INTERIM REPORT

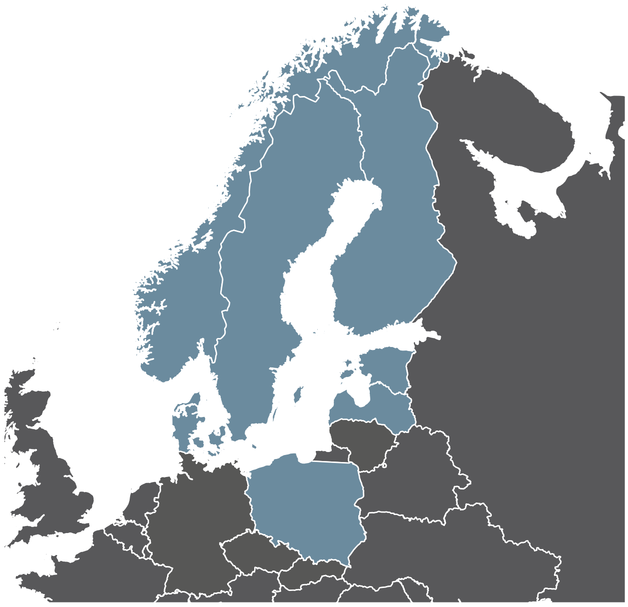
January-March 2017

TFBank

THE PERIOD IN BRIEF

FIRST QUARTER, JANUARY-MARCH 2017 COMPARED WITH JANUARY-MARCH 2016

- Total operating income increased by 18.6 % to SEK 119.3 million
- The loan portfolio amounted to SEK 2,755 million on 31 March 2017, an increase of 10.7 % since the end of 2016
- Operating profit increased by 55.1 % to SEK 43.4 million
- Adjusted operating profit increased by 27.3 % to SEK 43.4 million [1]
- Net profit increased by 46.3 % to SEK 33.3 million
- Adjusted net profit increased by 21.0 % to SEK 33.3 million [1]
- The cost/income ratio was 38.8 % (38.3)
- CET1 capital ratio was 13.6 % and the total capital ratio was 17.0 %
- Earnings per share amounted to SEK 1.59 (1.13)
- Adjusted earnings per share amounted to SEK 1.59 (1.35) [1]



SIGNIFICANT EVENTS, JANUARY-MARCH 2017

- In January TF Bank started to offer deposits for its customers in Norway.
- Increased focus on credit cards in Norway.

> Profitable growth in all countries and continued geographic diversification.

TOTAL OPERATING INCOME JAN-MAR 2017 COMPARED WITH JAN-MAR 2016	LOAN PORTFOLIO 31 MARCH 2017 COMPARED WITH 31 DECEMBER 2016
SEK 119 MILLION +19 %	SEK 2.8 BILLION +11 %

TOTAL CAPITAL RATIO 31 MARCH 2017 COMPARED WITH 31 DECEMBER 2016	ADJUSTED EARNINGS PER SHARE [1] JAN-MAR 2017 COMPARED WITH JAN-MAR 2016
17.0 % -1.2 PERCENTAGE POINTS	SEK 1.59 +18 %

[1] Adjustments have been made for items affecting comparability related to the initial public offering.

See separate section with definitions, page 33.

CEO'S COMMENTS

2017 has started in the same manner as 2016 with profitable growth in all countries and the continued geographic diversification of both the loan portfolio and funding.

Compared to the same quarter in 2016, TF Bank has increased its lending by 37 %, operating income by 19 % and adjusted net profit for TF Bank's shareholders by almost 18 %.

Increased geographic presence

Our goal to improve operational efficiency through the use of local expertise remains the same and has led to continued growth and the successful geographic diversification of the loan portfolio during the first quarter. Our three core markets (Sweden, Finland and Norway) have all grown in lending volume and represent together over 80 % of the total portfolio. Our growth markets (Poland and the Baltics) continue to grow and maintain their respective shares of the total portfolio, despite the larger markets' strong development.

Diversified financing

In conjunction with the growth in the Group's lending in several currencies, the need to secure and diversify funding has also increased. To be able to start 2017 by offering deposits in Norway is in line with the goal of financing the balance sheet in each relevant currency as far as possible and at a reasonable cost. Our strong lending growth in Norway via the subsidiary BB Finans has meant that our Norwegian portfolio has continued to grow steadily. Starting with deposits in Norway was therefore a natural next step and the account was well received by Norwegian deposit customers and the media. In addition, the launch of the Swedish fixed-interest account has been a success and provides us with an additional source of stable funding.

Regulatory changes

As was the case in 2016, Norway is a key growth market for TF Bank. On 28 March, the Norwegian supervisory authority published proposed guidelines for institutions that offer consumer credit. Unlike the Swedish proposal, which proposed an interest rate cap of 40 %, the Norwegian proposal includes a debt-to-income ratio, similar to that used with mortgage lending, and a limit for unsecured loans with a maximum term of five years. If the proposal is adopted in its current form, which today is uncertain, the time limit of five years will likely have the greatest impact on the market and especially on those institutions lending larger amounts over a longer period, as shorter amortisation periods make larger loans more expensive on a monthly basis. Since the acquisition of BB Finans, TF Bank has strived to maintain its niche position with regard to having one of the lowest average loan sizes and shortest duration of similar institutions. Our initial assessment is therefore that the proposed regulation will have little impact on TF Bank's Norwegian operations but possibly on the Norwegian market as a whole. Ultimately, the regulation is good for those institutions that are more cautious and we have previously seen positive effects of similar regulation in both Finland and Estonia, where the introduction of new guidelines led to increased application and lending volumes.

Focus going forward

TF Bank celebrates 30 years of existence this year and there is a strong motivation by the company to continue to build the business by improving the existing product range and at the same time look for new opportunities. The Group's goals continue to be profitable growth with focus on costs, improved product range and expansion into new markets.

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, Finland, and Norway, lending to retail customers in 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 whilst Sales Finance provides financing solutions to traders in e-commerce and retail for handling consumer invoice and instalment payments.

KEY FIGURES, GROUP

SEK thousand	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Income statement			
Operating income	119,267	100,604	440,799
Operating profit	43,382	27,970	139,824
Net profit for the period	33,269	22,743	109,268
Earnings per share, SEK	1.59	1.13	5.47
Balance sheet			
Loans to the public	2,754,982	2,012,186	2,489,283
Deposits from the public	2,762,586	2,368,305	2,284,645
Credit volume	789,924	574,479	2,391,729
Key figures			
Operating income margin, %	19.4	21.5	20.2
Net loan loss ratio, %	4.8	5.8	5.1
Cost/Income ratio, %	38.8	38.3	38.6
Return on equity, %	29.3	29.9	29.1
CET1 capital ratio, %	13.6	14.9	14.5
Total capital ratio, %	17.0	19.3	18.2
Employees (FTE)	105	94	98

ADJUSTED KEY FIGURES, GROUP

SEK thousand	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Operating profit	43,382	27,970	139,824
Items affecting comparability [1]	-	6,102	19,275
Adjusted operating profit	43,382	34,072	159,099
Adjusted income tax expense	– 10,113	– 6,569	– 34,797
Adjusted net profit for the period	33,269	27,503	124,302
Adjusted net profit attributable to the shareholders of the Parent company	34,217	29,015	132,538
Adjusted earnings per share, SEK [2]	1.59	1.35	6.16
Adjusted return on equity, %	31.7	33.5	32.8

[1] Items affecting comparability in 2016 relates to transaction costs attributable to the listing on the Nasdaq Stockholm. All costs related to the initial public offering are presented 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 -0.04 during January-March 2017 compared with January-March 2016.

