



YEAR-END REPORT
January-December 2015

 **TFBank**

HIGHLIGHTS FOR THE YEAR

FULL YEAR, JANUARY-DECEMBER 2015

Figures compared to January – December 2014.

- The loan portfolio grew by 12.5 %
- Net interest margin decreased to 19.6 % (21.9 %)
- Operating income increased by 11.7 %
- Adjusted¹ operating income increased by 7.2 %
- Cost/income ratio of 37.0 % (30.7 %)
- Earnings per share amounted to SEK 4.34 (4.63)
- Adjusted¹ earnings per share amounted to SEK 5.00 (4.63)

SECOND HALF, JULY-DECEMBER 2015

Figures compared to July – December 2014.

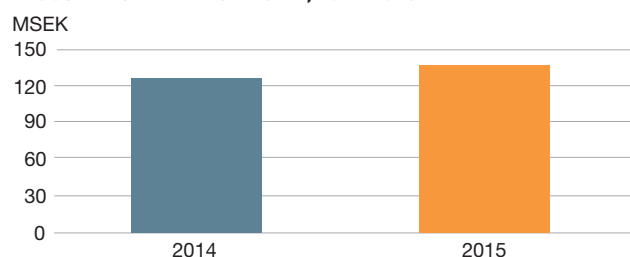
- Operating income increased by 6.2 %
- Adjusted¹ operating income decreased by 3.1 %
- Cost/income ratio of 40.0 % (31.1 %)
- Earnings per share amounted to SEK 1.72 (2.51)
- Adjusted¹ earnings per share amounted to SEK 2.38 (2.51)

SIGNIFICANT EVENTS, JANUARY-DECEMBER 2015

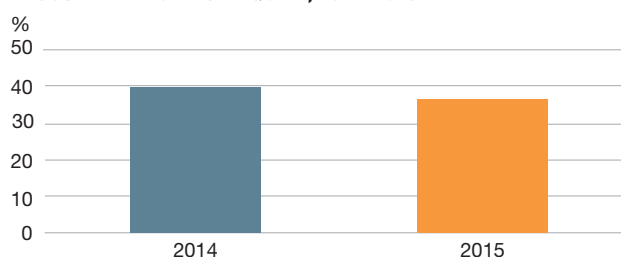
- Agreements with 13 new retailers within the Sales Finance segment
- Establishment of a branch in Poland
- Acquisition of the Norwegian financial institution BB Finans ASA 31 July 2015
- Own funds strengthened through the issuance of a subordinated tier 2 loan of SEK 100 million

“In summary, 2015 resulted in an adjusted operating profit of SEK 137 million (127), an operating income of SEK 388 million (347) and a cost/income by ratio of 37 percent. The results confirm that TF Bank continues to grow whilst maintaining rigid cost control.”

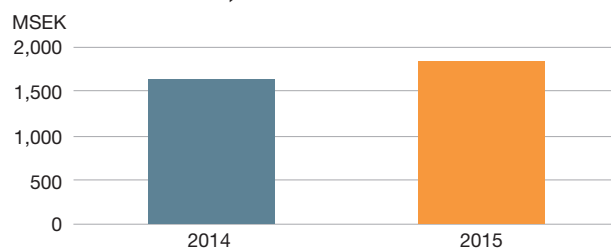
ADJUSTED OPERATING PROFIT, 2014-2015



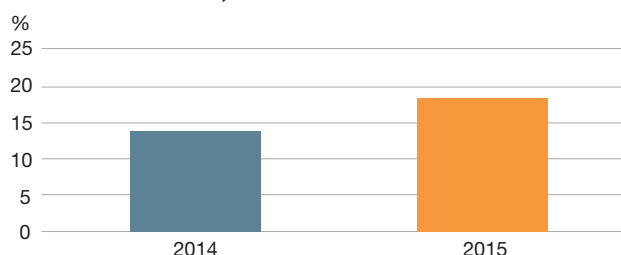
ADJUSTED RETURN ON EQUITY, 2014-2015



LOANS TO THE PUBLIC, 2014-2015



TOTAL CAPITAL RATIO, 2014-2015



¹ Adjustments have been made to show the business' underlying earnings and excludes non-recurring items.

THE GROUP

TF Bank was founded in Sweden in 1987 for the purpose of offering financing solutions to customers who ordered goods from mail-order catalogues. Over time, the Group has grown both in terms of product offering, profit and geographical reach. Currently, TF Bank offers consumer banking services through a highly automated, in-house developed IT-platform designed for scalability and adaptability to different products, jurisdictions, currencies and digital banking solutions. TF Bank conducts banking operations with deposits and lending to private customers in Sweden and Finland,

lending to private customers in Norway and Poland as well as cross-border lending in Denmark, Estonia and Latvia.

The Group's principal business is lending to the public through two segments: Direct to Consumer and Sales Finance. Direct to Consumer comprises mainly of loans of limited amounts to private customers. Sales Finance provides funding solutions for the handling of invoice and instalment payments.

KEY FIGURES, GROUP

TSEK	Jul-Dec 2015	Jul-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Income statement				
Operating income	198,010	186,449	388,013	347,360
Net interest margin, %	19.6 %	21.9 %	19.6 %	21.9 %
Adjusted operating profit	66,713	68,822	136,547	127,322
Earnings per share, SEK	1.72	2.51	4.34	4.63
Adjusted earnings per share, SEK	2.38	2.51	5.00	4.63
Balance sheet				
Loans to the public	1,837,578	1,633,820	1,837,578	1,633,820
Deposits from the public	2,229,562	1,953,403	2,229,562	1,953,403
Credit volume	863,791	725,040	1,675,309	1,190,859
Key figures				
Adjusted return on equity, %	34.5 %	39.0 %	34.5 %	39.0 %
Net loan loss ratio, %	6.2 %	7.9 %	6.2 %	7.9 %
Cost/Income ratio, %	40.0 %	31.1 %	37.0 %	30.7 %
CET 1 capital ratio, %	13.9 %	13.7 %	13.9 %	13.7 %
Total capital ratio, %	18.2 %	13.7 %	18.2 %	13.7 %
Employees (FTE)	80	53	78	51

See separate section for definitions.

SIGNIFICANT EVENTS

SIGNIFICANT EVENTS AND COMMENTS ON THE ECONOMIC DEVELOPMENT DURING THE PERIOD

TF Bank's economic development continued in a positive trend with solid growth combined with increased profit. Adjusted operating profit amounted to SEK 137 million, an increase of 7.2 %. Operating income increased by 12 % to SEK 388 million. The Group's loans to the public increased by SEK 204 million to SEK 1,838 million and deposits from the public increased by SEK 277 million to SEK 2 230 million.

During the year, TF Bank acquired the Norwegian financial institution BB Finans ASA ("BB Finans"). The transaction was completed on 31st July 2015. The acquisition will have a positive impact on the Group's operating profit in 2016. The company is well-managed with a long and proven positive credit history and provides TF Bank with significant growth opportunities in an important market. Part of the acquisition strategy was for TF Bank to provide the company with the necessary liquidity to grow. Since the acquisition, BB Finans' loans to the public have grown by 39 % to NOK 198 million. As a result, BB Finans enables TF Bank to significantly strengthen its position in the Norwegian market in both cash loans and credit cards. BB Finans has also signed innovative agreements to distribute its products and thus fits in well with the Group's vision to facilitate financial transactions wherever they occur in order to offer immediate credit to the consumer.

The Direct to Consumer segment continued to show very high profitability with an operating profit of SEK 130 million, the highest in the history of TF Bank. As part of the continued geographic expansion, the bank established a branch in Poland and acquired BB Finans. The combination of organic growth and acquisition resulted in a record number of loan applications for the segment.

In the beginning of the year, Intrum Justitia became a partner (49 %) in the joint venture company Avarda AB ("Avarda"), through a directed new share issue. Avarda's geographical area for expansion will be the Nordic markets and during the year agreements were signed with 13 new retailers. Avarda is included in the Sales Finance segment and is expected to play a part in the bank's future growth.

