

SUSTAINABILITY REPORT



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This is TF Bank's statutory Sustainability Report for the financial year 2023. The report comprises the Parent company TF Bank AB (publ) corporate identity number 556158-1041 including subsidiaries.

At TF Bank, our goal is to contribute to financial inclusion by offering responsible lending. In a functioning economy, responsible lending is a necessary and important product category. We want to give our customers the opportunity to access the products and services they are in need of in a sustainable and responsible way. In December 2020, TF Bank's Board of Directors adopted a sustainability program with four focus areas, which are described in more detail in this report.

Business model

TF Bank offers unsecured consumer loans to creditworthy individuals, digital payment solutions for both brick-and-mortar retailers and online retailers, credit cards for creditworthy individuals and savings accounts with competitive interest rates. Our marketing strategy consists of providing easily available, straight-forward savings and credit products without complex terms and conditions and with high availability. Our offering and our processes are to the greatest extent digital and automated. We continuously develop, adapt, and improve our digital processes to achieve our goal of organic growth and to be accessible to creditworthy individuals.

TF Bank operates in the Nordics, the Baltics, Poland, Germany, Austria, Spain, Ireland and the Netherlands. It is important for the Bank to have the capacity to provide personal service when requested. TF Bank has local presence in nine of the thirteen countries where TF Bank operates, while support functions are located at the headquarters in Borås and at the Bank's office in Gdansk.

Sustainability governance

The Board of Directors adopts the sustainability policy and approves the Sustainability Report and is hence ultimately responsible for the Bank's sustainability work. The CEO decides on the sustainability strategy, including plans, goals and performance indicators, and report these to the Board. The sustainability policy is adopted on a yearly basis and includes all sustainability aspects according to the Swedish Annual Accounts Act: environment, social sustainability, employees, anti-corruption and human rights, and describes our work and governance relating to sustainability. The sustainability policy also describes the importance of integrating sustainability in the operations.

Significant events during 2023:

- During the year, TF Bank prepared a climate report for 2023.
- Through its collaboration with the UN Global Compact, TF Bank conducted a Communication on Progress (CoP) in 2023.

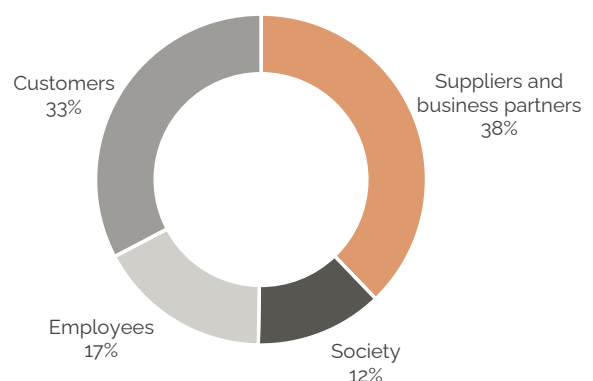
TF BANKS SUSTAINABILITY PROGRAM

TF Banks sustainability program aims to integrate sustainability throughout the entire organisation. The sustainability program includes four sustainability areas: responsible lending, business ethics and governance, attractive employer and climate change. These areas have been assessed as the most material in regards to TF Bank's impact on the environment. Within each area, there are also a number of measurable key figures that show the development over time. In addition to the four focus areas, the Bank engages in selected social partnerships. The diagram below illustrates how TF Bank integrates sustainability and how sustainability efforts are linked to the UN's Sustainable Development Goals. Read more about TF Bank's materiality analysis on page 108.



Economic values

TF Bank generates economic values for most of its stakeholder groups: Lending customers in the form of financial inclusion, deposit customers in the form of interest payments, employees in the form of salaries, suppliers and business partners for purchases of services, shareholders in the form of dividends, and society at large in the markets where we are active through taxes and fees.



Stakeholders

TF Bank's operations are affected by have an effect on several different stakeholder groups. The Company has an ongoing dialogue with the groups that are assessed to be primary stakeholders.