See separate section with definitions, page 33.

EARNINGS AND FINANCIAL POSITION

JANUARY-MARCH 2017

Operating profit increased by 55.1 % to SEK 43.4 million (28.0). Items affecting comparability related to the IPO impacted the net profit with SEK 6.1 million. Adjusted operating profit increased by 27.3 %. Adjusted earnings per share increased to SEK 1.59 (1.35) and adjusted return on equity was 31.7 % (33.5).

Operating income

The Group's operating income increased by 18.6 % to SEK 119.3 million (100.6) compared with the first quarter in 2016. The growth comes mainly from net interest which accounts for 90 % of the operating income. Operating income margin decreased to 19.4 % (21.5), which is mainly due to a change in product mix in new lending as the Norwegian subsidiary BB Finans accounts for a bigger share of the Group.

Interest income

Interest income increased by 21.8 % to SEK 124.3 million (102.0) during the quarter. The increase was mainly generated by the strong organic growth of the Group's lending balances. Transaction costs are affected by a growing proportion of the group's new lending from loan brokers, which has dampened the increase in interest income.

Interest expenses

Interest expenses increased by 26.0 % to SEK 15.3 million (12.2) during the quarter. Financing costs have risen slightly, which is mainly due to lending growth in foreign markets where interest rates are slightly higher. The average deposit balance has also increased compared to the first quarter in 2016.

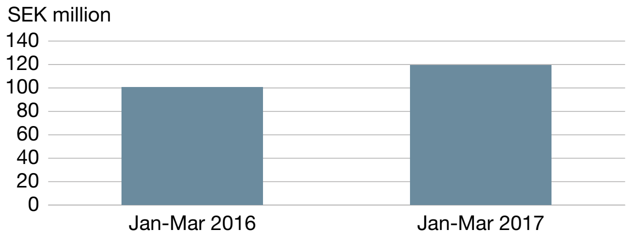
Net fee and commission income

Net fee and commission income increased by 1.0 % to SEK 10.6 million (10.5). Growth in the net fee and commission income slowed due to improved credit quality which generates less reminder fees as well as a change of the product mix in Poland where new sales of insurance products has ceased because of legal requirements.

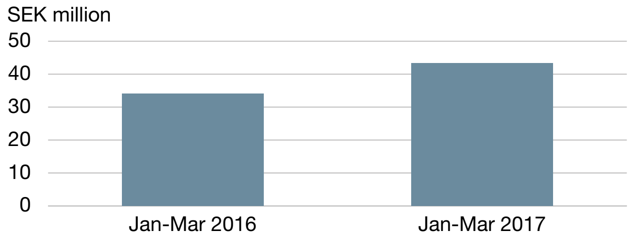
Operating expenses

The Group's operating expenses increased by 19.9 % to SEK 46.2 million (38.6). The increase is mainly due to more employees in the Group, IT costs and costs related to increased new lending. Furthermore, the listing on the Nasdaq Stockholm in June 2016 affected the bank's costs in comparison to the first quarter of 2016. The C/I ratio was 38.8 % (38.3).

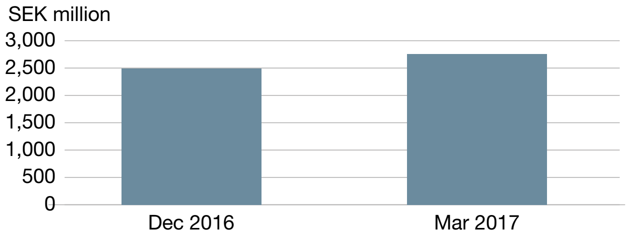
OPERATING INCOME



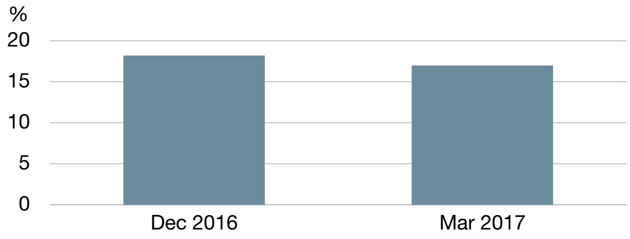
ADJUSTED OPERATING PROFIT [1]



LOANS TO THE PUBLIC



TOTAL CAPITAL RATIO



[1] Adjustments have been made for items affecting comparability related to the initial public offering.

See separate section with definitions, page 33.

Loan losses

The net loan losses increased by 6.0 % to SEK 29.7 million (28.0). The Group receives a slightly higher price from the ongoing sale of non-performing loans to debt collection agencies in the Swedish and Finnish markets, which has affected loan losses positively during the quarter. The loan loss level decreased to 4.8 % (5.8), primarily due to the changed product-mix in new lending.

Tax expenses

The Group's tax expenses totalled SEK 10.1 million (5.2). The average tax rate for the Group increased to 23.3 % (18.7). The difference is mainly due to the comparative figure being substantially affected by the tax effects related to changes in the value of unrealised currency derivatives. The tax rate in 2017 is also affected by the interest expense from the Group's subordinated loan, which is no longer tax deductible.

Lending

The Group's loans to the public increased by 10.7 % to SEK 2,755 million (2,489) during the first quarter of 2017. Currency effects only had a minor impact on the loan portfolio. Growth continues to be high, particularly in Norway and Finland, but also the loan portfolios in Estonia and Poland have increased considerably. The Group's credit volume amounted to SEK 790 million (574) during the quarter.

Deposits

The Group's deposits from the public increased by 20.9 % to SEK 2,763 million (2,285). In December 2016 a fixed interest account was launched in the Swedish market and during the first quarter of 2017 the Group started offering deposits in Norway. The launches have been well received by the market and the growth of the deposit balance comes mainly from inflows from the two new products.

Investments

The Group's investments amounted to SEK 3.0 million (1.6) during the first quarter of 2017. Investments were made to the the proprietary ledger system and product development within Sales Finance.

Cash and cash equivalents

The Group's liquidity reserve amounted to SEK 620.2 million (380.9) at the end of the quarter. The new deposit products have strengthened the bank's liquidity during the initial months. The Group's total available cash, including undrawn credit facilities of about 331 million, amounted to 34 % (31) of deposits.

Capital adequacy

TF Bank's capital ratios continue to be at levels providing a wide margin to the regulatory requirements. However, the ratios reduced in the quarter and at the end of the period CET1 capital amounted to 13.6 % (14.5) and the total capital ratio to 17.0 % (18.2). The main reason is the continued growth in lending but also higher liquidity deposited with other credit institutions. The higher risk exposure amounts were offset to some extent by taking into account the interim result after foreseeable dividends according to the assumed dividend policy. The Group is currently in a good position to meet both increased regulatory capital requirements and higher capital requirements from the expected future growth.

DIRECT TO CONSUMER

JANUARY - MARCH 2017

Background

In the Direct to Consumer segment TF Bank provides consumer loans without collateral to creditworthy individuals. The loans range between SEK 45 thousand and SEK 300 thousand depending on the geographic market, with maturities of one to ten years. Norway distinguishes itself by offering the higher amount. However, the average loan size considering all markets is significantly lower than the highest available loan on offer. The average loan amount per customer for the Group amounted to approximately SEK 28 thousand on 31 March 2017 with an average maturity of approximately 22 months. The most common use of the unsecured loans is to meet short-term financing needs such as holidays, home appliances, car repair and more.

