



Press release 2 September 2024

TF Bank AB (publ) announces restructuring and conclusion of a letter of intent regarding the divestment of NPL portfolios in order to increase the efficiency of the bank's capital utilisation

TF Bank AB (publ) ("TF Bank" or the "Bank") has on 1 September 2024 completed a restructuring and established the wholly-owned subsidiary Rediem Capital AB ("Rediem") as a credit market company (Sw. *kreditmarknadsbolag*) focused on the acquisition of non-performing exposures ("NPL portfolios"). TF Bank further announces today that the Bank has entered into a letter of intent (the "Letter of Intent") with Alektum Holding AB (publ) ("Alektum Holding"), G4 Capital AB ("G4") and Erik Selin Fastigheter Aktiebolag ("Erik Selin Fastigheter") regarding the divestment of Rediem.

"Now that we have transferred the NPL portfolios from TF Bank to Rediem, capital can be released at a later stage and all focus can then be put on the core business as a fast-growing European card and payment platform. Today, we are also announcing the intention to enter into a series of transactions with Alektum Holding and Erik Selin Fastigheter, which could be the next step in the creation of a so called specialised debt restructuring." – Joakim Jansson, CEO of TF Bank.

"We, and our shareholders G4 Capital and Erik Selin Fastigheter are incredibly excited about the opportunity to optimise our business and secure our market position and financing solution for the future. The intention is for Rediem to become a wholly owned subsidiary of Alektum Holding, in line with our strategic ambitions to continue to grow our investment business and strengthen delivery and relationships with existing and new clients." – Linus Singelman, CEO of Alektum Holding.

Background

On 1 September 2024, TF Bank completed a restructuring and established the wholly-owned subsidiary Rediem as a credit market company focused on the acquisition of NPL portfolios. The Bank has also completed internal transfers of NPL portfolios from TF Bank to Rediem, which now holds NPL portfolios with a book value of approximately SEK 1,300 million. Rediem is a credit market company and the ambition of the restructuring is that Rediem, as of 1 January 2025, will be able to obtain the status of a so called specialised debt restructuring ("SDR") and thereafter be able to benefit from the capital adequacy advantages resulting therefrom. A step in qualifying Rediem as an SDR is to separate Rediem from TF Bank's business.

The Divestment

TF Bank intends, in accordance with the Letter of Intent, to proceed with the evaluation of the possibilities to divest of Rediem to Alektum Holding (the "Divestment").

The Divestment is planned to be implemented by TF Bank entering into a partnership with Alektum Holding, G4 and Erik Selin Fastigheter. As a first step in the Divestment, TF Bank will divest up to 80.1 per cent of Rediem to Alektum Holding and Erik Selin Fastigheter for a purchase price of approximately SEK 472 million (based on equity in Rediem of approximately SEK 350 million), of which approximately SEK 106 million will be paid in cash and the remaining approximately SEK 366 million will be paid by TF Bank issuing a promissory note. The promissory note will be repaid upon completion of the Transactions (as defined below).

The Transactions

In addition to the Divestment, TF Bank, Erik Selin Fastigheter and G4 shall, pursuant to the Letter of Intent entered into, also evaluate the possibility for carrying out a series of transactions (the "**Transactions**") and jointly own shares in Alektum Holding. This means that Erik Selin Fastigheter and TF Bank intend to divest their respective shares in Rediem to Alektum Holding, whereby TF Bank will receive a minority shareholding in Alektum Holding in exchange. Alektum Holding shall thereby hold all shares in Rediem. TF Bank's holding of capital and votes in Alektum Holding following the completion of the Transactions is estimated to amount to less than 10 per cent. The Transactions also include internal transfers of NPL portfolios from Alektum Holding to Rediem. The ambition is that, in the first half of 2025, Alektum Holding will start transferring all NPL portfolios held by Alektum Holding through direct and/or indirect transfers to Rediem. The total value of the NPL portfolios intended to be transferred from Alektum Holding is subject to ongoing assessment by the parties, but is currently estimated to amount to a book value of approximately SEK 5,000 – 6,000 million.

Terms and conditions

Prior to the completion of the Divestment and the Transactions, TF Bank shall conduct a customary commercial, financial, tax and legal due diligence review of Alektum Holding. Furthermore, Erik Selin Fastigheter and Alektum Holding respectively shall carry out a customary commercial, financial, tax and legal due diligence review of Rediem. The Divestment and the Transactions are subject to the fulfilment of certain legal and financial conditions, including but not limited to:

- Conclusion of final agreements governing the Divestment and the Transactions.
- Approvals from relevant authorities.
- Fulfillment of Rediem's financial targets at each stage.
- Completion of the due diligence process.

If all conditions are met, the Divestment is expected to be completed during Q4 2024, and the ambition is that the Transactions are completed during Q2 2025.

Advisors

Lenner & Partners Corporate Finance AB has acted as financial advisor and Gernandt & Danielsson Advokatbyrå KB has acted as legal advisor in the conclusion of the Letter of Intent.

For further information, please contact:

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This is information which TF Bank AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was provided for publication, through the agency of the contact person set out above, on 2 September 2024 at 20.00 CEST.

TF Bank in brief

TF Bank was founded 1987 and is a digital bank offering consumer banking services and e-commerce solutions through a proprietary IT platform with a high degree of automation. Deposit and lending activities are conducted in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany, Austria, 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: Credit Cards, Ecommerce Solutions and Consumer Lending. TF Bank is listed on Nasdaq Stockholm.