ANNUAL REPORT 2015

TFBank

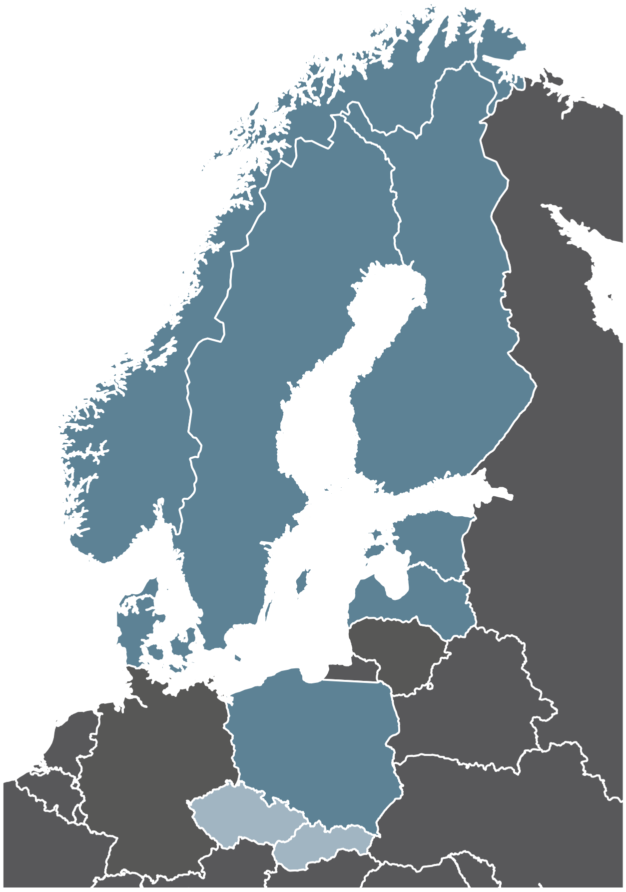
HIGHLIGHTS FOR THE YEAR

DEVELOPMENT IN 2015

- The loan portfolio grew by 12.5 %
- Net interest margin decreased to 19.6 % (21.9 %)
- Operating income increased by 11.7 %
- Operating profit decreased by 7.1 %
- Adjusted [1] operating profit increased by 7.2 %
- Cost/income ratio of 37.0 % (30.7 %)
- Earnings per share amounted to SEK 4.34 (4.63)
- Adjusted [1] earnings per share amounted SEK 5.00 (4.63)

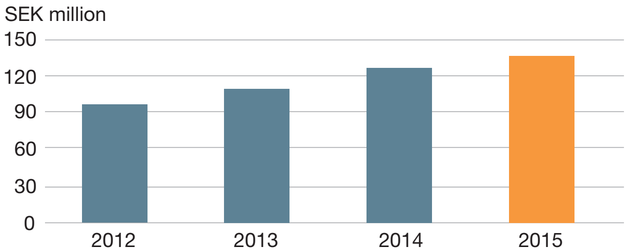
SIGNIFICANT EVENTS

- Agreements with 13 new retailers in the Sales Finance segment.
- Mattias Carlsson was elected Chairman of the Board and Declan Mac Guinness took over as CEO in March.
- In Direct to Consumer, the Group established a branch in Gdansk in Poland during the year.
- Intrum Justitia became a partner (49 %) in Avarda AB through a directed new share issue during the year.
- The proprietary ledger system Titan was completed in the first half of the year.
- The acquisition of the Norwegian financial institution BB Finans was completed in July, thereby strengthening TF Bank's position in the Norwegian market.
- In December, TF Bank issued a subordinated Tier 2 loan with a value of SEK 100 million. The issue strengthens and diversifies the bank's capital structure.

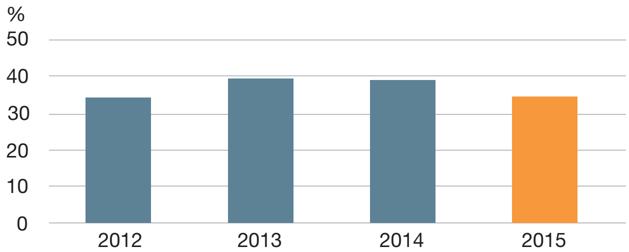


TF Bank was founded in Sweden in 1987 for the purpose of offering financing solutions to customers ordering goods from mail-order catalogues. Over time, the Group has grown in terms of product offering, income and geographical presence.

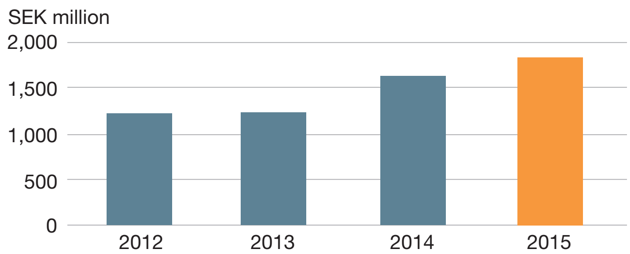
ADJUSTED OPERATING PROFIT[1], 2012-2015



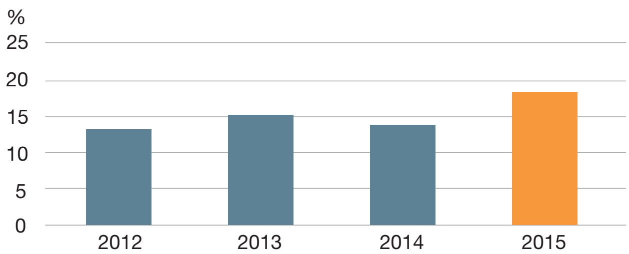
ADJUSTED RETURN ON EQUITY[1], 2012-2015



LOANS TO THE PUBLIC, 2012-2015



TOTAL CAPITAL RATIO, 2012-2015



[1] Adjustments have been made to show underlying earnings for the business, with non-recurring items excluded.

VISION
to facilitate financial transactions by providing immediate on the spot credit to customers.

FINANCIAL CALENDAR

2016 Annual General Meeting	12 April 2016
Interim report January-March 2016	10 May 2016
Interim report January-June 2016	19 July 2016
Interim report January-September 2016	8 November 2016
Year-end report January-December 2016	14 February 2017

For further information, visit www.tfbankgroup.com or contact Investor Relations at ir@tfbank.se.

The 2016 Annual General Meeting will be held at Ryssnäsgatan 2, Borås, at 10.00 a.m. on 12 April 2016.

KEY FIGURES, GROUP

SEK million	2015	2014
Operating income	388	347
Net interest margin, %	19.6 %	21.9 %
Adjusted operating profit after loan losses	137	127
Adjusted earnings per share, SEK	5.00	4.63
Loans to the public	1,838	1,634
Credit volume	1,675	1,191
Adjusted return on equity, %	34.5 %	39.0 %
Cost/income ratio, %	37.0 %	30.7 %
Total capital ratio, %	18.2 %	13.7 %
Employees (FTE)	78	51

See separate section for definitions, page 62.

CEO'S COMMENTS

Increased operating income, increased deposits, a successfully implemented subordinated loan issue, continuing international expansion, a strengthened Board and a new CEO. Since its establishment, and with profitable growth, TF Bank has grown to approximately one million customers in seven countries at present. The foundation is now laid for increasing the pace and continuing to grow with profitability.

The Group's business consists of lending to the public through two segments: Direct to Consumer and Sales Finance. Direct to Consumer deals primarily with loans to retail customers. Sales Finance provides financing solutions for handling invoice and instalment payments.

At present, we have just over one million customers in seven countries. Since 2012, TF Bank has had a licence to conduct banking business, which consists of deposits and lending to retail customers in Sweden and Finland, lending to retail customers in Norway and Poland, and cross-border lending in Denmark, Estonia and Latvia.

In summary, 2015 resulted in an adjusted operating profit of SEK 137 million (127), an operating income of SEK 388 million (347) and a cost/income ratio of 37 % (31 %) – we continue to grow while maintaining cost control. We have created a stable platform with attractive financing solutions for retail customers and we expect to continue to take market share.

Low interest rates have increased interest in TF Bank's savings account products, and deposits from the public increased by SEK 276 million during 2015. The Group's strong liquidity also creates a stable foundation for the future growth we are expecting.

Our second foreign branch was established in Gdansk in Poland during the first quarter of 2015. We see Poland as a natural and exciting growth market for both lending and Sales Finance, and having local expertise is an important part of our long-term plan for growth outside the Nordic countries.

During the year, TF Bank acquired the Norwegian financial institution BB Finans and the transaction was completed on 31 July 2015. The acquisition of BB Finans will have a positive impact on the Group's operating profit in 2016. The company is well-managed with a long, proven lending history and significant growth potential in what is an important market for the bank. Part of the acquisition strategy was for TF Bank to provide the company with the necessary liquidity to grow, and BB Finans' loans to the public have grown by 39 % to NOK 198 million since the acquisition. The BB Finans acquisition enables TF Bank to significantly strengthen its position in the Norwegian market in both cash loans and credit cards.

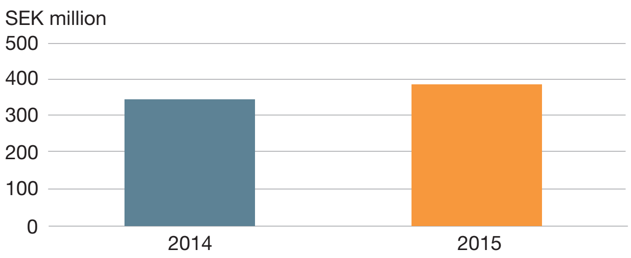
Avarda, our joint venture with Intrum Justitia, is now also in place and the company has started to establish itself as a viable alternative to the sales financing options currently on the market. The company has managed to sign a number of agreements with e-retailers in different countries and we look forward to a new growth engine in the bank's portfolio.

In addition, subordinated tier 2 bonds with a value of SEK 100 million were issued. The issue strengthens and diversifies the bank's capital structure and supports continuing growth. The transaction was completed in a day, which is a measure of the strength of our business model.

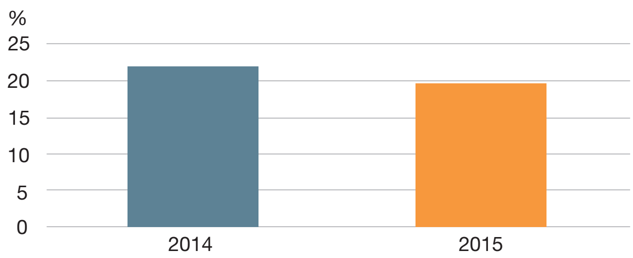
Finally, our Board of Directors was strengthened by the election of our previous CEO Mattias Carlsson as Chairman and Lars Wollung and Tone Bjørnov as new Board members – all of them bringing extensive experience from the financial sector. I took over as CEO in the first quarter of 2015, and together with the Board and Management and our important employees, we have the experience required to further develop TF Bank for the company's customers and owners.

Declan Mac Guinness
CEO

OPERATING INCOME, 2014-2015



NET INTEREST MARGIN, 2014-2015



"The Group's strong earning capacity, capital and liquidity positions combined with the enhanced IT and geographical platform provides a solid foundation for continued growth."

STABLE PLATFORM FOR GROWTH

In recent years, the Group has grown in terms of product offering, income and geographical presence. TF Bank currently offers consumer banking services through an in-house developed IT platform with a high level of automation designed for scalability and adaptability to different digital banking solutions.

Fast-growing North European niche bank

- Niche bank providing unsecured loans and credit cards to creditworthy retail customers in Northern Europe
- Product range that makes consumption and temporary financing possible
- Business model whereby a significant proportion of loans are applied for and processed online

Proven ability to expand into new geographic markets – from the Swedish base to a broad North European presence

- Focus on consumer loans since the establishment in Sweden
- The Nordic region offers attractive markets for credit products based on access to information necessary to ensure a correct lending process and creditor protection tools
- Nordic expansion into Finland (1998), Norway (2003) and Denmark (2013)
- Nordic heritage and proven ability to grow geographically in the Baltic region and Poland before possible expansion into the Czech Republic and Slovakia
- Geographic distribution of the portfolio provides better diversification due to Norway's new position.

Focused initiatives directed towards clear market niches

- TF Bank's target group has traditionally been disadvantaged in obtaining finance, as traditional banks have had little interest in unsecured lending

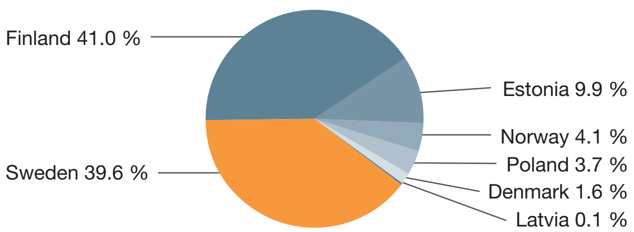
Operates through two complementary and synergistic segments, made possible by a strong IT platform

- TF Bank's business is lending to the public through two segments: Direct to Consumer and Sales Finance
- Direct to Consumer comprises loans to retail customers
- Sales Finance enables retailers to offer their customers financing options such as invoices and instalment plans
- TF Bank currently offers consumer banking services through a highly automated in-house developed IT platform designed for scalability and adaptability to different products, countries, currencies and digital banking solutions

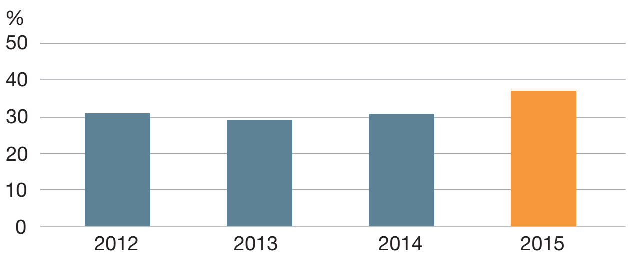
Stable business model with a high return

- The return is driven by (2013-2015 average):
  - High growth: CAGR 22.0 % in the loan portfolio
  - Cost efficiency: 32.2 % cost/income ratio
- High return enables significant reinvestments in the business and high attractive returns to shareholders

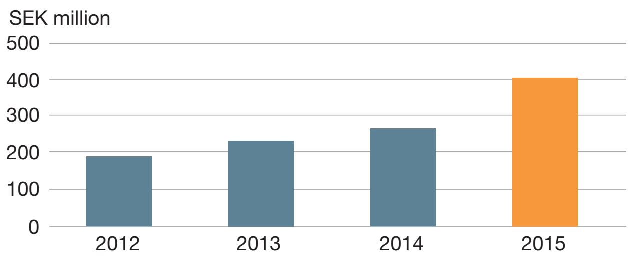
GEOGRAPHIC DISTRIBUTION OF INTEREST INCOME

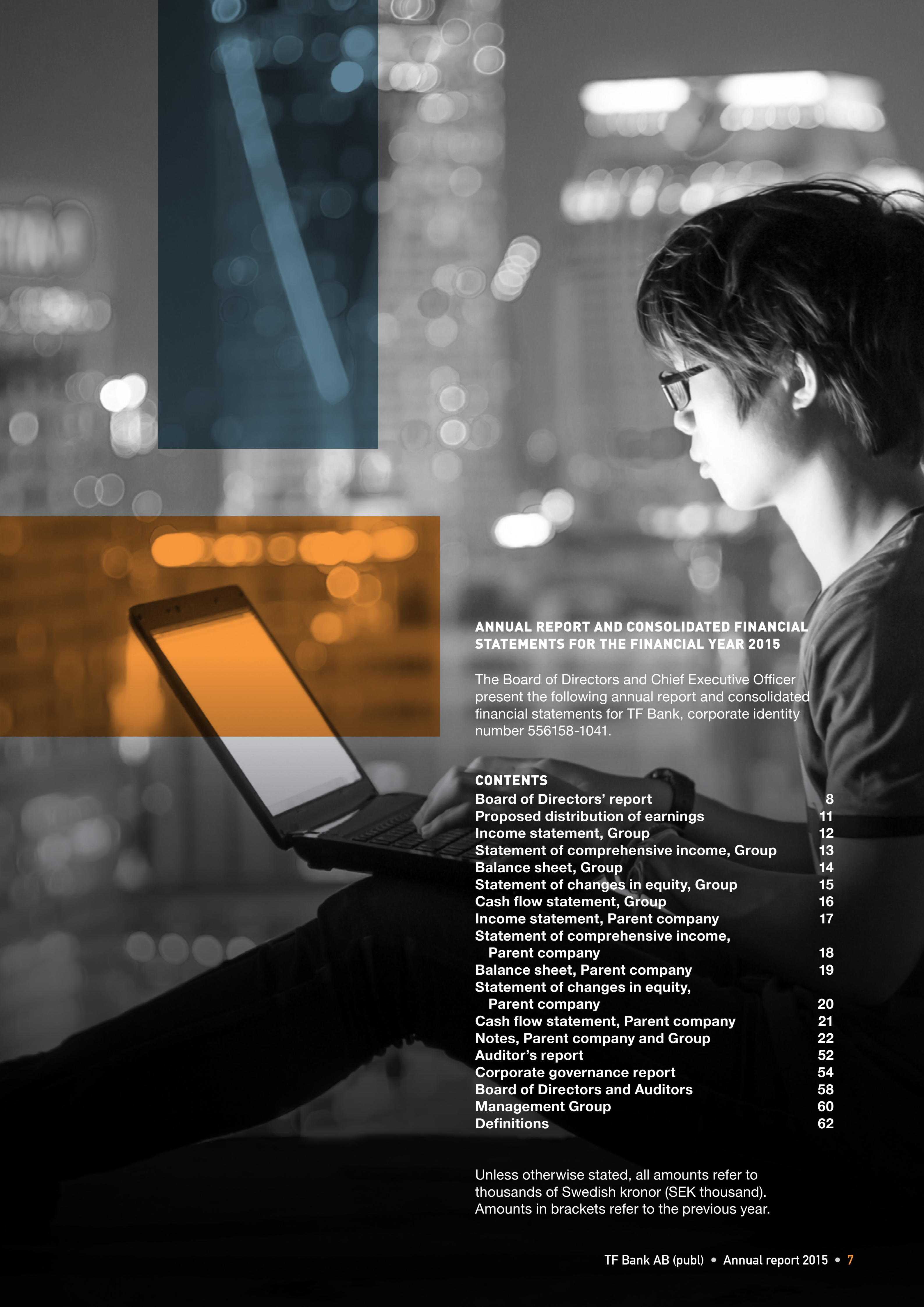


COST/INCOME RATIO, 2012-2015



OWN FUNDS, 2012-2015





ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

The Board of Directors and Chief Executive Officer present the following annual report and consolidated financial statements for TF Bank, corporate identity number 556158-1041.

