

A vibrant photograph of yellow daffodils and blue grape hyacinths in the foreground, with a clear blue sky and soft clouds in the background. The flowers are in sharp focus, while the sky is slightly blurred.

INTERIM REPORT

January-March 2020

PERIOD IN BRIEF

JANUARY – MARCH 2020

COMPARED TO JANUARY – MARCH 2019 (unless otherwise stated)

- The loan portfolio has increased by 8 % to SEK 6,990 million since year-end
- Operating profit decreased by 34 % to SEK 43.2 million
- Earnings per share decreased by 34 % to SEK 1.51
- Cost/income ratio decreased to 37.7 % (38.0)
- Total capital ratio has decreased to 17.1 % (17.4) since year-end
- Return on equity amounted to 26.7 % (34.4)
- Adjusted return on equity amounted to 26.7 % (31.7)

SIGNIFICANT EVENTS

JANUARY – MARCH 2020

- TF Bank has completed mergers of the three wholly owned subsidiaries BB Bank ASA, Avarda AB and Avarda Oy
- The segment reporting has been expanded to three segments from the first quarter of 2020
- Due to the communicated urge from Swedish FSA regarding dividends, the Board of Directors of TF Bank has decided to withdraw the dividend proposal of SEK 0.50 per share
- The countercyclical buffer requirements in Sweden and Norway have been decreased. Following the changes, TF Bank's total capital requirement amounts to 11.8 %.

AFTER THE REPORTING PERIOD

- On April 5, TF Bank announced that as a result of the uncertain macroeconomic situation an additional loan loss provision of SEK 30 million was made at the end of the first quarter of 2020. The financial target of an EPS of at least SEK 14.50 in 2020 was also abandoned in connection with the announcement.



The provisioning requirements are based on a model for expected credit losses and as a result of this, TF Bank has made an additional provision of SEK 30 million at the end of the first quarter

LOAN PORTFOLIO

31 MARCH 2020 COMPARED TO 31 DECEMBER 2019

SEK **7.0** BILLION **+8 %**

OPERATING PROFIT

JAN-MAR 2020 COMPARED TO JAN-MAR 2019

SEK **43** MILLION **-34 %**

TOTAL CAPITAL RATIO

31 MARCH 2020 COMPARED TO 31 DECEMBER 2019

17.1 % **-0.3** PERCENTAGE POINTS

RETURN ON EQUITY ¹

JAN-MAR 2020 COMPARED TO JAN-MAR 2019

26.7 % **-5.0** PERCENTAGE POINTS

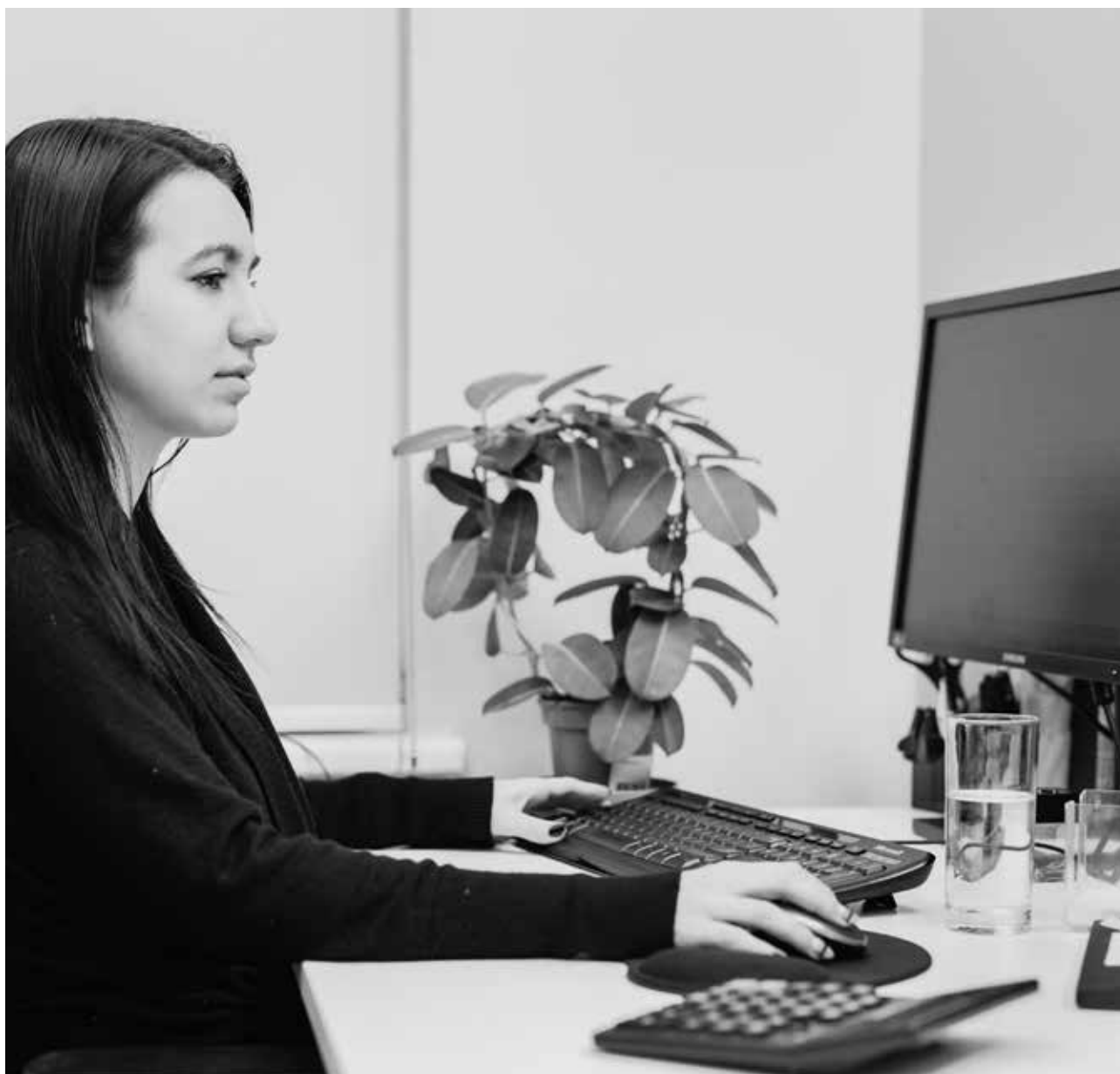
¹ Adjusted for items affecting comparability in 2018 attributable to reclassification of customer balances with inactive status that have arisen before 2018.

See separate section with definitions, page 43.

THE GROUP

TF Bank was founded 1987 and is an internet-based niche bank offering consumer banking services and e-commerce solutions through a proprietary IT platform with a high degree of automation. Deposit and lending activities are conducted in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany and Austria through branch or cross-border banking. TF Bank is listed at Nasdaq Stockholm. From 2020 the operations are divided into three segments: Consumer Lending, Ecommerce Solutions and Credit Cards.

In the Consumer Lending segment, TF Bank offers unsecured consumer loans to creditworthy individuals. The product offering can differ between the various markets and is adjusted according to the specific conditions in each country. In the Ecommerce Solutions segment, TF Bank offers digital payment solutions, primarily to online retailers. Customers are mainly the end-consumers who use the bank's payment solutions. In the Credit Cards segment TF Bank offers Credit Cards to creditworthy individuals in Norway and Germany.



CEO'S COMMENTS

The first quarter of the year started off in the same fashion as the end of 2019 – with strong volumes and a geographically diversified growth. During the course of the quarter, it has been increasingly evident that the spread of covid-19 in Europe means that the bank currently must adapt to a new reality. TF Bank has a stable and adaptable business model with a long track-record that has been tested in various macroeconomic environments.

The effects of the coronavirus on TF Bank

The spread of the coronavirus in Europe overshadows everything else in the first quarter. The humanitarian and economic consequences of the virus outbreak are hard to take in, as we are in the midst of an ongoing situation that is constantly changing. At TF Bank, with employees in eight countries, we have adapted to the guidelines that have been established from the different national governments. Our IT department has been working hard to enable all employees within the bank to have the technical conditions in place to be able to work from home and our customer service has been adapted to handle a significantly increased number of incoming calls. The bank is always planning for unforeseen events and disasters. In the current times, our crisis management ability has been put to test, so far the results have been positive and the work has gone without any negative interruptions.

Credit risk in a new macroeconomic situation

All commercial banks' operations are built on calculated risks through money deposits and lending. For TF Bank, credit risk management is the single most important capability to run a profitable and sustainable business. In a weakened macroeconomic climate, with more corporate bankruptcies and, as a consequence, increased unemployment, the customers' payment ability may be negatively affected. At the same time, governments across Europe have resolved upon massive stimulus packages to mitigate the societal effects of the pandemic. Hence, it is currently hard to predict the full scope of the future effects. On January 1, 2018, new accounting standards were introduced for loan loss provisions, IFRS 9. The provisioning requirements are based on a model for expected credit losses and as a result of this, TF Bank has made an additional provision of SEK 30 million at the end of the first quarter. This reflects our current best assumption on increased future loan losses. The financial target of an EPS of at least SEK 14.50 in 2020 has also been abandoned as stated in our press release on April 5.

Liquidity and funding

TF Bank's finance policy is clear in that we shall have a low liquidity and financing risk. Given the size of the bank, our assessment is that market-based funding that frequently must be re-financed entails a higher risk over time, which is why we have chosen deposits from the public as our primary funding source. Throughout history, deposits from the public have been proven as stable funding, even though there of course are individual cases that deviate from this pattern. TF Bank has deposit products that target private individuals in Sweden, Finland, Norway and Germany. At the end of the first quarter, 26 % of deposits were placed in fixed-rate accounts with a term of one or two years. The bank's policy is also to hold a well-sized low-risk liquidity reserve. During my almost twelve years working for the bank, we have never sought to maximize returns by placing our liquidity reserve further out on the risk scale. In the first quarter, parts of the reserve were moved to central bank accounts, which also has a positive effect on the capital ratios through a lower risk weight. Now at these turbulent times in the market, our cautious approach will provide us with advantages and might even create business opportunities that otherwise wouldn't have appeared.

TF Bank's stable business model

Over the larger part of the quarter, TF Bank's loan portfolio has continued to grow. Growth in consumer loans in Norway, Finland and Latvia as well as credit cards in Germany has contributed to a portfolio increase of 8 % in local currencies. Within Ecommerce Solutions, Estonia and Poland have been the primary growth drivers in the segment during the quarter. However, over the past weeks, new lending has decreased – mostly within Consumer Lending. Due to the coronavirus spread in society, a humble approach to the future has never been more important. TF Bank will always prioritise profitability and solvency over growth. The business model is stable with more than 30 years of high returns. In times of uncertainty, the bank's cautious approach has been a very successful strategy. The bank has historically been profitable even during the major crises of recent decades, and I therefore feel very confident that this strategy will carry the bank also through this very difficult situation.



*Mattias Carlsson
President and CEO*

KEY FIGURES, CONSOLIDATED

KEY FIGURES, CONSOLIDATED

SEK thousand	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Income statement			
Operating income	213,321	175,969	768,864
Operating expenses	-80,471	-66,808	-290,875
Loan losses	-89,696	-43,536	-188,634
Operating profit	43,154	65,625	289,355
Net profit for the period	34,213	50,514	221,926
Earnings per share, SEK	1.51	2.28	10.01
Balance sheet			
Loans to the public	6,989,834	5,089,740	6,495,780
Deposits from the public	7,663,559	5,813,238	7,197,075
New lending	1,753,464	1,418,171	6,037,302
Key figures			
Operating income margin, %	13.2	15.6	13.7
Net loan loss ratio, %	3.9	3.7	3.4
Cost/Income ratio, %	37.7	38.0	37.8
Return on equity, %	26.7	34.4	30.6
Adjusted return on equity, % ¹	26.7	31.7	30.6
Return on loans to the public, %	3.3	4.7	3.8
Adjusted return on loans to the public, % ¹	3.3	4.3	3.8
CET1 capital ratio, %	12.5	12.3	12.7
Tier 1 capital ratio, %	14.1	14.3	14.3
Total capital ratio, %	17.1	16.3	17.4
Employees (FTE)	196	156	174

CURRENCY RATES

SEK	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
EUR Income statement (average)	10.66	10.42	10.59
EUR Balance sheet (end of reporting period)	11.08	10.42	10.43
NOK Income statement (average)	1.02	1.07	1.07
NOK Balance sheet (end of reporting period)	0.96	1.07	1.06
PLN Income statement (average)	2.47	2.42	2.46
PLN Balance sheet (end of reporting period)	2.43	2.43	2.44

¹ Items affecting comparability in 2018 were attributable to reclassification of customer balances with inactive status that have arisen before 2018.

