



**2<sup>nd</sup> Quarter 2019**

**RESULT PRESENTATION**

# HIGHLIGHTS JANUARY – JUNE 2019

- Strong operating profit growth, +34%
- 6 months loan book growth, +26%
- Return on equity, 32%\*
- Signed agreement with Estonia's largest online retailer Hansapost
- Extended existing agreements with several Nordic retailers
- New forward flow contracts in several markets
- Consumer loans launched in Austria



\* LTM and excluding items affecting comparability, 20 MSEK

# CONSUMER LENDING DIVERSIFIED PORTFOLIO WITH NORDIC BASE

## At a glance

- 79 % of the loan portfolio distributed over 7 countries
- Product offering tailored for each market
- Marketed through direct channels, own data base and external partners
- Tenor of loans are typically between 12 and 60 months, estimated average maturity of ~24 months
- Average loan size on book of SEK ~52,000
- Credit quality keeps improving
- Pilot project in Austria ongoing

## Loan sizes (average) and customer profile



# ECOMMERCE SOLUTIONS

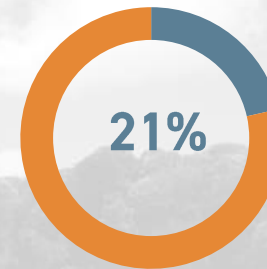
## NEXT GENERATION PAYMENT SOLUTIONS

### At a glance

- Best-in-class white label checkout solution with CRM functionality for online retailers – Checkout+
- Checkout+ allows retailers to offer payments in all Nordic countries through one single integration
- Contract with Estonia's leading online retailer marks breakthrough in new market
- Strong deal flow in Q2 supports further growth

### Key metrics

Share of the  
Group's loan portfolio



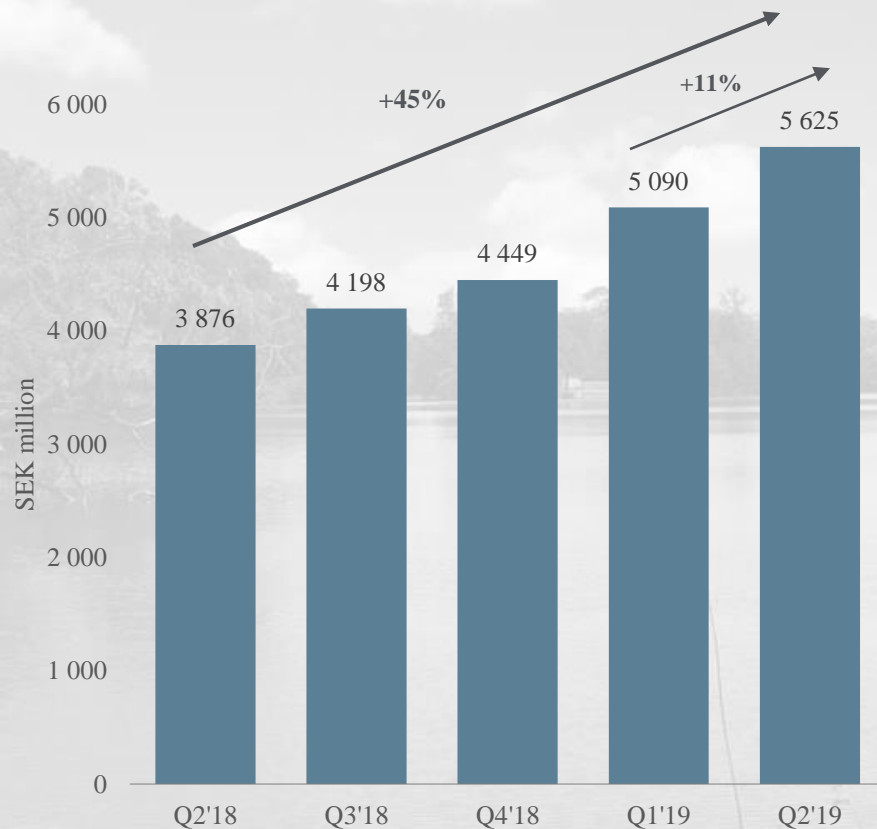
Amount outstanding  
**SEK 1202 million**  
(30 Jun 2019)

Loan portfolio growth  
**+11%**  
(Q2'19 vs Q1'19)

