



3rd Quarter 2020

RESULT PRESENTATION

HIGHLIGHTS JULY – SEPTEMBER 2020

- Back to growth in all segments, 7,5% for the Group in the third quarter
- German credit card program is now a key contributor to growth
- Significant development in Ecommerce Solutions
 - New white label and marketing solutions launched
- Covid-19 update;
 - No significant disruptions in the bank's operations
 - Stable credit quality despite pandemic
 - Unchanged provision, 30 MSEK

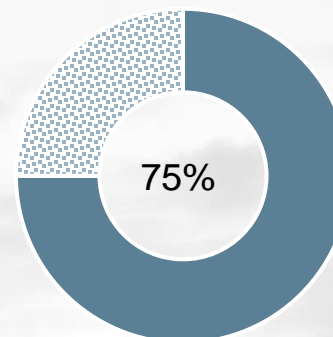


CONSUMER LENDING

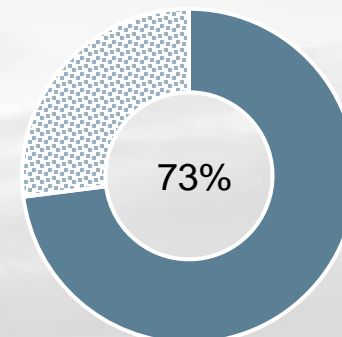
- Diversified portfolio with Nordic base
- Product offering tailored for each market
 - Average loan size on book of SEK – 57,000
 - Tenor typically between 12 and 60 months
- Marketed through direct channels, own data base and external partners
- APR of new sales is still lower than the book, hence we still experience some pressure on loan book margin
 - Margin pressure on new sales only in Finland and relates to the Covid rate cap
- Stable credit quality during the pandemic and with today's visibility no deterioration visible

* year-on-year

Share of TF Bank's loan book



Share of TF Bank's operating income



5.7bn

Loan book

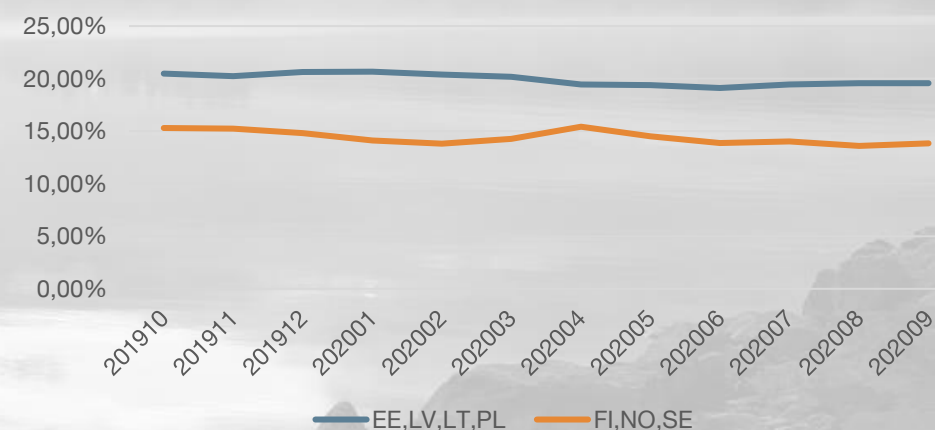
18%

**Loan book
growth***

8

Countries

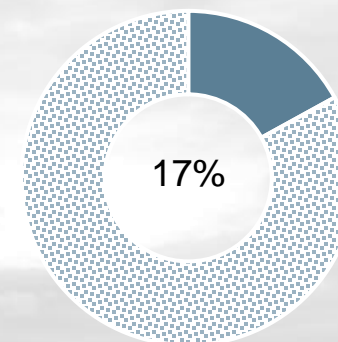
APR-new originations, volume weighted



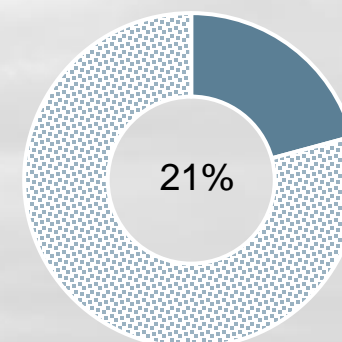
ECOMMERCE SOLUTIONS

- Digital payment solutions offered in the Nordic region, the Baltics and Poland
- We have initiated a test period with Boozt regarding a payment solution for Booztlet
- Breakthrough of the Avarda Return Optimizer (ARO), AI-based tool to minimise returns
- Strong deal flow and in total 210 active merchants by the end of the third quarter
- Best-in-class white label Checkout+ triggers increased transaction volumes which amounts to SEK 804 million (447) during the third quarter

