



**YEAR-END REPORT**  
January-December 2021



# PERIOD IN BRIEF

## JANUARY – DECEMBER 2021

COMPARED TO JANUARY - DECEMBER 2020 (unless otherwise stated)

- The loan portfolio amounted to SEK 10,872 million, compared to December 2020 the increase in local currencies was 33 %
- Operating profit increased by 34 % to SEK 352.6 million, the comparison period was affected by an additional loan loss provision of SEK 30 million
- Earnings per share increased by 38 % to SEK 12.55
- Cost/income ratio increased to 41.9 % (38.9)
- Total capital ratio has decreased to 16.2 % (17.4)
- Return on equity amounted to 24.4 % (22.0)
- The Board proposes to the Annual General Meeting a dividend of SEK 1.00 per share for 2021

## SIGNIFICANT EVENTS

JANUARY - DECEMBER 2021

- The Credit Cards segment reported an operating profit for the fourth quarter and the German credit card portfolio has increased by 154 %.
- TF Bank's e-commerce initiative Avarada launched a payment solution for Boozt's whole fast-growing ecommerce environment.
- The Board of TF Bank has resolved on new financial targets. By the first half of 2025, the Bank's loan portfolio shall amount to SEK 20 billion and the return on equity shall be well above 20 %.

## OCTOBER – DECEMBER 2021

COMPARED TO OCTOBER - DECEMBER 2020 (unless otherwise stated)

- The loan portfolio amounted to SEK 10,872 million, compared to September 2021 the increase in local currencies was 8 %
- Operating profit increased by 28 % to SEK 98.7 million
- Earnings per share increased by 32 % to SEK 3.52
- Cost/income ratio increased to 43.0 % (40.6)
- Return on equity amounted to 25.4 % (24.1)

**During 2022, we plan for further expansion, primarily in our German credit card business, but also in the Nordic markets within Consumer Lending and Ecommerce Solutions.**

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

31 DECEMBER 2021 COMPARED TO 31 DECEMBER 2020

SEK **10.9** BILLION **+33 %**

### OPERATING PROFIT

JAN-DEC 2021 COMPARED TO JAN-DEC 2020

SEK **353** MILLION **+34 %**

### TOTAL CAPITAL RATIO

31 DECEMBER 2021 COMPARED TO 31 DECEMBER 2020

**16.2 %** **-1.2** PERCENTAGE POINTS

### RETURN ON EQUITY

JAN-DEC 2021 COMPARED TO JAN-DEC 2020

**24.4 %** **+2.4** PERCENTAGE POINTS

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

See separate section with definitions and reconciliation tables, page 32-33.

# 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	Oct-Dec 2021	Oct-Dec 2020	Δ	Jan-Dec 2021	Jan-Dec 2020	Δ
<b>Income statement</b>						
Operating income	296,033	233,916	27%	1,055,287	876,070	20%
Operating expenses	-127,200	-95,036	34%	-442,165	-340,755	30%
Net loan losses	-70,101	-61,863	13%	-260,564	-272,676	-4%
Operating profit	98,732	77,017	28%	352,558	262,639	34%
Profit for the period	77,902	59,161	32%	277,206	202,719	37%
Earnings per share, SEK	3.52	2.67	32%	12.55	9.11	38%
<b>Balance sheet</b>						
Loans to the public	10,872,285	7,922,448	37%	10,872,285	7,922,448	37%
Deposits from the public	11,504,749	8,714,032	32%	11,504,749	8,714,032	32%
New lending	3,329,399	2,141,619	55%	11,186,800	7,304,603	53%
<b>Key figures</b>						
Operating income margin, %	11.4	12.1		11.2	12.2	
Net loan loss ratio, %	2.7	3.2		2.8	3.8	
Cost/Income ratio, %	43.0	40.6		41.9	38.9	
Return on equity, %	25.4	24.1		24.4	22.0	
Return on loans to the public, %	2.9	3.0		2.9	2.7	
CET1 capital ratio, %	12.3	12.8		12.3	12.8	
Tier 1 capital ratio, %	14.3	14.2		14.3	14.2	
Total capital ratio, %	16.2	17.4		16.2	17.4	
Employees (FTE)	253	200	27%	236	187	26%

## EXCHANGE RATES

SEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
EUR Income statement (average)	10.13	10.28	10.14	10.49
EUR Balance sheet (end of reporting period)	10.23	10.04	10.23	10.04
NOK Income statement (average)	1.01	0.95	1.00	0.98
NOK Balance sheet (end of reporting period)	1.03	0.95	1.03	0.95
PLN Income statement (average)	2.19	2.28	2.22	2.36
PLN Balance sheet (end of reporting period)	2.23	2.22	2.23	2.22

See separate section with definitions and reconciliation tables, page 32-33.

# CEO'S COMMENTS

**The growth for TF Bank's loan portfolio continues and amounted to 8 % in local currencies during the final quarter of the year. The operating profit increased by 28 % compared to the corresponding quarter in 2020 and return on equity was 25 %. During the fourth quarter, Credit Cards reported an operating profit, and we assess that the segment has favourable conditions to deliver attractive risk-adjusted return in the coming years.**

## **High lending volumes during the fourth quarter**

Following a first half of the year that partly was characterised by pandemic restrictions, the growth for TF Bank's loan portfolio increased during the second half of the year. The loan portfolio increased by 8 % in local currencies during the fourth quarter, primarily driven by German credit cards, the Ecommerce Solutions segment as well as consumer loans in Norway and Finland. The credit card growth in Germany amounted to 19 % during the quarter, despite a slowing effect on volumes from new pandemic restrictions in December. Within Ecommerce Solutions, the fourth quarter is normally seasonally strong with high transaction volumes related to Black Week and Christmas shopping. Both interest-bearing receivables and invoice volumes have increased compared to the third quarter. Within the Consumer Lending segment, new lending in Finland increased significantly following a lifting of the pandemic-related marketing restrictions and the temporary 10 % rate cap from 1 October.

## **Positive result for the Credit Cards segment**

In connection with the acquisition of the Norwegian company BB Finans in July 2015, TF Bank obtained a small but profitable credit card portfolio. Following an analysis of the opportunities to expand the credit card operations in Europe, it was decided to enter Germany; TF Bank then delivered its first German credit cards in 2018. Therefore, we are very happy to announce that the Credit Cards segment is reporting an operating profit for the fourth quarter 2021. In addition, economies of scale in the business are expected to result in a decreasing C/I ratio for the segment going forward. Our German credit card business is growing significantly faster than the market in general, and even though new pandemic restrictions will dampen the growth somewhat in the short term, our assessment is that the segment has favourable conditions to deliver attractive risk-adjusted return in the coming years.

## **The new monetary policy of the central banks**

Following an increasing inflation rate during 2021, the central banks in the United States and Europe have announced that the bond purchases will be heavily reduced during the first quarter of 2022. When the supportive purchases are withdrawn, the conditions for the bond market will change and if the plans are fully followed through, the price of risk may increase. For us, that can imply that a long period of decreasing funding costs is approaching an end and that we will have to increase our deposit interest rates going forward.

## **TF Bank's expansion continues in 2022**

Given the starting point that the bank has created during the second half of 2021, I am optimistic regarding a continued strong growth in the coming year. During 2022, we plan for further expansion, primarily in our German credit card business, but also in the Nordic markets within Consumer Lending and Ecommerce Solutions. This year, we will also launch consumer loans in Denmark and Spain, as well as credit cards in Austria. The volumes will initially be small and then gradually increase when we feel comfortable with the risk, as is our habit when entering new markets. We do this to maximise our options when allocating our capital in the long term to achieve as high risk-adjusted return as possible.

At the same time, we see how the spread of Covid-19 once again has increased in Europe. As of today, it is hard to assess what effects the more contagious mutation will have on society and the economy at large. As always, we have a humble approach to the future and put all our focus on creating the best possible conditions to manage the various challenges that may arise. Lastly, I would like to take the opportunity to wish all new shareholders and also all new employees in our offices around Europe a warm welcome to TF Bank!