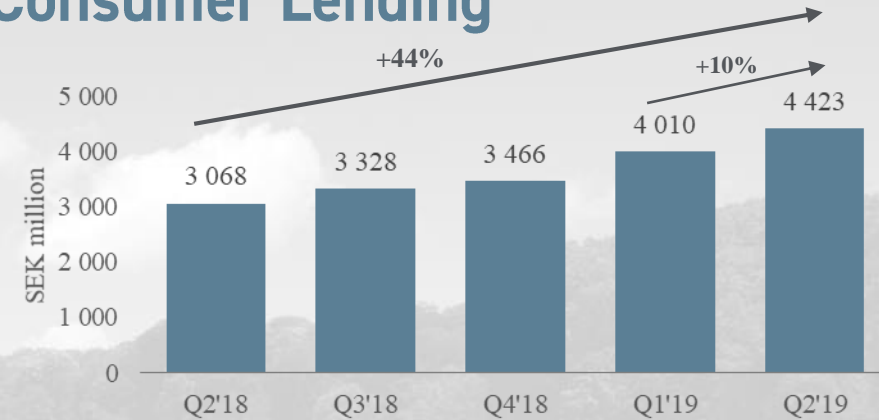
- **Digital payment solutions** available in the Nordic region, the Baltics and Poland
- **Credit cards** available in Norway and Germany

# STRONG LOAN BOOK GROWTH

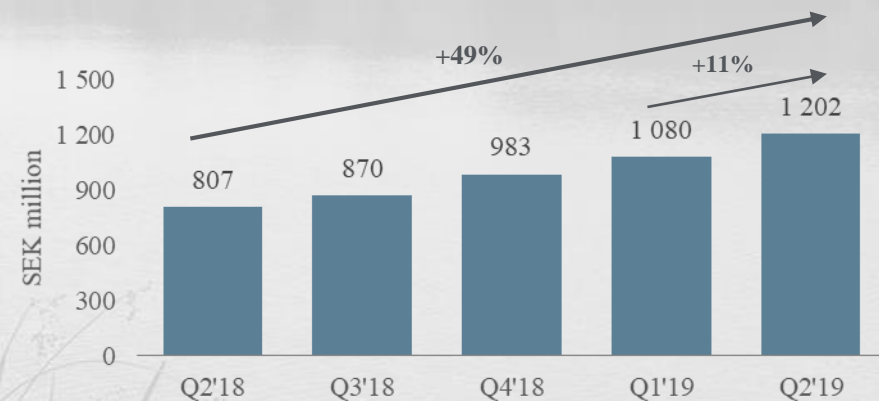
## TF Bank Group



## Consumer Lending



## Ecommerce Solutions



# GROWTH AND DIVERSIFICATION ACCORDING TO PLAN

## Norway

Loan book SEK 1,866m (33%)  
Change 6M'19: +36 %  
*Strong growth for consumer  
lending*

## Sweden

Loan book SEK 693m (12%)  
Change 6M'19: +5%  
*Focus on profitability and  
e-commerce*

## Finland

Loan book SEK 1,416m (25%)  
Change 6M'19: +18%  
*Profitability and steady growth  
in both segments*

## Baltics

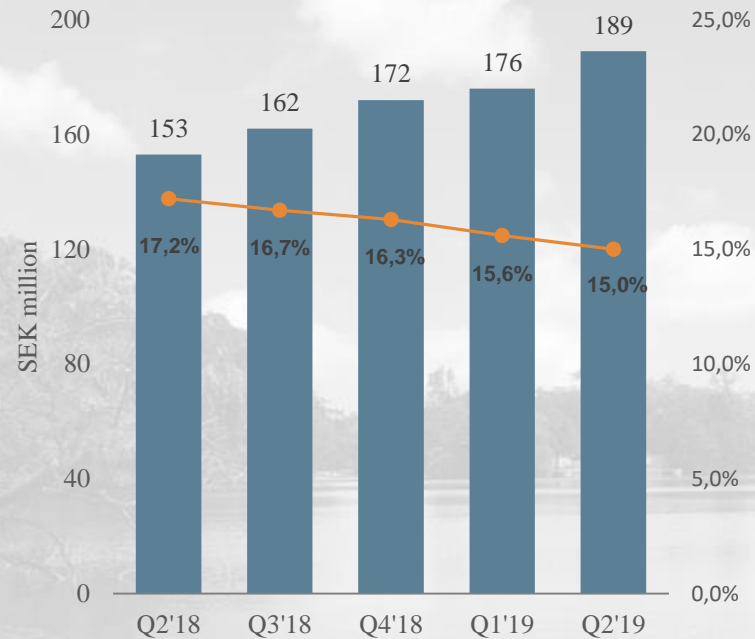
Loan book SEK 1,137m (20%)  
Change 6M'19: +41%  
*Steady growth and profitability*

