INTERIM REPORT
January-June 2018

TFBank

THE PERIOD IN BRIEF

FIRST HALF-YEAR 2018

COMPARED WITH THE FIRST HALF-YEAR 2017

- Total operating income increased by 18.8 % to SEK 293.7 million
- The loan portfolio amounted to SEK 3,876 million as at 30 June 2018, an increase of 22.8 % since the year-end
- Operating profit increased by 11.7 % to SEK 101.9 million
- Net profit increased by 11.9 % to SEK 78.4 million
- The cost/income ratio was 40.2 % (38.0)
- The total capital ratio was 17.2 %, an increase of 1.0 percentage points since the year-end
- Earnings per share amounted to SEK 3.65 (3.35)

SECOND QUARTER 2018

COMPARED WITH THE SECOND QUARTER 2017

- Total operating income increased by 19.3 % to SEK 152.8 million
- Operating profit increased by 11.4 % to SEK 53.4 million
- Net profit increased by 11.8 % to SEK 41.1 million
- The cost/income ratio was 40.1 % (37.2)
- Earnings per share amounted to SEK 1.91 (1.76)

SIGNIFICANT EVENTS

FIRST HALF-YEAR 2018

- In January, the subsidiary Avarda launched a payment solution in Finland, together with several major partners
- The Board appointed Mattias Carlsson as new CEO of TF Bank. Mattias Carlsson has worked for the bank for almost 10 years and has been serving as acting CEO since November 2017
- TF Bank issued a Tier 1 capital instrument (AT1) of SEK 100 million during the period

> **The bank's new lending has reached a new higher level in 2018. New lending for the first half of the year came in at SEK 2,072 million, which is 40 % higher than the corresponding period in 2017.**

TOTAL OPERATING INCOME
JAN-JUN 2018 COMPARED WITH JAN-JUN 2017

SEK **294** MILLION **+19** %

LOAN PORTFOLIO
30 JUNE 2018 COMPARED WITH 31 DECEMBER 2017

SEK **3.9** BILLION **+23** %

TOTAL CAPITAL RATIO
30 JUNE 2018 COMPARED WITH 31 DECEMBER 2017

17.2 % **+1.0** PERCENTAGE POINTS

EARNINGS PER SHARE
JAN-JUN 2018 COMPARED WITH JAN-JUN 2017

SEK **3.65** **+9** %

See separate section with definitions, page 39.

CEO'S COMMENTS

The second quarter of 2018 ended with strong growth and a loan portfolio approaching SEK 4 billion. In the last three months, the portfolio rose by SEK 357 million, with particularly strong growth in the Ecommerce Solutions segment, which increased by 13 %. Operating income in the second came in at SEK 53 million, 11 % higher than the corresponding quarter in 2017. The last twelve month's profit, amounted to SEK 7.34 per share.

Successful issue of Additional Tier 1 instrument
During the second quarter, the capital base was strengthened with a SEK 100 million issue of a so-called AT1 loan (Additional Tier 1 instrument). The instrument has an interest rate of 3 months STIBOR + 6.75 %. TF Bank have previously issued a Tier 2 instrument of SEK 100 million, classified as Tier 2 capital, with an interest rate of 3 months STIBOR + 6.25 %. The issue of the AT1 loan optimises the bank's capital structure and creates headspace to the statutory levels.

Diversified exposures and short maturities
TF Bank's business model differs from other listed niche banks in Sweden. Our consumer loans have lower credit amounts as well as shorter repayment times. We prefer to have ten loans of SEK 30 thousand than one loan of SEK 300 thousand. Furthermore, the exposures are spread geographically across eight different countries and the Swedish loan portfolio accounts for only about 16 % of the Group's total loan book. The relatively short loan maturities also increase the flexibility in terms of the liquidity reserve, which can be quickly strengthened if we choose to hold back new lending. The risk in the balance sheet is further reduced by our strategic choice to continuously sell non-performing loans. Our business model makes the bank robust and very able to handle more challenging economic times in the future.

The business model is developing with new customer offerings
Given the strong competition in the market, margins decreased slightly also during this quarter. Additionally, the competition across markets have led to customers expecting higher loan sizes and longer tenors. Naturally this influences TF Bank and during the year we have therefore partially adapted our product offerings to meet customer expectations. The new products target a selection of existing customers as well as to new customers to the bank. At the same time, it is important to point out that the characteristics of our loan portfolio in a foreseeable future will continue to be consumer loans with relatively low loan amounts and short repayment times.

Ecommerce Solutions grows in the Nordic region
The focus on payment solutions for e-commerce continues the positive development with improved financial performance. We have started marketing our checkout in Norway where we see good opportunities. The Swedish market for payment solutions is extremely competitive with price pressure therefore our focus will be to take market shares in Finland and Norway. The expansion in Finland is expected to continue during the second half of 2018, which will have a positive impact on the segment's C/I figure.

Positive outlook for the second half of 2018
The bank's new lending has reached a new higher level in 2018. New lending for the first half of the year came in at SEK 2,072 million, which is 40 % higher than the corresponding period in 2017. Increased new lending creates conditions for continued high growth of the loan portfolio, which in turn leads to higher income. In the second quarter, interest income increased by a total of SEK 14 million compared with the first quarter. The trend of rising interest income is expected to continue in the second half of 2018. Therefore the outlook for profit growth remains positive.

Mattias Carlsson
President and 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 carries out deposit and/or lending activities with consumers in Sweden, Finland, Norway, Denmark, Poland, Germany, Estonia, Latvia and Lithuania through subsidiaries, branches or cross-border banking.

The Group's main business consists of lending to the public through two segments: Consumer Lending and Ecommerce Solutions. In the Consumer Lending segment, TF Bank offers unsecured consumer loans to creditworthy individuals. The Ecommerce Solutions segment offers digital payment solutions for both retail and e-commerce as well as credit cards for individuals.

KEY FIGURES, GROUP

SEK thousand	**Apr-Jun 2018**	Apr-Jun 2017	**Jan-Jun 2018**	Jan-Jun 2017	Jan-Dec 2017
Income statement					
Operating income	152,798	128,047	293,698	247,314	511,570
Operating profit	53,367	47,896	101,925	91,278	192,938
Net profit for the period	41,149	36,815	78,414	70,084	147,836
Earnings per share, SEK	1.91	1.76	3.65	3.35	7.04
Balance sheet					
Loans to the public	3,875,572	2,835,975	3,875,572	2,835,975	3,156,289
Deposits from the public	4,498,225	3,064,802	4,498,225	3,064,802	3,754,030
Credit volume	1,094,007	693,420	2,072,428	1,483,343	2,968,611
Key figures					
Operating income margin, %	17.2	18.8	17.2	18.8	17.9
Net loan loss ratio, %	4.3	4.6	4.3	4.6	4.5
Cost/Income ratio, %	40.1	37.2	40.2	38.0	37.0
Return on equity, %	29.9	31.1	29.9	31.1	29.7
Return on loans to the public, %	4.9	5.6	4.9	5.6	5.3
CET1 capital ratio, %	12.2	13.6	12.2	13.6	13.2
Tier 1 capital ratio, %	14.7	13.6	14.7	13.6	13.2
Total capital ratio, %	17.2	17.0	17.2	17.0	16.2
Employees (FTE)	135	106	131	106	110
Currency rates					
EUR Income statement (average)	10.3247	9.6852	10.1020	9.5914	9.6320
EUR Balance sheet (end of period)	10.4213	9.6734	10.4213	9.6734	9.8497
NOK Income statement (average)	1.0810	1.0331	1.0571	1.0460	1.0331
NOK Balance sheet (end of period)	1.1002	1.0100	1.1002	1.0100	1.0011
PLN Income statement (average)	2.4325	2.2966	2.4028	2.2462	2.2625
PLN Balance sheet (end of period)	2.3910	2.2843	2.3910	2.2843	2.3606

See separate section with definitions, page 39.

EARNINGS AND FINANCIAL POSITION

JANUARY - JUNE 2018

Operating profit increased by 11.7 % to SEK 101.9 million (91.3). The Group's strong lending growth remains the main reason for the rising profit. Earnings per share reached SEK 3.65 (3.35). The comparative figure was positively impacted by SEK 0.09 due to the fact that 49 % of the profit in the now 100 % owned subsidiary Avarda was attributed to a minority owner. Return on equity amounted to 29.9 % (31.3).

Operating income

Operating income increased by 18.8 % to SEK 293.7 million (247.3). The operating income margin, on the other hand, decreased to 17.2 % (18.8). This was a result of Norwegian consumer loans increase in the group's asset mix and new products with slightly lower interest rates.

Interest income

Interest income rose by 18.9 % to SEK 306.4 million (257.8) in the first six months of 2018. The increase is mainly due to rising loan balances in Norway and the Baltics, but also higher volumes in the subsidiary Avarda have affected interest income positively. Currency effects have also contributed to higher income compared to the corresponding period in 2017.

Interest expense

The Group's interest expenses increased by 25.1 % to SEK 39.0 million (31.2). The main reason for this increase is the growing deposit balances in Germany and Norway. Interest expenses also increase because of strong growth in lending in foreign markets, where interest rates are somewhat higher.

