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INTERIM REPORT
January-June 2016

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THE PERIOD IN BRIEF

FIRST HALF YEAR, JANUARY-JUNE 2016 COMPARED WITH JANUARY-JUNE 2015

- Total operating income increased by 9.8 % to SEK 208.7 million
- The loan portfolio amounted to SEK 2,185 million on 30 June 2016, an increase of 18.9 % since the end of 2015
- Operating profit decreased by 22.1 % to SEK 54.4 million
- Adjusted¹ operating profit increased by 3.5 % to SEK 72.3 million
- Net profit decreased by 23.1 % to SEK 42.3 million
- Adjusted¹ net profit increased by 2.3 % to SEK 56.3 million
- The cost/income ratio was 38.5 % (33.8)
- CET 1 capital ratio was 14.3 % and the total capital ratio was 18.5 %
- Earnings per share amounted to SEK 2.14 (2.62)
- Adjusted¹ earnings per share amounted to SEK 2.79 (2.62)

SECOND QUARTER, APRIL-JUNE 2016 COMPARED WITH APRIL-JUNE 2015

- Total operating income increased by 12.8 % to SEK 108.1 million
- Operating profit decreased by 32.3 % to SEK 26.4 million
- Adjusted¹ operating profit decreased by 2.1 % to SEK 38.2 million
- Net profit decreased by 38.5 % to SEK 19.6 million
- Adjusted¹ net profit decreased by 9.7 % to SEK 28.8 million
- The cost/income ratio was 38.8 % (32.4)
- Earnings per share amounted to SEK 1.01 (1.51)
- Adjusted¹ earnings per share was SEK 1.44 (1.51)

SIGNIFICANT EVENTS, JANUARY-JUNE 2016

- On 14 June TF Bank listed its shares on Nasdaq Stockholm. The offer was well received by the market. In total 5,661,553 shares (26.3 %) offered at SEK 77 per share.
- The Norwegian subsidiary BB Finans AS submitted an application for a bank license to the Norwegian Financial Supervisory Authority 23 June. The company has a goal of obtaining a Norwegian bank license before the end of 2016.

We feel confident in our long-term financial targets and believe that the current momentum will continue during the second half of 2016.

TOTAL OPERATING INCOME

JAN-JUN 2016 COMPARED WITH JAN-JUN 2015

SEK **209** MILLION **+10 %**

LOAN PORTFOLIO

30 JUNE 2016 COMPARED WITH 31 DECEMBER 2015

SEK **2.2** BILLION **+19 %**

TOTAL CAPITAL RATIO

30 JUNE 2016 COMPARED WITH 31 DECEMBER 2015

18.5 % **+0.3** PERCENTAGE POINTS

ADJUSTED¹ EARNINGS PER SHARE

JAN-JUN 2016 COMPARED WITH JAN-JUN 2015

SEK **2.79** **+6.5 %**

¹ Adjustments of approximately SEK 17.9 million have been made for one-off costs related to the initial public offering on Nasdaq Stockholm. Definitions, see page 30.

CEO'S COMMENTS

It has been a memorable six months in TF Bank's history and it is with pleasure, pride and gratitude that we welcome many new shareholders and present our first interim report as a listed company.

Despite the intensive work that the organisation has put in during the successful listing process, we have continued to perform according to plan and in line with the historical pattern of profitable growth. I particularly want to highlight the organic portfolio growth of 19 percent since the beginning of the year.

The platform that the Group has built up over the last 25 years was further developed in 2015, through the establishment of the branch in Poland, the development of the acquired company BB Finans and the cooperation with Intrum Justitia through Avarda, which are developing as planned. This development was a major factor behind the increase in lending during the first half of this year, which increased by SEK 348 million to SEK 2.2 billion. Lending in our largest segment, Direct to Consumer, was very strong, increasing by 19 percent. It is particularly pleasing that the growth has been strong in Norway and Poland, after a particular focus on these countries during the last year. The Group's progress in Norway has prompted BB Finans to apply to the Norwegian Financial Supervisory Authority for a banking licence, which will provide the Group with further diversification in its financing over the long term. Loan receivables in our other segment, Sales Finance, increased by 20 percent in the same period and it is a sign of strength that the increase was mainly attributable to volumes coming through Avarda.

IPO, high loan portfolio growth in both segments, banking license application filed in Norway and record operating income levels. A historic and strong half year for TF Bank.

Operating income amounted to SEK 209 million, a record half year for TF Bank. The cost/income ratio, exclusive of Avarda, was 33.5 percent, which shows that we continue to grow while maintaining cost control. The continuing decline in the net loan loss ratio is a result of our focus



on improving our credit scoring in both segments and in all countries. Operating profits were affected by costs associated with the listing on the Nasdaq, and also as a result of continued investments in Avarda. Adjusted operating profit for the first half year, exclusive of Avarda, increased by 12 percent to SEK 82 million.

In summary, I can once again conclude that the Group has grown both in terms of offering, income and geographical presence. Last year's investments in Norway, Poland and Avarda have shown that we have competitive offerings in two growing and exciting segments. We are confident about our long-term financial targets and our assessment is that the momentum we have built up in the loan book growth will lead to a continued increase in operating income and increasing operating profits over the coming financial quarters.

*Declan Mac Guinness
President & CEO*

THE GROUP

TF Bank was founded in Sweden in 1987 for the purpose of offering financing solutions to customers ordering goods from mail-order catalogues. Over time, the Group has grown in terms of product offering, income and geographical presence. TF Bank currently offers consumer banking services through a highly automated in-house developed IT platform designed for scalability and adaptability to different products, countries, currencies and digital banking solutions. TF Bank conducts banking operations, which include deposits and lending to retail customers in Sweden and Finland, lending to retail customers in Norway and Poland, and cross-border lending in Denmark, Estonia and Latvia.

The Group's main business consists of lending to the public through two segments: Direct to Consumer and Sales Finance. Direct to Consumer deals primarily with loans to retail customers. Sales Finance provides financing solutions for handling invoice and instalment payments.

KEY FIGURES, GROUP

SEK thousand	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Income statement					
Operating income	108,064	95,835	208,668	190,004	388,013
Operating income margin, %	21.3	23.0	21.3	23.0	22.4
Operating profit	26,441	39,054	54,411	69,835	118,315
Net profit for the period	19,598	31,875	42,341	55,033	89,409
Earnings per share, SEK	1.01	1.51	2.14	2.62	4.34
Balance sheet					
Loans to the public	2,185,340	1,636,502	2,185,340	1,636,502	1,837,578
Deposits from the public	2,231,952	2,022,339	2,231,952	2,022,339	2,229,562
Credit volume	599,781	381,677	1,174,260	811,518	1,675,309
Key figures					
Net loan loss ratio, %	5.7	7.1	5.7	7.1	6.2
Cost/Income ratio, %	38.8	32.4	38.5	33.8	37.0
CET 1 capital ratio, %	14.3	15.5	14.3	15.5	13.9
Total capital ratio, %	18.5	15.5	18.5	15.5	18.2
Employees (FTE)	98	70	95	68	78

ADJUSTED KEY FIGURES, GROUP

SEK thousand	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Operating profit	26,441	39,054	54,411	69,835	118,315
Items affecting comparability ¹	11,785	-	17,887	-	18,232
Adjusted operating profit	38,226	39,054	72,298	69,835	136,547
Adjusted income tax expense	-9,436	-7,179	-16,005	-14,802	-32,917
Adjusted net profit for the period	28,790	31,875	56,293	55,033	103,630
Adjusted net profit attributable to the shareholders of the Parent company	31,004	32,538	60,019	56,254	107,456
Adjusted earnings per share ² , SEK	1.44	1.51	2.79	2.62	5.00
Adjusted return on equity, %	30.7	35.9	30.7	35.9	34.5

¹ Items affecting comparability in 2015 relate to transaction costs associated with the cancelled initial public offering at the Frankfurt Stock Exchange. During the first half of 2016 earnings were adversely affected by additional costs related to the initial public offering at Nasdaq Stockholm, which are reported as items affecting comparability.