## Poland

Loan book SEK 440m (8%)  
Change 6M'19: +19%  
*Strong growth in ecommerce segment*

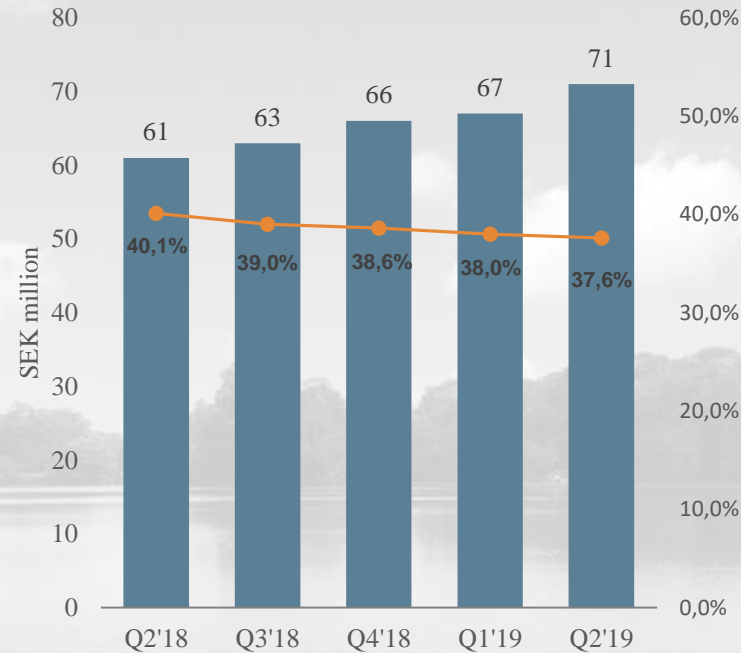
# STRONG GROWTH AND LOWER C/I RATIO

## Operating income



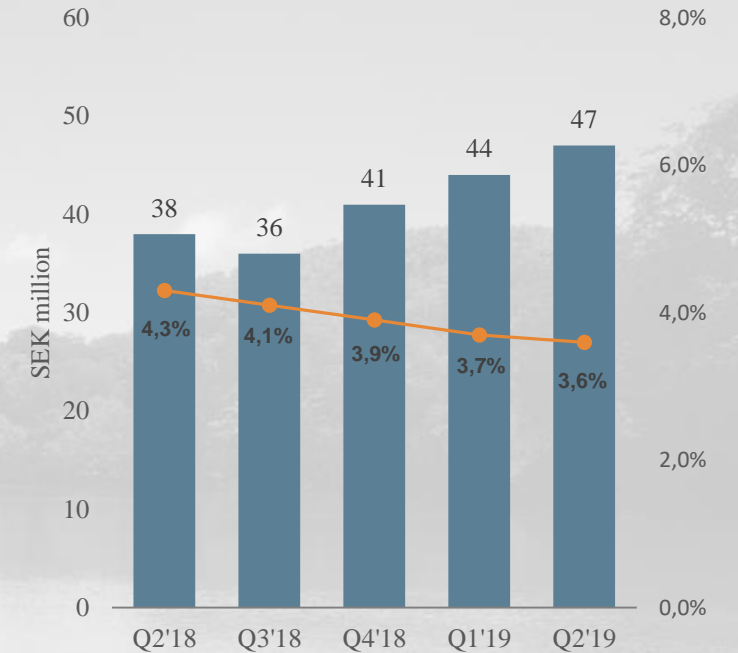
- **Income Q2-19 vs. Q2-18, +24%**
  - Main growth drivers; Norway, the Baltics, Ecommerce Solutions
  - Product mix lowers margin

## Operating expenses



- **Expenses Q2-19 vs. Q2-18, +16%**
  - Economies of scale lowers C/I ratio
  - Average number of employees 170 (135)

