



3<sup>rd</sup> Quarter 2023

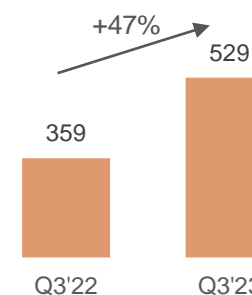


# HIGHLIGHTS JULY – SEPTEMBER 2023

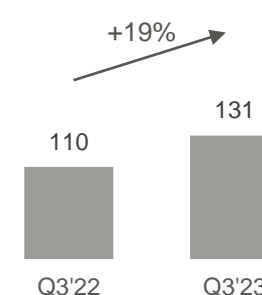


- Controlled growth during the quarter
  - 4% in local currencies
  - Focus on risk-adjusted margin
- Operating profit 131 MSEK, +19% vs Q3-2022
  - Despite restructuring costs of 16 MSEK
  - Credit card segment main driver to increase in EPS
- Income growing faster than the cost but a higher net loan loss ratio
  - Credit cards continues to scale
  - Credit Cards segment increasing share of loan book

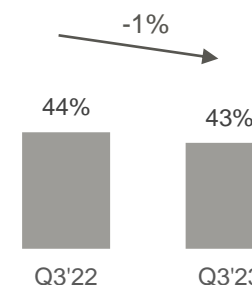
Operating income



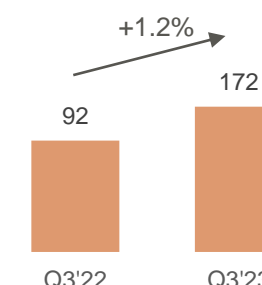
Operating profit



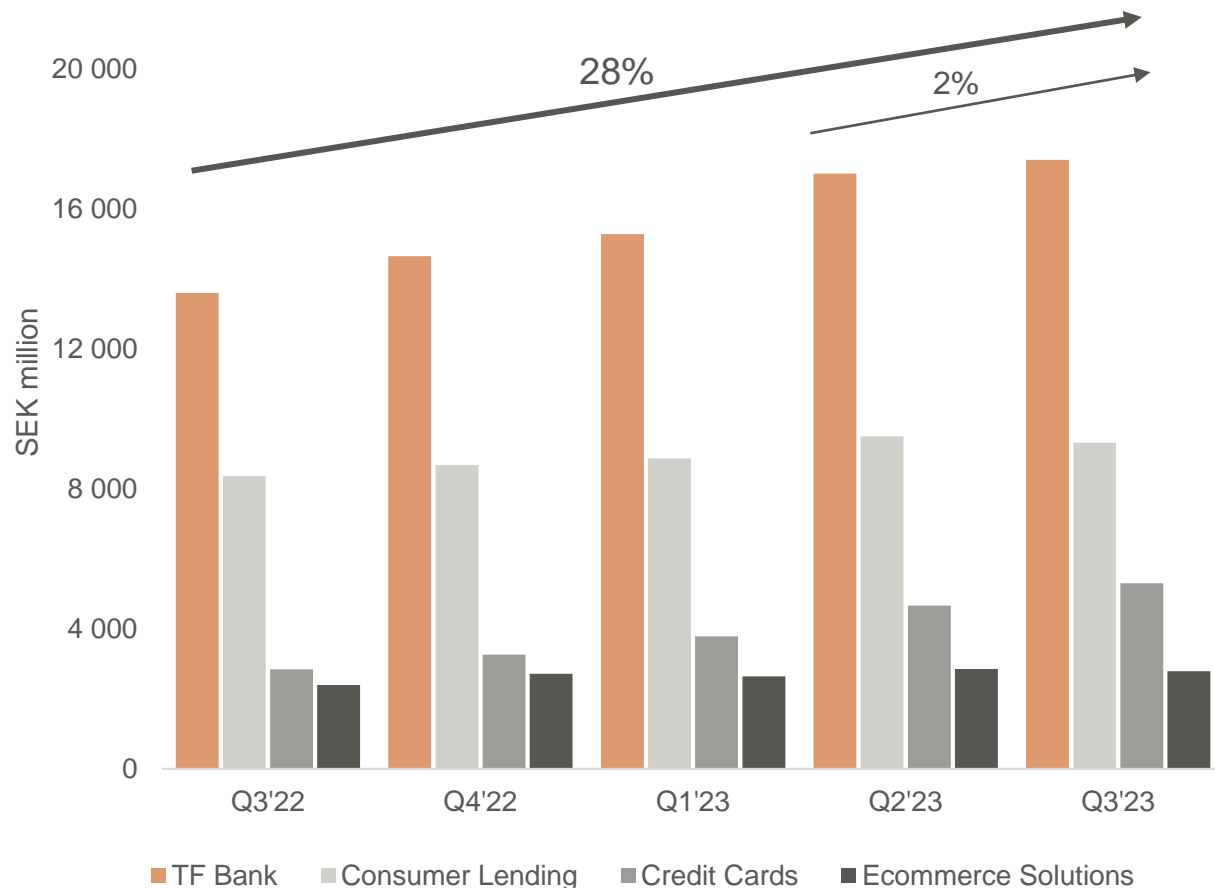
C/I ratio



Net loan loss ratio



# LOAN BOOK GROWTH



- TF Bank: Growth in Q3 = 2% (4%\*)
  - Year-on-year 28% (24%\*)
- Consumer Lending: Q3 = -2% (-1%\*)
  - Year-on-year 11% (9%\*)
- Credit Cards: Q3 = 14% (16%\*)
  - Year-on-year 87% (79%\*)
- Ecommerce Solutions: Q3 = -2% (0%\*)
  - Year-on-year 17% (13%\*)

\* in local currencies

# GROWTH AND DIVERSIFICATION



## Market update

### Germany and Austria

- Credit card product in high demand. Competitive CAC\*. Continued large growth potential.



