



INTERIM REPORT
January-June 2023



PERIOD IN BRIEF

JANUARY – JUNE 2023

COMPARED TO JANUARY - JUNE 2022 (unless otherwise stated)

- The loan portfolio amounted to SEK 17,012 million, compared to June 2022 the increase in local currencies was 27 %
- Operating profit increased by 15 % to SEK 240.6 million
- Earnings per share increased by 13 % to SEK 8.32
- Cost/income ratio decreased to 41.7 % (43.8)
- Return on equity amounted to 22.0 % (24.4)
- Total capital ratio has increased to 15.0 % (15.6) since year-end

SIGNIFICANT EVENTS

JANUARY - JUNE 2023

- The credit card business had a strong loan book growth of 43 % during the first half of the year and economies of scale in the business model contributed to the operating profit increasing significantly.
- TF Bank has issued Tier 2 bonds in the amount of SEK 150 million and carried out an early redemption of additional Tier 1 bonds of SEK 100 million.
- Joakim Jansson took seat as CEO May 15, 2023. The prior CEO Mattias Carlsson remains with the company as a Senior Business Advisor.

APRIL – JUNE 2023

COMPARED TO APRIL - JUNE 2022 (unless otherwise stated)

- The loan portfolio amounted to SEK 17,012 million, compared to March 2023 the increase in local currencies was 7 %
- Operating profit increased by 15 % to SEK 123.0 million
- Earnings per share increased by 14 % to SEK 4.26
- Cost/income ratio decreased to 41.4 % (44.3)
- Return on equity amounted to 21.9 % (24.1)

It can be stated that TF Bank has strong growth with a high return on equity this quarter as well. Organic growth amounted to 7 % during the quarter, mainly related to higher volumes from credit cards in Germany.

LOAN PORTFOLIO ¹

30 JUNE 2023 COMPARED TO 30 JUNE 2022

SEK **17.0** BILLION **+27 %**

TOTAL CAPITAL RATIO

30 JUNE 2023 COMPARED TO 31 DECEMBER 2022

15.0 % **-0.6** PERCENTAGE POINTS

OPERATING PROFIT

JAN-JUN 2023 COMPARED TO JAN-JUN 2022

SEK **241** MILLION **+15 %**

RETURN ON EQUITY

JAN-JUN 2023 COMPARED TO JAN-JUN 2022

22.0 % **-2.4** PERCENTAGE POINTS

¹ Development of the loan portfolio in local currencies

See separate section with definitions and reconciliation tables, page 34-35.

THIS IS TF BANK

BACKGROUND

TF Bank was founded 1987 and is a digital 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 with the support of the Swedish banking license. 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	Apr-Jun 2023	Apr-Jun 2022	Δ	Jan-Jun 2023	Jan-Jun 2022	Δ	Jan-Dec 2022
Income statement							
Operating income	479,532	338,095	42%	924,004	656,922	41%	1,412,801
Operating expenses	-198,734	-149,919	33%	-385,198	-287,978	34%	-611,229
Net loan losses	-157,823	-81,488	94%	-298,249	-159,445	87%	-367,569
Operating profit	122,975	106,688	15%	240,557	209,499	15%	434,003
Profit for the period	95,806	83,881	14%	187,866	164,748	14%	340,805
Earnings per share, SEK	4.26	3.75	14%	8.32	7.36	13%	15.18
Balance sheet							
Loans to the public	17,012,077	12,570,454	35%	17,012,077	12,570,454	35%	14,654,373
Deposits from the public	18,389,909	14,748,269	25%	18,389,909	14,748,269	25%	16,108,130
New lending	5,710,188	4,018,008	42%	10,641,184	7,192,747	48%	16,318,310
Key figures							
Operating income margin, %	11.9	11.2		11.7	11.2		11.1
Net loan loss ratio, %	3.9	2.7		3.8	2.7		2.9
Cost/Income ratio, %	41.4	44.3		41.7	43.8		43.3
Return on equity, %	21.9	24.1		22.0	24.4		23.6
Return on loans to the public, %	2.3	2.7		2.3	2.7		2.6
CET1 capital ratio, %	11.8	12.0		11.8	12.0		12.3
Tier 1 capital ratio, %	12.5	13.7		12.5	13.7		13.9
Total capital ratio, %	15.0	15.5		15.0	15.5		15.6
Employees (FTE)	341	281	21%	330	274	20%	290

EXCHANGE RATES

SEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
EUR Income statement (average)	11.46	10.47	11.32	10.48	10.63
EUR Balance sheet (end of reporting period)	11.79	10.68	11.79	10.68	11.13
NOK Income statement (average)	0.98	1.04	1.00	1.05	1.05
NOK Balance sheet (end of reporting period)	1.01	1.03	1.01	1.03	1.06
PLN Income statement (average)	2.52	2.25	2.45	2.26	2.27
PLN Balance sheet (end of reporting period)	2.65	2.29	2.65	2.29	2.37

See separate section with definitions and reconciliation tables, page 34-35.

CEO'S COMMENTS

Record volumes for the German credit card contributed to an increase in the Bank's loan portfolio by 7 % in local currencies during the second quarter. Return on equity amounted to 22 % during the quarter and the income grew at a higher pace than the expenses. Implemented price increases and a slightly lower growth rate are expected to affect profitability and capital ratios positively during the second half of the year.



On May 15, I took seat as the new CEO of TF Bank. A bank that distinguishes itself from the vast majority of other banks: TF Bank has an essentially unrivalled combination of profitability and growth. Despite regulations, differences between markets and tough local competition, TF Bank has proven to have a successful model for organic geographical expansion while maintaining a profitable and growing business aimed at both private and business customers. These distinguishing features provide a unique basis for the further development of the Bank.

A question I am often asked is what will be the most important thing for developing the Bank going forward? My view is simple. Our priorities will remain the same, despite new technology and changing customer behaviour. The customer must always come first, but a sustainable bank can never compromise on its risk-taking. Regardless of achieved customer benefit or profitability in the present, a bank that loses control of its risks will experience a direct long-term and serious impact on profitability. It is stable and sustained profitability that is the very core of driving a growing sustainable banking business.

As a starting point in my position as CEO, I made it a priority to listen to the employees' view of the Bank's future opportunities. Based on those discussions, some parallel central development paths have emerged: (1) future-proofing continued growth, with a particular focus on German credit cards, (2) reshaping the Bank to become more of an European bank, German credit cards are now the Bank's largest business and constitute the basis for continued growth, (3) continue to develop the Bank's digital customer meeting places and customer service for increased accessibility and internal efficiency. These paths become a foundation for the further development of the Bank.

TF Bank's financial target is to have a return on equity that is well above 20 %, a loan portfolio amounting to SEK 20 billion by the first half of 2025 at the

latest and capital ratios that exceed the regulatory requirement by at least 2.5 % units.

It can be stated that TF Bank has strong growth with a high return on equity this quarter as well. Organic growth amounted to 7 % during the quarter, mainly related to higher volumes from credit cards in Germany. The growth rate is strong and everything points towards the financial target for the loan portfolio being achieved earlier than 2025. However, the high growth, combined with our early redemption of additional Tier 1 bonds, has affected the Bank's capital ratios. The Tier 1 capital ratio of 12.5 % is well above the regulatory requirement, but slightly lower than the financial target. As previously communicated, the main intention is to issue new additional Tier 1 bonds during autumn.

Return on equity amounted to 22 % during the quarter, which is in line with the Bank's financial target. Despite increasingly higher financing costs, the return has been able to be upheld through higher prices to customer. The repricing has not yet caused the growth to slow down, on the contrary, it remained strong during the quarter. It shows TF Bank's relative competitiveness and the strength of the Bank's offering, as well as the advantage of being able to constantly allocate capital between several geographic markets in order to maximise the risk-adjusted return.

In the second half of the year, the increased volumes are expected to generate higher profitability in the Credit Card segment. In the Ecommerce Solutions segment, Avarda, the Bank's Nordic offering, is also expected to generate higher profitability as a result of ongoing repricing. We also foresee a slightly lower growth rate for the loan portfolio going forward, which in combination with higher profitability is expected to strengthen the Bank's capital ratios during the second half of the year. Lastly, I would like to wish all shareholders and employees a pleasant and relaxing summer.

Joakim Jansson
CEO

RESULTS AND FINANCIAL POSITION

JANUARY - JUNE 2023

COMPARED TO JANUARY - JUNE 2022

Operating profit

Operating profit increased by 15 % to SEK 240,6 million (209,5). Higher operating income from the growing loan portfolio has contributed to the increasing operating profit. Earnings per share increased by 13 % to SEK 8,32 (7,36). Return on equity amounted to 22,0 % (24,4).