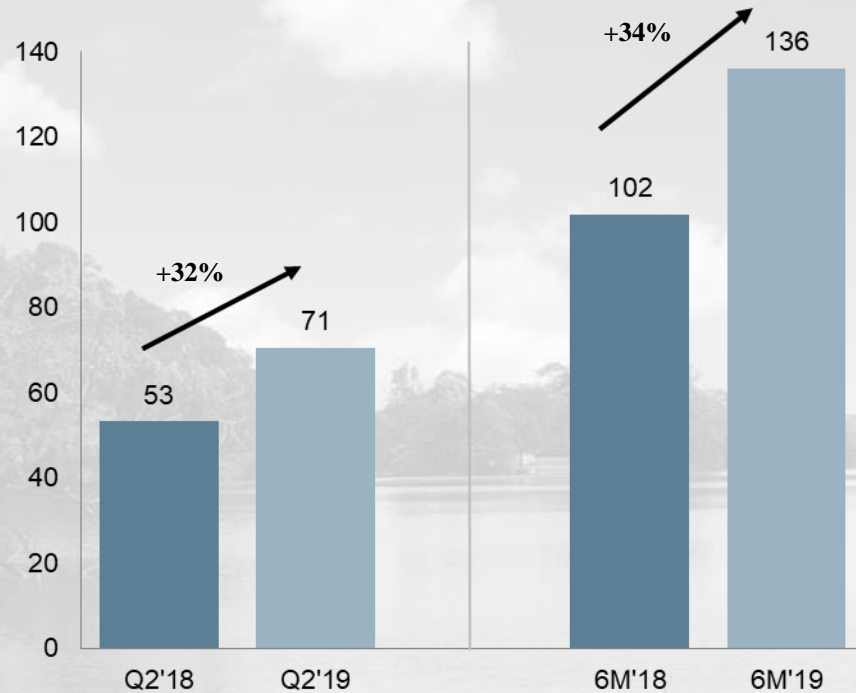
## Net loan losses



- **Losses Q2-19 vs Q2-18, +24%**
  - Higher losses due to loan book growth
  - Product mix lowers loss ratio

# STRONG GROWTH FOR OPERATING PROFIT

## Operating profit



- Operating profit Q2-19 vs. Q2-18 +32%
  - Higher income from growing loan portfolio
  - Lower C/I ratio
- Bridge operating profit and earnings per share
  - Operating profit +32%
  - Tier 1 capital holders -4%

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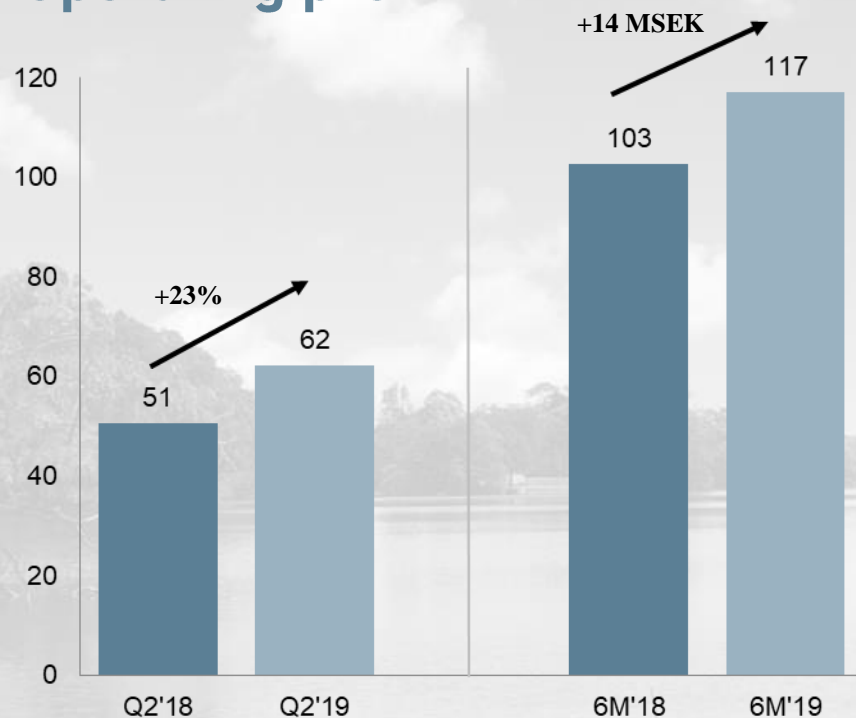
  - Earnings per share +28%
- Adjusted earnings per share LTM 9,10\*

