



**1<sup>st</sup> Quarter 2020**

**RESULT PRESENTATION**

# HIGHLIGHTS JANUARY – MARCH 2020

- The coronavirus outbreak in Europe
- Additional provisioning for expected credit losses of SEK 30 million
- EPS financial target for 2020 abandoned
- Expanded segment reporting – Credit Cards
- Withdrawal of dividend proposal of 0,50 SEK



# CONSUMER LENDING

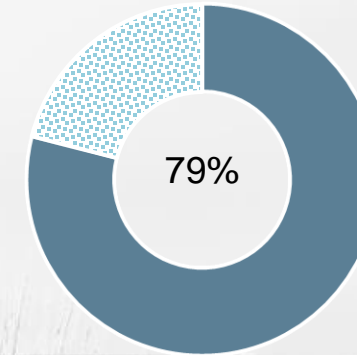
## At a glance

- Diversified portfolio with Nordic base
- Product offering tailored for each market
- Marketed through direct channels, own data base and external partners
- Tenor of loans are typically between 12 and 60 months
- Average loan size on book of SEK - 58,000
- Higher ticket size in Norway and Finland

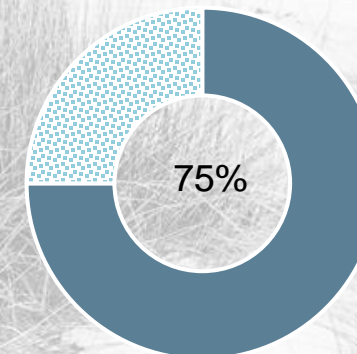
## Key figures

|           |                  |           |
|-----------|------------------|-----------|
| 5.5bn     | 7%               | 8         |
| Loan book | Loan book growth | Countries |

Share of TF Bank's loan book



Share of TF Bank's operating income





# ECOMMERCE SOLUTIONS

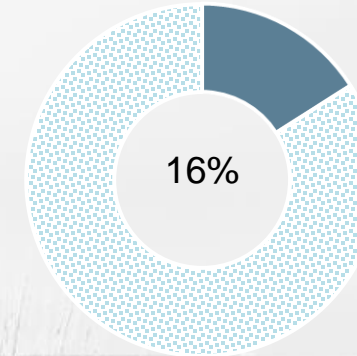
## At a glance

- Digital payment solutions offered in the Nordic region, the Baltics and Poland
- Focus on profitability
- Best-in-class white label Checkout+ triggers increased transaction volumes which amounts to SEK 719 million (465) during the first quarter
- Strong deal flow during the quarter with 32 new merchants and in total 141 active merchants by the end of the first quarter

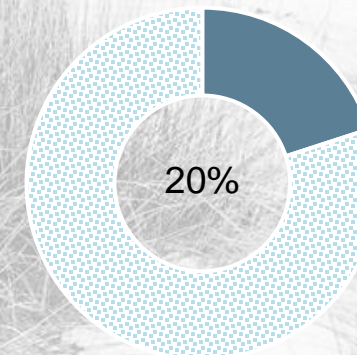
## Key figures

|           |                  |           |
|-----------|------------------|-----------|
| 1.1bn     | 7%               | 7         |
| Loan book | Loan book growth | Countries |

Share of TF Bank's loan book



Share of TF Bank's operating income



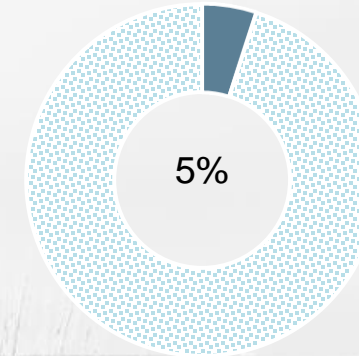
# CREDIT CARDS

- Credits cards offered to private individuals in Norway and Germany
- Operations in Norway has been within the Group since 2015
- Credit card operations started in Germany late 2018
- Setup with local organization combined with central functions (Risk, Finance, IT)
- 19.000 cards issued in Germany – average single risk exposure 1,500 EUR

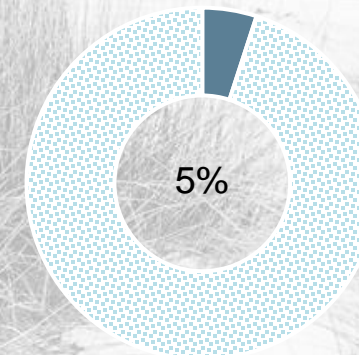
## Key figures

|           |                  |           |
|-----------|------------------|-----------|
| 0.4bn     | 21%              | 2         |
| Loan book | Loan book growth | Countries |