CONTENTS

Unless otherwise stated, all amounts refer to thousands of Swedish kronor (SEK thousand). Amounts in brackets refer to the previous year.

BOARD OF DIRECTORS' REPORT

THE GROUP

TF Bank was founded in Sweden in 1987 for the purpose of offering financing solutions to customers ordering goods from mail-order catalogues. Over time, the Group has grown both in terms of product offering, profit and geographical reach. Currently, TF Bank offers consumer banking services through a highly automated, in-house developed IT-platform designed for scalability and adaptability to different products, jurisdictions, currencies and digital banking solutions. TF Bank conducts banking operations with deposits and lending to retail customers in Sweden and Finland, lending to retail customers in Norway and Poland as well as cross-border lending in Denmark, Estonia and Latvia.

The Group's principal business is lending to the public through two segments: Direct to Consumer and Sales Finance. Direct to Consumer comprises mainly of loans of limited amounts to retail customers. Sales Finance provides funding solutions for the handling of invoice and instalment payments.

SIGNIFICANT EVENTS AND COMMENTS ON THE DEVELOPMENT DURING THE YEAR

TF Bank's economic development continued in a positive trend with solid growth combined with increased profit. Adjusted operating profit amounted to SEK 137 million, an increase of 7.2 %. Operating income increased by 11.7 % to SEK 388 million. The Group's loans to the public increased by SEK 204 million to SEK 1,838 million and deposits from the public increased by SEK 277 million to SEK 2,230 million.

TF Bank acquired the Norwegian financial institution BB Finans AS ("BB Finans") during 2015. The transaction was completed on 31 July 2015. The acquisition will have a positive impact on the Group's operating profit in 2016. The company is well-managed with a long and proven positive credit history and provides TF Bank with significant growth opportunities in an important market. Part of the acquisition strategy was for TF Bank to provide the company with the necessary liquidity to grow. Since the acquisition, BB Finans' loans to the public have grown by 39 % to NOK 198 million. As a result, BB Finans enables TF Bank to significantly strengthen its position in the Norwegian market in both cash loans and credit cards. BB Finans has also signed innovative agreements to distribute its products and thus fits in well with the Group's vision to facilitate financial transactions wherever they occur in order to offer immediate credit to the customer.

The Direct to Consumer segment continued to show very high profitability with an operating profit of SEK 130 million, the highest in the history of TF Bank. As part of the continued geographic expansion, the bank established

KEY FIGURES, GROUP

SEK thousand	2015	2014	2013	2012	2011
Income statement					
Operating income	388,013	347,360	292,379	272,117	245,955
Net interest margin, %	19.6 %	21.9 %	22.6 %	22.1 %	22.4 %
Operating profit after net loan losses	118,315	127,322	109,939	96,663	106,022
Adjusted operating profit after net loan losses	136,547	127,322	109,939	96,663	106,022
Earnings per share, SEK	4.34	4.63	4.02	3.13	3.87
Adjusted earnings per share, SEK	5.00	4.63	4.02	3.13	3.87
Balance sheet					
Loans to the public	1,837,578	1,633,820	1,234,158	1,221,426	1,128,214
Deposits from the public	2,229,562	1,953,403	1,522,288	1,263,376	809,377
Credit volume	1,675,309	1,190,859	662,072	694,324	643,600
Key figures					
Adjusted return on equity, %	34.5 %	39.0 %	39.4 %	34.3 %	54.5 %
Net loan loss ratio, %	6.2 %	7.9 %	8.0 %	7.8 %	7.0 %
Cost/Income ratio, %	37.0 %	30.7 %	29.0 %	30.8 %	27.5 %
CET 1 capital ratio, %	13.9 %	13.7 %	15.1 %	13.1 %	13.4 %
Total capital ratio, %	18.2 %	13.7 %	15.1 %	13.1 %	13.4 %
Employees (FTE)	78	51	36	31	27

See separate section for definitions, page 62.

a branch in Poland and acquired BB Finans. The combination of organic growth and acquisition resulted in a record number of loan applications for the segment.

In the beginning of the year, Intrum Justitia became a partner (49 %) in the joint venture company Avarda AB ("Avarda"), through a directed new share issue. Avarda's geographical area for expansion will be the Nordic markets and during the year agreements were signed with 13 new retailers. Avarda is included in the Sales Finance segment and is expected to play a part in the bank's future growth.

The development and launch of the proprietary ledger system Titan was completed during the first half of the year. The system has initially been used for the management of consumer loans in Estonia and Poland. The possibility of using the system in other markets is however currently being evaluated.

TF Bank issued a subordinated Tier 2 loan with a value of SEK 100 million in December. The loan strengthens and diversifies the bank's capital structure and supports its continued growth. The loan was well received by the market and the order book closed within a day. The improved capital and liquidity position creates a good platform to support the expected future growth of the bank.

The composition of the bank's management and the Board of Directors changed during 2015. In March, the bank's Chief Executive Officer (CEO) Mattias Carlsson was elected Chairman of the Board of Directors and at the same time Declan Mac Guinness took over as the new CEO. Declan joined TF Bank as early as 2012 and was initially responsible for the Direct to Consumer segment. Declan has more than ten years' experience of the financial industry and was previously the CEO of Carlson Fonder AB and Compliance Officer at DNB Asset Management in Stockholm. In December 2015, two new board members were appointed; Lars Wollung and Tone Bjørnov. Both have extensive experience of the financial sector. Lars was previously CEO of Intrum Justitia for seven years and Tone is, among other things, a member of the Board of Directors at ABG Sundal Collier ASA. More information about the Board's work and corporate governance can be found in the Corporate Governance Report on pages 54-57.

To conclude, the bank is presently in a good position to carry on generating growth whilst maintaining rigid cost control.

RESULTS AND FINANCIAL POSITION

Operating income increased by 11.7 % to SEK 388 million (347). The growth comes mainly from the Sales Finance segment, where operations commenced in May 2014 when the Group acquired a line of business containing an existing credit portfolio. The acquisition of BB Finans impacted operating income during the last five months of the year and thus contributed to the increase. Lower financing costs meant that the Group's interest expenses decreased somewhat compared to 2014. Despite this development, net interest margin decreased to 19.6 % (21.9 %) due to a higher proportion of operating income from the Sales Finance segment.

Net fee and commission income rose strongly for both segments. For the Sales Finance segment this was mainly due to the inclusion of the segment for the full year of 2015, while higher income from the Group's insurance premiums contributed to the increase in the Direct to Consumer segment.

Operating expenses for the Group amounted to SEK 143 million (107). The number of employees increased by 53 % in 2015, due to, amongst other things, the acquisition of BB Finans, the start-up of a branch in Poland and more employees within the central functions of the Group. Operating costs related to the Sales Finance segment increased substantially since operations were included for the full 12-month period for the first time. The segment was also affected by start-up costs for the Avarda joint venture. Operating costs for the Direct to Consumer segment were affected by the geographical expansion, mainly through the acquisition of BB Finans and the start of the branch in Poland.

NET PROFIT ADJUSTED FOR ITEMS AFFECTING COMPARABILITY

SEK thousand	2015	2014
Total operating income	388,013	347,360
Operating profit	118,315	127,322
Items affecting comparability[1]	18,232	-
Adjusted operating profit	**136,547**	**127,322**
Adjusted income tax expense	–32,917	–27,779
Adjusted net profit for the year	**103,630**	**99,543**
Adjusted net profit for the year attributable to the shareholders of the Parent company	107,456	99,543
Adjusted earnings per share, SEK	5.00	4.63

[1] Items affecting comparability consist of costs incurred following a discontinued listing process in September 2015.

Adjusted operating profit increased by 7.2 % to SEK 137 million (127). Adjustments have been made for non-recurring items. Net loan losses decreased by 5 % compared with 2014, primarily due to the improved credit quality of the loan portfolio in both the Direct to Consumer and Sales Finance segments.

Loans to the public increased by 12.5 % to SEK 1,838 million (1,634). The increase was due to the acquisition of BB Finans as well as growth in Estonia and Poland. New contracts within Sales Finance has so far generated only small volumes during 2015.

Deposits from the public increased by 14.2 % to SEK 2,230 million (1,953). Deposit volumes increased in both Sweden and Finland in 2015. The deposit rate in Sweden was reduced from 1.55 % at the beginning of the year to 0.90 % at the end of the year. The deposit rate in Finland was kept unchanged at 1.60 % throughout the year.

During the year the Group's investments amounted to SEK 82 million (4), primarily as a result of the acquisition of BB Finans but also as a result of the development of the proprietary ledger system, Titan, now used for the management of loans. All costs directly attributable to the development of the system have been capitalised as an intangible asset. Amortisation of the investment in Titan began during the first half of 2015.

At the end of 2015, cash and cash equivalents amounted to SEK 867 million, compared to 651 million in December 2014. The increase is primarily due to increased deposits from the public, positive operating cash flow and the issuance of the subordinated loan. Furthermore, the Group had undrawn credit facilities of SEK 328 million.

The Common Equity Tier 1 (CET 1) ratio remains at a stable level and at year-end it was 13.9 % (13.7 %). The Group's own funds also include Tier 2 capital and the total capital ratio at year-end was 18.2 % (13.7 %). This is significantly higher than the legally required levels.

TF Bank has grown its operating result significantly in recent years through organic growth, successful acquisitions and through entering new markets. To support further growth and the development of the business, TF Bank and its owners are currently assessing a range of strategic alternatives, including a possible listing.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

TF Bank's subordinated Tier 2 loan of SEK 100 million was listed on Nasdaq Stockholm in February 2016.

RISKS AND UNCERTAINTIES

The Group is exposed to different types of risks such as: credit, market, liquidity and operational risk. In order to limit and control the risk in the business, the Board of Directors, which is ultimately responsible for internal control, establishes policies and instructions for lending and other activities within the Group. For a more detailed description of financial risks, the use of financial instruments and capital adequacy, see notes 3 and 34.

PROPOSED DISTRIBUTION OF EARNINGS

PROPOSED DISTRIBUTION OF EARNINGS

The following amount is available for distribution by the Annual General Meeting:

SEK thousand	
Retained earnings	105,218
Net profit for the year	101,559
	206,777

The Board of Directors and CEO propose	
dividend of SEK 0.45 per share (21,500,000 shares)	9,675
to be carried forward to retained earnings	197,102
	206,777

THE BOARD OF DIRECTORS' ASSESSMENT OF THE PROPOSED DIVIDEND

The proposed dividend will reduce the leverage ratio to 12.5 %. The leverage level is at an adequate level given that the Group continues to operate profitably. Liquidity is expected to remain significantly above the company's policy for managing liquidity risk. Consequently, the Board's opinion for the proposed dividend will not prevent the company from fulfilling its obligations in the short- and long-term, nor from completing any necessary investments. The proposed dividend can therefore be justified with reference to what is stated in the Companies Act, chapter 17, 3 §, sections 2-3.

In addition, the Group's and the company's result and financial position at year-end are presented in the subsequent income statement, balance sheet, statement of changes in equity and cash flow statement and accompanying notes.

INCOME STATEMENT, GROUP

SEK thousand	Note	2015	2014
Operating income			
Interest income	4, 5	385,846	360,136
Interest expense	6	–37,602	–38,567
Net interest income		**348,244**	**321,569**
Fee and commission income		45,882	29,351
Fee and commission expenses		–5,960	–3,409
Net fee and commission income	7	**39,922**	**25,942**
Net results from financial transactions		–153	–151
Total operating income		**388,013**	**347,360**
General administrative expenses	8, 9, 10	–118,272	–86,916
Depreciation, amortisation and impairment charges of tangible and intangible assets	11, 12	–4,568	–3,470
Other operating expenses	13	–20,579	–16,309
Total operating expenses before loan losses		**–143,419**	**–106,695**
Profit before loan losses		**244,594**	**240,665**
Net loan losses	14	–108,047	–113,343
Items affecting comparability		–18,232	-
Operating profit		**118,315**	**127,322**
Income tax expense	15	–28,906	–27,779
Net profit for the year		**89,409**	**99,543**
Attributable to:			
Shareholders of the Parent company		93,235	99,543
Non-controlling interests		–3,826	-
Basic earnings per share (SEK) [1]		4.34	4.63
Diluted earnings per share (SEK) [1]		4.34	4.63

[1] The number of shares increased from 50,000 to 21,500,000 through a share split and bonus issue on 4 June 2015. Earnings per share has been calculated using the new number of shares.

STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK thousand	2015	2014
Net profit for the year	89,409	99,543
Other comprehensive income:		
Items that may be reclassified subsequently to the income statement		
Currency valuation differences during the year, net of tax	–2,617	1,887
Other comprehensive income, net of tax	**–2,617**	**1,887**
Total comprehensive income for the year	**86,792**	**101,430**
Attributable to:		
Shareholders of the Parent company	90,674	101,430
Non-controlling interests	–3,882	-

BALANCE SHEET, GROUP

SEK thousand	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Cash and balances with central banks		29,445	4,811
Treasury bills eligible for refinancing		60,075	159,965
Loans to credit institutions	16, 17, 18	777,811	485,955
Loans to the public	16, 17, 19	1,837,578	1,633,820
Goodwill	20	11,536	-
Intangible assets	11	12,406	4,749
Tangible assets	12	1,516	1,553
Other assets	21	9,582	10,616
Current tax assets		1,288	19,497
Deferred tax assets	26	2,235	-
Prepaid expenses and accrued income	22	34,297	31,197
TOTAL ASSETS		**2,777,769**	**2,352,163**
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	23	516	-
Deposits and borrowings from the public	17, 24	2,229,562	1,953,403
Other liabilities	25	25,925	65,095
Deferred tax liabilities	26	14,253	12,146
Accrued expenses and prepaid income	27	59,280	49,302
Subordinated liabilities	28	97,000	-
Total liabilities		**2,426,536**	**2,079,946**
Equity			
Share capital (21,500,000 shares of SEK 5 each) [1]		107,500	5,000
Other reserves		–673	1,887
Retained earnings		144,868	165,787
Net profit for the year attributable to the shareholders of the Parent company		93,235	99,543
Total equity attributable to the shareholders of the Parent company		**344,930**	**272,217**
Non-controlling interests		6,303	-
Total equity		**351,233**	**272,217**
TOTAL LIABILITIES AND EQUITY		**2,777,769**	**2,352,163**
Assets pledged as security	35	616,569	653,017
Commitments		None	None
Contingent liabilities		None	None

[1] The number of shares increased from 50,000 to 21,500,000 and the share capital increased from SEK 5,000,000 to SEK 107,500,000 through a share split and bonus issue on 4 June 2015.

STATEMENT OF CHANGES IN EQUITY, GROUP

SEK thousand	Attributable to the shareholders of the Parent company					
	Share capital	Other reserves	Retained earnings	Net profit for the year	Non-controlling interests	Total equity
Balance as at 1 Jan 2014	**5,000**	**-**	**147,588**	**86,324**	**-**	**238,912**
Net profit for the year	-	-	-	99,543	-	99,543
Currency translation differences, net of tax	-	1,887	-	-	-	1,887
Total comprehensive income for the year, net of tax	**-**	**1,887**	**-**	**99,543**	**-**	**101,430**
Transfer of retained earnings	-	-	86,324	–86,324	-	-
Dividends	-	-	–858	-	-	–858
Group contributions	-	-	–86,240	-	-	–86,240
Tax on group contributions	-	-	18,973	-	-	18,973
Balance as at 31 Dec 2014	**5,000**	**1,887**	**165,787**	**99,543**	**-**	**272,217**
Balance as at 1 Jan 2015	**5,000**	**1,887**	**165,787**	**99,543**	**-**	**272,217**
Net profit for the year	-	-	-	93,235	–3,826	89,409
Currency translation differences, net of tax	-	–2,560	-	-	–57	–2,617
Total comprehensive income for the year	**-**	**–2,560**	**-**	**93,235**	**–3,883**	**86,792**
Transfer of retained earnings	-	0	99,647	–99,543	–104	-
Dividends	-	-	–18,105	-	-	–18,105
Bonus issue	102,500	-	–102,500	-	-	-
New share issue	-	-	39	-	980	1,019
Shareholder’s contribution	-	-	-	-	9,310	9,310
Balance as at 31 Dec 2015	**107,500**	**–673**	**144,868**	**93,235**	**6,303**	**351,233**

CASH FLOW STATEMENT, GROUP

SEK thousand	2015	2014
Operating activities		
Operating profit	118,315	127,322
Adjustment for items not included in cash flow:		
Depreciation and amortisation	4,568	3,470
Accrued interest income and expense	–8,198	652
Other non-cash items	–1,240	151
Paid income tax	–12,074	–23,697
	101,371	**107,898**
Increase/decrease in loans to the public	–42,081	–399,662
Increase/decrease in other short-term claims	1,462	–16,241
Increase/decrease in deposits and borrowings from the public	240,019	431,115
Increase/decrease in other short-term liabilities	–34,701	6,919
Cash flow from operating activities	**266,070**	**130,029**
Investing activities		
Investments in tangible assets	–630	–1,069
Investments in intangible assets	–7,999	–2,678
Acquisition of associated undertakings	–73,741	-
Cash flow from investing activities	**–82,370**	**–3,747**
Financing activities		
New share issue	1,019	-
Shareholder's contribution	9,310	-
Change in overdraft	516	-
Issue of subordinated Tier 2 loan	97,000	-
Group contributions paid	–56,840	–53,900
Dividends paid	–18,105	–858
Cash flow from financing activities	**32,900**	**–54,758**
Cash flow for the year	216,600	71,524
Cash and cash equivalents at the beginning of year	650,731	579,207
Cash and cash equivalents at the end of year	**867,331**	**650,731**
Cash flow from operating activities includes interest expenses paid and interest payments received with the following amounts:		
Interest expenses paid	45,176	38,320
Interest payments received	388,957	360,541

