



**YEAR-END REPORT**  
January-December 2022



# PERIOD IN BRIEF

## JANUARY – DECEMBER 2022

COMPARED TO JANUARY - DECEMBER 2021 (unless otherwise stated)

- The loan portfolio amounted to SEK 14,654 million, compared to December 2021 the increase in local currencies was 27 %
- Operating profit increased by 23 % to SEK 434.0 million
- Earnings per share increased by 21 % to SEK 15.18
- Cost/income ratio amounted to 43.3 % (41.9)
- Return on equity amounted to 23.6 % (24.4)
- Total capital ratio has decreased to 15.6 % (16.2) <sup>1</sup>

## SIGNIFICANT EVENTS

JANUARY - DECEMBER 2022

- During the year, the credit card business had a loan book growth of 93 % and economies of scale in the business model contributed to the operating profit improving by SEK 51 million.
- Within the Ecommerce Solutions segment, the Bank signed an agreement and, at the end of December, launched a cooperation with the major Nordic retailer Jollyroom, which is expected to generate an annual transaction volume of more than SEK 2 billion.

AFTER THE END OF THE REPORTING PERIOD

- The board has appointed Joakim Jansson as the new CEO, starting no later than August 2023. Mattias Carlsson will remain with the company as a Senior Business Advisor.
- The Swedish Financial Supervisory Authority has given TF Bank permission to use the Alternative Standardised Approach to calculate the capital requirement for operational risk. The approval has strengthened all TF Bank's capital ratios with approximately 1 percentage point as of 31 December 2022.

## OCTOBER – DECEMBER 2022

COMPARED TO OCTOBER - DECEMBER 2021 (unless otherwise stated)

- The loan portfolio amounted to SEK 14,654 million, compared to September 2022 the increase in local currencies was 6 %
- Operating profit increased by 16 % to SEK 114.2 million
- Earnings per share increased by 13 % to SEK 3.96
- Cost/income ratio amounted to 42.1 % (43.0)
- Return on equity amounted to 22.8 % (25.4)

**We continue to grow and our loan portfolio increased by 27 % in local currencies during 2022. The organic growth in the fourth quarter amounted to 6 %, driven by record volumes in the Credit Cards and Ecommerce Solutions segments.**

### LOAN PORTFOLIO <sup>2</sup>

31 DECEMBER 2022 COMPARED TO 31 DECEMBER 2021

SEK **14.7** BILLION **+27 %**

### OPERATING PROFIT

JAN-DEC 2022 COMPARED TO JAN-DEC 2021

SEK **434** MILLION **+23 %**

### TOTAL CAPITAL RATIO <sup>1</sup>

31 DECEMBER 2022 COMPARED TO 31 DECEMBER 2021

**15.6 % -0.6** PERCENTAGE POINTS

### RETURN ON EQUITY

JAN-DEC 2022 COMPARED TO JAN-DEC 2021

**23.6 % -0.8** PERCENTAGE POINTS

<sup>1</sup> The figures for operational risk as of December 2022 are calculated according to the Alternative Standardised Approach. The figures as of December 2021 are calculated according to the Standardised Approach, for further information see Note 9.

<sup>2</sup> Development of the loan portfolio in local currencies

See separate section with definitions and reconciliation tables, page 33-34.

# 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, Austria and Spain through branch or cross-border banking. The operations are divided into three segments: Consumer Lending, Credit Cards and Ecommerce Solutions. 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 Credit Cards segment TF Bank offers credit cards to creditworthy individuals in Germany, Norway and Austria. 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.

## KEY FIGURES

SEK thousand	Oct-Dec 2022	Oct-Dec 2021	Δ	Jan-Dec 2022	Jan-Dec 2021	Δ
<b>Income statement</b>						
Operating income	396,862	296,033	34%	1,412,801	1,055,287	34%
Operating expenses	-166,999	-127,200	31%	-611,229	-442,165	38%
Net loan losses	-115,711	-70,101	65%	-367,569	-260,564	41%
Operating profit	114,152	98,732	16%	434,003	352,558	23%
Profit for the period	89,350	77,902	15%	340,805	277,206	23%
Earnings per share, SEK	3.96	3.52	13%	15.18	12.55	21%
<b>Balance sheet</b>						
Loans to the public	14,654,373	10,872,285	35%	14,654,373	10,872,285	35%
Deposits from the public	16,108,130	11,504,749	40%	16,108,130	11,504,749	40%
New lending	4,765,037	3,329,399	43%	16,318,310	11,186,800	46%
<b>Key figures</b>						
Operating income margin, %	11.2	11.4		11.1	11.2	
Net loan loss ratio, %	3.3	2.7		2.9	2.8	
Cost/Income ratio, %	42.1	43.0		43.3	41.9	
Return on equity, %	22.8	25.4		23.6	24.4	
Return on loans to the public, %	2.4	2.9		2.6	2.9	
CET1 capital ratio, % <sup>1</sup>	12.3	12.3		12.3	12.3	
Tier 1 capital ratio, % <sup>1</sup>	13.9	14.3		13.9	14.3	
Total capital ratio, % <sup>1</sup>	15.6	16.2		15.6	16.2	
Employees (FTE)	311	253	23%	290	236	23%

## EXCHANGE RATES

SEK	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
EUR Income statement (average)	10.93	10.13	10.63	10.14
EUR Balance sheet (end of reporting period)	11.13	10.23	11.13	10.23
NOK Income statement (average)	1.05	1.01	1.05	1.00
NOK Balance sheet (end of reporting period)	1.06	1.03	1.06	1.03
PLN Income statement (average)	2.31	2.19	2.27	2.22
PLN Balance sheet (end of reporting period)	2.37	2.23	2.37	2.23

<sup>1</sup> The figures for operational risk as of December 2022 are calculated according to the Alternative Standardised Approach. The figures as of December 2021 are calculated according to the Standardised Approach, for further information see Note 9.

See separate section with definitions and reconciliation tables, page 33-34.



# CEO'S COMMENTS

**During the fourth quarter, TF Bank increased its market share and both the Credit Cards and the Ecommerce Solutions segments reached record volumes. TF Bank's loan portfolio increased by 27 % in local currencies over the past year. The quarter's operating profit amounted to SEK 114 million and is slightly affected by loan loss provisions related to the high level of new lending.**

## **Record volumes drive organic growth**

We continue to grow and our loan portfolio increased by 27 % in local currencies during 2022. The organic growth in the fourth quarter amounted to 6 %, driven by record volumes in the Credit Cards and Ecommerce Solutions segments. The growth for our German credit card business amounted to 10 % during the quarter. Volume growth within Ecommerce Solutions was higher than expected due to exceptional sales during Black Week, as a result of which the loan portfolio for our Ecommerce Solutions segment increased by 11 % in local currencies. The fourth quarter's record volumes will result in a higher income in 2023. Consumer Lending remains our largest segment and is operational in 10 different countries. During the fourth quarter, organic growth amounted to 2 % for the segment.

## **Higher loan losses during the fourth quarter**

Our provisions for expected credit losses have increased slightly due to the high level of new lending during the fourth quarter. Our loan loss ratio of 3.3 % during the quarter is, among other things, a result of the Credit Cards segment gradually becoming a larger part of the Bank. The credit card business has both higher income margins and a higher loan loss ratio compared to both the Consumer Lending and Ecommerce Solutions segments. Additionally, the market for selling past due receivables has weakened, which is largely an effect of increased financing costs for the buyers. A potential consequence of less favourable prices is that we may retain more past due receivables. In our Baltic and Polish operations, we also see that households' payment capacity is negatively affected by the high inflation rate, which has caused a weakening of credit quality during the quarter. However, we have not seen any such signs with customers in our other markets.

## **Increased market shares are expected in 2023**

Our ambition is to continue growing faster than the market and in 2023 we plan for continued strong organic growth within the Credit Cards and Ecommerce Solutions segments. In Germany, we had approximately 116,000 active credit cards at the end of the fourth quarter, and we continue to see great opportunities for growth in the German credit card market. During the year, we expect continued improved profitability within the segment, as a direct result of increased economies of scale. Within the Ecommerce Solutions segment, we are proud that Jollyroom has decided to use our payment solutions from the end of December and it is expected to contribute to the segment's growth in 2023. As such, our brand Avarda continues to strengthen its position on the Nordic e-commerce market. Within Consumer Lending, we plan for continued controlled and diversified growth in several different geographical regions. However, our greatest exposure within the segment will remain the Nordic market.

## **Financing and capital**

The planned growth in 2023 will mainly be financed by German deposits. We have several German savings account products aimed at private individuals and also collaborations with two well-known deposit intermediaries. However, the cost required to obtain sufficient liquidity is expected to continue to increase slightly during 2023, which we expect to be able to pass on to our lending customers over time. What may limit our growth ambitions is the availability of capital. Several countries have announced increased countercyclical buffer requirements in 2023 and, in addition, there is some uncertainty about the level of the future pillar 2 guidance from the Swedish Financial Supervisory Authority. Our current return on equity gives us room to increase the loan portfolio significantly in 2023. To ensure continued prioritisation of profit growth, the board proposes the Annual General Meeting that no dividend will be paid for the year 2022. With a return on equity well above 20 %, our assessment is that long-term shareholder value is best created by using the capital for growth.



*Mattias Carlsson*  
CEO

# RESULTS AND FINANCIAL POSITION

## JANUARY - DECEMBER 2022

COMPARED TO JANUARY - DECEMBER 2021

### Operating profit

Operating profit increased by 23 % to SEK 434.0 million (352.6). Higher operating income from the growing loan portfolio contributes to the increasing operating profit. Earnings per share increased by 21 % to SEK 15.18 (12.55). Return on equity amounted to 23.6 % (24.4).

### Operating income

TF Bank's operating income has increased by 34 % to SEK 1,413 million (1,055). The operating income comprises 89 % net interest income and 11 % net fee and commission income in the interim period. The operating income margin has been stable compared to 2021 and amounted to 11.1 % (11.2).

### Interest income

Interest income increased by 37 % to SEK 1,473 million (1,074). The increase is attributable to the growing loan portfolio and geographically it was primarily Germany that had higher interest income. The weakened SEK has also had a positive impact on the interest income compared to 2021.