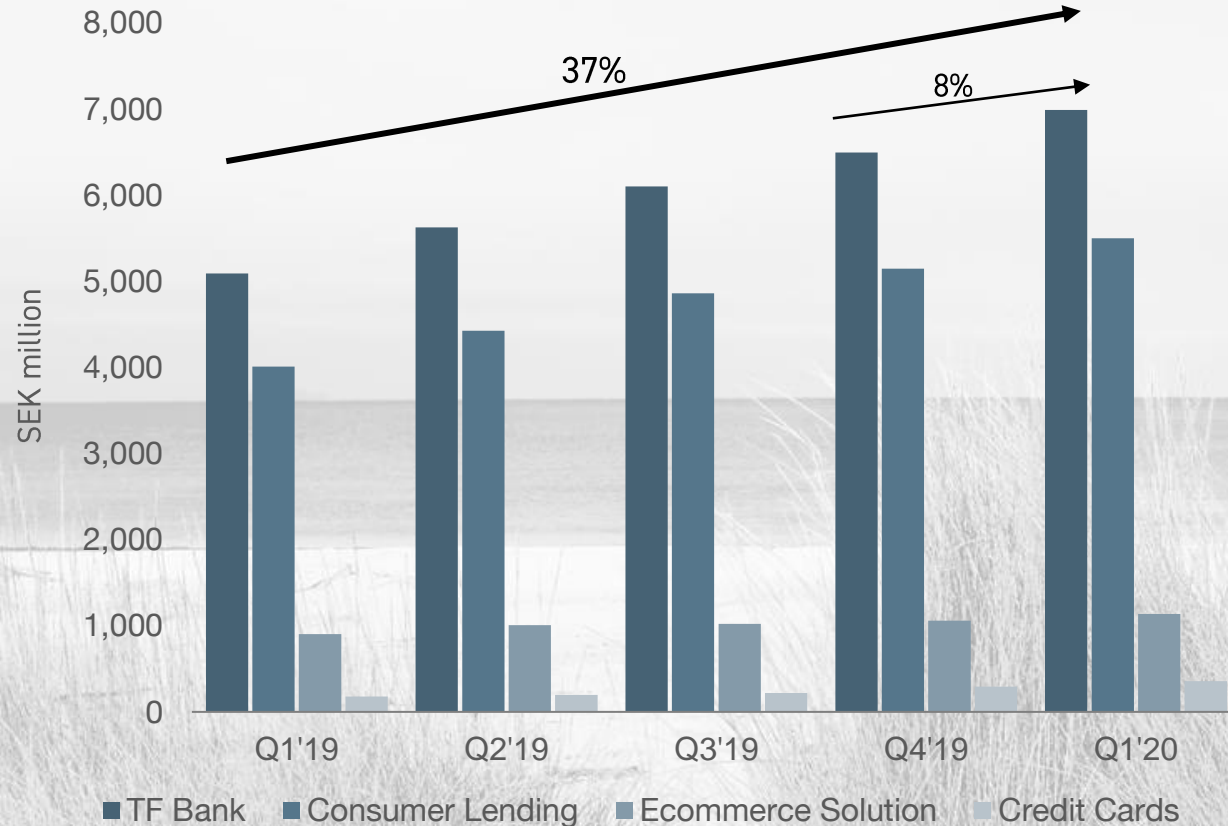
Share of TF Bank's loan book



Share of TF Bank's operating income



# LOAN BOOK GROWTH



- **TF Bank: Growth in Q1 = 8%**
  - Year-on-year 37%
- **Consumer Lending: Q1 = 7%**
  - Year-on-year 37%
- **Ecommerce Solutions: Q1 = 7%**
  - Year-on-year 26%
- **Credit Cards: Q1 = 21%**
  - Year-on-year 102%



# GROWTH AND DIVERSIFICATION

## Sweden



- Focus on profitability and e-commerce

## Norway



- Continued positive longterm outlook on the norwegian economy. Focus on growth and margins

## Finland



- New rate cap proposal of 10% until the end of the year. If implemented it will mean low origination in consumer lending

## The Baltic states



- Portfolio management and profitability focus in consumer lending. E-commerce considered a better risk

## Poland

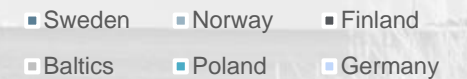


- Focus on e-commerce and profit. New rate cap will make life difficult for payday lenders. A possibility?

