



**INTERIM REPORT**  
January-September 2021



# PERIOD IN BRIEF

## JANUARY – SEPTEMBER 2021

COMPARED TO JANUARY – SEPTEMBER 2020 (unless otherwise stated)

- The loan portfolio amounted to SEK 9,970 million, compared to September 2020 the increase in local currencies was 32 %
- Operating profit increased by 37 % to SEK 253.8 million, the comparison period was affected by an additional loan loss provision of SEK 30 million
- Earnings per share increased by 40 % to SEK 9.03
- Cost/income ratio increased to 41.5 % (38.3)
- Total capital ratio has decreased to 15.6 % (17.4) since year-end, which partly derives from repurchase of subordinated tier 2 capital of SEK 47 million
- Return on equity amounted to 24.2 % (21.4)

## SIGNIFICANT EVENTS

JANUARY – SEPTEMBER 2021

- The expansion in Germany continues and the German credit card portfolio has increased by 215 % during the last year.
- TF Bank's e-commerce initiative Avarada launched a payment solution for Boozt's whole fast-growing ecommerce environment.
- New agreements for continuing sale of past due loans have been signed and TF Bank now has agreements in place in all markets.

AFTER THE REPORTING PERIOD

- The Board of TF Bank has resolved on new financial targets. By the first half of 2025, the Bank's loan portfolio shall have doubled with continued high profitability.

## JULY – SEPTEMBER 2021

COMPARED TO JULY – SEPTEMBER 2020 (unless otherwise stated)

- The loan portfolio amounted to SEK 9,970 million, compared to June 2021 the increase in local currencies was 9 %
- Operating profit increased by 27 % to SEK 91.5 million
- Earnings per share increased by 30 % to SEK 3.28
- Cost/income ratio increased to 41.1 % (38.9)

**Organic growth in existing and new markets continues to be highly prioritised, which is reflected in the financial target that the loan portfolio shall double to SEK 20 billion**

### LOAN PORTFOLIO <sup>1</sup>

30 SEPTEMBER 2021 COMPARED TO 30 SEPTEMBER 2020

SEK **10** BILLION **+32 %**

### TOTAL CAPITAL RATIO

30 SEPTEMBER 2021 COMPARED TO 31 DECEMBER 2020

**15.6 %** **-1.8** PERCENTAGE POINTS

### OPERATING PROFIT

JAN-SEP 2021 COMPARED TO JAN-SEP 2020

SEK **254** MILLION **+37 %**

### RETURN ON EQUITY

JAN-SEP 2021 COMPARED TO JAN-SEP 2020

**24.2 %** **+2.8** PERCENTAGE POINTS

<sup>1</sup> Development of the loan portfolio in local currencies

See separate section with definitions, page 33.

# 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. The operations are divided into three segments: Consumer Lending, Ecommerce Solutions and Credit Cards. TF Bank is listed at Nasdaq Stockholm.

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 within e-commerce to creditworthy individuals. The customers are mainly 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	Jul-Sep 2021	Jul-Sep 2020	Δ	Jan-Sep 2021	Jan-Sep 2020	Δ	Jan-Dec 2020
<b>Income statement</b>							
Operating income	270,484	218,263	24 %	759,254	642,154	18 %	876,070
Operating expenses	-111,134	-84,904	31 %	-314,965	-245,719	28 %	-340,755
Net loan losses	-67,801	-60,990	11 %	-190,463	-210,813	-10 %	-272,676
Operating profit	91,549	72,369	27 %	253,826	185,622	37 %	262,639
Net profit for the period	72,255	56,139	29 %	199,304	143,558	39 %	202,719
Earnings per share, SEK	3.28	2.53	30 %	9.03	6.43	40 %	9.11
<b>Balance sheet</b>							
Loans to the public	9,970,459	7,573,883	32 %	9,970,459	7,573,883	32 %	7,922,448
Deposits from the public	11,015,077	8,744,641	26 %	11,015,077	8,744,641	26 %	8,714,032
New lending	3,109,062	1,928,538	61 %	7,857,401	5,162,984	52 %	7,304,603
<b>Key figures</b>							
Operating income margin, %	11.3	11.9		11.3	12.2		12.2
Net loan loss ratio, %	2.8	3.3		2.8	4.0		3.8
Cost/Income ratio, %	41.1	38.9		41.5	38.3		38.9
Return on equity, %	25.2	24.2		24.2	21.4		22.0
Return on loans to the public, %	3.0	3.0		2.9	2.6		2.7
CET1 capital ratio, %	12.4	12.8		12.4	12.8		12.8
Tier 1 capital ratio, %	13.5	14.2		13.5	14.2		14.2
Total capital ratio, %	15.6	17.0		15.6	17.0		17.4
Employees (FTE)	243	195	25 %	230	182	26 %	187

## EXCHANGE RATES

SEK	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
EUR Income statement (average)	10.20	10.36	10.15	10.56	10.49
EUR Balance sheet (end of reporting period)	10.20	10.54	10.20	10.54	10.04
NOK Income statement (average)	0.99	0.97	0.99	0.99	0.98
NOK Balance sheet (end of reporting period)	1.00	0.95	1.00	0.95	0.95
PLN Income statement (average)	2.23	2.33	2.23	2.39	2.36
PLN Balance sheet (end of reporting period)	2.20	2.33	2.20	2.33	2.22

See separate section with definitions, page 33.

# CEO'S COMMENTS

**Following growth of 9 % in local currencies during the third quarter, TF Bank's loan portfolio reached SEK 10 billion! At the same time, the operating profit for the quarter has increased by 27 % to SEK 92 million while the return on equity for the interim period amounts to 24 %. In October, the Board resolved on new financial targets which mean that we will continue to prioritise organic growth with high profitability.**

## **High growth in Germany and Norway**

The easing of pandemic restrictions in Europe has contributed to strong growth during the third quarter. The loan portfolio increased by 9 % in local currencies during the last three months, mostly driven by German credit cards and Norwegian consumer loans. The loan portfolio in Germany has increased by 32 % during the quarter, which is related to both new credit cards and higher spending per card. Within Consumer Lending, we have focused on Norway where the loan portfolio increased by 11 % during the quarter. The strong Norwegian growth also entails that the segment's income margin and loan loss ratio have decreased slightly during the third quarter.

## **Increased volumes in Ecommerce Solutions**

Within Ecommerce Solutions, the volumes increased significantly towards the end of the period, which contributed to a loan portfolio growth of 4 % in local currencies. The increase in transaction volumes during the quarter is to a large extent related to the Boozt agreement, and this cooperation has increased the general awareness of the Avara brand in the payment solutions market. We continue to see strong demand for our white label solution and are convinced that it is a key success factor to maintain focus on our commercial partners throughout the whole customer journey.

## **Our history and new financial targets**

TF Bank's history dates back all the way to 1987 when consumer loans and sales financing to the mail order industry were introduced. In 2011, the loan portfolio surpassed SEK 1 billion and the operations at that time mainly constituted consumer loans in Sweden and Finland. Through geographic expansion in Norway and markets around the Baltic Sea, as well as increased focus on sales financing, the loan portfolio had increased to more than SEK 2 billion when the TF Bank share was listed in June 2016. Since the IPO, organic growth has been highly prioritised and with a compound annual growth rate of 35 % the loan portfolio surpassed SEK 10 billion in the beginning of October 2021. At the same time, profitability in terms of return on equity has been among the highest within the industry.

After the end of the quarter, TF Bank's Board of Directors has resolved on new financial targets. Organic growth in existing and new markets continues to be highly prioritised, which is reflected in the financial target that the loan portfolio shall double to SEK 20 billion by the first half of 2025. The target should be seen in relation to the fact that the size of TF Bank is of importance and that the expansion of the Bank's operations should lead to significantly improved conditions to manage the increasing regulatory complexity. At the same time, continued high profitability is a prerequisite to reach the growth target, and the financial target that enables this is that return on equity shall be well above 20 %. However, I would like to emphasise that this level should be seen as a floor and also take into account somewhat higher expected capital requirements. The Board retains its focus on the Bank's capital structure and both the capital target and dividend policy are left unchanged. All in all, the new financial targets mean that we will continue to combine organic growth with high profitability. Both the Board and I think that this is likely to generate an attractive risk-adjusted return to the shareholders over time.



*Mattias Carlsson  
President and CEO*

# RESULTS AND FINANCIAL POSITION

## JANUARY - SEPTEMBER 2021

COMPARED TO JANUARY - SEPTEMBER 2020

### Operating profit

Operating profit increased by 37 % to SEK 253.8 million (185.6). 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 40 % to SEK 9.03 (6.43). Return on equity amounted to 24.2 % (21.4).

### Operating income

TF Bank's operating income has increased by 18 % to SEK 759.3 million (642.2). The operating income comprised 91 % net interest income and 9 % net fee and commission income in the interim period. The operating income margin has decreased to 11.3 % (12.2), mainly due to a changed product mix in the Consumer Lending segment.