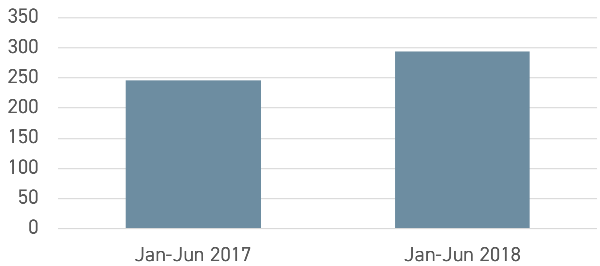
Net fee and commission income

Net fee and commission income increased by 16.6 % to SEK 24.9 million (21.4). The increase compared with the first half of 2017 is related to higher reminder fees and slightly higher net insurance income.

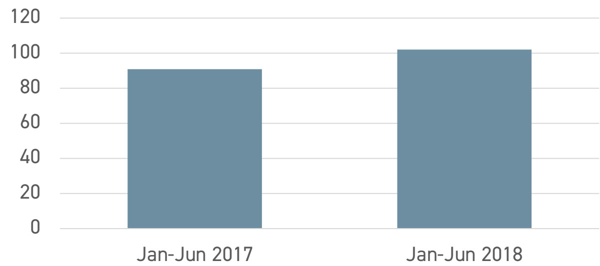
Operating expenses

Operating expenses increased by 25.8 % to SEK 118.1 million (93.9). The average number of employees increased to 131 (106) compared to the first half of 2017, which affects the Group's personnel costs. Investments in IT, primarily related to Avarda, as well as costs related to new lending are also higher compared to the corresponding period 2017. The C/I ratio amounted to 40.2 % (38.0) during the interim period, with the increase primarily related to costs in subsidiary Avarda.

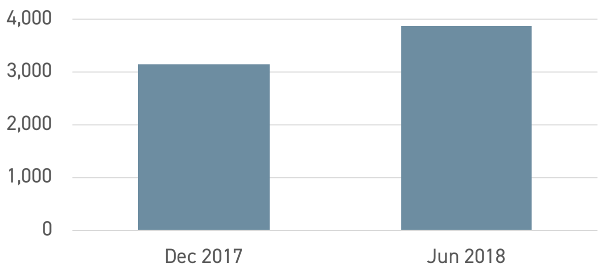
OPERATING INCOME (SEK million)



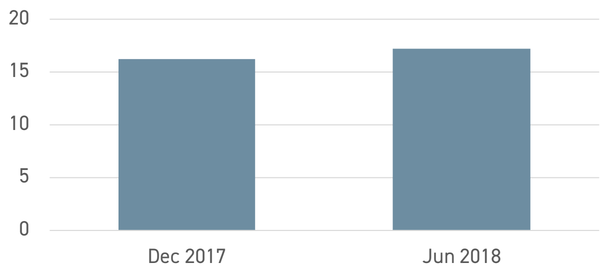
OPERATING PROFIT (SEK million)



LOANS TO THE PUBLIC (SEK million)



TOTAL CAPITAL RATIO (%)



Loan losses
Loan losses amounted to SEK 73.6 million (62.1), an increase of 18.5 %. The high lending growth and currency effects have contributed to the increase in loan losses compared to the corresponding period in 2017. However, a new agreement regarding the sale of non-performing consumer loans in Finland have had a significant positive effect on the loan losses for the period. The underlying credit quality has remained stable during 2018.

Tax expenses
The Group's tax expense amounted to SEK 23.5 million (21.2). The increase is related to the improved operating profit compared to the first half of 2017. The average tax rate was 23.1 % (23.2).

Lending
Lending to the public increased by 22.8 % to SEK 3,876 million (3,156) during the first half of the year. Currency effects positively affected growth by 6.6 %. The new accounting rules, IFRS 9, have reduced growth by 2.3 % related to higher provisions on opening customer balances. The underlying non-performing loan portfolio increased by 18.8 % during the first six months of the year. The Group's new lending increased by 39.7 % to SEK 2,072 million (1,483).

Organic growth in local currencies is driven primarily by consumer loans in Norway and the Baltics, but also by payment solutions in Finland in Avarda. The lending balances for consumer loans have also been positively impacted by the launch of new products, with slightly higher loan amounts, in several different markets during the first half of 2018.

Deposits
Deposits from the public increased by 19.8 % to SEK 4,498 million (3,754). Currency effects affected the deposit balances positively with 5.5 %. Deposits in Germany and Norway generated significant net inflows in local currency during the first half of 2018. Two fixed-interest rate accounts were launched in Germany at the end of June with a one-year and two-year term, respectively.

Investments
The Group's investments amounted to SEK 10.2 million (6.5) during the first six months of the year. Investments in the period mainly concern product development within the Ecommerce Solutions segment.

Cash and cash equivalents
The liquidity reserve amounted to SEK 1,330 million (1,264) at the end of the interim period. Group's lending growth has been well matched by increased inflows from the deposit products. Most of the liquidity reserve is placed on accounts without a binding period at several Nordic banks. At the end of June, the Group's total available liquidity, including undrawn credit facility of SEK 33 million, amounted to 30 % (34) of deposits from the public.

Capital adequacy
At the end of the interim period, the Group's total capital ratio was 17.2 % (16.2) and the Tier 1 capital ratio was 14.7 % (13.2). The increase is related to the fact that during the second quarter of 2018 the bank issued an Additional Tier 1 capital instrument of SEK 100 million. The CET1 capital ratio was 12.2 % (13.2). The change is impacted by the strong lending growth that generates a higher capital requirement and the deduction from the own funds of 50 % of the Group's net profit in the first half of 2018, in accordance with the bank's dividend policy. All the capital ratios provide a good margin against the statutory requirements.

APRIL – JUNE 2018

Operating profit increased by 11.4 % to SEK 53.4 million (47.9) and has been positively affected by the Group's lending growth. Earnings per share amounted to SEK 1.91 (1.76).

Operating income

Operating income increased by 19.3 % to SEK 152.8 million (128.0) compared with the corresponding period in 2017. Net interest income for the second quarter amounted to SEK 139.8 million (117.6) and was positively affected by a strong increase in interest income. Net fee and commission income increased to SEK 13.1 million (10.8). Net results from financial transactions amounted to SEK 0.0 million (-0.3), including a negligible effect from BB Bank's sale of the subsidiary Confide AS.

Operating expenses

The Group's operating expenses increased by 28.7 % to SEK 61.3 million (47.7). The increase is mainly related to more employees in the Group, IT investments and expenses attributable to increased new lending. The average number of employees amounted to 135 (106) persons during the second quarter. The C/I ratio rose to 40.1 % (37.2) compared with the corresponding quarter in 2017.

Loan losses

Loan losses increased by 17.3 % to SEK 38.1 million (32.5). Lending growth, currency effects and the new accounting rules for loan loss provisions, IFRS 9, which entered into force on 1 January 2018, have a significant effect on the quarter's loan losses in comparison with the corresponding period in 2017.

Tax expenses

The Group's tax expenses amounted to SEK 12.2 million (11.1). The average tax rate was 22.9 % (23.1).

CONSUMER LENDING

JANUARY - JUNE 2018

Overview

TF Bank offers unsecured loans to creditworthy individuals (unsecured loan, refinancing and car loans) through the segment Consumer Lending (formerly Direct to Consumer). The bank offers the loans on its own but also through the subsidiary BB Bank.

TF Bank operates its consumer credit business in six countries. Established core markets are Sweden and Finland. Other countries are Estonia, Latvia, Lithuania and Poland. During 2018 the ongoing product development led to a change in the product mix with slightly adjusted interest rates and loan amounts. As at 30 June 2018 the average loan amount per customer was approximately SEK 31 thousand with an average maturity of approximately 22 months.

The loan portfolio of the subsidiary BB Bank, which operates in Norway where consumer loans are one of two product areas, passed one billion SEK in size in the second quarter of 2018. As at 30 June 2018 the average loan amount per customer amounted to approximately SEK 95 thousand with an average maturity of approximately 34 months.

The loan portfolio

Lending to the public increased by 19.8 % to SEK 3,068 million (2,561) during the first half of the year. Currency effects positively affected growth by 6.8 %. The new accounting rules, IFRS 9, have reduced growth by 2.3 % related to higher provisions on new loans issued. The underlying performing loan portfolio increased by 15.5 % during the first six months of the year. The segment's new lending increased by 36.2 % to SEK 1,202 million (883).

Consumer lending in Norway is still the main driver for growth in the segment and the Norwegian loan portfolio increased by 29.8 % to NOK 923 million (711) in 2018. In our other two Nordic markets, the changes have been relatively marginal, the loan portfolio in Finland decreased by 1.4 % to EUR 75.5 million (76.6), and the Swedish customer balance reduced by 1.4 % to SEK 439 million (445). In Finland and Sweden, the bank prioritized quality and margins over growth, while in Norway it has been possible to combine both margin and quality with growth.

During the first half of the year growth in the Baltic countries have been strong. The loan portfolio in Estonia increased by 31.2 % to EUR 42.5 million (32.4) and in Latvia, the customer balance increased by 132 % to EUR 14.0 million (6.0). During the second quarter of 2018, lending was also launched in Lithuania. The underlying loan portfolio in Poland increased by 5.5 % to PLN 87.4 million (82.9) during the interim period.