\* excluding items affecting comparability, 20 MSEK



# CONSUMER LENDING: NEW PRODUCT MIX

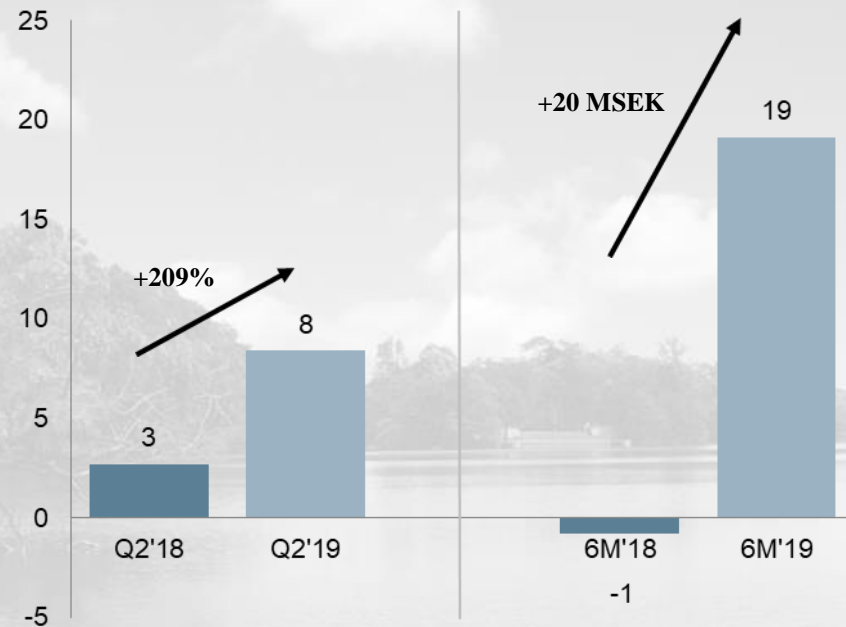
## Operating profit



- **Operating income Q2-19 vs. Q2-18 +22%**
  - Growing loan portfolio in Norway and Baltics
  - Operating income margin 14,5%
- **Operating expenses Q2-19 vs. Q2-18, +12%**
  - Expansion and higher volumes
  - Cost/income ratio 30%
- **Net loan losses Q2-19 vs. Q2-18, +34%**
  - Lower prices in forward flow contracts
  - Net loan loss ratio 3,7%

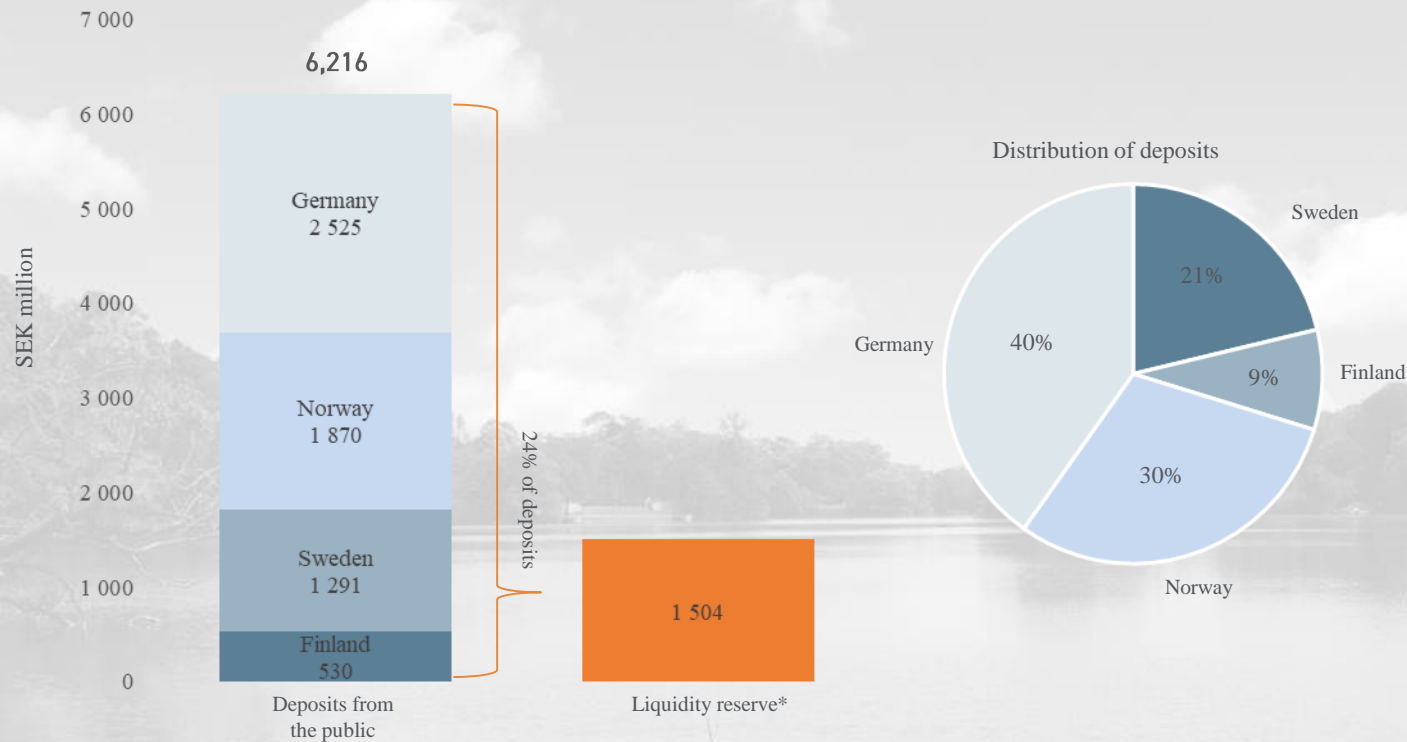
# ECOMMERCE SOLUTIONS: IMPROVED PROFITABILITY