Share of TF Bank's loan book



Share of TF Bank's operating income



1.3bn

Loan book

23%

Loan book growth*

7

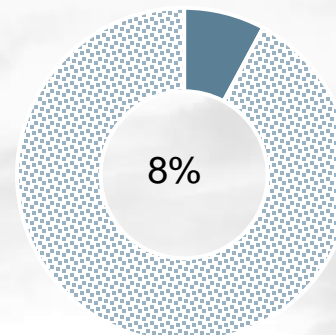
Countries

* year-on-year

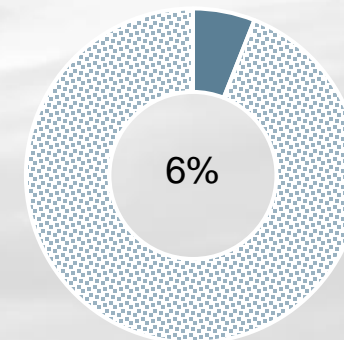
CREDIT CARDS

- Target group is German and Norwegian consumers
- Simple and transparent offering – gold card with no fees
- Different income profile compared to consumer loans
 - Starts low – gradual build-up of income
- Addressable market
 - Germany 35 M* and Norway 3 M** consumer
- Customers and net assets grew to 57,000 (51,000) and 583 MSEK (403) respectively
- TF Bank launched its native app in September on the German market reaching 1 200 daily downloads
- Risk level as expected

Share of TF Bank's loan book



Share of TF Bank's operating income



0.6bn

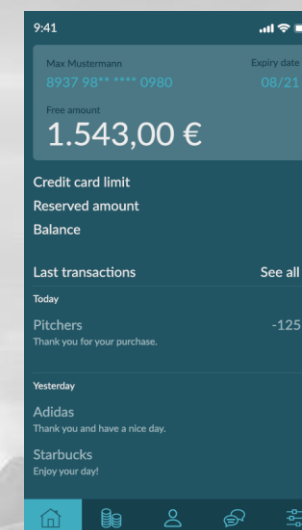
Loan book

165%

Loan book growth***

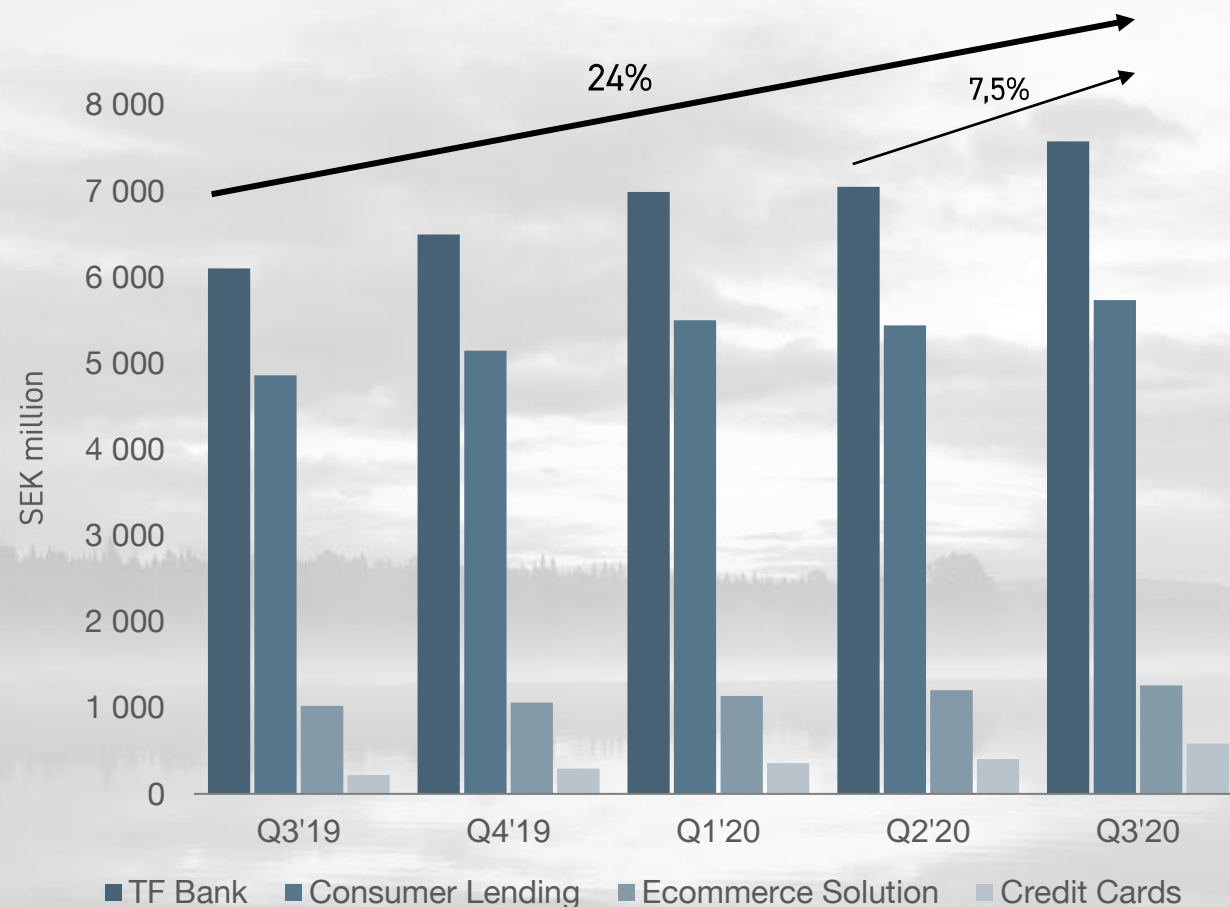
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Countries