² The tax effect related to the change in the value of unrealised currency derivatives affects the change in adjusted earnings per share of SEK -0.03 during April-June 2016 compared with April-June 2015 and SEK 0.03 for January-June 2016 compared with January-June 2015.

Definitions, see page 30.

EARNINGS AND FINANCIAL POSITION

FIRST HALF OF 2016

Operating profit decreased by 22.1 % to SEK 54.4 million (69.8) due to non-recurring costs related to the IPO.

Adjusted operating profit for the first half of the year amounted to SEK 72.3 million (69.8), an increase of 3.5 %. The improvement is largely due to higher operating income. Adjusted earnings per share increased by 6.5 % to 2.79 (2.62) and adjusted return on equity was 30.7 % (35.9).

Operating income

The Group's operating income increased by 9.8 % to SEK 208.7 million (190.0). The organic growth in Finland, Poland and Norway had a positive impact on operating income. The acquisition of BB Finans contributed SEK 11 million to operating income.

Interest expenses

Interest expenses increased to SEK 24.1 million (18.3). The main reason for the increase is due to the subordinated loan issued in December 2015 but also the Group's growing financing needs in markets where interest rates are somewhat higher than in Sweden has an impact on interest expenses. The low interest rates in Sweden have had a positive impact on interest expenses for the Group compared with the first half of 2015.

Net fee and commission income

Net fee and commission income increased by 5.8 % to SEK 21.3 million (20.1), of which BB Finans contributed SEK 2.5 million (0.0). Lower income from reminder fees due to the improved credit quality affected the net fee and commission income negatively.

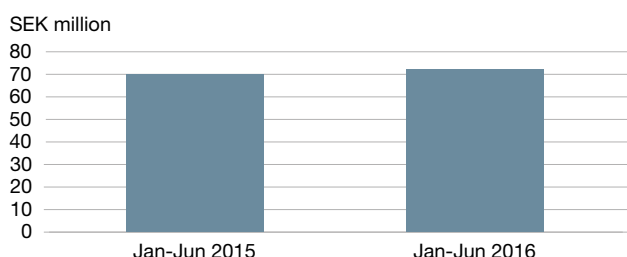
Operating expenses

The Group's operating expenses increased by 25.2 % to SEK 80.4 million (64.3), while the cost/income ratio rose to 38.5 % (33.8). The average number of employees has increased to 95, compared with 68 people the first half of 2015, of which BB Finans, Avarda and the branch in Poland accounted for most of the increase. The costs for Avarda rose by SEK 6.0 million compared with the corresponding period of 2015, which, inter alia, is related to IT development costs. The first half of 2015 was positively impacted by SEK 2.5 million of capitalised costs related to the bank's proprietary ledger system.

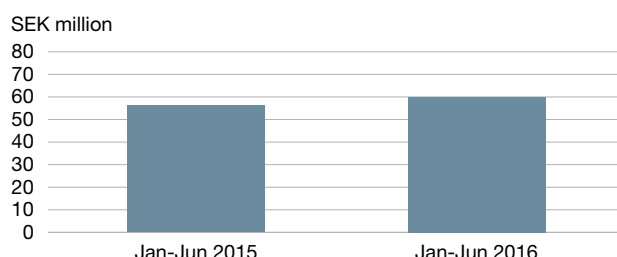
Loan losses

The net loan loss ratio decreased to 5.7 % (7.1). General improvement in the credit quality and that the Group receives higher prices for the sale of loan receivables that go to debt collection. Loan losses in BB Finans is lower than the average for the Group, which also contributes to the improvement compared to the first half of 2015.

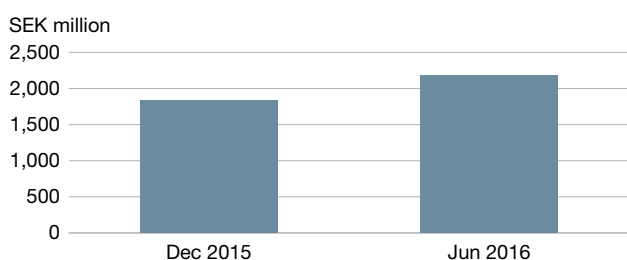
ADJUSTED OPERATING PROFIT¹



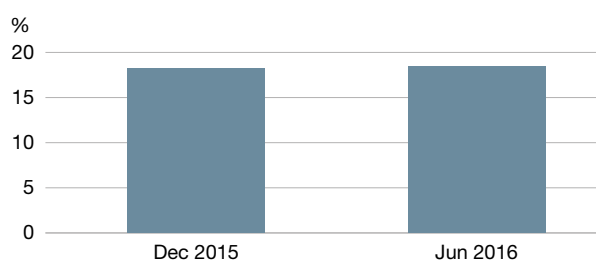
ADJUSTED NET PROFIT ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY¹



LOANS TO THE PUBLIC



TOTAL CAPITAL RATIO



¹ Adjustments of approximately SEK 17.9 million have been made for one-off costs related to the initial public offering on Nasdaq Stockholm. Definitions, see page 30.

Tax expenses

The Group's tax expenses totalled SEK 12.1 million (14.8). The decline in operating profit reduced tax expenses by SEK 3.4 million, while tax effects of changes in the value of unrealised currency derivatives for hedging purposes accounted for SEK 0.1 million of the reduction during the first half of 2016, compared to a reduction of SEK 0.7 million during the same period in the previous year.

Lending

The Group's loans to the public increased by 18.9 % to SEK 2,185 million (1,838) during the first half of 2016. Currency effects had a positive impact of 2.5 % and particularly strong organic growth in Norway, Finland and Poland.

Deposits

The Group's deposits from the public increased by 0.1 % to SEK 2,232 million (2,230) during the first half of 2016. Deposits in Sweden decreased during the interim period due to a reduction of the deposit rate by 0.2 percentage points on 2 May 2016 to 0.70 %. The decrease in Sweden has been offset by an increase of deposits in Finland, which is in line with the Group's strategy to finance foreign assets to a greater extent in local currencies.

Investments

Investments in the first half of 2016 amounted to SEK 3.4 million (7.3). The reduction compared to the first half of 2015 was mainly attributable to lower investments in the Group's proprietary ledger system.