## Operating profit



- **Operating income Q2-19 vs. Q2-18, +29%**
  - Diversified loan book growth drives income
  - Operating income margin 16,8%
- **Operating expenses Q2-19 vs. Q2-18, +22%**
  - More customers and marketing in Germany
  - Cost/income ratio 62%
- **Net loan losses Q2-19 vs. Q2-18, -8%**
  - Higher prices in forward flow contracts
  - Net loan loss ratio 3,0%

# COST-EFFICIENT AND DIVERSIFIED FUNDING



- **Diversified retail deposits**

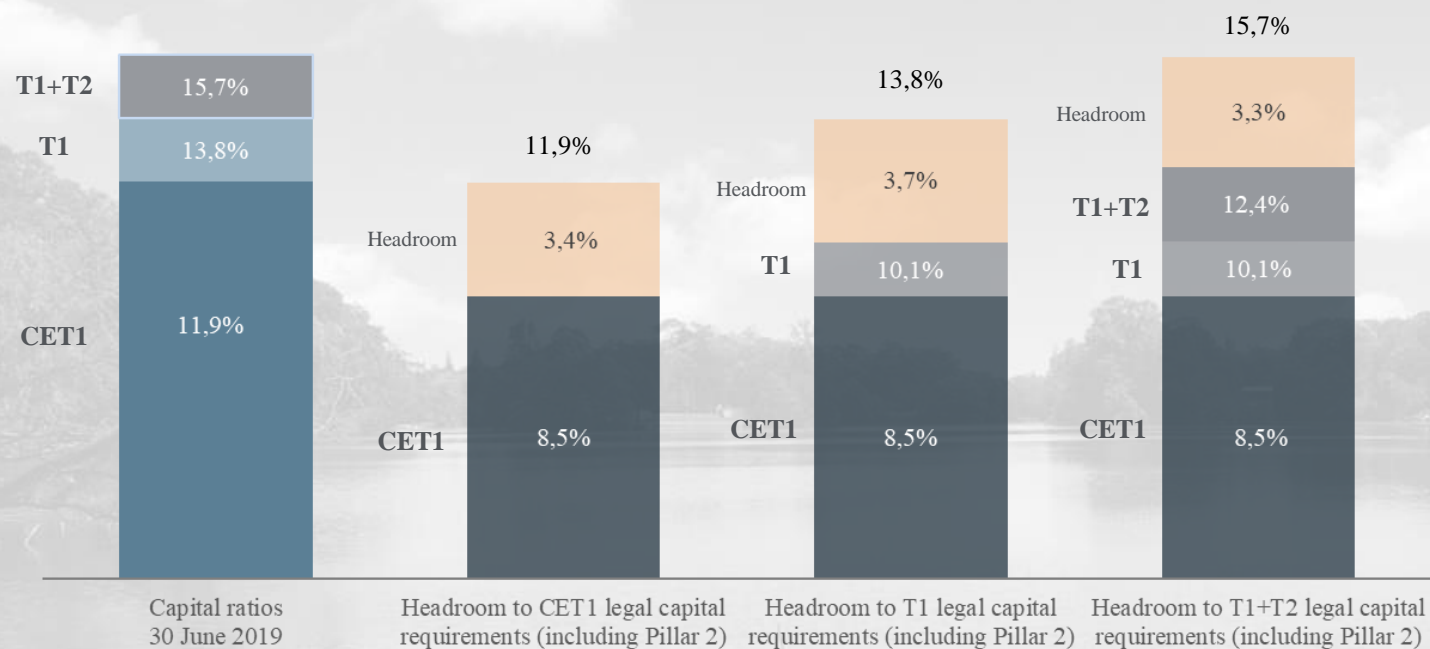
- Germany (SEK 2.5 billion)
- Norway (SEK 1.9 billion)
- Sweden (SEK 1.3 billion)
- Finland (SEK 0.5 billion)

- **Better adapted liquidity reserve**

- Liquidity reserve 24% of deposits
- Overnight accounts in Nordic banks
- HQLA at central banks