## Germany

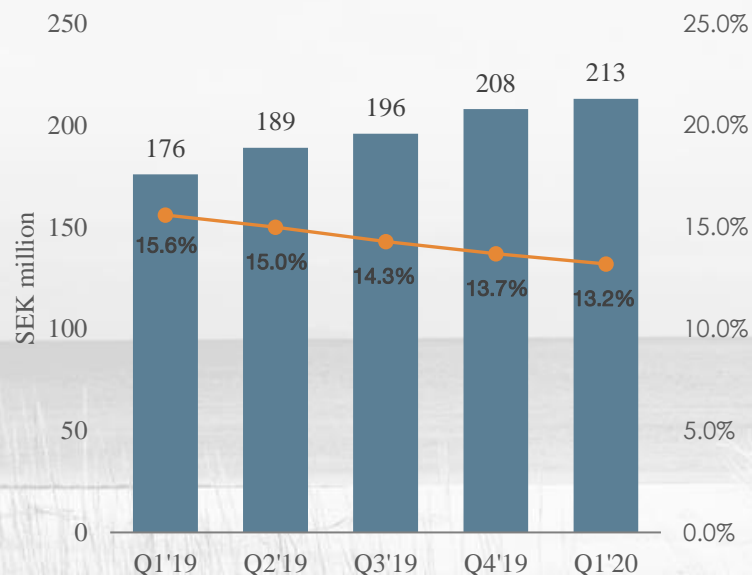


- Credit card product in high demand. Building for scale



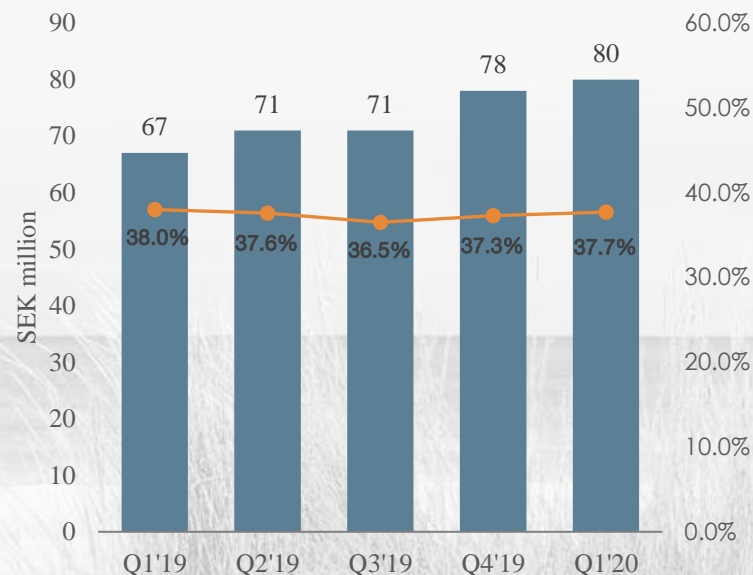
# KPI – STABLE UNDERLYING FIGURES

## Operating income



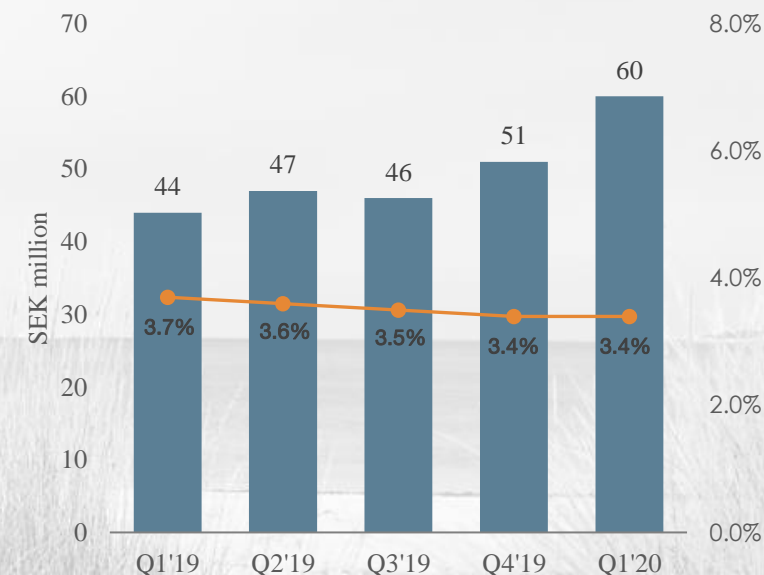
- **Income Q1-20 vs. Q1-19, +21%**
  - Higher operating income in all segments
  - Operating income margin 13,2%

## Operating expenses\*



- **Expenses Q1-20 vs. Q1-19, +20%**
  - Investments in German credit cards
  - Cost/income ratio 37,7%

## Net loan losses\*\*



- **Losses Q1-20 vs Q1-19, +37%\*\***
  - Expected credit losses (IFRS 9) due to expansion in Germany
  - Impacted by seasonal effects

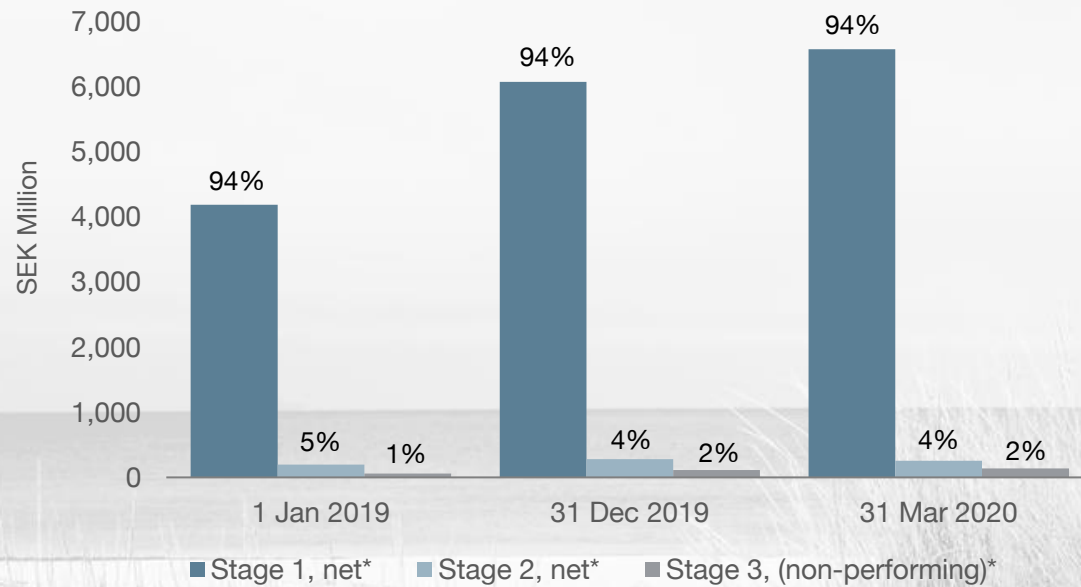
\* excluding merger costs, 4 MSEK, in Q4-2019

