



**4<sup>th</sup> Quarter 2020**

**RESULT PRESENTATION**

# HIGHLIGHTS OCTOBER – DECEMBER 2020

- Strong growth during the quarter +8% in local currencies
- More than 53,000 card customers in Germany  
— 15,000 new card customers in Q4
- Record volumes for Ecommerce Solutions
- Intention to sign new FF contracts in Finland and Norway during the beginning of 2021
- Dividend proposal of SEK 1.00

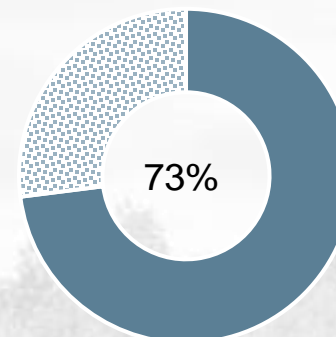


# CONSUMER LENDING

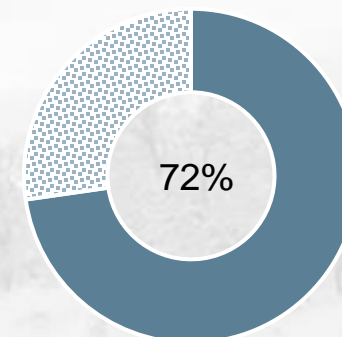
- Diversified portfolio with Nordic base
- Product offering tailored for each market
  - Average loan size on book of SEK – 55,000
  - Tenor typically between 12 and 60 months
- Marketed through direct channels, own data base and external partners
- Stable APR on new lending in the Nordics, mix effects in CEE resulting to a somewhat lower new volume APR
- Stable credit quality during the pandemic and no visible deterioration

\* year-on-year, local currencies

Share of TF Bank's loan book



Share of TF Bank's operating income



**5.8bn**

**Loan book**

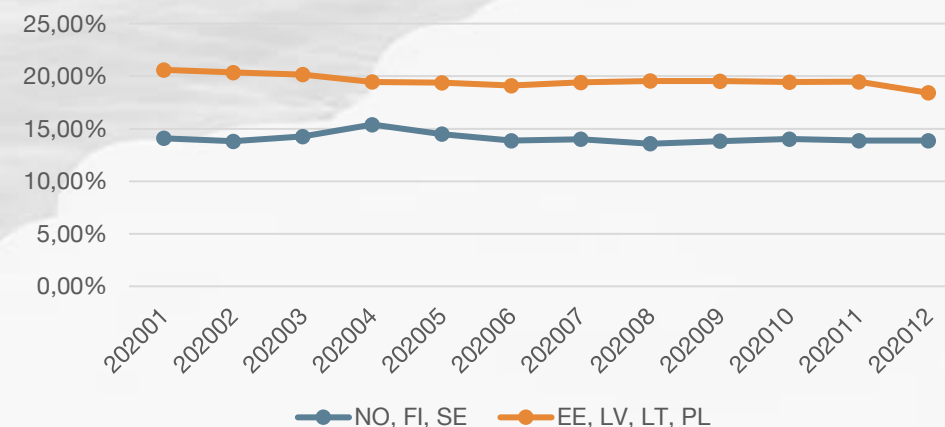
**20%**

**Loan book  
growth\***

**8**

**Countries**

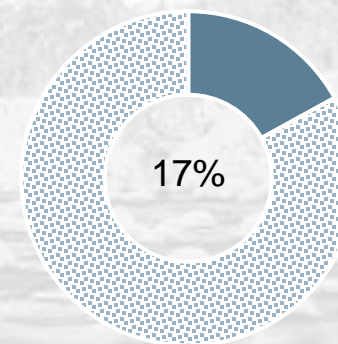
APR-New originations, volume weighted



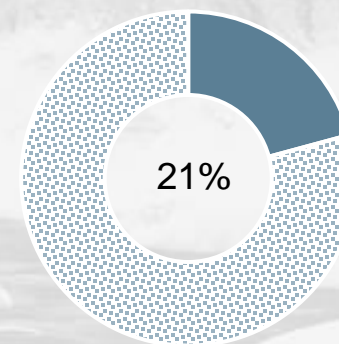
# ECOMMERCE SOLUTIONS

- Digital payment solutions offered in the Nordic region, the Baltics and Poland
- Record BNPL volume, successful sales during Black Week and Christmas in all Nordic markets
- Best-in-class white label Checkout+ triggers increased transaction volumes which amounts to SEK 1.072 million (586) during the fourth quarter
- Onboarding major merchants during coming quarters