INCOME STATEMENT, PARENT COMPANY

SEK thousand	Note	2015	2014
	2, 3, 30		
Operating income			
Interest income	5	377,540	360,136
Interest expense	6	–37,153	–38,567
Net interest income		**340,387**	**321,569**
Fee and commission income		43,161	29,351
Fee and commission expenses		–4,844	–3,409
Net fee and commission income	7	**38,317**	**25,942**
Net results from financial transactions		5,826	–151
Total operating income		**384,530**	**347,360**
General administrative expenses	8, 9, 10	–120,285	–86,990
Depreciation, amortisation and impairment charges of tangible and intangible assets	11, 12	–4,011	–3,466
Other operating expenses	13	–19,980	–16,141
Total operating expenses		**–144,276**	**–106,597**
Profit before loan losses		**240,254**	**240,763**
Net loan losses	14	–107,207	–113,343
Operating profit		**133,047**	**127,420**
Appropriations	29	171	–69,119
Income tax expense	15	–31,659	–12,633
Net profit for the year		**101,559**	**45,668**

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

SEK thousand	2015	2014
Net profit for the year	101,559	45,668
Other comprehensive income		
Items that may be reclassified subsequently to the income statement		
Currency valuation differences during the year, net of tax	-	1,884
Other comprehensive income, net of tax	**-**	**1,884**
Total comprehensive income for the year	**101,559**	**47,552**

BALANCE SHEET, PARENT COMPANY

SEK thousand	Note	31 Dec 2015	31 Dec 2014
	2, 3, 30		
ASSETS			
Cash and balances with central banks		29,445	4,811
Treasury bills eligible for refinancing		60,076	159,965
Loans to credit institutions	16, 17, 18	905,711	485,111
Loans to the public	16, 17, 19	1,639,150	1,633,820
Shares in group companies	31	86,145	1,044
Intangible assets	11	9,131	4,749
Tangible assets	12	1,362	1,502
Other assets	21	8,778	10,592
Current tax assets		2,004	19,621
Prepaid expenses and accrued income	22	28,533	31,196
TOTAL ASSETS		**2,770,335**	**2,352,411**
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	23	-	-
Deposits and borrowings from the public	17, 24	2,229,562	1,953,403
Other liabilities	25	21,594	65,178
Accrued expenses and prepaid income	27	54,281	49,249
Subordinated liabilities	28	97,000	-
Total liabilities		**2,402,437**	**2,067,830**
Untaxed reserves	32	52,621	52,792
Equity			
Restricted equity			
Share capital (21,500,000 shares of SEK 5 each) [1]		107,500	5,000
Share premium reserve		1,000	1,000
Total restricted equity		**108,500**	**6,000**
Non-restricted equity			
Retained earnings		105,218	178,237
Net profit for the year		101,559	47,552
Total non-restricted equity		**206,777**	**225,789**
Total equity		**315,277**	**231,789**
TOTAL EQUITY, UNTAXED RESERVES AND LIABILITIES		**2,770,335**	**2,352,411**
Assets pledged as security	35	565,851	653,017
Commitments		None	None
Contingent liabilities		None	None

[1] The number of shares increased from 50,000 to 21,500,000 and the share capital increased from SEK 5,000,000 to SEK 107,500,000 through a share split and bonus issue on 4 June 2015.

STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY

SEK thousand	Restricted capital		Non-restricted equity	Total equity
	Share capital	Share premium reserve		
Balance as at 1 Jan 2014	**5,000**	**1,000**	**179,095**	**185,095**
Net profit for the year	-	-	45,668	45,668
Other comprehensive income				
Currency translation differences, net of tax	-	-	1,884	1,884
Total comprehensive income for the year, net of tax	**-**	**-**	**47,552**	**47,552**
Dividends	-	-	–858	–858
Balance as at 31 Dec 2014	**5,000**	**1,000**	**225,789**	**231,789**
Balance as at 1 Jan 2015	**5,000**	**1,000**	**225,789**	**231,789**
Net profit for the year	-	-	101,559	101,559
Other comprehensive income				
Currency translation differences, net of tax	-	-	-	-
Total comprehensive income for the year, net of tax	**-**	**-**	**101,559**	**101,559**
Bonus issue	102,500	-	–102,500	-
Dividends	-	-	–18,105	–18,105
Translation difference	-	-	34	34
Balance as at 31 Dec 2015	**107,500**	**1,000**	**206,777**	**315,277**

CASH FLOW STATEMENT, PARENT COMPANY

SEK thousand	2015	2014
Operating activities		
Operating profit	133,047	127,420
Adjustment for items not included in cash flow:		
Depreciation and amortisation	4,011	3,466
Accrued interest income and expense	–7,256	652
Other non-cash items	34	151
Paid income tax	–14,042	–23,505
	115,794	**108,184**
Increase/decrease in loans to the public	–5,330	–407,176
Increase/decrease in other short-term claims	4,159	–12,132
Increase/decrease in deposits and borrowings from the public	276,159	431,115
Increase/decrease in other short-term liabilities	–30,978	10,184
Cash flow from operating activities	**359,804**	**130,175**
Investing activities		
Investments in tangible assets	–496	–1,015
Investments in intangible assets	–7,757	–2,678
Acquisition of associated undertakings	–85,101	–1,044
Cash flow from investing activities	**–93,354**	**–4,737**
Financing activities		
Issue of subordinated Tier 2 loan	97,000	-
Group contributions paid	-	–53,900
Dividends paid	–18,105	–858
Cash flow from financing activities	**78,895**	**–54,758**
Cash flow for the year	345,345	70,680
Cash and cash equivalents at the beginning of year	649,887	579,207
Cash and cash equivalents at the end of year	**995,232**	**649,887**
Cash flow from operating activities includes interest expenses paid and interest payments received with the following amounts:		
Interest expenses paid	29,579	38,320
Interest payments received	480,446	360,541

NOTES,

PARENT COMPANY AND GROUP

NOTE 1 General information

TF Bank AB, corporate identity number 556158-1041, has a license to provide banking services.

TF Bank AB is a limited liability company with registered office in Sweden. The address of the head office is Box 947, SE-501 10 Borås, Sweden.

Ownership in TF Bank AB is divided between TFB Holding AB (formerly Consortio Invest AB, corporate identity number 556705-2997), which owns 79.6 %, and private investors who own 20.4 %.

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

Branches
- TF Bank AB, branch Finland (2594352-3)
- TF Bank AB, branch Poland (PL9571076774)

Subsidiaries
- TFB Service OÜ (12676808) 100 %
- Avarda AB (556986-5560) 51 %
- Avarda Oy (2619111-6) 51 %
- BB Finans AS (935590221) 100 %
- Confide AS (948063603) 100 %

The annual report for the financial year 2015 was approved for publication by the Board of Directors on 22 March 2016 and will be presented for adoption at the 2016 AGM.

NOTE 2 Accounting policies and valuation principles

The principal accounting policies applied in preparing this annual report are set out below. Unless otherwise stated, these policies have been applied consistently for all the years presented.

The Group’s consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards adopted by the European Union (EU). The accounting follows the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), Supplementary Accounting Rules for groups RFR 1, issued by the Swedish Financial Reporting Board, as well as the regulation and general guidelines issued by the Swedish Financial Supervisory Authority (Swedish FSA), Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25).

The Parent company’s accounts have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the regulation and general guidelines issued by the Swedish FSA, Annual Reports in Credit Institutions and Securities Companies (FFFS 2008:25). The Parent company applies statutory IFRS, which implies IFRS as approved by the European Union and taking into account the limitations and additions that follows from the Swedish Financial Reporting Board’s recommendation RFR 2 and FFFS 2008:25. As a result, the Parent company’s accounts are prepared using the same accounting principles and valuation adjustments as the Group, except as stated below.

Accounting estimates and judgements
Preparing the financial statements in accordance with IFRS requires the use of important accounting estimates. Estimates and judgements are evaluated continuously and based on historical experience and other factors, including expectations of future events that are deemed reasonable under existing circumstances. The Group makes forward-looking estimates and assumptions, and accounting estimates resulting from these will, by definition, rarely agree with the actual outcomes. The main area involving a high degree of judgement, where assumptions and estimates have a material impact on the financial report, is provisions for loan losses and impairment testing of goodwill. The Group’s approach is described in notes 2, 3 and 20.

TF Bank changed its accounting policy regarding the presentation of accrued expenses associated with loans to the public, which were previously presented in other operating expenses. These expenses are now included as part of the effective interest rate method and thus charged to interest income. The reason for the change in principle is that it results in an adjustment to industry practice and thus provides a more accurate picture of the bank’s total net interest and operating income. The amendment has been applied retrospectively. For 2014, a total of approximately SEK 61.9 million was reclassified from other operating expenses to interest income, compared to the previously submitted annual report.

GROUP
New and amended standards, as well as interpretations applied by the Group
None of the IFRS or IFRS Interpretations Committee (IFRIC) interpretations, which are mandatory for the first time for the financial year beginning 1 January 2015 have had any material impact on the Group’s earnings or financial position.

New standards, amendments and interpretations of existing standards which have not been adopted nor been applied in advance by the Group
IFRS 9 Financial instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains, but simplifies, the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income, and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income. There is now a new expected loan loss model that replaces the incurred loss impairment model as prescribed in IAS 39. For financial liabilities there were no changes to the classification and measurement except for the case when a liability is reported at fair value through the income statement based on the fair value alternative. The new standard must be applied for the financial years beginning on 1 January 2018. Early application is permitted. The Group is yet to assess the full effect of the introduction of IFRS 9.

IFRS 15 Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s dealings with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction contracts and the related Standard Industrial Classification (SIC) and IFRIC interpretations. IFRS 15 becomes effective on 1 January 2017. Early application is permitted. The Group is yet to assess the full effect of the introduction of the standard.

IFRS 16 Leases
In January 2016 the International Accounting Standards Board (IASB) issued a new standard that will replace IAS 17 Leases and related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires assets and liabilities relating to all the leases, with some exceptions, to be recognised in the balance sheet. This report is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time has an obligation to pay for that right. The accounts of the lessor will essentially remain unchanged. The standard applies to annual reporting periods beginning on or after 1 January 2019. Early application is permitted provided that IFRS 15 Revenue from Contracts with Customers is also applied. The EU has not yet adopted the standard. The Group is yet to assess the full impact of the introduction of IFRS 16.

Note 2, cont.

There are no other IFRS or IFRIC interpretations, which are not yet effective, that are expected to have a material impact on the Group.

Consolidation
The consolidated financial statements include subsidiaries over which the Group has control. The Group controls an entity when it is exposed to or has the rights to a variable return from its involvement with the entity and has the ability to affect those returns through its control over the entity. Subsidiaries are fully consolidated from the date when the controlling interest is transferred to the Group. Subsidiaries are excluded from the consolidated financial statements as of the date when the controlling interest ceases to exist.

The acquisition method is applied to account for business combinations, which means that the subsidiary's equity is fully eliminated upon acquisition. Consequently, consolidated equity only includes the portion of the subsidiary's equity which has accrued since the acquisition.

When the Group ceases to have control over a subsidiary any retained interest is measured at fair value as of the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount with the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. Any amounts previously recognised in other comprehensive income, in respect of the entity, are accounted for as if the Group immediately had disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified and accounted for in the income statement.

Foreign currency translation
Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are reported in Swedish kronor (SEK), which is the Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement. Exceptions are made when the transactions constitute hedges that qualify for hedge accounting of cash flows or net investments, where gains/losses are recognised in other comprehensive income.

Group companies
The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- Assets and liabilities for each balance sheet are translated at the balance sheet date closing rate.
- Income and expenses for each income statement are translated using the average exchange rate for the year, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions.
- All resulting currency exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange rate differences arising from the acquisition are recognised in other comprehensive income.

Segmental reporting
Operating segments are accounted for in a way that is consistent with the internal reports submitted to the function that is responsible for allocating resources and assessing the results of operating segments. The CEO has been identified to have this function within the Group.

Tangible assets
Tangible assets are stated at historical cost less depreciation. The carrying amount of an asset is increased if there are expenditures that improve an asset's efficiency above the original level. Expenditure for repairs and maintenance is expensed.

Tangible assets are systematically depreciated over the asset's estimated useful life. Any residual value is taken into account when calculating the depreciable amount of the asset. All types of tangible assets are depreciated on a straight-line basis using the following depreciable lives:

IT equipment	36 months
Other equipment	60 months

Intangible assets
Development costs directly attributable to the development and testing of identifiable and custom software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it can be used.
- The company intends to complete the software for use or to sell it.
- Conditions are such that the software can be used or sold.
- It can be shown how the software will generate probable future economic benefits.
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available.
- The development expenditure attributable to the software can be measured reliably.

Intangible assets are stated at cost less amortisation. Intangible assets are amortised on a straight-line basis over their useful lives, subject to a limit of 60 months, from the time the asset is ready for use.

Goodwill
Goodwill arises through the acquisition of subsidiaries and refers to the amount by which the purchase price, any non-controlling interest in the acquired company and the fair value at the acquisition date of previous equity in the acquired company, exceed the fair value of the identifiable net assets acquired. If the amount is less than the fair value of the acquired subsidiary's net assets, in the event of an acquisition at a low price, the difference is recognised directly in the income statement.

Goodwill is tested for impairment annually, or more frequently, if events or a change in the circumstances indicate a possible impairment. The carrying value of the cash-generating unit to which the goodwill is assigned is compared with the recoverable amount, which is the higher of value in use and fair value less selling costs. Any impairment is recognised immediately as an expense and not reversed.

Financial instruments – Recognition and measurement
Financial assets
The classification of financial assets depends on the purpose for which the asset was acquired. The Board of Directors decides on the classification upon initial recognition of the assets. TF Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, and available for sale financial assets. In accordance with IFRS 7, the Group discloses information on fair value measurement and liquidity risk. The disclosure includes information on fair value measurement by fair value hierarchy levels, see note 3.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets that are held for trading. A financial asset is classified in this category if it is acquired primarily for the purpose of selling it in the short-term. Assets in this category are classified as current assets and recognised in other assets.

Note 2, cont.

Loans and receivables
Loans and receivables are non-derivative financial assets which are not listed on an active market and have fixed or determinable payments. The Group's holdings in this category are classified in the balance sheet in Cash and balances with central banks, Loans to credit institutions, Loans to the public and Other assets. Loans and receivables are stated at amortised cost less any impairment.

Available for sale financial assets
Available for sale financial assets are non-derivatives which have been identified as available for sale or not been classified in any of the other categories. The Group's available for sale financial assets consist of Treasury bills eligible for refinancing.

Financial liabilities
The Group classifies its financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities. In accordance with IFRS 7, the Group discloses information on fair value measurement. The disclosure includes information on fair value measurement by fair value hierarchy levels, see note 3.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss are financial liabilities that are held for trading. A financial liability is classified in this category if it is acquired primarily for the purpose of selling it in the short-term. Derivatives are classified as held for trading unless the Group applies hedge accounting. The change in fair value is recognised in the income statement in Net results from items at fair value. Liabilities in this category are recognised in Other liabilities.

Other financial liabilities
Other financial liabilities are accounted for in Liabilities to credit institutions and Deposits and borrowings from the public. They are measured at amortised cost.

Financial instruments – Other accounting policies
Purchases and sales of financial instruments are recognised at the trade date with the exception of loans and deposits, which are recognised at the settlement date. Financial instruments are initially recognised at fair value plus transaction costs except for financial instruments measured at fair value through profit or loss, which are initially measured at fair value. Financial instruments are derecognised when the rights to receive cash flows from the instruments have expired.

Impairment of financial assets
The Group assesses on a monthly basis whether there is objective evidence of impairment of a financial asset or group of financial assets. A financial asset or group of assets is impaired, and an impairment loss is recognised, only if there is objective evidence of impairment as a result of one or several events occurring after the initial recognition of the asset ("a loss event") and this event, or events, affect the estimated cash flows of the financial asset or group of financial assets and this effect can be accurately estimated.

An impairment loss on loans and receivables is recognised when there is objective evidence that the Group will not be able to recover overdue amounts in accordance with the original terms and conditions for the receivables. The Group applies a collective provision approach since the portfolio consists of loans of limited amounts and receivables where an individual assessment is not required. The Group uses a statistical approach in two steps to determine the provisions:

- Loans and receivables where a loss event occurred for a single receivable or for a group of receivables.
- Loans and receivables which are more than 69 days overdue and where the loan has been cancelled (non-performing loans).

When a loss event has occurred, a provision is made by assessing the present value of future cash flows based on the probability that the loan will be terminated using historical data. The expected future cash flow is based on calculations which take into account historical redemption rates and other historical data. Historical data is used to estimate future cash flows in the markets where the Group has decided not to sell the non-performing loans.

Provisions for non-performing loans are calculated as the difference between the carrying amount of the asset and the present value of future cash flows, discounted using the original interest rate of the loan. The expected future cash flow is based on calculations which take into account historical redemption rates, which are applied to each generation of non-performing loans.

All loans and receivables that neither have a loss event nor are more than 69 days overdue are assessed whether they should be collectively impaired. The loans and receivables are reviewed to find loss events that could lead to a financial loss for the Group, e.g., increased unemployment rate. Events preceding this might be, e.g., large notices and financial instability, which could have a negative impact on the solvency of the customers after the event occurred. Management makes quarterly qualitative assessments to assess the change since the last quarter to determine whether to increase or decrease the collective provision. Management assesses each market where the Group has operations.

Loans and receivables that are sold are removed from the collective provision and the difference between the carrying amount of the asset and the present value are recognised as a loss. Non-performing loans are recognised as an actual loss when they have been reported by the debt collection agency as being assigned to long-term monitoring, when it has been established that the customer is deceased or when another loss event has been identified. Amounts received relating to previous actual losses are recognised through profit or loss, see note 14.

Derivative instruments and hedging
Derivatives are recognised in the balance sheet on the contract date and measured at fair value, initially as well as in subsequent revaluations. The method of recognising the resulting gain or loss arising from the revaluation depends on whether the derivative is designated as a hedging instrument, and if so, the characteristics of the item being hedged. The Group designates certain derivatives as hedges of a net investment in a foreign entity (net investment hedges).