### Interest income

Interest income increased by 15 % to SEK 774.1 million (674.7). The growth for German credit cards is the main driver, but higher interest income for the Ecommerce Solutions segment and Norwegian consumer loans have also contributed to the increase. The strengthened SEK versus the euro has however had a negative impact on the interest income compared to the first nine months of 2020.

### Interest expense

TF Bank's interest expenses decreased by 10 % to SEK 84.8 million (94.1). The decrease is mostly related to lower funding costs in Norway and Germany. However, the decrease has been mitigated by increasing deposit volumes in Germany as well as an increasing share of fixed-rate accounts with slightly higher interest rate levels.

### Net fee and commission income

Net fee and commission income increased by 19 % to SEK 73.5 million (61.7). The increase is mainly attributable to higher fee and commission income within the Ecommerce Solutions segment. During the interim period, 53 % of TF Bank's fee and commission income derives from charges and 47 % from insurance premiums and other income.

### Operating expenses

TF Bank's operating expenses have increased by 28 % to SEK 315.0 million (245.7). The increase is mainly explained by higher expenses within the growing Ecommerce Solutions and Credit Cards segments. Both segments have more employees and higher sales-related costs compared to the previous year. TF Bank's C/I ratio increased to 41.5 % (38.3).

### Net loan losses

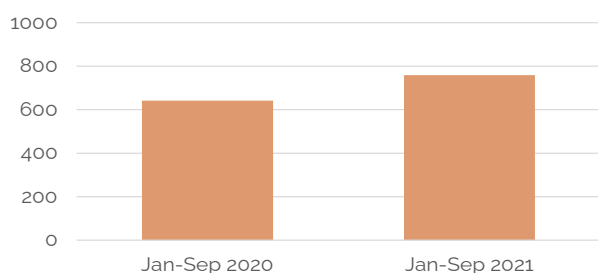
Net loan losses decreased by 10 % to SEK 190.5 million (210.8). The loan portfolio's credit quality has improved over the past year, which has resulted in a decreased loan loss ratio for all segments amounting to 2.8 % (4.0). An additional provision of SEK 30 million related to the uncertain macroeconomic situation during the initial phase of the pandemic affects the comparison numbers.

During the first half of 2021, several new agreements for the continuing sales of past due loans were signed. The agreements reduce the credit risk through an ongoing realisation of loan losses, and the balance sheet is less exposed to assets with valuation uncertainty. All in all, the new agreements have had a limited effect on the loan losses of the interim period.

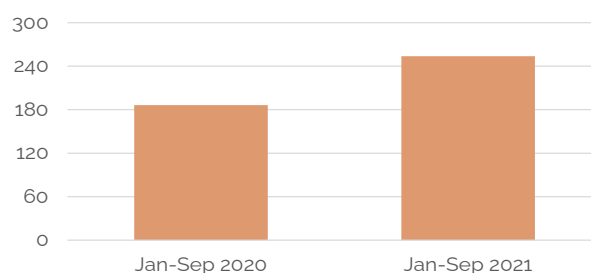
### Tax expense

TF Bank's tax expense increased to SEK 54.5 million (42.1), explained by a higher operating profit. The interim period's tax ratio of 21.5 % (22.7) is positively affected by the decreased corporate tax in Sweden as of 1 January 2021.

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



# RESULTS AND FINANCIAL POSITION

## JANUARY - SEPTEMBER 2021

COMPARED TO 31 DECEMBER 2020 (unless otherwise stated)

### Loans to the public

The loan portfolio amounted to SEK 9,970 million, an increase in local currencies of 32 % compared to September 2020. Currency effects have not had a significant effect on the loan portfolio over the past year. New lending increased by 52 % to SEK 7,857 million (5,163) compared to the first nine months of 2020.

The past year's growth for the loan portfolio has primarily been generated by German credit cards, the Ecommerce Solutions segment and Norwegian consumer loans. The credit cards in Germany today constitute TF Bank's third largest market with 12 % of the total loan portfolio.

### Deposits from the public

Deposits from the public amounted to SEK 11,015 million, an increase in local currencies of 27 % compared to September 2020. Negative currency effects have affected the deposit balance by 1 % over the past year.

The increased deposits are mainly attributable to Germany. Several new savings accounts with terms up to five years have been launched, meaning that parts of TF Bank's financing are fixed and have been tied to current interest rate levels. At the end of the interim period, accounts with a fixed term comprise 36 % of the total deposits.

### Investments

TF Bank's investments increased to SEK 26.7 million compared to SEK 18.7 million during the first nine months of 2020. The investments relate to IT development within the Ecommerce Solutions and Credit Cards segments. Depreciation and amortisation on fixed assets amounted to SEK 21.2 million (14.4) in the interim period.

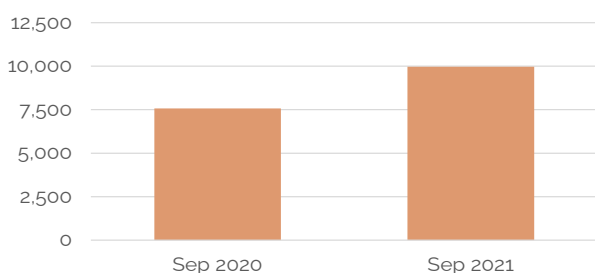
### Cash and cash equivalents

Cash and cash equivalents have increased by SEK 468 million to SEK 2,587 million (2,119) and TF Bank's available liquidity reserve amounts to 22 %<sup>1</sup> (24) of deposits from the public. 51 % of the liquidity reserve is placed at central banks and in Swedish treasury bills, while the remaining part is placed on overnight accounts in various Nordic banks.

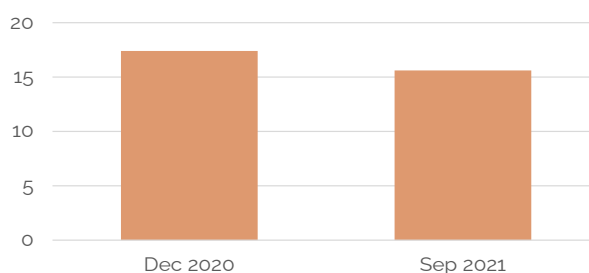
### Capital adequacy

TF Bank's total capital ratio has decreased to 15.6 % (17.4). The decline 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 13.5 % (14.2) and the CET1 capital ratio was 12.4 % (12.8). Compared to 31 December 2020, all capital ratios are negatively affected by an increased phase-in of loan loss provisions 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 (%)



<sup>1</sup> Excluding restricted cash and cash equivalents that are not available the next day

# RESULTS AND FINANCIAL POSITION

## JULY - SEPTEMBER 2021

COMPARED TO JULY - SEPTEMBER 2020 (unless otherwise stated)

### Operating profit

Operating profit increased by 27 % to SEK 91.5 million (72.4). Higher operating income from the growing loan portfolio has had a positive effect on the operating profit. Earnings per share increased by 30 % to SEK 3.28 (2.53). Return on equity amounted to 25.2 % (24.2).

### Operating income

TF Bank's operating income has increased by 24 % to SEK 270.5 million (218.3). The main drivers for the increase were the growth of German credit cards and increased income within the Ecommerce Solutions segment. Compared to the second quarter of 2021, operating income has increased by SEK 20 million.

### Operating expenses

TF Bank's operating expenses have increased by 31 % to SEK 111.1 million (84.9). The increase is mainly explained by higher volumes within Ecommerce Solutions and the German credit cards initiative. The C/I ratio increased to 41.1 % (38.9).

### Net loan losses

Net loan losses increased by 11 % to SEK 67.8 million (61.0). The increase in absolute numbers is affected by the growth within the Credit Cards segment and provisions for expected credit losses according to the IFRS 9 accounting standard. However, the loan loss ratio has decreased to 2.8 % (3.3), attributable to the improved credit quality in TF Bank's loan portfolio over the past year.

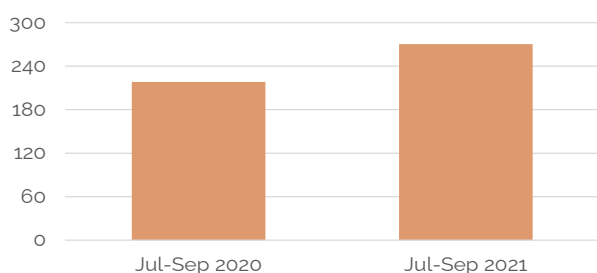
### Tax expense

TF Bank's tax expense increased to SEK 19.3 million (16.2). The increased tax expense is related to a higher operating profit.

