



INTERIM REPORT
January-March 2021

T TFBank

PERIOD IN BRIEF

JANUARY – MARCH 2021

COMPARED TO JANUARY - MARCH 2020 (unless otherwise stated)

- The loan portfolio amounted to SEK 8,643 million, since year-end the increase in local currencies was 6 %
- Operating profit increased by 83 % to SEK 78.6 million, the comparison period was affected by an additional loan loss provision of SEK 30 million
- Earnings per share increased by 90 % to SEK 2.84
- Cost/income ratio increased to 40.9 % (37.8)
- Total capital ratio has decreased to 16.2 % (17.4) since year-end, which partly derives from repurchase of subordinated tier 2 capital of SEK 47 million
- Return on equity amounted to 24.1 % (15.9)

SIGNIFICANT EVENTS

JANUARY - MARCH 2021

- New agreements for continuing sale of past due loans have been signed in Norway, Finland and Sweden within the segment Consumer Lending.
- The expansion in Germany continues and the German credit card portfolio has increased by 31 %¹ since year-end.

AFTER THE END OF THE REPORTING PERIOD

- On April 6 2021, it was announced that TF Bank's ecommerce initiative Avarda launched a payment solution for Boozt's whole fast growing ecommerce environment, this after a successful pilot project with Booztlet.com during the autumn of 2020.



TF Bank will continue to prioritise the two faster growing segments Ecommerce Solutions and Credit Cards.

LOAN PORTFOLIO ¹

31 MARCH 2021 COMPARED TO 31 DECEMBER 2020

SEK **8.6** BILLION **+6 %**

TOTAL CAPITAL RATIO

31 MARCH 2021 COMPARED TO 31 DECEMBER 2020

16.2 % **-1.2** PERCENTAGE POINTS

OPERATING PROFIT

JAN-MAR 2021 COMPARED TO JAN-MAR 2020

SEK **79** MILLION **+83 %**

RETURN ON EQUITY

JAN-MAR 2021 COMPARED TO JAN-MAR 2020

24.1 % **+8.2** PERCENTAGE POINTS

¹ Development of the loan portfolio in local currencies

See separate section with definitions, page 32.

THIS IS TF BANK

BACKGROUND

TF Bank was founded 1987 and is an internet-based niche bank offering consumer banking services and e-commerce solutions through a proprietary IT platform with a high degree of automation. Deposit and lending activities are conducted in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany and Austria through branch or cross-border banking. TF Bank is listed at Nasdaq Stockholm. The operations are divided into three segments: Consumer Lending, Ecommerce Solutions and Credit Cards.

In the Consumer Lending segment, TF Bank offers unsecured consumer loans to creditworthy individuals. The product offering can differ between the various markets and is adjusted according to the specific conditions in each country. In the Ecommerce Solutions segment, TF Bank offers digital payment solutions, primarily to online retailers. Customers are mainly the end-consumers who use the bank's payment solutions. In the Credit Cards segment TF Bank offers credit cards to creditworthy individuals in Germany and Norway.

KEY FIGURES

SEK thousand	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Income statement			
Operating income	238,424	213,446	876,070
Operating expenses	-97,609	-80,739	-340,755
Net loan losses	-62,171	-89,696	-272,676
Operating profit	78,644	43,011	262,639
Net profit for the period	62,829	34,070	202,719
Earnings per share, SEK	2.84	1.50	9.11
Balance sheet			
Loans to the public	8,642,673	6,989,834	7,922,448
Deposits from the public	9,640,056	7,663,559	8,714,032
New lending	2,097,322	1,753,464	7,304,603
Key figures			
Operating income margin, %	11.5	12.7	12.2
Net loan loss ratio, %	3.0	5.3	3.8
Cost/Income ratio, %	40.9	37.8	38.9
Return on equity, %	24.1	15.9	22.3
Return on loans to the public, %	3.0	1.9	2.7
CET1 capital ratio, %	12.6	12.6	12.8
Tier 1 capital ratio, %	13.8	14.1	14.2
Total capital ratio, %	16.2	17.1	17.4
Employees (FTE)	218	173	187

EXCHANGE RATES

SEK	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
EUR Income statement (average)	10.12	10.66	10.49
EUR Balance sheet (end of reporting period)	10.24	11.08	10.04
NOK Income statement (average)	0.99	1.02	0.98
NOK Balance sheet (end of reporting period)	1.02	0.96	0.95
PLN Income statement (average)	2.23	2.47	2.36
PLN Balance sheet (end of reporting period)	2.19	2.43	2.22

See separate section with definitions, page 32.

CEO'S COMMENTS

TF Bank's expansion continues, and the loan portfolio increased to SEK 8.6 billion at the end of the first quarter. The German credit card portfolio has increased by 31 % since year-end. The operating profit increased to SEK 79 million and the loan loss ratio decreased to 3.0 %. After the end of the quarter, Boozt has implemented our payment solution for its Nordic webstores.

Pandemic restrictions affect the loan portfolio growth

The loan portfolio has increased by 6 % in local currencies since the start of the year. The growth for German credit cards was 31 %, despite that we see that the average usage per credit card has been affected by the hard restrictions with closed stores and restaurants as well as travel restrictions. For the Ecommerce Solutions segment, growth in local currencies is 6 % since year-end. The first quarter entails somewhat seasonally lower volumes, and we foresee significantly higher growth numbers in the second quarter. The loan portfolio for Consumer Lending has increased by 4 % in local currencies during the first quarter, mainly driven by consumer loans in Norway. The segment's new lending in Finland and the Baltics was impacted by the pandemic through legal and internally adopted loan restrictions. Due to the pandemic, we believe that the uncertainty among the consumers will prevail for the larger part of the second quarter. We primarily focus on growth opportunities within ecommerce and credit cards.

Improved credit quality in all segments

The loan loss ratio decreased to 3.0 % during the first quarter 2021 and it is great to see a falling trend in all three segments. Within Consumer Lending, the product mix has changed since a few years back and we are now starting to see clear effects based on this in the loan loss ratio of the segment. It is mostly the credit quality in Finland that has gradually improved, but Norway and Sweden also exhibit a positive development. In the Baltics, the credit quality continues to be stable, and we still don't see any signs of a weakened payment ability related to the pandemic. Within Ecommerce Solutions, the credit quality has strengthened, partly due to implementations of partners with historically lower loan loss levels. Within Credit Cards, the credit quality in Germany has gradually improved over the past year, contributing to a lower loan loss ratio for the segment.

Commercial success for Ecommerce Solutions

Together with Boozt, we have further developed BooztPay after the end of the quarter. BooztPay was previously only implemented in the webstore Booztlet and now it will be used as the payment solution in all of Boozt's webstores. It is an important milestone from a commercial perspective, showing that it is possible to break the dominance of the largest payment providers in the Nordic market. Boozt's webstores had more than 2 million customers in 2020 which will result in a significant increase in our transaction volumes going forward. It will also increase the brand awareness of Avarða even further in the payment solutions market.

Activities to strengthen the brand and transparency

As an activity towards our vision to build a consumer bank based in the Nordics with expanding operations in the rest of Europe, we recently initiated the launch of a new graphic profile that will better reflect our brand. The profile has been developed to be applied in all types of channels and to provide a more attractive impression. To create further transparency and understanding for TF Bank's operations, we have also decided to publish monthly statistics beginning in May. The statistics will include the total size of the loan portfolio together with selected key figures for each segment.

Outlook 2021

One year ago, the uncertainties regarding the humanitarian and economic effects from the pandemic were monumental. The market prices for selling past due loans initially decreased and we opted to not extend agreements that were to end in Norway and Finland last year. However, as the risk appetite returned in the financial markets, we also saw increasing prices on past due loans. During the first quarter, we have therefore signed new forward flow contracts within Consumer Lending in Norway, Finland and Sweden, which creates an increased predictability within our largest segment. During the second quarter, TF Bank will continue to prioritise the two faster growing segments Ecommerce Solutions and Credit Cards. Through responsible organic growth and increased diversification, our ambition is to create attractive risk-adjusted returns to our shareholders.



Mattias Carlsson
President and CEO

RESULTS AND FINANCIAL POSITION

JANUARY - MARCH 2021

COMPARED TO JANUARY - MARCH 2020

Operating profit

Operating profit increased by 83 % to SEK 78.6 million (43.0). The comparison period was affected by an additional loan loss provision of SEK 30 million related to the uncertain macroeconomic situation during the initial phase of the pandemic. Earnings per share increased by 90 % to SEK 2.84 (1.50). The adjusted return on equity amounted to 24.1 % (15.9).

Operating income

TF Bank's operating income has increased by 12 % to SEK 238.4 million (213.4). The increase derives mainly from higher income in the Credit Cards and Ecommerce Solutions segments, as well as Norwegian consumer loans. The operating income margin has decreased to 11.5 % (12.7), mainly due to a changed product mix in the Consumer Lending segment.

Interest income

Interest income increased by 9 % to SEK 245.0 million (225.7). The growing credit card portfolio in Germany and increasing volumes within Ecommerce Solutions contributes to the increase. However, the strengthened SEK during the past year has had a negative impact on the income compared to the first quarter of 2020.

Interest expense

TF Bank's interest expenses decreased by 11 % to SEK 28.2 million (31.6). The decrease is mostly driven by lower interest rates in Norway and Poland compared to the first quarter of 2020, which had a positive effect on the funding cost. The decrease is mitigated by increasing deposit balances in Germany and Norway as well as an increasing share of fixed-rate accounts that have slightly higher interest rate levels.