### Interest expense

TF Bank's interest expenses increased by 75 % to SEK 210.3 million (120.4). Growing deposit balances in Germany is the main reason behind this increase. Higher costs for the deposit guarantee and increasing financing costs from the third quarter has also contributed to the higher interest expenses.

### Net fee and commission income

Net fee and commission income increased by 41 % to SEK 149.5 million (106.2). The increase is mainly attributable to higher fee and commission income within the Ecommerce Solutions segment as well as increasing insurance income within the Consumer Lending segment. During the year, 44 % of TF Bank's fee and commission income derived from charges and 56 % from insurance premiums and other income.

### Operating expenses

TF Bank's operating expenses increased by 38 % to SEK 611.2 million (442.2). The increase is mainly explained by more employees and higher sales-related expenses as a result of an increase in new lending. TF Bank's C/I ratio amounted to 43.3 % (41.9) and is negatively affected by increasing direct marketing costs in the Credit Cards segment.

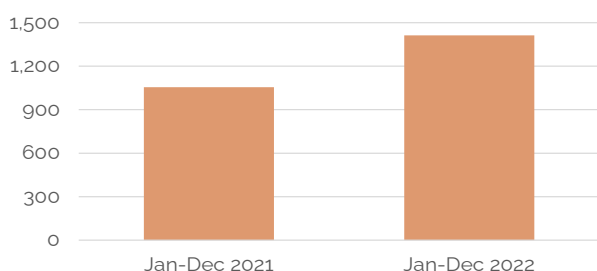
### Loan losses

The loan losses increased by 41 % to SEK 367.6 million (260.6). The growing loan portfolios in the Credit Cards and Ecommerce Solutions segments contribute to an increase in the net loan losses in absolute terms and the loan loss ratio amounted to 2.9 % (2.8).

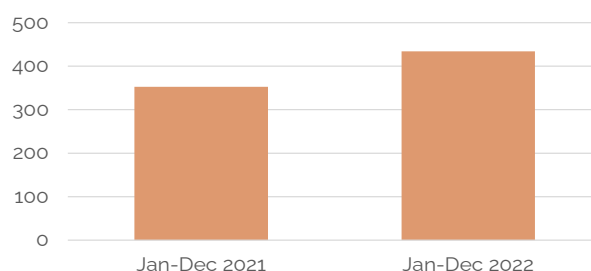
### Tax expense

TF Bank's tax expenses increased to SEK 93.2 million (75.4). The increase in the tax expenses is related to a higher operating profit.

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



# RESULTS AND FINANCIAL POSITION

## JANUARY - DECEMBER 2022

COMPARED TO 31 DECEMBER 2021 (unless otherwise stated)

### Loans to the public

The loan portfolio amounted to SEK 14,654 million (10,872), an increase in local currencies of 27 % compared to December 2021. Positive currency effects impacted the loan portfolio growth by another 8 %. New lending increased by 46 % to SEK 16,318 million (11,187) compared to 2021. The increase is affected by record volumes in all segments.

TF Bank's loan portfolio is well-diversified with relatively small exposures in several different geographic markets. At the end of the year, the exposure towards the three largest countries was Norway at 29 %, Finland at 22 % and Germany at 18 %. The main driver of the past year's loan book growth has been the German credit card business.

### Deposits from the public

Deposits from the public amounted to SEK 16,108 million (11,505), an increase in local currencies of 30 % compared to December 2021. Positive currency effects have affected the deposit balance by another 10 %. At the end of the year, deposits were geographically distributed between Germany at 79 %, Norway at 17 %, Sweden at 2 % and Finland at 2 %.

Over the past year, the increased deposit balance is attributable to Germany and mainly relates to savings accounts with variable interest rate. During the second half of the year, deposit interest rates with both variable and fixed rates have been raised in Germany and Norway. At the end of the year, accounts with a fixed term comprises of 32 % of TF Bank's total deposits.

### Cash and cash equivalents

Cash and cash equivalents increased to SEK 3,526 million (2,366) during the year. The increase is primarily attributable to the cash flow from operating activities, which amounted to SEK 1,048 million. Positive currency effects have had an impact on cash and cash equivalents by SEK 197 million (36).

At the end of 2022, the available liquidity reserve amounted to 20 % (19) <sup>1</sup> of deposits from the public. To optimise the risk-adjusted return on the liquidity reserve, funds were moved from central banks and placed in treasury bills eligible for refinancing during the second half of the year.

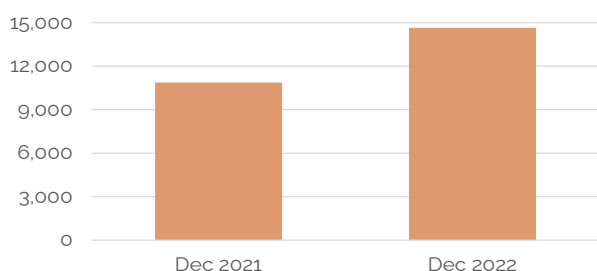
### Capital adequacy

At the end of the year, the CET1 capital ratio amounted to 12.3 % (12.3) <sup>2</sup>, the tier 1 capital ratio was 13.9 % (14.3) <sup>2</sup>, and the total capital ratio was 15.6 % (16.2) <sup>2</sup>. All capital ratios have been negatively affected by the growth of the loan portfolio and an increased phase-in of loan loss provisions according to the transitional rules for IFRS 9.

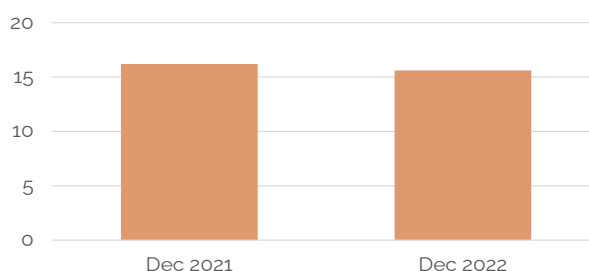
The Swedish Financial Supervisory Authority has given TF Bank permission to use the Alternative Standardised Approach to calculate the capital requirement for operational risk. The change results in the capital requirement for operational risk is significantly closer to the business' own perception of its operational risks. The approval has strengthened all TF Bank's capital ratios with approximately 1 percentage point as of 31 December 2022.

TF Bank's regulatory CET 1 capital requirement amounted to 8.5 % by the end of the year, the tier 1 capital requirement to 10.3 % and the total capital requirement to 12.6 %. Announced increases of counter-cyclical buffer requirements in several countries are expected to increase the regulatory capital requirement with 0.5 percentage points over the coming 12 months.

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.

<sup>2</sup> The figures for operational risk as of December 2022 are calculated according to the Alternative Standardised Approach. The figures as of December 2021 are calculated according to the Standardised Approach, for further information see Note 9.

# RESULTS AND FINANCIAL POSITION

## OCTOBER - DECEMBER 2022

COMPARED TO OCTOBER - DECEMBER 2021 (unless otherwise stated)

### Operating profit

Operating profit increased by 16 % to SEK 114.2 million (98.7). Higher operating income from the growing loan portfolio had a positive effect on the operating profit. Earnings per share increased by 13 % to SEK 3.96 (3.52). Return on equity amounted to 22.8 % (25.4).

### Operating income

TF Bank's operating income has increased by 34 % to SEK 396.9 million (296.0). The increase is explained by a growing loan portfolio that generates higher income in all segments. The operating income margin has slightly decreased compared to the fourth quarter of 2021 and amounted to 11.2 % (11.4) which is mainly due to increasing financing costs.

### Operating expenses

TF Bank's operating expenses have increased by 31 % to SEK 167.0 million (127.2). The record volumes in new lending during the quarter have resulted in higher sales-related costs. The C/I ratio amounted to 42.1 % (43.0).

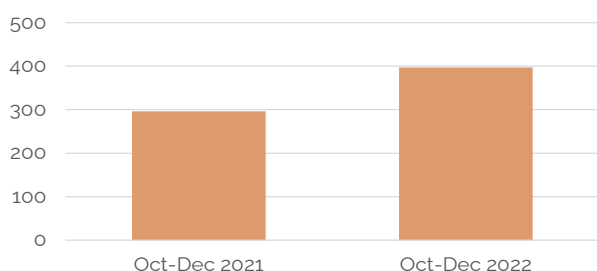
### Loan losses

The loan losses increased by 65 % to SEK 115.7 million (70.1). The outcome in the quarter is, among other things, impacted by provisions for expected credit losses related to the record-high new lending. The loan loss ratio amounted to 3.3 % (2.7) during the quarter.

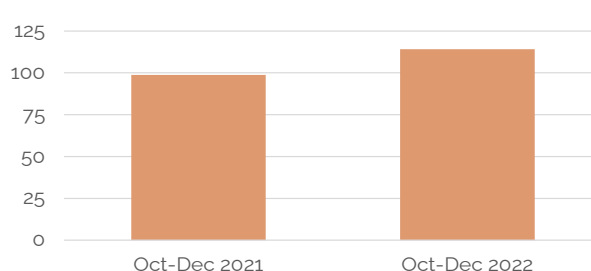
### Loans to the public

The loan portfolio amounted to SEK 14,654 million (13,598), an increase in local currencies of 6 % compared to September 2022. Positive currency effects have affected the loan portfolio's growth by another 2 %. The main drivers in the quarter have been the growth of the German credit card portfolio in combination with strong sales within the Ecommerce Solutions segment. New lending increased by 43 % to SEK 4,765 million (3,329). The increase is attributable to record volumes for both the Credit Cards and Ecommerce Solutions segments during the fourth quarter of the year.

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



# CONSUMER LENDING

## JANUARY - DECEMBER 2022

COMPARED TO JANUARY - DECEMBER 2021 (unless otherwise stated)

In the Consumer Lending segment, TF Bank offers unsecured consumer loans to creditworthy individuals. The product offering differs between the various markets and is adjusted according to the specific conditions in each country. As of 31 December 2022, the average loan amount per customer was approximately SEK 69 thousand. During the year, operations were established in Denmark and Spain.