Results

Operating profit for the segment increased by 13.6 % to SEK 102.7 million (90.4). The strong loan portfolio growth and a lower credit loss level had a positive impact on earnings for the first half of the year.

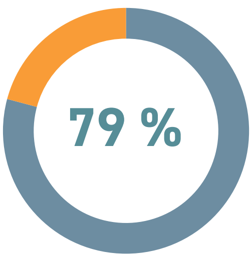
Operating income increased by 12.3 % to SEK 230.7 million (205.4). Growth comes mainly from consumer loans in Norway and the Baltic countries. The operating income margin decreased, mainly due to lower interest rates in the Norwegian loan product, but also due to new loan products in other countries with lower margins.

Operating expenses increased by 15.3 % to SEK 74.0 million (64.2) during the first half of the year. The expansion in Norway and the Baltic countries is affecting the performance in comparison with the previous year. The C/I ratio for the segment was 32.1 % (31.2) for the interim period.

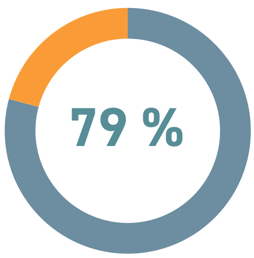
Loan losses increased by 6.3 % to SEK 54.0 million (50.8), mainly due to the high lending growth. The loan loss level has decreased to 4.0 % (4.5) The interim loan losses for the segment have also been positively affected by a new agreement on the sale of non-performing loans in Finland, which had a positive impact on the provisions under IFRS 9.

For further information about the segment's loan portfolio and results, see Note 3 Operating segments.

SHARE OF THE GROUP'S LOANS TO THE PUBLIC



SHARE OF THE GROUP'S OPERATING INCOME



ECOMMERCE SOLUTIONS

JANUARY - JUNE 2018

Overview
In the Ecommerce Solutions segment (formerly Sales Finance), TF Bank offers digital payment solutions to both e-commerce and brick and mortar retailers as well as credit cards. Payment solutions are operated through the subsidiary Avarda and in TF Bank. The credit card business in Norway is conducted through the subsidiary BB Bank.

Avarda focuses its operations to the Nordic markets, where the company is showing strong growth. During the second half of 2017, the company launched Check-out + which is a complete solution for e-commerce and includes all significant payment methods as well as CRM functionality. In 2017, Avarda signed a total of over 20 new agreements in Finland and Sweden, some of which had significant volumes. Implementation of the co-operation is proceeding according to plan, and Avarda's volumes increased significantly in 2018.

TF Bank has its own customer base in the Nordic region and develops services outside the Nordic region through branches in Estonia and Poland. The development in Poland, where TF Bank offers a financing solution to local retailers, indicates that the business is competitive even outside the Nordic countries. In Estonia, several agreements were signed with different merchants in 2017, but volumes have so far been relatively small.

BB Bank's credit card offering increased its market share in Norway in 2017. Consequently, the growth contributed to a higher balance sheet total, increased revenues and improved operating profit.

The loan portfolio
Lending to the public increased by 35.6 % to SEK 807 million (595) during the first half of the year. Currency effects positively affected growth by 6.1 %. The new accounting rules, IFRS 9, have reduced growth by 1.9 % related to higher provisions on opening customer balances. The underlying performing loan portfolio increased by 33.0 % during the first six months of the year. The segment's new lending increased by 44.9 % to SEK 870 million (600).

Avarda's loan portfolio increased by 233 % to SEK 206 million (62). Growth comes mainly from the dealers that Avarda implemented during the first quarter, and the volume from these is expected to affect the growth of the loan portfolio positively throughout the year.

TF Bank's underlying portfolio within the segment increased by 15.0 % to SEK 467 million (406). The increase is mainly related to the operations in Poland where the customer balance increased by 37.3 % to PLN 54.9 million (40.0).

The credit card portfolio in Norway amounted to NOK 131 million (120) at the end of June. During the first half of 2018, the portfolio increased by 9.7 %.

Results
Operating profit for the segment amounted to SEK -0.8 million (0.9) during the first half of the year. The deterioration is related to provisions on new lending under the new accounting rules IFRS 9. Operating profit for the second quarter of 2018 amounted to SEK 2.7 million (1.9).

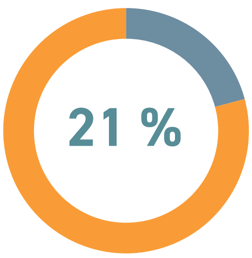
Operating income increased by 50.3 % to SEK 63.0 million (41.9). The increase is mainly related to the growth of payment solutions in Avarda and sales financing in Poland. Operating income amounted to SEK 34.3 million during the second quarter of 2018, which is SEK 5.5 million higher than the first quarter of 2018.

Operating expenses increased by 48.5 % to SEK 44.2 million (29.7). Most of the increase is attributable to higher personnel and IT costs in Avarda, which allows for a higher rate of growth going forward. Operating expenses increased by SEK 0.7 million between the first and second quarter of 2018.

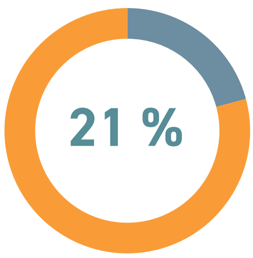
Loan losses amounted to SEK 19.6 million (11.3) during the first six months of the year. The increase is related to the strong growth in the lending balance, leading to higher reserves for future loan losses under the new accounting rules, IFRS 9, which entered into force on 1 January 2018, but also higher underlying loan losses in absolute terms.

For further information about the segment's loan portfolio and results, see Note 3 Operating segments.

SHARE OF THE GROUP'S LOANS TO THE PUBLIC



SHARE OF THE GROUP'S OPERATING INCOME



ACCOUNTING POLICIES AND RISKS

Accounting policies

The interim report has been prepared in accordance with International Accounting Standards (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.

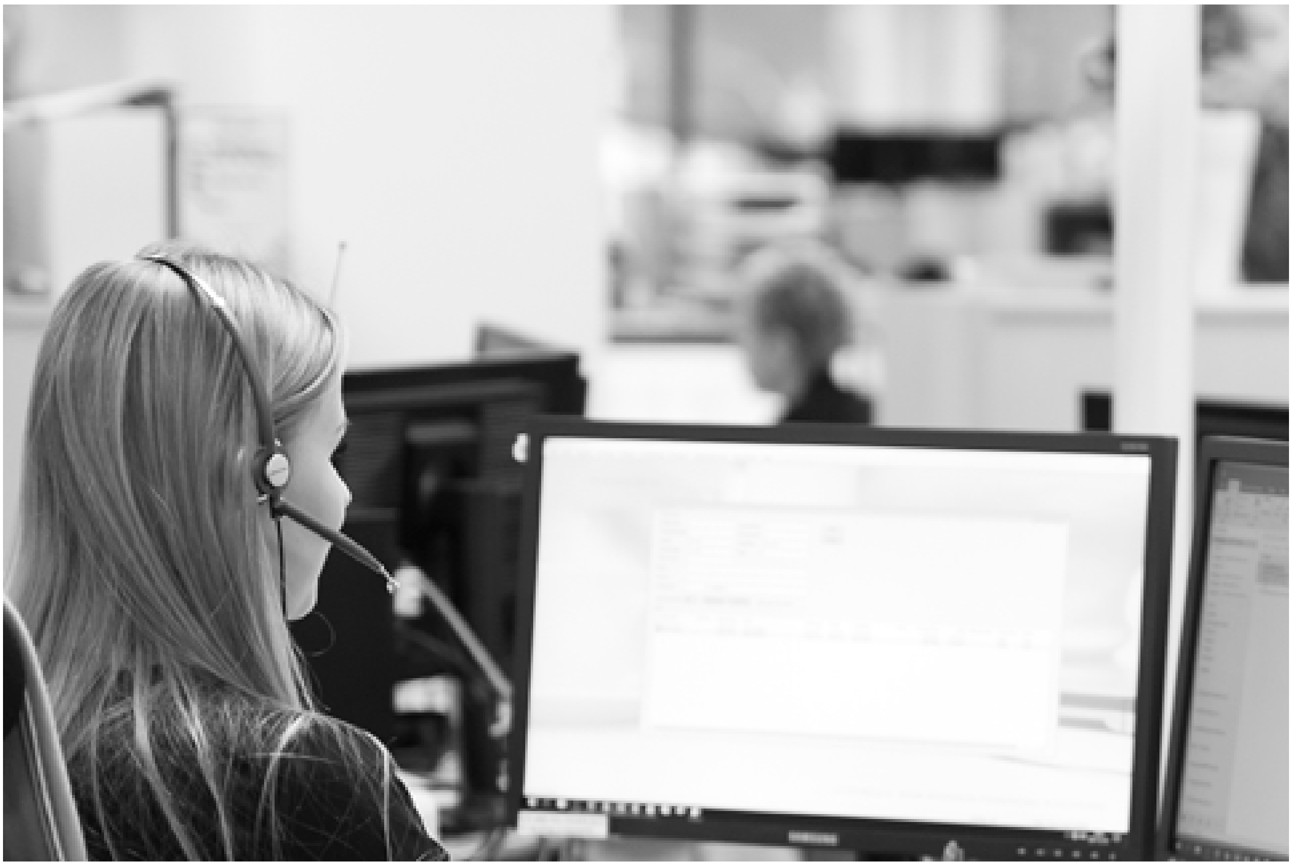
The Parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board, and the Swedish Financial Supervisory Authority's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

Changes have been made to the Group's and Parent Company's accounting policies regarding financial instruments in connection with the transition to the IFRS 9 accounting standard. TF Bank has not applied IFRS 9 in advance. For additional information regarding the transition to the IFRS 9 and current accounting principles, see note 2 and note 36 in the 2017 annual report, as well as Note 10 in the interim report for the period January to March 2018.