At the time of the transaction, the Group documents the relationship between the hedging instruments and the hedged items, as well as the Group's risk management objectives and strategy for undertaking the hedge. Furthermore, the Group documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives used to hedge the transactions are effective in offsetting changes in fair value or cash flows attributable to the hedged items.

Information on the fair value of various derivative instruments used for hedging are presented in note 3. The full fair value of a derivative designated as a hedging instrument is classified as a current asset or liability when the hedged item's remaining maturity is less than 12 months. Derivatives held for trading are always classified as current assets or current liabilities.

The effective portion of changes in fair value of derivatives designated as a hedge of the net investment in foreign entities and which meet the conditions for hedge accounting are recognised in other comprehensive income. The portion of the gain or loss of the hedging instrument relating to the effective hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement.

Accumulated gains and losses in equity are recognised in the income statement when the foreign entity is disposed of in whole or in part.

Income taxes
The current income tax expense is calculated on the basis of the enacted tax laws, or substantially enacted tax laws at the balance sheet date in the country in which the Group operates and generates taxable income. Management periodically evaluates positions taken with respect to situations in which applicable tax regulations are subject to interpretation and, when deemed appropriate, provisions for amounts expected to be paid to the tax authorities.

Note 2, cont.

Reported income tax expense comprise tax that is payable or due in respect of the current year and adjustments relating to the current tax for previous years. Items reported in the income statement and items reported directly in equity includes the associated tax effects.

Deferred income tax is calculated by applying tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Employee benefits
Pension plans are funded through payments to insurance companies. The Group only has defined contribution pension plans. Defined contribution pension plans are post-employment benefit plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or other obligations to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in the current and prior years.

Provisions
Provisions are recognised when the Group has a legal or informal obligation arising from past events, it is more probable than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Restructuring provisions are recognised when a detailed formal plan exists and a well-founded expectation among those affected. Provisions for future guarantee claims refer to the next few years and are based on historical information on guarantee claims as well as current trends which could indicate that future claims will differ from past claims. No provisions are made for future operating losses.

The class of obligations as a whole is considered when determining the likelihood of the requirement of an outflow of resources where there are a number of similar obligations. A provision is recognised even if the likelihood of an outflow with respect to any one item in the same class of obligations is small.

Interest income and interest expense
Interest income is recognised over the term of the loan by applying the effective interest rate method. Transaction costs in connection with borrowing and lending are thus accounted for as part of the loan.

Fee and commission income and fee and commission expenses
The Group recognises fees for insurance premiums, reminder fees and other fees in Fee and commission income. Fee income and commission income is recognised as income in the period in which it is earned. Fee and commission expenses are expenses which are attributable to commissions, services and fees relating to the earning of fees and commissions for insurance premiums.

Net results from financial transactions
The line item refers to foreign exchange revaluation of assets and liabilities in a foreign currency as well as changes in the fair value of derivatives related to foreign currency derivative hedges.

Cash flow statement
The cash flow statement has been prepared using the indirect method. The reported cash flow only includes transactions involving incoming or outgoing payments. Cash and cash equivalents include Cash and balances with central banks, Treasury bills eligible for refinancing, and Loans to credit institutions.

THE PARENT COMPANY HAS APPLIED THE SAME ACCOUNTING PRINCIPLES WITH THE ADDITIONS BELOW
Shares in group companies
Shares in group companies are recognised at cost plus transaction costs less any impairments. An estimate of the recoverable amount is performed when there is an indication that investments in the subsidiaries have decreased in value. An impairment is taken if the estimated amount is lower than the carrying amount. Impairments are recognised in the line item Income from shares in group companies and Income from participations in associated companies.

Income taxes
The current income tax expense is calculated on the basis of the enacted tax laws, or substantially enacted tax laws in the country in which the company operates and generates taxable income, i.e., Sweden. Management periodically evaluates the claims made in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and, when deemed appropriate, provisions for amounts expected to be paid to the tax authorities.

Reported income taxes comprise tax that is payable or due in respect of the current year and adjustments relating to the current tax for previous years. Items reported in the income statement and items reported directly in equity includes the associated tax effects.

The amounts allocated to untaxed reserves for the Parent company consists of taxable temporary differences. The deferred tax liability attributable to untaxed reserves is not reported separately because of the relationship between accounting and taxation. The gross amounts are reported in the balance sheet. The gross amounts for appropriations are reported in the income statement.

Dividends
Dividends to TF Bank's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by TF Bank's shareholders.

Group contributions
Both received and paid group contributions are reported as appropriations in accordance with the alternative rule in RFR 2. The tax effect of received and paid group contributions are reported in the income statement in accordance with IAS 12.

NOTE 3 Financial risks and financial risk management

Financial risk factors
The Group is, through its activities, exposed to several types of financial risk: market risk (including significant currency risk 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 financial markets and seeks to minimise potential adverse effects on the Group's financial results. TF Bank uses derivatives to hedge certain currency exposures and applies hedge accounting for certain net investments of its foreign entities.

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

Market risk
(i) Currency risk
The Group's currency risk is partly of a structural (translation risk) nature and partly of an operational (transaction risk) nature.

Translation risk refers to currency risk which arises because the Group holds positions in foreign entities whose net assets are exposed to currency risk when these are translated into SEK in the Group's accounts. TF Bank has a subsidiary in Estonia, TFB Service OÜ (EUR) and a subsidiary in Norway, BB Finans AS (NOK). Currency exposure arising from the net assets of the Group's foreign entities should, according to the internal finance policy adopted by the Board of Directors, be hedged as far as possible. As of July 2015 TF Bank applies hedge accounting for its holdings in BB Finans AS (NOK) using currency futures. As at 31 December 2015 SEK –4,747 thousand (0) (net of tax effect) was recognised in other comprehensive income and a hedge reserve of SEK –4,747 thousand (0).

Operational currency risk refers to currency risk which arises when the Group holds positions in financial instruments which are

Note 3, cont.

denominated in a foreign currency. Currency risk exists for the following currencies: EUR, NOK, DKK and PLN. Currency risk arises when future business transactions or recognised assets or liabilities are expressed in a currency that is not the Group's functional currency. The Group uses swap contracts for EUR, NOK, DKK and PLN to manage the currency risk which arises from assets and liabilities in other currencies than the functional currency. The swap contracts normally have maturities of one to three months in order to minimise the impact on earnings from changes in the exchange rates.

In case of a weakening or strengthening of SEK by 10 % against each currency exposure, holding all other variables constant, the impact on the consolidated total comprehensive income (excluding the tax effect) from assets and liabilities in a currency that is not the Group's functional currency would be:

(ii) Interest rate risk in respect of cash flows
The Group's assets and liabilities are financed at a variable rate, which results in minimal interest rate risk for the company.

The internal finance policy and internal liquidity policy allow for holdings of securities with a remaining maturity of up to 12 months. No more than 30 per cent of the Group's available liquidity may have a remaining maturity of more than six months. As the Group's holdings of Treasury bills at the balance sheet date totalled SEK 60.1 million (160.0) the interest rate risk would also be negligible in terms of its impact on earnings in the above scenario. Other assets in the liquidity portfolio refer to various bank deposits and central bank assets held at variable interest rates, leading to limited interest rate risk.

CURRENCY

SEK thousand	**2015**	2014
EUR	+/–657	+/–224
NOK	+/–77	+/–35
DKK	+/–26	+/–20
PLN	+/–100	+/–277

(iii) Classification of financial assets and liabilities

Group, 31 Dec 2015 SEK thousand	Financial instruments at fair value through profit or loss		Available for sale financial assets	Loans and receivables	Other financial assets/ liabilities	Total
	Held for trading	*Identified on initial recognition*				
Assets						
Cash and balances with central banks	-	-	-	29,445	-	29,445
Treasury bills eligible for refinancing	-	-	60,075	-	-	60,075
Loans to credit institutions	-	-	-	777,811	-	777,811
Loans to the public	-	-	-	1,837,578	-	1,837,578
Derivatives	-	-	-	-	-	-
Total assets	**-**	**-**	**60,075**	**2,644,834**	**-**	**2,704,909**
Liabilities						
Liabilities to credit institutions	-	-	-	-	516	516
Deposits and borrowings from the public	-	-	-	-	2,229,562	2,229,562
Subordinated liabilities	-	-	-	-	97,000	97,000
Derivatives	3,090	-	-	-	-	3,090
Total liabilities	**3,090**	**-**	**-**	**-**	**2,327,078**	**2,330,168**

Note 3, cont.

Group, 31 Dec 2014 **SEK thousand**	Financial instruments at fair value through profit or loss		Available for sale financial assets	Loans and receivables	Other financial assets/ liabilities	Total
	Held for trading	*Identified on initial recognition*				
Assets						
Cash and balances with central banks	-	-	-	4,811	-	4,811
Treasury bills eligible for refinancing	-	-	159,965	-	-	159,965
Loans to credit institutions	-	-	-	485,955	-	485,955
Loans to the public	-	-	-	1,633,820	-	1,633,820
Derivatives	7,087	-	-	-	-	7,087
Total assets	**7,087**	**-**	**159,965**	**2,124,586**	**-**	**2,291,638**
Liabilities						
Deposits and borrowings from the public	-	-	-	-	1,953,403	1,953,403
Liabilities to TFB Holding AB	-	-	-	-	56,840	56,840
Total liabilities	**-**	**-**	**-**	**-**	**2,010,243**	**2,010,243**

Parent company, 31 Dec 2015 **SEK thousand**	Financial instruments at fair value through profit or loss		Available for sale financial assets	Loans and receivables	Other financial assets/ liabilities	Total
	Held for trading	*Identified on initial recognition*				
Assets						
Cash and balances with central banks	-	-	-	29,445	-	29,445
Treasury bills eligible for refinancing	-	-	60,076	-	-	60,076
Loans to credit institutions	-	-	-	905,711	-	905,711
Loans to the public	-	-	-	1,639,150	-	1,639,150
Derivatives	-	-	-	-	-	-
Total assets	**-**	**-**	**60,076**	**2,574,306**	**-**	**2,634,382**
Liabilities						
Deposits and borrowings from the public	-	-	-	-	2,229,562	2,229,562
Subordinated liabilities	-	-	-	-	97,000	97,000
Derivatives	3,069	-	-	-	-	3,069
Total liabilities	**3,069**	**-**	**-**	**-**	**2,326,562**	**2,329,631**

Note 3, cont.

Parent company, 31 Dec 2014 SEK thousand	Financial instruments at fair value through profit or loss		Available for sale financial assets	Loans and receivables	Other financial assets/ liabilities	Total
	Held for trading	*Identified on initial recognition*				
Assets						
Cash and balances with central banks	-	-	-	4,811	-	4,811
Treasury bills eligible for refinancing	-	-	159,965	-	-	159,965
Loans to credit institutions	-	-	-	485,111	-	485,955
Loans to the public	-	-	-	1,633,820	-	1,633,820
Derivatives	7,087	-	-	-	-	7,087
Total assets	**7,087**	**-**	**159,965**	**2,123,742**	**-**	**2,290,794**
Liabilities						
Deposits and borrowings from the public	-	-	-	-	1,953,403	1,953,403
Liabilities to TFB Holding AB	-	-	-	-	56,840	56,840
Total liabilities	**-**	**-**	**-**	**-**	**2,010,243**	**2,010,243**

(iv) Financial assets and liabilities measured at fair value
Disclosures are required on fair value measurement by level in fair value hierarchy for financial instruments measured at fair value in the balance sheet:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Data other than quoted market prices included in Level 1 that are observable for the assets or liabilities, either directly, i.e., in the form of quoted prices, or indirectly, i.e., derived from quoted prices (Level 2).
- Data for the 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 Dec 2015 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	-	60,075	-	60,075
Derivatives	-	-	-	-
Total assets	**-**	**60,075**	**-**	**60,075**

Group, 31 Dec 2014 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	-	159,965	-	159,965
Derivatives	-	7,087	-	7,087
Total assets	**-**	**167,052**	**-**	**167,052**

Note 3, cont.

Parent company, 31 Dec 2015 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	-	60,076	-	60,076
Derivatives	-	-	-	-
Total assets	**-**	**60,076**	**-**	**60,076**

Parent company, 31 Dec 2014 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	-	159,965	-	159,965
Derivatives	-	7,087	-	7,087
Total assets	**-**	**167,052**	**-**	**167,052**

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 estimates. An instrument is classified as Level 2 if all significant inputs required to value 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 value financial instruments include:

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

For loans to the public the fair value is based on the discounted cash flows using an interest rate based on the market interest rate at the balance sheet date, which was 25.47 % as at 31 December 2015 and 27.28 % as at 31 December 2014. For the corporate sector the fair value is based on the discounted cash flows using an interest rate based on the market interest rate, which in this case is STIBOR 90 days. The Group did not have any corporate loans as at 31 December 2015 but as at 31 December 2014 STIBOR 90 days was 0.264 %.

Group, 31 Dec 2015 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/ Fair value loss (–)
Assets			
Cash and balances with central banks	29,445	29,445	-
Treasury bills eligible for refinancing	60,075	60,075	-
Loans to credit institutions	777,811	777,811	-
Loans to the public	1,837,578	1,837,578	-
Derivatives	-	-	-
Total assets	**2,704,909**	**2,704,909**	**-**
Liabilities			
Liabilities to credit institutions	516	516	-
Deposits and borrowings from the public	2,229,562	2,229,562	-
Subordinated liabilities	97,000	97,000	-
Derivatives	3,090	3,090	-
Total liabilities	**2,330,168**	**2,330,168**	**-**

Note 3, cont.

Group, 31 Dec 2014 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/ Fair value loss (–)
Assets			
Cash and balances with central banks	4,811	4,811	-
Treasury bills eligible for refinancing	159,965	159,965	-
Loans to credit institutions	485,955	485,955	-
Loans to the public	1,633,820	1,633,820	-
Derivatives	7,087	7,087	-
Total assets	**2,291,638**	**2,291,638**	**-**
Liabilities			
Deposits and borrowings from the public	1,953,403	1,953,403	-
Liabilities to TFB Holding AB	56,840	56,840	-
Total liabilities	**2,010,243**	**2,010,243**	**-**

Parent company, 31 Dec 2015 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/ Fair value loss (–)
Assets			
Cash and balances with central banks	29,445	29,445	-
Treasury bills eligible for refinancing	60,076	60,076	-
Loans to credit institutions	905,711	905,711	-
Loans to the public	1,639,150	1,639,150	-
Derivatives	-	-	-
Total assets	**2,634,382**	**2,634,382**	**-**
Liabilities			
Deposits and borrowings from the public	2,229,562	2,229,562	-
Subordinated liabilities	97,000	97,000	-
Derivatives	3,069	3,069	-
Total liabilities	**2,329,631**	**2,329,631**	**-**

Parent company, 31 Dec 2014 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/ Fair value loss (–)
Assets			
Cash and balances with central banks	4,811	4,811	-
Treasury bills eligible for refinancing	159,965	159,965	-
Loans to credit institutions	485,111	485,111	-
Loans to the public	1,633,820	1,633,820	-
Derivatives	7,087	7,087	-
Total assets	**2,290,794**	**2,290,794**	**-**
Liabilities			
Deposits and borrowings from the public	1,953,403	1,953,403	-
Liabilities to TFB Holding AB	56,840	56,840	-
Total liabilities	**2,010,243**	**2,010,243**	**-**

Note 3, cont.

Credit risk
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 loans 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, who has the ultimate responsibility for managing credit risk. The Board of Directors has issued a credit policy which sets the guidelines for the Group's lending activities. A credit committee monitors the development of the levels of credit risk in the loan portfolios and determines changes and suggests updates in the Group's lending within the set credit policy. The performance of the credit portfolio is regularly reported to the Board of Directors.

Before a loan is issued, a risk assessment is made of the customer's creditworthiness, taking into account the customer's financial position, previous experiences and other factors. Individual risk limits are defined based on internal or external credit assessments in accordance with the limits set by the Board of Directors. The use of credit limits is regularly monitored. The Group cannot grant any loans or credits to legal entities without the approval by the Board of Directors. By only approving counterparties with an investment grade credit rating and by setting limits for the maximum exposure to each counterparty the Board of Directors also limits the credit risk arising from cash management activities. The Group has a claim and debt collection group that works with existing customers who have payment problems. There is also a credit department which assesses prospective customers and performs ongoing investigations of collateral and credit limits as set by the Board of Directors.

The Group's credit approval process has high standards regarding ethics, quality and control. Despite credit risk being the largest risk exposure for the Group, the provision for loan losses is small in proportion to the outstanding loan volume (see below and note 6). This is because the Group regularly sells non-performing loans to debt collection specialist entities when the Board of Directors considers the price level to be favourable, when compared to keeping the non-performing receivables on the balance sheet. This is currently the case for most of the markets. This implies that the Group continuously realises actual loan losses through sales of non-performing loans. The remaining portfolio has a limited number of non-performing loans and consequently relatively low level of provisions.

The Group's objective in terms of process for monitoring overdue payments and unsettled loans and receivables is to minimise loan losses by detecting payment issues early and following up with customers where needed. The monitoring is supported by a separate "pre-collection" system for overdue payments with automatic functions and reminders.

The Group's loans to the public consists primarily of unsecured consumer loans. For this reason the Group does not list credit risk exposures in a separate table, as there are limited assets pledged as security, while the at the same time the size of the reserves in relation to the credit volume is low. At the balance sheet date, the composition of the credit portfolio for loans to the public is as follows:

	Group		Parent company	
SEK thousand	**2015**	2014	**2015**	2014
Loans, not past due	1,569,993	1,380,897	1,404,555	1,380,897
Loans past due, 1-10 days	137,389	161,686	130,875	161,686
Loans past due, 11-69 days	81,983	51,057	63,298	51,057
Non-performing loans	88,860	72,918	74,871	72,918
Total	**1,878,225**	**1,666,558**	**1,673,599**	**1,666,558**
Provision for expected loan losses	–40,647	–32,738	–34,449	–32,738
Total loans to the public	**1,837,578**	**1,633,820**	**1,639,150**	**1,633,820**

For a reconciliation of the change in the provision for expected loan losses, see note 19.