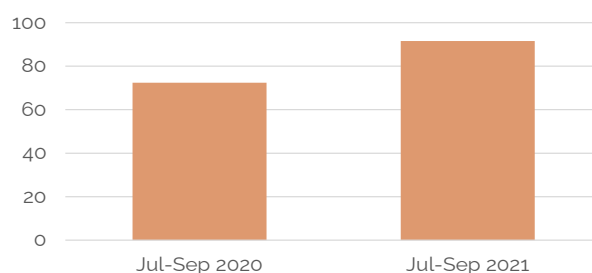
### Loans to the public

The loan portfolio amounted to SEK 9,970 million, an increase in local currencies of 9 % compared to June 2021. Currency effects have not had a significant effect on the loan portfolio over the past quarter. The growth in the third quarter is mainly attributable to German credit cards and Norwegian consumer loans. New lending increased by 61 % to SEK 3,109 million (1,929), which among other things is due to higher invoice related volumes in Ecommerce Solutions.

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



# CONSUMER LENDING

## JANUARY - SEPTEMBER 2021

COMPARED TO JANUARY - SEPTEMBER 2020 (unless otherwise stated)

### Overview

In the Consumer Lending segment, TF Bank offers unsecured consumer loans to creditworthy individuals. The product offering may differ between the various markets and is adjusted according to the specific conditions in each country. As of 30 September 2021, the average loan amount per customer was approximately SEK 60 thousand.

The Nordic loan portfolio comprises 76 % 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 average loan amount is slightly higher in Norway and Finland.

The Baltic and Polish loan portfolio comprises 24 % of the segment. The Baltic countries have fast-growing credit markets with several established Nordic players operating locally. During the fourth quarter 2020, the Bank decided to almost fully discontinue with new lending in Poland.

### The loan portfolio

The loan portfolio amounted to SEK 6,734 million, an increase in local currencies of 17 % compared to September 2020. Currency effects have further affected the loan portfolio positively by 1 %. The segment's new lending has increased by 19 % to SEK 3,440 million (2,894).

The loan portfolio in Norway has increased by 23 % to NOK 2,699 million (2,187) over the past year. The Norwegian new lending has increased significantly during the third quarter. The loan portfolio in Finland has increased by 16 % to EUR 150 million (129). Over the past year, new lending in Finland has been affected by a temporary regulatory interest rate cap of 10 % that was removed on 30 September. The Swedish loan portfolio amounts to SEK 460 million (445).<sup>1</sup>

The loan portfolio in the Baltics has increased by 12 % to EUR 147 million (131) over the past year. The growth has mainly been generated in Lithuania, but in the third quarter the loan portfolio in Latvia has also increased. The Polish loan portfolio decreased to PLN 55.4 million (90.8).<sup>1</sup>

### Results

The operating profit for the segment increased by 29 % to SEK 234.0 million (181.6). 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.

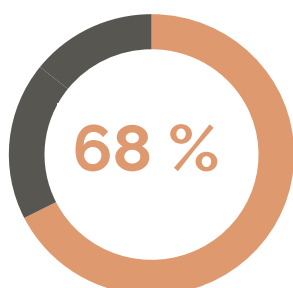
The operating income increased by 3 % to SEK 483.1 million (470.3). The increase was mainly related to the loan portfolio in Norway. The operating income margin has decreased to 10.3 % (11.5), which is due to that the growing Norwegian and Finnish loan portfolios have slightly lower interest rate levels than the segment's average.

The operating expenses for the segment have increased by 5 % to SEK 139.0 million (132.0). Lower marketing expenses during the initial phase of the pandemic had a slight impact on the comparison period. The segment's C/I ratio amounted to 28.8 % (28.1) during the interim period.

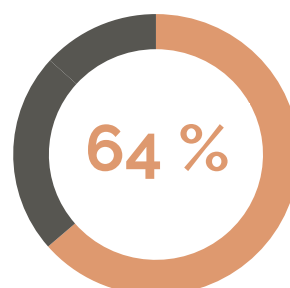
Net loan losses amounted to SEK 110.2 million (156.6) and the loan loss ratio decreased to 2.3 % (3.8). The comparison numbers were affected by an additional loan loss provision of SEK 30 million, and the adjusted loan loss level was 3.1 % in the comparison period. The credit quality has improved over the past year, especially in Finland, which has reduced the loan loss level of the segment. During the first half of 2021, new agreements for continuing sales of past due loans have been signed in several markets which all in all have had a limited effect on the loan losses in the interim period.

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



<sup>1</sup> In this section, loan portfolio refers to loans to the household sector, interest bearing assets in stage 1 and 2, gross (see note 3 and 7).

# ECOMMERCE SOLUTIONS

## JANUARY - SEPTEMBER 2021

COMPARED TO JANUARY - SEPTEMBER 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 in the Baltics as well as Poland under the TF Bank brand. In total, the Bank has had 245 (210) active commercial partners during the third quarter.

The Avarda brand has over the past year experienced a commercial breakthrough in the Nordic markets. With implementations of retailers such as Boozt and Wakakuu during 2021, the market position has been further strengthened. Through an attractive white label solution, the customer offer has a focus on supporting the retailers in their growth and ambition to build their own brands. Initiatives such as Avarda Return Optimizer (ARO) is part of the work in offering products and services that aim to be relevant for our commercial partners in more ways than by just offering a payment solution. In total, the transaction volumes for the segment have increased by 81 % compared to the corresponding period last year.

### The loan portfolio

The loan portfolio amounted to SEK 1,813 million, an increase in local currencies of 47 % compared to September 2020. Currency effects affected the loan portfolio negatively by 4 %. The segment's new lending has increased to SEK 2,743 million (1,611). This is mostly explained by an increased number of partners and expanded cooperation with existing retailers.

The Nordic loan portfolio has increased to SEK 1,233 million (774) and comprises 70 % of the segment. In Finland, the portfolio has increased by 47 % to EUR 68.0 million (46.2) over the past year. The increase is explained by a continued growth for e-commerce

and by implementing several new partners. The Swedish portfolio has increased by 79 % to SEK 398 million (222) following strong sales development during the past quarters. In Norway and Denmark, the loan balances amounted to NOK 112.6 million (32.5) and DKK 21.0 million (24.9) respectively.<sup>1</sup>

The loan portfolio in Estonia has increased by 33 % to EUR 20.6 million (15.5) over the past year. The increase is mainly explained by growth from existing larger retailers, but also a continued strong inflow of new partners. In Poland, the loan portfolio has increased by 15 % to PLN 144 million (125).<sup>1</sup>

### Results

The operating profit for the segment increased by 15 % to SEK 34.2 million (29.7). The increase is partly related to growing fee and commission income driven by increasing transaction volumes, but also improved credit quality.

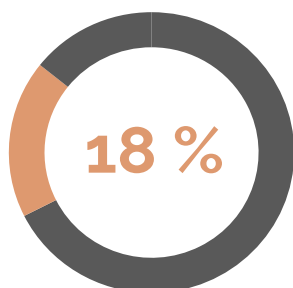
The operating income increased by 32 % to SEK 175.0 million (132.9). The increase is mainly attributable to higher volumes in several geographic markets compared to 2020, resulting in a strong growth for the interest income as well as growing fee and commission income. The operating income margin amounted to 14.8 % (15.3).

The operating expenses for the segment have increased by 46 % to SEK 113.0 million (77.4). The increase is partly explained by increased sales-related costs following larger volumes within the segment, and partly an increased investment pace in product development. The C/I ratio has increased to 64.6 % (58.2).

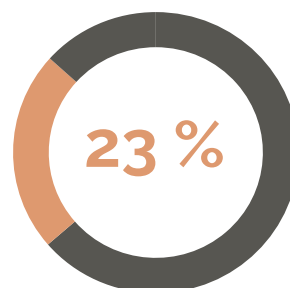
Net loan losses increased by 7 % to SEK 27.8 million (25.9). The net loan loss ratio however decreased to 2.3 % (3.0), mainly due to strengthened credit quality in the segment following implementations of partners with a history of lower loan loss ratios.

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



<sup>1</sup> In this section, loan portfolio refers to loans to the household sector, interest bearing assets in stage 1 and 2, gross (see note 3 and 7).

# CREDIT CARDS

## JANUARY - SEPTEMBER 2021

COMPARED TO JANUARY - SEPTEMBER 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 started in the end of 2018. Local employees are working with marketing and customer service in the offices in Berlin and Szczecin. 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 and during the fourth quarter this year, our credit card is expected to be compatible with Google and Apple Pay. The individual exposure per issued card is around EUR 1,300. At the end of the interim period, the number of active German credit cards amounted to 59,217.

The offering in Norway has been part of the Bank since 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 10,000. At the end of the interim period, the number of active Norwegian credit cards amounted to 11,737.

### The loan portfolio

The loan portfolio amounted to SEK 1,423 million, an increase in local currencies of 149 % compared to September 2020. The segment's new lending has increased by 155 % to SEK 1,675 million (657). The increase is mainly related to a higher number of active credit cards in Germany.

