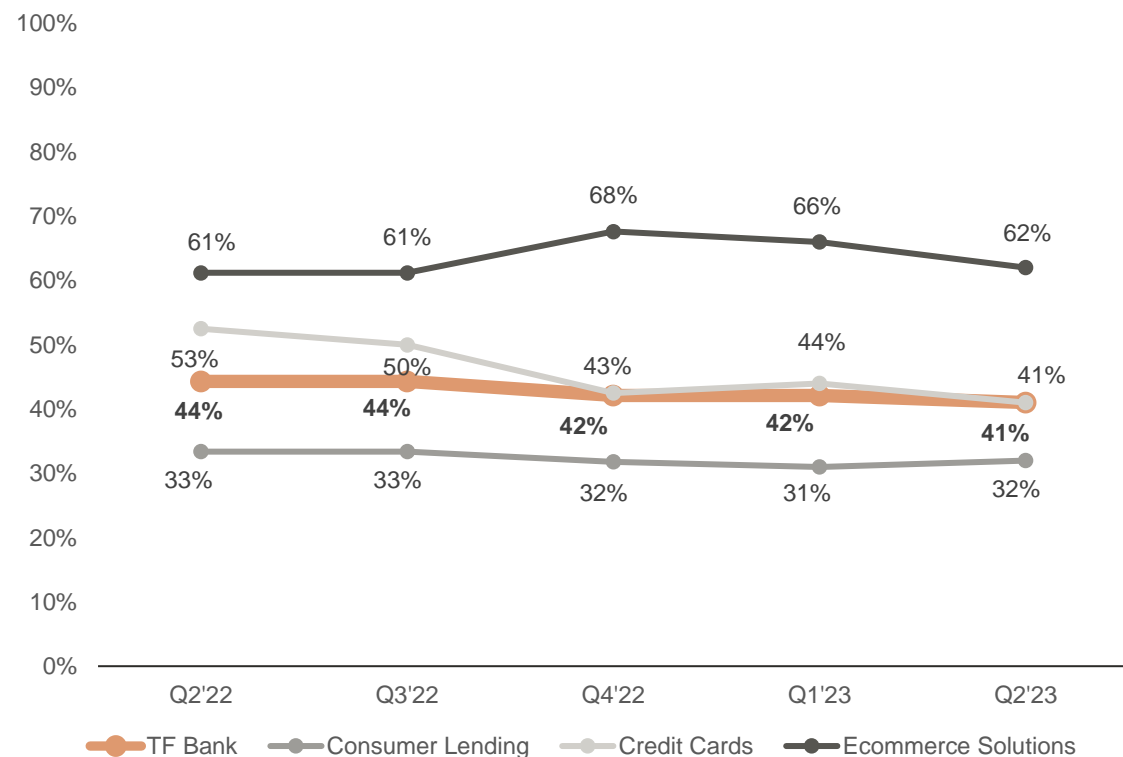


- **Operating income**
  - Higher income from portfolio growth
  - Credit Cards the main driver
- **Net loan losses**
  - Stabilised loan loss ratio vs Q1-2023
  - Record volume impacts IFRS 9 provisions
- **Risk-adjusted income**
  - Increased +18 MSEK vs Q1-2023
  - Stable risk-adjusted margin