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

LOAN BOOK GROWTH



- **TF Bank: Growth in Q3 = 7,5%**
 - Year-on-year 24%
- **Consumer Lending: Q3 = 5%**
 - Year-on-year 18%
- **Ecommerce Solutions: Q3 = 5%**
 - Year-on-year 23%
- **Credit Cards: Q3 = 45%**
 - Year-on-year 165%

GROWTH AND DIVERSIFICATION

Sweden



- Focus on profitability and e-commerce.

Norway



- Continued positive long term outlook on the Norwegian economy. Focus on growth and margins.

Finland



- New rate cap of 10% until the end of the year.

The Baltic states



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

Poland

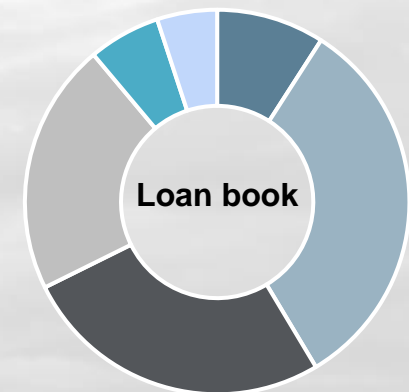


- Focus on e-commerce and profit. The market for consumer loans is challenging, new lending will be discontinued in Q4.

Germany



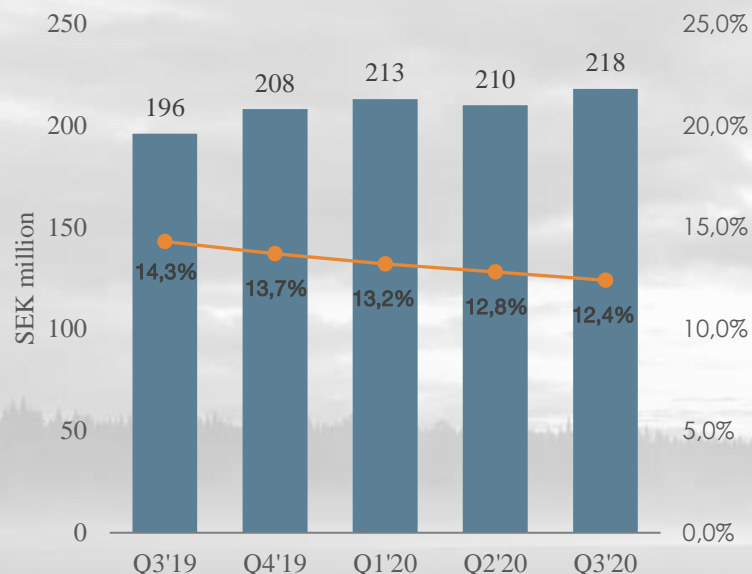
- Credit card product in high demand. Building for scale. Card spending back after Q2-lock down.



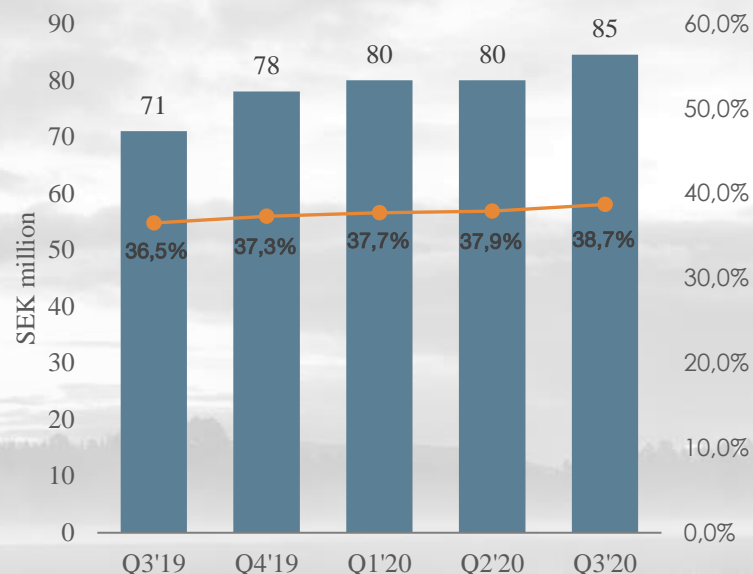
■ Sweden ■ Norway ■ Finland
■ Baltics ■ Poland ■ Germany