\*\* excluding extra provision related to macro economics of 30 MSEK, in Q1-2020



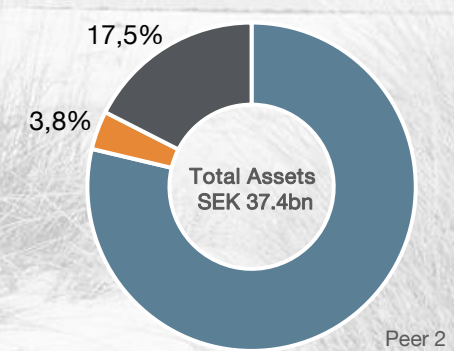
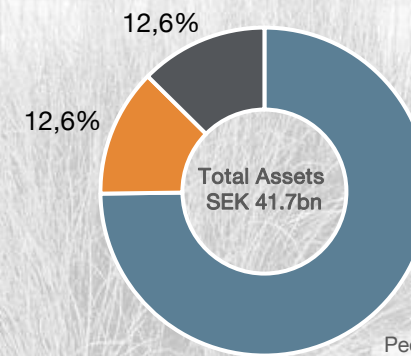
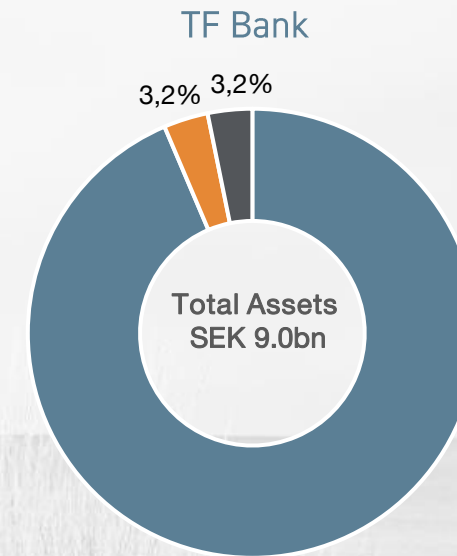
# ROBUST ASSET QUALITY

*Loans in stage 2-3 of Total assets*



- TF Bank's clean balance sheet policy
- Lower Stage 2 and Stage 3 loans vs peers
- Extra provision related to macro economics, 30 MSEK

\* Stage 1: 0-29 days past due, Stage 2: 30-90 days past due, Stage 3: > 90 days past due

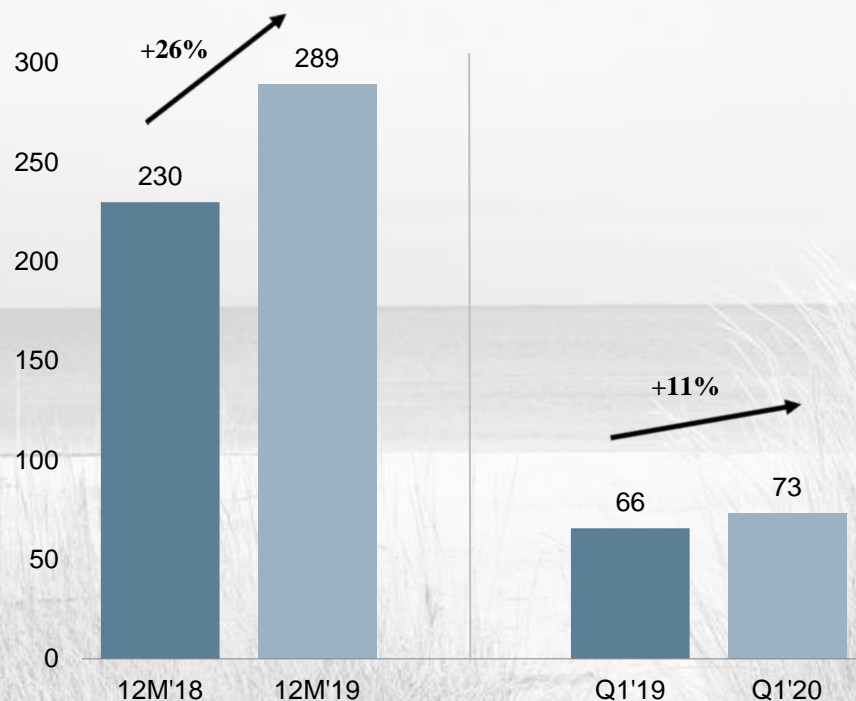


■ Stage 2, gross

■ Stage 3, gross (non-performing)