Cash and cash equivalents

The Group's cash and cash equivalents declined by SEK 298.5 million to SEK 568.8 million (867.3), which was mainly a result of increased lending. At the end of the interim period, the Group's cash and cash equivalents, together with unutilised credit facilities of SEK 330 million, amounted to 40 % of the deposits from the public.

Subordinated tier 2 loan

In December 2015, TF Bank issued a subordinated tier 2 loan with a value of SEK 100 million. The issue strengthened and diversified the bank's capital structure and supports continuing growth. The loan issue was well received by the market and was listed on Nasdaq Stockholm in February 2016.

Capital adequacy

TF Bank's capital ratios continue to be significantly higher than the regulatory requirements. At the end of the quarter, the CET 1 capital ratio was 14.3 % (13.9) and the total capital ratio was 18.5 % (18.2). Consequently, the Group is well equipped to meet both increased regulatory

capital requirements and higher capital requirements resulting from the Group's expected future growth.

APRIL-JUNE 2016

Operating profit for the quarter decreased by 32.3 % to SEK 26.4 million (39.1) due to non-recurring costs related to the IPO. Adjusted operating profit declined by 2.1 % to SEK 38.2 million (39.1), largely as a result of higher operating expenses compared with the second quarter in 2015.

Operating income

The Group's operating income increased by 12.8 % to SEK 108.1 million (95.8). BB Finans had an impact of approximately SEK 6 million on operating income. The net result from financial transactions includes SEK 0.8 million from the sale of shares in Visa.

Interest expenses

Interest expenses increased to SEK 12.0 million (9.0). The increase is due to the subordinated loan issued in December 2015.

Net fee and commission income

Net fee and commission income increased by 4.7 % to SEK 10.7 million (10.3). The increase is largely due to BB Finans.

Operating expenses

The Group's operating expenses increased by 34.7 % to SEK 41.9 million (31.1), while the cost/income ratio rose to 38.8 % (32.4). The average number of employees increased to 98 (70) people in the second quarter of 2016. The second quarter of 2015 was positively impacted by SEK 2.5 million of capitalised costs related to the bank's proprietary ledger system.

Loan losses

The net loan loss ratio decreased to 5.7 % (7.1) due to a general improvement in the credit quality and that the Group receives higher prices for the sale of loan receivables that go to debt collection.

Tax expenses

The Group's tax expenses totalled SEK 6.8 million (7.2). The decline in operating profit reduced tax expenses by SEK 2.8 million. The average tax rate for the Group increased to 25.9 % (18.4) due to the tax effects related to changes in the value of unrealised currency derivatives for hedging purposes.

OPERATING SEGMENTS' PERFORMANCE

DIRECT TO CONSUMER

The Direct to Consumer segment experienced strong organic growth during the first half of 2016, mainly due to the investments that were made in 2015 with continued geographic expansion by opening a branch in Poland and the growth of the acquired company BB Finans.

Increased credit volume in Norway, Finland, Poland and Estonia meant that loans to the public increased by 18.8 % to SEK 1,766 million (1,487).

Operating profit increased by 19.2 % to SEK 75.3 million (63.2) during the first half of the year. The increase in profit was primarily a result of an increase in operating income and improved credit quality.

The segment's net loan loss ratio decreased to 5.6 % (7.1). The reduction is mainly due to improved credit quality and that the net loan loss ratio of BB Finans is generally lower than the average for the group. The Group also received higher prices for the sale of loan receivables that go to debt collection in the Swedish and Finnish markets.

The segment's cost/income ratio increased to 32.4 % (30.8) during the period, mainly due to costs for the geographic expansion to Norway and Poland as well as higher personnel costs within the central functions of the Group, which have been allocated to the segment.

SALES FINANCE

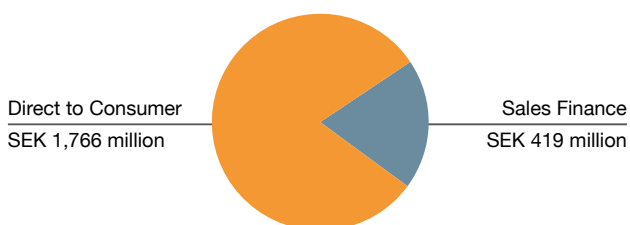
The Sales Finance segment also experienced strong organic growth during the first half of 2016, mainly due to the positive development in Avarda. Loans to the public increased by 19.6 % to SEK 419 million (350) during the period.

Avarda is in the start-up phase and operating profit was affected by investment costs. Operating profit for the segment amounted to SEK -3.0 million (6.7) during the period.

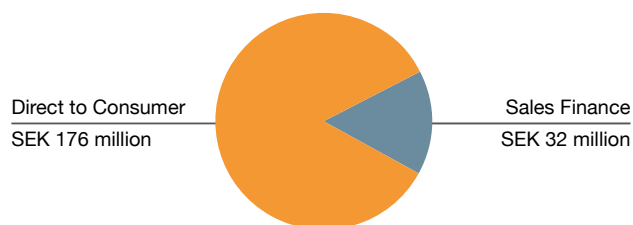
The cost/income ratio was 72.1 % (46.9) mainly due to investments in Avarda.

The segment's net loan loss ratio fell to 5.7 % (7.0), which is also primarily explained by the improvement in credit quality as well as higher prices for the sale of loan receivables that go to debt collection.

LENDING BY SEGMENT



OPERATING INCOME BY SEGMENT



OTHER

Risks and uncertainties

TF Bank faces various types of risks, such as credit risk, market risk, liquidity risk and operational risk. In order to limit and control risk-taking in the business, the Board, which is ultimately responsible for internal controls, has defined policies and instructions for lending and other activities. For a more detailed description of financial risks and the use of financial instruments, and capital adequacy, see notes 2 and 7. Further information can be found in notes 3 and 34 of the 2015 annual report.

Accounting policies

The interim report has been 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). In addition, amendments to the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board, and the Swedish Financial Supervisory Authority's regulations (FFFS 2008:25) have also been applied.

The Parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board, and the Swedish Financial Supervisory Authority's regulations (FFFS 2008:25).

The accounting policies, computation methods and presentation used for the Group and Parent company are essentially unchanged from the 2015 Annual Report. The interim information on pages 2-28 is an integral part of this financial report.

Significant events during the reporting period

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

TF Bank paid out SEK 9.7 million in shareholder contributions to Avarda AB in April 2016.

It was decided at the Annual General Meeting on 12 April 2016 to pay a dividend of SEK 0.45 per share.

It was also decided at the Annual General Meeting on 12 April 2016 to issue warrants to senior executives, which entitle the holders to subscribe for a total of 775,772 new shares in the company amounting to approximately SEK 2.5 million.

The warrants were issued in two separate series with different maturities and strike prices (Series 2016/2017 and 2016/2019, respectively). Series 2016/2019 consists of 609,535 warrants and can be exercised in 2019. Series 2016/2017 consists of 166,237 warrants and can be exercised in 2017.

A total of 775,772 warrants were issued 30 June 2016 of which 775,772 have been signed by the CEO and senior executives. For most of the warrants the equivalent of market value has been paid, which is reported as other paid-in capital within shareholders' equity.