KPI – RETURN TO EXPANSION IN Q3

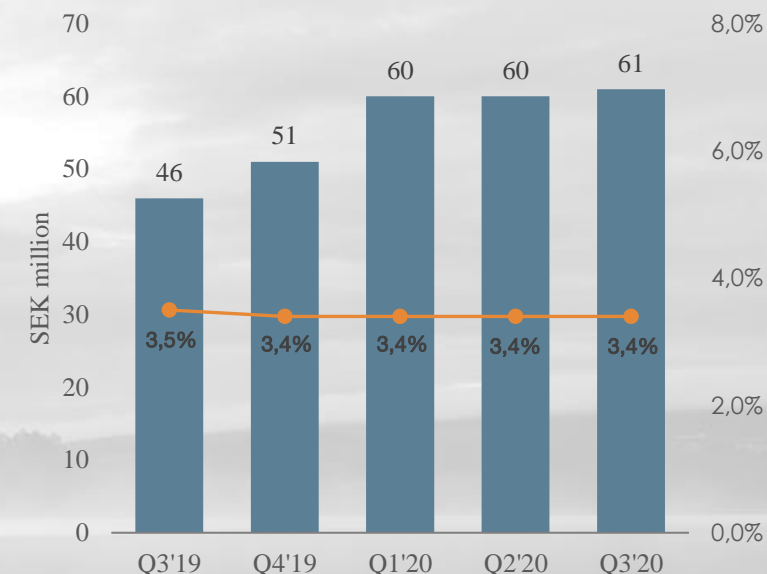
Operating income



Operating expenses*



Net loan losses**



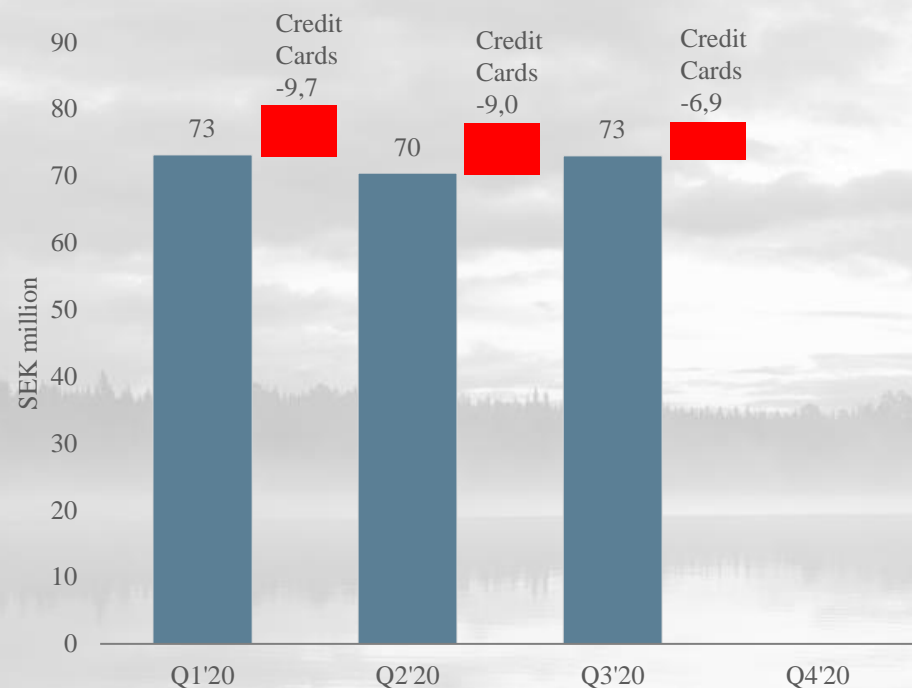
- **Income Q3-20 vs. Q3-19, +11%**
 - Norway, Ecommerce and cards in Germany
 - Negative currency effects SEK/NOK
- **Expenses Q3-20 vs. Q3-19, +18%**
 - Investments in Germany and Ecommerce
 - Cost/income ratio 38,7%
- **Losses Q3-20 vs Q3-19, +31%**
 - Loan book growth the last years
 - Expected credit losses (IFRS 9)
 - No visible impact from Covid-19