\*Liquidity reserve consists of Cash at Central Banks (338m), Treasury bills (61m), Loans to credit institutions (1,050m), Shares (22m) and Unused credit facility (33m)

# DIVERSIFIED CAPITAL STRUCTURE



- Lower capital ratios during the second quarter of 2019
- Significant headroom to all legal capital requirements (incl. Pillar 2\*)
- Internal target: 2.5 % above legal capital requirements (incl. Pillar 2\*)
- New regulatory capital requirements

\* The Pillar 2 requirement should be covered by capital split similarly as for the Pillar 1 requirement, i.e. the Pillar 2 requirement of 0.9 % is split as follows: CET1 capital 0.6 %, T1 capital 0.7 % and total capital 0.9 %.

# LOOKING AHEAD

- Continue to leverage on the platform in Consumer lending
- Margin of new sales are expected to stay stable in the coming quarters easing the downward pressure on total portfolio margin
- The outlook on underlying credit quality continues to be positive across most products and markets
- Strong deal-pipe in Ecommerce solutions supports further growth

# Q&A Session

# APPENDIX

# CORPORATE PROFILE

## Our Products

Operating with modern and scalable infrastructure offering our retail customers online consumer loans, deposits and credit cards. For retailers we offer leading ecommerce and brick-and-mortar payment solutions

## Our DNA

We aim to deliver effortless banking to our customers by being reliable, responsible and straightforward in our dealings with them

## Our Geographical footprint

We serve customers in the Nordics and around the Baltic sea

## The investment case

We operate in carefully selected niches where we can leverage on our platform and expertise to deliver attractive and sustainable risk adjusted growing returns

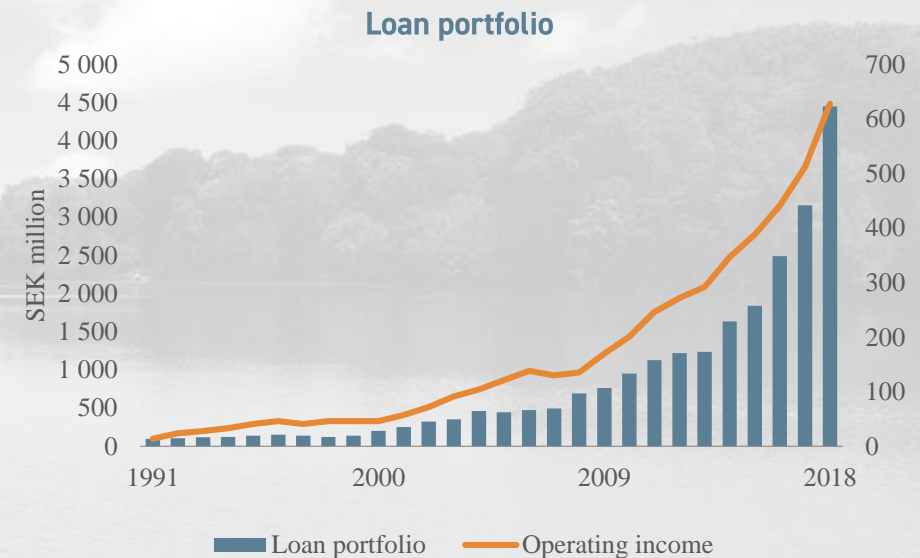


# LONG TRACK RECORD OF PROFITABLE GROWTH

## Long experience and proven business model

- 30 years+ experience from consumer finance industry
- Highly profitable core markets with proven model for geographical expansion into new high-growth markets
- Two complementary business segments in consumer loans and payments

## Strong track record on growth and profitability



# FINANCIAL TARGETS

## **Growth**

TF Bank aims to achieve earnings per share of at least 14.50 SEK in 2020

## **Efficiency**

TF Bank aims to achieve a cost/income ratio of below 35% in 2020

## **Capital structure**

All capital ratios shall exceed the legal requirement (including pillar 2) by at least 2.5% points

## **Dividend policy**

Distribute surplus capital relative to the capital target and the bank's capital planning

# Board of Directors



**Mari Thjømøe**  
*Chairman of the Board since 2018*  
*Board member since 2017*  
**Current commitments:**  
**Chairman:** Seilspport Maritimt Forlag AS  
**Deputy chairman:** Norconsult AS  
**Board member:** Hafslund E-CO AS, Nordic Mining ASA, Scatec Solar ASA, SINTEF Resarch Institute, Ice ASA, Tryg A/S