If all warrants are exercised, the company's share capital will increase by SEK 3,878,860. Full exercise of the warrants will lead to a dilution of approximately 3.6 % of the total number of shares and votes in the company.

As at 2 May 2016 the deposit rate was lowered in Sweden with 0.2 percentage points to 0.7 %.

On 14 June TF Bank listed its shares on Nasdaq Stockholm. The offer was well received by the market. In total 5,661,553 shares (26.3 %) offered at SEK 77 per share.

The Norwegian subsidiary BB Finans AS submitted an application for a bank license to the Norwegian Financial Supervisory Authority 23 June. The company has a goal of obtaining a Norwegian bank license before the end of 2016.

Events after the end of the reporting period

No significant events have occurred after the end of the reporting period.

Financial targets

The Board of Directors of TF Bank has adopted the following medium-term targets:

Growth

Over the medium-term, TF Bank aims to achieve annual EPS growth of at least 20 %.

Efficiency

Over the medium-term, TF Bank aims to reach a cost/income ratio of below 35 %.

Capital structure

Over the medium-term, TF Bank's objective is to maintain a total capital ratio of at least 14.5 %.

Dividend policy

TF Bank's Board of Directors has adopted a dividend policy, which states that the bank aims to distribute around 50 % of net profit for the year.

The payment of dividends, if any, by the Company and the amounts and timing thereof will depend on a number of factors, including TF Bank's future income, financial condition, capital requirements and the general economic environment. If TF Bank, as a result of its profit and dividend policy, generates a substantial surplus, it is TF Bank's intention to use such surplus either to finance a higher organic growth rate and/or future acquisitions, or to pay out the surplus to its shareholders as dividend.

INCOME STATEMENT, GROUP

SEK thousand	Note	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
	1, 2, 3, 9					
Operating income						
Interest income		108,972	94,386	210,973	188,039	385,846
Interest expense		-11,988	-8,966	-24,142	-18,251	-37,602
Net interest income		96,984	85,420	186,831	169,788	348,244
Fee and commission income		12,567	11,451	25,059	22,389	45,882
Fee and commission expense		-1,833	-1,194	-3,804	-2,298	-5,960
Net fee and commission income		10,734	10,257	21,255	20,091	39,922
Net results from financial transactions		346	158	582	125	-153
Total operating income		108,064	95,835	208,668	190,004	388,013
General administrative expenses		-36,990	-24,574	-70,416	-51,031	-118,272
Depreciation, amortisation and impairment charges of tangible and intangible assets		-1,068	-1,106	-2,102	-2,119	-4,568
Other operating expenses		-3,818	-5,414	-7,911	-11,103	-20,579
Total operating expenses		-41,876	-31,094	-80,429	-64,253	-143,419
Profit before loan losses		66,188	64,741	128,239	125,751	244,594
Net loan losses		-27,962	-25,687	-55,941	-55,916	-108,047
Items affecting comparability		-11,785	-	-17,887	-	-18,232
Operating profit		26,441	39,054	54,411	69,835	118,315
Income tax expense		-6,843	-7,179	-12,070	-14,802	-28,906
Net profit for the period		19,598	31,875	42,341	55,033	89,409
<i>Attributable to:</i>						
<i>Shareholders of the Parent company</i>		21,812	32,538	46,067	56,254	93,235
<i>Non-controlling interests</i>		-2,214	-663	-3,726	-1,221	-3,826
<i>Basic earnings per share (SEK)</i>		1.01	1.51	2.14	2.62	4.34
<i>Diluted earnings per share (SEK)</i>		1.01	1.51	2.14	2.62	4.34

STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK thousand	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Net profit for the period	19,598	31,875	42,341	55,033	89,409
Other comprehensive income:					
Items that may be reclassified subsequently to the income statement					
Gross fair value gains/losses on available for sale financial assets	-759	-	180	-	-
Tax on fair value gains/losses during the period	190	-	-45	-	-
Currency translation differences	359	-3	354	-2	-1,278
Tax on currency translation differences during the period	554	-	923	-	-1,339
Other comprehensive income, net of tax	344	-3	1,412	-2	-2,617
Total comprehensive income for the period	19,942	31,872	43,753	55,031	86,792
<i>Attributable to:</i>					
<i>Shareholders of the Parent company</i>	22,016	32,535	47,333	56,252	90,674
<i>Non-controlling interests</i>	-2,074	-663	-3,580	-1,221	-3,882

BALANCE SHEET, GROUP

SEK thousand	Note	30 Jun 2016	31 Dec 2015
	1, 2, 3, 4, 5, 9		
ASSETS			
Cash and balances with central banks		30,153	29,445
Treasury bills eligible for refinancing		60,086	60,075
Loans to credit institutions		478,566	777,811
Loans to the public	6	2,185,340	1,837,578
Shares		332	-
Goodwill		12,215	11,536
Intangible assets		13,196	12,406
Tangible assets		1,302	1,516
Other assets		2,225	9,582
Current tax assets		12,590	1,288
Deferred tax assets		4,312	2,235
Prepaid expenses and accrued income		13,290	34,297
Total assets		2,813,607	2,777,769
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions		10	516
Deposits and borrowings from the public		2,231,952	2,229,562
Other liabilities		15,026	25,925
Current tax liabilities		2,997	-
Deferred tax liabilities		14,010	14,253
Accrued expenses and prepaid income		56,819	59,280
Subordinated liabilities		96,670	97,000
Total liabilities		2,417,484	2,426,536
Equity	7		
Share capital (21,500,000 shares of SEK 5 each)		107,500	107,500
Accumulated other comprehensive income		592	-673
Other reserves		1,502	-
Retained earnings		228,428	144,868
Net profit for the period attributable to the shareholders of the Parent company		46,067	93,235
Total equity attributable to the shareholders of the Parent company		384,089	344,930
Non-controlling interests		12,034	6,303
Total equity		396,123	351,233
TOTAL LIABILITIES AND EQUITY		2,813,607	2,777,769

CASH FLOW STATEMENT, GROUP

SEK thousand	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Operating activities			
Operating profit	54,411	69,835	118,315
<i>Adjustment for items not included in cash flow:</i>			
Depreciation and amortisation	2,102	2,119	4,568
Accrued interest income and expense	-14,202	-19,291	-8,198
Other non-cash items	2,005	-19	-1,240
Paid income tax	-21,298	3,267	-12,074
	23,018	55,911	101,371
Increase/decrease in loans to the public	-347,762	-2,681	-42,081
Increase/decrease in other short-term claims	26,234	753	1,462
Increase/decrease in deposits and borrowings from the public	2,390	68,936	240,019
Increase/decrease in other short-term liabilities	320	22,052	-34,701
Cash flow from operating activities	-295,800	144,971	266,070
Investing activities			
Investments in tangible assets	-169	-294	-630
Investments in intangible assets	-3,188	-6,980	-7,999
Acquisition of associated undertakings	-	-	-73,741
Cash flow from investing activities	-3,357	-7,274	-82,370
Financing activities			
New share issue	-	980	1,019
Shareholder's contribution	9,310	1,960	9,310
Change in liabilities to credit institutions	-506	-	516
Issue of subordinated tier 2 loan	-	-	97,000
Group contributions paid	-	-56,840	-56,840
Dividends paid	-9,675	-905	-18,105
Option premium	1,502	-	-
Cash flow from financing activities	631	-54,805	32,900
Cash flow for the period	-298,526	82,892	216,600
Cash and cash equivalents at the beginning of period	867,331	650,731	650,731
Cash and cash equivalents at the end of period	568,805	733,623	867,331
<i>Cash flow from operating activities includes interest expenses paid and interest payments received with the following amounts:</i>			
Interest expenses paid	38,065	37,471	45,176
Interest payments received	198,310	186,947	388,957