Share of TF Bank's loan book



Share of TF Bank's operating income



**1.3bn**

Loan book

**34%**

Loan book  
growth\*

**7**

Countries

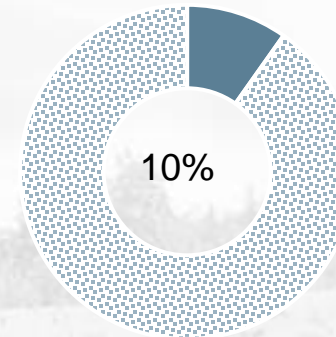
\* year-on-year, local currencies



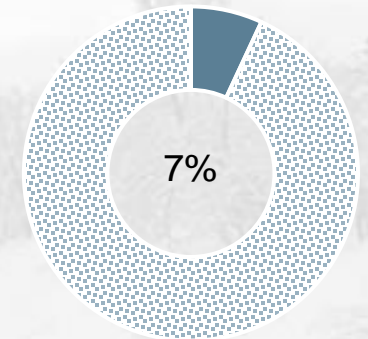
# CREDIT CARDS

- 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 in number of consumers
  - Germany 35 M\* and Norway 3 M\*\*
- Customers and net assets grew to 72,000 (57,000) and 766 MSEK (583) respectively
- Our newly launched app now has more than 25,000 downloads
- Risk level as expected