### Norway

- Continued positive long-term outlook on the Norwegian economy. Focus on margins. The credit card business keeps growing.



### Finland

- Focus on margins and profitability.



### Sweden

- Focus on profitability and e-commerce. New sales in Consumer lending is paused.



### The Baltic states

- Portfolio management and profitability focus in consumer lending.



### New markets

- Denmark and Spain underwriting kept low. Still building credit experience.

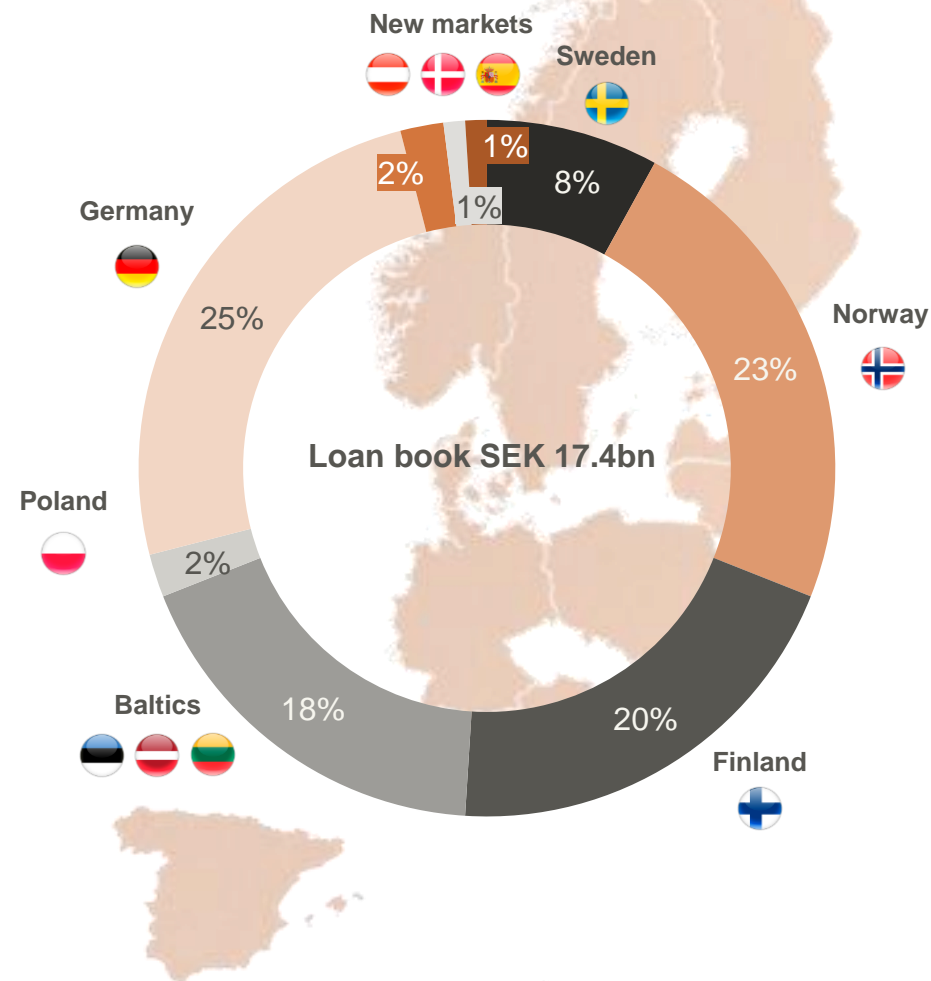


### Poland

- Decision during summer to stop new sales in the Ecommerce Solutions segment. Consumer Lending already in run off.



## Loan book split by market



\* Customer acquisition cost

# CONSUMER LENDING



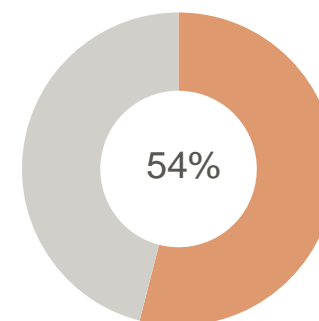
## Highlights

- Slow-down in sales and focus on protecting margins when funding costs increase
- Improved margins in several markets, proves the value of geographical diversification
- Credit quality largely unchanged compared to previous quarters

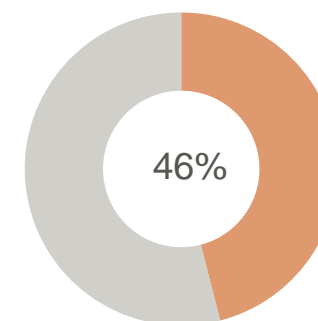
### Segment description

- Diversified portfolio with Nordic base
- Product offering tailored for each market
  - Average loan size on book of SEK – 72,000
  - Tenor typically between 12 and 60 months
- Marketed through direct channels, own data base and external partners