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

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

STABLE PROFIT DESPITE INVESTMENTS AND PANDEMIC

Operating profit*

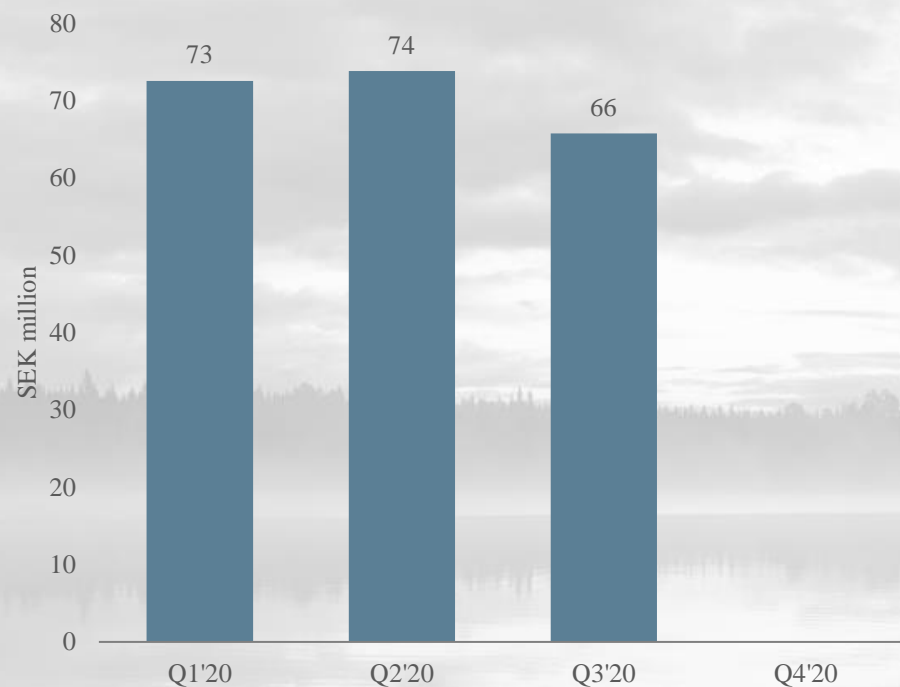


- **Operating profit Q3-20 vs. Q3-19, -7%**
 - Investments in Credit Cards Germany
 - Expansion in Ecommerce Solutions
- **Rolling 12 months EPS = 10,14SEK***
 - Including extra provision 30 MSEK = 9,04 SEK
- **Return on equity: 26,2%***
 - Including extra provision 30 MSEK = 23,4%

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

CONSUMER LENDING: HIGH PROFITABILITY

Operating profit*



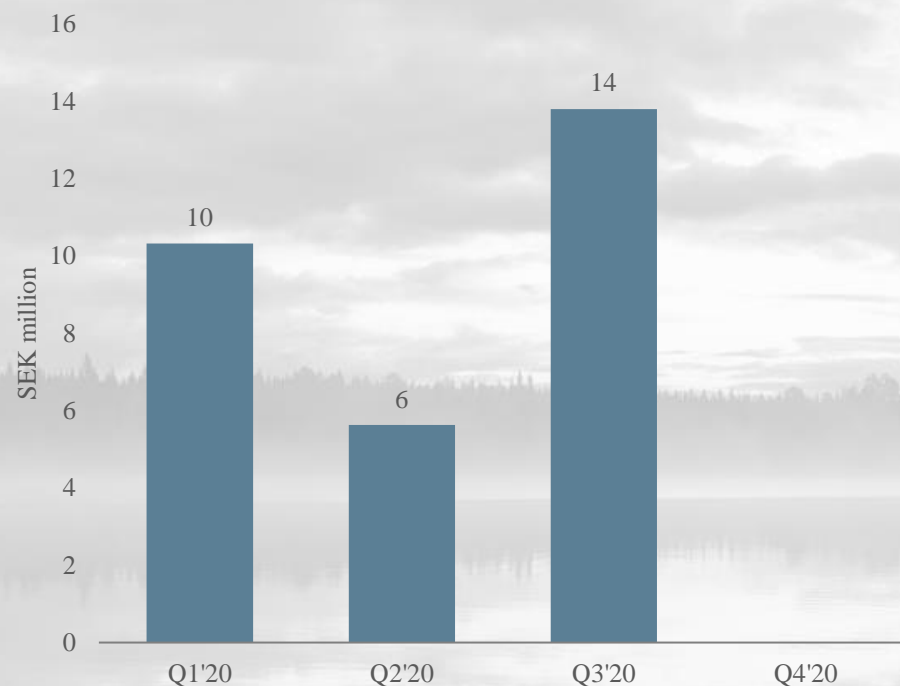
- Operating profit Q3-20 vs. Q3-19, -2%
 - Unfavorable mix income vs losses
 - Low cost income ratio, 29%
 - Return on assets, 3,8%**
- Focus on credit quality
 - Stable probability of default (PD)
 - Expiring forward flow contracts in 2020