The Nordic loan portfolio comprises 73 % of the segment. The Nordic markets for consumer loans are characterised by credit information that is easy to access, a high share of credit intermediaries, and a well-functioning system for collection of unpaid debts.

The loan portfolio outside of the Nordics comprises 27 % of the segment, the majority of which is in the Baltics. The Baltic countries have fast-growing credit markets with several established Nordic companies operating locally. In Poland, new lending was discontinued during the fourth quarter of 2020.

### The loan portfolio

The loan portfolio amounted to SEK 8,681 million (7,114), an increase in local currencies of 15 % compared to December 2021. Positive currency effects have had an impact on the loan portfolio's growth of another 7 %. New lending has increased by 25 % to SEK 5,913 million (4,721) compared to 2021.

The Nordic loan portfolio amounted to SEK 6,301 million (5,411), compared to December 2021 this is an increase in local currencies of 11 %. The loan portfolio in Norway has increased by 8 % to NOK 3,243 million (2,998) over the past year. The growth in Norway is characterised by stable margins and favourable credit

quality. The loan portfolio in Finland has increased by 13 % to EUR 202 million (179). The Swedish loan portfolio amounted to SEK 567 million (506) at the end of the year and the new loan portfolio in Denmark amounted to DKK 36 million (-).

The loan portfolio in the Baltics has increased by 31 % to EUR 202 million (154) over the past year. The growth has mainly been generated in Lithuania. The Polish loan portfolio decreased to PLN 37.3 million (54.2). At the end of the year, the new loan portfolio in Spain amounted to EUR 3.6 million (-).

### Results

The operating profit increased by 11 % to SEK 342.9 million (308.3). The loan portfolio has continued to grow with good credit quality which has had a positive effect on operating profit.

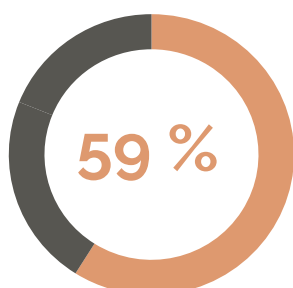
The operating income increased by 16 % to SEK 746.5 million (645.0). The operating income margin has, however, decreased to 9.5 % (10.0), which is partly due to a certain time lag before rising financing costs can be passed on to lending customers.

The operating expenses increased by 28 % to SEK 245.3 million (192.1). The increase is, among other things, attributable to volume-related costs and expenses for the Bank's central functions. The C/I ratio increased to 32.9 % (29.8) during the year.

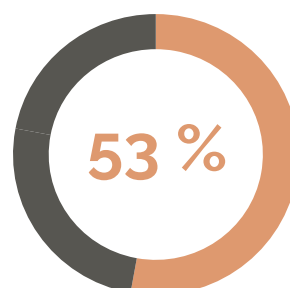
The loan losses increased by 9 % to SEK 158.2 million (144.5). The loan portfolio has increased with good credit quality during the year and the loan loss ratio has decreased to 2.0 % (2.2).

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





# CREDIT CARDS

## JANUARY - DECEMBER 2022

COMPARED TO JANUARY - DECEMBER 2021 (unless otherwise stated)

In the Credit Cards segment, TF Bank offers credit cards to creditworthy individuals in Germany, Norway and Austria. The business in Germany started in the end of 2018. At the offices in Berlin and Szczecin, 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 since the first quarter of 2022, the credit card is compatible with both Google and Apple Pay. At the end of the quarter, the number of active German credit cards amounted to approximately 116,000.

The offering in Norway has been part of the Bank since 2015. At the end of the quarter, the number of active Norwegian credit cards amounted to approximately 19,000. During 2022, the Norwegian credit cards have been transferred from VISA to Mastercard, which has contributed to a streamlining of TF Bank's credit card business. During the first quarter of 2022 credit cards in Austria was launched with a similar offer as in Germany. At the end of the quarter, the number of active credit cards in Austria amounted to approximately 6,000.

### The loan portfolio

The loan portfolio amounted to SEK 3,264 million (1,688), an increase in local currencies of 79 % compared to December 2021. Positive currency effects impacted the loan portfolio growth by another 14 %. The new lending has increased by 117 % to SEK 5,306 million (2,447). The increase is mainly related to the operations in Germany.

The loan portfolio in Germany has increased by 72 % to EUR 240 million (139) over the past year. The growth is primarily attributable to an increased number of issued credit cards. Increased direct marketing in digital channels and a modified credit strategy have had a positive effect on growth during the year.

The loan portfolio in Norway has increased by 81 % to NOK 470 million (259) over the past year. The volumes have increased significantly due to a changed credit strategy which has resulted in a significant increase in the utilisation rate on the credit cards. The loan portfolio in Austria amounted to EUR 9.1 million (-) at the end of the year.

### Results

The operating profit amounted to SEK 38.9 million (-12.0). Higher income from the growing loan portfolio in Germany and a lower C/I ratio contributed to the improvement.

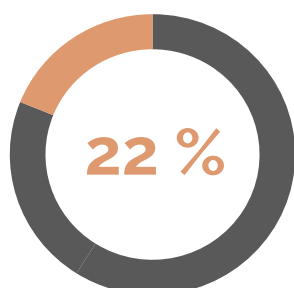
The operating income increased by 127 % to SEK 355.1 million (156.6). The increase is mainly related to the high growth in Germany. The operating income margin increased to 14.3 % (12.8) since a lower proportion of new credit card customers were generated via loan intermediaries.

The operating expenses increased by 90 % to SEK 173.2 million (91.1). During the year, the expenses were affected by an increased direct marketing effort. However, the C/I ratio still decreased to 48.8 % (58.2) due to economies of scale in the business model.

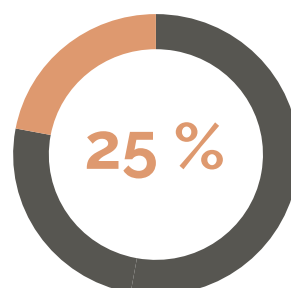
The loan losses increased by 84 % to SEK 142.9 million (77.5). The increase was affected by the growing loan portfolio in Germany. The loan loss ratio has decreased to 5.8 % (6.3).

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



# ECOMMERCE SOLUTIONS

## JANUARY - DECEMBER 2022

COMPARED TO JANUARY - DECEMBER 2021 (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. The Nordic loan portfolio comprises 74 % of the segment. The Bank had 341 active commercial partners during the fourth quarter 2022.

The Avarda brand continues to grow strongly in the Nordic markets. In 2022, the position has been strengthened considerably, new cooperations with Haypp Group and Jollyroom have been launched, which is expected to generate an increase of around SEK 3 billion in yearly transaction volumes. 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.

### The loan portfolio

The loan portfolio amounted to SEK 2,710 million (2,070) an increase in local currencies of 24 % compared to December 2021. Positive currency effects impacted the loan portfolio growth by another 7 %. New lending increased by 27 % to SEK 5,099 million (4,018). The increase is mainly related to an increased number of partners and expanded cooperation with existing retailers.

The loan portfolio in the Nordics increased by 28 % in local currencies compared to December 2021 and amounts to SEK 1,995 million (1,486). In Finland, the portfolio increased by 17 % to EUR 89.5 million (76.4) over the past year. The increase is explained by a continued growth for e-commerce and an inflow of several new partners. The Swedish loan portfolio increased by 39 % to SEK 724 million (522) following

strong sales development during the year. In Norway the loan portfolio increased by 61 % to NOK 246 million (153). In Denmark, the loan portfolio decreased to DKK 10.2 million (19.1).

The loan portfolio in the Baltics increased by 34 % to EUR 33.3 million (24.9) over the year. The increase is mainly explained by operations being established in Latvia and Lithuania, but also from a continued strong inflow of new partners in Estonia. In Poland, the loan portfolio decreased by 2 % to PLN 145 million (148).

### Results

The operating profit decreased by 7 % to SEK 52.1 million (56.2). The decrease is mainly related to increasing financing costs and investments in new collaborations.

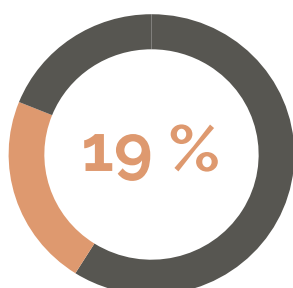
The operating income increased by 23 % to SEK 311.3 million (253.7). High growth of the loan portfolio and a significant increase in transaction volumes in several geographic markets have resulted in both higher interest income and increasing fee and commission income. The operating income margin decreased to 13.0 % (14.8) as a result of increased financing costs that have not yet been fully passed on to the customer.

The operating expenses increased by 21 % to SEK 192.7 million (159.0). This is explained by increased sales-related costs, more employees and an increased investment pace in product development. The C/I ratio decreased to 61.9 % (62.7) during the year.

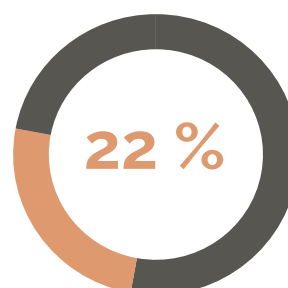
The loan losses increased by 72 % to SEK 66.4 million (38.5), partly explained by the growth of the segment over the year. The loan loss ratio increased to 2.8 % (2.3), which, among other things, is due to slightly higher loan loss provisions for expected credit losses.

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



# SIGNIFICANT EVENTS

## Significant events, January - December 2022

New agreements for continuing the sale of past due receivables have been signed in several markets within all segments.

Lending operations in Austria have been established in the Credit Cards segment with a similar offer as the German market.

At the Annual General Meeting 3 May, it was resolved to pay a dividend of SEK 1.00 per share. John Brehmer was re-elected as Chairman of the Board while Fredrik Oweson and Niklas Johansson was new elected as members of the Board. Bertil Larsson and Charlotta Björnberg-Paul had declined re-election. The other members of the Board were re-elected at the Meeting.

In June, TF Bank began a cooperation with Haypp Group in the Norwegian market through the brand Avarda, which is expected to generate close to NOK 1 billion in yearly transaction volumes.

Lending operations in Latvia and Lithuania have been established in the Ecommerce Solutions segment, this after an agreement was reached with the countries' largest e-retailer Pigu Group.