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



# OPEX – COST/INCOME RATIO BY SEGMENT

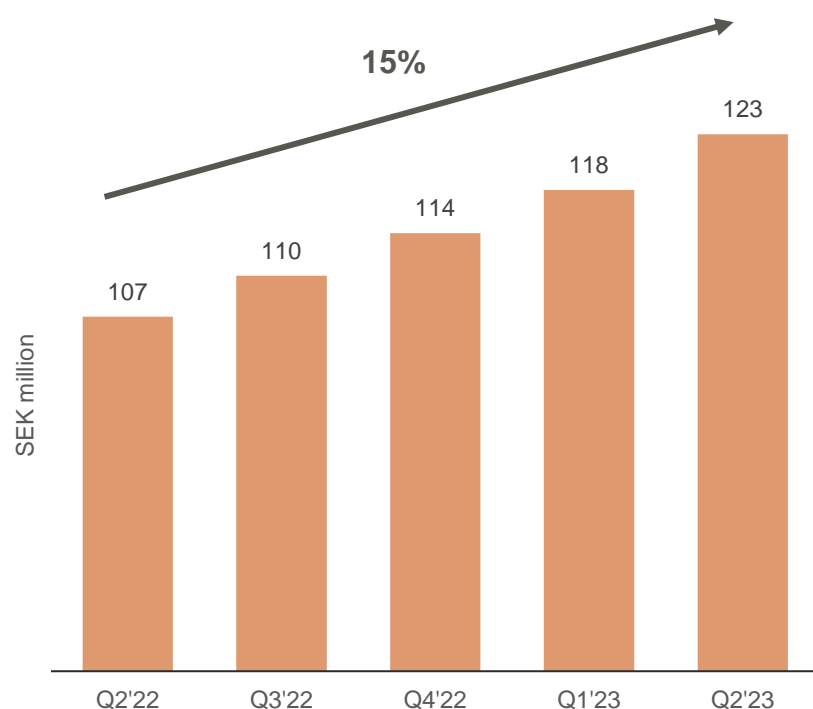


- **Expenses Q2-23 vs. Q2-22, +33%**
  - Sales-related costs and more employees
    - Record volume
  - Lower cost/income ratio, 41% (-3%)
- **Cost/income ratio per segment in Q2-23**
  - Consumer Lending 32%
  - Credit Cards 41%
  - Ecommerce Solutions 62%