Net fee and commission income

Net fee and commission income increased by 12 % to SEK 21.6 million (19.3). The increase is mainly driven by increasing fee and commission income within the Ecommerce Solutions segment. During the first quarter of 2021, 52 % of TF Bank's fee and commission income derives from charges and 48 % from insurance premiums and other income.

Operating expenses

TF Bank's operating expenses have increased by 21 % to SEK 97.6 million (80.7). The credit cards initiative in Germany as well as the expansion within Ecommerce Solutions generate an increase in the number of employees in the Bank and higher sales-related expenses. The average number of full-time employees amounted to 218 (173) during the first quarter 2021. The C/I ratio has increased to 40.9 % (37.8).

Net loan losses

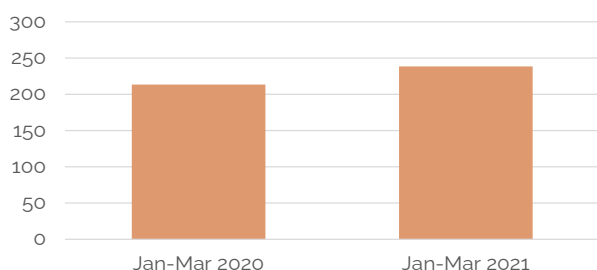
Net loan losses were reduced to SEK 62.2 million (89.7). An additional provision of SEK 30 million related to the uncertain macroeconomic situation during the initial phase of the pandemic affects the comparison number. The loan loss ratio decreased to 3.0 % (5.3). All segments have a lower loan loss ratio during the first quarter of 2021.

During the quarter, new agreements for continuing sales of past due loans have been signed in Norway, Finland and Sweden within Consumer Lending. The agreements reduce the credit risk since loan losses are continuously realised and the balance sheet is less exposed to assets with an uncertain valuation.

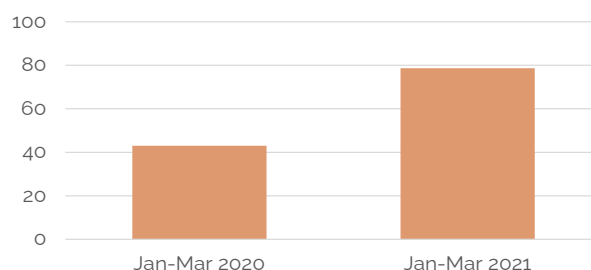
Tax expense

TF Bank's tax expense increased to SEK 15.8 million (8.9), due to a higher operating profit. The tax expense for the quarter was positively affected by a decreased corporate tax rate in Sweden as of 1 January 2021.

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



RESULTS AND FINANCIAL POSITION

JANUARY - MARCH 2021

COMPARED TO 31 DECEMBER 2020 (unless otherwise stated)

Loans to the public

Loans to the public amounted to SEK 8,643 million, an increase in local currencies of 6 % since year-end. Currency effects have further affected the loan portfolio positively by 3 %. TF Bank's new lending increased to SEK 2,097 million (1,753) compared to the first quarter of 2020. The increase is mainly attributable to the Credit Cards and Ecommerce Solutions segments.

Since the start of the year, the organic growth of 6 % in the loan portfolio has primarily been driven by German credit cards and Norwegian consumer loans. At the end of the quarter, the credit cards in Germany comprise 9 % of the Bank's total loan portfolio. Relatively low volumes for consumer loans in Finland and the Baltics have reduced the loan portfolio's growth somewhat in the quarter.

Deposits from the public

Deposits from the public amounted to SEK 9,640 million, an increase in local currencies of 7 % since year-end. Currency effects have further affected the deposit balance positively by 4 %.

During the first quarter, the increase has mainly been generated by our savings account with variable interest rate in Germany. At the end of the quarter, accounts with a fixed term comprise 31 % (32) of the Bank's total deposits. Several new savings accounts with fixed terms of up to five years targeting German and Norwegian deposit customers were launched during the end of the quarter.

Investments

TF Bank's investments increased to SEK 9.3 million compared to SEK 9.0 million in the first quarter of 2020. The investments relate to product development within the Ecommerce Solutions and Credit Cards segments. Depreciation and amortisation on fixed assets amounted to SEK 6.3 million (4.3) in the quarter.

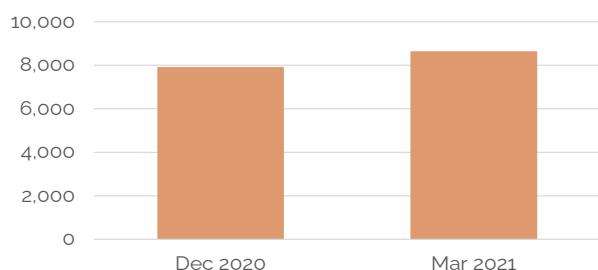
Cash and cash equivalents

Cash and cash equivalents increased by SEK 299 million to SEK 2,418 million (2,119) in the first quarter of the year. TF Bank's liquidity reserve amounts to 25 % (24) of deposits from the public. 54 % of the liquidity reserve is placed at central banks and in Swedish treasury bills, while the remaining part is mainly placed on overnight accounts in various Nordic banks.

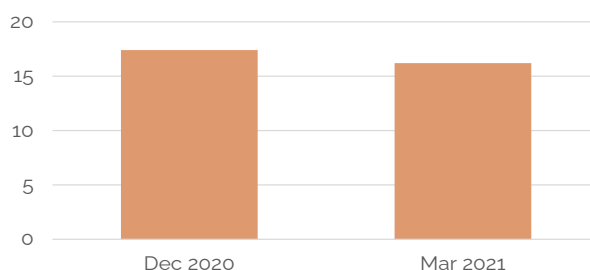
Capital adequacy

At the end of the quarter, TF Bank's total capital ratio was reduced to 16.2 % (17.4). The reduction partly derives from subordinated Tier 2 capital of SEK 47 million that was repurchased during the first quarter of 2021. The Tier 1 capital ratio was 13.8 % (14.2) and the CET1 capital ratio was 12.6 % (12.8) at the end of the quarter. All capital ratios have been negatively affected by an increased phase-in of loan loss provisions during the first quarter according to the transitional rules. However, this was partly mitigated by a lower deduction of intangible assets in the capital base following a regulatory methodology change.

LOANS TO THE PUBLIC (SEK million)



TOTAL CAPITAL RATIO (%)



CONSUMER LENDING

JANUARY - MARCH 2021

COMPARED TO JANUARY - MARCH 2020 (unless otherwise stated)

Overview

In the Consumer Lending segment, TF Bank offers unsecured consumer loans to creditworthy individuals. The product offering can differ between the various markets and is adjusted according to the specific conditions in each country. As of 31 March 2021, the average loan amount per customer was approximately SEK 58 thousand.

The Nordic consumer loan portfolio comprises 75 % of the segment. The Nordic markets for consumer loans are characterised by credit information that is easy to access, a high share of credit intermediators, and a well-functioning system for collection of unpaid debts.

The Baltic and Polish consumer loan portfolio comprises 25 % of the segment. The Baltic countries have fast-growing credit markets with several established Nordic players operating locally. In the Polish market, it has been decided that new lending should be almost fully discontinued from the fourth quarter of 2020.

The loan portfolio

Loans to the public amounted to SEK 6,242 million, an increase in local currencies of 4 % since year-end. Currency effects have further affected the loan portfolio positively by 3 %. The segment's new lending has decreased to SEK 1,041 million (1,135). The decrease is affected by legal and internally adopted loan restrictions in Finland and the Baltics due to the pandemic.

The loan portfolio ¹ in Norway has increased by 5 % to NOK 2,392 million (2,287) since year-end. The growth in Norway is characterised by stable margins and favourable credit quality. The loan portfolio in Finland increased by 2 % to EUR 137 million (134). Regulatory changes comprising an interest rate cap and marketing restrictions have slowed down the growth in Finland. The Swedish loan portfolio amounted to SEK 451 million (457) at the end of the quarter.

The loan portfolio ¹ in the Baltics has increased by 3 % to EUR 138 million (134) since year-end. The growth in the quarter has primarily been generated in Lithuania. The new lending in the Baltics is affected by a consciously more restrictive approach since the second quarter of 2020. The Polish loan portfolio decreased to PLN 70.7 million (81.1).

Results

The operating profit for the segment amounted to SEK 72.7 million (42.4). The comparison period was affected by an additional loan loss provision of SEK 30 million related to the uncertain macroeconomic situation during the initial phase of the pandemic.

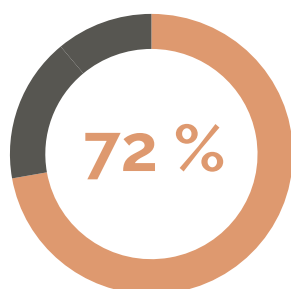
The operating income decreased by 1 % to SEK 158.4 million (160.0). The change was attributable to among other things lower new lending and negative currency effects. The operating income margin has decreased to 10.5 % (12.0), mainly as 56 % of the segment's new lending during the past 12 months derives from Norway which has somewhat lower interest rates than the average for the segment.

The operating expenses for the segment have decreased by 1 % to SEK 44.8 million (45.5). Previous years' capitalized costs were fully depreciated during the fourth quarter of 2020, which had a positive effect on the depreciation of fixed assets in the quarter. The segment's C/I ratio amounted to 28.3 % (28.4).