Share of TF Bank's loan book



Share of TF Bank's operating income



**0.8bn**

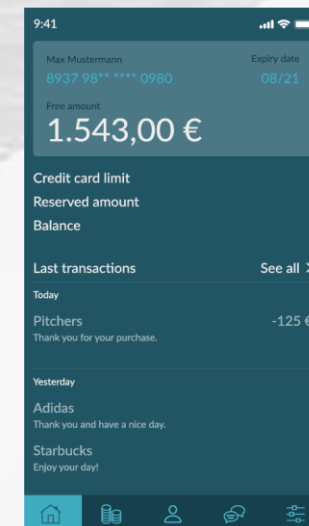
**Loan book**

**177%**

**Loan book  
growth\*\*\***

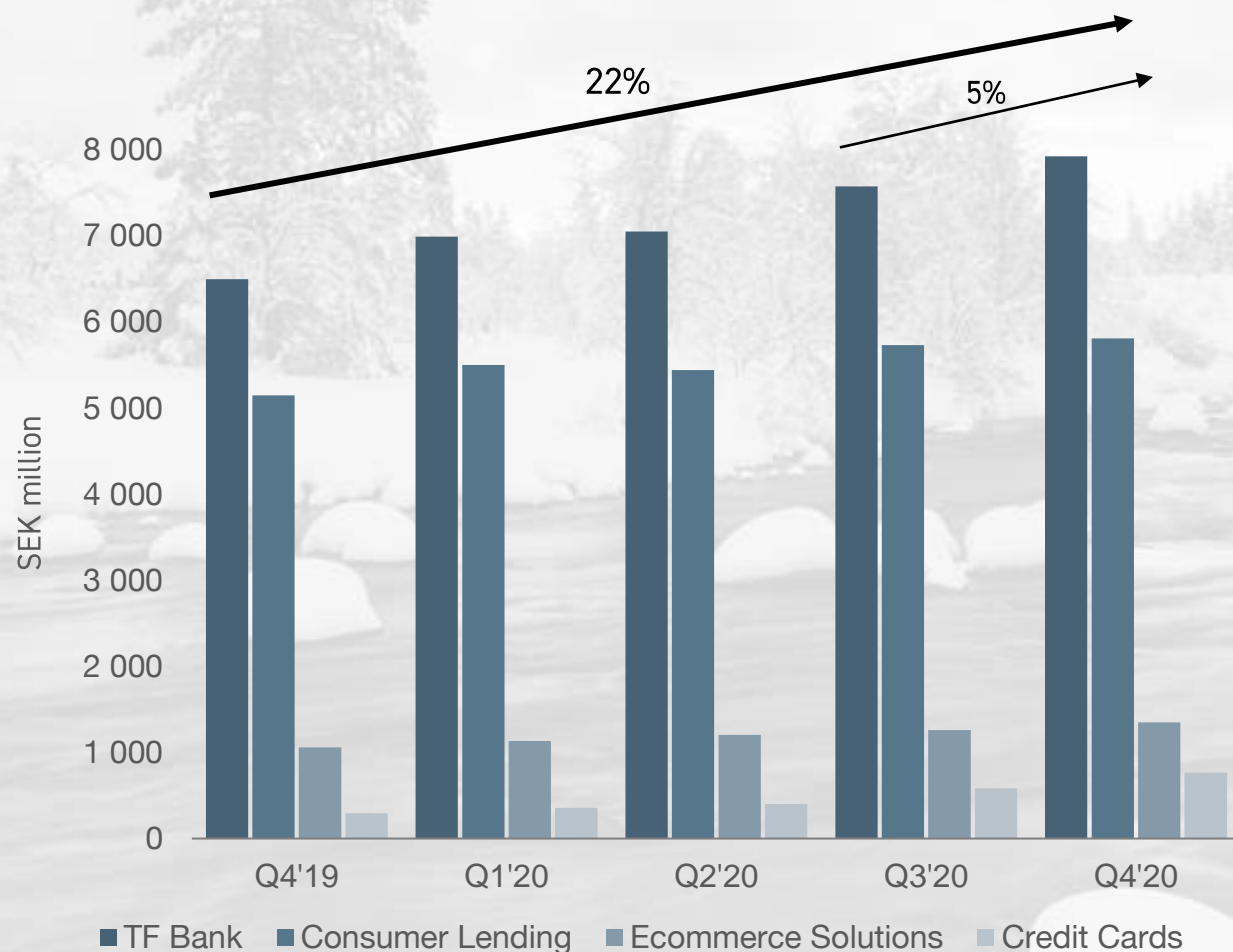
**2**

**Countries**



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

# LOAN BOOK GROWTH



- **TF Bank: Growth in Q4 = 5% (-3%)**
  - Year-on-year 22% (-8%)
- **Consumer Lending: Q4 = 1% (-3%)**
  - Year-on-year 13% (-7%)
- **Ecommerce Solutions: Q4 = 7% (-4%)**
  - Year-on-year 28% (-6%)
- **Credit Cards: Q4 = 31% (-5%)**
  - Year-on-year 162% (-15%)

# 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 Q3 2021 for consumer loans.

## The Baltic states



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

## Poland

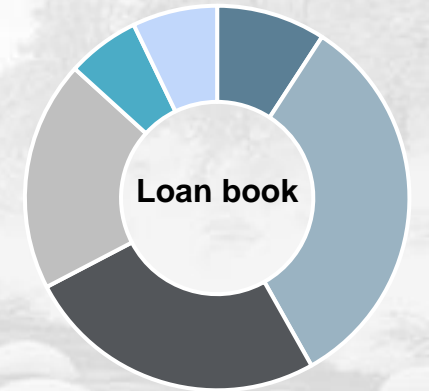


- Focus on e-commerce and profit. Consumer lending is in run-off.

## Germany



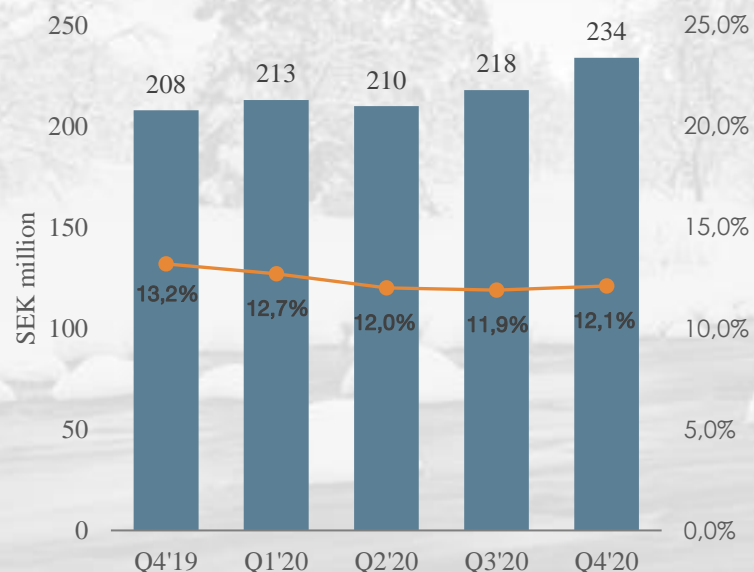
- Credit card product in high demand. Card spending lower since mid-December as a result of the German lockdown.