Q1 2017

The segment remains the cornerstone of TF Bank's operations and accounted on 31 March 2017 for 81.3 % of total loans and 84.2 % of total operating revenues during the period. Lending increased by 7.9 % to SEK 2,239 million during the period. This is the result of TF Bank's strategy to combine activities in the more established markets such as Sweden, Finland and Norway with the expansion in the Baltic countries and Poland. Currency effected the growth negatively with SEK 1.9 million. New lending for the segment amounted to SEK 485 million (338) during the period.

Growth has been strong in most markets, but especially in Finland, where the portfolio increased by SEK 48 million (+7 %) and in Estonia, where the portfolio increased by SEK 26.1 million (+11 %). Poland continued its stable increase, combined with a focus on credit quality, and the Polish portfolio increased by SEK 22.8 million (+16 %).

The Norwegian company, BB Finans, which was acquired in Q3 2015, continued to increase its loan portfolio by SEK 41.5 million (+ 8 %). Since the average loan in Norway is somewhat larger than the rest of the Group, the increase has obviously occurred with a focus on maintaining credit quality, which in turn affects the segment's net loan losses positively. It should be noted that BB Finans also had a small credit card portfolio which will be reported under the Sales Finance segment from January, 2017. The Swedish portfolio has also seen growth during the quarter. The portfolio continued the trend from the autumn and grew by SEK 19.9 million (+4 %).

The segment thus has thus delivered strong, broad and solid growth during the period.

Quarter on quarter

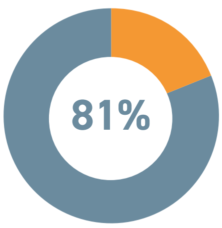
Loans to the public increased by 37.5 % to SEK 2,239 million (1,629). Compared to the same quarter in 2016, the segment's operating income, which comes with some lag compared to portfolio growth, rose by 18,0 % to SEK 100.4 million (85.1) and net interest increased by 19.7 %. Commission income increased by 2.2 % to SEK 5.8 million (5.7).

The segment's operating costs increased by 15.2 % to SEK 32.3 million (28.0). The expansion in Norway and Poland as well as higher personnel costs in central functions, which have been allocated to the segment, explain most of the increase compared to the previous year. The segment's C/I ratio was 32.1 % (32.9).

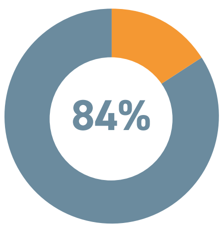
Credit losses increased by 4.5 % to SEK 23.8 million (22.7). The increase in the amount is due primarily to the portfolio growth. Loan losses in the acquired Norwegian company BB Finans are lower than the average for the segment, which is increasingly important as the Norwegian portfolio grows in size.

The segment's operating profit increased by 29.1 % to SEK 44.4 million (34.3). The increase in operating profit was affected, apart from the growth, by generally improved credit generally.

SHARE OF THE GROUP'S LOANS TO THE PUBLIC



SHARE OF THE GROUP'S OPERATING INCOME



SALES FINANCE

JANUARY - MARCH 2017

Background

In the Sales Finance segment TF Bank offers online payment solutions, invoices and instalment payments for merchants in e-commerce and retail. TF Bank's credit risk exposure is mainly to private individuals. As at 31 March 2017 the average amount per outstanding loan was approximately SEK 2,200.

Within Sales Finance TF Bank conducts operations in-house and through a joint venture company (Avarda) together with Intrum Justitia. TF Bank manages its own existing customer base in the Nordic region. Outside this region, TF Bank is in the process of developing the service either in-house, through cross-border activities or through branches. Avarda, which is in the start-up phase, has its own staff and sales organization, and focuses its activities exclusively on the Nordic markets, where the ambition is to grow and further establish itself. Avarda continues with its plans to offer an attractive service to merchants of a certain size and has during the period developed its IT systems and entered into negotiations with several larger potential customers.

Q1 2017

The segment accounted on 31 March 2017 for 18.7 % of total loans and 15.8 % of total operating revenues during the period. Loans to the public increased by SEK 102.4 million (+24.8 %) to 515.8 million. An increase in the Polish portfolio contributed to the increase by SEK 16.5 million (+64 %). The segment was also positively influenced by approximately SEK 36 million on 1 January 2017 by the change in an accounting procedure whereby the Norwegian credit card portfolio was moved from the Direct to Consumer segment. The change in accounting routines and the increased focus on the Norwegian credit card business increased the Norwegian lending within the segment by SEK 70.3 million (+230 %) during the period. The Finnish portfolio, which was strongly affected by Avarda's growth during parts of 2016, grew by SEK 4.6 million (+4 %).

Currency effects have not affected the growth significantly during the period, and new lending for the segment amounted to SEK 305 million (236).

Quarter on quarter

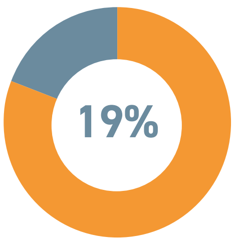
Loans to the public increased by 34.6 % to 515.8 million (383.1). The segment's total operating income increased by 21.7 % to SEK 18.8 million (15.5). Net interest income increased by 33 % to SEK 14.1 million (10.6), primarily due to increased interest income from Poland and the Norwegian credit cards. Net commission income was almost unchanged at SEK 4.8 million, mainly due to a lower proportion of reminder fees from customers to the segment's largest retailers.

Operating costs increased by 32.4 % to SEK 14.0 million (10.5), mainly due to employees and IT development costs in Avarda and higher staff costs for central functions within the Group, which have been allocated to the segment. The segment's C/I ratio was 74.1 % (68.1).

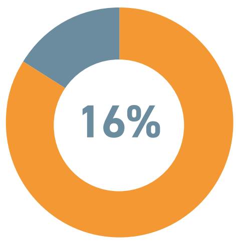
The segment's loan losses increased by 12.3 % to SEK 5.9 million (5.2). The increase is mainly attributable to loan losses in Avarda.

The segment's operating income attributable to the shareholders of TF Bank amounted to SEK 0.2 million (1.6 million). The decline in earnings is mainly due to investment and operating costs in Avarda, but also in part to lower operating income from TF Bank's largest retailers.

SHARE OF THE GROUP'S LOANS TO THE PUBLIC



SHARE OF THE GROUP'S OPERATING INCOME



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 33 of the 2016 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 4-31 is an integral part of this financial report.

IFRS 9 "Financial Instruments"

The IASB has finalised the new standard for financial instruments, IFRS 9. The standard covers the classification and measurement, impairment and general hedge accounting and replaces the existing requirements in these areas in IAS 39. IFRS 9 becomes effective for fiscal years beginning 1 January 2018 or later and it has been approved by the EU Commission. Whilst earlier application is permitted TF Bank does not intend to apply IFRS 9 early. TF Bank does not intend to restate the comparative figures for 2017 in the annual report for 2018 on the basis of IFRS 9.

Impairment requirements in IFRS 9 is based on a model of expected losses, unlike the current model for incurred credit losses in IAS 39. The new requirements are expected to increase provisions for credit losses and reduce equity for the first applicable period. The impact on the capital adequacy cannot yet be determined because the Basel Committee is expected to issue new rules for the transition to IFRS 9, which have not yet been finalised.