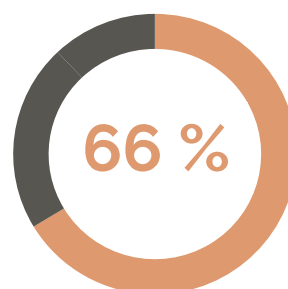
Net loan losses amounted to SEK 40.9 million (72.1) and the loan loss ratio decreased to 2.7 % (5.4). The comparison numbers were affected by an additional loan loss provision of SEK 30 million, and the adjusted loan loss level in the first quarter of 2020 was 3.2 %. The credit quality in the segment has gradually improved over the past year. New agreements for continuing sales of past due loans in Norway, Finland and Sweden have had a marginally negative effect on the loan losses in the quarter.

For further information about the loan portfolio and results of this segment, see Note 3 Operating segments.

SHARE OF THE BANK'S LOANS TO THE PUBLIC



SHARE OF THE BANK'S OPERATING INCOME



¹ Loans to the household sector, interest bearing assets in stage 1 and 2, gross (see note 3 and 7).

ECOMMERCE SOLUTIONS

JANUARY - MARCH 2021

COMPARED TO JANUARY - MARCH 2020 (unless otherwise stated)

Overview

In the Ecommerce Solutions segment, TF Bank offers digital payment solutions primarily within e-commerce to creditworthy individuals. The customers are mainly end-consumers who use the Bank's payment solutions when they make online purchases. The digital payment solutions are available in the Nordic region under the Avarda brand, and also in the Baltics and in Poland under the TF Bank brand. In total, the Bank has had 216 active commercial partners during the first quarter.

The Avarda brand has over the past year experienced a commercial breakthrough in the Nordic markets. The market position has been strengthened with implementations of retailers such as Bubbleroom, Däck365 and Beijer Bygg during 2020. In addition, the Bank has together with Boozt developed the payment solution BooztPay which has been launched for the full e-commerce environment of Boozt after the end of the quarter, meaning that the Bank continues to win market shares. In total, the transaction volumes for the segment have increased by 36 % compared to the corresponding quarter last year.

Loan portfolio

Loans to the public amounted to SEK 1,443 million, an increase in local currencies of 6 % since year-end. Currency effects have further affected the loan portfolio positively by 1 %. The segment's new lending has increased to SEK 634 million (454). This is mainly related to an increased number of partners and expanded cooperation with existing retailers over the past years.

The loan portfolio ¹ in the Nordic market amounts to SEK 919 million (849) and comprises 65 % of the segment. In Finland, the portfolio has increased by 5 % to EUR 55.7 million (52.9) since year-end. The increase is explained by a continued growth of e-commerce while several new partners have been implemented

during the last year. The Swedish portfolio has increased by 9 % to SEK 266 million (245) due to strong volumes towards the end of the quarter. In Norway and Denmark, the loan balances amounted to NOK 43.1 million (40.4) and DKK 27.8 million (26.4) respectively.

The loan portfolio ¹ in Estonia has increased by 7 % to EUR 18.3 million (17.1) since year-end. The increase is related to growth for existing larger retailers, but also a continued strong inflow of new partners. In Poland, the loan portfolio has increased by 2 % to PLN 135 million (133).

Results

The operating profit for the segment increased by 6 % to SEK 10.9 million (10.3). The increase is among other things related to growing fee and commission income driven by increasing transaction volumes.

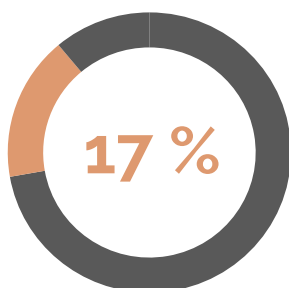
The operating income increased by 20 % to SEK 51.3 million (42.7). The increase is mainly attributable to higher volumes in several geographic markets compared to 2020. The operating income margin amounted to 14.7 % (15.6).

The operating expenses for the segment have increased by 37 % to SEK 32.6 million (23.8). The increase is partly explained by higher staff costs due to more employees ahead of implementation of large partners, and partly by increased sales-related costs following increased volumes within the segment. The C/I ratio has increased to 63.6 % (55.6).

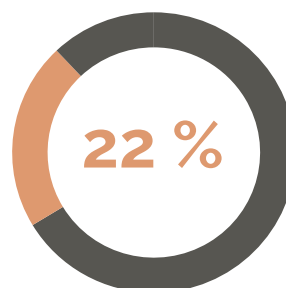
Net loan losses have decreased to SEK 7.8 million (8.7). The main explanation for the decrease is that the credit quality of the segment has been strengthened following implementations of partners with historically lower loan loss levels.

For further information about the loan portfolio and results of this segment, see Note 3 Operating segments.

SHARE OF THE BANK'S LOANS TO THE PUBLIC



SHARE OF THE BANK'S OPERATING INCOME



¹ Loans to the household sector, interest bearing assets in stage 1 and 2, gross (see note 3 and 7).

CREDIT CARDS

JANUARY - MARCH 2021

COMPARED TO JANUARY - MARCH 2020 (unless otherwise stated)

Overview

In the Credit Cards segment, TF Bank offers credit cards to creditworthy individuals in Germany and Norway. The business in Germany was started in the end of 2018, and the operations are conducted in-house. In offices in Berlin and Polish Szczecin, the local employees are working with marketing and customer service. Services like risk analysis, finance and IT are provided by central functions within the Bank. In September 2020, a proprietary smartphone app was launched for German credit card customers. The individual exposure per issued card is around EUR 980. At the end of the first quarter, the number of active German credit cards amounted to 42,660.

The offering in Norway has been part of the Bank since the acquisition of the subsidiary BB Bank in July 2015. Since the start of 2020, the business is organised under TF Bank's Norwegian branch. The individual exposure per issued card is around NOK 9,750. At the end of the first quarter, the number of active Norwegian credit cards amounted to 11,078.

The loan portfolio

Loans to the public amounted to SEK 958 million, an increase in local currencies of 21 % since year-end. Currency effects have also affected the loan portfolio positively by 4 %. The segment's new lending increased to SEK 421 million (164). The increase is mainly attributable to more active credit cards in Germany.

The credit card portfolio ¹ in Germany has increased by 31 % to EUR 65.5 million (50.0) since year-end. The growth is related to an increased number of newly issued credit cards as well as increased utilisation of cards that previously have been issued. Marketing in new channels has had a slightly positive effect on the growth in the quarter. However, restrictions due to the Covid-19 pandemic have had a negative

impact on the average amount per transaction during the first quarter of 2021.

The credit card portfolio ¹ in Norway has increased by 1 % to NOK 185 million (183) since the start of the year. The customer segment is to a large extent focused on travel, and Norwegian authorities' travel restrictions have had an impact on the usage of the cards. Closures of restaurants and outdoor life have also affected the card usage in the quarter.

Results

The operating profit for the segment amounted to SEK -4.9 million (-9.7). The result is affected by the German credit card initiative through more employees and higher sales-related costs as well as provisions for expected credit losses according to IFRS 9.

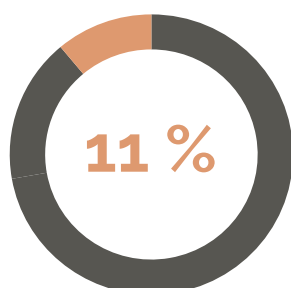
The operating income increased by 169 % to SEK 28.8 million (10.7). The increase is related to the ongoing expansion in Germany. The operating income margin amounted to 13.3 % (13.2) and was affected by the fact that new customers in Germany mainly are generated through loan intermediators.

The operating expenses for the segment increased by 76 % to SEK 20.2 million (11.5). The increase is mainly attributable to more employees and higher sales related costs for German credit cards. The first quarter of 2021 was also affected by slightly higher marketing expenses. The C/I ratio amounted to 70.2 % (107.6).

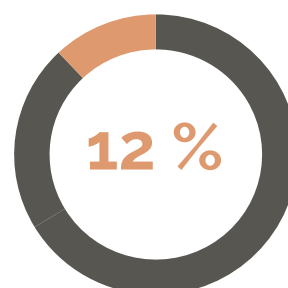
Net loan losses increased to SEK 13.5 million (8.9), while the loan loss ratio decreased to 6.3 % (11.0). The credit quality in the loan portfolio has gradually improved over the past year, which contributes to a decreasing loan loss ratio. Provisions for expected credit losses in Germany in accordance with the applicable accounting standard IFRS 9 continue to constitute a significant part of the loan losses in the segment.

For further information about the loan portfolio and results of this segment, see Note 3 Operating segments.

SHARE OF THE BANK'S LOANS TO THE PUBLIC



SHARE OF THE BANK'S OPERATING INCOME



¹ Loans to the household sector, interest bearing assets in stage 1 and 2, gross (see note 3 and 7).

OTHER INFORMATION

Annual General Meeting 2021

The Annual General Meeting 2021 will be held on Tuesday 4 May 2021. Due to the coronavirus and in order to reduce the risk of spreading the virus, the Board of Directors has resolved that the Annual General Meeting shall be conducted without the physical presence of shareholders, proxies and outsiders and that shareholders shall have the opportunity to exercise their voting rights only by mail before the meeting.