*Mattias Carlsson  
President and CEO*



# RESULTS AND FINANCIAL POSITION

## JANUARY - DECEMBER 2021

COMPARED TO JANUARY - DECEMBER 2020

### Operating profit

Operating profit increased by 34 % to SEK 352.6 million (262.6). 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 38 % to SEK 12.55 (9.11). Return on equity amounted to 24.4 % (22.0).

### Operating income

TF Bank's operating income has increased by 20 % to SEK 1,055 million (876.1). The operating income during the year comprised 90 % net interest income and 10 % net fee and commission income. The operating income margin has decreased to 11.2 % (12.2), mainly due to a changed product mix in the Consumer Lending segment.

### Interest income

Interest income increased by 18 % to SEK 1,074 million (911.9). 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. Currency effects have had a slightly negative impact on interest income due to a lower average rate for the Euro compared to 2020.

### Interest expense

TF Bank's interest expenses decreased by 2 % to SEK 120.4 million (122.6). 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, an increasing share of fixed-rate accounts with slightly higher interest rate levels as well as an increased deposit guarantee fee.

### Net fee and commission income

Net fee and commission income increased by 26 % to SEK 106.2 million (84.6). The increase is mainly attributable to higher fee and commission income within the Ecommerce Solutions segment. During the year, 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 30 % to SEK 442.2 million (340.8). Most of the increase is related to 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 41.9 % (38.9).

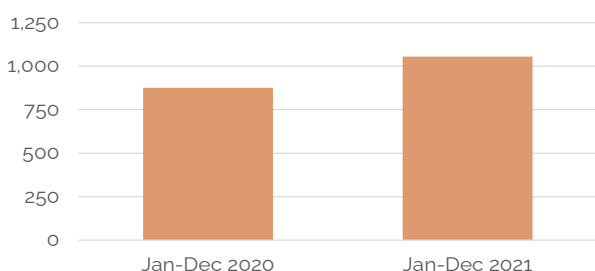
### Net loan losses

Net loan losses decreased by 4 % to SEK 260.6 million (272.7). The loan portfolio's credit quality has improved during the year, which has resulted in a decreased loan loss ratio amounting to 2.8 % (3.8). An additional loan loss provision of SEK 30 million related to the uncertain macroeconomic situation during the initial phase of the pandemic affects the comparison number. Excluding the additional provision, the loan loss ratio in 2020 amounted to 3.4 %.

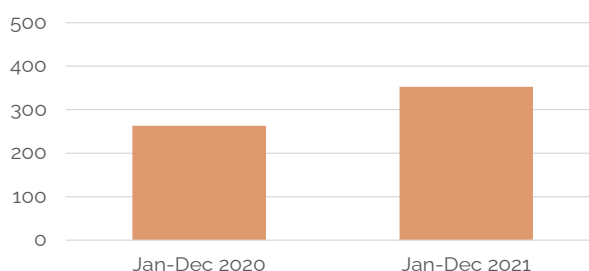
### Tax expense

TF Bank's tax expense increased to SEK 75.4 million (59.9), explained by a higher operating profit. The tax rate of 21.4 % (22.8) was positively affected by a decrease of the corporate tax in Sweden from 1 January 2021.

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



# RESULTS AND FINANCIAL POSITION

## JANUARY - DECEMBER 2021

COMPARED TO 31 DECEMBER 2020 (unless otherwise stated)

### Loans to the public

The loan portfolio amounted to SEK 10,872 million (7,922), an increase in local currencies of 33 % during 2021. Positive currency effects have affected the loan portfolio by another 4 %. New lending increased by 53 % to SEK 11,187 million (7,305) compared to 2020, among other things attributable to higher invoice volumes from new retailers within Ecommerce Solutions.

TF Bank's loan portfolio is well-diversified with relatively small exposures in many different geographic markets. At the end of the year, the three largest markets were Norway at 32 %, Finland at 24 % and Germany at 13 %. The growth for the loan portfolio during 2021 has primarily been generated by German credit cards, Nordic Ecommerce Solutions as well as consumer loans in Norway and Finland.

### Deposits from the public

Deposits from the public amounted to SEK 11,505 million (8,714), an increase in local currencies of 28 %. Positive currency effects have affected the loan portfolio by another 4 %. At the end of 2021, deposits were geographically distributed over Germany at 63 %, Norway at 28 %, Sweden at 6 % and Finland at 3 %.

The increased deposits in 2021 are mainly attributable to savings accounts in Germany. Several new saving accounts with terms up to five years have also been launched during the year, meaning that parts of TF Bank's financing are fixed and tied to current interest rate levels. At the end of the year, accounts with a fixed term comprise 36 % of the total deposits.

### Cash and cash equivalents

Cash and cash equivalents have increased by SEK 247 million to SEK 2,366 million (2,119) during 2021. Cash flow from operating activities amounted to SEK 225 million (352). TF Bank's investments increased to SEK 37 million compared to SEK 25 million in 2020. The investments mainly relate to IT development within the Ecommerce Solutions and Credit Cards segments. Cash flow from financing activities amounted to SEK 23 million (32). Positive currency effects had an impact on cash and cash equivalents by SEK 36 million (-61).

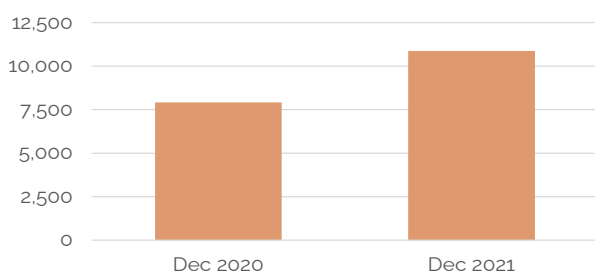
At the end of 2021, TF Bank's available liquidity reserve amounted to 19 % <sup>1</sup> (24) of deposits from the public. 69 % (55) of the liquidity reserve is placed at central banks and in treasury bills eligible for refinancing, while the remaining part primarily is placed on overnight accounts in various Nordic banks. During the fourth quarter, NOK 250 million of the liquidity reserve was placed in Norwegian government bonds with maturity in February 2026.

### Capital adequacy

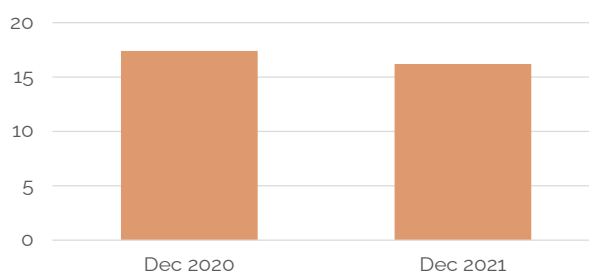
At the end of the year, the CET1 capital ratio was 12.3 % (12.8), the tier 1 capital ratio was 14.3 % (14.2), and the total capital ratio was 16.2 % (17.4). The Board's dividend proposal of SEK 1.00 per share (1.00) affects all capital ratios through a deduction of SEK 21.5 million from the capital base.

During the year, all capital ratios have been 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. During the fourth quarter, TF Bank issued Additional Tier 1 bonds of SEK 100 million.

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

## OCTOBER - DECEMBER 2021

COMPARED TO OCTOBER - DECEMBER 2020 (unless otherwise stated)

### Operating profit

Operating profit increased by 28 % to SEK 98.7 million (77.0). Higher operating income from the growing loan portfolio has had a positive effect on the operating profit. Earnings per share increased by 32 % to SEK 3.52 (2.67). Return on equity amounted to 25.4 % (24.1).

### Operating income

TF Bank's operating income has increased by 27 % to SEK 296.0 million (233.9). The main drivers were growth for German credit cards and increased income within the Ecommerce Solutions segment. The interest income in the quarter was positively affected by an increased harmonisation of the Bank's accounting according to the effective interest rate method. However, this was offset by higher interest expenses attributable to the deposit guarantee fee. The operating income margin amounted to 11.4 % (12.1).