The development and launch of the proprietary ledger system Titan was completed during the first half of the year. The system has initially been used for the management of consumer loans in Estonia and Poland. The possibility of using the system in other markets is however currently being evaluated.

TF Bank issued a subordinated tier 2 loan with a value of SEK 100 million in December. The loan strengthens and diversifies the bank's capital structure and supports its continued growth. The loan was well received by the market and the order book closed within a day. The improved capital and liquidity position creates a good platform to support the expected future growth of the bank.

The composition of the bank's management and the Board of Directors changed during 2015. In March, the bank's CEO Mattias Carlsson was elected Chairman of the Board and at the same time Declan Mac Guinness took over as the new CEO. Declan joined TF Bank as early as 2012 and was initially responsible for the Direct to Consumer segment. Declan has more than ten years' experience of the financial industry and was previously the CEO of Carlson Fonder AB and Compliance Officer at DNB Asset Management in Stockholm. In December 2015, two new board members were appointed; Lars Wollung and Tone Bjørnov. Both have extensive experience of the financial sector. Lars was previously CEO of Intrum Justitia for seven years and Tone is, among other things, a member of the Board of Directors at ABG Sundal Collier ASA.

To conclude, the bank is currently in a good position to carry on generating growth whilst maintaining rigid cost control.

RESULTS AND FINANCIAL POSITION

FULL YEAR 2015

Operating income increased by 11.7 % to SEK 388 million (347). The growth comes mainly from the Sales Finance segment, where operations commenced in May 2014 when the Group acquired a line of business containing an existing credit portfolio. The acquisition of BB Finans impacted operating income during the last five months of the year and thus contributed to the increase. Lower financing costs meant that the Group's interest expenses decreased somewhat compared to 2014. Despite this development, net interest margin decreased to 19.6 % (21.9 %) due to a higher proportion of operating income from the Sales Finance segment.

Net fee and commission income rose strongly for both segments. For the Sales Finance segment this was mainly due to the inclusion of the segment for the full year of 2015, while higher income from the Group's insurance premiums contributed to the increase in the Direct to Consumer segment.

Operating expenses for the Group amounted to SEK 143 million (107). The number of employees increased by 53 % in 2015, due, amongst other things, to the acquisition of BB Finans, the start-up of a branch in Poland and more employees within the central functions of the Group. Operating costs related to the Sales Finance segment increased substantially since operations were included for the full 12-month period for the first time. The segment was also affected by start-up costs for the Avarda joint venture. Operating costs for the Direct to Consumer segment were affected by the geographical expansion, mainly through the acquisition of BB Finans and the start of the branch in Poland.

NET PROFIT ADJUSTED FOR ITEMS AFFECTING COMPARABILITY

TSEK	Jul-Dec 2015	Jul-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Total operating income	198,010	186,449	388,013	347,360
Operating profit	48,481	68,822	118,315	127,322
Items affecting comparability	18,232	-	18,232	-
Adjusted operating profit	66,713	68,822	136,547	127,322
Adjusted income tax expenses	-18,115	-14,909	-32,917	-27,779
Adjusted net profit for the period	48,598	53,913	103,630	99,543
Adjusted net profit for the period attributable to the shareholders of the Parent company	51,203	53,913	107,456	99,543
Adjusted earnings per share	2.38	2.51	5.00	4.63

Adjusted operating profit increased by 7.2 % to SEK 137 million (127). Adjustments have been made for non-recurring items. Net loan losses decreased by 5 % compared with 2014, primarily due to the improved credit quality of the loan portfolio in both the Direct to Consumer and Sales Finance segments.

Loans to the public increased by 12.5 % to SEK 1,838 million (1,634). The increase was due to the acquisition of BB Finans as well as growth in Estonia and Poland. New contracts within Sales Finance generated only small volumes during 2015.

Deposits from the public increased by 14.2 % to SEK 2,230 million (1,953). Deposit volumes increased in both Sweden and Finland in 2015. The deposit rate in Sweden was reduced from 1.55 % at the beginning of the year to 0.90 % at the end of the year. The deposit rate in Finland was kept unchanged at 1.60 % throughout the year.

During the year the Group's investments amounted to SEK 82 million (4), primarily as a result of the acquisition of BB Finans but also as a result of the development of the proprietary ledger system, Titan, now used for the management of loans in Estonia and Poland. All costs directly attributable to the development of the system have been capitalised as an intangible asset. Amortisation of the investment in Titan began during the first half of 2015.

At the end of 2015, cash and cash equivalents amounted to SEK 867 million, compared to 651 million in December 2014. The increase is primarily due to increased deposits from the public, positive operating cash flow and the issuance of the subordinated loan. Furthermore, the Group has undrawn credit facilities of SEK 328 million.

The common equity tier 1 ratio remains at a stable level and at year-end it was 13.9 % (13.7 %). The Group's own funds also include tier 2 capital and the total capital ratio at year end was 18.2 % (13.7 %). This is significantly higher than the legally required levels.

SECOND HALF OF 2015

Operating income increased by 6.2 % to SEK 198 million (186). The acquisition of BB Finans impacted operating income during the last five months of the year and thus contributed to the increase. Lower financing costs meant that the Group's interest expenses decreased slightly compared to 2014. Net fee and commission income increased mainly due to higher income from the Group's insurance premiums in the Direct to Consumer segment.

The Group's operating expenses amounted to SEK 79 million (58). Operating expenses increased mainly due to the higher number of employees as a result of the acquisition of BB Finans, the start-up of the branch in Poland and an increased requirement for resources within the central functions of the Group. The Sales Finance segment was affected by start-up costs in relation to the Avarda joint venture, while the Direct to Consumer segment was affected by costs related to the acquisition of BB Finans.

Adjusted operating profit decreased by 3.1 % to SEK 67 million (69) due to higher operating expenses compared to the second half of 2014. Net loan losses decreased by 12 % compared with the corresponding period in 2014, mainly due to the improved credit quality of the loan portfolio from both segments.

OTHER

TF Bank has grown its operating result significantly in recent years through organic growth, successful acquisitions and through entering new markets. To support further growth and the development of the business, TF Bank and its owners are currently assessing a range of strategic alternatives, including a possible listing.

PROPOSED DIVIDEND

The Board of Directors and the CEO propose to the Annual General Meeting a dividend of SEK 0.45 per share for 2015. The total dividend paid to shareholders will be SEK 9,675 thousand.