# INCREASED PROFIT QUARTER-BY-QUARTER

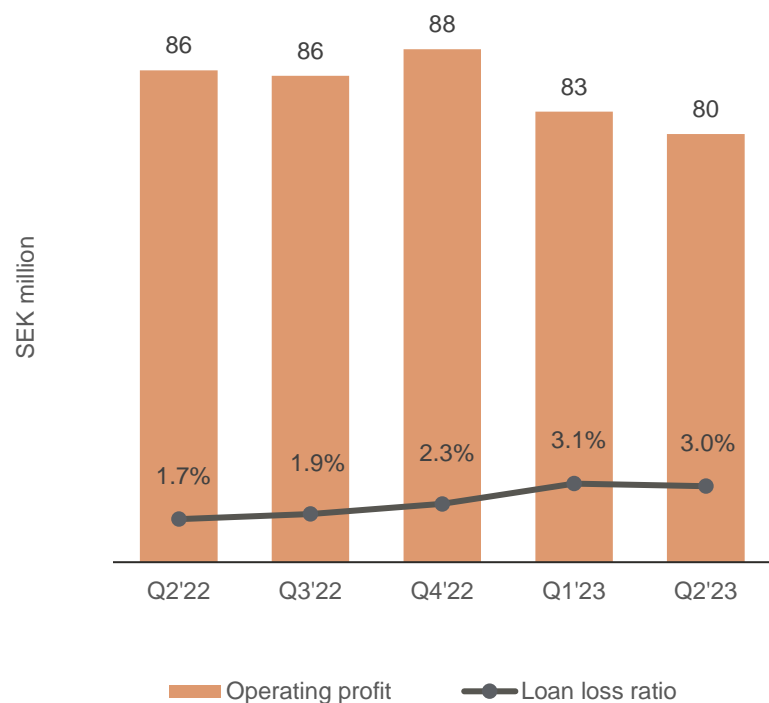


## Operating profit



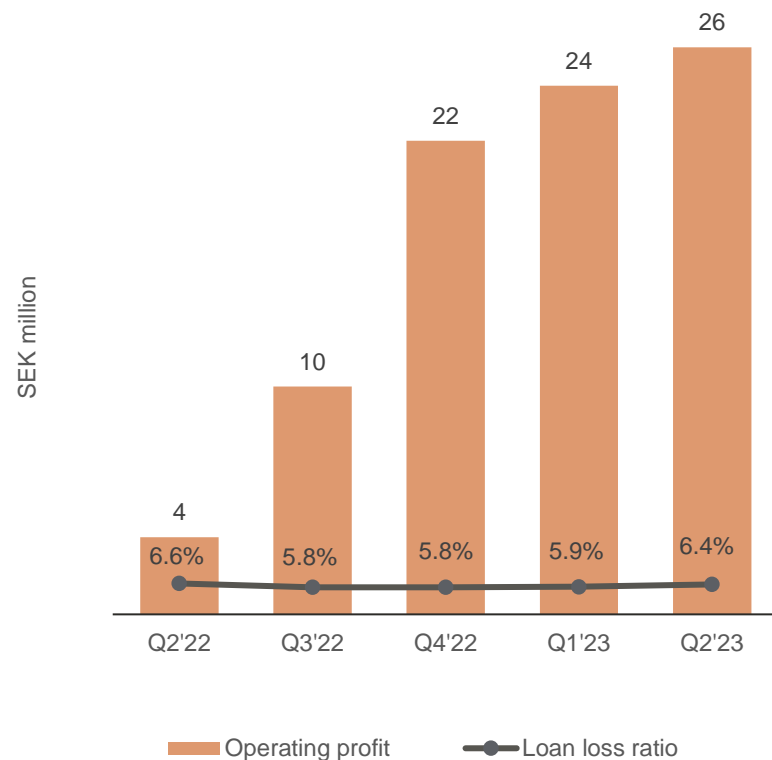
- **Operating profit Q2-23 vs. Q2-22, +15%**
  - Driven by segment Credit Cards
  - Earnings per share, 4.26 SEK
- **Slightly lower profitability year-on-year**
  - Return on equity, 22%
  - Return on assets, 2.3%

# CONSUMER LENDING: LOWER PROFITABILITY



- **Operating profit Q2-23 vs. Q2-22, -7%**
  - Start-up costs in Denmark and Spain
  - Return on assets, 2.7%
- **Stabilised loan loss ratio vs. Q1-2023**

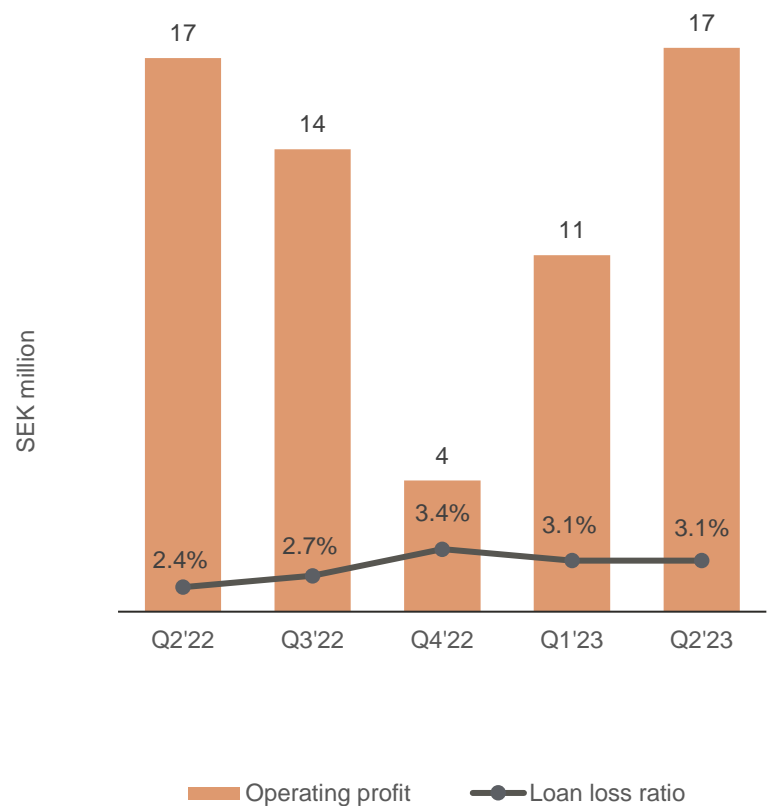
# CREDIT CARDS: GROWING OPERATING PROFIT