See separate section with definitions, page 43.

RESULTS AND FINANCIAL POSITION

JANUARY - MARCH 2020

COMPARED TO JANUARY - MARCH 2019

Operating profit

Operating profit decreased by 34 % to SEK 43.2 million (65.6). The decline is attributable to an additional provision for expected credit losses of SEK 30 million as a result of the uncertain macroeconomic situation and the provisioning requirements in IFRS 9. Earnings per share decreased by 34 % to SEK 1.51 (2.28) and the adjusted return on equity amounted to 26.7 % (31.7).

Operating income

TF Bank's operating income increased by 21 % to SEK 213.3 million (176.0). The growing loan portfolio had a positive impact on net interest income in all segments. However, the operating income margin has decreased to 13.2 % (15.6), mainly because the interest rate levels on new lending within Consumer Lending are lower than the average interest rate level of the loan portfolio.

Interest income

Interest income increased by 22 % to SEK 225.7 million (184.7). The growth in consumer loans in Norway and the Baltics, as well as higher volumes within the Ecommerce Solutions and Credit Cards segments, contribute to the increase. The currency effects have been large in individual currencies at the end of the quarter, but overall the changes are relatively small compared to the first quarter of 2019.

Interest expense

TF Bank's interest expenses increased by 36 % to SEK 31.8 million (23.3). Higher deposit volumes in Germany and Norway as well as interest rate hikes in Norway during 2019 are the main reasons for the increase. At the same time, lower deposit rates in Germany and a slightly less negative return on the liquidity reserve have had a positive effect on the funding cost during the first quarter of the year.

Net fee and commission income

Net fee and commission income increased by 37 % to SEK 19.3 million (14.1). The increase is mainly attributable to the growing loan portfolio over the last two years. During the first quarter of 2020, 53 % of the TF Bank's fee and commission income derives from charges and 47 % from insurance premiums and other income.

Operating expenses

TF Bank's operating expenses have increased by 20 % to SEK 80.5 million (66.8). About half of the increase is related to investments in German credit cards. Higher staff costs and larger volumes also contribute to the increase. The average number of full-time employees during the first quarter amounted to 196 (156). The C/I ratio has however decreased to 37.7 % (38.0). The decrease is related to Consumer Lending and Ecommerce Solutions.

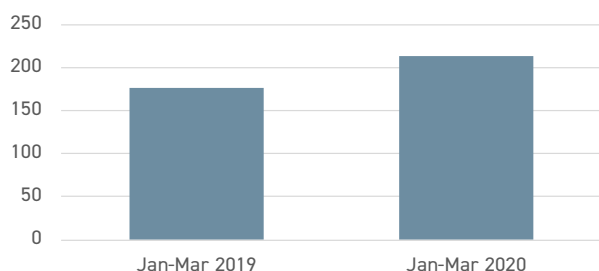
Net loan losses

Net loan losses increased by 106 % to SEK 89.7 million (43.5). An additional loan loss provision of SEK 30 million at the end of the first quarter of 2020 is the main reason for the increase. The provision is related to expected credit losses as a result of the uncertain macroeconomic situation and the current provisioning requirements in IFRS 9. The underlying loan losses have developed as expected during the first quarter. The loan loss ratio amounted to 3.9 % (3.7).

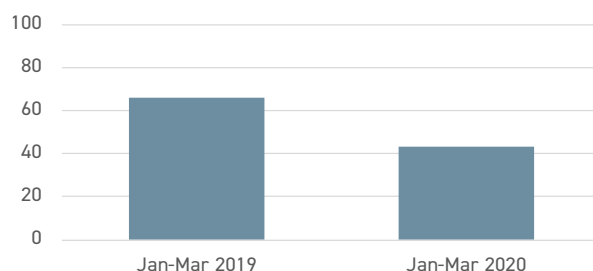
Tax expense

TF Bank's tax expense amounted to SEK 8.9 million (15.1). The average tax rate decreased to 20.7 % (23.0) during the first quarter of the year. The tax rate is among other things positively affected by the merger of the Norwegian subsidiary BB Bank ASA with TF Bank AB in the beginning of 2020.

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



RESULTS AND FINANCIAL POSITION

JANUARY - MARCH 2020

COMPARED TO 31 DECEMBER 2019 (unless otherwise stated)

Loans to the public

Loans to the public have increased by 8 % to SEK 6,990 million (6,496) since the start of the year. Individual currencies have experienced heavy fluctuations during the quarter, but all in all the currency effect on the loan balance is limited. The underlying loan portfolio has increased by 8 % in local currencies ¹. TF Bank's new lending increased to SEK 1,753 million (1,418) compared to the first quarter of 2019.

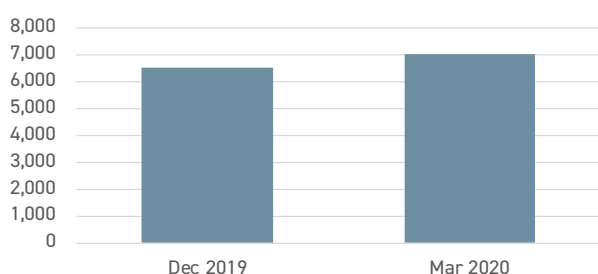
During the first quarter of the year, the growth in local currencies have mainly been driven by consumer loans in Norway, Finland and Latvia, as well as credit cards in Germany. Within the Ecommerce Solutions segment, mainly Estonia and Poland have increased the loan portfolio during the start of 2020. Loan balances in EUR countries have been positively affected by exchange rate fluctuations during the quarter, while Norwegian balances have been negatively affected. During the end of the quarter, new lending has been affected by covid-19.

Deposits from the public

Deposits from the public have increased by 6 % to SEK 7,664 million (7,197) since the start of the year. Currency effects had a positive effect of 1 % on the increase. Exchange rate fluctuations in individual currencies have had a large impact on the different countries' deposit balances during the quarter.

Deposit balances in local currencies have increased in Germany and Norway during the first quarter of the year. In Germany, the new inflow to the savings account with variable rate has been stable during the major part of the quarter. The inflow to German accounts with a fixed term has also continued during the start of the year. In Norway, a fixed-rate account was launched during the fourth quarter of 2019, which has generated significant deposits and improved the matching of terms between assets and liabilities.

LOANS TO THE PUBLIC (SEK million)



Investments

TF Bank's investments decreased to SEK 9.1 million compared to SEK 9.9 million in the first quarter of 2019. The investments relate to product development within the Consumer Lending and Ecommerce Solutions segments. Depreciation and amortisation on fixed assets increased to SEK 5.5 million (4.1).

Cash and cash equivalents

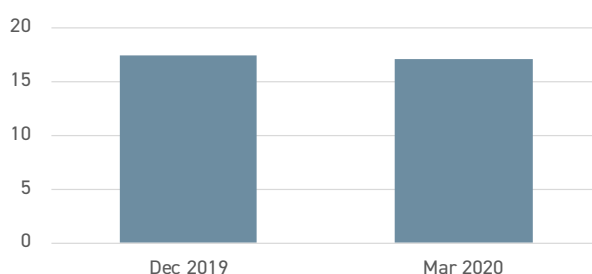
Cash and cash equivalents increased to SEK 1,830 million (1,813) at the end of the first quarter. TF Bank's cash and cash equivalents are placed on overnight accounts in various Nordic banks, at central banks and in Swedish treasury bills. During the quarter, a significant share of the liquidity reserve has been moved to central bank accounts. TF Bank's liquidity reserve amounted to 24 % (26) of deposits from the public at the end of the quarter. The return on the liquidity reserve has improved slightly following the rate hike of the Swedish central bank at the end of 2019.

Capital adequacy

At the end of the quarter, TF Bank's total capital ratio was 17.1 % (17.4), the tier 1 capital ratio was 14.1 % (14.3) and the CET1 capital ratio was 12.5 % (12.7). The growth in the loan portfolio during the quarter has implied an increased capital requirement and the capital ratios have also been negatively affected by an increased phase-in of loan loss provisions according to the transitional rules. The transfer of cash and cash equivalents to central banks have on the other hand a slightly positive effect on the quarter's capital ratios.

During the first quarter, the regulatory authorities in Sweden and Norway announced that the countercyclical buffer requirement was decreased with immediate effect. In Sweden, the requirement was decreased from 2.5 % to 0 %, while the Norwegian requirement was decreased from 2.5 % to 1.0 %. Following the changes, TF Bank's total capital requirement amounts to 11.8 %, the tier 1 capital requirement to 9.6 % and the CET1 capital requirement to 7.9 %.

TOTAL CAPITAL RATIO (%)



¹ Loans to the household sector, stage 1 and 2, gross.

CONSUMER LENDING

JANUARY - MARCH 2020

COMPARED TO JANUARY - MARCH 2019 (unless otherwise stated)

Overview

In the Consumer Lending segment, TF Bank offers unsecured consumer loans to creditworthy individuals in eight countries. The product offering can differ between the various markets and is adjusted according to the specific conditions in each country. As at 31 March 2020, the average loan amount per customer was approximately SEK 58 thousand.

The Nordic consumer loan portfolio represents 72 % of the segment. The Nordic markets for consumer loans are characterised by credit information that is easy to access, a high share of credit intermediators, and a well-functioning system for collection of unpaid debts. The average loan amount is slightly higher in Norway and Finland. The share of customers that own their residence in both these countries amounts to 53 % and 43 % respectively.

The Baltic and Polish consumer loan portfolio represents 28 % of the segment. Estonia is the country in the Baltics most similar to the Nordic markets, with high internet usage and easy access to public data. Latvia and Lithuania are fast-growing credit markets with several established Nordic players operating locally. In the Polish market, TF Bank uses various loan intermediators to generate new loans.

The loan portfolio

Loans to the public have increased by 7 % to SEK 5,499 million (5,145) since the start of the year. Currency effects negatively affected growth by 1 %. The underlying loan portfolio has increased by 8 % in local currencies¹. The segment's new lending amounted to SEK 1,135 million (974). During the end of the quarter, new lending decreased due to the bank's decision to lower its risk appetite as well as a slightly lower demand.

The underlying loan portfolio in Norway has increased by 12 % to NOK 1,964 million (1,751) since the start of the year. The Norwegian loan volumes exhibited a positive development during the beginning of the quarter. The loan portfolio in Finland increased by 8 % to EUR 125 million (116) during the first three months of the year. Following

the regulatory interest rate cap that came into effect as of 1 September 2019, the volumes in the Finnish operations have increased significantly. The Swedish loan portfolio has decreased by 4 % to SEK 440 million (456).

The underlying loan portfolio in the Baltics has increased by 6 % to EUR 126 million (119) since the start of the year. The portfolio in Latvia has increased by 12 % to EUR 55.1 million (49.4). In Estonia, the loan balance has decreased by 1 % to EUR 62.9 million (63.4). The loan portfolio in Lithuania has increased by EUR 1.5 million to EUR 8.1 million during 2020. The consumer loans in Poland amounted to PLN 99.6 million (96.1) at the end of the quarter.

Results

Operating profit for the segment has decreased by 22 % to SEK 42.6 million (54.9). The decline is attributable to the additional loan loss provision of SEK 30 million as a result of the uncertain macroeconomic situation and the provisioning requirements in IFRS 9.

