



ANNUAL REPORT  
2023

 TFBank

## ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2023

The Board of Directors and the CEO hereby submit the Annual report and consolidated financial statements for TF Bank AB (publ), corporate identity number 556158-1041.

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Unless otherwise stated, all amounts are shown in thousands of Swedish kronor. The figures in brackets are for the previous year.

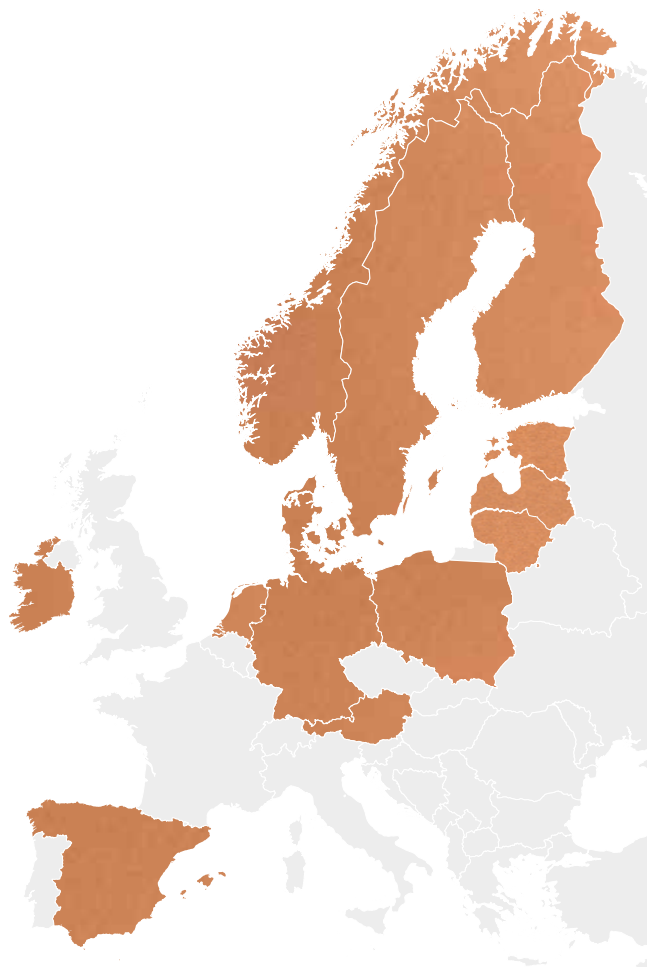
*This Financial Statements and Report by the Board of Directors 2023 in pdf format has been published voluntarily and is not an xHTML document compliant with the ESEF (European Single Electronic Format) regulation. TF Bank's Financial Statements and Report by the Board of Directors 2023 in accordance with ESEF regulations are available at [www.tfbankgroup.com](http://www.tfbankgroup.com).*



# TF BANK IN BRIEF

TF Bank is a digital bank offering consumer banking services and e-commerce solutions through a proprietary IT platform with a high degree of automation. The platform is designed for scalability and adaptability to different products, countries, currencies and digital banking solutions. TF Bank prioritises organic growth under controlled forms and expansion is taking place in carefully selected segments and markets. The business is conducted in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany, Austria, Spain, Ireland and the Netherlands through subsidiary, branch or cross-border banking with the support of the Swedish banking license.

The business is divided into three segments: Consumer Lending with focus on 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. 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 in e-commerce, to creditworthy individuals.



## FINANCIAL CALENDAR

Interim report January-March 2024	16 April 2024
Annual General Meeting 2024	2 May 2024
Interim report January-June 2024	12 July 2024
Interim report January-September 2024	15 October 2024

For further information, see [www.tfbankgroup.com](http://www.tfbankgroup.com) or contact Investor Relations at [ir@tfbank.se](mailto:ir@tfbank.se).

The Annual General Meeting 2024 will be held on Thursday 2 May 2024. Notice of the Annual General Meeting will be published no later than Thursday 4 April 2024.

## KEY FIGURES - CONSOLIDATED

SEK million	2023	2022
Operating income	1,998	1,412
Operating profit	510	436
Earnings per share, SEK	17.53	15.26
Loans to the public	17,871	14,654
New lending	22,046	16,318
Cost/Income ratio, %	41.6	43.1
Return on equity, %	21.9	23.7
Total capital ratio, %	15.9	15.6
Employees (FTE)	380	318

See separate section with definitions and reconciliation tables, page 84-85.

# YEAR IN BRIEF

## FINANCIAL PERFORMANCE 2023

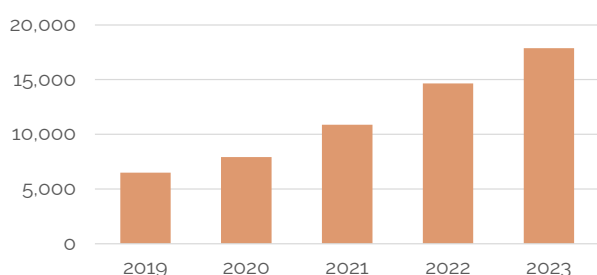
- The loan portfolio amounted to SEK 17,871 million, compared to December 2022 the increase in local currencies was 24 %
- Operating profit increased by 17 % to SEK 509.6 million, including restructuring costs of SEK 15.9 million during the third quarter
- Earnings per share increased by 15 % to SEK 17.53
- Cost/income ratio decreased to 41.6 % (43.1)
- Return on equity amounted to 21.9 % (23.7)
- Total capital ratio has increased to 15.9 % (15.6)

## SIGNIFICANT EVENTS 2023

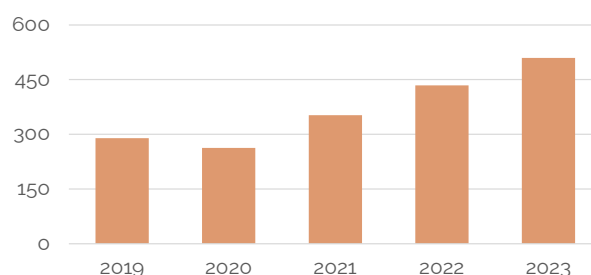
- The credit card business had a loan book growth of 78 % and economies of scale in the business model contributed to the operating profit increased by 250 %.
- At the beginning of October, the Nordic operations within the Ecommerce Solutions segment were transferred to the Bank's wholly owned subsidiary Avarda AB.
- In the end of the fourth quarter, the Bank launched deposit products in Spain, Ireland and the Netherlands.
- Joakim Jansson took seat as CEO May 15, 2023.

Despite the economic uncertainty, the year for TF Bank has been characterised by growth with continued high profitability. The loan portfolio increased by 24 % in local currencies and operating profit amounted to SEK 510 million – an increase of 17 % compared to 2022.

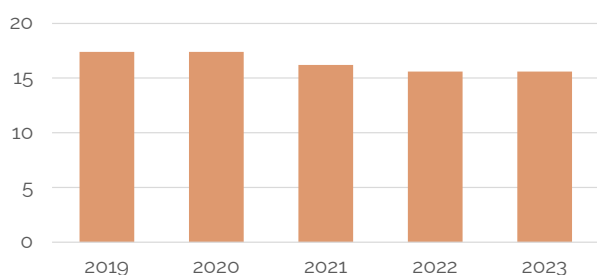
LOANS TO THE PUBLIC (SEK million)



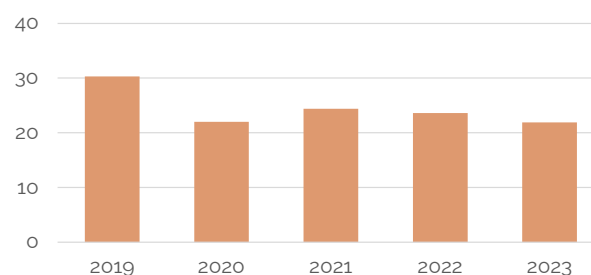
OPERATING PROFIT (SEK million)



TOTAL CAPITAL RATIO (%)



RETURN ON EQUITY (%)



See separate section with definitions and reconciliation tables, page 84-85.



# CEO'S COMMENTS

**Despite the economic uncertainty, the year for TF Bank has been characterised by growth with continued high profitability. The loan portfolio increased by 24 % in local currencies, following record volumes in the Ecommerce Solutions and Credit Cards segments. Operating profit amounted to SEK 510 million – an increase of 17 % compared to 2022.**

The year 2023 has been marked economically by the aftermath of the pandemic, Russia's invasion of Ukraine, and disrupted supply chains. The high inflation has become more prolonged and persistent than initially expected, and it is clear that many underlying factors combined have amplified the effect over time. High interest rates and high inflation have put pressure on households' finances and affected demand and production across Europe. When summing up 2023, we could conclude that the scenario of a serious crisis in Europe has not been realised, but rather the likelihood of a soft landing of the economy has increased.

TF Bank's profit were affected by higher financing costs, which were largely passed on to lending customers, as well as higher loan losses. When analysing the development of the Group's loan losses, it is necessary to take into account the Bank's strong growth and the changing business mix with more credit cards that have a higher revenue margin but also a higher level of losses. Overall, the Bank delivered a strong result with a return on equity of 22 %.

## **A European credit card and payment platform**

TF Bank continues to broaden its offering by becoming even more of a European credit card and payment platform than it was a couple of years ago. An increasing share of the Bank's overall operations is now conducted in the Credit Cards and Ecommerce Solutions segments, where the business flow is managed jointly across different countries. In this context, work has been initiated to adapt the Bank's operations to the new conditions. In 2024, the development will continue with the launch of the subsidiary Avarða's digital payment solutions in Germany and the expansion of the credit card business to Spain. A consequence of this development is that new opportunities for synergies are created, for example when both offers are available in Germany.

Geographically, there is a change as an increasing share of the business is conducted outside the Nordic and Baltic countries. TF Bank has just over half of its exposure in the Nordic region, but during 2024 the majority will probably be outside the Nordic region. This pinpoints the core of TF Bank's business model.



TF Bank never competes with price or volume and find it risky to take larger loans in a market. We do not have an ambition to become a major player in a single market, but instead the aim is to identify the customer segment where it is currently possible to find a good risk-adjusted margin. Short decision-making paths mean that we are able to quickly influence where capital is to be allocated. For growth, the Bank is seeking new markets, rather than eroding the margin by growing further in existing markets when the margins are no longer there. In the beginning when we establish ourselves in a new market, we do it with many small loans and we only gear up when there is confidence in the ability to identify the right customers. This means that TF Bank conducts a different type of business than other Nordic niche banks when the credit amounts in both credit cards and payment solutions are lower and have shorter durations. TF Bank also has a much broader geographical presence than other Nordic niche banks.

TF Bank's operations expanded to 13 European countries when deposit products were launched in Ireland and the Netherlands at the end of 2023. As mentioned, the core of the Bank's business model is to constantly seek increased geographical diversification in order to have more choices, traditionally to allocate capital, but now also to optimise the Bank's cost of financing. A new dimension in geographically dispersed banking has re-emerged after a decade of near-zero deposit rates. This is a trend that we believe will continue, and the deposit operations have therefore received an increased focus in all European markets and we have an ambition to sharpen our offering further in the future.

### **Credit Cards are the Bank's growth engine**

The growing credit card balance in Germany continues to be the key driver of our organic growth. Credit Cards is by far our fastest growing segment and the loan portfolio increased by 78 % in 2023. Profitability for the segment has had a positive trend during the year and operating profit for 2023 was SEK 137 million – an increase of 250 % compared to 2022. Higher income from the growing loan portfolio in Germany and a lower Cost/Income ratio contributed to improved profit in 2023.

We plan for continued profitable growth in the Credit Cards segment in 2024. In Germany, we had approximately 203,000 active credit cards at the end of the year, an increase of 75 % in 2023, and we continue to see great opportunities in the German market. At the same time, economies of scale in the business are expected to lead to a further decrease in the segment's Cost/Income ratio going forward. Credit quality is developing in line with our expectations and we believe that the segment is well positioned to deliver attractive risk-adjusted returns in the coming years.

In 2023, the customer process was developed with new digital solutions that both improve customers' conversion rates and strengthen information security, which will be positive for the offering going forward. With a more developed credit card process, we see good opportunities to generate attractive risk-adjusted returns for credit cards in more countries over time. In 2024, we are planning to launch credit cards in Spain. However, as always when the Bank launches new products, volumes will be small initially until we feel confident in the credit quality and the ability to identify the right customers in the local market.

### **Ecommerce Solutions is growing and becoming more profitable**

Our digital payment solutions in the Ecommerce Solutions segment have had a successful year despite the uncertain economic situation and challenges in passing on rising financing costs to lending customers. In the Nordic region, Avarda's digital payment solutions are gaining market share and volumes during Black Week and Christmas shopping were at record levels. Volumes in the fourth quarter are expected to generate rising revenues going forward.

In 2023, the loan portfolio in the Nordics increased by 25 % in local currencies, while transaction volumes in the Nordics increased by 62 %. At the same time, statistics from the Swedish Trade Federation show that turnover in e-commerce decreased by 8 % in Sweden in 2023. Our credit-market company Avarda is continuing to strengthen its position in the Nordic e-commerce market.

Avarda's strong Nordic offering gains another unique selling point through a planned expansion to Germany in 2024, creates great value for our Nordic partners and facilitates profitable expansion.

### **Focus on profitability in Consumer Lending**

Our largest segment, Consumer Lending, has been impacted by the changing macroeconomic environment. In Consumer Lending, we limited new lending, especially in the second half of 2023, which was a deliberate prioritisation to allocate capital to other segments. In 2024, we plan for continued controlled growth with a focus on certain selected countries in the segment, in general, the business will be calibrated towards profitability that generates capital for growth in other segments.

### **Future outlook**

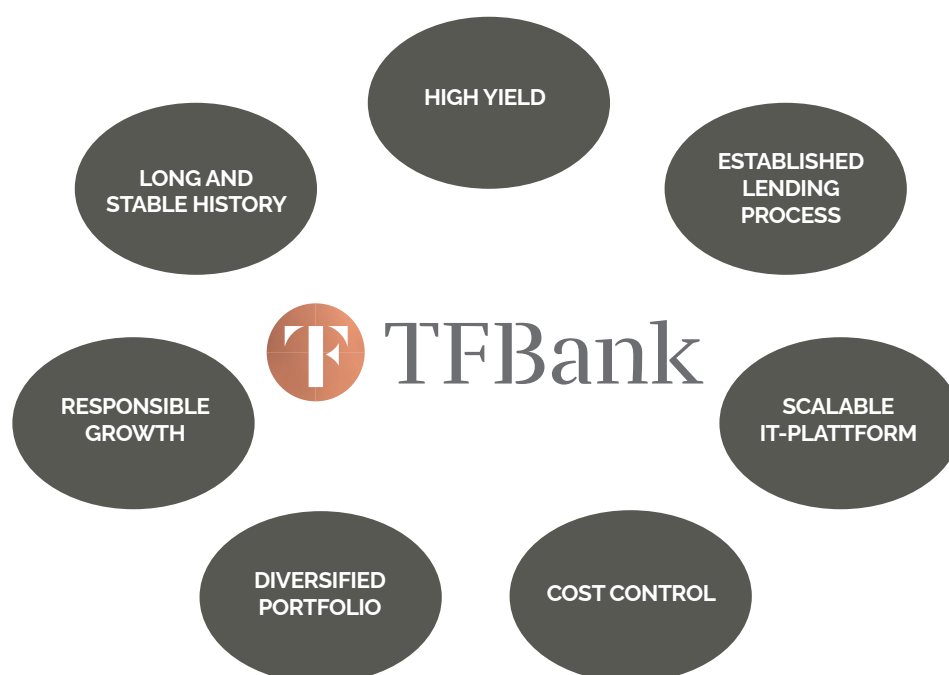
The lower level of new lending in Consumer Lending, together with increased profitability in other segments, has defended the Bank's capital ratios during the year, despite the strong growth. This should also be seen in the light of the regulations for provisions on past due receivables, which will result in a significantly higher provision in capital adequacy than in the bookkeeping. For the Bank, the potentially greater effects of the regulations lie a few years in the future, as a majority of the Bank's past due receivables have previously been sold to third parties. For 2024 our work will continue to evaluate various solutions that could mitigate the negative effects of the regulations.

Finally, a few words on the macroeconomic outlook. Developments in the financial markets in recent months indicate increased optimism linked to inflation and interest rates being expected to fall in 2024. At the same time, the geopolitical situation and its potential economic consequences are unpredictable. The macroeconomic picture also varies between countries, and the somewhat gloomier economic forecasts for Sweden differ from the general picture for Europe as a whole.

If, in the long run, developments lead to lower interest rates and inflation, this will be positive for households, for credit quality and for the Bank's funding costs, which will have a direct positive impact on profitability. In summary, we enter the new year with a clear direction, but as always we are humble about the fact that conditions can change quickly.

*Joakim Jansson  
CEO and President*

# TF BANK AS AN INVESTMENT



## Stable business model with 35 years of high yields

TF Bank started offering consumer loans and retail finance already in 1987 and during its 35 years of operations in the consumer credit sector it has always been profitable – even during major crises.

TF Bank operates in three complementary segments: Consumer Lending, Credit Cards and Ecommerce Solutions, all of which benefit from the Bank's IT platform and models for credit scoring.

The yield is driven by high growth and cost efficiency. High yields facilitate significant reinvestment in the business and attractive risk-adjusted returns for shareholders.

## Responsible organic growth with a diversified portfolio

TF Bank prioritises organic growth under controlled conditions. A combination of well-developed lending processes and relatively small loan amounts enable us to take calculated risks that can quickly be adjusted to changing conditions at macro level.

TF Bank offers a unique opportunity to gain exposure to 13 European countries. The Bank's expansion is taking place in carefully selected segments and markets. From the Swedish operations, the loan offering has successfully grown to the other Nordic countries and new markets around the Baltic Sea. 53 % related to the Nordics, 29 % related to Western and Central Europe and 18 % to the Baltics and Poland.

Diversification also characterises TF Bank's deposit products. By offering deposits in several markets, alternatives are created to finance lending growth, increased geographical risk diversification and lower financing costs.

## Controlled cost basis results in high efficiency

Efficiency and cost control have been TF Bank's key mantra from start. To be able to take the step from decision to action without high costs and long lead times is one of the business' biggest strengths.

The high degree of automation in the company's IT platform is designed for scalability and adaptability to different products, countries, currencies and digital banking solutions.

Thanks to our flat organisational structure, the scalable IT platform and cost control throughout the business, we are able to achieve a high level of efficiency.

## Credit cards and e-commerce offers new opportunities for growth

In the Credit Cards segment, TF Bank offers credit cards to creditworthy individuals in Germany, Norway and Austria. The number of issued cards has increased significantly over the past years and the utilisation rate has improved, which is important for future growth.

In the Ecommerce Solutions segment, TF Bank offers digital payment solutions primarily within e-commerce to creditworthy individuals in the Nordics and the Baltics. The customers are mainly the end consumers who shop through the Bank's services. Over the past year, the products have had a commercial breakthrough with many new partners and increased transaction volumes.

TF Bank's credit card and ecommerce products collectively constitute new growth opportunities in line with the focus on organic growth. The Bank will continue to invest in the segments in the coming year.



# THE SHARE

## The share

TF Bank was listed at Nasdaq Stockholm in the Mid Cap segment on 14 June 2016. The opening price was SEK 77.00. On the last trading day of 2023, the closing price of the share was SEK 170.40. Since the listing TF Bank has paid out a total of SEK 8.75 per share in dividend to shareholders. The market capitalisation at the end of the year was SEK 3,664 million.

## Turnover and volume

The share trades under the ticker name TFBANK and the ISIN code is SE0007331608. At the end of December 2023, the share closed at SEK 170.40, a decrease of 4 % during the year. In total, 1.9 million shares worth approximately SEK 280 million were traded on Nasdaq Stockholm during 2023.

## Share capital and number of shares

TF Bank's share capital is SEK 107,500,000. The Company has 21,500,000 ordinary shares. According to the Articles of Association, the share capital must not be less than SEK 107,500,000 and must not exceed SEK 430,000,000. TF Bank has one class of share and each share carries one vote at the Annual General Meeting (AGM).

## Dividend policy

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

## Institutions following TF Bank

ABG Sundal Collier, Carnegie, Nordea and DNB are following the company. At the end of 2023, all institutions had issued a buy recommendation for the TF Bank share.

## Ownership of TF Bank AB as at 31 December 2023

Shareholder	%
TFB Holding AB	30.31
Tiberon AB	15.07
Erik Selin Fastigheter AB	12.58
Proventus Aktiebolag	5.16
Nordnet Pensionsförsäkring AB	4.94
Jack Weil	4.29
Goldman Sachs International	2.49
Carnegie Micro Cap	1.80
Skandia foSmåbolag Sverige	1.23
Carnegie Småbolagsfond	1.21
Other shareholders	20.92
<b>Total</b>	<b>100.00</b>

Source: Euroclear  
(for more information see page 82 Corporate governance report)



# TF BANK'S GROWTH JOURNEY

**A high growth rate has been made possible due to a strong focus on profitability right from the start. We have embarked a fantastic journey but are far from our final destination.**

Mikael Meomuttel has been CFO at TF Bank since 2009, Deputy CEO since 2014 and Head of Investor Relations since 2018. During that time, the Bank has grown its assets from half a billion to just under SEK 24 billion by the end of 2023. Gone from operating in three countries to 13 countries and the number of employees has increased from approximately 30 to over 400 employees.

- We have gone from a small Nordic credit market company to a more of an European bank and we continue to move in that direction.

For a long time, TF Bank has prioritised organic growth in a controlled manner. As new markets are established, TF Bank has chosen its own path. The focus from day one have been on achieving profitability as quickly as possible, unlike many competitors who often have the ambition to grow faster and gain market share rather than focusing on profitability. At the same time, TF Bank has an opportunity to gather local knowledge and build a competitive credit granting process. Once these parts are in place, we can take calculated risks.

- Through our relatively flat organisation, with short decision-making paths, a scalable IT platform and cost control, our journey has been made possible.



Efficiency and cost control have been key words from start. Being able to go from decision to action without high costs and long lead times is one of the business's main strengths and will continue to be the foundation of the Bank's continued journey.

- We have embarked on a fantastic journey but are far from our final destination. We continue to broaden our offering and become more of a Europe credit card and payment platform than the Bank was a few years ago. An increasingly larger portion of the Bank's operations are now conducted within the Credit Card and Ecommerce Solution segments.

*Mikael Meomuttel*  
CFO

# GEOGRAPHICAL PRESENCE

## The Nordics

The Nordic business account for 53 % of TF Bank's total loan portfolio, where Consumer Lending is the basis of the Nordic operations and is complemented by an attractive offering in Ecommerce Solutions. At the end of the year, the Bank's largest exposures in the Nordic were towards Norway 24 % and Finland at 19 % of the Bank's total loan portfolio. In Sweden, the Bank's new lending within the Consumer Lending segment was paused during the third quarter of 2023. Consumer loans were launched in Denmark 2022.

The subsidiary Avarda's digital payment solutions continues to grow in the Nordic markets. Over the past year, the company's position has been further strengthened and the business continues to gain market share.



## The Baltics and Poland

The Baltic and Polish business' account for 18 % of TF Bank's total loan portfolio. The Baltic countries have fast-growing credit markets with several established Nordic companies operating locally.

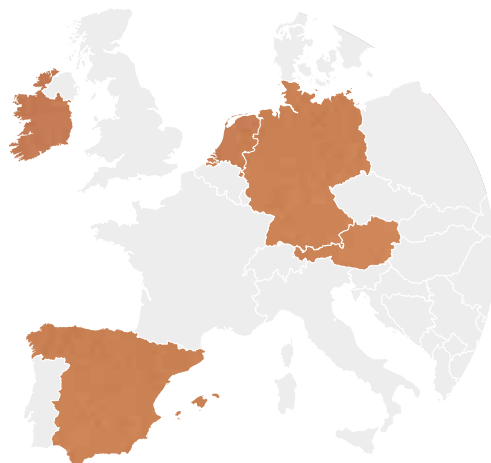
In Poland, the Bank has decided to cease new lending within both the Consumer Lending and Ecommerce Solution segment.



## West and central Europe

TF Bank has strengthened its position in the German market through deposit and credit card products. The German credit card business accounts for 27 % of the Bank's total loan portfolio, and the German deposit products account for 93 % of the Bank's total deposit from the public. During 2024, the Bank intends to launch credit card in Spain and Ecommerce Solutions operations in Germany.

At the end of 2023, the Bank launched deposit products in Spain, Ireland and the Netherlands.





## LOAN PORTFOLIO PERFORMANCE IN 2021-2023 (SEK MILLION)



# DIRECTORS' REPORT

TF Bank AB (publ), corporate identity number 556158-1041, is a bank domiciled in Borås, Sweden. The company has a license to provide banking services.

## About the business

TF Bank is a digital bank offering consumer banking services and e-commerce solutions through a proprietary IT platform with a high degree of automation. The platform is designed for scalability and adaptability to different products, countries, currencies and digital banking solutions. TF Bank prioritises organic growth under controlled forms and expansion is taking place in carefully selected segments and markets. The business is conducted in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany, Austria, Spain, Ireland and the Netherlands through subsidiary, branch or cross-border banking with the support of the Swedish banking license.

The business is divided into three segments: Consumer Lending with focus on 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. 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 in e-commerce, to creditworthy individuals.

## Significant events during the year

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 78 % and economies of scale in the business model contributed to the operating profit increasing by 250 %.

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.

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

In the end of the fourth quarter, the Bank launched deposit products in Spain, Ireland and the Netherlands.

## FIVE-YEAR OVERVIEW

### CONSOLIDATED

SEK thousand	2023	2022	2021	2020	2019
<b>Income statement</b>					
Operating income	1,998,121	1,412,324	1,054,654	875,523	768,864
Operating expenses	-831,671	-609,027	-439,219	-339,731	-290,875
Net loan losses	-656,851	-367,569	-260,564	-272,676	-188,634
Operating profit	509,599	435,728	354,871	263,116	289,355
Profit for the year	396,700	342,459	279,403	203,145	221,926
Earnings per share, SEK	17.53	15.26	12.65	9.13	10.01
<b>Balance sheet</b>					
Loans to the public	17,870,633	14,654,373	10,872,285	7,922,448	6,495,780
Deposits from the public	20,652,997	16,108,130	11,504,749	8,714,032	7,197,075
New lending	22,046,078	16,318,310	11,186,800	7,304,603	6,037,302
<b>Key figures</b>					
Operating income margin, %	12.3	11.1	11.2	12.1	14.0
Net loan loss ratio, %	4.0	2.9	2.8	3.8	3.4
Cost/Income ratio, %	41.6	43.1	41.6	38.8	37.8
Return on equity, %	21.9	23.7	24.6	22.1	30.3
Return on loans to the public, %	2.3	2.6	2.9	2.7	3.9
Return on assets, %	1.8	2.1	2.3	2.1	3.0
CET1 capital ratio, % <sup>1</sup>	12.0	12.3	12.3	12.8	12.7
Tier 1 capital ratio, % <sup>1</sup>	13.6	13.9	14.3	14.2	14.3
Total capital ratio, % <sup>1</sup>	15.9	15.6	16.2	17.4	17.4
Employees (FTE)	380	318	261	212	174

### EXCHANGE RATES

SEK	2023	2022	2021	2020	2019
EUR Income statement (average)	11.48	10.63	10.14	10.49	10.59
EUR Balance sheet (end of reporting period)	11.10	11.13	10.23	10.04	10.43
NOK Income statement (average)	1.01	1.05	1.00	0.98	1.07
NOK Balance sheet (end of reporting period)	0.99	1.06	1.03	0.95	1.06
PLN Income statement (average)	2.53	2.27	2.22	2.36	2.46
PLN Balance sheet (end of reporting period)	2.56	2.37	2.23	2.22	2.44

See separate section with definitions and reconciliation tables, page 84-85.



## RESULTS AND FINANCIAL POSITION

### Operating profit

Operating profit increased by 17 % to SEK 509.6 million (435.7) including restructuring costs of SEK 15.9 million during the third quarter. Higher operating income from the growing loan portfolio has contributed to the increasing operating profit. Earnings per share increased by 15 % to SEK 17.53 (15.26). Return on equity amounted to 21.9 % (23.7).

### Operating income

The operating income has increased by 41 % to SEK 1,998 million (1,412). 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 2022 and amounted to 12.3 % (11.1).

### Interest income

Interest income increased by 61 % to SEK 2,369 million (1,473) and is partly explained by increasing financing costs that have been transferred to the Bank's lending customers. Exchange rate effects have also had a positive impact on the interest income.

### Interest expense

The interest expenses increased by 160 % to SEK 547.6 million (210.8). Increasing financing costs and growing deposit balances during the year have contributed to the higher interest expenses.

### Net fee and commission income

Net fee and commission income increased by 18 % to SEK 176.9 million (149.5). The increase is mainly attributable to higher charges within the Ecommerce Solutions segment and rising transaction income as a result of increasing transaction volumes in both the Credit Cards and Ecommerce Solutions segments. During 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 37 % to SEK 831.7 million (609.0), including restructuring costs of SEK 15.9 million during the third quarter. The increase is mainly explained by higher sales-related expenses and more employees due to the increase in new lending. The Cost/Income ratio decreased to 41.6 % (43.1) as a result of economies of scale in the Credit Cards segment.

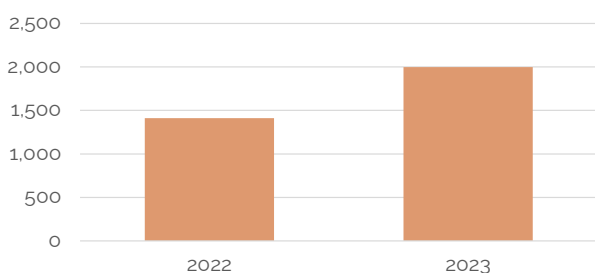
### Net loan losses

The loan losses increased by 79 % to SEK 656.9 million (367.6). 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 4.0 % (2.9).

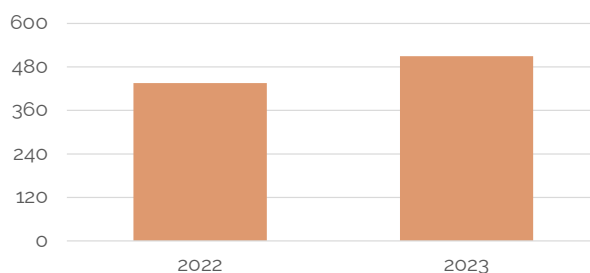
### Tax expense

The tax expenses increased to SEK 112.9 million (93.3). 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

### Loans to the public

The loan portfolio amounted to SEK 17,871 million (14,654), an increase in local currencies of 24 % compared to December 2022. Negative currency effects impacted the loan portfolio growth by 2 %. New lending increased by 35 % to SEK 22,046 million (16,318) compared to 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 year, the exposure towards the three largest countries was Germany at 27 %, Norway at 23 % and Finland at 19 %. 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 20,653 million (16,108), an increase in local currencies of 29 % compared to December 2022. Negative currency effects have affected the deposit balance by 1 %. At the end of the year, deposits were geographically distributed between Germany at 93 % and in other countries 7 %. During the end of the fourth quarter, the Bank launched deposit products in Spain, Ireland and the Netherlands.

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 year, accounts with a fixed term comprised of 40 % (32) of TF Bank's total deposits.

### Cash and cash equivalents

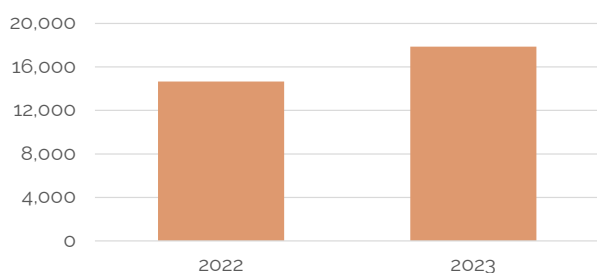
Cash and cash equivalents increased to SEK 5,744 million (3,528) during the year. The increase is primarily attributable to the cash flow from operating activities, which amounted to SEK 2,201 million. At the end of the year, the available liquidity reserve amounted to 25 % (20) <sup>1</sup> of deposits from the public.

### Capital adequacy

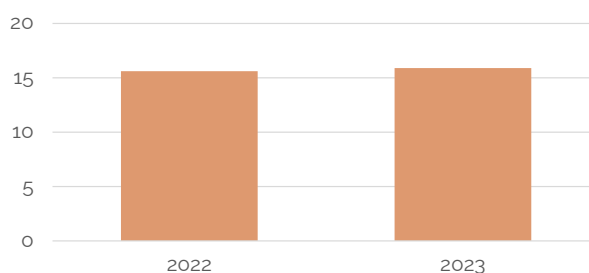
At the end of the year, the CET1 capital ratio amounted to 12.0 % (12.3), the Tier 1 capital ratio was 13.6 % (13.9), and the total capital ratio was 15.9 % (15.6). The capital ratios have been positively affected by the issuance of both the Tier 2 and Additional Tier 1 bonds of SEK 150 million, respectively. An early redemption of 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 8.8 % by the end of the year, the Tier 1 capital requirement to 10.5 % and the total capital requirement to 12.7 %.

LOANS TO THE PUBLIC (SEK million)



TOTAL CAPITAL RATIO (%)



<sup>1</sup> Excluding restricted cash and cash equivalents that are not available the next day.

## CONSUMER LENDING



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 year, the average loan amount per customer was approximately SEK 69 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 loan portfolio outside of the Nordics accounts for 33 % of the segment, the majority is in the Baltics. The Baltic countries have fast-growing credit markets with several established Nordic companies operating locally.

Consumer Lending is available in ten different countries across Europe, which is fully in line with the Bank's ambition to spread its risks geographically and not become too exposed to a single market. The Bank's offering in this segment could easily be varied based on the conditions provided by the different markets with the help of the proprietary IT-platform.

The segment is a stable foundation for the Bank and has been the core of the business for a long time. Being able to offer customers with good repayment capacity a financing alternative contributes positively to the economy as the customer could take advantage of products or services that they otherwise do not have access to.

As conditions have changed, the segment's focus has also shifted during the year. In the segment's largest markets, the Bank has chosen to prioritise profitability over growth. During the latter part of the year, the Bank has chosen to pause new lending in Sweden and Spain in order to be able to allocate capital to markets where the Bank sees greater business opportunities and optimise capital allocation, which is one of the foundations of TF Bank's business model.