The loan portfolio in Germany has increased by 215 % to EUR 107 million (34.0) over the past year. The growth is attributable 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 certain positive effect on growth. During the third quarter, the transaction volumes per active card in Germany have increased, which has contributed to increased growth for the loan portfolio.<sup>1</sup>

The loan portfolio in Norway has increased by 25 % to NOK 207 million (166) over the past year. The customer segment is to a large extent focused on travel. Norwegian authorities' travel restrictions have had a slightly dampening effect on growth. However, volumes have increased significantly during the third quarter.<sup>1</sup>

### Results

The operating profit for the segment amounted to SEK -14.4 million (-25.7). The result is burdened by the German credit card initiative through more employees and higher sales-related costs as well as provisions for expected credit losses.

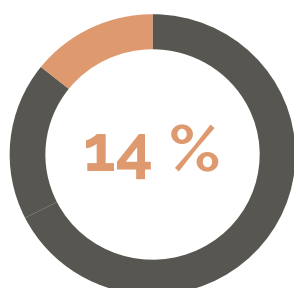
The operating income increased by 160 % to SEK 101.1 million (39.0). The increase is attributable to the ongoing expansion in Germany. The operating income margin amounted to 12.3 % (11.9) and was affected by the fact that new customers mainly are generated through loan intermediators.

The operating expenses for the segment increased by 73 % to SEK 63.0 million (36.3). More employees, higher sales-related costs and increased marketing are the main drivers in absolute numbers. However, the C/I ratio decreased to 62.3 % (93.2) as a result of economies of scale in the business model.

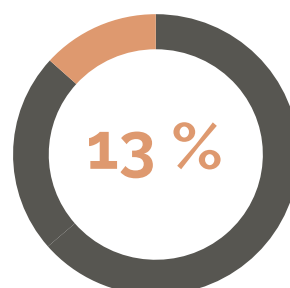
Net loan losses increased by 85 % to SEK 52.5 million (28.3). The increase is related to a combination of realised loan losses and provisions for expected credit losses according to the IFRS 9 accounting standard. At the end of the second quarter 2021, a new agreement for the continuing sales of past due credit cards in Germany was signed. The new agreement had a slightly positive effect on the loan losses of the interim period. The segment's loan loss ratio decreased to 6.4 % (8.6).

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



<sup>1</sup> In this section, loan portfolio refers to loans to the household sector, interest bearing assets in stage 1 and 2, gross (see note 3 and 7).

## OTHER INFORMATION

### **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 September 2021, the share price closed at SEK 158.20, an increase of 82 % since the start of the year. In total, 4.3 million TF Bank shares worth approximately SEK 615 million were traded on Nasdaq Stockholm during the first nine months of 2021.

### **Institutions following TF Bank**

ABG Sundal Collier, Carnegie, Pareto Securities and Nordea are following the Company. At the end of the third 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**

On 17 October 2021 the Board of TF Bank has adopted the following financial targets:

#### *Growth*

TF Bank's aim is to achieve a loan portfolio of SEK 20 billion by first half of 2025.

#### *Profitability*

TF Bank's aim is to achieve a return on equity well above 20 %.

#### *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 - September 2021**

The expansion in Germany continues and the German credit card portfolio has increased by 215 % during the last year.

During April, TF Bank's e-commerce 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.

During the first half of the year, new agreements for continuing sale of past due loans have been signed and TF Bank now has agreements in place in all markets.

At the Annual General Meeting 4 May, it was resolved to pay a dividend of SEK 1.00 per share. John Brehmer was re-elected as Chairman of the Board and Michael Lindengren was new elected as member of the Board. Tone Bjørnov was dismissed from the Board of directors and the other members of the Board were re-elected at the Meeting.

During July, TF Bank implemented a change in its executive management team, which now consists of CEO Mattias Carlsson, deputy CEO and CFO Mikael Meomuttel, and Espen Johannesen who has been appointed a new role as Chief Operating Officer (COO).

In September, TF Bank started a branch in Latvia, in light of which the Bank intends to liquidate the Latvian subsidiary TFB Service SIA.

### **Events after the end of the reporting period**

The Board of TF Bank has resolved on new financial targets. By the first half of 2025, the Bank's loan portfolio shall have doubled with continued high profitability.

## 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.

### Covid-19

Covid-19 continued to affect TF Bank during the third quarter of 2021, as the Bank's personnel to a large extent have worked remotely in accordance with national recommendations. In line with previous quarters, management have held a close dialogue with the respective country manager to be updated on the situation locally. By the end of the quarter, we noted easing of pandemic restrictions in the Nordic markets, while there is greater uncertainty about the situation in our other markets.

No significant disruptions occurred in the Bank's operations during the interim period, but there is still some uncertainty about the humanitarian and economic consequences of the pandemic. 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 October 18<sup>th</sup> at 08.15 CET, where CEO Mattias Carlsson and CFO Mikael Meomuttel will present the report. 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 8359 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 and the presentation material will be available on the Bank's website, [www.tfbankgroup.com/en/section/investor-relations](http://www.tfbankgroup.com/en/section/investor-relations).

## LOAN PORTFOLIO PERFORMANCE IN 2019-2021 (SEK MILLION)



# FINANCIAL INFORMATION

## INCOME STATEMENT

SEK thousand	Note	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
	3					
<b>Operating income</b>						
Interest income		274,027	228,537	774,057	674,746	911,945
Interest expense		-29,280	-30,870	-84,845	-94,109	-122,648
<b>Net interest income</b>		<b>244,747</b>	<b>197,667</b>	<b>689,212</b>	<b>580,637</b>	<b>789,297</b>
Fee and commission income		37,684	26,219	97,685	74,571	103,556
Fee and commission expense		-9,371	-5,060	-24,197	-12,912	-18,968
<b>Net fee and commission income</b>		<b>28,313</b>	<b>21,159</b>	<b>73,488</b>	<b>61,659</b>	<b>84,588</b>
Net results from financial transactions		-2,576	-563	-3,446	-142	2,185
<b>Total operating income</b>		<b>270,484</b>	<b>218,263</b>	<b>759,254</b>	<b>642,154</b>	<b>876,070</b>
<b>Operating expenses</b>						
General administrative expenses		-94,733	-75,045	-271,244	-219,477	-302,508
Depreciation and amortisation of tangible and intangible assets		-7,399	-5,222	-21,225	-14,416	-20,674
Other operating expenses		-9,002	-4,637	-22,496	-11,826	-17,573
<b>Total operating expenses</b>		<b>-111,134</b>	<b>-84,904</b>	<b>-314,965</b>	<b>-245,719</b>	<b>-340,755</b>
<b>Profit before loan losses</b>		<b>159,350</b>	<b>133,359</b>	<b>444,289</b>	<b>396,435</b>	<b>535,315</b>
Net loan losses	4	-67,801	-60,990	-190,463	-210,813	-272,676
<b>Operating profit</b>		<b>91,549</b>	<b>72,369</b>	<b>253,826</b>	<b>185,622</b>	<b>262,639</b>
Income tax for the period		-19,294	-16,230	-54,522	-42,064	-59,920
<b>Net profit for the period</b>		<b>72,255</b>	<b>56,139</b>	<b>199,304</b>	<b>143,558</b>	<b>202,719</b>
<i>Attributable to:</i>						
<i>Shareholders of the Parent Company</i>		70,536	54,368	194,219	138,304	195,769
<i>Additional tier 1 capital holders</i>		1,719	1,771	5,085	5,254	6,950
<i>Basic earnings per share (SEK)</i>		3.28	2.53	9.03	6.43	9.11
<i>Diluted earnings per share (SEK)</i>		3.28	2.53	9.03	6.43	9.11

## STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
<b>Net profit for the period</b>	<b>72,255</b>	<b>56,139</b>	<b>199,304</b>	<b>143,558</b>	<b>202,719</b>
<b>Other comprehensive income</b>					
<b>Items that may subsequently be reclassified to the income statement</b>					
Exchange rate differences, net of tax	-	-	-	-	-
<b>Other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>72,255</b>	<b>56,139</b>	<b>199,304</b>	<b>143,558</b>	<b>202,719</b>
<i>Attributable to:</i>					
<i>Shareholders of the Parent Company</i>	70,536	54,368	194,219	138,304	195,769
<i>Additional tier 1 capital holders</i>	1,719	1,771	5,085	5,254	6,950

## BALANCE SHEET

SEK thousand	Note	30 Sep 2021	31 Dec 2020
	2,5,6		
<b>ASSETS</b>			
Cash and balances with central banks		1,242,131	1,097,991
Treasury bills eligible for refinancing		60,007	60,022
Loans to credit institutions		1,284,903	960,989
Loans to the public	3,7	9,970,459	7,922,448
Shares		21,179	20,135
Shares in subsidiaries		341	316
Goodwill		10,521	11,477
Intangible assets		68,227	61,762
Tangible assets		2,575	2,658
Other assets		27,191	36,154
Deferred tax assets		-	47
Prepaid expenses and accrued income		25,393	29,447
<b>TOTAL ASSETS</b>		<b>12,712,927</b>	<b>10,203,446</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Deposits and borrowings from the public	8	11,015,077	8,714,032
Other liabilities		80,797	52,864
Current tax liabilities		30,363	1,832
Deferred tax liabilities		1,313	5,642
Accrued expenses and prepaid income		131,066	100,318
Subordinated liabilities		197,887	245,053
<b>Total liabilities</b>		<b>11,456,503</b>	<b>9,119,741</b>
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		107,500	107,500
Statutory reserve		1,000	1,000
Development costs fund		68,227	61,762
Other contributed capital		-	-
<b>Total restricted equity</b>		<b>176,727</b>	<b>170,262</b>
<b>Non-restricted equity</b>			
Tier 1 capital instrument		100,000	100,000
Retained earnings		780,393	610,724
Comprehensive income for the period		199,304	202,719
<b>Total non-restricted equity</b>		<b>1,079,697</b>	<b>913,443</b>
<b>Total equity</b>		<b>1,256,424</b>	<b>1,083,705</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12,712,927</b>	<b>10,203,446</b>