Proposed dividend

The Board of Directors proposes to the Annual General Meeting that a dividend of SEK 1.00 per share to be distributed for 2020. The total dividend payment to shareholders according to the proposal will be SEK 21.5 million. The dividend proposal has been made in consultation with the Swedish FSA.

The share

TF Bank was listed at Nasdaq Stockholm in the Mid Cap segment on 14 June 2016. The share trades under the ticker name TFBANK and the ISIN code is SE0007331608. At the end of March 2021, the share closed at SEK 119.00, an increase of 37 % since the start of the year. In total, 1.5 million shares worth approximately SEK 159 million were traded on Nasdaq Stockholm during the first quarter 2021.

Institutions following TF Bank

ABG Sundal Collier, Carnegie, Pareto Securities and Nordea are following the company. At the end of the first quarter 2021 three institutions had issued a buy recommendation for the TF Bank share and one institution a recommendation to hold the share.

Financial targets

If the macroeconomic situation continues to stabilise the Board of Directors intends to resolve on new financial targets during the second half of 2021. Currently TF Bank has the following target:

Capital structure

TF Bank's aim is that all capital ratios should exceed the regulatory requirement (including pillar 2 and buffer requirements) by at least 2.5 percentage points.

Dividend policy

TF Bank's dividend policy is to distribute surplus capital in relation to capital targets and the bank's capital planning.

Significant events, January - March 2021

New agreements for continuing sale of past due loans have been signed in Norway, Finland and Sweden within the segment Consumer Lending.

The expansion in Germany continues and the German credit card portfolio has increased by 31 % since year-end.

Events after the end of the reporting period

On April 6 2021, it was announced that TF Bank's ecommerce initiative Avarda launched a payment solution for Boozt's whole fast growing ecommerce environment, this after a successful pilot project with Booztlet.com during the autumn of 2020.

Covid-19

The spread of Covid-19 continued to affect TF Bank's operations during the first quarter 2021. In accordance with national recommendations, part of the bank's staff works remotely and travelling is severely limited. Since the start of the pandemic, management has had a close dialogue with the respective country managers to be informed of the situation locally in the countries where TF Bank conducts operations. No significant disruptions occurred in the bank's operations during the quarter.

Uncertainty about the humanitarian and economic consequences of the pandemic remains high. It can therefore not be ruled out that TF Bank's operations, new lending and credit losses may be negatively affected by Covid-19 in the future.

Presentation for investors, analysts and media

A live conference call will be held on April 19th at 08.00 CET, where CEO Mattias Carlsson and CFO Mikael Meomuttel will present the report. Head of Ecommerce Solutions Mikael Johansson will also participate in the conference. It will be possible to ask questions after the presentation. The presentation material is written in English while the conference call will be held in Swedish.

To participate +46 (0)8 5055 8365 or +44 (0)33 3300 9270. For international investors, there is the possibility to ask questions in English during the Q&A session. A recording of the conference call, including the presentation material, will be available on the bank's website, www.tfbankgroup.com/en/section/investor-relations

OTHER INFORMATION

Accounting policies

The interim report has been prepared in accordance with International Accounting Standards (IAS) 34 Interim Financial Reporting. The Bank's financial statements have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board, and the Swedish Financial Supervisory Authority's regulations (FFFS 2008:25).

The Bank's accounting principles and calculation bases are essentially unchanged compared with the annual report 2020. Regarding the presentation, the Bank has chosen to apply an exception compared with the annual report 2020 regarding preparation of consolidated financial statements in accordance with Chapter 7, Section 6a of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), as all subsidiaries, both individually and together, are without substantial significance. Otherwise, the presentation is essentially unchanged.

The interim information on pages 3-31 is an integral part of this financial report.

Risks and uncertainties

TF Bank faces various types of risks, such as credit risk, market risk, liquidity risk and operational risk. In order to limit and control risk-taking in the business, the Board, which is ultimately responsible for internal controls, has defined policies and instructions for lending and other activities. For a more detailed description of financial risks and the use of financial instruments, and capital adequacy, see notes 2 and 9. Further information can be found in notes 3 and 35 of the annual report 2020.



LOAN PORTFOLIO PERFORMANCE IN 2019-2021 (SEK MILLION)



FINANCIAL INFORMATION

INCOME STATEMENT

SEK thousand	Note	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
	3			
Operating income				
Interest income		245,013	225,675	911,945
Interest expense		-28,215	-31,628	-122,648
Net interest income		216,798	194,047	789,297
Fee and commission income		28,444	22,802	103,556
Fee and commission expense		-6,879	-3,487	-18,968
Net fee and commission income		21,565	19,315	84,588
Net results from financial transactions		61	84	2,185
Total operating income		238,424	213,446	876,070
Operating expenses				
General administrative expenses		-84,670	-71,743	-302,508
Depreciation and amortisation of tangible and intangible assets		-6,338	-4,281	-20,674
Other operating expenses		-6,601	-4,715	-17,573
Total operating expenses		-97,609	-80,739	-340,755
Profit before loan losses		140,815	132,707	535,315
Net loan losses	4	-62,171	-89,696	-272,676
Operating profit		78,644	43,011	262,639
Income tax for the period		-15,815	-8,941	-59,920
Net profit for the period		62,829	34,070	202,719
<i>Attributable to:</i>				
<i>Shareholders of the Parent Company</i>		61,161	32,246	195,769
<i>Additional tier 1 capital holders</i>		1,668	1,824	6,950
<i>Basic earnings per share (SEK)</i>		2.84	1.50	9.11
<i>Diluted earnings per share (SEK)</i>		2.84	1.50	9.11

STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net profit for the period	62,829	34,070	202,719
Other comprehensive income			
Items that may subsequently be reclassified to the income statement			
Gross exchange rate differences	-	-	-
Other comprehensive income, net of tax	-	-	-
Total comprehensive income for the period	62,829	34,070	202,719
<i>Attributable to:</i>			
<i>Shareholders of the Parent Company</i>	61,161	32,246	195,769
<i>Additional tier 1 capital holders</i>	1,668	1,824	6,950

BALANCE SHEET

SEK thousand	Note	31 Mar 2021	31 Dec 2020
	2,5,6		
ASSETS			
Cash and balances with central banks		1,252,192	1,097,991
Treasury bills eligible for refinancing		60,053	60,022
Loans to credit institutions		1,106,253	960,989
Loans to the public	3,7	8,642,673	7,922,448
Shares		21,660	20,135
Shares in group companies		316	316
Goodwill		11,158	11,477
Intangible assets		64,955	61,762
Tangible assets		2,738	2,658
Other assets		10,445	36,154
Deferred tax assets		527	47
Prepaid expenses and accrued income		22,652	29,447
TOTAL ASSETS		11,195,622	10,203,446
LIABILITIES AND EQUITY			
Liabilities			
Deposits and borrowings from the public	8	9,640,056	8,714,032
Other liabilities		76,198	52,864
Current tax liabilities		16,293	1,832
Deferred tax liabilities		-	5,642
Accrued expenses and prepaid income		120,033	100,318
Subordinated liabilities		198,176	245,053
Total liabilities		10,050,756	9,119,741
Equity			
Restricted equity			
Share capital		107,500	107,500
Statutory reserve		1,000	1,000
Development costs fund		64,881	61,762
Other contributed capital		-	-
Total restricted equity		173,381	170,262
Non-restricted equity			
Tier 1 capital instrument		100,000	100,000
Retained earnings		808,656	610,724
Comprehensive income for the period		62,829	202,719
Total non-restricted equity		971,485	913,443
Total equity		1,144,866	1,083,705
TOTAL LIABILITIES AND EQUITY		11,195,622	10,203,446

STATEMENT OF CHANGES IN EQUITY

SEK thousand	Restricted equity				Non-restricted equity			Total equity
	Share capital ¹	Other contributed capital	Development costs fund	Other contributed capital	Tier 1 capital instrument	Retained earnings	Profit for the period	
Equity as at 1 Jan 2020	107,500	1,000	27,464	2,786	100,000	397,272	161,748	797,770
Profit for the period	-	-	-	-	-	-	202,719	202,719
Gross exchange rate differences	-	-	-	-	-	-	-	-
Total comprehensive income for the period, net of tax	-	-	-	-	-	-	202,719	202,719
Transfer of previous year's profit	-	-	-	-	-	161,748	-161,748	-
Development costs from merger	-	-	28,007	-	-	-28,007	-	-
Capitalisation of development costs	-	-	18,408	-	-	-18,408	-	-
Amortisation of capitalised development costs	-	-	-12,117	-	-	12,117	-	-
Interest Tier 1 capital	-	-	-	-	-	-6,950	-	-6,950
Share-based compensation	-	-	-	-2,786	-	-4,938	-	-7,724
Merger results	-	-	-	-	-	97,890	-	97,890
Equity as at 31 Dec 2020	107,500	1,000	61,762	-	100,000	610,724	202,719	1,083,705
Equity as at 1 Jan 2021	107,500	1,000	61,762	-	100,000	610,724	202,719	1,083,705
Profit for the period	-	-	-	-	-	-	62,829	62,829
Gross exchange rate differences	-	-	-	-	-	-	-	-
Total comprehensive income for the period, net of tax	-	-	-	-	-	-	62,829	62,829
Transfer of previous year's profit	-	-	-	-	-	202,719	-202,719	-
Capitalisation of development costs	-	-	9,346	-	-	-9,346	-	-
Amortisation of capitalised development costs	-	-	-6,227	-	-	6,227	-	-
Interest Tier 1 capital	-	-	-	-	-	-1,668	-	-1,668
Equity as at 31 Mar 2021	107,500	1,000	64,881	-	100,000	808,656	62,829	1,144,866

¹ Share capital comprises of 21 500 000 shares of SEK 5 each.