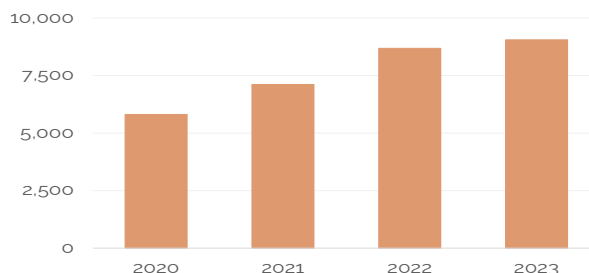
## CONSUMER LENDING

### The loan portfolio

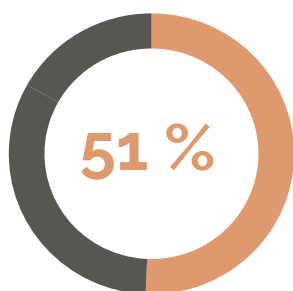
The loan portfolio amounted to SEK 9,052 million (8,681), an increase in local currencies of 7 % compared to December 2022. Negative currency effects have had an impact on the loan portfolio's growth of another 3 %. New lending has decreased by 10 % to SEK 5,340 million (5,913) compared to 2022. The decrease is mainly explained by focus on other segments and less capital has been allocated to the segment. (3,243).

The loan portfolio in Finland has increased by 2 % to EUR 206 million (202). The loan portfolio in Sweden has decreased by 5 % and amounted to SEK 539 million (567) at the end of the year. The loan portfolio in Denmark amounted to DKK 114 million (36). The loan portfolio in the Baltics has increased by 18 % to EUR 238 million (202) over the past year. The growth has mainly been generated in Lithuania. The Polish loan portfolio decreased to PLN 27 million (37). The loan portfolio in Spain amounted to EUR 14 million (4).

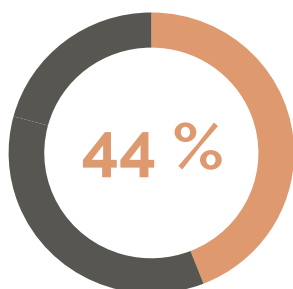
LOAN PORTFOLIO (SEK million)



SHARE OF THE BANK'S LOANS TO THE PUBLIC



SHARE OF THE BANK'S OPERATING INCOME



### Results

The operating profit decreased by 4 % to SEK 328,7 million (344.0). The operating costs have remained at a stable level, however, net loan losses have increased during the year.

The operating income increased by 18 % to SEK 880.0 million (746.1) 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 14 % to SEK 278.0 million (243.9), however the Cost/Income ratio decreased to 31.6 % (32.7). The loan losses increased by 73 % to SEK 273.3 million (158.2). The loan loss ratio increased to 3,1 % (2.0). 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 4 Segment reporting.

## CREDIT CARDS



In the Credit Cards segment, TF Bank offers credit cards to creditworthy individuals in Germany, Norway and Austria. The business in Germany started in the end of 2018. At the offices in Berlin and Szczecin, employees are working with marketing and customer service. Services like risk analysis, finance and IT are provided by central functions within the Bank. In September 2020, a proprietary smartphone app was launched for German credit card customers and since the first quarter of 2022, the credit card is compatible with both Google and Apple Pay. By the end of the year, the number of active German credit cards amounted to approximately 203,000.

The offering in Norway has been part of the Bank since 2015. By the end of the year, the number of active Norwegian credit cards amounted to approximately 26,000. In the beginning of 2022 credit cards in Austria was launched with a similar offer as in Germany. By the end of the year, the number of active credit cards in Austria amounted to approximately 12,000.

### Optimised business model provides improved profitability

In line with our other products the cornerstone of our credit card product is responsible lending. What otherwise distinguishes our product in relation to other credit cards on the market is the simplicity and the user-friendly digital application process.

Since the launch of the credit card, we have taken great steps to optimise the business model in the pursuit of higher profitability. We have worked actively to standardise and streamline credit card operations in the three markets.

This has resulted in improved profitability per issued card, which is currently an industry leader, and a Cost/Income ratio that has improved significantly since inception. Over the past year, the number of newly issued credit cards has increased by about 77 % to 152,000. With the help of digitalisation that is taking place in Germany, a competitive product and our constantly improving business model, we see a lot of growth potential for the segment as a whole and especially for the German market.

*Lisa Eckert  
Head of Marketing & Sales  
Credit Cards*



Maximum  
SEK 150,000  
in credit limit



Up to 30 %  
discount via  
loyalty program



No fees

## CREDIT CARDS

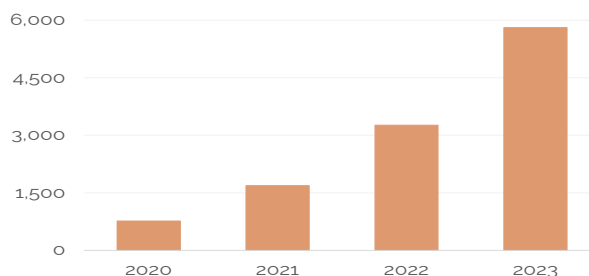
### The loan portfolio

The loan portfolio amounted to SEK 5,808 million (3,264), an increase in local currencies of 80 % compared to December 2022. Negative currency effects impacted the loan portfolio growth by 2 %. The new lending has increased by 94 % to SEK 10,304 million (5,306). The increase is mainly related to the operations in Germany.

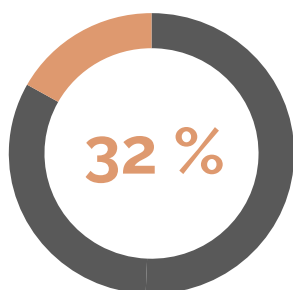
The loan portfolio in Germany has increased by 80 % to EUR 431 million (240) over the past year. The growth is mainly generated by an increased number of issued credit cards. Increased direct marketing in digital channels and a modified credit strategy have also had a positive effect on growth.

The loan portfolio in Norway has increased by 58 % to NOK 745 million (470) 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 has increased by 186 % to EUR 26 million (9) over the past year.

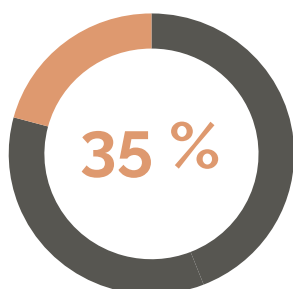
LOAN PORTFOLIO (SEK million)



SHARE OF THE BANK'S LOANS TO THE PUBLIC



SHARE OF THE BANK'S OPERATING INCOME



### Results

The operating profit has increased by 250 % to SEK 137.4 million (39.3). 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 98 % to SEK 702.3 million (355.0). The increase is mainly related to the high growth in Germany. The operating income margin increased to 15.5 % (14.3), mainly due to higher financing costs that have been passed on to customers.

The operating expenses increased by 61 % to SEK 277.5 million (172.8) and the expenses were, among other things, affected by an increased direct marketing effort. However, the Cost/Income ratio still decreased to 39.5 % (48.7) due to economies of scale in the business model.

The loan losses increased by 101 % to SEK 287.4 million (142.9). The increase was primarily affected by provisions for expected credit losses related to the growing loan portfolio in Germany. The loan loss ratio amounted to 6.3 % (5.8).

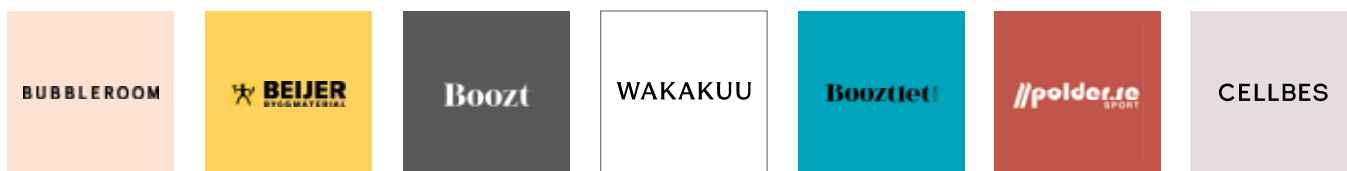
For further information about the loan portfolio and results of this segment, see Note 4 Segment reporting.

## ECOMMERCE SOLUTIONS



In the Ecommerce Solutions segment, TF Bank offers digital payment solutions primarily within e-commerce to creditworthy individuals. The digital payment solutions are available in the Nordic region by the subsidiary Avarda and in the Baltics as well as Poland by TF Bank AB. During autumn 2023 new lending in Poland has ceased. The Nordic loan portfolio comprises 82 % of the segment and the remaining markets comprises 18 % combined.

The subsidiary Avarda continues to grow in the Nordic markets. To take the next step in expansion, Rasmus Rolén has been appointed as the new Head of Ecommerce Solutions with many years of experience from Klarna. 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.





## E-COMMERCE SOLUTIONS

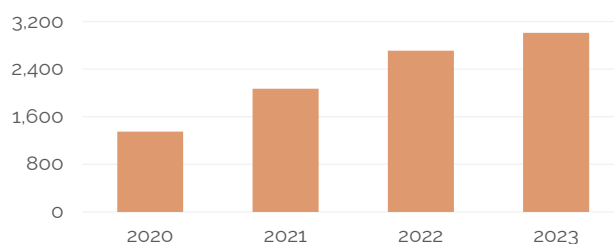
### The loan portfolio

The loan portfolio amounted to SEK 3,011 million (2,710) an increase in local currencies of 11 % compared to December 2022. Negative currency effects impacted the loan portfolio growth marginally. New lending increased by 26 % to SEK 6,402 million (5,099). The increase is mainly related to an increased number of partners and expanded cooperation with existing retailers.

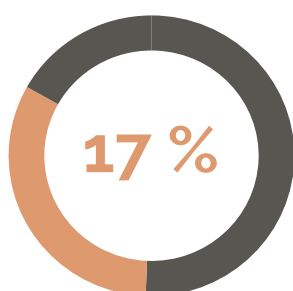
The loan portfolio in the Nordics increased by 25 % in local currencies compared to December 2022 and amounted to SEK 2,470 million (1,995). In Finland, the portfolio increased by 20 % to EUR 107 million (89) over the past year. The increase is explained by a continued growth for e-commerce and an inflow of several new partners. The Swedish loan portfolio increased by 31 % to SEK 947 million (724) following strong sales development during the past year. In Norway the loan portfolio increased by 34 % to NOK 329 million (246). In Denmark, the loan portfolio decreased to DKK 5 million (10).

The loan portfolio in the Baltics decreased by 20 % to EUR 27 million (35) 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 34 % to PLN 96 million (145).

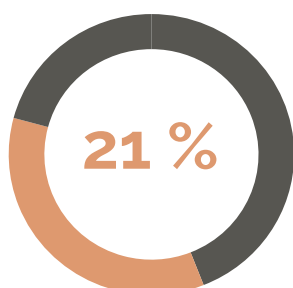
LOAN PORTFOLIO (SEK million)



SHARE OF THE BANK'S LOANS TO THE PUBLIC



SHARE OF THE BANK'S OPERATING INCOME



### Results

The operating profit increased by 13 % to SEK 59.5 million (52.4). The increase is mainly related to rising operating income in the Nordics.

The operating income increased by 34 % to SEK 415.8 million (311.2). 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 14.5 % (13.0), mainly due to higher financing costs that have been passed on to customers. The operating expenses increased by 35 % to SEK 260.2 million (192.3). This is explained by increased sales-related costs, more employees and increased investments in product development. The Cost/Income ratio increased to 62.6 % (61.8).

The loan losses increased by 45 % to SEK 96.1 million (66.4), partly explained by the growth over the past year. The loan loss ratio increased to 3.4 % (2.8).

For further information about the loan portfolio and results of this segment, see Note 4 Segment reporting.

## OTHER FINANCIAL INFORMATION

### Annual General Meeting 2024

The Annual General Meeting 2024 will be held on Thursday 2 May 2024. Notice of the Annual General Meeting will be published no later than Thursday 4 April 2024.

### Proposed dividend

The Board of Directors proposes to the Annual General Meeting that no dividend will be paid for 2023.

### 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.

### Remuneration of senior executives

In accordance with the requirements regarding disclosure of information in FFFS 2011:1, on remuneration systems in credit institutions and investment firms, last updated through FFFS 2021:17, information is presented on e.g. remuneration framework is provided on the Bank's website [www.tfbankgroup.com](http://www.tfbankgroup.com). The guidelines for remuneration of senior executives comprises the CEO, CFO and other members of the executive management. The guidelines shall be applied on remunerations which have been agreed upon, and changes made to already agreed remunerations, after the guidelines have been adopted by the AGM. At the 2021 AGM, the following guidelines were adopted regarding remuneration of TF Bank's senior executives:

#### **Guidelines for promoting the Bank's business strategy, long-term interests and sustainability**

TF Bank was founded 1987 and is 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, Spain, Ireland and the Netherlands through subsidiary, 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 Solution.

A successful implementation of the Bank's business strategy and the safeguarding of the Bank's long-term interests, including its sustainability, requires the Bank to be able to recruit and retain qualified members of staff. This means that the Bank must be able to offer a competitive remuneration package. The guidelines enable the Bank to offer a competitive remuneration package to its executive management.

Variable cash remuneration which are compromised by these guidelines should aim to promote the Company's business strategy and long-term interests, including sustainability.

#### **The forms of remuneration etc.**

The remuneration shall be competitive and may comprise the following components: fixed salary, variable cash remuneration, pensions and other economic benefits. In addition, the AGM may decide upon, for example, share- and share price-related remuneration.

The fulfilment of criteria for variable cash remuneration must be measurable over a time period of one or several years. The variable cash remuneration may amount to a maximum of 100 % of the total fixed salary during the measurement period.

Furthermore, the following applies in accordance with the regulations in place with regards to remuneration in banks:

Variable remuneration can be emanated in the form of shares, and there shall be a limit to the maximum result. Payment of variable remuneration shall be postponed and be conditional on the fulfilment of the criteria on which the remuneration is based being sustainable in the long-term and on the Bank's position not declining substantially. If the conditions for payment are not met, the remuneration shall be cancelled in its entirety or in part.

Pension benefits, including health insurance, shall be premium-determined, insofar as the executive is not covered by a collective bargaining agreement and/or premium based benefit. Pension premiums for defined contribution schemes may amount to a maximum of 25 % of pension-based income.

Regarding employment conditions that are governed by rules that are not Swedish, insofar as pension benefits and other benefits are concerned, appropriate adjustments are made to comply with such mandatory rules or fixed local practices, whereby the general purpose of these guidelines should be met as far as possible.

## OTHER FINANCIAL INFORMATION

### ***Termination of employment***

In the event of termination of employment by the Bank, the notice period may not exceed twelve months. Fixed salary during the notice period and severance pay may not, in total, exceed an amount corresponding to the fixed salary for six to twelve months. In the event of termination by the executive, the notice period may not exceed six months, and there will be no right to receive severance pay.

Furthermore, compensation for any commitment to restrict competition may be received. Such remuneration shall compensate for any loss of income and shall only be paid to the extent that the former executive has no right to severance pay. The remuneration shall be based on the fixed salary at the time of termination and shall be paid during the period subject to the restriction of competition, which shall not exceed six to twelve months after termination of employment.

### ***Criteria for distributing variable remuneration***

The variable remuneration shall be linked to pre-determined and measurable criteria that may be financial or non-financial. The criteria may also be comprised of individualised quantitative or qualitative goals. The criteria must be designed to promote the Bank's business strategy and long-term interests including its sustainability, for example by having a clear link to the business strategy or promoting the long-term development of the executive.

When the measurement period for fulfilment of the criteria for payment of variable cash remuneration has been completed, the extent to which the criteria have been met shall be assessed and determined, respectively. The Board of Directors are responsible for such an assessment in respect of variable cash remuneration to senior executives. The fulfilment of financial criteria must be determined based on the latest financial information published by the Bank.

### ***Salary and terms of employment for the employees***

In preparing the Board's proposal for these remuneration guidelines, salaries and terms of employment for the Bank's employees have been considered in that information about employees' total remuneration, the components of the remuneration and the increase and rate of remuneration over time have been part of the Board's decision when evaluating the reasonableness of the guidelines and the limitations that follow.

### ***The decision-making process to establish, review and implement the guidelines***

The Board of Directors shall establish proposals for new guidelines when there is a need for significant changes, at least every four years. The proposals

shall be submitted for the resolution at the AGM. The guidelines shall apply until new guidelines have been adopted by the AGM. The Board shall also follow and evaluate programs for variable remuneration for the executives, the application of guidelines for remuneration of senior executives, as well as current remuneration structures and remuneration levels in the Bank. The CEO and other members of executive management shall not attend board meetings when decisions are being made about remuneration-related issues, insofar as they are affected by the issues.

### ***Deviations from the guidelines***

The Board of Directors may decide to temporarily deviate from the guidelines, in whole or in part, if there are special reasons that motivate such action in an individual case and deviation is necessary to meet the Bank's long-term interests, including sustainability, or to ensure the Bank's financial viability.

### ***Commission-based compensation***

The size of the commission-based compensation is paid on the basis of the individual accomplishment of financial targets established for the year. TF Bank has ensured that all targets related to commission-based compensation for the fiscal year can be measured in a reliable way. The commission-based compensation is paid to senior executives within the Bank and is not pensionable.

### ***Pensions***

The Company's pension obligations are covered through payments to an ITP occupational pension plan. The retirement age for the CEO is 65 and annual supplementary payments are made to a defined contribution plan. The retirement age for other senior executives is between 65 and 67 depending on country of residence and annual supplementary payments are made to a defined contribution plan.

### ***Period of notice and severance pay***

According to an agreement between TF Bank AB and the CEO, the period of notice is six months (12 months in the case of termination by the Company). If termination is initiated by the Company, basic salary is payable during the period of notice, however variable remuneration, if agreed before the notice was issued, is not payable. Severance pay is adjusted according to the salary that the CEO receives from a new employer.

## OTHER FINANCIAL 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. For a more detailed description of financial risks and the use of financial instruments, as well as capital adequacy, see Notes 3 and 31.

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.

### Geopolitical and macroeconomic uncertainty

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

### Environment

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

### Sustainability report

TF Bank's sustainability reporting is prepared in accordance with the Annual Accounts Act's requirements (6th chapter 12§) on sustainability reporting. TF Bank has chosen to prepare the statutory sustainability report as a separate report from the annual report's management report. The report has been reviewed by the Bank's auditor in connection with the annual report. The sustainability report appears on pages 105-115.

The results and financial position of the Bank are shown in the below income statement and statements of financial position, statements of equity and cash flow statements, as well as accompanying notes.



# FINANCIAL INFORMATION



## INCOME STATEMENT - CONSOLIDATED

SEK thousand	Note	2023	2022
<b>Operating income</b>	2,3,4		
Interest income according to effective rate method		2,324,288	1,434,616
Other interest income		44,630	38,363
<b>Interest income</b>	5	<b>2,368,918</b>	<b>1,472,979</b>
Interest expense	6	-547,605	-210,795
<b>Net interest income</b>		<b>1,821,313</b>	<b>1,262,184</b>
Fee and commission income		280,246	204,316
Fee and commission expense		-103,335	-54,859
<b>Net fee and commission income</b>	7	<b>176,911</b>	<b>149,457</b>
Net results from financial transactions	8	-103	683
<b>Total operating income</b>		<b>1,998,121</b>	<b>1,412,324</b>
<b>Operating expenses</b>			
General administrative expenses	9,10,11,30	-706,846	-504,033
Depreciation and amortisation of tangible and intangible assets	12,13,14	-60,466	-37,398
Other operating expenses	15	-64,359	-67,596
<b>Total operating expenses</b>		<b>-831,671</b>	<b>-609,027</b>
<b>Profit before loan losses</b>		<b>1,166,450</b>	<b>803,297</b>
Net loan losses	16	-656,851	-367,569
<b>Operating profit</b>		<b>509,599</b>	<b>435,728</b>
Tax on profit for the year	17	-112,899	-93,269
<b>Profit for the year</b>		<b>396,700</b>	<b>342,459</b>
<i>Profit for the year attributable to:</i>			
<i>Shareholders of the Parent Company</i>		376,853	328,099
<i>Additional Tier 1 capital holders</i>		19,847	14,360
<i>Basic earnings per share (SEK)</i>		1753	15,26
<i>Diluted earnings per share (SEK)</i>		1753	15,26

## STATEMENT OF OTHER COMPREHENSIVE INCOME - CONSOLIDATED

SEK thousand	2023	2022
<b>Profit for the year</b>	<b>396,700</b>	<b>342,459</b>
<b>Other comprehensive income</b>		
<b>Items that may subsequently be reclassified to the income statement</b>		
Gross exchange rate differences	-1,358	-338
Tax on exchange rate differences in the year	260	100
<b>Other comprehensive income for the year</b>	<b>-1,098</b>	<b>-238</b>
<b>Total comprehensive income for the year</b>	<b>395,602</b>	<b>342,221</b>
<i>Comprehensive income for the year attributable to:</i>		
<i>Shareholders of the Parent Company</i>	375,755	327,861
<i>Additional Tier 1 capital holders</i>	19,847	14,360

## BALANCE SHEET - CONSOLIDATED

SEK thousand	Note	31 Dec 2023	31 Dec 2022
	2,3,18,19		
<b>ASSETS</b>			
Cash and balances with central banks		18,916	57,686
Treasury bills eligible for refinancing, etc.	20	3,635,697	1,837,025
Loans to credit institutions	21	2,089,504	1,633,657
Loans to the public	4,22	17,870,633	14,654,373
Shares		144	154
Goodwill	14	12,753	12,753
Intangible assets	12	93,088	86,780
Tangible assets	13	60,015	27,620
Other assets	24,30	52,105	28,189
Aktuell skattefordran		1,818	-
Deferred tax assets	25	54,277	2,943
Prepaid expenses and accrued income		57,808	35,277
<b>TOTAL ASSETS</b>		<b>23,946,758</b>	<b>18,376,457</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Deposits and borrowings from the public	26	20,652,997	16,108,130
Other liabilities	27,30	421,487	148,764
Current tax liabilities		97,325	36,801
Accrued expenses and prepaid income	28	255,968	145,487
Deferred tax liabilities	25	-	15
Provisions		11,158	-
Subordinated liabilities	29	346,909	198,660
<b>Total liabilities</b>		<b>21,785,844</b>	<b>16,637,857</b>
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		107,500	107,500
<b>Total restricted equity</b>		<b>107,500</b>	<b>107,500</b>
<b>Non-restricted equity</b>			
Foreign currency reserve		1,972	3,070
Retained earnings		1,801,442	1,428,030
<b>Total non-restricted equity</b>		<b>1,803,414</b>	<b>1,431,100</b>
<b>Total equity</b>		<b>1,910,914</b>	<b>1,538,600</b>
Tier 1 capital instrument		250,000	200,000
<b>Summa eget kapital hänförligt till moderbolagets ägare</b>		<b>2,160,914</b>	<b>1,738,600</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>23,946,758</b>	<b>18,376,457</b>

## STATEMENT OF CHANGES IN EQUITY - CONSOLIDATED

SEK thousand	Restricted equity	Non-restricted equity			Total equity
	Share capital <sup>1</sup>	Foreign currency reserve	Retained earnings	Tier 1 capital instrument <sup>2</sup>	
<b>Equity as at 1 Jan 2022</b>	<b>107,500</b>	<b>3,309</b>	<b>1,121,925</b>	<b>200,000</b>	<b>1,432,734</b>
Profit for the year			342,459		342,459
Other comprehensive income for the year		-239			-239
<i>Total comprehensive income for the year</i>		-239	342,459		342,220
<i>Transactions with owners of the Parent company</i>					
<i>Contributions from and value transfers to owners of the Parent company</i>					
Dividend to shareholders <sup>3</sup>			-21,500		-21,500
Transaction costs, issue of Tier 1 capital			-622		-622
Tax effect, transaction costs issue of Tier 1 capital			128		128
Interest Tier 1 capital			-14,360		-14,360
<i>Total contributions from and value transfers to owners of the Parent company</i>			-36,354		-36,354
<b>Equity as at 31 Dec 2022</b>	<b>107,500</b>	<b>3,070</b>	<b>1,428,030</b>	<b>200,000</b>	<b>1,738,600</b>
<b>Equity as at 1 Jan 2023</b>	<b>107,500</b>	<b>3,070</b>	<b>1,428,030</b>	<b>200,000</b>	<b>1,738,600</b>
<i>Adjustments due previous year</i>			-921		-921
Profit for the year			396,700		396,700
Other comprehensive income for the year		-1,098			-1,098
<i>Total comprehensive income for the year</i>		-1,098	396,700		395,602
<i>Transactions with owners of the Parent company</i>					
<i>Contributions from and value transfers to owners of the Parent company</i>					
Redemption of Tier 1 capital				-100,000	-100,000
Issue of Tier 1 capital				150,000	150,000
Transaction costs, issue of Tier 1 capital			-3,138		-3,138
Tax effect, transaction costs issue of Tier 1 capital			618		618
Interest Tier 1 capital			-19,847		-19,847
<i>Total contributions from and value transfers to owners of the Parent company</i>			-22,367	50,000	27,633
<b>Equity as at 31 Dec 2023</b>	<b>107,500</b>	<b>1,972</b>	<b>1,801,442</b>	<b>250,000</b>	<b>2,160,914</b>

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

<sup>2</sup> Perpetual bonds, SEK 100 million with interest terms STIBOR 3 months +6.25% and first possible redemption 1 December 2026, and SEK 150 million with interest terms STIBOR +8.75% and first possible redemption 6 September 2028.

<sup>3</sup> Dividend per share amounted to SEK 1.00.



## CASH FLOW STATEMENT - CONSOLIDATED

SEK thousand	2023	2022
<b>Operating activities</b>		
Operating profit	509,599	435,728
<i>Adjustment for items not included in cash flow</i>		
Depreciation and amortisation of tangible and intangible assets	60,466	37,398
Accrued interest income and expense	90,153	5,083
Other non-cash items	315	281
Paid income tax	-53,933	-93,272
	<b>606,600</b>	<b>385,218</b>
Increase/decrease in loans to the public	-3,216,260	-3,782,088
Increase/decrease in other short-term receivables	-45,036	-197,117
Increase/decrease in deposits and borrowings from the public	4,544,867	4,603,381
Increase/decrease in other short-term liabilities	311,144	50,862
<b>Cash flow from operating activities</b>	<b>2,201,315</b>	<b>1,060,256</b>
<b>Investing activities</b>		
Investments in tangible assets	-54,113	-3,231
Investments in intangible assets	-37,399	-45,004
Paid interest on lease debt	-1,347	-175
Amortisation of lease debt	-14,938	-8,120
<b>Cash flow from investing activities</b>	<b>-107,797</b>	<b>-56,530</b>
<b>Financing activities</b>		
Issue of Tier 1 capital	150,000	-
Issue of Tier 2 capital	-100,000	-
Redemption of Tier 1 capital	150,000	-494
Interest on Tier 1 capital	-19,847	-14,360
Transaction costs, issue of Tier 1 capital	-3,138	-
Tax effect, transaction costs issue of Tier 1 capital	618	-
Dividend to shareholders	-	-21,500
<b>Cash flow from financing activities</b>	<b>177,633</b>	<b>-36,354</b>
<b>Cash flow for the year</b>	<b>2,271,151</b>	<b>967,372</b>
Cash and cash equivalents at the beginning of the year	3,528,368	2,367,295
Exchange rate difference in cash and cash equivalents	-55,402	193,701
<b>Cash and cash equivalents at the end of the year</b>	<b>5,744,117</b>	<b>3,528,368</b>
<i>Cash flow from operating activities includes interest expenses paid and interest payments received</i>		
Interest expenses paid	460,225	209,144
Interest payments received	2,214,814	1,281,280
<b>Components of cash and cash equivalents</b>		
Cash and balances with central banks	18,916	57,686
Treasury bills eligible for refinancing	3,635,697	1,837,025
Loans to credit institutions	2,089,504	1,633,657
<b>Total cash and cash equivalents</b>	<b>5,744,117</b>	<b>3,528,368</b>

## INCOME STATEMENT - PARENT COMPANY

SEK thousand	Note	2023	2022
	2,3,4		
<b>Operating income</b>			
Interest income according to effective rate method		2,252,604	1,434,616
Other interest income		40,667	38,363
<b>Interest income</b>	5	<b>2,293,271</b>	<b>1,472,979</b>
Interest expense	6	-547,971	-210,318
<b>Net interest income</b>		<b>1,745,300</b>	<b>1,262,661</b>
Fee and commission income		246,847	204,316
Fee and commission expense		-103,335	-54,859
<b>Net fee and commission income</b>	7	<b>143,512</b>	<b>149,457</b>
Net results from financial transactions	8	-902	683
<b>Total operating income</b>		<b>1,887,910</b>	<b>1,412,801</b>
<b>Operating expenses</b>			
General administrative expenses	9,10,11,30	-661,489	-513,377
Depreciation and amortisation of tangible and intangible assets	12,13,14	-37,668	-30,256
Other operating expenses	15	-63,862	-67,596
<b>Total operating expenses</b>		<b>-763,019</b>	<b>-611,229</b>
<b>Profit before loan losses</b>		<b>1,124,891</b>	<b>801,572</b>
Net loan losses	16	-631,231	-367,569
<b>Operating profit</b>		<b>493,660</b>	<b>434,003</b>
Tax on profit for the year	17	-109,159	-93,198
<b>Profit for the year</b>		<b>384,501</b>	<b>340,805</b>

## STATEMENT OF OTHER COMPREHENSIVE INCOME - PARENT COMPANY

SEK thousand	2023	2022
<b>Profit for the year</b>	<b>384,501</b>	<b>340,805</b>
<b>Other comprehensive income</b>		
<b>Items that may subsequently be reclassified to the income statement</b>		
Gross exchange rate differences	-1,173	-464
Tax on exchange rate differences in the period	260	100
<b>Other comprehensive income for the year</b>	<b>-913</b>	<b>-364</b>
<b>Total comprehensive income for the year</b>	<b>383,588</b>	<b>340,441</b>

## BALANCE SHEET - PARENT COMPANY

SEK thousand	Note	31 Dec 2023	31 Dec 2022
	2,3,18,19		
<b>ASSETS</b>			
Cash and balances with central banks		18,916	57,686
Treasury bills eligible for refinancing, etc.	20	3,536,570	1,837,025
Loans to credit institutions	21,30	2,994,041	1,631,653
Loans to the public	4,22	15,424,259	14,654,373
Shares		144	154
Shares in subsidiaries	23	1,614,558	371
Goodwill	14	7,652	8,927
Intangible assets	12	39,216	86,780
Tangible assets	13	6,514	3,955
Other assets	24,30	13,644	27,707
Deferred tax assets	25	55,285	2,943
Prepaid expenses and accrued income		53,286	35,716
<b>TOTAL ASSETS</b>		<b>23,764,085</b>	<b>18,347,290</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Deposits and borrowings from the public	26	20,652,996	16,108,130
Other liabilities	27,30	295,421	125,131
Current tax liabilities		94,075	35,955
Accrued expenses and prepaid income	28	217,527	144,621
Deferred tax liabilities	25	-	15
Provisions		11,158	-
Subordinated liabilities	29	346,909	198,660
<b>Total liabilities</b>		<b>21,618,086</b>	<b>16,612,512</b>
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		107,500	107,500
Statutory reserve		1,000	1,000
Development costs fund		39,215	86,780
<b>Total restricted equity</b>		<b>147,715</b>	<b>195,280</b>
<b>Non-restricted equity</b>			
Tier 1 capital instrument		250,000	200,000
Foreign currency reserve		-1,277	-364
Retained earnings		1,365,060	999,057
Profit for the year		384,501	340,805
<b>Total non-restricted equity</b>		<b>1,998,284</b>	<b>1,539,498</b>
<b>Total equity</b>		<b>2,145,999</b>	<b>1,734,778</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>23,764,085</b>	<b>18,347,290</b>

## STATEMENT OF CHANGES IN EQUITY - PARENT COMPANY

SEK thousand	Restricted equity			Non-restricted equity				Total equity
	Share capital <sup>1</sup>	Statutory reserve	Development costs fund	Tier 1 capital instrument <sup>2</sup>	Foreign currency reserve	Retained earnings	Profit for the year	
<b>Equity as at 1 Jan 2022</b>	<b>107,500</b>	<b>1,000</b>	<b>71,365</b>	<b>200,000</b>		<b>773,620</b>	<b>277,206</b>	<b>1,430,691</b>
Profit for the year							340,805	340,805
Other comprehensive income for the year					-364			-364
Transfer of previous year's profit						277,206	-277,206	
Dividend to shareholders <sup>3</sup>						-21,500		-21,500
Capitalisation of development costs			45,004			-45,004		
Amortisation of capitalised development costs			-29,589			29,589		
Interest Tier 1 capital						-14,360		-14,360
Transaction costs, issue of Tier 1 capital						-622		-622
Tax effect, transaction costs issue of Tier 1 capital						128		128
<b>Equity as at 31 Dec 2022</b>	<b>107,500</b>	<b>1,000</b>	<b>86,780</b>	<b>200,000</b>	<b>-364</b>	<b>999,057</b>	<b>340,805</b>	<b>1,734,778</b>
<b>Equity as at 1 Jan 2023</b>	<b>107,500</b>	<b>1,000</b>	<b>86,780</b>	<b>200,000</b>	<b>-364</b>	<b>999,057</b>	<b>340,805</b>	<b>1,734,778</b>
Profit for the year							384,501	384,501
Other comprehensive income for the year					-913			-913
Transfer of previous year's profit						340,805	-340,805	
Capitalisation of development costs			-84,243			84,243		
Amortisation of capitalised development costs			36,678			-36,678		
Interest Tier 1 capital						-19,847		-19,847
Redemption of Tier 1 capital				-100,000				-100,000
Issue of Tier 1 capital				150,000				150,000
Transaction costs, issue of Tier 1 capital						-3,138		-3,138
Tax effect, transaction costs issue of Tier 1 capital						618		618
<b>Equity as at 31 Dec 2023</b>	<b>107,500</b>	<b>1,000</b>	<b>39,215</b>	<b>250,000</b>	<b>-1,277</b>	<b>1,365,060</b>	<b>384,501</b>	<b>2,145,999</b>

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

<sup>2</sup> Perpetual bonds, SEK 100 million with interest terms STIBOR 3 months +6.25% and first possible redemption 1 December 2026, and SEK 150 million with interest terms STIBOR +8.75% and first possible redemption 6 September 2028.

<sup>3</sup> Dividend per share amounted to SEK 1.00.