# OPERATING PROFIT\* - IMPACTED BY INVESTMENTS IN GERMANY

## Operating profit\*

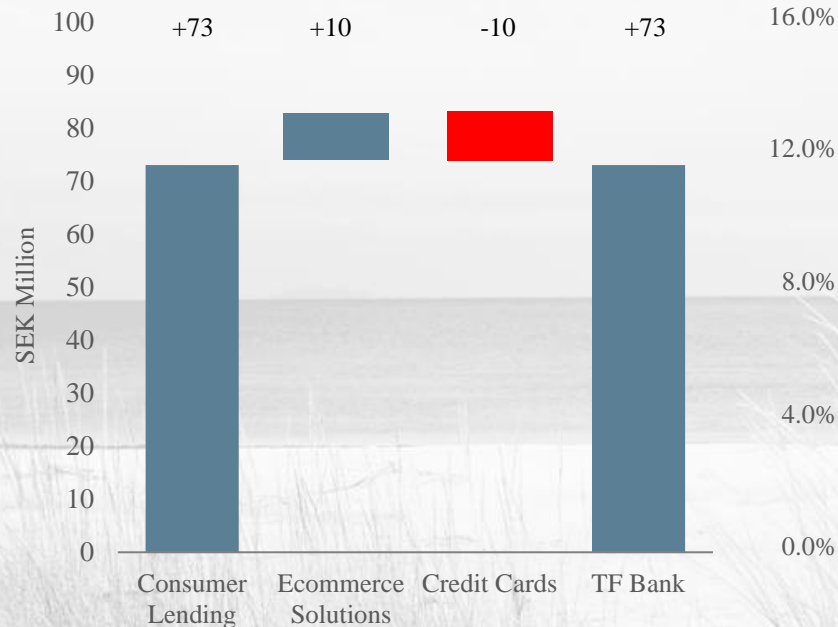


- **Operating profit Q1-20 vs. Q1-19 +11%\***
  - Higher operating income, lower C/I ratio
  - Investments in Credit Cards Germany
- **Earnings per share Q1-20 vs. Q1-19, +14%\***
  - Mergers - lower average tax rate 2020
- **Earnings per share rolling 12 months 10,33 SEK\***
  - Including extra provision of 30 MSEK = 9,24 SEK

\* excluding extra provision related to macro economics of 30 MSEK, in Q1-2020

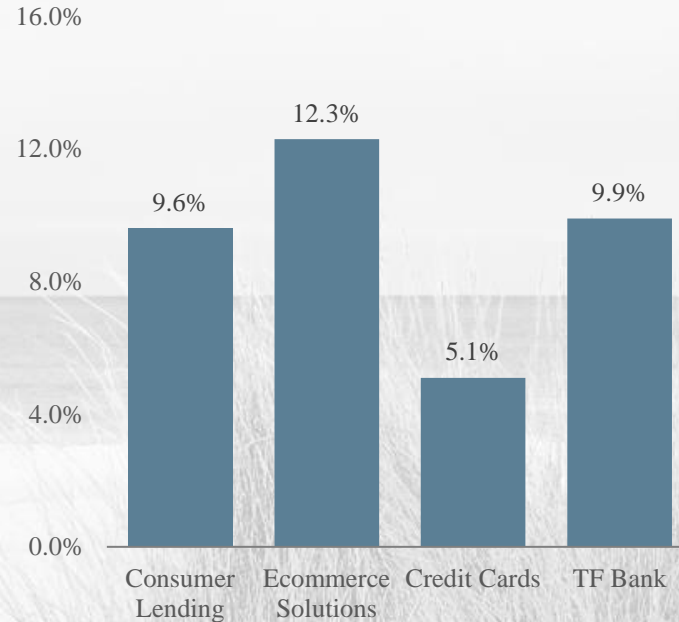
# KPIs PER SEGMENT

## Operating profit\*



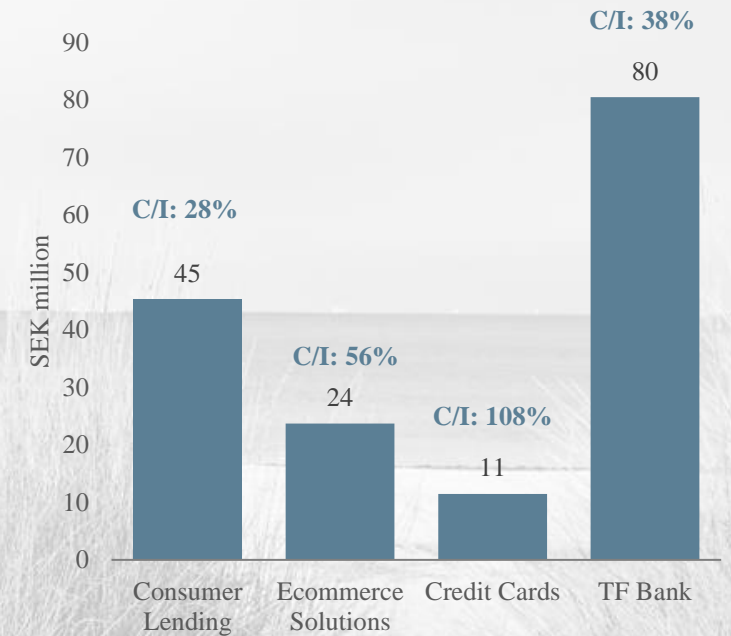
- Main driver: Consumer Lending
- Credit Cards lowers result