CASH FLOW STATEMENT

SEK thousand	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Operating activities			
Operating profit	78,644	43,011	262,639
<i>Adjustment for items not included in cash flow</i>			
Depreciation and amortisation of tangible and intangible assets	6,338	4,281	20,674
Accrued interest income and expense	-4,299	-4,276	6,813
Other non-cash items	123	283	476
Paid income tax	-1,354	-25,107	-72,364
	88,050	18,192	218,238
Increase/decrease in loans to the public	-720,225	-494,054	-1,426,668
Increase/decrease in other short-term receivables	-11,273	-55,350	37,360
Increase/decrease in deposits and borrowings from the public	926,024	466,484	1,516,957
Increase/decrease in other short-term liabilities	42,731	31,899	6,060
Cash flow from operating activities	325,343	-32,829	351,947
Investing activities			
Investments in tangible assets	-423	-228	-1,581
Investments in intangible assets	-8,869	-8,736	-23,753
Cash flow from investing activities	-9,292	-8,964	-25,334
Financing activities			
Issue of Tier 2 capital	-	-	100,000
Redemption of Tier 2 capital	-47,000	-	-53,000
Interest on Tier 1 capital	-1,668	-1,824	-6,950
Redemption of warrants	-	-	-7,724
Cash flow from financing activities	-48,668	-1,824	32,326
Cash flow for the period	267,383	-43,617	358,939
Cash and cash equivalents at the beginning of period	2,119,002	1,320,411	1,320,411
Cash and cash equivalents from merger	-	500,528	500,528
Exchange rate difference in cash and cash equivalents	32,113	51,499	-60,876
Cash and cash equivalents at the end of period	2,418,498	1,828,821	2,119,002
<i>Cash flow from operating activities includes interest expenses paid and interest payments received</i>			
Interest expenses paid	33,539	35,281	112,752
Interest payments received	211,955	195,664	771,836
Components of cash and cash equivalents			
Cash and balances with central banks	1,252,192	967,328	1,097,991
Treasury bills eligible for refinancing	60,053	100,056	60,022
Loans to credit institutions	1,106,253	761,437	960,989
Total cash and cash equivalents	2,418,498	1,828,821	2,119,002

NOTES

NOTE 1 General information

TF Bank AB, org.nr. 556158-1041, is a bank limited company with its registered office in Borås, Sweden, which has a license to conduct banking operations. The bank conducts deposit and/or lending activities to private individuals in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany and Austria via a branch or cross-border banking license. As of the first quarter of 2021, the bank will not present consolidated financial statements in light of the fact that the subsidiaries below, both individually and together, are without substantial significance.

OWNERSHIP OF TF BANK AB AS AT 31 MARCH 2021

Shareholder	%
TFB Holding AB	33.04
Tiberon AB	15.07
Erik Selin Fastigheter AB	12.58
Proventus Aktiebolag	5.16
Jack Weil	4.65
Nordnet Pensionsförsäkring AB	4.42
Merizole Holding LTD	2.36
Carnegie fonder	1.80
Avanza Pension	1.33
Skandia fonder	1.30
Other shareholders	18.29
Total	100.00

Source: Euroclear

COMPANY STRUCTURE

Company	Reg.nr
Parent Company	
TF Bank AB	556158-1041
Branches	
TF Bank AB, branch Finland	2594352-3
TF Bank AB, branch Poland	PL9571076774
TF Bank AB, branch Estonia	14304235
BB-TF Bank Norge NUF	923 194 592
Subsidiaries	
TFB Service SIA	40203015782
TFB Service UAB	34785170
TFB Service GmbH	HRB 208869 B

The term "Bank/company" refers to TF Bank AB together with its branches.

NOTE 2 Credit risk

Financial risks

The Bank's activities are exposed to a variety of financial risks: market risk (considerable currency and interest rate risk), credit risk and liquidity risk. The Bank's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the bank's financial results. TF Bank uses derivative instruments to hedge foreign currency exposure.

TF Bank has designed an operating structure to ensure good risk management. The overall risk policy constitutes the Board of Directors and the management's fundamental policy documents regarding risk management which aims to minimise any potential adverse effects for the bank's financial results. The Board establishes written policies with regards both the overall risk management and for the specific areas.

Credit risk is the risk that a counterparty causes the Bank a financial loss by not fulfilling its contractual obligations. Credit risk arises primarily through lending to the public but also through cash and cash equivalents and derivatives with a positive value. Credit risk is the most significant risk in TF Bank and is monitored closely by the relevant functions and by the Board of Directors, which has the ultimate responsibility for managing credit risk. The Board of Directors has issued a credit policy which establishes the framework for the Bank's lending activities. A credit committee monitors the development of the level of credit risk in the loan portfolios on a continuous basis. It makes decisions on, and implements, changes to the Bank's lending within the framework of the established credit policy and also proposes amendments to the policy to the Board of Directors. A report on performance is provided at every Board meeting.

Before a loan is issued, a risk assessment is done of the customer's creditworthiness, taking into account the customer's financial position, past history and other factors. Individual risk limits are defined based on internal and/or external credit assessments in accordance with the limits set by the Board of Directors. The Bank's use of credit limits for loans to the public is strictly limited and is regularly monitored. The Bank cannot enter into credit agreements with legal entities without the approval of the Board of Directors. By setting limits for the maximum exposure to each counterparty, the Board of Directors limits the credit risk relating to cash and cash equivalents.

The Bank has claims and collections unit which deals with existing customers in financial difficulties. The Bank also has a credit division which assesses potential customers and reviews collateral and credit limits established by the Board on an ongoing basis.

The Bank's credit approval process maintains high standards regarding ethics, quality and control. Despite credit risk being the largest risk exposure for the Bank, the provision for credit losses is small in proportion to the outstanding loan volume (see Note 7). The reason for this is that the Bank regularly sells past due loans to debt collection agencies in markets where the Board of Directors considers the price level to be favourable for the Bank's performance and risk profile. As a result, the Bank continuously realises expected credit losses through the sale of past due loans. The remaining portfolio has a limited number of non-performing loans (stage 3) and consequently a relatively low level of provisions.

The objective of the Bank's process for monitoring past due payments and unsettled receivables is to minimise credit losses by detecting payment issues early and implementing rapid intervention where needed. The monitoring is supported by a separate "pre-collection" system for past due payments involving automatic monitoring and reminders when payments are past due.

The Bank's loans to the public consist primarily of unsecured consumer loans. As a result, the Bank does not list credit risk exposures in a separate table, as there are limited assets pledged as security.

NOTE 3 Operating segments

The CEO has ultimate responsibility for the decisions taken by the Bank. 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. Management evaluates the operating segments' performance based on operating profit.

CONSUMER LENDING

Income statement, SEK thousand	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net interest income	148,994	151,524	590,645
Net fee and commission income	9,376	8,445	36,735
Net results from financial transactions	41	66	1,304
Total operating income	158,411	160,035	628,684
General administrative expenses	-40,330	-40,638	-160,116
Depreciation and amortisation of tangible and intangible assets	-1,415	-1,976	-7,756
Other operating expenses	-3,067	-2,866	-11,026
Total operating expenses	-44,812	-45,480	-178,898
Profit before loan losses	113,599	114,555	449,786
Net loan losses	-40,908	-72,109	-196,074
Operating profit	72,691	42,446	253,712

Balance sheet, SEK thousand	31 Mar 2021	31 Dec 2020
Loans to the public		
Household sector	6,236,352	5,807,224
Corporate sector ¹	5,272	-
Total loans to the public	6,241,624	5,807,224
Household sector		
Stage 1, net	5,743,298	5,360,722
Stage 2, net	197,173	202,687
Stage 3, net ²	295,881	243,815
Total household sector	6,236,352	5,807,224

Key figures ³	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Operating income margin, %	10.5	12.0	11.4
Net loan loss ratio, %	2.7	5.4	3.5
Cost/Income ratio, %	28.3	28.4	28.5
Return on loans to the public, %	3.7	2.5	3.6
New lending, SEK thousand	1,041,463	1,134,974	3,901,806

¹ Lending to the corporate sector consists of a loan in stage 1 to a counterpart when past due loans are sold.

² The Bank continuously sells part of the past due loans before they reach stage 3.

³ See separate section with definitions, page 32.

Note 3 cont.

ECOMMERCE SOLUTIONS

Income statement, SEK thousand	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net interest income	37,333	31,450	132,032
Net fee and commission income	13,920	11,267	51,176
Net results from financial transactions	11	14	458
Total operating income	51,264	42,731	183,666
General administrative expenses	-28,627	-21,521	-96,623
Depreciation and amortisation of tangible and intangible assets	-3,790	-2,057	-11,075
Other operating expenses	-189	-189	-755
Total operating expenses	-32,606	-23,767	-108,453
Profit before loan losses	18,658	18,964	75,213
Net loan losses	-7,757	-8,664	-35,383
Operating profit	10,901	10,300	39,830

Balance sheet, SEK thousand	31 Mar 2021	31 Dec 2020
Loans to the public		
Household sector	1,434,914	1,341,205
Corporate sector ¹	8,190	8,030
Total loans to the public	1,443,104	1,349,235
Household sector		
Stage 1, net	1,362,696	1,258,251
Stage 2, net	61,383	73,598
Stage 3, net ²	10,835	9,356
Total household sector	1,434,914	1,341,205

Key figures ³	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Operating income margin, %	14.7	15.6	15.3
Net loan loss ratio, %	2.2	3.2	3.0
Cost/Income ratio, %	63.6	55.6	59.0
Return on loans to the public, %	2.4	2.9	2.6
New lending, SEK thousand	634,413	454,246	2,334,580
Transaction volume, SEK thousand	980,456	718,869	3,487,070

¹ Lending to the corporate sector consists of a loan in stage 1 to one of the segments foreign partners.