## CASH FLOW STATEMENT - PARENT COMPANY

SEK thousand	2023	2022
<b>Operating activities</b>		
Operating profit	493,660	434,003
<i>Adjustment for items not included in cash flow</i>		
Depreciation and amortisation of tangible and intangible assets	37,668	30,256
Accrued interest income and expense	90,203	5,083
Other non-cash items	336	254
Paid income tax	-51,039	-93,332
	<b>570,828</b>	<b>376,264</b>
Increase/decrease in loans to the public	-769,886	-3,782,088
Increase/decrease in other short-term receivables	-19,857	-196,757
Increase/decrease in deposits and borrowings from the public	4,544,866	4,603,381
Increase/decrease in other short-term liabilities	166,959	46,871
<b>Cash flow from operating activities</b>	<b>4,492,910</b>	<b>1,047,671</b>
<b>Investing activities</b>		
Investments in tangible assets	-5,370	-2,818
Investments in intangible assets	-40,058	-45,004
Disposal of tangible assets	342	-
Disposal of intangible assets	54,630	-
Investments in subsidiaries	-1,614,187	-30
<b>Cash flow from investing activities</b>	<b>-1,604,643</b>	<b>-47,852</b>
<b>Financing activities</b>		
Issue of Tier 1 capital	150,000	-
Issue of Tier 2 capital	-100,000	-
Redemption of Tier 1 capital	150,000	-494
Interest on Tier 1 capital	-19,847	-14,360
Transaction costs, issue of Tier 1 capital	-3,138	-
Tax effect, transaction costs issue of Tier 1 capital	618	-
Dividend to shareholders	-	-21,500
<b>Cash flow from financing activities</b>	<b>177,633</b>	<b>-36,354</b>
<b>Cash flow for the year</b>	<b>3,065,900</b>	<b>963,465</b>
Cash and cash equivalents at the beginning of the year	3,526,364	2,366,139
Exchange rate difference in cash and cash equivalents	-42,737	196,760
<b>Cash and cash equivalents at the end of the year</b>	<b>6,549,527</b>	<b>3,526,364</b>
<i>Cash flow from operating activities includes interest expenses paid and interest payments received</i>		
Interest expenses paid	460,591	208,667
Interest payments received	2,206,820	1,281,280
<b>Components of cash and cash equivalents</b>		
Cash and balances with central banks	18,916	57,686
Treasury bills eligible for refinancing	3,536,570	1,837,025
Loans to credit institutions <sup>1</sup>	2,994,041	1,631,653
<b>Total cash and cash equivalents</b>	<b>6,549,527</b>	<b>3,526,364</b>

<sup>1</sup> The amount includes loan to the subsidiary Avarda AB of SEK 1,324 million (-).

# NOTES

## NOTE 1 General information

The consolidated financial statements and annual report of TF Bank AB for the financial year 2023 were approved by the Board of Directors and the CEO for publication on 15 March 2024. The Parent company, TF Bank AB, has its registered office in Borås, Sweden and is a banking company licensed to conduct banking operations. The Bank conducts deposit and/or lending operations to private individuals in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany, Austria, Spain, Ireland and the Netherlands through subsidiaries, branches or cross-border operations with the support of the Swedish banking licence. The Company's shares are traded on Nasdaq OMX Nordic in Stockholm in the Mid Cap segment.

### General information

Name	TF Bank AB (publ)
Residence	Borås
Legal form	Limited company (publ)
Legal domicile	Sweden
Address, company headquarter	Box 947, 501 10 Borås
Organisation number	556158-1041
LEI code	529900BGZZTLLBR1X49
Website	www.tfbankgroup.com

### Branches

TF Bank AB, branch Finland	2594352-3
TF Bank AB, branch Polen	PL9571076774
TF Bank AB, branch Estland	14304235
TF Bank AB, branch Norge	923 194 592
TF Bank AB, branch Lettland	50203334311

### Subsidiaries

Avarda AB	559310-4967
Avarda AB, branch Finland	3362665-9
Avarda AS	931 481 169
TFB Service UAB	304785170
TFB Service GmbH	HRB 208869 B
TFBN Services S.L.	B10781789

All subsidiaries are 100 % owned.

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

The Swedish krona (SEK) is the Group's presentation currency, which is TF Bank AB's functional currency and presentation currency.

## NOTE 2 Accounting Policies

The most significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These accounting policies have been applied consistently to all reporting periods presented in these financial statements, unless otherwise stated.

The consolidated financial statements of the TF Bank AB Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of these standards adopted by the European Union (EU). In addition, the supplements set out in the Annual Accounts for Credit Institutions and

Securities Companies Act (1995:1559), RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, and of the Swedish FSA (FFFS 2008:25).

The Parent company prepares financial reports in accordance with the Annual Accounts for Credit Institutions and Securities Companies Act (1995:1559) and of the Swedish FSA's accounting regulation FFFS 2008:25. So-called statutory IFRS means that IFRS, as approved by the EU, are applicable to the preparation of the financial statements, with the limitations and additions that follow from RFR 2 Accounting for Legal Entities, issued by the Swedish Financial Reporting Board, and FFFS 2008:25. This means that the Parent company, with the exception of what is stated below, has applied the same accounting principles as the Group.

### Estimates and Judgements

Preparation of the consolidated financial statements in compliance with IFRS requires the use of some critical estimates for accounting purposes. Estimates and judgements are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Bank makes estimates and assumptions about the future. The resulting estimates for accounting purposes by definition rarely correspond to the actual results.

The areas that involve a high degree of judgement, are complex, or where assumptions and estimates have a material impact on the financial statements primarily comprise provisions for expected loan losses and goodwill impairment testing.

#### Provisions for expected loan losses

TF Bank has a forward-looking model for impairments in accordance with IFRS 9, where expected loan losses on financial assets are calculated at initial recognition. A loan loss reserve is recognised for all financial assets that are valued at amortised cost. The calculation of the expected loan losses is done through methods and models developed by the Bank, all of which are characterised by assumptions about the future, such as how historical experiences will develop in the future given assumptions about the development of various macro scenarios. Making provisions for expected loan losses requires careful analysis of available data to make reliable assessments about the future.

The most important inputs used to assess expected loan losses are:

- Probability of default (PD)
- Loss given default (LGD)
- Exposures at default (EAD)
- Expected maturity

Calculations are derived from developed statistical models.

PD for 12 months and PD for the remaining maturity are based on the conditions on the balance sheet date. PD models are based on homogeneous groups of the total loan portfolio, i.e. geographic market and segment. Future economic conditions are considered through expert assessments for each homogeneous group. The Bank's method for estimating the probability of default also takes into account unused limits for revolving credits. LGD corresponds to the expected loss in the event of default and takes into account assumptions about future discounted cash flows or the contractual terms that apply in the event of sale to debt collection agencies. The Company's issued credits that have matured without being settled by the debtor are continuously sold to debt collection agencies in markets where the Board considers the price level to be favourable for the Bank's performance and risk profile. During the end of the year, the Bank has chosen to keep more of nonperforming loans in the balance sheet. EAD represents an estimated credit exposure at a future point in time in the event of default, taking into account expected changes in credit exposure on the balance sheet date. The Bank's method for calculating EAD corresponds to current contractual terms for

Note 2 cont.

repayment of capital, interest, and maturity date. For the calculation of future maturity, the Bank starts from the original contract period and then takes into account behaviour patterns for the Bank's various segments and markets to determine the expected maturity.

For more detailed information on impairment tests and credit risks, see the section Impairment of financial assets in this note, the section on Credit risks in note 3 and note 22.

#### *Impairment testing of Goodwill*

Impairment testing of Goodwill is subject to many different estimates and assessments of the future. TF Bank annually examines whether there is a need for impairment of goodwill for the cash-generating unit. The calculations are based on estimated future cash flows after tax, which are based on financial forecasts approved by the Company's management. Important assumptions regarding forecasts made include the average loan portfolio, new lending, margins and assessments of future developments. For more information, see section Goodwill in this note and note 14.

#### **New standards and amendments and interpretations of existing standards that have been adopted by the Bank**

The amendment to IAS 1 Presentation of Financial Statements, which entered into force on 1 January 2023, has meant that disclosures regarding accounting policies have been changed so that companies are only required to report significant accounting policies. The effect on TF Bank's annual report has meant that general information about the regulatory framework has been removed, and instead the focus is on describing the principles in which TF Bank has made a particular interpretation or specific choice in accordance with the requirements of the individual standards.

Other amendments and improvements to IFRS standards that have entered into force and new IFRS IS Agenda Decisions published for the financial year 2023 have not had any material impact on TF Bank's financial statements. The same applies to corresponding changes to Swedish regulations.

#### **Foreign branches**

For items that are considered to be dealings with the foreign branches, all translations are recorded in net profit or loss of financial transactions.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are recognised as assets and liabilities of the foreign entity and translated at the exchange rate at the balance sheet date. Foreign exchange differences arising on the acquisition are recognised in other comprehensive income.

#### **Segment reporting**

Operating segments are accounted for in a way that is compatible with the internal reports submitted to the function responsible for the allocation of resources and the evaluation of the results of the operating segments. In the Bank, this function has been identified as the CEO.

#### **Tangible assets**

The straight-line method of depreciation is used for all types of tangible assets. The following depreciation periods are used:

IT equipment	36 months
Other equipment	60 months

Lease liabilities are measured at the present value of the remaining lease payments using the incremental borrowing rate at the date of first application. Leases with a term of twelve months or less are not included, nor are leases for which the underlying asset has a lesser value.

#### **Intangible assets**

The Group's intangible assets consist entirely of development costs that are directly attributable to the development and testing of identifiable and unique software products controlled by the Bank.

The intangible assets are amortised on a straight-line basis over their useful lives, but not more than 60 months, from the time the asset is ready for use.

#### **Goodwill**

The goodwill presented in the Bank's balance sheet is attributable to the merger that was implemented at the beginning of 2020 between TF Bank AB and the former subsidiary BB Bank ASA. The item is based on the acquisition of the subsidiary in 2015.

#### **Financial instruments – classification, recognition and measurement**

Note 18 "Classification of financial assets and liabilities" shows how TF Bank has categorised financial instruments.

#### *Amortised cost*

Financial assets and liabilities measured at amortised cost are initially recognised in the balance sheet at fair value, including transaction costs. After initial recognition, the instrument in this category is measured at amortised cost using the effective interest method less the credit loss provision for financial assets. This category includes the Bank's loan receivables and accounts receivable.

#### *Fair value through profit and loss*

Financial assets and liabilities valued at fair value through profit and loss if they are not to be valued in any of the other categories. These assets and liabilities are valued at fair value excluding transaction costs. All changes in value of these items are reported directly in the income statement in "Net results from financial transactions". The financial instruments that are valued at fair value through TF Bank's profit and loss comprise derivative instruments held for trading purposes and shares whose cash flows do not meet the cash flow criteria.

#### *Accounting, cancellation and modification*

Financial assets and financial liabilities are reported in the balance sheet on the business day, which is the day on which the agreement is entered into, in addition to financial assets classified as amortised cost which are reported on the settlement date. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred and the Bank has transferred virtually all risks and benefits associated with ownership to another party. A financial asset and a financial liability are netting off and reported at the netting amount in the balance sheet, only when there is a legal right to net off the amounts, and the intention is there to settle the posts with a net amount or to simultaneously realise the asset and settle the liability. When a loan is modified, the Bank makes an assessment of whether the modification results in removal from the balance sheet.

A loan is considered to be modified when the terms and conditions governing cash flows change compared to the original agreement, for example due to easing of loan terms, changes in market conditions, measures to retain the customer and other factors unrelated to a borrower's deteriorating creditworthiness. Modified loans are removed from the balance sheet and a new loan is reported either when the existing loan is terminated and a new agreement is entered into with significantly different terms or if the terms of an existing agreement are significantly modified. Modifications solely due to the borrower's financial difficulties, including the provision of relief in loan terms, are not considered significant on their own. If a loan has been modified and moved from Stage 1 to either Stage 2 or 3, it will not be moved back during the term of the loan.

Financial liabilities are removed from the balance sheet when the debt is extinguished by the agreement being fulfilled, cancelled or terminated. Loan receivables classified as impaired are written off from the balance sheet when the Bank has no reasonable expectation of recovering a claim in its entirety or in part. The Bank has no reasonable expectation of recovering the claim

Note 2 cont.

and considers the loss to be determined when a customer has passed, completed a debt restructuring program, or when it has been sold to a third party.

After write-off, loan receivables are no longer reported on the balance sheet. Recovery of previously written-off amounts is reported as a reduction of loan losses in the net loan losses line of the income statement.

#### **Impairment of financial assets**

TF Bank has a portfolio-based model for calculating loan loss provisions based on the valuation of expected loan losses and complemented by risk parameters. The risk parameters are updated on a report-by-report basis to reflect forward-looking information. The Bank segments out each month's loans issued in order to analyse current behaviour in relation to historical behaviour and, based on this, calibrate models to calculate expected credit losses. In cases where the effect of relevant factors is not captured by risk models, the Bank uses expert adjustments.

The Group's calculation of future expected credit losses includes forward-looking macroeconomic information based on three different scenarios, a baseline, a positive scenario and an adverse scenario. These scenarios have then been weighted into the model based on the Group's assessment of the probability of each scenario occurring. The input data used comes from the European Central Bank's (ECB) forecasts and includes estimates of macroeconomic variables such as GDP, inflation and unemployment. The base scenario is based on the ECB's staff projections, which are presented in connection with the publication of new interest rate decisions. The positive scenario assumes favourable outcomes according to the confidence intervals in the ECB's staff projections, which, according to the company's assessment, would reduce the provision for expected loan losses by 10 %. The adverse scenario is based on the ECB's stress test of European banks and is based on a strong weakening of macroeconomic developments over a three-year period. This scenario would imply a 50 % increase in the Bank's expected loan losses. The Group has chosen these scenarios because the Bank has not found any direct correlation with any single macroeconomic parameter. The chosen scenarios are based on the ECB's analysis of macroeconomic effects for areas in which the Bank operates. For table illustration and sensitivity analysis, see Note 22.

The Group primarily uses quantitative data to determine whether a significant increase in credit risk has occurred in order to categorise the financial assets into the three different categories. Qualitative data is used in cases where the Bank receives external or internal information that a customer has payment difficulties.

Provisions for loans in category 3 are made with the difference between the asset's carrying amount and the present value of future cash flows, discounted at the original effective interest rate. The expected future cash flow is based on calculations that take into account historical repayment levels that are applied to each generation of loan receivables.

The calculation of the lifetime for credit cards and other revolving credits as well as provisioning of unused credit limits is based on predictive models about the future limit use and statistical repayment plans. The models are based on internal historical data where different models are used for homogeneous groups of credits with similar explanatory variables.

#### *Definition of default and credit impaired assets*

According to the Bank, defaults and doubtful receivables are triggered if any of the following occurs: a borrower has overdue unpaid amounts older than 90 days, has died or been declared bankrupt or similar; the loan has been identified as fraudulent or sold or sent to an external collection agency. In assessing whether a borrower is unlikely to pay its loan obligations, the Bank considers both qualitative and quantitative factors including, but not limited to, the status of defaults, defaults, expected easing of loan terms, expected bankruptcy or breach of loan terms.

#### *Determining a significant increase in credit risk since initial recognition*

The Bank assesses changes in credit risk using a combination of individual and collective information and reflects significant increases in credit risk at the individual financial instrument level. The forward-looking lifetime probability of default over the remaining term will incorporate the effects of past and current forecasted economic conditions. Quantitative indicators are the most important part in determining an increase in credit risk since initial recognition, and an increase in credit risk occurs when the loan has been overdue for 30 days or more, which results in the asset being moved from stage 1 to stage 2. If the loan is overdue for 90 days or more, the asset is moved to stage 3. This process is done at the portfolio level. Qualitative indicators at the contract level are also taken into account when placing in the different stages, such as if the borrower is monitored on a watchlist or has been granted relief in loan terms, or if the Bank receives external information that the customer is experiencing payment difficulties, such as debt restructuring cases and payment arrangements. The Bank assesses that financial assets with low credit risk on the reporting date are not considered to have been significantly exposed to an increased credit risk, which refers to financial assets classified as cash and balances with central banks, securities issued or guaranteed by the government that are eligible for repurchase agreements, and lending to other financial institutions. A financial instrument is no longer considered to have experienced a significant increase in credit risk when all indicators are no longer breached.

#### **Derivative instruments and hedge accounting**

Derivative instruments are recognised in the balance sheet on the contract date and are measured at fair value through profit or loss, both initially and in subsequent revaluations. The Bank's derivative instruments are covered by framework agreements for set-offs, and Note 3 shows the net effect of this. The method of recognising the gain or loss arising from revaluation depends on whether the derivative has been identified as a hedging instrument and, if so, the nature of the item hedged.

At the time of entering into the transaction, the Bank documents the relationship between the hedging instrument and the hedged item, as well as the Bank's risk management objective and risk management strategy with respect to the hedge. TF Bank also documents its assessment, both at the time of entering into the hedge and ongoing, of whether the derivative instruments used in hedging transactions are effective in offsetting changes in fair value or cash flows attributable to the hedged items.

The Bank hedges the forward rate risk of net investments when derivatives are used as hedging instruments, and in other cases it is the spot risk of net investments that constitutes the hedged risk. For derivatives, this means that the entire change in market value is reported in the hedging reserve.

The entire fair value of a derivative that is a hedging instrument is classified as other assets or other liabilities when the remaining maturity of the hedged item is less than 12 months. Derivative instruments held for trading are always classified as other assets or other liabilities.

The effective portion of changes in the fair value of a derivative instrument that is identified as hedging the net investment in foreign operations and that meets the conditions for hedge accounting is recognised in other comprehensive income. The portion of the gain or loss on a hedging instrument that is deemed to be an effective hedge is recognised in other comprehensive income. The gain or loss attributable to the ineffective portion is recognised in the income statement. Accumulated gains and losses in equity are recognised in the income statement when the foreign operation is divested in whole or in part. Gains and losses arising from changes in the fair value of derivatives not used for hedge accounting are recognised in the income statement in net result from financial transactions.

Note 2 cont.

#### **Issued debt and equity instruments**

A financial instrument issued by TF Bank is classified either as a financial liability or as equity. Issued financial instruments are classified as financial liabilities if the contractual relationships entail an obligation for TF Bank to pay either cash or other financial assets. If this is not the case, the instrument is usually an equity instrument and is classified as equity, less transaction costs.

The issued financial instruments classified as financial liabilities are bonds over ten years with a possible voluntary redemption after five years. The interest terms are Stibor plus margin and the interest is paid quarterly. The financial instrument classified as equity is perpetual maturity bonds with the possibility of voluntary redemption after five years from the date of issue. The interest terms are Stibor plus margin and the interest is paid quarterly. For more detailed terms, see the prospectus on TF Bank's website [www.tfbankgroup.com](http://www.tfbankgroup.com) and footnote on page 28 and note 29.

Interest attributable to financial instruments classified as financial liabilities is reported as interest expense and interest on financial instruments classified as equity is reported in equity.

#### **Employee benefits**

Pension plans are funded through payments to insurance companies. The Bank only has defined contribution plans.

#### **Share-based payments**

The Group has share-based incentive programs, under which equity instruments in TF Bank are allotted to the Group's employees. Share-based incentive programs that are settled with shares entitle the employees to receive equity instruments in TF Bank. The fair value of these rights is determined by using appropriate valuation models, taking into account the terms and conditions of the grant, and the Bank's assessment of how many rights will ultimately be vested. This is re-evaluated at each reporting occasion.

Social costs are recognised over the vesting period and the provision for social costs is remeasured at each reporting date to ensure that the provision is based on the fair value of the rights at the reporting date. The cost of share-based incentive programs that are settled with shares is valued based on the fair value of the equity instruments on the date they are granted and is expensed evenly over the vesting period. The vesting period is the period during which employees must remain employed by the Group in order for their rights to be earned.

#### **Interest income**

Interest income is recognised in the income statement over the expected life using the effective interest method. Transaction costs related to loans payable and loans receivable are therefore recognised as part of the loan. Transaction costs refer to commission. Transaction costs, arrangement fees and notification charges are recognised over the expected term of the loan. Invoicing charges are also included in interest income.

The Bank regularly makes amortisation of assets and unappropriated funds for which the Bank has not been able to repay or locate counterparties. They are recognised as interest income as they are directly linked to the Bank's loans to the public.

#### **Commission income and expense**

TF Bank recognises reminder fees, insurance premium fees and other fees and in commission income. Commission income is recognised in profit and loss in the period it is earned. Commission expense are expenses attributable to services and charges that relate to fees earned from insurance premiums.

#### **Net results from financial transactions**

This item relates to foreign currency translation of assets and liabilities in foreign currencies and changes in the fair value of derivatives in foreign currency.

#### **Cash flow statement**

The cash flow statement is prepared according to the indirect method. Recognised cash flow comprises only transactions that involve cash receipts or disbursements. Cash and cash equivalents include Cash and balances with central banks, Treasury bills eligible for refinancing, etc. and Loans to credit institutions.

#### **The Parent company has used the same accounting principles as above and the appendices below**

##### **Shares in subsidiaries**

Shares and participations in subsidiaries are recognised at cost plus transaction costs after deduction of any impairment losses. Where there is an indication that shares have become impaired, an estimate is made of the recoverable amount. If this is lower than the carrying amount, an impairment loss is recognised. Impairment losses are recognised under the items Gains/losses on participations in subsidiaries.

##### **Goodwill**

Goodwill has an indefinite useful life and RFR 2 states that such intangible assets are to be amortised in accordance with Chapter 4, Section 4 of the Annual Accounts Act in legal entities. If the useful life cannot be determined with a reasonable degree of certainty, it shall be deemed to be five years. The Bank's assessment is that, in the light of the impairment test carried out in connection with the merger, it can be demonstrated that the useful life is significantly longer than five years. Based on this, TF Bank applies a depreciation period of ten years in the Parent company.

##### **Tangible assets**

The Parent company has made use of the exemption in RFR 2 regarding IFRS 16 Leases and only reports it at Group level.

##### **Dividend**

Dividends paid to TF Bank's shareholders are reported as liabilities in the company's financial statements in the period when the dividend is approved by TF Bank's shareholders.



### 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. 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

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 makes decisions on, and implements, changes to the Bank's lending within the framework of the established credit policy and also proposes amendments to the policy to the Board of Directors. A report on performance is provided at every ordinary board meeting. The credit risk exposure also includes concentration risks related to the loan portfolio. Concentration risks are measured based on the size of exposures to individual counterparties, industries or regions. Concentration risks are also captured in the Bank's calculation of capital requirements for credit risks and in the stress tests carried out in the internal capital evaluation and as part of the monitoring of the Bank's risk tolerance.

Before a loan is issued, a risk assessment is done for the customer's creditworthiness, taking into account the customer's financial position, such as external information, scoring, repayment capacity as well as past history with the Bank and other factors. Individual risk limits are defined based on internal and/or external credit assessments in accordance with the limits set by the Board of Directors. The Bank's use of credit limits for loans to the public is strictly limited and is regularly monitored. TF Bank cannot enter into credit agreements with legal entities in which related parties have significant economic interest without the approval of the Board of Directors.

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 22). 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 past due 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 average loan amount per customer is relatively low and the loan portfolio is well diversified with a number of different products in several different geographic markets, resulting in the concentration risk for the Bank being relatively low.

The Bank has claims and collections unit which deals with existing customers in financial difficulties. The Bank also has a credit division which assesses potential customers and reviews collateral and credit limits established by the Board on an ongoing basis. The objective of the Bank's process for monitoring past due receivables and unsettled receivables is to minimise loan losses by detecting payment issues early and implementing rapid intervention where needed. The monitoring is supported by a separate "pre-collection" system for past due receivables involving automatic monitoring and reminders when payments are past due.

The Bank's loans to the public consist primarily of unsecured consumer loans. As a result, TF Bank does not list credit risk exposures in a separate table as there are limited assets pledged as security. The Bank strives for a well-diversified loan portfolio with pricing based on risk exposure through a broad base of customers with relatively low exposure amounts per customer. In order to maintain a well-diversified loan portfolio with a balanced risk profile and to have a favourable balance between risk and return, the Bank works actively to understand the borrowers' circumstances and macroeconomic changes that may affect the risk profile.

Credit quality of gross receivables in stage 1 and stage 2 (see note 22) that are neither past due nor impaired have been assessed on the basis of a model that classifies loans as low, moderate or high risk. The classification is primarily based on the number of reminders, if any, sent to individual customers, the number of months a customer has had an active loan with the Bank and the borrower's individual credit status at the time of taking out the loan, calculated on the basis of both internal and external sources. The risk assessment also takes into account various parameters such as product type (segment) and country, including historical information retrieved from the Bank's own database.

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Household sector</b>				
Low risk	12,533,349	10,059,302	10,845,317	10,059,302
Moderate risk	2,751,321	2,617,032	2,143,384	2,617,032
High risk	1,931,639	1,680,908	1,827,956	1,680,908
<b>Total</b>	<b>17,216,309</b>	<b>14,357,242</b>	<b>14,816,657</b>	<b>14,357,242</b>

Note 3 cont.

TF Bank uses the standardised method for calculating the capital requirement for credit risk and does not have its own internal model that calculates the capital requirement. To calculate expected credit losses in accounting, the Bank relies on historical data on risk of default (PD), loss given default (LGD) and exposure to default (EAD). Assumptions about future developments in macro parameters do not form part of the Bank's credit risk management, but are only applied in the financial statements.

The age distribution of loans to the public is essentially consistent with the different categories, with Category 1 loans being less than 30 days past due, Category 2 loans being more than 30 days past due but less than 90 days and Category 3 loans being more than 90 days past due.

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Household, gross</b>				
Less than 30 days	16,505,116	13,861,985	14,267,850	13,861,985
More than 30 days but less than 90 days	711,193	495,257	548,807	495,257
More than 90 days	1,604,567	763,649	1,466,518	763,649
<b>Total</b>	<b>18,820,876</b>	<b>15,120,891</b>	<b>16,283,175</b>	<b>15,120,891</b>

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.

The credit quality of other fully performing (neither past due nor impaired) financial assets in accordance with Standard & Poor's local short-term ratings is shown below:

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Cash and balances with central banks</b>				
AA+	7,647	28,185	7,647	28,185
AA-	8	7,182	8	7,182
A+	7	7,354	7	7,354
A-	11,254	14,965	11,254	14,965
<b>Total</b>	<b>18,916</b>	<b>57,686</b>	<b>18,916</b>	<b>57,686</b>
<b>Treasury bills eligible for refinancing</b>				
AAA	1,817,300	786,738	1,718,173	786,738
AA+	1,818,397	1,050,287	1,818,397	1,050,287
<b>Total</b>	<b>3,635,697</b>	<b>1,837,025</b>	<b>3,536,570</b>	<b>1,837,025</b>
<b>Loans to credit institutions</b>				
A-1+	1,300,612	1,109,583	997,351	1,109,583
A-1	511,273	239,270	498,357	239,270
A-2	134,584	42,270	32,746	42,270
Unrated <sup>1</sup>	143,035	242,535	1,465,587	240,531
<b>Total</b>	<b>2,089,504</b>	<b>1,633,657</b>	<b>2,994,041</b>	<b>1,631,653</b>

Credit risk exposures in financial instruments are referred to as counterparty risks and refer to the risk that a counterparty cannot fulfil its obligations according to an agreement, or that it chooses not to fulfil its obligations in the future on the same or similar terms. TF Bank includes currency derivatives in the form of swaps and futures as a result of lending in currencies other than SEK. Counterparty risks constitute the credit risk towards other banks that arises as a result of transactions. This counterparty risk is reduced by the exchange of collateral between the parties.

<sup>1</sup> The amount for the Parent company includes loan to the subsidiary Avarada AB of SEK 1,324 million (-).

Note 3 cont.

#### Market risk

Market risk refers to the risk that earnings, equity or the value of assets decrease due to changes in risk factors on the financial market. TF Bank's market risks are primarily currency risk and interest rate risk

#### (i) Currency risk

TF Bank is exposed to currency risk partly through the monetary assets and liabilities in foreign currencies held in the Swedish operations and partly in the form of the conversion effect that occurs when the net investments in the foreign branches are converted to Swedish kronor. Currency risk involves the following currencies: EUR, NOK, DKK, PLN and USD and TF Bank's overall objective with the management of currency risk is to keep the currency exposure as low as possible with the objective of holding as much assets as liabilities in each currency. The Board has decided that the Bank should strive to ensure that the total liabilities, including any derivatives, in each currency should not deviate by more than +/- 2% of the total assets in the currency. The Bank exchanges the earnings in other currencies than the accounting currency to SEK on an ongoing basis and uses forward contracts for EUR, NOK, DKK, PLN and USD to balance the assets and liabilities in each currency. Forward contracts generally have a maturity of between 1-12 months.

TF Bank assesses its future capital requirements under Pillar 2 for currency risk through stress tests involving the impact on net positions in foreign currencies on the closing date. As of 31 December 2023, TF Bank has chosen an exchange rate movement of 8.4 % (10). The results of the stress tests as of 31 December 2023 means an additional capital requirement for currency risk in Pillar 2 of SEK 2 million excl. tax effect:

#### CURRENCY EXPOSURES AGAINST THE BANK'S TRANSACTION CURRENCIES

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Assets in EUR:</b>				
Cash and balances with central banks	7,663	42,721	7,663	42,721
Treasury bills eligible for refinancing, etc.	2,259,220	1,547,791	2,259,220	1,547,791
Loans to credit institutions	1,039,972	1,104,228	1,014,817	1,102,224
Loans to the public	11,276,855	8,462,050	10,095,167	8,462,050
Other assets	54,076	39,318	27,230	39,318
<b>Total assets</b>	<b>14,637,786</b>	<b>11,196,108</b>	<b>13,404,097</b>	<b>11,194,104</b>
<b>Liabilities in EUR:</b>				
Deposits and borrowings from the public	-19,898,435	-13,027,353	-19,898,435	-13,027,353
Other liabilities	-225,872	-108,013	-153,324	-108,013
<b>Total liabilities</b>	<b>-20,124,307</b>	<b>-13,135,366</b>	<b>-20,051,759</b>	<b>-13,135,366</b>
Currency forward contracts	5,472,008	1,936,053	6,637,088	1,936,053
<b>Total</b>	<b>-14,513</b>	<b>-3,205</b>	<b>-10,574</b>	<b>-5,209</b>
Impact on equity (excl. tax) in the event of a weakening of the Swedish krona of 8.4 % (10)	-1,223	-321	-891	-521

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Assets in NOK:</b>				
Treasury bills eligible for refinancing, etc.	246,800	264,326	246,800	264,326
Loans to credit institutions	267,036	262,529	579,178	262,529
Loans to the public	4,244,109	4,181,079	3,924,588	4,181,079
Other assets	13,400	8,899	6,856	8,899
<b>Total assets</b>	<b>4,771,345</b>	<b>4,716,833</b>	<b>4,757,422</b>	<b>4,716,833</b>
<b>Liabilities in NOK:</b>				
Deposits and borrowings from the public	-559,370	-2,736,078	-559,370	-2,736,078
Other liabilities	-74,280	-76,735	-62,698	-76,735
<b>Total liabilities</b>	<b>-633,650</b>	<b>-2,812,813</b>	<b>-622,068</b>	<b>-2,812,813</b>
Currency forward contracts	-4,135,949	-1,897,674	-4,135,949	-1,897,674
<b>Total</b>	<b>1,746</b>	<b>6,346</b>	<b>-595</b>	<b>6,346</b>
Impact on equity (excl. tax) in the event of a weakening of the Swedish krona of 8.4 % (10)	147	635	-50	635

Note 3 cont.

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Assets in PLN:</b>				
Cash and balances with central banks	11,253	14,965	11,253	14,965
Loans to credit institutions	16,525	20,528	16,439	20,528
Loans to the public	314,500	432,077	314,500	432,077
Other assets	3,709	2,383	3,685	2,383
<b>Total assets</b>	<b>345,987</b>	<b>469,953</b>	<b>345,877</b>	<b>469,953</b>
<b>Liabilities in PLN:</b>				
Other liabilities	-5,504	-4,800	-5,483	-4,800
<b>Total liabilities</b>	<b>-5,504</b>	<b>-4,800</b>	<b>-5,483</b>	<b>-4,800</b>
Currency forward contracts	-342,638	-465,324	-342,638	-465,324
<b>Total</b>	<b>-2,155</b>	<b>-171</b>	<b>-2,244</b>	<b>-171</b>
Impact on equity (excl. tax) in the event of a weakening of the Swedish krona of 8.4 % (10)	-181	-17	-188	-17

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Assets in DKK:</b>				
Loans to credit institutions	25,351	31,847	31,676	31,847
Loans to the public	171,057	67,822	163,557	67,822
Other assets	1,710	65	-	65
<b>Total assets</b>	<b>198,118</b>	<b>99,734</b>	<b>195,233</b>	<b>99,734</b>
<b>Liabilities in DKK:</b>				
Other liabilities	-4,707	-4,004	-1,986	-4,004
<b>Total liabilities</b>	<b>-4,707</b>	<b>-4,004</b>	<b>-1,986</b>	<b>-4,004</b>
Currency forward contracts	-193,544	-95,776	-193,544	-95,776
<b>Total</b>	<b>-133</b>	<b>-46</b>	<b>-297</b>	<b>-46</b>
Impact on equity (excl. tax) in the event of a weakening of the Swedish krona of 8.4 % (10)	-11	-5	-25	-5

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Assets in USD:</b>				
Loans to credit institutions	96,582	20,368	96,642	20,368
<b>Total assets</b>	<b>96,582</b>	<b>20,368</b>	<b>96,642</b>	<b>20,368</b>
Currency forward contracts	-95,395	-20,321	-95,395	-20,321
<b>Total</b>	<b>1,187</b>	<b>47</b>	<b>1,247</b>	<b>47</b>
Impact on equity (excl. tax) in the event of a weakening of the Swedish krona of 8.4 % (10)	100	5	105	5

Note 3 cont.