**Charlotta Björnberg-Paul**  
*Board member since 2017*  
**Current commitments:**  
**Deputy chairman:** Saxo Oy  
**Board member:** Paptic Ltd, GuardianX Technologies Inc  
**Co-founder:** Superskills  
**Entrepreneur;** Anki Rugs



**Tone Bjørnov**  
*Board member since 2015*  
**Current commitments:**  
**Chairman:** Filmparken AS, Storyline Studios AS, Norsk Film Kostyme AS,  
**Board member:** BB Bank ASA, Storyline Studios AS, Aqua Bio Technology ASA, Sparebankstiftelsen Bien, Guard Automation AS, Guard Electro AS, Omsorgsbygg Oslo KF



**John Brehmer**  
*Board member since 2010*  
**Current commitments:**  
**Chairman:** Mederion AB, Tiberon AB, Zebware AB  
**Board member;** Consortio Fashion Holding AB, TFB Holding AB, Halens Real Estate AB



**Bertil Larsson**  
*Board member since 2007*  
**Current commitments:**  
**Chairman:** LåsTeam Sverige AB, Minso Solutions AB, Minso Holding AB, Aktiebolaget Borås Tidning, AB Effektiv  
**Board member:** Conpera AB, Tore G Wärenstams stiftelse, Gota Media AB



**Mattias Carlsson**  
*Board member since 2008*  
**Current commitments:**  
**Chairman:** Bank ASA, Avarda AB, Avarda Oy, Smedslättens Tennisbanor Aktiebolag, Qred AB  
**Board member:** Tronstad Consulting AB

# EXECUTIVE MANAGEMENT TEAM



**Mattias Carlsson**  
*CEO*

Education: MSc, Engineering Physics, Uppsala University.

Current commitments: BB Bank ASA (chairman), Avarda AB (chairman), Avarda Oy (chairman), Smedslättens Tennisbanor Aktiebolag (chairman), Qred AB (chairman), and Tronstad Consulting AB (board member).



**Mikael Meomuttel**  
*CFO, Deputy CEO and Head of Investor Relations*

Education: MSc, Business/Economics and Finance, University of Borås/University of Gothenburg.

At TF Bank since 2009, 2014 deputy CEO and from 2018 also the Group's Head of IR. Previously, among other things, been Financial Controller at Consortio Fashion Group AB (CFG).

Current commitments: Avarda AB (board member)



**Espen Johannesen**  
*Head of Consumer Lending*

Education: Executive M.B.A Management control Norwegian School of Economics (NHH), Bachelor of economics, Business BI Norwegian School of Management

At BB Bank since 2010.



**Mikael Johansson**  
*Head of Ecommerce Solutions*

Education: MSc Business Administration and Mathematics Stockholms universitet

With the Group since 2016 as CEO of Avarda. Previously, among other things, at GE Commercial Finance and as CEO of Santander Consumer Bank Sweden.

Current commitments: Svenska Bilhandlare AB (chairman) and Sticklinge Management AB (alternate member)

# Head of countries and functions <sup>1)</sup>



**Vilma Sool**  
*Regional manager  
Baltics  
Head of Estonia*

10 years of experience in the consumer finance sector – established and led Bigbank Swedish branch.



**Juho Maanpää**  
*Head of Finland*

Extensive consumer finance experience in Finland within operations management, credit risk and digital marketing. With TF Bank since 2013.



**Juris Pūce**  
*Head of Latvia*

Before joining TF Bank in 2016, worked for seven years in Bigbank, serving as country manager in Latvia and Spain and in various positions with credit management services provider Creditreform.



**Björn Skytt**  
*CIO*

Before joining TF Bank in 2010 worked as integration manager for ICA Banken and prior to that as project manager and system manager for SKF's financial and treasury systems.



**Wojciech Drozd**  
*Head of Poland*

Sales leader with 20+ years of extensive consumer finance and retail banking experience from GE Money Bank Poland and Bank BPH.



**Krzysztof Blach**  
*Credit Manager*

Credit Risk Manager with 15 years of experience in retail banking sector. Worked for GE Money Bank and BPH Bank in Poland holding various positions and for KBC Group across Europe.



**Sarunas Dmukauskas**  
*Head of Lithuania*

Before joining TF Bank at end of 2018, worked for 2 years in Mokilizingas as Head of Projects and prior to that as a project and product manager of Consumer Loans. Led development of various financial service related IT solutions.

<sup>1)</sup> Excluding Espen Johannesen, Head of Norway and acting Head of Sweden, as he is also the Head of Consumer Lending and consequently a member of the Executive Management Team as shown on p. 20.

# Contact

## Investor relations

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