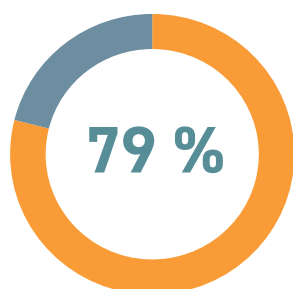
Operating income increased by 18 % to SEK 159.9 million (135.0). The increase is related to the consumer loan growth in Norway, the Baltics and Finland. As the interest rate levels in the new lending are lower than the average interest rate level of the loan portfolio, the operating income margin has decreased to 12.8 % (15.1).

The operating expenses for the segment have increased by 10 % to SEK 45.3 million (41.0). Higher volumes result in an expense increase in absolute numbers. However, the segment's C/I ratio has decreased to 28.3 % (30.4) as a result of economies of scale from the loan portfolio growth.

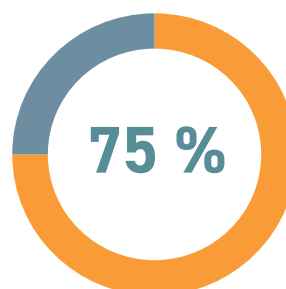
Net loan losses increased by 84 % to SEK 72.1 million (39.1). At the end of the first quarter, an additional loan loss provision of SEK 30 million was recorded. The provision is related to expected credit losses as a result of the uncertain macroeconomic situation and the provisioning requirements in the current accounting standards, IFRS 9. The loan loss ratio amounted to 3.8 % (3.8) at the end of the quarter.

For further information about the loan portfolio and results of this segment, see Note 3 Operating segments.

SHARE OF THE GROUP'S LOANS TO THE PUBLIC



SHARE OF THE GROUP'S OPERATING INCOME



¹ Loans to the household sector, stage 1 and 2, gross.

ECOMMERCE SOLUTIONS

JANUARY - MARCH 2020

COMPARED TO JANUARY - MARCH 2019 (unless otherwise stated)

Overview

In the Ecommerce Solutions segment, TF Bank offers digital payment solutions primarily within e-commerce to credit-worthy individuals. The customers are mainly the end-consumers who use the bank's payment solutions when they make purchases. The digital payment solutions are available in the Nordic region under the Avarda brand, and also in the Baltics and in Poland under the TF Bank brand.

Through the product Checkout+, the Avarda brand has over the past year experienced a commercial breakthrough in the Nordic markets. The market position has been strengthened with implementations of retailers such as Bubbleroom and Däck 365 in the last quarter of 2019, followed by several new agreements with Nordic retailers during the first quarter of 2020. In the Baltics, TF Bank has continued to take market shares through the partnership with Estonia's leading online retailer Hansapost. We continue to optimise the offering within the segment to reach our aim to be the retailers' best friend.

Loan portfolio

Loans to the public have increased by 7 % to SEK 1,135 million (1,058) since the start of the year. Currency effects contributed positively to growth by 3 %. The underlying loan portfolio has increased by 4 % in local currencies¹. The segment's new lending amounted to SEK 454 million (387). So far, the impact from covid-19 has been limited and there are indications that the spread of the coronavirus is accelerating the consumer shift from brick and mortar retailers to e-commerce.

The underlying Nordic portfolio amounts to SEK 719 million (685) and constitutes 65 % of the segment. In Finland, the portfolio has increased by 3 % to EUR 37.9 million (36.8) during the first quarter of the year. The increase is explained by a general growth in e-commerce while several new retailers also have been implemented. The Swedish portfolio is unchanged and amounts to SEK 223 million

(223) for the quarter. In Norway and Denmark, the loan balances amounted to NOK 36.8 million (35.8) and DKK 27.6 million (28.8) respectively.

The underlying loan portfolio in Estonia has increased by 13 % to EUR 11.8 million (10.5). The increase is related to growth for existing retailers, but also a continued strong inflow of new partners. In Poland, the loan portfolio has increased by 8 % to PLN 107 million (99.0). By continuing to be flexible in the product offering, we take market shares in the Polish market.

Results

Operating profit for the segment decreased by 4 % to SEK 10.3 million (10.8). The decline is related to higher loan losses due to positive non-recurring items in the comparison period.

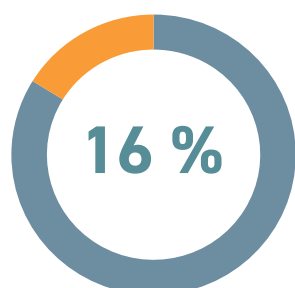
Operating income increased by 18 % to SEK 42.7 million (36.1). The increase is mainly attributable to higher volumes in several geographic markets compared to the first quarter of 2019. The operating income margin has however decreased to 14.9 % (18.4) due to mix effects related to the growth in the segment.

The operating expenses for the segment have increased by 6 % to SEK 23.7 million (22.3). The increase is partly explained by higher staff costs related to more employees, and partly by higher increased sales-related costs following larger volumes within the segment. The C/I ratio has decreased to 55.5 % (61.7), underlining the economies of scale in the segment's business model.

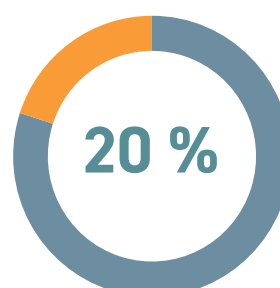
Net loan losses increased to SEK 8.7 million (3.0). The main reason for the increase is that the loan losses in the comparison period were positively affected by one-time effects related to new agreements for continuing sales of past due loans. The loan loss ratio amounted to 2.6 % (3.5) at the end of the quarter. Covid-19 has not affected the loan losses during the quarter.

For further information about the loan portfolio and results of this segment, see Note 3 Operating segments.

SHARE OF THE GROUP'S LOANS TO THE PUBLIC



SHARE OF THE GROUP'S OPERATING INCOME



¹ Loans to the household sector, stage 1 and 2, gross.

CREDIT CARDS

JANUARY - MARCH 2020

COMPARED TO JANUARY - MARCH 2019 (unless otherwise stated)

Overview

In the Credit Cards segment, TF Bank offers credit cards to creditworthy individuals in Norway and Germany. The offering in Norway has been part of the bank since the acquisition of the subsidiary BB Bank in July 2015. Since the start of 2020, the business is organised under TF Bank's Norwegian branch. Two credit card products are currently offered, Visa and Visa Gold. The individual exposure per card is around NOK 15,000. At the end of the first quarter of 2020, approximately 19,000 Norwegian credit cards had been issued.

In the end of 2018, TF Bank initiated a credit card business in Germany. The operations are conducted in-house and since July 2019, a manager with responsibility to build a local organisation focused on marketing and customer service is active in Berlin. Services like risk analysis, finance and IT are provided by central functions within the bank. The product that is marketed in Germany is a Mastercard Gold and the individual exposure is around EUR 1,500. At the end of the first quarter of 2020, approximately 19,000 German credit cards had been issued.

The loan portfolio

Loans to the public have increased by 21 % to SEK 356 million (293) since the start of the year. Currency effects negatively affected growth by 2 %. The underlying loan portfolio has increased by 23 % in local currencies¹. The segment's new lending amounted to SEK 164 million (58). As a result of covid-19, a small slowdown in the number of new cards was noticed during the end of the quarter.

The underlying credit card portfolio in Germany has increased by EUR 5.5 million to EUR 16.5 million during the first quarter. The increase is related to an increased

utilisation of the high number of cards that were issued during the fourth quarter of 2019, as well as new marketing campaigns during 2020.

The underlying credit card portfolio in Norway has increased by 3 % to NOK 158 million (154). The moderate growth during the start of the year is mainly due to relatively limited marketing activities in the fourth quarter of 2019.

Results

Operating profit for the segment amounted to SEK -9.7 million (-0.1). The result in the first quarter is affected by the German credit card initiative as costs related to sales as well as provisions for expected credit losses constitute a significant part of the interest income.

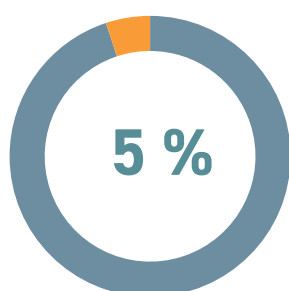
Operating income increased by 121 % to SEK 10.7 million (4.8). The increase is attributable to the expanding credit card business in Germany. The operating income margin amounted to 14.3 % (12.9) and is affected by the fact that new customers in Germany mainly are generated through loan intermediators.

The operating expenses for the segment amounted to SEK 11.5 million (3.5). Higher volumes as well as the establishment of a local organisation in Berlin affects the costs in the quarter. The C/I ratio amounted to 107.5 % (72.3). Increasing interest income in Germany is expected to generate a lower C/I ratio over time.

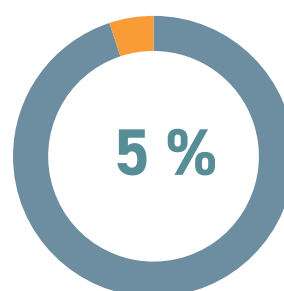
Net loan losses amounted to SEK 8.9 million (1.4). A significant part is attributable to provisions for expected credit losses in Germany in accordance with applicable accounting standards. The loan loss ratio amounted to 9.2 % (3.0). Covid-19 has not affected the loan losses during the quarter.

For further information about the loan portfolio and results of this segment, see Note 3 Operating segments.

SHARE OF THE GROUP'S LOANS TO THE PUBLIC



SHARE OF THE GROUP'S OPERATING INCOME



¹ Loans to the household sector, stage 1 and 2, gross.

ACCOUNTING POLICIES

Accounting policies

The interim report has been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). In addition, amendments to the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board, and the Swedish Financial Supervisory Authority's regulations (FFFS 2008:25) have also been applied.

The Parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board, and the Swedish Financial Supervisory Authority's regulations (FFFS 2008:25).

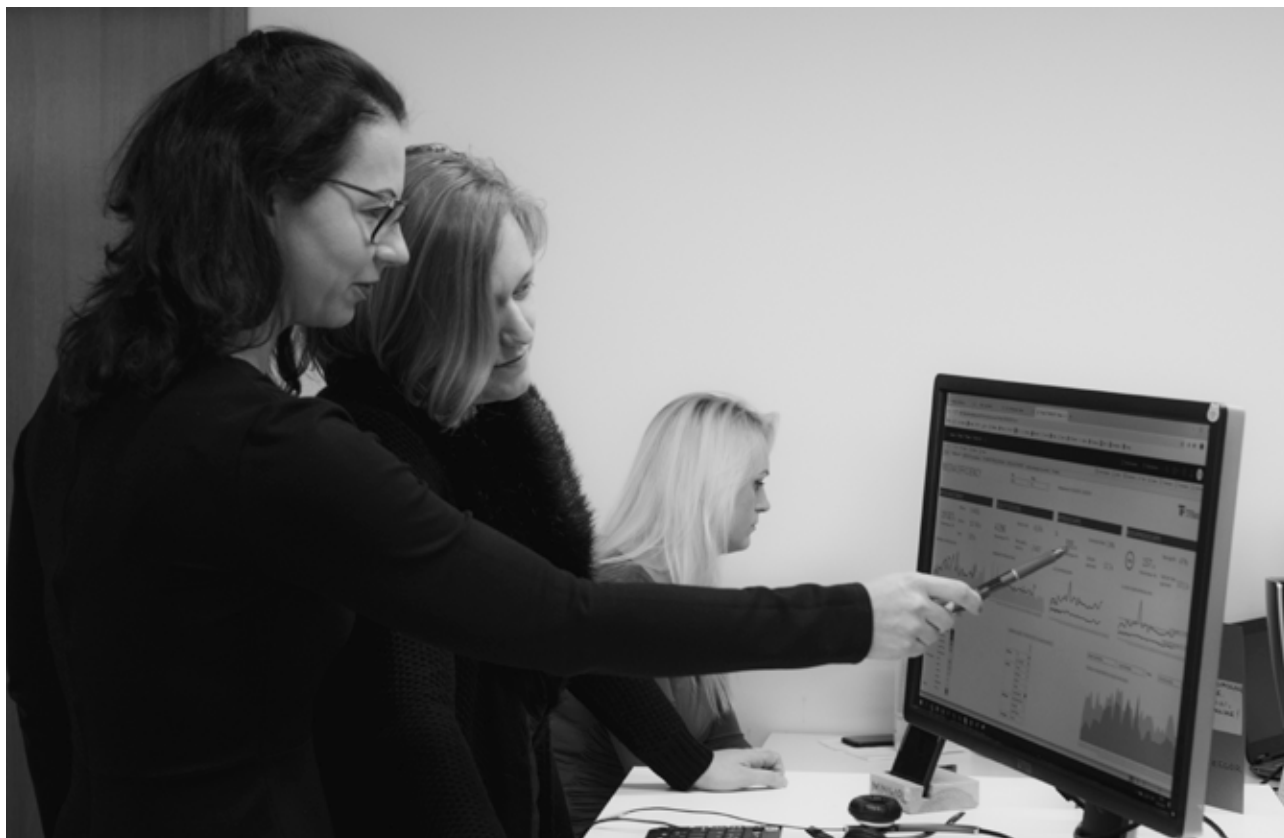
The accounting policies, computation methods and presentation used for the Group and Parent company are essentially unchanged from the 2019 Annual Report. The interim information on pages 4-42 is an integral part of this financial report.