### Operating expenses

TF Bank's operating expenses have increased by 34 % to SEK 127.2 million (95.0). The increase is mainly explained by more employees within the Ecommerce Solutions and Credit Cards segments as well as higher sales-related costs. The C/I ratio has been affected by the increased new lending and amounted to 43.0 % (40.6) during the fourth quarter.

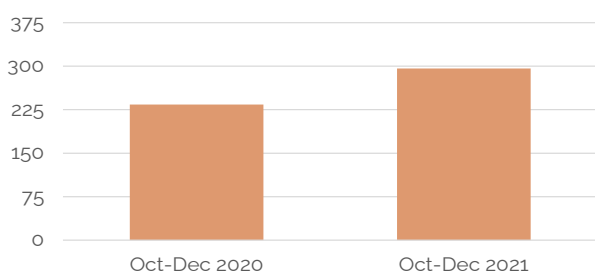
### Net loan losses

Net loan losses increased by 13 % to SEK 70.1 million (61.9). The increase in absolute numbers is mainly attributable to the growing loan portfolio within the Credit Cards segment. However, the loan loss ratio has decreased to 2.7 % (3.2), explained by the improved credit quality in TF Bank's total loan portfolio over the past year.

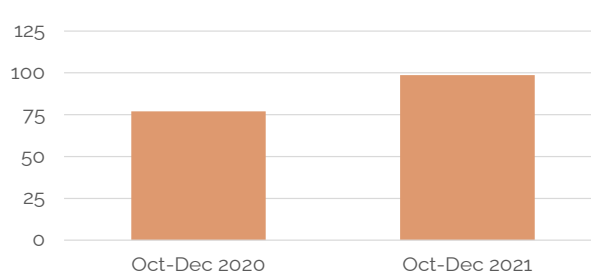
### Loans to the public

The loan portfolio amounted to SEK 10,872 million, an increase in local currencies of 8 % compared to the end of September. Positive currency effects have affected the loan portfolio's growth by another 1 % over the past quarter. The loan portfolio increase during the fourth quarter is mainly attributable to German credit cards, Nordic Ecommerce Solutions and consumer loans in Norway and Finland. New lending increased by 55 % to SEK 3,329 million (2,142), among other things attributable to higher invoice volumes from new retailers within Ecommerce Solutions.

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



# CONSUMER LENDING

## JANUARY - DECEMBER 2021

COMPARED TO JANUARY - DECEMBER 2020 (unless otherwise stated)

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 31 December 2021, the average loan amount per customer was approximately SEK 62 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 for the segment 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. In Poland, new lending has discontinued.

### The loan portfolio

Loans to the public amounted to SEK 7,114 million (5,807), an increase in local currencies of 18 % compared to December 2020. Positive currency effects have had an impact on the loan portfolio's growth of 5 %. The segment's new lending has increased by 21 % to SEK 4,721 million (3,902).

The loan portfolio in Norway has increased by 22 % to NOK 2,796 million (2,287) during 2021. The increase is mainly related to higher volumes during the second half of the year. The loan portfolio in Finland has increased by 20 % to EUR 161 million (134). The Finnish new lending has increased significantly following the lifting of the pandemic-related marketing restrictions and the regulatory rate cap of 10 % from 1 October. The Swedish loan portfolio amounted to SEK 471 million (457).<sup>1</sup>

The loan portfolio in the Baltics has increased by 15 % to EUR 154 million (134) over the past year. The growth has mainly been generated in Lithuania, but the loan portfolio in Latvia has also increased during the second half of the year. The Polish loan portfolio decreased to PLN 48.1 million (81.1).<sup>1</sup>

### Results

The operating profit for the segment increased by 22 % to SEK 308.3 million (253.7). 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. Excluding the additional provision, operating profit increased by 9 %.

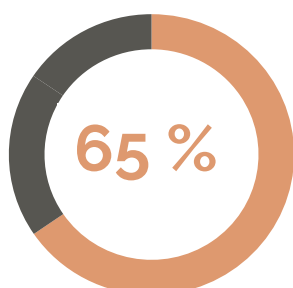
The operating income increased by 3 % to SEK 645.0 million (628.7). The increase was mainly related to higher income from the Norwegian loan portfolio. The operating income margin has decreased to 10.0 % (11.5), which is due to that the growing Norwegian and Finnish loan portfolios have slightly lower interest rate levels than the segment's average.

The operating expenses for the segment have increased by 7 % to SEK 192.1 million (178.9). Higher volumes in Norway and Finland as well as higher marketing expenses contribute to the increase. The segment's C/I ratio amounted to 29.8 % (28.5) during the year.

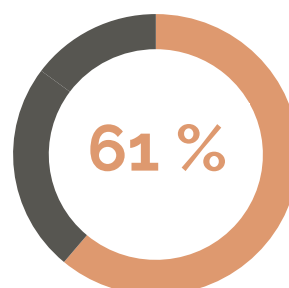
Net loan losses amounted to SEK 144.5 million (196.1) and the loan loss ratio decreased to 2.2 % (3.6). The comparison numbers were affected by an additional loan loss provision of SEK 30 million, and the adjusted loan loss level was 3.0 % in the comparison period. The segment's credit quality has improved over the past year, which has had a positive effect on the loan loss ratio.

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 in stage 1 and 2, gross (see note 3 and 7).



# ECOMMERCE SOLUTIONS

## JANUARY - DECEMBER 2021

COMPARED TO JANUARY - DECEMBER 2020 (unless otherwise stated)

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 257 (196) active commercial partners during the fourth 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 90 % compared to last year.

### The loan portfolio

The loan portfolio amounted to SEK 2,070 million (1,349) an increase in local currencies of 51 % compared to December 2020. Currency effects affected the loan portfolio positively by 2 %. The segment's new lending has increased to SEK 4,018 million (2,335). This is mostly explained by an increased number of partners and expanded cooperation with existing retailers.

The Nordic loan portfolio has increased to SEK 1,452 million (849) over the past year and comprises 72 % of the segment. In Finland, the portfolio has increased by 41 % to EUR 74.6 million (52.9) during 2021. The increase is explained by a continued growth for

e-commerce and by implementing several new partners. The Swedish loan portfolio has increased by 109 % to SEK 511 million (245) following strong sales development during the past quarters. In Norway the loan portfolio has increased by 269 % to NOK 149 million (40.4). In Denmark, the loan portfolio amounted to DKK 19.2 million (26.4).<sup>1</sup>

The loan portfolio in Estonia has increased by 28 % to EUR 21.9 million (17.1) during 2021. 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 11 % to PLN 147 million (133).<sup>1</sup>

### Results

The operating profit for the segment has increased by 41 % to SEK 56.2 million (39.8). The increase is mostly related to increasing operating income and a lower loan loss ratio compared to 2020.

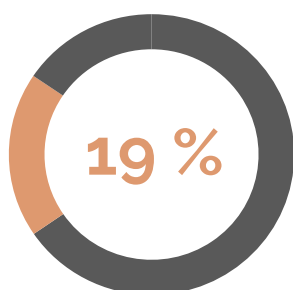
The operating income increased by 38 % to SEK 253.7 million (183.7). The increase is mainly attributable to higher transaction volumes in several geographic markets compared to 2020, resulting in a strong growth for the interest income as well as growing fee and commission income. The operating income margin amounted to 14.8 % (15.3).

The operating expenses for the segment have increased by 47 % to SEK 159.0 million (108.5). This is explained by increased sales-related costs, more employees and an increased investment pace in product development. The C/I ratio amounted to 62.7 % (59.0).

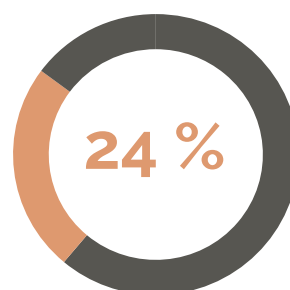
Net loan losses increased by 9 % to SEK 38.5 million (35.4). The net loan loss ratio however decreased to 2.3 % (2.9), mainly due to strengthened credit quality in the segment following implementations of partners with a history of lower loan loss ratios.