Share of TF Bank's loan book



Share of TF Bank's operating income



9.3bn

Loan book

+11%

Loan book growth\*

10

Countries

\* year-on-year

# CREDIT CARDS



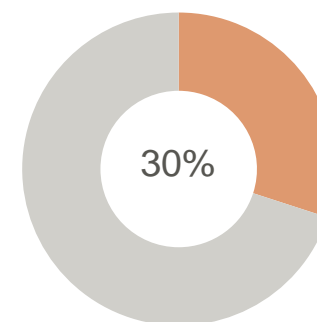
## Highlights

- Another quarter with record volumes in all three markets
- Strong performance during the quarter
- Proven scalability in business model
- Active customers and net assets grew to 209,000 (181,000) and 5,302 MSEK (4,663) respectively during the quarter

### Segment description

- Gold plated and transparent offering – gold card with no fees
- Different income profile compared to consumer loans
  - "Low and grow" strategy
- Target markets are Germany, Norway and Austria and addressable side of market in terms of number of consumers
  - Germany 35 M\*, Norway 3 M\*\* and Austria 3 M\*\*\*

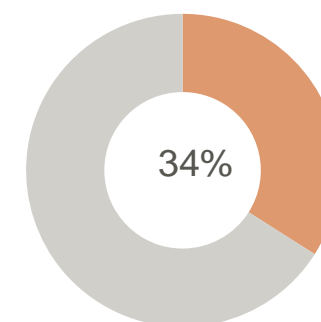
Share of TF Bank's loan book



5.3bn

Loan book

Share of TF Bank's operating income



+87%

Loan book  
growth\*\*\*\*

3

Countries

\* Schufa and TF Bank estimate, \*\* Gjeldsregistret and TF Bank estimate, \*\*\*TF Bank estimate, \*\*\*\* year-on-year

# ECOMMERCE SOLUTIONS



## Highlights

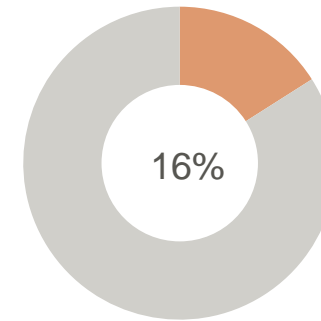
- Repricing to compensate for higher funding costs beginning to bear fruit
- Although many companies in the retail sector see reduced demand, we have been able to attract new merchant partners to continue fuel the growth
- Improved sophistication in credit decisioning is expected to have positive impact on loan loss ratio during coming quarters

### Segment description

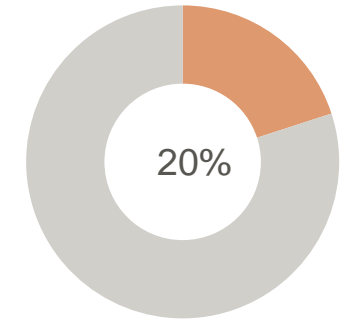
- Digital payment solutions offered in the Nordic region, the Baltics and Poland
- Best-in-class white label Checkout+ solution. We support our partners, the merchants, throughout the whole customer journey