² The Bank continuously sells a majority of past due loans before they reach stage 3.

³ See separate section with definitions, page 32.

Note 3 cont.

CREDIT CARDS

Income statement, SEK thousand	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net interest income	30,471	11,073	66,620
Net fee and commission income	-1,731	-397	-3,323
Net results from financial transactions	9	4	423
Total operating income	28,749	10,680	63,720
General administrative expenses	-15,713	-9,584	-45,769
Depreciation and amortisation of tangible and intangible assets	-1,133	-248	-1,843
Other operating expenses	-3,345	-1,660	-5,792
Total operating expenses	-20,191	-11,492	-53,404
Profit before loan losses	8,558	-812	10,316
Net loan losses	-13,506	-8,923	-41,219
Operating profit	-4,948	-9,735	-30,903

Balance sheet, SEK thousand	31 Mar 2021	31 Dec 2020
Loans to the public		
Household sector	957,945	765,989
Total loans to the public	957,945	765,989
Household sector		
Stage 1, net	902,724	720,073
Stage 2, net	24,743	15,021
Stage 3, net ¹	30,478	30,895
Total household sector	957,945	765,989

Key figures ²	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Operating income margin, %	13.3	13.2	13.6
Net loan loss ratio, %	6.3	11.0	8.8
Cost/Income ratio, %	70.2	107.6	83.8
Return on loans to the public, %	neg	neg	neg
New lending, SEK thousand	421,446	164,243	1,068,217
Number of active credit cards	53,738	24,496	44,833

¹ The Bank continuously sells part of the past due loans before they reach stage 3.

² See separate section with definitions, page 32.

Note 3 cont.

RECONCILIATION AGAINST FINANCIAL INFORMATION

Income statement, SEK thousand	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Operating income			
Consumer Lending	158,411	160,035	628,684
Ecommerce Solutions	51,264	42,731	183,666
Credit Cards	28,749	10,680	63,720
Total operating income	238,424	213,446	876,070
Operating profit			
Consumer Lending	72,691	42,446	253,712
Ecommerce Solutions	10,901	10,300	39,830
Credit Cards	-4,948	-9,735	-30,903
Total operating profit	78,644	43,011	262,639

Balance sheet, SEK thousand	31 Mar 2021	31 Dec 2020
Loans to the public		
Consumer Lending	6,241,624	5,807,224
Ecommerce Solutions	1,443,104	1,349,235
Credit Cards	957,945	765,989
Total loans to the public	8,642,673	7,922,448

NOTE4 Net loan losses

SEK thousand	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Change in provision for sold past due loans	-15,756	-31,099	-79,605
Realised loan losses	-9,324	-11,754	-39,707
Recovered from previous realised loan losses	267	60	468
Change in provision for expected loan losses, stage 1-3	-37,358	-46,903	-153,832
Net loan losses	-62,171	-89,696	-272,676

Loan losses are attributable to Loans to the public and classified as amortised cost.

NOTE 5 Classification of financial assets and liabilities

31 Mar 2021 SEK thousand	Financial instru- ments at fair value through profit or loss	Fair value through other com- prehensive income	Amortised cost	Derivatives used for hedge accounting	Non- financial assets and liabilities	Total
	Compulsory					
Assets						
Cash and balances with central banks	-	-	1,252,192	-	-	1,252,192
Treasury bills eligible for refinancing	60,053	-	-	-	-	60,053
Loans to credit institutions	-	-	1,106,253	-	-	1,106,253
Loans to the public	-	-	8,642,673	-	-	8,642,673
Shares	21,660	-	-	-	-	21,660
Derivatives	2,870	-	-	-	-	2,870
Other assets	-	-	-	-	109,921	109,921
Total assets	84,583	-	11,001,118	-	109,921	11,195,622
Liabilities						
Deposits and borrowings from the public	-	-	9,640,056	-	-	9,640,056
Subordinated liabilities	-	-	198,176	-	-	198,176
Derivatives	5,196	-	-	-	-	5,196
Other liabilities	-	-	-	-	207,328	207,328
Total liabilities	5,196	-	9,838,232	-	207,328	10,050,756

31 Dec 2020 SEK thousand	Financial instru- ments at fair value through profit or loss	Fair value through other com- prehensive income	Amortised cost	Derivatives used for hedge accounting	Non- financial assets and liabilities	Total
	Compulsory					
Assets						
Cash and balances with central banks	-	-	1,097,991	-	-	1,097,991
Treasury bills eligible for refinancing	60,022	-	-	-	-	60,022
Loans to credit institutions	-	-	960,989	-	-	960,989
Loans to the public	-	-	7,922,448	-	-	7,922,448
Shares	20,135	-	-	-	-	20,135
Derivatives	27,390	-	-	-	-	27,390
Other assets	-	-	-	-	114,471	114,471
Total assets	107,547	-	9,981,428	-	114,471	10,203,446
Liabilities						
Deposits and borrowings from the public	-	-	8,714,032	-	-	8,714,032
Subordinated liabilities	-	-	245,053	-	-	245,053
Derivatives	-	-	-	-	-	-
Other liabilities	-	-	-	-	160,656	160,656
Total liabilities	-	-	8,959,085	-	160,656	9,119,741

NOTE 6 Financial assets and liabilities measured at fair value

Fair value

For financial instruments measured at fair value in the balance sheet, disclosures are required on fair value measurement by level according to the fair value hierarchy below:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Other observable inputs for assets or liabilities are quoted market prices included in Level 1, either directly, i.e. in the form of quoted prices, or indirectly, i.e. derived from quoted prices (Level 2).
- Data for assets or liabilities which are not based on observable market data (non-observable inputs) (Level 3).

The Bank also provides information regarding the fair value of certain assets for information purposes.

31 Mar 2021 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	60,053	-	-	60,053
Shares	21,404	256	-	21,660
Derivatives	-	2,870	-	2,870
Total assets	81,457	3,126	-	84,583
Liabilities				
Derivatives	-	5,196	-	5,196
Total liabilities	-	5,196	-	5,196

31 Dec 2020 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	60,022	-	-	60,022
Shares	19,896	239	-	20,135
Derivatives	-	27,390	-	27,390
Total assets	79,918	27,629	-	107,547
Liabilities				
Derivatives	-	-	-	-
Total liabilities	-	-	-	-

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.

Specific valuation techniques used to measure financial instruments include:

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

For loans to the public the fair value is based on discounted cash flows using an interest rate based on the market rate at the balance sheet date, which was 13.07 % as at 31 March 2021 and 13.82 % as at 31 December 2020.

An instrument is classified as Level 3 in cases where one or more of the significant inputs are not based on observable market data.

Note 6 cont.

31 Mar 2021 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	1,252,192	1,252,192	-
Treasury bills eligible for refinancing	60,053	60,053	-
Loans to credit institutions	1,106,253	1,106,253	-
Loans to the public	8,642,673	8,642,673	-
Shares	21,660	21,660	-
Derivatives	2,870	2,870	-
Total assets	11,085,701	11,085,701	-
Liabilities			
Deposits from the public	9,640,056	9,640,056	-
Subordinated liabilities	198,176	198,176	-
Derivatives	5,196	5,196	-
Total liabilities	9,843,428	9,843,428	-

31 Dec 2020 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	1,097,991	1,097,991	-
Treasury bills eligible for refinancing	60,022	60,022	-
Loans to credit institutions	960,989	960,989	-
Loans to the public	7,922,448	7,922,448	-
Shares	20,135	20,135	-
Derivatives	27,390	27,390	-
Total assets	10,088,975	10,088,975	-
Liabilities			
Deposits from the public	8,714,032	8,714,032	-
Subordinated liabilities	245,053	245,053	-
Derivatives	-	-	-
Total liabilities	8,959,085	8,959,085	-

NOTE 7 Loans to the public

SEK thousand	31 Mar 2021	31 Dec 2020
Loans to the household sector	8,629,211	7,914,418
Loans to the corporate sector ¹	13,462	8,030
Total loans to the public	8,642,673	7,922,448
Loans to the household sector, gross		
Stage 1, gross	8,144,081	7,466,964
Stage 2, gross	324,281	327,956
Stage 3, gross ²	601,316	512,298
Total loans to the household sector, gross	9,069,678	8,307,218
Provisions for expected loan losses, household sector		
Stage 1	-135,363	-127,918
Stage 2	-40,982	-36,650
Stage 3 ²	-264,122	-228,232
Total provisions for expected loan losses, household sector	-440,467	-392,800
Loans to the household sector, net		
Stage 1, net	8,008,718	7,339,046
Stage 2, net	283,299	291,306
Stage 3, net ²	337,194	284,066
Total loans to the household sector, net	8,629,211	7,914,418
<i>Geographic distribution of net loans</i>		
Norway	2,883,297	2,566,609
Finland	2,143,887	2,014,444
Estonia	817,081	786,207
Germany	752,022	568,511
Sweden	748,442	735,373
Latvia	607,948	583,551
Poland	445,886	464,299
Lithuania	195,874	155,985
Denmark	37,847	35,763
Austria	10,389	11,706
Total loans, net book value	8,642,673	7,922,448

CHANGE IN PROVISION FOR NET LOAN LOSSES

SEK thousand	31 Mar 2021	31 Dec 2020
Opening balance	-392,800	-226,299
Change in provision for sold loans	-15,756	-79,605
Reversal of provision for sold loans	15,756	79,605
Change in provision for expected loan losses in stage 1	-4,953	-43,728
Change in provision for expected loan losses in stage 2	-3,581	-9,757
Change in provision for expected loan losses in stage 3	-32,470	-128,858
Exchange rate differences	-6,663	15,842
Closing balance	-440,467	-392,800

¹ Lending to the corporate sector consists of loans in category 1 to a foreign partner within Ecommerce Solutions and loans in category 1 to a counterparty for the sale of non-performing loans within Consumer Lending.