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

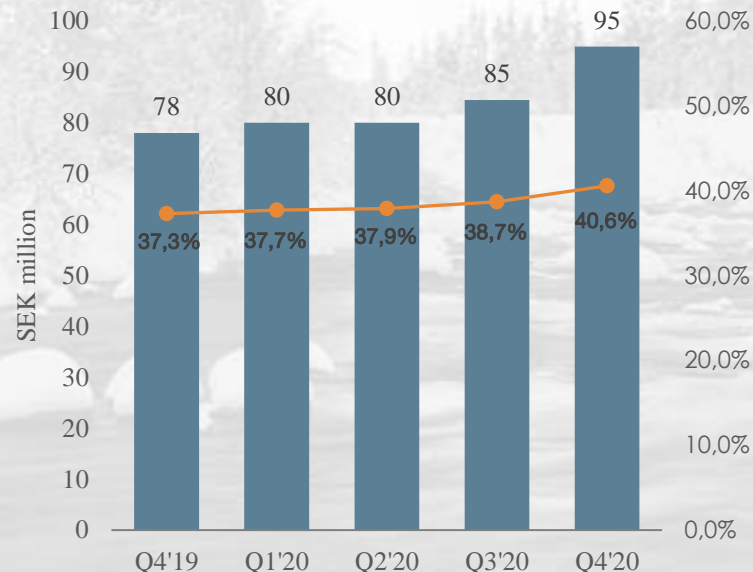
# KPI – INCREASED OPERATING INCOME

## Operating income\*



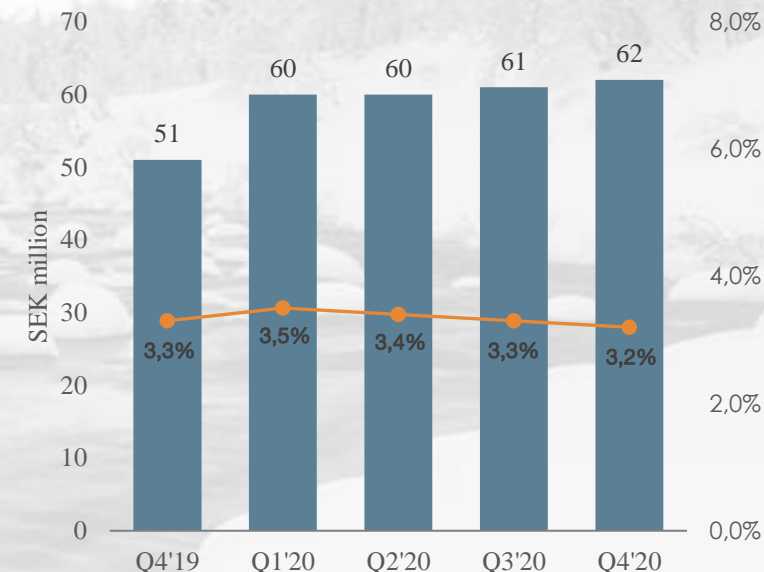
- Income Q4-20 vs. Q4-19, +12%
  - Norway, cards in Germany and Ecommerce
  - Negative currency effects, appreciated SEK
  - Stabilized income margin on quarterly basis

## Operating expenses\*\*



- Expenses Q4-20 vs. Q4-19, +16%
  - Investments in staff and IT, sales cost
  - Cost/income ratio 40,6%

## Net loan losses\*\*\*



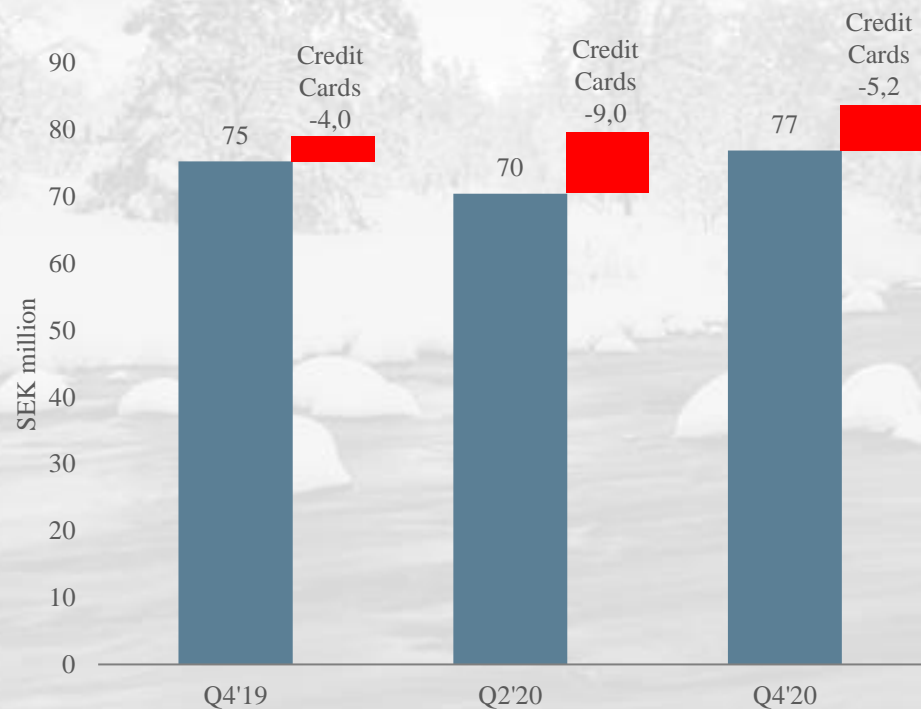
- Losses Q4-20 vs Q4-19, +20%
  - Loan book growth the last years
  - Improved credit quality in 2020

