



INTERIM REPORT
January-September 2023

T TFBank

PERIOD IN BRIEF

JANUARY – SEPTEMBER 2023

COMPARED TO JANUARY – SEPTEMBER 2022 (unless otherwise stated)

- The loan portfolio amounted to SEK 17,404 million, compared to September 2022 the increase in local currencies was 24 %
- Operating profit increased by 16 % to SEK 371.7 million, including a provision for restructuring costs of SEK 15.9 million
- Earnings per share increased by 15 % to SEK 12.91
- Cost/income ratio decreased to 42.0 % (43.7)
- Return on equity amounted to 22.1 % (24.0)
- Total capital ratio has increased to 16.1 % (15.6) since year-end

SIGNIFICANT EVENTS

JANUARY – SEPTEMBER 2023

- The credit card business had a loan book growth of 62 % during the first nine months of 2023 and economies of scale in the business model contributed to the operating profit increasing significantly.
- In order to take advantage of future opportunities for expansion and make necessary adjustments to the current organisation, the Bank made a provision of SEK 15.9 million for restructuring costs.
- TF Bank has issued Tier 2 bonds in the amount of SEK 150 million, Additional Tier 1 bonds in the amount of SEK 150 million and carried out an early redemption of Additional Tier 1 bonds of SEK 100 million.

JULY – SEPTEMBER 2023

COMPARED TO JULY – SEPTEMBER 2022 (unless otherwise stated)

- The loan portfolio amounted to SEK 17,404 million, compared to June 2023 the increase in local currencies was 4 %
- Operating profit increased by 19 % to SEK 131.2 million, including a provision for restructuring costs of SEK 15.9 million
- Earnings per share increased by 19 % to SEK 4.58
- Cost/income ratio decreased to 42.6 % (43.5)
- Return on equity amounted to 22.4% (23.6)

It is rewarding to witness that the Credit Card segment's positive development is having an impact on the profitability of the entire Bank.

LOAN PORTFOLIO ¹

30 SEPTEMBER 2023 COMPARED TO 30 SEPTEMBER 2022

SEK **17.4** BILLION **+24 %**

TOTAL CAPITAL RATIO

30 SEPTEMBER 2023 COMPARED TO 31 DECEMBER 2022

16.1 % **+0.5** PERCENTAGE POINTS

OPERATING PROFIT

JAN-SEP 2023 COMPARED TO JAN-SEP 2022

SEK **372** MILLION **+16 %**

RETURN ON EQUITY

JAN-SEP 2023 COMPARED TO JAN-SEP 2022

22.1 % **-1.9** PERCENTAGE POINTS

¹ Development of the loan portfolio in local currencies

See separate section with definitions and reconciliation tables, page 35-36.

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	Jul-Sep 2023	Jul-Sep 2022	Δ	Jan-Sep 2023	Jan-Sep 2022	Δ	Jan-Dec 2022
Income statement							
Operating income	529,232	359,017	47%	1,453,236	1,015,939	43%	1,412,801
Operating expenses	-225,663	-156,252	44%	-610,861	-444,230	38%	-611,229
Net loan losses	-172,409	-92,413	87%	-470,658	-251,858	87%	-367,569
Operating profit	131,160	110,352	19%	371,717	319,851	16%	434,003
Profit for the period	101,995	86,707	18%	289,861	251,455	15%	340,805
Earnings per share, SEK	4.58	3.86	19%	12.91	11.22	15%	15.18
Balance sheet							
Loans to the public	17,404,478	13,598,075	28%	17,404,478	13,598,075	28%	14,654,373
Deposits from the public	18,989,051	14,307,797	33%	18,989,051	14,307,797	33%	16,108,130
New lending	5,540,998	4,360,526	27%	16,182,182	11,553,273	40%	16,318,310
Key figures							
Operating income margin, %	12.3	11.0		12.1	11.1		11.1
Net loan loss ratio, %	4.0	2.8		3.9	2.7		2.9
Cost/Income ratio, %	42.6	43.5		42.0	43.7		43.3
Return on equity, %	22.4	23.6		22.1	24.0		23.6
Return on loans to the public, %	2.3	2.5		2.3	2.6		2.6
CET1 capital ratio, %	12.0	11.7		12.0	11.7		12.3
Tier 1 capital ratio, %	13.7	13.4		13.7	13.4		13.9
Total capital ratio, %	16.1	15.0		16.1	15.0		15.6
Employees (FTE)	356	300	19%	336	284	18%	290

EXCHANGE RATES

SEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
EUR Income statement (average)	11.76	10.62	11.48	10.53	10.63
EUR Balance sheet (end of reporting period)	11.49	10.92	11.49	10.92	11.13
NOK Income statement (average)	1.03	1.06	1.01	1.05	1.05
NOK Balance sheet (end of reporting period)	1.02	1.04	1.02	1.04	1.06
PLN Income statement (average)	2.62	2.24	2.51	2.25	2.27
PLN Balance sheet (end of reporting period)	2.48	2.25	2.48	2.25	2.37

See separate section with definitions and reconciliation tables, page 35-36.

CEO'S COMMENTS

During the third quarter, TF Bank's operating profit amounted to SEK 131 million, including a provision for restructuring costs of SEK 16 million. The underlying profitability improved during the quarter, partly due to implemented price increases and controlled lower lending growth. The loan portfolio increased by 4 % in local currencies, particularly impacted by continued growth in the Credit Cards segment.



TF Bank's credit card business is gradually becoming an increasingly significant part of the Bank. It is therefore rewarding to see that the Credit Cards segment's positive development is having an impact on the profitability of the entire Bank. During the third quarter, the C/I ratio in the Credit Cards segment improved to 37.3 %, which is slightly lower than TF Bank's total C/I ratio. The growing credit card balance in Germany, Austria and Norway is generating increased economies of scale, which has also resulted in the Bank's underlying C/I ratio continuing to decline during the third quarter.

At the same time, the organisation needs to adapt to the Credit Cards segment becoming a more significant line of business. TF Bank has, for a long time, experienced strong growth in many countries, where operations in most cases have been built locally. The model with a country manager responsible for the business is still the core of the Consumer Lending segment, but an increasing part of the overall business is now conducted in the Credit Cards and Ecommerce Solutions segments, where the actual business flow is, to a greater extent, managed jointly across different countries. Geographically, there has also been a change in the business as an increasing share of the operations are conducted outside the Nordic and Baltic countries. Subsequently, the organisation will adapt to the new conditions and a provision for restructuring costs of SEK 16 million has been made during the third quarter.

TF Bank's capital ratios were strengthened during the third quarter. A controlled lower growth rate of the loan portfolio and an improved underlying profitability had a positive impact on all capital ratios. At the beginning of September, the Bank issued SEK 150 million in Additional Tier 1 bonds and the capital buffer is now approximately the same size for all three regulatory levels, which is in line with the ambition to be capital optimised.

At the beginning of the fourth quarter, the Nordic operations within the Ecommerce Solutions segment were transferred to the Bank's wholly owned subsidiary Avarda AB. Through the incorporation and transfer of the assets to its own regulated institution, TF Bank is in a position to find new ways to become even more competitive in the payment solutions area. The incorporation means that the costs of the business had to slightly increase compared to what would otherwise be the case. Combined with an increasingly problematic economic situation for merchants in general, the profitability within the business is also slightly under pressure. Due to this, it is particularly significant that implemented price changes are now beginning to have the desired effect, which leads to increased financial resilience against an uncertainty in the coming quarters.

The macroeconomic development and rising interest rates are creating increased uncertainty regarding the future within all segments. A scenario of a significant increase in unemployment in Europe will have a negative impact on the Bank's loan losses. At the same time, the resilience of companies and households has so far been good, and it is currently unusually difficult to make forecasts about the future. As always, we will be flexible and adapt the Bank to current conditions. At present, the focus is on realigning the organisation to be able to continue to expand the business, especially in the Credit Cards segment, and continue the adaptation of TF Bank to become even more of a European Bank.