² The Bank continuously sells part of the past due loans before they reach stage 3.

NOTE 8 Deposits and borrowings from the public

SEK thousand	31 Mar 2021	31 Dec 2020
Germany	5,402,459	4,657,899
Norway	3,002,227	2,715,914
Sweden	892,305	1,002,111
Finland	343,065	338,108
Total deposits and borrowings from the public	9,640,056	8,714,032

Deposits from the public only occur in the household sector. Deposits in Sweden, Norway and Germany are payable on demand and on maturity. Deposits in Finland are payable on demand. Deposits with maturity amounts to 31 % (32) of total deposits from the public.

CHANGES IN DEPOSITS AND BORROWINGS FROM THE PUBLIC

SEK thousand	31 Mar 2021	31 Dec 2020
Opening balance	8,714,032	7,197,075
Change	613,146	2,008,132
Exchange rate differences	312,878	-491,175
Closing balance	9,640,056	8,714,032

NOTE 9 Capital adequacy analysis**Background**

Information about the Bank's capital adequacy includes information in accordance with Chapter 6, Sections 3-4 of the Swedish FSA's regulations and general guidelines (FFFS 2008:25) on annual accounts of credit institutions and securities companies and related information contained in articles 92(3)(d, f) 436(b) and 438 of Regulation (EU) No 575/2013 and Chapter 8, Section 7 of the Swedish FSA's regulations and general guidelines on regulatory requirements and capital buffers (FFFS 2014:12) and column A, Annex 6 of the Commission Implementing Regulation (EU) No 1423/2013 and in accordance with the Swedish FSA's regulations (FFFS 2019:2) on amendments for regulations and general guidelines (FFFS 2008:25). Other information required pursuant to FFFS 2014:12 and Regulation (EU) No 575/2013 is provided on the Bank's website www.tfbankgroup.com.

TF Bank is the responsible institution and is under the supervision of the Swedish FSA. As a result, the Bank is subject to the rules governing credit institutions in Sweden. TF Bank AB is a listed company which means that the stock exchange rules are also applicable.

Information about own funds and capital requirements

The Bank's statutory capital requirements are governed by the Swedish Special Supervision of Credit Institutions and Investment Firms Act (2014:968), Regulation (EU) No 575/2013, the Act on Capital Buffers (2014:966) and the Swedish Financial Supervisory Authority's regulations and general recommendations on regulatory requirements and capital buffers (FFFS 2014:12) and the Swedish Financial Supervisory Authority's memorandum (FI dnr 20-20990) on the new capital requirements for Swedish banks.

The purpose of the regulations is to ensure that the bank can manage risks and protect customers. The regulations state that own funds must cover the capital requirements including the minimum capital requirements according to Pillar 1, Pillar 2 and the applicable buffer requirements.

On 10 February 2021 the Swedish FSA approved TF Bank's application to include the interim profit in own funds for TF Bank AB subject to the auditor's review of the surplus, and that the surplus has been calculated in accordance with applicable accounting rules, that the foreseeable costs and dividends have been deducted in accordance with Regulation (EU) No 575/2013 and that the calculation has been made in accordance with Regulation (EU) No 241/2014. The CET1 capital complies with the requirements of Regulation (EU) No 575/2013.

IFRS 9 Transitional arrangements

The Bank has notified the Swedish Financial Supervisory Authority that the Bank applies the transitional arrangements according to Article 473a of 2017/2395/EU pursuant to paragraphs 2 and 4. Table according to "Final Report on the guidelines on uniform disclosure of IFRS 9 transitional arrangements", EBA, 12/01/2018, is included in the information published under Part 8 of 575/2013/EU and can be found on the Bank's website www.tfbankgroup.com.

Leverage ratio

The leverage ratio is a non-risk sensitive capital requirement defined in Regulation (EU) no 575/2013 (CRR). The ratio states the amount of equity in relation to total assets including items that are not recognized in the balance sheet and is calculated by the Tier 1 capital as a percentage of the total exposure measure. TF Bank's leverage ratio was 9.8 % per 31 March 2021 and 10.2 % per 31 December 2020.

EBA's changed method for intangible assets deduction

In December 2020, a change took effect in the method for how intangible assets should be treated in own funds calculation according to Article 36 of (EU) 575/2013, which gives the possibility of deducting prudently valued software assets from the own funds. According to the previous method, the book value of intangible assets relating to software assets was deducted in its entirety from the own funds calculation, however, in the new method only the difference between the book amortisation of the software assets and the value based on prudent amortisation (three-years amortisation) is deducted from the own funds. The bank choose to use the new calculation method starting from 1 January 2021.

Note 9 cont.

CAPITAL SITUATION

SEK thousand	31 Mar 2021	31 Dec 2020
Common Equity Tier 1 capital (CET1)	1,036,474	973,823
Additional Tier 1 capital (AT1)	100,000	100,000
Tier 2 capital	198,176	245,053
Own funds ¹	1,334,650	1,318,876
Risk exposure amount	8,223,956	7,582,576
- of which: credit risk	7,085,378	6,438,797
- of which: credit valuation adjustment risk	2,290	7,491
- of which: market risk	-	-
- of which: operational risk	1,136,288	1,136,288
Capital ratios		
CET1 capital ratio, %	12.6	12.8
Tier 1 capital ratio, %	13.8	14.2
Total capital ratio, %	16.2	17.4

REGULATORY CAPITAL REQUIREMENTS

SEK thousand	31 Mar 2021		31 Dec 2020	
	Amount	Percent ²	Amount	Percent ²
Capital requirement under pillar 1				
CET1 capital requirement	370,078	4.5	341,216	4.5
Tier 1 capital requirement	493,437	6.0	454,955	6.0
Total capital requirement	657,916	8.0	606,606	8.0
Capital requirement under pillar 2				
CET1 capital requirement	47,732	0.6	44,696	0.6
Tier 1 capital requirement	55,687	0.7	52,145	0.7
Total capital requirement	79,553	1.0	74,493	1.0
- of which, concentration risk	79,169	1.0	73,294	1.0
- of which, currency risk	384	0.0	1,199	0.0
Total capital requirement under pillar 1 and pillar 2				
CET1 capital requirement	417,810	5.1	385,912	5.1
Tier 1 capital requirement	549,124	6.7	507,100	6.7
Total capital requirement	737,469	9.0	681,099	9.0
Institution-specific buffer requirement				
Total buffer requirement	231,093	2.8	212,312	2.8
- of which, capital conservation buffer requirement	205,599	2.5	189,564	2.5
- of which, countercyclical buffer requirement	25,494	0.3	22,748	0.3
Total capital requirement including buffer requirement				
CET1 capital	648,903	7.9	598,224	7.9
Tier 1 capital	780,218	9.5	719,412	9.5
Total capital	968,563	11.8	893,411	11.8
Capital available to use as buffer				
CET1 capital	617,052	7.5	587,112	7.7
Tier 1 capital	585,469	7.1	565,790	7.5
Total capital	597,181	7.3	637,777	8.4

¹ After any regulatory adjustments.

² Capital requirements expressed as a percentage of the risk exposure amount.

Note 9 cont.

OWN FUNDS

SEK thousand	31 Mar 2021	31 Dec 2020
CET1 capital		
Share capital	107,500	107,500
Other reserves	65,881	62,762
Retained earnings including net profit for the period	871,485	813,443
Adjustments to CET1 capital:		
- Deduction of foreseeable costs and dividends ¹	-29,304	-21,500
- Transitional arrangements IFRS 9	63,941	84,857
- Intangible assets ²	-31,871	-61,762
- Goodwill	-11,158	-11477
Total CET1 capital	1,036,474	973,823
Additional Tier 1 capital		
Perpetual subordinated loan	100,000	100,000
Tier 2 capital		
Fixed term subordinated loan	198,176	245,053
Own funds	1,334,650	1,318,876

SPECIFICATION OF RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT

SEK thousand	31 Mar 2021		31 Dec 2020	
	Risk exposure amount	Capital requirement 8 %	Risk exposure amount	Capital requirement 8 %
Credit risk under the standardised approach				
Corporate exposures	8,283	663	8,927	714
Household exposures	6,381,970	510,558	5,857,782	468,623
Exposures secured by collateral	8,365	669	217	17
Exposures in default	391,568	31,325	327,336	26,187
Exposures to institutions with a short-term credit assessment	233,236	18,659	208,994	16,720
Equity exposures	572	46	555	44
Other items	61,384	4,911	34,986	2,799
Total	7,085,378	566,831	6,438,797	515,104
Credit valuation adjustment				
Standardised method	2,290	183	7,491	599
Total	2,290	183	7,491	599
Market risk ³				
Foreign exchange rate risk	-	-	-	-
Total	-	-	-	-
Operational risk				
Standardised approach	1,136,288	90,903	1,136,288	90,903
Total	1,136,288	90,903	1,136,288	90,903
Total risk exposure amount and total capital requirement	8,223,956	657,917	7,582,576	606,606

¹ Deduction of dividends from own funds have been made in accordance with the Board of Directors' proposal to the Annual General Meeting and the dividend policy for interim results.