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

** operating profit minus standard tax and AT1 interest divided by average loans to the public, rolling 12 months

ECOMMERCE SOLUTIONS: STRONG Q3 – SEASONAL EFFECTS

Operating profit

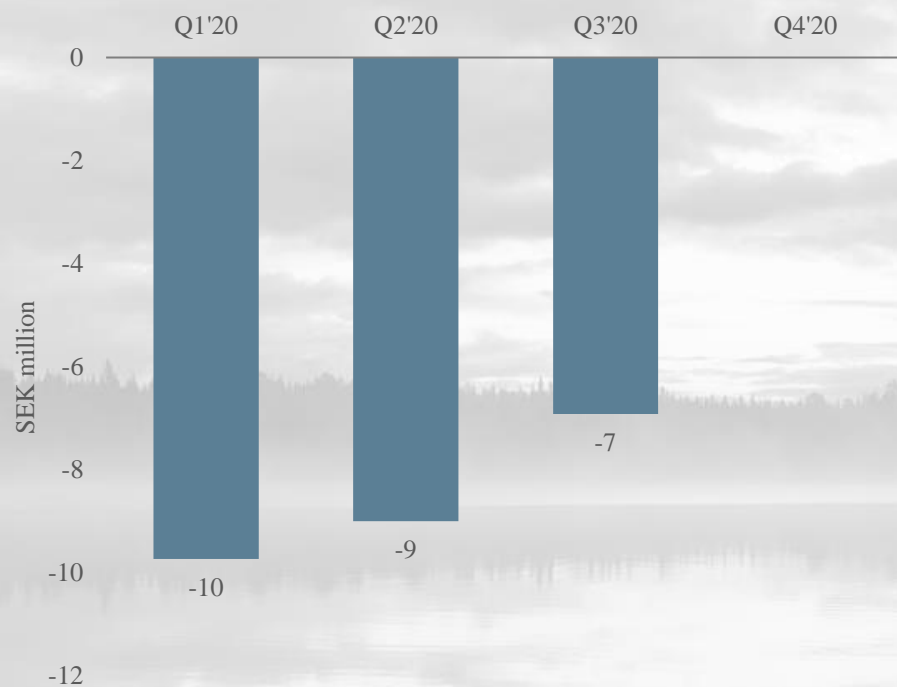


- **Operating profit Q3-20 vs. Q3-19, 10%**
 - Higher income due to more volume
 - One-off items affecting losses in Q3-19
 - Return on assets, 2,1%*
- **Implementation of new partners**
 - Investments in Q4-20
 - Higher income in 2021

* operating profit minus standard tax and AT1 interest divided by average loans to the public, rolling 12 months

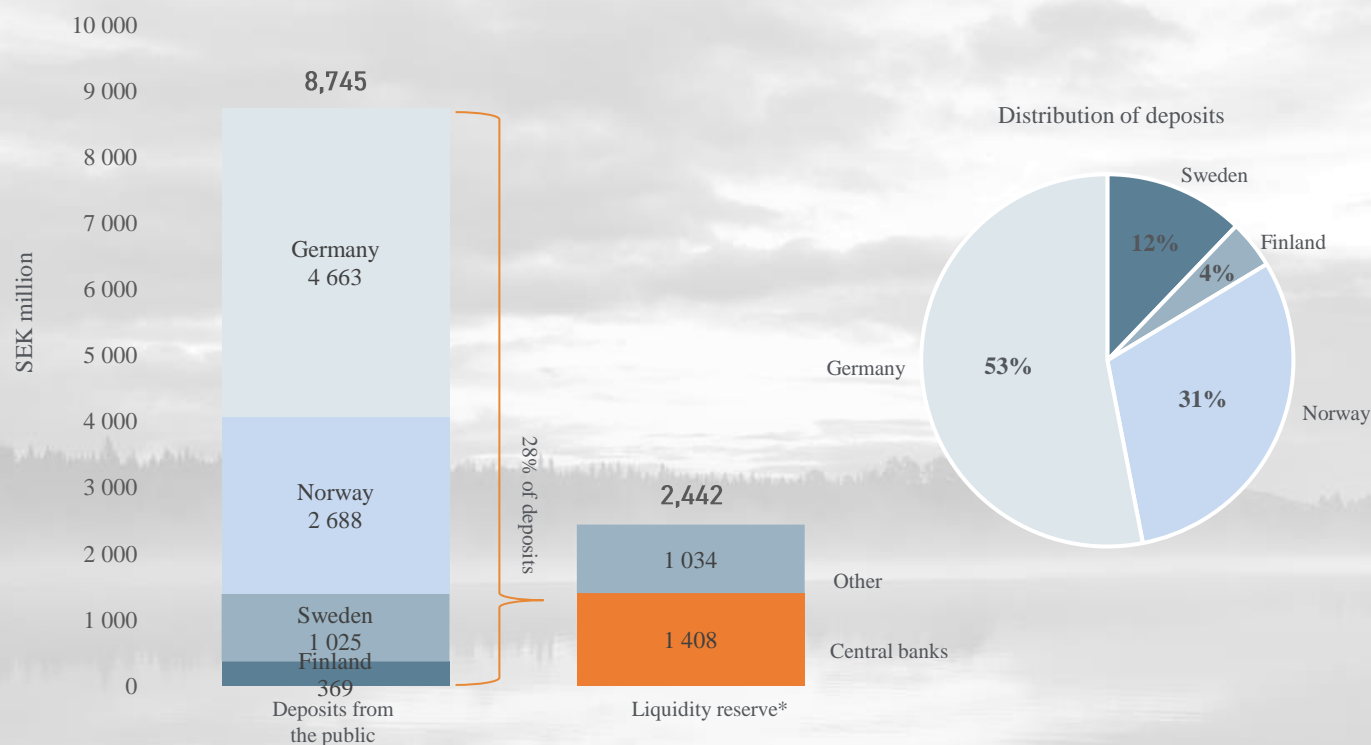
CREDIT CARDS: PORTFOLIO GROWTH – HIGHER INCOME