Joakim Jansson
CEO

RESULTS AND FINANCIAL POSITION

JANUARY - SEPTEMBER 2023

COMPARED TO JANUARY - SEPTEMBER 2022

Operating profit

Operating profit increased by 16 % to SEK 371.7 million (319.9) including a provision for restructuring costs of SEK 15.9 million. Higher operating income from the growing loan portfolio has contributed to the increasing operating profit. Earnings per share increased by 15 % to SEK 12.91 (11.22). Return on equity amounted to 22.1 % (24.0).

Operating income

The operating income has increased by 43 % to SEK 1,453 million (1,016). 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 nine months of 2022 and amounted to 12.1 % (11.1).

Interest income

Interest income increased by 61 % to SEK 1,679 million (1,043) and is partly 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

The interest expenses increased by 164 % to SEK 357.6 million (135.5). Increasing financing costs and growing deposit balances during the last year have contributed to the higher interest expenses.

Net fee and commission income

Net fee and commission income increased by 24 % to SEK 132.2 million (106.4). 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 nine months of the year, 44 % of TF Bank's fee and commission income derived from charges and 56 % from insurance premiums and other commission income.

Operating expenses

The operating expenses increased by 38 % to SEK 610.9 million (444.2), including a provision for restructuring costs of SEK 15.9 million. 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 42.0 % (43.7) as a result of economies of scale in the Credit Cards segment.

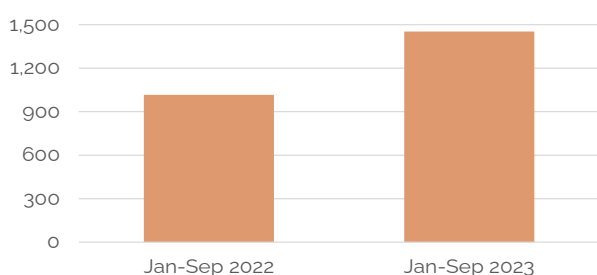
Loan losses

The loan losses increased by 87 % to SEK 470.7 million (251.9). The growing loan portfolio in the Credit Cards segment and higher loan losses in both the Consumer Lending and Ecommerce Solutions segment contributed to an increase in the net loan losses. The loan loss ratio amounted to 3.9 % (2.7).

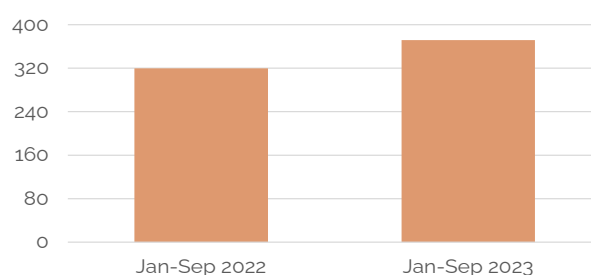
Tax expense

The tax expenses increased to SEK 81.9 million (68.4). The increase in the tax expenses is related to a higher operating profit.

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



RESULTS AND FINANCIAL POSITION

JANUARY - SEPTEMBER 2023

COMPARED TO 31 DECEMBER 2022 (unless otherwise stated)

Loans to the public

The loan portfolio amounted to SEK 17,404 million (13,598), an increase in local currencies of 24 % compared to September 2022. Positive currency effects impacted the loan portfolio growth by another 4 %. New lending increased by 40 % to SEK 16,182 million (11,553) compared to the first nine months 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 Germany at 25 %, Norway at 23 % and Finland at 20 %. 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 18,989 million (14,308), an increase in local currencies of 27 % compared to September 2022. Positive currency effects have affected the deposit balance by another 6 %. At the end of the quarter, deposits were geographically distributed between Germany at 92 %, Norway at 5 %, as well as Sweden and Finland at 3 % 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 39 % of TF Bank's total deposits.

Cash and cash equivalents

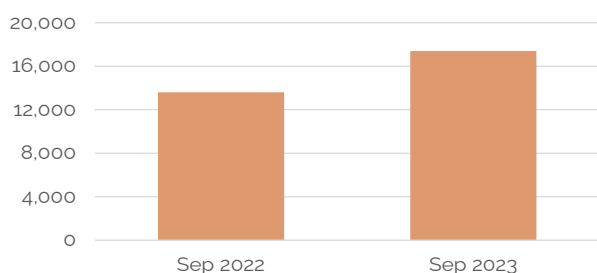
Cash and cash equivalents increased to SEK 4,302 million (3,526) during the first nine months of the year. The increase is primarily attributable to the cash flow from operating activities, which amounted to SEK 621 million. At the end of the quarter, the available liquidity reserve amounted to 20 % (20)¹ of deposits from the public.

Capital adequacy

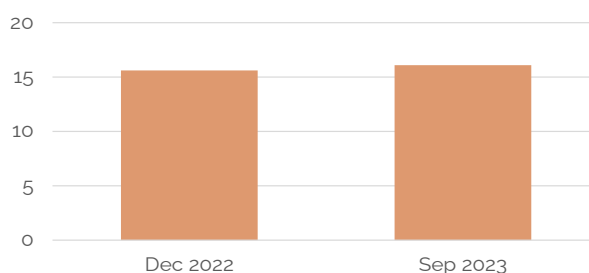
At the end of the interim period, the CET1 capital ratio amounted to 12.0 % (12.3), the Tier 1 capital ratio was 13.7 % (13.9), and the total capital ratio was 16.1 % (15.6). The total capital ratio has been positively affected by the issuance of both the Tier 2 and Additional Tier 1 bonds of SEK 150 million, respectively. An early redemption of the Additional Tier 1 bonds of SEK 100 million has, however, had a negative impact on the ratios.

TF Bank's regulatory CET1 capital requirement amounted to 8.7 % by the end of the third quarter, the Tier 1 capital requirement to 10.4 % and the total capital requirement to 12.7 %.

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

JULY - SEPTEMBER 2023

COMPARED TO JULY - SEPTEMBER 2022 (unless otherwise stated)

Operating profit

Operating profit increased by 19 % to SEK 131.2 million (110.4) including a provision for restructuring costs of SEK 15.9 million. Higher operating income from the growing loan portfolio had a positive effect on the operating profit. Earnings per share increased by 19 % to SEK 4.58 (3.86). Return on equity amounted to 22.4 % (23.6).

Operating income

The operating income has increased by 47 % to SEK 529.2 million (359.0). The increase is explained by a growing loan portfolio that generates higher income in all segments. The operating income margin has increased compared to the third quarter of 2022 and amounted to 12.3 % (11.0), which is explained by higher margins within all three segments.

Operating expenses

The operating expenses have increased by 44 % to SEK 225.7 million (156.3). The expenses are partly affected by a provision for restructuring costs of SEK 15.9 million and by high volumes in new lending resulting in higher sales-related costs. Despite of this, the C/I ratio decreased to 42.6 % (43.5).

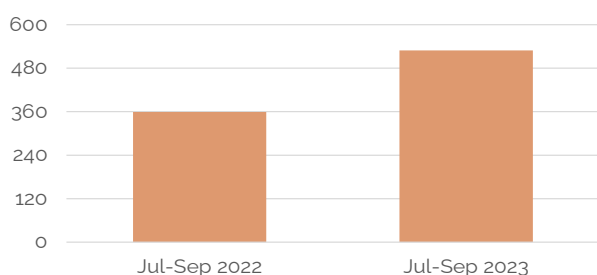
Loan losses

The loan losses increased by 87 % to SEK 172.4 million (92.4) and the loan loss ratio amounted to 4.0 % (2.8). The outcome in the quarter is among other things impacted by provisions for expected credit losses related to the record-high new lending within the Credit Card segment as well as higher loan loss levels within both the Consumer Lending and Ecommerce Solutions segments.