\* year-on-year

Share of TF Bank's loan book



Share of TF Bank's operating income



2.8bn

Loan book

+17%

Loan book growth\*

8

Countries

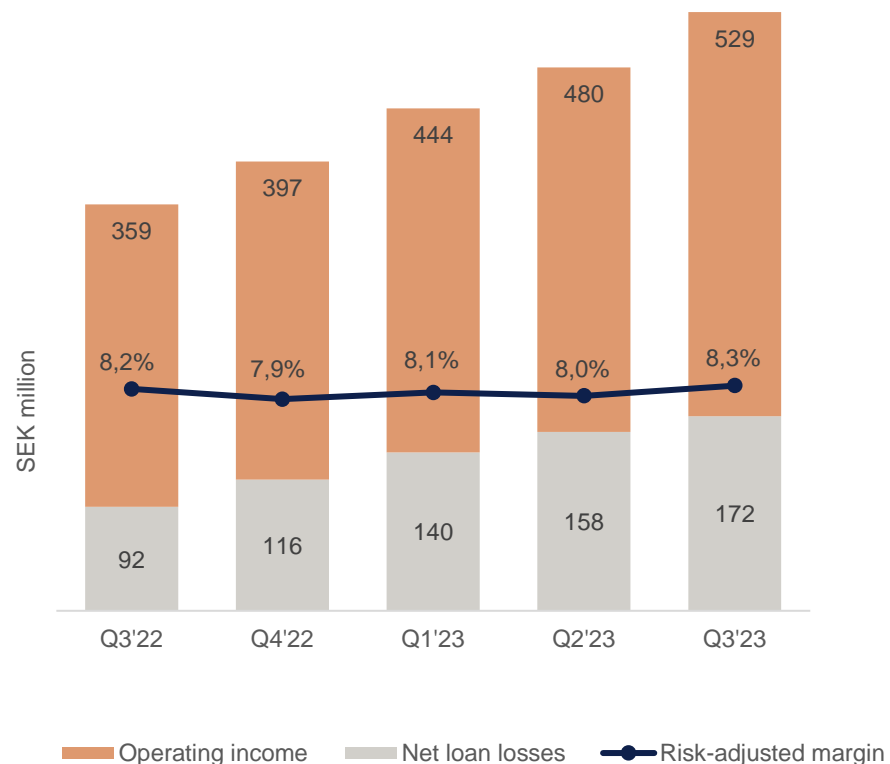
9.4bn

Transaction volume

+51%

Transaction volume growth\*

# IMPROVED RISK-ADJUSTED MARGIN

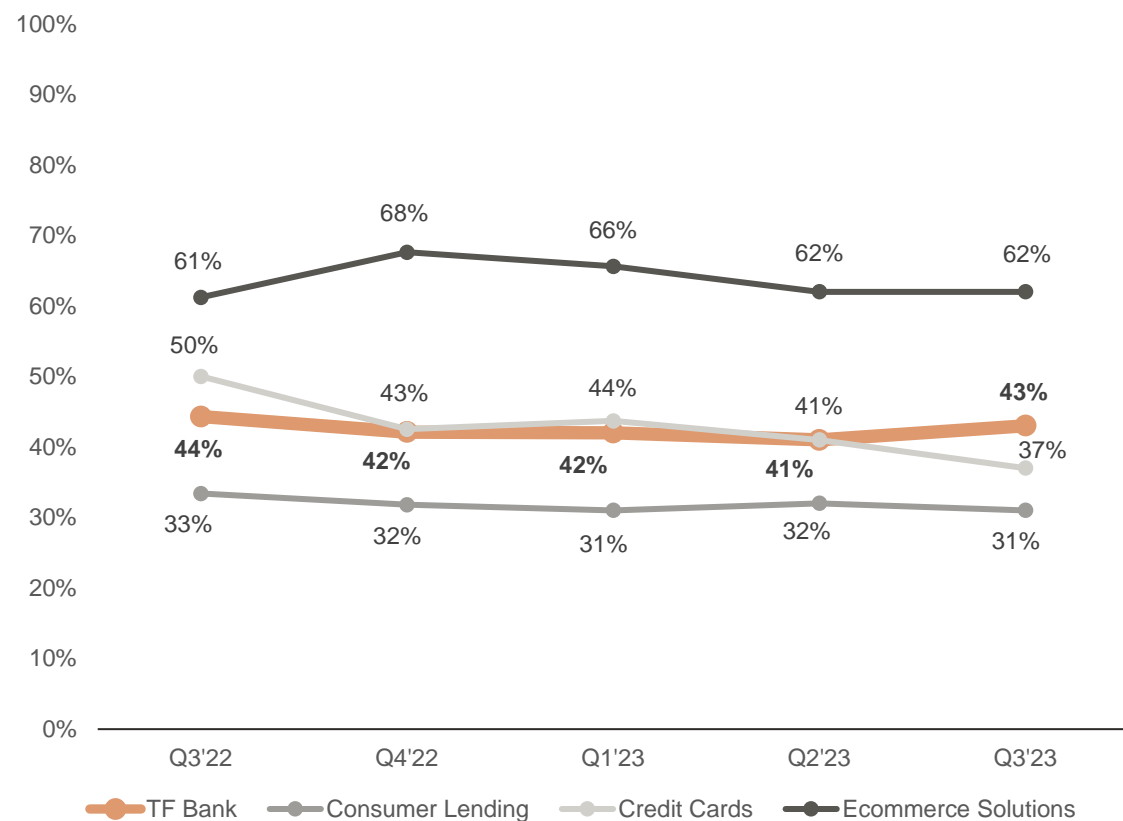


- **Risk-adjusted income\***
  - Increased +35 MSEK vs Q2-2023
  - Improved risk-adjusted margin vs Q2-2023
- **Operating income\*\***
  - Credit Cards the main driver
  - Higher income from portfolio growth and pricing adjustments
- **Net loan losses\*\***
  - Stable loan loss ratio in 2023
  - Mix effect from growing credit cards segment

\* operating income minus net loan losses, \*\* ratio = current quarter annualised