Stakeholders	Type of dialogue / channels	Key issues 2023
Customers (existing and new)	- Credit granting process - Customer service contacts - Marketing	- Robust credit assessment - Focus on new markets
Capital markets (shareholders, investors, analysts)	- 1-1 meetings - AGM - Press releases - Interim reports - Website - Materiality analysis	- Development of credit cards and e-commerce solutions - Impact from increasing inflation/increased rates - Geopolitical and macroeconomic uncertainty
Employees	- Intranet - Employee survey - Development talks - Materiality analysis	- Organisation review - Hybrid work
Suppliers	- 1-1 meetings - Negotiations - Materiality analysis	- Geopolitical and macroeconomic uncertainty

Materiality analysis

TF Bank's materiality analysis comprises an identification of the most material sustainability areas for the operations. A survey has been carried out to identify the most important sustainability aspects in the financial and banking industry. Based on this survey, a selection has been made with the help of selected stakeholders and compiled.



The results of the materiality analysis show that certain sustainability aspects, such as responsible lending, business ethics and regulatory compliance, should be given high priority. The Bank has created the focus areas of *responsible lending as well as business ethics and governance* in order to be able to actively work with these sustainability issues. The sustainability aspects that are considered to be somewhat less important, such as staff development and emissions, etc., are also included in the Bank's sustainability program through the focus areas *attractive employer* and *climate change*.

¹ Initiative prior to the adoption of the sustainability program in 2020..

Risks relating to sustainability

All our risk categories can include a sustainability perspective. The Board of Directors has the ultimate responsibility for limiting and following up on the sustainability risks. The main principle of the risk management is based on the three lines of defence, the first being the business units, the second comprising Compliance, and Risk Management functions and the third comprising the Internal Audit. In addition to the risks being described in note 3 of the annual report, TF Bank has identified the following specific sustainability risks:

Sustainability risk	Consequence	Management
Excessive indebtedness The risk that TF Bank contributes to excessive indebtedness in society	The trust in TF Bank and the financial sector as a whole may decrease, customers may face financial difficulties	For every individual application, TF Bank ensures accurate credit assessment through our established credit granting process that is continuously being tested, developed and improved.
Compliance The risk that TF Bank fails to comply with current regulations in its markets	The trust in TF Bank and the financial sector as a whole may decrease, TF Bank may impose sanction fees or, in a worst-case scenario, lose permissions	TF Bank's compliance function continuously work to ensure that TF Bank fulfils all applicable regulations, often in close dialogue with local supervisory authorities. A whistle-blower function is available to all employees.
Corruption The risk that TF Bank's employees act on their own interest and in violence with the company's code of conduct	The trust in TF Bank may decrease	All employees undergo training in the code of conduct, and special training regarding anti-corruption. The training provides guidance in how to act if being uncertain in a relation or business situation.
Money laundering and terror financing The risk that TF Bank's services are used for money laundering and terror financing	The trust in TF Bank and the financial sector as a whole may decrease, TF Bank may impose sanction fees or, in a worst-case scenario, lose permissions	Risk assessment and KYC process for every new customer in the Bank. Continuous monitoring of transactions and activities. Suspicious activities are reported to relevant authorities.
Suppliers The risk that TF Bank's suppliers act in a way that may harm the Bank's operations or trust in the market	TF Bank may suffer both from a trust and financial perspective	TF Bank evaluates suppliers based on various criteria. The Bank has a code of conduct for suppliers, and an annual follow-up is conducted.
IT and data security The risk that TF Bank becomes the target of an IT attack or data breach with the purpose of obtaining customer data or exposing customers to fraud	TF Bank's customers may suffer financially or integrity-wise, the trust for TF Bank in the market may decrease, which could lead to outflows	TF Bank works preventively with systematic information security.
Health and safety The risk that TF Bank's employees suffer from illness or that the workplaces don't fulfil work environment requirements	TF Bank may lose staff, the employer brand may be harmed, and TF Bank could as a consequence face difficulties to recruit new employees	TF Bank works with preventive work environment activities in close cooperation between management, staff, the work safety organisation and occupational health. TF Bank continually evaluates the Company's efforts regarding work environment in order to be able to continuously improve the work environment.

TF Bank's focus areas in sustainability

TF Bank works systematically with four focus areas. The Board has chosen based on what is most relevant given our business operations and the risks and opportunities it entails.