² Deduction of software assets in accordance with EBA's new calculation method for the deduction of intangible assets from 1 January 2021.

³ The capital requirement for foreign exchange risk is calculated in accordance with Article 351 of Regulation (EU) 575/2013.

NOTE 10 Pledged assets, contingent liabilities and commitments

SEK thousand	31 Mar 2021	31 Dec 2020
Commitments		
Unutilized credit limits	1,143,734	957,332
Future total minimum lease payments for non-cancellable operating leases	21,496	22,733
Total	1,165,230	980,065

According to the Board's assessment, TF Bank has no pledged assets or contingent liabilities.

NOTE 11 Transactions with related parties

Transactions between Group companies refer to invoicing of services provided by subsidiaries. Transactions with other related parties in the table below refer to transactions between TF Bank and companies that largely have the same owner as TF Bank's largest owner TFB Holding AB, corporate identity number 556705-2997. All transactions are priced according to the market.

SEK thousand	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
<i>The following transactions have been made between companies within the Group:</i>			
General administrative expenses	-4,842	-3,682	-16,210
Total	-4,842	-3,682	-16,210
<i>The following transactions have been made with other related parties:</i>			
Interest income (transaction costs)	-9,051	-12,888	-57,440
General administrative expenses	-658	-860	-3,301
Total	-9,709	-13,748	-60,741
<i>Acquisition of assets and liabilities from other related parties:</i>			
Ecommerce Solutions	144,088	177,093	630,718
Total	144,088	177,093	630,718

SEK thousand	31 Mar 2021	31 Dec 2020
<i>Assets and liabilities at the end of the period as a result of transactions with other related parties:</i>		
Other assets	-	781
Other liabilities	2,962	343



ASSURANCE BY THE BOARD OF DIRECTORS AND THE CEO

The interim report has not been reviewed by the company's auditor.

The Board of Directors and the CEO certify that the interim report gives a true and fair overview of the development of the operations, financial position and result of the Bank and describes the material risks and uncertainties that the Bank faces.

Borås, 18 April 2021

John Brehmer
Chairman

Mari Thjømøe

Bertil Larsson

Charlotta Björnberg-Paul

Tone Bjørnov

Sara Mindus

Mattias Carlsson
President and CEO

DEFINITIONS

TF Bank uses Alternative Performance Measures that are not defined in the applicable financial reporting framework (IFRS). The Alternative Performance Measures are used to increase understanding of the Bank's financial performance among readers of the financial statements. Alternative Performance Measures may be calculated in different ways and do not need to be comparable with similar key ratios used by other companies. TF Bank definitions of the Alternative Performance Measures are shown below.

CET1 CAPITAL RATIO

CET1 capital as a percentage of total risk exposure amount.

COST/INCOME RATIO

Operating expenses divided by operating income.

EARNINGS PER SHARE

Net profit for the period attributable to the shareholders of the Parent company divided by the average number of outstanding shares.

EMPLOYEES (FTE)

Average number of full-time employees, including employees on parental leave.

LEVERAGE RATIO

Tier 1 capital as a percentage of total assets including off-balance sheet items.

NET LOAN LOSS RATIO¹

Net loan losses for the period divided by average loans to the public.

NEW LENDING

New loans (the cash flow) in the period. For Ecommerce Solutions the amount is reduced by product returns.

NUMBER OF ACTIVE CREDIT CARDS

All issued cards at the last day of the period that are used regularly and where payments are made according to the card terms.

OPERATING INCOME MARGIN¹

Total operating income for the period divided by average loans to the public.

RETURN ON EQUITY¹

Net profit for the period attributable to the shareholders of the Parent company as a percentage of equity attributable to the shareholders of the parent company.

RETURN ON LOANS TO THE PUBLIC¹

Net profit for the period attributable to the shareholders of the Parent company divided by average loans to the public. For the segments, net profit is calculated using a standard deduction for interest on Tier 1 capital instruments and a standard tax rate.

TIER 1 CAPITAL RATIO

Tier 1 capital, i.e., CET1 capital and Additional Tier 1 capital, as a percentage of total risk exposure amount.

TOTAL CAPITAL RATIO

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

TRANSACTION VOLUME

The sum of all purchases that goes through TF Banks' payment solutions.

FINANCIAL CALENDER

4 May 2021	Annual General Meeting 2021
13 July 2021	Interim report January-June 2021
18 October 2021	Interim report January-September 2021

This is information which TF Bank is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication on 19th April 2021 at 07:00 CET.

CONTACTS

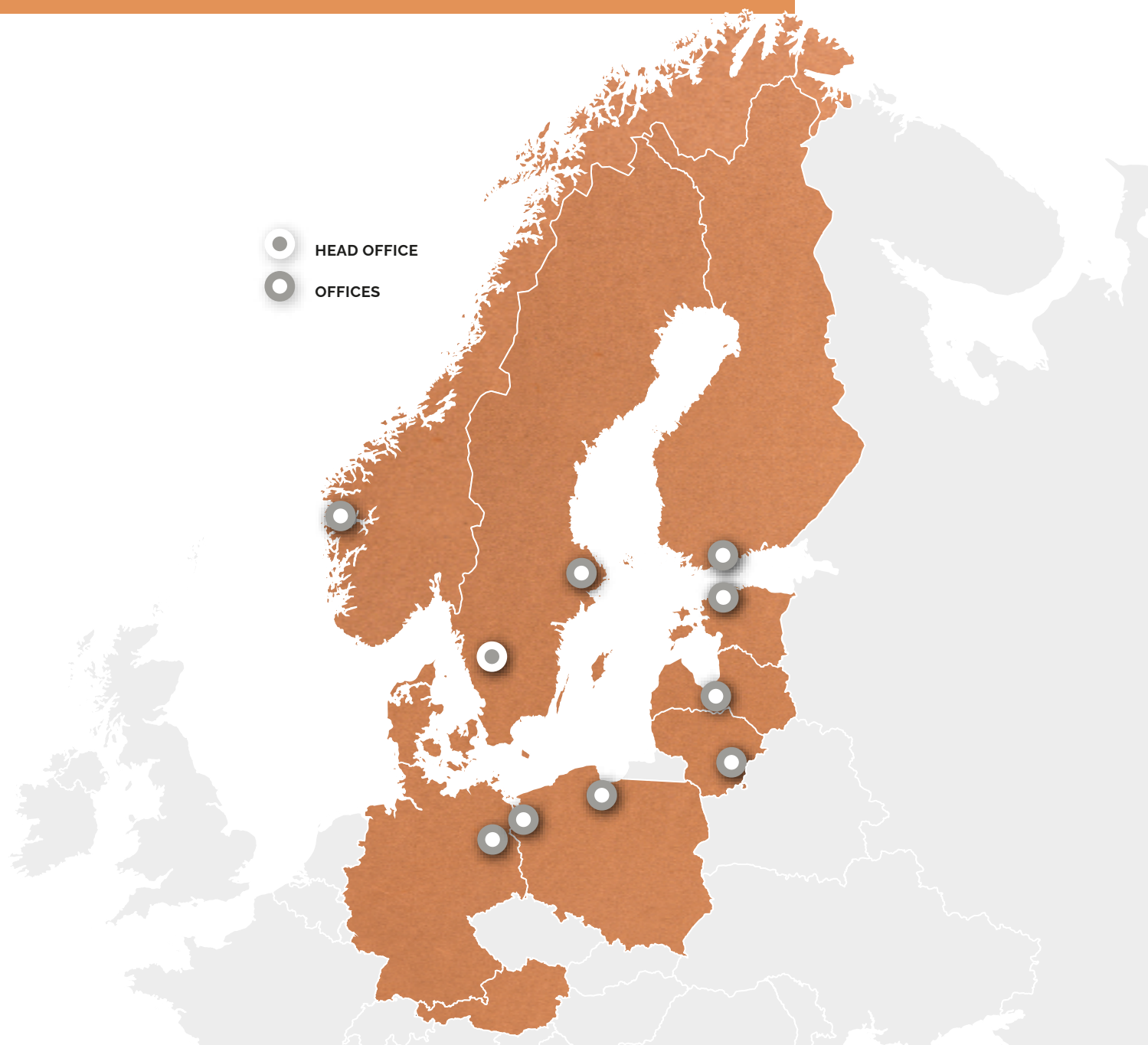
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¹ From the first quarter 2021, the key figure is presented based on the annualised figure for the period. The key figure was previously presented based on rolling 12 months. The comparative figures in this report have been restated according to the new presentation format.

TF BANK'S GEOGRAPHICAL PRESENCE



SHARE OF LOAN PORTFOLIO BY COUNTRY AND QUARTER