CREDIT QUALITY OF FULLY PERFORMING LOANS

	Group		Parent company	
SEK thousand	**2015**	2014	**2015**	2014
Household sector				
Low risk	1,000,104	891,253	1,004,777	891,253
Medium risk	297,385	194,705	112,538	194,705
Higher risk	424,697	454,841	414,234	454,841
Unrated	67,179	52,260	67,179	52,260
Total	**1,789,365**	**1,593,059**	**1,598,728**	**1,593,059**
Corporate sector				
Unrated	-	581	-	581
	-	**581**	**-**	**581**

The approval of a loan application from a new customer is primarily based on information provided by the customer, information deduced from customers in the same socio-demographic group and other variables regarding the individual customer retrieved from external sources. How the information is used and weighted in the model is determined from a risk perspective by an in-depth analysis of the individual customer and the Group's existing customer data base. The Group can use both internal ratings and ratings provided by external providers (credit bureaus in the respective markets) to ensure that the risk assessment is as cost effective, accurate and precise as possible. Both ratings are performed independently but can be used together in the Group's credit assessment. This rating model is primarily applied to new customers, whilst existing customers with a payment history and updated variables have proven to be good sources for a renewed credit assessment.

Note 3, cont.

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

	Group		Parent company	
SEK thousand	**2015**	2014	**2015**	2014
Cash and balances with central banks				
AAA	29,445	4,811	29,445	4,811
Treasury bills eligible for refinancing				
AAA	60,075	159,965	60,075	159,965
Loans to credit institutions				
A-1+	206,642	334,611	194,402	333,587
A-1	568,478	141,252	567,111	141,120
A-2	4,124	10,092	4,124	10,060
Other assets				
A-1+	-	7,087	-	7,087
Unrated	5,770	-	149,080	3,984
Total	**874,534**	**657,818**	**1,004,237**	**660,614**

Other assets within A-1+ relate to derivatives with a positive value.

Liquidity risk
The guidelines for liquidity risk are defined by the Board of Directors. Most of the liquidity risk arises from the ability to meet withdrawals of deposits by Swedish and Finnish households. The ability to make payments relating to new loans is deemed to be a business risk. At the balance sheet date the Group had total deposits of SEK 2,229.6 million (1,953.4), which are accounted for under the heading Deposits and borrowing from the public. No limits are applied on households' withdrawals of deposited money. The Board of Directors' instructions state that the Group is required to maintain a generally low liquidity risk in the operations.

To prevent a liquidity crisis, the Group is required to at all times maintain a committed credit line directly or indirectly with another credit institution, in addition to a normal operating credit facility, and to maintain a liquidity reserve in accordance with the bank's liquidity policy.

The maximum holding with the Group's permitted counterparties is 25 % of eligible capital, with the exception of institutions, for which the limit is 100 % of eligible capital.[1] Treasury bills and central bank assets are excluded from the 25 % limit.

Management closely monitors the Group's liquidity reserve, which consists of cash and cash equivalents and other liquidity creating measures, and monitors rolling forecasts of the liquidity situation based on expected cash flows.

All financing in addition to deposits from the public come from liabilities to credit institutions, issued securities and equity.

As at 31 December 2015 the Group had a liquidity reserve of SEK 858.7 million (640.5), of which other liquidity creating measures of SEK 1,187.5 million (940.5), which represents 53 % (48 %) of the Group's deposits from the public. The Group's Liquidity Coverage Ratio (LCR) 2 was 150 % (331 %) and the ratio of deposits from the public to loans to the public was 1.21 (1.20).

As at 31 December 2015 the Parent company had a liquidity reserve of SEK 846.3 million (639.8), of which other liquidity creating measures of SEK 1,146.3 million (939.8), which represents 51 % (48 %) of the company's deposits from the public. The Parent company's LCR[2] was 149 % (331 %) and the ratio of deposits from the public to loans to the public was 1.36 (1.20).

For contractual maturities of liabilities, see note 17.

[1] Article 4, point 71 of the Regulation (EU) No 575/2013 states that eligible capital consists of the sum of Tier 1 capital and Tier 2 capital equal to or less than a third of Tier 1 capital. Furthermore, article 494 of the Regulation (EU) No 575/2013 states that during a transition period eligible capital may include Tier 2 capital up to 75 % of Tier 1 capital in 2015 and up to 50 % in 2016.

[2] Article 4 of the Commission Delegated Regulation (EU) 2015/61 states that LCR is calculated by dividing the liquidity buffer with the net liquidity outflows over a 30 calendar day stress period. The bank's internal liquidity policy stipulates that LCR should be greater than 100 %. Furthermore, article 38 of the Commission Delegated Regulation (EU) 2015/61 states that during a transition period the legally required level of LCR shall be 60 % as at 31 December 2015 and increasing to 70 % as of 1 January 2016.

NOTE 4 Operating segments

The CEO has the ultimate responsibility for the decisions being 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.

The Group's principal business is lending to the public through two segments: Direct to Consumer and Sales Finance. Direct to Consumer comprises mainly of loans of limited amounts to retail customers. Sales Finance provides funding solutions for the handling of invoice and instalment payments. The Group also takes deposits from the public in Sweden and Finland.

The Sales Finance segment was launched in May 2014 after the Group acquired assets and liabilities of a company and signed a cooperation agreement with a larger company.

The Board of Directors assesses the performance of the Direct to Consumer and Sales Finance segments.

DIRECT TO CONSUMER

	Group	
SEK thousand	**2015**	2014
INCOME STATEMENT		
Net interest income	303,454	284,830
Net fee and commission income	18,275	11,937
Net results from financial transactions	–195	–113
Total operating income	**321,534**	**296,654**
General administrative expenses	–82,026	–72,018
Depreciation, amortisation and impairment charges of tangible and of intangible assets	–3,460	–3,057
Other operating expenses	–19,967	–16,133
Total operating expenses	**–105,453**	**–91,208**
Profit before loan losses	**216,082**	**205,446**
Net loan losses	–85,648	–95,815
Operating profit	**130,434**	**109,631**
Attributable to:		
Shareholders of the Parent company	130,434	-
Non-controlling interests	-	-

Note 4, cont.

SEK thousand	Group	
	31 Dec 2015	31 Dec 2014
BALANCE SHEET		
Loans to the public		
Household sector	1,487,235	1,275,528
Corporate sector	-	581
Total loans to the public	**1,487,235**	**1,276,109**
Household sector		
Net performing loans	1,418,419	1,226,051
Net non-performing loans	68,816	49,477
	1,487,235	**1,275,528**
Corporate sector		
Net performing loans	-	581
	-	**581**

SALES FINANCE

SEK thousand	Group	
	2015	2014
INCOME STATEMENT		
Net interest income	44,790	36,739
Net fee and commission income	21,647	14,005
Net results from financial transactions	42	–38
Total operating income	**66,479**	**50,706**
General administrative expenses	–36,246	–14,898
Depreciation, amortisation and impairment charges of tangible and of intangible assets	–1,108	–413
Other operating expenses	–613	–176
Total operating expenses	**–37,967**	**–15,487**
Profit before loan losses	**28,512**	**35,219**
Net loan losses	–22,399	–17,528
Operating profit	**6,113**	**17,691**
Attributable to:		
Shareholders of the Parent company	11,005	17,691
Non-controlling interests	–4,892	-

SEK thousand	Group	
	31 Dec 2015	31 Dec 2014
BALANCE SHEET		
Loans to the public		
Household sector	350,343	357,711
Total loans to the public	**350,343**	**357,711**
Household sector		
Net performing loans	347,565	357,711
Net non-performing loans	2,778	-
	350,343	**357,711**

GROUP INFORMATION

SEK thousand	Group	
	2015	2014
Operating income		
Operating income, Direct to Consumer	321,534	296,654
Operating income, Sales Finance	66,479	50,706
Total operating income for the Group	**388,013**	**347,360**
Operating profit		
Operating profit, Direct to Consumer	130,434	109,631
Operating profit, Sales Finance	6,113	17,691
Items affecting comparability	–18,232	-
Total operating profit for the Group	**118,315**	**127,322**

GROUP INFORMATION

SEK thousand	Group	
	31 Dec 2015	31 Dec 2014
Loans to the public		
Loans to the public, Direct to Consumer	1,487,235	1,276,109
Loans to the public, Sales Finance	350,343	357,711
Total loans to the public for the Group	**1,837,578**	**1,633,820**

For information of the geographic distribution of interest income and fee income, see notes 5 and 7, respectively.

NOTE 5 Interest income

SEK thousand	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Interest income on loans to the public	385,591	358,007	376,302	358,007
Other interest income	255	2,129	1,238	2,129
Total interest income	**385,846**	**360,136**	**377,540**	**360,136**
- of which interest income from loans and receivables	385,846	359,491	377,540	359,491
- of which interest income from non-performing loans	*8,160*	*8,624*	*7,638*	*8,624*
- of which interest income on available for sale financial assets	-	645	-	645
Geographic distribution of interest income:				
Sweden	152,826	173,120	152,827	173,120
Finland	158,065	142,965	158,065	142,965
Estonia	38,373	28,419	38,373	28,419
Norway	15,639	5,777	7,332	5,777
Poland	14,359	5,321	14,359	5,321
Denmark	6,207	4,247	6,207	4,247
Latvia	377	287	377	287
Total interest income	**385,846**	**360,136**	**377,540**	**360,136**

NOTE 6 Interest expense

SEK thousand	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Interest expense credit institutions	–1,948	–1,453	–1,817	–1,453
Interest expense public	–26,312	–33,949	–26,239	–33,949
Other financial expenses	–9,342	–3,165	–9,097	–3,165
Total interest expense	**–37,602**	**–38,567**	**–37,153**	**–38,567**

NOTE 7 Net fee and commission income

SEK thousand	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Fee and commission income				
Insurance premiums	20,432	12,110	19,235	12,110
Reminder fees	24,219	17,228	23,912	17,228
Other fee and commission income	1,231	13	14	13
Total fee and commission income	**45,882**	**29,351**	**43,161**	**29,351**
Fee and commission expenses				
Insurance commission expenses	–5,494	–3,409	–4,844	–3,409
Other expenses	–466	-	-	-
Total fee and commission expenses	**–5,960**	**–3,409**	**–4,844**	**–3,409**
Net fee and commission income	**39,922**	**25,942**	**38,317**	**25,942**
Geographic distribution of fee and commission income:				
Sweden	22,273	17,895	22,273	17,895
Finland	6,496	3,700	6,496	3,700
Estonia	1,010	621	1,010	621
Norway	4,742	1,303	2,021	1,303
Poland	8,279	4,073	8,279	4,073
Denmark	2,992	1,693	2,992	1,693
Latvia	90	66	90	66
	45,882	**29,351**	**43,161**	**29,351**

NOTE 8 General administrative expenses

SEK thousand	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Staff costs				
Salaries and remuneration	–32,054	–21,491	–27,647	–21,161
Social security costs	–9,712	–6,899	–8,620	–6,790
Pension costs	–2,642	–2,199	–2,497	–2,196
Other staff costs	–783	–776	–783	–776
Total staff costs	**–45,191**	**–31,365**	**–39,547**	**–30,923**
Other general administrative expenses				
Postage and telephone expenses	–9,150	–6,665	–8,844	–6,645
IT costs	–18,909	–14,255	–13,947	–14,254
External debt collection costs	–4,280	–3,755	–4,280	–3,755
Information services and customer communication	–15,028	–11,390	–14,593	–11,390
Rents and premises	–4,175	–2,787	–3,233	–2,787
Items affecting comparability	-	-	–18,232	-
Other	–21,539	–16,699	–17,609	–17,235
Total other general administrative expenses	**–73,081**	**–55,551**	**–80,738**	**–56,066**
Total general administrative expenses	**–118,272**	**–86,916**	**–120,285**	**–86,989**

NOTE 9 Audit fee

SEK thousand	Group 2015	Group 2014	Parent company 2015	Parent company 2014
PricewaterhouseCoopers AB				
Auditing assignment	778	418	693	418
Audit-related services	140	62	127	62
Tax advisory services	96	6	81	6
Other services	2,913	562	2,850	562
Total	**3,927**	**1,048**	**3,751**	**1,048**

NOTE 10 Average number of employees, salaries, other remuneration and social security contributions

AVERAGE NUMBER OF EMPLOYEES BROKEN DOWN BY WOMEN AND MEN:

SEK thousand	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Women	45	34	36	30
Men	33	17	29	16
Total	**78**	**51**	**65**	**46**

SALARIES AND REMUNERATION

SEK thousand	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Board of Directors and CEO	4,085	1,820	3,562	1,820
Other staff	28,473	19,871	24,585	19,541
Total salaries and remuneration	**32,558**	**21,691**	**28,147**	**21,361**
Social security costs as per agreement	9,712	6,899	8,620	6,790
Pension costs	2,637	2,199	2,497	2,196
Total salaries, remuneration, social security costs, and pension costs	**44,907**	**30,789**	**39,264**	**30,347**

Note 10, cont.

SALARIES AND REMUNERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER SENIOR EXECUTIVES

	Group		Parent company	
SEK thousand	**2015**	2014	**2015**	2014
Chairman: Mattias Carlsson (2014: Bertil Larsson)				
Base salary	1,354	200	1,354	200
Other compensation	8	-	8	-
Pension costs	298	-	298	-
Total	**1,660**	**200**	**1,660**	**200**
Other members of the Board of Directors:				
Thomas Grahn, base salary	150	100	150	100
Paul Källenius, base salary	-	-	-	-
John Brehmer, base salary	-	-	-	-
Mattias Carlsson, base salary (2014)	-	-	-	-
Bertil Larsson, base salary (2015)	167	-	167	-
Lars Wollung, base salary (2015)	-	-	-	-
Tone Bjørnov, base salary (2015)	-	-	-	-
Members of the Board of Directors in subsidiaries	56	-	-	-
Total	**373**	**100**	**317**	**100**
CEO:				
Base salary	1,756	1,520	1,342	1,520
Variable remuneration	500	-	500	-
Social security costs	660	478	592	478
Other compensation	94	-	41	-
Pension costs	299	340	291	340
Total	**3,309**	**2,338**	**2,766**	**2,338**
Deputy CEO:				
Base salary	1,158	963	1,158	963
Variable remuneration	460	-	460	-
Social security costs	531	309	531	309
Other compensation	73	19	73	19
Pension costs	283	226	283	226
Total	**2,505**	**1,517**	**2,505**	**1,517**

	Group		Parent company	
SEK thousand	**2015**	2014	**2015**	2014
Other senior executives:[1]				
Base salary	2,516	1,982	2,516	1,982
Variable remuneration	-	-	-	-
Other compensation	-	58	-	58
Pension costs	512	429	512	429
Total	**3,028**	**2,469**	**3,028**	**2,469**

[1] During 2015 senior executives consisted of three individuals and during 2014 of two individuals.

Remuneration to senior executives
In accordance with the disclosure requirements in FFFS 2014:12, information regarding, e.g., remuneration policies, is provided on the Group's website www.tfbankgroup.com. Salaries and other remuneration to the CEO and other senior executives consists of: base salary, variable remuneration, commission-based remuneration, other compensation and pension contribution. The external members of the Board of Directors are paid in accordance with the Annual General Meeting (AGM).

Variable remuneration
The CEO and Deputy CEO received variable compensation during 2015.

Commission-based remuneration
No commission-based remuneration was paid in 2015.

A decision was taken to pay commission-based remuneration in 2014 to two of the company's senior executives based on achievement of agreed personal goals, the amounts were below SEK 100 thousand in both cases. No pension provision is made for payment of commission-based remuneration. The company's other senior executives have not received any commission-based remuneration.

Pensions
The Group's pension obligations are covered by payments to the ITP plan (individual pension plan funded through payments to insurance companies).

The retirement age is 65 for the CEO, for whom supplementary payments to a defined contribution plan are made annually. The retirement age is 65 for other senior executives, for whom supplementary payments to a defined contribution plan, the ITP plan, are made annually. An additional pension premium is paid on the remuneration if variable remuneration is paid.

Termination and severance pay
According to an agreement between TF Bank AB and the CEO the notice period of the CEO is six months (12 months' notice in case of termination by the Group). If the termination is initiated by the Group the base salary is paid during the notice period, but no variable remuneration is paid if such remuneration has been agreed before the termination takes effect. Severance pay is reduced by any new salary which the Chief Executive Officer receives from a new employer.

MEMBERS OF THE BOARD OF DIRECTORS FOR THE PARENT COMPANY

SEK thousand	2015 Numbers as at the balance sheet date	2015 Of which males	2014 Numbers as at the balance sheet date	2014 Of which males
Members of the Board of Directors	7	86 %	5	100 %
Of which the CEO and other senior executives	-	-	1	100 %

NOTE 11 Intangible assets

SEK thousand	Group 31 Dec 2015	Group 31 Dec 2014	Parent company 31 Dec 2015	Parent company 31 Dec 2014
Acquisition value at beginning of year	15,582	12,905	15,582	12,905
Changes during the year				
- acquisitions	10,025	2,677	7,757	2,677
- acquisitions at cost	1,640	-	-	-
- exchange rate effect	–268	-	-	-
Acquisition value at end of year	**26,979**	**15,582**	**23,339**	**15,582**
Accumulated amortisation at beginning of year according to plan	–10,833	–7,988	–10,833	–7,988
Changes during the year				
- amortisation according to plan	–3,901	–2,845	–3,375	–2,845
- exchange rate effect	161	-	-	-
Accumulated amortisation at end of year according to plan	**–14,573**	**–10,833**	**–14,208**	**–10,833**
Carrying amount at end of year	**12,406**	**4,749**	**9,131**	**4,749**

All intangible assets relate to in-house developed software.

NOTE 12 Tangible assets

SEK thousand	Group 31 Dec 2015	Group 31 Dec 2014	Parent company 31 Dec 2015	Parent company 31 Dec 2014
Acquisition value at beginning of year	4,657	3,588	4,602	3,588
Changes during the year				
- acquisitions	624	1,069	489	1,014
- exchange rate effect	2	-	4	-
Acquisition value at end of year	**5,283**	**4,657**	**5,095**	**4,602**
Accumulated depreciation at beginning of year according to plan	–3,104	–2,479	–3,100	–2,479
Changes during the year				
- depreciation according to plan	–667	–625	–636	–621
- exchange rate effect	4	-	3	-
Accumulated depreciation at end of year according to plan	**–3,767**	**–3,104**	**–3,733**	**–3,100**
Carrying amount at end of year	**1,516**	**1,553**	**1,362**	**1,502**

NOTE 13 Other operating expenses

SEK thousand	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Marketing	–20,579	–15,200	–19,980	–15,032
Other	-	–1,109	-	–1,109
Total	**–20,579**	**–16,309**	**–19,980**	**–16,141**

NOTE 14 Net loan losses

SEK thousand	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Change in the provision for sold non-performing loans	–96,394	–106,570	–96,394	–106,570
Realised loan losses	–17,149	–15,060	–15,635	–15,060
Recovered from previous write-offs	8,293	8,128	7,527	8,128
Change in provision for other expected loan losses	–2,797	159	–2,705	159
Net loan losses	**–108,047**	**–113,343**	**–107,207**	**–113,343**

Net loan losses are attributable to Loans to the public and categorised as loans and receivables.