Area	Purpose and Relevance	Our promise	Sub-areas	SDG
Responsible lending	Responsible lending activities are business critical and contribute to low loan losses for TF Bank and a well-functioning economy in general.	For every individual application, we ensure accurate credit assessment through our established credit granting process that is continuously being tested, developed and improved.	<ul style="list-style-type: none"> • Growth in a controlled manner • Customer protection • Financial inclusion 	8
Business ethics and governance	Good business ethics and sound corporate governance are basic prerequisites for TF Bank's values and trust from customers, employees and the market, and also contribute to public trust in the financial sector.	We always act responsibly with a clear focus on regulatory compliance and high risk awareness.	<ul style="list-style-type: none"> • Anti-corruption, AML and prevention of terror financing • Data security and customer integrity • Sound corporate governance and efficient risk management 	16
Attractive employer	By attracting talented employees with different experiences and perspectives, we create the innovative climate required for long-term business success.	We offer a physically, mentally and socially healthy and developing workplace for all employees.	<ul style="list-style-type: none"> • Diversity and equality • Safe work environment • Competence development 	5, 8
Climate change	Climate change is the most important societal issue of our time, and despite its small direct environmental impact, TF Bank will contribute to the global goals and to reducing our global footprint on the environment.	We will reduce our own impact and contribute to reduced climate impact through our services.	<ul style="list-style-type: none"> • Reduce own climate impact • Digital processes • Contribute to energy transition 	7

Responsible lending

KPIs	2023	2022
Loan loss ratio (%)	4	2.9
Income from late payments (%)	6.1	6.4
Number of loan applications	12,300,899	8,347,038
- Of which denied	6,260,258	4,364,206
Average loan amount (SEK)	15,594	16,197
Share of markets with local customer service (%)	69	82

Sub-area 1: Growth in a controlled manner

TF Bank prioritises organic growth in a controlled manner. With the combination of well-developed credit granting processes and relatively low credit amounts, calculated risks are taken that can be quickly adjusted when the conditions on macro level change. It is inevitable that credit losses in absolute terms increase as the loan portfolio grows. However, our goal is to maintain it at a stable level of the loan loss ratio annually.

Sub-area 2: Customer protection

To become a customer of TF Bank, one must not have payment defaults and must have financial margins, which are ensured through a calculation of residual income. In the credit assessment process, we also investigate whether a loan with us would lead to the customer having too high a level of indebtedness. Additionally, TF Bank's credits are characterised by relatively low loan amounts and short repayment periods, which increases the probability that our customers will be able to repay their loans, even if their financial circumstances change.

In order to protect customers against changes in their financial circumstances, we also offer customers in the Nordics and Germany the facility to take out insurance against suspension of payments due to unemployment or illness, as well as a life insurance.

Should the customers still encounter problems repaying their loan, we are committed to helping the customers. TF Bank has specially trained employees who contact the customer at an early stage in the event of a late payment in order to jointly agree on a solution and, if possible, provide advice and support.

RESPONSIBLE LENDING

The key to ensuring responsible lending is to always be proactive in implementing the necessary changes in our credit assessment process. We focus on monitoring, on the full usage of data and continuously improving modelling techniques.

Krzysztof Blach joined TF Bank in 2015 and holds the position of Chief Credit Risk Officer. Conducting a sustainable business is synonymous with protecting our customers and therefore credit risk is of the utmost importance for our business.

- My role is to manage credit risk rather than minimise it. My team is constantly supporting the country managers and executive management team in achieving profitable and sustainable growth. In line with TF Banks focus on organic growth, we assist in making sure that we do not start operations in segments or markets where the credit risk is too high.

Managing credit risk means continually trying to optimise the risk reward equation. The Bank heavily invests in modelling and the training of personnel. There are several internal work shops for the analysts to attend.

- The key to ensuring responsible lending is to always be proactive in implementing the necessary changes in our credit assessment process. We focus on monitoring, on the full usage of data and continuously improving modelling techniques. The longer we are operational in a market, the more data we gather and this data helps us develop and improve the credit assessment process.



TF Banks credit assessment process has proven to be both robust and thorough. As the Banks geographical presence has expanded and operations have begun in the relatively new Credit Card segment, it is a comfort to have such a large and experienced team to regularly monitor and improve the credit assessment process.