The interim information on pages 4-38 is an integral part of this financial report.

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 2017 annual report.



OTHER FINANCIAL INFORMATION

The share (TFBANK)

TF Bank listed 14 June 2016 on the Mid Cap list on the Nasdaq Stockholm. The TF Bank share trades under the name TFBANK (ISIN code is SE0007331608). As at the end of June 2018, the share price closed at SEK 78.80, an increase of about 2 % since the stock exchange listing. In total, 7.8 million shares have been traded on the Nasdaq Stockholm during the period 14 June 2016 to 30 June 2018, valued at approximately SEK 686 million.

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.

Significant events, January-June 2018

In January, the subsidiary Avarda launched a payment solution in Finland, together with several major partners.

A new forward flow agreement of ongoing sales of non-performing loans in Finland was implemented in February.

In March, TF Bank started a service subsidiary in Lithuania, TFB Service UAB.

In April, TF Bank changed the name of its segments. Sales Finance was renamed Ecommerce Solutions and Direct to Consumer was renamed Consumer Lending.

The Board has appointed Mattias Carlsson as the new CEO of TF Bank. Mattias Carlsson has worked for the bank for almost 10 years and has been the acting CEO since November 2017.

At the Annual General Meeting 2 May 2018, it was resolved to pay a dividend of SEK 2.25 per share. Mari Thjømøe was elected Chairman of the Board and the other members of the Board were re-elected. The AGM also decided to adopt an option program for selected senior executives of 1,372,340 warrants. The option program has been fully subscribed by Mikael Meomuttel, Espen Johannesen and Mikael Johansson who acquired one-third of the total number of warrants, respectively, at a price SEK 2.03 per warrant.

TF Bank issued a Tier 1 capital instrument (AT1) of SEK 100 million during the period. The instrument is perpetual, the first possible redemption after five years and with a interest rate of 3-month STIBOR + 6.75 %. The instrument will be available for trading on the Nasdaq Stockholm.

BB Bank's subsidiary Confide AS has been sold in June.

At the end of June, TF Bank launched two deposit products in Germany with a fixed term of one and two years, respectively.

Events after the end of the reporting period

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


DEVELOPMENT OF THE LOAN PORTFOLIO DURING 2016-2018 (SEK MILLION)
2,185
2,357
2,489
2,755
2,836
2,950
3,156
3,519
3,876
4,000
3,500
3,000
2,500
2,000
1,500
Q2 2016
Q3 2016
Q4 2016
Q1 2017
Q2 2017
Q3 2017
Q4 2017
Q1 2018
Q2 2018

INCOME STATEMENT, GROUP

SEK thousand	Note	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
	1, 2, 3, 9					
Operating income						
Interest income		159,997	133,508	306,394	257,774	533,198
Interest expense		-20,234	-15,873	-39,037	-31,193	-64,557
Net interest income		**139,763**	**117,635**	**267,357**	**226,581**	**468,641**
Fee and commission income		15,335	12,849	29,170	25,496	51,237
Fee and commission expense		-2,258	-2,087	-4,245	-4,113	-8,401
Net fee and commission income		**13,077**	**10,762**	**24,925**	**21,383**	**42,836**
Net results from financial transactions		-42	-350	1,416	-650	93
Total operating income		**152,798**	**128,047**	**293,698**	**247,314**	**511,570**
Operating expenses						
General administrative expenses		-55,561	-42,587	-106,992	-83,999	-169,048
Depreciation, amortisation and impairment charges of tangible and intangible assets		-2,479	-1,664	-4,835	-3,250	-6,890
Other operating expenses		-3,268	-3,403	-6,314	-6,640	-13,351
Total operating expenses		**-61,308**	**-47,654**	**-118,141**	**-93,889**	**-189,289**
Profit before loan losses		**91,490**	**80,393**	**175,557**	**153,425**	**322,281**
Net loan losses		-38,123	-32,497	-73,632	-62,147	-129,343
Operating profit		**53,367**	**47,896**	**101,925**	**91,278**	**192,938**
Income tax expense		-12,218	-11,081	-23,511	-21,194	-45,102
Net profit for the period		**41,149**	**36,815**	**78,414**	**70,084**	**147,836**
Attributable to:						
Shareholders of the Parent company		*41,149*	*37,853*	*78,414*	*72,070*	*151,459*
Non-controlling interests		*-*	*-1,038*	*-*	*-1,986*	*-3,623*
Basic earnings per share (SEK)		*1.91*	*1.76*	*3.65*	*3.35*	*7.04*
Diluted earnings per share (SEK)		*1.91*	*1.76*	*3.65*	*3.35*	*7.04*

STATEMENT OF COMPREHENSIVE INCOME, GROUP

SEK thousand	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net profit for the period	**41,149**	**36,815**	**78,414**	**70,084**	**147,836**
Other comprehensive income					
Items that may be reclassified subsequently to the income statement					
Gross fair value change relating to available-for-sale financial assets / fair value through other comprehensive income	-15	2	-	25	22
Tax on fair value gains/losses during the period	-	-	-	-	-
Gross currency translation differences	275	-1,148	962	-1,018	-1,281
Tax on currency translation differences during the period	2,143	-611	5,173	-938	-1,325
Other comprehensive income, net of tax	**2,403**	**-1,757**	**6,135**	**-1,931**	**-2,584**
Total comprehensive income for the period	**43,552**	**35,058**	**84,549**	**68,153**	**145,252**
Attributable to:					
Shareholders of the Parent company	*43,552*	*36,029*	*84,549*	*70,078*	*148,829*
Non-controlling interests	*-*	*-971*	*-*	*-1,925*	*-3,577*

BALANCE SHEET, GROUP

SEK thousand	Note	30 Jun 2018	31 Dec 2017
	1, 2, 3, 4, 5, 7, 9		
ASSETS			
Cash and balances with central banks		198,482	65,999
Treasury bills eligible for refinancing		60,106	60,096
Loans to credit institutions		1,049,519	1,062,294
Loans to the public	6	3,875,572	3,156,289
Shares		22,612	75,654
Goodwill		13,262	12,068
Intangible assets		32,833	29,369
Tangible assets		2,389	1,657
Other assets		12,004	12,194
Current tax assets		18,216	870
Deferred tax assets		21,237	9,864
Prepaid expenses and accrued income		23,254	8,196
TOTAL ASSETS		**5,329,486**	**4,494,550**
LIABILITIES AND EQUITY			
Liabilities			
Deposits and borrowings from the public		4,498,225	3,754,030
Other liabilities		26,685	33,557
Current tax liabilities		14,052	11,229
Deferred tax liabilities		7,444	7,579
Accrued expenses and prepaid income		63,585	49,569
Subordinated liabilities		98,200	97,780
Total liabilities		**4,708,191**	**3,953,744**
Equity			
Share capital (21,500,000 shares of SEK 5 each)		107,500	107,500
Other contributed capital		3,536	1,500
Reserves		4,991	-1,144
Retained earnings and net profit for the period		407,010	432,950
Total equity attributable to the shareholders of the Parent company		**523,037**	**540,806**
Tier 1 capital instrument		98,258	-
Total equity attributable to the owners of the Parent company		**621,295**	**540,806**
Non-controlling interests		-	-
Total equity		**621,295**	**540,806**
TOTAL LIABILITIES AND EQUITY		**5,329,486**	**4,494,550**