NOTE 15 Income tax expense

SEK thousand	Group 2015	Group 2014	Parent company 2015	Parent company 2014
Tax for the year	–32,592	–31,014	–31,659	–12,633
Deferred tax	3,686	3,235	-	-
Income tax expense [1]	–28,906	–27,779	–31,659	–12,633
Reconciliation of tax on profit for the year				
Operating profit	118,315	127,322	133,218	58,300
Tax at applicable tax rate	–26,194	–27,999	–29,308	–12,827
Tax effect of non-deductible expenses	–2,305	–45	–2,295	–45
Tax effect of revenue that is recognised but not included in reported profit	–75	–230	–75	–230
Tax effect of non-taxable income	35	495	19	469
Tax effect of transaction costs on acquisition of subsidiaries	–367	-	-	-
Income tax expense according to income statement	**–28,906**	**–27,779**	**–31,659**	**–12,633**

[1] The weighted average tax rate for the Group was 24.4 % (21.8 %) and for the Parent company it was 23.8 % (21.7 %).

NOTE 16 Foreign currencies

THE FOLLOWING CURRENCY EXPOSURES ARE TO THE FUNCTIONAL CURRENCY

SEK thousand	Group 31 Dec 2015	Group 31 Dec 2014	Parent company 31 Dec 2015	Parent company 31 Dec 2014
Assets in EUR:				
Cash and balances with central banks	29,445	4,811	29,445	4,811
Loans to credit institutions	67,092	24,285	63,314	24,176
Loans to the public	835,761	808,484	835,761	808,484
Other assets	11,027	14,998	10,728	14,998
Less assets in Eurozone	–645,868	–617,223	–641,768	–617,223
Total assets	**297,457**	**235,355**	**297,480**	**235,246**
Liabilities in EUR:				
Deposits and borrowings from the public	–496,728	–398,356	–496,728	–396,473
Other liabilities	–17,585	–11,328	–16,808	–11,361
Less liabilities in Eurozone	508,691	404,913	507,920	404,913
Total liabilities	**–5,622**	**–4,771**	**–5,616**	**–2,921**
Foreign exchange derivatives	–435,582	–447,013	–431,907	–447,017
Net exposure in EUR	–143,747	–216,429	–140,043	–214,692
Net assets in Eurozone	137,177	212,310	133,848	212,310
	–6,570	**–4,119**	**–6,195**	**–2,382**

Note 16, cont.

THE FOLLOWING CURRENCY EXPOSURES ARE TO THE FUNCTIONAL CURRENCY

	Group		Parent company	
SEK thousand	**31 Dec 2015**	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
Assets in NOK:				
Loans to credit institutions	7,519	4,158	146,337	4,158
Loans to the public	227,847	33,202	29,373	33,202
Other assets	19,636	619	68,643	619
Less assets in Norway	–198,530	-	-	-
Total assets	**56,472**	**37,979**	**244,353**	**37,979**
Liabilities in NOK:				
Liabilities to credit institutions	–1,122	-	-	-
Other liabilities	–10,527	–321	–978	–321
Less liabilities in Norway	8,146	-	-	-
Total liabilities	**–3,503**	**–321**	**–978**	**–321**
Foreign exchange derivatives	–242,584	–37,311	–242,584	–37,311
Net exposure NOK	–189,615	347	791	347
Net assets in Norway	190,384	-	-	-
	769	**347**	**791**	**347**
Assets in PLN:				
Loans to credit institutions	9,024	4,368	9,024	4,368
Loans to the public	84,878	62,767	84,878	62,767
Other assets	3,918	2,734	3,918	2,734
Less assets in Poland	–90,481	-	–90,481	-
Total assets	**7,339**	**69,869**	**7,339**	**69,869**
Liabilities in PLN:				
Other liabilities	–12,611	–4,790	–12,611	–4,790
Less liabilities in Poland	12,003	-	12,003	-
Total liabilities	**–607**	**–4,790**	**–607**	**–4,790**
Foreign exchange derivatives	–86,207	–67,847	–86,207	–67,847
Net exposure in PLN	–79,475	–2,768	–79,475	–2,768
Net assets in Poland	78,478	-	78,478	-
	–998	**–2,768**	**–998**	**–2,768**
Assets in DKK:				
Loans to credit institutions	3,777	1,449	3,777	1,449
Loans to the public	34,002	31,253	34,002	31,253
Other assets	335	247	335	247
Total assets	**38,114**	**32,949**	**38,114**	**32,949**
Liabilities in DKK:				
Other liabilities	–911	–156	–911	–156
Total liabilities	**–911**	**–156**	**–911**	**–156**
Foreign exchange derivatives	–36,942	–32,589	–36,942	–32,589
Net exposure DKK	261	204	261	204

Note 16, cont.

THE TABLE BELOW PRESENTS THE OUTSTANDING FOREIGN EXCHANGE DERIVATIVES AT MARKET VALUE IN MILLIONS IN THE RESPECTIVE CURRENCIES:

	Group		Parent company	
	31 Dec 2015	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
EUR	47.4	47.0	47.0	47.0
NOK	253.5	35.5	253.5	35.5
PLN	40.0	30.5	40.0	30.5
DKK	30.0	25.5	30.0	25.5

NOTE 17 Maturity information

	Group		Parent company	
SEK thousand	**31 Dec 2015**	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
Payable on demand	29,445	4,811	29,445	4,811
Cash and balances with central bank	**29,445**	**4,811**	**29,445**	**4,811**
Remaining maturity of less than 3 months	60,075	-	60,075	-
Remaining maturity of more than 3 months but less than 1 year	-	160,000	-	160,000
Treasury bills eligible for refinancing	**60,075**	**160,000**	**60,075**	**160,000**
Payable on demand	777,811	485,955	765,409	485,111
More than 1 year but less than 5 years	-	-	140,302	-
Loans to credit institutions	**777,811**	**485,955**	**905,711**	**485,111**
Remaining maturity of less than 3 months	164,263	70,975	152,168	70,393
Remaining maturity of more than 3 months but less than 1 year	342,852	269,488	305,359	269,488
More than 1 year but less than 5 years	1,982,656	2,039,347	1,775,736	2,039,347
Loans to the public	**2,489,771**	**2,379,810**	**2,233,263**	**2,379,228**
Liabilities to credit institutions	**-**	**-**	**-**	**-**
Payable on demand	2,229,562	1,981,393	2,229,562	1,981,393
Deposits and borrowings from the public	**2,229,562**	**1,981,393**	**2,229,562**	**1,981,393**
Remaining maturity of more than 5 years	162,500	-	162,500	-
Issued securities	**162,500**	**-**	**162,500**	**-**
Remaining maturity of less than 3 months	54,459	35,095	35,899	65,178
Other liabilities	**54,459**	**35,095**	**35,899**	**65,178**

The amounts shown are the contractual undiscounted cash flows and include both interest and principal payments so the amounts are not directly linked to the balance sheet.

NOTE 18 Loans to credit institutions

	Group		Parent company	
SEK thousand	**31 Dec 2015**	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
Loans in SEK	751,614	470,400	744,186	469,635
Loans in foreign currency	26,197	15,555	161,525	15,476
Total loans to credit institutions	**777,811**	**485,955**	**905,711**	**485,111**

NOTE 19 Loans to the public

SEK thousand	Group		Parent company	
	31 Dec 2015	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
Loans to the household sector	1,837,578	1,633,239	1,639,150	1,633,239
Loans to the corporate sector	-	581	-	581
Total loans to the public	**1,837,578**	**1,633,820**	**1,639,150**	**1,633,820**
Loans to the household sector				
Gross loans	1,878,225	1,665,976	1,673,599	1,665,976
Provision for expected loan losses	–40,647	–32,737	–34,449	–32,737
Loans, net book value	**1,837,578**	**1,633,239**	**1,639,150**	**1,633,239**
Geographic distribution of net loans:				
Sweden	654,684	709,008	654,684	709,008
Finland	659,977	647,272	659,977	647,272
Norway	227,813	33,207	29,385	33,207
Estonia	174,297	148,514	174,297	148,514
Poland	85,278	62,803	85,278	62,803
Denmark	34,007	31,253	34,007	31,253
Latvia	1,522	1,182	1,522	1,182
Total loans, net book value	**1,837,578**	**1,633,239**	**1,639,150**	**1,633,239**

CHANGE IN PROVISION FOR ACTUAL AND EXPECTED LOAN LOSSES

SEK thousand	Group		Parent company	
	31 Dec 2015	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
Opening balance	–32,737	–30,010	–32,737	–30,010
Change in provision for sold non-performing loans	–96,394	–106,570	–96,394	–106,570
Reversal in provision for sold non-performing loans	96,394	106,570	96,394	106,570
Change in provision for other loan losses	–2,797	159	–2,705	159
Acquired provisions	–6,106	-	-	-
Other adjustments [1]	993	–2,886	993	–2,886
Closing balance	**–40,647**	**–32,737**	**–34,449**	**–32,737**

[1] Other adjustments consist of currency translation differences.

LOANS TO THE CORPORATE SECTOR

SEK thousand	Group		Parent company	
	31 Dec 2015	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
Gross loans	-	581	-	581
Total loans, net book value	**-**	**581**	**-**	**581**

There have been no provisions for loans to corporates as there are no circumstances which make provision an issue.

Loans to the corporate sector relates solely to lending to companies in Sweden.

NOTE 20 Goodwill

SEK thousand	Group	
	31 Dec 2015	31 Dec 2014
Movements in goodwill		
Acquisitions during the year	12,772	-
Currency translation differences	–1,236	-
Acquisition value at end of year	**11,536**	**-**

The Group's goodwill arose from the acquisition of the subsidiary BB Finans in Norway.

Impairment testing of goodwill for the cash-generating entity was carried out before the year-end. Calculations are based on estimated future cash flows after tax based on financial forecasts approved by the management and covers a three-year period. The more important assumptions underlying the forecasts include the average loan portfolio, credit volume and margins. The average growth rate used in the calculations is based on the company's own plans and expected future development. The calculation of the recoverable amount is based on the value in use.

The impairment tests performed in 2015 did not reveal any impairment of goodwill.

NOTE 21 Other assets

SEK thousand	Group		Parent company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Derivatives	-	7,087	-	7,087
Other assets	9,582	3,529	8,778	3,505
Total other assets	**9,582**	**10,616**	**8,778**	**10,592**

NOTE 22 Prepaid expenses and accrued income

SEK thousand	Group		Parent company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Accrued interest income	1,290	666	348	666
Other items	33,007	30,531	28,185	30,530
	34,297	**31,197**	**28,533**	**31,196**

NOTE 23 Liabilities to credit institutions

The Parent company has an undrawn credit facility of SEK 300 million (300).

BB Finans AS has a credit facility of NOK 30 million, equivalent to SEK 28.7 million, of which NOK 0.5 million, equivalent to SEK 0.5 million, was drawn as at 31 December 2015.

NOTE 24 Deposits and borrowings from the public

	Group		Parent company	
SEK thousand	**31 Dec 2015**	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
Deposits from the public [1]	2,229,562	1,953,403	2,229,562	1,953,403
Total deposits and borrowings from the public	**2,229,562**	**1,953,403**	**2,229,562**	**1,953,403**

[1] Deposits from the public relates only to the household sector.

All liabilities have indefinite maturity.

NOTE 25 Other liabilities

	Group		Parent company	
SEK thousand	**31 Dec 2015**	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
Derivatives	3,090	-	3,069	-
Liabilities to TFB Holding AB	-	56,840	-	56,840
Trade payables	10,730	4,411	9,437	4,504
Other liabilities	12,105	3,844	9,088	3,834
Total other liabilities	**25,925**	**65,095**	**21,594**	**65,178**

NOTE 26 Deferred tax liabilities

SEK thousand	Group	
	31 Dec 2015	31 Dec 2014
Deferred tax assets		
Deferred tax assets attributable to loss carry forward	2,235	-
Deferred tax assets	**2,235**	**-**
Deferred tax liabilities		
The difference between the income tax reported in the income statement and the income tax on operations consists of:		
Deferred tax on untaxed reserves	11,577	11,614
Deferred tax on acquired surplus value [1]	2,512	-
Deferred tax on assets (BB Finans)	106	-
Deferred tax on profit account (BB Finans)	58	-
Deferred tax on other comprehensive income	-	532
Deferred tax due to temporary differences	**14,253**	**12,146**
The deferred taxes are expected to be settled as follows:		
Within 12 months	502	-
More than 12 months	13,751	12,146
	14,253	**12,146**
Change in gross deferred taxes is as follows:		
Gross deferred tax at beginning of year	12,146	15,381
Reported in the income statement	–3,686	–3,235
Reported in total comprehensive income	1,339	-
Deferred tax following the acquisition of subsidiary	2,219	-
Gross deferred tax at end of year	**12,018**	**12,146**

[1] The surplus value consists of the expected recovery of past actual losses in the acquired subsidiary BB Finans based on historical data.

NOTE 27 Accrued expenses and prepaid income

SEK thousand	Group		Parent company	
	31 Dec 2015	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
Accrued salaries and holiday pay	5,843	3,232	4,805	3,201
Accrued social security	3,349	2,092	2,945	2,070
Accrued interest on deposits from the public	25,339	32,913	25,339	32,913
Other accrued expenses	24,749	11,065	21,192	11,065
Total accrued expenses	**59,280**	**49,302**	**54,281**	**49,249**

NOTE 28 Subordinated liabilities

SEK thousand	Group		Parent company	
	31 Dec 2015	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
Dated subordinated loan	97,000	-	97,000	-
Total	**97,000**	**-**	**97,000**	**-**

Subordinated loans are subordinated to other liabilities. Nominal value is SEK 100 million. The interest rate on the subordinated loan is STIBOR 3 months plus 6.25 %. The maturity date is 14 December 2025.

NOTE 29 Appropriations

SEK thousand	Parent company	
	2015	2014
Change in tax allocation reserve	-	17,166
Accelerated depreciation	171	–45
Group contribution	-	–86,240
Total	**171**	**–69,119**

NOTE 30 Transactions with related parties

Consortio Fashion Holding AB (CFH), corporate identity number 556925-2819, essentially has the same owners as TFB Holding AB, corporate identity number 556705-2997, the parent holding company of TF Bank. Transactions with other related parties shown in the table below refer to transactions between TF Bank and companies in the CFH Group. All related-party transactions are priced at market prices.

SEK thousand	Group		Parent company	
	31 Dec 2015	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
The following transactions have been made with related parties in the Group:				
Interest income	-	-	1,132	-
Other income	-	-	35	-
General administrative expenses	343	202	1,718	1,009
	343	**202**	**2,885**	**1,009**
Assets at year-end as a result of transactions with related parties in the Group:				
Loans to credit institutions	-	-	140,302	-
Loans to TFB Holding AB	3,000	-	3,000	-
	3,000	**-**	**143,302**	**-**
Liabilities at year end as a result of related-party transactions in the Group:				
Liabilities to TFB Holding AB	-	56,840	-	56,840
	-	**56,840**	**-**	**56,840**
The following transactions have been made with other related parties:				
Interest income (transaction costs)	71,634	40,729	71,634	40,729
General administrative expenses	6,326	4,512	6,326	4,512
	77,960	**45,241**	**77,960**	**45,241**
Acquisition of assets and liabilities from other related parties:				
Sales Finance	677,466	846,923	677,466	846,923
	677,466	**846,923**	**677,466**	**846,923**

Note 30, cont.

SEK thousand	Group		Parent company	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Assets at year-end as a result of transactions with other related parties:				
Other assets	91	3,311	91	3,311
	91	**3,311**	**91**	**3,311**
Liabilities at year-end as a result of transactions with other related parties:				
Other liabilities	2,139	138	2,139	138
	2,139	**138**	**2,139**	**138**

For information about remuneration to senior executives, see note 10.

NOTE 31 Shares in Group companies

Name	Domicile	Activity	Number of shares	Shares owned by TF Bank AB, %	Carrying amount (SEK thousand) 31 Dec 2015
TFB Service OÜ	Estonia	Administration	25	100 %	**24**
Avarda AB	Sweden	Financial	1,020	51 %	**10,710**
BB Finans AS	Norway	Financial	42,000,000	100 %	**75,411**
Total					**86,145**

NOTE 32 Untaxed reserves

SEK thousand	Parent company	
	31 Dec 2015	31 Dec 2014
Tax allocation reserve		
Provision for the 2012 tax assessment	18,812	18,812
Provision for the 2013 tax assessment	13,150	13,149
Provision for the 2014 tax assessment	20,659	20,659
Total tax allocation reserve	**52,621**	**52,620**
Accumulated depreciation in excess over plan	-	172
Total untaxed reserves	**52,621**	**52,792**
Deferred tax of 22 % of untaxed reserves, which are not recognised, amounts to	11,577	11,614

NOTE 33 Investments in associated undertakings

The Parent company acquired 100 % of the shares of BB Finans AS, a Norwegian financial institution based in Bergen, on 31 July 2015. As a result of the acquisition the Parent company acquires indirectly all of the assets and assume the responsibilities and liabilities of BB Finans, including certain items that the seller has not been able to identify in connection with the transaction. The acquisition provides TF Bank with a local presence in Norway and an opportunity to establish operations with the support of experienced and professional employees who have built up an expertise in the Norwegian market over a long period of time. Furthermore, it enables the acquired company to grow in both total assets and profits.

The value of the acquisition was mainly based on the future financial operating surplus which the acquired business is expected to generate. The acquisition has not resulted in any subsequent divestitures or other changes. The assessment the management of TF Bank did prior to the acquisition remains in essence and the period post the acquisition has confirmed the assessment that came from the due diligence.