Krzysztof Blach
Chief Credit Risk Officer

Credit assessment

In 2023, we processed around 12.3 million loan applications (8.3), of which above half were denied credit as a result of our robust credit assessment. In each case, we ensure accurate credit assessment through our established credit granting process that is continuously being tested, developed and improved. Our long experience in the industry, our various geographical markets and different economic conditions, have given us the know-how and data to be able to develop our models.

Credit assessment is performed in accordance with good lending practice and is always based on the customer's financial position and implemented in accordance with TF Bank's credit policy. In some countries we may be required to contact customers by telephone to ensure that the information provided by the applicant is correct. In markets where we have access to less information via credit information services companies, we ask for supplementary information, such as pay slips and tax returns, in order to ensure that our customers have the financial capacity to repay the loan.

Sub-area 3: Financial inclusion

Responsible lending is a necessary and important product category and function in a well-functioning economy. By taking a credit, consumers can spread expenses over time. TF Bank's products shall be characterised by easy-to-understand terms and high availability, with the ambition of meeting the needs of creditworthy people who need to take a loan. Our lending therefore combines automated processes with manual processing. Our automated credit assessment process allows us to provide customers with efficient credit management while also ensuring an accurate credit assessment. By providing local customer service, customers have the opportunity to get in touch and receive support with their matters in the local language.

Business ethics and governance

KPIs	2023	2022
Number of customer complaints	119	54
Number of reported GDPR breaches	0	0
Number of reports to whistle-blower function	0	0
Tax payments (SEK thousand)	166,552	135,824

Sub-area 1: Anti-corruption, AML and prevention of terror financing

Corruption primarily refers to the giving or accepting of a bribe or undue benefit, and inappropriate conduct in conflicts of interest. Conducting operations in a way that ensures corruptive practices cannot gain a foothold is a fundamental prerequisite for the continued trust of our customers, staff and the market. The Bank's anti-corruption work is based on the Bank's code of conduct, which encompasses all employees. The code of conduct is reviewed and updated every year, and the updated code is shared with the Bank's employees. Furthermore, anti-corruption training is carried out regularly to give employees guidance on how to act in the best way if they experience uncertainty in a relationship or business relationship. All in all, this contributes to an awareness among all employees that the work with anti-corruption is an ongoing process.

We work proactively to prevent TF Bank from being used for money laundering or terrorist financing both to counteract this societal problem and to protect our customers. The work takes place within the framework of the risk assessment and KYC process carried out on each new customer in the Bank. Thereafter, transactions and activities are continuously monitored. Suspected cases of money laundering or terrorist financing are investigated and reported to the relevant supervisory authorities in each market.

As part of TF Bank's active work to maintain a high level of business ethics, the Bank has a whistleblower function where suspected cases of deviations from the Code of Conduct, violations of internal or external regulations, as well as money laundering and terrorist financing can be reported anonymously. The whistleblower function is available on the Bank's website.

TF Bank has also adopted a code of conduct for suppliers. The Bank's suppliers are evaluated on the basis of different premises. Supplier Code of Conduct is distributed to suppliers who then will approve our code of conduct for suppliers or demonstrate that they have an internal equivalent code of conduct. The Bank's compliance function ensures that annual follow-ups of suppliers in relation to the code of conduct are conducted.

Sub-area 2: Information security and GDPR

TF Bank works preventively with systematic information security. We continuously adapt the security measures based on the Organisation's needs and risks in accordance with regulatory requirements, good practice and ethical standards.

We also require that persons who process personal data undertake confidentiality through written agreements and strict information security measures. This also applies to our suppliers, which is established in our code of conduct for suppliers.

It is TF Bank's obligation that the personal data we process is correct, complete and up to date. Personal data is protected by bank secrecy, which means that TF Bank may not disclose personal data to unauthorised persons. The Bank also has extensive routines for processing personal data in accordance with GDPR.

Sub-area 3: Sound corporate governance and efficient risk management

TF Bank follows the Swedish Code of Corporate Governance and uses a well-proven model for corporate governance with clear responsibilities, guidelines and policies in all significant areas.