Operating profit



- **Operating profit Q3-20 vs. Q3-19, -5 MSEK**
 - Investments in Credit Cards Germany
 - OPEX and upfront provisions (IFRS 9)
 - Return on assets, neg
- **Positive trend 2020 due to higher income**
 - Lower C/I-ratio in Q3 – economies of scale
 - Comfortable credit quality in Germany

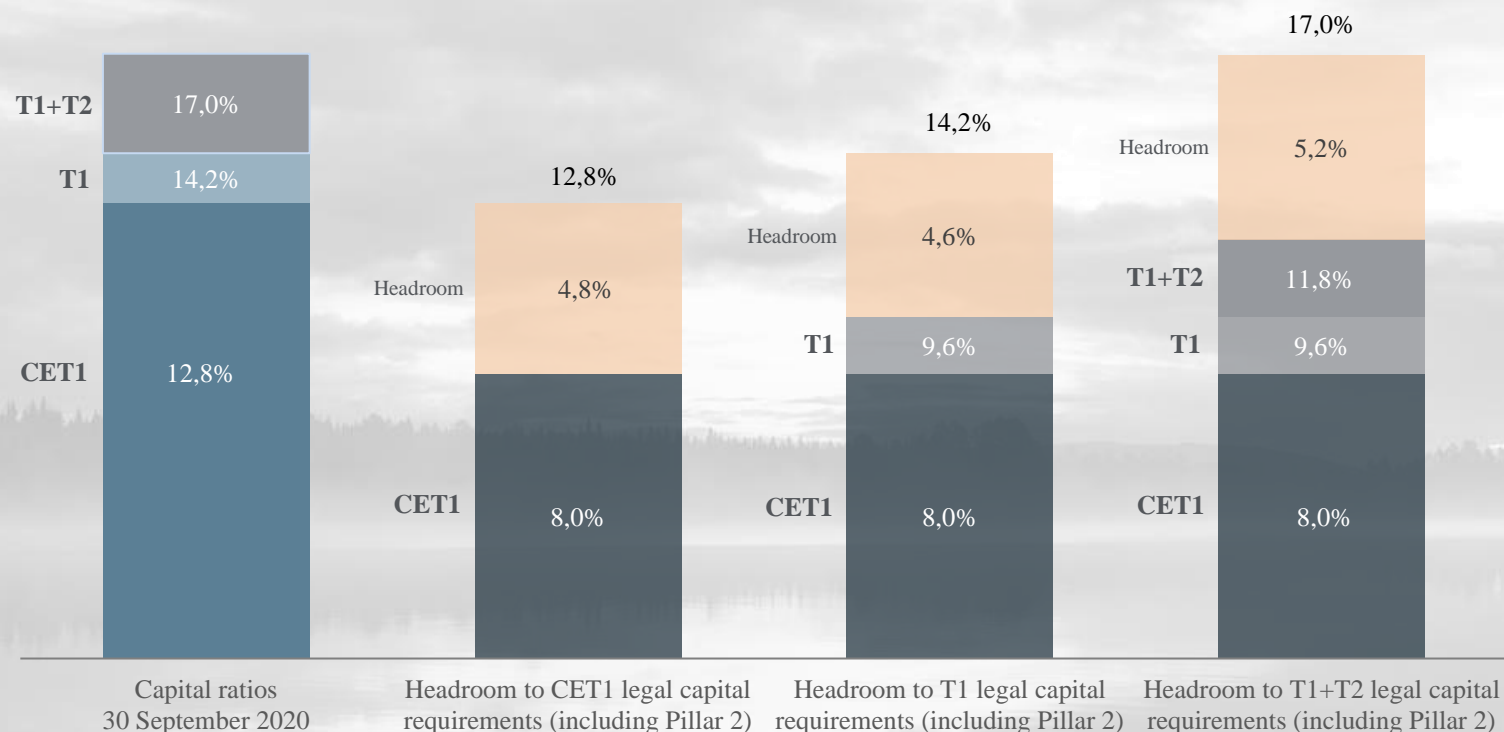
STRENGTHENED LIQUIDITY IN THE LIGHT OF COVID-19