Lending operations in Denmark and Spain have been established in the Consumer Lending segment and a service subsidiary has been formed in Spain.

TF Bank's Swedish subsidiary TFB Service AB has been granted a licence to operate as a deposit taking financial institution by the Swedish Financial Supervisory Authority. The intention of the licence is to transfer the Nordic operations of Ecommerce Solutions to a separate entity.

During the year, the credit card business had a loan book growth of 93 % and economies of scale in the business model contributed to the operating profit improving by SEK 51 million.

Within the Ecommerce Solutions segment, the Bank signed an agreement and, at the end of December, launched a cooperation with the major Nordic retailer Jollyroom, which is expected to generate an annual transaction volume of more than SEK 2 billion.

## Events after the end of the reporting period

The board has appointed Joakim Jansson as the new CEO, starting no later than August 2023. Mattias Carlsson will remain with the company as a Senior Business Advisor.

The Swedish Financial Supervisory Authority has given TF Bank permission to use the Alternative Standardised Approach to calculate the capital requirement for operational risk. The change results in the capital requirement for operational risk is significantly closer to the business' own perception of its operational risks. The approval has strengthened all TF Bank's capital ratios with approximately 1 percentage point as of 31 December 2022.



# OTHER INFORMATION

## Annual General Meeting 2023

The Annual General Meeting 2023 will be held on Wednesday 3 May 2023. Shareholders who want a matter listed in the notice to the Annual General Meeting must submit a request to the board no later than Wednesday March 15 2023. The request must be sent via e-mail to [ir@tfbank.se](mailto:ir@tfbank.se) or by regular postal services 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 Wednesday 5 April 2023.

## Proposed dividend

The board proposes the Annual General Meeting that no dividend will be paid for 2022.

## 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 2022, the share price closed at SEK 176.60, a decrease of 23 % during the year. In total, 3.3 million TF Bank shares worth approximately SEK 587 million were traded on Nasdaq Stockholm during 2022.

## Institutions following TF Bank

ABG Sundal Collier, Carnegie and Nordea are following the company. At the end of 2022, two institutions had issued a buy recommendation for the TF Bank share and one institution had issued a hold recommendation.

## 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.

## Environment

Environmental resources are used responsibly and conservatively throughout the Bank's entire operations. The Bank strives to conduct its operations in an environmentally sustainable way by, for example, enhancing efficiency and investing in sustainable products and services.

## The war in Ukraine

The Russian invasion of Ukraine has led to a sharp increase in geopolitical unrest and uncertainty in both the European and the global economy. The financial market has shown great volatility with higher interest rates, a weakened Swedish krona and increased inflation during 2022. TF Bank has no exposures to neither Ukraine, Russia nor Belarus. It cannot be ruled out that TF Bank's operations, new lending or credit losses may be negatively affected by the consequences of the war in the future.

## Presentation for investors, analysts and media

A live conference call will be held on Friday 20 January 2023 at 08.15 CET, where CEO Mattias Carlsson and CFO Mikael Meomuttel will present the year-end 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 and ask questions call +46 (0)8 4468 2488 and enter the meeting code 857 3984 6592. For international investors, there is a 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](http://www.tfbankgroup.com).



# OTHER INFORMATION

## Risks and uncertainties

Different types of risks arise within the Bank's business operations. The risks can be materialised in different ways within the business. The following main risk categories have been identified:

- Credit risks (including those attributable to the credit portfolio, credit-related concentration risks and counterparty risks)
- Market risks (including interest rate, currency and other exchange risks)
- Liquidity risks
- Operational risks (including process risks, personnel risks, IT and systemic risks and external risks)
- Other business risks (including business risks, cyclical risks and reputational risks)

The Bank assesses credit risks, liquidity risks and operational risks as the most significant risks. In order to limit and control risk-taking in the business, the Board, which is ultimately responsible for internal controls, has established policies and instructions for lending and other activities.

More information regarding the Bank's credit risks and capital adequacy can be found in Notes 2 and 9 and on page 35 in the interim report. For a more detailed description of financial risks and the use of financial instruments, as well as capital adequacy, see Notes 3 and 33 of the Annual report 2021.

## 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).

During the second quarter of 2022, the Bank has implemented hedge accounting of net investments in foreign operations in accordance with IFRS 9, and therefore the following additions have been made to the Bank's accounting principles since the Annual report 2021.

## *Derivatives and hedge accounting*

Derivatives are reported in the balance sheet on the contract date and are valued at fair value through profit and loss, both on initial recognition and at subsequent remeasurements. The method for reporting the gain or loss that arises on revaluation depends on whether the derivative has been identified as a hedging instrument, and, if so, the nature of the item hedged.

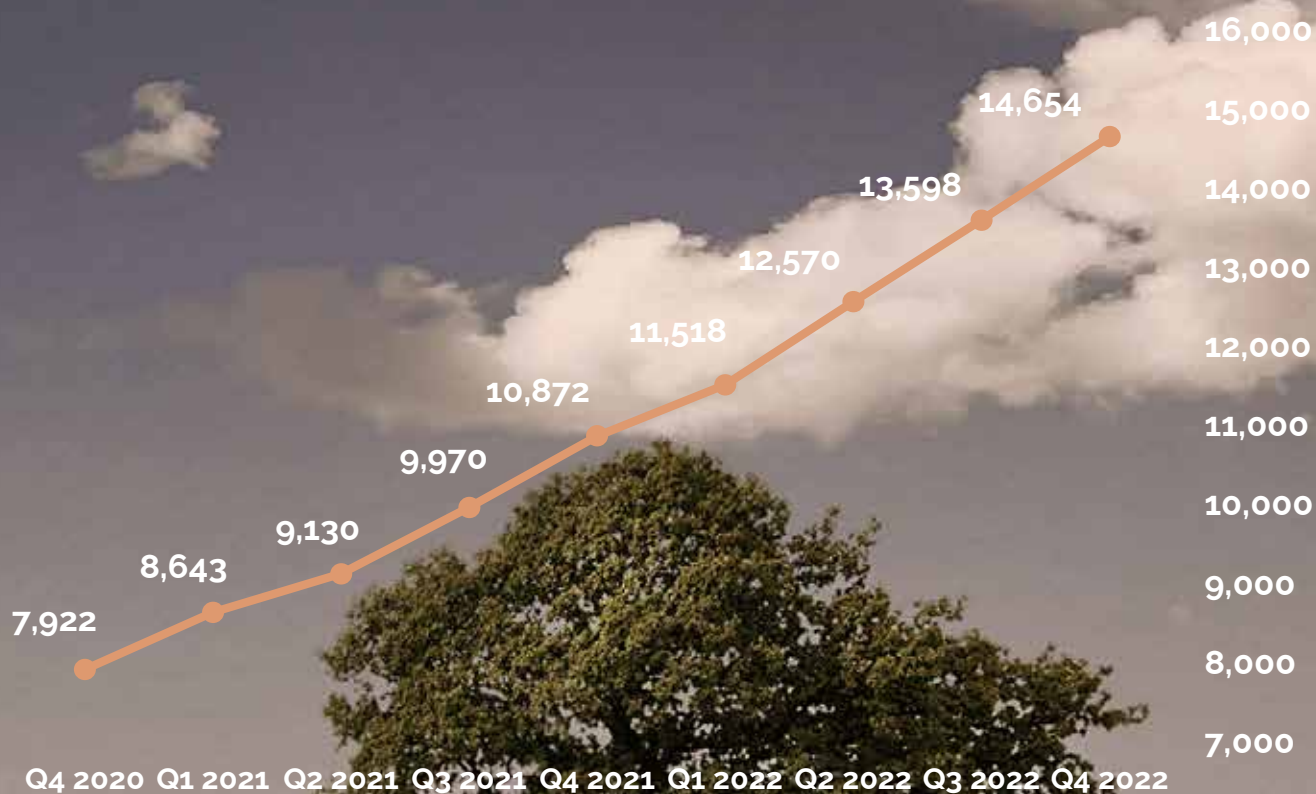
When the transaction is entered into, the Bank documents the relationship between the hedging instrument and the hedged item, as well as the Bank's objectives for risk management and the risk management strategy regarding the hedging. TF Bank also documents its assessment, both when the hedge is entered into and continuously, of whether the derivatives used in hedging transactions are effective in counteracting changes in fair value or cash flows attributable to the hedged items.

If hedge accounting is not applied, the changes in the fair value of the derivatives are reported in the net result of financial transactions in the income statement. If hedge accounting is applied and the hedged item consists of net investments, the changes in fair value of the derivatives as well as the conversion effects of the foreign net investments are reported in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is not effective, the ineffective part of the change in fair value of the hedging instrument is reported in net profit from financial transactions in the income statement. Accumulated gains and losses in equity are reclassified from equity to the income statement when the foreign operations are divested.

Other accounting principles, calculation bases and presentation are essentially unchanged compared with the 2021 annual report.

The interim information on pages 3-35 is an integrated part of this financial report.