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 in stage 1 and 2, gross (see note 3 and 7).

# CREDIT CARDS

## JANUARY - DECEMBER 2021

COMPARED TO JANUARY - DECEMBER 2020 (unless otherwise stated)

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. At the offices in Berlin and Szczecin, 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 and our credit cards will be compatible with both Google and Apple Pay during the first quarter of 2022. At the end of the year, the number of active German credit cards amounted to approximately 67,000.

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. At the end of the year, the number of active Norwegian credit cards amounted to approximately 13,000. During 2022, the Norwegian credit cards will be transferred from VISA to Mastercard, which is expected to contribute to a streamlining of TF Bank's credit card business.

### The loan portfolio

The loan portfolio amounted to SEK 1,688 million (766), an increase in local currencies of 115 % compared to December 2020. The segment's new lending has increased by 129 % to SEK 2,447 million (1,068). The increase is mainly related to the operations in Germany.

The loan portfolio in Germany has increased by 154 % to EUR 127 million (50.0) during 2021. 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 have had a certain positive effect on growth. The transaction volume per active card has

been affected by pandemic-related restrictions in Germany.<sup>1</sup>

The loan portfolio in Norway has increased by 28 % to NOK 235 million (183) over the past year. The Norwegian authorities' travel restrictions have had a slightly dampening effect on growth during the first half of 2021. However, volumes have increased significantly during the second half of the year.<sup>1</sup>

### Results

The operating profit for the segment amounted to SEK -12.0 million (-30.9). The result for the year is burdened by investments related to the German credit card expansion. Higher income contributed to an operating profit of SEK 2.4 million (-5.2) in the fourth quarter.

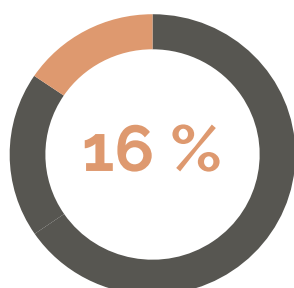
The operating income increased by 146 % to SEK 156.6 million (63.7). The increase is mostly related to the high growth in Germany. The operating income margin amounted to 12.8 % (12.0) and was affected by the fact that new customers mainly are generated through loan intermediators.

The operating expenses for the segment increased by 71 % to SEK 91.1 million (53.4). The increase in absolute numbers is mainly affected by more employees, higher sales-related costs and marketing in new channels. However, the C/I ratio decreased to 58.2 % (83.8) thanks to economies of scale in the business model.

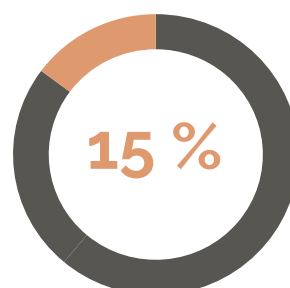
Net loan losses increased by 88 % to SEK 77.5 million (41.2). The increase is mainly related to actual loan losses but is also impacted by higher provisions for expected credit losses according to IFRS 9. Towards the end of the second quarter 2021, an agreement for the continuing sales of past due loans in Germany was signed. The segment's loan loss ratio has decreased to 6.3 % (7.8).

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 in stage 1 and 2, gross (see note 3 and 7).

## OTHER INFORMATION

### Annual General Meeting 2022

The Annual General Meeting 2022 will be held on Tuesday 3 May 2022. Shareholders who wish to submit a proposal for consideration at the Annual General Meeting must send a request to the Board of Directors no later than Tuesday 15 March 2022. The request should be sent via email to [ir@tfbank.se](mailto:ir@tfbank.se) or by regular mail to TF Bank AB, Attn: Investor Relations, Box 947, SE-501 10 Borås. Notice of the Annual General Meeting will be published no later than Tuesday 5 April 2022.

### 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 2021. The total dividend to shareholders according to the proposal will be SEK 21.5 million.

### 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 December 2021, the share price closed at SEK 229.50, an increase of 164 % during the year. In total, 6.2 million TF Bank shares worth approximately SEK 1.034 billion were traded on Nasdaq Stockholm during 2021.

### Institutions following TF Bank

ABG Sundal Collier, Carnegie, Pareto Securities and Nordea are following the company. At the end of 2021 all four institutions had issued a buy recommendation for the TF Bank share.

### Financial targets

The 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 - December 2021

During April, TF Bank's e-commerce initiative Avarda launched a payment solution for Boozt's whole fast-growing ecommerce environment 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 essential 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. 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.

The Board of TF Bank has resolved on new financial targets. By the first half of 2025, the Bank's loan portfolio shall amount to SEK 20 billion and the return on equity shall be well above 20 %.

In December, TF Bank has successfully issued subordinated Additional Tier 1 bonds of SEK 100 million with perpetual tenor and first call date in December 2026.

The Credit Cards segment reported an operating profit for the fourth quarter and the German credit card portfolio has increased by 154 %.

### Events after the end of the reporting period

No significant events have occurred after the end of the reporting period.

## 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 2021, as the Bank's personnel to a large extent have worked remotely in accordance with national recommendations. During the year, management have held a close dialogue with the respective country manager to be updated on the situation locally. The recent increasing spread of infection has resulted in new pandemic restrictions in several markets where TF Bank operates.

At the end of the first quarter of 2020, TF Bank made an extra loan loss provision of SEK 30 million as a result of the uncertain macroeconomic situation. In connection with the 2020 annual accounts, the provision was transferred into the ordinary provisioning model. For further information, see page 19 in the annual report for 2020.

No significant disruptions occurred in the Bank's operations during the year, 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 Tuesday 25 January 2022 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 8354 or +44 (0)33 3300 9271. 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	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
	3				
<b>Operating income</b>					
Interest income		300,056	237,199	1,074,113	911,945
Interest expense		-35,594	-28,539	-120,439	-122,648
<b>Net interest income</b>		<b>264,462</b>	<b>208,660</b>	<b>953,674</b>	<b>789,297</b>
Fee and commission income		42,793	28,985	140,478	103,556
Fee and commission expense		-10,068	-6,056	-34,265	-18,968
<b>Net fee and commission income</b>		<b>32,725</b>	<b>22,929</b>	<b>106,213</b>	<b>84,588</b>
Net results from financial transactions		-1,154	2,327	-4,600	2,185
<b>Total operating income</b>		<b>296,033</b>	<b>233,916</b>	<b>1,055,287</b>	<b>876,070</b>
<b>Operating expenses</b>					
General administrative expenses		-108,980	-83,031	-380,224	-302,508
Depreciation and amortisation of tangible and intangible assets		-7,413	-6,258	-28,638	-20,674
Other operating expenses		-10,807	-5,747	-33,303	-17,573
<b>Total operating expenses</b>		<b>-127,200</b>	<b>-95,036</b>	<b>-442,165</b>	<b>-340,755</b>
<b>Profit before loan losses</b>		<b>168,833</b>	<b>138,880</b>	<b>613,122</b>	<b>535,315</b>
Net loan losses	4	-70,101	-61,863	-260,564	-272,676
<b>Operating profit</b>		<b>98,732</b>	<b>77,017</b>	<b>352,558</b>	<b>262,639</b>
Income tax for the period		-20,830	-17,856	-75,352	-59,920
<b>Profit for the period</b>		<b>77,902</b>	<b>59,161</b>	<b>277,206</b>	<b>202,719</b>
Attributable to:					
Shareholders of the Parent Company		75,656	57,465	269,875	195,769
Additional tier 1 capital holders		2,246	1,696	7,331	6,950
Basic earnings per share (SEK)		3.52	2.67	12.55	9.11
Diluted earnings per share (SEK)		3.52	2.67	12.55	9.11

## STATEMENT OF OTHER COMPREHENSIVE INCOME

SEK thousand	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
<b>Profit for the period</b>	<b>77,902</b>	<b>59,161</b>	<b>277,206</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 for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>77,902</b>	<b>59,161</b>	<b>277,206</b>	<b>202,719</b>
Attributable to:				
Shareholders of the Parent Company	75,656	57,465	269,875	195,769
Additional tier 1 capital holders	2,246	1,696	7,331	6,950