With regards to the currency risks arising from the conversion of net investments in foreign branches, it is TF Bank's strategy that the entire existing equity when the hedging relationship is established, and that is expected to remain at the end of the hedging period, is to be hedged in its entirety. This means that when a loss is expected for the upcoming hedging period, a deduction is made from the equity for the expected loss at this time so that the hedged item becomes a slightly smaller part of the equity at the start of the period. Conversely, in cases where the foreign operation is expected to have a positive result during the hedging period, this result is not included in the equity until the beginning of the next hedging period. As of May 2022, TF Bank applies hedge accounting and has the following hedged net investments in foreign operations and hedging instruments as of the closing date:

SEK thousand	31 Dec 2023	31 Dec 2022
<b>Hedge net assets</b>		
Net investments in branches in EUR	1,061,712	908,971
Net investments in branch in NOK	387,143	291,872
Net investments in branch in PLN	-96,448	-85,780
<b>Total</b>	<b>1,352,407</b>	<b>1,115,063</b>
<b>Hedging instruments</b>		
Deposit from the public in EUR as hedge investments	-1,060,068	-886,958
Currency forward contract in NOK as hedging instrument (nominal amount)	-374,068	-281,015
Other asset in PLN as hedge investments	93,603	95,841
<b>Total</b>	<b>-1,340,533</b>	<b>-1,072,132</b>

The effects of hedge accounting for the impact of currency risks on the Group's financial position and results are shown below:

SEK thousand	31 Dec 2023	31 Dec 2022
<b>Derivative instrument NOK</b>		
Carrying amount	1,292	-3,684
Nominal amount NOK thousand	-378,956	-265,811
Maturity date	02/01/2024	19/01/2023
Hedge ratio	SEK 0.9494 : 1 NOK	SEK 1.0474 : 1 NOK
Forward rate	1:1	1:1
<b>Hedging instrument deposit EUR</b>		
Carrying amount	-1,060,068	-886,958
Nominal amount EUR thousand	95,536	-79,703
Hedge ratio	1:1	1:1
<b>Hedging instrument other asset PLN</b>		
Carrying amount	93,603	95,841
Carrying amount PLN thousand	36,607	40,369
Hedge ratio	1:1	1:1

All derivatives used in hedge accounting mature within one month.

The full market value of the hedging instrument is used to account for hedging inefficiencies. The source of inefficiency of hedging in foreign net investments is if losses are incurred in the branches during a month that are not captured in the hedge. There has been no hedging inefficiency over the years, if there is it is reported in net income from financial transactions.



Note 3 cont.

(iii) Interest rate risk

Interest rate risk arises when TF Bank has different maturities or different fixed interest terms for assets and liabilities. According to the Bank's financial policy, the interest rate risk should be low, and the majority of TF Bank's assets and liabilities therefore have a short fixed interest term. A smaller portion of the Bank's lending has a longer fixed interest term, which is partly matched by TF Bank offering longer fixed interest term deposits. A change in the market interest rate by 1 percentage point increases/decreases the Bank's interest expenses for the coming 12 months by SEK 9 million calculated based on interest-bearing liabilities on the balance sheet date.

TF Bank assesses additional capital requirements in Pillar 2 for interest rate risk by calculating the economic value at a parallel shift of the yield curve by 200 basis points (2 %). As of 31 December 2023, the additional capital requirement for interest rate risk in Pillar 2 amounted to SEK 25 million excl. tax effect.

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Fixed interest of up to 3 months	18,916	57,686	18,916	57,686
<b>Cash and balances with central banks</b>	<b>18,916</b>	<b>57,686</b>	<b>18,916</b>	<b>57,686</b>
Fixed interest of up to 3 months	2,837,868	522,412	2,738,741	522,412
Remaining term to maturity of more than 3 months but less than 1 year	551,029	1,050,287	551,029	1,050,287
More than 1 year but less than 5 years	246,800	264,326	246,800	264,326
<b>Treasury bills eligible for refinancing</b>	<b>3,635,697</b>	<b>1,837,025</b>	<b>3,536,570</b>	<b>1,837,025</b>
Fixed interest less than 1 month <sup>1</sup>	2,089,504	1,633,657	2,994,041	1,631,653
<b>Loans to credit institutions</b>	<b>2,089,504</b>	<b>1,633,657</b>	<b>2,994,041</b>	<b>1,631,653</b>
Fixed interest of up to 3 months	13,088,049	10,269,824	10,727,820	10,269,824
Remaining term to maturity of more than 3 months but less than 1 year	2,549,786	2,812,142	2,527,364	2,812,142
Remaining term to maturity of more than 1 year but less than 5 years	2,001,202	1,465,404	1,957,146	1,465,404
Remaining term to maturity of more than 5 years	231,596	107,003	211,929	107,003
<b>Loans to the public</b>	<b>17,870,633</b>	<b>14,654,373</b>	<b>15,424,259</b>	<b>14,654,373</b>
Fixed interest of up to 3 months	2,455	8,688	2,455	8,688
Remaining term to maturity of more than 3 months but less than 1 year	-	2,699	-	2,699
<b>Other assets</b>	<b>2,455</b>	<b>11,387</b>	<b>2,455</b>	<b>11,387</b>
Fixed interest of up to 3 months	14,042,234	12,094,830	14,042,233	12,094,830
Remaining term to maturity of more than 3 months but less than 1 year	4,757,997	2,528,335	4,757,997	2,528,335
Remaining term to maturity of more than 1 year but less than 5 years	1,852,766	1,484,965	1,852,766	1,484,965
<b>Deposits and borrowings from the public</b>	<b>20,652,997</b>	<b>16,108,130</b>	<b>20,652,996</b>	<b>16,108,130</b>
Fixed interest of up to 3 months	346,909	198,660	346,909	198,660
<b>Subordinated liabilities</b>	<b>346,909</b>	<b>198,660</b>	<b>346,909</b>	<b>198,660</b>
Fixed interest of up to 3 months	120,780	20,807	120,780	20,807
Remaining term to maturity of more than 3 months but less than 1 year	106,928	4,868	149,421	4,868
<b>Other liabilities</b>	<b>227,708</b>	<b>25,675</b>	<b>270,201</b>	<b>25,675</b>

<sup>1</sup> The amount for the Parent company includes loan to the subsidiary Avarða AB of SEK 1,324 million (-).

Note 3 cont.

#### Liquidity risk

The main liquidity risk comprises the Bank's ability to meet its obligations to repay customer deposits from households; the ability to pay out new credits is regarded as a business risk. To ensure that TF Bank does not end up in a liquidity crises, the financial policy regulates the minimum level of available liquidity reserve to be maintained. Management carefully monitors the Bank's liquidity reserve, which comprises cash and cash equivalents and other liquidity generating measures, and also follows rolling forecasts concerning the liquidity situation on the basis of expected cash flows. According to the Bank's financial policy, the liquidity and funding risks should be low. All funding other than deposits from the public comprises securities issues and equity.

TF Bank also has a significant liquidity reserve to manage uneven liquidity flows. As of the closing date, the Bank's liquidity reserve amounted to SEK 5,204 million (3,210), which corresponds to 25 % (20) of the Bank's deposits from the public. The Bank's liquidity coverage ratio was 354 % (290) and the stable net financing ratio amounted to 128 % (138).

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Payable on demand	5,968	2,900	5,968	2,900
Without maturity	12,948	54,786	12,948	54,786
<b>Cash and balances with central banks</b>	<b>18,916</b>	<b>57,686</b>	<b>18,916</b>	<b>57,686</b>
Remaining term to maturity of up to 3 months	2,855,880	525,774	2,755,880	525,774
Remaining term to maturity of more than 3 months but less than 1 year	554,800	1,057,189	554,800	1,057,189
More than 1 year but less than 5 years	258,585	276,948	258,585	276,948
<b>Treasury bills eligible for refinancing</b>	<b>3,669,265</b>	<b>1,859,911</b>	<b>3,569,265</b>	<b>1,859,911</b>
Payable on demand	1,562,825	1,407,546	1,142,992	1,405,542
Remaining term to maturity of more than 3 months but less than 1 year	103,625	75,370	103,625	75,370
Remaining term to maturity of more than 1 year but less than 5 years <sup>1</sup>	-	150,741	1,324,370	150,741
Without maturity	423,054	-	423,054	-
<b>Loans to credit institutions</b>	<b>2,089,504</b>	<b>1,633,657</b>	<b>2,994,041</b>	<b>1,631,653</b>
Remaining term to maturity of up to 3 months	6,214,827	3,922,991	5,664,221	3,922,991
Remaining term to maturity of more than 3 months but less than 1 year	534,425	568,901	504,699	568,901
Remaining term to maturity of more than 1 year but less than 5 years	9,152,681	8,377,064	6,749,407	8,377,064
Remaining term to maturity of more than 5 years	6,127,413	5,315,117	6,151,589	5,315,117
<b>Loans to the public</b>	<b>22,029,346</b>	<b>18,184,073</b>	<b>19,069,916</b>	<b>18,184,073</b>
Remaining term to maturity of up to 3 months	2,455	8,688	2,455	8,688
Remaining term to maturity of more than 3 months but less than 1 year	-	2,699	-	2,699
<b>Other assets</b>	<b>2,455</b>	<b>11,387</b>	<b>2,455</b>	<b>11,387</b>
Payable on demand	12,648,404	11,598,680	12,648,404	11,598,680
Remaining term to maturity of up to 3 months	1,399,057	496,336	1,399,057	496,336
Remaining term to maturity of more than 3 months but less than 1 year	4,820,446	2,551,090	4,820,446	2,551,090
More than 1 year but less than 5 years	1,968,563	1,577,775	1,968,563	1,577,775
<b>Deposits and borrowings from the public</b>	<b>20,836,470</b>	<b>16,223,882</b>	<b>20,836,470</b>	<b>16,223,882</b>
Remaining term to maturity of more than 5 years	610,231	320,921	610,231	320,921
<b>Subordinated liabilities</b>	<b>610,231</b>	<b>320,921</b>	<b>610,231</b>	<b>320,921</b>
Remaining term to maturity of up to 3 months	120,780	20,808	120,780	20,808
Remaining term to maturity of more than 3 months but less than 1 year	106,928	4,868	149,421	4,868
<b>Other liabilities</b>	<b>227,708</b>	<b>25,676</b>	<b>270,201</b>	<b>25,676</b>
Payable on demand	5,983,885	3,265,256	6,659,511	3,265,256
<b>Commitments</b>	<b>5,983,885</b>	<b>3,265,256</b>	<b>6,659,511</b>	<b>3,265,256</b>

The amounts stated in the table are contractual, undiscounted cash flows and include both interest and amortisations and therefore the amounts cannot be directly linked to the balance sheet.

<sup>1</sup> The amount for the Parent company includes loan to the subsidiary Avarða AB of SEK 1,324 million (-).

Note 3 cont.

TF Banks derivatives are covered by offsetting agreements. The Bank reports these derivatives with gross amounts in the balance sheet. All derivatives in the Group are with the same counterparty. The Parent company also has a currency derivative with the subsidiary Avarda AB of SEK -42,493 thousand (-) as a counterparty, which is excluded in the table below. In the table, the Bank shows how it would have appeared if the Bank had netted the derivatives in the balance sheet.

SEK thousand	Group		Parent comany	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Financial assets</b>				
Derivatives	2,455	11,387	2,455	11,387
<b>Total financial assets for offsetting</b>	<b>2,455</b>	<b>11,387</b>	<b>2,455</b>	<b>11,387</b>
<b>Financial liabilities</b>				
Derivatives	-227,708	-25,675	-227,708	-25,675
<b>Total financial liabilities for offsetting</b>	<b>-227,708</b>	<b>-25,675</b>	<b>-227,708</b>	<b>-25,675</b>
Paid(-)/received(+) cash collateral	274,151	13,000	274,151	13,000
<b>Net amount</b>	<b>48,898</b>	<b>-1,288</b>	<b>48,898</b>	<b>-1,288</b>

#### Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, procedures and systems, human error, or external events. Operational risk includes information, communication, and security risks, legal risks, as well as compliance risks, and may result in a negative impact on the Bank's assets and reputation and/or result in sanctions.

Operational risks are found in all activities, and it is neither possible nor cost-effective to try to eliminate all operational risks. TF Bank works to minimise operational risks by creating effective processes, systems, and routines, as well as maintaining good internal control. The Bank regularly evaluates its operational risks and quantifies them based on a model of probability and consequences. To reduce the consequences of operational risks, TF Bank uses control points in business and support processes, incident reporting, as well as a process for approving new products, services, markets, IT systems, etc. TF Bank also has contingency, continuity and recovery plans.

#### Other operating risks

Other operating risks identified by TF Bank are business risks, economic risks, and reputational risks. Business risk can arise from factors in the external business environment, such as changes in competitive situations or customer behavior. Economic risk can arise when there are changes in the economic conditions in the market that affect customer demand for the Bank's products. TF Bank continuously makes economic forecasts and follows up on any deviations to reduce the risks that may arise, and the Bank's operations are well-diversified.

Reputation risk is defined as losses that may be caused by customers, counterparties, shareholders, and authorities' negative perception of TF Bank, and negative rumors can significantly damage a company's brand and operations. All of the Bank's lending takes place under controlled conditions where customers' interests are taken into account. TF Bank also has high internal capital targets, in addition to legal ones, to ensure a strong capital situation and stable financing.

## NOTE 4 Segment reporting

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	2023	2022
Net interest income	814,906	682,024
Net fee and commission income	65,118	63,684
Net results from financial transactions	-58	437
<b>Total operating income</b>	<b>879,966</b>	<b>746,145</b>
General administrative expenses	-255,200	-215,643
Depreciation and amortisation of tangible and intangible assets	-13,979	-9,611
Other operating expenses	-8,823	-18,649
<b>Total operating expenses</b>	<b>-278,002</b>	<b>-243,903</b>
<b>Profit before loan losses</b>	<b>601,964</b>	<b>502,242</b>
Net loan losses	-273,311	-158,211
<b>Operating profit</b>	<b>328,653</b>	<b>344,031</b>

Balance sheet, SEK thousand	31 Dec 2023	31 Dec 2022
<b>Loans to the public</b>		
Household sector	8,969,464	8,600,475
Corporate sector <sup>1</sup>	82,301	80,073
<b>Total loans to the public</b>	<b>9,051,765</b>	<b>8,680,548</b>
<b>Household sector</b>		
Stage 1, net	8,121,574	8,042,970
Stage 2, net	310,998	225,175
Stage 3, net <sup>2</sup>	536,892	332,330
<b>Total household sector</b>	<b>8,969,464</b>	<b>8,600,475</b>

Key figures <sup>3</sup>	2023	2022
Operating income margin, %	9.9	9.4
Net loan loss ratio, %	3.1	2.0
Cost/Income ratio, %	31.6	32.7
Return on loans to the public, %	2.8	3.3
New lending, SEK thousand	5,340,246	5,913,007

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

<sup>2</sup> The Bank continuously sells past due receivables in markets where the price level is such that the Board deems it favorable for the Bank's development and risk profile.

<sup>3</sup> See separate section with definitions and reconciliation tables, page 84-85.

Note 4 cont.

## CREDIT CARDS

Income statement, SEK thousand	2023	2022
Net interest income	713,302	354,531
Net fee and commission income	-10,928	358
Net results from financial transactions	-27	123
<b>Total operating income</b>	<b>702,347</b>	<b>355,012</b>
General administrative expenses	-209,366	-118,348
Depreciation and amortisation of tangible and intangible assets	-13,842	-7,228
Other operating expenses	-54,329	-47,270
<b>Total operating expenses</b>	<b>-277,537</b>	<b>-172,846</b>
<b>Profit before loan losses</b>	<b>424,810</b>	<b>182,166</b>
Net loan losses	-287,447	-142,910
<b>Operating profit</b>	<b>137,363</b>	<b>39,256</b>

Balance sheet, SEK thousand	31 Dec 2023	31 Dec 2022
<b>Loans to the public</b>		
Household sector	5,807,810	3,236,360
Corporate sector <sup>1</sup>	-	27,643
<b>Total loans to the public</b>	<b>5,807,810</b>	<b>3,264,003</b>
<b>Household sector</b>		
Stage 1, net	5,386,226	3,114,211
Stage 2, net	150,985	87,819
Stage 3, net <sup>2</sup>	270,599	34,330
<b>Total household sector</b>	<b>5,807,810</b>	<b>3,236,360</b>

Key figures <sup>3</sup>	2023	2022
Operating income margin, %	15.5	14.3
Net loan loss ratio, %	6.3	5.8
Cost/Income ratio, %	39.5	48.7
Return on loans to the public, %	2.2	1.1
New lending, SEK thousand	10,303,935	5,306,304
Number of active credit cards	240,241	140,687

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

<sup>2</sup> The Bank continuously sells past due receivables in markets where the price level is such that the Board deems it favorable for the Bank's development and risk profile.

<sup>3</sup> See separate section with definitions and reconciliation tables, page 84-85.



Note 4 cont.

## ECOMMERCE SOLUTIONS

Income statement, SEK thousand	2023	2022
Net interest income	293,105	225,629
Net fee and commission income	122,721	85,415
Net results from financial transactions	-18	123
<b>Total operating income</b>	<b>415,808</b>	<b>311,167</b>
General administrative expenses	-226,342	-170,042
Depreciation and amortisation of tangible and intangible assets	-32,645	-20,559
Other operating expenses	-1,207	-1,677
<b>Total operating expenses</b>	<b>-260,194</b>	<b>-192,278</b>
<b>Profit before loan losses</b>	<b>155,614</b>	<b>118,889</b>
Net loan losses	-96,093	-66,448
<b>Operating profit</b>	<b>59,521</b>	<b>52,441</b>

Balance sheet, SEK thousand	31 Dec 2023	31 Dec 2022
<b>Loans to the public</b>		
Household sector	2,988,895	2,676,437
Corporate sector <sup>1</sup>	22,163	33,385
<b>Total loans to the public</b>	<b>3,011,058</b>	<b>2,709,822</b>
<b>Household sector</b>		
Stage 1, net	2,735,381	2,510,298
Stage 2, net	134,101	104,789
Stage 3, net <sup>2</sup>	119,413	61,350
<b>Total household sector</b>	<b>2,988,895</b>	<b>2,676,437</b>

Key figures <sup>3</sup>	2023	2022
Operating income margin, %	14.5	13.0
Net loan loss ratio, %	3.4	2.8
Cost/Income ratio, %	62.6	61.8
Return on loans to the public, %	1.5	1.6
New lending, SEK thousand	6,401,897	5,098,999
Transaction volume, SEK thousand	13,559,511	9,279,475

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

<sup>2</sup> The Bank continuously sells past due receivables in markets where the price level is such that the Board deems it favorable for the Bank's development and risk profile.

<sup>3</sup> See separate section with definitions and reconciliation tables, page 84-85.

Note 4 cont.

## RECONCILIATION AGAINST FINANCIAL INFORMATION

Income statement, SEK thousand	2023	2022
<b>Operating income</b>		
Consumer Lending	879,966	746,145
Credit Cards	702,347	355,012
Ecommerce Solutions	415,808	311,167
<b>Total operating income</b>	<b>1,998,121</b>	<b>1,412,324</b>
<b>Operating profit</b>		
Consumer Lending	328,653	344,031
Credit Cards	137,363	39,256
Ecommerce Solutions	59,521	52,441
Other <sup>1</sup>	-15,938	-
<b>Total operating profit</b>	<b>509,599</b>	<b>435,728</b>

Balance sheet, SEK thousand	31 Dec 2023	31 Dec 2022
<b>Loans to the public</b>		
Consumer Lending	9,051,765	8,680,548
Credit Cards	5,807,810	3,264,003
Ecommerce Solutions	3,011,058	2,709,822
<b>Total loans to the public</b>	<b>17,870,633</b>	<b>14,654,373</b>

<sup>1</sup> Restructuring costs for adaptations of the current organisation.

**NOTE 5 Interest income**

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
Interest income from loans to the public	2,224,623	1,422,619	2,137,869	1,422,619
Interest income, treasury bills eligible for refinancing	68,448	8,333	67,779	8,333
Interest income on loans to credit institutions	28,570	3,132	44,313	3,132
Other interest income according to effective interest rate method	2,647	532	2,643	532
<b>Total interest income according to effective interest rate method</b>	<b>2,324,288</b>	<b>1,434,616</b>	<b>2,252,604</b>	<b>1,434,616</b>
<b>Other interest income</b>				
Interest income from non performing loans	30,765	25,409	29,692	25,409
Other interest income	13,865	12,954	10,975	12,954
<b>Total other interest income</b>	<b>44,630</b>	<b>38,363</b>	<b>40,667</b>	<b>38,363</b>
<b>Total interest income</b>	<b>2,368,918</b>	<b>1,472,979</b>	<b>2,293,271</b>	<b>1,472,979</b>
Geographical breakdown of interest income:				
Germany	692,272	320,546	692,272	320,546
Norway	440,828	354,843	428,707	354,843
Finland	425,060	294,263	372,827	294,263
Sweden	215,199	142,680	204,504	142,680
Estonia	166,397	127,168	166,397	127,168
Latvia	156,125	122,015	156,125	122,015
Lithuania	110,366	62,516	110,366	62,516
Poland	41,379	37,048	41,379	37,048
Austria	40,035	4,997	40,035	4,997
Denmark	17,915	6,128	17,317	6,128
Spain	13,682	775	13,682	775
Netherlands	3,900	-	3,900	-
The rest of Europe	45,760	-	45,760	-
<b>Total interest income</b>	<b>2,368,918</b>	<b>1,472,979</b>	<b>2,293,271</b>	<b>1,472,979</b>

**NOTE 6 Interest expense**

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
Interest expense, deposits from the public	-437,344	-117,003	-437,344	-117,003
Interest expense, subordinated liabilities	-30,392	-11,595	-30,392	-11,595
Interest expenses/Deposit fees to credit institutions	-1,591	-8,399	-1,591	-8,399
Interest expenses lease liabilities	-1,347	-477	-	-
Other financial expenses	-76,931	-73,321	-78,644	-73,321
<b>Total interest expense</b>	<b>-547,605</b>	<b>-210,795</b>	<b>-547,971</b>	<b>-210,318</b>
- of which interest expenses according to effective interest rate method	-513,160	-185,495	-513,543	-185,495
- of which costs for deposit guarantee and resolution fee	-34,445	-24,823	-34,428	-24,823

**NOTE 7 Net fee and commission income**

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
<b>Fee and commission income</b>				
Reminder fees	122,342	90,087	96,578	90,087
Insurance premiums	97,514	81,023	97,514	81,023
Credit card commissions	37,242	19,138	37,242	19,138
Transaction fees	22,755	13,628	15,120	13,628
Other fee and commission income	393	440	393	440
<b>Total fee and commission income</b>	<b>280,246</b>	<b>204,316</b>	<b>246,847</b>	<b>204,316</b>
<b>Fee and commission expense</b>				
Credit card commissions	-29,860	-31,975	-29,860	-31,975
Insurance expense	-12,521	-18,687	-12,521	-18,687
Other fee and commission expense	-60,954	-4,197	-60,954	-4,197
<b>Total fee and commission expense</b>	<b>-103,335</b>	<b>-54,859</b>	<b>-103,335</b>	<b>-54,859</b>
<b>Net fee and commission income</b>	<b>176,911</b>	<b>149,457</b>	<b>143,512</b>	<b>149,457</b>
Geographical breakdown of fee and commission income:				
Norway	110,279	94,907	104,929	94,907
Sweden	64,297	46,318	49,066	46,318
Finland	50,307	35,730	38,802	35,730
Germany	37,155	14,382	37,141	14,382
Estonia	5,904	5,441	5,893	5,441
Denmark	5,298	3,604	4,041	3,604
Latvia	4,055	2,362	4,048	2,362
Poland	1,888	1,194	1,880	1,194
Lithuania	388	209	388	209
Spain	363	20	363	20
Austria	312	149	296	149
<b>Total fee and commission income</b>	<b>280,246</b>	<b>204,316</b>	<b>246,847</b>	<b>204,316</b>

**NOTE 8 Net results from financial transactions**

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
Exchange rate fluctuations	-103	639	-902	639
Gains/losses on investments in funds and other securities	-	44	-	44
<b>Total net results from financial transactions</b>	<b>-103</b>	<b>683</b>	<b>-902</b>	<b>683</b>

**NOTE 9 General administrative expenses**

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
<b>Staff costs</b>				
Salaries and fees	-228,010	-170,464	-192,257	-157,673
Social security costs	-53,653	-42,555	-46,805	-41,150
Pension costs	-13,223	-9,968	-12,067	-9,968
Other staff costs	-9,394	-6,679	-7,804	-6,418
<b>Total staff costs</b>	<b>-304,280</b>	<b>-229,666</b>	<b>-258,933</b>	<b>-215,209</b>
<b>Other general administrative expenses</b>				
Information services and customer communication expenses	-144,981	-96,146	-137,248	-96,146
IT expenses	-82,732	-60,929	-75,959	-60,929
Postage and telephone expenses	-34,322	-23,010	-29,691	-22,939
Bank fees	-35,039	-22,050	-28,782	-22,041
Debt collection expenses	-26,842	-13,349	-25,374	-13,349
Rent and property expenses	-6,027	-7,696	-18,627	-14,200
Recruitment expenses	-3,398	-4,410	-3,389	-4,410
Auditors' remuneration	-4,041	-3,612	-3,855	-3,612
Lawyer fees	-4,893	-3,095	-2,782	-3,043
Other expenses	-60,291	-40,070	-76,849	-57,499
<b>Total other general administrative expenses</b>	<b>-402,566</b>	<b>-274,367</b>	<b>-402,556</b>	<b>-298,168</b>
<b>Total general administrative expenses</b>	<b>-706,846</b>	<b>-504,033</b>	<b>-661,489</b>	<b>-513,377</b>

**NOTE 10 Auditors' remuneration**

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
<b>KPMG</b>				
Audit assignment	3,176	2,978	3,176	2,978
Audit services in addition to the audit assignment	610	380	610	380
Tax advices	-	75	-	75
Other services	255	179	69	179
<b>Total auditors' remuneration</b>	<b>4,041</b>	<b>3,612</b>	<b>3,855</b>	<b>3,612</b>

The amount for 2023 includes audit fees to KPMG AB of SEK 3,477 thousand, distributed over the audit assignment SEK 2,798 thousand, audit activities in addition to the audit assignment SEK 610 thousand and tax advisory services SEK 69 thousand.

**NOTE 11** Average number of employees, salaries, other remuneration and social security costs

**AVERAGE NUMBER OF EMPLOYEES, DISTRIBUTED BETWEEN WOMEN AND MEN:**

	Group		Parent company	
	2023	2022	2023	2022
Women	210	176	147	154
Men	170	142	175	136
<b>Total</b>	<b>380</b>	<b>318</b>	<b>322</b>	<b>290</b>

**AVERAGE NUMBER OF EMPLOYEES, DISTRIBUTED BETWEEN WOMEN AND MEN, BY COUNTRY:**

	Group		Parent company	
	2023	2022	2023	2022
<b>Sweden</b>				
Women	57	45	50	45
Men	67	51	60	51
<b>Total</b>	<b>124</b>	<b>96</b>	<b>110</b>	<b>96</b>
<b>Finland</b>				
Women	20	16	16	16
Men	13	15	11	15
<b>Total</b>	<b>33</b>	<b>31</b>	<b>27</b>	<b>31</b>
<b>Poland</b>				
Women	46	36	46	36
Men	46	38	46	38
<b>Total</b>	<b>92</b>	<b>74</b>	<b>92</b>	<b>74</b>
<b>Estonia</b>				
Women	25	23	25	23
Men	6	7	6	7
<b>Total</b>	<b>31</b>	<b>30</b>	<b>31</b>	<b>30</b>
<b>Norway</b>				
Women	27	25	27	25
Men	19	19	18	19
<b>Total</b>	<b>46</b>	<b>44</b>	<b>45</b>	<b>44</b>
<b>Latvia</b>				
Women	11	9	11	9
Men	6	6	6	6
<b>Total</b>	<b>17</b>	<b>15</b>	<b>17</b>	<b>15</b>
<b>Lithuania</b>				
Women	16	15	-	-
Men	5	1	-	-
<b>Total</b>	<b>21</b>	<b>16</b>	<b>-</b>	<b>-</b>
<b>Germany</b>				
Women	6	6	-	-
Men	5	4	-	-
<b>Total</b>	<b>11</b>	<b>10</b>	<b>-</b>	<b>-</b>
<b>Spain</b>				
Women	2	1	-	-
Men	3	1	-	-
<b>Total</b>	<b>5</b>	<b>2</b>	<b>-</b>	<b>-</b>



Note 11 cont.

**SALARIES AND REMUNERATION:**

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
Board of Directors and CEO	15,861	16,207	15,861	16,207
Other staff	212,149	154,257	176,396	141,466
<b>Total salaries and remuneration</b>	<b>228,010</b>	<b>170,464</b>	<b>192,257</b>	<b>157,673</b>
Social costs pursuant to legislation and agreements	53,653	42,555	46,805	41,150
Pension costs	13,223	9,968	12,067	9,968
<b>Total salaries, remuneration, social security costs and pension costs</b>	<b>294,886</b>	<b>222,987</b>	<b>251,129</b>	<b>208,791</b>

**SALARIES AND REMUNERATION FOR BOARD MEMBERS AND SENIOR EXECUTIVES:**

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
<b>Chairman of the Board: John Brehmer</b>				
Board fees <sup>1</sup>	1,400	1,395	1,400	1,395
Other benefits	-	-	-	-
Pension costs	-	-	-	-
<b>Total Chairman of the Board</b>	<b>1,400</b>	<b>1,395</b>	<b>1,400</b>	<b>1,395</b>

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
<b>Fees <sup>1</sup> other Board members:</b>				
Arti Zeighami	475	-	475	-
Fredrik Oweson	575	575	575	575
Mari Thjømøe	-	475	-	475
Michael Lindengren	625	625	625	625
Niklas Johansson	625	620	625	620
Sara Mindus	475	475	475	475
<b>Total</b>	<b>2,775</b>	<b>2,770</b>	<b>2,775</b>	<b>2,770</b>

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
<b>CEO: Joakim Jansson</b>				
Basic salary	2,820	-	2,820	-
Variable remuneration	-	-	-	-
Other benefits	89	-	89	-
Pension costs	602	-	602	-
<b>Total</b>	<b>3,511</b>	<b>-</b>	<b>3,511</b>	<b>-</b>

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
<b>CEO: Mattias Carlsson</b>				
Basic salary	1,781	4,608	1,781	4,608
Variable remuneration	-	-	-	-
Other benefits	60	150	60	150
Pension costs	403	1,091	403	1,091
<b>Total</b>	<b>2,244</b>	<b>5,849</b>	<b>2,244</b>	<b>5,849</b>

<sup>1</sup> Remuneration in accordance with the resolution at the AGM's in 2023 and 2022, and include remuneration that will be paid until the AGM during the subsequent year.

Note 11 cont.

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
<b>Deputy CEO: Mikael Meomuttel</b>				
Basic salary	3,280	2,982	3,280	2,982
Variable remuneration	-	300	-	300
Other benefits	153	172	153	172
Pension costs	707	733	707	733
<b>Total</b>	<b>4,140</b>	<b>4,187</b>	<b>4,140</b>	<b>4,187</b>
<b>COO: Espen Johannesen</b>				
Basic salary <sup>1</sup>	2,954	3,246	2,954	3,246
Variable remuneration	-	-	-	-
Other benefits	221	206	221	206
Pension costs	142	114	142	114
<b>Total</b>	<b>3,317</b>	<b>3,566</b>	<b>3,317</b>	<b>3,566</b>

#### Remuneration of senior executives

In accordance with the requirements regarding disclosure of information in FFFS 2011:1, information on e.g. remuneration framework is provided on the Bank's website [www.tfbankgroup.com](http://www.tfbankgroup.com). Salaries and other remuneration for the CEO and other senior executives comprise fixed salary, variable remuneration, commission-based compensation, other benefits and pension.

#### Commission-based compensation

Commission-based compensation during the year amounted to SEK 0 thousand (300). The size of the commission-based compensation is related to the achievement of individually determined financial targets for the financial year. TF Bank has ensured that all targets for variable compensation for the financial year can be measured in a reliable manner. The commission-based compensation is paid to senior executives within the Bank and is not pensionable.

#### Pensions

The company's pension obligations are covered by payments to the ITP plan. The CEO's and certain senior executives have the right to retire at the age of 65–67, depending on their geographical location. Pension benefits, including health insurance, shall be premium defined, to the extent that the executive is not covered by a defined benefit pension in accordance with mandatory collective agreement provisions. The pension premiums for premium defined pension may amount to a maximum of 25 % of the pensionable income. Pension costs refer to the cost that affected profit for the year.

#### Period of notice and severance pay

According to an agreement between TF Bank AB and the CEO, the period of notice is six months (12 months in the case of termination by the Company). If termination is initiated by the Company, basic salary is payable during the period of notice, however variable remuneration, if agreed before the notice was issued, is not payable. Severance pay is adjusted according to the salary that the CEO receives from a new employer.

#### Compensation to the Board of Directors

Compensation to the members of the Board of Directors, as indicated above, is determined by the Annual General Meetings and refers to annual fees from Annual General Meeting to Annual General Meeting for the years respectively. Board compensation consists of fixed compensation for board work as well as fixed compensation for any committee work. The Board of Directors have established three committees: the Audit Committee, the Remuneration Committee, and the Risk and Compliance Committee. The Bank does not have any pension entitlements for Board members.

#### GENDER DISTRIBUTION BOARD MEMBERS AND SENIOR EXECUTIVES

SEK thousand	2023		2022	
	Number on reporting date	Of which women (%)	Number on reporting date	Of which women (%)
Board members	6	17	6	33
CEO and other senior executives	3	0	3	0

<sup>1</sup> In addition to the basic salary in 2022, the COO have received retroactive salary adjustments from 2021 amounting to SEK 350.