## LOAN PORTFOLIO PERFORMANCE IN 2020-2022 (SEK MILLION)



# FINANCIAL INFORMATION

## INCOME STATEMENT

SEK thousand	Note	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
	3				
<b>Operating income</b>					
Interest income		429,806	300,056	1,472,979	1,074,113
Interest expense		-74,830	-35,594	-210,318	-120,439
<b>Net interest income</b>		<b>354,976</b>	<b>264,462</b>	<b>1,262,661</b>	<b>953,674</b>
Fee and commission income		57,116	42,793	204,316	140,478
Fee and commission expense		-14,088	-10,068	-54,859	-34,265
<b>Net fee and commission income</b>		<b>43,028</b>	<b>32,725</b>	<b>149,457</b>	<b>106,213</b>
Net results from financial transactions		-1,142	-1,154	683	-4,600
<b>Total operating income</b>		<b>396,862</b>	<b>296,033</b>	<b>1,412,801</b>	<b>1,055,287</b>
<b>Operating expenses</b>					
General administrative expenses		-145,592	-108,980	-513,377	-380,224
Depreciation and amortisation of tangible and intangible assets		-7,783	-7,413	-30,256	-28,638
Other operating expenses		-13,624	-10,807	-67,596	-33,303
<b>Total operating expenses</b>		<b>-166,999</b>	<b>-127,200</b>	<b>-611,229</b>	<b>-442,165</b>
<b>Profit before loan losses</b>		<b>229,863</b>	<b>168,833</b>	<b>801,572</b>	<b>613,122</b>
Net loan losses	4	-115,711	-70,101	-367,569	-260,564
<b>Operating profit</b>		<b>114,152</b>	<b>98,732</b>	<b>434,003</b>	<b>352,558</b>
Income tax for the period		-24,802	-20,830	-93,198	-75,352
<b>Profit for the period</b>		<b>89,350</b>	<b>77,902</b>	<b>340,805</b>	<b>277,206</b>
Attributable to:					
Shareholders of the Parent Company		85,176	75,656	326,445	269,875
Additional tier 1 capital holders		4,174	2,246	14,360	7,331
Basic earnings per share (SEK)		3.96	3.52	15.18	12.55
Diluted earnings per share (SEK)		3.96	3.52	15.18	12.55

## STATEMENT OF OTHER COMPREHENSIVE INCOME

SEK thousand	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
<b>Profit for the period</b>	<b>89,350</b>	<b>77,902</b>	<b>340,805</b>	<b>277,206</b>
<b>Other comprehensive income</b>				
<b>Items that may subsequently be reclassified to the income statement</b>				
Gross exchange rate differences	-281	-	-464	-
Tax on exchange rate differences in the period	61	-	100	-
<b>Other comprehensive income for the period</b>	<b>-220</b>	<b>-</b>	<b>-364</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>89,130</b>	<b>77,902</b>	<b>340,441</b>	<b>277,206</b>
Attributable to:				
Shareholders of the Parent Company	84,956	75,656	326,081	269,875
Additional tier 1 capital holders	4,174	2,246	14,360	7,331

## BALANCE SHEET

SEK thousand	Note	31 Dec 2022	31 Dec 2021
	2,5,6		
<b>ASSETS</b>			
Cash and balances with central banks		57,686	1,270,092
Treasury bills eligible for refinancing		1,837,025	316,411
Loans to credit institutions		1,631,653	779,636
Loans to the public	3,7	14,654,373	10,872,285
Shares		154	257
Shares in subsidiaries		371	341
Goodwill		8,927	10,202
Intangible assets		86,780	71,365
Tangible assets		3,955	2,699
Other assets		27,707	21,842
Deferred tax assets		2,943	4,781
Prepaid expenses and accrued income		35,716	40,905
<b>TOTAL ASSETS</b>		<b>18,347,290</b>	<b>13,390,816</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Deposits and borrowings from the public	8	16,108,130	11,504,749
Other liabilities		125,131	94,020
Current tax liabilities		35,955	36,089
Deferred tax liabilities		15	5,641
Accrued expenses and prepaid income		144,621	121,584
Subordinated liabilities		198,660	198,042
<b>Total liabilities</b>		<b>16,612,512</b>	<b>11,960,125</b>
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		107,500	107,500
Statutory reserve		1,000	1,000
Development costs fund		86,780	71,365
<b>Total restricted equity</b>		<b>195,280</b>	<b>179,865</b>
<b>Non-restricted equity</b>			
Tier 1 capital instrument		200,000	200,000
Net investments hedges		-57,916	-
Foreign currency reserve		57,552	-
Retained earnings		999,057	773,620
Profit for the period		340,805	277,206
<b>Total non-restricted equity</b>		<b>1,539,498</b>	<b>1,250,826</b>
<b>Total equity</b>		<b>1,734,778</b>	<b>1,430,691</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>18,347,290</b>	<b>13,390,816</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	Tier 1 capital instrument <sup>2</sup>	Net investments hedges	Foreign currency reserve	Retained earnings	Profit for the period	
<b>Equity as at 1 Jan 2021</b>	<b>107,500</b>	<b>1,000</b>	<b>61,762</b>	<b>100,000</b>	<b>-</b>	<b>-</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>200,000</b>	<b>-</b>	<b>-</b>	<b>773,620</b>	<b>277,206</b>	<b>1,430,691</b>
<b>Equity as at 1 Jan 2022</b>	<b>107,500</b>	<b>1,000</b>	<b>71,365</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>773,620</b>	<b>277,206</b>	<b>1,430,691</b>
Profit for the period	-	-	-	-	-	-	-	340,805	340,805
Other comprehensive income for the period	-	-	-	-	-57,916	57,552	-	-	-364
Transfer of previous year's profit	-	-	-	-	-	-	277,206	-277,206	-
Dividend to shareholders	-	-	-	-	-	-	-21,500	-	-21,500
Capitalisation of development costs	-	-	45,004	-	-	-	-45,004	-	-
Amortisation of capitalised development costs	-	-	-29,589	-	-	-	29,589	-	-
Interest Tier 1 capital	-	-	-	-	-	-	-14,360	-	-14,360
Transaction costs, issue of Tier 1 capital	-	-	-	-	-	-	-622	-	-622
Tax effect, transaction costs issue of Tier 1 capital	-	-	-	-	-	-	128	-	128
<b>Equity as at 31 Dec 2022</b>	<b>107,500</b>	<b>1,000</b>	<b>86,780</b>	<b>200,000</b>	<b>-57,916</b>	<b>57,552</b>	<b>999,057</b>	<b>340,805</b>	<b>1,734,778</b>

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

<sup>2</sup> Perpetual bonds, SEK 100 million with interest terms STIBOR 3 months +6.75% and first possible redemption 7 June 2023, and SEK 100 million with interest terms STIBOR +6.25 and first possible redemption 1 December 2026.

## CASH FLOW STATEMENT

SEK thousand	Jan-Dec 2022	Jan-Dec 2021
<b>Operating activities</b>		
Operating profit	434,003	352,558
<i>Adjustment for items not included in cash flow</i>		
Depreciation and amortisation of tangible and intangible assets	30,256	28,638
Accrued interest income and expense	5,083	6,681
Other non-cash items	254	-12
Paid income tax	-93,332	-41,095
	<b>376,264</b>	<b>346,770</b>
Increase/decrease in loans to the public	-3,782,088	-2,949,837
Increase/decrease in other short-term receivables	-196,757	-29,573
Increase/decrease in deposits and borrowings from the public	4,603,381	2,790,717
Increase/decrease in other short-term liabilities	46,871	67,152
<b>Cash flow from operating activities</b>	<b>1,047,671</b>	<b>225,229</b>
<b>Investing activities</b>		
Investments in tangible assets	-2,818	-1,452
Investments in intangible assets	-45,004	-35,554
Investments in subsidiaries	-30	-25
<b>Cash flow from investing activities</b>	<b>-47,852</b>	<b>-37,031</b>
<b>Financing activities</b>		
Issue of Tier 1 capital	-494	98,611
Redemption of Tier 2 capital	-	-47,000
Interest on Tier 1 capital	-14,360	-7,331
Dividend to shareholders	-21,500	-21,500
<b>Cash flow from financing activities</b>	<b>-36,354</b>	<b>22,780</b>
<b>Cash flow for the period</b>	<b>963,465</b>	<b>210,978</b>
Cash and cash equivalents at the beginning of period	2,366,139	2,119,002
Exchange rate difference in cash and cash equivalents	196,760	36,159
<b>Cash and cash equivalents at the end of period</b>	<b>3,526,364</b>	<b>2,366,139</b>
<i>Cash flow from operating activities includes interest expenses paid and interest payments received</i>		
Interest expenses paid	208,667	125,170
Interest payments received	1,281,280	923,990
<b>Components of cash and cash equivalents</b>		
Cash and balances with central banks	57,686	1,270,092
Treasury bills eligible for refinancing	1,837,025	316,411
Loans to credit institutions	1,631,653	779,636
<b>Total cash and cash equivalents</b>	<b>3,526,364</b>	<b>2,366,139</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, Austria and Spain through branch or cross-border banking license. 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 2022

Shareholder	%
TFB Holding AB	30.31
Tiberon AB	15.07
Erik Selin Fastigheter AB	12.55
Proventus Aktiebolag	5.16
Nordnet Pensionsförsäkring AB	4.34
Jack Weil	4.25
Merizole Holding LTD	2.47
Carnegie fonder	1.80
Skandia fonder	1.31
Avanza pension	1.26
Other shareholders	21.48
<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
TFBN Services S.L.	B10781789

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

## NOTE 2 Credit risk

### Financial risks

TF Bank's activities are exposed to a variety of financial risks: credit risk, market risk (including currency risk and interest rate risk) and liquidity risk. 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 to 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 and is the most significant risk in the Bank. Credit risk 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 ordinary Board meeting.

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 provisions for loan losses are small in proportion to the outstanding loan volume (see Note 7). This is due to that the Bank regularly sells past due receivables 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 loan losses on a monthly basis through the sale of past due receivables. In connection with the sale of past due receivables all risks are transferred to the counterpart. The remaining portfolio has a limited number of non-performing loans in stage 3 and consequently a relatively low level of provisions.

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.

Credit risk may even arise through placement of liquidity and derivative instruments with a positive value. By establishing the maximum exposure to each counterparty, the credit risk of liquidity placement becomes limited. According to the Bank's financial policy, the maximum amount of Tier 1 capital that may be placed with the Bank's permitted counterparties is 25 %, with the exception of institutions for which the permitted amount is 100 % of Tier 1 capital.<sup>1</sup> Treasury bills, government bonds and balances with central banks, as well as exposure to subsidiaries, are exempt from both limits.

<sup>1</sup> According to Article 25 of Regulation (EU) No 575/2013, Tier 1 capital is the sum of the Common Equity Tier 1 capital and Additional Tier 1 capital for capital adequacy purpose.