## BALANCE SHEET

SEK thousand	Note	31 Dec 2021	31 Dec 2020
	2,5,6		
<b>ASSETS</b>			
Cash and balances with central banks		1,270,092	1,097,991
Treasury bills eligible for refinancing		316,411	60,022
Loans to credit institutions		779,636	960,989
Loans to the public	3,7	10,872,285	7,922,448
Shares		257	20,135
Shares in subsidiaries		341	316
Goodwill		10,202	11,477
Intangible assets		71,365	61,762
Tangible assets		2,699	2,658
Other assets		21,842	36,154
Deferred tax assets		4,781	47
Prepaid expenses and accrued income		40,905	29,447
<b>TOTAL ASSETS</b>		<b>13,390,816</b>	<b>10,203,446</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Deposits and borrowings from the public	8	11,504,749	8,714,032
Other liabilities		94,020	52,864
Current tax liabilities		36,089	1,832
Deferred tax liabilities		5,641	5,642
Accrued expenses and prepaid income		121,584	100,318
Subordinated liabilities		198,042	245,053
<b>Total liabilities</b>		<b>11,960,125</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		71,365	61,762
Other contributed capital		-	-
<b>Total restricted equity</b>		<b>179,865</b>	<b>170,262</b>
<b>Non-restricted equity</b>			
Tier 1 capital instrument		200,000	100,000
Retained earnings		773,620	610,724
Comprehensive income for the period		277,206	202,719
<b>Total non-restricted equity</b>		<b>1,250,826</b>	<b>913,443</b>
<b>Total equity</b>		<b>1,430,691</b>	<b>1,083,705</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>13,390,816</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>	Statutory reserve	Development costs fund	Other contributed capital	Tier 1 capital instrument	Retained earnings	Comprehensive income 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
Other comprehensive income for the period	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	277,206	277,206
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Transfer of previous year's profit	-	-	-	-	-	202,719	-202,719	-
Dividend to shareholders	-	-	-	-	-	-21,500	-	-21,500
Capitalisation of development costs	-	-	36,194	-	-	-36,194	-	-
Amortisation of capitalised development costs	-	-	-26,591	-	-	26,591	-	-
Interest Tier 1 capital	-	-	-	-	-	-7,331	-	-7,331
Issue of Tier 1 capital	-	-	-	-	100,000	-	-	100,000
Transaction costs, issue of Tier 1 capital	-	-	-	-	-	-1,750	-	-1,750
Tax effect, transaction costs issue of Tier 1 capital	-	-	-	-	-	361	-	361
<b>Equity as at 31 Dec 2021</b>	<b>107,500</b>	<b>1,000</b>	<b>71,365</b>	<b>-</b>	<b>200,000</b>	<b>773,620</b>	<b>277,206</b>	<b>1,430,691</b>

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

## CASH FLOW STATEMENT

SEK thousand	Jan-Dec 2021	Jan-Dec 2020
<b>Operating activities</b>		
Operating profit	352,558	262,639
<i>Adjustment for items not included in cash flow</i>		
Depreciation and amortisation of tangible and intangible assets	28,638	20,674
Accrued interest income and expense	6,681	6,813
Other non-cash items	-12	476
Paid income tax	-41,095	-72,364
	<b>346,770</b>	<b>218,238</b>
Increase/decrease in loans to the public	-2,949,837	-1,426,668
Increase/decrease in other short-term receivables	-29,573	37,360
Increase/decrease in deposits and borrowings from the public	2,790,717	1,516,957
Increase/decrease in other short-term liabilities	67,152	6,060
<b>Cash flow from operating activities</b>	<b>225,229</b>	<b>351,947</b>
<b>Investing activities</b>		
Investments in tangible assets	-1,452	-1,581
Investments in intangible assets	-35,554	-23,753
Investments in subsidiaries	-25	-
<b>Cash flow from investing activities</b>	<b>-37,031</b>	<b>-25,334</b>
<b>Financing activities</b>		
Issue of Tier 1 capital	98,611	-
Issue of Tier 2 capital	-	100,000
Redemption of Tier 2 capital	-47,000	-53,000
Interest on Tier 1 capital	-7,331	-6,950
Redemption of warrants	-	-7,724
Dividend to shareholders	-21,500	-
<b>Cash flow from financing activities</b>	<b>22,780</b>	<b>32,326</b>
<b>Cash flow for the period</b>	<b>210,978</b>	<b>358,939</b>
Cash and cash equivalents at the beginning of period	2,119,002	1,320,411
Cash and cash equivalents from merger	-	500,528
Exchange rate difference in cash and cash equivalents	36,159	-60,876
<b>Cash and cash equivalents at the end of period</b>	<b>2,366,139</b>	<b>2,119,002</b>
<i>Cash flow from operating activities includes interest expenses paid and interest payments received</i>		
Interest expenses paid	125,170	112,752
Interest payments received	923,990	771,836
<b>Components of cash and cash equivalents</b>		
Cash and balances with central banks	1,270,092	1,097,991
Treasury bills eligible for refinancing	316,411	60,022
Loans to credit institutions	779,636	960,989
<b>Total cash and cash equivalents</b>	<b>2,366,139</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 31 DECEMBER 2021

Shareholder	%
TFB Holding AB	30.31
Tiberon AB	15.07
Erik Selin Fastigheter AB	12.57
Proventus Aktiebolag	5.16
Jack Weil	4.19
Nordnet Pensionsförsäkring AB	3.43
Nordea Nordic small cap fund	2.37
Merizole Holding LTD	2.36
Carnegie fonder	1.80
Avanza Pension	1.40
Other shareholders	21.34
<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 AB, branch Norway	923 194 592
TF Bank AB, branch Latvia	50203334311
<b>Subsidiaries</b>	
TFB Service SIA	40203015782
TFB Service UAB	34785170
TFB Service GmbH	HRB 208869 B
TFB 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	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net interest income	149,840	146,452	604,695	590,645
Net fee and commission income	12,833	10,534	43,471	36,735
Net results from financial transactions	-784	1,415	-3,128	1,304
<b>Total operating income</b>	<b>161,889</b>	<b>158,401</b>	<b>645,038</b>	<b>628,684</b>
General administrative expenses	-47,614	-42,123	-170,908	-160,116
Depreciation and amortisation of tangible and intangible assets	-1,408	-1,585	-5,639	-7,756
Other operating expenses	-4,169	-3,171	-15,596	-11,026
<b>Total operating expenses</b>	<b>-53,191</b>	<b>-46,879</b>	<b>-192,143</b>	<b>-178,898</b>
<b>Profit before loan losses</b>	<b>108,698</b>	<b>111,522</b>	<b>452,895</b>	<b>449,786</b>
Net loan losses	-34,372	-39,452	-144,546	-196,074
<b>Operating profit</b>	<b>74,326</b>	<b>72,070</b>	<b>308,349</b>	<b>253,712</b>

Balance sheet, SEK thousand	31 Dec 2021	31 Dec 2020
<b>Loans to the public</b>		
Household sector	7,076,557	5,807,224
Corporate sector <sup>1</sup>	37,597	-
<b>Total loans to the public</b>	<b>7,114,154</b>	<b>5,807,224</b>
<b>Household sector</b>		
Stage 1, net	6,620,083	5,360,722
Stage 2, net	164,451	202,687
Stage 3, net <sup>2</sup>	292,023	243,815
<b>Total household sector</b>	<b>7,076,557</b>	<b>5,807,224</b>

Key figures <sup>3</sup>	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Operating income margin, %	9.4	11.0	10.0	11.5
Net loan loss ratio, %	2.0	2.7	2.2	3.6
Cost/Income ratio, %	32.9	29.6	29.8	28.5
Return on loans to the public, %	3.3	3.9	3.6	3.5
New lending, SEK thousand	1,281,361	1,007,523	4,720,963	3,901,806

<sup>1</sup> Lending to the corporate sector consists of loans in stage 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 32.