\* ratio = current quarter annualized, \*\* excluding merger costs, 4 MSEK, in Q4-2019, \*\*\* excluding extra provision related to macro economics of 30 MSEK, in Q1-2020



# HIGHER PROFIT DRIVEN BY INCREASED INCOME

## Operating profit

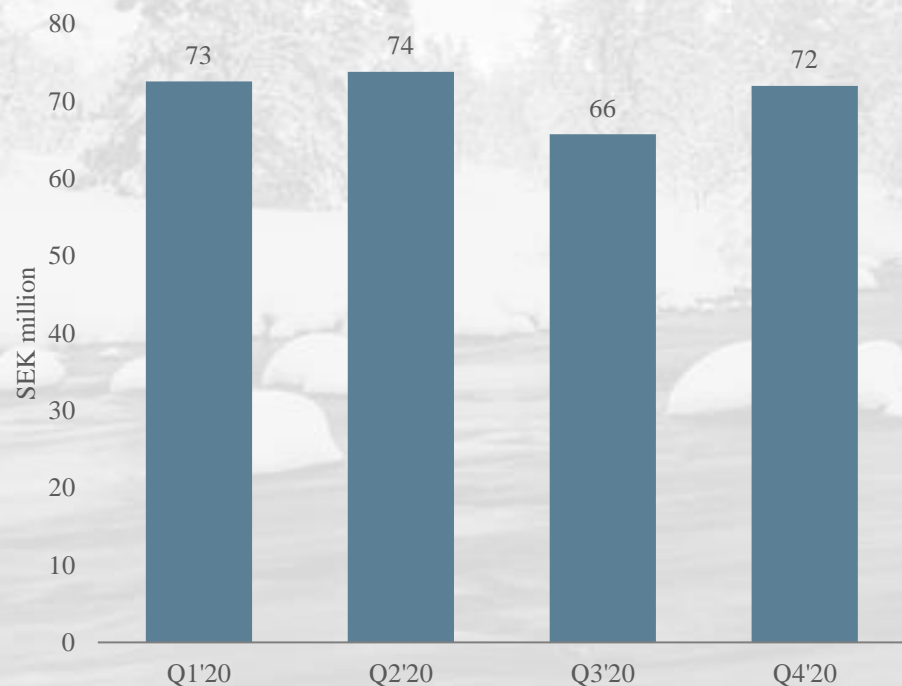


- Operating profit Q4-20 vs. Q4-19, +2%
  - Investments and provisions impacts FY 2020
  - Positive trend for segment Credit Cards
- Earnings per share Q4-20, 2,67 SEK
  - Return on equity, 24,0%\*