STATEMENT OF CHANGES IN EQUITY, GROUP

SEK thousand	Share capital	Other contributed capital	Reserves	Retained earnings and net profit for the period	Tier 1 capital instrument	Non-controlling interests	Total equity
Balance as at 1 Jan 2017	**107,500**	**1,934**	**1,486**	**345,932**	**-**	**12,435**	**469,287**
Net profit for the period	-	-	-	151,459	-	-3,623	147,836
Gross fair value gains/losses on available for sale financial assets	-	-	22	-	-	-	22
Gross currency translation differences	-	-	-1,327	-	-	46	-1,281
Tax on currency translation differences during the period	-	-	-1,325	-	-	-	-1,325
Total comprehensive income for the period, net of tax	**-**	**-**	**-2,630**	**151,459**	**-**	**-3,577**	**145,252**
Shareholders' contribution	-	-	-	-	-	6,860	6,860
Dividend	-	-	-	-47,300	-	-	-47,300
Acquisition of minority interest	-	-	-	-14,282	-	-15,718	-30,000
Transaction costs related to the acquisition of minority interest	-	-	-	-1,085	-	-	-1,085
Share-based compensation	-	-434	-	-1,774	-	-	-2,208
Balance as at 31 Dec 2017	**107,500**	**1,500**	**-1,144**	**432,950**	**-**	**-**	**540,806**
Transition effect for the implementation of IFRS 9	-	-	-	-55,415	-	-	-55,415
Balance as at 1 Jan 2018	**107,500**	**1,500**	**-1,144**	**377,535**	**-**	**-**	**485,391**
Net profit for the period	-	-	-	78,414	-	-	78,414
Gross fair value gains/losses on available for sale financial assets	-	-	-	-	-	-	-
Gross currency translation differences	-	-	962	-	-	-	962
Tax on currency translation differences during the period	-	-	5,173	-	-	-	5,173
Total comprehensive income for the period, net of tax	**-**	**-**	**6,135**	**78,414**	**-**	**-**	**84,549**
Dividend	-	-	-	-48,375	-	-	-48,375
Issue of Tier 1 capital	-	-	-	-	100,000	-	100,000
Transaction costs issue of Tier 1 capital	-	-	-	-	-2,233	-	-2,233
Tax effect transaction costs issue of Tier 1 capital	-	-	-	-	491	-	491
Share-based compensation	-	2,036	-	-564	-	-	1,472
Balance as at 30 Jun 2018	**107,500**	**3,536**	**4,991**	**407,010**	**98,258**	**-**	**621,295**

CASH FLOW STATEMENT, GROUP

SEK thousand	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Operating activities			
Operating profit	101,925	91,278	192,938
Adjustment for items not included in cash flow			
Depreciation and amortisation of tangible and intangible assets	4,835	3,250	6,890
Accrued interest income and expense	-14,203	-9,388	1,256
Other non-cash items	-20,423	-623	-3,319
Paid income tax	-23,272	-24,760	-29,584
	48,862	**59,757**	**168,181**
Increase/decrease in loans to the public	-790,381	-346,692	-667,006
Increase/decrease in other short-term claims	32,541	-21,026	-76,863
Increase/decrease in deposits and borrowings from the public	744,195	780,157	1,469,385
Increase/decrease in other short-term liabilities	21,566	4,124	2,039
Cash flow from operating activities	**56,783**	**476,320**	**895,736**
Investing activities			
Investments in tangible assets	-1,296	-310	-942
Investments in intangible assets	-8,929	-6,215	-16,345
Investments in subsidiaries	-	-	-31,085
Cash flow from investing activities	**-10,225**	**-6,525**	**-48,372**
Financing activities			
Issue of Tier 1 capital	98,258	-	-
Shareholder's contribution	-	6,860	6,860
Dividends paid	-48,375	-47,300	-47,300
Share-based remuneration	1,472	-1,992	-2,208
Cash flow from financing activities	**51,355**	**-42,432**	**-42,648**
Cash flow for the period	**97,913**	**427,363**	**804,716**
Cash and cash equivalents at the beginning of period	1,188,389	380,873	380,873
Currency difference in cash and cash equivalents	21,805	-	2,800
Cash and cash equivalents at the end of period	**1,308,107**	**808,236**	**1,188,389**
Cash flow from operating activities includes interest expenses paid and interest payments received			
Interest expenses paid	53,594	39,952	61,831
Interest payments received	299,773	253,325	530,441
Composition cash and cash equivalents			
Cash and balances with central banks	198,482	30,977	65,999
Treasury bills eligible for refinancing	60,106	60,054	60,096
Loans to credit institutions	1,049,519	717,205	1,062,294
Total cash and cash equivalents	**1,308,107**	**808,236**	**1,188,389**

NOTES

NOTE 1 General information

OWNERSHIP IN TF BANK AB AS AT 30 JUNE 2018 (ACCORDING TO THE SHAREHOLDERS' REGISTER)

Shareholder	%
TFB Holding AB	49.12
Erik Selin Fastigheter AB	11.63
Danica Pension Försäkrings AB	8.16
Merizole Holding LTD	7.01
Swedbank Robur fonder	4.41
Proventus Aktiebolag	3.00
Pareto Nordic Return	1.68
Skandia fond småbolag Sverige	1.32
Clearstream Banking S.A.	1.22
Gurrfinans AB	0.95
Other shareholders	11.50
Total	**100.00**

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)
- TF Bank AB, branch Estonia (14304235)

Subsidiaries
- TFB Service OÜ (12676808) 100 %
- TFB Service SIA (40203015782) 100 %
- TFB Service UAB (304785170) 100 %
- Avarda AB (556986-5560) 100 %
- Avarda Oy (2619111-6) 100 %
- BB Bank ASA (935590221) 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'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.

Note 2 cont.

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	30 Jun 2018	31 Dec 2017
Loans, not past due	3,484,926	2,691,382
Loans past due: 1 - 10 days	257,177	215,853
Loans past due: 11 - 69 days	151,404	193,588
Non-performing loans	121,913	115,912
Total	**4,015,420**	**3,216,735**
Provision for expected loan losses	-139,848	-60,446
Total loans to the public	**3,875,572**	**3,156,289**

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 2018	31 Dec 2017
Household sector		
Low risk	2,688,900	2,066,557
Medium risk	716,953	638,761
High risk	487,654	395,505
Total household sector	**3,893,507**	**3,100,823**

The handling of applications from new customers is based primarily on information provided by the customer, information about customers in similar sociodemographic groups and other variables about the individual customer retrieved from external sources. How the specified information is used and weighted in the model is determined from a risk perspective through in-depth analysis of the individual customer and the Group's existing customer base. In order to make as precise, cost-effective and accurate risk assessment as possible, the group can use both internal ratings and ratings from external suppliers. Both models are performed independently, but both can be used in the Group's credit policy. The complete model is only used for new customers, existing customers have payment history and similar updated variables that have been proven to be a good source of credit assessment.

Note 2 cont.

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

Group SEK thousand	30 Jun 2018	31 Dec 2017
Cash and balances with central banks		
AAA	80,280	-
AA+	111,144	60,873
BBB+	7,058	5,127
Treasury bills eligible for refinancing		
AAA	60,106	60,096
Loans to credit institutions		
A-1+	333,102	299,297
A-1	692,880	745,606
A-2	21,279	17,327
Unrated	2,258	64
Other assets		
A-1+	-	2,464
A-1	22,337	75,404
Unrated	12,311	9,463
Total	**1,262,475**	**1,275,721**

Other assets include derivatives with a positive value and level 1 liquid asset consisting of investment in the DNB Global Treasury Fund.

Impairment of financial assets

As a result of the transition to IFRS 9, the Group introduced a new model for calculating loan loss provisions based on expected loan losses. Financial assets that are subject to impairment losses are divided into three categories based on the risk of default. The first category includes assets where no significant increase in credit risk has occurred at the reporting date, in the other, a significant increase in credit risk has occurred, i.e. when the loan is past due 30 days or more, and in the third there is objective evidence of impairment, i.e. the loan is past due 90 days or more. For assets in the first category, write-downs are based on expected losses over the next 12 months, while for category two and three, expected losses are reported over the entire asset's maturity. Expected losses are calculated based on historical data of default for each period.

The provisions under IFRS 9 are calculated by multiplying the exposure at default with the probability of default and the loss given default. TF Bank's model for calculating provisions according to IFRS 9 is based on historical probability of default in each market. The model is complemented by the company's assumptions about the future based on the current loan portfolio and adjustments due to the expected macroeconomic scenario. The value of the estimated provisions is discounted at the original borrowing rate.

The provision for non-performing loans is made with the difference between the asset's carrying amount and the present value of future cash flows, discounted by the original borrowing rate. The expected future cash flow is based on calculations that take into account historical repayment rates applied to each generation of non-performing loans.

Loans sold are written off against the reserve for losses and the difference between the current value of the asset and the present value is reported as a recognised loan loss. Non-performing loans are reported as reported loan losses when they are reported by the debt collection agency for long-term monitoring, the customer is found to be deceased or another loss event has been identified. Amounts received from previously identified loan losses are recognised in the income statement.

NET LOAN LOSSES

Group SEK thousand	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Change in provision for sold non-performing loans	-27,462	-36,928	-53,994	-54,494	-103,967
Realised loan losses	-6,348	-6,585	-19,162	-12,732	-32,894
Recovered from previous write-offs	1,769	1,629	3,193	3,051	7,741
Change in provision for other expected loan losses	-6,082	9,387	-3,669	2,028	-223
Net loan losses	**-38,123**	**-32,497**	**-73,632**	**-62,147**	**-129,343**

Loan losses are attributable to Loans to the public and categorised as loan receivables and accounts receivable.

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.