Parent company

TF Bank AB, corporate identity number 556158-1041, is a bank domiciled in Borås, Sweden. The company has a license to provide banking services. The bank carries out deposit and lending activities in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany and Austria via branch or cross-border banking.

During January 2020, the three wholly owned subsidiaries BB Bank ASA, Avarða AB and Avarða Oy were merged with the Parent company TF Bank AB. Following the mergers, all operations subject to a banking license are conducted in the Parent company. In comparison with 2019, the changes in the legal group structure have a significant impact on the Parent company's income statement, statement of financial position and capital adequacy.

The Parent company's income statement, statement of financial position and capital adequacy are presented on pages 35-40. Comments on TF Bank's results and financial position for the interim period January - March 2020 can be found on page 6-7. The comments are presented in comparison with the Group's figures for 2019.



OTHER FINANCIAL INFORMATION

Annual General Meeting 2020

The Annual General Meeting 2020 will be held on Thursday 7 May 2020 at 15:00 (CET) in Stockholm.

The share

TF Bank was listed on the Nasdaq Stockholm's Mid Cap list on 14 June 2016. The share trades under the ticker name TFBANK and the ISIN code is SE0007331608. At the end of March 2020, the share closed at SEK 68.40, a decrease of 41 % since year-end 2019. In total, 2.0 million shares worth approximately SEK 199 million were traded on Nasdaq Stockholm during the first quarter of 2020.

Institutions following TF Bank

ABG Sundal Collier, Carnegie, SEB and Pareto Securities are following the company. At the end of the first quarter 2020, all four institutions had issued a buy recommendation for the TF Bank share.

Financial targets

The Board of Directors of TF Bank intends to establish new financial targets once the macroeconomic outlook has stabilised. Currently, TF Bank has the following targets:

Efficiency

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

Capital structure

TF Bank's aim is that all capital ratios should exceed the regulatory requirement (including pillar 2) by at least 2.5 percentage points.

Dividend policy

TF Bank's dividend policy is to distribute surplus capital in relation to capital targets and the bank's capital planning.

Risks and uncertainties

TF Bank faces various types of risks, such as credit risk, market risk, liquidity risk and operational risk. In order to limit and control risk-taking in the business, the Board, which is ultimately responsible for internal controls, has defined policies and instructions for lending and other activities. For a more detailed description of financial risks and the use of financial instruments, and capital adequacy, see notes 2,8 and 11. Further information can be found in notes 3 and 34 of the annual report 2019.

Significant events, January - March 2020

During January TF Bank has simplified the legal structure of the group by completion of the mergers of the three wholly owned subsidiaries BB Bank ASA, Avarda AB and Avarda Oy.

TF Bank has decided to expand the segment reporting to three segments as from the first quarter 2020. Ecommerce Solutions will be split into two business segments, Ecommerce Solutions and Credit Cards.

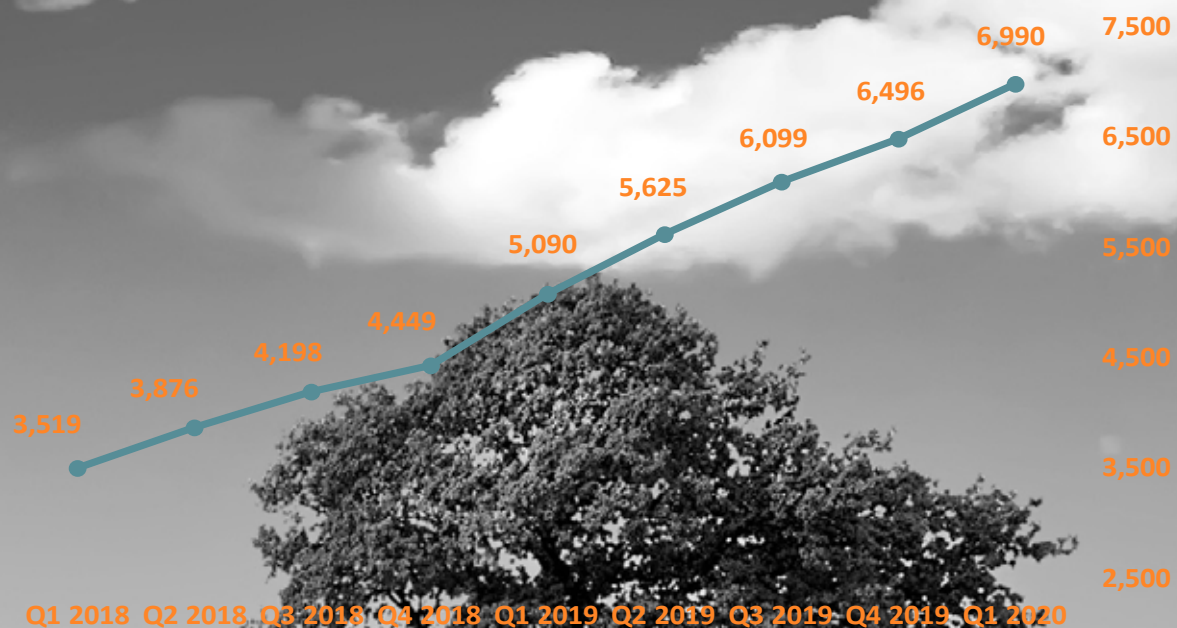
Due to the communicated urge from Swedish FSA regarding dividends, the Board of Directors of TF Bank has, in connection with the presentation of the Annual report, decided to withdraw the dividend proposal of SEK 0.50 per share which was presented in the year-end report.

The countercyclical buffer requirements in Sweden and Norway have been decreased. Following the changes, TF Bank's total capital requirement amounts to 11.8 %.

Events after the end of the reporting period

On April 5, TF Bank announced that the Board of TF Bank as a result of the uncertain macroeconomic situation, has decided to make an additional loan loss provision of SEK 30 million at the end of the first quarter of 2020. The financial target of an EPS of at least SEK 14.50 in 2020 was also abandoned in connection with the announcement.

LOAN PORTFOLIO PERFORMANCE IN 2018-2020 (SEK MILLION)



INCOME STATEMENT, CONSOLIDATED

SEK thousand	Note	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
	3			
Operating income				
Interest income		225,675	184,698	813,117
Interest expense		-31,753	-23,303	-106,133
Net interest income		193,922	161,395	706,984
Fee and commission income		22,802	17,328	72,561
Fee and commission expense		-3,487	-3,236	-10,493
Net fee and commission income		19,315	14,092	62,068
Net results from financial transactions		84	482	-188
Total operating income		213,321	175,969	768,864
Operating expenses				
General administrative expenses		-70,213	-59,601	-254,864
Depreciation and amortisation of tangible and intangible assets		-5,524	-4,105	-18,128
Other operating expenses		-4,734	-3,102	-17,883
Total operating expenses		-80,471	-66,808	-290,875
Profit before loan losses		132,850	109,161	477,989
Net loan losses	2	-89,696	-43,536	-188,634
Operating profit		43,154	65,625	289,355
Income tax expense		-8,941	-15,111	-67,429
Net profit for the period		34,213	50,514	221,926
<i>Attributable to:</i>				
<i>Shareholders of the Parent Company</i>		<i>32,389</i>	<i>49,043</i>	<i>215,160</i>
<i>Additional tier 1 capital holders</i>		<i>1,824</i>	<i>1,471</i>	<i>6,766</i>
<i>Basic earnings per share (SEK)</i>		<i>1.51</i>	<i>2.28</i>	<i>10.01</i>
<i>Diluted earnings per share (SEK)</i>		<i>1.51</i>	<i>2.28</i>	<i>10.01</i>

STATEMENT OF COMPREHENSIVE INCOME, CONSOLIDATED

SEK thousand	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net profit for the period	34,213	50,514	221,926
Other comprehensive income			
Items that may subsequently be reclassified to the income statement			
Gross exchange rate differences	28	198	1,174
Tax on exchange rate differences in the period	-	3,315	1,668
Other comprehensive income, net of tax	28	3,513	2,842
Total comprehensive income for the period	34,241	54,027	224,768
<i>Attributable to:</i>			
<i>Shareholders of the Parent Company</i>	<i>32,417</i>	<i>52,556</i>	<i>218,002</i>
<i>Additional tier 1 capital holders</i>	<i>1,824</i>	<i>1,471</i>	<i>6,766</i>

STATEMENT OF FINANCIAL POSITION, CONSOLIDATED

SEK thousand	Note	31 Mar 2020	31 Dec 2019
	2, 4, 5		
ASSETS			
Cash and balances with central banks		967,328	390,332
Treasury bills eligible for refinancing		100,056	60,051
Loans to credit institutions		762,200	1,362,459
Loans to the public	6	6,989,834	6,495,780
Shares		20,064	22,061
Goodwill		12,753	12,753
Intangible assets		61,220	56,163
Tangible assets		19,495	21,022
Other assets		24,953	18,998
Current tax assets		22,607	10,528
Deferred tax assets		3,943	2,943
Prepaid expenses and accrued income		14,509	15,158
TOTAL ASSETS		8,998,962	8,468,248
LIABILITIES AND EQUITY			
Liabilities			
Deposits and borrowings from the public	7	7,663,559	7,197,075
Other liabilities		102,045	75,440
Current tax liabilities		21,438	25,442
Deferred tax liabilities		20	143
Accrued expenses and prepaid income		86,547	77,497
Subordinated liabilities		197,861	197,583
Total liabilities		8,071,470	7,573,180
Equity			
Share capital		107,500	107,500
Other contributed capital		2,786	2,786
Net investment hedges		-2,161	-2,161
Foreign currency reserve		5,492	5,464
Retained earnings and net profit for the period		713,875	681,479
Total equity attributable to the shareholders of the Parent Company		827,492	795,068
Tier 1 capital instrument		100,000	100,000
Total equity attributable to the owners of the Parent Company		927,492	895,068
TOTAL LIABILITIES AND EQUITY		8,998,962	8,468,248

STATEMENT OF CHANGES IN EQUITY, CONSOLIDATED

SEK thousand	Share capital ¹	Other contributed capital	Net investment hedges	Foreign currency reserve	Retained earnings and net profit for the period	Tier 1 capital instrument	Total equity
Equity as at 1 Jan 2019	107,500	3,536	2,781	-2,320	515,151	100,000	726,648
Net profit for the period	-	-	-	-	221,926	-	221,926
Gross exchange rate differences	-	-	-6,610	7,784	-	-	1,174
Tax on exchange rate differences in the period	-	-	1,668	-	-	-	1,668
Total comprehensive income for the period, net of tax	-	-	-4,942	7,784	221,926	-	224,768
Dividend to shareholders	-	-	-	-	-49,450	-	-49,450
Transaction costs, issue of Tier 1 capital	-	-	-	-	-110	-	-110
Interest on Tier 1 capital	-	-	-	-	-6,766	-	-6,766
Share-based compensation	-	-750	-	-	750	-	-
Other	-	-	-	-	-22	-	-22
Equity as at 31 Dec 2019	107,500	2,786	-2,161	5,464	681,479	100,000	895,068
Equity as at 1 Jan 2020	107,500	2,786	-2,161	5,464	681,479	100,000	895,068
Net profit for the period	-	-	-	-	34,213	-	34,213
Gross exchange rate differences	-	-	-	28	-	-	28
Total comprehensive income for the period, net of tax	-	-	-	28	34,213	-	34,241
Interest on Tier 1 capital	-	-	-	-	-1,824	-	-1,824
Other	-	-	-	-	7	-	7
Equity as at 31 Mar 2020	107,500	2,786	-2,161	5,492	713,875	100,000	927,492

¹ Share capital comprises of 21 500 000 shares of SEK 5 each.