## STATEMENT OF CHANGES IN EQUITY

SEK thousand	Restricted equity				Non-restricted equity			Total equity
	Share capital <sup>1</sup>	Other contributed capital	Development costs fund	Other contributed capital	Tier 1 capital instrument	Retained earnings	Profit for the period	
<b>Equity as at 1 Jan 2020</b>	<b>107,500</b>	<b>1,000</b>	<b>27,464</b>	<b>2,786</b>	<b>100,000</b>	<b>397,272</b>	<b>161,748</b>	<b>797,770</b>
Profit for the period	-	-	-	-	-	-	202,719	202,719
Exchange rate differences, net of tax	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202,719</b>	<b>202,719</b>
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
<b>Equity as at 31 Dec 2020</b>	<b>107,500</b>	<b>1,000</b>	<b>61,762</b>	<b>-</b>	<b>100,000</b>	<b>610,724</b>	<b>202,719</b>	<b>1,083,705</b>
<b>Equity as at 1 Jan 2021</b>	<b>107,500</b>	<b>1,000</b>	<b>61,762</b>	<b>-</b>	<b>100,000</b>	<b>610,724</b>	<b>202,719</b>	<b>1,083,705</b>
Profit for the period	-	-	-	-	-	-	199,304	199,304
Exchange rate differences, net of tax	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,304</b>	<b>199,304</b>
Transfer of previous year's profit	-	-	-	-	-	202,719	-202,719	-
Dividend to shareholders	-	-	-	-	-	-21,500	-	-21,500
Capitalisation of development costs	-	-	26,136	-	-	-26,136	-	-
Amortisation of capitalised development costs	-	-	-19,671	-	-	19,671	-	-
Interest Tier 1 capital	-	-	-	-	-	-5,085	-	-5,085
<b>Equity as at 30 Sep 2021</b>	<b>107,500</b>	<b>1,000</b>	<b>68,227</b>	<b>-</b>	<b>100,000</b>	<b>780,393</b>	<b>199,304</b>	<b>1,256,424</b>

<sup>1</sup> Share capital comprises of 21 500 000 shares of SEK 5 each.

## CASH FLOW STATEMENT

SEK thousand	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
<b>Operating activities</b>			
Operating profit	253,826	185,622	262,639
<i>Adjustment for items not included in cash flow</i>			
Depreciation and amortisation of tangible and intangible assets	21,225	14,416	20,674
Accrued interest income and expense	1,687	6,144	6,813
Other non-cash items	-167	841	476
Paid income tax	-25,991	-55,747	-72,364
	<b>250,580</b>	<b>151,276</b>	<b>218,238</b>
Increase/decrease in loans to the public	-2,048,011	-1,078,103	-1,426,668
Increase/decrease in other short-term receivables	-25,847	15,087	37,360
Increase/decrease in deposits and borrowings from the public	2,301,045	1,547,566	1,516,957
Increase/decrease in other short-term liabilities	63,240	18,041	6,060
<b>Cash flow from operating activities</b>	<b>541,007</b>	<b>653,867</b>	<b>351,947</b>
<b>Investing activities</b>			
Investments in tangible assets	-966	-914	-1,581
Investments in intangible assets	-25,684	-17,758	-23,753
Investments in subsidiaries	-25	-	-
<b>Cash flow from investing activities</b>	<b>-26,675</b>	<b>-18,672</b>	<b>-25,334</b>
<b>Financing activities</b>			
Issue of Tier 2 capital	-	-	100,000
Redemption of Tier 2 capital	-47,000	-	-53,000
Interest on Tier 1 capital	-5,085	-5,254	-6,950
Redemption of warrants	-	-7,724	-7,724
Dividend to shareholders	-21,500	-	-
<b>Cash flow from financing activities</b>	<b>-73,585</b>	<b>-12,978</b>	<b>32,326</b>
<b>Cash flow for the period</b>	<b>440,747</b>	<b>622,217</b>	<b>358,939</b>
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	27,292	-1,805	-60,876
<b>Cash and cash equivalents at the end of period</b>	<b>2,587,041</b>	<b>2,441,351</b>	<b>2,119,002</b>
<i>Cash flow from operating activities includes interest expenses paid and interest payments received</i>			
Interest expenses paid	93,733	86,311	112,752
Interest payments received	666,811	573,038	771,836
<b>Components of cash and cash equivalents</b>			
Cash and balances with central banks	1,242,131	1,408,053	1,097,991
Treasury bills eligible for refinancing	60,007	60,032	60,022
Loans to credit institutions	1,284,903	973,266	960,989
<b>Total cash and cash equivalents</b>	<b>2,587,041</b>	<b>2,441,351</b>	<b>2,119,002</b>

# 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. From the first quarter of 2021, the Bank does 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 30 SEPTEMBER 2021

Shareholder	%
TFB Holding AB	30.31
Tiberon AB	15.07
Erik Selin Fastigheter AB	12.58
Proventus Aktiebolag	5.16
Jack Weil	4.65
Nordnet Pensionsförsäkring AB	4.50
Nordea investment Funds	2.84
Merizole Holding LTD	2.36
Carnegie fonder	1.80
Skandia fonder	1.31
Other shareholders	19.42
<b>Total</b>	<b>100.00</b>

Source: Euroclear

### COMPANY STRUCTURE

Company	Reg.nr
<b>Parent Company</b>	
TF Bank AB	556158-1041
<b>Branches</b>	
TF Bank AB, branch Finland	2594352-3
TF Bank AB, branch Poland	PL9571076774
TF Bank AB, branch Estonia	14304235
TF Bank Norge NUF	923 194 592
TF Bank Latvijas filiāle	50203334311
<b>Subsidiaries</b>	
TFB Service SIA	40203015782
TFB Service UAB	34785170
TFB Service GmbH	HRB 208869 B
TF Bank Service AB	559310-4697

The term "Company/Bank" 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 in stage 3 (see Note 7) 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	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net interest income	153,332	145,315	454,855	444,193	590,645
Net fee and commission income	11,063	8,816	30,638	26,201	36,735
Net results from financial transactions	-1,752	-440	-2,344	-111	1,304
<b>Total operating income</b>	<b>162,643</b>	<b>153,691</b>	<b>483,149</b>	<b>470,283</b>	<b>628,684</b>
General administrative expenses	-42,948	-39,581	-123,294	-117,993	-160,116
Depreciation and amortisation of tangible and intangible assets	-1,398	-1,901	-4,231	-6,171	-7,756
Other operating expenses	-4,310	-3,413	-11,427	-7,855	-11,026
<b>Total operating expenses</b>	<b>-48,656</b>	<b>-44,895</b>	<b>-138,952</b>	<b>-132,019</b>	<b>-178,898</b>
<b>Profit before loan losses</b>	<b>113,987</b>	<b>108,796</b>	<b>344,197</b>	<b>338,264</b>	<b>449,786</b>
Net loan losses	-33,902	-43,256	-110,174	-156,622	-196,074
<b>Operating profit</b>	<b>80,085</b>	<b>65,540</b>	<b>234,023</b>	<b>181,642</b>	<b>253,712</b>

Balance sheet, SEK thousand	30 Sep 2021	31 Dec 2020	30 Sep 2020
<b>Loans to the public</b>			
Household sector	6,702,658	5,807,224	5,731,070
Corporate sector <sup>1</sup>	31,408	-	-
<b>Total loans to the public</b>	<b>6,734,066</b>	<b>5,807,224</b>	<b>5,731,070</b>
<b>Household sector</b>			
Stage 1, net	6,267,038	5,360,722	5,368,033
Stage 2, net	147,676	202,687	157,316
Stage 3, net <sup>2</sup>	287,944	243,815	205,721
<b>Total household sector</b>	<b>6,702,658</b>	<b>5,807,224</b>	<b>5,731,070</b>

Key figures <sup>3</sup>	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Operating income margin, %	10.0	11.0	10.3	11.5	11.5
Net loan loss ratio, %	2.1	3.1	2.3	3.8	3.6
Cost/Income ratio, %	29.9	29.2	28.8	28.1	28.5
Return on loans to the public, %	3.8	3.6	3.8	3.4	3.5
New lending, SEK thousand	1,370,720	1,032,516	3,439,602	2,894,283	3,901,806

<sup>1</sup> Lending to the corporate sector consists of loans in category 1 to a counterparty regarding sale of past due loans.