\* ratio = current quarter annualized

# CONSUMER LENDING: HIGH PROFITABILITY

## Operating profit

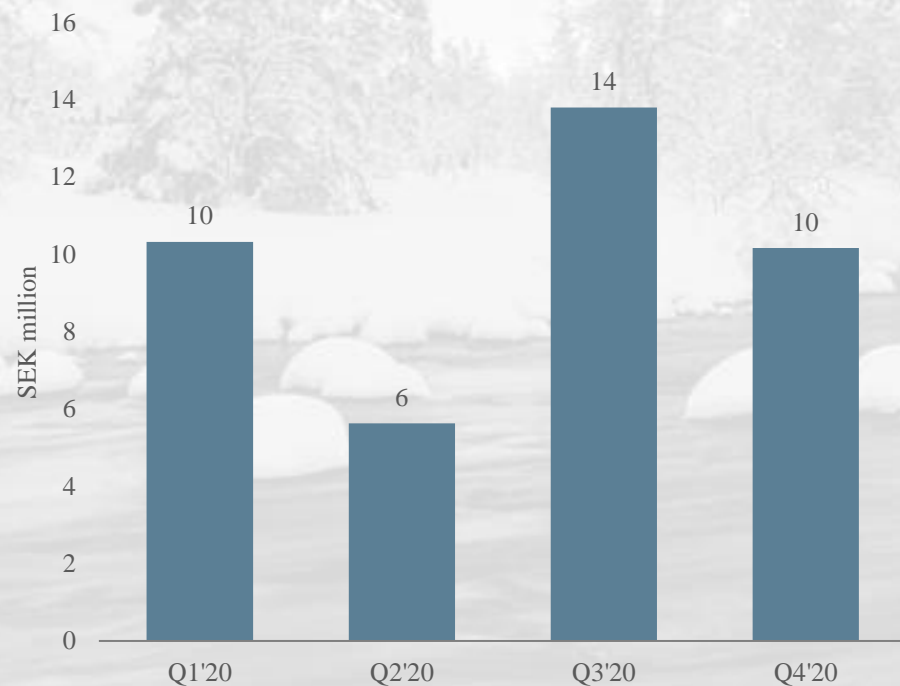


- **Operating profit Q4-20, 72 MSEK**
  - Lower income margin on new lending
  - Gradually reduced loan loss ratio
  - Return on assets, 3,6%\*
- **Focus on credit quality**
  - Extra provision of 30 MSEK (ECL)
  - New forward flow contracts (LGD)

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

# ECOMMERCE SOLUTIONS: INCREASED INVESTMENTS

## Operating profit

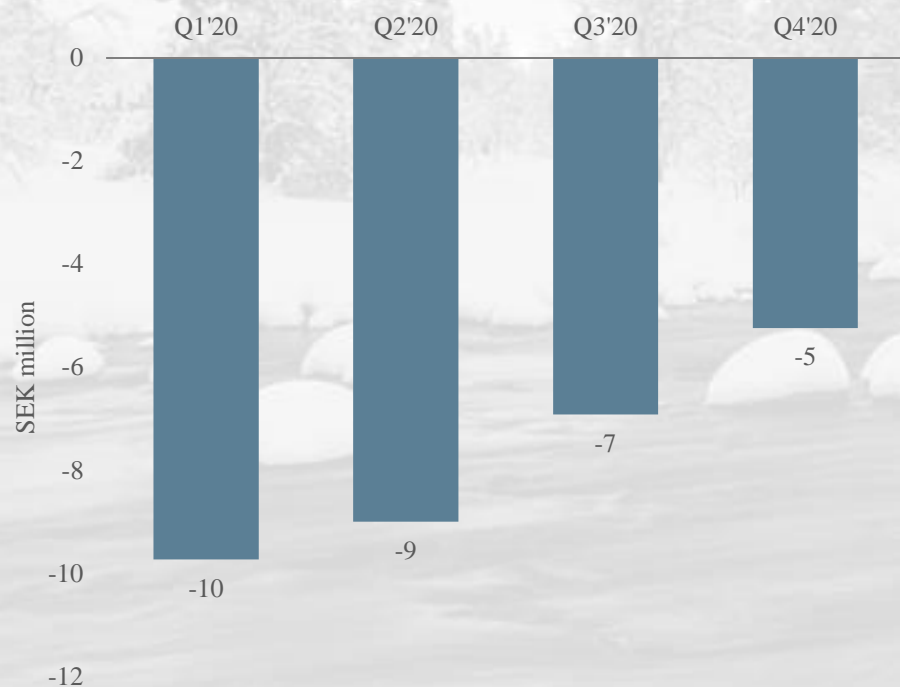


- **Operating profit Q4-20, 10 MSEK**
  - Higher income due to strong volume
  - Volume impacts provisions (IFRS 9)
  - Return on assets, 2,6%\*
- **Ongoing implementation of new partners**
  - Investments in Q4-20 (OPEX)
  - Higher income and credit volume in 2021