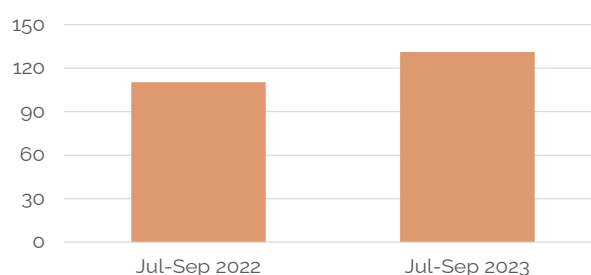
Loans to the public

The loan portfolio amounted to SEK 17,404 million (17,012), an increase in local currencies of 4 % compared to June 2023. Negative currency effects have affected the loan portfolio's growth by 2 %. The main driver in the quarter has been the growth for the German credit card portfolio. New lending increased by 27 % to SEK 5,541 million (4,361).

OPERATING INCOME (SEK million)



OPERATING PROFIT (SEK million)



CONSUMER LENDING

JANUARY - SEPTEMBER 2023

COMPARED TO JANUARY - SEPTEMBER 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. At the end of the third quarter, the average loan amount per customer was approximately SEK 72 thousand.

The Nordic loan portfolio comprises 67 % 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 Bank has temporarily paused the new lending in Sweden during the third quarter.

The loan portfolio outside of the Nordics comprises 33 % 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 9,316 million (8,366), an increase in local currencies of 9 % compared to September 2022. Positive currency effects have had an impact on the loan portfolio's growth of another 2 %. New lending has decreased by 1 % to SEK 4,385 million (4,451) compared with the first nine months of 2022 and this is mainly due to implemented price increases to strengthen margins.

The Nordic loan portfolio amounted to SEK 6,321 million (6,157), compared to September 2022 this is an increase in local currencies of 2 %. The loan portfolio in Norway has decreased by 6 % to NOK 3,121 million (3,317) as a result of an increased focus on margin over

volume. The loan portfolio in Finland has increased by 7 % to EUR 209 million (195). The loan portfolio in Sweden has increased by 9 % and amounted to SEK 589 million (540) in the third quarter and the loan portfolio in Denmark amounted to DKK 96 million (16).

The loan portfolio in the Baltics has increased by 25 % to EUR 239 million (192) over the past year. The growth has mainly been generated in Lithuania. The Polish loan portfolio decreased to PLN 29 million (40.0). The loan portfolio in Spain amounted to EUR 15 million (2).

Results

The operating profit decreased by 1 % to SEK 253.1 million (254.4). The operating costs have remained at a stable level, however, net loan losses have increased during the year.

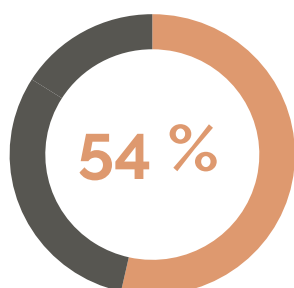
The operating income increased by 22 % to SEK 665.3 million (543.7) which is mainly related to a higher net interest income. The operating income margin has increased to 9.9 % (9.4). The rising financing costs have, to a large extent, been passed on to the customers during the interim period, which has had a positive effect on the operating income margin.

The operating expenses increased by 16 % to SEK 209.4 million (180.9). The increase is primarily attributable to volume-related costs and costs for central functions in the Bank. The C/I ratio decreased to 31.5 % (33.3).

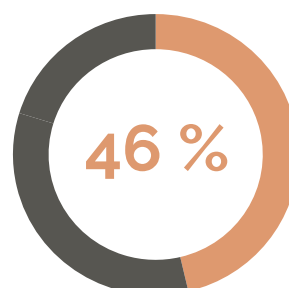
The loan losses increased by 87 % to SEK 202.9 million (108.4). The loan loss ratio increased to 3.0 % (1.9). The loan losses have increased in both the Baltics and the Nordics.

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 - SEPTEMBER 2023

COMPARED TO JANUARY - SEPTEMBER 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 the credit card is compatible with both Google Pay and Apple Pay. By the end of the third quarter 2023, the number of active German credit cards amounted to approximately 176,000.

The offering in Norway has been part of the Bank since 2015. By the end of the third quarter, the number of active Norwegian credit cards amounted to approximately 23,000. In the beginning of 2022 credit cards in Austria was launched with a similar offer as in Germany. By the end of the third quarter, the number of active credit cards in Austria amounted to approximately 10,000.

The loan portfolio

The loan portfolio amounted to SEK 5,302 million (2,841), an increase in local currencies of 79 % compared to September 2022. Positive currency effects impacted the loan portfolio growth by another 8 %. The new lending has increased by 102 % to SEK 7,353 million (3,641). The increase is mainly related to the operations in Germany.

The loan portfolio in Germany has increased by 77 % to EUR 386 million (218) 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.

The loan portfolio in Norway has increased by 44 % to NOK 592 million (410) 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 23 million (3) by the end of the third quarter.

Results

The operating profit increased to SEK 92.2 million (17.2). Higher income from the growing loan portfolio and economies of scale in the business model contributed to the considerable improvement in the profit.

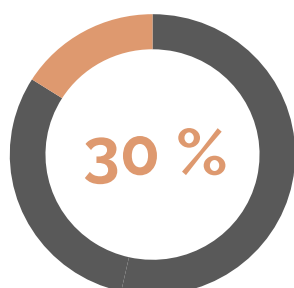
The operating income increased by 104 % to SEK 490.9 million (240.8). The increase is mainly related to the high growth in Germany. The operating income margin increased to 15.3 % (14.2) since a lower proportion of new credit card customers were generated via loan intermediaries.

The operating expenses increased by 59 % to SEK 198.2 million (124.6) and the expenses were, among other things, affected by an increased direct marketing effort. However, the C/I ratio still decreased to 40.4 % (51.8) due to economies of scale in the business model.

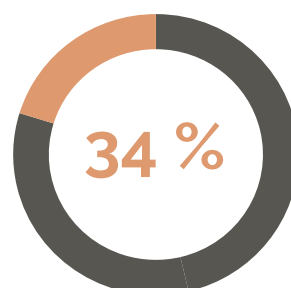
The loan losses increased by 103 % to SEK 200.5 million (98.9). The increase was affected by provisions for expected credit losses related to the growing loan portfolio in Germany. The loan loss ratio amounted to 6.2 % (5.8).

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

SHARE OF THE BANK'S LOANS TO THE PUBLIC



SHARE OF THE BANK'S OPERATING INCOME



ECOMMERCE SOLUTIONS

JANUARY - SEPTEMBER 2023

COMPARED TO JANUARY - SEPTEMBER 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. During autumn 2023 new lending in Poland has ceased. The Nordic loan portfolio comprises 78 % of the segment and the remaining markets comprises 22 % 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 2,787 million (2,390) an increase in local currencies of 13 % compared to September 2022. Positive currency effects impacted the loan portfolio growth by another 4 %. New lending increased by 28 % to SEK 4,444 million (3,461). 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 25 % in local currencies compared to September 2022 and amounted to SEK 2,173 million (1,700). In Finland, the portfolio increased by 20 % to EUR 98 million (82) 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 27 % to SEK 758 million (595) following strong sales development during the past year. In Norway the loan portfolio increased by 45 % to NOK 271 million (187). In Denmark, the loan portfolio decreased to DKK 6 million (12).

The loan portfolio in the Baltics decreased by 7 % to EUR 29 million (32) over the past year. The decrease is mainly explained by a lower inflow of new customers in Estonia. In Poland, the loan portfolio has decreased by 27 % to PLN 112 million (154).