Significant events during the year

In January TF Bank started to offer deposits for its customers in Norway.

On 25 January 2017 the Nomination Committee of Nordea Bank AB (publ) proposed Lars Wollung as a new member of Nordea's Board of Directors. To comply with the regulation on the maximum number of Board assignments he has decided to resign from his position on the Board of Directors of TF Bank as of 1 March 2017.

Increased focus on credit cards in Norway.

Events after the quarter-end

In April TF Bank paid SEK 7.1 million in shareholders' contribution to Avarda AB.

Annual General Meeting 2017

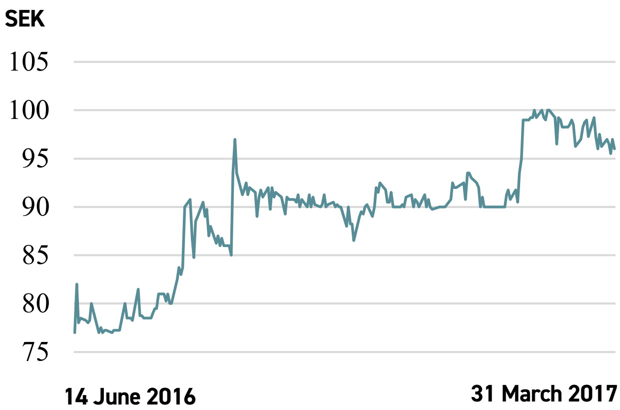
The Annual General Meeting 2017 will be held in Stockholm on Wednesday 3 May 2017 at 16:00 (CET).

Proposed dividend

The Board of Directors propose to the Annual General Meeting a dividend of SEK 2.20 per share for 2016. The total dividend to the shareholders would then be SEK 47.3 million.

The share (TFBANK)

TF Bank listed 14 June 2016 on the NASDAQ Stockholm Mid Cap list with a price per share of SEK 77. During 2016 and Q1 2017, the share has performed well and at the end of Q1 2017 the closing share price was SEK 96, an increase of approximately 25 %. In total, 5.0 million shares were traded on the Nasdaq Stockholm during the period 14 June 2016 to 31 March 2017 with a total value of about SEK 434 million. The share's ticker symbol is TFBANK and the ISIN code is SE0007331608.



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

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 the 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	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
	1, 2, 3, 9			
Operating income				
Interest income		124,266	102,001	448,870
Interest expense		– 15,320	– 12,154	– 49,870
Net interest income		**108,946**	**89,847**	**399,000**
Fee and commission income		12,647	12,492	49,045
Fee and commission expense		– 2,026	– 1,971	– 7,654
Net fee and commission income		**10,621**	**10,521**	**41,391**
Net results from financial transactions		– 300	236	408
Total operating income		**119,267**	**100,604**	**440,799**
Operating expenses				
General administrative expenses		– 41,412	– 33,426	– 149,786
Depreciation, amortisation and impairment charges of tangible and intangible assets		– 1,586	– 1,034	– 4,744
Other operating expenses		– 3,237	– 4,093	– 15,601
Total operating expenses		**– 46,235**	**– 38,553**	**– 170,131**
Profit before loan losses		**73,032**	**62,051**	**270,668**
Net loan losses		– 29,650	– 27,979	– 111,569
Items affecting comparability		-	– 6,102	– 19,275
Operating profit		**43,382**	**27,970**	**139,824**
Income tax expense		– 10,113	– 5,227	– 30,556
Net profit for the period		**33,269**	**22,743**	**109,268**
Attributable to:				
Shareholders of the Parent company		*34,217*	*24,255*	*117,504*
Non-controlling interests		*– 948*	*– 1,512*	*– 8,236*
Basic earnings per share (SEK)		*1.59*	*1.13*	*5.47*
Diluted earnings per share (SEK)		*1.59*	*1.13*	*5.47*

STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK thousand	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Net profit for the period	**33,269**	**22,743**	**109,268**
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement			
Gross fair value gains/losses on available for sale financial assets	23	939	228
Tax on fair value gains/losses during the period	-	– 235	-
Gross currency translation differences	130	– 5	609
Tax on currency translation differences during the period	– 327	369	1,576
Other comprehensive income, net of tax	**– 174**	**1,068**	**2,413**
Total comprehensive income for the period	**33,095**	**23,811**	**111,681**
Attributable to:			
Shareholders of the Parent company	*34,049*	*25,317*	*119,663*
Non-controlling interests	*– 954*	*– 1,506*	*– 7,982*

BALANCE SHEET, GROUP

SEK thousand	Note	31 Mar 2017	31 Dec 2016
	1, 2, 3, 4, 5, 7, 9		
ASSETS			
Cash and balances with central banks		30,420	30,510
Treasury bills eligible for refinancing		60,105	60,211
Loans to credit institutions		514,211	290,152
Loans to the public	6	2,754,982	2,489,283
Shares		21,102	263
Goodwill		12,533	12,673
Intangible assets		20,039	18,414
Tangible assets		1,553	1,610
Other assets		7,800	9,509
Current tax assets		13,799	11,697
Deferred tax assets		7,536	6,830
Prepaid expenses and accrued income		4,155	10,973
Total assets		**3,448,235**	**2,942,125**
LIABILITIES AND EQUITY			
Liabilities			
Deposits and borrowings from the public		2,762,586	2,284,645
Other liabilities		18,824	17,853
Current tax liabilities		5,947	5,213
Deferred tax liabilities		13,643	14,597
Accrued expenses and prepaid income		49,699	53,490
Subordinated liabilities		97,225	97,040
Total liabilities		**2,947,924**	**2,472,838**
Equity			
Share capital (21,500,000 shares of SEK 5 each)		107,500	107,500
Accumulated other comprehensive income		1,318	1,486
Other reserves		– 137	1,934
Retained earnings		345,932	228,428
Net profit for the period attributable to the shareholders of the Parent company		34,217	117,504
Total equity attributable to the shareholders of the Parent company		**488,830**	**456,852**
Non-controlling interests		11,481	12,435
Total equity		**500,311**	**469,287**
Total liabilities and equity		**3,448,235**	**2,942,125**

CASH FLOW STATEMENT, GROUP

SEK thousand	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Operating activities			
Operating profit	43,382	27,970	139,824
Adjustment for items not included in cash flow:			
Depreciation and amortisation	1,586	1,034	4,744
Accrued interest income and expense	– 15,804	– 19,497	– 4,097
Other non-cash items	338	1,191	4,029
Paid income tax	– 11,808	– 10,041	– 37,328
	17,694	**657**	**107,172**
Increase/decrease in loans to the public	– 265,699	– 174,608	– 651,705
Increase/decrease in other short-term claims	– 12,826	14,699	19,325
Increase/decrease in deposits and borrowings from the public	477,941	138,743	55,083
Increase/decrease in other short-term liabilities	11,838	– 1,004	– 10,207
Cash flow from operating activities	**228,948**	**– 21,513**	**– 480,332**
Investing activities			
Investments in tangible assets	– 165	– 86	– 921
Investments in intangible assets	– 2,849	– 1,513	– 11,062
Cash flow from investing activities	**– 3,014**	**– 1,599**	**– 11,983**
Financing activities			
Shareholder's contribution	-	-	14,114
Change in liabilities to credit institutions	-	1,401	– 516
Dividends paid	-	-	– 9,675
Option premium	-	-	1,934
Share-based remuneration	– 2,071	-	-
Cash flow from financing activities	**– 2,071**	**1,401**	**5,857**
Cash flow for the period	**223,863**	**– 21,711**	**– 486,458**
Cash and cash equivalents at the beginning of period	**380,873**	**867,331**	**867,331**
Cash and cash equivalents at the end of period	**604,736**	**845,620**	**380,873**
Cash flow from operating activities includes interest expenses paid and interest payments received with the following amounts:			
Interest expenses paid	30,932	31,415	53,181
Interest payments received	117,379	100,865	423,817