<sup>2</sup> The Bank regularly sells past due loans in markets where the Board of Directors considers the price level to be favourable for the Bank's performance and risk profile.

<sup>3</sup> See separate section with definitions, page 33.

Note 3 cont.

## ECOMMERCE SOLUTIONS

Income statement, SEK thousand	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net interest income	47,625	34,219	127,008	95,662	132,032
Net fee and commission income	19,220	13,023	48,602	37,275	51,176
Net results from financial transactions	-464	-96	-620	-25	458
<b>Total operating income</b>	<b>66,381</b>	<b>47,146</b>	<b>174,990</b>	<b>132,912</b>	<b>183,666</b>
General administrative expenses	-34,183	-23,163	-98,396	-69,697	-96,623
Depreciation and amortisation of tangible and intangible assets	-4,875	-2,819	-13,592	-7,242	-11,075
Other operating expenses	-375	-125	-1,041	-455	-755
<b>Total operating expenses</b>	<b>-39,433</b>	<b>-26,107</b>	<b>-113,029</b>	<b>-77,394</b>	<b>-108,453</b>
<b>Profit before loan losses</b>	<b>26,948</b>	<b>21,039</b>	<b>61,961</b>	<b>55,518</b>	<b>75,213</b>
Net loan losses	-10,022	-7,281	-27,753	-25,868	-35,383
<b>Operating profit</b>	<b>16,926</b>	<b>13,758</b>	<b>34,208</b>	<b>29,650</b>	<b>39,830</b>

Balance sheet, SEK thousand	30 Sep 2021	31 Dec 2020	30 Sep 2020
<b>Loans to the public</b>			
Household sector	1,813,019	1,341,205	1,244,180
Corporate sector <sup>1</sup>	-	8,030	15,988
<b>Total loans to the public</b>	<b>1,813,019</b>	<b>1,349,235</b>	<b>1,260,168</b>
<b>Household sector</b>			
Stage 1, net	1,732,437	1,258,251	1,171,972
Stage 2, net	67,985	73,598	64,308
Stage 3, net <sup>2</sup>	12,597	9,356	7,900
<b>Total household sector</b>	<b>1,813,019</b>	<b>1,341,205</b>	<b>1,244,180</b>

Key figures <sup>3</sup>	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Operating income margin, %	14.9	15.3	14.8	15.3	15.3
Net loan loss ratio, %	2.3	2.4	2.3	3.0	2.9
Cost/Income ratio, %	59.4	55.4	64.6	58.2	59.0
Return on loans to the public, %	2.9	3.5	2.2	2.6	2.5
New lending, SEK thousand	964,344	561,395	2,742,568	1,611,286	2,334,580
Transaction volume, SEK thousand	1,625,027	804,391	4,361,202	2,415,069	3,487,070

<sup>1</sup> Lending to the corporate sector consists of loans in category 1 to a foreign partner within Ecommerce Solutions, which has been fully repaid during Q2 2021.

<sup>2</sup> The Bank regularly sells past due loans in markets where the Board of Directors considers the price level to be favourable for the Bank's performance and risk profile.

<sup>3</sup> See separate section with definitions, page 33.

Note 3 cont.

## CREDIT CARDS

Income statement, SEK thousand	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net interest income	43,790	18,133	107,349	40,782	66,620
Net fee and commission income	-1,970	-680	-5,752	-1,817	-3,323
Net results from financial transactions	-360	-27	-482	-6	423
<b>Total operating income</b>	<b>41,460</b>	<b>17,426</b>	<b>101,115</b>	<b>38,959</b>	<b>63,720</b>
General administrative expenses	-17,602	-12,301	-49,554	-31,787	-45,769
Depreciation and amortisation of tangible and intangible assets	-1,126	-502	-3,402	-1,003	-1,843
Other operating expenses	-4,317	-1,099	-10,028	-3,516	-5,792
<b>Total operating expenses</b>	<b>-23,045</b>	<b>-13,902</b>	<b>-62,984</b>	<b>-36,306</b>	<b>-53,404</b>
<b>Profit before loan losses</b>	<b>18,415</b>	<b>3,524</b>	<b>38,131</b>	<b>2,653</b>	<b>10,316</b>
Net loan losses	-23,877	-10,453	-52,536	-28,323	-41,219
<b>Operating profit</b>	<b>-5,462</b>	<b>-6,929</b>	<b>-14,405</b>	<b>-25,670</b>	<b>-30,903</b>

Balance sheet, SEK thousand	30 Sep 2021	31 Dec 2020	30 Sep 2020
<b>Loans to the public</b>			
Household sector	1,404,277	765,989	582,645
Corporate sector <sup>1</sup>	19,097	-	-
<b>Total loans to the public</b>	<b>1,423,374</b>	<b>765,989</b>	<b>582,645</b>
<b>Household sector</b>			
Stage 1, net	1,345,435	720,073	549,310
Stage 2, net	31,322	15,021	12,678
Stage 3, net <sup>2</sup>	27,520	30,895	20,657
<b>Total household sector</b>	<b>1,404,277</b>	<b>765,989</b>	<b>582,645</b>

Key figures <sup>3</sup>	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Operating income margin, %	13.1	14.1	12.3	11.9	12.0
Net loan loss ratio, %	7.6	8.5	6.4	8.6	7.8
Cost/Income ratio, %	55.6	79.8	62.3	93.2	83.8
Return on loans to the public, %	neg	neg	neg	neg	neg
New lending, SEK thousand	773,998	334,627	1,675,231	657,416	1,068,217
Number of active credit cards	70,954	36,470	70,954	36,470	44,833

<sup>1</sup> Lending to the corporate sector consists of loans in category 1 to a counterparty regarding sale of past due loans.

<sup>2</sup> The Bank regularly sells past due loans in markets where the Board of Directors considers the price level to be favourable for the Bank's performance and risk profile.

<sup>3</sup> See separate section with definitions, page 33.

Note 3 cont.

#### RECONCILIATION AGAINST FINANCIAL INFORMATION

Income statement, SEK thousand	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
<b>Operating income</b>					
Consumer Lending	162,643	153,691	483,149	470,283	628,684
Ecommerce Solutions	66,381	47,146	174,990	132,912	183,666
Credit Cards	41,460	17,426	101,115	38,959	63,720
<b>Total operating income</b>	<b>270,484</b>	<b>218,263</b>	<b>759,254</b>	<b>642,154</b>	<b>876,070</b>
<b>Operating profit</b>					
Consumer Lending	80,085	65,540	234,023	181,642	253,712
Ecommerce Solutions	16,926	13,758	34,208	29,650	39,830
Credit Cards	-5,462	-6,929	-14,405	-25,670	-30,903
<b>Total operating profit</b>	<b>91,549</b>	<b>72,369</b>	<b>253,826</b>	<b>185,622</b>	<b>262,639</b>

Balance sheet, SEK thousand	30 Sep 2021	31 Dec 2020	30 Sep 2020
<b>Loans to the public</b>			
Consumer Lending	6,734,066	5,807,224	5,731,070
Ecommerce Solutions	1,813,019	1,349,235	1,260,168
Credit Cards	1,423,374	765,989	582,645
<b>Total loans to the public</b>	<b>9,970,459</b>	<b>7,922,448</b>	<b>7,573,883</b>

#### NOTE 4 Net loan losses

SEK thousand	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Change in provision for sold past due loans	-48,425	-15,992	-97,310	-69,463	-79,605
Realised loan losses	-9,411	-8,167	-27,948	-29,814	-39,707
Recovered from previous realised loan losses	106	114	506	293	468
Change in provision for expected loan losses, stage 1-3	-10,071	-36,945	-65,711	-111,829	-153,832
<b>Net loan losses</b>	<b>-67,801</b>	<b>-60,990</b>	<b>-190,463</b>	<b>-210,813</b>	<b>-272,676</b>

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

**NOTE 5** Classification of financial assets and liabilities

30 Sep 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	-	-	1,242,131	-	-	1,242,131
Treasury bills eligible for refinancing	60,007	-	-	-	-	60,007
Loans to credit institutions	-	-	1,284,903	-	-	1,284,903
Loans to the public	-	-	9,970,459	-	-	9,970,459
Shares	21,179	-	-	-	-	21,179
Derivatives	6,506	-	-	-	-	6,506
Other assets	-	-	-	-	127,742	127,742
Total assets	87,692	-	12,497,493	-	127,742	12,712,927
Liabilities						
Deposits and borrowings from the public	-	-	11,015,077	-	-	11,015,077
Subordinated liabilities	-	-	197,887	-	-	197,887
Derivatives	497	-	-	-	-	497
Other liabilities	-	-	-	-	243,042	243,042
Total liabilities	497	-	11,212,964	-	243,042	11,456,503

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.