RISKS AND UNCERTAINTIES

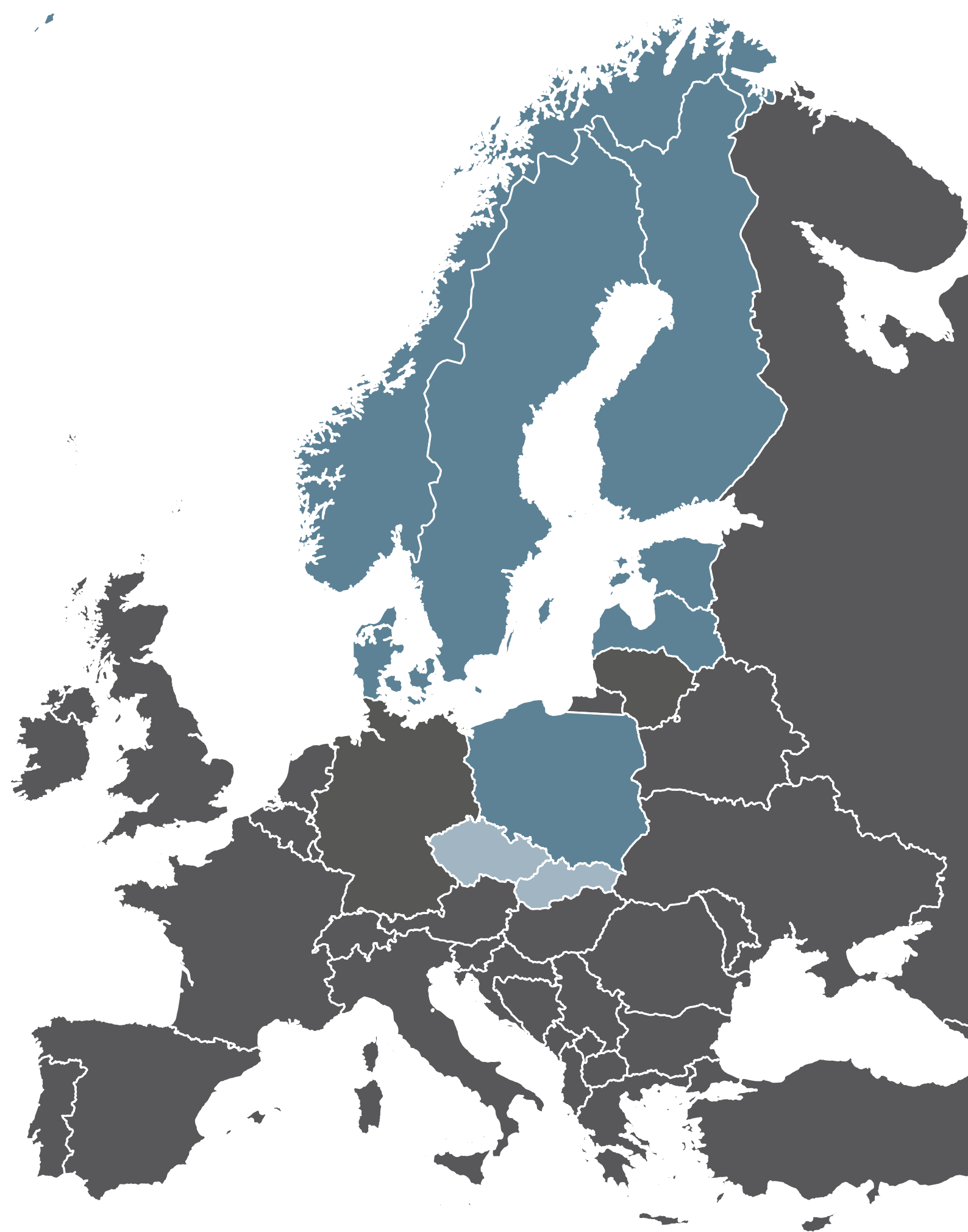
The Group is exposed to different types of risks such as credit, market, liquidity and operational risk. In order to limit and control the risk in the business, the Board of Directors, which is ultimately responsible for internal control, establishes policies and instructions for lending and other activities within the Group. For a more detailed description of financial risks, the use of financial instruments and capital adequacy, see notes 2 and 7, and for further information refer to the annual report 2014 notes 3 and 27.

ACCOUNTING POLICIES

This Interim Report is prepared in accordance with IAS 34, Interim Financial Reporting. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The accounting resulting from the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the Swedish Financial Accounting Standards Council's recommendation RFR 1, Supplementary accounting rules for groups, and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25).

The accounts of the Parent company have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the Swedish Financial Accounting Standards Council's recommendation RFR 2, and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25).

TF Bank has changed its accounting policy regarding the presentation of accrued expenses associated with loans to the public, which were previously included in other operating expenses. These expenses are now included as part of the effective interest rate method and thus charged to interest income. In principle, the reason for the change is to align the accounting policy to industry practice and thus provide a more accurate picture of the company's total net interest and operating income. The amendment is applied retrospectively for comparative figures. For the period 1 Jan - 31 Dec 2014, a total of SEK 61.9 million has been reclassified from other operating expenses to interest income, compared to the previously submitted annual report.



INCOME STATEMENT, GROUP

TSEK	Note	Jul-Dec 2015	Jul-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
	1, 2, 3, 9				
Operating income					
Interest income		197,808	189,300	385,846	360,136
Interest expense		-19,352	-20,040	-37,602	-38,567
Net interest income		178,456	169,260	348,244	321,569
Fee and commission income		23,493	19,162	45,882	29,351
Fee and commission expenses		-3,662	-1,981	-5,960	-3,409
Net fee and commission income		19,831	17,181	39,922	25,942
Net results from financial transactions		-278	8	-153	-151
Total operating income		198,010	186,449	388,013	347,360
General administrative expenses		-67,241	-47,505	-118,272	-86,916
Depreciation, amortisation and impairment charges of tangible and intangible assets		-2,449	-1,815	-4,568	-3,470
Other operating expenses		-9,476	-8,755	-20,579	-16,309
Total operating expenses		-79,166	-58,075	-143,419	-106,695
Profit before loan losses		118,844	128,374	244,594	240,665
Net loan losses		-52,131	-59,552	-108,047	-113,343
Items affecting comparability		-18,232	-	-18,232	-
Operating profit		48,481	68,822	118,315	127,322
Income tax expense		-14,104	-14,909	-28,906	-27,779
Net profit for the period		34,377	53,913	89,409	99,543
<i>Attributable to:</i>					
<i>Shareholders of the Parent company</i>		36,982	53,913	93,235	99,543
<i>Non-controlling interests</i>		-2,605	-	-3,826	-
<i>Basic earnings per share (SEK) ¹</i>		1.72	2.51	4.34	4.63
<i>Diluted earnings per share (SEK) ¹</i>		1.72	2.51	4.34	4.63

¹ The number of shares increased from 50,000 to 21,500,000 through a share split and bonus issue on 4 June 2015. Earnings per share has been calculated using the new number of shares.

STATEMENT OF COMPREHENSIVE INCOME, GROUP

TSEK	Note	Jul-Dec 2015	Jul-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net profit for the period		34,377	53,913	89,409	99,543
Other comprehensive income:					
Items that may be reclassified subsequently to the income statement					
Currency valuation differences during the period, net of tax		-2,616	1,415	-2,617	1,887
Other comprehensive income, net of tax		-2,616	1,415	-2,617	1,887
Total comprehensive income for the period		31,761	55,328	86,792	101,430
<i>Attributable to:</i>					
<i>Shareholders of the Parent company</i>		34,422	55,328	90,674	101,430
<i>Non-controlling interests</i>		-2,661	-	-3,882	-

BALANCE SHEET, GROUP

TSEK	Note	31 Dec 2015	31 Dec 2014
	1, 2, 3, 4, 5, 9		
ASSETS			
Cash and balances with central banks		29,445	4,811
Treasury bills eligible for refinancing		60,075	159,965
Loans to credit institutions		777,811	485,955
Loans to the public	6	1,837,578	1,633,820
Goodwill		11,536	-
Intangible assets		12,406	4,749
Tangible assets		1,516	1,553
Other assets		9,582	10,616
Current tax assets		1,288	19,497
Deferred tax assets		2,235	-
Prepaid expenses and accrued income		34,297	31,197
Total assets		2,777,769	2,352,163
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions		516	-
Deposits and borrowings from the public		2,229,562	1,953,403
Other liabilities		25,925	65,095
Deferred tax liabilities		14,253	12,146
Accrued expenses and prepaid income		59,280	49,302
Subordinated liabilities		97,000	-
Total liabilities		2,426,536	2,079,946
Equity			
Share capital (21 500 000 of SEK 5 each) ¹	7	107,500	5,000
Other reserves		-2,560	1,887
Retained earnings		146,755	165,787
Net profit for the year attributable to the shareholders of the Parent company		93,235	99,543
		344,930	272,217
Non-controlling interests		6,303	-
Total equity		351,233	272,217
TOTAL LIABILITIES AND EQUITY			
Assets pledged as security	8	616,569	653,017
Commitments		None	None
Contingent liabilities		None	None

¹ The number of shares increased from 50,000 to 21,500,000 and the share capital increased from SEK 5,000,000 to SEK 107,500,000 through a share split and bonus issue on 4 June 2015.