Operating income

TF Bank's operating income has increased by 41 % to SEK 924,0 million (656,9). The increase is related to the growing loan portfolio and geographically it was primarily Germany that had higher operating income. The operating income comprises 91 % of net interest income and 9 % of net fee and commission income in the interim period. The operating income margin has increased compared to the first half of 2022 and amounted to 11,7 % (11,2).

Interest income

Interest income increased by 56 % to SEK 1,041 million (668,5) and is explained by increasing financing costs that have been transferred to the Bank's lending customers. The weakened SEK has also had a positive impact on the interest income.

Interest expense

TF Bank's interest expenses increased by 143 % to SEK 202,2 million (83,2). Increasing financing costs during the last year have contributed to the higher interest expenses. Growing deposit balances in Germany also explain a part of the increase.

Net fee and commission income

Net fee and commission income increased by 23 % to SEK 86,4 million (70,1). 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 first half of the year, 45 % of TF Bank's fee and commission income derived from charges and 55 % from insurance premiums and other commission income.

Operating expenses

TF Bank's operating expenses increased by 34 % to SEK 385,2 million (288,0). The increase is mainly explained by higher sales-related expenses and more employees due to the increase in new lending. The C/I ratio decreased to 41,7 % (43,8) as a result of economies of scale in the Credit Cards segment.

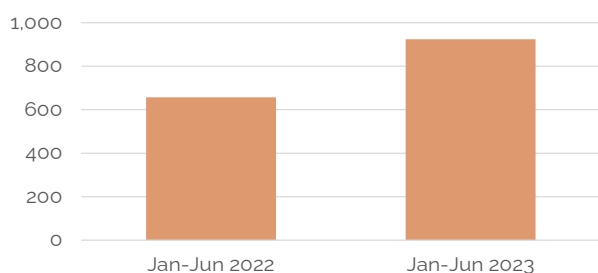
Loan losses

The loan losses increased by 87 % to SEK 298,2 million (159,4). The growing loan portfolio in the Credit Cards segment and higher loan losses in the Consumer Lending segment contributed to an increase in the net loan losses. The loan loss ratio amounted to 3,8 % (2,7).

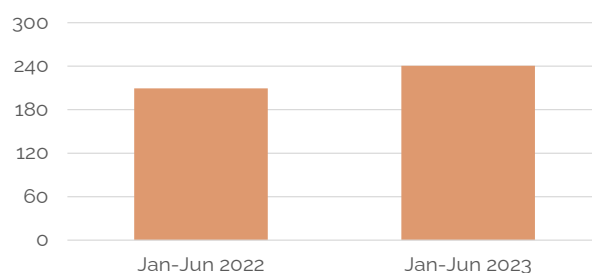
Tax expense

TF Bank's tax expenses increased to SEK 52,7 million (44,8). 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 - JUNE 2023

COMPARED TO 31 DECEMBER 2022 (unless otherwise stated)

Loans to the public

The loan portfolio amounted to SEK 17,012 million (12,570), an increase in local currencies of 27 % compared to June 2022. Positive currency effects impacted the loan portfolio growth by another 8 %. New lending increased by 48 % to SEK 10,641 million (7,193) compared to the first half of 2022. The increase is affected by record volumes in both the Credit Cards and Ecommerce Solutions segments.

TF Bank's loan portfolio is well-diversified with relatively small exposures in several different geographic markets. At the end of the quarter, the exposure towards the three largest countries was Norway at 24 %, Germany at 23 % and Finland at 21 %. 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 18,390 million (14,748), an increase in local currencies of 14 % compared to June 2022. Positive currency effects have affected the deposit balance by another 11 %. At the end of the quarter, deposits were geographically distributed between Germany at 90 %, Norway at 8 %, as well as Sweden and Finland at 2 % combined.

The increased deposit balance over the past year is attributable to Germany and relates to savings accounts with both fixed and variable interest rate. At the end of the quarter, accounts with a fixed term comprised of 44 % of TF Bank's total deposits.

Cash and cash equivalents

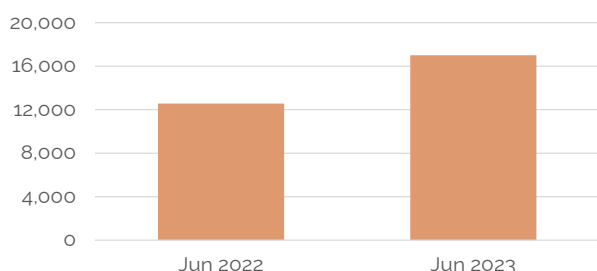
Cash and cash equivalents increased to SEK 3,619 million (3,526) during the first half of the year. The increase is primarily attributable to the cash flow from operating activities, which amounted to SEK 41 million. At the end of the quarter, the available liquidity reserve amounted to 18 % (20)¹ of deposits from the public.

Capital adequacy

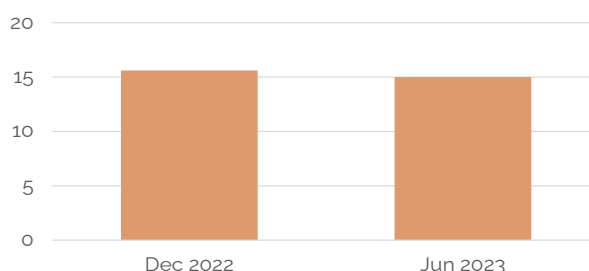
At the end of the first half of the year, the CET1 capital ratio amounted to 11.8 % (12.3), the Tier 1 capital ratio was 12.5 % (13.9), and the total capital ratio was 15.0 % (15.6). The high growth of the loan portfolio particularly during the second quarter has affected all capital ratios negatively. The total capital ratio has been positively affected by the subordinated Tier 2 bonds that were issued during the first quarter in the amount of SEK 150 million and negatively affected by the Bank's early redemption of the additional Tier 1 bonds of SEK 100 million during the second quarter.

TF Bank's regulatory CET 1 capital requirement amounted to 8.6 % by the end of the second quarter, the Tier 1 capital requirement to 10.3 % and the total capital requirement to 12.5 %.

LOANS TO THE PUBLIC (SEK million)



TOTAL CAPITAL RATIO (%)



¹ Excluding restricted cash and cash equivalents that are not available the next day.

RESULTS AND FINANCIAL POSITION

APRIL - JUNE 2023

COMPARED TO JANUARY - JUNE 2022 (unless otherwise stated)

Operating profit

Operating profit increased by 15 % to SEK 123.0 million (106.7). Higher operating income from the growing loan portfolio has had a positive effect on the operating profit. Earnings per share increased by 14 % to SEK 4.26 (3.75). Return on equity amounted to 21.9 % (24.1).

Operating income

TF Bank's operating income has increased by 42 % to SEK 479.5 million (338.1). The increase is explained by a growing loan portfolio that generates higher income in all segments. The operating income margin has increased slightly compared to the second quarter of 2022 and amounted to 11.9 % (11.2), which is mainly explained by higher margins within the growing Credit Cards segment.

Operating expenses

TF Bank's operating expenses have increased by 33 % to SEK 198.7 million (149.9). The expenses are affected by record volumes in new lending resulting in higher sales-related costs. The C/I ratio decreased to 41.4 % (44.3).

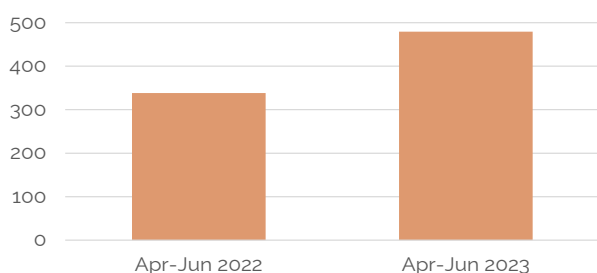
Loan losses

The loan losses increased by 94 % to SEK 157.8 million (81.5). The loan loss ratio amounted to 3.9 % (2.7) during the quarter. The outcome in the quarter is among other things impacted by provisions for expected credit losses related to the record-high new lending as well as higher loan loss levels within the Consumer Lending segment.

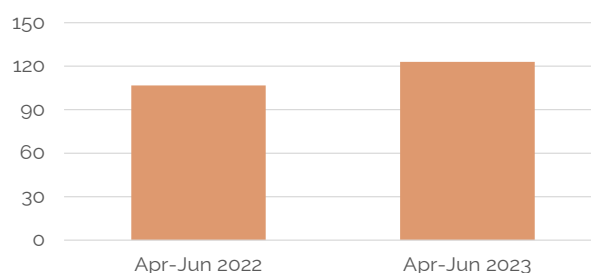
Loans to the public

The loan portfolio amounted to SEK 17,012 million (15,286), an increase in local currencies of 7 % compared to March 2023. Positive currency effects have affected the loan portfolio's growth by another 4 %. The main driver in the quarter has been the growth for the German credit card portfolio. New lending increased by 42 % to SEK 5,710 million (4,018). The increase is attributable to record volumes for all segments during the second quarter of the year.