30 Sep 2021 SEK thousand	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Treasury bills eligible for refinancing	60,007	-	-	60,007
Shares	20,928	251	-	21,179
Derivatives	-	6,506	-	6,506
<b>Total assets</b>	<b>80,935</b>	<b>6,757</b>	<b>-</b>	<b>87,692</b>
<b>Liabilities</b>				
Derivatives	-	497	-	497
<b>Total liabilities</b>	<b>-</b>	<b>497</b>	<b>-</b>	<b>497</b>

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

### 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 12.52 % as at 30 September 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.

30 Sep 2021 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
<b>Assets</b>			
Cash and balances with central banks	1,242,131	1,242,131	-
Treasury bills eligible for refinancing	60,007	60,007	-
Loans to credit institutions	1,284,903	1,284,903	-
Loans to the public	9,970,459	9,970,459	-
Shares	21,179	21,179	-
Derivatives	6,506	6,506	-
<b>Total assets</b>	<b>12,585,185</b>	<b>12,585,185</b>	<b>-</b>
<b>Liabilities</b>			
Deposits from the public	11,015,077	11,015,077	-
Subordinated liabilities	197,887	197,887	-
Derivatives	497	497	-
<b>Total liabilities</b>	<b>11,213,461</b>	<b>11,213,461</b>	<b>-</b>

31 Dec 2020 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
<b>Assets</b>			
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	-
<b>Total assets</b>	<b>10,088,975</b>	<b>10,088,975</b>	<b>-</b>
<b>Liabilities</b>			
Deposits from the public	8,714,032	8,714,032	-
Subordinated liabilities	245,053	245,053	-
Derivatives	-	-	-
<b>Total liabilities</b>	<b>8,959,085</b>	<b>8,959,085</b>	<b>-</b>

**NOTE 7 Loans to the public**

SEK thousand	30 Sep 2021	31 Dec 2020
Loans to the household sector	9,919,954	7,914,418
Loans to the corporate sector <sup>1</sup>	50,505	8,030
<b>Total loans to the public</b>	<b>9,970,459</b>	<b>7,922,448</b>
<b>Loans to the household sector, gross</b>		
Stage 1, gross	9,494,135	7,466,964
Stage 2, gross	285,330	327,956
Stage 3, gross <sup>2</sup>	614,725	512,298
<b>Total loans to the household sector, gross</b>	<b>10,394,190</b>	<b>8,307,218</b>
<b>Provisions for expected loan losses, household sector</b>		
Stage 1	-149,225	-127,918
Stage 2	-38,347	-36,650
Stage 3 <sup>2</sup>	-286,664	-228,232
<b>Total provisions for expected loan losses, household sector</b>	<b>-474,236</b>	<b>-392,800</b>
<b>Loans to the household sector, net</b>		
Stage 1, net	9,344,910	7,339,046
Stage 2, net	246,983	291,306
Stage 3, net <sup>2</sup>	328,061	284,066
<b>Total loans to the household sector, net</b>	<b>9,919,954</b>	<b>7,914,418</b>
<i>Geographic distribution of net loans</i>		
Norway	3,240,491	2,566,609
Finland	2,416,532	2,014,444
Germany	1,195,301	568,511
Sweden	898,549	735,373
Estonia	799,866	786,207
Latvia	646,491	583,551
Poland	448,028	464,299
Lithuania	288,434	155,985
Denmark	28,338	35,763
Austria	8,429	11,706
<b>Total loans, net book value</b>	<b>9,970,459</b>	<b>7,922,448</b>

**CHANGE IN PROVISION FOR NET LOAN LOSSES**

SEK thousand	30 Sep 2021	31 Dec 2020
<b>Opening balance</b>	<b>-392,800</b>	<b>-226,299</b>
Change in provision for sold loans	-97,310	-79,605
Reversal of provision for sold loans	97,310	79,605
Change in provision for expected loan losses in stage 1	-19,313	-43,728
Change in provision for expected loan losses in stage 2	-1,106	-9,757
Change in provision for expected loan losses in stage 3	-55,809	-128,858
Exchange rate differences	-5,208	15,842
<b>Closing balance</b>	<b>-474,236</b>	<b>-392,800</b>

<sup>1</sup> Lending to the corporate sector consists of loans in category 1 to counterparties regarding sale of past due loans in category 1 to a foreign partner within Ecommerce Solutions, which has been fully repaid during Q2 2021.

<sup>2</sup> The Bank regularly sells past due loans in markets where the Board of Directors considers the price level to be favourable for the Bank's performance and risk profile.

**NOTE 8 Deposits and borrowings from the public**

SEK thousand	30 Sep 2021	31 Dec 2020
Germany	6,962,589	4,657,899
Norway	2,998,410	2,715,914
Sweden	714,945	1,002,111
Finland	339,133	338,108
<b>Total deposits and borrowings from the public</b>	<b>11,015,077</b>	<b>8,714,032</b>

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 36 % (32) of total deposits from the public.

**CHANGES IN DEPOSITS AND BORROWINGS FROM THE PUBLIC**

SEK thousand	30 Sep 2021	31 Dec 2020
Opening balance	8,714,032	7,197,075
Change	2,045,193	2,008,132
Exchange rate differences	255,852	-491,175
<b>Closing balance</b>	<b>11,015,077</b>	<b>8,714,032</b>

**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](http://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 only 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](http://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 9.5 % per 30 September 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	30 Sep 2021	31 Dec 2020
Common Equity Tier 1 capital (CET1)	1,157,126	973,823
Additional Tier 1 capital (AT1)	100,000	100,000
Tier 2 capital	197,887	245,053
<b>Own funds <sup>1</sup></b>	<b>1,455,013</b>	<b>1,318,876</b>
<b>Risk exposure amount</b>	<b>9,335,473</b>	<b>7,582,576</b>
- of which: credit risk	8,073,229	6,438,797
- of which: credit valuation adjustment risk	3,204	7,491
- of which: market risk	122,752	-
- of which: operational risk	1,136,288	1,136,288
<b>Capital ratios</b>		
CET1 capital ratio, %	12.4	12.8
Tier 1 capital ratio, %	13.5	14.2
Total capital ratio, %	15.6	17.4

## REGULATORY CAPITAL REQUIREMENTS

SEK thousand	30 Sep 2021		31 Dec 2020	
	Amount	Percent <sup>2</sup>	Amount	Percent <sup>2</sup>
<b>Capital requirement under pillar 1</b>				
CET1 capital requirement	420,096	4.5	341,216	4.5
Tier 1 capital requirement	560,128	6.0	454,955	6.0
Total capital requirement	746,838	8.0	606,606	8.0
<b>Capital requirement under pillar 2</b>				
CET1 capital requirement	46,575	0.5	44,696	0.6
Tier 1 capital requirement	62,045	0.7	52,145	0.7
Total capital requirement	82,727	0.9	74,493	1.0
- of which, concentration risk	81,499	0.9	73,294	1.0
- of which, currency risk	1,228	0.0	1,199	0.0
<b>Total capital requirement under pillar 1 and pillar 2</b>				
CET1 capital requirement	466,672	5.0	385,912	5.1
Tier 1 capital requirement	622,174	6.7	507,100	6.7
Total capital requirement	829,565	8.9	681,099	9.0
<b>Institution-specific buffer requirement</b>				
Total buffer requirement	261,104	2.8	212,312	2.8
- of which, capital conservation buffer requirement	233,387	2.5	189,564	2.5
- of which, countercyclical buffer requirement	27,717	0.3	22,748	0.3
<b>Total capital requirement including buffer requirement</b>				
CET1 capital	727,775	7.8	598,224	7.9
Tier 1 capital	883,277	9.5	719,412	9.5
Total capital	1,090,669	11.7	893,411	11.8
<b>Capital available to use as buffer</b>				
CET1 capital	690,454	7.4	587,112	7.7
Tier 1 capital	634,962	6.8	565,790	7.5
Total capital	625,448	6.7	637,777	8.4

<sup>1</sup> After any regulatory adjustments.

<sup>2</sup> Capital requirements expressed as a percentage of the risk exposure amount.

Note 9 cont.