Results

The operating profit decreased by 12 % to SEK 42.4 million (48.2). The decrease is mainly related to larger number of employees and increased investments in product development.

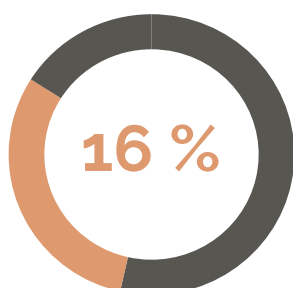
The operating income increased by 28 % to SEK 297.0 million (231.4). High growth of the loan portfolio and a significant increase in transaction volumes in several geographic markets have resulted in both higher interest income and increasing fee and commission income. The operating income margin increased to 14.4 % (13.8), mainly due to increased financing costs that have been passed on to customers.

The operating expenses increased by 35 % to SEK 187.3 million (138.7). This is explained by higher sales-related costs, more employees and increased investments in product development. The C/I ratio increased to 63.1 % (59.9).

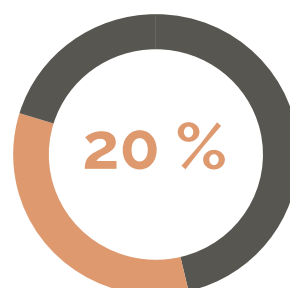
The loan losses increased by 51 % to SEK 67.3 million (44.6), partly explained by the growth over the past year. The loan loss ratio increased to 3.3 % (2.7).

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 September 2023, the share price closed at SEK 149.00, a decrease of 16 % during the first nine months of 2023. In total, 1.3 million TF Bank shares worth approximately SEK 196 million were traded on Nasdaq Stockholm during the first nine months of 2023.

Institutions following TF Bank

ABG Sundal Collier, Carnegie, Nordea and DNB are following the company. All institutions had issued a buy recommendation for the TF Bank share.

Financial targets

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

Growth

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

Profitability

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

Capital structure

TF Bank's aim is that all capital ratios should exceed the regulatory requirement (including pillar 2 and buffer requirements) by at least 2.5 percentage points.

Dividend policy

TF Bank's dividend policy is to distribute surplus capital in relation to capital targets and the Bank's capital planning.

Significant events, January - September 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, Additional Tier 1 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 and at the same time Rasmus Rolén took position as Head of Ecommerce Solutions.

The credit card business had a loan book growth of 62 % during the first nine months of 2023 and economies of scale in the business model contributed to the operating profit increasing significantly.

In order to take advantage of future opportunities for expansion and make necessary adjustments to the current organisation, the Bank made a provision of SEK 15.9 million for restructuring costs as of 30 September.

Events after the end of the reporting period

At the beginning of October, the Nordic operations within the Ecommerce Solutions segment were transferred to the Bank's wholly owned subsidiary Avarda AB.

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. At the same time, 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 Ukraine, Russia or Belarus. It cannot be ruled out that TF Bank's operations, new lending or credit losses may be negatively affected by the geopolitical uncertainty in the future.

Presentation for investors, analysts and media

A live conference call will be held on Wednesday 18 October 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 5053 9728 and enter the meeting code 896 5737 6247. 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 37 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

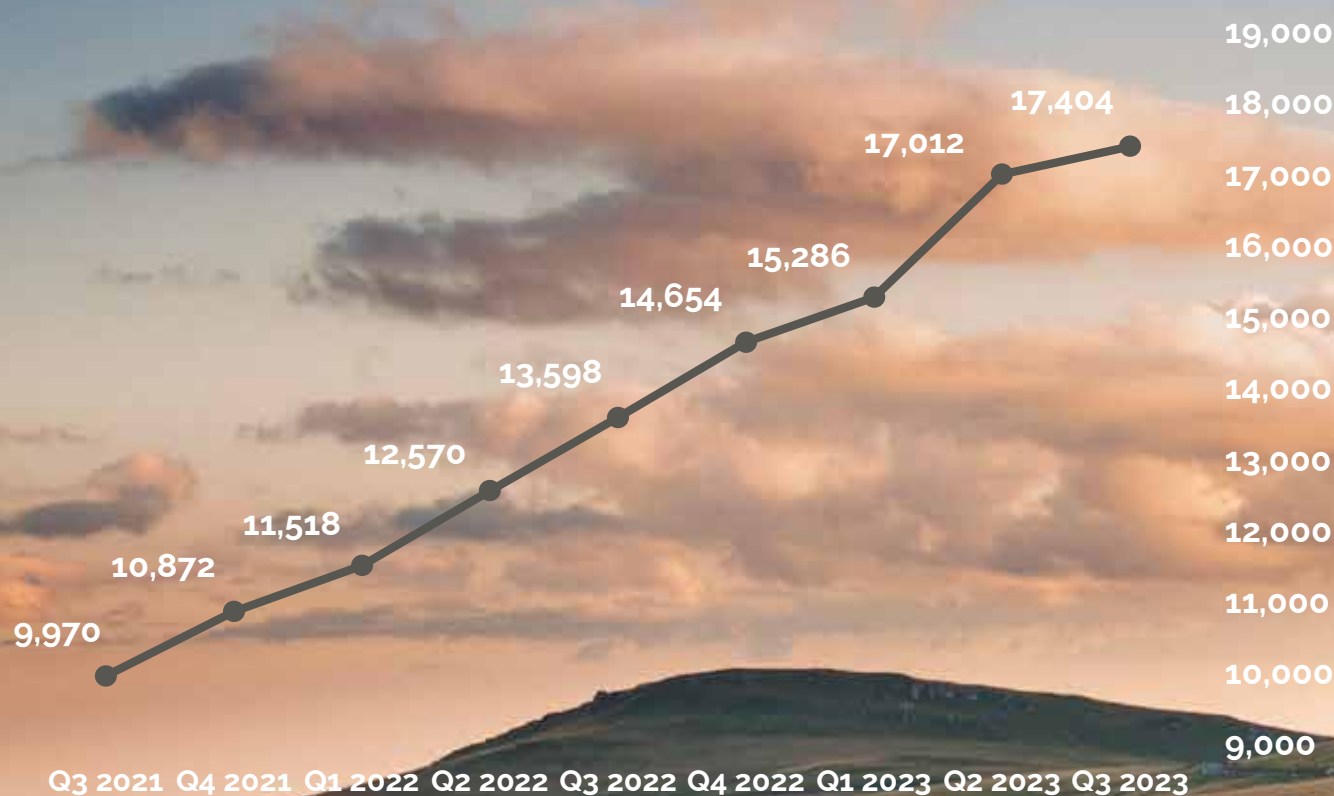
TF Bank works actively to conduct a responsible business where the intention is to have as limited negative impact on the environment and people as possible. Environmental resources are used responsibly and carefully throughout the Bank's operations. TF Bank conducts operations in an environmentally 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 the Bank accessible while limiting the 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 3-37 is an integral part of this financial report.