# OPEX – COST/INCOME RATIO BY SEGMENT

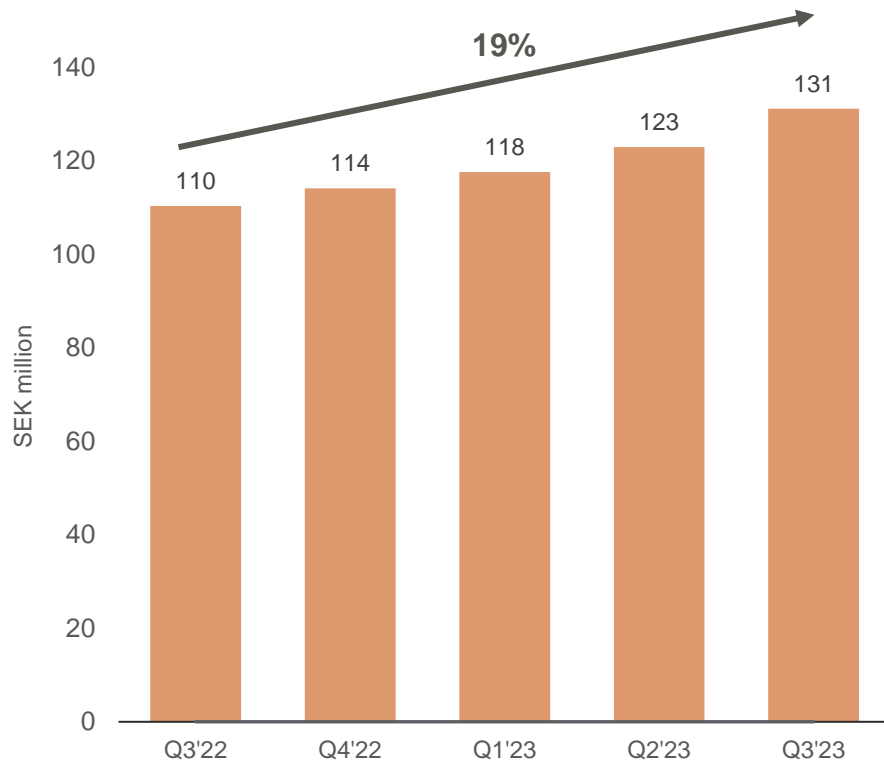


- **Expenses Q3-23 vs. Q3-22, +44%**
  - Including restructuring costs of 16 MSEK
  - Seasonal effects lowers OPEX
- **Cost/income ratio per segment in Q3-23**
  - Consumer Lending 31%
  - Credit Cards 37%
  - Ecommerce Solutions 62%

# INCREASED PROFIT QUARTER-BY-QUARTER

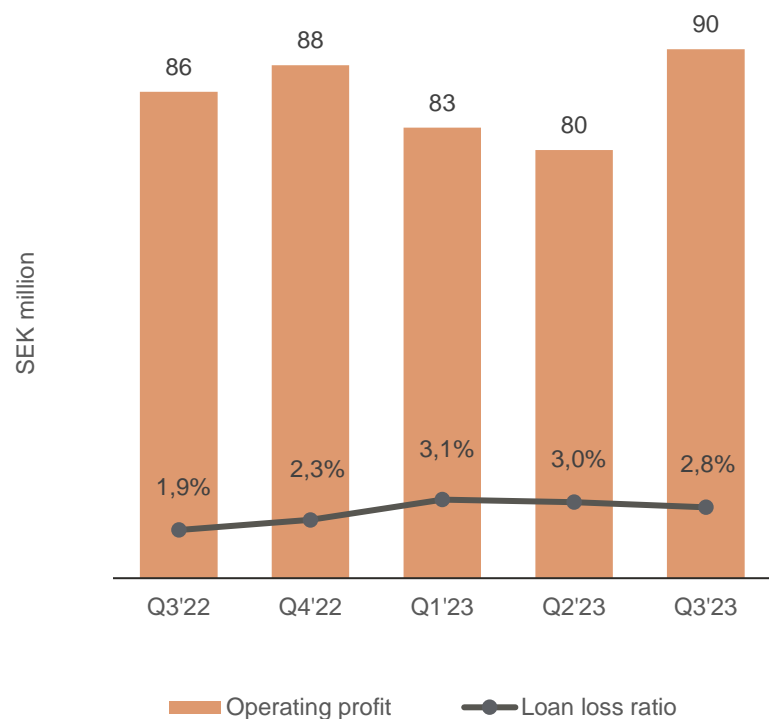


## Operating profit



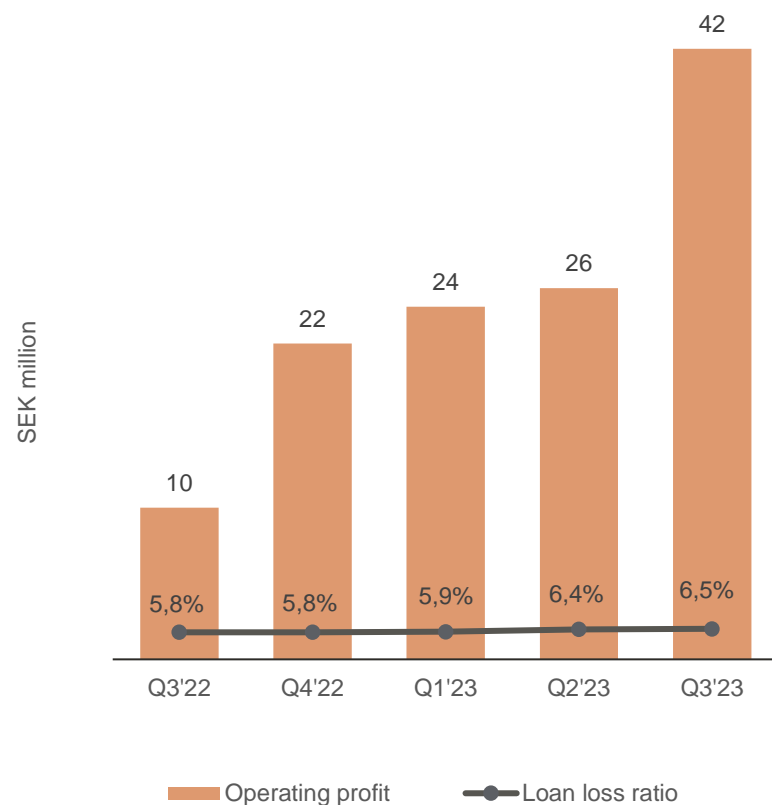
- **Operating profit Q3-23 vs. Q3-22, +19%**
  - Despite restructuring costs of 16 MSEK
  - Driven by segment Credit Cards
  - Earnings per share, 4.58 SEK
- **Improved underlying profitability in Q3-2023**
  - Pricing adjustments
  - Controlled portfolio growth