**NOTE 12** Intangible assets

SEK thousand	Group			Parent company		
	Internally developed software	Ongoing development	Total	Internally developed software	Ongoing development	Total
<b>2023</b>						
Cost, opening balance	160,351	37,914	198,265	160,351	37,914	198,265
Additions	-	46,670	46,670	-	40,058	40,058
Reclassification	55,756	-55,756	-	55,311	-55,311	-
Sales and disposals	-	-	-	-106,453	-11,028	-117,481
Exchange rate differences	-1,449	90	-1,359	724	368	1,092
<b>Cost, closing balance</b>	<b>214,658</b>	<b>28,918</b>	<b>243,576</b>	<b>109,933</b>	<b>12,001</b>	<b>121,934</b>
Amortisations, opening balance	-111,485	-	-111,485	-111,485	-	-111,485
Amortisations for the year	-40,293	-	-40,293	-33,856	-	-33,856
Sales and disposals	-	-	-	62,851	-	62,851
Exchange rate differences	1,290	-	1,290	-228	-	-228
<b>Amortisations, closing balance</b>	<b>-150,488</b>	<b>-</b>	<b>-150,488</b>	<b>-82,718</b>	<b>-</b>	<b>-82,718</b>
<b>Carrying amount</b>	<b>64,170</b>	<b>28,918</b>	<b>93,088</b>	<b>27,215</b>	<b>12,001</b>	<b>39,216</b>
<b>2022</b>						
Cost, opening balance	128,066	22,807	150,873	128,066	22,807	150,873
Additions	-	45,004	45,004	-	45,004	45,004
Reclassification	27,505	-27,505	-	27,505	-27,505	-
Sales and disposals	-	-	-	-	-	-
Exchange rate differences	4,780	-2,392	2,388	4,780	-2,392	2,388
<b>Cost, closing balance</b>	<b>160,351</b>	<b>37,914</b>	<b>198,265</b>	<b>160,351</b>	<b>37,914</b>	<b>198,265</b>
Amortisations, opening balance	-79,508	-	-79,508	-79,508	-	-79,508
Amortisations for the year	-28,827	-	-28,827	-28,827	-	-28,827
Sales and disposals	-	-	-	-	-	-
Exchange rate differences	-3,150	-	-3,150	-3,150	-	-3,150
<b>Amortisations, closing balance</b>	<b>-111,485</b>	<b>-</b>	<b>-111,485</b>	<b>-111,485</b>	<b>-</b>	<b>-111,485</b>
<b>Carrying amount</b>	<b>48,866</b>	<b>37,914</b>	<b>86,780</b>	<b>48,866</b>	<b>37,914</b>	<b>86,780</b>

**NOTE 13 Tangible assets**

SEK thousand	Group			Parent company	
	Equipment	Leases	Total	Equipment	Total
<b>2023</b>					
Cost, opening balance	14,496	42,188	56,684	13,603	13,603
Additions	5,891	48,207	54,098	5,370	5,370
Sales and disposals	-	-8,978	-8,978	-1,142	-1,142
Exchange rate differences	120	-	120	155	155
<b>Cost, closing balance</b>	<b>20,507</b>	<b>81,417</b>	<b>101,924</b>	<b>17,986</b>	<b>17,986</b>
Amortisations, opening balance	-9,917	-19,147	-29,064	-9,648	-9,648
Amortisations for the year	-2,762	-17,410	-20,172	-2,542	-2,542
Sales and disposals	-	7,385	7,385	800	800
Exchange rate differences	-58	-	-58	-82	-82
<b>Amortisations, closing balance</b>	<b>-12,737</b>	<b>-29,172</b>	<b>-41,909</b>	<b>-11,472</b>	<b>-11,472</b>
<b>Carrying amount</b>	<b>7,770</b>	<b>52,245</b>	<b>60,015</b>	<b>6,514</b>	<b>6,514</b>
<b>2022</b>					
Cost, opening balance	13,203	36,392	49,595	12,771	12,771
Additions during the year	3,231	11,315	14,546	2,818	2,818
Sales and disposals	-2,330	-5,519	-7,849	-2,321	-2,321
Exchange rate differences	392	-	392	335	335
<b>Cost, closing balance</b>	<b>14,496</b>	<b>42,188</b>	<b>56,684</b>	<b>13,603</b>	<b>13,603</b>
Amortisations, opening balance	-10,209	-16,371	-26,580	-10,072	-10,072
Amortisations for the year	-1,749	-8,295	-10,044	-1,626	-1,626
Sales and disposals	2,330	5,519	7,849	2,321	2,321
Exchange rate differences	-289	-	-289	-271	-271
<b>Amortisations, closing balance</b>	<b>-9,917</b>	<b>-19,147</b>	<b>-29,064</b>	<b>-9,648</b>	<b>-9,648</b>
<b>Carrying amount</b>	<b>4,579</b>	<b>23,041</b>	<b>27,620</b>	<b>3,955</b>	<b>3,955</b>

**NOTE 14** Goodwill

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Cost, opening balance</b>	<b>12,753</b>	<b>12,753</b>	<b>12,753</b>	<b>12,753</b>
<i>Change during the year</i>				
<b>Cost, closing balance</b>	<b>12,753</b>	<b>12,753</b>	<b>12,753</b>	<b>12,753</b>
<b>Amortisations, opening balance</b>	<b>-</b>	<b>-</b>	<b>-3,826</b>	<b>-2,551</b>
<i>Change during the year</i>				
Amortisations according to plan	-	-	-1,275	-1,275
<b>Amortisations, closing balance</b>	<b>-</b>	<b>-</b>	<b>-5,101</b>	<b>-3,826</b>
<b>Carrying amount</b>	<b>12,753</b>	<b>12,753</b>	<b>7,652</b>	<b>8,927</b>

The goodwill arose as a result of the acquisition of the Norwegian subsidiary BB Bank ASA which was merged with TF Bank in the beginning of 2020.

The goodwill impairment testing of the cash generating unit was conducted ahead of the balance sheet date. Calculations are based on estimated future cash flows after tax based on financial forecasts approved by the Executive Management and covering a three-year period, which is in line with the Bank's business plan. Important assumptions made in respect of the approved forecasts comprise average loan portfolio, new lending and margins. The average growth rate used is based on the Company's own plans and estimates of future performance. Beyond the period covered by the forecast, estimated growth corresponds to Riksbanken's inflation targets. Estimated cash flows have been discounted using an interest rate based on risk-free interest and risk adjustment corresponding to the average required rate of return. The calculation of recoverable amount is based on value in use.

A change in the assumptions concerning growth rate and discount rate of +/- 1 percentage point would not result in a need to recognise impairment losses. TF Bank's judgement is that there is room for a reasonable change in both the growth rate assumption and the discount factor.

**NOTE 15** Other operating expenses

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
Marketing expenses	-64,359	-67,596	-63,862	-67,596
<b>Total</b>	<b>-64,359</b>	<b>-67,596</b>	<b>-63,862</b>	<b>-67,596</b>

**NOTE 16** Net loan losses

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
Change in provision for sold non-performing loans	-148,960	-250,930	-143,242	-250,930
Realised loan losses	-56,031	-37,477	-53,643	-37,477
Recovered from previous write-offs	337	239	310	239
Change in provision for expected loan losses, stage 1-3	-452,197	-79,401	-434,656	-79,401
<b>Net loan losses</b>	<b>-656,851</b>	<b>-367,569</b>	<b>-631,231</b>	<b>-367,569</b>

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

**NOTE 17 Tax on profit for the year**

SEK thousand	Group		Parent company	
	2023	2022	2023	2022
Current tax on profit for the year	-161,362	-91,093	-161,061	-91,022
Tax due to changes in tax relating to prior years	-	-5	-	-5
Other taxes	-499	-280	-457	-280
Deferred tax	48,962	-1,891	52,359	-1,891
<b>Tax on profit for the year<sup>1</sup></b>	<b>-112,899</b>	<b>-93,269</b>	<b>-109,159</b>	<b>-93,198</b>
Reconciliation of tax on profit for the year				
Profit before tax	509,599	435,728	493,660	434,003
Tax according to applicable tax rate	-109,054	-89,760	-101,694	-89,405
Tax effect of non-deductible expenses	-52,496	-5,359	-59,383	-5,359
Tax effect of non-taxable income	48,998	1,851	52,375	1,851
Tax due to changes in tax relating to prior years	-	-5	-	-5
Other taxes	-499	-280	-457	-280
Deviating tax rates in other countries	152	284	-	-
<b>Tax on profit for the year recognised in the income statement</b>	<b>-112,899</b>	<b>-93,269</b>	<b>-109,159</b>	<b>-93,198</b>

**NOTE 18 Classification of financial assets and liabilities**

Group, 31 Dec 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					
<b>Assets</b>						
Cash and balances with central banks	-	-	18,916	-	-	18,916
Treasury bills eligible for refinancing, etc.	-	-	3,635,697	-	-	3,635,697
Loans to credit institutions	-	-	2,089,504	-	-	2,089,504
Loans to the public	-	-	17,870,633	-	-	17,870,633
Shares	144	-	-	-	-	144
Derivatives	1,197	-	-	1,258	-	2,455
Other assets	-	-	-	-	329,409	329,409
<b>Total assets</b>	<b>1,341</b>	<b>-</b>	<b>23,614,750</b>	<b>1,258</b>	<b>329,409</b>	<b>23,946,758</b>
<b>Liabilities</b>						
Deposits and borrowings from the public	-	-	20,652,997	-	-	20,652,997
Subordinated liabilities	-	-	346,909	-	-	346,909
Derivatives	227,708	-	-	-	-	227,708
Other liabilities	-	-	-	-	558,230	558,230
<b>Total liabilities</b>	<b>227,708</b>	<b>-</b>	<b>20,999,906</b>	<b>-</b>	<b>558,230</b>	<b>21,785,844</b>

<sup>1</sup> The weighted average tax rate for the Group was 22.2 % (21.4) and for the Parent company 22.1 % (21.5).



Note 18 cont.

Group, 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, etc.	-	-	1,837,025	-	-	1,837,025
Loans to credit institutions	-	-	1,633,657	-	-	1,633,657
Loans to the public	-	-	14,654,373	-	-	14,654,373
Shares	154	-	-	-	-	154
Derivatives	11,387	-	-	-	-	11,387
Other assets	-	-	-	-	182,175	182,175
Total assets	11,541	-	18,182,741	-	182,175	18,376,457
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	-	-	-	-	305,392	305,392
Total liabilities	21,991	-	16,306,790	3,684	305,392	16,637,857

Parent company, 31 Dec 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	-	-	18,916	-	-	18,916
Treasury bills eligible for refinancing, etc.	-	-	3,536,570	-	-	3,536,570
Loans to credit institutions	-	-	2,994,041	-	-	2,994,041
Loans to the public	-	-	15,424,259	-	-	15,424,259
Shares	144	-	-	-	-	144
Derivatives	1,197	-	-	1,258	-	2,455
Other assets	-	-	-	-	1,787,700	1,787,700
Total assets	1,341	-	21,973,786	1,258	1,787,700	23,764,085
Liabilities						
Deposits and borrowings from the public	-	-	20,652,996	-	-	20,652,996
Subordinated liabilities	-	-	346,909	-	-	346,909
Derivatives	270,201	-	-	-	-	270,201
Other liabilities	-	-	-	-	347,980	347,980
Total liabilities	270,201	-	20,999,905	-	347,980	21,618,086

Note 18 cont.

Parent company, 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, etc.	-	-	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 19 Financial assets and liabilities at 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.

Group, 31 Dec 2023 SEK thousand	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and balances with central banks	-	-	18,916	18,916
Treasury bills eligible for refinancing	3,629,343	-	-	3,629,343
Loans to credit institutions	-	-	2,089,504	2,089,504
Loans to the public	-	-	19,630,373	19,630,373
Shares	-	144	-	144
Derivatives	-	2,455	-	2,455
<b>Total assets</b>	<b>3,629,343</b>	<b>2,599</b>	<b>21,738,793</b>	<b>25,370,735</b>
<b>Liabilities</b>				
Deposits and borrowings from the public	-	-	20,652,997	20,652,997
Subordinated liabilities	-	346,909	-	346,909
Derivatives	-	227,708	-	227,708
<b>Total liabilities</b>	<b>-</b>	<b>574,617</b>	<b>20,652,997</b>	<b>21,227,614</b>

Note 19 cont.

Group, 31 Dec 2022 SEK thousand	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
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	-	-	1,633,657	1,633,657
Loans to the public	-	-	16,926,547	16,926,547
Shares	-	154	-	154
Derivatives	-	11,387	-	11,387
<b>Total assets</b>	<b>1,826,973</b>	<b>11,541</b>	<b>18,617,890</b>	<b>20,456,404</b>
<b>Liabilities</b>				
Deposits and borrowings from the public	-	-	16,108,130	16,108,130
Subordinated liabilities	-	-	198,660	198,660
Derivatives	-	25,675	-	25,675
<b>Total liabilities</b>	<b>-</b>	<b>25,675</b>	<b>16,306,790</b>	<b>16,332,465</b>

Parent company, 31 Dec 2023 SEK thousand	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and balances with central banks	-	-	18,916	18,916
Treasury bills eligible for refinancing	3,530,185	-	-	3,530,185
Loans to credit institutions	-	-	2,994,041	2,994,041
Loans to the public	-	-	17,183,999	17,183,999
Shares	-	144	-	144
Derivatives	-	2,455	-	2,455
<b>Total assets</b>	<b>3,530,185</b>	<b>2,599</b>	<b>20,196,956</b>	<b>23,729,740</b>
<b>Liabilities</b>				
Deposits and borrowings from the public	-	-	20,652,996	20,652,996
Subordinated liabilities	-	346,909	-	346,909
Derivatives	-	270,201	-	270,201
<b>Total liabilities</b>	<b>-</b>	<b>617,110</b>	<b>20,652,996</b>	<b>21,270,106</b>

Parent company, 31 Dec 2022 SEK thousand	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
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	-	-	16,926,547	16,926,547
Shares	-	154	-	154
Derivatives	-	11,387	-	11,387
<b>Total assets</b>	<b>1,826,973</b>	<b>11,541</b>	<b>18,615,886</b>	<b>20,454,400</b>
<b>Liabilities</b>				
Deposits and borrowings from the public	-	-	16,108,130	16,108,130
Subordinated liabilities	-	-	198,660	198,660
Derivatives	-	25,675	-	25,675
<b>Total liabilities</b>	<b>-</b>	<b>25,675</b>	<b>16,306,790</b>	<b>16,332,465</b>

Note 19 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 information. An instrument is classified as Level 2 if all significant inputs required for fair value measurement of 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 forward rates at the balance sheet date.

An instrument is classified as Level 3 in cases where one or more of the significant inputs are not based on observable market data. For lending to the public, the market value has been calculated as the difference between the market capitalisation of TF Bank shares on the balance sheet date and the shareholders' equity adjusted for other surplus and deficit values of assets and liabilities in the balance sheet.

Group, 31 Dec 2023 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/ Fair value loss (-)
<b>Assets</b>			
Cash and balances with central banks	18,916	18,916	-
Treasury bills eligible for refinancing, etc.	3,635,697	3,629,343	-6,354
Loans to credit institutions	2,089,504	2,089,504	-
Loans to the public	17,870,633	19,630,373	1,759,740
Shares	144	144	-
Derivatives	2,455	2,455	-
<b>Total assets</b>	<b>23,617,349</b>	<b>25,370,735</b>	<b>1,753,386</b>
<b>Liabilities</b>			
Deposits and borrowings from the public	20,652,997	20,652,997	-
Subordinated liabilities	346,909	346,909	-
Derivatives	227,708	227,708	-
<b>Total liabilities</b>	<b>21,227,614</b>	<b>21,227,614</b>	<b>-</b>

Group, 31 Dec 2022 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/ Fair value loss (-)
<b>Assets</b>			
Cash and balances with central banks	57,686	57,686	-
Treasury bills eligible for refinancing, etc.	1,837,025	1,826,973	-10,052
Loans to credit institutions	1,633,657	1,633,657	-
Loans to the public	14,654,373	16,926,547	2,272,174
Shares	154	154	-
Derivatives	11,387	11,387	-
<b>Total assets</b>	<b>18,194,282</b>	<b>20,456,404</b>	<b>2,262,122</b>
<b>Liabilities</b>			
Deposits and borrowings from the public	16,108,130	16,108,130	-
Subordinated liabilities	198,660	198,660	-
Derivatives	25,675	25,675	-
<b>Total liabilities</b>	<b>16,332,465</b>	<b>16,332,465</b>	<b>-</b>

Note 19 cont.

Parent company, 31 Dec 2023 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/ Fair value loss (-)
<b>Assets</b>			
Cash and balances with central banks	18,916	18,916	-
Treasury bills eligible for refinancing, etc.	3,536,570	3,530,185	-6,385
Loans to credit institutions	2,994,041	2,994,041	-
Loans to the public	15,424,259	17,183,999	1,759,740
Shares	144	144	-
Derivatives	2,455	2,455	-
<b>Total assets</b>	<b>21,976,385</b>	<b>23,729,740</b>	<b>1,753,355</b>
<b>Liabilities</b>			
Deposits and borrowings from the public	20,652,996	20,652,996	-
Subordinated liabilities	346,909	346,909	-
Derivatives	270,201	270,201	-
<b>Total liabilities</b>	<b>21,270,106</b>	<b>21,270,106</b>	<b>-</b>

Parent company, 31 Dec 2022 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/ Fair value loss (-)
<b>Assets</b>			
Cash and balances with central banks	57,686	57,686	-
Treasury bills eligible for refinancing, etc.	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	16,926,547	2,272,174
Shares	154	154	-
Derivatives	11,387	11,387	-
<b>Total assets</b>	<b>18,192,278</b>	<b>20,454,400</b>	<b>2,262,122</b>
<b>Liabilities</b>			
Deposits and borrowings from the public	16,108,130	16,108,130	-
Subordinated liabilities	198,660	198,660	-
Derivatives	25,675	25,675	-
<b>Total liabilities</b>	<b>16,332,465</b>	<b>16,332,465</b>	<b>-</b>

#### NOTE 20 Treasury bills eligible for refinancing

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Treasury bills eligible for refinancing (EU-commission)	1,322,471	551,188	1,322,471	551,188
Treasury bills eligible for refinancing (Sweden)	1,129,677	24,908	1,030,550	24,908
Treasury bills eligible for refinancing (Finland)	495,926	497,297	495,926	497,297
Treasury bills eligible for refinancing (Netherlands)	440,823	499,306	440,823	499,306
Government securities eligible for refinancing (Norway)	246,800	264,326	246,800	264,326
<b>Total treasury bills eligible for refinancing, etc.</b>	<b>3,635,697</b>	<b>1,837,025</b>	<b>3,536,570</b>	<b>1,837,025</b>

**NOTE 21 Loans to credit institutions**

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Accounts receivable Swedish currency	1,127,247	1,093,134	2,330,601	1,093,110
Accounts receivable foreign currency	962,257	540,523	663,440	538,543
<b>Total loans to credit institutions</b>	<b>2,089,504</b>	<b>1,633,657</b>	<b>2,994,041</b>	<b>1,631,653</b>

**NOTE 22 Loans to the public**

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Loans to the household sector	17,766,169	14,513,272	15,319,795	14,513,272
Loans to the corporate sector <sup>1</sup>	104,464	141,101	104,464	141,101
<b>Total loans to the public</b>	<b>17,870,633</b>	<b>14,654,373</b>	<b>15,424,259</b>	<b>14,654,373</b>
<b>Loans to the household sector</b>				
Stage 1, gross	16,505,116	13,861,985	14,267,850	13,861,985
Stage 2, gross	711,193	495,257	548,807	495,257
Stage 3, gross <sup>2</sup>	1,604,567	763,649	1,466,518	763,649
<b>Total loans to the household sector, gross</b>	<b>18,820,876</b>	<b>15,120,891</b>	<b>16,283,175</b>	<b>15,120,891</b>
<b>Provisions for expected loan losses, household sector</b>				
Stage 1	-261,935	-194,506	-235,989	-194,506
Stage 2	-115,109	-77,474	-104,258	-77,474
Stage 3 <sup>2</sup>	-677,663	-335,639	-623,133	-335,639
<b>Total provisions for expected loan losses, household sector</b>	<b>-1,054,707</b>	<b>-607,619</b>	<b>-963,380</b>	<b>-607,619</b>
<b>Loans to the household sector</b>				
Stage 1, net	16,243,181	13,667,479	14,031,861	13,667,479
Stage 2, net	596,084	417,783	444,549	417,783
Stage 3, net <sup>2</sup>	926,904	428,010	843,385	428,010
<b>Total loans to the household sector, net</b>	<b>17,766,169</b>	<b>14,513,272</b>	<b>15,319,795</b>	<b>14,513,272</b>
<b>Loans to the corporate sector</b>				
Loans, gross	104,464	141,101	104,464	141,101
<b>Total loans, net book value</b>	<b>104,464</b>	<b>141,101</b>	<b>104,464</b>	<b>141,101</b>

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

<sup>2</sup> The Bank regularly sells past due receivables in markets where the Board of Directors considers the price level to be favourable for the Bank's performance and risk profile.



Note 22 cont.

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Geographical distribution of net loans:</b>				
Germany	4,784,548	2,665,839	4,784,548	2,665,839
Norway	4,245,890	4,182,683	3,921,359	4,182,683
Finland	3,478,514	3,246,939	2,287,004	3,246,939
Sweden	1,485,643	1,291,765	562,596	1,291,765
Estonia	1,066,304	1,035,596	1,066,304	1,035,596
Latvia	988,664	894,692	988,664	894,692
Lithuania	885,922	688,702	885,922	688,702
Poland	314,539	432,097	314,539	432,097
Austria	291,619	106,752	291,619	106,752
Denmark	176,249	69,090	168,963	69,090
Spain	152,741	40,218	152,741	40,218
<b>Total loans, net book value</b>	<b>17,870,633</b>	<b>14,654,373</b>	<b>15,424,259</b>	<b>14,654,373</b>

#### MACROECONOMIC SCENARIOS

The table below applies to both the Group and the Parent company

Scenario	Probability of occurring	Impact on provisions (stage 1)	Probability weighted outcome
Adverse	1%	50 % increase	
Positive	20%	10 % decrease	98,5%
Base	79%	Neutral	

Effect on provisions for each segment related to expected credit losses in Stage 1<sup>1</sup>.

SEK thousand	Group	Parent company
	2023-12-31	2023-12-31
Consumer Lending	1,558	1,558
Credit Cards	1,394	1,394
Ecommerce Solutions	312	55
<b>Total</b>	<b>3,264</b>	<b>3,007</b>

#### Sensitivity analysis:

The ECL macroeconomic component relies on ECB macroeconomic projections and EBA stress tests conducted by European banks in 2023. The primary factor influencing the impact on ECL is the HICP inflation rate. Significant deviations between the observed and projected HICP inflation rates, upon realisation, will lead to changes in the likelihood of scenarios and the total weighted impact on ECL.

Impact of 100 % weighting of scenarios:

##### a. Positive scenario

According to assumed impact on provisions, assigning 100 % probability to Positive scenario would lead to multiplication of provisions in Stage 1 by 90 % (decrease of provisions by SEK 21.7 million for the Group and SEK 20.1 million for the Parent company).

##### b. Base scenario

According to assumed impact on provisions, assigning 100 % probability to Base scenario would lead to multiplication of provisions in Stage 1 by 100 % (no change in provisions).

##### c. Adverse scenario

According to assumed impact on provisions, assigning 100 % probability to Adverse scenario would lead to multiplication of provisions in Stage 1 by 150 % (increase of provisions by SEK 108.8 million for the Group and SEK 100.3 million for the Parent company).

<sup>1</sup> During 2023 macroeconomic parameters have been included in the model for expected credit losses, therefore no values are shown for 2022.

Note 22 cont.

## PROVISIONS

Provision of credit losses during the period were impacted by several different factors, as described below:

- Transfers between Stage 1 and Stage 2 or Stage 3 depending on whether the loan has significantly increased (or decreased) in risk or if it has defaulted during the period and thus transferred between 12 month and full lifetime ECL.
- New loans during the period and also loans removed from the portfolio in the same period. (Increases due to issue and purchase and decline due to derecognition from the statement of financial position).
- Changes in risk factors as Probability of default (PD), Exposure at default (EAD) and Loss given default (LGD), arising because the model has been updated with new amounts.
- Changes in macroeconomic scenarios based on macroeconomic factors.
- Exchange rate differences.

Group SEK thousand	Non doubtful receivables		Doubtful receivables	Total
	Stage 1	Stage 2	Stage 3	
	12 month expected loan losses	Lifetime expected loan losses	Lifetime expected loan losses	
<b>Loans to the public, gross, opening balance 1 January 2023</b>	<b>14,003,086</b>	<b>495,257</b>	<b>763,649</b>	<b>15,261,992</b>
Financial assets added during the year	22,046,078	-	-	22,046,078
Repayments	-17,331,432	-53,641	-175,874	-17,560,947
Financial assets sold during the year	-	-417,532	-7,665	-425,197
Stage transfers	-1,794,117	710,697	1,083,420	-
- from 1 to 2	-923,385	923,385	-	-
- from 1 to 3	-990,766	-	990,766	-
- from 2 to 1	120,034	-120,034	-	-
- from 2 to 3	-	-92,654	92,654	-
- from 3 to 2	-	-	-	-
Exchange rate differences	-314,035	-23,589	-58,962	-396,586
<b>Loans to the public, gross, closing balance 31 December 2023</b>	<b>16,609,580</b>	<b>711,192</b>	<b>1,604,568</b>	<b>18,925,340</b>
<b>Provision for expected loan losses, opening balance 1 January 2023</b>	<b>-194,506</b>	<b>-77,474</b>	<b>-335,639</b>	<b>-607,619</b>
<b>Changes reported as net loan losses</b>				
Financial assets added during the year	-154,557	-	-	-154,557
Repayments	36,885	38,650	16,794	92,329
Financial assets sold during the year	-	28,310	9534	37,844
Stage transfers	25,877	-122,177	-411,227	-507,527
- from 1 to 2	17,617	-154,327	-	-136,710
- from 1 to 3	9,903	-	-381,572	-371,669
- from 2 to 1	-1,643	14,462	-	12,819
- from 2 to 3	-	17,688	-29,655	-11,967
- from 3 to 2	-	-	-	-
Exchange rate differences	24,366	17,582	42,875	84,823
<b>Provision for expected loan losses, closing balance 31 December 2023</b>	<b>-261,935</b>	<b>-115,109</b>	<b>-677,663</b>	<b>-1,054,707</b>

Note 22 cont.

Group SEK thousand	Non doubtful receivables		Doubtful receivables	Total
	Stage 1	Stage 2	Stage 3	
	12 month expected loan losses	Lifetime expected loan losses	Lifetime expected loan losses	
<b>Loans to the public, gross, opening balance 1 January 2022</b>	<b>10,404,166</b>	<b>330,212</b>	<b>623,294</b>	<b>11,357,672</b>
Financial assets added during the year	16,318,310	-	-	16,318,310
Repayments	-11,689,672	-394,014	-356,750	-12,440,436
Financial assets sold during the year	-	-854,228	-10,812	-865,040
Stage transfers	-1,846,029	1,384,614	461,415	-
- from 1 to 2	-1,588,951	1,588,951	-	-
- from 1 to 3	-385,317	-	385,317	-
- from 2 to 1	128,239	-128,239	-	-
- from 2 to 3	-	-76,098	76,098	-
- from 3 to 2	-	-	-	-
Exchange rate differences	816,311	28,673	46,502	891,486
<b>Loans to the public, gross, closing balance 31 December 2022</b>	<b>14,003,086</b>	<b>495,257</b>	<b>763,649</b>	<b>15,261,992</b>
<b>Provision for expected loan losses, opening balance 1 January 2022</b>	<b>-153,465</b>	<b>-41,982</b>	<b>-289,940</b>	<b>-485,387</b>
<b>Changes reported as net loan losses</b>				
Financial assets added during the year	-134,263	-	-	-134,263
Repayments	91,724	38,818	105,148	235,690
Financial assets sold during the year	-	24,058	8,570	32,628
Stage transfers	14,076	-87,774	-138,035	-211,733
- from 1 to 2	11,252	-113,511	-	-102,259
- from 1 to 3	4,567	-	-111,401	-106,834
- from 2 to 1	-1,743	14,237	-	12,494
- from 2 to 3	-	11,500	-26,634	-15,134
- from 3 to 2	-	-	-	-
Exchange rate differences	-12,578	-10,594	-21,382	-44,554
<b>Provision for expected loan losses, closing balance 31 December 2022</b>	<b>-194,506</b>	<b>-77,474</b>	<b>-335,639</b>	<b>-607,619</b>

Note 22 cont.

Parent company SEK thousand	Non doubtful receivables		Doubtful receivables	Total
	Stage 1	Stage 2	Stage 3	
	12 month expected loan losses	Lifetime expected loan losses	Lifetime expected loan losses	
<b>Loans to the public, gross, opening balance 1 January 2023</b>	<b>14,003,086</b>	<b>495,257</b>	<b>763,649</b>	<b>15,261,992</b>
Financial assets added during the year	20,161,627	-	-	20,161,627
Repayments	-13,354,297	-50,747	-63,069	-13,468,113
Financial assets sold during the year	-4,384,147	-600,381	-257,291	-5,241,819
Stage transfers	-1,794,285	724,747	1,069,538	-
- from 1 to 2	-897,856	897,856	-	-
- from 1 to 3	-990,766	-	990,766	-
- from 2 to 1	94,337	-94,337	-	-
- from 2 to 3	-	-78,772	78,772	-
- from 3 to 2	-	-	-	-
Exchange rate differences	-259,670	-20,069	-46,309	-326,048
<b>Loans to the public, gross, closing balance 31 December 2023</b>	<b>14,372,314</b>	<b>548,807</b>	<b>1,466,518</b>	<b>16,387,639</b>
<b>Provision for expected loan losses, opening balance 1 January 2023</b>	<b>-194,506</b>	<b>-77,474</b>	<b>-335,639</b>	<b>-607,619</b>
<b>Changes reported as net loan losses</b>				
Financial assets added during the year	-152,974	-	-	-152,974
Repayments	13,542	44,402	8,966	66,910
Financial assets sold during the year	51,563	44,210	56,826	152,599
Stage transfers	25,347	-117,743	-381,237	-473,633
- from 1 to 2	16,828	-147,332	-	-130,504
- from 1 to 3	9,904	-	-311,572	-301,668
- from 2 to 1	-1,385	13,706	-	12,321
- from 2 to 3	-	15,883	-69,665	-53,782
- from 3 to 2	-	-	-	-
Exchange rate differences	21,040	2,346	27,951	51,337
<b>Provision for expected loan losses, closing balance 31 December 2023</b>	<b>-235,988</b>	<b>-104,259</b>	<b>-623,133</b>	<b>-963,380</b>

Parent company SEK thousand	Non doubtful receivables		Doubtful receivables	Total
	Stage 1	Stage 2	Stage 3	
	12 month expected loan losses	Lifetime expected loan losses	Lifetime expected loan losses	
<b>Loans to the public, gross, opening balance 1 January 2022</b>	<b>10,404,166</b>	<b>330,212</b>	<b>623,294</b>	<b>11,357,672</b>
Financial assets added during the year	16,318,310	-	-	16,318,310
Repayments	-11,689,672	-394,014	-356,750	-12,440,436
Financial assets sold during the year	-	-854,228	-10,812	-865,040
Stage transfers	-1,846,029	1,384,614	461,415	-
- from 1 to 2	-1,588,951	1,588,951	-	-
- from 1 to 3	-385,317	-	385,317	-
- from 2 to 1	128,239	-128,239	-	-
- from 2 to 3	-	-76,098	76,098	-
- from 3 to 2	-	-	-	-
Exchange rate differences	816,311	28,673	46,502	891,486
<b>Loans to the public, gross, closing balance 31 December 2022</b>	<b>14,003,086</b>	<b>495,257</b>	<b>763,649</b>	<b>15,261,992</b>
<b>Provision for expected loan losses, opening balance 1 January 2022</b>	<b>-153,465</b>	<b>-41,982</b>	<b>-289,940</b>	<b>-485,387</b>
<b>Changes reported as net loan losses</b>				
Financial assets added during the year	-134,263	-	-	-134,263
Repayments	91,724	38,818	105,148	235,690
Financial assets sold during the year	-	24,058	8,570	32,628
Stage transfers	14,076	-87,774	-138,035	-211,733
- from 1 to 2	11,252	-113,511	-	-102,259
- from 1 to 3	4,567	-	-111,401	-106,834
- from 2 to 1	-1,743	14,237	-	12,494
- from 2 to 3	-	11,500	-26,634	-15,134
- from 3 to 2	-	-	-	-
Exchange rate differences	-12,578	-10,594	-21,382	-44,554
<b>Provision for expected loan losses, closing balance 31 December 2022</b>	<b>-194,506</b>	<b>-77,474</b>	<b>-335,639</b>	<b>-607,619</b>

**NOTE 23 Shares and participations in Group companies**

	Avarda AB - Group	TFB Service UAB	TFB Service SIA	TFB Service GmbH	TFBN Services S.L.
Country of registration and operation	Sweden	Lithuania	Latvia	Germany	Spain
Operation	Financial	Administration	Administration	Administration	Administration
Number of shares	522,972,398	1	-	25,000	3,000
Percentage of shares owned by TF Bank, %	100	100	-	100	100
Carrying amount as at 31 December 2023	1,614,238	25	-	264	31
Operating income 2023	111,638	11,041	-	14,334	6,489
Profit before tax 2023	18,492	13	-42	793	222
Tax on profit 2023	-	-	-	-249	-51
Average number of employees 2023	21	21	0	11	5

	Avarda AB - Group	TFB Service UAB	TFB Service SIA	TFB Service GmbH	TFBN Services S.L.
<b>Carrying amount as at 1 January 2022</b>	<b>25</b>	<b>25</b>	<b>26</b>	<b>264</b>	<b>-</b>
Shares issuance	-	-	-	-	31
<b>Carrying amount as at 31 December 2022</b>	<b>25</b>	<b>25</b>	<b>26</b>	<b>264</b>	<b>31</b>
<b>Carrying amount as at 1 January 2023</b>	<b>25</b>	<b>25</b>	<b>26</b>	<b>264</b>	<b>31</b>
Shares issuance	1,614,213	-	-	-	-
Liquidation	-	-	-26	-	-
<b>Carrying amount as at 31 December 2023</b>	<b>1,614,238</b>	<b>25</b>	<b>-</b>	<b>264</b>	<b>31</b>

**NOTE 24 Other assets**

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Accounts receivable	34,547	3,989	-	3,989
Tax account	9,365	8,712	5,560	8,712
Derivatives	2,455	11,387	2,455	11,387
Other assets	5,738	4,101	5,629	3,619
<b>Total other assets</b>	<b>52,105</b>	<b>28,189</b>	<b>13,644</b>	<b>27,707</b>



**NOTE 25** Deferred tax

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Deferred tax assets</b>				
Accrued taxes attributable to unrealised derivatives	46,402	2,943	55,155	2,943
Deferred tax attributable to loss carryforwards	4,975	-	-	-
Deferred tax attributable to acquisitions of shares in subsidiary	383	-	-	-
Deferred tax attributable to branches	2,517	-	130	-
<b>Deferred tax assets</b>	<b>54,277</b>	<b>2,943</b>	<b>55,285</b>	<b>2,943</b>
<b>Deferred tax liabilities</b>				
The difference between the income tax recognised in the income statement and income tax on operations comprises:				
Accrued taxes attributable to taxes abroad	-	15	-	15
<b>Deferred tax on temporary differences</b>	<b>-</b>	<b>15</b>	<b>-</b>	<b>15</b>
The deferred tax liabilities are expected to be settled as follows:				
Within 12 months	-	15	-	15
Later than 12 months	-	-	-	-
	<b>-</b>	<b>15</b>	<b>-</b>	<b>15</b>
The gross change in deferred tax is as follows:				
Opening balance	2,928	-860	2,928	-860
Effect of changed branch taxation	2,387	5,679	-	5,679
Recognised in the income statement	48,962	-1,891	52,357	-1,891
<b>Closing balance</b>	<b>54,277</b>	<b>2,928</b>	<b>55,285</b>	<b>2,928</b>

**NOTE 26** Deposits and borrowings from the public

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Germany	19,275,720	12,742,158	19,275,720	12,742,158
Norway	559,370	2,736,078	559,370	2,736,078
Finland	326,736	285,196	326,736	285,196
Sweden	195,192	344,698	195,191	344,698
Netherlands	162,800	-	162,800	-
Ireland	103,291	-	103,291	-
Spain	29,888	-	29,888	-
<b>Total deposits and borrowings from the public</b>	<b>20,652,997</b>	<b>16,108,130</b>	<b>20,652,996</b>	<b>16,108,130</b>

Deposits and borrowings from the public only occur in the household sector and 98 % (99) 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 32 % (36) of total deposits from the public. Maturities are shown in Note 3.