CASH FLOW STATEMENT, CONSOLIDATED

SEK thousand	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Operating activities			
Operating profit	43,154	65,625	289,355
<i>Adjustment for items not included in cash flow</i>			
Depreciation and amortisation of tangible and intangible assets	5,524	4,105	18,128
Accrued interest income and expense	-4,276	-16,398	-11,217
Other non-cash items	312	-8,807	-14,173
Paid income tax	-25,023	-17,473	-43,027
	19,691	27,052	239,066
Increase/decrease in loans to the public	-494,054	-640,515	-2,046,555
Increase/decrease in other short-term receivables	-55,185	25,931	22,448
Increase/decrease in deposits and borrowings from the public	466,484	716,775	2,100,612
Increase/decrease in other short-term liabilities	39,185	16,806	26,068
Cash flow from operating activities	-23,879	146,049	341,639
Investing activities			
Investments in tangible assets	-318	-557	-1,263
Investments in intangible assets	-8,736	-9,340	-30,137
Cash flow from investing activities	-9,054	-9,897	-31,400
Financing activities			
Issue of Tier 2 capital	-	-	100,000
Issue of Tier 1 capital	-	-	-110
Interest on Tier 1 capital	-1,824	-1,471	-6,766
Dividends paid to shareholders	-	-	-49,450
Cash flow from financing activities	-1,824	-1,471	43,674
Cash flow for the period	-34,757	134,681	353,913
Cash and cash equivalents at the beginning of period	1,812,842	1,444,591	1,444,591
Exchange rate difference in cash and cash equivalents	51,499	9,159	14,338
Cash and cash equivalents at the end of period	1,829,584	1,588,431	1,812,842
<i>Cash flow from operating activities includes interest expenses paid and interest payments received</i>			
Interest expenses paid	35,406	37,889	109,860
Interest payments received	195,664	159,066	710,958
Components of cash and cash equivalents			
Cash and balances with central banks	967,328	482,815	390,332
Treasury bills eligible for refinancing	100,056	60,132	60,051
Loans to credit institutions	762,200	1,045,484	1,362,459
Total cash and cash equivalents	1,829,584	1,588,431	1,812,842

NOTES

NOTE 1 General information

OWNERSHIP OF TF BANK AB AS AT 31 MARCH 2020 (ACCORDING TO THE SHAREHOLDERS' REGISTER)

Shareholder	%
TFB Holding AB	33.60
Tiberon AB	14.79
Erik Selin Fastigheter AB	12.60
Merizole Holding Ltd	7.01
Proventus Aktiebolag	5.06
Pension, Futur	4.63
Nordnet Pensionsförsäkring AB	2.76
Skandia fonder	1.28
Carnegie fonder	1.20
Pareto Nordic Return	1.04
Other shareholders	16.03
Total	100.00

In the beginning of 2020, mergers between TF Bank AB and its wholly owned subsidiaries Avarda AB, Avarda Oy and BB Bank ASA. Avarda Oy's operations are conducted through the branch in Finland and BB Bank ASA's operations are conducted through a newly established branch in Norway.

The term "Group" refers to TF Bank AB together with its branches and subsidiaries:

Parent Company

- TF Bank AB (556158-1041)

Branches

- TF Bank AB, branch Finland (2594352-3)
- TF Bank AB, branch Poland (PL9571076774)
- TF Bank AB, branch Estonia (14304235)
- BB - TF Bank Norge NUF (923 194 592)

Subsidiaries

- TFB Service SIA (40203015782) 100%
- TFB Service UAB (304785170) 100%
- TFB Service GmbH (HRB 208869 B) 100%

NOTE 2 Credit risk

Financial risks

The Group's activities are exposed to a variety of financial risks: market risk (considerable currency and interest rate risk in the cash flow), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial results. TF Bank uses derivative instruments to hedge foreign currency exposure and applies hedge accounting for some net investments in its foreign operations.

The Board of Directors establishes written policies and guidelines. Compliance with the governing documents as well as the level of credit risk in the Group are measured and reported to the Group's management and Board of Directors on an ongoing basis.

Credit risk is the risk that a counterparty causes the Group a financial loss by not fulfilling its contractual obligations. Credit risk arises primarily through lending to the public but also through cash and cash equivalents and derivatives with a positive value. Credit risk is the most significant risk in the Group and is monitored closely by the relevant functions and by the Board of Directors, which has the ultimate responsibility for managing credit risk. The Board of Directors has issued a credit policy which establishes the framework for the Group's lending activities. A credit committee monitors the development of the level of credit risk in the loan portfolios on a continuous basis. It makes decisions on, and implements, changes to the Group's lending within the framework of the established credit policy and also proposes amendments to the policy to the Board of Directors. A report on performance is provided at every Board meeting.

Before a loan is issued, a risk assessment is done of the customer's creditworthiness, taking into account the customer's financial position, past history and other factors. Individual risk limits are defined based on internal and/or external credit assessments in accordance with the limits set by the Board of Directors. The Group's use of credit limits for loans to the public is strictly limited and is regularly monitored. The Group cannot enter into credit agreements with legal entities without the approval of the Board of Directors. By setting limits for the maximum exposure to each counterparty, the Board of Directors limits the credit risk relating to cash and cash equivalents.

The Group's credit approval process maintains high standards regarding ethics, quality and control. Despite credit risk being the largest risk exposure for the Group, the provision for credit losses is small in proportion to the outstanding loan volume (see Note 6). The reason

Note 2 cont.

for this is that the Group regularly sells past due loans to debt collection agencies in markets where the Board of Directors considers the price level to be favourable for the Group's performance and risk profile. This is currently the case for most markets. As a result, the Group continuously realises expected credit losses through the sale of past due loans. The remaining portfolio has a limited number of non-performing loans (stage 3) and consequently a relatively low level of provisions.

The objective of the Group's process for monitoring past due payments and unsettled receivables is to minimise credit losses by detecting payment issues early and implementing rapid intervention where needed. The monitoring is supported by a separate "pre-collection" system for past due payments involving automatic monitoring and reminders when payments are past due.

The Group's loans to the public consist primarily of unsecured consumer loans. As a result, the Group does not list credit risk exposures in a separate table, as there are limited assets pledged as security.

The handling of applications from new customers is based primarily on information provided by the customer, information about customers in similar sociodemographic groups and other variables about the individual customer retrieved from external sources. How the specified information is used and weighted in the model is determined from a risk perspective through in-depth analysis of the individual customer and the Group's existing customer base. In order to make a risk assessment that is as precise, cost-effective and accurate as possible, the Group can use both internal ratings and ratings from external suppliers. Both models are performed independently, but both can be used in the Group's credit policy. The complete model is only used for new customers; existing customers have payment history and similar updated variables that have been proven to be a good source of credit assessment.

The credit quality of other fully performing financial assets in accordance with Standard & Poor's local short-term rating is shown below:

Group SEK thousand	31 Mar 2020	31 Dec 2019
Cash and balances with central banks		
AAA	171,895	152,219
AA+	743,086	188,584
AA-	39,338	37,033
A-	13,009	12,496
Treasury bills eligible for refinancing		
AAA	100,056	60,051
Loans to credit institutions		
A-1+	514,310	619,124
A-1	189,394	693,471
A-2	43,642	40,328
Unrated	14,854	9,536
Other assets		
A-1+	10,252	3,520
A-1	20,064	21,796
Unrated	13,908	14,839
Total	1,873,808	1,852,997

Other assets include derivatives with a positive value and level 1 liquid asset consisting of investment in the DNB Global Treasury Fund.

Note 2 cont.

Impairment of financial assets

The Group has a model for calculating loan loss provisions based on expected loan losses. Financial assets that are subject to impairment losses are divided into three categories based on the risk of default. The first category includes assets where no significant increase in credit risk has occurred at the reporting date, in the other, a significant increase in credit risk has occurred, i.e. the loan is 30 days past due or more, and in the third category there is objective evidence of impairment, i.e. the loan is more than 90 days past due. For assets in the first category, write-downs are based on expected losses over the next 12 months, while for category two and three, expected losses are reported over the entire lifetime of the asset. Expected loan losses are calculated based on historical data of default for each period.

The provisions are calculated by multiplying the exposure at default with the probability of default and the loss given default. TF Bank's model for calculating provisions is based on historical probability of default in each market. The model is supplemented by the company's assumptions about the future based on the current loan portfolio and adjustments due to the expected macroeconomic scenario. The value of the estimated provisions is discounted at the original borrowing rate.

The provision for non-performing loans (stage 3) is made with the difference between the asset's carrying amount and the present value of future cash flows, discounted by the original borrowing rate. The expected future cash flow is based on calculations that take into account historical repayment rates applied to each generation of non-performing loans.

Loans sold are written off against the reserve for losses and the difference between the current value of the asset and the present value is reported as a recognized loan loss. Non-performing loans (stage 3) are reported as reported loan losses when a loss event has been identified. Amounts received from previously identified loan losses are recognized in the income statement.

NET LOAN LOSSES

Group SEK thousand	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Change in provision for sold past due loans	-31,099	-24,032	-113,159
Realised loan losses	-11,754	-10,297	-48,648
Recovered from previous realised loan losses	60	1,450	6,949
Change in provision for expected loan losses, stage 1-3 ¹	-46,903	-10,658	-33,776
Net loan losses	-89,696	-43,536	-188,634

Loan losses are attributable to Loans to the public and classified as amortised cost.

¹ Including net change from a review of provisions in the portfolio with loans past due 90 days or more within the segment Consumer Lending during the fourth quarter of 2019.

NOTE 3 Operating segments

The CEO has ultimate responsibility for the decisions taken by the Group. Management has defined the operating segments based on the information determined by the CEO and used as a basis for decisions on the allocation of resources and evaluation of results. Management evaluates the operating segments' performance based on operating profit.

CONSUMER LENDING

Income statement, SEK thousand	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net interest income	151,427	128,238	562,723
Net fee and commission income	8,445	6,378	29,506
Net results from financial transactions	66	376	-145
Total operating income	159,938	134,992	592,084
General administrative expenses	-39,445	-36,040	-151,979
Depreciation and amortisation of tangible and intangible assets	-2,946	-2,264	-10,315
Other operating expenses	-2,880	-2,692	-14,375
Total operating expenses	-45,271	-40,996	-176,669
Profit before loan losses	114,667	93,996	415,415
Net loan losses	-72,109	-39,101	-152,393
Operating profit	42,558	54,895	263,022

Balance sheet, SEK thousand	31 Mar 2020	31 Dec 2019
Loans to the public		
Household sector	5,499,384	5,144,824
Total loans to the public	5,499,384	5,144,824
Household sector		
Stage 1, net	5,194,879	4,851,249
Stage 2, net	180,492	192,081
Stage 3, net ¹	124,013	101,494
Total household sector	5,499,384	5,144,824

Key figures ²	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Operating income margin, %	12.8	15.1	13.4
Net loan loss ratio, %	3.8	3.8	3.5
Cost/Income ratio, %	28.3	30.4	29.8
New lending, SEK thousand	1,134,974	973,634	3,940,581

¹ The group continuously sells a majority of past due loans before they reach stage 3.

² See separate section with definitions, page 43.

Note 3 cont.