INFORMATION ON THE ACQUISITION PRICE, ACQUIRED NET ASSETS AND GOODWILL ARE AS FOLLOWS:

SEK thousand	2015
Acquisition price	
Cash	73,741
Total acquisition price	**73,741**
Carrying value at the acquisition date	
Loans to the public	150,859
Intangible assets	2,323
Other assets	2,330
Prepaid expenses and accrued income	2,809
Total assets	**158,321**
Liabilities to credit institutions	–49,379
Deposits and borrowings from the public	–36,140
Securities issued	–14,833
Other liabilities	–1,642
Accrued expenses and deferred income	–3,076
Deferred tax liabilities	–179
Total liabilities	**–105,249**
Identifiable acquired assets and liabilities	53,072
Surplus value [1]	10,818
Tax effect on surplus value	–2,921
Goodwill	12,772
Acquired net assets	**73,741**

1 The surplus value consists of the expected recovery of past actual losses based on historical data.

The goodwill is attributed to the employees and high profitability of the acquired business. No part of the reported goodwill is expected to be tax deductible.

Transaction costs of SEK 1,670 thousand arose in connection with the acquisition, which has been recognised in the income statement for the Group during 2015.

Income and profit of the acquired business

The acquired business contributed SEK 11,120 thousand in income and SEK 2,565 thousand in net profit to the Group accounts for the period 1 August to 31 December 2015.

NOTE 34 Capital adequacy analysis

Background

Information about the Group's capital adequacy includes information in accordance with chapter 6, 3-4 §§, Swedish FSA's regulations (FFFS 2008:25) on annual accounts of credit institutions and securities companies and related information contained in Articles 92.3 d and f, 436 b and 438 of the Regulation (EU) No 575/2013, commonly referred to as the Capital Requirements Regulation (CRR), chapter 8, 7 §, of the Swedish FSA's regulations and general guidelines on regulatory requirements and capital buffers (FFFS 2014:12) and column A of Annex 6 of the Commission Implementing Regulation (EU) No 1423/2013. Other information required by FFFS 2014:12 and CRR is provided on the company's website www.tfbankgroup.com.en CRR lämnas på moderbolagets hemsida www.tfbankgroup.com.

Information on own funds and capital requirements

The Group and Parent company's statutory capital requirements is governed by the Swedish Special Supervision of Credit Institutions and Investment Firms Act (2014:968), CRR, regulation on capital buffers (2014:966) and the Swedish FSA's regulations and general recommendations on regulatory requirements and capital buffers (FFFS 2014:12).

The purpose of the regulations is to ensure that the Group and Parent company manage their risks and protect its customers. The regulations state that the Group's own funds must cover the capital requirements including the minimum capital requirements (capital requirement for credit risk, market risk and operational risk).

The Group's consolidated situation, with TF Bank AB as responsible institute, was established during the third quarter of 2014. The Group is currently not under supervision and the numbers below have been calculated for presentation in this financial report.[1] The capital situation of the Group has been calculated using the full IFRS consolidated accounts. The aim is to change the legal structure in 2016 and as a result the Group with TF Bank AB as the parent company would become consolidated situation required to report to the Swedish FSA.

1 The basis for the current consolidated situation reporting to the Swedish FSA includes the parent holding company TFB Holding AB.

Note 34, cont.

THE GROUP'S CAPITAL SITUATION CAN BE SUMMARISED AS FOLLOWS:

	Group	
SEK thousand	**31 Dec 2015**	31 Dec 2014
Common Equity Tier 1 (CET 1) capital after deductions	309,078	266,563
Additional Tier 1 (AT 1) capital after deductions	-	-
Tier 2 capital after deductions	97,000	-
Own funds	**406,078**	**266,563**
Risk exposure amounts	2,229,621	1,943,558
- *of which:* credit risk	1,585,690	1,373,649
- *of which:* credit valuation adjustment	1,587	-
- *of which:* market risk	-	-
- *of which:* operational risk	642,344	569,909
CET 1 capital ratio, %	13.86 %	13.72 %
Tier 1 capital ratio, %	13.86 %	13.72 %
Total capital ratio, %	18.21 %	13.72 %
Total CET 1 capital requirement inclusive of capital buffer requirements	168,113	136,049
- *of which:* capital conservation buffer	55,741	48,589
- *of which:* countercyclical capital buffer	12,040	-
CET 1 capital available to use as buffer [1]	208,745	179,103

[1] CET 1 capital ratio less the statutory minimum requirement of 4.5 % excluding the buffer requirements. A total capital requirement of a further 3.5 % is also applicable.

OWN FUNDS

	Group	
SEK thousand	**31 Dec 2015**	31 Dec 2014
CET 1 capital		
Share capital	107,500	5,000
Retained earnings	145,755	164,787
Audited annual profits net of any foreseeable expenses and dividends	83,560	100,525
Other reserves	1,000	1,000
Accumulated other comprehensive income	–2,560	-
Minority interests	6,304	-
Less:		
- Intangible assets	–23,942	–4,749
- Deferred tax assets that rely on future profitability	–2,235	-
- Minority interests not qualified for inclusion in own funds	–6,304	-
Total CET 1 capital	*309,078*	*266,563*
Tier 2 capital		
Dated subordinated loan	97,000	-
Total own funds	**406,078**	**266,563**

Own funds include the Board of Director's proposal for the distribution of profit. The Group's CET 1 comply with the requirements of Regulation (EU) No 575/2013.

SPECIFICATION RISK EXPOSURE AMOUNTS

	Group	
SEK thousand	**31 Dec 2015**	31 Dec 2014
Credit risk according to the standardised approach		
Corporate exposures	432	3,881
Retail exposures	1,324,620	1,187,939
Exposures secured by mortgage	502	-
Exposures in default	60,565	49,321
Exposures to institutions with short-term credit assessment	156,992	99,766
Other items	42,579	32,742
Total risk-weighted exposure amount credit risk	**1,585,690**	**1,373,649**
Credit valuation adjustment		
Standardised method	1,586	-
Total risk weighted exposure amount	**1,586**	**-**
Operational risk		
Basic indicator approach	642,344	569,909
Total risk exposure amount operational risk	**642,344**	**569,909**
Total risk exposure amount	**2,229,621**	**1,943,558**

Note 34, cont.

THE PARENT COMPANY'S CAPITAL SITUATION CAN BE SUMMARISED AS FOLLOWS:

	Parent company	
SEK thousand	**31 Dec 2015**	31 Dec 2014
CET 1 capital after deductions	337,515	267,313
AT 1 capital after deductions	-	-
Tier 2 capital after deductions	97,000	-
Own funds	**434,515**	**267,313**
Risk exposure amounts	2,188,257	1,944,366
- *of which:* credit risk	1,546,511	1,374,457
- *of which:* credit valuation adjustment	1,579	-
- *of which:* market risk	-	-
- *of which:* operational risk	640,167	569,909
CET 1 capital ratio, %	15.42 %	13.75 %
Tier 1 capital ratio, %	15.42 %	13.75 %
Total capital ratio, %	19.86 %	13.75 %
Total CET 1 capital requirement inclusive of capital buffer requirements	164,338	136,106
- *of which:* capital conservation buffer	54,706	48,609
- *of which:* countercyclical capital buffer	11,160	-
CET 1 capital available to use as buffer [1]	239,043	179,817

[1] CET 1 capital ratio less the statutory minimum requirement of 4.5 % excluding the buffer requirements. A total capital requirement of a further 3.5 % is also applicable.

OWN FUNDS

	Parent company	
SEK thousand	**31 Dec 2015**	31 Dec 2014
CET 1 capital		
Share capital	107,500	5,000
Retained earnings	105,218	178,237
Audited annual profits net of any foreseeable expenses and dividends	91,884	46,647
Other reserves	42,044	42,178
Less:		
- Intangible assets	−9,131	−4,749
Total CET 1 capital	*337,515*	*267,313*
Tier 2 capital		
Dated subordinated loan	97,000	-
Total own funds	**434,515**	**267,313**

Own funds include the Board of Director's proposal for the distribution of profit. The Parent company's CET 1 comply with the requirements of Regulation (EU) No 575/2013.

SPECIFICATION RISK EXPOSURE AMOUNTS

	Parent company	
SEK thousand	**31 Dec 2015**	31 Dec 2014
Credit risk according to the standardised approach		
Institute exposures	28,060	-
Corporate exposures	3,213	3,864
Retail exposures	1,192,552	1,187,939
Exposures in default	49,082	49,321
Exposures to institutions with short-term credit assessment	154,670	99,597
Equity exposures	86,145	1,044
Other items	32,789	32,692
Total risk-weighted exposure amount credit risk	**1,546,511**	**1,374,457**
Credit valuation adjustment		
Standardised method	1,579	-
Total risk weighted exposure amount	**1,579**	**-**
Operational risk		
Basic indicator approach	640,167	569,909
Total risk exposure amount operational risk	**640,167**	**569,909**
Total risk exposure amount	**2,188,257**	**1,944,366**

TF Bank complies with the minimum capital requirement which corresponds to own funds equal to at least the total minimum capital requirement.

Note 34, cont.

Capital planning
The Group's strategies and methods for measuring and maintaining the capital requirements according to Regulation (EU) No 575/2013 are based on the bank's risk management. The Group's risk management is designed to identify and analyse the risks which arise in the course of its operations, define appropriate limits for such risks and to ensure that the required controls have been introduced. Risks are monitored and controls are performed on a regular basis to ensure that limits are not exceeded. The Group has a centralised function for independent risk control which reports directly to the CEO and is tasked with analysing changes in risks and, where required, propose amendments to governing documents and processes both for the overall risk management and for specific areas, such as currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments and investment of excess liquidity.

The consolidated situation has its own internal capital adequacy assessment process (ICAAP) to assess whether the internal capital is adequate to serve as a basis for current and future activities and to ensure that own funds is of the right size and composition. The process ensures that the consolidated situation correctly identifies, measures and manages all risks to which the consolidated situation is exposed and makes an assessment of its internal capital adequacy requirements. This includes ensuring that the consolidated situation has appropriate governing and control functions and risk management systems in place. The ICAAP is performed at least annually.

The starting point for the consolidated situation's ICAAP is risk identification and self-assessment workshops with senior executives. Using this risk analysis as a basis, each individual risk is analysed and how it will be managed is documented. References are made to applicable governing documents and policies. The risks are quantified based on the method which the consolidated situation deems to be appropriate for each type of risk. An assessment is made for each type of risk with regards to whether additional capital is required to cover the specific risk type. The assessment is based on Pillar 1 capital requirements according to Regulation (EU) No 575/2013 and additional capital is added where necessary for other risks. The ICAAP is then stress-tested to ensure that the consolidated situation's capital level can be maintained also in a stressed market situation. The consolidated situation's scenario exercise is forward-looking and based on the consolidated situation's three-year business plan.

NOTE 35 Assets pledged as security

OWN LIABILITIES

	Group		Parent company	
SEK thousand	**31 Dec 2015**	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
Relating to current liabilities to credit institutions				
Loans receivable	594,559	653,017	565,851	653,017
Other assets	22,010	-	-	-
	616,569	**653,017**	**565,851**	**653,017**

TF Bank continuously pledge its Swedish and Norwegians loans to the public as security. The assets are pledged as security for the Group's credit facility of SEK 329 million. As at 31 December 2015 SEK 0.5 million was drawn from the credit facility.

THE BOARD OF DIRECTORS AND THE CEO CERTIFY

The Board of Directors and the CEO certify that the annual report has been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the international accounting standards (IFRS/IAS) referred to in European Parliament and of the Council Regulation (EC) No 1606/2002 of 19 July 2002 on the application of international accounting standards. They give a true and fair view of the Group's financial position and results. The Board of Directors' report for the Group and the Parent company give a true and fair overview of the development of the operations, financial position and result of the Parent company and the Group and describes the material risks and uncertainties that the Parent company and the Group face.

Borås 22 March 2016

Mattias Carlsson
Chairman

Bertil Larsson

John Brehmer

Thomas Grahn

Paul Källenius

Lars Wollung

Tone Bjørnov

Declan Mac Guinness
CEO & Group CEO

Our audit report was issued 22 March 2016

PricewaterhouseCoopers AB

Michael Lindengren
Authorized Public Accountant
Auditor-in-charge

PricewaterhouseCoopers AB

Martin By
Authorized Public Accountant

AUDITOR'S REPORT

To the annual meeting of the shareholders of TF Bank AB (publ), corporate identity number 556158-1041

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of TF Bank AB (publ) for the year 2015 except for the corporate governance statement on pages 54-57. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 7-51.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act of Credit Institutions and Security Companies and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act of Credit Institutions and Security Companies, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Security Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act of Credit Institutions and Security Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act of Credit Institutions and Security Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act of Credit Institutions and Security Companies. Our opinions does not include the corporate governance statement on pages 54-57. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of TF Bank AB (publ) for the year 2015.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and the Banking and Financing Business Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act and the Banking and Financing Business Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act of Credit Institutions and Security Companies or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Gothenburg 22 March 2016

PricewaterhouseCoopers AB

Michael Lindengren *Authorized Public Accountant* Auditor-in-charge	Martin By *Authorized Public Accountant*

CORPORATE GOVERNANCE REPORT

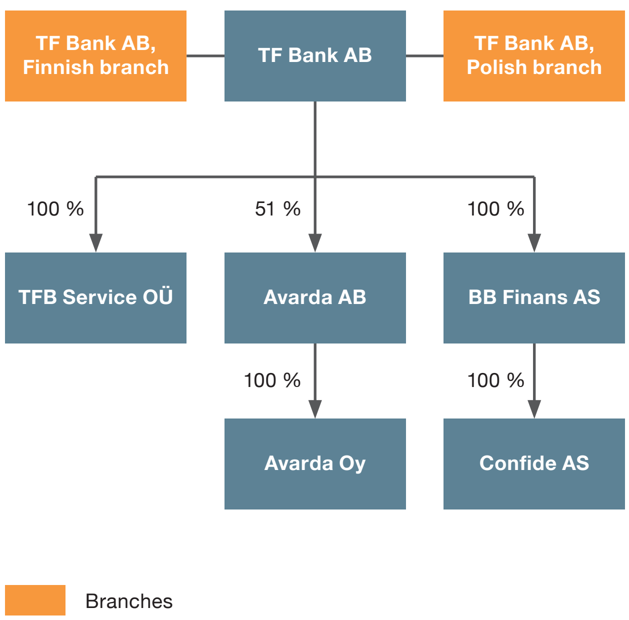
TF Bank AB (publ),
corporate identity number 556158-1041

CORPORATE GOVERNANCE IN TF BANK

This corporate governance report describes the general and broad principles of corporate governance in TF Bank Group and TF Bank AB (publ) ("TF Bank"). TF Bank is a limited company controlled by external requirements such as the Companies Act, the Banking and Financing Business Act, the special supervision of credit institutions and investment firms, the Law on Deposit Insurance, Swedish FSA's regulations and general guidelines, the TF Bank adopted Articles of Association and other applicable laws, regulations and rules. The subordinated Tier 2 loans issued by TF Bank are listed on Nasdaq Stockholm and therefore applies the regulation of Nasdaq Stockholm for issuers but not the Swedish Code of Corporate Governance.

OWNERSHIP

TF Bank is majority owned by TFB Holding with 79.61 % of the shares and votes. Other shareholders include Förvaltningsaktiebolaget Segersta with 7.29 %, the limited company Add Value with 2.43 % and KAAX Investment AB and AB Tiberon with 1.5 % each. TFB Holding AB is in turn owned by KAAX Investment AB, Tiberon AB, Trylon AB and Jonas Weil. The four largest shareholders thus have a direct or indirect ownership of more than 80 % of the shares and votes in TF Bank. The Chairman Mattias Carlsson owns 1.97 % of shares and votes in TF Bank.



ARTICLES OF ASSOCIATION

The Articles of Association is adopted at the AGM and contains compulsory information of the basic nature of TF Bank. The Articles of Association is available on the company's website www.tfbankgroup.com and includes a description of the company's allowed activities, size limits of total equity, voting rights of the different share classes and the number of allowed members of the Board of Directors. The Articles of Association does not contain any provisions on the appointment and dismissal of Directors or amendments of the Articles of Association.

INTERNAL GOVERNING DOCUMENTS

In addition to laws, rules, regulations, etc. and government oversight TF Bank has a number of internal control documents relating to the daily management of the company. These have been adopted by the Board of Directors, CEO and other senior executives and includes rules for the work of the Board of Directors, instructions to the CEO, risk management, lending, remuneration, handling of ethical issues and conflicts of interest, possible outsourcing, continuity of the business, liquidity management, a financial policy, a capital policy, management of complaints and a policy regarding measures against money laundering and terrorist financing. All policy documents are available through the intranet.

TF Bank has its head office in Borås and has five subsidiaries: Avarda AB, Avarda Oy, TFB Service OÜ, BB Finans AS and Confide AS. TF Bank is authorised by the Swedish FSA to conduct banking operations. Under the supervision of the Swedish FSA TF Bank conducts banking operations in Sweden and through branches in Finland and Poland. TF bank provides cross-border lending in Estonia, Denmark, Latvia and Norway in accordance with the Swedish Banking and Financing Business Act. Furthermore, TF Bank operates through a subsidiary in Norway (BB Finans AS) which is separately authorised by the Norwegian Financial Supervisory Authority.

1. Annual General Meeting

TF Bank's shareholders' exercise their decision-making right at the AGM. In accordance with the Companies Act the AGM is the company's highest governing body, which includes the right to decide on amendments of the Articles of Association, discharge, approving financial statements, distribution of earnings, election of the members of the Board of Directors and the auditors as well as remuneration to the members of the Board of Directors and audit fees. The Companies Act and the Articles of Association set out the rules governing the meeting and its activities. The AGM in 2015 was held in Borås on 19 March. The AGM did not give authorisation to the Board of Directors to decide on issuing new shares or repurchase of shares. An extraordinary AGM was held on 4 June 2015 to adopt new Articles of Association and on 21 December 2015 for the appointment of two additional Directors.

Notice of the AGM must be given no earlier than six weeks and no later than four weeks before the meeting is held. The procedures at the AGM are governed by the Companies Act and the Articles of Association.