STATEMENT OF CHANGES IN EQUITY, GROUP

SEK thousand	Share capital	Other comprehensive income	Other reserves	Retained earnings	Net profit for the period	Non-controlling interests	Total equity
Balance as at 1 Jan 2015	5,000	1,887	-	165,787	99,543	-	272,217
Net profit for the year	-	-	-	-	93,235	-3,826	89,409
Gross currency translation differences	-	-1,221	-	-	-	-57	-1,278
Tax on currency translation differences during the period	-	-1,339	-	-	-	-	-1,339
Total comprehensive income for the period, net of tax	-	-2,560	-	-	93,235	-3,883	86,792
Transfer to retained earnings	-	-	-	99,647	-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 Dec 2015	107,500	-673	-	144,868	93,235	6,303	351,233
Balance as at 1 Jan 2016	107,500	-673	-	144,868	93,235	6,303	351,233
Net profit for the period	-	-	-	-	46,067	-3,726	42,341
Gross fair value gains/losses on available for sale financial assets	-	180	-	-	-	-	180
Tax on fair value gains/losses during the period	-	-45	-	-	-	-	-45
Gross currency translation differences	-	207	-	-	-	147	354
Tax on currency translation differences during the period	-	923	-	-	-	-	923
Total comprehensive income for the period, net of tax	-	1,265	-	-	46,067	-3,579	43,753
Transfer from retained earnings	-	-	-	93,235	-93,235	-	-
Dividend	-	-	-	-9,675	-	-	-9,675
Option premium	-	-	1,502	-	-	-	1,502
Shareholder contribution	-	-	-	-	-	9,310	9,310
Balance as at 30 Jun 2016	107,500	592	1,502	228,428	46,067	12,034	396,123

NOTES

NOTE 1 General information

OWNERSHIP IN TF BANK AB AS AT 30 JUNE 2016

Shareholder	%
TFB Holding AB	46.93 %
Merizole Holding LTD	9.01 %
Swedbank Robur fonder	6.00 %
SEB Life International	5.07 %
Erik Selin Fastigheter AB	4.36 %
Danica Pension Försäkrings AB	3.30 %
Pareto Nordic Return	2.35 %
Gurffinans AB	2.16 %
Handelsbanken fonder	2.06 %
Clearstream Banking S.A.	1.75 %
Other shareholders	17.01 %
Total	100 %

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

Branches

- TF Bank AB, branch Finland (2594352-3)
- TF Bank AB, branch Poland (PL9571076774)

Subsidiaries

- TFB Service OÜ (12676808) 100 %
- Avarda AB (556986-5560) 51 %
- Avarda Oy (2619111-6) 51 %
- BB Finans AS (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 minimise 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 realises 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 minimise 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 SEK thousand	30 Jun 2016	31 Dec 2015
Loans, not past due	1,880,805	1,569,993
Loans past due, 1 - 10 days	171,959	137,389
Loans past due, 11 - 69 days	70,910	81,983
Non-performing loans	109,685	88,860
Total	2,233,359	1,878,225
Provision for expected loan losses	-48,019	-40,647
Total loans to the public	2,185,340	1,837,578

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

CREDIT QUALITY OF FULLY PERFORMING LOANS

Group SEK thousand	30 Jun 2016	31 Dec 2015
Household sector		
Low risk	1,319,902	1,000,104
Medium risk	421,742	297,385
High risk	342,641	424,697
Unrated	39,389	67,179
Total household sector	2,123,674	1,789,365

Note 2 cont.

The approval of a loan application from a new customer is primarily based on information provided by the customer, information inferred 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.

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

Group SEK thousand	30 Jun 2016	31 Dec 2015
Cash and balances with central banks		
AA+	30,153	29,445
Treasury bills eligible for refinancing		
AAA	60,086	60,075
Loans to credit institutions		
A-1+	167,097	206,642
A-1	309,868	568,478
A-2	1,601	4,124
Other assets		
A-1+	119	-
Unrated	1,940	5,770
Total	570,864	874,534

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 SEK thousand	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Change in provision for sold non-performing loans	-21,040	-23,899	-44,713	-51,690	-96,394
Realised loan losses	-5,183	-3,757	-9,004	-8,792	-17,149
Recovered from previous write-offs	2,727	1,851	4,131	3,798	8,293
Change in provision for other expected loan losses	-4,466	118	-6,355	768	-2,797
Net loan losses	-27,962	-25,687	-55,941	-55,916	-108,047

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 evaluates the operating segments' performance based on their operating profits.

DIRECT TO CONSUMER

Income statement, SEK thousand	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Net interest income	85,107	73,428	164,336	146,493	303,454
Net fee and commission income	5,796	4,156	11,505	7,855	18,275
Net results from financial transactions	454	121	631	96	-195
Total operating income	91,357	77,705	176,473	154,444	321,534
General administrative expenses	-24,875	-17,084	-48,183	-35,469	-82,026
Depreciation, amortisation and impairment charges of tangible and of intangible assets	-839	-814	-1,648	-1,585	-3,460
Other operating expenses	-3,478	-5,231	-7,369	-10,526	-19,967
Total operating expenses	-29,192	-23,129	-57,200	-47,580	-105,453
Profit before loan losses	62,165	54,576	119,273	106,864	216,082
Net loan losses	-21,240	-19,840	-43,986	-43,686	-85,648
Operating profit	40,925	34,736	75,287	63,178	130,434
<i>Attributable to:</i>					
<i>The shareholders of the Parent company</i>	40,925	34,736	75,287	63,178	130,434
<i>Non-controlling interests</i>	-	-	-	-	-

Balance sheet, SEK thousand	30 Jun 2016	31 Dec 2015
Loans to the public		
Household sector	1,766,287	1,487,235
Corporate sector	-	-
Total loans to the public	1,766,287	1,487,235
Household sector		
Net performing loans	1,702,072	1,418,419
Net non-performing loans	64,215	68,816
Total household sector	1,766,287	1,487,235

Note 3 cont.