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



CONSUMER LENDING

JANUARY - JUNE 2023

COMPARED TO JANUARY - JUNE 2022 (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 30 June 2023, the average loan amount per customer was approximately SEK 72 thousand.

The Nordic loan portfolio comprises 69 % 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 31 % 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.

The loan portfolio

The loan portfolio amounted to SEK 9,498 million (7,957), an increase in local currencies of 14 % compared to June 2022. Positive currency effects have had an impact on the loan portfolio's growth of another 5 %. New lending has increased by 12 % to SEK 3,190 million (2,860) compared to the first half of 2022.

The Nordic loan portfolio amounted to SEK 6,554 million (5,959), compared to June 2022 this is an increase in local currencies of 7 %. The loan portfolio in Norway amounted to NOK 3,265 million (3,269). The portfolio in Norway is characterised by stable margins and favourable credit quality. The loan portfolio in Finland has increased by 9 % to EUR 212

million (194). The loan portfolio in Sweden has increased by 23 % to SEK 636 million (515) and the loan portfolio in Denmark amounted to DKK 76 million (2).

The loan portfolio in the Baltics has increased by 31 % to EUR 231 million (177) over the past year. The growth has mainly been generated in Lithuania. The Polish loan portfolio decreased to PLN 32 million (43). The loan portfolio in Spain amounted to EUR 11 million (-).

Results

The operating profit decreased by 3 % to SEK 163.0 million (168.5). The operating costs have remained at a stable level, however, net loan losses have increased during the first half of the year.

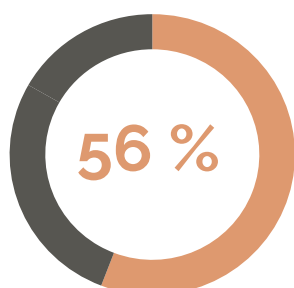
The operating income increased by 23 % to SEK 437.6 million (356.2) which is mainly related to a higher net interest income. The operating income margin has increased to 9.6 % (9.5). The rising financing costs have, to a large extent, been passed on to the customers, which has had a positive effect on the operating income margin.

The operating expenses increased by 16 % to SEK 137.9 million (118.5). The increase is primarily attributable to volume-related costs. The C/I ratio decreased to 31.5 % (33.3) during the first half of 2023.

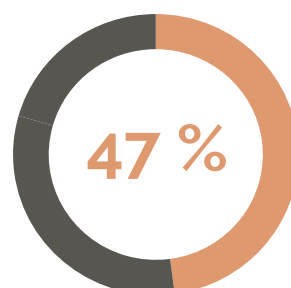
The loan losses increased by 97 % to SEK 136.6 million (69.2). The loan loss ratio increased to 3.0 % (1.8) due to higher loan losses in both the Baltics and the Nordics.

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 - JUNE 2023

COMPARED TO JANUARY - JUNE 2022 (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 Pay and Apple Pay. By the end of the first half of 2023, the number of active German credit cards amounted to approximately 152,000.

The offering in Norway has been part of the Bank since 2015. At the end of the first half of 2023, the number of active Norwegian credit cards amounted to approximately 21,000. In the beginning of 2022 credit cards in Austria was launched with a similar offer as in Germany. At the end of the first half of 2023, the number of active credit cards in Austria amounted to approximately 8,000.

The loan portfolio

The loan portfolio amounted to SEK 4,663 million (2,336), an increase in local currencies of 84 % compared to June 2022. Positive currency effects impacted the loan portfolio growth by another 16 %. The new lending has increased by 115 % to SEK 4,445 million (2,065). The increase is mainly related to the operations in Germany.

The loan portfolio in Germany has increased by 80 % to EUR 332 million (184) over the past year. The growth is mainly generated by an increased number of issued credit cards. Increased direct marketing in digital channels and a modified credit strategy have also had a positive effect on growth during the first half of the year.

The loan portfolio in Norway has increased by 55 % to NOK 527 million (340) 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 18 million (2) by the end of the first half of the year.

Results

The operating profit increased to SEK 49.8 million (6.8). Higher income from the growing loan portfolio and economies of scale in the business model contributed to the considerable improvement in the profit.

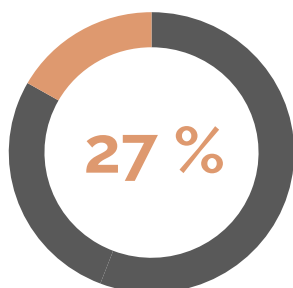
The operating income increased by 103 % to SEK 294.6 million (145.2). The increase is mainly related to the high growth in Germany. The operating income margin increased to 14.9 % (14.4) since a lower proportion of new credit card customers were generated via loan intermediaries.

The operating expenses increased by 63 % to SEK 125.1 million (76.9) and the expenses were affected by an increased direct marketing effort. However, the C/I ratio still decreased to 42.5 % (53.0) due to economies of scale in the business model.

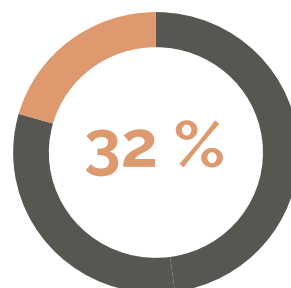
The loan losses increased by 95 % to SEK 119.7 million (61.5). The increase was affected by provisions for expected credit losses related to the growing loan portfolio in Germany. The loan loss ratio amounted to 6.0 % (6.1).

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 - JUNE 2023

COMPARED TO JANUARY - JUNE 2022 (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 75 % of the segment and the remaining markets comprises 25 % combined.

The Avarda brand continues to grow in the Nordic markets. During the past year, the position has been strengthened considerably and the business continues to win market shares. 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 2,851 million (2,277) an increase in local currencies of 17 % compared to June 2022. Positive currency effects impacted the loan portfolio growth by another 8 %. New lending increased by 33 % to SEK 3,006 million (2,268). 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 24 % in local currencies compared to June 2022 and amounted to SEK 2,126 million (1,631). In Finland, the portfolio increased by 17 % to EUR 94 million (80) 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 31 % to SEK 755 million (577) following

strong sales development during the past year. In Norway the loan portfolio increased by 45 % to NOK 246 million (170). In Denmark, the loan portfolio decreased to DKK 7 million (14).

The loan portfolio in the Baltics increased by 23 % to EUR 32 million (26) over the past 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 has decreased by 17 % to PLN 132 million (159).

Results

The operating profit decreased by 19 % to SEK 277 million (34.2). The decrease is mainly related to increasing financing costs and investments in new cooperations.

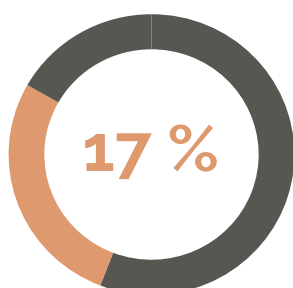
The operating income increased by 23 % to SEK 191.9 million (155.5). High growth of the loan portfolio and a significant increase in transaction volumes in several geographic markets have resulted in both higher interest income and increasing fee and commission income. The operating income margin decreased to 13.8 % (14.3), mainly as a result of increased financing costs that have not yet been fully passed on to the customers.

The operating expenses increased by 32 % to SEK 122.2 million (92.6). This is explained by increased sales-related costs, more employees and an increased investment pace in product development. The C/I ratio increased to 63.7 % (59.5) during the first half of the year.

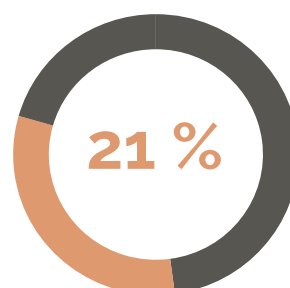
The loan losses increased by 46 % to SEK 41.9 million (28.7), mainly explained by the growth over the past year. The loan loss ratio increased to 3.0 % (2.6).

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

SHARE OF THE BANK'S LOANS TO THE PUBLIC



SHARE OF THE BANK'S OPERATING INCOME



OTHER INFORMATION

The share

TF Bank was listed at Nasdaq Stockholm in the Mid Cap segment on 14 June 2016. The share trades under the ticker name TFBANK and the ISIN code is SE0007331608. At the end of June 2023, the share price closed at SEK 159.60, a decrease of 10 % during the first half of 2023. In total, 1.0 million TF Bank shares worth approximately SEK 154 million were traded on Nasdaq Stockholm during the first half of 2023.