### 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 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net interest income	184,704	149,840	682,329	604,695
Net fee and commission income	18,737	12,833	63,684	43,471
Net results from financial transactions	-732	-784	437	-3,128
<b>Total operating income</b>	<b>202,709</b>	<b>161,889</b>	<b>746,450</b>	<b>645,038</b>
General administrative expenses	-59,769	-47,614	-221,623	-170,908
Depreciation and amortisation of tangible and intangible assets	-1,257	-1,408	-5,040	-5,639
Other operating expenses	-3,342	-4,169	-18,649	-15,596
<b>Total operating expenses</b>	<b>-64,368</b>	<b>-53,191</b>	<b>-245,312</b>	<b>-192,143</b>
<b>Profit before loan losses</b>	<b>138,341</b>	<b>108,698</b>	<b>501,138</b>	<b>452,895</b>
Net loan losses	-49,859	-34,372	-158,211	-144,546
<b>Operating profit</b>	<b>88,482</b>	<b>74,326</b>	<b>342,927</b>	<b>308,349</b>

Balance sheet, SEK thousand	31 Dec 2022	31 Dec 2021
<b>Loans to the public</b>		
Household sector	8,600,475	7,076,557
Corporate sector <sup>1</sup>	80,073	37,597
<b>Total loans to the public</b>	<b>8,680,548</b>	<b>7,114,154</b>
<b>Household sector</b>		
Stage 1, net	8,042,970	6,620,083
Stage 2, net	225,175	164,451
Stage 3, net <sup>2</sup>	332,330	292,023
<b>Total household sector</b>	<b>8,600,475</b>	<b>7,076,557</b>

Key figures <sup>3</sup>	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Operating income margin, %	9.5	9.4	9.5	10.0
Net loan loss ratio, %	2.3	2.0	2.0	2.2
Cost/Income ratio, %	31.8	32.9	32.9	29.8
Return on loans to the public, %	3.2	3.3	3.3	3.6
New lending, SEK thousand	1,461,674	1,281,361	5,913,007	4,720,963

<sup>1</sup> Lending to the corporate sector consists of loans in stage 1 to counterparties regarding the sale of past due receivables.

<sup>2</sup> The Bank regularly sells past due receivables 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 and reconciliation tables, page 33-34.



Note 3 cont.

## CREDIT CARDS

Income statement, SEK thousand	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net interest income	112,991	56,762	354,617	164,111
Net fee and commission income	1,560	-1,155	358	-6,907
Net results from financial transactions	-205	-162	123	-644
<b>Total operating income</b>	<b>114,346</b>	<b>55,445</b>	<b>355,098</b>	<b>156,560</b>
General administrative expenses	-37,626	-20,515	-120,031	-70,069
Depreciation and amortisation of tangible and intangible assets	-1,460	-1,407	-5,942	-4,809
Other operating expenses	-9,568	-6,161	-47,270	-16,189
<b>Total operating expenses</b>	<b>-48,654</b>	<b>-28,083</b>	<b>-173,243</b>	<b>-91,067</b>
<b>Profit before loan losses</b>	<b>65,692</b>	<b>27,362</b>	<b>181,855</b>	<b>65,493</b>
Net loan losses	-43,973	-24,949	-142,910	-77,485
<b>Operating profit</b>	<b>21,719</b>	<b>2,413</b>	<b>38,945</b>	<b>-11,992</b>

Balance sheet, SEK thousand	31 Dec 2022	31 Dec 2021
<b>Loans to the public</b>		
Household sector	3,236,360	1,652,293
Corporate sector <sup>1</sup>	27,643	36,158
<b>Total loans to the public</b>	<b>3,264,003</b>	<b>1,688,451</b>
<b>Household sector</b>		
Stage 1, net	3,114,211	1,584,192
Stage 2, net	87,819	40,222
Stage 3, net <sup>2</sup>	34,330	27,879
<b>Total household sector</b>	<b>3,236,360</b>	<b>1,652,293</b>

Key figures <sup>3</sup>	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Operating income margin, %	15.0	14.3	14.3	12.8
Net loan loss ratio, %	5.8	6.4	5.8	6.3
Cost/Income ratio, %	42.5	50.7	48.8	58.2
Return on loans to the public, %	2.2	0.5	1.1	neg
New lending, SEK thousand	1,665,501	772,141	5,306,304	2,447,372
Number of active credit cards	140,687	79,952	140,687	79,952

<sup>1</sup> Lending to the corporate sector consists of loans in stage 1 to counterparties regarding the sale of past due receivables.

<sup>2</sup> The Bank regularly sells past due receivables 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 and reconciliation tables, page 33-34.

Note 3 cont.

## ECOMMERCE SOLUTIONS

Income statement, SEK thousand	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net interest income	57,281	57,860	225,715	184,868
Net fee and commission income	22,731	21,047	85,415	69,649
Net results from financial transactions	-205	-208	123	-828
<b>Total operating income</b>	<b>79,807</b>	<b>78,699</b>	<b>311,253</b>	<b>253,689</b>
General administrative expenses	-48,197	-40,851	-171,723	-139,247
Depreciation and amortisation of tangible and intangible assets	-5,066	-4,598	-19,274	-18,190
Other operating expenses	-714	-477	-1,677	-1,518
<b>Total operating expenses</b>	<b>-53,977</b>	<b>-45,926</b>	<b>-192,674</b>	<b>-158,955</b>
<b>Profit before loan losses</b>	<b>25,830</b>	<b>32,773</b>	<b>118,579</b>	<b>94,734</b>
Net loan losses	-21,879	-10,780	-66,448	-38,533
<b>Operating profit</b>	<b>3,951</b>	<b>21,993</b>	<b>52,131</b>	<b>56,201</b>

Balance sheet, SEK thousand	31 Dec 2022	31 Dec 2021
<b>Loans to the public</b>		
Household sector	2,676,437	2,069,680
Corporate sector <sup>1</sup>	33,385	-
<b>Total loans to the public</b>	<b>2,709,822</b>	<b>2,069,680</b>
<b>Household sector</b>		
Stage 1, net	2,510,298	1,972,671
Stage 2, net	104,789	83,557
Stage 3, net <sup>2</sup>	61,350	13,452
<b>Total household sector</b>	<b>2,676,437</b>	<b>2,069,680</b>

Key figures <sup>3</sup>	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Operating income margin, %	12.5	16.2	13.0	14.8
Net loan loss ratio, %	3.4	2.2	2.8	2.3
Cost/Income ratio, %	67.6	58.4	61.9	62.7
Return on loans to the public, %	0.5	3.5	1.6	2.5
New lending, SEK thousand	1,637,861	1,275,897	5,098,999	4,018,465
Transaction volume, SEK thousand	3,045,393	2,250,931	9,279,475	6,612,133

<sup>1</sup> Lending to the corporate sector consists of loans in stage 1 to a foreign partner within the segment.

<sup>2</sup> The Bank regularly sells past due receivables 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 and reconciliation tables, page 33-34.

Note 3 cont.

## RECONCILIATION AGAINST FINANCIAL INFORMATION

Income statement, SEK thousand	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
<b>Operating income</b>				
Consumer Lending	202,709	161,889	746,450	645,038
Credit Cards	114,346	55,445	355,098	156,560
Ecommerce Solutions	79,807	78,699	311,253	253,689
<b>Total operating income</b>	<b>396,862</b>	<b>296,033</b>	<b>1,412,801</b>	<b>1,055,287</b>
<b>Operating profit</b>				
Consumer Lending	88,482	74,326	342,927	308,349
Credit Cards	21,719	2,413	38,945	-11,992
Ecommerce Solutions	3,951	21,993	52,131	56,201
<b>Total operating profit</b>	<b>114,152</b>	<b>98,732</b>	<b>434,003</b>	<b>352,558</b>

Balance sheet, SEK thousand	31 Dec 2022	31 Dec 2021
<b>Loans to the public</b>		
Consumer Lending	8,680,548	7,114,154
Credit Cards	3,264,003	1,688,451
Ecommerce Solutions	2,709,822	2,069,680
<b>Total loans to the public</b>	<b>14,654,373</b>	<b>10,872,285</b>

## NOTE 4 Net loan losses

SEK thousand	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Change in provision for sold past due receivables	-74,809	-49,386	-250,930	-146,696
Realised loan losses	-11,042	-10,012	-37,477	-37,960
Recovered from previous realised loan losses	76	59	239	565
Change in provision for expected loan losses, stage 1-3	-29,936	-10,762	-79,401	-76,473
<b>Net loan losses</b>	<b>-115,711</b>	<b>-70,101</b>	<b>-367,569</b>	<b>-260,564</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 2022 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	-	-	57,686	-	-	57,686
Treasury bills eligible for refinancing	-	-	1,837,025	-	-	1,837,025
Loans to credit institutions	-	-	1,631,653	-	-	1,631,653
Loans to the public	-	-	14,654,373	-	-	14,654,373
Shares	154	-	-	-	-	154
Derivatives	11,387	-	-	-	-	11,387
Other assets	-	-	-	-	155,012	155,012
Total assets	11,541	-	18,180,737	-	155,012	18,347,290
Liabilities						
Deposits and borrowings from the public	-	-	16,108,130	-	-	16,108,130
Subordinated liabilities	-	-	198,660	-	-	198,660
Derivatives	21,991	-	-	3,684	-	25,675
Other liabilities	-	-	-	-	280,047	280,047
Total liabilities	21,991	-	16,306,790	3,684	280,047	16,612,512

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

## 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 2022 SEK thousand	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Shares	-	154	-	154
Derivatives	-	11,387	-	11,387
<b>Total assets</b>	<b>-</b>	<b>11,541</b>	<b>-</b>	<b>11,541</b>
<b>Liabilities</b>				
Derivatives	-	25,675	-	25,675
<b>Total liabilities</b>	<b>-</b>	<b>25,675</b>	<b>-</b>	<b>25,675</b>

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>

### Financial instruments in Level 2

The fair value of financial instruments not traded in an active market (e.g. OTC derivatives) is determined using various valuation techniques. These valuation techniques use observable market data where available and rely as little as possible on entity specific estimates. An instrument is classified as Level 2 if all significant inputs required to value an instrument are observable.

Specific valuation techniques used to measure financial instruments include:

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

For loans to the public the fair value is based on discounted cash flows using an interest rate based on the market rate at the balance sheet date, which was 13.41 % as at 31 December 2022 and 12.66 % as at 31 December 2021.