# CONSUMER LENDING: IMPROVED PROFITABILITY



- **Operating profit Q3-23 vs. Q3-22, +5%**
  - Focus on improving margins and credit quality
  - Return on assets, 3.0%
- **Lower loan loss ratio vs. Q2-2023**
  - Reduced volume impacts IFRS 9 provisions
  - Credit quality largely unchanged in 2023

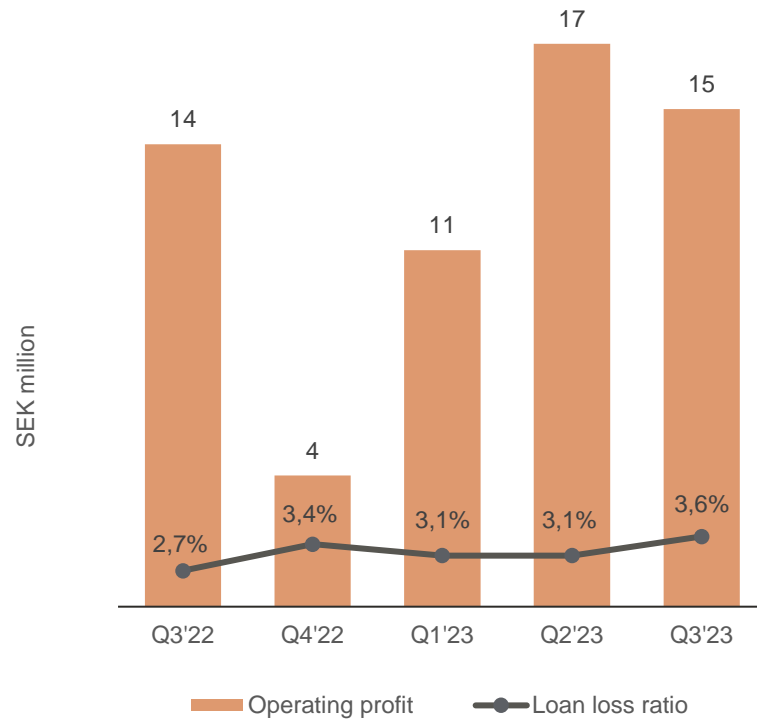
# CREDIT CARDS: STRONG OPERATING PROFIT



- **Operating profit Q3-23 vs. Q3-22, +306%**
  - Growing operating income
  - Return on assets, 2.6%
- **Improved profitability in Q3-2023**
  - Boosted by slightly lower portfolio growth
  - Lower C/I ratio due to economies of scale

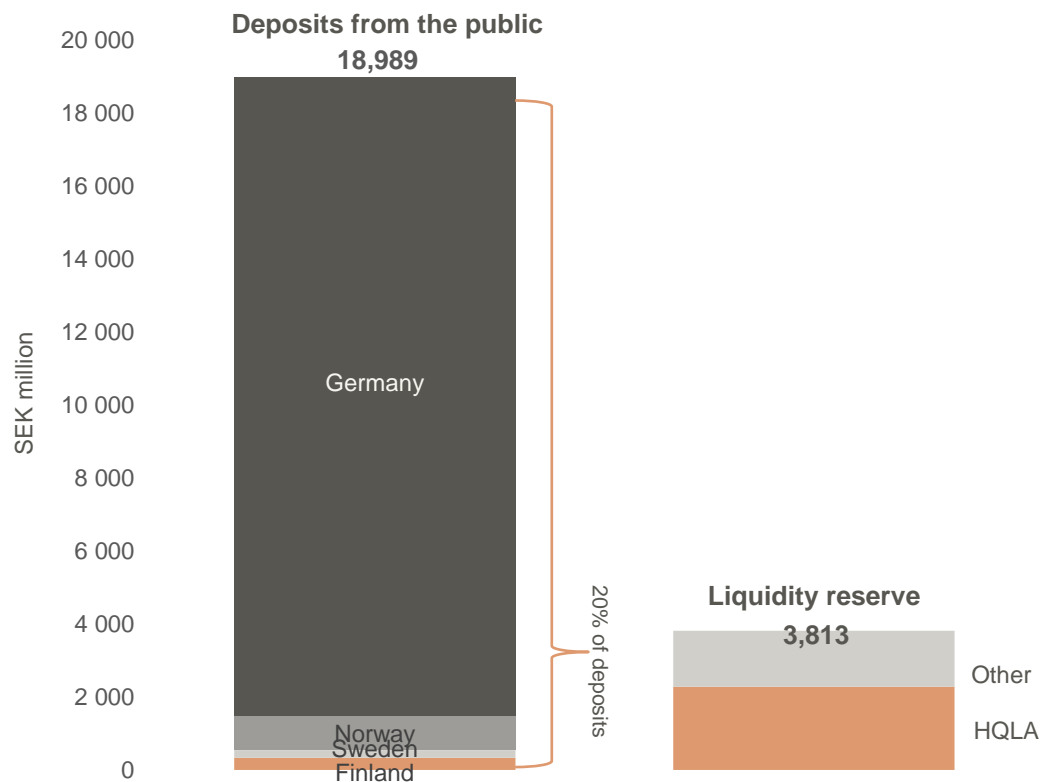


# ECOMMERCE SOLUTIONS: NORDIC FOCUS



- **Operating profit Q3-23, 15 MSEK**
  - Focus on increasing margins
  - Avarda stand-alone impacts OPEX
  - Return on assets, 1.6%
- **Higher loan loss ratio vs. Q2-2023**
  - Increased loan losses in the Nordics