LOAN PORTFOLIO PERFORMANCE IN 2021-2023 (SEK MILLION)



FINANCIAL INFORMATION

INCOME STATEMENT

SEK thousand	Note	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
	3					
Operating income						
Interest income		638,567	374,701	1,679,146	1,043,173	1,472,979
Interest expense		-155,447	-52,273	-357,601	-135,488	-210,318
Net interest income		483,120	322,428	1,321,545	907,685	1,262,661
Fee and commission income		73,292	51,898	201,750	147,200	204,316
Fee and commission expense		-27,503	-15,614	-69,563	-40,771	-54,859
Net fee and commission income		45,789	36,284	132,187	106,429	149,457
Net results from financial transactions		323	305	-496	1,825	683
Total operating income		529,232	359,017	1,453,236	1,015,939	1,412,801
Operating expenses						
General administrative expenses		-198,794	-129,730	-523,556	-367,785	-513,377
Depreciation and amortisation of tangible and intangible assets		-11,325	-7,466	-31,811	-22,473	-30,256
Other operating expenses		-15,544	-19,056	-55,494	-53,972	-67,596
Total operating expenses		-225,663	-156,252	-610,861	-444,230	-611,229
Profit before loan losses		303,569	202,765	842,375	571,709	801,572
Net loan losses	4	-172,409	-92,413	-470,658	-251,858	-367,569
Operating profit		131,160	110,352	371,717	319,851	434,003
Income tax for the period		-29,165	-23,645	-81,856	-68,396	-93,198
Profit for the period		101,995	86,707	289,861	251,455	340,805
<i>Attributable to:</i>						
<i>Shareholders of the Parent Company</i>		98,577	83,059	277,517	241,269	326,445
<i>Additional tier 1 capital holders</i>		3,418	3,648	12,344	10,186	14,360
<i>Basic earnings per share (SEK)</i>		4.58	3.86	12.91	11.22	15.18
<i>Diluted earnings per share (SEK)</i>		4.58	3.86	12.91	11.22	15.18

STATEMENT OF OTHER COMPREHENSIVE INCOME

SEK thousand	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Profit for the period	101,995	86,707	289,861	251,455	340,805
Other comprehensive income					
Items that may subsequently be reclassified to the income statement					
Gross exchange rate differences	-377	-455	-327	-183	-464
Tax on exchange rate differences in the period	82	97	71	39	100
Other comprehensive income for the period	-295	-358	-256	-144	-364
Total comprehensive income for the period	101,700	86,349	289,605	251,311	340,441
<i>Attributable to:</i>					
<i>Shareholders of the Parent Company</i>	98,282	82,701	277,261	241,125	326,081
<i>Additional tier 1 capital holders</i>	3,418	3,648	12,344	10,186	14,360

BALANCE SHEET

SEK thousand	Note	30 Sep 2023	31 Dec 2022
	2,5,6		
ASSETS			
Cash and balances with central banks		58,886	57,686
Treasury bills eligible for refinancing		2,276,162	1,837,025
Loans to credit institutions		1,967,240	1,631,653
Loans to the public	3.7	17,404,478	14,654,373
Shares		149	154
Shares in subsidiaries		59,251	371
Goodwill		7,970	8,927
Intangible assets		94,186	86,780
Tangible assets		6,796	3,955
Other assets		44,473	27,707
Deferred tax assets		15,100	2,943
Prepaid expenses and accrued income		51,607	35,716
TOTAL ASSETS		21,986,298	18,347,290
LIABILITIES AND EQUITY			
Liabilities			
Deposits and borrowings from the public	8	18,989,051	16,108,130
Other liabilities		259,944	125,131
Current tax liabilities		42,502	35,955
Deferred tax liabilities		-	15
Accrued expenses and prepaid income		272,652	144,621
Provisions		15,938	-
Subordinated liabilities	11	346,554	198,660
Total liabilities		19,926,641	16,612,512
Equity			
Restricted equity			
Share capital		107,500	107,500
Statutory reserve		1,000	1,000
Development costs fund		94,186	86,780
Total restricted equity		202,686	195,280
Non-restricted equity			
Tier 1 capital instrument		250,000	200,000
Fair value fund		-620	-364
Retained earnings		1,317,730	999,057
Profit for the period		289,861	340,805
Total non-restricted equity		1,856,971	1,539,498
Total equity		2,059,657	1,734,778
TOTAL LIABILITIES AND EQUITY		21,986,298	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	-	-	-	-	-	-	289,861	289,861
Other comprehensive income for the period	-	-	-	-	-256	-	-	-256
Transfer of previous year's profit	-	-	-	-	-	340,805	-340,805	-
Capitalisation of development costs	-	-	37,891	-	-	-37,891	-	-
Amortisation of capitalised development costs	-	-	-30,485	-	-	30,485	-	-
Redemption of Tier 1 capital	-	-	-	-100,000	-	-	-	-100,000
Interest Tier 1 capital	-	-	-	-	-	-12,344	-	-12,344
Issue of Tier 1 capital	-	-	-	150,000	-	-	-	150,000
Transaction costs, issue of Tier 1 capital	-	-	-	-	-	-3,000	-	-3,000
Tax effect, transaction costs issue of Tier 1 capital	-	-	-	-	-	618	-	618
Equity as at 30 Sep 2023	107,500	1,000	94,186	250,000	-620	1,317,730	289,861	2,059,657

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 and 150 SEK million with interest terms STIBOR +8.75% and first possible redemption 6 September 2028.

CASH FLOW STATEMENT

SEK thousand	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Operating activities			
Operating profit	371,717	319,851	434,003
<i>Adjustment for items not included in cash flow</i>			
Depreciation and amortisation of tangible and intangible assets	31,811	22,473	30,256
Accrued interest income and expense	86,436	-2,369	5,083
Other non-cash items	1,256	319	254
Paid income tax	-75,309	-85,232	-93,332
	415,911	255,042	376,264
Increase/decrease in loans to the public	-2,750,105	-2,725,790	-3,782,088
Increase/decrease in other short-term receivables	-121,770	-132,316	-196,757
Increase/decrease in deposits and borrowings from the public	2,880,921	2,803,048	4,603,381
Increase/decrease in other short-term liabilities	195,711	90,078	46,871
Cash flow from operating activities	620,668	290,062	1,047,671
Investing activities			
Investments in tangible assets	-4,571	-1,590	-2,818
Investments in intangible assets	-30,485	-33,179	-45,004
Investments in subsidiaries	-58,880	-30	-30
Cash flow from investing activities	-93,936	-34,799	-47,852
Financing activities			
Issue of Tier 1 capital	150,000	-494	-494
Issue of Tier 2 capital	150,000	-	-
Interest on Tier 1 capital	-12,344	-10,186	-14,360
Redemption of Tier 1 capital	-100,000	-	-
Transaction costs, issue of Tier 1 capital	-3,000	-	-
Dividend to shareholders	-	-21,500	-21,500
Cash flow from financing activities	184,656	-32,180	-36,354
Cash flow for the period	711,388	223,083	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	64,536	110,662	196,760
Cash and cash equivalents at the end of period	4,302,288	2,699,884	3,526,364
<i>Cash flow from operating activities includes interest expenses paid and interest payments received</i>			
Interest expenses paid	274,545	140,665	208,667
Interest payments received	1,556,789	900,399	1,281,280
Components of cash and cash equivalents			
Cash and balances with central banks	58,886	266,712	57,686
Treasury bills eligible for refinancing	2,276,162	1,523,032	1,837,025
Loans to credit institutions	1,967,240	910,140	1,631,653
Total cash and cash equivalents	4,302,288	2,699,884	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 SEPTEMBER 2023

Shareholder	%
TFB Holding AB	30.31
Tiberon AB	15.07
Erik Selin Fastigheter AB	12.54
Proventus Aktiebolag	5.16
Nordnet Pensionsförsäkring AB	4.93
Jack Weil	4.29
Merizole Holding LTD	2.47
Carnegie fonder	1.80
Skandia fonder	1.23
Livförsäkringsbolaget Skandia	1.17
Other shareholders	21.03
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 UAB (100%)	304785170
TFB Service GmbH (100%)	HRB 208869 B
TFBN Services S.L. (100%)	B10781789
Avarda AB (100%)	559310-4697
- TFB Service AB, branch Finland	3362665-9
Avarda AS (100%)	931 481 169

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	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net interest income	210,925	171,609	616,489	497,625	682,329
Net fee and commission income	16,678	15,781	49,135	44,947	63,684
Net results from financial transactions	181	197	-278	1,169	437
Total operating income	227,784	187,587	665,346	543,741	746,450
General administrative expenses	-68,359	-56,870	-197,380	-161,854	-221,623
Depreciation and amortisation of tangible and intangible assets	-1,654	-1,209	-4,318	-3,783	-5,040
Other operating expenses	-1,456	-4,387	-7,700	-15,307	-18,649
Total operating expenses	-71,469	-62,466	-209,398	-180,944	-245,312
Profit before loan losses	156,315	125,121	455,948	362,797	501,138
Net loan losses	-66,301	-39,148	-202,886	-108,352	-158,211
Operating profit	90,014	85,973	253,062	254,445	342,927