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 2022 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
<b>Assets</b>			
Cash and balances with central banks	57,686	57,686	-
Treasury bills eligible for refinancing	1,837,025	1,826,973	-10,052
Loans to credit institutions	1,631,653	1,631,653	-
Loans to the public	14,654,373	14,654,373	-
Shares	154	154	-
Derivatives	11,387	11,387	-
<b>Total assets</b>	<b>18,192,278</b>	<b>18,182,226</b>	<b>-10,052</b>
<b>Liabilities</b>			
Deposits from the public	16,108,130	16,108,130	-
Subordinated liabilities	198,660	198,660	-
Derivatives	25,675	25,675	-
<b>Total liabilities</b>	<b>16,332,465</b>	<b>16,332,465</b>	<b>-</b>

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>

**NOTE 7 Loans to the public**

SEK thousand	31 Dec 2022	31 Dec 2021
Loans to the household sector	14,513,272	10,798,530
Loans to the corporate sector <sup>1</sup>	141,101	73,755
<b>Total loans to the public</b>	<b>14,654,373</b>	<b>10,872,285</b>
<b>Loans to the household sector, gross</b>		
Stage 1, gross	13,861,985	10,330,411
Stage 2, gross	495,257	330,212
Stage 3, gross <sup>2</sup>	763,649	623,294
<b>Total loans to the household sector, gross</b>	<b>15,120,891</b>	<b>11,283,917</b>
<b>Provisions for expected loan losses, household sector</b>		
Stage 1	-194,506	-153,465
Stage 2	-77,474	-41,982
Stage 3 <sup>2</sup>	-335,639	-289,940
<b>Total provisions for expected loan losses, household sector</b>	<b>-607,619</b>	<b>-485,387</b>
<b>Loans to the household sector, net</b>		
Stage 1, net	13,667,479	10,176,946
Stage 2, net	417,783	288,230
Stage 3, net <sup>2</sup>	428,010	333,354
<b>Total loans to the household sector, net</b>	<b>14,513,272</b>	<b>10,798,530</b>
<i>Geographic distribution of net loans</i>		
Norway	4,182,683	3,497,344
Finland	3,246,939	2,612,182
Germany	2,665,839	1,422,692
Sweden	1,291,765	1,027,610
Estonia	1,035,596	821,748
Latvia	894,692	675,810
Lithuania	688,702	331,482
Poland	432,097	449,519
Austria	106,752	7,658
Denmark	69,090	26,240
Spain	40,218	-
<b>Total loans to the public</b>	<b>14,654,373</b>	<b>10,872,285</b>

**CHANGE IN PROVISION FOR NET LOAN LOSSES**

SEK thousand	31 Dec 2022	31 Dec 2021
<b>Opening balance</b>	<b>-485,387</b>	<b>-392,800</b>
Change in provision for sold loans	-250,930	-146,696
Reversal of provision for sold loans	250,930	146,696
Change in provision for expected loan losses in stage 1	-29,265	-22,727
Change in provision for expected loan losses in stage 2	-31,058	-4,566
Change in provision for expected loan losses in stage 3	-28,284	-62,216
Exchange rate differences	-33,625	-3,078
<b>Closing balance</b>	<b>-607,619</b>	<b>-485,387</b>

<sup>1</sup> Lending to the corporate sector consists of loans in stage 1 to counterparties regarding the sale of past due receivables and a loan in stage 1 to a foreign partner within the segment Ecommerce Solutions.

<sup>2</sup> The Bank regularly sells past due receivables 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 2022	31 Dec 2021
Germany	12,742,158	7,332,430
Norway	2,736,078	3,174,844
Sweden	344,698	662,747
Finland	285,196	334,728
<b>Total deposits and borrowings from the public</b>	<b>16,108,130</b>	<b>11,504,749</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 32 % (36) of total deposits from the public.

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

SEK thousand	31 Dec 2022	31 Dec 2021
Opening balance	11,504,749	8,714,032
Change	3,465,856	2,429,388
Exchange rate differences	1,137,525	361,329
<b>Closing balance</b>	<b>16,108,130</b>	<b>11,504,749</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 Financial Supervisory Authority's (Swedish FSA) regulations and general guidelines (FFFS 2008:25) on annual accounts of credit institutions and investment firms and related information contained in article 447 of Regulation (EU) No 575/2013 and Chapter 8, Section 1 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 and as such the stock exchange rules are also applicable. TF Bank is classified as a small and non-complex institute in accordance to article 433 of supervisory regulation (EU) No 2019/876.

**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 FSA regulations and general recommendations on regulatory requirements and capital buffers (FFFS 2014:12) and the Swedish FSA 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 2 February 2022 the Swedish FSA approved TF Bank's application to include the interim profit in own funds for TF Bank AB subject to the auditor's review of the surplus, and that the surplus has been calculated in accordance with applicable accounting rules, that the foreseeable costs and dividends have been deducted in accordance with Regulation (EU) No 575/2013 and that the calculation has been made in accordance with Regulation (EU) No 241/2014. The CET1 capital complies with the requirements of Regulation (EU) No 575/2013.

**IFRS 9 transitional arrangements**

The Bank has notified the Swedish FSA 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).

**Operational risk – Alternative Standardised Approach**

The Swedish Financial Supervisory Authority has given TF Bank permission to use the Alternative Standardised Approach to calculate the capital requirement for operational risk. TF Bank is therefore changing its method for calculating operational risk from the Standardised Approach to the Alternative Standardised Approach as of 31 December 2022. The change results in the capital requirement for operational risk is significantly closer to the business' own perception of its operational risks. The approval has strengthened all TF Bank's capital ratios with approximately 1 percentage point as of 31 December 2022.

Note 9 cont.

#### CAPITAL SITUATION <sup>1</sup>

SEK thousand	31 Dec 2022	31 Dec 2021
Common Equity Tier 1 capital (CET1)	1,522,686	1,237,589
Additional Tier 1 capital (AT1)	200,000	200,000
Tier 2 capital	198,660	198,042
<b>Own funds</b>	<b>1,921,346</b>	<b>1,635,631</b>
<b>Risk exposure amount</b>	<b>12,349,623</b>	<b>10,079,383</b>
- of which: credit risk	11,692,361	8,726,933
- of which: credit valuation adjustment risk	7,166	2,339
- of which: market risk	-	-
- of which: operational risk	650,096	1,350,111
<b>Capital ratios</b>		
CET1 capital ratio, %	12.3	12.3
Tier 1 capital ratio, %	13.9	14.3
Total capital ratio, %	15.6	16.2

#### REGULATORY CAPITAL REQUIREMENTS

SEK thousand	31 Dec 2022		31 Dec 2021	
	Amount	Percent <sup>2</sup>	Amount	Percent <sup>2</sup>
<b>Capital requirement under pillar 1</b>				
CET1 capital	555,733	4.5	453,572	4.5
Tier 1 capital	740,977	6.0	604,763	6.0
Total capital	987,970	8.0	806,351	8.0
<b>Capital requirement under pillar 2</b>				
CET1 capital	90,516	0.7	46,834	0.5
Tier 1 capital	120,689	1.0	62,445	0.6
Total capital	160,918	1.3	83,260	0.8
- of which, concentration risk	126,072	1.0	81,944	0.8
- of which, currency risk	1,016	0.0	1,316	0.0
- of which, interest rate risk	33,830	0.3	-	-
<b>Total capital requirement under pillar 1 and pillar 2</b>				
CET1 capital	646,249	5.2	500,406	5.0
Tier 1 capital	861,666	7.0	667,208	6.6
Total capital	1,148,888	9.3	889,611	8.8
<b>Institution-specific buffer requirement</b>				
Total buffer requirement	409,028	3.3	282,444	2.8
- of which, capital conservation buffer	308,741	2.5	251,985	2.5
- of which, countercyclical buffer	100,287	0.8	30,460	0.3
<b>Total capital requirement including buffer requirement</b>				
CET1 capital	1,055,277	8.5	782,850	7.8
Tier 1 capital	1,270,694	10.3	949,652	9.4
Total capital	1,557,915	12.6	1,172,055	11.6

<sup>1</sup> In accordance with (EU) 2021/637 TF Bank AB discloses the information about capital adequacy and other information as per the template "EU KM1" on page 35.

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

Note 9 cont.

## OWN FUNDS

SEK thousand	31 Dec 2022	31 Dec 2021
<b>CET1 capital</b>		
Share capital	107,500	107,500
Other reserves	87,416	72,365
Retained earnings including net profit for the period reviewed by the auditor	1,339,862	1,050,826
Adjustments to CET1 capital:		
- Deduction of foreseeable costs and dividends <sup>1</sup>	-	-21,500
- IFRS 9 transitional arrangements	47,391	71,257
- Intangible assets <sup>2</sup>	-50,556	-32,657
- Goodwill	-8,927	-10,202
<b>Total CET1 capital</b>	<b>1,522,686</b>	<b>1,237,589</b>
<b>Additional Tier 1 capital</b>		
Perpetual subordinated loan	200,000	200,000
<b>Tier 2 capital</b>		
Fixed term subordinated loan	198,660	198,042
<b>Own funds</b>	<b>1,921,346</b>	<b>1,635,631</b>

## SPECIFICATION OF RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT

SEK thousand	31 Dec 2022		31 Dec 2021	
	Risk exposure amount	Capital requirement 8 %	Risk exposure amount	Capital requirement 8 %
<b>Credit risk under the standardised approach</b>				
Corporate exposures	89,182	7,135	38,346	3,068
Household exposures	10,727,797	858,224	8,012,089	640,967
Exposures secured by real estate collateral	19,817	1,585	14,945	1,196
Exposures in default	428,269	34,262	390,444	31,236
Exposures to institutions with a short-term credit assessment	349,714	27,977	176,588	14,127
Equity exposures	525	42	597	48
Other items	77,057	6,165	93,924	7,514
<b>Total</b>	<b>11,692,361</b>	<b>935,390</b>	<b>8,726,933</b>	<b>698,156</b>
<b>Credit valuation adjustment</b>				
Standardised method	7,166	573	2,339	187
<b>Total</b>	<b>7,166</b>	<b>573</b>	<b>2,339</b>	<b>187</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>				
Alternative Standardised Approach <sup>4</sup>	650,096	52,008	1,350,111	108,009
<b>Total</b>	<b>650,096</b>	<b>52,008</b>	<b>1,350,111</b>	<b>108,009</b>
<b>Total risk exposure amount and total capital requirement</b>	<b>12,349,623</b>	<b>987,971</b>	<b>10,079,383</b>	<b>806,352</b>

<sup>1</sup> Deduction of dividends 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.