# FUNDING AND LIQUIDITY

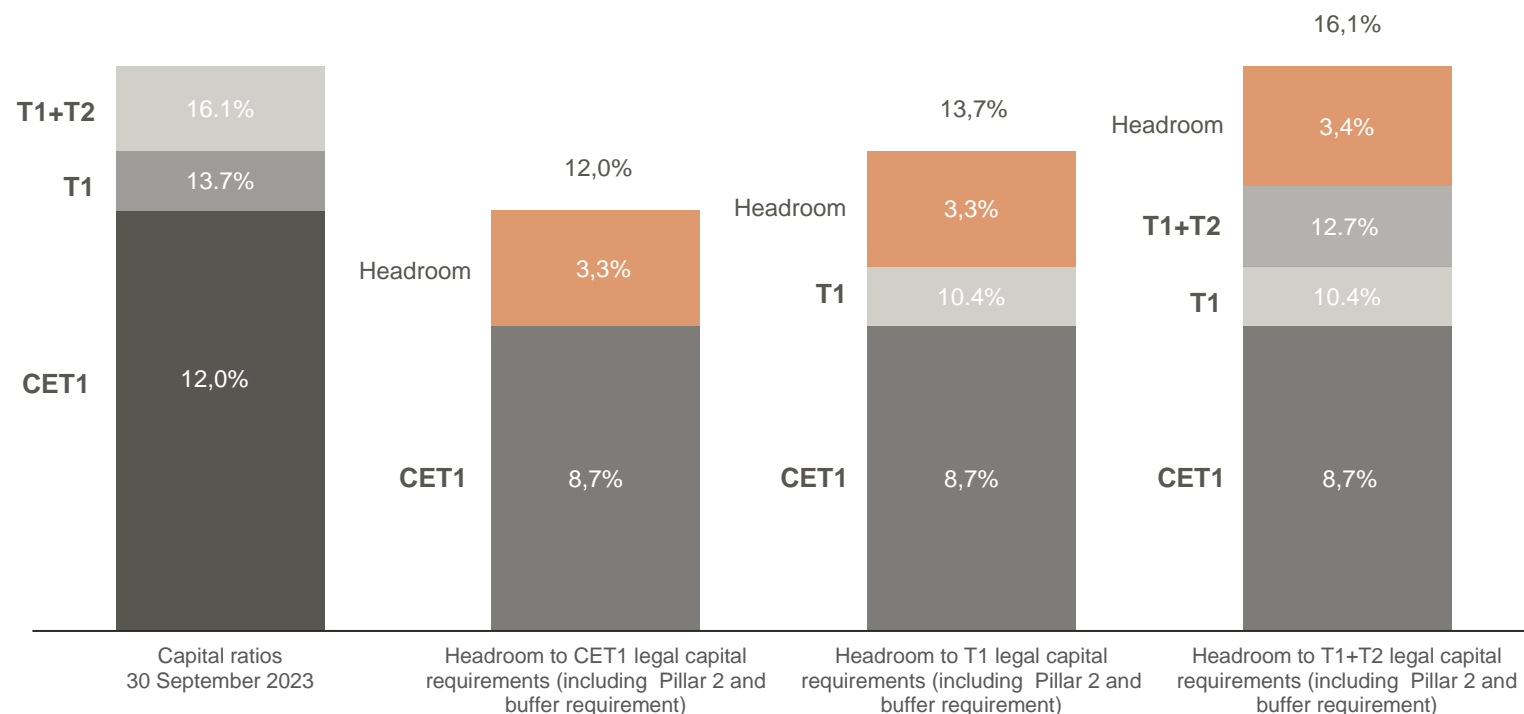


- **Retail deposits in four markets**
  - Germany (SEK 17.5 billion)
  - Norway (SEK 0.9 billion)
  - Finland (SEK 0.3 billion)
  - Sweden (SEK 0.2 billion)
  - Fixed-term deposits: 39%
- **Liquidity reserve: 20% of deposits**
  - Treasury bills 2.0 billion\*
  - Government bonds 0.3 billion\*\*
  - Other liquidity 1.5 billion

\* EU-commission, Finland, Netherlands and Sweden with a remaining term to maturity of up to 6 months

\*\* Norway, maturity date 2026-02-19

# CAPITAL SITUATION



- Higher CET1 ratio in Q3-2023
- Issued AT1 instruments in September, 150 MSEK
- Optimised capital situation and comfortable headroom to legal requirements

# LOOKING AHEAD



- Focus on optimising the capital allocation between markets
- Future-proofing the business model, with focus on growth for German credit card
- Uncertainty regarding the impact of inflation and energy costs as the winter is coming
- Execute on organisational changes according to restructuring provision







# Q&A Session



# Appendix

# CORPORATE PROFILE



## Our Products

Operating with modern and scalable infrastructure offering our retail customers online consumer loans, deposits and credit cards. For retailers we offer leading ecommerce and brick-and-mortar payment solutions

## Our DNA

We aim to deliver effortless banking to our customers by being reliable, responsible and straightforward in our dealings with them

## Our Geographical footprint

We serve customers in the Nordics, Germany, Austria, Spain, the Baltics and Poland.