Institutions following TF Bank

ABG Sundal Collier, Carnegie and Nordea are following the company. By the end of the second quarter, 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.

Significant events, January - June 2023

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 being significantly closer to the business' own perception of its operational risks.

TF Bank has issued Tier 2 bonds in the amount of SEK 150 million and carried out an early redemption of additional Tier 1 bonds of SEK 100 million.

On 3 May 2023, the Annual General Meeting resolved that the available standing funds were to be carried forward. John Brehmer was re-elected as Chairman of the Board while Arti Zeighami was newly elected as a member of the Board. Mari Thjømøe had declined re-election. Other Board members were re-elected at the meeting.

Joakim Jansson took seat as CEO May 15, 2023. The prior CEO Mattias Carlsson remains with the company as a Senior Business Advisor.

The credit card business had a strong loan book growth of 43 % during the first half of the year and economies of scale in the business model contributed to the operating profit increasing significantly.

Events after the end of the reporting period

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

Geopolitical and macroeconomic uncertainty

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 the past year. 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 geopolitical and macroeconomic uncertainty in the future.

Presentation for investors, analysts and media

A live conference call will be held on Thursday 13 July 2023 at 08.15 CET, where CEO Joakim Jansson and CFO Mikael Meomuttel will present the interim 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 5052 0017 and enter the meeting code 896 3859 3956. 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.

OTHER INFORMATION

Risks and uncertainties

Different types of risks arise in the Bank's business operations. The risks can be actualised 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 (interest rate, currency and other exchange risks)
- Liquidity risks
- Operational risks (including process risks, IT and systemic risks and external risks)
- Other business risks (including business risks, cyclical risks and reputational risks)

The Bank estimates 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.

The banking operations are subject to extensive regulations concerning capital adequacy and liquidity requirements, which are primarily governed by the regulatory package that comprises Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR), which jointly implement the Basel agreement within the European Union (collectively known as the "Basel regulatory framework"). The Basel regulatory framework includes certain capital requirements that are intended to be adjustable over time and that are dependent on such factors as the presence of cyclical and structural systemic risks. The Bank must fulfil the specified capital and liquidity requirements and have capital and access to liquidity at all times. TF Bank monitors changes related to capital and liquidity requirements and takes these into consideration regarding the financial targets.

More information regarding the Bank's credit risks and capital adequacy can be found in Notes 2 and 9 and on page 36 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 31 of the Annual report 2022.

Environment

TF Bank works actively to conduct a responsible business where the intention is to have as limited negative impact on the environment and people as possible. Environmental resources are used responsibly and carefully throughout the Bank's operations. TF Bank conducts operations in an environmentally sustainable manner by, for example, improving efficiency and investing in sustainable products and services. The business model is as digital and automated as possible, making us accessible while limiting our environmental impact.

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, calculation bases and presentation are essentially unchanged compared with the Annual report 2022. The interim information on pages 3-36 is an integral part of this financial report.

LOAN PORTFOLIO PERFORMANCE IN 2021-2023 (SEK MILLION)



FINANCIAL INFORMATION

INCOME STATEMENT

SEK thousand	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
	3					
Operating income						
Interest income		548,879	347,101	1,040,579	668,472	1,472,979
Interest expense		-112,379	-44,313	-202,154	-83,215	-210,318
Net interest income		436,500	302,788	838,425	585,257	1,262,661
Fee and commission income		67,534	47,956	128,458	95,302	204,316
Fee and commission expense		-23,131	-14,342	-42,060	-25,157	-54,859
Net fee and commission income		44,403	33,614	86,398	70,145	149,457
Net results from financial transactions		-1,371	1,693	-819	1,520	683
Total operating income		479,532	338,095	924,004	656,922	1,412,801
Operating expenses						
General administrative expenses		-170,703	-122,397	-324,762	-238,055	-513,377
Depreciation and amortisation of tangible and intangible assets		-10,909	-7,386	-20,486	-15,007	-30,256
Other operating expenses		-17,122	-20,136	-39,950	-34,916	-67,596
Total operating expenses		-198,734	-149,919	-385,198	-287,978	-611,229
Profit before loan losses		280,798	188,176	538,806	368,944	801,572
Net loan losses	4	-157,823	-81,488	-298,249	-159,445	-367,569
Operating profit		122,975	106,688	240,557	209,499	434,003
Income tax for the period		-27,169	-22,807	-52,691	-44,751	-93,198
Profit for the period		95,806	83,881	187,866	164,748	340,805
<i>Attributable to:</i>						
<i>Shareholders of the Parent Company</i>		91,501	80,548	178,940	158,210	326,445
<i>Additional tier 1 capital holders</i>		4,305	3,333	8,926	6,538	14,360
<i>Basic earnings per share (SEK)</i>		4.26	3.75	8.32	7.36	15.18
<i>Diluted earnings per share (SEK)</i>		4.26	3.75	8.32	7.36	15.18

STATEMENT OF OTHER COMPREHENSIVE INCOME

SEK thousand	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Profit for the period	95,806	83,881	187,866	164,748	340,805
Other comprehensive income					
Items that may subsequently be reclassified to the income statement					
Gross exchange rate differences	115	272	50	272	-464
Tax on exchange rate differences in the period	-25	-58	-11	-58	100
Other comprehensive income for the period	90	214	39	214	-364
Total comprehensive income for the period	95,896	84,095	187,905	164,962	340,441
<i>Attributable to:</i>					
<i>Shareholders of the Parent Company</i>	91,591	80,762	178,979	158,424	326,081
<i>Additional tier 1 capital holders</i>	4,305	3,333	8,926	6,538	14,360

BALANCE SHEET

SEK thousand	Note	30 Jun 2023	31 Dec 2022
	2,5,6		
ASSETS			
Cash and balances with central banks		61,634	57,686
Treasury bills eligible for refinancing		2,214,912	1,837,025
Loans to credit institutions		1,342,706	1,631,653
Loans to the public	3,7	17,012,077	14,654,373
Shares		148	154
Shares in subsidiaries		56,251	371
Goodwill		8,289	8,927
Intangible assets		92,622	86,780
Tangible assets		6,622	3,955
Other assets		113,021	27,707
Deferred tax assets		49	2,943
Prepaid expenses and accrued income		47,280	35,716
TOTAL ASSETS		20,955,611	18,347,290
LIABILITIES AND EQUITY			
Liabilities			
Deposits and borrowings from the public	8	18,389,909	16,108,130
Other liabilities		151,643	125,131
Current tax liabilities		6,123	35,955
Deferred tax liabilities		12,176	15
Accrued expenses and prepaid income		235,753	144,621
Subordinated liabilities	11	346,250	198,660
Total liabilities		19,141,854	16,612,512
Equity			
Restricted equity			
Share capital		107,500	107,500
Statutory reserve		1,000	1,000
Development costs fund		92,622	86,780
Total restricted equity		201,122	195,280
Non-restricted equity			
Tier 1 capital instrument		100,000	200,000
Fair value fund		-325	-364
Retained earnings		1,325,094	999,057
Profit for the period		187,866	340,805
Total non-restricted equity		1,612,635	1,539,498
Total equity		1,813,757	1,734,778
TOTAL LIABILITIES AND EQUITY		20,955,611	18,347,290

STATEMENT OF CHANGES IN EQUITY

SEK thousand	Restricted equity			Non-restricted equity				Total equity
	Share capital ¹	Statutory reserve	Development costs fund	Tier 1 capital instrument ²	Fair value fund	Retained earnings	Profit for the period	
Equity as at 1 Jan 2022	107,500	1,000	71,365	200,000	-	773,620	277,206	1,430,691
Profit for the period	-	-	-	-	-	-	340,805	340,805
Other comprehensive income for the period	-	-	-	-	-364	-	-	-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
Equity as at 31 Dec 2022	107,500	1,000	86,780	200,000	-364	999,057	340,805	1,734,778
Equity as at 1 Jan 2023	107,500	1,000	86,780	200,000	-364	999,057	340,805	1,734,778
Profit for the period	-	-	-	-	-	-	187,866	187,866
Other comprehensive income for the period	-	-	-	-	39	-	-	39
Transfer of previous year's profit	-	-	-	-	-	340,805	-340,805	-
Capitalisation of development costs	-	-	27,712	-	-	-27,712	-	-
Amortisation of capitalised development costs	-	-	-21,870	-	-	21,870	-	-
Redemption of Tier 1 capital	-	-	-	-100,000	-	-	-	-100,000
Interest Tier 1 capital	-	-	-	-	-	-8,926	-	-8,926
Equity as at 30 Jun 2023	107,500	1,000	92,622	100,000	-325	1,325,094	187,866	1,813,757

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

² Perpetual bonds, SEK 100 million with interest terms STIBOR +6.25% and first possible redemption 1 December 2026.