Note 3 cont.

## ECOMMERCE SOLUTIONS

Income statement, SEK thousand	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net interest income	57,860	36,370	184,868	132,032
Net fee and commission income	21,047	13,901	69,649	51,176
Net results from financial transactions	-208	483	-828	458
<b>Total operating income</b>	<b>78,699</b>	<b>50,754</b>	<b>253,689</b>	<b>183,666</b>
General administrative expenses	-40,851	-26,926	-139,247	-96,623
Depreciation and amortisation of tangible and intangible assets	-4,598	-3,833	-18,190	-11,075
Other operating expenses	-477	-300	-1,518	-755
<b>Total operating expenses</b>	<b>-45,926</b>	<b>-31,059</b>	<b>-158,955</b>	<b>-108,453</b>
<b>Profit before loan losses</b>	<b>32,773</b>	<b>19,695</b>	<b>94,734</b>	<b>75,213</b>
Net loan losses	-10,780	-9,515	-38,533	-35,383
<b>Operating profit</b>	<b>21,993</b>	<b>10,180</b>	<b>56,201</b>	<b>39,830</b>

Balance sheet, SEK thousand	31 Dec 2021	31 Dec 2020
<b>Loans to the public</b>		
Household sector	2,069,680	1,341,205
Corporate sector <sup>1</sup>	-	8,030
<b>Total loans to the public</b>	<b>2,069,680</b>	<b>1,349,235</b>
<b>Household sector</b>		
Stage 1, net	1,972,671	1,258,251
Stage 2, net	83,557	73,598
Stage 3, net <sup>2</sup>	13,452	9,356
<b>Total household sector</b>	<b>2,069,680</b>	<b>1,341,205</b>

Key figures <sup>3</sup>	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Operating income margin, %	16.2	15.6	14.8	15.3
Net loan loss ratio, %	2.2	2.9	2.3	2.9
Cost/Income ratio, %	58.4	61.2	62.7	59.0
Return on loans to the public, %	3.5	2.4	2.5	2.5
New lending, SEK thousand	1,275,897	723,295	4,018,465	2,334,580
Transaction volume, SEK thousand	2,250,931	1,072,001	6,612,133	3,487,070

<sup>1</sup> Lending to the corporate sector consists of loans in stage 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 32.

Note 3 cont.

## CREDIT CARDS

Income statement, SEK thousand	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net interest income	56,762	25,838	164,111	66,620
Net fee and commission income	-1,155	-1,506	-6,907	-3,323
Net results from financial transactions	-162	429	-644	423
<b>Total operating income</b>	<b>55,445</b>	<b>24,761</b>	<b>156,560</b>	<b>63,720</b>
General administrative expenses	-20,515	-13,982	-70,069	-45,769
Depreciation and amortisation of tangible and intangible assets	-1,407	-840	-4,809	-1,843
Other operating expenses	-6,161	-2,276	-16,189	-5,792
<b>Total operating expenses</b>	<b>-28,083</b>	<b>-17,098</b>	<b>-91,067</b>	<b>-53,404</b>
<b>Profit before loan losses</b>	<b>27,362</b>	<b>7,663</b>	<b>65,493</b>	<b>10,316</b>
Net loan losses	-24,949	-12,896	-77,485	-41,219
<b>Operating profit</b>	<b>2,413</b>	<b>-5,233</b>	<b>-11,992</b>	<b>-30,903</b>

Balance sheet, SEK thousand	31 Dec 2021	31 Dec 2020
<b>Loans to the public</b>		
Household sector	1,652,293	765,989
Corporate sector <sup>1</sup>	36,158	-
<b>Total loans to the public</b>	<b>1,688,451</b>	<b>765,989</b>
<b>Household sector</b>		
Stage 1, net	1,584,192	720,073
Stage 2, net	40,222	15,021
Stage 3, net <sup>2</sup>	27,879	30,895
<b>Total household sector</b>	<b>1,652,293</b>	<b>765,989</b>

Key figures <sup>3</sup>	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Operating income margin, %	14.3	14.7	12.8	12.0
Net loan loss ratio, %	6.4	7.7	6.3	7.8
Cost/Income ratio, %	50.7	69.1	58.2	83.8
Return on loans to the public, %	0.5	neg	neg	neg
New lending, SEK thousand	772,141	410,801	2,447,372	1,068,217
Number of active credit cards	79,952	44,833	79,952	44,833

<sup>1</sup> Lending to the corporate sector consists of loans in stage 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 32.

Note 3 cont.

#### RECONCILIATION AGAINST FINANCIAL INFORMATION

Income statement, SEK thousand	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
<b>Operating income</b>				
Consumer Lending	161,889	158,401	645,038	628,684
Ecommerce Solutions	78,699	50,754	253,689	183,666
Credit Cards	55,445	24,761	156,560	63,720
<b>Total operating income</b>	<b>296,033</b>	<b>233,916</b>	<b>1,055,287</b>	<b>876,070</b>
<b>Operating profit</b>				
Consumer Lending	74,326	72,070	308,349	253,712
Ecommerce Solutions	21,993	10,180	56,201	39,830
Credit Cards	2,413	-5,233	-11,992	-30,903
<b>Total operating profit</b>	<b>98,732</b>	<b>77,017</b>	<b>352,558</b>	<b>262,639</b>

Balance sheet, SEK thousand	31 Dec 2021	31 Dec 2020
<b>Loans to the public</b>		
Consumer Lending	7,114,154	5,807,224
Ecommerce Solutions	2,069,680	1,349,235
Credit Cards	1,688,451	765,989
<b>Total loans to the public</b>	<b>10,872,285</b>	<b>7,922,448</b>

#### NOTE 4 Net loan losses

SEK thousand	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Change in provision for sold past due loans	-49,386	-10,141	-146,696	-79,605
Realised loan losses	-10,012	-9,893	-37,960	-39,707
Recovered from previous realised loan losses	59	174	565	468
Change in provision for expected loan losses, stage 1-3	-10,762	-42,003	-76,473	-153,832
<b>Net loan losses</b>	<b>-70,101</b>	<b>-61,863</b>	<b>-260,564</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

31 Dec 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	-	-	1,270,092	-	-	1,270,092
Treasury bills eligible for refinancing	60,035	-	256,376	-	-	316,411
Loans to credit institutions	-	-	779,636	-	-	779,636
Loans to the public	-	-	10,872,285	-	-	10,872,285
Shares	257	-	-	-	-	257
Derivatives	241	-	-	-	-	241
Other assets	-	-	-	-	151,894	151,894
Total assets	60,533	-	13,178,389	-	151,894	13,390,816
Liabilities						
Deposits and borrowings from the public	-	-	11,504,749	-	-	11,504,749
Subordinated liabilities	-	-	198,042	-	-	198,042
Derivatives	23,452	-	-	-	-	23,452
Other liabilities	-	-	-	-	233,882	233,882
Total liabilities	23,452	-	11,702,791	-	233,882	11,960,125