## The investment case

We operate in carefully selected niches where we can leverage on our platform and expertise to deliver attractive and sustainable risk adjusted growing returns

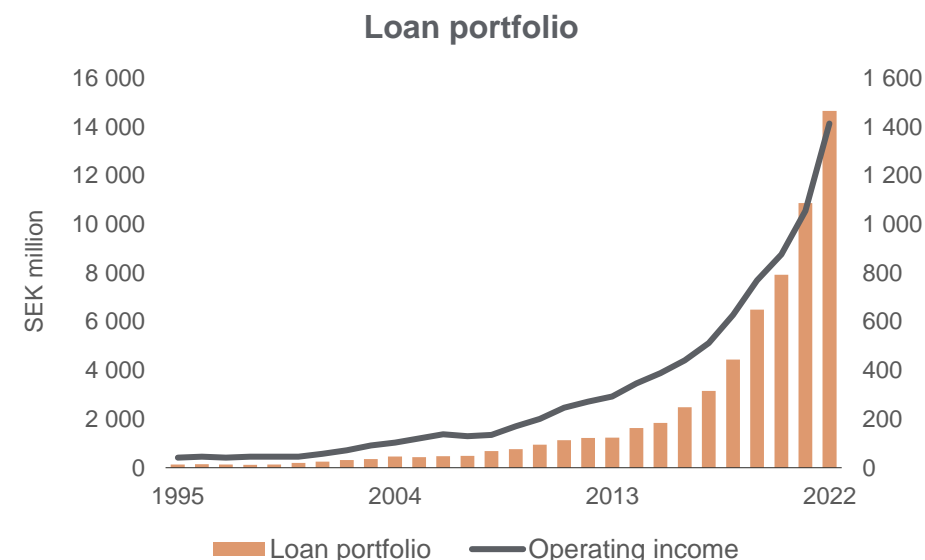
# LONG TRACK RECORD OF PROFITABLE GROWTH



## Long experience and proven business model

- 30 years+ experience from consumer finance industry
- Highly profitable core markets with proven model for geographical expansion into new high-growth markets
- Three complementary business segments

## Strong track record on growth and profitability





# Board of Directors



## **John Brehmer**

*Chairman of the Board since 2020*

*Board member since 2010*

### **Current commitments:**

**Chairman:** Mederion AB, Tiberon AB, Zebware AB

**Board member:** Consortio Invest AB, Consortio Business Center AB

**Holdings in company:** 3 361 791 shares



## **Arti Zeighami**

*Board member since 2023*

### **Current commitments:**

**Partner & Director, Senior advisor**  
**AI@scale:** Boston Consulting Group (BCG X)

**Holdings in company:** 0 shares



## **Sara Mindus**

*Board member since 2020*

### **Current commitments:**

**Board member:** K-Fast Holding AB, Besqab AB, Dreams AB, Duco Förvaltning AB, Colibri Ventures AB, Faboss Invest AB, Sara Mindus AB

**Holdings in company:** 25 000 shares



## **Michael Lindengren**

*Board member since 2021*

### **Current commitments:**

**Board member:** Acrap AB, Sparbanksstiftelsen Sjuhärad, Sparbanken Sjuhärad (publ) AB, Simplicity AB

**Holdings in company:** 5 000 shares



## **Niklas Johansson**

*Board member since 2022*

### **Current commitments:**

**Chairman:** AREIM AB, Nordisk Renting AB

**Board member:** Livförsäkringsbolaget Skandia, Trustly AB, Euroclear Sweden AB, Apoteket AB:s Pensionsstiftelse

**Holdings in company:** 439 shares



## **Fredrik Oweson**

*Board member since 2022*

### **Current commitments:**

**Chairman:** Scope Capital SA, MaiScope ApS, Woffel SA

**Board member:** Swedish Bra Holding AB, Swedish Bra AB, Klättermusen Aktiebolag

**Holdings in company:** 0 shares

# Executive management team



**Joakim Jansson**  
*CEO*

**Education:** PhD in Economics, Uppsala University.

At TF Bank since 2023 as CEO. Has previously held leading positions within Swedbank and Handelsbanken.

**Holdings in company:** 0 shares



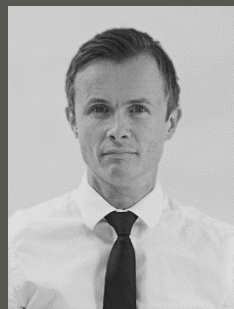
**Mikael Meomuttel**  
*CFO, Deputy CEO and Head of Investor Relations*

**Education:** MSc, Business/Economics and Finance, University of Borås/University of Gothenburg.

At TF Bank since 2009, 2014 Deputy CEO and from 2018 also the Group's Head of IR. Previously, among other things, been Financial Controller at Consortio Fashion Group AB (CFG).

**Current commitments:** Torhamnsskär Holding AB (chairman), Avarda AB (board member)

**Holdings in company:** 28 000 shares



**Espen Johannesen**  
*COO*

**Education:** Executive M.B.A Management control Norwegian School of Economics (NHH), Bachelor of economics, Business BI Norwegian School of Management

At TF Bank since 2015, as CEO of BB Bank 2015-2020 (now branch TF Bank Norway), Country Manager Germany 2020-2021 and from 2021 COO for the Group.

**Holdings in company:** 41 743 shares

# Contact

## **Investor relations**

Mikael Meomuttel

+46 706 26 95 33

[ir@tfbank.se](mailto:ir@tfbank.se)

[www.tfbankgroup.com](http://www.tfbankgroup.com)