CASH FLOW STATEMENT

SEK thousand	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operating activities			
Operating profit	240,557	209,499	434,003
<i>Adjustment for items not included in cash flow</i>			
Depreciation and amortisation of tangible and intangible assets	20,486	15,007	30,256
Accrued interest income and expense	47,801	-935	5,083
Other non-cash items	629	523	254
Paid income tax	-82,523	-55,511	-93,332
	226,950	168,583	376,264
Increase/decrease in loans to the public	-2,357,704	-1,698,169	-3,782,088
Increase/decrease in other short-term receivables	-223,525	-91,082	-196,757
Increase/decrease in deposits and borrowings from the public	2,281,779	3,243,520	4,603,381
Increase/decrease in other short-term liabilities	84,373	55,575	46,871
Cash flow from operating activities	11,873	1,678,427	1,047,671
Investing activities			
Investments in tangible assets	-3,695	-1,153	-2,818
Investments in intangible assets	-27,712	-23,564	-45,004
Investments in subsidiaries	-55,880	-30	-30
Cash flow from investing activities	-87,287	-24,747	-47,852
Financing activities			
Issue of Tier 1 capital	-	-494	-494
Issue of Tier 2 capital	150,000	-	-
Interest on Tier 1 capital	-8,926	-6,538	-14,360
Redemption of Tier 1 capital	-100,000	-	-
Dividend to shareholders	-	-21,500	-21,500
Cash flow from financing activities	41,074	-28,532	-36,354
Cash flow for the period	-34,340	1,625,148	963,465
Cash and cash equivalents at the beginning of period	3,526,364	2,366,139	2,366,139
Exchange rate difference in cash and cash equivalents	127,228	104,327	196,760
Cash and cash equivalents at the end of period	3,619,252	4,095,614	3,526,364
<i>Cash flow from operating activities includes interest expenses paid and interest payments received</i>			
Interest expenses paid	156,722	83,215	208,667
Interest payments received	943,148	567,124	1,281,280
Components of cash and cash equivalents			
Cash and balances with central banks	61,634	2,772,274	57,686
Treasury bills eligible for refinancing	2,214,912	677,240	1,837,025
Loans to credit institutions	1,342,706	646,100	1,631,653
Total cash and cash equivalents	3,619,252	4,095,614	3,526,364

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 via a branch or cross-border banking with the support of the Swedish 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 30 JUNE 2023

Shareholder	%
TFB Holding AB	30.31
Tiberon AB	15.07
Erik Selin Fastigheter AB	12.57
Proventus Aktiebolag	5.16
Nordnet Pensionsförsäkring AB	4.76
Jack Weil	4.31
Merizole Holding LTD	2.47
Carnegie fonder	1.80
Skandia fonder	1.23
Livförsäkringsbolaget Skandia	1.17
Other shareholders	21.15
Total	100.00

Source: Euroclear

COMPANY STRUCTURE

Company	Reg.nr
Parent Company	
TF Bank AB	556158-1041
Branches	
TF Bank AB, branch Finland	2594352-3
TF Bank AB, branch Poland	PL9571076774
TF Bank AB, branch Estonia	14304235
TF Bank AB, branch Norway	923 194 592
TF Bank AB, branch Latvia	50203334311
Subsidiaries	
TFB Service SIA	40203015782
TFB Service UAB	34785170
TFB Service GmbH	HRB 208869 B
Avarda 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 (extensive currency risk and interest rate risk) and liquidity risk, but also operational risk and other operating risks such as business risks, economic risks, and reputational risks. 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 on 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. The area includes credit risks attributable to the loan portfolio, credit-related concentration risks and counterparty risks. Credit risk arises primarily through lending to the public and is the most significant risk in the Bank. Credit risks may even arise through placement of liquidity and derivative instruments. 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 decides 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 provision for loan losses is 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. Sales of overdue receivables take place monthly to various counterparties in the respective geographic markets where the Bank is operational. As a result, TF Bank continuously realises expected loan losses through the sale of past due receivables. The current 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, TF 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 setting limits for 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 85 % of Tier 1 capital. Treasury bills, government bonds and balances with central banks, as well as exposure to subsidiaries, are exempted from both limits.

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	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Net interest income	203,638	163,886	405,564	326,016	682,329
Net fee and commission income	16,376	14,806	32,457	29,166	63,684
Net results from financial transactions	-768	1,083	-459	972	437
Total operating income	219,246	179,775	437,562	356,154	746,450
General administrative expenses	-66,160	-53,235	-129,021	-104,984	-221,623
Depreciation and amortisation of tangible and intangible assets	-1,453	-1,242	-2,664	-2,574	-5,040
Other operating expenses	-2,539	-5,602	-6,244	-10,920	-18,649
Total operating expenses	-70,152	-60,079	-137,929	-118,478	-245,312
Profit before loan losses	149,094	119,696	299,633	237,676	501,138
Net loan losses	-68,630	-33,221	-136,585	-69,204	-158,211
Operating profit	80,464	86,475	163,048	168,472	342,927

Balance sheet, SEK thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
Loans to the public			
Household sector	9,416,672	7,886,988	8,600,475
Corporate sector ¹	81,730	70,440	80,073
Total loans to the public	9,498,402	7,957,428	8,680,548
Household sector			
Stage 1, net	8,791,190	7,397,803	8,042,970
Stage 2, net	247,362	174,611	225,175
Stage 3, net ²	378,120	314,574	332,330
Total household sector	9,416,672	7,886,988	8,600,475

Key figures ³	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operating income margin, %	9.6	9.3	9.6	9.5	9.5
Net loan loss ratio, %	3.0	1.7	3.0	1.8	2.0
Cost/Income ratio, %	32.0	33.4	31.5	33.3	32.9
Return on loans to the public, %	2.7	3.5	2.7	3.4	3.3
New lending, SEK thousand	1,574,124	1,530,982	3,190,263	2,860,023	5,913,007

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

² 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.

³ See separate section with definitions and reconciliation tables, page 34-35.

Note 3 cont.

CREDIT CARDS

Income statement, SEK thousand	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Net interest income	162,159	82,195	297,769	146,569	354,617
Net fee and commission income	-2,378	-1,196	-2,980	-1,615	358
Net results from financial transactions	-370	305	-221	274	123
Total operating income	159,411	81,304	294,568	145,228	355,098
General administrative expenses	-48,612	-26,959	-88,198	-50,487	-120,031
Depreciation and amortisation of tangible and intangible assets	-2,481	-1,483	-3,960	-3,029	-5,942
Other operating expenses	-14,926	-14,262	-32,896	-23,425	-47,270
Total operating expenses	-66,019	-42,704	-125,054	-76,941	-173,243
Profit before loan losses	93,392	38,600	169,514	68,287	181,855
Net loan losses	-67,854	-35,073	-119,728	-61,503	-142,910
Operating profit	25,538	3,527	49,786	6,784	38,945

Balance sheet, SEK thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
Loans to the public			
Household sector	4,663,054	2,264,298	3,236,360
Corporate sector ¹	-	72,040	27,643
Total loans to the public	4,663,054	2,336,338	3,264,003
Household sector			
Stage 1, net	4,459,236	2,174,039	3,114,211
Stage 2, net	107,987	60,608	87,819
Stage 3, net ²	95,831	29,651	34,330
Total household sector	4,663,054	2,264,298	3,236,360

Key figures ³	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operating income margin, %	15.1	15.4	14.9	14.4	14.3
Net loan loss ratio, %	6.4	6.6	6.0	6.1	5.8
Cost/Income ratio, %	41.4	52.5	42.5	53.0	48.8
Return on loans to the public, %	1.9	0.5	1.9	0.5	1.1
New lending, SEK thousand	2,483,247	1,228,008	4,444,500	2,065,000	5,306,304
Number of active credit cards	180,738	104,272	180,738	104,272	140,687

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

² 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.

³ See separate section with definitions and reconciliation tables, page 34-35.

Note 3 cont.