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 2016	**107,500**	**– 673**	**-**	**144,868**	**93,235**	**6,303**	**351,233**
Net profit for the period	-	-	-	-	117,504	– 8,236	109,268
Gross fair value gains/losses on available for sale financial assets	-	228	-	-	-	-	228
Gross currency translation differences	-	355	-	-	-	254	609
Tax on currency translation differences during the period	-	1,576	-	-	-	-	1,576
Total comprehensive income for the period, net of tax	**-**	**2,159**	**-**	**-**	**117,504**	**– 7,982**	**111,681**
Transfer from retained earnings	-	-	-	93,235	– 93,235	-	-
Dividend	-	-	-	– 9,675	-	-	– 9,675
Option premium	-	-	1,934	-	-	-	1,934
Shareholders' contribution	-	-	-	-	-	14,114	14,114
Balance as at 31 Dec 2016	**107,500**	**1,486**	**1,934**	**228,428**	**117,504**	**12,435**	**469,287**
Balance as at 1 Jan 2017	**107,500**	**1,486**	**1,934**	**228,428**	**117,504**	**12,435**	**469,287**
Net profit for the period	-	-	-	-	34,217	– 948	33,269
Gross fair value gains/losses on available for sale financial assets	-	23	-	-	-	-	23
Gross currency translation differences	-	135	-	-	-	– 5	130
Tax on currency translation differences during the period	-	– 326	-	-	-	– 1	– 327
Total comprehensive income for the period, net of tax	**-**	**– 168**	**-**	**-**	**34,217**	**– 954**	**33,095**
Transfer from retained earnings	-	-	-	117,504	– 117,504	-	-
Shareholders' contribution	-	-	– 2,071	-	-	-	– 2,071
Balance as at 31 Mar 2017	**107,500**	**1,318**	**– 137**	**345,932**	**34,217**	**11,481**	**500,311**

NOTES

NOTE 1 General information

OWNERSHIP IN TF BANK AB AS AT 31 MARCH 2017 (ACCORDING TO THE SHAREHOLDERS' REGISTER):

Shareholder	%
TFB Holding AB	47.03 %
Erik Selin Fastigheter AB	9.28 %
Merizole Holding LTD	7.01 %
Swedbank Robur fonder	6.00 %
SEB Life International	3.90 %
Danica Pension Försäkrings AB	3.45 %
Proventus Aktiebolag	3.00 %
Handelsbanken fonder	1.89 %
Pareto Nordic Return	1.70 %
Clearstream Banking S.A.	1.36 %
Other shareholders	15.38 %
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 %
- TFB Service SIA (40203015782) 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 lending 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 level of credit risk in the loan portfolios. It decides and suggests changes to the Group's lending in line with the set credit policy as well as proposing amendments of the policy to the Board of Directors. The performance is reported at each Board meeting.

Before a loan is issued, a risk assessment is done of the customer's creditworthiness, taking into account the customer's financial position, past history 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 has a claim and debt collection team that works with existing customers with payment problems. There is also a credit department that perform credit evaluations of prospective customers as well as ongoing evaluations of collateral and credit limits set by the Board.

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). The reason is that the Group regularly sells non-performing loans to debt collection agencies when the Board of Directors considers the price level to be favourable compared to keeping the non-performing loans on the balance sheet. This is currently the case for most of the markets. As a result the Group continuously realises actual loan losses through the sale 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 monitoring and reminders when payments are overdue.

The Group's loans to the public consists primarily of unsecured consumer loans. As a result the Group does not list credit risk exposures in a separate table, as there are limited assets pledged as security, while 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	31 Mar 2017	31 Dec 2016
Loans, not past due	2,384,790	2,113,837
Loans past due, 1 - 10 days	192,911	194,437
Loans past due, 11 - 69 days	98,976	109,270
Non-performing loans	143,823	129,346
Total	**2,820,500**	**2,546,890**
Provision for expected loan losses	– 65,518	– 57,607
Total loans to the public	**2,754,982**	**2,489,283**

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

Note 2 cont.

CREDIT QUALITY OF FULLY PERFORMING LOANS

Group SEK thousand	31 Mar 2017	31 Dec 2016
Household sector		
Low risk	1,677,816	1,515,744
Medium risk	631,136	542,420
High risk	367,725	359,380
Total household sector	**2,676,677**	**2,417,544**

The credit quality of the fully performing loans are assessed based on a model that is classifies the loans based on low, medium or high risk. This classification is based primarily on the number of reminders sent to each customer, the number of months the customer has had active loans with the Group and the borrower's individual credit status calculated taking into account both internal and external sources. The risk assessment is also made with respect to various other parameters depending on the type of product (segments) and the country, which includes consideration to historical information taken from our own database.

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	31 Mar 2017	31 Dec 2016
Cash and balances with central banks		
AA+	30,420	30,510
Treasury bills eligible for refinancing		
AAA	60,105	60,211
Loans to credit institutions		
A-1+	185,692	172,312
A-1	311,479	115,372
A-2	17,040	2,468
Other assets		
A-1+	1,081	3,715
A-1	20,842	-
Unrated	5,092	3,960
Total	**631,751**	**388,548**

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	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Change in provision for sold non-performing loans	– 17,566	– 23,673	– 85,429
Realised loan losses	– 6,147	– 3,821	– 18,572
Recovered from previous write-offs	1,422	1,404	7,662
Change in provision for other expected loan losses	– 7,359	– 1,889	– 15,230
Net loan losses	**– 29,650**	**– 27,979**	**– 111,569**

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	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Net interest income	94,828	79,228	349,127
Net fee and commission income	5,838	5,710	22,564
Net results from financial transactions	– 244	177	501
Total operating income	**100,422**	**85,115**	**372,192**
General administrative expenses	– 28,382	– 23,308	– 101,046
Depreciation, amortisation and impairment charges of tangible and of intangible assets	– 1,116	– 809	– 3,752
Other operating expenses	– 2,773	– 3,891	– 14,943
Total operating expenses	**– 32,271**	**– 28,008**	**– 119,741**
Profit before loan losses	**68,151**	**57,107**	**252,451**
Net loan losses	– 23,774	– 22,746	– 85,103
Operating profit	**44,377**	**34,361**	**167,348**
Attributable to:			
The shareholders of the Parent company	*44,377*	*34,361*	*167,348*
Non-controlling interests	-	-	-

Balance sheet, SEK thousand	31 Mar 2017	31 Dec 2016
Loans to the public		
Household sector	2,239,229	2,075,880
Corporate sector	-	-
Total loans to the public	**2,239,229**	**2,075,880**
Household sector		
Net performing loans	2,164,070	2,005,712
Net non-performing loans	75,159	70,168
Total household sector	**2,239,229**	**2,075,880**

Note 3 cont.