ECOMMERCE SOLUTIONS

Income statement, SEK thousand	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net interest income	31,428	27,929	114,846
Net fee and commission income	11,267	8,127	32,587
Net results from financial transactions	14	85	-34
Total operating income	42,709	36,141	147,399
General administrative expenses	-21,260	-20,699	-85,956
Depreciation and amortisation of tangible and intangible assets	-2,268	-1,631	-6,765
Other operating expenses	-193	15	-297
Total operating expenses	-23,721	-22,315	-93,018
Profit before loan losses	18,988	13,826	54,381
Net loan losses	-8,664	-3,041	-21,223
Operating profit	10,324	10,785	33,158

Balance sheet, SEK thousand	31 Mar 2020	31 Dec 2019
Loans to the public		
Household sector	1,115,245	1,039,342
Corporate sector ¹	19,506	18,780
Total loans to the public	1,134,751	1,058,122
Household sector		
Stage 1, net	1,050,258	956,843
Stage 2, net	59,622	75,954
Stage 3, net ²	5,365	6,545
Total household sector	1,115,245	1,039,342

Key figures ³	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Operating income margin, %	14.9	18.4	15.2
Net loan loss ratio, %	2.6	3.5	2.2
Cost/Income ratio, %	55.5	61.7	63.1
New lending, SEK thousand	454,246	386,786	1,710,353

¹ Lending to the corporate sector consists of a loan in stage 1 to one of the segments foreign partners.

² The group continuously sells a majority of past due loans before they reach stage 3.

³ See separate section with definitions, page 43.

Note 3 cont.

CREDIT CARDS

Income statement, SEK thousand	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net interest income	11,067	5,228	29,415
Net fee and commission income	-397	-413	-25
Net results from financial transactions	4	21	-9
Total operating income	10,674	4,836	29,381
General administrative expenses	-9,508	-2,862	-16,929
Depreciation and amortisation of tangible and intangible assets	-310	-210	-1,048
Other operating expenses	-1,661	-425	-3,211
Total operating expenses	-11,479	-3,497	-21,188
Profit before loan losses	-805	1,339	8,193
Net loan losses	-8,923	-1,394	-15,018
Operating profit	-9,728	-55	-6,825

Balance sheet, SEK thousand	31 Mar 2020	31 Dec 2019
Loans to the public		
Household sector	355,699	292,834
Total loans to the public	355,699	292,834
Household sector		
Stage 1, net	330,865	271,004
Stage 2, net	16,302	15,281
Stage 3, net ¹	8,532	6,549
Total household sector	355,699	292,834

Key figures ²	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Operating income margin, %	14.3	12.9	14.1
Net loan loss ratio, %	9.2	3.0	7.2
Cost/Income ratio, %	107.5	72.3	72.1
New lending, SEK thousand	164,243	57,751	386,368

¹ The group continuously sells a majority of past due loans before they reach stage 3.

² See separate section with definitions, page 43.

Note 3 cont.

GROUP INFORMATION

Income statement, SEK thousand	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Operating income			
Consumer Lending	159,938	134,992	592,084
Ecommerce Solutions	42,709	36,141	147,399
Credit Cards	10,674	4,836	29,381
Total operating income	213,321	175,969	768,864
Operating profit			
Consumer Lending	42,558	54,895	263,022
Ecommerce Solutions	10,324	10,785	33,158
Credit Cards	-9,728	-55	-6,825
Total operating profit	43,154	65,625	289,355

Balance sheet, SEK thousand	31 Mar 2020	31 Dec 2019
Loans to the public		
Consumer Lending	5,499,384	5,144,824
Ecommerce Solutions	1,134,751	1,058,122
Credit Cards	355,699	292,834
Total loans to the public	6,989,834	6,495,780

NOTE 4 Classification of financial assets and liabilities

Group 31 Mar 2020 SEK thousand	Financial instru- ments at fair value through profit or loss	Fair value through other com- prehensive income	Amortised cost	Derivatives used for hedge accounting	Non- financial assets and liabilities	Total
	Compulsory					
Assets						
Cash and balances with central banks	-	-	967,328	-	-	967,328
Treasury bills eligible for refinancing	-	100,056	-	-	-	100,056
Loans to credit institutions	-	-	762,200	-	-	762,200
Loans to the public	-	-	6,989,834	-	-	6,989,834
Shares	20,064	-	-	-	-	20,064
Goodwill	-	-	-	-	12,753	12,753
Intangible assets	-	-	-	-	61,220	61,220
Tangible assets	-	-	-	-	19,495	19,495
Current tax assets	-	-	-	-	22,607	22,607
Deferred tax assets	-	-	-	-	3,943	3,943
Prepaid expenses and accrued income	-	-	-	-	14,509	14,509
Derivatives	10,252	-	-	-	-	10,252
Other assets	-	-	-	-	14,701	14,701
Total assets	30,316	100,056	8,719,362	-	149,228	8,998,962
Liabilities						
Deposits and borrowings from the public	-	-	7,663,559	-	-	7,663,559
Current tax liabilities	-	-	-	-	21,438	21,438
Deferred tax liabilities	-	-	-	-	20	20
Accrued expenses and prepaid income	-	-	-	-	86,547	86,547
Subordinated liabilities	-	-	197,861	-	-	197,861
Derivatives	21,860	-	-	-	-	21,860
Other liabilities	-	-	-	-	80,185	80,185
Total liabilities	21,860	-	7,861,420	-	188,190	8,071,470

Note 4 cont.

Group 31 Dec 2019 SEK thousand	Financial instru- ments at fair value through profit or loss	Fair value through other com- prehensive income	Amortised cost	Derivatives used for hedge accounting	Non- financial assets and liabilities	Total
	Compulsory					
Assets						
Cash and balances with central banks	-	-	390,332	-	-	390,332
Treasury bills eligible for refinancing	-	60,051	-	-	-	60,051
Loans to credit institutions	-	-	1,362,459	-	-	1,362,459
Loans to the public	-	-	6,495,780	-	-	6,495,780
Shares	22,061	-	-	-	-	22,061
Goodwill	-	-	-	-	12,753	12,753
Intangible assets	-	-	-	-	56,163	56,163
Tangible assets	-	-	-	-	21,022	21,022
Current tax assets	-	-	-	-	10,528	10,528
Deferred tax assets	-	-	-	-	2,943	2,943
Prepaid expenses and accrued income	-	-	-	-	15,158	15,158
Derivatives	3,520	-	-	-	-	3,520
Other assets	-	-	-	-	15,478	15,478
Total assets	25,581	60,051	8,248,571	-	134,045	8,468,248
Liabilities						
Deposits and borrowings from the public	-	-	7,197,075	-	-	7,197,075
Current tax liabilities	-	-	-	-	25,442	25,442
Deferred tax liabilities	-	-	-	-	143	143
Accrued expenses and prepaid income	-	-	-	-	77,497	77,497
Subordinated liabilities	-	-	197,583	-	-	197,583
Derivatives	447	-	-	2,520	-	2,967
Other liabilities	-	-	-	-	72,473	72,473
Total liabilities	447	-	7,394,658	2,520	175,555	7,573,180

NOTE 5 Financial assets and liabilities measured at fair value

Fair value

For financial instruments measured at fair value in the balance sheet, disclosures are required on fair value measurement by level according to the fair value hierarchy below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Other observable inputs for assets or liabilities are quoted market prices included in Level 1, either directly, i.e. in the form of quoted prices, or indirectly, i.e. derived from quoted prices (Level 2).
- Data for assets or liabilities which are not based on observable market data (non-observable inputs) (Level 3).

The Group also provides information regarding the fair value of certain assets for information purposes.

Group, 31 Mar 2020 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	100,056	-	-	100,056
Shares	19,824	240	-	20,064
Derivatives	-	10,252	-	10,252
Total assets	119,880	10,492	-	130,372
Liabilities				
Subordinated liabilities	197,861	-	-	197,861
Derivatives	-	21,860	-	21,860
Total liabilities	197,861	21,860	-	219,721

Group, 31 Dec 2019 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	60,051	-	-	60,051
Shares	21,796	265	-	22,061
Derivatives	-	3,520	-	3,520
Total assets	81,847	3,785	-	85,632
Liabilities				
Subordinated liabilities	197,583	-	-	197,583
Derivatives	-	2,967	-	2,967
Total liabilities	197,583	2,967	-	200,550

Financial instruments in Level 2

The fair value of financial instruments not traded in an active market (e.g. OTC derivatives) is determined using various valuation techniques. These valuation techniques use observable market data where available and rely as little as possible on entity-specific information.

An instrument is classified as Level 2 if all significant inputs required for fair value measurement of an instrument are observable.

An instrument is classified as Level 3 in cases where one or more of the significant inputs are not based on observable market data.

Specific valuation techniques used to measure financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Fair value of currency swap contracts is determined using exchange rates at the balance sheet date.

For loans to the public the fair value is based on discounted cash flows using an interest rate based on the market rate at the balance sheet date, which was 15.66 % as at 31 March 2020 and 16.09 % as at 31 December 2019.

Note 5 cont.

Group 31 Mar 2020 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	967,328	967,328	-
Treasury bills eligible for refinancing	100,056	100,056	-
Loans to credit institutions	762,200	762,200	-
Loans to the public	6,989,834	6,989,834	-
Shares	20,064	20,064	-
Derivatives	10,252	10,252	-
Total assets	8,849,734	8,849,734	-
Liabilities			
Deposits from the public	7,663,559	7,663,559	-
Subordinated liabilities	197,861	197,861	-
Derivatives	21,860	21,860	-
Total liabilities	7,883,280	7,883,280	-

Group 31 Dec 2019 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	390,332	390,332	-
Treasury bills eligible for refinancing	60,051	60,051	-
Loans to credit institutions	1,362,459	1,362,459	-
Loans to the public	6,495,780	6,495,780	-
Shares	22,061	22,061	-
Derivatives	3,520	3,520	-
Total assets	8,334,203	8,334,203	-
Liabilities			
Deposits from the public	7,197,075	7,197,075	-
Subordinated liabilities	197,583	197,583	-
Derivatives	2,967	2,967	-
Total liabilities	7,397,625	7,397,625	-

NOTE 6 Loans to the public

Group SEK thousand	31 Mar 2020	31 Dec 2019
Loans to the household sector	6,970,328	6,477,000
Loans to the corporate sector ¹	19,506	18,780
Total loans to the public	6,989,834	6,495,780
Loans to the household sector, gross		
Stage 1, gross	6,696,804	6,167,888
Stage 2, gross	292,203	311,638
Stage 3, gross ²	289,397	223,773
Total loans to the household sector, gross	7,278,404	6,703,299
Provisions for expected loan losses, household sector		
Stage 1	-120,802	-88,792
Stage 2	-35,787	-28,322
Stage 3 ²	-151,487	-109,185
Total provisions for expected loan losses, household sector	-308,076	-226,299
Loans to the household sector, net		
Stage 1, net	6,576,002	6,079,096
Stage 2, net	256,416	283,316
Stage 3, net ²	137,910	114,588
Total loans to the household sector, net	6,970,328	6,477,000
<i>Geographic distribution of net loans</i>		
Norway	2,162,066	2,140,257
Finland	1,895,726	1,671,639
Estonia	838,550	783,695
Sweden	691,874	709,750
Latvia	592,957	503,732
Poland	460,329	433,828
Germany	198,167	124,940
Lithuania	90,688	70,106
Denmark	41,514	40,813
Austria	17,963	17,020
Total loans, net book value	6,989,834	6,495,780

CHANGE IN PROVISION FOR NET LOAN LOSSES

Group SEK thousand	31 Mar 2020	31 Dec 2019
Opening balance	-226,299	-143,009
Change in provision for sold loans	-31,099	-113,159
Reversal of provision for sold loans	31,099	113,159
Change in provision for expected loan losses in stage 1	-28,422	-18,517
Change in provision for expected loan losses in stage 2	-8,383	-8,691
Change in provision for expected loan losses in stage 3	-37,934	-54,375
Exchange rate differences	-7,038	-1,707
Closing balance	-308,076	-226,299

¹ Lending to the corporate sector consists of a loan in stage 1 to one of the segments foreign partners in Ecommerce Solutions.