ECOMMERCE SOLUTIONS

Income statement, SEK thousand	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Net interest income	70,703	56,707	135,092	112,672	225,715
Net fee and commission income	30,405	20,004	56,921	42,594	85,415
Net results from financial transactions	-233	305	-139	274	123
Total operating income	100,875	77,016	191,874	155,540	311,253
General administrative expenses	-55,931	-42,203	-107,543	-82,584	-171,723
Depreciation and amortisation of tangible and intangible assets	-6,975	-4,661	-13,862	-9,404	-19,274
Other operating expenses	343	-272	-810	-571	-1,677
Total operating expenses	-62,563	-47,136	-122,215	-92,559	-192,674
Profit before loan losses	38,312	29,880	69,659	62,981	118,579
Net loan losses	-21,339	-13,194	-41,936	-28,738	-66,448
Operating profit	16,973	16,686	27,723	34,243	52,131

Balance sheet, SEK thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
Loans to the public			
Household sector	2,820,303	2,276,688	2,676,437
Corporate sector ¹	30,318	-	33,385
Total loans to the public	2,850,621	2,276,688	2,709,822
Household sector			
Stage 1, net	2,603,922	2,140,968	2,510,298
Stage 2, net	121,079	105,760	104,789
Stage 3, net ²	95,302	29,960	61,350
Total household sector	2,820,303	2,276,688	2,676,437

Key figures ³	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operating income margin, %	14.7	14.1	13.8	14.3	13.0
Net loan loss ratio, %	3.1	2.4	3.0	2.6	2.8
Cost/Income ratio, %	62.0	61.2	63.7	59.5	61.9
Return on loans to the public, %	1.9	2.4	1.5	2.4	1.6
New lending, SEK thousand	1,652,817	1,259,018	3,006,421	2,267,724	5,098,999
Transaction volume, SEK thousand	3,414,555	2,274,410	6,275,617	4,071,241	9,279,475

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

² 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.

³ See separate section with definitions and reconciliation tables, page 34-35.

Note 3 cont.

RECONCILIATION AGAINST FINANCIAL INFORMATION

Income statement, SEK thousand	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Operating income					
Consumer Lending	219,246	179,775	437,562	356,154	746,450
Credit Cards	159,411	81,304	294,568	145,228	355,098
Ecommerce Solutions	100,875	77,016	191,874	155,540	311,253
Total operating income	479,532	338,095	924,004	656,922	1,412,801
Operating profit					
Consumer Lending	80,464	86,475	163,048	168,472	342,927
Credit Cards	25,538	3,527	49,786	6,784	38,945
Ecommerce Solutions	16,973	16,686	27,723	34,243	52,131
Total operating profit	122,975	106,688	240,557	209,499	434,003

Balance sheet, SEK thousand	30 Jun 2023	30 Jun 2022	31 Dec 2022
Loans to the public			
Consumer Lending	9,498,402	7,957,428	8,680,548
Credit Cards	4,663,054	2,336,338	3,264,003
Ecommerce Solutions	2,850,621	2,276,688	2,709,822
Total loans to the public	17,012,077	12,570,454	14,654,373

NOTE 4 Net loan losses

SEK thousand	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Change in provision for sold past due receivables	-38,805	-53,654	-112,028	-111,031	-250,930
Realised loan losses	-14,907	-1,101	-27,674	-15,222	-37,477
Recovered from previous realised loan losses	62	51	259	98	239
Change in provision for expected loan losses, stage 1-3	-104,173	-26,784	-158,806	-33,290	-79,401
Net loan losses	-157,823	-81,488	-298,249	-159,445	-367,569

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

NOTE 5 Classification of financial assets and liabilities

30 Jun 2023 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	-	-	61,634	-	-	61,634
Treasury bills eligible for refinancing	-	-	2,214,912	-	-	2,214,912
Loans to credit institutions	-	-	1,342,706	-	-	1,342,706
Loans to the public	-	-	17,012,077	-	-	17,012,077
Shares	148	-	-	-	-	148
Derivatives	94,649	-	-	-	-	94,649
Other assets	-	-	-	-	229,485	229,485
Total assets	94,797	-	20,631,329	-	229,485	20,955,611
Liabilities						
Deposits and borrowings from the public	-	-	18,389,909	-	-	18,389,909
Subordinated liabilities	-	-	346,250	-	-	346,250
Derivatives	34,225	-	-	1,319	-	35,544
Other liabilities	-	-	-	-	370,151	370,151
Total liabilities	34,225	-	18,736,159	1,319	370,151	19,141,854

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

NOTE 6 Financial assets and liabilities measured at fair value
Fair value

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

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

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

30 Jun 2023 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with central banks	-	-	61,634	61,634
Treasury bills eligible for refinancing	2,203,279	-	-	2,203,279
Loans to credit institutions	-	-	1,342,706	1,342,706
Loans to the public	-	-	17,012,077	17,012,077
Shares	-	148	-	148
Derivatives	-	94,649	-	94,649
Total assets	2,203,279	94,797	18,416,417	20,714,493
Liabilities				
Deposits and borrowings from the public	-	-	18,389,909	18,389,909
Subordinated liabilities	-	-	346,250	346,250
Derivatives	-	35,544	-	35,544
Total liabilities	-	35,544	18,736,159	18,771,703

31 Dec 2022 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with central banks	-	-	57,686	57,686
Treasury bills eligible for refinancing	1,826,973	-	-	1,826,973
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
Total assets	1,826,973	11,541	16,286,026	18,182,226
Liabilities				
Deposits and borrowings from the public	-	-	16,108,130	16,108,130
Subordinated liabilities	-	-	198,660	198,660
Derivatives	-	25,675	-	25,675
Total liabilities	-	25,675	16,306,790	16,332,465

Note 6 cont.

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 14.44 % as at 30 June 2023 and 13.41 % as at 31 December 2022.

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

The maturities for lending to the public are relatively short, and therefore the book value is considered a reasonable estimate of the fair value. The differences are marginal for the Credit Cards segment where the maturities are slightly longer.

30 Jun 2023 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	61,634	61,634	-
Treasury bills eligible for refinancing	2,214,912	2,203,279	-11,633
Loans to credit institutions	1,342,706	1,342,706	-
Loans to the public	17,012,077	17,012,077	-
Shares	148	148	-
Derivatives	94,649	94,649	-
Total assets	20,726,126	20,714,493	-11,633
Liabilities			
Deposits from the public	18,389,909	18,389,909	-
Subordinated liabilities	346,250	346,250	-
Derivatives	35,544	35,544	-
Total liabilities	18,771,703	18,771,703	-

31 Dec 2022 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
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	-
Total assets	18,192,278	18,182,226	-10,052
Liabilities			
Deposits from the public	16,108,130	16,108,130	-
Subordinated liabilities	198,660	198,660	-
Derivatives	25,675	25,675	-
Total liabilities	16,332,465	16,332,465	-

NOTE 7 Loans to the public

SEK thousand	30 Jun 2023	31 Dec 2022
Loans to the household sector	16,900,029	14,513,272
Loans to the corporate sector ¹	112,048	141,101
Total loans to the public	17,012,077	14,654,373
Loans to the household sector, gross		
Stage 1, gross	16,096,897	13,861,985
Stage 2, gross	573,759	495,257
Stage 3, gross ²	1,037,130	763,649
Total loans to the household sector, gross	17,707,786	15,120,891
Provisions for expected loan losses, household sector		
Stage 1	-242,549	-194,506
Stage 2	-97,331	-77,474
Stage 3 ²	-467,877	-335,639
Total provisions for expected loan losses, household sector	-807,757	-607,619
Loans to the household sector, net		
Stage 1, net	15,854,348	13,667,479
Stage 2, net	476,428	417,783
Stage 3, net ²	569,253	428,010
Total loans to the household sector, net	16,900,029	14,513,272
<i>Geographic distribution of net loans</i>		
Norway	4,077,223	4,182,683
Germany	3,914,451	2,665,839
Finland	3,612,277	3,246,939
Sweden	1,391,305	1,291,765
Estonia	1,181,806	1,035,596
Latvia	1,014,596	894,692
Lithuania	904,390	688,702
Poland	434,730	432,097
Austria	219,805	106,752
Denmark	131,790	69,090
Spain	129,704	40,218
Total loans to the public	17,012,077	14,654,373

CHANGE IN PROVISION FOR NET LOAN LOSSES

SEK thousand	30 Jun 2023	31 Dec 2022
Opening balance	-607,619	-485,387
Change in provision for sold loans	-112,028	-250,930
Reversal of provision for sold loans	112,028	250,930
Change in provision for expected loan losses in stage 1	-38,758	-29,265
Change in provision for expected loan losses in stage 2	-15,303	-31,058
Change in provision for expected loan losses in stage 3	-113,507	-28,284
Exchange rate differences	-32,570	-33,625
Closing balance	-807,757	-607,619

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

² 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	30 Jun 2023	31 Dec 2022
Germany	16,628,585	12,742,158
Norway	1,403,463	2,736,078
Sweden	216,703	344,698
Finland	141,158	285,196
Total deposits and borrowings from the public	18,389,909	16,108,130

Deposits from the public only occur in the household sector and 97 % (98) is covered by a deposit guarantee scheme. 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 44 % (32) of total deposits from the public.