<sup>4</sup> The figures as of December 2022 are calculated according to the Alternative Standardised Approach. The figures as of December 2021 are calculated according to the Standardised Approach.



**NOTE 10 Pledged assets, contingent liabilities and commitments**

SEK thousand	31 Dec 2022	31 Dec 2021
<b>Pledged assets</b>		
Restricted bank deposits <sup>1</sup>	54,786	48,536
<b>Total</b>	<b>54,786</b>	<b>48,536</b>

SEK thousand	31 Dec 2022	31 Dec 2021
<b>Commitments</b>		
Unutilised credit limits	3,265,256	1,974,365
Future total minimum lease payments for non-cancellable operating leases	22,299	18,391
<b>Total</b>	<b>3,287,555</b>	<b>1,992,756</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 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
<i>The following transactions have been made between companies within the Group:</i>				
General administrative expenses	-8,069	-3,394	-23,973	-18,341
<b>Total</b>	<b>-8,069</b>	<b>-3,394</b>	<b>-23,973</b>	<b>-18,341</b>
<i>The following transactions have been made with other related parties:</i>				
Interest income (transaction costs)	-11,936	-14,154	-46,869	-47,957
Fee and commission income	788	536	3,294	890
General administrative expenses	-439	-834	-2,049	-3,109
<b>Total</b>	<b>-11,587</b>	<b>-14,452</b>	<b>-45,624</b>	<b>-50,176</b>
<i>Acquisition of assets and liabilities from other related parties:</i>				
Ecommerce Solutions	128,322	154,156	550,025	596,687
<b>Total</b>	<b>128,322</b>	<b>154,156</b>	<b>550,025</b>	<b>596,687</b>

SEK thousand	31 Dec 2022	31 Dec 2021
<i>Assets and liabilities at the end of the period as a result of transactions with other related parties:</i>		
Other assets	917	1,461
Other liabilities	282	14

<sup>1</sup> Restricted bank deposits refers to minimum 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, 19 January 2023

John Brehmer  
*Chairman*

Niklas Johansson

Michael Lindengren

Sara Mindus

Fredrik Oweson

Mari Thjømøe

Mattias Carlsson  
*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.

## **NET LOAN LOSS RATIO**

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

## **NEW LENDING**

New loans (the cash flow) in the period, the amounts have been reduced by returns.

## **NUMBER OF ACTIVE CREDIT CARDS**

All issued cards at the last day of the period with balance above 0 or transaction in last twelve months prior to reporting date.

## **OPERATING INCOME MARGIN**

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

## **RETURN ON EQUITY**

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**

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**

17 March 2023	Annual report 2022 is published
17 April 2023	Interim report January-March 2023
3 May 2023	Annual General Meeting 2023
13 July 2023	Interim report January - June 2023
18 October 2023	Interim report January - September 2023

This is information which TF Bank is required to disclose under the EU Market Abuse Regulation. The information was provided for publication 20 January 2023 at 07:00 CET.

## **CONTACTS**

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# RECONCILIATION TABLES

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

SEK thousand	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
<b>Income statement</b>				
<i>Earnings per share, SEK</i>	3.96	3.52	15.18	12.55
Net profit for the period attributable to the shareholder's of the Parent Company	85,176	75,656	326,445	269,875
Average number of outstanding shares, thousands	21,500	21,500	21,500	21,500
<b>Key figures <sup>2</sup></b>				
<i>Operating income margin, %</i>	11.2	11.4	11.1	11.2
Total operating income, annualised	1,587,448	1,184,132	1,412,801	1,055,287
Average loans to the public	14,126,224	10,421,372	12,763,329	9,397,367
<i>Net loan loss ratio, %</i>	3.3	2.7	2.9	2.8
Net loan losses, annualised	462,844	280,404	367,569	260,564
Average loans to the public	14,126,224	10,421,372	12,763,329	9,397,367
<i>Cost/Income ratio, %</i>	42.1	43.0	43.3	41.9
Total operating expenses	166,999	127,200	611,229	442,165
Total operating income	396,862	296,033	1,412,801	1,055,287
<i>Return on equity, %</i>	22.8	25.4	23.6	24.4
Net profit for the period attributable to the shareholder's of the Parent Company, annualised	340,704	302,624	326,445	269,875
Average equity attributable to the shareholder's of the Parent Company	1,492,300	1,193,558	1,382,735	1,107,198
<i>Return on loans to the public, %</i>	2.4	2.9	2.6	2.9
Net profit for the period attributable to the shareholder's of the Parent Company, annualised	340,704	302,624	326,445	269,875
Average loans to the public	14,126,224	10,421,372	12,763,329	9,397,367

<sup>1</sup> The annualised figure has been calculated by multiplying the quarterly figure by 4. The average has been calculated as opening balans plus closing balance, divided by two.

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

# REGULATORY KEY METRICS

TEMPLATE "EU KM1 – KEY METRICS TEMPLATE" IS DISCLOSED BELOW AS PER THE TECHNICAL STANDARDS IN THE COMMISSION IMPLEMENTING REGULATION 2021/637.

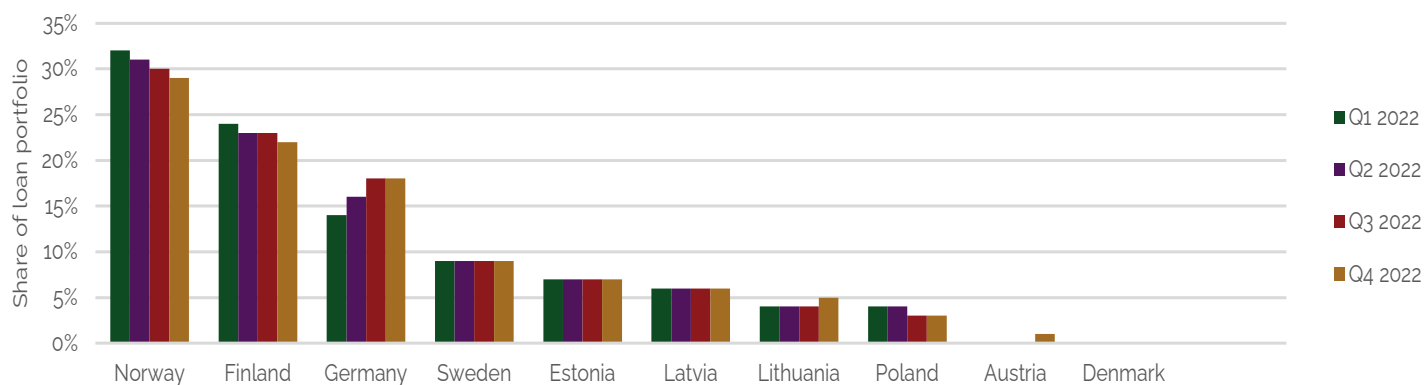
SEK thousand		31 Dec 2022	31 Dec 2021
<b>Available own funds</b>			
1	Common Equity Tier 1 capital (CET1)	1,522,686	1,237,589
2	Tier 1 capital	1,722,686	1,437,589
3	Total capital	1,921,346	1,635,631
<b>Risk-weighted exposure amount</b>			
4	Total risk exposure amount	12,349,623	10,079,383
<b>Capital ratios (% of risk-weighted exposure amount)</b>			
5	Common Equity Tier 1 ratio, %	12.3	12.3
6	Tier 1 ratio, %	13.9	14.3
7	Total capital ratio, %	15.6	16.2
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (% of risk-weighted exposure amount)</b>			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage, %	1.3	0.8
EU 7b	- of which, to be made up of CET1 capital, %	0.7	0.5
EU 7c	- of which, to be made up of Tier 1 capital, %	1.0	0.6
EU 7d	Total SREP own funds requirements, %	9.3	8.8
<b>Combined buffer and overall capital requirement (% of risk-weighted exposure amount)</b>			
8	Capital conservation buffer, %	2.5	2.5
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State, %	N/A	N/A
9	Institution specific countercyclical capital buffer, %	0.8	0.3
EU 9a	Systemic risk buffer, %	N/A	N/A
10	Global Systemically Important Institution buffer, %	N/A	N/A
EU 10a	Other Systemically Important Institution buffer, %	N/A	N/A
11	Combined buffer requirement, %	3.3	2.8
EU 11a	Overall capital requirements, %	12.6	11.6
12	CET1 available after meeting the total SREP own funds requirements, %	7.1	7.3
<b>Leverage ratio</b>			
13	Total exposure measure	19,013,626	13,751,040
14	Leverage ratio, %	9.1	10.5
<b>Additional own funds requirements to address risks of excessive leverage (% of leverage ratio total exposure amount)</b>			
EU 14a	Additional own funds requirements to address the risk of excessive leverage, %	N/A	N/A
EU 14b	- of which, to be made up of CET1 capital, %	N/A	N/A
EU 14c	Total SREP leverage ratio requirements, %	3.0	3.0
<b>Leverage ratio buffer and overall leverage ratio requirement (% of total exposure measure)</b>			
EU 14d	Total SREP leverage ratio requirements, %	N/A	N/A
EU 14e	Overall leverage ratio requirements, %	3.0	3.0
<b>Liquidity Coverage Ratio</b>			
15	Total high-quality liquid assets (Weighted value – average)	1,842,575	1,537,966
EU 16a	Cash outflows – Total weighted value	1,272,157	812,403
EU 16b	Cash inflows – Total weighted value	637,160	376,288
16	Total net cash outflows (adjusted value)	634,997	436,115
17	Liquidity coverage ratio, %	290	353
<b>Net Stable Funding Ratio</b>			
18	Total available stable funding	16,567,159	12,111,551
19	Total required stable funding	11,984,167	9,460,775
20	Net Stable Funding ratio, %	138	128



# TF BANK'S GEOGRAPHICAL PRESENCE



SHARE OF LOAN PORTFOLIO BY COUNTRY AND QUARTER





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