Balance sheet, SEK thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Loans to the public			
Household sector	9,223,123	8,283,871	8,600,475
Corporate sector ¹	92,464	82,388	80,073
Total loans to the public	9,315,587	8,366,259	8,680,548
Household sector			
Stage 1, net	8,588,810	7,771,956	8,042,970
Stage 2, net	249,469	192,912	225,175
Stage 3, net ²	384,844	319,003	332,330
Total household sector	9,223,123	8,283,871	8,600,475

Key figures ³	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Operating income margin, %	9.7	9.2	9.9	9.4	9.5
Net loan loss ratio, %	2.8	1.9	3.0	1.9	2.0
Cost/Income ratio, %	31.4	33.3	31.5	33.3	32.9
Return on loans to the public, %	3.0	3.3	2.8	3.3	3.3
New lending, SEK thousand	1,195,007	1,591,310	4,385,270	4,451,333	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 35-36.

Note 3 cont.

CREDIT CARDS

Income statement, SEK thousand	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net interest income	198,310	95,057	496,079	241,626	354,617
Net fee and commission income	-2,102	413	-5,082	-1,202	358
Net results from financial transactions	87	54	-134	328	123
Total operating income	196,295	95,524	490,863	240,752	355,098
General administrative expenses	-56,637	-31,918	-144,835	-82,405	-120,031
Depreciation and amortisation of tangible and intangible assets	-2,562	-1,453	-6,522	-4,482	-5,942
Other operating expenses	-13,930	-14,277	-46,826	-37,702	-47,270
Total operating expenses	-73,129	-47,648	-198,183	-124,589	-173,243
Profit before loan losses	123,166	47,876	292,680	116,163	181,855
Net loan losses	-80,727	-37,434	-200,455	-98,937	-142,910
Operating profit	42,439	10,442	92,225	17,226	38,945

Balance sheet, SEK thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Loans to the public			
Household sector	5,302,327	2,779,289	3,236,360
Corporate sector ¹	-	62,140	27,643
Total loans to the public	5,302,327	2,841,429	3,264,003
Household sector			
Stage 1, net	5,036,992	2,676,637	3,114,211
Stage 2, net	112,136	69,673	87,819
Stage 3, net ²	153,199	32,979	34,330
Total household sector	5,302,327	2,779,289	3,236,360

Key figures ³	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Operating income margin, %	15.8	14.8	15.3	14.2	14.3
Net loan loss ratio, %	6.5	5.8	6.2	5.8	5.8
Cost/Income ratio, %	37.3	49.9	40.4	51.8	48.8
Return on loans to the public, %	2.6	1.2	2.2	0.7	1.1
New lending, SEK thousand	2,908,340	1,575,802	7,352,840	3,640,802	5,306,304
Number of active credit cards	209,391	123,893	209,391	123,893	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 35-36.

Note 3 cont.

ECOMMERCE SOLUTIONS

Income statement, SEK thousand	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net interest income	73,885	55,762	208,977	168,434	225,715
Net fee and commission income	31,213	20,090	88,134	62,684	85,415
Net results from financial transactions	55	54	-84	328	123
Total operating income	105,153	75,906	297,027	231,446	311,253
General administrative expenses	-57,860	-40,942	-165,403	-123,526	-171,723
Depreciation and amortisation of tangible and intangible assets	-7,109	-4,804	-20,971	-14,208	-19,274
Other operating expenses	-158	-392	-968	-963	-1,677
Total operating expenses	-65,127	-46,138	-187,342	-138,697	-192,674
Profit before loan losses	40,026	29,768	109,685	92,749	118,579
Net loan losses	-25,381	-15,831	-67,317	-44,569	-66,448
Operating profit	14,645	13,937	42,368	48,180	52,131

Balance sheet, SEK thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Loans to the public			
Household sector	2,760,282	2,357,634	2,676,437
Corporate sector ¹	26,282	32,753	33,385
Total loans to the public	2,786,564	2,390,387	2,709,822
Household sector			
Stage 1, net	2,535,292	2,216,902	2,510,298
Stage 2, net	119,282	97,332	104,789
Stage 3, net ²	105,708	43,400	61,350
Total household sector	2,760,282	2,357,634	2,676,437

Key figures ³	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Operating income margin, %	14.9	13.0	14.4	13.8	13.0
Net loan loss ratio, %	3.6	2.7	3.3	2.7	2.8
Cost/Income ratio, %	61.9	60.8	63.1	59.9	61.9
Return on loans to the public, %	1.6	1.8	1.5	2.2	1.6
New lending, SEK thousand	1,437,651	1,193,414	4,444,072	3,461,138	5,098,999
Transaction volume, SEK thousand	3,139,923	2,162,841	9,415,539	6,234,082	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 35-36.

Note 3 cont.

RECONCILIATION AGAINST FINANCIAL INFORMATION

Income statement, SEK thousand	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Operating income					
Consumer Lending	227,784	187,587	665,346	543,741	746,450
Credit Cards	196,295	95,524	490,863	240,752	355,098
Ecommerce Solutions	105,153	75,906	297,027	231,446	311,253
Total operating income	529,232	359,017	1,453,236	1,015,939	1,412,801
Operating profit					
Consumer Lending	90,014	85,973	253,062	254,445	342,927
Credit Cards	42,439	10,442	92,225	17,226	38,945
Ecommerce Solutions	14,645	13,937	42,368	48,180	52,131
Other ¹	-15,938	-	-15,938	-	-
Total operating profit	131,160	110,352	371,717	319,851	434,003

Balance sheet, SEK thousand	30 Sep 2023	30 Sep 2022	31 Dec 2022
Loans to the public			
Consumer Lending	9,315,587	8,366,259	8,680,548
Credit Cards	5,302,327	2,841,429	3,264,003
Ecommerce Solutions	2,786,564	2,390,387	2,709,822
Total loans to the public	17,404,478	13,598,075	14,654,373

NOTE 4 Net loan losses

SEK thousand	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Change in provision for sold past due receivables	-44,449	-65,090	-156,477	-176,121	-250,930
Realised loan losses	-15,028	-11,213	-42,702	-26,435	-37,477
Recovered from previous realised loan losses	8	66	267	163	239
Change in provision for expected loan losses, stage 1-3	-112,940	-16,176	-271,746	-49,465	-79,401
Net loan losses	-172,409	-92,413	-470,658	-251,858	-367,569

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

¹ Restructuring costs for adaptations of the current organisation.