## Risk-adjusted margin\*\*



- Consumer Lending: Decreasing margin
- Highest margin in Ecommerce Solutions

## Operating expenses



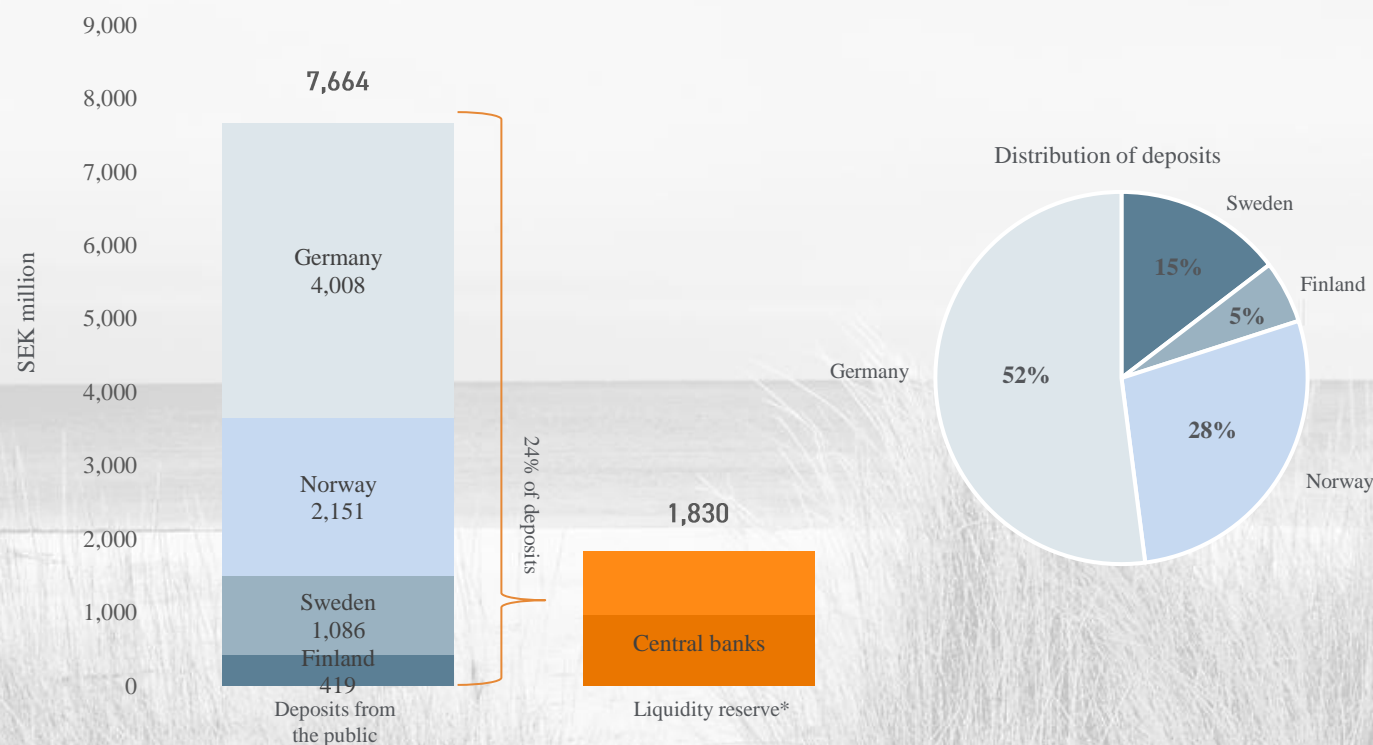
- Investments in Credit Cards
- Lowest cost/income ratio for Consumer Lending