CASH FLOW STATEMENT, GROUP

TSEK	Note	Jul-Dec 2015	Jul-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Operating activities					
Operating profit		48,481	68,822	118,315	127,322
<i>Adjustment for items not included in cash flow:</i>					
Depreciation and amortisation		2,449	1,815	4,568	3,470
Accrued interest income and expense		11,093	16,831	-8,198	652
Other non-cash items		-1,276	1,415	-1,240	151
Paid income tax		-15,303	-3,371	-12,074	-23,697
		45,444	85,512	101,371	107,898
Increase/decrease in loans to the public		-39,399	-2,518	-42,081	-399,662
Increase/decrease in other short-term claims		728	-19,698	1,462	-16,241
Increase/decrease in deposits and borrowings from the public		171,083	358,451	240,019	431,115
Increase/decrease in other short-term liabilities		-56,756	-11,893	-34,701	6,919
Cash flow from operating activities		121,100	409,854	266,070	130,029
Investing activities					
Investments in tangible assets		-392	-549	-630	-1,069
Investments in intangible assets		-964	-739	-7,999	-2,678
Acquisition of associated undertakings		-73,741	-	-73,741	-
Cash flow from investing activities		-75,097	-1,288	-82,370	-3,747
Financing activities					
New share issue		39	-	1,019	-
Shareholder's contribution		7,350	-	9,310	-
Change in overdraft		516	-	516	-
Issue of subordinated tier 2 loan		97,000	-	97,000	-
Group contributions paid		-	-29,400	-56,840	-53,900
Dividends paid		-17,200	-468	-18,105	-858
Cash flow from financing activities		87,705	-29,868	32,900	-54,758
Cash flow for the period		133,708	378,698	216,600	71,524
Cash and cash equivalents at the beginning of period		733,623	272,033	650,731	579,207
Cash and cash equivalents at the end of period		867,331	650,731	867,331	650,731
<i>Cash flow from operating activities includes interest expenses paid and interest payments received with the following amounts:</i>					
Interest expenses paid		7,706	3,337	45,176	38,320
Interest payments received		197,937	189,428	388,957	360,541

STATEMENT OF CHANGES IN EQUITY, GROUP

TSEK	Share capital	Other reserves	Retained earnings	Net profit for the year	Non-controlling interests	Total equity
Balance as at 1 January 2014	5,000	-	147,588	86,324	-	238,912
Net profit for the year	-	-	-	99,543	-	99,543
Currency translation differences, net of tax	-	1,887	-	-	-	1,887
Total comprehensive income for the year, net of tax	-	1,887	-	99,543	-	101,430
Transfer to retained earnings	-	-	86,324	-86,324	-	-
Dividends	-	-	-858	-	-	-858
Group contributions	-	-	-86,240	-	-	-86,240
Tax on group contributions	-	-	18,973	-	-	18,973
Balance as at 31 December 2014	5,000	1,887	165,787	99,543	-	272,217
Balance as at 1 January 2015	5,000	1,887	165,787	99,543	-	272,217
Net profit for the year	-	-	-	93,235	-3,826	89,409
Currency translation differences, net of tax	-	-2,560	-	-	-57	-2,617
Total comprehensive income for the year, net of tax	-	-2,560	-	93,235	-3,883	86,792
Transfer to retained earnings	-	-1,887	101,534	-99,543	-104	-
Dividends	-	-	-18,105	-	-	-18,105
Bonus issue	102,500	-	-102,500	-	-	-
New share issue	-	-	39	-	980	1,019
Shareholder's contribution	-	-	-	-	9,310	9,310
Balance as at 31 December 2015	107,500	-2,560	146,755	93,235	6,303	351,233

NOTES

NOTE 1 General information

Ownership in TF Bank AB is divided between TFB Holding AB (formerly Consortio Invest AB, 556705-2997), which owns 79.6 %, and private investors who own 20.4 %.

The term "Group" refers to TF Bank AB together with its branches and subsidiaries:

Branches

- TF Bank AB, filial Finland (2594352-3)
- TF Bank AB, filial Polen (PL9571076774)

Subsidiaries

- TFB Service OÜ (12676808) 100 %
- Avarda AB (556986-5560) 51 %
- Avarda Oy (2619111-6) 51 %
- BB Finans ASA (935590221) 100 %
- Confide AS (948063603) 100 %

NOTE 2 Credit risk

Financial risks

The Group's activities are exposed to a variety of financial risks: market risk (considerable currency and interest rate risk in the cash flow), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial results. TF Bank uses derivative instruments to hedge certain foreign currency exposure and applies hedge accounting for some net investments in its foreign operations.

The Board of Directors establishes written policies and control documents. Compliance with the governing documents as well as the level of the Group's credit risk are measured and reported to the Group's management and Board of Directors on an ongoing basis.

Credit risk is the risk that a counterparty causes the Group a financial loss by not fulfilling its contractual obligations. Credit risk arises primarily through loans to the public but also through cash and cash equivalents and derivatives with a positive value. Credit risk is the most significant risk in the Group and is monitored closely by the relevant functions and by the Board of Directors, who has the ultimate responsibility for managing credit risk. The Board of Directors has issued a credit policy which sets the guidelines for the Group's lending activities. A credit committee monitors the development of the levels of credit risk in the loan portfolios and determines changes and suggests updates in the Group's lending within the set credit policy. The performance of the credit portfolio is regularly reported to the Board of Directors.

Before a loan is issued, a risk assessment is made of the customer's creditworthiness, taking into account the customer's financial position, previous experiences and other factors. Individual risk limits are defined based on internal or external credit assessments in accordance with the limits set by the Board of Directors. The use of credit limits is regularly monitored. The Group cannot grant any loans or credits to legal entities without the approval by the Board of Directors. By only approving counterparties with an investment grade credit rating and by setting limits for the maximum exposure to each counterparty the Board of Directors also limits the credit risk arising from cash management activities.

The Group's credit approval process has high standards regarding ethics, quality and control. Despite credit risk being the largest risk exposure for the Group, the provision for loan losses is small in proportion to the outstanding loan volume (see below and note 6). This is because the Group regularly sells non-performing loans to debt collection specialist entities when the Board of Directors considers

the price level to be favourable, when compared to keeping the non-performing receivables on the balance sheet. This is currently the case for most of the markets. This implies that the Group continuously realizes actual loan losses through sales of non-performing loans. The remaining portfolio has a limited number of non-performing loans and consequently relatively low level of provisions.

The objective for the Group's process of monitoring overdue payments and unsettled loans and receivables is to minimize loan losses by detecting payment issues early and following up with customers where needed. The monitoring is supported by a separate "pre-collection" system for overdue payments with automatic functions and reminders.

The Group's loans to the public consists primarily of unsecured consumer loans. For this reason the Group does not list credit risk exposures in a separate table, as there are limited assets pledged as security, while the at the same time the size of the reserves in relation to the credit volume is low. At the balance sheet date, the composition of the credit portfolio for loans to the public is as follows:

Group TSEK	31 Dec 2015	31 Dec 2014
Loans, not past due	1,569,993	1,380,897
Loans past due, 1 - 10 days	137,389	161,686
Loans past due, 11 - 69 days	81,983	51,057
Non-performing loans	88,860	72,918
Total	1,878,225	1,666,558
Provision for expected loan losses	-40,647	-32,738
Total loans to the public	1,837,578	1,633,820

For a reconciliation of the change in the provision for expected loan losses, see note 6.

CREDIT QUALITY OF FULLY PERFORMING LOANS

Group TSEK	31 Dec 2015	31 Dec 2014
Household sector		
Low risk	1,000,104	891,253
Medium risk	297,385	194,705
High risk	424,697	454,841
Unrated	67,179	52,260
Total household sector	1,789,365	1,593,059
Corporate sector		
Unrated	-	581
Total corporate sector	-	581

The approval of a loan application from a new customer is primarily based on information provided by the customer, information deduced from customers in the same socio demographic group and other variables regarding the individual customer retrieved from external sources. How the information is used and weighted in the model is determined from a risk perspective by an in-depth analysis of the individual customer and the Group's existing customer data base. The Group can use both internal ratings and ratings provided by external providers (credit bureaus in the respective markets) to ensure that the risk assessment is as cost effective, accurate and precise as possible. Both ratings are performed independently but can be used together in the Group's credit assessment. This rating model is primarily applied to new customers, whilst existing customers with a payment history and updated variables have proven to be good sources for a renewed credit assessment.