CONSUMER LENDING (formerly Direct to Consumer)

Income statement, SEK thousand	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net interest income	112,110	100,146	216,907	194,974	395,027
Net fee and commission income	6,440	5,135	12,483	10,973	22,103
Net results from financial transactions	-4	-299	1,312	-543	79
Total operating income	**118,546**	**104,982**	**230,702**	**205,404**	**417,209**
General administrative expenses	-34,770	-28,140	-66,009	-56,522	-112,028
Depreciation, amortisation and impairment charges of tangible and of intangible assets	-1,274	-1,056	-2,512	-2,172	-4,442
Other operating expenses	-2,843	-2,688	-5,468	-5,461	-10,314
Total operating expenses	**-38,887**	**-31,884**	**-73,989**	**-64,155**	**-126,784**
Profit before loan losses	**79,659**	**73,098**	**156,713**	**141,249**	**290,425**
Net loan losses	-29,018	-27,076	-54,028	-50,850	-103,048
Operating profit	**50,641**	**46,022**	**102,685**	**90,399**	**187,377**
Attributable to:					
The shareholders of the Parent company	*50,641*	*46,022*	*102,685*	*90,399*	*187,377*
Non-controlling interests	-	-	-	-	-

Balance sheet, SEK thousand	30 Jun 2018	31 Dec 2017
Loans to the public		
Household sector	3,068,177	2,560,945
Corporate sector	-	-
Total loans to the public	**3,068,177**	**2,560,945**
Household sector		
Net performing loans	3,019,462	2,514,991
Net non-performing loans	48,715	45,954
Total household sector	**3,068,177**	**2,560,945**

Note 3 cont.

ECOMMERCE SOLUTIONS (formerly Sales Finance)

Income statement, SEK thousand	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net interest income	27,653	17,489	50,450	31,607	73,614
Net fee and commission income	6,637	5,627	12,442	10,410	20,733
Net results from financial transactions	-38	-51	104	-107	14
Total operating income	**34,252**	**23,065**	**62,996**	**41,910**	**94,361**
General administrative expenses	-20,791	-14,447	-40,983	-27,477	-57,020
Depreciation, amortisation and impairment charges of tangible and of intangible assets	-1,205	-608	-2,323	-1,078	-2,448
Other operating expenses	-425	-715	-846	-1,179	-3,037
Total operating expenses	**-22,421**	**-15,770**	**-44,152**	**-29,734**	**-62,505**
Profit before loan losses	**11,831**	**7,295**	**18,844**	**12,176**	**31,856**
Net loan losses	-9,105	-5,421	-19,604	-11,297	-26,295
Operating profit	**2,726**	**1,874**	**-760**	**879**	**5,561**
Attributable to:					
The shareholders of the Parent company	*2,726*	*3,212*	*-760*	*3,428*	*10,242*
Non-controlling interests	*-*	*-1,338*	*-*	*-2,549*	*-4,681*

Balance sheet, SEK thousand	30 Jun 2018	31 Dec 2017
Loans to the public		
Household sector	807,395	595,344
Corporate sector	-	-
Total loans to the public	**807,395**	**595,344**
Household sector		
Net performing loans	792,939	581,555
Net non-performing loans	14,456	13,789
Total household sector	**807,395**	**595,344**

GROUP

Income statement, SEK thousand	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Operating income					
Operating income, Consumer Lending	118,546	104,982	230,702	205,404	417,209
Operating income, Ecommerce Solutions	34,252	23,065	62,996	41,910	94,361
Total operating income for the Group	**152,798**	**128,047**	**293,698**	**247,314**	**511,570**
Operating profit					
Operating profit, Consumer Lending	50,641	46,022	102,685	90,399	187,377
Operating profit, Ecommerce Solutions	2,726	1,874	-760	879	5,561
Total operating profit for the Group	**53,367**	**47,896**	**101,925**	**91,278**	**192,938**

Balance sheet, SEK thousand	30 Jun 2018	31 Dec 2017
Loans to the public		
Loans to the public, Consumer Lending	3,068,177	2,560,945
Loans to the public, Ecommerce Solutions	807,395	595,344
Total loans to the public for the Group	**3,875,572**	**3,156,289**

NOTE 4 Classification of financial assets and liabilities

Group 30 Jun 2018 SEK thousand	Financial instruments at fair value through profit or loss		Fair value through comprehensive income	Accrued acquisition value	Derivatives used for hedging	Non-financial assets and liabilities	Total
	Compulsory	*Initially measured at fair value through profit or loss*					
Assets							
Cash and balances with central banks	-	-	-	198,482	-	-	198,482
Treasury bills eligible for refinancing	-	-	60,106	-	-	-	60,106
Loans to credit institutions	-	-	-	1,049,519	-	-	1,049,519
Loans to the public	-	-	-	3,875,572	-	-	3,875,572
Shares	-	-	22,612	-	-	-	22,612
Goodwill	-	-	-	-	-	13,262	13,262
Intangible assets	-	-	-	-	-	32,833	32,833
Tangible assets	-	-	-	-	-	2,389	2,389
Current tax assets	-	-	-	-	-	18,216	18,216
Deferred tax assets	-	-	-	-	-	21,237	21,237
Prepaid expenses and accrued income	-	-	-	-	-	23,254	23,254
Derivatives	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	12,004	12,004
Total assets	**-**	**-**	**82,718**	**5,123,573**	**-**	**123,195**	**5,329,486**
Liabilities							
Deposits and borrowings from the public	-	-	-	4,498,225	-	-	4,498,225
Current tax liabilities	-	-	-	-	-	14,052	14,052
Deferred tax liabilities	-	-	-	-	-	7,444	7,444
Accrued expenses and prepaid income	-	-	-	-	-	63,585	63,585
Subordinated liabilities	-	-	-	98,200	-	-	98,200
Derivatives	3,283	-	-	-	1,007	-	4,290
Other liabilities	-	-	-	-	-	22,395	22,395
Total liabilities	**3,283**	**-**	**-**	**4,596,425**	**1,007**	**107,476**	**4,708,191**

Note 4 cont.

Group 31 Dec 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	-	-	-	65,999	-	-	65,999
Treasury bills eligible for refinancing	-	-	60,096	-	-	-	60,096
Loans to credit institutions	-	-	-	1,062,294	-	-	1,062,294
Loans to the public	-	-	-	3,156,289	-	-	3,156,289
Shares	-	-	75,654	-	-	-	75,654
Derivatives	2,321	-	-	-	143	-	2,464
Total assets	**2,321**	**-**	**135,750**	**4,284,582**	**143**	**-**	**4,422,796**
Liabilities							
Subordinated liabilities	-	-	-	-	-	3,754,030	3,754,030
Derivatives	-	-	-	-	-	97,780	97,780
Other liabilities	1,854	-	-	-	-	-	1,854
Total liabilities	**1,854**	**-**	**-**	**-**	**-**	**3,851,810**	**3,853,664**

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.

Note 5 cont.

Group, 30 Jun 2018 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	60,106	-	-	60,106
Shares	22,337	275	-	22,612
Derivatives	-	-	-	-
Total assets	**82,443**	**275**	**-**	**82,718**
Liabilities				
Subordinated Tier 2 loans	98,200	-	-	98,200
Derivatives	-	4,290	-	4,290
Total liabilities	**98,200**	**4,290**	**-**	**102,490**

Group, 31 Dec 2017 SEK thousand	Level 1	Level 2	Level 3	Total
Assets				
Treasury bills eligible for refinancing	60,096	-	-	60,096
Shares	75,403	251	-	75,654
Derivatives	-	2,464	-	2,464
Total assets	**135,499**	**2,715**	**-**	**138,214**
Liabilities				
Subordinated Tier 2 loans	97,780	-	-	97,780
Derivatives	-	1,854	-	1,854
Total liabilities	**97,780**	**1,854**	**-**	**99,634**

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 19.09 % as at 30 June 2018 and 20.21 % as at 31 December 2017.

Note 5 cont.

Group, 30 Jun 2018 **SEK thousand**	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	198,482	198,482	-
Treasury bills eligible for refinancing	60,106	60,106	-
Loans to credit institutions	1,049,519	1,049,519	-
Loans to the public	3,875,572	3,875,572	-
Shares	22,612	22,612	-
Derivatives	-	-	-
Total assets	**5,206,291**	**5,206,291**	**-**
Liabilities			
Deposits and borrowings from the public	4,498,225	4,498,225	-
Subordinated liabilities	98,200	98,200	-
Derivatives	4,290	4,290	-
Total liabilities	**4,600,715**	**4,600,715**	**-**

Group, 31 Dec 2017 **SEK thousand**	Carrying amount	Fair value	Fair value gain (+)/Fair value loss (-)
Assets			
Cash and balances with central banks	65,999	65,999	-
Treasury bills eligible for refinancing	60,096	60,096	-
Loans to credit institutions	1,062,294	1,062,294	-
Loans to the public	3,156,289	3,156,289	-
Shares	75,654	75,654	-
Derivatives	2,464	2,464	-
Total assets	**4,422,796**	**4,422,796**	**-**
Liabilities			
Deposits and borrowings from the public	3,754,030	3,754,030	-
Subordinated liabilities	97,780	97,780	-
Derivatives	1,854	1,854	-
Total liabilities	**3,853,664**	**3,853,664**	**-**

NOTE 6 Loans to the public

Group SEK thousand	30 Jun 2018	31 Dec 2017
Loans to the household sector	3,875,572	3,156,289
Loans to the corporate sector	-	-
Total loans to the public	**3,875,572**	**3,156,289**
Loans to the household sector		
Gross loans	4,015,420	3,216,735
Provision for expected loan losses	-139,848	-60,446
Loans, net book value	**3,875,572**	**3,156,289**
Geographic distribution of net loans		
Norway	1,237,787	899,992
Finland	1,069,790	910,546
Sweden	608,624	625,917
Estonia	453,203	338,031
Poland	318,964	280,738
Latvia	146,800	62,351
Denmark	38,995	38,714
Lithuania	1,409	-
Total loans, net book value	**3,875,572**	**3,156,289**

CHANGE IN PROVISION FOR ACTUAL AND EXPECTED LOAN LOSSES

Group SEK thousand	30 Jun 2018	31 Dec 2017
Opening balance according to IAS 39	-60,446	-57,607
Transition effect when implementing IFRS 9	-71,098	-
Opening balance according to IFRS 9	**-131,544**	**-57,607**
Change in provision for sold non-performing loans	-53,994	-106,500
Reversal of provision for sold non-performing loans	53,994	106,500
Change in provision for expected loan losses in category 1	-441	-
Change in provision for expected loan losses in category 2	-1,597	-
Change in provision for expected loan losses in category 3	-1,632	-223
Other adjustments [1]	-4,634	-2,616
Closing balance	**-139,848**	**-60,446**

[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 bank'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.