\* excluding extra provision related to macro economics of 30 MSEK

\*\* Operating income margin minus net loan loss ratio\*, rolling 12 months



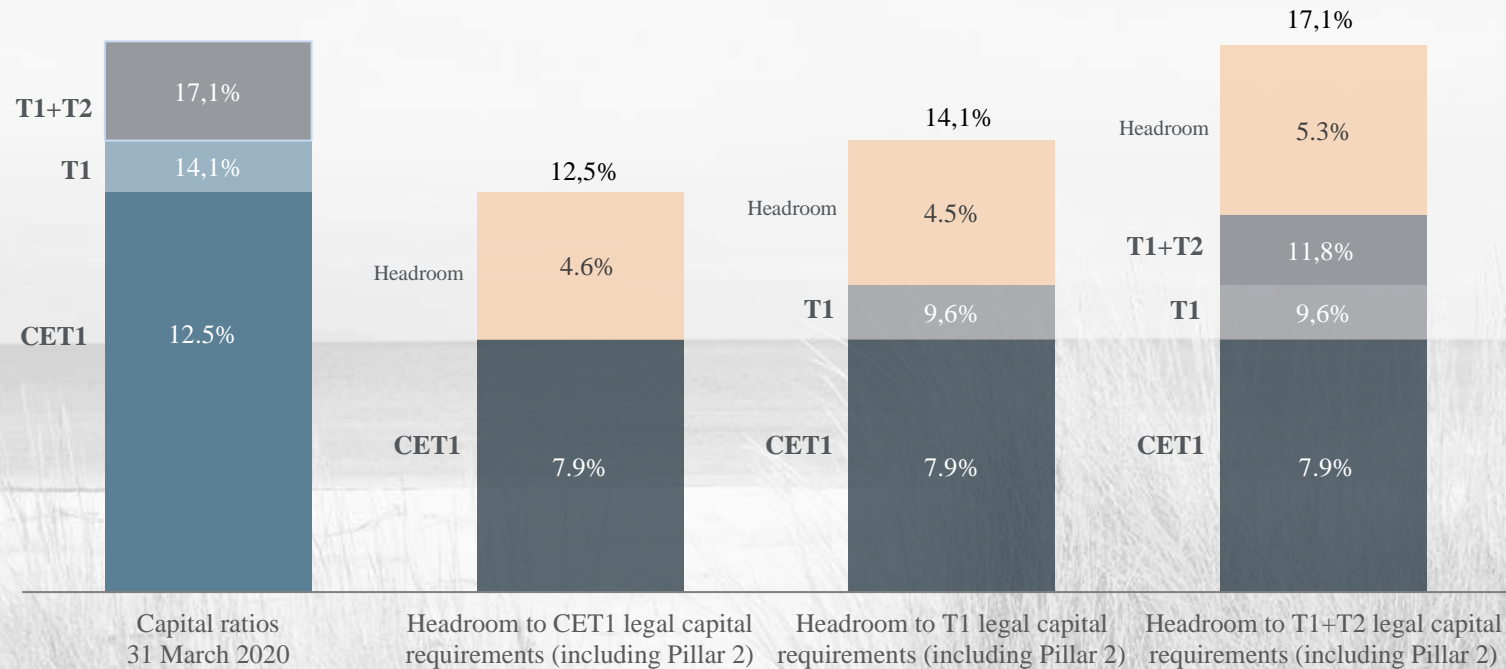
# STABLE FUNDING – MORE LIQUIDITY AT CENTRAL BANKS



- **Retail deposits in 4 markets**
  - Germany (SEK 4.0 billion)
  - Norway (SEK 2.2 billion)
  - Sweden (SEK 1.1 billion)
  - Finland (SEK 0.4 billion)
  - Fixed-term deposits: 26%
- **Liquidity reserve: 24% of deposits**
  - Increased HQLA at central banks
  - Overnight accounts in Nordic banks
  - Low risk – stable return

\*Liquidity reserve consists of Cash at Central Banks (967m), Treasury bills (100m) and Loans to credit institutions (762m)

# SIGNIFICANT HEADROOM TO LEGAL REQUIREMENT



- Slightly lower capital ratios in Q1-2020
- Foreseeable dividend 19% for 2020
- Lower capital requirements from Q1-2020 (decreased CCyB in Sweden and Norway)
- Internal capital target: >2,5% legal requirement (incl. Pillar 2)

\* figures are presented for the Group due to comparability between previous periods

# LOOKING AHEAD

- Stricter focus on portfolio management, liquidity and ROE.
- Short term focus will be Norwegian consumer loans, e-commerce and German credit cards.
- Expect portfolio quality to be impacted by COVID-19 in coming quarters – additional provision 30 MSEK
- Mitigating measures to help customers who have run in to short term payment difficulties
- Poor visibility – better in a few months? - Meantime the bank will be fully occupied to service our customers and building a strong capital position
- Opportunities will materialize – we will be ready



# Q&A Session

# APPENDIX

# CORPORATE PROFILE

## Our Products

Operating with modern and scalable infrastructure offering our retail customers online consumer loans, deposits and credit cards. For retailers we offer leading ecommerce and brick-and-mortar payment solutions

## Our DNA

We aim to deliver effortless banking to our customers by being reliable, responsible and straightforward in our dealings with them

## Our Geographical footprint

We serve customers in the Nordics and around the Baltic sea

## The investment case

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

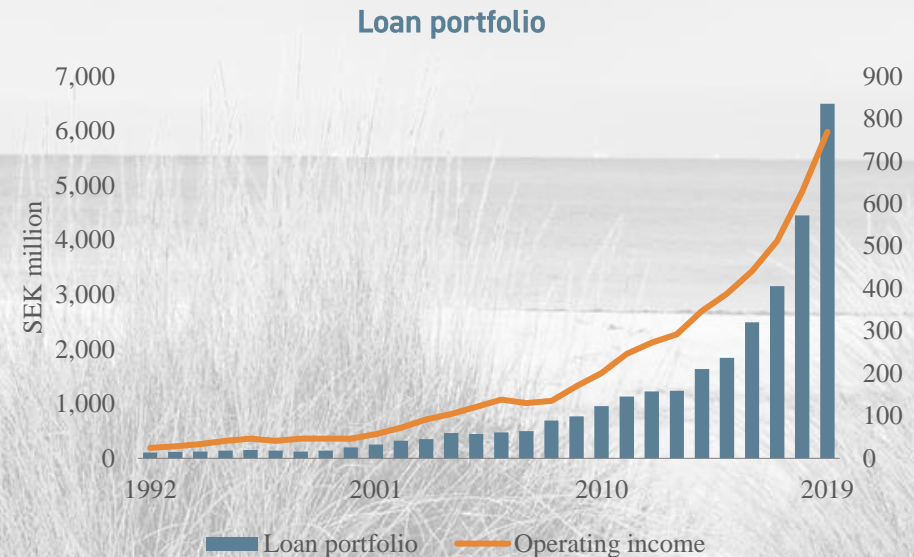


# LONG TRACK RECORD OF PROFITABLE GROWTH

## Long experience and proven business model

- 30 years+ experience from consumer finance industry
- Highly profitable core markets with proven model for geographical expansion into new high-growth markets
- Two complementary business segments in consumer loans and payments