- **Operating profit Q2-23, 26 MSEK**
  - Growing operating income
  - Economies of scale
  - Return on assets, 1.9%
- **Record volume - Increased IFRS 9 provisions**

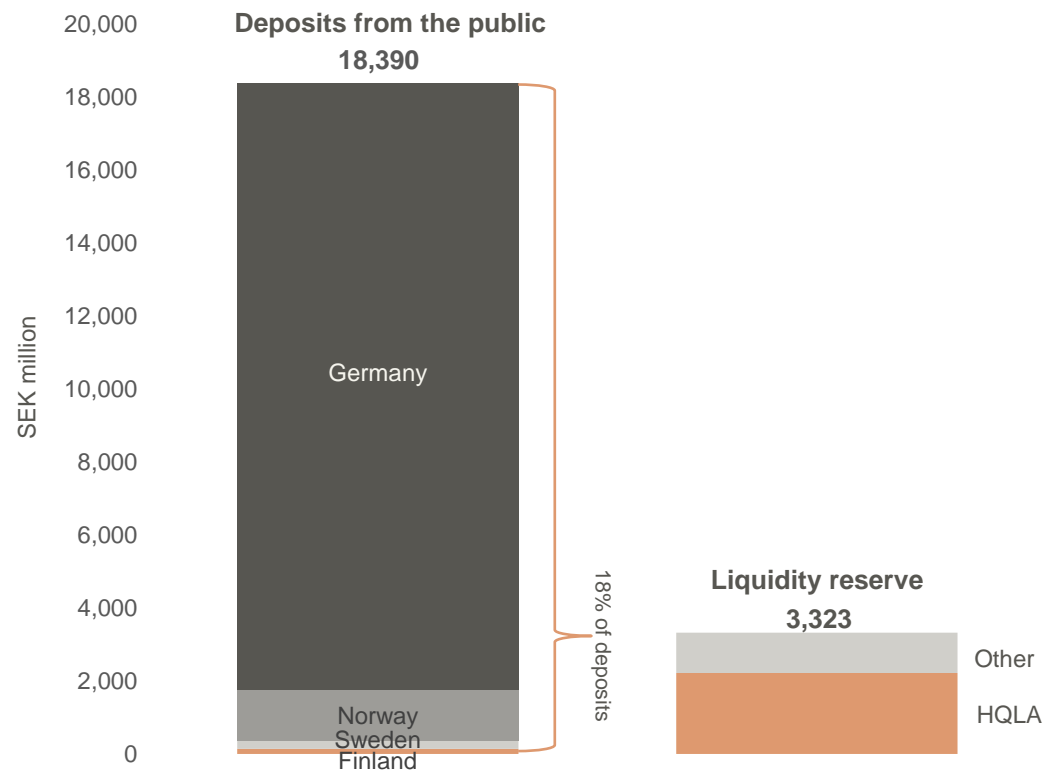


# ECOMMERCE SOLUTIONS: NORDIC FOCUS



- **Operating profit Q2-23, 17 MSEK**
  - Ongoing transfer of funding costs to customers
  - Return on assets, 1.9%
- **Stabilised loan loss ratio vs. Q1-2023**