Note 7 cont.

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 and applicable buffer requirements.

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.

THE GROUP'S CAPITAL SITUATION

SEK thousand	30 Jun 2018	31 Dec 2017
Common Equity Tier 1 (CET1) capital after deductions	478,862	441,131
Additional Tier 1 (AT1) capital after deductions	98,259	-
Tier 2 capital after deductions	98,200	97,780
Own funds	**675,321**	**538,911**
Risk exposure amount	3,917,219	3,336,472
- *of which:* credit risk	3,245,207	2,623,365
- *of which:* credit valuation adjustment	1,821	1,999
- *of which:* market risk	-	40,917
- *of which:* operational risk	670,191	670,191
CET1 capital ratio, %	12.22	13.22
Tier 1 capital ratio, %	14.73	13.22
Total capital ratio, %	17.24	16.15
Total CET1 capital requirement incl. of capital buffer requirements	313,377	268,586
- *of which:* capital conservation buffer	97,930	83,412
- *of which:* countercyclical capital buffer	39,172	35,033
CET1 capital available to use as buffer [1]	302,587	290,990

[1] CET1 capital less the minimum requirement of 4.5 % excluding buffer requirements. There is an additional total capital requirement of 3.5 %.

OWN FUNDS

SEK thousand	30 Jun 2018	31 Dec 2017
CET1 capital		
Share capital	107,500	107,500
Other contributed capital	3,535	1,500
Reserves	4,991	-1,144
Retained earnings and net profit for the period	407,010	432,950
Adjustments to CET1 capital:		
- Deduction of foreseeable costs and dividends [1]	-39,207	-48,374
- Transitional arrangement IFRS 9	54,673	-
- Intangible assets	-46,095	-41,437
- Deferred tax assets that rely on future profitability	-13,545	-9,864
Total CET1 capital	478,862	441,131
Additional Tier 1 capital		
Perpetual subordinated loan	98,259	-
Tier 2 capital		
Dated subordinated loan	98,200	97,780
Own funds	**675,321**	**538,911**

[1] 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.

Note 7 cont.

On 6 February 2018 the Swedish FSA approved TF Bank's application to include the interim profit in own funds subject to the auditor's review of the surplus, that the surplus has been calculated in accordance with applicable accounting rules, that the foreseeable costs and dividends have been deducted in accordance with Regulation (EU) No 575/2013 and that the calculation has been made in accordance with Regulation (EU) No 241/2014. The Group's CET1 capital complies with the requirements of Regulation (EU) No 575/2013.

SPECIFICATION RISK EXPOSURE AMOUNTS

SEK thousand	30 Jun 2018	31 Dec 2017
Credit risk under the standardised approach		
Exposures to corporates	1,294	391
Retail exposures	2,921,832	2,321,723
Exposures secured by mortgage	335	319
Exposures in default	66,537	62,183
Exposures to institutions with a short-term credit assessment	219,835	221,077
Equity exposures	275	251
Other items	35,099	17,421
Total risk-weighted exposure amount	**3,245,207**	**2,623,365**
Credit valuation adjustment		
Standardised method	1,821	1,999
Total risk exposure amount	**1,821**	**1,999**
Market risk [1]		
Foreign exchange risk	-	40,917
Total risk exposure amount	**-**	**40,917**
Operational risk		
Standardised approach	670,191	670,191
Total risk exposure amount	**670,191**	**670,191**
Total risk exposure amount	**3,917,219**	**3,336,472**

[1] The capital requirement for foreign exchange risk, which is calculated in accordance with article 351 of Regulation (EU) 575/2013, has arisen due to reported profits and losses in the bank's subsidiaries.

IFRS 9 TRANSITIONAL ARRANGEMENTS

The Bank has notified the Swedish FSA that the Bank, at Group and Parent Company level, will apply the transitional rules according to Article 473a of 2017/2395/EU pursuant to paragraphs 2 and 4. Table according to "Final Report on the guidelines on uniform disclosure of IFRS 9 transitional arrangements", EBA, 2018-01-12, are included in the information published under Part 8 of 575/2013/EU and can be found on the Bank's website www.tfbankgroup.com.

NOTE 8 Assets pledged as security

Group SEK thousand	30 Jun 2018	31 Dec 2017
Group liabilities		
Relating to borrowing from credit institutions		
Loans	33,006	30,033
Liquid assets used as collateral for derivatives with negative market value	37,710	30,850
Other assets	537	299
Total	**71,253**	**61,182**

The subsidiary BB Bank continuously pledges some of its loans as collateral. The pledge relates to collateral for BB Bank's credit facility of NOK 30 million. As at 30 June 2018 nothing was drawn from the facility.

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	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
The following transactions have been made with related companies within the Group:					
General administrative expenses	-281	-134	-572	-254	-307
Total	**-281**	**-134**	**-572**	**-254**	**-307**
The following transactions have been made with other related parties:					
Interest income (transaction costs)	-16,810	-17,773	-32,668	-35,339	-66,650
General administrative expenses	-1,250	-1,450	-2,331	-2,824	-5,458
Total	**-18,060**	**-19,223**	**-34,999**	**-38,163**	**-72,108**
Acquisition of assets and liabilities from other related parties:					
Ecommerce Solutions	194,645	170,932	362,692	358,795	660,628
Total	**194,645**	**170,932**	**362,692**	**358,795**	**660,628**

Group SEK thousand	30 Jun 2018	31 Dec 2017
Assets at the end of the period as a result of transactions with other related parties:		
Other assets	1,294	392
Total	**1,294**	**392**
Liabilities at the end of the period as a result of transactions with other related parties:		
Other liabilities	165	2,115
Total	**165**	**2,115**

PARENT COMPANY

TF Bank AB, org.nr. 556158-1041, is a bank with its registered office in Sweden. The company has a license to provide banking services. The bank carries out deposit and lending activities in Sweden, Finland, Norway, Denmark, Poland, Germany, Estonia, Latvia and Lithuania via branch or cross-border banking.

The Parent company's operating income for the first quarter of 2018 amounted to SEK 209.9 million (218.0). Net income from financial transactions affects operating income by SEK -19.2 million (3.7), which is related to currency differences on shares in foreign subsidiaries, which are not translated at current exchange rates.

The company's total operating expenses amounted to SEK 81.6 million (72.0) for the period and loan losses amounted to SEK 59.5 million (59.3). Operating profit amounted to SEK 68.9 million (86.7) during the first half of 2018.

Lending to the public increased by 16.3 % to SEK 2,619 million (2,253) during the first half of the year. The amount includes lending to the subsidiary Avarda of SEK 153 million (33). Deposits from the public amounted to SEK 3,403 million (3,017) at the end of the period.

Lending to credit institutions decreased during the period and amounted to SEK 934 million (1,047) at the end of the period. In the comparative period, loans to the subsidiary BB Bank include SEK 50 million.

Shares in Group companies increased by SEK 91 million during the period and amounted to SEK 342 million at the end of the first quarter. The increase is explained by shareholders' contribution to Avarda (SEK 60 million) and new shares in BB Bank (SEK 31 million).

The company's capital adequacy ratio remains stable, with a CET1 of 14.8 % (16.9) and a Tier 1 capital ratio of 17.8 % (16.9) as at 30 June 2018. The total capital ratio at the end of the period was 20.7 % (20.4), which is significantly higher than the statutory requirement.