## OWN FUNDS

SEK thousand	30 Sep 2021	31 Dec 2020
<b>CET1 capital</b>		
Share capital	107,500	107,500
Other reserves	69,227	62,762
Retained earnings including net profit for the period reviewed by the auditor	979,697	813,443
Adjustments to CET1 capital:		
- Deduction of foreseeable costs and dividends <sup>1</sup>	-24,756	-21,500
- IFRS 9 transitional arrangements	68,577	84,857
- Intangible assets <sup>2</sup>	-32,598	-61,762
- Goodwill	-10,521	-11,477
<b>Total CET1 capital</b>	<b>1,157,126</b>	<b>973,823</b>
<b>Additional Tier 1 capital</b>		
Perpetual subordinated loan	100,000	100,000
<b>Tier 2 capital</b>		
Fixed term subordinated loan	197,887	245,053
<b>Own funds</b>	<b>1,455,013</b>	<b>1,318,876</b>

## SPECIFICATION OF RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT

SEK thousand	30 Sep 2021		31 Dec 2020	
	Risk exposure amount	Capital requirement 8 %	Risk exposure amount	Capital requirement 8 %
<b>Credit risk under the standardised approach</b>				
Corporate exposures	20,787	1,663	8,927	714
Household exposures	7,358,998	588,720	5,857,782	468,623
Exposures secured by collateral	12,686	1,015	217	17
Exposures in default	328,147	26,252	327,336	26,187
Exposures to institutions with a short-term credit assessment	273,447	21,876	208,994	16,720
Equity exposures	591	47	555	44
Other items	78,573	6,286	34,986	2,799
<b>Total</b>	<b>8,073,229</b>	<b>645,859</b>	<b>6,438,797</b>	<b>515,104</b>
<b>Credit valuation adjustment</b>				
Standardised method	3,204	256	7,491	599
<b>Total</b>	<b>3,204</b>	<b>256</b>	<b>7,491</b>	<b>599</b>
<b>Market risk <sup>3</sup></b>				
Foreign exchange rate risk	122,752	9,820	-	-
<b>Total</b>	<b>122,752</b>	<b>9,820</b>	<b>-</b>	<b>-</b>
<b>Operational risk</b>				
Standardised approach	1,136,288	90,903	1,136,288	90,903
<b>Total</b>	<b>1,136,288</b>	<b>90,903</b>	<b>1,136,288</b>	<b>90,903</b>
<b>Total risk exposure amount and total capital requirement</b>	<b>9,335,473</b>	<b>746,838</b>	<b>7,582,576</b>	<b>606,606</b>

<sup>1</sup> 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.

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

<sup>3</sup> 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	30 Sep 2021	31 Dec 2020
<b>Pledged assets</b>		
Restricted bank deposits <sup>1</sup>	35,570	33,346
<b>Total</b>	<b>35,570</b>	<b>33,346</b>

SEK thousand	30 Sep 2021	31 Dec 2020
<b>Commitments</b>		
Unutilized credit limits	1,608,429	957,332
Future total minimum lease payments for non-cancellable operating leases	17,437	22,733
<b>Total</b>	<b>1,625,867</b>	<b>980,065</b>

According to the Board's assessment, TF Bank has no 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	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
<i>The following transactions have been made between companies within the Group:</i>					
General administrative expenses	-5,133	-5,376	-14,947	-11,501	-16,210
<b>Total</b>	<b>-5,133</b>	<b>-5,376</b>	<b>-14,947</b>	<b>-11,501</b>	<b>-16,210</b>
<i>The following transactions have been made with other related parties:</i>					
Interest income (transaction costs)	-12,878	-11,229	-33,803	-37,184	-57,440
Fee and commission income	354	-	354	-	-
General administrative expenses	-827	-1,014	-2,275	-2,700	-3,301
<b>Total</b>	<b>-13,351</b>	<b>-12,243</b>	<b>-35,724</b>	<b>-39,884</b>	<b>-60,741</b>
<i>Acquisition of assets and liabilities from other related parties:</i>					
Ecommerce Solutions	122,262	131,135	442,531	484,449	630,718
<b>Total</b>	<b>122,262</b>	<b>131,135</b>	<b>442,531</b>	<b>484,449</b>	<b>630,718</b>

SEK thousand	30 Sep 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	14	781
Other liabilities	5,114	343

<sup>1</sup> Restricted bank deposits refers to reserve requirements at central banks in Finland and Estonia.

# ASSURANCE BY THE BOARD OF DIRECTORS AND THE CEO

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, 17 October 2021

John Brehmer  
*Chairman*

Mari Thjømøe

Bertil Larsson

Charlotta Björnberg-Paul

Michael Lindengren

Sara Mindus

Mattias Carlsson  
*President and CEO*

# REPORT OF REVIEW OF INTERIM FINANCIAL INFORMATION

## Introduction

We have reviewed the condensed interim report of TF Bank AB (publ) as of 30 September 2021 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm 17 October 2021  
KPMG AB

Dan Beitner  
*Authorized Public Accountant*

# 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 (C/I) 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 RATIO<sup>1</sup>

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.

## OPERATING INCOME MARGIN<sup>1</sup>

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

## RETURN ON EQUITY<sup>1</sup>

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 PUBLIC<sup>1</sup>

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 go through TF Bank's payment solutions.

## FINANCIAL CALENDAR

25 January 2022 Year-end report 2021

18 March 2022 Annual report 2021 is published

19 April 2022 Interim report January - March 2022

3 May 2022 Annual General Meeting 2022

This is information which TF Bank is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication on 18<sup>th</sup> October 2021 at 07:00 CET.

## CONTACTS

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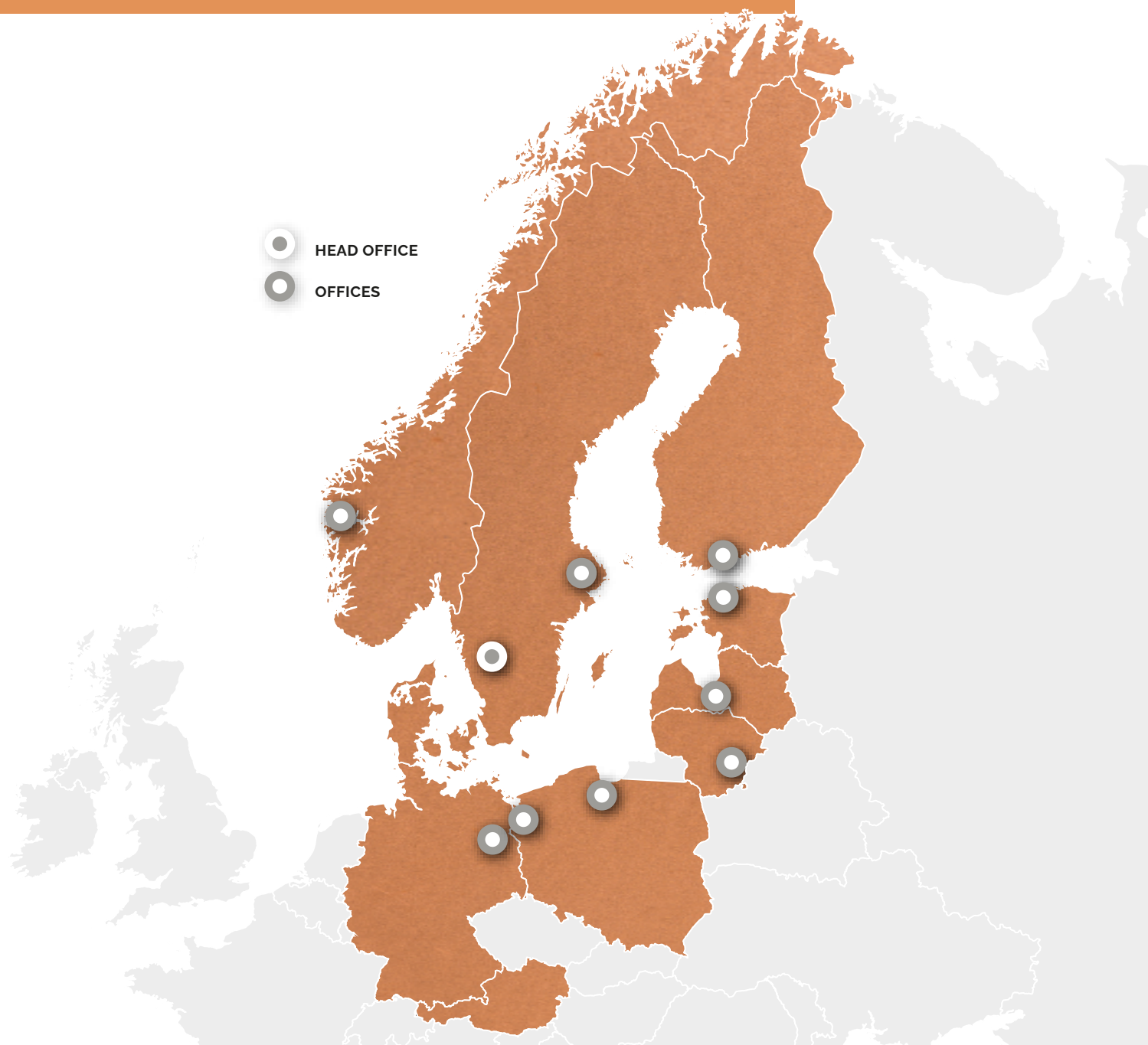
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<sup>1</sup> From the first quarter 2021, the key figure is presented based on the annualised figure for the period. The key figure was previously presented based on rolling 12 months. The comparative figures in this report have been restated according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



# TF BANK'S GEOGRAPHICAL PRESENCE



SHARE OF LOAN PORTFOLIO BY COUNTRY AND QUARTER