SALES FINANCE

Income statement, SEK thousand	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Net interest income	11,877	11,992	22,495	23,295	44,790
Net fee and commission income	4,938	6,101	9,750	12,236	21,647
Net results from financial transactions	-108	37	-49	28	42
Total operating income	16,707	18,130	32,196	35,559	66,479
General administrative expenses	-12,115	-7,491	-22,233	-15,562	-36,246
Depreciation, amortisation and impairment charges of tangible and of intangible assets	-229	-292	-454	-534	-1,108
Other operating expenses	-340	-183	-542	-577	-613
Total operating expenses	-12,684	-7,966	-23,229	-16,673	-37,967
Profit before loan losses	4,023	10,164	8,967	18,886	28,512
Net loan losses	-6,723	-5,846	-11,955	-12,230	-22,399
Operating profit	-2,700	4,318	-2,989	6,656	6,113
<i>Attributable to:</i>					
<i>The shareholders of the Parent company</i>	104	5,167	1,753	8,221	11,005
<i>Non-controlling interests</i>	-2,804	-849	-4,742	-1,565	-4,892

Balance sheet, SEK thousand	30 Jun 2016	31 Dec 2015
Loans to the public		
Household sector	419,053	350,343
Corporate sector	-	-
Total loans to the public	419,053	350,343
Household sector		
Net performing loans	411,527	347,565
Net non-performing loans	7,526	2,778
Total household sector	419,053	350,343

GROUP

Income statement, SEK thousand	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Operating income					
Operating income, Direct to Consumer	91,357	77,705	176,473	154,444	321,534
Operating income, Sales Finance	16,707	18,130	32,196	35,559	66,479
Total operating income for the Group	108,064	95,835	208,668	190,003	388,013
Operating profit					
Operating profit, Direct to Consumer	40,925	34,736	75,287	63,178	130,434
Operating profit, Sales Finance	-2,700	4,318	-2,989	6,656	6,113
Items affecting comparability	-11,785	-	-17,887	-	-18,232
Total operating profit for the Group	26,441	39,054	54,411	69,835	118,315

Balance sheet, SEK thousand	30 Jun 2016	31 Dec 2015
Loans to the public		
Loans to the public, Direct to Consumer	1,766,287	1,487,235
Loans to the public, Sales Finance	419,053	350,343
Total loans to the public for the Group	2,185,340	1,837,578

NOTE 4 Classification of financial assets and liabilities

Group 30 Jun 2016 SEK thousand	Financial instruments at fair value through profit or loss		Available for sale finan- cial assets	Loans and receivables	Derivatives used for hedging	Other financial assets/ liabilities	Total
	Held for trading	Designated at fair value through profit or loss					
Assets							
Cash and balances with central banks	-	-	-	30,153	-	-	30,153
Treasury bills eligible for refinancing	-	-	60,086	-	-	-	60,086
Loans to credit institutions	-	-	-	478,566	-	-	478,566
Loans to the public	-	-	-	2,185,340	-	-	2,185,340
Shares	-	-	332	-	-	-	332
Derivatives	119	-	-	-	-	-	119
Total assets	119	-	60,418	2,694,059	-	-	2,754,596
Liabilities							
Liabilities to credit institutions	-	-	-	-	-	10	10
Deposits and borrowings from the public	-	-	-	-	-	2,231,952	2,231,952
Subordinated liabilities	-	-	-	-	-	96,670	96,670
Derivatives	2,474	-	-	-	436	-	2,910
Total liabilities	2,474	-	-	-	436	2,328,632	2,331,542

Group 31 Dec 2015 SEK thousand	Financial instruments at fair value through profit or loss		Available for sale finan- cial assets	Loans and receivables	Derivatives used for hedging	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
Shares	-	-	-	-	-	-	-
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 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, 30 Jun 2016 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	-	60,086	-	60,086
Shares	-	332	-	332
Derivatives	-	119	-	119
Total assets	-	60,537	-	60,537

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

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 25.15 % as at 30 June 2016 and 25.47 % as at 31 December 2015.

Group, 30 Jun 2016 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	30,153	30,153	-
Treasury bills eligible for refinancing	60,086	60,086	-
Loans to credit institutions	478,566	478,566	-
Loans to the public	2,185,340	2,185,340	-
Shares	332	332	-
Derivatives	119	119	-
Total assets	2,754,596	2,754,596	-
Liabilities			
Liabilities to credit institutions	10	10	-
Deposits and borrowings from the public	2,231,952	2,231,952	-
Subordinated liabilities	96,670	96,670	-
Derivatives	2,910	2,910	-
Total liabilities	2,331,542	2,331,542	-

Group, 31 Dec 2015 SEK thousand	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	-

NOTE 6 Loans to the public

Group SEK thousand	30 Jun 2016	31 Dec 2015
Loans to the household sector	2,185,340	1,837,578
Loans to the corporate sector	-	-
Total loans to the public	2,185,340	1,837,578
Loans to the household sector		
Gross loans	2,233,359	1,878,225
Provision for expected loan losses	-48,019	-40,647
Loans, net book value	2,185,340	1,837,578
<i>Geographic distribution of net loans</i>		
Sweden	646,074	654,684
Finland	811,104	659,977
Norway	377,554	227,813
Estonia	197,823	174,297
Poland	114,898	85,278
Denmark	36,209	34,007
Latvia	1,678	1,522
Total loans, net book value	2,185,340	1,837,578

CHANGE IN PROVISION FOR ACTUAL AND EXPECTED LOAN LOSSES

Group SEK thousand	30 Jun 2016	31 Dec 2015
Opening balance	-40,647	-32,737
Change in provision for sold non-performing loans	-44,713	-96,394
Reversal in provision for sold non-performing loans	44,713	96,394
Change in provision for other loan losses	-6,361	-2,797
Acquired provisions	-	-6,106
Other adjustments ¹	-1,011	993
Closing balance	-48,019	-40,647

¹ Other adjustments consist of currency translation differences.

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 bank's website www.tfbankgroup.com.

Own funds and capital requirements

The bank'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 bank manages its 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 capital situation of the Group has been calculated using the full IFRS consolidated accounts. As a result of the initial public offering 14 June 2016 the ownership structure changed and as a result the Group with TF Bank AB as the Parent company became the consolidated situation required to report to the Swedish FSA. Consequently, the bank is required to report to the Swedish FSA both on an individual level for TF Bank AB and on a consolidated basis with TF Bank AB as the Parent company.

Note 7 cont.

THE GROUP'S CAPITAL SITUATION

SEK thousand	30 Jun 2016	31 Dec 2015
Common Equity Tier 1 (CET 1) capital after deductions	331,333	309,078
Additional Tier 1 (AT 1) capital after deductions	-	-
Tier 2 capital after deductions	96,670	97,000
Own funds	428,003	406,078
Risk exposure amount	2,313,977	2,229,621
- of which: credit risk	1,783,666	1,585,690
- of which: credit valuation adjustment	2,053	1,587
- of which: market risk ¹	14,382	-
- of which: operational risk	513,876	642,344
CET 1 capital ratio, %	14.32	13.86
Tier 1 capital ratio, %	14.32	13.86
Total capital ratio, %	18.50	18.21
Total CET 1 capital requirement inclusive of capital buffer requirements	179,564	168,113
- of which: capital conservation buffer	57,849	55,741
- of which: countercyclical capital buffer	17,586	12,040
CET 1 capital available to use as buffer	227,204	208,745

OWN FUNDS

SEK thousand	30 Jun 2016	31 Dec 2015
<i>CET 1 capital</i>		
Share capital	107,500	107,500
Retained earnings	228,428	144,868
Audited annual profits net of any foreseeable expenses and dividends	23,033	83,560
Other reserves	1,502	-
Accumulated other comprehensive income	592	-673
Minority interests	12,034	6,304
Less:		
- Intangible assets	-25,410	-23,942
- Deferred tax assets that rely on future profitability	-4,312	-2,235
- Minority interests not qualified for inclusion in own funds	-12,034	-6,304
<i>Total CET 1 capital</i>	<i>331,333</i>	<i>309,078</i>
<i>Tier 2 capital</i>		
Dated subordinated loan	96,670	97,000
Total own funds	428,003	406,078

Deductions from own funds have been made in accordance with the dividend policy adopted by the Board of Directors in May 2016. The Group's CET 1 capital complies with the requirements of Regulation (EU) No 575/2013.