SALES FINANCE

Income statement, SEK thousand	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Net interest income	14,118	10,618	49,873
Net fee and commission income	4,783	4,811	18,827
Net results from financial transactions	– 56	59	– 93
Total operating income	**18,845**	**15,488**	**68,607**
General administrative expenses	– 13,030	– 10,118	– 48,740
Depreciation, amortisation and impairment charges of tangible and of intangible assets	– 470	– 225	– 992
Other operating expenses	– 464	– 202	– 658
Total operating expenses	**– 13,964**	**– 10,545**	**– 50,390**
Profit before loan losses	**4,881**	**4,943**	**18,217**
Net loan losses	– 5,876	– 5,234	– 26,466
Operating profit	**– 995**	**– 289**	**– 8,249**
Attributable to:			
The shareholders of the Parent company	*216*	*1,649*	*2,214*
Non-controlling interests	*– 1,211*	*– 1,938*	*– 10,463*

Balance sheet, SEK thousand	31 Mar 2017	31 Dec 2016
Loans to the public		
Household sector	515,753	413,403
Corporate sector	-	-
Total loans to the public	**515,753**	**413,403**
Household sector		
Net performing loans	502,935	405,528
Net non-performing loans	12,818	7,875
Total household sector	**515,753**	**413,403**

GROUP

Income statement, SEK thousand	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Operating income			
Operating income, Direct to Consumer	100,422	85,115	372,192
Operating income, Sales Finance	18,845	15,489	68,607
Total operating income for the Group	**119,267**	**100,604**	**440,799**
Operating profit			
Operating profit, Direct to Consumer	44,377	34,361	167,348
Operating profit, Sales Finance	– 995	– 289	– 8,249
Items affecting comparability	-	– 6,102	– 19,275
Total operating profit for the Group	**43,382**	**27,970**	**139,824**

Balance sheet, SEK thousand	31 Mar 2017	31 Dec 2016
Loans to the public		
Loans to the public, Direct to Consumer	2,239,229	2,075,880
Loans to the public, Sales Finance	515,753	413,403
Total loans to the public for the Group	**2,754,982**	**2,489,283**

NOTE 4 Classification of financial assets and liabilities

Group 31 Mar 2017 SEK thousand	Financial instruments at fair value through profit or loss		Available for sale financial assets	Loans and receivables	Derivatives used for hedging	Other financial assets/ liabilities	**Total**
	Held for trading	*Designated at initial recognition*					
Assets							
Cash and balances with central banks	-	-	-	30,420	-	-	30,420
Treasury bills eligible for refinancing	-	-	60,105	-	-	-	60,105
Loans to credit institutions	-	-	-	514,211	-	-	514,211
Loans to the public	-	-	-	2,754,982	-	-	2,754,982
Shares	-	-	21,102	-	-	-	21,102
Derivatives	1,062	-	-	-	19	-	1,081
Total assets	**1,062**	**-**	**81,207**	**3,299,613**	**19**	**-**	**3,381,901**
Liabilities							
Deposits and borrowings from the public	-	-	-	-	-	2,762,586	2,762,586
Subordinated liabilities	-	-	-	-	-	97,225	97,225
Derivatives	1,501	-	-	-	344	-	1,845
Total liabilities	**1,501**	**-**	**-**	**-**	**344**	**2,859,811**	**2,861,656**

Group 31 Dec 2016 SEK thousand	Financial instruments at fair value through profit or loss		Available for sale financial assets	Loans and receivables	Derivatives used for hedging	Other financial assets/ liabilities	Total
	Held for trading	*Designated at initial recognition*					
Assets							
Cash and balances with central banks	-	-	-	30,510	-	-	30,510
Treasury bills eligible for refinancing	-	-	60,211	-	-	-	60,211
Loans to credit institutions	-	-	-	290,152	-	-	290,152
Loans to the public	-	-	-	2,489,283	-	-	2,489,283
Shares	-	-	263	-	-	-	263
Derivatives	3,450	-	-	-	265	-	3,715
Total assets	**3,450**	**-**	**60,474**	**2,809,945**	**265**	**-**	**2,874,134**
Liabilities							
Deposits and borrowings from the public	-	-	-	-	-	2,284,645	2,284,645
Subordinated liabilities	-	-	-	-	-	97,040	97,040
Derivatives	-	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**2,381,685**	**2,381,685**

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 Mar 2017 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	-	60,105	-	60,105
Shares	20,842	260	-	21,102
Derivatives	-	1,081	-	1,081
Total assets	**20,842**	**61,446**	**-**	**82,288**
Liabilities				
Subordinated Tier 2 loans	-	97,225	-	97,225
Derivatives	-	1,845	-	1,845
Total liabilities	**-**	**99,070**	**-**	**99,070**

Group, 31 Dec 2016 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	-	60,211	-	60,211
Shares	-	263	-	263
Derivatives	-	3,715	-	3,715
Total assets	**-**	**64,189**	**-**	**64,189**
Liabilities				
Subordinated Tier 2 loans	-	97,040	-	97,040
Derivatives	-	-	-	-
Total liabilities	**-**	**97,040**	**-**	**97,040**

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 21.15 % as at 31 March 2017 and 22.02 % as at 31 December 2016.

Group, 31 Mar 2017 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	30,420	30,420	-
Treasury bills eligible for refinancing	60,105	60,105	-
Loans to credit institutions	514,211	514,211	-
Loans to the public	2,754,982	2,754,982	-
Shares	21,102	21,102	-
Derivatives	1,081	1,081	-
Total assets	**3,381,901**	**3,381,901**	**-**
Liabilities			
Deposits and borrowings from the public	2,762,586	2,762,586	-
Subordinated liabilities	97,225	97,225	-
Derivatives	1,845	1,845	-
Total liabilities	**2,861,656**	**2,861,656**	**-**

Group, 31 Dec 2016 SEK thousand	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	30,510	30,510	-
Treasury bills eligible for refinancing	60,211	60,211	-
Loans to credit institutions	290,152	290,152	-
Loans to the public	2,489,283	2,489,283	-
Shares	263	263	-
Derivatives	3,715	3,715	-
Total assets	**2,874,134**	**2,874,134**	**-**
Liabilities			
Deposits and borrowings from the public	2,284,645	2,284,645	-
Subordinated liabilities	97,040	97,040	-
Derivatives	-	-	-
Total liabilities	**2,381,685**	**2,381,685**	**-**

NOTE 6 Loans to the public

Group SEK thousand	31 Mar 2017	31 Dec 2016
Loans to the household sector	2,754,982	2,489,283
Loans to the corporate sector	-	-
Total loans to the public	**2,754,982**	**2,489,283**
Loans to the household sector		
Gross loans	2,820,500	2,546,890
Provision for expected loan losses	– 65,518	– 57,607
Loans, net book value	**2,754,982**	**2,486,283**
Geographic distribution of net loans		
Sweden	688,089	662,767
Finland	899,704	847,067
Norway	642,137	530,315
Estonia	274,352	245,801
Poland	203,639	164,389
Denmark	39,041	35,969
Latvia	8,020	2,975
Total loans, net book value	**2,754,982**	**2,489,283**

CHANGE IN PROVISION FOR ACTUAL AND EXPECTED LOAN LOSSES

Group SEK thousand	31 Mar 2017	31 Dec 2016
Opening balance	– 57,607	– 40,647
Change in provision for sold non-performing loans	– 17,566	– 85,429
Reversal in provision for sold non-performing loans	17,566	85,429
Change in provision for other loan losses	– 7,359	– 15,230
Other adjustments [1]	– 552	– 1,730
Closing balance	**– 65,518**	**– 57,607**

[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 FSA's regulations (FFFS 2008:25) on annual accounts of credit institutions and securities companies and related information contained in Articles 92(3)(d, f) 436(b) and 438 of the Regulation (EU) No 575/2013, 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 Regulation (EU) No 575/2013 is provided on the company's website www.tfbankgroup.com.