Note 2 cont.

The credit quality of other fully performing financial assets in accordance with Standard & Poor's local short-term rating is shown below:

Group TSEK	31 Dec 2015	31 Dec 2014
Cash and balances with central banks		
AAA	29,445	4,811
Treasury bills eligible for refinancing		
AAA	60,075	159,965
Loans to credit institutions		
A-1+	206,642	334,611
A-1	568,478	141,252
A-2	4,124	10,092
Other assets		
A-1+	-	7,087
Unrated	5,770	-
Total	874,534	657,818

Other assets within A-1+ relate to derivatives with a positive value.

Impairment of financial assets

The Group assesses on a monthly basis whether there is objective evidence of impairment of a financial asset or group of financial assets. A financial asset or group of assets is impaired, and an impairment loss is recognised, only if there is objective evidence of impairment as a result of one or several events occurring after the initial recognition of the asset ("a loss event") and this event, or events, affect the estimated cash flows of the financial asset or group of financial assets and this effect can be accurately estimated.

An impairment loss on loans and receivables is recognised when there is objective evidence that the Group will not be able to recover overdue amounts in accordance with the original terms and conditions for the receivables. The Group applies a collective impairment approach since the portfolio consists of loans of limited amounts and receivables where an individual assessment is not required. The Group uses a statistical approach in two steps to determine the provisions:

- Loans and receivables where a loss event occurred for a single receivable or for a group of receivables.
- Loans and receivables which are more than 69 days overdue and where the loan has been cancelled (non-performing loans).

When a loss event has occurred, a provision is made by assessing the present value of future cash flows based on the probability that the loan will be terminated using historical data. The expected future cash flow is based on calculations which take into account historical redemption rates and other historical data. Historical data is used to estimate future cash flows in the markets where the Group has decided not to sell the non-performing loans.

Provisions for non-performing loans are calculated as the difference between the carrying amount of the asset and the present value of future cash flows, discounted using the original interest rate of the loan. The expected future cash flow is based on calculations which take into account historical redemption rates, which are applied to each generation of non-performing loans.

All loans and receivables that neither have a loss event nor are more than 69 days overdue are assessed whether they should be collectively impaired. The loans and receivables are reviewed to find loss events that could lead to a financial loss for the Group, e.g. increased unemployment rate. Events preceding this might be, e.g. large notices and financial instability, which could have a negative impact on the solvency of the customers after the event occurred. Management makes quarterly qualitative assessments to assess the change since the last quarter to determine whether to increase or decrease the collective provision. Management assesses each market where the Group has operations.

Loans and receivables that are sold are removed from the collective provision and the difference between the carrying amount of the asset and the present value are recognised as a loss. Non-performing loans are recognised as an actual loss when they have been reported by the debt collection agency as being assigned to long-term monitoring, when it has been established that the customer is deceased or when another loss event has been identified. Amounts received relating to previous actual losses are recognised through profit or loss.

NET LOAN LOSSES

Group TSEK	Jul-Dec 2015	Jul-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Change in the provision for sold non-performing loans	-44,704	-55,639	-96,394	-106,570
Realised loan losses	-8,357	-7,543	-17,149	-15,060
Recovered from previous write-offs	4,495	4,017	8,293	8,128
Change in provision for other expected loan losses	-3,565	-387	-2,797	159
Net loan losses	-52,131	-59,552	-108,047	-113,343

Net loan losses are attributable to Loans to the public and categorised as loans and receivables.

NOTE 3 Operating segments

The CEO has the ultimate responsibility for the decisions being taken by the Group. 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.

The Board of Directors assesses the performance of the Direct to Consumer and Sales Finance segments. The Sales Finance segment was launched in May 2014 after the Group acquired assets and liabilities of a company.

The Board of Directors evaluates the operating segments' performance based on their operating profits.

DIRECT TO CONSUMER

Income statement TSEK	Jul-Dec 2015	Jul-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net interest income	156,962	143,697	303,454	284,830
Net fee and commission income	10,420	6,720	18,275	11,937
Net results from financial transactions	-289	6	-195	-113
Total operating income	167,093	150,423	321,534	296,654
General administrative expenses	-46,558	-35,546	-82,026	-72,018
Depreciation, amortisation and impairment charges of tangible and intangible assets	-1,874	-1,480	-3,460	-3,057
Other operating expenses	-9,421	-8,575	-19,967	-16,133
Total operating expenses	-57,853	-45,601	-105,453	-91,208
Profit before loan losses	109,218	104,821	216,082	205,446
Net loan losses	-41,962	-46,616	-85,648	-95,815
Operating profit	67,256	58,205	130,434	109,631

SALES FINANCE

Income statement TSEK	Jul-Dec 2015	Jul-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net interest income	21,495	25,564	44,790	36,739
Net fee and commission income	9,411	10,460	21,647	14,005
Net results from financial transactions	11	2	42	-38
Total operating income	30,917	36,026	66,479	50,706
General administrative expenses	-20,685	-11,963	-36,246	-14,898
Depreciation, amortisation and impairment charges of tangible and intangible assets	-574	-335	-1,108	-413
Other operating expenses	-33	-176	-613	-176
Total operating expenses	-21,291	-12,473	-37,967	-15,487
Profit before loan losses	9,626	23,553	28,512	35,219
Net loan losses	-10,169	-12,936	-22,399	-17,528
Operating profit	-543	10,617	6,113	17,691

Balance sheet TSEK	31 Dec 2015	31 Dec 2014
Loans to the public		
Household sector	1,487,235	1,275,528
Corporate sector	-	581
Total loans to the public	1,487,235	1,276,109
Household sector		
Net performing loans	1,418,419	1,226,051
Net non-performing loans	68,816	49,477
Total household sector	1,487,235	1,275,528
Corporate sector		
Net performing loans	-	581
Total corporate sector	-	581

Balance sheet TSEK	31 Dec 2015	31 Dec 2014
Loans to the public		
Household sector	350,343	357,711
Total loans to the public	350,343	357,711
Household sector		
Net performing loans	347,565	357,711
Net non-performing loans	2,778	-
Total household sector	350,343	357,711

Note 3 cont.

GROUP INFORMATION

Income statement TSEK	Jul-Dec 2015	Jul-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Balance sheet TSEK	31 Dec 2015	31 Dec 2014
Operating income					Loans to the public		
Operating income, Direct to Consumer	167,093	150,423	321,534	296,654	Loans to the public, Direct to Consumer	1,487,235	1,276,109
Operating income, Sales Finance	30,917	36,026	66,479	50,706	Loans to the public, Sales Finance	350,343	357,711
Total operating income for the Group	198,010	186,449	388,013	347,360	Total loans to the public for the Group	1,837,578	1,633,820
Operating profit							
Operating profit, Direct to Consumer	67,256	58,205	130,434	109,631			
Operating profit, Sales Finance	-543	10,617	6,113	17,691			
Items affecting comparability	-18,232	-	-18,232	-			
Total operating profit for the Group	48,481	68,822	118,315	127,322			

NOTE 4 Classification of financial assets and liabilities

Group, 31 Dec 2015 TSEK	Financial instruments at fair value through profit or loss		Available for sale financial assets	Loans and receivables	Other financial assets/ liabilities	Total
	Held for trading	Designated at fair value through profit or loss				
Assets						
Cash and balances with central banks	-	-	-	29,445	-	29,445
Treasury bills eligible for refinancing	-	-	60,075	-	-	60,075
Loans to credit institutions	-	-	-	777,811	-	777,811
Loans to the public	-	-	-	1,837,578	-	1,837,578
Derivatives	-	-	-	-	-	-
Total assets	-	-	60,075	2,644,834	-	2,704,909
Liabilities						
Liabilities to credit institutions	-	-	-	-	516	516
Deposits and borrowings from the public	-	-	-	-	2,229,562	2,229,562
Subordinated liabilities	-	-	-	-	97,000	97,000
Derivatives	3,090	-	-	-	-	3,090
Total liabilities	3,090	-	-	-	2,327,078	2,330,168

Note 4 cont.