NOTE 5 Classification of financial assets and liabilities

30 Sep 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	-	-	58,886	-	-	58,886
Treasury bills eligible for refinancing	-	-	2,276,162	-	-	2,276,162
Loans to credit institutions	-	-	1,967,240	-	-	1,967,240
Loans to the public	-	-	17,404,478	-	-	17,404,478
Shares	149	-	-	-	-	149
Derivatives	16,253	-	-	6,424	-	22,677
Other assets	-	-	-	-	256,706	256,706
Total assets	16,402	-	21,706,766	6,424	256,706	21,986,298
Liabilities						
Deposits and borrowings from the public	-	-	18,989,051	-	-	18,989,051
Subordinated liabilities	-	-	346,554	-	-	346,554
Derivatives	95,738	-	-	-	-	95,738
Other liabilities	-	-	-	-	495,298	495,298
Total liabilities	95,738	-	19,335,605	-	495,298	19,926,641

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 Sep 2023 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Cash and balances with central banks	-	-	58,886	58,886
Treasury bills eligible for refinancing	2,263,120	-	-	2,263,120
Loans to credit institutions	-	-	1,967,240	1,967,240
Loans to the public	-	-	17,404,478	17,404,478
Shares	-	149	-	149
Derivatives	-	22,677	-	22,677
Total assets	2,263,120	22,826	19,430,604	21,716,550
Liabilities				
Deposits and borrowings from the public	-	-	18,989,051	18,989,051
Subordinated liabilities	-	346,554	-	346,554
Derivatives	-	95,738	-	95,738
Total liabilities	-	442,292	18,989,051	19,431,343

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	-	224,335	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 15.65 % as at 30 September 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 Sep 2023 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	58,886	58,886	-
Treasury bills eligible for refinancing	2,276,162	2,263,120	-13,042
Loans to credit institutions	1,967,240	1,967,240	-
Loans to the public	17,404,478	17,404,478	-
Shares	149	149	-
Derivatives	22,677	22,677	-
Total assets	21,729,592	21,716,550	-13,042
Liabilities			
Deposits from the public	18,989,051	18,989,051	-
Subordinated liabilities	346,554	346,554	-
Derivatives	95,738	95,738	-
Total liabilities	19,431,343	19,431,343	-

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 Sep 2023	31 Dec 2022
Loans to the household sector	17,285,732	14,513,272
Loans to the corporate sector ¹	118,746	141,101
Total loans to the public	17,404,478	14,654,373
Loans to the household sector, gross		
Stage 1, gross	16,421,749	13,861,985
Stage 2, gross	582,202	495,257
Stage 3, gross ²	1,181,708	763,649
Total loans to the household sector, gross	18,185,659	15,120,891
Provisions for expected loan losses, household sector		
Stage 1	-260,655	-194,506
Stage 2	-101,315	-77,474
Stage 3 ²	-537,957	-335,639
Total provisions for expected loan losses, household sector	-899,927	-607,619
Loans to the household sector, net		
Stage 1, net	16,161,094	13,667,479
Stage 2, net	480,887	417,783
Stage 3, net ²	643,751	428,010
Total loans to the household sector, net	17,285,732	14,513,272
<i>Geographic distribution of net loans</i>		
Germany	4,436,264	2,665,839
Norway	4,064,107	4,182,683
Finland	3,529,244	3,246,939
Sweden	1,346,535	1,291,765
Estonia	1,149,276	1,035,596
Latvia	1,022,289	894,692
Lithuania	909,789	688,702
Poland	350,058	432,097
Austria	266,214	106,752
Spain	173,161	40,218
Denmark	157,541	69,090
Total loans to the public	17,404,478	14,654,373

CHANGE IN PROVISION FOR NET LOAN LOSSES

SEK thousand	30 Sep 2023	31 Dec 2022
Opening balance	-607,619	-485,387
Change in provision for sold loans	-156,477	-250,930
Reversal of provision for sold loans	156,477	250,930
Change in provision for expected loan losses in stage 1	-62,037	-29,265
Change in provision for expected loan losses in stage 2	-21,671	-31,058
Change in provision for expected loan losses in stage 3	-196,237	-28,284
Exchange rate differences	-12,363	-33,625
Closing balance	-899,927	-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 Sep 2023	31 Dec 2022
Germany	17,498,608	12,742,158
Norway	945,873	2,736,078
Finland	330,583	285,196
Sweden	213,987	344,698
Total deposits and borrowings from the public	18,989,051	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 39 % (32) of total deposits from the public.

CHANGES IN DEPOSITS AND BORROWINGS FROM THE PUBLIC

SEK thousand	30 Sep 2023	31 Dec 2022
Opening balance	16,108,130	11,504,749
Change	2,350,515	3,465,856
Exchange rate differences	530,406	1,137,525
Closing balance	18,989,051	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 September 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 Sep 2023	31 Dec 2022
Common Equity Tier 1 capital (CET1)	1,733,861	1,522,686
Additional Tier 1 capital (AT1)	250,000	200,000
Tier 2 capital	346,554	198,660
Own funds	2,330,415	1,921,346
Risk exposure amount	14,493,802	12,349,623
- of which: credit risk	13,819,895	11,692,361
- of which: credit valuation adjustment risk	13,152	7,166
- of which: market risk	-	-
- of which: operational risk	660,755	650,096
Capital ratios		
CET1 capital ratio, %	12.0	12.3
Tier 1 capital ratio, %	13.7	13.9
Total capital ratio, %	16.1	15.6

REGULATORY CAPITAL REQUIREMENTS

SEK thousand	30 Sep 2023		31 Dec 2022	
	Amount	Percent ²	Amount	Percent ²
Capital requirement under pillar 1				
CET1 capital	652,221	4.5	555,733	4.5
Tier 1 capital	869,628	6.0	740,977	6.0
Total capital	1,159,504	8.0	987,970	8.0
Capital requirement under pillar 2				
CET1 capital	90,956	0.6	90,516	0.7
Tier 1 capital	121,274	0.8	120,689	1.0
Total capital	161,699	1.1	160,918	1.3
- of which, concentration risk	132,872	0.9	126,072	1.0
- of which, currency risk	1,603	0.0	1,016	0.0
- of which, interest rate risk	27,224	0.2	33,830	0.3
Total capital requirement under pillar 1 and pillar 2				
CET1 capital	743,177	5.1	646,249	5.2
Tier 1 capital	990,902	6.8	861,666	7.0
Total capital	1,321,203	9.1	1,148,888	9.3
Institution-specific buffer requirement				
Total buffer requirement	518,878	3.6	401,364	3.3
- of which, capital conservation buffer	362,345	2.5	308,741	2.5
- of which, countercyclical buffer	156,533	1.1	92,623	0.8
Total capital requirement including buffer requirement				
CET1 capital	1,262,055	8.7	1,047,613	8.5
Tier 1 capital	1,509,780	10.4	1,263,029	10.2
Total capital	1,840,081	12.7	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 37.

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

Note 9 cont.

OWN FUNDS

SEK thousand	30 Sep 2023	31 Dec 2022
CET1 capital		
Share capital	107,500	107,500
Other reserves	94,566	87,416
Retained earnings including net profit for the period reviewed by the auditor	1,607,591	1,339,862
Adjustments to CET1 capital:		
- Deduction of foreseeable costs and dividends ¹	-18,305	-
- IFRS 9 transitional arrangements	-	47,391
- Intangible assets ²	-29,043	-50,556
- Goodwill	-7,970	-8,927
- Insufficient coverage for non-performing exposures ³	-20,478	-
Total CET1 capital	1,733,861	1,522,686
Additional Tier 1 capital		
Perpetual subordinated loan	250,000	200,000
Tier 2 capital		
Fixed term subordinated loans	346,554	198,660
Own funds	2,330,415	1,921,346

SPECIFICATION OF RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT

SEK thousand	30 Sep 2023		31 Dec 2022	
	Risk exposure amount	Capital requirement 8 %	Risk exposure amount	Capital requirement 8 %
Credit risk under the standardised approach				
Corporate exposures	92,316	7,385	89,182	7,135
Household exposures	12,446,144	995,692	10,727,797	858,224
Exposures secured by real estate collateral	17,541	1,403	19,817	1,585
Exposures in default	644,085	51,527	428,269	34,262
Exposures to institutions	431,175	34,494	349,714	27,977
Equity exposures	59,400	4,752	525	42
Other items	129,234	10,339	77,057	6,165
Total	13,819,895	1,105,592	11,692,361	935,390
Credit valuation adjustment				
Standardised method	13,152	1,052	7,166	573
Total	13,152	1,052	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	14,493,802	1,159,504	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.

² Deduction according to Commission Delegated Regulation (EU) 2020/2176.

³ Deduction according to Regulation (EU) No 2019/630.