## Strong track record on growth and profitability



# FINANCIAL TARGETS AND DIVIDEND POLICY

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**

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

## **Dividend policy**

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

# Board of Directors



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

**Current commitments:**

**Chairman:** Seilspport Maritimt Forlag AS

**Deputy chairman:** Norconsult AS

**Board member:** Hafslund E-CO AS, Scatec Solar ASA, Ice ASA, Tryg A/S



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

**Current commitments:**

**Chairman:** Saxo Oy

**Board member:** Paptic Ltd

**Co-founder:** Superskills

**Entrepreneur:** Anki Rugs



**Tone Bjørnov**  
*Board member since 2015*

**Current commitments:**

**Chairman:** Filmparken AS, Storyline Studios AS, Hausmann AS

**Board member:** Storyline Studios AS, Aqua Bio Technology ASA, Sparebankstiftelsen Bien, Guard Automation AS, Guard Electro AS, Omsorgsbygg Oslo KF, sparebanken Bien ASA, Varme og Bad AS



**John Brehmer**  
*Board member since 2010*

**Current commitments:**

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

**Board member:** Consortio Fashion Holding AB, TFB Holding AB, Halens Real Estate AB



**Bertil Larsson**  
*Board member since 2007*

**Current commitments:**

**Chairman:** LåsTeam Sverige AB, Minso Solutions AB, Minso Holding AB, Aktiebolaget Borås Tidning, AB Effektiv

**Board member:** Conpera AB, Tore G Wärenstams stiftelse, Gota Media AB, Brf Asplickan, Kyrkesunds Båthamnsförening



**Mattias Carlsson**  
*Board member since 2008*

**Current commitments:**

**Chairman:** Smedslättens Tennisbanor Aktiebolag, Qred AB

**Board member:** Tronstad Consulting AB



# EXECUTIVE MANAGEMENT TEAM



**Mattias Carlsson**  
*CEO*

Education: MSc, Engineering Physics, Uppsala University.

Current commitments: Smedslättens Tennisbanor Aktiebolag (chairman), Qred AB (chairman), and Tronstad Consulting AB (board member).



**Mikael Meomuttel**  
*CFO, Deputy CEO and Head of Investor Relations*

Education: MSc, Business/Economics and Finance, University of Borås/University of Gothenburg.

At TF Bank since 2009, 2014 deputy CEO and from 2018 also the Group's Head of IR. Previously, among other things, been Financial Controller at Consortio Fashion Group AB (CFG).



**Espen Johannesen**  
*Head of Consumer Lending*

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

At BB Bank since 2010.



**Mikael Johansson**  
*Head of Ecommerce Solutions*

Education: MSc Business Administration and Mathematics Stockholms universitet

With the Group since 2016 as CEO of Avarda. Previously, among other things, at GE Commercial Finance and as CEO of Santander Consumer Bank Sweden.

Current commitments: Svenska Bilhandlare AB (chairman)

# Head of countries and functions <sup>1)</sup>



**Vilma Sool**  
*Regional manager  
Baltics  
Head of Estonia*

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



**Juho Maanpää**  
*Head of Finland*

Extensive consumer finance experience in Finland within operations management, credit risk and digital marketing. With TF Bank since 2013.



**Juris Pūce**  
*Head of Latvia*

Before joining TF Bank in 2016, worked for seven years in Bigbank, serving as country manager in Latvia and Spain and in various positions with credit management services provider Creditreform.



**Björn Skytt**  
*CIO*

Before joining TF Bank in 2010 worked as integration manager for ICA Banken and prior to that as project manager and system manager for SKF's financial and treasury systems.



**Wojciech Drozd**  
*Head of Poland*

Sales leader with 20+ years of extensive consumer finance and retail banking experience from GE Money Bank Poland and Bank BPH.



**Krzysztof Blach**  
*Credit Manager*

Credit Risk Manager with 15 years of experience in retail banking sector. Worked for GE Money Bank and BPH Bank in Poland holding various positions and for KBC Group across Europe.



**Lennart Swoboda**  
*Head of Germany*

Seasoned Fintech and Bank manager in several positions in leading institutes. Prior establishing German business, led several M&A & Strategy projects for blue-chip Debt Management firms.



**Sarunas Dmukauskas**  
*Head of Lithuania*

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

1) Excluding Espen Johannesen, Head of Norway and acting Head of Sweden, as he is also the Head of Consumer Lending and consequently a member of the Executive Management Team as shown on p. 21.

# Contact

## Investor relations

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