CHANGES IN DEPOSITS AND BORROWINGS FROM THE PUBLIC

SEK thousand	30 Jun 2023	31 Dec 2022
Opening balance	16,108,130	11,504,749
Change	1,404,485	3,465,856
Exchange rate differences	877,294	1,137,525
Closing balance	18,389,909	16,108,130

NOTE 9 Capital adequacy**Background**

Information about the Bank's capital adequacy in this document 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 433b 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). 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 4.1.145 of Regulation (EU) No 575/2013. 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's regulations and general recommendations on regulatory requirements and capital buffers (FFFS 2014:12) and the Swedish FSA's memorandum (FI dnr 20-20990) on the new capital requirements for Swedish banks.

Own funds

TF Bank's own funds consists of equity attributable to the shareholders and issued bonds. Shareholders' equity after regulatory adjustments constitutes common equity Tier 1 capital. Issued bonds constitute additional Tier 1 capital or Tier 2 capital. The bonds are subordinated to the Bank's other creditors and bonds that constitute additional Tier 1 capital can under certain conditions be converted into share capital. On 1 February 2023 the Swedish FSA approved TF Bank's application to include the interim profit in own funds. During the first quarter of 2023, the transition arrangement for phasing in loan loss provisions according to IFRS 9 has been completed.

Risk exposure amount

TF Bank's risk exposure amount mainly consists of credit risk and operational risk. The risk exposure amount for credit risk is calculated according to the standardised method and the Bank's exposures are weighted based on various percentages specified in Regulation (EU) No. 575/2013. The risk exposure amount for operational risk is calculated using the alternative standardised method according to Regulation (EU) No. 575/2013.

Capital requirements

The regulatory capital requirement in pillar 1 means that total own funds must amount to at least 8 % of the risk-weighted exposure amount for credit risk, credit valuation adjustment risk, market risk and operational risk. After that, additional capital requirements are added for the risks that are not covered via pillar 1, which is, for example, concentration risk, currency risk and interest rate risk. The capital requirements for these risks are covered via pillar 2. In addition to this, additional capital is allocated for a capital conservation buffer of 2.5 % of the risk-weighted exposure amount as well as an institution-specific countercyclical capital buffer that is weighted based on geographical exposures. As of 30 June 2023, TF Bank's countercyclical buffer requirement of 1.1 % is related to 2.5 % for exposures in Norway and Denmark, 2.0 % for exposures in Sweden, 1.0 % for exposures in Estonia and 0.75 % for exposures in Germany.

Internally assessed capital requirement

At least annually, TF Bank carries out a process to assess whether the Bank's capital and liquidity forecast during the coming three-year period is sufficient to manage the risks to which the Bank is, or may become, exposed. The process is carried out in accordance with Article 73 of the EU directive EU/2013/36 and is called internal capital and liquidity assessment process (ICAAP).

Note 9 cont.

CAPITAL SITUATION ¹

SEK thousand	30 Jun 2023	31 Dec 2022
Common Equity Tier 1 capital (CET1)	1,659,864	1,522,686
Additional Tier 1 capital (AT1)	100,000	200,000
Tier 2 capital	346,250	198,660
Own funds	2,106,114	1,921,346
Risk exposure amount	14,058,505	12,349,623
- of which: credit risk	13,370,825	11,692,361
- of which: credit valuation adjustment risk	26,925	7,166
- of which: market risk	-	-
- of which: operational risk	660,755	650,096
Capital ratios		
CET1 capital ratio, %	11.8	12.3
Tier 1 capital ratio, %	12.5	13.9
Total capital ratio, %	15.0	15.6

REGULATORY CAPITAL REQUIREMENTS

SEK thousand	30 Jun 2023		31 Dec 2022	
	Amount	Percent ²	Amount	Percent ²
Capital requirement under pillar 1				
CET1 capital	632,633	4.5	555,733	4.5
Tier 1 capital	843,510	6.0	740,977	6.0
Total capital	1,124,680	8.0	987,970	8.0
Capital requirement under pillar 2				
CET1 capital	71,054	0.5	90,516	0.7
Tier 1 capital	94,739	0.7	120,689	1.0
Total capital	126,318	0.9	160,918	1.3
- of which, concentration risk	115,334	0.8	126,072	1.0
- of which, currency risk	1,958	0.0	1,016	0.0
- of which, interest rate risk	9,026	0.1	33,830	0.3
Total capital requirement under pillar 1 and pillar 2				
CET1 capital	703,687	5.0	646,249	5.2
Tier 1 capital	938,249	6.7	861,666	7.0
Total capital	1,250,998	8.9	1,148,888	9.3
Institution-specific buffer requirement				
Total buffer requirement	503,295	3.6	401,364	3.3
- of which, capital conservation buffer	351,463	2.5	308,741	2.5
- of which, countercyclical buffer	151,832	1.1	92,623	0.8
Total capital requirement including buffer requirement				
CET1 capital	1,206,981	8.6	1,047,613	8.5
Tier 1 capital	1,441,543	10.3	1,263,029	10.2
Total capital	1,754,293	12.5	1,550,251	12.6

¹ 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 36.

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

Note 9 cont.

OWN FUNDS

SEK thousand	30 Jun 2023	31 Dec 2022
CET1 capital		
Share capital	107,500	107,500
Other reserves	93,296	87,416
Retained earnings including net profit for the period reviewed by the auditor	1,512,960	1,339,862
Adjustments to CET1 capital:		
- Deduction of foreseeable costs and dividends ¹	-11,864	-
- IFRS 9 transitional arrangements	-	47,391
- Intangible assets	-23,776	-50,556
- Goodwill	-8,289	-8,927
- Insufficient coverage for non-performing exposures	-9,963	-
Total CET1 capital	1,659,864	1,522,686
Additional Tier 1 capital		
Perpetual subordinated loan	100,000	200,000
Tier 2 capital		
Fixed term subordinated loans	346,250	198,660
Own funds	2,106,114	1,921,346

SPECIFICATION OF RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT

SEK thousand	30 Jun 2023		31 Dec 2022	
	Risk exposure amount	Capital requirement 8 %	Risk exposure amount	Capital requirement 8 %
Credit risk under the standardised approach				
Corporate exposures	72,999	5,840	89,182	7,135
Household exposures	12,209,966	976,797	10,727,797	858,224
Exposures secured by real estate collateral	18,617	1,489	19,817	1,585
Exposures in default	569,577	45,566	428,269	34,262
Exposures to institutions	313,566	25,085	349,714	27,977
Equity exposures	56,399	4,512	525	42
Other items	129,701	10,376	77,057	6,165
Total	13,370,825	1,069,666	11,692,361	935,390
Credit valuation adjustment				
Standardised method	26,925	2,154	7,166	573
Total	26,925	2,154	7,166	573
Market risk				
Foreign exchange rate risk	-	-	-	-
Total	-	-	-	-
Operational risk				
Alternative Standardised Approach	660,755	52,860	650,096	52,008
Total	660,755	52,860	650,096	52,008
Total risk exposure amount and total capital requirement	14,058,505	1,124,680	12,349,623	987,971

¹ Deduction of dividends have been made in accordance with the Board of Directors' proposal to the Annual General Meeting and the dividend policy.

Background

Information about the Bank's liquidity coverage in this document includes information in accordance with Chapter 5, Section 9 of the Swedish FSA's regulations and general guidelines (FFFS 2010:7) on publication of information on liquidity risk. Information on regulatory liquidity requirements in this document refers to information set out in Part Six of Regulation (EU) No 575/2013. During the first quarter of 2023, TF Bank has changed the calculation method for deposits via deposit intermediaries, which has resulted in a lower liquidity coverage ratio and a lower net stable funding ratio.

Liquidity reserve

In accordance with FFFS 2010:7, a responsible institution is required to keep a separate reserve of high-quality liquid assets that can be used to secure short-term solvency in the event of the loss or deterioration of access to normally available funding sources. TF Bank's available liquidity reserve consists of treasury bills, government bonds, cash at central banks and loans to credit institutions. Only amounts that are available the following day are counted in the available liquidity reserve.

Sources of financing

TF Bank's main source of financing is deposits from the public. Deposits are only from the household sector and 97 % (98) is covered by a government deposit guarantee scheme. The other sources of financing are subordinated debt, additional Tier 1 capital instruments and equity attributable to the shareholders.