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

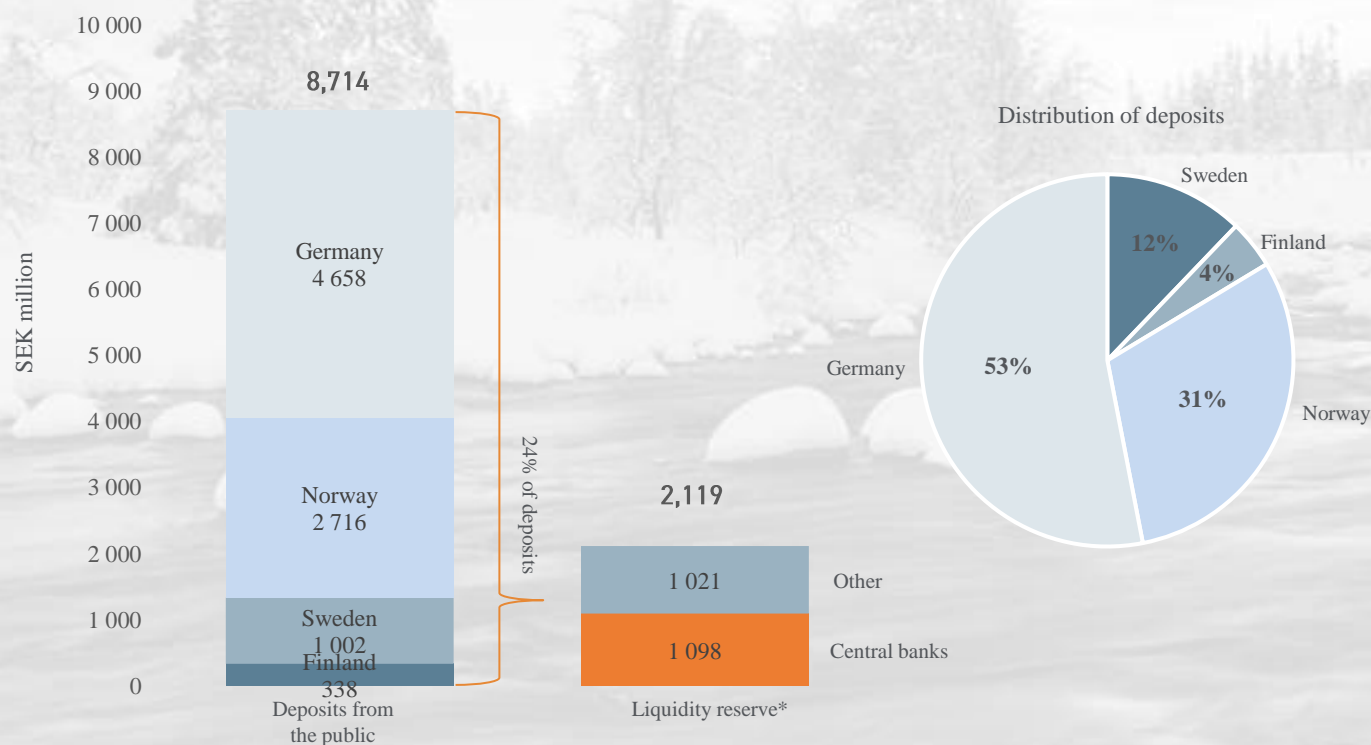
# CREDIT CARDS: POSITIVE TREND

## Operating profit



- **Operating profit Q4-20, -5 MSEK**
  - Portfolio growth – higher income
  - OPEX and upfront provisions (IFRS 9)
  - Return on assets, neg
- **Positive trend 2020 due to higher income**
  - Lower C/I-ratio in Q4 – economies of scale
  - Comfortable credit quality in Germany