The Company's risk management is based on three lines of defence that start in the business and support units, which include all employees. The second line comprises the independent control functions Compliance and Risk Control, which review, evaluate and report to management and the board regarding risks and compliance. The third line consists of internal audit, which is an independent audit function directly subordinate to the board. The internal audit is mainly responsible for providing the Board with reliable and objective evaluation of risk management, financial reporting and control and governance processes in order to reduce the presence of risks and improve the control structure.

More information about TF Bank's corporate governance can be found in the corporate governance report on page 93-103.

Human rights

TF Bank respects universal human rights in all countries where the Bank operates. The Bank supports the UN's Universal Declaration of Human Rights and associated conventions. In 2022, TF Bank joined the UN's Global Compact initiative. This collaboration serves as an important factor in TF Bank's active work with human rights. By joining the UN's Global Compact, the Bank commits to communicating its progress (CoP) on their ten principles for human rights, labour rights, environment, and anti-corruption, as well as the SDGs.

Attractive employer

KPIs	2023	2022
Number of employees	380	318
- Of which women	210	176
- Share of women (%)	55	55
Share of female members of Board of Directors and executive management (%)	21	22
- In Board of Directors (%)	17	33
- In operational management (%)	25	21
Number of nationalities in Board of Directors	1	2
Average age of employees	33	34
Sick absence (%)	6	5
Staff turnover rate (%)	24	22
Number of part-time employed students	24	27

Sub-area 1: Diversity and equality

At TF Bank, all shall be treated with respect and dignity in accordance with our business principles. TF Bank strives for long-term business success and believes that employees with diverse experiences and perspectives are a crucial factor in creating the innovative climate required to achieve this. As a smaller company, we understand that our success depends on the diversity and competence of our employees, who are our most important asset. The area of diversity and equality is addressed in our code of conduct.

We work to ensure that all employees have the same rights, obligations and opportunities in all important areas of life. Important aspects of our gender equality work are to facilitate the opportunities to reconcile work and parenthood, to prevent and deter discrimination, to work for a more even gender distribution within our operations and to give all employees equal pay and conditions for equal work.

Sub-area 2: Safe work environment

All employees within TF Bank shall have an inspiring and safe work environment, both physically and psychosocially. The physical work environment must be designed to promote health and safety, and all employees must have a good ergonomically designed workplace. Great emphasis is placed on preventive work environment measures, which takes place in close collaboration between management, employees, the safety organisation and occupational health care. TF Bank continuously evaluates the company's efforts in the work environment area in order to be able to make continuous improvements in the daily work environment.

Sub-area 3: Competence development

A basic principle for TF Bank is to provide all employees with the opportunity for development and training. We continuously train all employees in issues that affect their own work tasks, as well as in broader and business-critical issues such as money laundering. Based on development talks between each employee and the immediate manager, individual goals are set with the opportunity for individual development based on needs and ambitions. The ambition is for all employees to understand their role and the importance of their own work, to be able to influence their work situation, to feel responsible for their tasks and to develop their skills.

The Bank also wants to be a springboard to working life and in several markets there are opportunities for part-time work while studying.

Climate change

Sub-area 1: Reduce own climate impact

The climate transition is the most important societal issue of our time, and despite limited direct environmental impact, TF Bank aims to contribute to the SDGs and reduce its environmental footprint. The Bank has a sustainability policy that is regularly updated. This policy has been adopted by the Board of Directors and is accessible for all employees of the Bank. During the year, the Bank has taken steps to reduce its environmental footprint, including calculating its carbon footprint in collaboration with external consultants.

The indirect environmental impact occurs mainly through our suppliers' energy use, especially regarding server capacity. The Bank uses a cloud-based server solution that is considered more secure and is more energy efficient than having own servers. The server hall used is powered by 100% green electricity and is environmentally certified according to ISO 14001.

The calculation is based on the Greenhouse Gas protocol (GHG-protocol) and is estimated using the consolidation method with an operational control approach. The Bank's climate impact has been calculated using the market-based method. Measurements have been made within scope 1 (refrigerants and service vehicles), scope 2 (electricity, district heating, and district cooling), and part of scope 3 (business travel and indirect life cycle emissions related to each emission source).