Group, 31 Dec 2014 TSEK	Financial instruments at fair value through profit or loss		Available for sale financial assets	Loans and receivables	Other financial assets/ liabilities	Total
	Held for trading	Designated at fair value through profit or loss				
Assets						
Cash and balances with central banks	-	-	-	4,811	-	4,811
Treasury bills eligible for refinancing	-	-	159,965	-	-	159,965
Loans to credit institutions	-	-	-	485,955	-	485,955
Loans to the public	-	-	-	1,633,820	-	1,633,820
Derivatives	7,087	-	-	-	-	7,087
Total assets	7,087	-	159,965	2,124,586	-	2,291,638
Liabilities						
Deposits and borrowings from the public	-	-	-	-	1,953,403	1,953,403
Liabilities to TFB Holding AB	-	-	-	-	56,840	56,840
Total liabilities	-	-	-	-	2,010,243	2,010,243

NOTE 5 Financial assets and liabilities measured at fair value

Fair value

Disclosures are required on fair value measurement by level in fair value hierarchy for financial instruments measured at fair value in the balance sheet:

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

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

Group, 31 Dec 2015 TSEK	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing		60,075		60,075
Derivatives		-		-
Total assets		60,075		60,075

Group, 31 Dec 2014 TSEK	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing		159,965		159,965
Derivatives		7,087		7,087
Total assets		167,052		167,052

Financial instruments in Level 2

The fair value of financial instruments not traded in an active market (e.g. OTC derivatives) is determined using various valuation techniques. These valuation techniques use observable market data where available and rely as little as possible on entity specific estimates. An instrument is classified as Level 2 if all significant inputs required to value an instrument are observable.

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Fair value of currency swap contracts is determined using forward exchange rates at the balance sheet date.

For loans to the public the fair value is based on the discounted cash flows using an interest rate based on the market interest rate at the balance sheet date, which was 25.47 % as at 31 December 2015 and 27.28 % as at 31 December 2014. For the corporate sector the fair value is based on the discounted cash flows using an interest rate based on the market interest rate, which in this case is STIBOR 90 days. The Group did not have any corporate loans as at 31 December 2015 but as at 31 December 2014 STIBOR 90 days was 0.264 %.

Note 5 cont.

Group, 31 Dec 2015 TSEK	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	29,445	29,445	-
Treasury bills eligible for refinancing	60,075	60,075	-
Loans to credit institutions	777,811	777,811	-
Loans to the public	1,837,578	1,837,578	-
Derivatives	-	-	-
Total assets	2,704,909	2,704,909	-
Liabilities			
Liabilities to credit institutions	516	516	-
Deposits and borrowings from the public	2,229,562	2,229,562	-
Subordinated liabilities	97,000	97,000	-
Derivatives	3,090	3,090	-
Total liabilities	2,330,168	2,330,168	-

Group, 31 Dec 2014 TSEK	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	4,811	4,811	-
Treasury bills eligible for refinancing	159,965	159,965	-
Loans to credit institutions	485,955	485,955	-
Loans to the public	1,633,820	1,633,820	-
Derivatives	7,087	7,087	-
Total assets	2,291,638	2,291,638	-
Liabilities			
Deposits and borrowings from the public	1,953,403	1,953,403	-
Liabilities to TFB Holding AB	56,840	56,840	-
Total liabilities	2,010,243	2,010,243	-

NOTE 6 Loans to the public

Group TSEK	31 Dec 2015	31 Dec 2014
Loans to the household sector	1,837,578	1,633,239
Loans to the corporate sector	-	581
Total loans to the public	1,837,578	1,633,820
Loans to the household sector		
Gross loans	1,878,225	1,665,976
Provision for expected loan losses	-40,647	-32,737
Loans, net book value	1,837,578	1,633,239
<i>Geographic distribution of loans, net</i>		
Sweden	654,684	709,008
Finland	659,977	647,272
Norway	227,813	33,207
Estonia	174,297	148,514
Poland	85,278	62,803
Denmark	34,007	31,253
Latvia	1,522	1,182
Total loans, net book value	1,837,578	1,633,239
<i>Change in provision for actual and expected loan losses</i>		
Opening balance	-32,737	-30,010
Change in provision for sold non-performing loans	-96,394	-106,570
Reversal in provision for sold non-performing loans	96,394	106,570
Change in provision for other loan losses	-2,797	159
Acquired provisions	-6,106	-
Other adjustments ¹	993	-2,886
Closing balance	-40,647	-32,737
Loans to the corporate sector		
Gross loans	-	581
Total loans, net book value	-	581

¹ Other adjustments consist of currency translation differences

There have been no provisions for loans to corporates as there are no circumstances which make provision an issue.

Loans to the corporate sector is only relevant for the Swedish market.

NOTE 7 Capital adequacy analysis

Background

Information about the Group's capital adequacy includes information in accordance with chapter 6, 3-4 §§, Swedish Financial Supervisory Authority's regulations (FFFS 2008:25) on annual accounts of credit institutions and securities companies and related information contained in Articles 92.3 d and f, 436 b and 438 of the Regulation (EU) No 575/2013, commonly referred to as the Capital Requirements Regulation ("CRR"), chapter 8, 7 §, of the Swedish FSA's regulations and general guidelines on regulatory requirements and capital buffers (FFFS 2014:12) and column A of Annex 6 of the Commission Implementing Regulation (EU) No 1423/2013. Other information required by FFFS 2014:12 and CRR is provided on the Parent company's website www.tfbank.se.

Information on own funds and capital requirements

The Group and Parent company's statutory capital requirements is governed by the Swedish Special Supervision of Credit Institutions and Investment Firms Act (2014:968), CRR, regulation on capital buffers (2014:966) and the Swedish Financial Supervisory Authority's regulations and general recommendations on regulatory requirements and capital buffers (FFFS 2014:12).

The purpose of the regulations is to ensure that the Group and Parent company manage their risks and protect its customers. The regulations state that the Group's own funds must cover the capital requirements including the minimum capital requirements (capital requirement for credit risk, market risk and operational risk).

The Group's consolidated situation, with TF Bank AB as responsible institute, was established during the third quarter of 2014. The Group is currently not under supervision¹ and the numbers below have been calculated for presentation in this financial report. The capital situation of the Group has been calculated using the full IFRS consolidated accounts. The aim is to change the legal structure in 2016 and as a result the Group with TF Bank AB as the parent company would become consolidated situation required to report to the Swedish FSA.

¹ The basis for the current consolidated situation reporting to the Swedish FSA includes the Parent Holding company TFB Holding AB.