# SOLID LIQUIDITY POSITION

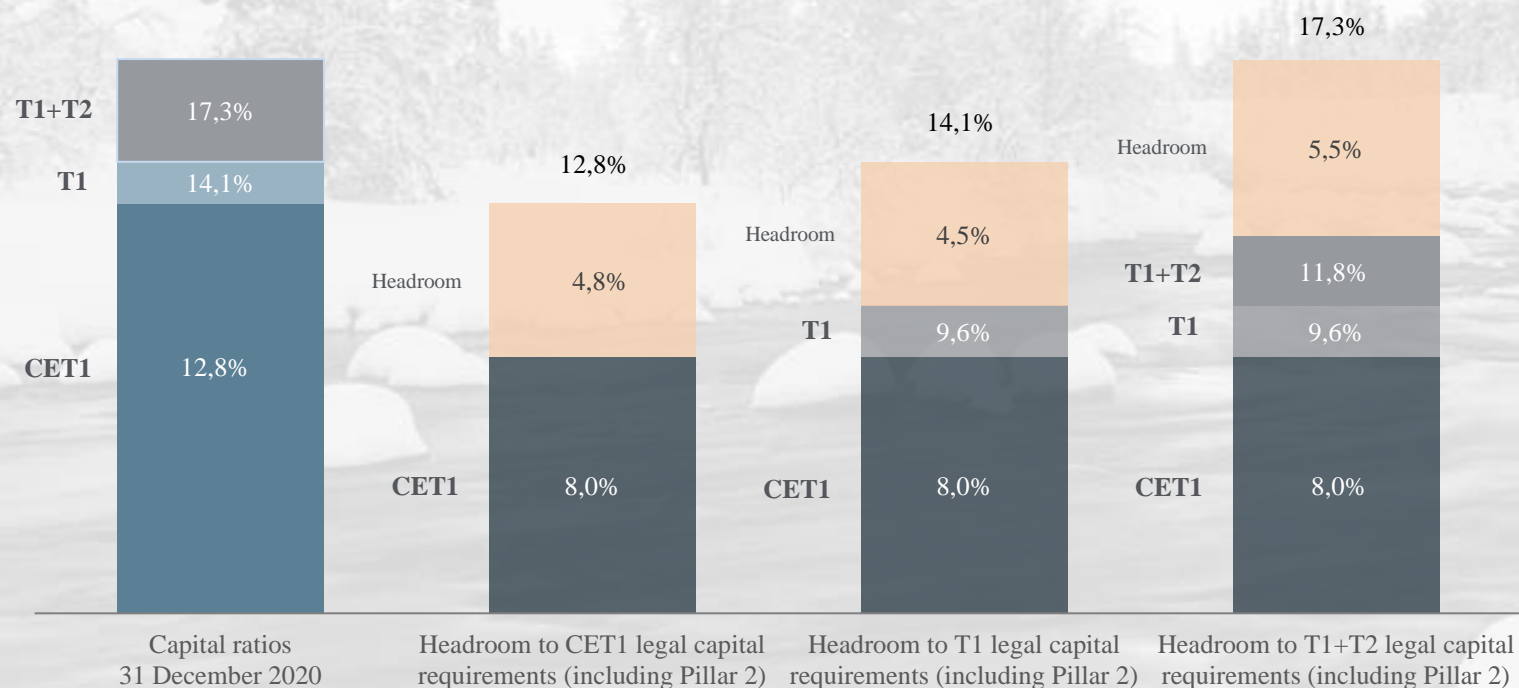


- **Retail deposits in 4 markets**
  - Germany (SEK 4.7 billion)
  - Norway (SEK 2.7 billion)
  - Sweden (SEK 1.0 billion)
  - Finland (SEK 0.3 billion)
  - Fixed-term deposits: 32%
- **Liquidity reserve: 24% of deposits**
  - HQLA at central banks 1.1 billion
  - Other liquidity 1.0 billion
  - Low risk – stable return

\*Liquidity reserve consists of Cash at Central Banks (1,098m), Treasury bills (60m) and Loans to credit institutions (961m)



# STABLE CAPITAL POSITION IN Q4\*



- Higher total capital ratio due to temporary T2-effect
- Capital ratios includes proposed dividend for 2020 (1,00 SEK per share)
- 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

- Intention to announce new financial targets – H2 2021
- Intention to sign new forward flow deals – clean balance sheet policy
- Covid-19
  - Back to lockdown in several markets, might lead to short-term reduced customer demand

# 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

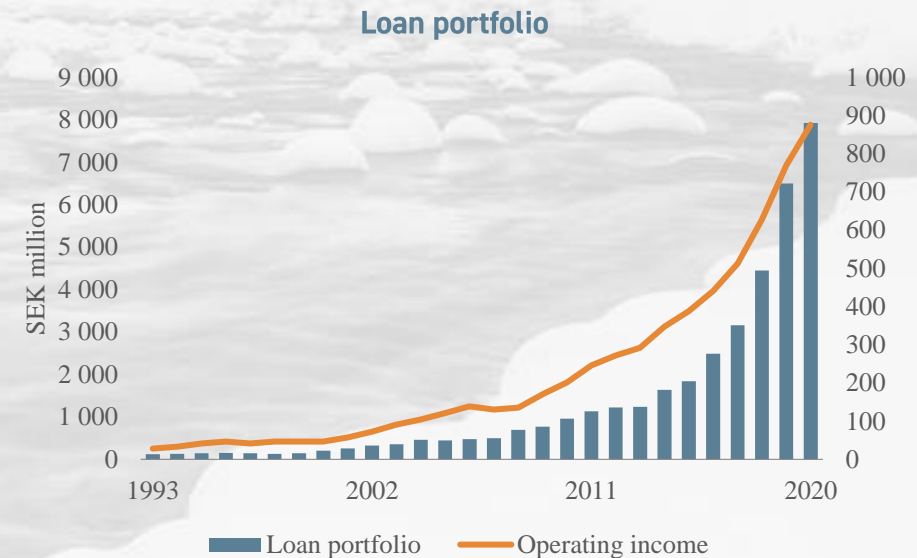


# LONG TRACK RECORD OF PROFITABLE GROWTH

## 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: 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. With TF Bank since 2014.



**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.



**Greta Montviliene**  
*Head of Lithuania*

8 years experience in marketing and sales with high focus on customer experience and digital marketing. Part of TF Bank team since 2019.



**Torstein Jahnsen**  
*Head of Norway*

10 years' experience in consumer finance within operation, credit risk and marketing management. Before joining TF Bank, worked as COO in BB Bank which later became the Norwegian branch of TF Bank. With TF Bank since 2015 .

1) Excluding Espen Johannesen, 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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