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 Dec 2021 SEK thousand	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Treasury bills eligible for refinancing	60,035	-	-	60,035
Shares	-	257	-	257
Derivatives	-	241	-	241
<b>Total assets</b>	<b>60,035</b>	<b>498</b>	<b>-</b>	<b>60,533</b>
<b>Liabilities</b>				
Derivatives	-	23,452	-	23,452
<b>Total liabilities</b>	<b>-</b>	<b>23,452</b>	<b>-</b>	<b>23,452</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 12.66 % as at 31 December 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 Dec 2021 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
<b>Assets</b>			
Cash and balances with central banks	1,270,092	1,270,092	-
Treasury bills eligible for refinancing	316,411	316,411	-
Loans to credit institutions	779,636	779,636	-
Loans to the public	10,872,285	10,872,285	-
Shares	257	257	-
Derivatives	241	241	-
<b>Total assets</b>	<b>13,238,922</b>	<b>13,238,922</b>	<b>-</b>
<b>Liabilities</b>			
Deposits from the public	11,504,749	11,504,749	-
Subordinated liabilities	198,042	198,042	-
Derivatives	23,452	23,452	-
<b>Total liabilities</b>	<b>11,726,243</b>	<b>11,726,243</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	31 Dec 2021	31 Dec 2020
Loans to the household sector	10,798,530	7,914,418
Loans to the corporate sector <sup>1</sup>	73,755	8,030
<b>Total loans to the public</b>	<b>10,872,285</b>	<b>7,922,448</b>
<b>Loans to the household sector, gross</b>		
Stage 1, gross	10,330,411	7,466,964
Stage 2, gross	330,212	327,956
Stage 3, gross <sup>2</sup>	623,294	512,298
<b>Total loans to the household sector, gross</b>	<b>11,283,917</b>	<b>8,307,218</b>
<b>Provisions for expected loan losses, household sector</b>		
Stage 1	-153,465	-127,918
Stage 2	-41,982	-36,650
Stage 3 <sup>2</sup>	-289,940	-228,232
<b>Total provisions for expected loan losses, household sector</b>	<b>-485,387</b>	<b>-392,800</b>
<b>Loans to the household sector, net</b>		
Stage 1, net	10,176,946	7,339,046
Stage 2, net	288,230	291,306
Stage 3, net <sup>2</sup>	333,354	284,066
<b>Total loans to the household sector, net</b>	<b>10,798,530</b>	<b>7,914,418</b>
<i>Geographic distribution of net loans</i>		
Norway	3,497,344	2,566,609
Finland	2,612,182	2,014,444
Germany	1,422,692	568,511
Sweden	1,027,610	735,373
Estonia	821,748	786,207
Latvia	675,810	583,551
Poland	449,519	464,299
Lithuania	331,482	155,985
Denmark	26,240	35,763
Austria	7,658	11,706
<b>Total loans, net book value</b>	<b>10,872,285</b>	<b>7,922,448</b>

**CHANGE IN PROVISION FOR NET LOAN LOSSES**

SEK thousand	31 Dec 2021	31 Dec 2020
<b>Opening balance</b>	<b>-392,800</b>	<b>-226,299</b>
Change in provision for sold loans	-146,696	-79,605
Reversal of provision for sold loans	146,696	79,605
Change in provision for expected loan losses in stage 1	-22,727	-43,728
Change in provision for expected loan losses in stage 2	-4,566	-9,757
Change in provision for expected loan losses in stage 3	-62,216	-128,858
Exchange rate differences	-3,078	15,842
<b>Closing balance</b>	<b>-485,387</b>	<b>-392,800</b>

<sup>1</sup> Lending to the corporate sector consists of loans in stage 1 to counterparties regarding sale of past due loans in stage 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	31 Dec 2021	31 Dec 2020
Germany	7,332,430	4,657,899
Norway	3,174,844	2,715,914
Sweden	662,747	1,002,111
Finland	334,728	338,108
<b>Total deposits and borrowings from the public</b>	<b>11,504,749</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	31 Dec 2021	31 Dec 2020
Opening balance	8,714,032	7,197,075
Change	2,429,388	2,008,132
Exchange rate differences	361,329	-491,175
<b>Closing balance</b>	<b>11,504,749</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 investment firms 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). 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 AB 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 10.5 % per 31 December 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 Dec 2021	31 Dec 2020
Common Equity Tier 1 capital (CET1)	1,237,589	973,823
Additional Tier 1 capital (AT1)	200,000	100,000
Tier 2 capital	198,042	245,053
<b>Own funds <sup>1</sup></b>	<b>1,635,631</b>	<b>1,318,876</b>
<b>Risk exposure amount</b>	<b>10,079,383</b>	<b>7,582,576</b>
- of which: credit risk	8,726,933	6,438,797
- of which: credit valuation adjustment risk	2,339	7,491
- of which: market risk	-	-
- of which: operational risk	1,350,111	1,136,288
<b>Capital ratios</b>		
CET1 capital ratio, %	12.3	12.8
Tier 1 capital ratio, %	14.3	14.2
Total capital ratio, %	16.2	17.4

## REGULATORY CAPITAL REQUIREMENTS

SEK thousand	31 Dec 2021		31 Dec 2020	
	Amount	Percent <sup>2</sup>	Amount	Percent <sup>2</sup>
<b>Capital requirement under pillar 1</b>				
CET1 capital requirement	453,572	4.5	341,216	4.5
Tier 1 capital requirement	604,763	6.0	454,955	6.0
Total capital requirement	806,351	8.0	606,606	8.0
<b>Capital requirement under pillar 2</b>				
CET1 capital requirement	46,834	0.5	44,696	0.6
Tier 1 capital requirement	62,445	0.6	52,145	0.7
Total capital requirement	83,260	0.8	74,493	1.0
- of which, concentration risk	81,944	0.8	73,294	1.0
- of which, currency risk	1,316	0.0	1,199	0.0
<b>Total capital requirement under pillar 1 and pillar 2</b>				
CET1 capital requirement	500,406	5.0	385,912	5.1
Tier 1 capital requirement	667,208	6.6	507,100	6.7
Total capital requirement	889,611	8.8	681,099	9.0
<b>Institution-specific buffer requirement</b>				
Total buffer requirement	282,444	2.8	212,312	2.8
- of which, capital conservation buffer requirement	251,985	2.5	189,564	2.5
- of which, countercyclical buffer requirement	30,460	0.3	22,748	0.3
<b>Total capital requirement including buffer requirement</b>				
CET1 capital	782,850	7.8	598,224	7.9
Tier 1 capital	949,652	9.4	719,412	9.5
Total capital	1,172,055	11.6	893,411	11.8
<b>Capital available to use as buffer</b>				
CET1 capital	737,183	7.3	587,112	7.7
Tier 1 capital	770,381	7.6	565,790	7.5
Total capital	746,020	7.4	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	31 Dec 2021	31 Dec 2020
<b>CET1 capital</b>		
Share capital	107,500	107,500
Other reserves	72,365	62,762
Retained earnings including net profit for the period reviewed by the auditor	1,050,826	813,443
Adjustments to CET1 capital:		
- Deduction of foreseeable costs and dividends <sup>1</sup>	-21,500	-21,500
- IFRS 9 transitional arrangements	71,257	84,857
- Intangible assets <sup>2</sup>	-32,657	-61,762
- Goodwill	-10,202	-11,477
<b>Total CET1 capital</b>	<b>1,237,589</b>	<b>973,823</b>
<b>Additional Tier 1 capital</b>		
Perpetual subordinated loan	200,000	100,000
<b>Tier 2 capital</b>		
Fixed term subordinated loan	198,042	245,053
<b>Own funds</b>	<b>1,635,631</b>	<b>1,318,876</b>

## SPECIFICATION OF RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT

SEK thousand	31 Dec 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	38,346	3,068	8,927	714
Household exposures	8,012,089	640,967	5,857,782	468,623
Exposures secured by real estate collateral	14,945	1,196	217	17
Exposures in default	390,444	31,236	327,336	26,187
Exposures to institutions with a short-term credit assessment	176,588	14,127	208,994	16,720
Equity exposures	597	48	555	44
Other items	93,924	7,514	34,986	2,799
<b>Total</b>	<b>8,726,933</b>	<b>698,156</b>	<b>6,438,797</b>	<b>515,104</b>
<b>Credit valuation adjustment</b>				
Standardised method	2,339	187	7,491	599
<b>Total</b>	<b>2,339</b>	<b>187</b>	<b>7,491</b>	<b>599</b>
<b>Market risk <sup>3</sup></b>				
Foreign exchange rate risk	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operational risk</b>				
Standardised approach	1,350,111	108,009	1,136,288	90,903
<b>Total</b>	<b>1,350,111</b>	<b>108,009</b>	<b>1,136,288</b>	<b>90,903</b>
<b>Total risk exposure amount and total capital requirement</b>	<b>10,079,383</b>	<b>806,352</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.