- **Retail deposits in 4 markets**
 - Germany (SEK 4.7 billion)
 - Norway (SEK 2.7 billion)
 - Sweden (SEK 1.0 billion)
 - Finland (SEK 0.4 billion)
 - Fixed-term deposits: 33%
- **Liquidity reserve: 28% of deposits**
 - HQLA at central banks 1.4 billion
 - Other liquidity 1.0 billion
 - Low risk – stable return

*Liquidity reserve consists of Cash at Central Banks (1,408m), Treasury bills (60m) and Loans to credit institutions (974m)

STABLE CAPITAL POSITION IN Q3*



- Capital ratios: Loan book growth largely off-set by net profit
- Capital ratios includes foreseeable dividend 19% for 2020
- Lower capital requirements (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

- Growth back on the top of the agenda
 - Baltic area, moderate risk appetite
 - Nordic, Norway leading the way
 - Germany, small base but the numbers show great promise
- Still poor visibility regarding Covid-19 impact in 2021, unchanged provision 30 MSEK
- On-boarding major merchants within Ecommerce Solutions

Q&A Session

APPENDIX

CORPORATE PROFILE

Our Products

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

Our DNA

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

Our Geographical footprint

We serve customers in the Nordics and around the Baltic sea

The investment case

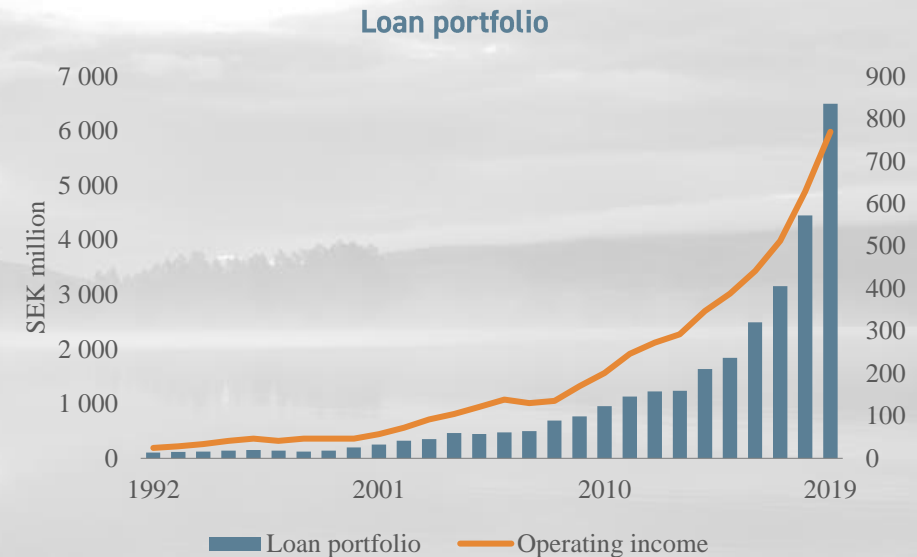
We operate in carefully selected niches where we can leverage on our platform and expertise to deliver attractive and sustainable risk adjusted growing returns

LONG TRACK RECORD OF PROFITABLE GROWTH

Long experience and proven business model

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

Strong track record on growth and profitability



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



John Brehmer
Chairman of the Board since 2020
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



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



Mari Thjømøe
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



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



Sara Mindus
Board member since 2020

Current commitments:
Board member: K-Fast Holding AB, Besqab AB, Dreams AB, Colibri Ventures AB, Faboss Invest 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 ¹⁾



Vilma Sool
*Regional manager
Baltics
Head of Estonia*

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



Juho Maanpää
Head of Finland

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



Juris Pūce
Head of Latvia

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



Björn Skytt
CIO

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



Wojciech Drozd
Head of Poland

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



Krzysztof Blach
Credit Manager

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



Sarunas Dmukauskas
Head of Lithuania

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

1) Excluding Espen Johannesen, Head of Norway, acting Head of Sweden and acting Head of Germany, 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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