² The group continuously sells a majority of past due loans before they reach stage 3.

NOTE 7 Deposits and borrowings from the public

Group SEK thousand	31 Mar 2020	31 Dec 2019
Germany	4,007,525	3,288,116
Norway	2,150,735	2,245,601
Sweden	1,086,152	1,221,550
Finland	419,147	441,808
Total deposits and borrowings from the public	7,663,559	7,197,075

Deposits from the public only occur in the household sector. Deposits in Sweden, Norway and Germany are payable on demand and on maturity. Deposits in Finland are payable on demand. Deposits with maturity amounts to 26 % (23) of total deposits from the public.

CHANGES IN DEPOSITS AND BORROWINGS FROM THE PUBLIC

Group SEK thousand	31 Mar 2020	31 Dec 2019
Opening balance	7,197,075	5,096,463
Change	427,819	1,973,123
Exchange rate differences	38,665	127,489
Closing balance	7,663,559	7,197,075

NOTE 8 Capital adequacy analysis

TF Bank has simplified the group structure by merging TF Bank with its wholly owned subsidiaries BB Bank ASA, Avarða AB and Avarða Oy. This means that the bank no longer has a consolidated situation in accordance with capital adequacy regulatory framework. This simplified capital adequacy analysis for the Group is prepared solely for comparability between periods.

THE GROUP'S CAPITAL SITUATION

Group SEK thousand	31 Mar 2020	31 Dec 2019
Common Equity Tier 1 capital (CET1)	821,767	793,733
Additional Tier 1 capital (AT1)	100,000	100,000
Tier 2 capital	197,861	197,583
Own funds ¹	1,119,628	1,091,316
Risk exposure amount	6,557,759	6,266,037
- of which: credit risk	5,599,473	5,309,328
- of which: credit valuation adjustment	4,249	2,672
- of which: market risk	-	-
- of which: operational risk	954,037	954,037
Capital ratios		
CET1 capital ratio, %	12.5	12.7
Tier 1 capital ratio, %	14.1	14.3
Total capital ratio, %	17.1	17.4

¹ After any regulatory adjustments.

Note 8 cont.

THE GROUP'S CAPITAL REQUIREMENTS

Group SEK thousand	31 Mar 2020		31 Dec 2019	
	Amount	Percent ¹	Amount	Percent ¹
Capital requirement				
CET1 capital requirement	295,099	4.5	281,972	4.5
Tier 1 capital requirement	393,466	6.0	375,962	6.0
Total capital requirement	524,621	8.0	501,283	8.0
Institution-specific buffer requirement				
Total buffer requirement	184,273	2.8	230,590	3.7
- of which, capital conservation buffer requirement	163,944	2.5	156,651	2.5
- of which, countercyclical buffer requirement	20,329	0.3	73,939	1.2
Total CET1 capital requirement including buffer requirement				
CET1 capital requirement including buffer requirement	479,372	7.3	512,562	8.2
CET1 capital available to use as buffer	526,668	8.0	511,761	8.2
Additional capital requirement under Pillar 2				
CET1 capital	42,344	0.6	38,287	0.6
Tier 1 capital	51,418	0.8	46,492	0.7
Total capital	63,516	1.0	57,431	0.9
- of which, concentration risk	62,918	1.0	55,548	0.9
- of which, currency risk	598	0.0	1,883	0.0
Total capital requirement (including Pillar 2)				
CET1 capital	521,716	7.9	550,849	8.8
Tier 1 capital	629,156	9.6	653,044	10.4
Total capital	772,410	11.8	789,304	12.6

GROUP'S OWN FUNDS

Group SEK thousand	31 Mar 2020	31 Dec 2019
CET1 capital		
Share capital	107,500	107,500
Other contributed capital	2,786	2,786
Reserves	3,332	3,303
Retained earnings including net profit for the period	713,874	681,479
Adjustments to CET1 capital:		
- Deduction of foreseeable costs and dividends ²	-6,615	-
- Transitional arrangements IFRS 9	74,863	67,581
- Intangible assets	-73,973	-68,916
Total CET1 capital	821,767	793,733
Additional Tier 1 capital		
Perpetual subordinated loan	100,000	100,000
Tier 2 capital		
Fixed term subordinated loan	197,861	197,583
Own funds	1,119,628	1,091,316

¹ Capital requirements expressed as a percentage of the risk exposure amount.

² Deduction of dividends from own funds have been made in accordance with the Board of Directors' proposal to the Annual General Meeting and the dividend policy for interim results.

Note 8 cont.

SPECIFICATION OF RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT

Group SEK thousand	31 Mar 2020		31 Dec 2019	
	Risk exposure amount	Capital requirement 8 %	Risk exposure amount	Capital requirement 8 %
Credit risk under the standardised approach				
Corporate exposures	21,120	1,690	19,097	1,528
Household exposures	5,213,789	417,103	4,823,663	385,893
Exposures secured by collateral	244	20	276	22
Exposures in default	152,912	12,233	127,657	10,213
Exposures to institutions with a short-term credit assessment	167,611	13,409	288,975	23,118
Equity exposures	240	19	264	21
Other items	43,557	3,485	49,396	3,952
Total	5,599,473	447,959	5,309,328	424,747
Credit valuation adjustment				
Standardised method	4,249	340	2,672	214
Total	4,249	340	2,672	214
Market risk¹				
Foreign exchange risk	-	-	-	-
Total	-	-	-	-
Operational risk				
Standardised approach	954,037	76,323	954,037	76,323
Total	954,037	76,323	954,037	76,323
Total risk exposure amount and total capital requirement	6,557,759	524,622	6,266,037	501,284

¹ The capital requirement for foreign exchange risk is calculated in accordance with Article 351 of Regulation (EU) 575/2013.

NOTE 9 Pledged assets, contingent liabilities and commitments

Group SEK thousand	31 Mar 2020	31 Dec 2019
Pledged assets		
Loans	-	31,737
Other assets	-	414
Total	-	32,151

The subsidiary BB Bank continuously pledged parts of its loans as collateral in 2019. The pledge was related to collateral for BB Bank's credit facility of NOK 30 million. As a result of the merger between TF Bank AB and BB Bank ASA in the beginning of 2020, the credit facility was closed and there are no longer any pledged assets in the Group.

Group SEK thousand	31 Mar 2020	31 Dec 2019
Commitments		
Unutilized credit limits	551,290	535,974
Future total minimum lease payments for non-cancellable operating leases	26,083	24,279
Total	577,373	560,253

According to the Board's assessment, TF Bank AB has no contingent liabilities.

NOTE 10 Transactions with related parties

Consortio Invest AB, corporate identity number 556925-2819, has largely the same owners as TF Bank's largest owner TFB Holding AB, corporate identity number 556705-2997. Transactions with other related parties, as shown in the table below, refer to transactions between TF Bank and the companies that are part of the Consortio Group. All transactions are priced at market.

Group SEK thousand	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
<i>The following transactions took place between companies within the Group:</i>			
General administrative expenses	-717	-248	-2,033
Total	-717	-248	-2,033
<i>The following transactions have been made with other related parties:</i>			
Interest income (transaction costs)	-12,888	-16,815	-71,212
General administrative expenses	-860	-1,122	-4,584
Total	-13,748	-17,937	-75,796
<i>Acquisition of assets and liabilities from other related parties:</i>			
Ecommerce Solutions	177,093	190,991	793,497
Total	177,093	190,991	793,497

Group SEK thousand	31 Mar 2020	31 Dec 2019
<i>Assets at the end of the period as a result of transactions with other related parties:</i>		
Other assets	1,077	100
Total	1,077	100
<i>Liabilities at the end of the period as a result of transactions with other related parties:</i>		
Other liabilities	1,792	6,565
Total	1,792	6,565

INCOME STATEMENT, PARENT COMPANY

SEK thousand	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Operating income			
Interest income	225,675	136,216	575,453
Interest expense	-31,628	-16,414	-70,111
Net interest income	194,047	119,802	505,342
Fee and commission income	22,802	9,461	36,807
Fee and commission expense	-3,487	-1,841	-5,545
Net fee and commission income	19,315	7,620	31,262
Net results from financial transactions	84	-13,590	-6,205
Total operating income	213,446	113,832	530,399
Operating expenses			
General administrative expenses	-71,743	-41,486	-177,416
Depreciation and amortisation of tangible and intangible assets	-4,281	-1,450	-7,066
Other operating expenses	-4,715	-2,621	-16,786
Total operating expenses	-80,739	-45,557	-201,268
Profit before loan losses	132,707	68,275	329,131
Net loan losses	-89,696	-37,936	-145,770
Operating profit	43,011	30,339	183,361
Appropriations	-	-	20,659
Income tax expense	-8,941	-6,822	-42,272
Net profit for the period	34,070	23,517	161,748

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

SEK thousand	Jan-Mar 2020	Jan-Mar 2019	Jan-Dec 2019
Net profit for the period	34,070	23,517	161,748
Other comprehensive income			
Items that may subsequently be reclassified to the income statement			
Exchange rate differences during the period, net of tax	-	-	-
Other comprehensive income, net of tax	-	-	-
Total comprehensive income for the period	34,070	23,517	161,748

STATEMENT OF FINANCIAL POSITION, PARENT COMPANY

SEK thousand	31 Mar 2020	31 Dec 2019
ASSETS		
Cash and balances with central banks	967,328	238,113
Treasury bills eligible for refinancing	100,056	60,051
Loans to credit institutions	761,437	1,022,247
Loans to the public	6,989,834	4,305,139
Shares	20,064	21,796
Shares in group companies	315	515,511
Goodwill	12,444	-
Intangible assets	61,220	28,156
Tangible assets	2,257	1,665
Other assets	24,782	7,429
Current tax assets	23,323	11,162
Deferred tax assets	3,943	1,548
Prepaid expenses and accrued income	14,869	12,560
TOTAL ASSETS	8,981,872	6,225,377
LIABILITIES AND EQUITY		
Liabilities		
Deposits and borrowings from the public	7,663,559	5,136,820
Other liabilities	85,071	36,497
Current tax liabilities	21,433	-
Deferred tax liabilities	20	7
Accrued expenses and prepaid income	86,023	56,700
Subordinated liabilities	197,861	197,583
Total liabilities	8,053,967	5,427,607
Equity		
Restricted equity		
Share capital	107,500	107,500
Statutory reserve	1,000	1,000
Development costs fund	58,530	27,464
Other contributed capital	2,786	2,786
Total restricted equity	169,816	138,750
Non-restricted equity		
Tier 1 capital instrument	100,000	100,000
Retained earnings	624,019	397,272
Total comprehensive income for the period	34,070	161,748
Total non-restricted equity	758,089	659,020
Total equity	927,905	797,770
TOTAL LIABILITIES AND EQUITY	8,981,872	6,225,377

NOTE 11 Capital adequacy analysis

Background

Information about the bank's capital adequacy includes information in accordance with Chapter 6, Sections 3-4 of the Swedish FSA's regulations and general guidelines (FFFS 2008:25) on annual accounts of credit institutions and securities companies and related information contained in articles 92(3)(d, f) 436(b) and 438 of Regulation (EU) No 575/2013 and Chapter 8, Section 7 of the Swedish FSA's regulations and general guidelines on regulatory requirements and capital buffers (FFFS 2014:12) and column A, Annex 6 of the Commission Implementing Regulation (EU) No 1423/2013 and in accordance with the Swedish FSA's regulations (FFFS 2019:2) on amendments for regulations and general guidelines (FFFS 2008:25). Other information required pursuant to FFFS 2014:12 and Regulation (EU) No 575/2013 is provided on the bank's website www.tfbankgroup.com.

TF Bank is the responsible institution and is under the supervision of the Swedish FSA. As a result, the company is subject to the rules governing credit institutions in Sweden. TF Bank AB was listed on the stock exchange in 2016, which means that the stock exchange rules are also applicable.