Note 26 cont.

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

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Opening balance	16,108,130	11,504,749	16,108,130	11,504,749
Change for the year	4,642,515	3,465,856	4,642,514	3,465,856
Exchange rate differences	-97,648	1,137,525	-97,648	1,137,525
<b>Closing balance</b>	<b>20,652,997</b>	<b>16,108,130</b>	<b>20,652,996</b>	<b>16,108,130</b>

#### NOTE 27 Other liabilities

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Debts to ecommerce partners	104,411	74,804	2,606	74,804
Lease liabilities	54,443	23,066	-	-
Accounts payable	10,973	8,417	4,070	8,357
Derivatives	227,708	25,675	270,201	25,675
VAT debt	20,524	11,532	14,623	11,532
Other liabilities	3,428	5,270	3,921	4,763
<b>Total other liabilities</b>	<b>421,487</b>	<b>148,764</b>	<b>295,421</b>	<b>125,131</b>

SEK thousand	Group	
	31 Dec 2023	31 Dec 2022
<b>Maturity analysis regarding lease liabilities</b>		
Remaining term to maturity up to 1 year	14,062	8,425
Remaining term to maturity of more than 1 year but less than 2 years	12,152	7,925
Remaining term to maturity of more than 2 year but less than 3 years	8,172	5,384
Remaining term to maturity of more than 3 year but less than 4 years	3,548	1,229
Remaining term to maturity of more than 4 year but less than 5 years	3,112	103
Remaining term to maturity of more than 5 years	13,397	-
<b>Total lease liabilities</b>	<b>54,443</b>	<b>23,066</b>

#### NOTE 28 Accrued expenses and prepaid income

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Accrued interest on deposits from the public	107,888	22,507	107,888	22,507
Accrued broker fees	46,822	48,255	30,914	48,255
Accrued salaries and holiday pay liability	30,212	25,985	22,485	25,554
Accrued social security costs	17,045	16,195	12,658	16,145
Accrued interest on loans to the public	7,500	4,542	7,500	4,542
Other accrued expenses and prepaid income	46,501	28,003	36,082	27,618
<b>Total accrued expenses and prepaid income</b>	<b>255,968</b>	<b>145,487</b>	<b>217,527</b>	<b>144,621</b>

**NOTE 29 Subordinated liabilities**

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Time-bound subordinated liabilities	346,909	198,660	346,909	198,660
<b>Total</b>	<b>346,909</b>	<b>198,660</b>	<b>346,909</b>	<b>198,660</b>

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. The prospectus are available on the Bank's website, [www.tfbankgroup.com](http://www.tfbankgroup.com).

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

**NOTE 30 Transactions with related parties**

Transactions between Group companies refer to invoicing of services rendered in subsidiaries and interest income linked to intra-group loans to 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	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
The following transactions took place between companies within the Group:				
Interest income	-	-	16,600	-
General administrative expenses	-7,671	-4,697	-31,611	-23,973
<b>Total</b>	<b>-7,671</b>	<b>-4,697</b>	<b>-15,011</b>	<b>-23,973</b>

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
The following transactions have been made with other related parties:				
Interest income (transaction costs)	-41,739	-46,869	-32,104	-46,869
Commission income	2,907	3,294	2,266	3,294
General administrative expenses	-1,688	-2,049	-1,258	-2,049
<b>Total</b>	<b>-40,520</b>	<b>-45,624</b>	<b>-31,096</b>	<b>-45,624</b>
Acquisition of assets and liabilities from other related parties:				
Ecommerce Solutions	496,554	550,025	372,742	550,025
<b>Total</b>	<b>496,554</b>	<b>550,025</b>	<b>372,742</b>	<b>550,025</b>

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<i>Assets and liabilities at the end of the period as a result of transactions with group companies:</i>				
Loans to credit institutions	-	-	1,324,374	-

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 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	412	917	-	917
Other liabilities	178	282	-	282

### Background

Information about the Bank's capital adequacy includes information in accordance with Chapter 6, Sections 3-4 of the Swedish FSA's regulations and general guidelines (FFFS 2008:25) on annual accounts of credit institutions and investment firms and related information contained in 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. TF Bank AB is the responsible institution and is under the supervision of the Swedish FSA. As a result, the Bank is subject to the rules governing credit institutions in Sweden. TF Bank AB is a listed company which means that the stock exchange rules are also applicable. TF Bank is classified as a small and non-complex institute in accordance to article 4.1.145 of supervisory regulation (EU) No 575/2013. To determine the company's statutory capital requirements, the Special Supervision of Credit Institutions and Securities Companies Act (2014:968), Regulation (EU) No 575/2013, the Capital Buffers Act (2014:966) and the Swedish FSA's regulations and general guidelines (FFFS 2014:12) on prudential requirements and capital buffers apply, as well as the Swedish FSA's memorandum (FI ref. no. 20-20990) on new capital requirements for Swedish banks. As of the fourth quarter of 2023, TF Bank has a consolidated situation and the capital adequacy as of 31 December 2023 in this note is presented to both the Group and the Parent company. Comparative figures for the Group as of 31 December 2023 refer to the Parent company.

### Own funds

TF Bank's own funds consists of equity attributable to shareholders and issued bonds. Shareholders' equity after regulatory adjustments constitutes Additional Tier 1 capital. Issued bonds constitute of Additional Tier 1 or Tier 2 funds. The bonds are subordinated to the Bank's other creditors and bonds that constitute other core capital could, under certain conditions, be converted into share capital. The Swedish FSA has approved TF Bank's applications to include accrued earnings in its capital base. During the first quarter of 2023, the transitional arrangement for phasing in credit loss provisions under IFRS 9 was completed.

### Risk exposure amount

TF Bank's risk exposure amount consists mainly of credit risk and operational risk. The risk exposure amount for credit risk is calculated using the Standardised Approach and the Bank's exposures are weighted on the basis of different percentages set out in Regulation (EU) No 575/2013. The risk exposure amount for operational risk is calculated using the alternative standardised approach under Regulation (EU) No 575/2013.

### Capital requirements

The Pillar 1 regulatory capital requirement requires that total own funds amount to at least 8 % of the risk-weighted exposure amount for credit risk, credit valuation adjustment risk, market risk and operational risk. This is followed by additional capital requirements for the risks that are not covered by Pillar 1, such as concentration risk, exchange rate risk and interest rate risk. The capital requirements for these risks are covered through Pillar 2. In addition, capital is allocated for a capital conservation buffer of 2.5 % of the risk-weighted exposure amount and an institution-specific countercyclical capital buffer weighted on the basis of geographical exposures. As of 31 December 2023, TF Bank's countercyclical capital buffer requirement of 1.2 % is related to 2.5 % for exposures in Norway and Denmark, 2.0 % for exposures in Sweden, 1.5 % for exposures in Estonia, 1.0 % for exposures in Lithuania and 0.75 % for exposures in Germany.

### Capital planning

The strategies and methods used by TF Bank to measure and maintain capital requirements according to Regulation (EU) No 575/2013 are based on the Bank's risk management. Risk management seeks to identify and analyse the risks inherent in TF Bank's operations and to set appropriate limits for these risks and ensure that necessary controls are in place. Risks are monitored and controls are performed on an ongoing basis to ensure limits are not exceeded. TF Bank has a centralised function for independent risk control which reports directly to the CEO and whose task it is to analyse development of risks and, where required, suggest changes to governing documents and processes, both for overarching risk management and specific areas.

TF Bank has its own internal capital and liquidity adequacy assessment process (ICAAP/ILAAP) to assess whether the internal capital is adequate to serve as the basis for current and future operations and to ensure that the amount and composition of own funds is appropriate. The process is a tool that ensures that the Bank clearly and correctly identifies, measures and manages all the risks to which TF Bank is exposed and makes an assessment of the Bank's internal capital adequacy requirements on the basis of this. As part of the process, TF Bank must have appropriate governing and control functions and risk management systems in place. TF Bank's ICAAP/ILAAP is performed at least once a year.

In TF Bank, the starting point for ICAAP/ILAAP is risk identification and self-assessment workshops with senior executives. Against the background of this risk analysis, each individual risk is analysed and management of the risk is documented. Reference is made to applicable governing documents and policies. The risks are then quantified on the basis of the method that The Bank deems to be appropriate for each type of risk. Each risk type is then assessed to establish if additional capital is required to cover the specific risk type according to Pillar 2. The assessment is based on Pillar 1 capital requirements according to Regulation (EU) No 575/2013 and additional capital is added where necessary for other risks. The ICAAP/ILAAP is then subjected to stress testing to ensure that bank's capital adequacy and liquidity level can be maintained in stressed market conditions. TF Bank uses forward-looking scenarios based on the Company's three-year business plan.

Note 31 cont.

#### THE GROUP'S AND THE PARENT COMPANY'S CAPITAL SITUATION

SEK thousand	Group <sup>1</sup>		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Common Equity Tier 1 capital (CET1)	1,817,029	1,522,686	1,829,184	1,522,686
Additional Tier 1 capital (AT1)	250,000	200,000	250,000	200,000
Tier 2 capital	346,909	198,660	346,909	198,660
<b>Own funds</b>	<b>2,413,938</b>	<b>1,921,346</b>	<b>2,426,093</b>	<b>1,921,346</b>
<b>Risk exposure amount</b>	<b>15,143,851</b>	<b>12,349,623</b>	<b>14,942,035</b>	<b>12,349,623</b>
- of which: credit risk	14,207,588	11,692,361	14,050,361	11,692,361
- of which: credit valuation adjustment	12,106	7,166	14,508	7,166
- of which: market risk	-	-	-	-
- of which: operational risk	924,157	650,096	877,166	650,096
<b>Capital ratios</b>				
CET1 capital ratio, %	12.0	12.3	12.2	12.3
Tier 1 capital ratio, %	13.6	13.9	13.9	13.9
Total capital ratio, %	15.9	15.6	16.2	15.6

#### THE GROUP'S REGULATORY CAPITAL REQUIREMENTS <sup>1</sup>

SEK thousand	31 Dec 2023		31 Dec 2022	
	Amount	Percent <sup>2</sup>	Amount	Percent <sup>2</sup>
<b>Capital requirement under pillar 1</b>				
CET1 capital requirement	681,473	4.5	555,733	4.5
Tier 1 capital requirement	908,631	6.0	740,977	6.0
Total capital requirement	1,211,508	8.0	987,970	8.0
<b>Capital requirement under pillar 2</b>				
CET1 capital requirement	91,531	0.6	90,516	0.7
Tier 1 capital requirement	122,042	0.8	120,689	1.0
Total capital requirement	162,722	1.1	160,918	1.3
- of which, concentration risk	135,850	0.9	126,072	1.0
- of which, currency risk	1,664	0.0	1,016	0.0
- of which, interest rate risk	25,208	0.2	33,830	0.3
<b>Total capital requirement under pillar 1 and pillar 2</b>				
CET1 capital requirement	773,004	5.1	646,249	5.2
Tier 1 capital requirement	1,030,673	6.8	861,666	7.0
Total capital requirement	1,374,230	9.1	1,148,888	9.3
<b>Institution-specific buffer requirement</b>				
Total buffer requirement	555,779	3.7	401,364	3.3
- of which, capital conservation buffer requirement	378,596	2.5	308,741	2.5
- of which, countercyclical buffer requirement	177,183	1.2	92,623	0.8
<b>Total capital requirement including buffer requirement</b>				
CET1 capital	1,328,784	8.8	1,047,613	8.5
Tier 1 capital	1,586,452	10.5	1,263,029	10.2
Total capital	1,930,009	12.7	1,550,251	12.6

<sup>1</sup> Comparative figures for 2022 refers to the parent company TF Bank AB since the consolidated situation occurred in the fourth quarter of 2023.

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

Note 31 cont.

#### THE PARENT COMPANY'S REGULATORY CAPITAL REQUIREMENTS

SEK thousand	31 Dec 2023		31 Dec 2022	
	Amount	Percent <sup>1</sup>	Amount	Percent <sup>1</sup>
<b>Capital requirement under pillar 1</b>				
CET1 capital requirement	672,392	4.5	555,733	4.5
Tier 1 capital requirement	896,522	6.0	740,977	6.0
Total capital requirement	1,195,363	8.0	987,970	8.0
<b>Capital requirement under pillar 2</b>				
CET1 capital requirement	84,641	0.6	90,516	0.7
Tier 1 capital requirement	112,855	0.8	120,689	1.0
Total capital requirement	150,473	1.0	160,918	1.3
- of which, concentration risk	128,880	0.9	126,072	1.0
- of which, currency risk	1,261	0.0	1,016	0.0
- of which, interest rate risk	20,332	0.1	33,830	0.3
<b>Total capital requirement under pillar 1 and pillar 2</b>				
CET1 capital requirement	757,033	5.1	646,249	5.2
Tier 1 capital requirement	1,009,377	6.8	861,666	7.0
Total capital requirement	1,345,836	9.0	1,148,888	9.3
<b>Institution-specific buffer requirement</b>				
Total buffer requirement	564,809	3.8	401,364	3.3
- of which, capital conservation buffer requirement	373,551	2.5	308,741	2.5
- of which, countercyclical buffer requirement	191,258	1.3	92,623	0.8
<b>Total capital requirement including buffer requirement</b>				
CET1 capital	1,321,842	8.8	1,047,613	8.5
Tier 1 capital	1,574,186	10.5	1,263,029	10.2
Total capital	1,910,645	12.8	1,550,251	12.6

<sup>1</sup> Capital requirements expressed as a percentage of the risk exposure amount.



Note 31 cont.

## OWN FUNDS

SEK thousand	Group <sup>1</sup>		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>CET1 capital</b>				
Share capital	107,500	107,500	107,500	107,500
Other reserves	1,972	87,416	38,938	87,416
Retained earnings including net profit for the period reviewed by the auditor	1,801,442	1,339,862	1,749,561	1,339,862
Adjustments to CET1 capital:				
- Deduction of foreseeable costs and dividends <sup>1</sup>	-	-	-	-
- IFRS 9 transitional arrangements	-	47,391	-	47,391
- Intangible assets <sup>2</sup>	-35,882	-50,556	-18,965	-50,556
- Goodwill	-12,753	-8,927	-7,652	-8,927
- Deferred tax assets that rely on future profitability	-4,969	-	-	-
- Insufficient coverage for non-performing exposures <sup>4</sup>	-40,281	-	-40,198	-
<b>Total CET1 capital</b>	<b>1,817,029</b>	<b>1,522,686</b>	<b>1,829,184</b>	<b>1,522,686</b>
<b>Additional Tier 1 capital</b>				
Perpetual subordinated loans	250,000	200,000	250,000	200,000
<b>Tier 2 capital</b>				
Fixed term subordinated loans	346,909	198,660	346,909	198,660
<b>Own funds</b>	<b>2,413,938</b>	<b>1,921,346</b>	<b>2,426,093</b>	<b>1,921,346</b>

<sup>1</sup> Comparative figures for 2022 refers to the Parent company TF Bank AB since the consolidated situation occurred in the fourth quarter of 2023.

<sup>2</sup> Deduction of dividends have been made in accordance with the Board of Directors' proposal to the Annual General Meeting.

<sup>3</sup> Deduction according to Commission Delegated Regulation (EU) 2020/2176.

<sup>4</sup> Deduction according to Regulation (EU) No 2019/630.

**SPECIFICATION OF THE GRUP'S RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT <sup>1</sup>**

Group SEK thousand	31 Dec 2023		31 Dec 2022	
	Risk exposure amount	Capital requirement 8 %	Risk exposure amount	Capital requirement 8 %
<b>Credit risk under the standardised approach</b>				
Corporate exposures	79,920	6,394	89,182	7,135
Household exposures	12,597,979	1,007,838	10,727,797	858,224
Secured by collateral	15,891	1,271	19,817	1,585
Exposures in default	926,385	74,111	428,269	34,262
Exposures to institutions with a short-term credit assessment	415,622	33,250	349,714	27,977
Equity exposures	144	12	525	42
Other items	171,647	13,732	77,057	6,165
<b>Total</b>	<b>14,207,588</b>	<b>1,136,607</b>	<b>11,692,361</b>	<b>935,390</b>
<b>Credit valuation adjustment</b>				
Standardised method	12,106	968	7,166	573
<b>Total</b>	<b>12,106</b>	<b>968</b>	<b>7,166</b>	<b>573</b>
<b>Market risk</b>				
Foreign exchange risk	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operational risk</b>				
Alternative Standardised Approach	924,157	73,933	650,096	52,008
<b>Total</b>	<b>924,157</b>	<b>73,933</b>	<b>650,096</b>	<b>52,008</b>
<b>Total risk exposure amount and total capital requirement</b>	<b>15,143,851</b>	<b>1,211,508</b>	<b>12,349,623</b>	<b>987,971</b>

<sup>1</sup> Comparative figures for 2022 refers to the Parent company TF Bank AB since the consolidated situation occurred in the fourth quarter of 2023.

**SPECIFICATION OF THE PARENT COMPANY'S RISK EXPOSURE AMOUNT AND CAPITAL REQUIREMENT**

Parent company SEK thousand	31 Dec 2023		31 Dec 2022	
	Risk exposure amount	Capital requirement 8 %	Risk exposure amount	Capital requirement 8 %
<b>Credit risk under the standardised approach</b>				
Corporate exposures	79,920	6,394	89,182	7,135
Household exposures	10,822,202	865,776	10,727,797	858,224
Secured by collateral	15,891	1,271	19,817	1,585
Exposures in default	847,714	67,817	428,269	34,262
Exposures to institutions with a short-term credit assessment	598,944	47,916	349,714	27,977
Equity exposures	1,614,702	129,176	525	42
Other items	70,988	5,679	77,057	6,165
<b>Total</b>	<b>14,050,361</b>	<b>1,124,029</b>	<b>11,692,361</b>	<b>935,390</b>
<b>Credit valuation adjustment</b>				
Standardised method	14,508	1,161	7,166	573
<b>Total</b>	<b>14,508</b>	<b>1,161</b>	<b>7,166</b>	<b>573</b>
<b>Market risk</b>				
Foreign exchange risk	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operational risk</b>				
Alternative Standardised Approach	877,166	70,173	650,096	52,008
<b>Total</b>	<b>877,166</b>	<b>70,173</b>	<b>650,096</b>	<b>52,008</b>
<b>Total risk exposure amount and total capital requirement</b>	<b>14,942,035</b>	<b>1,195,363</b>	<b>12,349,623</b>	<b>987,971</b>

## NOTE 32 Liquidity coverage

### 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 98 % (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	Group <sup>1</sup>		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Liquidity reserve <sup>2</sup></b>				
Treasury bills eligible for refinancing (EU-commission) <sup>3</sup>	1,322,471	551,188	1,322,471	551,188
Treasury bills eligible for refinancing (Sweden) <sup>3</sup>	1,129,677	24,908	1,030,550	24,908
Treasury bills eligible for refinancing (Finland) <sup>3</sup>	495,926	497,297	495,926	497,297
Treasury bills eligible for refinancing (Netherlands) <sup>3</sup>	440,823	499,306	440,823	499,306
Government securities eligible for refinancing (Norway) <sup>3</sup>	246,800	264,326	246,800	264,326
<b>Total liquidity reserve <sup>2</sup></b>	<b>3,635,697</b>	<b>1,837,025</b>	<b>3,536,570</b>	<b>1,837,025</b>
<b>Other available liquidity reserve</b>				
Cash and balances with central banks <sup>4</sup>	5,968	2,900	5,968	2,900
Loans to credit institutions <sup>4</sup>	1,562,740	1,370,161	1,142,989	1,370,161
<b>Total other available liquidity reserve</b>	<b>1,568,708</b>	<b>1,373,061</b>	<b>1,148,957</b>	<b>1,373,061</b>
<b>Total available liquidity reserve</b>	<b>5,204,405</b>	<b>3,210,086</b>	<b>4,685,527</b>	<b>3,210,086</b>
<b>Sources of financing</b>				
Deposits from the public	20,652,997	16,108,130	20,652,996	16,108,130
Subordinated liabilities	346,909	198,660	346,909	198,660
Tier 1 capital instrument	250,000	200,000	250,000	200,000
Equity attributable to shareholders	1,910,914	1,538,600	1,895,999	1,534,778
<b>Total sources of financing</b>	<b>23,160,820</b>	<b>18,045,390</b>	<b>23,145,904</b>	<b>18,041,568</b>
<b>Key figures</b>				
Available liquidity reserve / Deposits from the public	25	20	23	20
Liquidity coverage ratio, %	354	290	231	290
Net Stable Funding ratio, %	128	138	129	138

### REGULATORY LIQUIDITY REQUIREMENTS

	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Key figures</b>				
Liquidity coverage ratio, %	100	100	100	100
Net Stable Funding ratio, %	100	100	100	100

<sup>1</sup> Comparative figures for 2022 refers to the parent company TF Bank AB since the consolidated situation occurred in the fourth quarter of 2023.

<sup>2</sup> According to definition in FFFS 2010:7.

<sup>3</sup> Remaining term to maturity for treasury bills is up to 6 month. Maturity date for Norwegian government bonds is 19 Februari 2026.

<sup>4</sup> Excluding restricted cash and cash equivalents that are not available the next day.

**NOTE 33 Pledged assets, contingent liabilities and commitments**

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Pledged assets</b>				
Restricted bank deposits <sup>1</sup>	12,948	54,786	12,948	54,786
<b>Total</b>	<b>12,948</b>	<b>54,786</b>	<b>12,948</b>	<b>54,786</b>

SEK thousand	Group		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Commitments</b>				
Unutilised credit limits <sup>2</sup>	5,983,885	3,265,256	6,659,511	3,265,256
Future total minimum lease payments for non-cancellable operating leases	-	-	45,341	22,299
<b>Total</b>	<b>5,983,885</b>	<b>3,265,256</b>	<b>6,704,852</b>	<b>3,287,555</b>

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

**NOTE 34 Events after 31 December 2023**

No significant events after the end of the financial year.

**NOTE 35 Proposed appropriation of profit or loss**

SEK	
Tier 1 capital instrument	250,000,000
Foreign currency reserve	-1,277,723
Retained earnings	1,365,060,768
Profit for the year	384,501,389
	<b>1,998,284,434</b>
The Board proposes:	
to be carried forward	1,998,284,434
<b>Total</b>	<b>1,998,284,434</b>

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

<sup>2</sup> The amount for the Parent company includes unutilised credit limits to the subsidiary Avarda AB of SEK 676 million (-).

# FIVE-YEAR OVERVIEW

## KEY FIGURES

SEK thousand	Parent company				
	2023	2022	2021	2020	2019
<b>Income statement</b>					
Operating income	1,887,910	1,412,801	1,055,287	876,070	530,399
Operating expenses	-763,019	-611,229	-442,165	-340,755	-201,268
Net loan losses	-631,231	-367,569	-260,564	-272,676	-145,770
Operating profit	493,660	434,003	352,558	262,639	183,361
Profit for the year	384,501	340,805	277,206	202,719	161,748
<b>Balance sheet</b>					
Loans to the public	15,424,259	14,654,373	10,872,285	7,922,448	4,305,139
Deposit from the public	20,652,996	16,108,130	11,504,749	8,714,032	5,136,820
<b>Key figures</b>					
CET1 capital ratio, %	12.2	12.3	12.3	12.8	14.5
Tier 1 capital ratio, %	13.9	13.9	14.3	14.2	16.5
Total capital ratio, %	16.2	15.6	16.2	17.4	20.4
Employees (FTE)	322	290	236	187	114

See separate section with definitions and reconciliation tables, page 84-85.

# 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 users 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 Alternative Performance Measures are shown below.*

## **CET1 CAPITAL RATIO**

CET1 capital as a percentage of total risk exposure amount.

## **COST/INCOME RATIO**

Operating expenses divided by operating income.

## **EARNINGS PER SHARE**

Net profit for the year 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.

## **LIQUIDITY COVERAGE RATIO**

Total high-quality liquid assets divided by total net cash outflows.

## **NET LOAN LOSS RATIO <sup>1</sup>**

Net loan losses divided by average loans to the public.

## **NEW LENDING**

New loans (the cash flow) in the period, the amount is reduced by product returns.

## **NET STABLE FUNDING RATIO**

Total available stable funding divided by total required stable funding.

## **NUMBER OF ACTIVE CREDIT CARDS**

All issued cards at the last day of the period with balance above 0 or transaction in last 12 months prior to reporting date.

## **OPERATING INCOME MARGIN <sup>1</sup>**

Total operating income divided by average loans to the public.

## **RETURN ON ASSETS**

Net profit for the year attributable to the shareholders of the parent company divided by average total assets.

## **RETURN ON EQUITY <sup>1</sup>**

Net profit for the year attributable to the shareholders of the parent company as a percentage of equity attributable to the shareholders of the parent company.

## **RETURN ON LOANS TO THE PUBLIC <sup>1</sup>**

Net profit for the year attributable to the shareholders of the parent company divided by average loans to the public.

## **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 total sum of all purchases processed through TF Bank's payment solutions.

<sup>1</sup> From 2021, the denominator in the key figure is calculated as the year's opening balance plus closing balance, divided by two. The key figure was previously presented based on rolling 12 months. The change has been implemented to increase clarity regarding the current period's financial development and to follow the practice that has been developed by comparable banks listed on Nasdaq Stockholm. The comparative figures in this report have been restated according to the new presentation format.



# RECONCILIATION TABLES

## KEY FIGURES

SEK thousand	2023	2022	2021	2020	2019
<b>Income statement</b>					
<i>Earnings per share, SEK</i>	17.53	15.26	12.65	9.13	10.01
Net profit for the year attributable to the shareholder's of the Parent Company	376,853	328,099	272,072	196,195	215,160
Average number of outstanding shares, thousands	21,500	21,500	21,500	21,500	21,500
<b>Key figures <sup>1</sup></b>					
<i>Operating income margin, %</i>	12.3	11.1	11.2	12.1	14.0
Total operating income	1,998,121	1,412,324	1,054,654	875,523	768,864
Average loans to the public <sup>2</sup>	16,262,503	12,763,329	9,397,367	7,209,114	5,472,503
<i>Net loan loss ratio, %</i>	4.0	2.9	2.8	3.8	3.4
Net loan losses	656,851	367,569	260,564	272,676	188,634
Average loans to the public <sup>2</sup>	16,262,503	12,763,329	9,397,367	7,209,114	5,472,503
<i>Cost/Income ratio, %</i>	41.6	43.1	41.6	38.8	37.8
Total operating expenses	831,671	609,027	439,219	339,731	290,875
Total operating income	1,998,121	1,412,324	1,054,654	875,523	768,864
<i>Return on equity, %</i>	21.9	23.7	24.6	22.1	30.3
Net profit for the year attributable to the shareholder's of the Parent Company	376,853	328,099	272,072	196,195	215,160
Average equity attributable to the shareholder's of the Parent Company <sup>2</sup>	1,724,757	1,385,668	1,108,140	889,306	710,858
<i>Return on loans to the public, %</i>	2.3	2.6	2.9	2.7	3.9
Net profit for the year attributable to the shareholder's of the Parent Company	376,853	328,099	272,072	196,195	215,160
Average loans to the public <sup>2</sup>	16,262,503	12,763,329	9,397,367	7,209,114	5,472,503
<i>Return on assets, %</i>	1.8	2.1	2.3	2.1	3.0
Net profit for the year attributable to the shareholder's of the Parent Company	376,853	328,099	272,072	196,195	215,160
Average total assets <sup>2</sup>	21,161,608	15,895,316	11,815,570	9,342,607	7,256,168

<sup>1</sup> Calculation of capital and liquidity ratios is shown in Note 31 and 32.

<sup>2</sup> The average has been calculated as opening balance plus closing balance, divided by two.

# 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	Group <sup>1</sup>		Parent company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Available own funds</b>				
1 Common Equity Tier 1 capital (CET1)	1,817,029	1,522,686	1,829,184	1,522,686
2 Tier 1 capital	2,067,029	1,722,686	2,079,184	1,722,686
3 Total capital	2,413,938	1,921,346	2,426,093	1,921,346
<b>Risk-weighted exposure amount</b>				
4 Total risk exposure amount	15,143,851	12,349,623	14,942,035	12,349,623
<b>Capital ratios (% of risk-weighted exposure amount)</b>				
5 Common Equity Tier 1 ratio, %	12.0	12.3	12.2	12.3
6 Tier 1 ratio, %	13.6	13.9	13.9	13.9
7 Total capital ratio, %	15.9	15.6	16.2	15.6
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (% of risk-weighted exposure amount)</b>				
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage, %	1.1	1.3	1.0	1.3
EU 7b - of which, to be made up of CET1 capital, %	0.6	0.7	0.6	0.7
EU 7c - of which, to be made up of Tier 1 capital, %	0.8	1.0	0.8	1.0
EU 7d Total SREP own funds requirements, %	9.1	9.3	9.0	9.3
<b>Combined buffer and overall capital requirement (% of risk-weighted exposure amount)</b>				
8 Capital conservation buffer, %	2.5	2.5	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	N/A	N/A
9 Institution specific countercyclical capital buffer, %	1.2	0.8	1.3	0.8
EU 9a Systemic risk buffer, %	N/A	N/A	N/A	N/A
10 Global Systemically Important Institution buffer, %	N/A	N/A	N/A	N/A
EU 10a Other Systemically Important Institution buffer, %	N/A	N/A	N/A	N/A
11 Combined buffer requirement, %	3.7	3.3	3.8	3.3
EU 11a Overall capital requirements, %	12.7	12.6	12.8	12.6
12 CET1 available after meeting the total SREP own funds requirements, %	6.9	7.1	7.1	7.1
<b>Leverage ratio</b>				
13 Total exposure measure	24,150,038	19,013,626	24,102,610	19,013,626
14 Leverage ratio, %	8.6	9.1	8.6	9.1
<b>Additional own funds requirements to address risks of excessive leverage (% of leverage ratio total exposure amount)</b>				
EU 14a Additional own funds requirements to address the risk of excessive leverage, %	N/A	N/A	N/A	N/A
EU 14b - of which, to be made up of CET1 capital, %	N/A	N/A	N/A	N/A
EU 14c Total SREP Leverage ratio requirements, %	3.0	3.0	3.0	3.0
<b>Leverage ratio buffer and overall leverage ratio requirement (% of total exposure measure)</b>				
EU 14d Total SREP Leverage ratio requirements, %	N/A	N/A	N/A	N/A
EU 14e Overall leverage ratio requirements, %	3.0	3.0	3.0	3.0
<b>Liquidity Coverage Ratio</b>				
15 Total high-quality liquid assets (Weighted value – average)	3,641,665	1,842,575	3,542,538	1,842,575
EU 16a Cash outflows – Total weighted value	2,070,091	1,272,157	2,248,998	1,272,157
EU 16b Cash inflows – Total weighted value	1,042,366	637,160	714,735	637,160
16 Total net cash outflows (adjusted value)	1,027,725	634,997	1,534,263	634,997
17 Liquidity coverage ratio, %	354	290	231	290
<b>Net Stable Funding Ratio</b>				
18 Total available stable funding	18,626,082	16,567,159	18,638,335	16,567,159
19 Total required stable funding	14,553,355	11,984,167	14,472,386	11,984,167
20 NSFR ratio, %	128	138	129	138

<sup>1</sup> Comparative figures for 2022 refers to the Parent company TF Bank AB since the consolidated situation occurred in the fourth quarter of 2023.

# ASSURANCE BY THE BOARD OF DIRECTORS AND THE CEO

The Board of Directors and the Managing Director certify that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and the consolidated financial statements have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts, respectively, give a true and fair view of the financial position and results of operations of the Parent company and the Group. The Directors' Report for the Parent company and the Group, respectively, gives a true and fair view of the development of the Parent company's and the Group's operations, financial position and results and describes the significant risks and uncertainties faced by the Parent company and the companies included in the Group.

Borås, 14 March 2024

John Brehmer  
*Chairman*

Niklas Johansson

Michael Lindengren

Sara Mindus

Fredrik Oweson

Arti Zeighami

Joakim Jansson  
*CEO and President*

We submitted our Auditor's Report on 14 March 2024.

KPMG AB

Dan Beitner  
*Authorised Public Accountant  
Auditor in Charge*

# AUDITOR'S REPORT

To the general meeting of the shareholders of TF Bank AB (publ), corp. id 556158-1041

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of TF Bank AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 12-87 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article

5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### Provisions for loan losses

*See disclosure 16, 22 and accounting principles on pages 35-36 in the annual account and consolidated accounts for detailed information and description of the matter.*

Description of key audit matter	Response in the audit
TF Bank AB (publ)'s and its subsidiary's (the Group) lending comprises of non collateral loans to private individuals. Loans are granted in several countries through the Group's three business segments Consumer Lending, Ecommerce Solutions and Credit Cards. The Group's loans to the public amounted to SEK 17,871 (14,654) million on 31 December 2023, corresponding to 75 (80) % of the Group's total assets. The Group's reserves for loan losses in the loan portfolio amounted to SEK 1,055 (608) million.	We have tested the Group's key controls in the lending process and the process for loan loss provisions.  Controls tested included both manual controls and automatic controls in the Application system. We also tested general IT controls including authorisation Management for the relevant systems.
The reserves for loan losses in the Group's loan portfolio correspond to corporate management's best estimate of potentially occurring losses in the loan portfolio as per the balance-sheet date. For the Group there are complex calculations including critical judgements and estimates that are being made by management regarding the provisions for loan losses. This is the reason to why we believe that this is a key audit matter.	We have assessed the Group's interpretation of the IFRS 9 accounting standard in order to see that they have interpreted it in a reasonable way. We have tested the Group's key controls related to the loan loss provision process. We have also tested samples of the indata that goes into the Group's models and the reasonableness of the calculations and assumptions being made by the Group's management when computing the size of the loan loss provision. In our audit we have used our own credit modelling experts to assist us in the various audit procedures that we have performed. In addition we have assessed that the information presented in the annual report regarding the provisions for loan losses include enough information to provide the reader an understanding of the Group's estimates in this area.