LIQUIDITY POSITION

TSEK	30 Jun 2023	31 Dec 2022
Liquidity reserve ¹		
Treasury bills eligible for refinancing (EU-commission) ²	1,202,646	551,188
Treasury bills eligible for refinancing (Netherlands) ²	400,882	499,306
Treasury bills eligible for refinancing (Finland) ²	334,068	497,297
Treasury bills eligible for refinancing (Sweden) ²	24,891	24,908
Government securities eligible for refinancing (Norway) ³	252,425	264,326
Total liquidity reserve ¹	2,214,912	1,837,025
Other available liquidity reserve		
Cash and balances with central banks ⁴	3,502	2,900
Loans to credit institutions ⁴	1,104,887	1,370,161
Total other available liquidity reserve	1,108,389	1,373,061
Total available liquidity reserve	3,323,301	3,210,086
Sources of financing		
Deposits from the public	18,389,909	16,108,130
Subordinated liabilities	346,250	198,660
Tier 1 capital instrument	100,000	200,000
Equity attributable to shareholders	1,713,757	1,534,778
Total sources of financing	20,549,916	18,041,568
Key figures		
Available liquidity reserve / Deposits from the public	18	20
Liquidity coverage ratio, %	358	290
Net Stable Funding ratio, %	120	138

REGULATORY LIQUIDITY REQUIREMENTS

	30 Jun 2023	31 Dec 2022
Key figures		
Liquidity coverage ratio, %	100	100
Net Stable Funding ratio, %	100	100

¹ According to definition in FFFS 2010:7.

² Remaining term to maturity of up to 6 months.

³ Maturity date 19 February 2026.

⁴ Excluding restricted cash and cash equivalents that are not available the next day.

NOTE 11 Subordinated liabilities

SEK thousand	30 Jun 2023	31 Dec 2022
Fixed-term subordinated liabilities	346,250	198,660
Total	346,250	198,660

Subordinated loans are subordinated to other liabilities. During the first quarter, TF Bank issued SEK 150 million. The table below shows the terms for each bond and the prospectus are available on the Bank's website, www.tfbankgroup.com.

Issuing date	Nominal amount (SEK thousand)	Interest rate terms	Maturity date
27 September 2019	100,000	STIBOR 3 månader +4,65%	27 September 2029
14 December 2020	100,000	STIBOR 3 månader +5,50%	14 December 2030
28 February 2023	150,000	STIBOR 3 månader +6,50%	28 September 2033

NOTE 12 Pledged assets, contingent liabilities and commitments

SEK thousand	30 Jun 2023	31 Dec 2022
Pledged assets		
Restricted bank deposits ¹	58,132	54,786
Total	58,132	54,786

SEK thousand	30 Jun 2023	31 Dec 2022
Commitments		
Unutilised credit limits	4,651,956	3,265,256
Future total minimum lease payments for non-cancellable operating leases	63,052	22,299
Total	4,715,008	3,287,555

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

¹ Restricted bank deposits refers to minimum reserve requirements at central banks in Estonia, Finland, Latvia and Poland.

NOTE 13 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	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
<i>The following transactions have been made between companies within the Group:</i>					
General administrative expenses	-9,751	-4,948	-18,965	-8,856	-23,973
Total	-9,751	-4,948	-18,965	-8,856	-23,973
<i>The following transactions have been made with other related parties:</i>					
Interest income (transaction costs)	-11,651	-13,742	-21,893	-24,763	-46,869
Fee and commission income	782	904	1,516	1,815	3,294
General administrative expenses	-422	-582	-792	-1,137	-2,049
Total	-11,291	-13,420	-21,169	-24,085	-45,624
<i>Acquisition of assets and liabilities from other related parties:</i>					
Ecommerce Solutions	157,694	172,686	273,402	317,854	550,025
Total	157,694	172,686	273,402	317,854	550,025

SEK thousand	30 Jun 2023	31 Dec 2022
<i>Assets and liabilities at the end of the period as a result of transactions with other related parties:</i>		
Other assets	1,547	917
Other liabilities	928	282

ASSURANCE BY THE BOARD OF DIRECTORS AND THE CEO

The interim report has not been reviewed by the Bank'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, 12 July 2023

John Brehmer
Chairman

Niklas Johansson

Michael Lindengren

Sara Mindus

Fredrik Oweson

Arti Zeighami

Joakim Jansson
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

18 October 2023 Interim report January - September 2023

19 January 2024 Year-end report 2023

This is information which TF Bank is required to disclose under the EU Market Abuse Regulation and the Securities Market Act. The information was provided for publication 13 July 2023 at 07:00 CET.

CONTACTS

Investor Relations
Mikael Meomuttel
Phone: +46 (0)70 626 95 33
ir@tfbank.se

TF Bank AB (publ.)
Box 947, 501 10 Borås

www.tfbankgroup.com

RECONCILIATION TABLES

KEY FIGURES ¹

SEK thousand	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Income statement					
Earnings per share, SEK	4.26	3.75	8.32	7.36	15.18
Net profit for the period attributable to the shareholder's of the Parent Company	91,501	80,548	178,940	158,210	326,445
Average number of outstanding shares, thousands	21,500	21,500	21,500	21,500	21,500
Key figures ²					
Operating income margin, %	11.9	11.2	11.7	11.2	11.1
Total operating income, annualised	1,918,128	1,352,380	1,848,008	1,313,844	1,412,801
Average loans to the public	16,149,174	12,044,176	15,833,225	11,721,370	12,763,329
Net loan loss ratio, %	3.9	2.7	3.8	2.7	2.9
Net loan losses, annualised	631,292	325,952	596,498	318,890	367,569
Average loans to the public	16,149,174	12,044,176	15,833,225	11,721,370	12,763,329
Cost/Income ratio, %	41.4	44.3	41.7	43.8	43.3
Total operating expenses	198,734	149,919	385,198	287,978	611,229
Total operating income	479,532	338,095	924,004	656,922	1,412,801
Return on equity, %	21.9	24.1	22.0	24.4	23.6
Net profit for the period attributable to the shareholder's of the Parent Company, annualised	366,004	322,192	357,880	316,420	326,445
Average equity attributable to the shareholder's of the Parent Company	1,667,962	1,337,490	1,624,268	1,298,906	1,382,735
Return on loans to the public, %	2.3	2.7	2.3	2.7	2.6
Net profit for the period attributable to the shareholder's of the Parent Company, annualised	366,004	322,192	357,880	316,420	326,445
Average loans to the public	16,149,174	12,044,176	15,833,225	11,721,370	12,763,329

¹ The annualised figure has been calculated by multiplying the quarterly figure by four. The average has been calculated as opening balans plus closing balance, divided by two.

² 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		30 Jun 2023	31 Dec 2022
Available own funds			
1	Common Equity Tier 1 capital (CET1)	1,659,864	1,522,686
2	Tier 1 capital	1,759,864	1,722,686
3	Total capital	2,106,114	1,921,346
Risk-weighted exposure amount			
4	Total risk exposure amount	14,058,505	12,349,623
Capital ratios (% of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio, %	11.8	12.3
6	Tier 1 ratio, %	12.5	13.9
7	Total capital ratio, %	15.0	15.6
Additional own funds requirements to address risks other than the risk of excessive leverage (% of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage, %	0.9	1.3
EU 7b	- of which, to be made up of CET1 capital, %	0.5	0.7
EU 7c	- of which, to be made up of Tier 1 capital, %	0.7	1.0
EU 7d	Total SREP own funds requirements, %	8.9	9.3
Combined buffer and overall capital requirement (% of risk-weighted exposure amount)			
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, %	1.1	0.8
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, %	3.6	3.3
EU 11a	Overall capital requirements, %	12.5	12.6
12	CET1 available after meeting the total SREP own funds requirements, %	6.8	7.1
Leverage ratio			
13	Total exposure measure	21,425,911	19,013,626
14	Leverage ratio, %	8.2	9.1
Additional own funds requirements to address risks of excessive leverage (% of leverage ratio total exposure amount)			
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
Leverage ratio buffer and overall leverage ratio requirement (% of total exposure measure)			
EU 14d	Total SREP leverage ratio requirements, %	N/A	N/A
EU 14e	Overall leverage ratio requirements, %	3.0	3.0
Liquidity Coverage Ratio			
15	Total high-quality liquid assets (Weighted value – average)	2,218,414	1,842,575
EU 16a	Cash outflows – Total weighted value	1,191,835	1,272,157
EU 16b	Cash inflows – Total weighted value	571,445	637,160
16	Total net cash outflows (adjusted value)	620,390	634,997
17	Liquidity coverage ratio, %	358	290
Net Stable Funding Ratio			
18	Total available stable funding	16,590,557	16,567,159
19	Total required stable funding	13,807,651	11,984,167
20	Net Stable Funding ratio, %	120	138

TF BANK'S GEOGRAPHICAL PRESENCE



SHARE OF LOAN PORTFOLIO BY QUARTER