TF Bank is the responsible institution which is under the supervision of the Swedish FSA. As a result, the company is covered by the rules governing credit institutions in Sweden. TF Bank AB listed on the stock exchange in 2016, which means that the stock exchange rules are also applicable.

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), Regulation (EU) No 575/2013, regulation on capital buffers (2014:966) and the Swedish FSA'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 own funds must cover the capital requirements including the minimum capital requirements according to Pillar 1.

The bank reports to the Swedish FSA both on an individual basis for TF Bank AB and on a consolidated basis with TF Bank AB as the Parent company. TF Bank AB as the Parent company became the consolidated situation required to report to the Swedish FSA following the initial public offering 14 June 2016.

Note 7 cont.

THE GROUP'S CAPITAL SITUATION

SEK thousand	31 Mar 2017	31 Dec 2016
Common Equity Tier 1 (CET1) capital after deductions	384,314	371,933
Additional Tier 1 (AT1) capital after deductions	-	-
Tier 2 capital after deductions	97,225	97,040
Own funds	**481,539**	**468,973**
Risk exposure amount	2,831,697	2,573,532
- *of which:* credit risk	2,210,382	1,965,888
- *of which:* credit valuation adjustment	2,727	3,322
- *of which:* market risk	30,502	16,236
- *of which:* operational risk	588,086	588,086
CET1 capital ratio, %	13.57	14.45
Tier 1 capital ratio, %	13.57	14.45
Total capital ratio, %	17.01	18.22
Total CET1 capital requirement incl. of capital buffer requirements	223,703	199,191
- *of which:* capital conservation buffer	70,792	64,338
- *of which:* countercyclical capital buffer	25,485	19,044
CET1 capital available to use as buffer	256,888	256,124

OWN FUNDS

SEK thousand	31 Mar 2017	31 Dec 2016
CET1 capital		
Share capital	107,500	107,500
Accumulated other comprehensive income	1,318	1,486
Other reserves	– 137	1,934
Retained earnings	345,932	228,428
Audited annual profits net of any foreseeable expenses and dividends [1]	– 30,191	70,502
Minority interests	11,481	12,435
Less:		
- Intangible assets	– 32,572	– 31,087
- Deferred tax assets that rely on future profitability	– 7,536	– 6,830
- Minority interests not qualified for inclusion in own funds	– 11,481	– 12,435
Total CET1 capital	*384,314*	*371,933*
Tier 2 capital		
Dated subordinated loan	97,225	97,040
Total own funds	**481,539**	**468,973**

[1] Deduction of dividends from own funds have been made in accordance with the Board of Directors' proposal to the Annual General Meeting 2017 and the dividend policy for the interim profit.

Deduction of dividends from own funds have been made in accordance with the Board of Directors' proposal to the Annual General Meeting and the dividend policy. The Group's CET1 capital complies with the requirements of Regulation (EU) No 575/2013.

SPECIFICATION RISK EXPOSURE AMOUNTS

SEK thousand	31 Mar 2017	31 Dec 2016
Credit risk under the standardised approach		
Exposures to corporates	2,201	-
Retail exposures	2,000,294	1,807,836
Exposures secured by mortgage	416	452
Exposures in default	87,929	81,155
Exposures to institutions with a short-term credit assessment	111,212	62,008
Other items	8,330	14,437
Total risk-weighted exposure amount credit risk	**2,210,382**	**1,965,888**
Credit valuation adjustment		
Standardised method	2,727	3,322
Total risk exposure amount credit valuation adjustment	**2,727**	**3,322**
Market risk [1]		
Foreign exchange risk	30,502	16,236
Total risk exposure amount market risk	**30,502**	**16,236**
Operational risk		
Standardised approach	588,086	588,086
Total risk exposure amount operational risk	**588,086**	**588,086**
Total risk exposure amount	**2,831,697**	**2,573,532**

[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.

NOTE 8 Assets pledged as security

Group SEK thousand	31 Mar 2017	31 Dec 2016
Group liabilities		
Relating to current liabilities to credit institutions		
Loans	506,972	528,733
Other assets	393	356
Total	**507,365**	**529,089**

The Group continuously pledge part of its Swedish and Norwegians loans to the public as security. The assets are pledged as security for the Group's credit facilities of SEK 331 million. Nothing was drawn from the credit facilities as at 31 March 2017.

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, corporate identity number 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 priced at market.

Group SEK thousand	**Jan-Mar 2017**	Jan-Mar 2016	Jan-Dec 2016
The following transactions have been made with related companies within the Group:			
General administrative expenses	– 121	– 89	– 422
Total	**– 121**	**– 89**	**– 422**
The following transactions have been made with other related parties:			
Interest income (transaction costs)	– 17,566	– 16,946	– 66,035
General administrative expenses	– 1,374	– 1,372	– 5,670
Total	**– 18,940**	**– 18,318**	**– 71,705**
Acquisition of assets and liabilities from other related parties:			
Sales Finance	187,864	172,924	636,879
Total	**187,864**	**172,924**	**636,879**

Group SEK thousand	**31 Mar 2017**	31 Dec 2016
Assets at the end of the period as a result of transactions with other related parties:		
Other assets	1,231	663
Total	**1,231**	**663**
Liabilities at the end of the period as a result of transactions with other related parties:		
Other assets	-	-
Total	**-**	**-**

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, Finland and Norway.

The parent company's operating income for the first quarter of 2017 amounted to SEK 105.4 million (91.6). Net result from financial transactions affects operating income with SEK 1.2 million (-1.4), which is related to currency effects on shares in foreign subsidiaries and which are not recalculated at current exchange rates.

The company's total operating expenses amounted to SEK 35.7 million (37.2) for the period. The figures for the comparative period include costs related to the IPO of SEK 6.1 million which are included in general administrative expenses. The operating profit amounted to SEK 40.9 million (26.9) for the first quarter of 2017.

Loans to the public increased by 7.7 % to SEK 2,133 million (1,981) during the first quarter. The amount includes loans to the subsidiary Avarda of SEK 44 million (44). Deposits from the public amounted to SEK 2,763 million (2,285) at year-end.

Loans to credit institutions increased during the interim period and amounted to SEK 1,010 million (690). The amount includes loans to the subsidiary BB Finans of

SEK 508 million (420).

The capital adequacy of the company remains at a stable level with a Tier 1 capital ratio of 16.0 % as at 31 March 2017 (17.0). The total capital ratio at year-end was

19.9 % (21.1), which is significantly higher than the legally required levels.