### **Other Information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-11 and 94-118. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### **Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty

inty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Auditor's audit of the administration and the proposed appropriations of profit or loss**

#### **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing

Director of TF Bank AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### **Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### **Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member



of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

### **The auditor's examination of the Esef report**

#### **Opinion**

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for TF Bank AB (publ) for year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

#### **Basis for opinion**

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of TF Bank AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.



### **Auditor's responsibility**

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of TF Bank AB (publ) by the general meeting of the shareholders on May 3, 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2021.

Stockholm 14 March 2024  
KPMG AB

Dan Beitner  
*Authorised Public Accountant*  
*Auditor in Charge*

# CORPORATE GOVERNANCE REPORT



# CORPORATE GOVERNANCE REPORT

TF Bank AB (publ), corporate identity number 556158-1041

**Good corporate governance is the foundation of a well-functioning company where shareholders, employees and other stakeholders in the Bank's operating environment could have confidence in the Bank. Good corporate governance is about ensuring that the Bank's strategies and values are managed as efficiently and responsibly as possible, with good internal controls and tools for fair risk management.**

## INTRODUCTION

TF Bank AB (publ) is a Swedish public limited company whose shares have been listed on Nasdaq Stockholm's main market since 14 June 2016. TF Bank is licensed by the Swedish Financial Supervisory Authority to conduct banking operations and has its registered office in Borås, Sweden. Operations take place in Sweden and cross-border operations in Denmark, Lithuania, Germany, Austria, Spain, Ireland and the Netherlands in accordance with the Swedish Banking and Financing Business Act. The Bank also operates through bank branches in Norway, Finland, Estonia, Latvia and Poland.

TF Bank has four subsidiaries: Avarda AB, TFB Service UAB, TFB Service GmbH and TFBN Service S.L. Avarda AB is licensed by the Swedish Financial Supervisory Authority to conduct financing business and has operations in Sweden and through a branch in Finland.

TF Bank conducts banking operations and is under the supervision of the Swedish Financial Supervisory Authority. TF Bank complies with several laws and regulations pertaining to good corporate governance and control of the business, such as the Swedish Banking and Financing Business Act (2004:297), the Consumer Credit Act (2010:1846), the Swedish Companies Act (2005:551), the Annual Accounts Act (1995:1554), Act (1995:1559) on Annual Accounts in Credit Institutions and Securities Companies Act, the Swedish Corporate Governance Code ("the Code"), Nasdaq's rulebook for issuers and International Financial Reporting Standards. TF Bank also adheres to several regulations and general guidelines issued by the Swedish Financial Supervisory and the European Banking Authority (EBA).

TF Bank has prepared this Corporate Governance Report in accordance with the Annual Accounts Act and the Code.

## OWNERSHIP

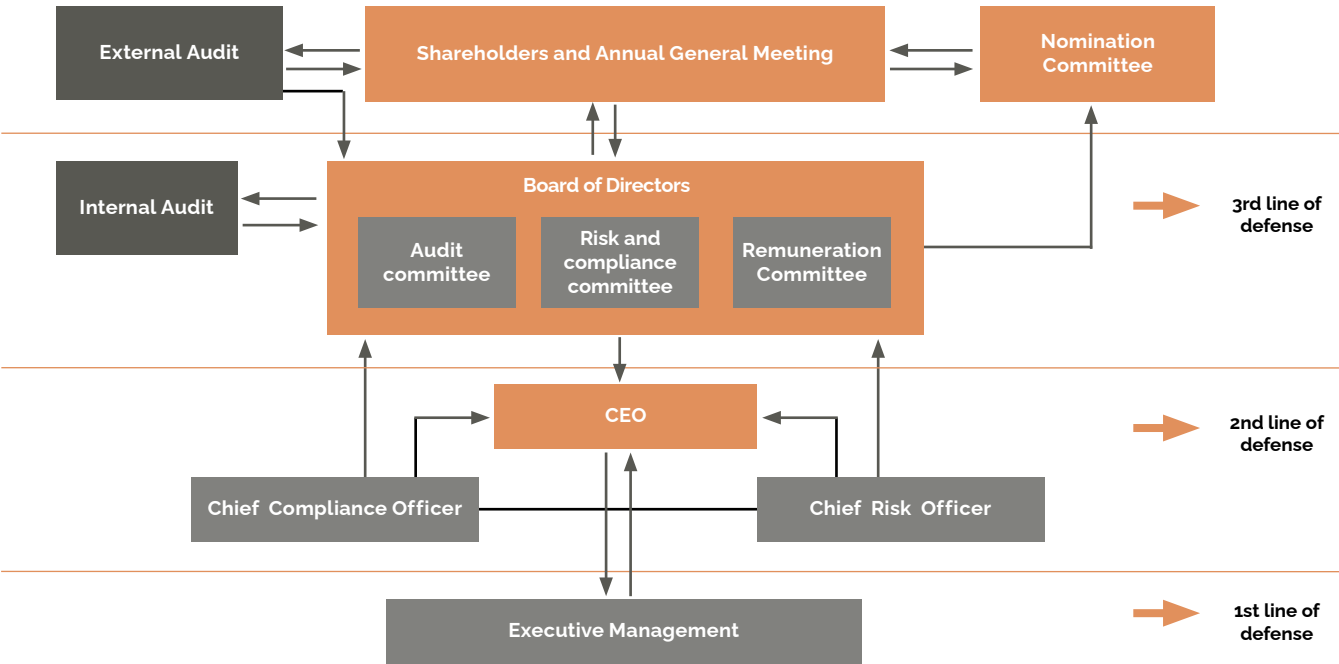
Ownership structure 31 December 2023:

	Owner	Number of shares	Share of equity, %
1	TFB Holding AB	6,517,375	30.31
2	Tiberon AB	3,239,291	15.07
3	Erik Selin Fastigheter AB	2,704,000	12.58
4	Proventus Aktiebolag	1,109,300	5.16
5	Nordnet Pensionsförsäkring AB	1,062,355	4.94
6	Jack Weil	922,019	4.29
7	Goldman Sachs International	535,995	2.49
8	Carnegie Micro Cap	388,009	1.80
9	Skandia Småbolag Sverige	263,631	1.23
10	Carnegie Småbolagsfond	259,922	1.21
11	Skandia livförsäkring	252,000	1.17
12	Avanza Pension	248,567	1.16
13	Nordea Nordic Small cap	205,326	0.96
14	The Bank of New York Mellon	203,806	0.95
15	Six Sis AG	201,500	0.94
16	Anders Klein	197,842	0.92
17	Futur Pension	187,380	0.87
18	AB Monarda	156,000	0.73
19	eQ Nordic Small Cap	151,027	0.70
20	Mattias Carlsson	149,432	0.70
	Other shareholders	2,545,223	11.82
	<b>Total</b>	<b>21,500,000</b>	<b>100.00</b>

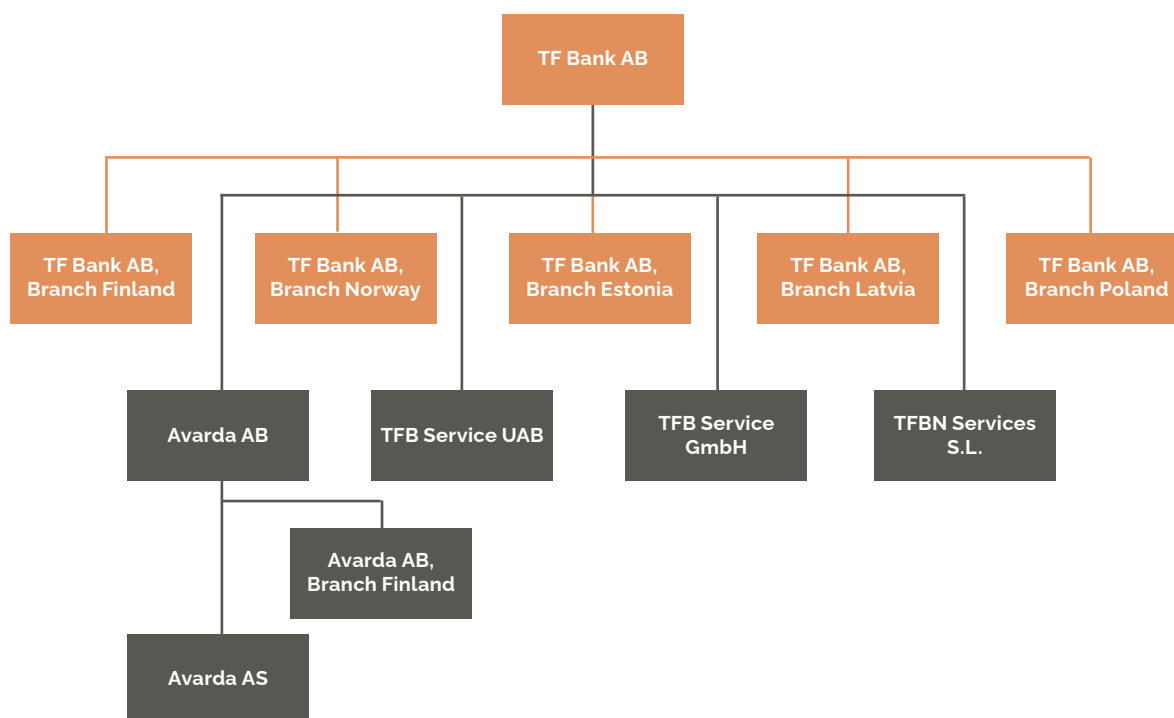
Source: Euroclear

The largest owner, TFB Holding AB, with a total holding of 30.31 % as at 31 December 2023, is represented on the Nomination Committee through Paul Källenius.

CORPORATE GOVERNANCE AND RISK MANAGEMENT IN TF BANK



## COMPANY STRUCTURE



List of companies included in consolidation for accounting and supervisory purposes:

Parent company	Subsidiaries	Corporate identity number	Interest	Consolidation (supervisory/consolidation)
TF Bank AB		556158-1041		
	Avarda AB	559310-4697	100%	Full/full
	Avarda AS	931 481 169	100%	Full/full
	TFB Service UAB	304785170	100%	Full/full
	TFBN Service GmbH.	HRB 208869 B	100%	Full/full
	TFB Service S.L.	B10781789	100%	Full/full

## ARTICLES OF ASSOCIATION

The Articles of Association are adopted by the AGM and contain mandatory information on the basic nature of TF Bank's operations. The Articles of Association, which are available on the Company's website [www.tfbankgroup.com](http://www.tfbankgroup.com), set out, inter alia, the kind of business to be conducted by the Company, the limits for the share capital, share classes and number of votes per share, as well as the number of Board members. The Articles of Association do not contain any provisions on the appointment or dismissal of Board members or on amendments to the Articles of Association.

## GENERAL MEETING OF SHAREHOLDERS

TF Bank's shareholders can exercise their decision-making rights at the General Meeting of Shareholders. According to the Swedish Companies' Act, the General Meeting is the Company's highest decision-making body. The General Meeting of Shareholders takes decisions as amendments to the Articles of Association, discharge from liability, adoption of balance sheets and income statements, dividends, election of board members and auditors and fees to board members and auditors. The Companies Act and Articles of Association contain rules governing the General Meeting and what this should include.

### Annual General Meeting 2023

The Annual General Meeting (AGM) was held on 3 May 2023 in Stockholm, Sweden, and voting can take place either in person or by post. The AGM was conducted by postal voting in advance, without physical participation. The AGM voted in accordance with the submitted proposals on all matters. Among other things, the AGM resolved not to pay any dividend for the financial year 2022 and that unappropriated earnings of SEK 1,539,497,849 should be carried forward. The AGM also discharged the members of the Board of Directors and the CEO from liability for the financial year 2022.

The AGM resolved that the Board should consist of six members. The AGM resolved to re-elect John Brehmer, Sara Mindus, Michael Lindengren, Niklas Johansson and Fredrik Oweson as members of the Board of Directors and Arti Zeighami was elected as a new member of the Board of Directors. Mari Thjømøe left the Board of Directors. John Brehmer was re-elected as Chairman of the Board. KPMG AB was re-elected as accounting firm for the period until the end of the 2024 AGM, with the authorised public accountant Dan Beitner as auditor in charge.

The AGM resolved to authorise the Board, on one or more occasions, to decide on new share issues, with or without deviation from shareholders' preferential rights, until the next AGM. The number of shares issued pursuant to the authorisation may not exceed an increase of twenty percent of the share capital based on the share capital of the Company at the time of the AGM 2023. It was also resolved to authorise the Board of Directors, to decide on the acquisition and transfer of own shares. A maximum of so many shares may be acquired that the Company's holdings, including shares that have otherwise been acquired and held, will not exceed five percent of all shares in the Company.

The AGM resolved to adopt Share programme 2023 in accordance with the Board of Directors' proposal. The programme has a three year duration and means that senior executives, certain other directors, key persons and specialists, in aggregate up to 28 persons, conditional upon that that certain terms are met, may receive up to a total of 26,000 shares in TF Bank provided that they have acquired a corresponding number of shares.

The full Articles of Association as well as minutes and information regarding the 2023 AGM are available at [www.tfbankgroup.com](http://www.tfbankgroup.com).

### NOMINATION COMMITTEE

According to a resolution by the 2021 AGM on the appointment of the Nomination Committee, the three largest shareholders in terms of voting power who wish to participate in the Nomination Committee

will have the right to appoint one member each. The member representing the largest shareholder should be appointed Chairman of the Nomination Committee. The members of the Nomination Committee were appointed on the basis of the ownership structure as at 31 August 2023.

The Nomination Committee shall prepare proposals in the following matters to be submitted to the AGM:

- Proposal for a Chairman for the general meeting;
- Proposal for the Board of Directors;
- Proposal for Chairman of the Board;
- Proposals for Board fees with the distribution between the Chairman and other Board members, and fees for Committee work;
- Proposals for auditors; and
- Proposal for remuneration to the Company's auditors

The Nomination Committee shall apply Regulation 4.1 of the Code for the preparation of a proposal for the Board of Directors, in order to achieve a balanced Board composition in terms of broad range of qualifications.

The Nomination Committee ahead of the AGM in 2024 comprises:

- Paul Källenius, representing TFB Holding AB
- Erik Selin, representing Erik Selin Fastigheter AB
- Jonas Weil, representing Proventus Aktiebolag
- John Brehmer, Chairman of the Board of TF Bank AB

Paul Källenius has been appointed Chairman of the Nomination Committee.

Tiberon AB, the second largest shareholder, declined to be represented in the Nomination Committee. However, Tiberon AB's board member John Brehmer is a member of the Nomination Committee in his capacity as Chairman of TF Bank.

The composition of the Nomination Committee was disclosed through a press release and on the Company's website on 30 October 2023.

### BOARD OF DIRECTORS

The Board of Directors has the ultimate responsibility for TF Bank's organisation and management. In addition, the Board shall supervise the CEO and ensure that TF Bank's financial position is examined in a satisfactory manner. The decisions taken by the Board should seek to promote shareholders' interests with respect to value generation and returns. The Board's duties and working methods are governed by the Companies Act, the Articles of Association and the Board's Rules of Procedure. The duties and work of the Board of TF Bank as a regulated company are also governed by the Banking and Financing Business Act.

The responsibilities and duties of the Board of Directors include establishing objectives and strategies for the Company's operations, striving to ensure that the organisation and operations of the Company's business are characterised by internal governance and control, preparing internal regulations on risk management and risk control and regularly following up compliance, ensuring that there is an audit function and monitoring the Company's financial position. Furthermore, it is the task of the Board of Directors to appoint the CEO, adopt instructions for the CEO's work and monitor the outcome of this work. The Board of Directors receives regular reports from internal and external auditors and from the CEO and CFO.

The Board of Directors is responsible for considering TF Bank's risk-taking and has established rules for a resolutions procedure, financial reporting and financing. There are also guidelines for work in other areas such as: environment, ethics, quality, information, staff, IT and security monitoring and communication.

The Board's work follows annually established rules of procedure which comprise the matters to be dealt with by the Board at each ordinary meeting and the division of duties within the Board, with special commitments for the Chairman. The rules of procedure also set out rules for financial reporting to the Board and more detailed rules for the responsibilities and powers of the CEO.

According to the Articles of Association, the Board of Directors should comprise not less than three and not more than ten ordinary members. Information about the Board representatives is available at [www.tfbankgroup.com](http://www.tfbankgroup.com) and on page 117.

### Significant matters

In 2023, the Board held 14 meetings, of which nine were ordinary meetings (four physical and five telephone meetings), two extra telephone meetings and three meetings that were held by correspondence.

Date	Significant matters raised at the board meetings
2023-01-11	Decision to appoint the CEO
2023-01-19	Year-end report January-December 2022
2023-02-18	Resolution on T2 instruments
2023-03-17	Adoption of the annual accounts for 2022 and Pillar 3 report. Resolution to convene the Annual General Meeting on 3 May 2023 and complete the notice.
2023-04-16	Interim Report Q1 2023 and adoption of the IKLU
2023-05-17 (const.)	Resolution on rules of procedure for the Board of Directors, including rules of procedure for the Remuneration, Audit, Risk and Compliance Committees, as well as instructions for the CEO. It was also decided on the Company's signatories.
2023-06-07	Decisions on ongoing projects
2023-06-15	Updating policies
2023-07-12	Interim Report Q2 2023 and decision to appoint Chief Risk Officer
2023-09-18-2023-09-19	Strategy discussion and updating of policies
2023-09-26	Decision on incorporation of Avarða
2023-10-17	Interim Report Q3 2023
2023-11-07	Decision to appoint Chief Compliance Officer
2023-12-14	The budget for 2024 was approved. Decision to adopt the activity plan for the risk and compliance functions in 2024 and to appoint the person responsible for the internal audit function.

Board attendance was as follows:

Board member	Independent of major shareholders	Attendance
John Brehmer (Chairman)	No	14 of 14
Sara Mindus	Yes	14 of 14
Michael Lindengren	Yes	13 of 14
Niklas Johansson	Yes	14 of 14
Fredrik Oweson	Yes	14 of 14
Arti Zeighami (new elected at the AGM)	Yes	9 of 14
Mari Thjømøe (resigned at the AGM)	Yes	5 of 14

Outgoing CEO Mattias Carlsson participated in the meetings 11/1, 19/1, 17/3 and 16/4 and CEO Joakim Jansson in all meetings from 15/6. CFO Mikael Meomuttel has participated in all meetings.

### Reporting to the Board of Directors and Board committees

The Board of Directors receives a monthly financial report, including balance sheet and income statements as well as information on the Company's capital and liquidity situation. Additionally, the CEO, CFO and the risk control, compliance and credit risk functions report directly to the Board of Directors.

The overarching responsibilities of the Board of Directors cannot be delegated but the Board of Directors is assisted by three committees: The Remuneration Committee, the Audit Committee and the Risk and Compliance Committee.



## Remuneration Committee

The Remuneration Committee's main role is to support the Board in its work to ensure that risks associated with TF Bank's remuneration system are measured, managed and reported. The Remuneration Committee is also responsible for assisting the Board in establishing standards and principles for decisions on remuneration of TF Bank's staff and Executive Management and in ensuring that the remunerations systems are compatible with applicable laws and regulations. The Board of Directors decides on remuneration of the CEO, Deputy CEO, Compliance Officer and Chief Risk Officer following the preparatory work of the Remuneration Committee.

The Remuneration Committee shall prepare a remuneration policy for the Company and present it to the Board of Directors for approval. At least once a year, the Board of Directors must adopt a remuneration policy covering all TF Bank staff in accordance with the Swedish Financial Supervisory Authority's regulations on remuneration systems in credit institutions and investment firms. Adoption of the remuneration policy is based on an analysis that is performed annually in order to identify employees whose work has had a significant impact on TF Bank's risk profile.

The remuneration policy stipulates that remuneration and other benefits must be competitive in order to promote TF Bank's long-term interests and to discourage excessive risk-taking. A more detailed description of remuneration paid in 2023 can be found on TF Bank's website: [www.tfbankgroup.com](http://www.tfbankgroup.com). The Remuneration Committee shall meet at least twice a year and otherwise when required. Minutes shall be taken at each meeting and shall be provided to all board members.

At the Board meeting on May 17, the Board of Directors appointed the Remuneration Committee by re-electing John Brehmer and Fredrik Oweson.

Board member Fredrik Oweson was appointed Chairman of the Remuneration Committee.

In 2023, the Remuneration Committee held two minuted meetings. Attendance at Committee meetings was as follows:

Board member	Attendance
Fredrik Oweson (Chairman)	2 of 2
John Brehmer	2 of 2

## Audit Committee

The Audit Committee is responsible for the preparation of the Board's work on quality assurance of the Company's financial reporting, internal control and risk management. The Audit Committee carries out

the preparatory work by looking at critical accounting issues and the financial reports submitted by the Company.

In addition, the Audit Committee shall meet with the Company's auditor on a regular basis to monitor adherence to accounting policies, obtain information about changes in current regulations as well as information about the focus and scope of the audit, and to discuss coordination of the external and internal audit and the view of the Company's risks. The Audit Committee shall also review and monitor the impartiality and independence of the auditor, paying particular attention to whether the auditor provides the Company with services other than audit services.

The Audit Committee shall also evaluate the work carried out by the auditor and inform the Company's Nomination Committee of the outcome of the evaluation and assist the Nomination Committee in the preparation of proposals for auditor and setting the fee for the audit work. The Audit Committee shall meet at least four times per financial year and otherwise as required. Minutes must be taken at each meeting and be distributed to all Board members.

At the Board meeting held on May 17, the Board of Directors appointed the Audit Committee by re-electing John Brehmer, Michael Lindengren and Niklas Johansson.

Board member Michael Lindengren was re-elected as Chairman of the Audit Committee.

In 2023, the Audit Committee held seven minuted meetings. Attendance at Committee meetings was as follows:

Board member	Attendance
Michael Lindengren (Chairman)	7 of 7
John Brehmer	7 of 7
Niklas Johansson	7 of 7

CFO and Head of Group Accounting have participated in all meetings, CEO, Head of Internal Control and auditor-in-charge from KPMG have participated in several meetings.

## Risk and Compliance Committee

The Risk and Compliance Committee is responsible for preparing and following up issues concerning risk management, regulatory compliance, capitalisation and liquidity management. The Committee shall address the Company's overall current and future risk appetite and risk strategy and assist the Board when it monitors the executive management's implementation of the strategy.



The Risk and Compliance Committee shall ensure that the products that the Company offers its customers take into account the Company's Business model and risk strategy. If the prices do not correctly reflect the risks in accordance with the business model and the risk strategy, the Risk and Compliance Committee shall draw up an action plan for the Board.

The Risk and Compliance Committee shall meet at least four times a year and otherwise as required. Minutes shall be drawn up at each meeting and shall be sent to all board members.

At the Board meeting on 17 May, it was decided to elect all Board members as Board members of the Risk and Compliance Committee Niklas Johansson was re-elected as Chairman of the Committee.

During 2023, the Risk and Compliance Committee had four minuted meetings. The participation in the committee work has been as follows:

Board member	Attendance
Niklas Johansson (Chairman)	4 of 4
John Brehmer	4 of 4
Sara Mindus	4 of 4
Fredrik Oweson	4 of 4
Michael Lindengren	3 of 4
Arti Zeighami (new elected at the AGM)	2 of 4
Mari Thjømøe (resigned at the AGM)	1 of 4

TF Bank's Chief Compliance Officer, Chief Risk Officer and Chief Credit Risk Officer have participated in all meetings. Chief Information Security Officer, CEO and CFO have attended some meetings.

#### Remuneration of Board members

The 2023 AGM resolved on the following remuneration for Board members:

- Chairman of the Board SEK 1,200,000,
- Other members of the Board SEK 400,000,
- Chairman of the Audit Committee SEK 150,000,
- Other members of the Audit Committee SEK 75,000,
- Chairman of the Remuneration Committee SEK 100,000,
- Other members of the Remuneration Committee SEK 50,000,
- Chairman of the Risk and Compliance Committee SEK 150,000,
- Other members of the Risk and Compliance Committee SEK 75,000.

#### Evaluation of the Board's work

The Board of Directors regularly performs a systematic evaluation where Board members are offered the opportunity to give their views on working methods,

Board materials, their own and other members' contributions to the Board's work in order to develop the work performed by the Board, and to provide the Nomination Committee with relevant information required for decisions ahead of the AGM. The evaluation before the AGM in 2024 was carried out and the results of the evaluation have been presented to the Board of Directors and Nomination Committee.

#### CEO AND EXECUTIVE MANAGEMENT

The CEO is responsible for the management of the Company in accordance with the Swedish Companies Act and the instructions of the Board of Directors. The CEO is responsible for keeping the Board informed about the Company's operations and for ensuring that the Board is provided with as true and accurate information as possible as basis for decisions.

As at December 31, 2023, TF Bank's Executive Management comprised of Joakim Jansson (CEO), Mikael Meomuttel (CFO) and Espen Johannesen (COO).

Further information about Executive Management representatives is available at [www.tfbankgroup.com](http://www.tfbankgroup.com) and on page 118.

#### Remuneration of senior executives

The guidelines for remuneration of senior executives comprise CEO, CFO and other members of the Executive Management. The guidelines shall be applied on remuneration which has been agreed upon, and changes made to already agreed remuneration, after the guidelines have been adopted by the AGM. The AGM in 2021 adopted the following guidelines for remuneration of TF Bank's senior executives:

#### **Guidelines for promoting the Bank's business strategy, long-term interests and sustainability**

TF Bank is a digital bank offering consumer banking services and e-commerce solutions through a proprietary IT platform with a high degree of automation. The platform is designed for scalability and adaptability to different products, countries, currencies and digital banking solutions. TF Bank prioritises organic growth under controlled conditions and expansion is taking place in carefully selected segments and markets. The business is conducted in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany, Austria, Spain, Ireland and the Netherlands through subsidiary, branch or cross-border banking with the support of the Swedish banking license. The business is divided into three segments: Consumer Lending, Credit Cards, and Ecommerce Solutions.

A successful implementation of the Bank's business strategy and the safeguarding of the Bank's long-term interests, including sustainability, requires

the Bank to be able to recruit and retain qualified members of staff. This means that the Bank must be able to offer a competitive remuneration package. The guidelines enable the Bank to offer a competitive remuneration package to its executive management.

Variable cash remuneration which are compromised by these guidelines should aim to promote the Company's business strategy and long-term interests, including its sustainability.

#### ***The forms of remuneration, etc.***

The remuneration shall be competitive and may comprise the following components: fixed salary, variable remuneration, pensions and other economic benefits. In addition, the Annual General Meeting may decide upon, for example, share- and share price-related remuneration.

The fulfilment of criteria for variable cash remuneration must be measurable over a time period of one or several years. The variable cash remuneration may amount to a maximum of 100 % of the total fixed salary during the measurement period.

Furthermore, the following applies in accordance with the regulations in place with regards to remuneration in banks. Variable remuneration can be emanated in the form of shares, and there shall be a limit to the maximum result. Payment of variable remuneration shall be postponed and be made conditional on that the criteria on which the remuneration is based was shown to be sustainable in the long-term and on that the Bank's position has not declined substantially. If the conditions for payment are not met, the remuneration shall be cancelled in whole or in part.

Pension benefits, including health insurance, shall be premium-determined, insofar as the executive is not covered by a collective bargaining agreement and/or premium based benefit. Pension premiums for defined contribution schemes may amount to a maximum of 25 % of pension-based income.

Regarding employment conditions that are governed by rules other than Swedish, in so far as pension benefits and other benefits are concerned, appropriate adjustments are made to comply with such mandatory rules or fixed local practices, whereby the general purpose of these guidelines should be met as far as possible.

#### ***Termination of employment***

In the event of termination of employment by the Bank, the notice period may not exceed 12 months. Fixed salary during the notice period and severance pay may not, in total, exceed an amount corresponding to the fixed salary for 6-12 months. In the event of termination by the executive, the notice period may not exceed six months, and there will be no right to receive severance pay.

Furthermore, compensation for any commitment to restrict competition may be received. Such remuneration shall compensate for any loss of income and shall only be paid to the extent that the former executive has no right to severance pay. The remuneration shall be based on the fixed salary at the time of termination and shall be paid during the period subject to the restriction of competition, which shall not exceed 6-12 month after termination of employment.

#### ***Criteria for distributing variable remuneration***

The variable remuneration shall be linked to pre-determined and measurable criteria that may be financial or non-financial. The criteria may also be individualised quantitative or qualitative goals. The criteria must be designed to promote the Bank's business strategy and long-term interests including its sustainability, for example by having a clear link to the business strategy or promoting the long-term development of the executive.

When the measurement period for fulfilment of the criteria for payment of variable remuneration has been completed, the extent to which the criteria have been met shall be assessed and determined, respectively. The Board of Directors are responsible for such an assessment in respect of variable cash remuneration to senior executives. The fulfilment of financial criteria must be determined based on the latest financial information published by the Company.

#### ***Salary and terms of employment for the employees***

In preparing the Board's proposal for these remuneration guidelines, salaries and terms of employment for the Bank's employees have been considered in that information about employees' total remuneration, the components of the remuneration and the increase and rate of remuneration over time have been part of the Board's decision when evaluating the reasonableness of the guidelines and the limitations that follow.

#### ***The decision-making process to establish, review and implement the guidelines***

The Board of Directors shall establish proposals for new guidelines when there is a need for significant changes, at least every 4 years. The proposals shall be submitted for the resolution at the AGM. The guidelines shall apply until new guidelines have been adopted by the AGM. The board shall also follow and evaluate programs for variable remuneration for the executives, the application of guidelines for remuneration senior executives, as well as current remuneration structures and remuneration levels in the Bank. The CEO and other members of executive management shall not attend board meeting when decisions are being made about remuneration-related issues, insofar as they are affected by the issues.

### ***Deviations from the guidelines***

The Board of Directors may decide to temporarily deviate from the guidelines, in whole or part, if there are special reasons that motivate such action in an individual case and deviation is necessary to meet the Bank's long-term interests, including sustainability, or to ensure the Bank's financial viability.

### **Commission-based compensation for senior executives**

In 2023, commission-based compensation amounted to SEK 0 thousand (300). Additional commission-based compensation is paid on the basis of individual attainment of financial targets established for the year. TF Bank has ensured that all targets related to commission-based compensation for the fiscal year can be measured in a reliable way. None of the commission-based compensation payments are qualifying payments for pension purposes.

### **INTERNAL GOVERNING DOCUMENTS**

In addition to laws, ordinances, regulations, etc. TF Bank has a number of internal governing documents relating to daily management. These have been adopted by the Board of Directors, CEO or other managers and include the Articles of Association, the Board of Directors' Rules of Procedure, instructions for the Board's three committees, instructions for the CEO and financial reporting to the Board, insider policy, risk management policy, credit policy, remuneration policy, management of ethical issues and conflicts of interest (code of conduct), outsourcing, business continuity, liquidity management, financial policy, capital policy, governing documents for risk control, compliance and internal audit, handling of complaints and anti-money laundering and terrorist financing policy. All governing documents are available on the intranet.

### **EXTERNAL AUDITORS**

The Company's external auditors are appointed by the AGM. It is the responsibility of the external auditors to review the Annual Report and the financial statements, as well as the work of the Board of Directors and the CEO. In 2023, KPMG AB was appointed auditor of the Company with Authorised Public Accountant Dan Beitner as auditor in charge.

Information about fees and reimbursement of expenses for the auditors is presented in Note 10.

### **INTERNAL CONTROL AND RISK MANAGEMENT**

#### **First line of defence**

Group management sets the framework how the business should be organised in order to be as efficient as possible from both a risk management and profitability perspective. Based on the needs of the Group's three business areas, Consumer Lending, Credit Cards and Ecommerce Solutions, Group Man-

agement appoints functions and controls to secure data and inform decisions.

Risk management is based on business areas and includes all employees. Unit/function managers in the first line of defence are responsible for day-to-day risk management and regulatory compliance, as well as for taking appropriate action in the event of deviations. Reporting is done to the immediate manager, the Compliance function, risk control or the CEO.

#### **Second line of defence - Compliance and Risk Control**

The independent control functions Compliance, Information Security and Risk Control examine, evaluate and report to the Executive Management and the Board of Directors regarding risks and compliance. The work of the three functions is governed by instructions established by the Board of Directors. The control functions in the second line of defence are responsible for reviewing risk management and compliance in the first line of defence but should also provide support for the latter.

An independent review of compliance with external and internal regulations is carried out by the Compliance function in accordance with applicable laws and regulations in the countries where TF Bank has operations, as well as the Swedish Financial Supervisory Authority's (or equivalent) regulations and general guidelines on governance and control in credit institutions. The Compliance function is organised under the CEO and reports directly to the Board of Directors and is regularly reviewed by the internal audit function. TF Bank's Chief Compliance Officer is Magnus Wahlkvist. The Compliance function is independent of all business units and support functions.

Independent risk control and monitoring of risk management in TF Bank is carried out by the internal independent Risk Control function in accordance with current risk practice, the Swedish Financial Supervisory Authority's regulations and general guidelines on governance, risk management and control in credit institutions as well as applicable guidelines and recommendations issued by the EBA. The Risk Control function is also organised under the CEO and reports directly to the Board of Directors and is regularly reviewed by the internal audit function. Reporting to the Board of Directors covers the Company's capital position, liquidity risk, credit risk, market risk and operational risk, including any incidents.

TF Bank's Chief Risk Officer is Jonas Danielsson. The Risk Control function seeks to ensure that all risks in the business are identified and highlighted. The function's responsibilities include independent monitoring and analysis of how risks at an aggregate level develop over time, and to report on these to the Board of Directors and management. The function's responsibilities also include contributing

to the development of risk management processes, for instance by providing methods for identification, measurement, analysis and reporting of risks. The Risk Control function works independently of all business units and support functions.