KPIs	2023	2022
Climate impact (t CO ₂ e)	534.9	484.0
Climate impact per employee (t CO ₂ e / FTE)	1.41	1.56
Climate impact per net sales (t CO ₂ e / MSEK)	0.27	0.34
Climate impact per office space (t CO ₂ e / m ²)	0.02	0.03
Energy consumption per office space (kWh / m ²)	159.93	131.83

As TF Bank's operations are located in several countries, video conferencing opportunities have been prioritised in all branches to reduce the company's environmental impact in the form of travel, and to facilitate meetings between the Bank's various units.

In our offices, we ensure that we have well-functioning recycling procedures. Paper, cartons, toner and electronic equipment are sorted and left for recycling. Our office supplies are purchased from environmentally certified suppliers and we strive to choose environmentally friendly products.

We consider it of utmost importance that our suppliers follow high ethical standards and act responsibly which is why we have adopted our code of conduct for suppliers. The document is distributed to suppliers who then will approve our code of conduct for suppliers or demonstrate that they have an internal equivalent code of conduct.

Sub-area 2: Digital processes

TF Bank is on a digitalisation journey where we develop internal processes and smart solutions for our customers, but different conditions apply in the various markets due to the country's maturity to accept digital solutions. In the Baltic countries and in Norway, all marketing and customer communication takes place digitally. The majority of new lending takes place digitally through loan intermediaries on all channels.

We strive to reduce our paper use through several different initiatives. We encourage our customers to sign loan agreements electronically and have come a long way in this work in several markets. We also see an improvement regarding the use of e-invoices and invoices via e-mail to handle notices to our customers. The percentage of invoices sent digitally amounted to 91 % during 2023.

Both in our marketing and in our administration, we use Nordic eco-labelled or FSC-labelled products, both in terms of paper, envelopes and cartons. In the e-commerce business, we offer our partners an AI tool, Avarda Return Optimiser, to reduce their return rates, which in turn contributes to reduced transports.

Sub-area 3: Contribute to energy transition

TF Bank is continuously investigating business opportunities to offer financing solutions that can facilitate climate change with a focus on modern energy. Through the Bank's e-commerce customers, it is also possible to finance the purchase of modern energy solutions.

Corporate Sustainability Reporting Directive (CSRD)

TF Bank will be subject to the new EU directive for sustainability reporting, Corporate Sustainability Reporting Directive (CSRD), from the fiscal year 2025 with the first reporting in 2026. This means that the Bank will report according to European Sustainability Reporting Standards (ESRS). The directive entails increased requirements for more comprehensive disclosures and information related to sustainability than what is currently required.

UN Sustainable Development Goals

TF Bank has identified the UN SDGs number 5, 7, 8 and 16 as most relevant in relation to its operations and where the largest contributions are made. In addition, TF Bank contributes through social partnerships within goal 4.



5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life



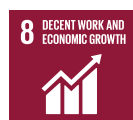
16.4 Significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime
16.5 Substantially reduce corruption and bribery in all their forms



7.1 Ensure universal access to affordable, reliable and modern energy services
7.2 Increase substantially the share of renewable energy in the global energy mix



4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
4.5 Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations



8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
8.6 Substantially reduce the proportion of youth not in employment, education or training
8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

Social partnership

TF Bank also cooperates with PlayOnside, which is based in the Thai border town of Mae Sot on the eastern border with Myanmar. Myanmar is experiencing one of the most serious humanitarian crises in the world with internal conflict contributing to thousands of civilian casualties, forced relocations and resettlement in other countries. PlayOnside uses the power of football to educate and empower displaced Myanmar refugees and immigrants. Now, every weekend, about 700 children from 22 different migrant schools gather to play, learn and compete while making new friends and expanding their network in the process.

AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

To the Annual General Meeting of TF Bank AB (publ), corporate identity number 556158-1041.

Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the year 2023 on pages 105 - 115 and that it is prepared in accordance with the Annual Accounts Act.

The scope of the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Statement

A statutory sustainability report has been prepared.

Stockholm 14 March 2024
KPMG AB

Dan Beitner
*Authorised Public Accountant
Auditor in Charge*