SPECIFICATION RISK EXPOSURE AMOUNTS

SEK thousand	30 Jun 2016	31 Dec 2015
Credit risk under the standardised approach		
Corporate exposures	206	432
Retail exposures	1,587,204	1,324,620
Exposures secured by mortgage	474	502
Exposures in default	71,056	60,565
Exposures to institutions with short-term credit assessment	97,758	156,992
Other items	26,968	42,579
Total risk-weighted exposure amount credit risk	1,783,666	1,585,690
Credit valuation adjustment		
Standardised method	2,053	1,586
Total risk exposure amount credit valuation adjustment	2,053	1,586
Market risk¹		
Foreign exchange risk	14,382	-
Total risk exposure amount market risk	14,382	-
Operational risk²		
Standardised approach	513,876	642,344
Total risk exposure amount operational risk	513,876	642,344
Total risk exposure amount	2,313,977	2,229,621

¹ The capital requirement for foreign exchange risk, which is calculated in accordance with Article 351 of Regulation (EU) 575/2013, has largely arisen at group level due to reported profits in NOK for the subsidiary BB Finans in Norway.

² The Group changed the method for calculating operational risk from the basic indicator approach to the standardised approach in the first quarter of 2016. The standardised approach was used for the first time as at the reporting 31 March 2016.

NOTE 8 Assets pledged as security

Group SEK thousand	30 Jun 2016	31 Dec 2015
Group liabilities		
<i>Relating to borrowing from credit institutions</i>		
Loans	569,586	594,559
Other assets	2,195	22,010
Total	571,781	616,569

The Group continuously pledge part of its Swedish and Norwegian loans to the public as security. The assets are pledged as security for the Group's credit facilities of SEK 330 million. Nothing was drawn from the credit facilities as at 30 June 2016.

NOTE 9 Transactions with related parties

Consortio Fashion Holding AB (CFH), corporate identity number 556925-2819, has largely the same owners as TF Bank's largest owner 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 SEK thousand	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
<i>The following transactions have been made with related companies within the Group:</i>					
General administrative expenses	-90	-83	-180	-160	-343
Total	-90	-83	-180	-160	-343
<i>The following transactions have been made with other related parties:</i>					
Interest income (transaction costs)	-16,861	-18,255	-33,807	-36,770	-71,634
General administrative expenses	-1,474	-1,552	-2,861	-3,276	-6,326
Total	-18,334	-19,807	-36,668	-40,046	-77,960
<i>Acquisition of assets and liabilities from other related parties:</i>					
Sales Finance	153,086	170,298	326,010	369,518	677,466
Total	153,086	170,298	326,010	369,518	677,466

Group SEK thousand	30 Jun 2016	31 Dec 2015
<i>Assets at the end of the period as a result of transactions with related parties within the Group:</i>		
Loans to TFB Holding AB	-	3,000
Total	-	3,000
<i>Assets at the end of the period as a result of transactions with other related parties:</i>		
Other assets	-	91
Total	-	91
<i>Liabilities at the end of the period as a result of transactions with other related parties:</i>		
Other liabilities	2,335	2,139
Total	2,335	2,139

PARENT COMPANY

TF Bank AB, corporate identity number 556158-1041, is a limited liability company with registered office in Sweden. The bank has a license to provide banking services with 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.

The Parent company's operating income in the first half of 2016 amounted to SEK 187 million (190). Net result of financial transactions had an impact on operating income of SEK -4 million (0), which is related to currency effects on shares in foreign subsidiaries.

The company's total operating expenses for the period amounted to SEK 82 million (61), of which SEK 18 million (0) related to non-recurring expenses due to the IPO. Operating profit amounted to SEK 51 million (73) during the first half of 2016.

Loans to the public increased by 11 % to SEK 1,824 million (1,639) during the first six months of the year. The amount includes loans to the subsidiary Avarda of SEK 58 million (0). Deposits and borrowings from the public amounted to SEK 2,232 million (2,230) at the end of the interim period.

Loans to credit institutions decreased during the interim period and amounted to SEK 733 million (906) at the end of the period. The amount includes loans to the subsidiary BB Finans of SEK 276 million (140).

The capital adequacy of the company remains at a stable level with CET 1 capital ratio of 16.4 % as at 30 June 2016 (15.4). The total capital ratio was 20.9 % (19.9) at the end of the quarter, which is significantly higher than the legally required levels.

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

INCOME STATEMENT, PARENT COMPANY

SEK thousand	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Operating income					
Interest income	100,782	94,385	196,657	188,038	377,540
Interest expense	-11,899	-8,965	-24,021	-18,250	-37,153
Net interest income	88,883	85,420	172,636	169,788	340,387
Fee and commission income	10,492	11,451	21,051	22,389	43,161
Fee and commission expense	-1,071	-1,194	-2,389	-2,298	-4,844
Net fee and commission income	9,241	10,257	18,662	20,091	38,317
Net results from financial transactions	-2,592	165	-4,011	132	5,826
Total operating income	95,712	95,842	187,287	190,011	384,530
General administrative expenses	-40,878	-23,015	-73,413	-48,416	-120,285
Depreciation, amortisation and impairment charges of tangible and intangible assets	-722	-1,055	-1,445	-2,051	-4,011
Other operating expenses	-3,418	-5,249	-7,337	-10,556	-19,980
Total operating expenses	-45,018	-29,319	-82,195	-61,023	-144,276
Profit before loan losses	50,694	66,523	105,092	128,988	240,254
Net loan losses	-27,055	-25,687	-54,564	-55,916	-107,207
Operating profit	23,639	40,836	50,528	73,072	133,047
Appropriations	-	-	-	-	171
Income tax expense	-5,984	-7,560	-11,076	-15,505	-31,659
Net profit for the period	17,655	33,276	39,452	57,567	101,559

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

SEK thousand	Apr-Jun 2016	Apr-Jun 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Net profit for the period	17,655	33,276	39,452	57,567	101,559
Other comprehensive income					
Items that may be reclassified subsequently to the income statement					
Currency translation differences during the period, net of tax	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income for the period	17,655	33,276	39,452	57,567	101,559