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 Sep 2023	31 Dec 2022
Liquidity reserve ¹		
Treasury bills eligible for refinancing (EU-commission) ²	1,482,870	551,188
Treasury bills eligible for refinancing (Finland) ²	285,167	497,297
Treasury bills eligible for refinancing (Netherlands) ²	228,134	499,306
Treasury bills eligible for refinancing (Sweden) ²	24,916	24,908
Government securities eligible for refinancing (Norway) ³	255,075	264,326
Total liquidity reserve ¹	2,276,162	1,837,025
Other available liquidity reserve		
Cash and balances with central banks ⁴	1,771	2,900
Loans to credit institutions ⁴	1,534,831	1,370,161
Total other available liquidity reserve	1,536,602	1,373,061
Total available liquidity reserve	3,812,764	3,210,086
Sources of financing		
Deposits from the public	18,989,051	16,108,130
Subordinated liabilities	346,554	198,660
Tier 1 capital instrument	250,000	200,000
Equity attributable to shareholders	1,809,657	1,534,778
Total sources of financing	21,395,262	18,041,568
Key figures		
Available liquidity reserve / Deposits from the public	20	20
Liquidity coverage ratio, %	338	290
Net Stable Funding ratio, %	122	138

REGULATORY LIQUIDITY REQUIREMENTS

	30 Sep 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 Sep 2023	31 Dec 2022
Fixed-term subordinated liabilities	346,554	198,660
Total	346,554	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 Sep 2023	31 Dec 2022
Pledged assets		
Restricted bank deposits ¹	57,115	54,786
Total	57,115	54,786

SEK thousand	30 Sep 2023	31 Dec 2022
Commitments		
Unutilised credit limits	5,313,543	3,265,256
Future total minimum lease payments for non-cancellable operating leases	60,036	22,299
Total	5,373,579	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	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
<i>The following transactions have been made between companies within the Group:</i>					
General administrative expenses	-10,057	-7,048	-29,022	-15,904	-23,973
Total	-10,057	-7,048	-29,022	-15,904	-23,973
<i>The following transactions have been made with other related parties:</i>					
Interest income (transaction costs)	-10,211	-10,170	-32,104	-34,933	-46,869
Fee and commission income	751	691	2,266	2,506	3,294
General administrative expenses	-466	-472	-1,258	-1,609	-2,049
Total	-9,926	-9,951	-31,096	-34,036	-45,624
<i>Acquisition of assets and liabilities from other related parties:</i>					
Ecommerce Solutions	99,340	103,849	372,742	421,703	550,025
Total	99,340	103,849	372,742	421,703	550,025

SEK thousand	30 Sep 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	161	917
Other liabilities	2,449	282

ASSURANCE BY THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the CEO certify that the interim report gives a true and fair overview of the development of the operations, financial position and result of the Bank and describes the material risks and uncertainties that the Bank faces.

Borås, 17 October 2023

John Brehmer
Chairman

Niklas Johansson

Michael Lindengren

Sara Mindus

Fredrik Oweson

Arti Zeighami

Joakim Jansson
CEO

REPORT OF REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the condensed interim report of TF Bank AB (publ) as of 30 September 2023 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm 17 October 2023
KPMG AB

Dan Beitner
Authorized Public Accountant

DEFINITIONS

TF Bank uses Alternative Performance Measures that are not defined in the applicable financial reporting framework (IFRS). The Alternative Performance Measures are used to increase understanding of the Bank's financial performance among readers of the financial statements. Alternative Performance Measures may be calculated in different ways and do not need to be comparable with similar key ratios used by other companies. TF Bank definitions of the Alternative Performance Measures are shown below.

CET1 CAPITAL RATIO

CET1 capital as a percentage of total risk exposure amount.

COST/INCOME (C/I) RATIO

Operating expenses divided by operating income.

EARNINGS PER SHARE

Net profit for the period attributable to the shareholders of the Parent company divided by the average number of outstanding shares.

EMPLOYEES (FTE)

Average number of full-time employees, including employees on parental leave.

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

19 January 2024	Year-end report 2023
15 March 2024	Annual report 2023 is published
16 April 2024	Interim report January-March 2024
2 May 2024	Annual General Meeting 2024

This is information which TF Bank is required to disclose under the EU Market Abuse Regulation. The information was provided for publication 18 October 2023 at 07:00 CET.

CONTACTS

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RECONCILIATION TABLES

KEY FIGURES ¹

SEK thousand	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Income statement					
Earnings per share, SEK	4.58	3.86	12.91	11.22	15.18
Net profit for the period attributable to the shareholder's of the Parent Company	98,577	83,059	277,517	241,269	326,445
Average number of outstanding shares, thousands	21,500	21,500	21,500	21,500	21,500
Key figures ²					
Operating income margin, %	12.3	11.0	12.1	11.1	11.1
Total operating income, annualised	2,116,928	1,436,068	1,937,648	1,354,585	1,412,801
Average loans to the public	17,208,278	13,084,265	16,029,426	12,235,180	12,763,329
Net loan loss ratio, %	4.0	2.8	3.9	2.7	2.9
Net loan losses, annualised	689,636	369,652	627,544	335,811	367,569
Average loans to the public	17,208,278	13,084,265	16,029,426	12,235,180	12,763,329
Cost/Income ratio, %	42.6	43.5	42.0	43.7	43.3
Total operating expenses	225,663	156,252	610,861	444,230	611,229
Total operating income	529,232	359,017	1,453,236	1,015,939	1,412,801
Return on equity, %	22.4	23.6	22.1	24.0	23.6
Net profit for the period attributable to the shareholder's of the Parent Company, annualised	394,308	332,236	370,023	321,692	326,445
Average equity attributable to the shareholder's of the Parent Company	1,761,707	1,408,472	1,672,218	1,340,257	1,382,735
Return on loans to the public, %	2.3	2.5	2.3	2.6	2.6
Net profit for the period attributable to the shareholder's of the Parent Company, annualised	394,308	332,236	370,023	321,692	326,445
Average loans to the public	17,208,278	13,084,265	16,029,426	12,235,180	12,763,329

¹ The annualised figure has been calculated by multiplying the quarterly figure by four and the figure for the interim period by 12/9. 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 Sep 2023	31 Dec 2022
Available own funds			
1	Common Equity Tier 1 capital (CET1)	1,733,861	1,522,686
2	Tier 1 capital	1,983,861	1,722,686
3	Total capital	2,330,415	1,921,346
Risk-weighted exposure amount			
4	Total risk exposure amount	14,493,802	12,349,623
Capital ratios (% of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio, %	12.0	12.3
6	Tier 1 ratio, %	13.7	13.9
7	Total capital ratio, %	16.1	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, %	1.1	1.3
EU 7b	- of which, to be made up of CET1 capital, %	0.6	0.7
EU 7c	- of which, to be made up of Tier 1 capital, %	0.8	1.0
EU 7d	Total SREP own funds requirements, %	9.1	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, %	12.7	12.6
12	CET1 available after meeting the total SREP own funds requirements, %	6.8	7.1
Leverage ratio			
13	Total exposure measure	22,516,003	19,013,626
14	Leverage ratio, %	8.8	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)	2,277,933	1,842,575
EU 16a	Cash outflows – Total weighted value	1,443,863	1,272,157
EU 16b	Cash inflows – Total weighted value	769,625	637,160
16	Total net cash outflows (adjusted value)	674,238	634,997
17	Liquidity coverage ratio, %	338	290
Net Stable Funding Ratio			
18	Total available stable funding	17,434,609	16,567,159
19	Total required stable funding	14,336,301	11,984,167
20	Net Stable Funding ratio, %	122	138

TF BANK'S GEOGRAPHICAL PRESENCE



SHARE OF LOAN PORTFOLIO BY QUARTER