THE GROUP'S CAPITAL SITUATION CAN BE SUMMARIZED AS FOLLOWS:

TSEK	31 Dec 2015	31 Dec 2014
Common Equity Tier 1 (CET 1) capital after deductions	309,078	266,563
Additional Tier 1 (AT 1) capital after deductions	-	-
Tier 2 capital after deductions	97,000	-
Own funds	406,078	266,563
Risk exposure amounts	2,229,621	1,943,558
- of which: credit risk	1,585,690	1,373,649
- of which: credit valuation adjustment	1,587	-
- of which: market risk	-	-
- of which: operational risk	642,344	569,909
CET 1 capital ratio (%)	13.86	13.72
Tier 1 capital ratio (%)	13.86	13.72
Total capital ratio (%)	18.21	13.72
Total CET 1 capital requirement inclusive of capital buffer requirements	168,113	136,049
- of which: capital conservation buffer	55,741	48,589
- of which: countercyclical capital buffer	12,040	-
CET 1 capital available to use as buffer	208,745	179,103

OWN FUNDS

TSEK	31 Dec 2015	31 Dec 2014
<i>CET 1 capital</i>		
Share capital	107,500	5,000
Retained earnings	145,755	164,787
Audited annual profits net of any foreseeable expenses and dividends	83,560	100,525
Other reserves	1,000	1,000
Accumulated other comprehensive income	-2,560	-
Minority interests	6,304	-
Less:		
- Intangible assets	-23,942	-4,749
- Deferred tax assets that rely on future profitability	-2,235	-
- Minority interests not qualified for inclusion in own funds	-6,304	-
<i>Total CET 1 capital</i>	<i>309,078</i>	<i>266,563</i>
<i>Tier 2 capital</i>		
Dated subordinated loan	97,000	-
Total own funds	406,078	266,563

Own funds include the Board of Director's proposal for the distribution of profit. The Group's CET 1 comply with the requirements of Regulation (EU) No 575/2013.

SPECIFICATION RISK EXPOSURE AMOUNTS

TSEK	31 Dec 2015	31 Dec 2014
Credit risk under the standardised approach		
Corporate exposures	432	3,881
Retail exposures	1,324,620	1,187,939
Exposures secured by mortgage	502	-
Exposures in default	60,565	49,321
Exposures to institutions with short-term credit assessment	156,992	99,766
Other items	42,579	32,742
Total risk-weighted exposure amount credit risk	1,585,690	1,373,649
Credit valuation adjustment		
Standardised method	1,586	-
Total risk weighted exposure amount CVA	1,586	-
Operational risk		
Basic indicator approach	642,344	569,909
Total risk exposure amount operational risk	642,344	569,909
Total risk exposure amount	2,229,621	1,943,558

NOTE 8 Assets pledged as security

Group TSEK	31 Dec 2015	31 Dec 2014
Group liabilities		
Relating to current liabilities to credit institutions		
Loans	594,559	653,017
Other assets	22,010	-
	616,569	653,017

The Group continuously pledge its Swedish and Norwegian loans to the public as security. The assets are pledged as security for the Group's credit facility of SEK 329 million. As at 31 December 2015 SEK 0.5 million was drawn from the credit facility.

NOTE 9 Transactions with related parties

Consortio Fashion Holding AB (CFH), corporate identity number 556925-2819, has largely the same owners as the TF Bank's parent company TFB Holding AB (556705-2997). Transactions with other related parties as shown in the table below refer to transactions between TF Bank and the companies that are part of the CFH Group. All transactions are market priced.

Group TSEK	Jul-Dec 2015	Jul-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
The following transactions have been made with related companies within the Group:				
General administrative expenses	183	202	343	202
Total	183	202	343	202
The following transactions have been made with other related parties:				
Interest income (transaction costs)	34,864	32,001	71,634	40,729
General administrative expenses	3,050	3,086	6,326	4,512
Total	37,914	35,087	77,960	45,241
Acquisition of assets and liabilities from other related parties:				
Sales Finance	-	-	-	371,979
Total	-	-	-	371,979
Assets at the end of the period as a result of transactions with related parties within the Group:				
Loans to TFB Holding AB	3,000	-	3,000	-
	3,000	-	3,000	-
Liabilities at the end of the period as a result of transactions with related parties within the Group:				
	-	56,840	-	56,840
Liabilities to TFB Holding AB	-	56,840	-	56,840
Assets at the end of the period as a result of transactions with other related parties:				
Other assets	91	3,311	91	3,311
Total	91	3,311	91	3,311
Liabilities at the end of the period as a result of transactions with other related parties:				
Other liabilities	2,139	138	2,139	138
Total	2,139	138	2,139	138

NOTE 10 Investments in associated undertakings

The Parent company acquired 100 % of the shares of BB Finans ASA, a Norwegian financial institution based in Bergen, on 31st July 2015. As a result of the acquisition the Parent company acquires indirectly all of the assets and assume the responsibilities and liabilities of BB Finans, including certain items that the seller has not been able to identify in connection with the transaction. The acquisition provides TF Bank with a local presence in Norway and an opportunity to establish operations with the support of experienced and professional employees who have built up an expertise in the Norwegian market over a long period of time. Furthermore, it enables the acquired company to grow in both total assets and profits.

The value of the acquisition was mainly based on the future financial operating surplus which the acquired business is expected to generate. The acquisition has not resulted in any subsequent divestitures or other changes. The assessment the management of TF Bank did prior to the acquisition remains in essence and the period post the acquisition has confirmed the assessment that came from the due diligence.

INFORMATION ON THE ACQUISITION PRICE, ACQUIRED NET ASSETS AND GOODWILL ARE AS FOLLOWS:

TSEK	
Acquisition price	
Cash	73,741
Total acquisition price	73,741
Carrying value at the acquisition date	
Loans to the public	150,859
Intangible assets	2,323
Other assets	2,330
Prepaid expenses and accrued income	2,809
Total assets	158,321
Liabilities to credit institutions	-49,379
Deposits and borrowings from the public	-36,140
Securities issued	-14,833
Other liabilities	-1,642
Accrued expenses and deferred income	-3,076
Deferred tax liabilities	-179
Total liabilities	-105,249
Identifiable acquired assets and liabilities	53,072
Surplus value ¹	10,818
Tax effect on surplus value	-2,921
Goodwill	12,772
Acquired net assets	73,741

¹ The surplus value consists of the expected recovery of past actual losses based on historical data.

The goodwill is attributed to the employees and high profitability of the acquired business. No part of the reported goodwill is expected to be tax deductible.

Transaction costs of SEK 1,670 thousand arose in connection with the acquisition, which has been recognised in the income statement for the Group during 2015.

Income and result of the acquired business

The acquired business contributed SEK 11,120 thousand in income and SEK 2,565 thousand in net profit to the Group accounts for the period 1 August to 31 December 2015.

NOTE 11 Events after closing of the reporting period

TF Bank's subordinated tier 2 loan of SEK 100 million was listed on Nasdaq Stockholm in February 2016.

PARENT COMPANY

TF Bank AB, corporate identity number 556158-1041, is a limited liability company with registered office in Sweden. The address of the head office is Box 947, SE-501 10 Borås, Sweden.

The bank has operations in Sweden, Finland, Norway, Denmark, Estonia, Latvia, and Poland. Its activities include lending to the public in all markets and taking deposits from the public in Sweden and Finland.

TF Bank signed an agreement to acquire the Norwegian financial institution, BB Finans, during the first half of 2015. The transaction was completed during the third quarter and will have a positive impact on the Group's operating profit during 2016.

TF Bank issued a subordinated tier 2 loan with a value of SEK 100 million in December. The loan strengthens and diversifies the bank's capital structure and supports its continued growth. The loan was well received by the market and the order book closed within a day.

The bank's operating income amounted to SEK 385 million (347) in 2015. General administrative expenses include items affecting comparability of approximately SEK 18 million. Operating profit increased by 19 % compared with 2014 when items affecting comparability are excluded.

Loans to the public increased by SEK 5 million to SEK 1,639 million (1,634). Deposits and borrowings from the public increased by SEK 277 million to SEK 2,230 million (1,953).

Loans to credit institutions amounted to SEK 906 million (485) at year-end. The amount includes loans to the subsidiary BB Finans of SEK 140 million (-).

Capital adequacy of the company remains at a stable level with common equity tier 1 capital ratio of 15.4 % as at 31 December 2015 (13.8 %). The total capital ratio was 19.9 % (13.8 %) at year-end, which is significantly higher than the legally required levels.