### **Third line of defence - Internal audit**

TF Bank's internal audit is an independent audit function, reporting directly to the Board of Directors. The internal audit is primarily responsible for providing the Board of Directors with reliable and objective evaluation of risk management, financial reporting and control and governance processes in order to reduce the occurrence of risks and improve the control structure. TF Bank's internal audit is carried out by Harvest Law firm and the person principally responsible for the task was Björn Wendleby. The audits are performed according to an audit plan adopted by the Board of Directors.

The internal audit function reviews and assesses whether systems, internal controls and procedures are appropriate and effective and issues recommendations and monitors adherence to the recommendations. In 2023, the audit performed by the internal audit function in addition to the mandatory areas included TF Bank's handling of the requirements related to the regulations regarding compensation systems, management of credit risks, and measures against money laundering and financing of terrorism.

The Board of Directors issues and revises all the policies that form the framework for the business at least once a year.

### **INFORMATION IN ACCORDANCE WITH CHAPTER 6, SECTION 2 OF THE ACT (2014:968) ON SPECIAL SUPERVISION OF CREDIT INSTITUTIONS AND INVESTMENT FIRMS AND CHAPTER 8, SECTION 2 OF THE FINANCIAL SUPERVISORY AUTHORITY'S REGULATIONS ON PRUDENTIAL REQUIREMENTS AND CAPITAL BUFFERS (FFFS 2014:12)**

Avarda AB, TFB Service UAB, TFB Service GmbH and TFBN Service S.L. are 100 % owned by TF Bank. All companies are wholly owned subsidiaries and as the sole shareholder, TF Bank is able to control the companies by exercising its voting rights at the AGM. Through its shareholding, TF Bank is also able to determine the board that is elected at each company's AGM.

### **THE BOARD OF DIRECTORS' DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT RELATING TO FINANCIAL REPORTING**

The Board of Directors is responsible for the internal control of TF Bank AB and its subsidiaries according to the Swedish Companies Act and the Swedish Annual Accounts Act.

Internal control relating to financial reporting is a process designed to provide reasonable assurance regarding the reliability of external financial reporting and whether the financial statements are prepared in accordance with generally accepted accounting principles, applicable laws and regulations and other requirements for companies whose negotiable debt instruments are admitted to trading on a regulated market. The internal regulatory framework of policies, instructions and procedure and process descriptions constitutes the primary tool for safeguarding financial reporting. The effectiveness and practicality of control mechanisms are reviewed on an annual basis by the control functions and internal audit function.

The internal control activities form part of TF Bank's administrative procedures. TF Bank's internal control is based on a control environment that covers values and management culture, follow-up, a clear and transparent organisational structure, segregation of duties, the duality principle and quality and efficiency of internal communications. The basis for internal control of financial reporting also comprises a control environment covering organisation, decision-making pathways, powers and responsibilities that are documented and communicated in governing documents and job descriptions for control functions.

TF Bank takes a proactive approach to risk management, focusing on ongoing controls and training. Risk management is an integral part of the business. The control activities include both general and detailed controls intended to prevent and detect errors and discrepancies so that these can be rectified. The control activities are developed and documented at company and departmental level, at an appropriate level based on the risk of errors and the effect of such errors. The executive management appoints managers responsible for each function who in the first instance are responsible for managing the risks associated with the activities and financial reporting processes of their department (so-called "first line of defence").

The procedures and processes relating to financial reporting are also controlled by TF Bank's Risk Control function ("second line of defence"). The control consists of an assessment of whether existing procedures and processes are adequate and of spot checks.

Monthly financial reports are submitted to the Board of Directors and the financial position of the Company is discussed each board meeting. The Board of Directors receives a report from the Risk Control function and the Compliance function prior all scheduled meetings.

### **FURTHER INFORMATION**

Further information regarding corporate governance in TF Bank is available at [www.tfbankgroup.com](http://www.tfbankgroup.com).

## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the Annual General Meeting of TF Bank AB (publ), corporate identity number 556158-1041.

### Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2023 on pages 93 - 103 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

### Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm 14 March 2024  
KPMG AB

Dan Beitner  
*Authorised Public Accountant*  
*Auditor in Charge*



A photograph of a modern office interior. In the foreground, a wooden table holds a laptop, a smartphone, and some papers. A white chair is partially visible. In the background, a large window offers a view of a city skyline with various buildings. A potted plant is on the left side of the frame.

# SUSTAINABILITY REPORT

# SUSTAINABILITY REPORT

This is TF Bank's statutory Sustainability Report for the financial year 2023. The report comprises the Parent company TF Bank AB (publ) corporate identity number 556158-1041 including subsidiaries.

**At TF Bank, our goal is to contribute to financial inclusion by offering responsible lending. In a functioning economy, responsible lending is a necessary and important product category. We want to give our customers the opportunity to access the products and services they are in need of in a sustainable and responsible way. In December 2020, TF Bank's Board of Directors adopted a sustainability program with four focus areas, which are described in more detail in this report.**

## **Business model**

TF Bank offers unsecured consumer loans to creditworthy individuals, digital payment solutions for both brick-and-mortar retailers and online retailers, credit cards for creditworthy individuals and savings accounts with competitive interest rates. Our marketing strategy consists of providing easily available, straight-forward savings and credit products without complex terms and conditions and with high availability. Our offering and our processes are to the greatest extent digital and automated. We continuously develop, adapt, and improve our digital processes to achieve our goal of organic growth and to be accessible to creditworthy individuals.

TF Bank operates in the Nordics, the Baltics, Poland, Germany, Austria, Spain, Ireland and the Netherlands. It is important for the Bank to have the capacity to provide personal service when requested. TF Bank has local presence in nine of the thirteen countries where TF Bank operates, while support functions are located at the headquarters in Borås and at the Bank's office in Gdansk.

## **Sustainability governance**

The Board of Directors adopts the sustainability policy and approves the Sustainability Report and is hence ultimately responsible for the Bank's sustainability work. The CEO decides on the sustainability strategy, including plans, goals and performance indicators, and report these to the Board. The sustainability policy is adopted on a yearly basis and includes all sustainability aspects according to the Swedish Annual Accounts Act: environment, social sustainability, employees, anti-corruption and human rights, and describes our work and governance relating to sustainability. The sustainability policy also describes the importance of integrating sustainability in the operations.

## **Significant events during 2023:**

- During the year, TF Bank prepared a climate report for 2023.
- Through its collaboration with the UN Global Compact, TF Bank conducted a Communication on Progress (CoP) in 2023.

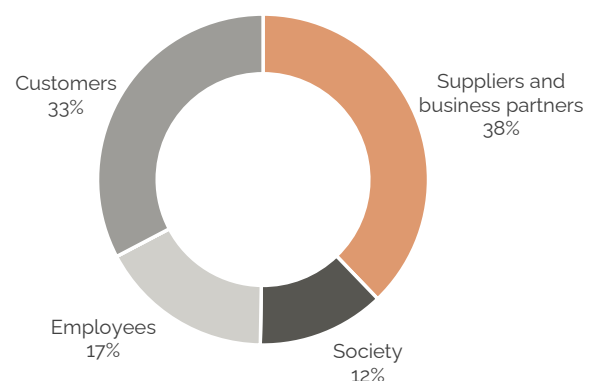
# TF BANKS SUSTAINABILITY PROGRAM

TF Banks sustainability program aims to integrate sustainability throughout the entire organisation. The sustainability program includes four sustainability areas: responsible lending, business ethics and governance, attractive employer and climate change. These areas have been assessed as the most material in regards to TF Bank's impact on the environment. Within each area, there are also a number of measurable key figures that show the development over time. In addition to the four focus areas, the Bank engages in selected social partnerships. The diagram below illustrates how TF Bank integrates sustainability and how sustainability efforts are linked to the UN's Sustainable Development Goals. Read more about TF Bank's materiality analysis on page 108.



## Economic values

TF Bank generates economic values for most of its stakeholder groups: Lending customers in the form of financial inclusion, deposit customers in the form of interest payments, employees in the form of salaries, suppliers and business partners for purchases of services, shareholders in the form of dividends, and society at large in the markets where we are active through taxes and fees.





## Stakeholders

TF Bank's operations are affected by have an effect on several different stakeholder groups. The Company has an ongoing dialogue with the groups that are assessed to be primary stakeholders.

Stakeholders	Type of dialogue / channels	Key issues 2023
Customers (existing and new)	<ul style="list-style-type: none"> <li>- Credit granting process</li> <li>- Customer service contacts</li> <li>- Marketing</li> </ul>	<ul style="list-style-type: none"> <li>- Robust credit assessment</li> <li>- Focus on new markets</li> </ul>
Capital markets (shareholders, investors, analysts)	<ul style="list-style-type: none"> <li>- 1-1 meetings</li> <li>- AGM</li> <li>- Press releases</li> <li>- Interim reports</li> <li>- Website</li> <li>- Materiality analysis</li> </ul>	<ul style="list-style-type: none"> <li>- Development of credit cards and e-commerce solutions</li> <li>- Impact from increasing inflation/increased rates</li> <li>- Geopolitical and macroeconomic uncertainty</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- Intranet</li> <li>- Employee survey</li> <li>- Development talks</li> <li>- Materiality analysis</li> </ul>	<ul style="list-style-type: none"> <li>- Organisation review</li> <li>- Hybrid work</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- 1-1 meetings</li> <li>- Negotiations</li> <li>- Materiality analysis</li> </ul>	<ul style="list-style-type: none"> <li>- Geopolitical and macroeconomic uncertainty</li> </ul>

## Materiality analysis

TF Bank's materiality analysis comprises an identification of the most material sustainability areas for the operations. A survey has been carried out to identify the most important sustainability aspects in the financial and banking industry. Based on this survey, a selection has been made with the help of selected stakeholders and compiled.



The results of the materiality analysis show that certain sustainability aspects, such as responsible lending, business ethics and regulatory compliance, should be given high priority. The Bank has created the focus areas of *responsible lending as well as business ethics and governance* in order to be able to actively work with these sustainability issues. The sustainability aspects that are considered to be somewhat less important, such as staff development and emissions, etc., are also included in the Bank's sustainability program through the focus areas *attractive employer* and *climate change*.

<sup>1</sup> Initiative prior to the adoption of the sustainability program in 2020..

## Risks relating to sustainability

All our risk categories can include a sustainability perspective. The Board of Directors has the ultimate responsibility for limiting and following up on the sustainability risks. The main principle of the risk management is based on the three lines of defence, the first being the business units, the second comprising Compliance, and Risk Management functions and the third comprising the Internal Audit. In addition to the risks being described in note 3 of the annual report, TF Bank has identified the following specific sustainability risks:

Sustainability risk	Consequence	Management
<b>Excessive indebtedness</b> The risk that TF Bank contributes to excessive indebtedness in society	The trust in TF Bank and the financial sector as a whole may decrease, customers may face financial difficulties	For every individual application, TF Bank ensures accurate credit assessment through our established credit granting process that is continuously being tested, developed and improved.
<b>Compliance</b> The risk that TF Bank fails to comply with current regulations in its markets	The trust in TF Bank and the financial sector as a whole may decrease, TF Bank may impose sanction fees or, in a worst-case scenario, lose permissions	TF Bank's compliance function continuously work to ensure that TF Bank fulfils all applicable regulations, often in close dialogue with local supervisory authorities. A whistle-blower function is available to all employees.
<b>Corruption</b> The risk that TF Bank's employees act on their own interest and in violence with the company's code of conduct	The trust in TF Bank may decrease	All employees undergo training in the code of conduct, and special training regarding anti-corruption. The training provides guidance in how to act if being uncertain in a relation or business situation.
<b>Money laundering and terror financing</b> The risk that TF Bank's services are used for money laundering and terror financing	The trust in TF Bank and the financial sector as a whole may decrease, TF Bank may impose sanction fees or, in a worst-case scenario, lose permissions	Risk assessment and KYC process for every new customer in the Bank. Continuous monitoring of transactions and activities. Suspicious activities are reported to relevant authorities.
<b>Suppliers</b> The risk that TF Bank's suppliers act in a way that may harm the Bank's operations or trust in the market	TF Bank may suffer both from a trust and financial perspective	TF Bank evaluates suppliers based on various criteria. The Bank has a code of conduct for suppliers, and an annual follow-up is conducted.
<b>IT and data security</b> The risk that TF Bank becomes the target of an IT attack or data breach with the purpose of obtaining customer data or exposing customers to fraud	TF Bank's customers may suffer financially or integrity-wise, the trust for TF Bank in the market may decrease, which could lead to outflows	TF Bank works preventively with systematic information security.
<b>Health and safety</b> The risk that TF Bank's employees suffer from illness or that the workplaces don't fulfil work environment requirements	TF Bank may lose staff, the employer brand may be harmed, and TF Bank could as a consequence face difficulties to recruit new employees	TF Bank works with preventive work environment activities in close cooperation between management, staff, the work safety organisation and occupational health. TF Bank continually evaluates the Company's efforts regarding work environment in order to be able to continuously improve the work environment.

## TF Bank's focus areas in sustainability

TF Bank works systematically with four focus areas. The Board has chosen based on what is most relevant given our business operations and the risks and opportunities it entails.

Area	Purpose and Relevance	Our promise	Sub-areas	SDG
<b>Responsible lending</b>	Responsible lending activities are business critical and contribute to low loan losses for TF Bank and a well-functioning economy in general.	For every individual application, we ensure accurate credit assessment through our established credit granting process that is continuously being tested, developed and improved.	<ul style="list-style-type: none"> <li>• Growth in a controlled manner</li> <li>• Customer protection</li> <li>• Financial inclusion</li> </ul>	8
<b>Business ethics and governance</b>	Good business ethics and sound corporate governance are basic prerequisites for TF Bank's values and trust from customers, employees and the market, and also contribute to public trust in the financial sector.	We always act responsibly with a clear focus on regulatory compliance and high risk awareness.	<ul style="list-style-type: none"> <li>• Anti-corruption, AML and prevention of terror financing</li> <li>• Data security and customer integrity</li> <li>• Sound corporate governance and efficient risk management</li> </ul>	16
<b>Attractive employer</b>	By attracting talented employees with different experiences and perspectives, we create the innovative climate required for long-term business success.	We offer a physically, mentally and socially healthy and developing workplace for all employees.	<ul style="list-style-type: none"> <li>• Diversity and equality</li> <li>• Safe work environment</li> <li>• Competence development</li> </ul>	5, 8
<b>Climate change</b>	Climate change is the most important societal issue of our time, and despite its small direct environmental impact, TF Bank will contribute to the global goals and to reducing our global footprint on the environment.	We will reduce our own impact and contribute to reduced climate impact through our services.	<ul style="list-style-type: none"> <li>• Reduce own climate impact</li> <li>• Digital processes</li> <li>• Contribute to energy transition</li> </ul>	7

## Responsible lending

KPIs	2023	2022
Loan loss ratio (%)	4	2.9
Income from late payments (%)	6.1	6.4
Number of loan applications	12,300,899	8,347,038
- Of which denied	6,260,258	4,364,206
Average loan amount (SEK)	15,594	16,197
Share of markets with local customer service (%)	69	82

### Sub-area 1: Growth in a controlled manner

TF Bank prioritises organic growth in a controlled manner. With the combination of well-developed credit granting processes and relatively low credit amounts, calculated risks are taken that can be quickly adjusted when the conditions on macro level change. It is inevitable that credit losses in absolute terms increase as the loan portfolio grows. However, our goal is to maintain at a stable level of the loan loss ratio annually.

### Sub-area 2: Customer protection

To become a customer of TF Bank, one must not have payment defaults and must have financial margins, which are ensured through a calculation of residual income. In the credit assessment process, we also investigate whether a loan with us would lead to the customer having too high a level of indebtedness. Additionally, TF Bank's credits are characterised by relatively low loan amounts and short repayment periods, which increases the probability that our customers will be able to repay their loans, even if their financial circumstances change.

In order to protect customers against changes in their financial circumstances, we also offer customers in the Nordics and Germany the facility to take out insurance against suspension of payments due to unemployment or illness, as well as a life insurance.

Should the customers still encounter problems repaying their loan, we are committed to helping the customers. TF Bank has specially trained employees who contact the customer at an early stage in the event of a late payment in order to jointly agree on a solution and, if possible, provide advice and support.

## RESPONSIBLE LENDING

**The key to ensuring responsible lending is to always be proactive in implementing the necessary changes in our credit assessment process. We focus on monitoring, on the full usage of data and continuously improving modelling techniques.**

Krzysztof Blach joined TF Bank in 2015 and holds the position of Chief Credit Risk Officer. Conducting a sustainable business is synonymous with protecting our customers and therefore credit risk is of the utmost importance for our business.

- My role is to manage credit risk rather than minimise it. My team is constantly supporting the country managers and executive management team in achieving profitable and sustainable growth. In line with TF Banks focus on organic growth, we assist in making sure that we do not start operations in segments or markets where the credit risk is too high.

Managing credit risk means continually trying to optimise the risk reward equation. The Bank heavily invests in modelling and the training of personnel. There are several internal work shops for the analysts to attend.

- The key to ensuring responsible lending is to always be proactive in implementing the necessary changes in our credit assessment process. We focus on monitoring, on the full usage of data and continuously improving modelling techniques. The longer we are operational in a market, the more data we gather and this data helps us develop and improve the credit assessment process.



TF Banks credit assessment process has proven to be both robust and thorough. As the Banks geographical presence has expanded and operations have begun in the relatively new Credit Card segment, it is a comfort to have such a large and experienced team to regularly monitor and improve the credit assessment process.

*Krzysztof Blach*  
Chief Credit Risk Officer

### Credit assessment

In 2023, we processed around 12.3 million loan applications (8.3), of which above half were denied credit as a result of our robust credit assessment. In each case, we ensure accurate credit assessment through our established credit granting process that is continuously being tested, developed and improved. Our long experience in the industry, our various geographical markets and different economic conditions, have given us the know-how and data to be able to develop our models.

Credit assessment is performed in accordance with good lending practice and is always based on the customer's financial position and implemented in accordance with TF Bank's credit policy. In some countries we may be required to contact customers by telephone to ensure that the information provided by the applicant is correct. In markets where we have access to less information via credit information services companies, we ask for supplementary information, such as pay slips and tax returns, in order to ensure that our customers have the financial capacity to repay the loan.

### *Sub-area 3: Financial inclusion*

Responsible lending is a necessary and important product category and function in a well-functioning economy. By taking a credit, consumers can spread expenses over time. TF Bank's products shall be characterised by easy-to-understand terms and high availability, with the ambition of meeting the needs of creditworthy people who need to take a loan. Our lending therefore combines automated processes with manual processing. Our automated credit assessment process allows us to provide customers with efficient credit management while also ensuring an accurate credit assessment. By providing local customer service, customers have the opportunity to get in touch and receive support with their matters in the local language.

## **Business ethics and governance**

KPIs	2023	2022
Number of customer complaints	119	54
Number of reported GDPR breaches	0	0
Number of reports to whistle-blower function	0	0
Tax payments (SEK thousand)	166,552	135,824

### *Sub-area 1: Anti-corruption, AML and prevention of terror financing*

Corruption primarily refers to the giving or accepting of a bribe or undue benefit, and inappropriate conduct in conflicts of interest. Conducting operations in a way that ensures corruptive practices cannot gain a foothold is a fundamental prerequisite for the continued trust of our customers, staff and the market. The Bank's anti-corruption work is based on the Bank's code of conduct, which encompasses all employees. The code of conduct is reviewed and updated every year, and the updated code is shared with the Bank's employees. Furthermore, anti-corruption training is carried out regularly to give employees guidance on how to act in the best way if they experience uncertainty in a relationship or business relationship. All in all, this contributes to an awareness among all employees that the work with anti-corruption is an ongoing process.

We work proactively to prevent TF Bank from being used for money laundering or terrorist financing both to counteract this societal problem and to protect our customers. The work takes place within the framework of the risk assessment and KYC process carried out on each new customer in the Bank. Thereafter, transactions and activities are continuously monitored. Suspected cases of money laundering or terrorist financing are investigated and reported to the relevant supervisory authorities in each market.

As part of TF Bank's active work to maintain a high level of business ethics, the Bank has a whistleblower function where suspected cases of deviations from the Code of Conduct, violations of internal or external regulations, as well as money laundering and terrorist financing can be reported anonymously. The whistleblower function is available on the Bank's website.

TF Bank has also adopted a code of conduct for suppliers. The Bank's suppliers are evaluated on the basis of different premises. Supplier Code of Conduct is distributed to suppliers who then will approve our code of conduct for suppliers or demonstrate that they have an internal equivalent code of conduct. The Bank's compliance function ensures that annual follow-ups of suppliers in relation to the code of conduct are conducted.

### *Sub-area 2: Information security and GDPR*

TF Bank works preventively with systematic information security. We continuously adapt the security measures based on the Organisation's needs and risks in accordance with regulatory requirements, good practice and ethical standards.

We also require that persons who process personal data undertake confidentiality through written agreements and strict information security measures. This also applies to our suppliers, which is established in our code of conduct for suppliers.

It is TF Bank's obligation that the personal data we process is correct, complete and up to date. Personal data is protected by bank secrecy, which means that TF Bank may not disclose personal data to unauthorised persons. The Bank also has extensive routines for processing personal data in accordance with GDPR.

### *Sub-area 3: Sound corporate governance and efficient risk management*

TF Bank follows the Swedish Code of Corporate Governance and uses a well-proven model for corporate governance with clear responsibilities, guidelines and policies in all significant areas.

The Company's risk management is based on three lines of defence that start in the business and support units, which include all employees. The second line comprises the independent control functions Compliance and Risk Control, which review, evaluate and report to management and the board regarding risks and compliance. The third line consists of internal audit, which is an independent audit function directly subordinate to the board. The internal audit is mainly responsible for providing the Board with reliable and objective evaluation of risk management, financial reporting and control and governance processes in order to reduce the presence of risks and improve the control structure.

More information about TF Bank's corporate governance can be found in the corporate governance report on page 93-103.

### **Human rights**

TF Bank respects universal human rights in all countries where the Bank operates. The Bank supports the UN's Universal Declaration of Human Rights and associated conventions. In 2022, TF Bank joined the UN's Global Compact initiative. This collaboration serves as an important factor in TF Bank's active work with human rights. By joining the UN's Global Compact, the Bank commits to communicating its progress (CoP) on their ten principles for human rights, labour rights, environment, and anti-corruption, as well as the SDGs.

### **Attractive employer**

KPIs	2023	2022
Number of employees	380	318
- Of which women	210	176
- Share of women (%)	55	55
Share of female members of Board of Directors and executive management (%)	21	22
- In Board of Directors (%)	17	33
- In operational management (%)	25	21
Number of nationalities in Board of Directors	1	2
Average age of employees	33	34
Sick absence (%)	6	5
Staff turnover rate (%)	24	22
Number of part-time employed students	24	27

### *Sub-area 1: Diversity and equality*

At TF Bank, all shall be treated with respect and dignity in accordance with our business principles. TF Bank strives for long-term business success and believes that employees with diverse experiences and perspectives are a crucial factor in creating the innovative climate required to achieve this. As a smaller company, we understand that our success depends on the diversity and competence of our employees, who are our most important asset. The area of diversity and equality is addressed in our code of conduct.

We work to ensure that all employees have the same rights, obligations and opportunities in all important areas of life. Important aspects of our gender equality work are to facilitate the opportunities to reconcile work and parenthood, to prevent and deter discrimination, to work for a more even gender distribution within our operations and to give all employees equal pay and conditions for equal work.

### *Sub-area 2: Safe work environment*

All employees within TF Bank shall have an inspiring and safe work environment, both physically and psychosocially. The physical work environment must be designed to promote health and safety, and all employees must have a good ergonomically designed workplace. Great emphasis is placed on preventive work environment measures, which takes place in close collaboration between management, employees, the safety organisation and occupational health care. TF Bank continuously evaluates the company's efforts in the work environment area in order to be able to make continuous improvements in the daily work environment.

### *Sub-area 3: Competence development*

A basic principle for TF Bank is to provide all employees with the opportunity for development and training. We continuously train all employees in issues that affect their own work tasks, as well as in broader and business-critical issues such as money laundering. Based on development talks between each employee and the immediate manager, individual goals are set with the opportunity for individual development based on needs and ambitions. The ambition is for all employees to understand their role and the importance of their own work, to be able to influence their work situation, to feel responsible for their tasks and to develop their skills.

The Bank also wants to be a springboard to working life and in several markets there are opportunities for part-time work while studying.

## **Climate change**

### *Sub-area 1: Reduce own climate impact*

The climate transition is the most important societal issue of our time, and despite limited direct environmental impact, TF Bank aims to contribute to the SDGs and reduce its environmental footprint. The Bank has a sustainability policy that is regularly updated. This policy has been adopted by the Board of Directors and is accessible for all employees of the Bank. During the year, the Bank has taken steps to reduce its environmental footprint, including calculating its carbon footprint in collaboration with external consultants.

The indirect environmental impact occurs mainly through our suppliers' energy use, especially regarding server capacity. The Bank uses a cloud-based server solution that is considered more secure and is more energy efficient than having own servers. The server hall used is powered by 100% green electricity and is environmentally certified according to ISO 14001.

The calculation is based on the Greenhouse Gas protocol (GHG-protocol) and is estimated using the consolidation method with an operational control approach. The Bank's climate impact has been calculated using the market-based method. Measurements have been made within scope 1 (refrigerants and service vehicles), scope 2 (electricity, district heating, and district cooling), and part of scope 3 (business travel and indirect life cycle emissions related to each emission source).

KPIs	2023	2022
Climate impact (t CO <sub>2</sub> e)	534.9	484.0
Climate impact per employee (t CO <sub>2</sub> e / FTE)	1.41	1.56
Climate impact per net sales (t CO <sub>2</sub> e / MSEK)	0.27	0.34
Climate impact per office space (t CO <sub>2</sub> e / m <sup>2</sup> )	0.02	0.03
Energy consumption per office space (kWh / m <sup>2</sup> )	159.93	131.83

As TF Bank's operations are located in several countries, video conferencing opportunities have been prioritised in all branches to reduce the company's environmental impact in the form of travel, and to facilitate meetings between the Bank's various units.

In our offices, we ensure that we have well-functioning recycling procedures. Paper, cartons, toner and electronic equipment are sorted and left for recycling. Our office supplies are purchased from environmentally certified suppliers and we strive to choose environmentally friendly products.

We consider it of utmost importance that our suppliers follow high ethical standards and act responsibly which is why we have adopted our code of conduct for suppliers. The document is distributed to suppliers who then will approve our code of conduct for suppliers or demonstrate that they have an internal equivalent code of conduct.

### *Sub-area 2: Digital processes*

TF Bank is on a digitalisation journey where we develop internal processes and smart solutions for our customers, but different conditions apply in the various markets due to the country's maturity to accept digital solutions. In the Baltic countries and in Norway, all marketing and customer communication takes place digitally. The majority of new lending takes place digitally through loan intermediaries on all channels.

We strive to reduce our paper use through several different initiatives. We encourage our customers to sign loan agreements electronically and have come a long way in this work in several markets. We also see an improvement regarding the use of e-invoices and invoices via e-mail to handle notices to our customers. The percentage of invoices sent digitally amounted to 91 % during 2023.



Both in our marketing and in our administration, we use Nordic eco-labelled or FSC-labelled products, both in terms of paper, envelopes and cartons. In the e-commerce business, we offer our partners an AI tool, Avarda Return Optimiser, to reduce their return rates, which in turn contributes to reduced transports.

### *Sub-area 3: Contribute to energy transition*

TF Bank is continuously investigating business opportunities to offer financing solutions that can facilitate climate change with a focus on modern energy. Through the Bank's e-commerce customers, it is also possible to finance the purchase of modern energy solutions.

## **Corporate Sustainability Reporting Directive (CSRD)**

TF Bank will be subject to the new EU directive for sustainability reporting, Corporate Sustainability Reporting Directive (CSRD), from the fiscal year 2025 with the first reporting in 2026. This means that the Bank will report according to European Sustainability Reporting Standards (ESRS). The directive entails increased requirements for more comprehensive disclosures and information related to sustainability than what is currently required.

## **UN Sustainable Development Goals**

TF Bank has identified the UN SDGs number 5, 7, 8 and 16 as most relevant in relation to its operations and where the largest contributions are made. In addition, TF Bank contributes through social partnerships within goal 4.



5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life



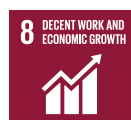
16.4 Significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime  
16.5 Substantially reduce corruption and bribery in all their forms



7.1 Ensure universal access to affordable, reliable and modern energy services  
7.2 Increase substantially the share of renewable energy in the global energy mix



4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship  
4.5 Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations



8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value  
8.6 Substantially reduce the proportion of youth not in employment, education or training  
8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment  
8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

## **Social partnership**

TF Bank also cooperates with PlayOnside, which is based in the Thai border town of Mae Sot on the eastern border with Myanmar. Myanmar is experiencing one of the most serious humanitarian crises in the world with internal conflict contributing to thousands of civilian casualties, forced relocations and resettlement in other countries. PlayOnside uses the power of football to educate and empower displaced Myanmar refugees and immigrants. Now, every weekend, about 700 children from 22 different migrant schools gather to play, learn and compete while making new friends and expanding their network in the process.



## **AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT**

*To the Annual General Meeting of TF Bank AB (publ), corporate identity number 556158-1041.*

### **Engagement and responsibility**

It is the board of directors who is responsible for the sustainability report for the year 2023 on pages 105 - 115 and that it is prepared in accordance with the Annual Accounts Act.

### **The scope of the examination**

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### **Statement**

A statutory sustainability report has been prepared.

Stockholm 14 March 2024  
KPMG AB

Dan Beitner  
*Authorised Public Accountant  
Auditor in Charge*

# BOARD OF DIRECTORS



**JOHN BREHMER**  
Chairman of the Board since 2020. Board member since 2010.

**Born:** 1965

**Education:** MSc in Business and Economics, industrial marketing, Stockholm School of Economics.

**Current directorships:**  
Chairman: Mederion AB, Tiberon AB, Zebware AB.  
Board member: Consortio Invest AB, Consortio Business Center AB.

**Holdings in Company:**  
3,361,791 shares <sup>1</sup>

Independent of the Company and its management. Affiliation with major shareholders.



**MICHAEL LINDENGREN**  
Board member since 2021.

**Born:** 1956

**Education:** MSc in Business and Economics, Gothenburg University.

**Current directorships:**  
Chairman: Acrap Aktiebolag, Simplicity AB, Simplicity Stif-  
telsetjänst AB.  
Board member: Sparbanksstif-  
telsen Sjuhärad och Sparban-  
ken Sjuhärad AB (publ).

**Holdings in Company:** 5,000  
shares <sup>1</sup>

Independent of the Company,  
its management and major  
shareholders.



**ARTI ZEIGHAMI**  
Board member since 2023.

**Born:** 1970

**Education:** Studied Electrical Engineering, the Royal Institute of Technology in Stockholm and Business Administration, Stockholm University.

**Current directorships:**  
No current directorships.

**Holdings in Company:** 0  
shares <sup>1</sup>

Independent of the Company,  
its management and major  
shareholders.



**NIKLAS JOHANSSON**  
Board member since 2022.

**Born:** 1961

**Education:** B.A., Linköping university, MBA, Uppsala uni-  
versity and CEFA, Stockholm  
School of Economics.

**Current directorships:**  
Chairman: Areim AB, Nordisk  
Renting AB.  
Board member: Livförsäk-  
ringsbolaget Skandia, Trustly  
AB, Euroclear Sweden AB.

**Holdings in Company:** 439  
shares <sup>1</sup>

Independent of the Company,  
its management and major  
shareholders.



**SARA MINDUS**  
Board member since 2020.

**Born:** 1972

**Education:** Master of Laws and BSc in Business Adminis-  
tration at Stockholm Univer-  
sity.

**Current directorships:**  
Board member: Besqab AB  
(publ), K-Fast Holding AB  
(publ), Dreams AB, Colibri  
Ventures AB, Faboss Invest  
AB, Duco Förvaltning AB. Sara  
Mindus AB.

**Holdings in Company:** 25,000  
shares <sup>1</sup>

Independent of the Company,  
its management and major  
shareholders.



**FREDRIK OWESON**  
Board member since 2022.

**Born:** 1968

**Education:** M.Sc. Business  
and Administration, Stock-  
holm School of Economics.

**Current directorships:**  
Chairman: Scope Capital SA,  
MaiScope ApS, Woffel SA.  
Board member: Swedish Bra  
Holding AB, Swedish Bra AB,  
Klättermusen Aktiebolag.

**Holdings in Company:** 0  
shares <sup>1</sup>

Independent of the Company,  
its management and major  
shareholders.

<sup>1</sup> Refers to directly or indirectly holdings as of December 31, 2023.

# EXECUTIVE MANAGEMENT



**JOAKIM JANSSON**  
**CEO**

**Born:** 1976

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

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

**Current directorships:**  
Chairman: Avarda AB.

**Holdings in Company:** 3,300 shares <sup>1</sup>



**MIKAEL MEOMUTTEL**  
**CFO and Deputy CEO**

**Born:** 1976

**Education:** MSc in Business/ Economics and Finance at Borås University/Gothenburg University.

At TF Bank since 2009, 2014 Deputy CEO and from 2018 also Head of IR. Previous experience: Financial controller at Consortio Fashion Group AB (CFG).

**Current directorships:**  
Chairman: Torhamnsskär Holding AB.  
Board member: Avarda AB

**Holdings in Company:** 31,000 shares <sup>1,2</sup>



**ESPEN JOHANNESSEN**  
**COO**

**Born:** 1981

**Education:** Executive MBA Management Control Norwegian School of Economics (NHH), BA Economics, Business BI Norwegian School of Management.

At TF Bank since 2015 as CEO of BB Bank 2015-2020 (now branch Norway). More than 10 year's of experience in consumer finance.

**Holdings in Company:** 44,193 shares <sup>1</sup>

# AUDITOR



**AUDITOR**

**DAN BEITNER**  
**Authorised Public Accountant**

**Auditor in charge**  
**KPMG AB**

<sup>1</sup> Refers to directly or indirectly holdings as of December 31, 2023.

<sup>2</sup> TF Bank's principal owners TFB Holding AB, Erik Selin Fastigheter AB, Tiberon AB and Merizole Holding Ltd have agreed on market terms with CFO Mikael Meomuttel and former CEO Mattias Carlsson on an incentive program consisting of call options regarding shares in TF Bank. The incentive program has a term of approximately five years. The call options have been acquired on market terms and no compensation cost has been reported by the company and will not be reported during the remaining part of the five-year period.



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