<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	31 Dec 2021	31 Dec 2020
<b>Pledged assets</b>		
Restricted bank deposits <sup>1</sup>	48,536	33,346
<b>Total</b>	<b>48,536</b>	<b>33,346</b>

SEK thousand	31 Dec 2021	31 Dec 2020
<b>Commitments</b>		
Unutilized credit limits	1,974,365	957,332
Future total minimum lease payments for non-cancellable operating leases	18,391	22,733
<b>Total</b>	<b>1,992,756</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	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
<i>The following transactions have been made between companies within the Group:</i>				
General administrative expenses	-3,394	-4,709	-18,341	-16,210
<b>Total</b>	<b>-3,394</b>	<b>-4,709</b>	<b>-18,341</b>	<b>-16,210</b>
<i>The following transactions have been made with other related parties:</i>				
Interest income (transaction costs)	-14,154	-20,240	-47,957	-57,440
Fee and commission income	536	-	890	-
General administrative expenses	-834	-715	-3,109	-3,301
<b>Total</b>	<b>-14,452</b>	<b>-20,955</b>	<b>-50,176</b>	<b>-60,741</b>
<i>Acquisition of assets and liabilities from other related parties:</i>				
Ecommerce Solutions	154,156	146,269	596,687	630,718
<b>Total</b>	<b>154,156</b>	<b>146,269</b>	<b>596,687</b>	<b>630,718</b>

SEK thousand	31 Dec 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	1,461	781
Other liabilities	14	343

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

# 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, 24 January 2022

John Brehmer  
*Chairman*

Mari Thjømøe

Bertil Larsson

Charlotta Björnberg-Paul

Michael Lindengren

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 (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

18 March 2022	Annual report 2021 is published
19 April 2022	Interim report January-March 2022
3 May 2022	Annual General Meeting 2022
12 July 2022	Interim report January-June 2022
17 October 2022	Interim report January-September 2022

This is information which TF Bank is required to disclose under the EU Market Abuse Regulation. The information was submitted for publication on 25 January 2022 at 07:00 CET.

### CONTACTS

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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 change has been implemented to increase clarity regarding the current period's financial development and to follow the practice that has been developed by comparable banks listed on Nasdaq Stockholm. The comparative figures in this report have been restated according to the new presentation format.

# RECONCILIATION TABLES

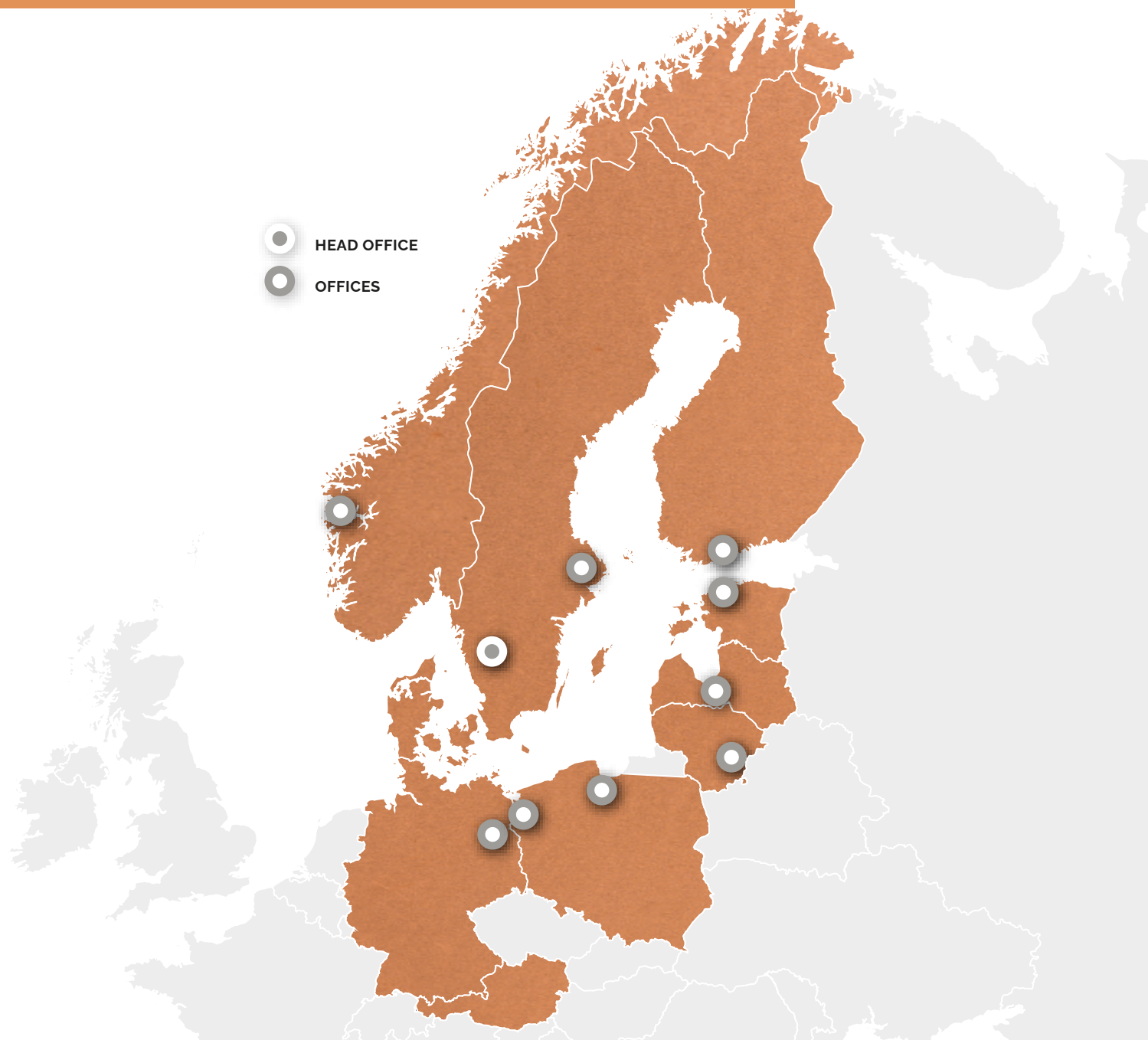
## KEY FIGURES <sup>1</sup>

TSEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
<b>Income statement</b>				
Earnings per share, SEK	3.52	2.67	12.55	9.11
Net profit for the period attributable to the shareholder's of the Parent Company	75,656	57,465	269,875	195,769
Average number of outstanding shares, thousands	21,500	21,500	21,500	21,500
<b>Key figures <sup>2</sup></b>				
Operating income margin, %	11.4	12.1	11.2	12.2
Total operating income, annualised	1,184,132	935,664	1,055,287	876,070
Average loans to the public	10,421,372	7,748,166	9,397,367	7,209,114
Net loan loss ratio, %	2.7	3.2	2.8	3.8
Net loan losses, annualised	280,404	247,452	260,564	272,676
Average loans to the public	10,421,372	7,748,166	9,397,367	7,209,114
Cost/Income ratio, %	43.0	40.6	41.9	38.9
Total operating expenses	127,200	95,036	442,165	340,755
Total operating income	296,033	233,916	1,055,287	876,070
Return on equity, %	25.4	24.1	24.4	22.0
Net profit for the period attributable to the shareholder's of the Parent Company, annualised	302,624	229,860	269,875	195,769
Average equity attributable to the shareholder's of the Parent Company	1,193,558	954,973	1,107,198	889,387
Return on loans to the public, %	2.9	3.0	2.9	2.7
Net profit for the period attributable to the shareholder's of the Parent Company, annualised	302,624	229,860	269,875	195,769
Average loans to the public	10,421,372	7,748,166	9,397,367	7,209,114

<sup>1</sup> The annualised figure has been calculated by multiplying the quarterly figure by four. The average has been calculated as opening balance plus closing balance, divided by two. In order for the key figures to reflect a true and fair view, the Group's opening balance for year 2020 has been used.

<sup>2</sup> Calculation of capital ratios is shown in Note 9.

# TF BANK'S GEOGRAPHICAL PRESENCE



SHARE OF LOAN PORTFOLIO BY COUNTRY AND QUARTER