INCOME STATEMENT, PARENT COMPANY

TSEK	Note	Jul-Dec 2015	Jul-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Operating income					
Interest income		189,502	189,300	377,540	360,136
Interest expense		-18,903	-20,040	-37,153	-38,567
Net interest income		170,599	169,260	340,387	321,569
Fee and commission income		20,772	19,162	43,161	29,351
Fee and commission expenses		-2,546	-1,981	-4,844	-3,409
Net fee and commission income		18,226	17,181	38,317	25,942
Net results from financial transactions		5,694	8	5,826	-151
Total operating income		194,519	186,449	384,530	347,360
General administrative expenses		-71,869	-47,579	-120,285	-86,990
Depreciation, amortisation and impairment charges of tangible and intangible assets		-1,960	-1,811	-4,011	-3,466
Other operating expenses		-9,424	-8,587	-19,980	-16,141
Total operating expenses		-83,253	-57,977	-144,276	-106,597
Profit before loan losses		111,266	128,472	240,254	240,763
Net loan losses		-51,291	-59,552	-107,207	-113,343
Operating profit		59,975	68,920	133,047	127,420
Appropriations		171	-69,119	171	-69,119
Income tax expense		-16,154	237	-31,659	-12,633
Net profit for the period		43,992	38	101,559	45,668

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

TSEK	Note	Jul-Dec 2015	Jul-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Net profit for the period		43,992	38	101,559	45,668
Other comprehensive income					
Items that may be reclassified subsequently to the income statement					
Currency valuation differences during the period, net of tax		-	1,412	-	1,884
Other comprehensive income, net of tax		-	1,412	-	1,884
Total comprehensive income for the period		43,992	1,450	101,559	47,552

BALANCE SHEET, PARENT COMPANY

TSEK	Note	31 Dec 2015	31 Dec 2014
ASSETS			
Cash and balances with central banks		29,445	4,811
Treasury bills eligible for refinancing		60,076	159,965
Loans to credit institutions		905,711	485,111
Loans to the public		1,639,150	1,633,820
Shares in group companies		86,145	1,044
Intangible assets		9,131	4,749
Tangible assets		1,362	1,502
Other assets		8,778	10,592
Current tax assets		2,004	19,621
Prepaid expenses and accrued income		28,533	31,196
TOTAL ASSETS		2,770,335	2,352,411
LIABILITIES AND EQUITY			
Liabilities			
Deposits and borrowings from the public		2,229,562	1,953,403
Other liabilities		21,594	65,178
Accrued expenses and prepaid income		54,281	49,249
Subordinated liabilities		97,000	-
Total liabilities		2,402,437	2,067,830
Untaxed reserves		52,621	52,792
Equity			
Share capital (21,500,000 of SEK 5 each) ¹		107,500	5,000
Other reserves		1,000	1,000
Retained earnings		105,218	178,237
Total comprehensive income for the period		101,559	47,552
Total equity		315,277	231,789
TOTAL LIABILITIES AND EQUITY		2,770,335	2,352,411
Assets pledged as security		565,851	653,017
Commitments		None	None
Contingent liabilities		None	None

¹ The number of shares increased from 50,000 to 21,500,000 and the share capital increased from SEK 5,000,000 to SEK 107,500,000 through a share split and bonus issue on 4 June 2015.

CAPITAL ADEQUACY ANALYSIS

TSEK	31 Dec 2015	31 Dec 2014
Common Equity Tier 1 (CET 1) capital after deductions	337,515	267,313
Additional Tier 1 (AT 1) capital after deductions	-	-
Tier 2 capital after deductions	97,000	-
Own funds	434,515	267,313
Risk exposure amounts	2,188,257	1,944,366
- of which: credit risk	1,546,511	1,374,457
- of which: credit valuation adjustment	1,579	-
- of which: market risk	-	-
- of which: operational risk	640,167	569,909
CET 1 capital ratio (%)	15.42	13.75
Tier 1 capital ratio (%)	15.42	13.75
Total capital ratio (%)	19.86	13.75
Total CET 1 capital requirement inclusive of capital buffer requirements	164,338	136,106
- of which: capital conservation buffer	54,706	48,609
- of which: countercyclical capital buffer	11,160	-
CET 1 capital available to use as buffer	239,043	179,817

OWN FUNDS

TSEK	31 Dec 2015	31 Dec 2014
<i>CET 1 capital</i>		
Share capital	107,500	5,000
Retained earnings	105,218	178,237
Audited annual profits net of any foreseeable expenses and dividends	91,884	46,647
Other reserves	42,044	42,178
Less:		
- Intangible assets	-9,131	-4,749
<i>Total CET 1 capital</i>	<i>337,515</i>	<i>267,313</i>
<i>Tier 2 capital</i>		
Dated subordinated bond	97,000	-
Total own funds	434,515	267,313

Own funds include the Board of Director's proposal for the distribution of profit. The Group's CET 1 comply with the requirements of Regulation (EU) No 575/2013.

SPECIFICATION RISK EXPOSURE AMOUNTS

TSEK	31 Dec 2015	31 Dec 2014
Credit risk under the standardised approach		
Institute exposures	28,060	-
Corporate exposures	3,213	3,864
Retail exposures	1,192,552	1,187,939
Exposures in default	49,082	49,321
Exposures to institutions with short-term credit assessment	154,670	99,597
Equity exposures	86,145	1,044
Other items	32,789	32,692
Total risk-weighted exposure amount credit risk	1,546,511	1,374,457
Credit valuation adjustment		
Standardised method	1,579	-
Total risk weighted exposure amount CVA	1,579	-
Operational risk		
Basic indicator approach	640,167	569,909
Total risk exposure amount operational risk	640,167	569,909
Total risk exposure amount	2,188,257	1,944,366

BOARD OF DIRECTORS AND CEO AFFIRMATION

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

Borås 29 February 2016

Mattias Carlsson
Chairman

Tone Bjørnov

John Brehmer

Thomas Grahn

Paul Källenius

Bertil Larsson

Lars Wollung

Declan Mac Guinness
CEO & Group CEO

This interim report has not been audited.

DEFINITIONS

ADJUSTED EARNINGS PER SHARE

Net profit for the period excluding non-controlling interests and items affecting comparability divided by average number of outstanding shares.

ADJUSTED OPERATING PROFIT

Operating profit excluding items affecting comparability.

ADJUSTED RETURN ON EQUITY

Net profit for the period excluding non-controlling interests and items affecting comparability as a percentage of total equity. Rolling 12 month.

CET 1 CAPITAL RATIO

CET 1 capital as a percentage of total risk exposure amount.

COST/INCOME RATIO

Operating expenses as a percentage of operating income.

CREDIT VOLUME

The paid-out credit (the cash flow) in the period, for Sales Finance the volume is reduced by product returns.

EARNINGS PER SHARE

Net profit for the period excluding non-controlling interests divided by average number of outstanding shares.

EMPLOYEES (FTE)

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

NET INTEREST MARGIN

Net interest income as a percentage of average gross loans to the public. Rolling 12 months.

NET LOAN LOSS RATIO

Net loan losses as a percentage of average loan portfolio. Rolling 12 months.

TOTAL CAPITAL RATIO

Own funds as a percentage of the total risk exposure amount.

FINANCIAL CALENDAR AND CONTACTS

22 March 2016	Publication of the annual report 2015
7 April 2016	Annual general meeting
10 May 2016	Interim report January-March 2016
19 July 2016	Interim report January-June 2016
8 November 2016	Interim report January-September 2016

The annual general meeting will be held at Norrlandsgatan 7-9 (3rd floor), 111 43 Stockholm, at 10.00 am on 7th April, 2016.

CONTACTS

Declan Mac Guinness
CEO
TF Bank AB (publ.)
Box 947, 501 10 Borås
Phone: +46 33 722 35 65
declan.macguinness@tfbank.se

Investor Relations
ir@tfbank.se

www.tfbankgroup.com



TF Bank AB (publ)
Ryssnäsgratan 2, SE-504 64 Borås, Sweden
Phone: +46 33-722 35 00
Fax: +46 33-12 47 39
E-mail: ir@tfbank.se

www.tfbankgroup.com