# FUNDING AND LIQUIDITY

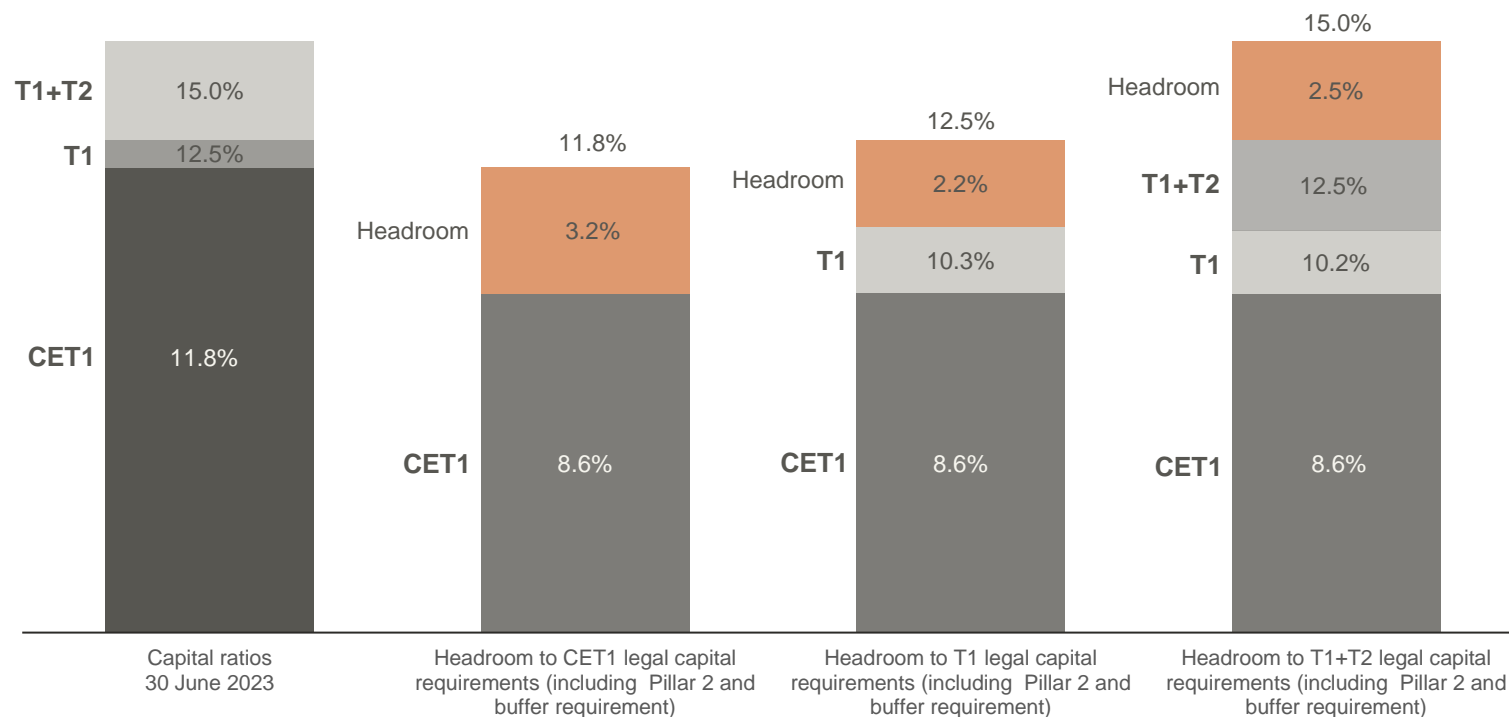


- **Retail deposits in 4 markets**
  - Germany (SEK 16.6 billion)
  - Norway (SEK 1.4 billion)
  - Sweden (SEK 0.2 billion)
  - Finland (SEK 0.1 billion)
  - Fixed-term deposits: 44%
- **Liquidity reserve: 18% of deposits**
  - Treasury bills 2.0 billion\*
  - Government bonds 0.2 billion\*\*
  - Other liquidity 1.1 billion

\* EU-commission, Finland, Netherlands and Sweden with a remaining term to maturity of up to 6 months

\*\* Norway, maturity date 2026-02-19

# CAPITAL SITUATION



- REA increased by currency effects (CET1: -0.4%)
- Redemption of AT1 instruments in June, 100 MSEK
- Intention to issue AT1 instruments H2 2023
- Comfortable headroom to legal requirements