INCOME STATEMENT, PARENT COMPANY

SEK thousand	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Operating income			
Interest income	111,264	95,875	411,993
Interest expense	– 15,250	– 12,122	– 49,209
Net interest income	**96,014**	**83,753**	**362,784**
Fee and commission income	9,325	10,559	40,245
Fee and commission expense	– 1,056	– 1,318	– 4,527
Net fee and commission income	**8,269**	**9,241**	**35,718**
Net results from financial transactions	1,153	– 1,419	– 6,950
Total operating income	**105,436**	**91,575**	**391,552**
Operating expenses			
General administrative expenses	– 31,772	– 32,535	– 132,789
Depreciation, amortisation and impairment charges of tangible and intangible assets	– 1,189	– 723	– 3,327
Other operating expenses	– 2,754	– 3,919	– 14,771
Total operating expenses	**– 35,715**	**– 37,177**	**– 150,887**
Profit before loan losses	**69,721**	**54,398**	**240,665**
Net loan losses	– 28,816	– 27,509	– 105,371
Operating profit	**40,905**	**26,889**	**135,294**
Income tax expense	– 9,363	– 5,092	– 29,251
Net profit for the period	**31,542**	**21,797**	**106,043**

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

SEK thousand	Jan-Mar 2017	Jan-Mar 2016	Jan-Dec 2016
Net profit for the period	**31,542**	**21,797**	**106,043**
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	**31,542**	**21,797**	**106,043**

BALANCE SHEET, PARENT COMPANY

SEK thousand	31 Mar 2017	31 Dec 2016
ASSETS		
Cash and balances with central banks	30,420	30,510
Treasury bills eligible for refinancing	60,105	60,211
Loans to credit institutions	1,009,628	690,360
Loans to the public	2,132,887	1,980,558
Shares	20,842	-
Shares in group companies	111,494	100,862
Intangible assets	16,099	15,137
Tangible assets	1,014	1,100
Other assets	5,139	7,740
Current tax assets	14,505	12,413
Deferred tax assets	189	-
Prepaid expenses and accrued income	2,071	8,680
Total assets	**3,404,393**	**2,907,571**
LIABILITIES AND EQUITY		
Liabilities		
Deposits and borrowings from the public	2,762,586	2,284,645
Other liabilities	11,482	14,062
Deferred tax liabilities	-	783
Accrued expenses and prepaid income	37,427	44,844
Subordinated liabilities	97,225	97,040
Total liabilities	**2,908,720**	**2,441,374**
Untaxed reserves	52,621	52,621
Equity		
Share capital (21,500,000 shares of SEK 5 each)	107,500	107,500
Other reserves	10,850	9,313
Share premium reserve	– 140	1,931
Retained earnings	293,300	188,789
Total comprehensive income for the period	31,542	106,043
Total equity	**443,052**	**413,576**
TOTAL LIABILITIES AND EQUITY	**3,404,393**	**2,907,571**

CAPITAL ADEQUACY ANALYSIS, PARENT COMPANY

SEK thousand	31 Mar 2017	31 Dec 2016
Common Equity Tier 1 (CET1) capital after deductions	403,400	397,066
Additional Tier 1 (AT1) capital after deductions	-	-
Tier 2 capital after deductions	97,225	97,040
Own funds	**500,625**	**494,106**
Risk exposure amount	2,517,548	2,329,785
- *of which:* credit risk	1,953,221	1,764,877
- *of which:* credit valuation adjustment	2,607	3,188
- *of which:* market risk	-	-
- *of which:* operational risk	561,720	561,720
CET1 capital ratio, %	16.03	17.04
Tier 1 capital ratio, %	16.03	17.04
Total capital ratio, %	19.89	21.21
Total CET1 capital requirement inclusive of capital buffer requirements	197,376	178,229
- *of which:* capital conservation buffer	62,939	58,245
- *of which:* countercyclical capital buffer	21,147	15,144
CET1 capital available to use as buffer	290,110	292,226

OWN FUNDS

SEK thousand	31 Mar 2017	31 Dec 2016
CET1 capital		
Share capital	107,500	107,500
Other reserves	51,895	50,358
Share premium reserve	– 140	1,931
Retained earnings	293,300	188,789
Audited interim profits net of any foreseeable expenses and dividends [1]	– 32,867	63,626
Less:		
- Intangible assets	– 16,099	– 15,137
Total CET1 capital	*403,589*	*397,067*
Tier 2 capital		
Dated subordinated loan	97,225	97,040
Total own funds	**500,814**	**494,107**

[1] Deduction of dividends from own funds have been made in accordance with the Board of Directors' proposal to the Annual General Meeting 2017 and the dividend policy for the interim profit.

Deduction of dividends from own funds have been made in accordance with the Board of Directors' proposal to the Annual General Meeting and the dividend policy. The Parent company's CET1 capital complies with the requirements of Regulation (EU) No 575/2013.

SPECIFICATION RISK EXPOSURE AMOUNTS

SEK thousand	31 Mar 2017	31 Dec 2016
Credit risk under the standardised approach		
Exposures to institutions	101,507	84,115
Exposures to corporates	44,786	44,357
Retail exposures	1,521,674	1,410,463
Exposures in default	60,489	55,841
Exposures to institutions with a short-term credit assessment	108,652	57,904
Equity exposures	111,494	100,861
Other items	4,619	11,336
Total risk-weighted exposure amount credit risk	**1,953,221**	**1,764,877**
Credit valuation adjustment		
Standardised method	2,607	3,188
Total risk exposure amount credit valuation adjustment	**2,607**	**3,188**
Operational risk		
Standardised approach	561,720	561,720
Total risk exposure amount operational risk	**561,720**	**561,720**
Total risk exposure amount	**2,517,548**	**2,329,785**

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, 26 April 2017

Mattias Carlsson
Chairman

John Brehmer

Thomas Grahn

Paul Källenius

Bertil Larsson

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 at 31 March 2017 and the three-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, 26 April 2017
PricewaterhouseCoopers AB

Martin By
Authorised 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. Items affecting comparability relate to the IPO. The bank uses these alternative key figures to better understand the underlying earning generation of the bank. 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.

CET1 CAPITAL RATIO
CET1 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.

RETURN ON EQUITY
Net profit for the period excluding non-controlling interests as a percentage of average total equity. Rolling 12 month.

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

FINANCIAL CALENDAR AND CONTACTS

FINANCIAL CALENDAR

3 May 2017	Annual General Meeting
18 July 2017	Interim report January - June 2017
26 October 2017	Interim report January - September 2017
8 February 2017	Year-end report January - December 2017

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 27 April 2017 at 07:00 CET.

PRESENTATION FOR INVESTORS, ANALYSTS AND MEDIA

A live conference call will be held 27 April at 08:15 CET 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 2509 eller +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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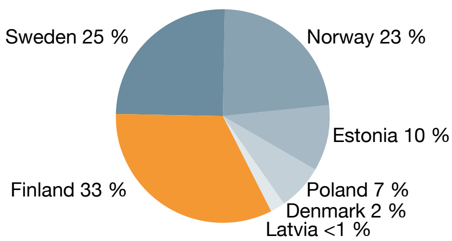
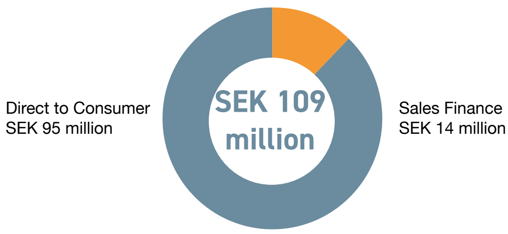
TF BANK'S GEOGRAPHICAL PRESENCE

SHARE OF LOAN PORTFOLIO BY COUNTRY, 31 MARCH 2017



NET INTEREST INCOME, JANUARY-MARCH 2017



TFBank

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