Information about own funds and capital requirements

The Parent Company's statutory capital requirements are governed by the Swedish Special Supervision of Credit Institutions and Investment Firms Act (2014:968), Regulation (EU) No 575/2013, the Act on Capital Buffers (2014:966) and the Swedish Financial Supervisory Authority's regulations and general recommendations on regulatory requirements and capital buffers (FFFS 2014:12).

The purpose of the regulations is to ensure that that Parent Company are able to manage risks and protect customers. The regulations state that own funds must cover the capital requirements including the minimum capital requirements according to Pillar 1 and applicable buffer requirements.

Reporting to the Swedish FSA is only made for the legal entity TF Bank AB after the group structure was simplified by merging TF Bank AB with its wholly owned subsidiaries BB Bank ASA, Avarda AB and Avarda Oy.

On 7 February 2020 the Swedish FSA approved TF Bank's application to include the interim profit in own funds for TF Bank AB subject to the auditor's review of the surplus, and that the surplus has been calculated in accordance with applicable accounting rules, that the foreseeable costs and dividends have been deducted in accordance with Regulation (EU) No 575/2013 and that the calculation has been made in accordance with Regulation (EU) No 241/2014. The CET1 capital complies with the requirements of Regulation (EU) No 575/2013.

IFRS 9 Transitional arrangements

The Bank has notified the Swedish Financial Supervisory Authority that the Bank, at Group and Parent Company level, applies the transitional arrangements according to Article 473a of 2017/2395/EU pursuant to paragraphs 2 and 4. Table according to "Final Report on the guidelines on uniform disclosure of IFRS 9 transitional arrangements", EBA, 12/01/2018, is included in the information published under Part 8 of 575/2013/EU and can be found on the Bank's website www.tfbankgroup.com.

Leverage ratio

The leverage ratio is a non-risk sensitive capital requirement defined in Regulation (EU) no 575/2013 (CRR). The ratio states the amount of equity in relation to total assets including items that are not recognized in the balance sheet and is calculated by the Tier 1 capital as a percentage of the total exposure measure. TF Bank's leverage ratio was 10.0 % per 31 March 2020 and 12.9% per 31 December 2019.

THE PARENT COMPANY'S CAPITAL SITUATION

Parent company SEK thousand	31 Mar 2020	31 Dec 2019
Common Equity Tier 1 capital (CET1)	822,489	729,710
Additional Tier 1 capital (AT1)	100,000	100,000
Tier 2 capital	197,861	197,583
Own funds ¹	1,120,350	1,027,293
Risk exposure amount	6,540,544	5,035,725
- of which: credit risk	5,582,258	4,120,480
- of which: credit valuation adjustment	4,249	2,363
- of which: market risk	-	178,343
- of which: operational risk	954,037	734,539
Capital ratios		
CET1 capital ratio, %	12.6	14.5
Tier 1 capital ratio, %	14.1	16.5
Total capital ratio, %	17.1	20.4

¹ After any regulatory adjustments.

Note 11 cont.

THE PARENT COMPANY'S CAPITAL REQUIREMENTS

Parent company SEK thousand	31 Mar 2020		31 Dec 2019	
	Amount	Percent ¹	Amount	Percent ¹
Capital requirement				
CET1 capital	294,324	4.5	226,608	4.5
Tier 1 capital	392,433	6.0	302,144	6.0
Total capital	523,244	8.0	402,858	8.0
Institution-specific buffer requirement				
Total buffer requirement	183,790	2.8	173,229	3.4
- of which, capital conservation buffer requirement	163,514	2.5	125,893	2.5
- of which, countercyclical buffer requirement	20,276	0.3	47,336	0.9
Total CET1 capital requirement including buffer requirement				
CET1 capital requirement including buffer requirement	478,115	7.3	399,837	7.9
CET1 capital available to use as buffer	528,165	8.1	503,102	10.0
Additional capital requirement under Pillar 2				
CET1 capital	42,177	0.6	32,742	0.7
Tier 1 capital	51,215	0.8	39,758	0.8
Total capital	63,266	1.0	49,113	1.0
- of which, concentration risk	62,724	1.0	46,795	0.9
- of which, currency risk	542	0.0	2,318	0.1
Total capital requirement (including Pillar 2)				
CET1 capital	520,292	7.9	432,579	8.6
Tier 1 capital	627,438	9.6	515,131	10.2
Total capital	770,300	11.8	625,200	12.4

THE PARENT COMPANY'S OWN FUNDS

Parent company SEK thousand	31 Mar 2020	31 Dec 2019
CET1 capital		
Share capital	107,500	107,500
Other reserves	2,786	28,464
Other contributed capital	59,530	2,786
Retained earnings including net profit for the period	658,089	559,020
Adjustments to CET1 capital:		
- Deduction of foreseeable costs and dividends ²	-6,615	-
- Transitional arrangements IFRS 9	74,863	60,096
- Intangible assets	-73,664	-28,156
Total CET1 capital	822,489	729,710
Additional Tier 1 capital		
Perpetual subordinated loan	100,000	100,000
Tier 2 capital		
Fixed term subordinated loan	197,861	197,583
Own funds	1,120,350	1,027,293

¹ Capital requirements expressed as a percentage of the risk exposure amount.

² Deduction of dividends from own funds have been made in accordance with the Board of Directors' proposal to the Annual General Meeting and the dividend policy for interim results.

Note 11 cont.

SPECIFICATION OF RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT

Parent company SEK thousand	31 Mar 2020		31 Dec 2019	
	Risk exposure amount	Capital requirement 8 %	Risk exposure amount	Capital requirement 8 %
Credit risk under the standardised approach				
Institute exposures	-	-	1,761	141
Corporate exposures	21,120	1,690	270,774	21,662
Household exposures	5,213,789	417,103	3,006,377	240,510
Exposures secured by collateral	244	20	-	-
Exposures in default	152,912	12,233	92,312	7,385
Exposures to institutions with a short-term credit assessment	167,318	13,385	217,425	17,394
Equity exposures	556	44	515,511	41,241
Other items	26,319	2,106	16,320	1,306
Total	5,582,258	446,581	4,120,480	329,639
Credit valuation adjustment				
Standardised method	4,249	340	2,363	189
Total	4,249	340	2,363	189
Market risk ¹				
Foreign exchange risk	-	-	178,343	14,267
Total	-	-	178,343	14,267
Operational risk				
Standardised approach	954,037	76,323	734,539	58,763
Total	954,037	76,323	734,539	58,763
Total risk exposure amount and total capital requirement	6,540,544	523,244	5,035,725	402,858

¹ The capital requirement for foreign exchange risk is calculated in accordance with Article 351 of Regulation (EU) 575/2013.



ASSURANCE BY THE BOARD OF DIRECTORS AND THE CEO

The interim report has not been reviewed by the company's auditor.

The Board of Directors and the CEO certify that the interim report gives a true and fair view of the operations, financial position and results of the Parent Company and the Group and describes the material risks and uncertainties that the Parent Company and the Group are exposed to.

Borås, 15 April 2020

Mari Thjømøe
Chairman

John Brehmer

Bertil Larsson

Charlotta Björnberg-Paul

Tone Bjørnov

Mattias Carlsson
President and CEO

DEFINITIONS

TF Bank uses Alternative Performance Measures that are not defined in the applicable financial reporting framework (IFRS). The Alternative Performance Measures are used to increase understanding of the bank's financial performance among users of the financial statements. Alternative Performance Measures may be calculated in different ways and do not need to be comparable with similar key ratios used by other companies. TF Bank definitions of the Alternative Performance Measures are shown below.

ADJUSTED NET PROFIT

Net profit for the period adjusted for items affecting comparability in 2018 attributable to reclassification of customer balances with inactive status that have arisen before 2018.

ADJUSTED RETURN ON EQUITY

Adjusted net profit for the period attributable to the shareholders of the parent company divided by average equity attributable to the shareholders of the parent company. Rolling 12 months.

ADJUSTED RETURN ON LOANS TO THE PUBLIC

Adjusted net profit for the year attributable to the shareholders of the parent company divided by average loans to the public. Rolling 12 months.

CET1 CAPITAL RATIO

CET1 capital as a percentage of total risk exposure amount.

COST/INCOME RATIO

Operating expenses divided by operating income.

NEW LENDING

New loans (the cash flow) in the period. For Ecommerce Solutions the volume is reduced by product returns.

EARNINGS PER SHARE

Net profit for the period attributable to the shareholders of the parent company divided by the average number of outstanding shares.

EMPLOYEES (FTE)

Average number of full-time employees, including employees on parental leave.

LEVERAGE RATIO

Tier 1 capital as a percentage of total assets including off-balance sheet items.

NET LOAN LOSS RATIO

Net loan losses divided by average loans to the public. Rolling 12 months.

OPERATING INCOME MARGIN

Total operating income divided by average loans to the public. Rolling 12 months.

RETURN ON EQUITY

Net profit for the period attributable to the shareholders of the parent company as a percentage of equity attributable to the shareholders of the parent company. Rolling 12 months.

RETURN ON LOANS TO THE PUBLIC

Net profit for the period attributable to the shareholders of the parent company divided by average loans to the public. Rolling 12 months.

TIER 1 CAPITAL RATIO

Tier 1 capital, i.e., CET1 capital and Additional Tier 1 capital, as a percentage of total risk exposure amount.

TOTAL CAPITAL RATIO

Own funds as a percentage of the total risk exposure amount.

FINANCIAL CALENDAR AND CONTACTS

FINANCIAL CALENDAR

7 May 2020	Annual General Meeting 2020
14 July 2020	Interim report January - June 2020
15 October 2020	Interim report January - September 2020
28 January 2021	Year-end report January - December 2020

This is information which TF Bank is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication on 16th April 2020 at 07:00 CET.

PRESENTATION FOR INVESTORS, ANALYSTS AND MEDIA

A live conference call will be held on 16th April at 08:15 CET, where CEO Mattias Carlsson and CFO Mikael Meomuttel will present the report and answer questions. The presentation material is written in English while the conference call will be held in Swedish. To participate, call +46 (0)8 5199 9383 or +44 (0)33 3300 9266. International investors will have an opportunity to ask questions in English during the Q&A session. A recording of the conference call, including the presentation material, will be available on the bank's website, www.tfbankgroup.com/en/section/investor-relations.

CONTACTS

Investor Relations

Mikael Meomuttel
Phone: +46 (0)70 626 9533
ir@tfbank.se

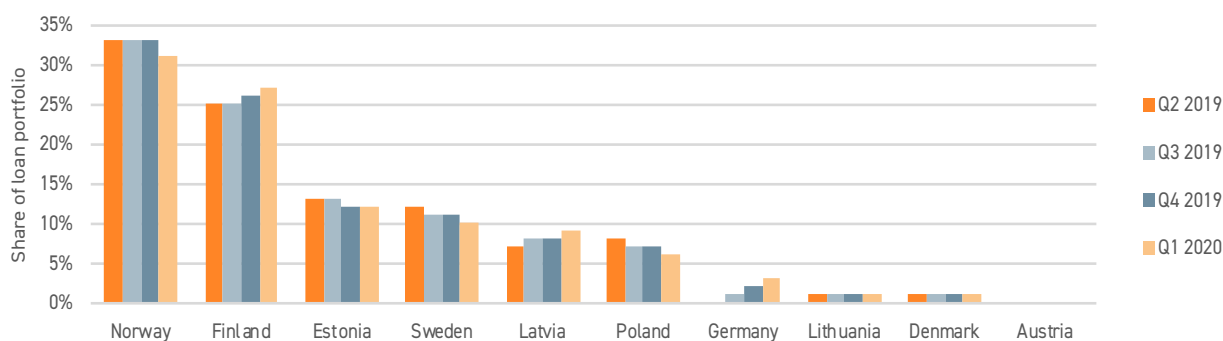
TF Bank AB (publ.)
PO Box 947, 501 10 Borås

www.tfbankgroup.com

TF BANK'S GEOGRAPHICAL PRESENCE



SHARE OF LOAN PORTFOLIO BY COUNTRY AND QUARTER





TF Bank AB (publ)
PO Box 947, 501 10 Borås, Sweden
Tel: +46 33 722 35 00
Email: ir@tfbank.se

www.tfbankgroup.com