BALANCE SHEET, PARENT COMPANY

SEK thousand	30 Jun 2016	31 Dec 2015
ASSETS		
Cash and balances with central banks	30,153	29,445
Treasury bills eligible for refinancing	60,086	60,076
Loans to credit institutions	732,673	905,711
Loans to the public	1,824,290	1,639,150
Shares in group companies	95,835	86,145
Intangible assets	9,885	9,131
Tangible assets	1,169	1,362
Other assets	12,974	8,778
Current tax assets	13,305	2,004
Prepaid expenses and accrued income	11,989	28,533
Total assets	2,792,359	2,770,335
LIABILITIES AND EQUITY		
Liabilities		
Deposits and borrowings from the public	2,231,952	2,229,562
Other liabilities	13,113	21,594
Accrued expenses and prepaid income	51,449	54,281
Subordinated liabilities	96,670	97,000
Total liabilities	2,393,184	2,402,437
Untaxed reserves	52,621	52,621
Equity		
Share capital (21,500,000 shares of SEK 5 each)	107,500	107,500
Other reserves	2,908	1,000
Share premium reserve	1,502	-
Retained earnings	195,192	105,218
Total comprehensive income for the period	39,452	101,559
Total equity	346,554	315,277
TOTAL LIABILITIES AND EQUITY	2,792,359	2,770,335

CAPITAL ADEQUACY ANALYSIS, PARENT COMPANY

SEK thousand	30 Jun 2016	31 Dec 2015
Common Equity Tier 1 (CET 1) capital after deductions	357,988	337,515
Additional Tier 1 (AT 1) capital after deductions	-	-
Tier 2 capital after deductions	96,670	97,000
Own funds	454,658	434,515
Risk exposure amount	2,177,706	2,188,257
- of which: credit risk	1,663,660	1,546,511
- of which: credit valuation adjustment	1,913	1,579
- of which: market risk	-	-
- of which: operational risk	512,133	640,167
CET 1 capital ratio, %	16.44	15.42
Tier 1 capital ratio, %	16.44	15.42
Total capital ratio, %	20.88	19.86
Total CET 1 capital requirement inclusive of capital buffer requirements	167,902	164,338
- of which: capital conservation buffer	54,443	54,706
- of which: countercyclical capital buffer	15,462	11,160
CET 1 capital available to use as buffer	259,991	239,043

OWN FUNDS

SEK thousand	30 Jun 2016	31 Dec 2015
<i>CET 1 capital</i>		
Share capital	107,500	107,500
Retained earnings	195,192	105,218
Audited annual profits net of any foreseeable expenses and dividends	19,726	91,884
Share premium reserve	1,502	
Other reserves	43,952	42,044
Less:		
- Intangible assets	-9,885	-9,131
<i>Total CET 1 capital</i>	<i>357,987</i>	<i>337,515</i>
<i>Tier 2 capital</i>		
Dated subordinated loan	96,670	97,000
Total own funds	454,657	434,515

Deductions from own funds have been made in accordance with the dividend policy adopted by the Board of Directors in May 2016. The Group's CET 1 capital complies with the requirements of Regulation (EU) No 575/2013.

SPECIFICATION RISK EXPOSURE AMOUNTS

SEK thousand	30 Jun 2016	31 Dec 2015
Credit risk under the standardised approach		
Institute exposures	55,170	28,060
Corporate exposures	69,198	3,213
Retail exposures	1,287,837	1,192,552
Exposures in default	49,174	49,082
Exposures to institutions with short-term credit assessment	93,288	154,670
Equity exposures	95,835	86,145
Other items	13,158	32,789
Total risk-weighted exposure amount credit risk	1,663,660	1,546,511
Credit valuation adjustment		
Standardised method	1,913	1,579
Total risk exposure amount credit valuation adjustment	1,913	1,579
Operational risk		
Standardised approach	512,133	640,167
Total risk exposure amount operational risk	512,133	640,167
Total risk exposure amount	2,177,706	2,188,257

The Group changed the method for calculating operational risk from the basic indicator approach to the standardised approach in the first quarter of 2016. The standardised approach was used for the first time as at the reporting 31 March 2016.

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 18 July 2016

Mattias Carlsson
Chairman

John Brehmer

Thomas Grahn

Paul Källenius

Bertil Larsson

Lars Wollung

Tone Bjørnov

Declan Mac Guinness
President & CEO

REPORT OF REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the condensed interim financial information (interim report) of TF Bank AB (publ) as of 30 June 2016 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit institutions and Securities Companies, regarding the Group, and with the Swedish Annual Accounts Act for Credit institutions and Securities Companies, regarding the Parent Company.

Stockholm, 18 July 2016
PricewaterhouseCoopers AB

Martin By
Authorized Public Accountant

DEFINITIONS

TF Bank Group makes use of the alternative key figures: adjusted operating income, adjusted net profit, adjusted earnings per share and adjusted return on equity. Non-recurring costs relate to the IPO. The bank uses these alternative key figures to better understand the underlying earning generation of the bank. Furthermore, the Group uses the key figures operating expenses divided by operating income to measure the efficiency of the bank as well as the operating income margin to measure operating income from loans to the public. The Group defines the key figures as per below. The definitions remain unchanged from previous periods.

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 average 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 LOAN LOSS RATIO

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

OPERATING INCOME MARGIN

Total operating income as a percentage of average loans to the public. Rolling 12 months.

TOTAL CAPITAL RATIO

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



FINANCIAL CALENDAR AND CONTACTS

FINANCIAL CALENDAR

8 November 2016 Interim report January-September 2016
14 February 2017 Year-end report January-December 2016

This is information which TF Bank is required to disclose under the EU Market Abuse Regulation and the Securities Market Act. The information was provided for publication 19 July 2016 at 08:00 CET.

PRESENTATION FOR INVESTORS, ANALYSTS AND MEDIA

A live conference call will be held on July 19 at 08:15 CET (GMT+1) where CEO Declan Mac Guinness and CFO Mikael Meomuttel will present the report and answer questions. The conference call will be held in English and to participate dial +46 8 5664 2690 or +44 20 3008 9806. A recording of the conference call, including presentation material, will be made available on our website after the event, www.tfbankgroup.com/en/section/investor-relations.

CONTACTS

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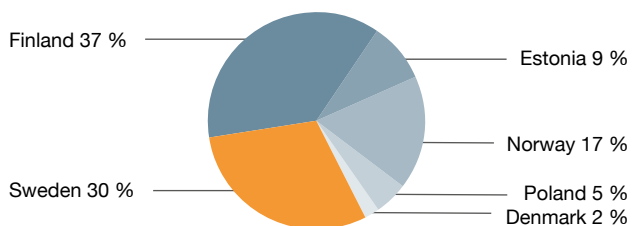
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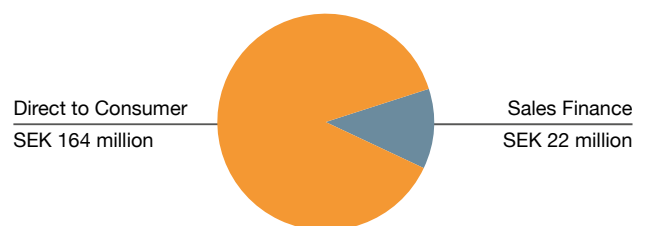
TF BANK'S GEOGRAPHICAL PRESENCE



SHARE OF LOAN PORTFOLIO BY COUNTRY, 30 JUNE 2016



NET INTEREST INCOME, FIRST SIX MONTHS 2016





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