INCOME STATEMENT, PARENT COMPANY

SEK thousand	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Operating income					
Interest income	124,594	117,306	241,597	228,570	458,380
Interest expense	-14,889	-15,832	-29,027	-31,082	-60,158
Net interest income	**109,705**	**101,474**	**212,570**	**197,488**	**398,222**
Fee and commission income	9,257	9,577	18,277	18,902	36,701
Fee and commission expense	-871	-985	-1,755	-2,041	-3,960
Net fee and commission income	**8,386**	**8,592**	**16,522**	**16,861**	**32,741**
Net results from financial transactions	-9,274	2,518	-19,210	3,671	6,605
Total operating income	**108,817**	**112,584**	**209,882**	**218,020**	**437,568**
Operating expenses					
General administrative expenses	-38,955	-32,347	-73,109	-64,119	-124,774
Depreciation, amortisation and impairment charges of tangible and intangible assets	-1,419	-1,246	-2,825	-2,435	-5,030
Other operating expenses	-2,939	-2,692	-5,630	-5,446	-10,373
Total operating expenses	**-43,313**	**-36,285**	**-81,564**	**-72,000**	**-140,177**
Profit before loan losses	**65,504**	**76,299**	**128,318**	**146,020**	**297,391**
Net loan losses	-30,330	-30,468	-59,454	-59,284	-121,579
Operating profit	**35,174**	**45,831**	**68,864**	**86,736**	**175,812**
Appropriations	-	-	-	-	18,812
Income tax expense	-7,923	-10,400	-15,541	-19,763	-44,251
Net profit for the period	**27,251**	**35,431**	**53,323**	**66,973**	**150,373**

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

SEK thousand	Apr-Jun 2018	Apr-Jun 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Net profit for the period	**27,251**	**35,431**	**53,323**	**66,973**	**150,373**
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	**27,251**	**35,431**	**53,323**	**66,973**	**150,373**

BALANCE SHEET, PARENT COMPANY

SEK thousand	30 Jun 2018	31 Dec 2017
ASSETS		
Cash and balances with central banks	118,202	65,999
Treasury bills eligible for refinancing	60,106	60,096
Loans to credit institutions	934,152	1,046,773
Loans to the public	2,619,393	2,252,638
Shares	22,337	20,295
Shares in group companies	342,041	250,705
Intangible assets	18,195	19,371
Tangible assets	1,524	1,269
Other assets	4,466	6,099
Current tax assets	18,745	1,584
Deferred tax assets	6,518	-
Prepaid expenses and accrued income	19,455	4,334
TOTAL ASSETS	**4,165,134**	**3,729,163**
LIABILITIES AND EQUITY		
Liabilities		
Deposits and borrowings from the public	3,403,410	3,017,287
Other liabilities	15,170	25,346
Deferred tax liabilities	-	96
Accrued expenses and prepaid income	48,344	40,396
Subordinated liabilities	98,200	97,780
Total liabilities	**3,565,124**	**3,180,905**
Untaxed reserves	33,809	33,809
Equity		
Restricted equity		
Share capital (21,500,000 shares of SEK 5 each)	107,500	107,500
Statutory reserve	1,000	1,000
Development costs fund	14,624	14,739
Other contributed capital	3,537	1,500
Total restricted equity	**126,661**	**124,739**
Non-restricted equity		
Tier 1 capital instrument	98,258	-
Retained earnings	287,959	239,337
Total comprehensive income for the period	53,323	150,373
Total non-restricted equity	**439,540**	**389,710**
Total equity	**566,201**	**514,449**
TOTAL LIABILITIES AND EQUITY	**4,165,134**	**3,729,163**

CAPITAL ADEQUACY ANALYSIS, PARENT COMPANY

SEK thousand	30 Jun 2018	31 Dec 2017
Common Equity Tier 1 (CET1) capital after deductions	487,191	473,075
Additional Tier 1 (AT1) capital after deductions	98,259	-
Tier 2 capital after deductions	98,200	97,780
Own funds	**683,650**	**570,855**
Risk exposure amount	3,299,187	2,792,858
- *of which:* credit risk	2,632,026	2,184,158
- *of which:* credit valuation adjustment	1,625	1,876
- *of which:* market risk	58,712	-
- *of which:* operational risk	606,824	606,824
CET1 capital ratio, %	14.77	16.94
Tier 1 capital ratio, %	17.75	16.94
Total capital ratio, %	20.72	20.44
Total CET1 capital requirement inclusive of capital buffer requirements	259,976	220,356
- *of which:* capital conservation buffer	82,480	69,821
- *of which:* countercyclical capital buffer	29,033	24,856
CET1 capital available to use as buffer [1]	338,728	347,396

[1] CET1 capital less the minimum requirement of 4.5 % excluding buffer requirements. There is an additional total capital requirement of 3.5 %.

OWN FUNDS

SEK thousand	30 Jun 2018	31 Dec 2017
CET1 capital		
Share capital	107,500	107,500
Other reserves	41,995	42,110
Other contributed capital	3,536	1,500
Retained earnings including the net profit for the period	341,282	389,710
Adjustment to CET1 capital:		
- Deduction of foreseable costs and dividends [1]	-39,206	-48,374
- Transitional arrangement IFRS 9	50,279	-
- Intangible assets	-18,195	-19,371
Total CET1 capital	487,191	473,075
Additional Tier 1 capital		
Perpetual subordinated loan	98,259	-
Tier 2 capital		
Dated subordinated loan	98,200	97,780
Own funds	**683,650**	**570,855**

[1] 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.

On 6 February 2018 the Swedish FSA approved TF Bank's application to include the interim profit in own funds subject to the auditor's review of the surplus, that the surplus has been calculated in accordance with applicable accounting rules, that the foreseeable costs and dividends have been deducted in accordance with Regulation (EU) No 575/2013 and that the calculation has been made in accordance with Regulation (EU) No 241/2014. The Parent company's CET1 capital complies with the requirements of Regulation (EU) No 575/2013.

SPECIFICATION RISK EXPOSURE AMOUNTS

SEK thousand	30 Jun 2018	31 Dec 2017
Credit risk under the standardised approach		
Exposures to institutions	-	10,032
Exposures to corporates	154,655	34,084
Retail exposures	1,875,134	1,636,995
Exposures in default	41,484	37,474
Exposures to institutions with a short-term credit assessment	195,919	207,787
Equity exposures	342,042	250,705
Other items	22,792	7,081
Total risk-weighted exposure amount	**2,632,026**	**2,184,158**
Credit valuation adjustment		
Standardised method	1,625	1,876
Total risk exposure amount	**1,625**	**1,876**
Market risk [1]		
Foreign exchange risk	58,712	-
Total risk exposure amount	**58,712**	**-**
Operational risk		
Standardised approach	606,824	606,824
Total risk exposure amount	**606,824**	**606,824**
Total risk exposure amount	**3,304,193**	**2,792,858**

[1] The capital requirement for foreign exchange risk, which is calculated in accordance with article 351 of Regulation (EU) 575/2013, has arisen due to reported profits and losses in the bank's subsidiaries.

BOARD OF DIRECTORS AND CEO AFFIRMATION

The interim report has not been reviewed by the company's auditor.

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, 12 July 2018

Mari Thjømøe
Chairman

John Brehmer

Bertil Larsson

Charlotta Björnberg-Paul

Tone Bjørnov

Mattias Carlsson
President and CEO

DEFINITIONS

TF Bank Group defines the key figures as per below. The definitions remain unchanged from previous periods.

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.

RETURN ON LOANS TO THE PUBLIC
Net profit for the year excluding minority interests divided by average lending to the public.

TIER 1 CAPITAL RATIO
Tier 1 capital, i.e., CET1 capital and Additional Tier 1 capital, as a percentage of total risk exposure amount.

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

FINANCIAL CALENDAR AND CONTACTS

FINANCIAL CALENDAR

25 October 2018	Interim report January – September 2018
7 February 2019	Year-end report January – December 2018

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 13 July 2018 at 07:00 CET.

PRESENTATION FOR INVESTORS, ANALYSTS AND MEDIA

A live conference call will be held on 13 July at 08.15 CET, where CEO Mattias Carlsson and CFO Mikael Meomuttel will present the report and answer questions. The presentation material is written in English while the conference call will be held in Swedish. To participate call +46 (0)8 5664 2665 or +44 (0)20 3008 9810. For international investors, there is the possibility to ask questions in English during the Q&A session. A recording of the conference call, including the presentation material, will be available on the bank's website, www.tfbankgroup.com/en/section/investor-relations.

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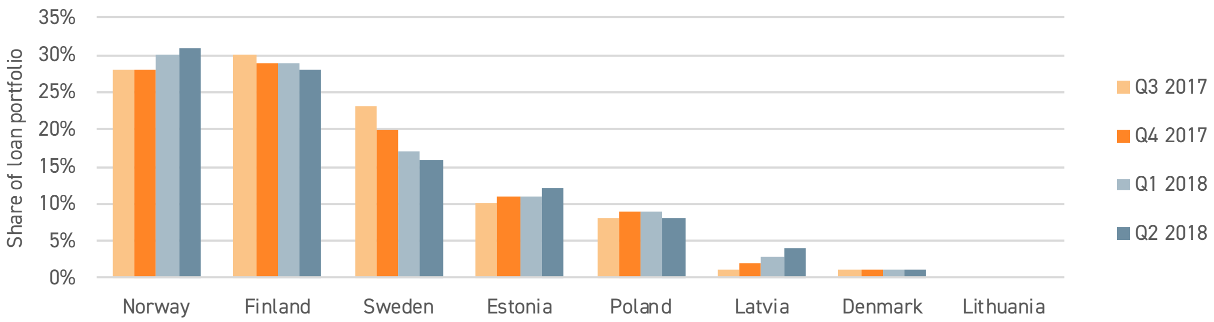
TF BANK'S GEOGRAPHICAL PRESENCE

SHARE OF LOAN PORTFOLIO BY COUNTRY AND QUARTER



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