Each shareholder in TF Bank is entitled to one vote for each share owned and represented without restrictions on voting rights. Except as required by law regarding the rights of shareholders to attend the AGM TF Bank's Articles of Association requires registration to the AGM within the noted specified time.

2. Nomination committee

TF Bank does not have a Nomination committee. However, the Board of Directors intends to submit a proposal for a Nomination committee to be decided on at the AGM 2016. The Nomination committee will nominate members to Board of Directors of TF Bank. The Nomination committee will also support the shareholders to evaluate the current Board of Directors. In the evaluation of candidates, the committee will follow the guidelines set out in the nomination committee's work instruction, which takes into account various aspects, including: background, competence, strategic knowledge, other professional tasks and previous experience of work as board members.

3. The Board of Directors

The Board of Directors has the ultimate responsibility for the organisation and management of TF Bank. In addition, the Board of Directors supervises the CEO and monitors that TF Bank's financial situation is secured. The decisions taken by the Board of Directors aims to promote the interests of the shareholders in terms of value growth and returns. The Board of Directors' duties and work procedures are governed by the Companies Act, the Articles of Association and the Board of Directors' rules (see below). The Board of Directors' duties and work procedures, as a regulated credit institution, is further regulated in the Banking and Financing Business Act.

The Board of Directors is responsible for assessing TF Bank's risk-taking and has established rules for the decision-making, financial reporting and financing. Guidelines are also available for work in other areas, e.g., work environment, ethics, quality of information, personnel, IT and security monitoring as well as communications.

The Board of Directors' work follows an annual work plan covering matters that the Board of Directors should cover at each regular meeting as well as responsibilities within the Board of Directors, with specific responsibilities for the Chairman. The work plan also specifies rules for financial reporting to the Board of Directors and rules setting out the CEO's rights and responsibilities.

In 2015, the Board of Directors had nine (9) meetings, of which four (4) regular meetings and five (5) extraordinary meetings. Three (3) meetings were held by correspondence.

The Board of Directors' responsibilities and duties include, among other things, to: establish goals and strategies for the company's operations; ensure that there are proper internal controls for the organisation and the company's operations; establish internal rules on risk management and risk control and regularly monitor compliance; ensure there is an audit function; and monitor the company's financial position. Furthermore, it is the task of the Board of Directors' to: appoint the CEO; adopt instructions covering the duties of the CEO; and monitor the work of the CEO. The Board of Directors receives regular reports from the internal and external auditors as well as reports from the CEO and CFO.

According to the adopted Articles of Association as at 31 December 2015, the Board of Directors shall consist of not less than three and not more than seven members and at least one and a maximum of five deputies. As at 31 December 2015, the Board of Directors consisted of seven members: Chairman Mattias Carlsson, and the members John Bremer, Thomas Grahn, Paul Källenius, Bertil Larsson, Lars Wollung and Tone Bjørnov. Jonas Weil acted as deputy.

In 2015 the Board of Directors dealt with the following major issues during the respective quarter. First quarter: Annual Report 2014 as well as the external and internal audit in 2014. Second quarter: evaluation of the company's ICAAP/ILAAP, including stress tests and internal policies and process descriptions in preparation for a possible listing on the Frankfurt Stock Exchange. Third quarter: acquisition of a company in Norway, strategy, compliance, HR and organisation. Fourth quarter: budget and financial three-year plan and the diversification of the company's own funds through a subordinated loan.

Additional information about the representatives of the Group's Board of Directors can be found on the Group's website www.tfbankgroup.com and and on pages 58-59.

Committee

The overall responsibility of the Board of Directors cannot be delegated. However, during the second quarter of 2016 the Board of Directors will establish a special committee to handle certain issues to be decided by the Board of Directors.

Within the Board of Directors, there will be two committees: the audit committee and remuneration committee (see next page).

4. Remuneration committee

The tasks of the Remuneration committee will be performed by the full Board of Directors.

The Remuneration committee will meet at least two (2) times per year. The Remuneration committee's main task is to support the Board of Directors in its work to ensure that the risks associated with TF Bank remuneration system are measured, managed and reported. The committee is also responsible for assisting the Board of Directors in setting norms and principles for the remuneration to the employees and management team of TF Bank and to ensure that the compensation is consistent with applicable laws and regulations. Furthermore, the Board of Directors decides on the remuneration to the CEO and to certain employees.

The Remuneration committee shall prepare a remuneration policy for the company and submit it to the Board of Directors approval. The Board of Directors approves at least one (1) time per year a remuneration policy in accordance with the Swedish FSA's regulations on remuneration in financial institutions and securities companies covering all the employees of TF Bank. The adoption of the remuneration policy is based on an analysis that is performed annually in order to identify the employees whose work has a significant impact on the risk profile of TF Bank.

The remuneration policy stipulates, among other things, that compensation and other benefits shall be competitive in order to promote the long-term interests of TF Bank and to limit excessive risk-taking. Further description and benefits paid in 2015 can be found on the website of TF Bank www.tfbankgroup.com.

5. The Audit committee

During the second quarter of 2016, the Board will appoint an audit committee consists of three (3) members of the Board of Directors. The Board of Directors decides on the rules of procedure of the Audit committee.

Before the Board of Directors has appointed an Audit committee, as stated above, the full Board of Directors fulfils the information requirement pursuant to chapter 8. 49 b of the Companies Act. The director Tone Bjørnov is independent and has audit expertise.

The Audit committee evaluates the external and internal audits and monitors that the auditor's independence was maintained. Tone Bjørnov, Lars Wollung and Mattias Carlsson will be part of the Audit committee.

6. Chairman

The Chairman of the Board of Directors leads the work of the Board of Directors, ensures that the Board fulfils its duties and shall, through regular communication with the CEO, follow the company's development between Board of Directors' meetings and ensure that the members of the Board of Directors continuously receive the necessary information to fulfil their duties as members.

7. External auditors

The external auditor is to review the annual report, the financial statements and the work of the management and the CEO. The external auditors are appointed by the AGM. In 2015, PwC was appointed as the company's auditor, with Michael Lindegren, authorised public accountant, as auditor-in-charge.

8. CEO and management team

The CEO is responsible for the daily management of the company in accordance with the Companies Act and the Board of Directors' instructions. The CEO is responsible for keeping the Board of Directors informed of the company's operations and to ensure that the Board of Directors has as true and accurate information as possible to support its decisions. The CEO continuously informs the Chairman about the Group's development.

As at 31 December 2015 the management team of TF Bank Group consisted of: Declan Mac Guinness (CEO), Mikael Meomuttel (CFO), Björn Skytt (CIO), Johannes Rintaniemi (Head of Direct to Consumer) and Jonas Wedin (Head of Sales Finance).

Additional information about the representatives of the Group's management can be found on the Group's website www.tfbankgroup.com and and on pages 60-61.

9. Business support functions

To support the Group's principal activities TF Bank has established administrative and support units that report directly to the CEO or Deputy CEO.

10. Compliance

Independent review of compliance with external and internal rules are made by the compliance function in accordance with the Swedish FSA's regulations and general advice on governance, risk management and control of credit institutions as well as the guidelines and recommendations issued by EBA. The compliance function reports to the CEO as well as reporting directly to the Board of Directors and is regularly reviewed by internal audit.

11. Risk control

Independent risk control and monitoring of risk management in the TF Bank performed by the internal independent risk control function in accordance with Swedish FSA's regulations and general advice on governance, risk management and control of credit institutions. The risk control functions reports directly to the CEO as well as reporting directly to the Board of Directors and is regularly reviewed by internal audit.

12. Internal audit

In TF Bank internal audit is an independent audit function, which reports directly to the Board of Directors. Internal audit is mainly responsible for providing the Board of Directors with a reliable and objective evaluation of risk management, control and governance processes in order to reduce risks and improve the control structure. TF Bank's internal audit is carried out by KPMG AB and the person in charge is Henrik Auoja. The audits are carried out according to an audit plan adopted by the Board of Directors.

In 2015 the internal audit covered the company's ICAAP/ILAAP, information security, remuneration system and the establishment of the Polish branch.

13. Information in accordance with Chapter 6. 2 § of the Act (2014: 968) on special supervision of credit institutions and securities companies and Chapter 8. 2 § Swedish FSA's regulations and general guidelines on regulatory requirements and capital buffers (FFFS 2014:12)

TF Bank owns 100 % of TFB Service OÜ and BB Finans AS. BB Finans owns 100 % of Confide AS. Avarda AB owns 100 % of Avarda Oy. All companies are wholly or majority-owned subsidiaries and as the sole or majority shareholder TF Bank controls the companies through the exercise of TF Bank's voting rights at general meetings. TF Bank can also through its shareholding determine the Board of Directors elected at each company's AGM.

14. The Board of Directors' description of internal control and risk management related to financial reporting for the financial year 2015

The Board of Directors is responsible for the internal control of both TF Bank Group and TF Bank AB (publ) through the Companies Act and the Swedish Annual Accounts Act.

Internal control over the financial reporting is a process designed to provide reasonable assurance regarding the reliability of external financial reporting and whether the financial statements are prepared in accordance with GAAP, applicable laws and regulations and other requirements for companies whose transferable debt securities are admitted to trading on a regulated market. The internal regulatory framework with policies, instructions and the routine and process descriptions constitute the primary tool to ensure accurate financial reporting. The efficiency and effectiveness of the control mechanisms are reviewed annually by the control functions and internal audit.

The internal control activities is included in TF Bank's administrative procedures. The internal control of TF Bank is based on a control environment that includes values and management culture, follow-up, a clear and transparent organisational structure, segregation of duties, the duality principle and the quality and efficiency of internal communications. The basis for internal control of financial reporting consists of a control environment with organisation, decision making, duties and responsibilities which is documented and communicated in governing documents with job descriptions for the control functions.

TF Bank risk management is proactive and based on proper follow-ups with the main focus on ongoing controls and internal training. Risk management is an integral part of business. The control activities include both general and detailed controls intended to prevent and detect errors and discrepancies so that these can be corrected. Control activities are designed and documented at the corporate and departmental level, based on a reasonable level related to the risk of errors and the effect of such errors. Each functional manager is primarily responsible for managing the risks related to the respective department's operations and financial reporting processes (the so-called "first line of defence").

Procedures and processes regarding, among other things, financial reporting is also of performed by TF Bank's risk unit (the so-called "second line of defence"). The control consists of assessing, including spot checks, that existing procedures and processes are adequate.

Monthly financial reports are submitted to the Board of Directors and each meeting of the Board of Directors deals with the company's and the Group's financial situation. The Board of Directors receives a report from the risk control and compliance function prior to each regular meeting of the Board of Directors.

The Board of Directors also reviews the quarterly and annual financial reports as well as the reports from the external and internal auditors.

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the annual general meeting of TF Bank AB (publ), corporate ID 556158-1041

The Board is responsible for the Corporate Governance Report for 2015 on pages 54-57, and for ensuring that it is prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report and based on this reading and our knowledge of the Company and Group, we believe that we have sufficient grounds for our opinions. This means that our statutory review of the Corporate Governance Report has another focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, a corporate governance report has been prepared and all the statutory information it contains is consistent with the annual accounts and consolidated accounts.

Gothenburg, 22 March 2016

PricewaterhouseCoopers AB

Michael Lindengren
Authorized public accountant

BOARD OF DIRECTORS AND AUDITORS

MATTIAS CARLSSON
Chairman of the Board since 2015, Board member since 2008.

Born: 1972

Education: MEng., engineering physics, Uppsala University.

Current commitments: TFB Service OÜ, Board member, BB Finans AS, Board member, Avarda AB, Board member, and Avarda Oy, Board member.

Dependent of the company and its management.

JOHN BREHMER
Board member since 2010.

Born: 1965

Education: MSc in Business and Economics, industrial marketing, Stockholm School of Economics.

Current commitments: TFB Holding AB, Board member, Zebware AB, chairman, Tiberon AB, chairman, Mederion AB, chairman, Consortio Fashion Holding AB, Board member.

Independent of the company and its management. Dependent of major shareholders.

PAUL KÄLLENIUS
Board member since 2007.

Born: 1966

Education: MEng., industrial economics, Royal Institute of Technology (KTH) in Stockholm.

Current commitments: TFB Holding AB, chairman, Consortio Fashion Group AB, chairman, Halens AB, Board member, Cellbes AB, Board member, New Bubbleroom Sweden AB, Board member, Urbanista AB, Board member, Nordisk Hypoteksförmedling AB, Board member, and Consortio Fashion Holding AB, chairman.

Independent of the company and its management. Dependent of major shareholders.

THOMAS GRAHN
Board member since 2010.

Born: 1947

Education: Master of Laws, Uppsala University.

Previous appointments include the Swedish Financial Supervisory Authority.

Independent of the company, its management and of major shareholders.

BERTIL LARSSON
Board member since 2007.

Born: 1946

Current commitments: Boxon Systems Nordic AB, Board member, LåsTeam Sverige AB, chairman, Minso Solutions AB, chairman, Conpera AB, Board member, Minso Holding AB, chairman, Baghera tag on demand AB, Board member, Aktiebolaget Borås Tidning, chairman, Tore G Wärenstams stiftelse, Board member, Swedebridge AB, chairman, and Gota Media AB, Board member.

Independent of the company, its management and of major shareholders.

LARS WOLLUNG
Board member since 2015.

Born: 1961

Education: MEng., Royal Institute of Technology (KTH) in Stockholm and MSc in Business and Economics, Stockholm School of Economics.

Current commitments: IFS, chairman, Tieto, Board member, Northern Alliance Group, chairman, DLaboratory, Board member, and Bambora, Board member.

Independent of the company, its management and of major shareholders.

JONAS WEIL
Deputy Board member since 2008.

Born: 1967

Education: MBA, accounting and finance, Stockholm School of Economics.

Current commitments: TFB Holding AB, Board member, and Parcom AB, chariman.

Independent of the company and its management. Dependent of major shareholders.

TONE BJØRNOV
Board member since 2015.

Born: 1961

Education: Bachelor of Business Administration, BI Norwegian Business School.

Current commitments: Filmparken AS, chairman, BB Finans AS, Board member, ABG Sundal Collier ASA, Board member, ABG Sundal Collier Holding ASA, Board member, Bank 1 Oslo Akershus AS, Board member, Valutacorp AS, Board member, Norsk Film Kostyme AS, chairman, Aqua Bio Technology ASA, Board member, Storyline Studios AS, Board member, and Intex Resources ASA, Board member.

Independent of the company, its management and of major shareholders.

AUDITORS

MICHAEL LINDENGREN
Auditor-in-charge

Authorised Public Accountant

PricewaterhouseCoopers

MARTIN BY
Authorised Public Accountant

PricewaterhouseCoopers

MANAGEMENT GROUP

DECLAN MAC GUINNESS
CEO

Born: 1966

Education: Master of Laws, Stockholm University.

Previously CEO of Carlson Fonder AB and Compliance Officer for DNB Asset Management. Also a guest lecturer at Stockholm University for the last fifteen years.

Current commitments: TFB Service OÜ, board member, BB Finans AS, board member, Avarda AB, board member, Avarda Oy, board member, and West Department AB, chairman.

MIKAEL MEOMUTTEL
CFO and Deputy CEO

Born: 1976

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

Joined TF Bank in 2009 and has been an integral part of the company's transition from a credit market company to a bank. Also responsible for the implementation of new financial directives, such as CRR and CRD IV. Formerly Financial Controller at Consortio Fashion Group AB (CFG), one of the Nordic region's leading groups in distance commerce and e-commerce.

BJÖRN SKYTT
CIO

Born: 1974

Education: Information Technology degree, University of Gothenburg.

Joined TF Bank in 2010 and currently holds the position of CIO. Before joining TF Bank, worked as integration manager for ICA Banken and prior to that as project manager and system manager for SKF's financial and treasury systems.

STURE STØLEN
Head of Investor Relations

Born: 1967

Education: MSc, Finance, BI Norwegian Business School in Oslo.

Previously Head of Investor Relations at SAS Group, senior advisor at Fogel & Partners, senior advisor and partner at Wildeco and a director of Forex Bank AB. Appointed Head of TF Bank's Investor Relations in 2016.

Current commitments: Wildeco Ekonomisk Information Aktiebolag, board member.

JOHANNES RINTANIEMI
Director of TF Bank's Finnish branch and Head of Direct to Consumer

Born: 1977

Education: MSc, Economics, Helsinki School of Economics.

Appointed director of the finnish branch in 2014. Prior to TF Bank, worked in consumer credit more than ten years experience mainly in credit risk management and portfolio quality at Ferratum Oyj Group, GE Money Oy (Finland), Santander Consumer Finance Oy (Finland) and Citibank Oy (Finland).

Current commitments: Studio Amfora Ky, partner, Rinvestor Oy, board member and CEO, and ThumbsApp Oy, board member.

JONAS WEDIN
Head of Sales Finance

Born: 1973

Education: MSc, Information Technology, University of Borås.

Previously worked at ICA Banken, ICA AB and SP Technical Research Institute of Sweden as project leader and team leader. These assignments involved responsibility for numerous IT projects within the banking sector. Joined TF Bank in 2011 and was appointed Head of Sales Finance in 2015.

DEFINITIONS

ADJUSTED EARNINGS PER SHARE
Net profit for the year excluding non-controlling interests and items affecting comparability divided by average number of outstanding shares.

ADJUSTED OPERATING PROFIT
Operating profit excluding items affecting comparability.

ADJUSTED RETURN ON EQUITY
Net profit for the year excluding non-controlling interests and items affecting comparability as a percentage of total equity.

CET 1 CAPITAL RATIO
CET 1 capital as a percentage of total risk exposure amount.

COST/INCOME RATIO
Operating expenses as a percentage of operating income.

CREDIT VOLUME
The paid-out credit (the cash flow) in the year, for Sales Finance the volume is reduced by product returns.

EARNINGS PER SHARE
Net profit for the year excluding non-controlling interests divided by average number of outstanding shares.

EMPLOYEES (FTE)
Average number of full time employees, including employees on parental leave.

NET INTEREST MARGIN
Net interest income as a percentage of average gross loans to the public.

NET LOAN LOSS RATIO
Net loan losses as a percentage of average loan portfolio.

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

CONTACT INFORMATION

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