# LOOKING AHEAD



- Continue defending margins and continue a cool-down of growth that was initiated already at the end of this quarter
- Future-proofing the business model, with focus on German credit cards
- Increasing funding cost in all markets and still high competition for deposit customers
- The outlook on underlying credit quality is stable
- Going for issuing Additional Tier 1 capital (AT1) during H2 2023







# 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, Germany, Austria, Spain, the Baltics and Poland.

## 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

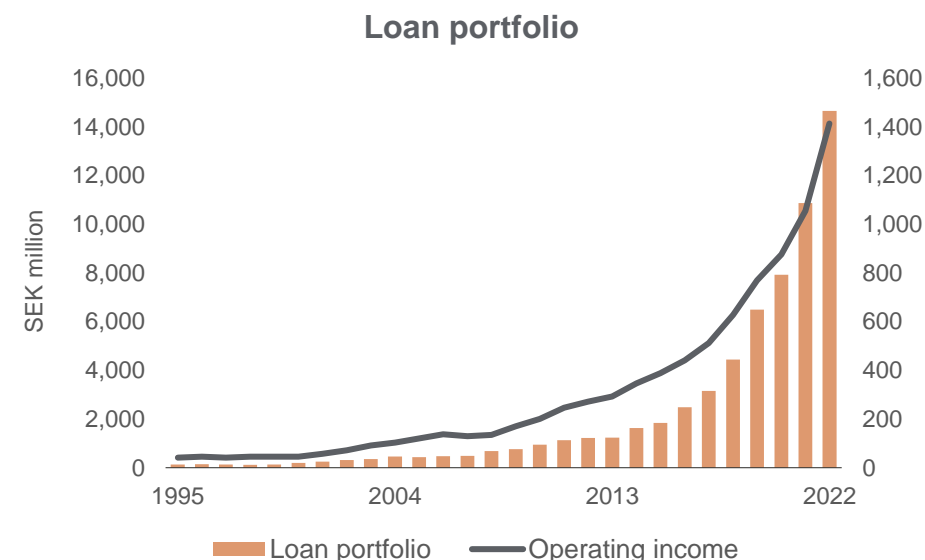
# LONG TRACK RECORD OF PROFITABLE GROWTH



## 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:** 3 361 791 shares



## **Arti Zeighami**

*Board member since 2023*

### **Current commitments:**

**Partner & Director, Senior advisor**  
**AI@scale:** Boston Consulting Group (BCG X)

**Holdings in company:** 0 shares



## **Sara Mindus**

*Board member since 2020*

### **Current commitments:**

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

**Holdings in company:** 25 000 shares



## **Michael Lindengren**

*Board member since 2021*

### **Current commitments:**

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

**Holdings in company:** 5 000 shares



## **Niklas Johansson**

*Board member since 2022*

### **Current commitments:**

**Chairman:** AREIM AB, Nordisk Renting AB

**Board member:** Livförsäkringsbolaget Skandia, Trustly AB, Euroclear Sweden AB, Apoteket AB:s Pensionsstiftelse

**Holdings in company:** 439 shares



## **Fredrik Oweson**

*Board member since 2022*

### **Current commitments:**

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

**Board member:** Swedish Bra Holding AB, Swedish Bra AB, Klättermusen Aktiebolag

**Holdings in company:** 0 shares

# Executive management team



**Joakim Jansson**  
*CEO*

**Education:** PhD in Economics, Uppsala University.

At TF Bank since 2023 as CEO. Has previously held leading positions within Swedbank and Handelsbanken.

**Holdings in company:** 0 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), Avarda AB (board member)

**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 TF Bank since 2015, as CEO of BB Bank 2015-2020 (now branch TF Bank Norway), Country Manager Germany 2020-2021 and from 2021 COO for the Group.

**Holdings in company:** 45 198 shares

# Contact

## **Investor relations**

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